

Malaysia Morning Cuppa

Top Story

Gamuda (GAM MK, BUY, TP: MYR6.46)

In a Sweet Spot To Leverage On Data Centre Growth

Ground Checks

Keep BUY, with new SOP-based MYR6.46 TP from MYR5.66, 28% upside and c.2% FY24F (Jul) yield. We visited Gamuda's industrial building system (IBS) plant located in Banting and came away feeling upbeat on the prospects the group has for its IBS products. We view its IBS capabilities may position the group to capture data centre opportunities within the Klang Valley with Tenaga Nasional's (TNB MK, BUY, TP: MYR11.80) Green Lane Pathway, facilitating a smoother and faster setup of data centres in the country.

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Today's Report: [Gamuda : In a Sweet Spot To Leverage On Data Centre Growth](#) (13 Feb 2024)

Previous Report: [Gamuda : Solidifying Regional Excellence: Stay BUY](#) (7 Dec 2023)

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Other Story

Lee Swee Kiat Group (LSKG MK, NOT RATED, FV: MYR1.42)

Biggest End-To-End Mattress Maker In Malaysia

Trading Idea

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Today's Report: [Lee Swee Kiat Group : Biggest End-To-End Mattress Maker In Malaysia](#) (9 Feb 2024)

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Top BUYs

	TP (MYR)	Upside (%)	Shariah	Catalysts
AMMB (AMM MK)	4.70	9.6	N	<ul style="list-style-type: none"> Focus on manufacturing sector and public infrastructure projects to drive loans growth, with provisions expected to be strengthened using one-off tax credit in 3QFY24 (Mar) Near-completion of capital rebuild exercises to enable greater dividend payout from current 35-40% range Attractive valuation of 0.7x P/BV (sub-historical and peer mean) against 9% ROE
Axiata (AXIATA MK)	3.03	9.8	Y	<ul style="list-style-type: none"> Key big cap stock laggard with valuation at -2SD from historical EV/EBITDA mean Value unlocking from asset monetisation and balance sheet de-leveraging Earnings tailwinds from the economic recovery in frontier markets and peaking US interest rates
CIMB (CIMB MK)	6.88	11.1	N	<ul style="list-style-type: none"> Continued ROE recovery, with FY23F earnings target at 10-11% (FY22: 10.2%) Asset quality issues mostly addressed, credit cost stabilising at 45-55bps (FY22: 51bps) Loan portfolio reshaping and cost take-outs bearing fruit
CTOS Digital (CTOS MK)	1.93	26.1	Y	<ul style="list-style-type: none"> Unique leading position and growth proposition (3-year CAGR of 34%) in secular digitalisation trends such as e-KYC and credit rating-related solutions Synergy from new acquisitions to accelerate growth avenue via its various digital solutions, analytical insights, and exposure to fintech firms on the back of the growing digital economy
Dayang Enterprise (DEHB MK)	2.47	17.1	Y	<ul style="list-style-type: none"> We expect earnings to remain resilient in 2H23 backed by robust work orders and better vessel utilisation Dayang Enterprise stands a good chance to win a portion of the newly-tendered asset integrity backlog clearance or ABC project, which could be awarded by 4Q23
IOI Properties (IOIPG MK)	2.50	16.8	Y	<ul style="list-style-type: none"> The property investment division is expected to grow strongly with the recent opening of IOI City Mall Phase 2 and upcoming completion of IOI Central Boulevard office in Singapore Projects in Xiamen will likely benefit from China's reopening Long-term plan to REIT the property assets will be a significant value-unlocking exercise, which should benefit shareholders
KKB Engineering (KKB MK)	2.02	16.8	Y	<ul style="list-style-type: none"> Poised to benefit from Sarawak-centric development projects by virtue of Sarawak Economic Development Corp's 10.7% stake in the group A front-runner for fabrication jobs for hydrogen and methanol production projects Robust capex spending could see more wellhead platform fabrication jobs for the group
Kerjaya Prospek (KPG MK)	1.93	7.2	Y	<ul style="list-style-type: none"> Steady job replenishment trends with YTD new job wins already reaching MYR1bn vs target of MYR1.3bn for FY23 Job replenishment prospects backed by ongoing developments such as the Seri Tanjung Pinang Phase 2 in Penang and Bukit Bintang City Centre A major catalyst includes securing industrial building jobs via its collaboration with Samsung C&T
Malaysia Airports (MAHB MK)	8.66	9.6	N	<ul style="list-style-type: none"> Clear beneficiary from recovery in tourism and aviation industry – passenger traffic is recovering with encouraging momentum Incoming operating agreement with the Government to support airports development and services uplift with the establishment of the Airport Development Fund Additional boost from China's travellers from 2H23 onwards
Samaiden Group (SAMAIDEN MK)	1.55	25.0	N	<ul style="list-style-type: none"> Beneficiary of Malaysia's transition towards renewable energy (RE), being a diversified player in the space – solar, bioenergy and hydro Recurring income from its expanding RE assets with a current gross capacity of c.51.5MW Potential venture into the Cambodian bioenergy market from its MoU with Mong Sotheary Trading, Management Venture Asia (Cambodia), and Panna Energy
UEM Sunrise (UEMS MK)	1.60	53.8	Y	<ul style="list-style-type: none"> Johor could see a major railway infrastructure boom, especially if the Government proceeds with the Light Rail Transit and Kuala Lumpur-Singapore High Speed Rail projects Given the emphasis on the smooth movement of people and cargo by the Malaysia and Singapore Governments, we believe areas closer to the borders could be included in the Johor-Singapore Special Economic Zone UEMS remains the best proxy for Johor's multi-year growth story, as 92% of its landbank is located in Iskandar Malaysia. It also has 2,334 acres of land at Gerbang Nusajaya near the Tuas Link.
Yinson (YNS MK)	3.06	20.0	N	<ul style="list-style-type: none"> We continue to like this counter for its exponential growth trajectory (3-year CAGR of 41%) backed by maiden contributions from three upcoming vessels Monetisation of a partial stake of these projects are on the cards once they start contributing stable cash flows The 485MW wind projects in Brazil progressed into pre-construction activities while the photovoltaic projects in Peru and Italy are targeting to achieve final investment decisions in the next 12 months

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