

NEWS HIGHLIGHTS

DOMESTIC

- **Careplus** returns to the black in 3Q on higher glove sales
- **Maxis** 3Q net profit up at RM365m, declares four sen dividend
- **Mi Technovation** 3Q net profit falls 29% to RM12m
- **Padini** expects challenging economic outlook for 2020, 2021 amid pandemic uncertainties
- **Tasco** 2Q net profit surges as revenue rises to historic high
- **UEM Sunrise** to sell part of stake in Johor land development unit to partner KLK
- **Unisem** 3Q net profit from continuing operations up 99% at RM49m
- **Vsolar** to develop rooftop solar power system at AT Sytematization's glove plant

FOREIGN

- **Ant Group** IPO pricing 'history's largest', says Alibaba's Jack Ma

ECONOMY / CURRENCY / COMMODITY

- **Oil** falls about 2% on Libyan output, COVID-19 demand concerns

LOCAL	Close	Day Chg
FBMKLCI	1,494.6	(4.2)
Volume (mil)	6,926.3	195.5
Value (RM'mil)	4,049.0	(551.8)
Up	311	
Down	893	
Unchanged	352	

FOREIGN		
Dow Jones	28,363.7	152.8
Nasdaq CI	11,506.0	21.3
S&P 500	3,453.5	17.9
FTSE 100	5,847.4	61.7
Nikkei 225	23,516.6	42.3
Shanghai CI	3,278.0	(34.5)
HSI	24,918.8	132.7
STI	2,537.5	9.1

Other Stats		
USD/MYR	4.16	0.02
WTI (USD/barrel)	42.35	(0.69)
Gold (USD/troy oz)	1,909.96	5.85

Most Active	RM	Chg
KGROUP-OR	0.005	(0.005)
MLAB	0.020	(0.005)
AT	0.080	0.000
LAMBO	0.030	0.000
IRIS	0.265	(0.040)

Top Gainer	RM	Chg
F&N	31.480	0.380
MISC	6.960	0.350
PBBANK	15.840	0.280
MI	4.680	0.260
JFTECH	4.800	0.230

Top Loser	RM	Chg
NESTLE	141.300	(3.200)
CARLSBG	19.400	(0.760)
PETDAG	17.540	(0.580)
HARTA	17.320	(0.480)
TIMECOM	13.000	(0.320)

CONSENSUS TARGET PRICE

User guide: To complement the top down approach, Mercury Securities will be compiling the **top three underpriced equities** of the respective bursa indices based on the consensus target price premium over the current price on a weekly basis.

Methodology: These consensus target prices are sourced from Bloomberg and the equities are covered by at least 3 research houses, excluding Mercury Securities. The purpose is to ensure the credibility, conformity and objectivity of the consensus target prices is maintained for the reader.

Sector	Company	last Price	Target Price	Premium
Finance	Malaysia Building Society Bhd	0.51	0.74	46.5%
	RHB Bank Bhd	4.30	5.50	27.9%
	Allianz Malaysia Bhd	13.62	16.73	22.8%
Property	LBS Bina Group Bhd	0.39	0.51	32.1%
	SP Setia Bhd Group	0.73	0.94	28.8%
	Matrix Concepts Holdings Bhd	1.65	2.11	27.9%
Plantation	TSH Resources Bhd	1.00	1.25	25.6%
	Ta Ann Holdings Bhd	2.67	3.27	22.5%
	Sarawak Oil Palms Bhd	3.61	4.25	17.7%
Consumer	Genting Bhd	2.99	4.50	50.5%
	Genting Malaysia Bhd	2.01	2.70	34.3%
	MBM Resources BHD	2.90	3.80	31.0%
Technology	My EG Services Bhd	1.40	1.85	32.1%
	D&O Green Technologies Bhd	1.09	1.14	4.6%
	Malaysian Pacific Industries B	19.64	18.90	-3.8%
Construction	Econpile Holdings Bhd	0.43	0.66	55.3%
	Gabungan AQRS Bhd	0.62	0.93	50.4%
	Kerjaya Prospek Group Bhd	0.94	1.39	47.5%

