

# TRADING RADAR

MIDF Research  
[research@midf.com.my](mailto:research@midf.com.my)

- **Recent market turbulence...** The local equity market suffered back-to-back losses during the past two weeks. The selling pressure was quite intense, so much so that most key indices fell below key technical levels.
- **...separated the wheat from the chaff.** Nonetheless, some stocks managed to withstand the recent market selloff rather well. There are arguably some underlying fundamental allures to them, either known or unknown to the public. Finding and buying the leaders (instead of the laggards) is a sensible way to enhance the upside while limiting the downside risks in a portfolio. In our view, these stocks would resume its ascent once the market begins to recover. Otherwise, they may continue to outperform if the market remains beleaguered.
- **Selection criteria.** Therefore, our stocks selection takes into consideration the short-term relative price strength as well as medium-term positive price trend, medium-term consistent profitability and lower limit to market capitalization. They are based on the following criteria:
  1. Stock price is circa 50-day simple moving average (SMA).
  2. Stock price is above 200-day SMA.
  3. Stock price is in the top quartile of its 52-week range.
  4. Reported profit in each of the last 8 quarters.
  5. Market capitalization (MC) of no less than RM500 million.

## Stock Picks

Code	Name	Shariah	Sector	Price	52W Lo	52W Hi	PER	DY	ROE	PBV	MC (RM mn)
6599	Aeon Co (M)	Yes	Consumer P&S	1.51	1.07	1.61	15.5	2.7	7.1	1.1	2,120
5306	Farm Fresh	Yes	Consumer P&S	1.82	1.32	1.91	35.7	0.5	14.3	5.1	3,413
5247	Karex	Yes	Consumer P&S	0.93	0.68	0.96	50.0	1.6	4.1	2.1	974
7103	Spritzer	Yes	Consumer P&S	2.94	1.97	3.15	14.6	1.8	11.6	1.7	958
0233	Pekat Group	Yes	Energy	1.06	0.40	1.12	38.0	0.0	12.2	4.7	690
2488	Alliance Bank	No	Financial Services	5.30	3.37	5.18	11.1	4.3	9.7	1.1	8,205
1015	AMMB Holdings	No	Financial Services	5.50	3.92	5.65	9.0	4.1	10.1	0.9	18,228
6491	Kumpulan Fima	Yes	Industrial P&S	2.42	1.83	2.58	6.7	5.0	10.6	0.7	683
5271	Pecca Group	Yes	Industrial P&S	1.51	1.17	1.55	20.1	4.3	25.1	5.0	1,136
5236	Matrix Concepts	Yes	Property	2.31	1.67	2.44	12.2	4.2	11.3	1.4	2,891
5299	IGB Comm REIT	No	REIT	0.57	0.47	0.58	20.3	6.2	2.9	0.6	1,356
5227	IGB REIT	No	REIT	2.19	1.70	2.25	22.7	4.8	8.7	2.0	7,918
5212	Pavilion REIT	No	REIT	1.52	1.23	1.59	12.2	5.9	9.6	1.2	5,564
5176	Sunway REIT	No	REIT	1.85	1.49	1.92	15.9	5.0	7.9	1.3	6,336

## FUNDAMENTAL HIGHLIGHTS

### AEON CO (M) – Technical Target Price (TTP): RM1.80



#### Fundamental highlights:

- Positioned to benefit from resilient consumer spending, driven by Budget 2025 cash handouts, EPF Account 3, and a civil servant pay rise, all boosting disposable income.
- Strategic initiatives focusing on private-label expansion, digital transformation, and AEON Living Zones aim to enhance customer engagement and loyalty.
- The PMS segment is poised for continued growth, supported by optimized tenant mix and improved rental rates.

### FARM FRESH – TTP: RM2.05



#### Fundamental highlights:

- Revenue Growth: Increased both quarter-on-quarter and year-on-year, largely due to stronger sales via HORECA distribution and a boost from Australia operations.
- Upcoming Product Launches: CPG ice cream, Choco Malt powdered drink, and butter. Ice cream and Choco Malt are being rolled out to modern trade outlets (e.g., 99 Speedmart, Shell Select, Mydin, Giant).
- New products are expected to capture market share from multinational companies (MNCs) due to lower pricing and potential consumer shift away from MNC brands due to boycotts.

### KAREX – TTP: RM1.23



#### Fundamental highlights:

- Revenue Growth: Karex Berhad reported a revenue of RM135.0 million for the first quarter of FY25, marking a 4.2% increase from the same period in FY24
- Sales Performance: Strong commercial market sales, making up ~70% of total revenue, with growth in U.S. and Europe.
- The company is performing better than most of its competitors.

**SPRITZER – TTP: RM3.30****Fundamental highlights:**

- Supported by robust demand drivers, including higher household spending, tourism recovery, increased out-of-home activities, and prolonged hot weather.
- Focus on expanding distribution channels in Singapore and the HoReCa segment, along with premium product offerings, to strengthen market position.
- Stable raw material prices, especially for PET resin, provide a buffer for margin stability and profitability protection.

**PEKAT GROUP – TTP: RM1.35****Fundamental highlights:**

- Outstanding order book of RM475m, comprising RM240m of rooftop solar projects, RM120m of earthing and lightning protection (ELP) projects and RM115m from CGPP-related EPCC jobs.
- Recently awarded 2GW LSS5 provides opportunities for order book replenishment from solar farm EPCC projects.
- Pekat's main business was ELP before venturing into solar. The ELP segment is now expected to growth +50% to +80% in FY25 and FY26, led by ELP jobs for data centres.
- The group recently acquired a 60% stake in Apex Power Sdn Bhd, giving control over EPE Switchgear (M) Sdn Bhd. This is expected to synergise well with Pekat's business. There is a profit guarantee for three financial years by Apex Power that its consolidated PAT will not be less than RM48m collectively.

