



CIMB Research Report

Navigating **MALAYSIA**

| 2015



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MALAYSIA



STRATEGY

Notes from the Field



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“The first dividend yields a transitory bonus. The second dividend transforms the bonus into greater assets and sustainable development.”

Andrew Mason, IMF

Highlighted Companies

Gamuda

Execution of MRT 2 will gain momentum, with Gamuda the biggest beneficiary of pre-award MRT newsflow. Investors have underappreciated the potential PDP/construction opportunities in Penang worth RM27bn while the political change in Selangor has brought about better chances for the divestment of Splash.

Petronas Gas

Petronas Gas's earnings outlook remains stable, underpinned by its gas processing and transportation agreements, which will see it continue to enjoy stable earnings and cashflow given that 97% of its revenues have been secured. Its regasification terminal revenues are also expected to be stable as the capacity is fully booked by parent Petronas.

Westports

Three key catalysts are in store for Westports in 2015: (1) the establishment of the Ocean Three alliance, (2) a likely tariff hike in 2015/16, which will help Westports increase its tariffs on gateway boxes immediately, and (3) the award of a third 5-year investment tax allowance (ITA) incentive.

My E.G. Services

MyEG's revenue is defensive and recurring, and most of its customers are the general public. We are looking at 51% 3-year CAGR net profit for this company, with earnings growth to come mainly from the custom service tax monitoring (CSTM) project.

Malaysia's demographic dividend

Malaysia's march towards developed nation status by 2020 is being assisted by favourable demographics. The country's demographic dividend is not only a boost economically but it is also positive for a long list of sectors from consumer to properties.

Figure 1: Impact of demographic dividend on sectors

Sector	Impact	Comments
Automotive	Positive	Young adults entering colleges and workforce will drive demand for new vehicle purchases
Aviation	Positive	Discretionary air travel will rise during the demographic dividend
Banking	Positive	Younger population in the 15-24 age group will drive credit demand over the next 10 years
Brewery	Positive	Higher demand from the younger generation who are more willing to spend
Building mat	Positive	Beneficiary of public transport infrastructure projects
Construction	Positive	Incentive for government to push for public transport upgrades
Gaming	Positive	Bigger addressable market for NFO operators for non-Muslim punters after they turn 21
Gloves	Neutral	Gloves are mostly exported
Healthcare	Neutral	Demand only peaks after demographic dividend has ended
Media	Positive	Young population will drive online content demand and lead to higher digital platform adex
Oil & gas	Positive	Young adults purchasing new vehicles will drive fuel sales at the pumps
Plantations	Neutral	Malaysia exports most of its palm oil output
Property	Positive	20% of the population is in the 15-24 age group which will drive demand till 2025
REITS	Positive	Demographic dividend will translate into increased traffic at shopping malls
Shipping	Neutral	No impact
Technology	Neutral	Malaysian semicon companies export all of their products
Telcos	Positive	High mix of young population will drive SIM addition and smartphone adoption
Timber	Neutral	Timber is an export-oriented sector
Tobacco	Neutral	Higher willingness to spend likely to be offset by the impact of higher health awareness
Utilities	Positive	Greater demand for commercial buildings which will further drive electricity usage

SOURCES: CIMB, COMPANY REPORTS

Although long-term prospects are promising, the outlook for 2015 is more challenging. We lower our end-2015 KLCI target from 1,970pts to 1,800pts after removing the 10% premium over our 3-year moving average P/E due to heightened nearer-term risks. Our preferred sectors for 2015 are the construction, transport and utilities sectors. We still like the smaller-cap stocks.

Demographic tailwind

Malaysia's favourable demographic ratios could unlock a potential source of demand and growth. Malaysia is in a sweet spot whereby the share of the working age population is rising, and, when complemented by higher wages to GDP, translates into positive dividends that could last up to two decades. Measures to enhance income infer that a number of people will enter the middle class and drive consumption. Malaysia can look forward to a relatively long period of favourable demographic dividends.

Short-term potholes

Malaysia will implement the goods and services tax (GST) on 1 Apr 2015 and could suffer the typical 6- to 9-month lull in consumer spending. Weak commodity prices, a lacklustre property market and earnings misses are other short-term negatives that could weigh down on the market.

