



28 August 2019

research@rakutentrade.my

Previous Day Highlights

The FBM KLCI dropped 9.68 points or 0.61% to 1,590.84 yesterday. Value traded was slightly higher at RM2.62bn with 2.11bn unit of shares traded. Market breadth was negative with 471 losers versus 293 gainers.

Asian market closed mixed as the Shanghai Composite Index rose 1.35%, Japan's Nikkei 225 increased 0.96% while Hang Seng Index shed 0.06%.

US markets trended lower as investors are worried about the recession warning signs within the bond market with the Dow dropped 0.47%, S&P declined 0.32% and Nasdaq lost 0.34%.



Our Thoughts

KNM have had rose to prominence of late with share price rallied from 18.5 sen in May to the current 38.5 sen. We met up with the management recently and reckon its turnaround story is gaining traction. Bleeding from its loss-making entities namely in Asia are curtailed as these are gradually hived off. Funds from the sales should improve its cashflow coupled with earnings from its more profitable ventures in Europe. Via the ongoing restructuring, KNM should emerged as a leaner and meaner company going forward potentially becoming an interesting value proposition.



News For The Day

Sime Darby to borrow more for acquisitions

Sime Darby Bhd intends to borrow more to fund its acquisition trail, particularly for the auto sector in China and Australia. The group plans to increase its gearing up to 0.6x in the next few years from the current 0.3x, which is deemed low. - *The Edge*

Discussions on merger with Telenor still ongoing

The discussion on the proposed merger between Axiata Group Bhd and Norway's Telenor ASA is still ongoing, said Axiata president and group chief executive officer Tan Sri Jamaludin Ibrahim - *The Edge*

Bioalpha seeks transfer to Main Market

It has proposed to transfer its listing from the ACE Market to the Main Market of Bursa Securities. Bioalpha Group is in a healthy financial position, with positive cash flow from operating activities and no accumulated losses based on latest audited financial statements of financial position for the financial year ending Dec 31, 2018. - *The Sun Daily*

BAT Faces Heightened Juul Threat From Philip Morris-Altria Combo

British American Tobacco Plc risks falling further behind in fast-growing cigarette alternatives should Philip Morris International Inc. and Altria Group Inc. complete the biggest tobacco deal ever. - *The Edge*

7-Eleven's net profit increases 11% in Q2

7-Eleven Malaysia Holdings Bhd reported a net profit of RM14.59m for the second quarter ended June 30, 2019, an 11.1% increase from RM13.13m recorded in the same quarter of the preceding year. - *The Sun Daily*

Yong Tai reports first annual loss in five years after major impairment

Melaka-centric township property developer Yong Tai Bhd announced its first annual net loss in five years, due to losses incurred at its Encore Melaka theatre and after booking a one-off impairment loss in relation to the Terra Square retail mall. - *The Edge*



28 August 2019

 research@rakutentrade.my

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees and further shall not be re-distributed to any other third party. Rakuten Trade Sdn Bhd accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Rakuten Trade Sdn Bhd and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published:

RAKUTEN TRADE SDN BHD (266701-P)

Level 7, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2110 7188 Website: www.rakutentrade.my

Kenny Yee Shen Pin
Head of Research