

MAS' Shares Actively Traded In Morning Session on News Of Flight MH370 Going Missing
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KUALA LUMPUR, March 10 (Bernama) -- The breaking news on Malaysia Airlines' flight MH370 en route from Kuala Lumpur to Beijing disappearing from the radar screen while flying over South China Sea has weighed down on its share price, which were traded lower in the morning session Monday.

MAS' shares, which were the most actively traded, slipped two sen to 23 sen, with 239.64 million shares transacted as at 11:43 am.

HwangDBS Vickers Research said the extent of the implication on the earnings and target price of MAS' stocks would depend on the outcome of the investigations of its flight MH370, which are still ongoing.

"The stock is down 19 per cent since the announcement of a RM342 million net loss for the financial year fourth quarter 2013 on Feb 18.

"The group has been struggling with the intense competition in the industry," the research house said in a note.

HwangDBS maintained a "fully valued" recommendation on MAS' share, with a target price of 27 sen.

Meanwhile, HLIB Research said despite the latest development on flight MH370, it expects minimal expenses to be borne by MAS, while any compensation for the 239 victims would likely be covered by insurance, similar to previous airline accident cases.

However, the research house said near-term consumer sentiments on MAS' safety is likely to be affected by the incident, affecting its load factor in the near-term.

It said MAS may also need to further sacrifice its yield, offering higher discounted fares to maintain its load active strategy.

"Hence, we expect tougher challenges ahead for MAS to turnaround its losses.

"On share price performance, we expect further sell-down pressure on MAS' counter amid the incident in the immediate term, as can be seen from previous examples of other airlines accidents, causing its share price to fall nine to 30 per cent," it added.

The research firm maintained a "sell" call on MAS with a revised target price of 20 sen from 25 sen previously.

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