

17 Jul 2024

| Daily Digest

Key indices

	Close	Chg	% Chg
KLCI	1,626	(4)	(0.2)
FBM EMAS	12,601	(32)	(0.3)
DJIA	40,212	211	0.5
NASDAQ	18,473	74	0.4
FTSE	8,177	(6)	(0.1)
HSI	17,728	(288)	(1.6)
NIKKEI	41,275	84	0.2
STI	3,488	(12)	(0.3)
KOSPI	2,866	5	0.2

Source: Bloomberg

Market data

	Close	3MMA	12MMA
Volume (m)	4,660	5,034	4,026
Value (RM m)	3,519	3,818	2,792

	Close	Prev	% Chg
CPO	3,958	4,013	-1.4
RM/ US\$	4.68	4.67	0.1
Crude oil (brent)	84.2	84.9	-0.8
MGS 10 yr	3.83	3.83	0.0

Source: Bloomberg, CIMB Securities

Relative performance
(CIMB Securities)

Top gainers (%)	1M	3M	12M
WCT HOLDINGS	49	111	129
GAMUDA	20	47	54
AFFIN BANK	19	15	36
IJM CORP	17	41	101
PHARMANIAGA	15	21	(2)
MALAYAN CEMENT	14	13	49
BURSA MALAYSIA	11	27	31
WESTPORTS	10	12	11
SP SETIA	8	12	134
TELEKOM	7	11	27

Top losers (%)	1M	3M	12M
JENTAYU	(32)	(41)	(45)
ASTRO	(22)	(12)	(30)
LBS BINA	(15)	5	10
ANN JOO	(11)	(3)	(2)
PETCHEM	(10)	(17)	(20)
AXIATA	(10)	(4)	(7)
LOTTE CHEMICAL	(10)	0	(26)
PADINI H	(8)	(5)	(8)
YTL POWER INT	(7)	23	25
PETDAG	(7)	(27)	(27)

Source: Bloomberg

CelcomDigi – Liked the merger story & now also cheap

CDB's FY25F EV/OpFCF is now 2 s.d. below its 5-year mean, with attractive FY24-26F dividend yields of 4-6% p.a. In our view, core EPS hit a trough in 1Q24 and will improve in 2Q-4Q24F as integration cost fades and synergies accumulate, with strong 19%/17% yoy growth in FY25F/26F. We see cash outflow for 5G-related investment in 4Q24F but no need for CDB to raise equity or cut DPS. We **upgrade** CDB from Hold to **Buy** with a 4% **higher DCF-based TP of RM4.30**. Key re-rating catalyst: strong FY25-26F core EPS growth and greater 5G clarity.

AGX Group – Cleared for take-off

AGX is an integrated logistics service provider in Malaysia with a niche in aerospace logistics, which accounts for 30% of its 1Q24 revenue. This segment is supported by a well-established track record and a reputable client base in Southeast Asia, developed across the past 19 years. AGX sees strong growth potential in the aerospace logistics segment, driven by expansion to new markets, growth plans of existing clients and new customer acquisitions. Additionally, AGX is set to benefit from the recent surge in freight rates. The company is currently trading at a 36.1% discount to the average CY23 P/E of its global peers in the freight industry with aerospace logistics exposure (19.2x).

| News Headlines

- Maxis mulling U Mobile buyout, Bloomberg reports
- MAHB takeover offer expected to be finalised in 3Q, says MOF
- Vestland to acquire office suites, warehouses for RM25m
- Capital A unit ADE sees boom in aircraft repairs amid new plane shortages
- Huawei builds US\$1.4bn Shanghai centre as chip war heats up
- Alternative private financing to ensure sustainability in water sector, says Fadillah