Energy	Bumi Armada Bhd	0.25	0.38	54.0%
	Serba Dinamik Holdings Bhd	1.59	2.37	49.1%
	Yinson Holdings BHD	5.43	7.05	29.8%
Healthcare	Supermax Corp Bhd	10.50	12.63	20.2%
	IHH Healthcare Bhd	4.95	5.95	20.2%
	Hartalega Holdings Bhd	18.38	21.70	18.1%
Industrial Production	Cahaya Mata Sarawak Bhd	1.14	1.76	54.4%
	Malayan Cement Bhd	1.85	2.43	31.6%
	Sunway Bhd	1.37	1.57	14.6%
REIT	MRCB-QUILL REIT	0.79	0.88	11.5%
	Sunway Real Estate Investment	1.50	1.65	10.0%
	IGB Real Estate Investment Trust	1.67	1.75	4.8%
Telco	OCK Group Bhd	0.44	0.63	42.0%
	Astro Malaysia Holdings Bhd	0.76	1.07	40.8%
	Axiata Group Bhd	2.72	3.55	30.5%
Transportation	MMC Corp Bhd	0.73	1.15	58.6%
	Malaysia Airports Holdings Bhd	4.05	5.70	40.7%
	MISC Bhd	6.60	8.40	27.3%
Utilities	Ranhill Utilities Bhd	0.86	1.24	43.9%
	Tenaga Nasional Bhd	10.00	13.60	36.0%
	Malakoff Corp Bhd	0.90	1.08	20.0%

Source: Bloomberg as of 19th Oct 2020

NEWS HEADLINES

Economic News, Currency & Commodity

Oil fell nearly 2% on Friday, finishing lower for the week, in anticipation of a surge in Libyan crude supply and demand concerns caused by surging coronavirus cases in the United States and Europe. (Reuters)

Global and Local Headlines

Careplus Group Bhd returned to the black with a net profit of RM42.86 million for the third quarter ended Sept 30, 2020, from a net loss of RM4.94 million a year ago. (Edge)

Maxis Bhd's net profit rose 1.9% to RM365 million for the third quarter ended Sept 30, 2020 from RM358 million a year earlier, despite posting lower revenue due to the Movement Control Order (MCO). (Edge)

Mi Technovation Bhd posted a 29.24% decline in net profit for the third quarter ended Sept 30, 2020 to RM12.32 million from RM17.42 million a year earlier, despite higher revenue. (Edge)

Padini Holdings Bhd expects the economic outlook for the rest of 2020 and 2021 to be tough, owing to uncertainties wrought by Covid-19 and countermeasures to curb the pandemic. (Edge)

Tasco Bhd's second quarter net profit jumped 160.34% to RM10.7 million from RM4.11 million a year earlier as the logistics company experienced a surge in business volume when its customers restarted operations following the transition from Malaysia's movement control order (MCO) to the less-restrictive conditional MCO (CMCO) and recovery MCO (RMCO) to curb the spread of the Covid-19 pandemic. (Edge)

UEM Sunrise Bhd has announced a reduction in its stake in a firm developing 2,500 acres (1,011.71ha) of land in Kulai, Johor, which will result in Kuala Lumpur Kepong Bhd (KLK) taking over as the firm's majority shareholder. (Edge)

Unisem (M) Bhd said today third quarter net profit from continuing operations rose 98.67% to RM49.45 million from RM24.89 million a year earlier while revenue improved as the semiconductor manufacturer registered higher sales volume and better average selling prices for its products. (Edge)

Vsolar Group Bhd has entered into a deal to instal rooftop solar panels at a plant belonging to AT Systematization Bhd's glove manufacturing subsidiary in Perak. (Edge)

Ant Group will be the world's biggest, according to a pricing determined on Friday night, Alibaba founder Jack Ma said on Saturday. Sources have said the listing could be worth \$35 billion, surpassing the record set by Saudi Aramco's \$29.4 billion float last December. (Reuters)

ECONOMIC CALENDER

Date & Time	Event	Period	Survey	Actual	Prior
MALAYSIA					
10/21/2020 12:00	CPI YoY	Sep	--	--	-1.40%
10/22/2020 15:00	Foreign Reserves	15 Oct	--	--	\$105.0b
10/28/2020 12:00	Exports YoY	Sep	--	--	-2.90%
10/28/2020 12:00	Imports YoY	Sep	--	--	-6.50%
10/28/2020 12:00	Trade Balance MYR	Sep	--	--	13.23b
UNITED STATES					
10/13 20:30	CPI MoM	Sep	0.2%	--	0.4%
10/14 19:00	MBA Mortgage Applications	Oct 9	--	--	4.6%
10/14 20:30	PPI Final Demand MoM	Sep	0.2%	--	0.3%
10/15 20:30	Empire Manufacturing	Oct	14.0	--	17.0
10/15 20:30	Initial Jobless Claims	Oct 10	825k	--	840k
10/16 20:30	Retail Sales Advance MoM	Sep	0.8%	--	0.6%
10/16 21:15	Industrial Production MoM	Sep	0.6%	--	0.4%
10/16 22:00	U. of Mich. Sentiment	Oct P	80.5	--	80.4
EUROZONE					
10/16 17:00	CPI MoM	Sep F	0.1%	--	0.1%
10/16 17:00	CPI YoY	Sep F	-0.3%	--	-0.3%

Source: Bloomberg as at 13th Oct 2020

DIVIDEND STOCKS

User guide: Mercury Securities compile a list of **dividend stocks** for conservative long term passive investors looking for regular income while keeping the investment intact.

