

FGV & MSM - MIRROR IMAGE MOVING FORWARD !!!

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Hi to all fellow investors and traders !

Today I would like to highlight a pattern which is forming between these 2 stocks:

FGV HOLDINGS BERHAD or FGV (Code 5222, Main Board, Plantation) &

MSM MALAYSIA HOLDINGS BHD or MSM (Code 5202, Main Board, Consumer Products & Services)

FGV & MSM - Mirror Image Chart Moving Forward

Here are my thoughts :

1. FGV As A Major Shareholder of MSM

Refer below screenshot from latest MSM List of Shareholding taken from Annual Report. We notice that **FGV is a 51% shareholder of MSM**. Therefore any movement in MSM will be reflected also in FGV share price.

LIST OF TOP 30 SHAREHOLDERS

No	Name of Shareholders	No. of Shares Held	% of Issued Shares
1.	FGV SUGAR SDN BHD <i>(formerly known as Felda Global Ventures Sugar Sdn Bhd)</i>	281,369,800	40.03
2.	FGV HOLDINGS BERHAD <i>(formerly known as Felda Global Ventures Holdings Berhad)</i>	77,150,248	10.97
3.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	66,305,852	9.43
4.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	52,654,500	7.49
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	47,513,900	6.76
6.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	41,088,100	5.84
7.	URUSHARTA JAMAAH SDN BHD	35,000,000	4.98
8.	VALUECAP SDN BHD	16,797,200	2.39
9.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	15,563,400	2.21
10.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	14,768,700	2.10
11.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	9,351,800	1.33
12.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	8,260,200	1.18
13.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	7,210,000	1.03
14.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	4,405,800	0.63
15.	AMANAHRAYA TRUSTEES BERHAD	4,373,800	0.61

2. Sale of Stake in MSM Will Also Be Positive for FGV (Similar Case Study - PROTON Sale to GEELY)

Refer below news articles from the edge. It was reported that 4 potential bidders are eyeing the stake :

1. IAG Capital Sdn Bhd (Vehicle of Datuk Seri Johari Abdul Ghani)

2. Singapore based Wilmar International Ltd (owned by Kuok Group)

3. Unnamed Indonesian company

4. Unnamed Chinese company

<https://www.theedgemarkets.com/article/discussions-over-msm-stake-still-preliminary-stage-says-fgv>

<https://www.theedgemarkets.com/article/msm-surges-145-report-fgv-talks-sell-stake>

Although the talks are still in early stage, this provides a clear direction to the market that FGV plans to secure a strategic partner in turning around MSM business.

MSM has been making losses the last 2 quarters on the back of decreased revenue. It is possible that FGV is looking to sell at least half their existing stake (so the new partner will have 25.5%, equal with FGV after the sale is complete), so that the new partner also will have enough meat in the business. The new partner might also be looking for a strategic position in MSM via board or management seats.

This move, I see is similar to PROTON selling strategic stake to GEELY, after which GEELY has partnered PROTON in providing its expertise to turnaround the company. As of recent, PROTON has been doing well since the launch of the new SUV - PROTON X70.

Therefore, I believe that investors would be looking to enter as early as possible, as when the new strategic partner is near to finalization, the price of both MSM and FGV might be already at the peak of the trend.

MSM Quarter Report History

Date	Financial Year	No.	Financial Quarter	Revenue (RM,000)	PBT (RM,000)	Net Profit (RM,000)	EPS (Cent)	Dividend (Cent)	NTA (RM)	Download Report
23 May 2019	31 Dec 2019	1	31 Mar 2019	485,617	-3,376	-7,058	-1.00	0.00	2.780	↓ 145%
20 Feb 2019	31 Dec 2018	4	31 Dec 2018	531,127	492	-10,388	-1.48	0.00	2.790	↓ 179%
21 Nov 2018	31 Dec 2018	3	30 Sep 2018	562,054	19,181	15,876	2.26	0.00	2.810	↑ 52%
24 Aug 2018	31 Dec 2018	2	30 Jun 2018	573,223	20,095	14,330	2.04	0.00	2.790	↑ 167%
23 May 2018	31 Dec 2018	1	31 Mar 2018	549,061	20,944	15,806	2.25	0.00	2.770	↑ 148%
21 Feb 2018	31 Dec 2017	4	31 Dec 2017	656,121	27,036	13,082	1.86	0.00	2.750	↓ 9%
22 Nov 2017	31 Dec 2017	3	30 Sep 2017	668,515	25,312	10,416	1.48	0.00	2.730	↓ 65%
29 Aug 2017	31 Dec 2017	2	30 Jun 2017	692,458	-28,593	-21,450	-3.05	0.00	2.710	↓ 191%
31 May 2017	31 Dec 2017	1	31 Mar 2017	648,971	-39,562	-34,622	-4.93	0.00	2.780	↓ 158%
22 Feb 2017	31 Dec 2016	4	31 Dec 2016	838,308	24,133	14,394	2.05	0.00	2.830	↓ 78%
21 Nov 2016	31 Dec 2016	3	30 Sep 2016	633,122	32,750	23,305	3.32	0.00	2.910	↓ 64%
23 Aug 2016	31 Dec 2016	2	30 Jun 2016	633,856	31,077	23,679	3.37	0.00	2.870	↓ 70%

3. Technicals - Worst is Over for MSM & FGV ? Solid Identical Candles Appeared on Friday 26th July 2019

Refer below screenshots daily chart for FGV & MSM. Some similarities observed:

1. Both were on short term downtrends

2. Volume surged on Friday 26th July 2019

3. Solid candles formed on Friday 26th July 2019 (FGV +6 cts, MSM +21 cts)

A few individual observations below:

MSM:

MSM was trading at RM 4.50 - 5.50 range between 2011 and 2017. After recording its first quarterly loss in May 2017, the stock had been on a downward trend since then. However, we realized that the trading volumes were thin even on the downtrend. This was due to the low effective float of MSM shares. A lot of holders of MSM shares are long term shareholders and not traders.

In 2019, MSM had dropped below RM 2 and the trading volumes somewhat increased. After hitting a bottom of RM 1.10 recently, the price had surged to RM 1.38 as the talks to sell a stake to a strategic partner surfaced.

Therefore, if you ask me, I believe the worst is over for MSM share price and we will not see any more low prices moving forward. Should the stake sell be finalized soon, I am not surprised if MSM can break the RM 2 barrier and possibly head towards RM 3.



FGV:

FGV shares were on short term downtrend from April 2019 after a triple top formed at the price of RM 1.34-1.38 range. Seems there is strong resistance at this area.

Since then it had dropped to a low of RM 1.03 on Friday 26th July 2019, until talks of its sell of MSM stake surfaced. The price had surged to a close of RM 1.11 on the same day it hit the recent low. A very bullish engulfing candle had formed with significant volume increase.

First resistance seen at RM 1.20, then next at RM 1.35-1.38 range level.



CONCLUSION

Based on my opinion, FGV & MSM shall be forming mirror charts soon, based on below:

- i. **FGV being a 51% shareholder of MSM**
- ii. **Sale of Stake in MSM to Strategic Partner, Benefits both MSM and FGV in the Long Run**
- iii. **Similar Charting Characteristics formed on 26th July 2019 - Volume, Price Spread**

Thanks for reading and see you in the next post.

THE ABOVE IS NOT A BUYCALL AND ONLY A PERSONAL OPINION ARTICLE AS A SHARING TO BSKL COMMUNITY MEMBERS.

Yours Truly,

INVESTHOR