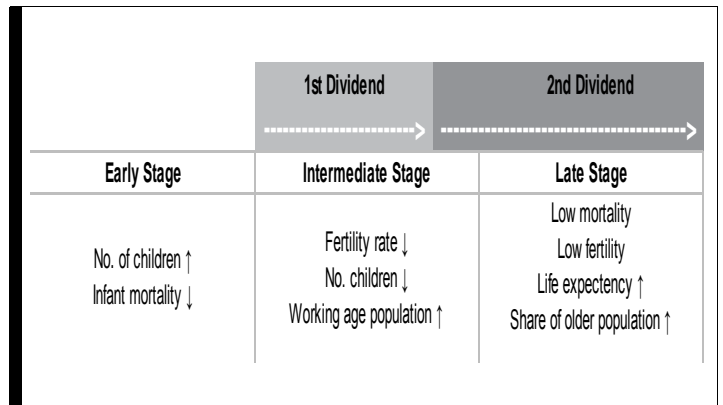
Still a stock-picking year

2014 is coming to a close and while the KLCI's performance YTD has been poor, there are still gains to be made in selected sectors and stocks. We believe this will likely be the case again in 2015. Our top 3 bigger-cap picks are Gamuda, Petronas Gas and Westports while smaller-cap picks are MyEG, Prestariang and Karex.

KEY CHARTS

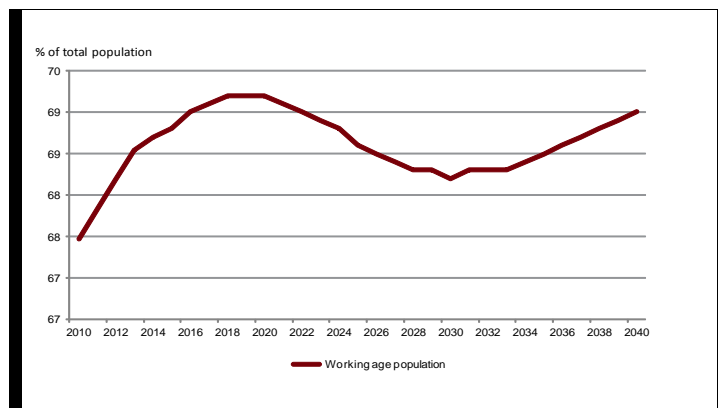
Demographic dividend

The demographic contribution to accelerating economic growth is known as the demographic dividend. The most important component of the demographic dividend is the resulting boost to per capita income growth. This occurs when there is a decline in birth rates and a subsequent change in the age structure of the population. With fewer births and slower population growth, the country's dependent population grows smaller in relation to the working-age population.



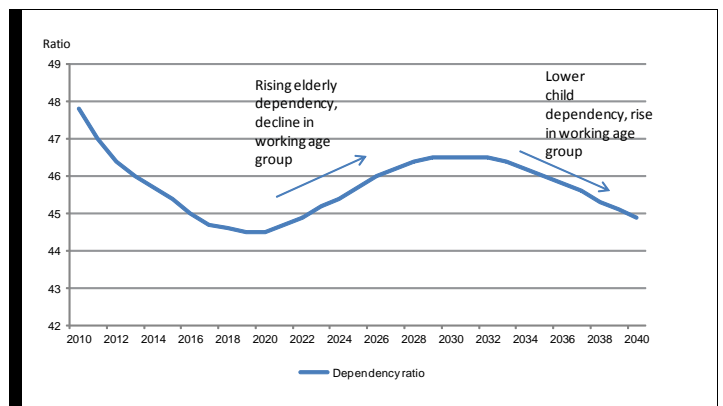
Working-age population

Malaysia's working-age share of the population is one of the highest relative to its regional counterparts. The proportion of the working-age population, a group that has a higher propensity to spend, increased from 63.9% in 2002 to 68.5% in 2013.