Methodology: The list below is made up of stocks that pay high dividend (Estimate dividend yield >4%) and paying dividend consistently (Paid dividend for the last 3 years)

Sector	Company	Last Price (RM)	Dividend Per Share (Estimate)	Dividend Yield (%) (Estimate)
FINANCE	Malayan Banking Bhd	7.080	0.36	5.06
	Malaysia Building Society Bhd	0.525	0.03	5.71
	RCE Capital Bhd	1.920	0.11	5.89
PROPERTY	Matrix Concepts Holdings Bhd	1.700	0.10	6.12
	KLCCP Stapled Group	7.760	0.34	4.45
	UOA Development Bhd	1.570	0.12	7.64
	LBS Bina Group Bhd	0.385	0.01	1.82
	SHL Consolidated Bhd	1.950	0.18	9.23
	Tambun Indah Land Bhd	0.600	0.02	3.00
	I-Bhd	0.180	0.00	1.11
Utilities	YTL Power International Bhd	0.675	0.03	4.89
	YTL Corp Bhd	1.630	0.09	5.37
Telco	Star Media Group Bhd	0.325	0.01	2.77
	Media Prima Bhd	0.170	0.00	0.00
Ind Prod	Hong Leong Industries Bhd	7.430	0.42	5.65
	Uchi Technologies Bhd	2.640	0.13	4.92
Technology	Globetronics Technology BHD	2.670	0.07	2.51
	Unisem M Bhd	3.470	0.07	1.99
CONSUMER	British American Tobacco Malay	10.000	0.83	8.26
	Carlsberg Brewery Malaysia Bhd	20.900	0.57	2.75
	Heineken Malaysia Bhd	20.820	0.64	3.08

	Magnum Bhd	2.110	0.08	4.03
	Pharmaniaga Bhd	4.290	0.17	4.03
	Padini Holdings Bhd	2.310	0.09	3.81
REITs	IGB REIT	1.840	0.07	3.61
	Pavilion REIT	1.540	0.05	3.40
	Sunway REIT	1.590	0.08	5.16
	Capitaland Malaysia Mall Trust	0.620	0.03	4.84
	Axis REIT	2.180	0.09	3.94
	YTL Hospitality REIT	0.720	0.05	6.39
	Al-'Aqar Healthcare REIT	1.340	0.07	5.00
	MRCB-QUILL REIT	0.760	0.06	8.16
	UOA REIT	1.230	0.08	6.47
	Al-Salam REIT	0.630	0.03	5.40
	AmFirst REIT	0.400	0.03	7.45
	Amanahraya REIT	0.625	0.09	14.06
	Tower REIT	0.615	0.02	3.84

Source: Bloomberg as at 25th Sep 2020

SECTORIAL RETURN

The chart below depicts the performance of the respective KLCI sectors over a five year period including the current and forward P/E. The sector's performance is ranked against each other based on absolute returns for that particular year. The user can track the historical performance of respective sectors and notice that the technology sector is the best performing sector over a five year period between 2015 and 2019 with a compound annual growth rate. The user will also be able to identify sector value based on the current P/E and the corresponding 5 year high, low and average P/E. For example, finance sector PE is currently at 11.0 times against 5 year average P/E of 12.0 times, suggesting financials valuation is trading below average P/E. For a significant impact to reduce market noise, overview of sectorial performance will be updated on a monthly basis.

Index	Return (%)	Valuation P/E				
		5 - Years			Current	1 Yr - Fwd
		High	Low	Avg		
KLCI	(4.0)	18.0	16.6	19.2	23.2	21.2
Finance	(18.2)	13.0	11.0	12.3	11.0	12.0
Property	(22.4)	28.7	4.5	13.7	28.7	14.4
Plantation	(8.7)	74.0	19.4	38.2	45.8	36.4
Consumer	(13.5)	127.0	20.3	43.9	127.0	71.2
Technology	49.8	47.5	19.1	27.3	47.5	10.2
Construction	(23.4)	31.1	15.5	20.7	31.1	13.4
Energy	(34.7)	-	-	-	-	31.7
Healthcare	237.7	-	-	-	-	43.4
Ind Prod	(11.0)	78.4	19.3	37.1	78.4	25.8
REIT	(11.4)	-	-	-	25.3	21.3
Telco	(12.1)	-	-	-	-	24.8
Transportations	(11.2)	-	-	-	#N/A N/A	24.1
Utilities	(2.4)	-	-	-	21.4	14.8

Source: Bloomberg as at 1st Sep 2020



MERCURY SECURITIES

SDN BHD (113193-W)

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For any enquiries, please contact us at:

L-7-2, No.2, Jalan Solaris
Solaris Mont Kiara
50480, Kuala Lumpur

Tel: 603-6203 7227
or E-mail:

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