Newsflow

Maxis mulling U Mobile buyout, Bloomberg reports

Maxis Bhd is considering buying out U Mobile Sdn Bhd to help it expand in the Asian country, according to people with knowledge of the matter. Kuala Lumpur-listed Maxis has expressed interest in U Mobile and talks are at an early stage. Malaysian businessman Tan Sri Vincent Tan Chee Yioun and Temasek Holdings Pte Ltd-backed Singapore Technologies Telemedia Pte Ltd are among U Mobile's major shareholders. *[The Edge]*

MAHB takeover offer expected to be finalised in 3Q, says MOF

The takeover offer for Malaysia Airports Holdings Bhd or MAHB is expected to be finalised in the 3Q2024, and it needs to be approved by at least 90% of MAHB's existing shareholders. The ministry also emphasised that since the offer is a commercial transaction, it would not have any financial implications for the government. MAHB's takeover offer is a commercial transaction submitted by a consortium led by two of MAHB's current shareholders, namely Khazanah Nasional and the Employees Provident Fund. *[The Edge]*

Vestland to acquire office suites, warehouses for RM25m

Vestland Bhd is acquiring office suites in Selangor and industrial warehouses in Sabah, for a total of RM25m. Vestland had signed 10 sales and purchase agreements (SPAs) with Sg Besi Construction Sdn Bhd for the acquisition of 10 office suites at Subplace Boulevard, Shah Alam, Selangor, for RM6.99m. Upon completion of the proposed acquisition, the group will no longer incur RM20,934 in monthly rental commitment and will have better planning and control over the usage of the offices to cater its business growth. *[The Edge]*

Capital A unit ADE sees boom in aircraft repairs amid new plane shortages

The global aircraft repair industry will see more growth in the next six years as airlines keep flying their jets longer because of a shortage of new planes, said Mahesh Kumar, the chief executive officer of aviation services firm Asia Digital Engineering (ADE). ADE, a unit of Capital A Bhd, which also operates budget airline AirAsia, has seen rapid growth since it began operations in September 2020 at the height of the Covid-19 pandemic. *[The Edge]*

Huawei builds US\$1.4bn Shanghai centre as chip war heats up

Huawei Technologies Co is close to finishing the construction of a chip research and development centre in Shanghai, a move that's likely to advance China's technological ambitions even as the US tries to halt its rise. The park, which will be Huawei's largest research centre globally, will house about 30,000 personnel. The new facility will pursue breakthroughs in semiconductors for devices, wireless networks and the Internet of Things. The total investment cost is CNY10bn (RM6.43 bn). *[The Edge]*

Alternative private financing to ensure sustainability in water sector

The government aims to introduce alternative private financing to ensure the financial sustainability of water sector programmes, thereby reducing dependency on government expenditure and strengthening resilience, said Deputy Prime Minister Datuk Seri Fadillah Yusof. He said a united effort is required from both the public and private sectors to implement sustainable water management practices by embracing technological advancements, upgrading ageing infrastructure and promoting responsible consumption. *[The Edge]*

Forthcoming Events

Date	Event
22 Jul 2024	International Reserves of BNM as at 15 Jul 2024
31 Jul 2024	Detailed Disclosure of International Reserves as at end-Jun 2024
31 Jul 2024	Monthly Highlights & Statistics for Jun 2024
7 Aug 2024	International Reserves of BNM as at 31 July 2024
16 Aug 2024	Economic & Financial Developments in the 2nd Quarter 2024
22 Aug 2024	International Reserves of BNM as at 15 August 2024
30 Aug 2024	Detailed Disclosure of International Reserves as at end-July 2024
30 Aug 2024	Monthly Highlights & Statistics for July 2024

Source: Bank Negara, CIMB Securities

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Stock Rating	Definition
Buy	The stock's total return is expected to exceed 10% over the next twelve (12) months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.
Reduce	The stock's total return is expected to fall below 0% or more over the next twelve (12) months.
	<i>Note: The total expected return of a stock is defined as the sum of:</i> (a) the percentage difference between the target price and the current price; and (b) the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months
Sector Rating	Definition
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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