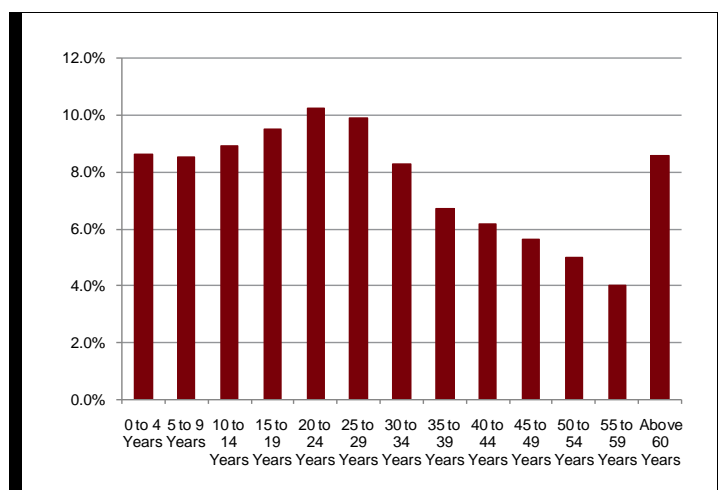
Malaysia's dependency ratio

Malaysia's dependency ratio is projected to decline up to 2020 and rise thereafter (due to the ageing population) up to 2030 before declining again (due to declining child dependency and a growing working-age group) until 2040.



Property sector a big winner

We believe one of the key beneficiaries of the demographic dividend is the property sector as the typical first-time home purchaser is 25-35 years of age. 10.2% of Malaysia's population is in the 20-24 years age group while 9.5% is in the 15-19 years age group. This means that over the next 5-10 years, around 20% of the population will hit the first-time home buying age.



SOURCE: CIMB, COMPANY REPORTS

Figure 2: CIMB top picks

Company	Bloomberg Ticker	Recom.	Price	Target Price	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)	Recurring ROE (%)	Dividend Yield (%)
			(local curr)	(local curr)		CY2015	CY2016		CY2015	CY2015	CY2015
Gamuda	GAM MK	Add	5.06	5.99	3,377	13.5	12.4	7.3%	1.74	13.1%	2.3%
Genting Malaysia	GENM MK	Add	4.10	5.90	6,651	16.2	11.8	6.2%	1.38	8.8%	2.4%
IJM Corp Bhd	IJM MK	Add	6.57	7.95	2,799	13.6	12.8	29.3%	1.54	10.9%	2.5%
Mah Sing Group	MSGB MK	Add	2.25	3.21	950	8.1	7.4	14.7%	1.32	17.2%	4.4%
Malayan Banking Bhd	MAY MK	Add	8.87	12.50	23,647	11.3	10.4	8.0%	0.86	13.1%	6.2%
MISC Bhd	MISC MK	Add	6.99	8.22	8,926	15.0	14.2	12.0%	1.53	7.3%	1.5%
Petronas Gas	PTG MK	Add	21.98	27.11	12,442	24.8	24.5	2.3%	1.55	16.6%	2.5%
SapuraKencana Petroleum	SAKP MK	Add	2.52	6.84	4,320	8.4	7.8	28.7%	1.55	21.8%	1.2%
Westports Holdings	WPRTS MK	Add	3.36	4.57	3,278	23.6	20.3	7.9%	3.99	27.2%	3.2%
YTL Corporation	YTL MK	Add	1.62	2.34	4,803	11.6	11.3	6.1%	2.32	10.0%	6.2%
Average						14.6	13.3	12.3%	1.78	14.6%	3.2%