**ALLIANCE BANK – TTP: RM5.80****Fundamental highlights:**

- Strong net income growth driven by NII and NOII.
- Robust momentum in gross loans growth with double digit year-on-year growth. Strong growth in all segments. SME, Commercial, Corporate and Consumer banking loans
- Asset quality improvements with GIL ratio is 2.0%. Improvements seen in all segments. GIL ratio for SMEs, and Commercial & Corporate
- Traction with regional and SME strategy with strong regional growth in both loans and deposits across Sarawak, Penang and Johor.

## AMMB HOLDINGS – TTP: RM6.20



### Fundamental highlights:

- Improvement in provisions.
- Robust NII growth with NIM improving due to growth in the business banking loans book. Furthermore, COF optimisation was also a factor, more precisely, liability management.
- Stable asset quality with GIL ratio at 1.67%.

## KUMPULAN FIMA – TTP: RM2.86



### Fundamental highlights:

- Commitment to shareholders through consistent dividend payouts, including a recent special dividend of 3.0 sen per share in Aug-24. Current dividend yield is 4.96%.
- Benefits from diversified revenue streams across plantation, manufacturing, bulking, and food sectors, reducing industry-specific risks.
- Expected to benefit from stable palm oil prices and growing demand in key export markets.
- Strong operational performance, with net income growth of +15.2%yoy for FY24, driven by cost optimization despite a slight decline in revenue.
- Ongoing international expansion into Indonesia and Papua New Guinea enhances market reach and positions the company for long-term growth

## PECCA GROUP – TTP: RM1.82



### Fundamental highlights:

- In 4QFY24, Pecca achieved a net profit of RM14.6m, a +44.6%yoy increase. This contributed to a historical record full-year net profit of RM55.0m, marking a +55.4%yoy rise from FY23.
- Revenue grew +9.5%yoy RM242.2m in FY24, supported by increased demand across the automotive leather upholstery segment.
- The company boasts an ROE of 25%, significantly higher than the industry average of 12%, indicating efficient utilization of shareholder funds.
- Diversifying into the aviation sector, with targeted contributions of 15% to group earnings within five years, reducing reliance on the auto industry.
- Actively pursuing strategic acquisitions to strengthen its bid as a Tier-1 auto player.
- Maintains a strong cash position, with reserves rising 38.2% year-on-year to RM153.7 million, 4 ensuring flexibility for growth and acquisitions.

## MATRIX CONCEPTS HOLDINGS – TTP: RM2.60



### Fundamental highlights:

- Matrix Concepts has broken ground for the first phase of MVV City in December 2024. MVV City has total acreage of 2,382 acres and GDV of RM12b which will propel property sales and earnings growth beyond FY27.
- Matrix Concepts announced 1 for 2 bonus issue to reward shareholders.
- Matrix Concepts achieved new sales of RM663m in 1HFY25, on track to meet new sales target of RM1.39b for FY25.

## IGB COMMERCIAL REIT – TTP: RM0.62



### Fundamental highlights:

- Revenue: RM57.55 million, showing steady growth compared to previous quarters.
- Financial Health: Strong balance sheet with RM99.93 million in cash and RM850.13 million in total debt, reflecting good liquidity and stability.
- Future Growth: Earnings forecasted to grow by 9.48% annually, indicating positive prospects.

## IGB REIT – TTP: RM2.36



### Fundamental highlights:

- IGB REIT achieved higher earnings of RM283.2m (+6.4%yoy) in 9MFY24, driven by higher rental income as a result of positive rental reversion and higher variable rent amid higher shopper footfall.
- Occupancy rates of Mid Valley Megamall and The Gardens Mall remains encouraging at close to 100% due to high shopper footfall and strategic location of the malls.
- Rental reversion outlook of Mid Valley Megamall and The Gardens Mall is expected to remain positive due to the high shopper footfall of the malls.

## PAVILION REIT – TTP: RM1.71



### Fundamental highlights:

- Pavilion REIT recorded higher earnings of RM229.2m (+12.6%yoy) in 9MFY24, driven by higher contribution from Pavilion KL Mall on the back of positive rental reversion and high shopper footfall.
- We see positive earnings outlook for Pavilion REIT due to solid contribution from Pavilion KL Mall and improving contribution from Pavilion Bukit Jalil Mall which driven by positive rental reversion and better occupancy rate.
- Distribution yield attractive, estimated at 5.3%.

## SUNWAY REIT – TTP: RM2.00



### Fundamental highlights:

- Earnings outlook for retail division is positive mainly driven by Sunway Pyramid Mall following reconfiguration of Oasis wing which accounted for 11% of Sunway Pyramid Mall's NLA with encouraging rental reversion for Oasis wing.
- Improved prospect for hotel division, supported by higher room rate and occupancy rate due to higher tourist arrivals.
- Distribution yield is estimated at 5.0%.

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## MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

### TECHNICAL STOCK RECOMMENDATIONS

<b>TECHNICAL BUY</b>	The share price return is expected to <i>rise</i> by >10% over the next 2 months.
<b>ADD</b>	The share price return is expected to <i>rise</i> by >5% over the next 1 month.
<b>REDUCE</b>	The share price return is expected to <i>fall</i> by >5% over the next 1 month.
<b>TECHNICAL SELL</b>	The share price return is expected to <i>fall</i> by >10% over the next 2 months.