

Headline	MAHB in danger of being booted from KLCI		
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MAHB in danger of being booted from KLCI

PETALING JAYA: Malaysia Airports Holdings Bhd (MAHB) could be excluded from the FBM KLCI when FTSE Russell announces the results of its upcoming semi-annual review of FTSE Bursa Malaysia Index Series on June 4, as the counter has fallen to 38th position based on share prices as at the end of trading on May 6.

In a report by CGS CIMB, if MAHB stays at, or below, the 36th position in market cap ranking come the review date of May 25, it is at higher risk of being excluded from the KLCI constituent stocks.

"Should this happen, the next largest company by market capitalisation that also meets the

liquidity criteria will be selected for inclusion. Our analysis revealed that Telekom Malaysia appears to be in line to take that spot.

"Since Telekom Malaysia's market cap is only 0.3% behind that of Genting, which is in 25th position, we would not discount the possibility that Telekom could rise to 25th position come 25 May, and hence be eligible for inclusion. If this happens, then Malaysia Airports will again be at risk of exclusion by being the lowest-ranking constituent by market cap," it said.

The research house noted that among the KLCI constituents, MAHB, CIMB Group Bhd, and Genting Bhd posted the largest

declines in market capitalisation since the last KLCI review date on Nov 25, 2019.

The biggest and only three gainers among KLCI constituents since the last KLCI review are Top Glove Corp Bhd, Hartalega Holdings Bhd and Maxis Bhd, however, the stronger performance of Top Glove and Hartalega is not unexpected as rubber glove players are prime beneficiaries of the Covid-19 outbreak, it said.

The FTSE Bursa Malaysia index ground rules stipulate that a security would be inserted in the FBM KLCI during the periodic review if its market cap has risen to 25th position or above among the eligible main

market securities, and a security would be deleted at the periodic review if it has fallen to 36th position or below among eligible main market securities.

Apart from market capitalisation rankings, the other two criteria that companies need to meet for inclusion in the KLCI are free float of 15% and above, and liquidity.

The FTSE Russell review is followed closely by the market as it could have an impact on KLCI index-linked products like FTSE 30 ETF and KLCI index-linked funds.

Meanwhile, CGS CIMB said it expects market volatility to remain in May, given the concerns over earnings disappointment in the

ongoing results season, potential no-confidence motion against the prime minister during the Parliament sitting on May 18, current low crude oil prices and concerns over potential escalation of the US-China trade war.

"Strategy-wise, we advise investors to stick to companies with strong management and balance sheet, and relatively stable earnings, or stocks that offer deep value and high dividend yields though their short-term earnings may not be exciting," it said.

The research house is maintaining its top picks of Yinson Holdings Bhd, Tenaga Nasional Bhd and Pentamaster Corp Bhd.

VALUATOR

Company(Brand)	Mention	Tone	ROI
Bername - MREM (Bernama - MREM 6)	3	0	RM 0
Bursa Malaysia Berhad (Bursa Malaysia Berhad)	7	0	RM 0
CIMB Group (CIMB Group)	3	0	RM 0
Genting Berhad (Genting Berhad)	3	0	RM 0
Hartalega Holdings Bhd (Hartalega Holdings)	1	0	RM 0
Malaysia Airports Holdings Berhad (MAHB) (Malaysia Airports)	6	0	RM 0
Maxis Berhad (Maxis Berhad)	2	0	RM 0
Oil Price (Oil Price)	1	0	RM 0
Parliament of Malaysia (Parliament)	7	0	RM 0
Prime Ministers Department - Covid (Prime Ministers Department -	1	0	RM 0
RAM Bursa Malaysia (RAM Bursa Malaysia)	3	0	RM 0
Securities Commission Malaysia (Securities)	2	0	RM 0
Securities Commission Malaysia (SRI Sukuk)	1	0	RM 0
Supermax Corp Bhd (Supermax Corp Bhd)	4	0	RM 0
Telekom Malaysia Bhd (TM Berhad) (Telekom Malaysia Bhd (TM	10	0	RM 0
Tenaga Nasional Berhad (TNB) (Tenaga Nasional)	2	0	RM 0
Top Glove Corp Bhd (Top Glove Corp Bhd)	3	0	RM 0
Yinson Holdings Bhd (Yinson Holdings Bhd)	1	0	RM 0