SOURCES: CIMB, COMPANY REPORTS

Figure 3: CIMB smaller cap picks

Company	Bloomberg Ticker	Recom.	Price	Target Price	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)	Recurring ROE (%)	Dividend Yield (%)
			(local curr)	(local curr)		CY2015	CY2016		CY2016	CY2015	CY2015
Berjaya Auto	BAUTO MK	Add	3.31	4.44	766	11.3	10.2	31.1%	4.67	47.2%	3.6%
Berjaya Food Berhad	BFD MK	Add	2.89	4.33	305	21.7	15.8	31.1%	2.90	15.1%	2.3%
GHL Systems Bhd	GHLS MK	Add	0.71	1.06	129	25.4	15.8	71.5%	9.44	13.9%	0.0%
IFCA MSC	IFCA MK	Add	0.76	1.05	103	13.3	11.7	100.2%	0.90	34.2%	1.1%
Karex Berhad	KAREX MK	Add	3.10	4.08	359	17.4	14.4	29.6%	0.90	26.6%	1.4%
MY E.G. Services	MYEG MK	Add	4.25	5.28	717	26.5	16.9	49.8%	9.44	41.4%	1.2%
Pharmaniaga Bhd	PHRM MK	Add	4.30	6.15	318	13.1	11.2	16.8%	2.66	15.9%	4.6%
Prestariang	PRES MK	Add	1.60	2.94	222	12.1	10.4	18.6%	0.90	34.9%	5.3%
Signature International	SIGN MK	Add	1.57	3.12	54	7.0	6.0	39.2%	3.30	19.9%	3.8%
Tune Ins Holdings Bhd	TIH MK	Add	1.80	3.00	387	14.6	12.8	17.9%	3.96	21.2%	2.5%
Average						16.2	12.4	43.0%	3.94	26.0%	2.5%

SOURCES: CIMB, COMPANY REPORTS

Demographic dividend

1. BACKGROUND

1.1 Malaysia's demographic tailwind

Malaysia's favourable demographic ratios could unlock a potential source of demand and growth. Malaysia is currently in a sweet spot whereby the share of the working-age population is rising and, when complemented by higher wages to GDP, translates into positive demographic dividends that could last up to two decades. Measures to enhance income infer that a number of people will enter the middle class and drive consumption. Therefore, while other economies like Thailand and Singapore are seeing their demographic tailwinds turning the other way, Malaysia can look forward to a longer period of favourable demographic dividends.

1.2 Favourable demographic ratios

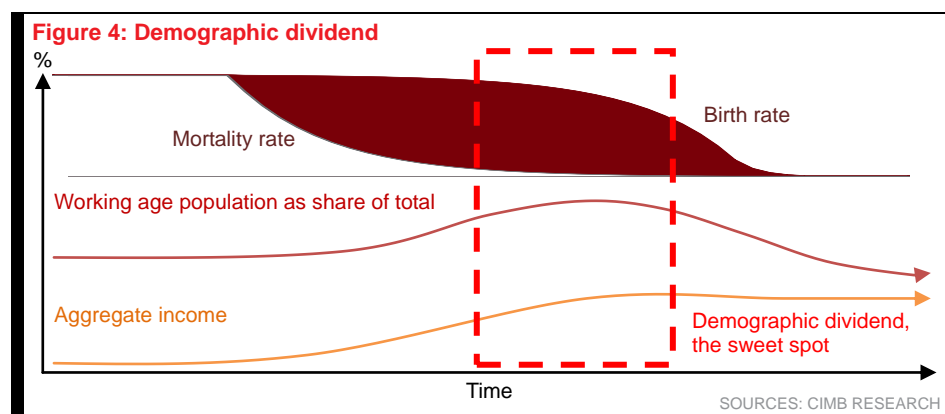
The population data show that Malaysia's working-age share of the population is one of the highest and the population is currently at the most productive stage of the age distribution profile where it bulges at the youth/young adult age group. The dependency ratio (child and elderly population to working age population) is projected to drop towards 2020 given a growing workforce, declining birth rates and a moderate rise in old age dependency.

1.3 Shaping consumer behaviour

A positive demographic dividend equates to higher income per capita and consumption. Higher income also accelerates the rise of the middle-income segment, which drives upgrading of the goods and services consumed. With a growing workforce and urbanisation, affordable housing and transportation in cities becomes critical. The increase in savings/wealth can be recycled into various assets and investments that will be a boon for finance and insurance. The large young population suggest that consumer habits of these age groups have become the key determinants of consumption trends, predominant of which is the rising demand for electronic gadgets, IT and telco services. Meanwhile, the rising share of 35-54 years age group will become the backbone of support for Malaysia's household spending in the future.

1.4 Seizing the dividend

The demographics are positive but to what extent the dividend can be harnessed depends on job creation, improving education, quality of labour, enhancing productivity, encouraging savings, and providing healthcare and elderly support. Fuelling the demographic dividend also mandates balanced and inclusive long-term growth strategies. Academic studies echo the need for foresight, planning and political will.



1.5 Demographic change and economic growth

Demographics have played a prominent role in driving economic growth, particularly in Asia. However, simply having a large population or high population growth is not a precondition for achieving accelerated GDP growth given the enormous strain on resources.

A significant determinant is the demographic changes and age distribution of the population. A country's economic performance will be boosted by a larger population of working-age individuals and tends to be depressed when a relatively large part of the population consists of young and elderly dependents.

The population data show that Malaysia's working-age share of the population is one of the highest¹ relative to its regional counterparts. The proportion of the working-age population, the group that has a higher propensity to spend, increased from 63.9% in 2002 to 68.5% in 2013. This compares to Singapore's 57.6% in 2002 vs. 52.3% in 2013, Indonesia's 63.3% vs. 63.4% and the Philippines' 59% vs. 61.2%. Thailand still has the highest working-age population of 71.6%.

Based on the Department of Statistics projections, the proportion of the working-age group is expected to decline between 2020 and 2030, mainly due to an ageing labour force. However, it is projected to rise again from 2031 onwards as the proportion of persons aged 20-24 and 45-54 increases.

Figure 5: Working-age population (15 to 64 years)

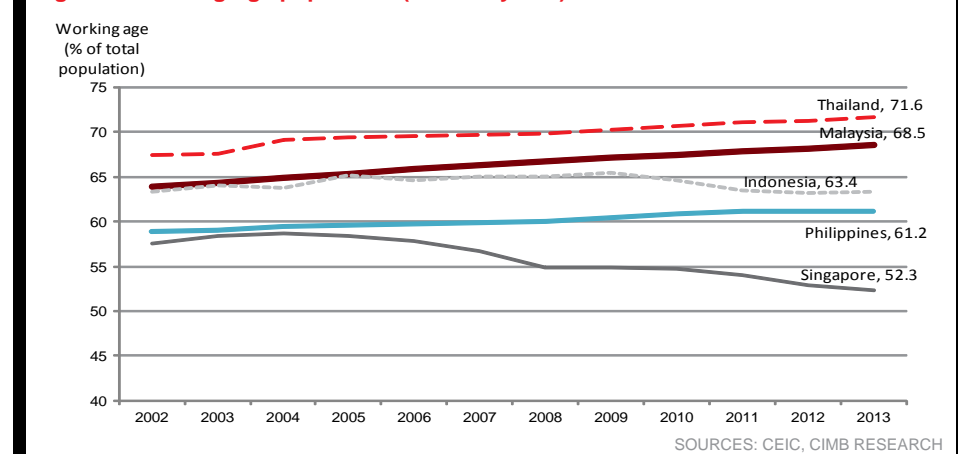
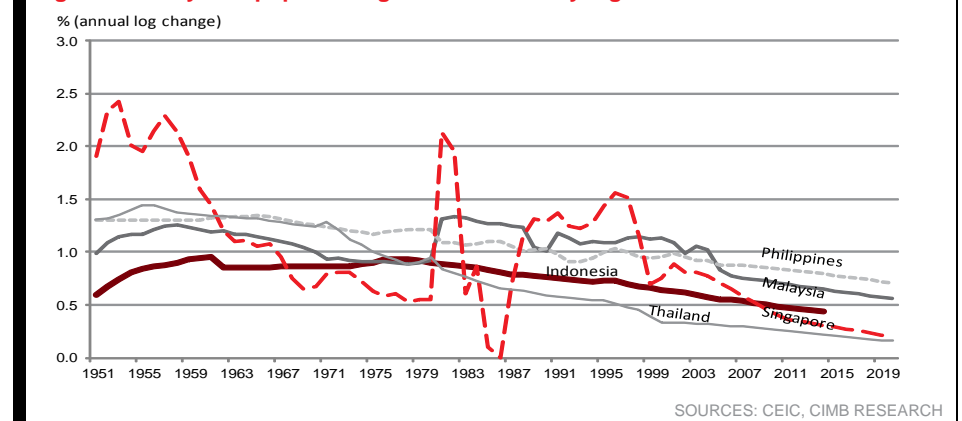
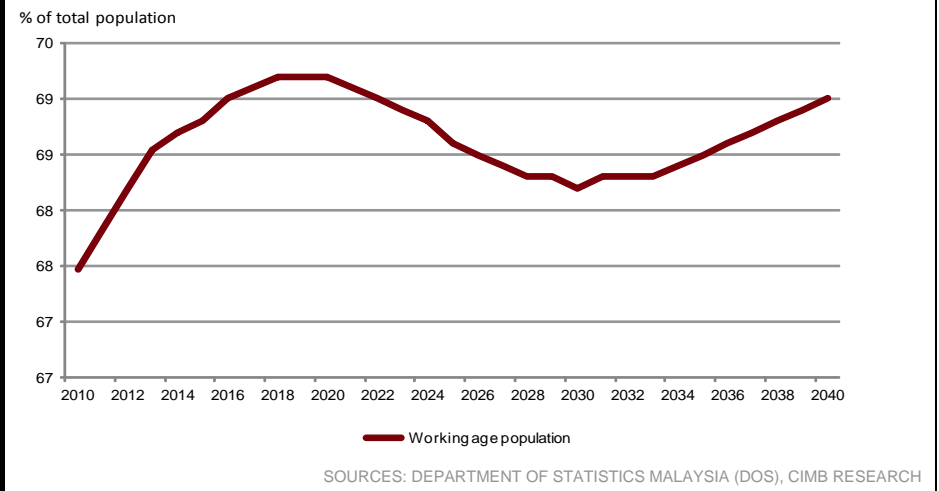


Figure 6: Malaysia's population growth is relatively high within ASEAN



¹ Using the World Bank definition of working-age population, which is 15 to 64 years.

Figure 7: Projection of Malaysia's working age population



1.6 Demographic dividend = higher income per capita

The demographic contribution to accelerating economic growth is known as the demographic dividend. The most important component of the demographic dividend is the resulting boost to per capita income growth. This occurs when there is a decline in birth rates and a subsequent change in the age structure of the population. With fewer births and slower population growth, the country's dependent population grows smaller in relation to the working-age population. With fewer dependents to support and an increase in the working-age ratio, there is a window of opportunity for rapid economic growth. Furthermore, the savings of the working-age group can be channeled into productive investments to elevate potential growth.

Studies have showed that the demographic transition can yield a growth dividend of up to 2% p.a. if economic policies and reforms complement the demographic transition. Countries in Latin America, which had a similar demographic profile as Asia in the 1970s, did not successfully exploit their demographic dividends, causing actual growth to fall below its potential.

The (first) dividend period can be quite long, possibly lasting up to five decades or more, but eventually, lower birth rates catch up and reduce the growth rate of the labour force while longer life expectancy rates speed up the growth of the elderly population. Subsequently, per capita income growth slows and the first dividend turns negative.

Second dividend

A second dividend comes about when a population with a high concentration of working-age individuals face an extended period of retirement and are incentivised to accumulate assets, which contributes to rising national income. An ageing population that is associated with lower birth rates but higher human capital investments per child can also enhance the quality and productivity of workers. This has the effect of maintaining or increasing standards of living and extending the dividend phase, although this depends on the policies that allow the elderly to finance their consumption.

Figure 8: Demographic transition

	1st Dividend	2nd Dividend
Early Stage	Intermediate Stage	Late Stage
No. of children ↑ Infant mortality ↓	Fertility rate ↓ No. children ↓ Working age population ↑	Low mortality Low fertility Life expectancy ↑ Share of older population ↑

SOURCES: IMF, CIMB RESEARCH

Figure 9: Estimated demographic dividends – highest for ASEAN region

	Demographic Dividends: contribution to growth in GDP/N ¹			Actual growth in GDP/N ¹
	First	Second	Total	
Industrial economies	0.34	0.69	1.03	2.25
East and Southeast Asia	0.59	1.31	1.90	4.32
South Asia	0.10	0.69	0.79	1.88
Latin America	0.62	1.08	1.70	0.94
Sub-Saharan Africa	-0.09	0.17	0.08	0.06
Middle East and North Africa	0.51	0.70	1.21	1.10
Transition economies ²	0.24	0.57	0.81	0.61
Pacific Islands	0.58	1.15	1.73	0.93

¹ Actual growth in GDP per effective consumer (GDP/N), 1970-2000, in percent a year. The effective number of consumers is the number of consumers weighted for age variation in consumption needs.

SOURCES: ANDREW MASON, 2005, "DEMOGRAPHIC TRANSITION AND DEMOGRAPHIC DIVIDENDS IN DEVELOPED AND DEVELOPING COUNTRIES," UNITED NATIONS EXPERT GROUP MEETING ON SOCIAL AND ECONOMIC IMPLICATIONS OF CHANGING POPULATION AGE STRUCTURES (MEXICO CITY)

1.7 Demographic tailwind

The population data show that Malaysia is in a sweet spot to seize the demographic dividend. Malaysia is only at the beginning of the intermediate stage of the first dividend. Malaysia's median age is at the most productive stage of the age distribution profile (projected median age of 28.2 in 2015). The population bulges in the 20-29 years age group (as illustrated by the population pyramid below), suggesting a large youth/young adult population. Indonesia, the Philippines and India are the other countries that will enjoy a long period of favourable demographics. Singapore is already seeing a sharp decline in its labour force and Thailand and Vietnam will see a deceleration in their labour forces in the next 10 years.

Figure 10: Malaysia's demographic transition

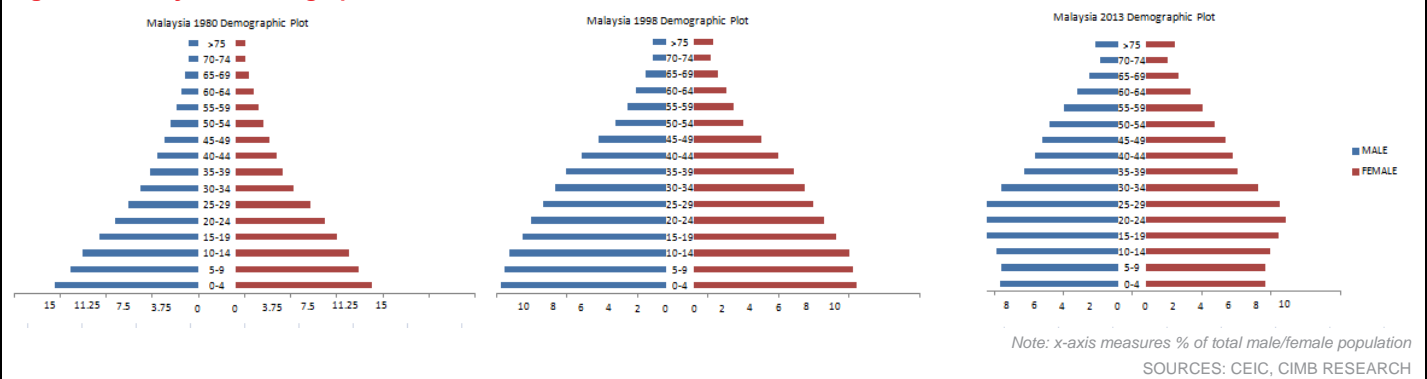
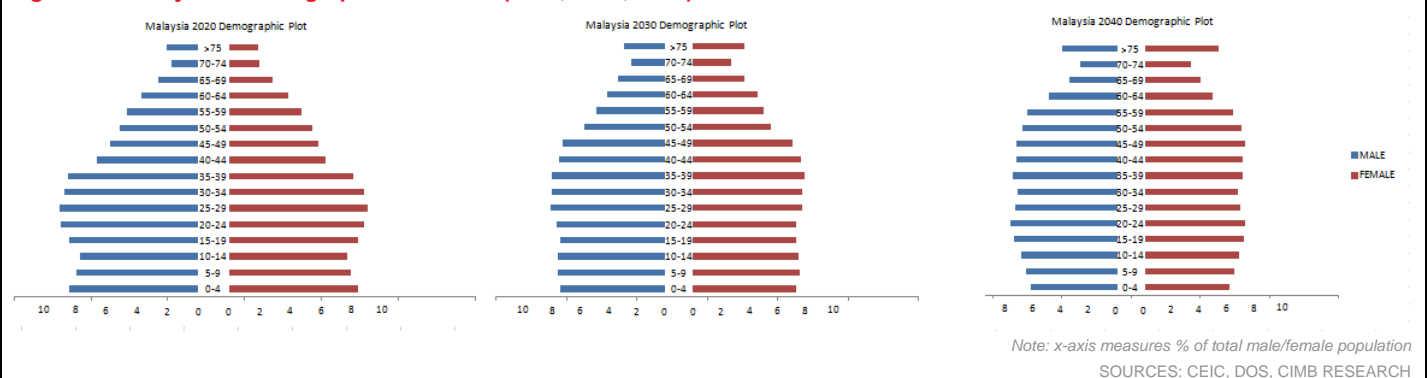
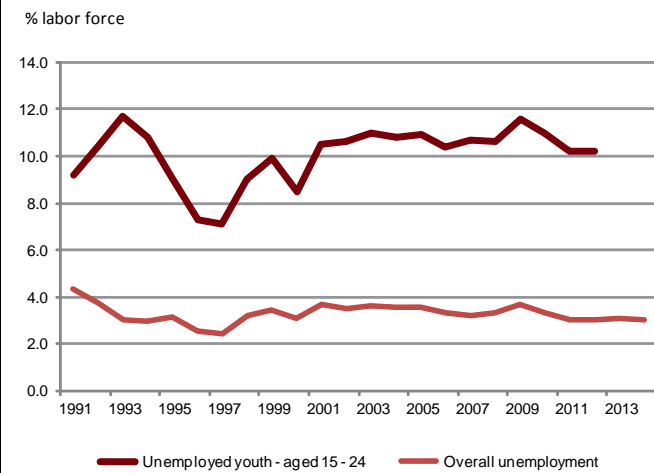


Figure 11: Malaysia's demographic transition (2020, 2030, 2040)



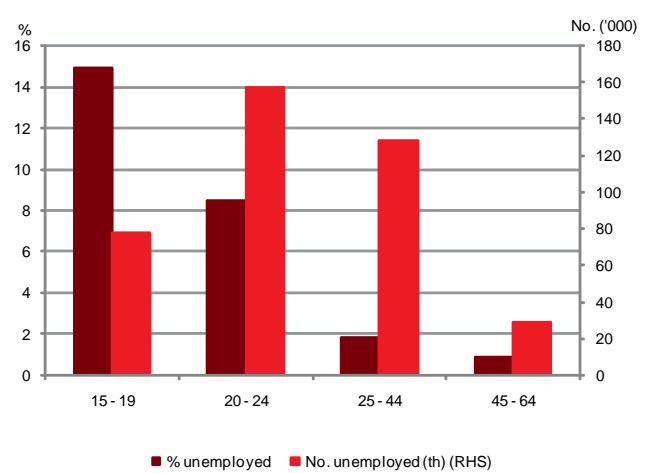
However, the key to transforming Malaysia's youth bulge into a demographic dividend is reducing youth unemployment. The World Bank estimates that Malaysia's unemployed youth had declined from a peak of 11.6% of the total labour force of those aged 15-24 years in 2009 to 10.2% in 2012. However, it remains above the long-term average of 10.1%. The World Bank pointed out that the ratio of youth unemployment to overall unemployment is high at 3.3 times and 60% of all unemployed workers are in this age group. To enhance the employability of its youth, Malaysia needs to address the skills mismatch and build a functioning feedback mechanism between educational institutions and the industry.

Figure 12: Malaysia's unemployed youth



SOURCES: CEIC, IMF WEO, CIMB RESEARCH

Figure 13: Unemployment by age group



SOURCES: DOS, WORLD BANK

1.8 Malaysia's steady labour force

A falling dependency ratio² is associated with lower fertility rates and slower population growth amid a growing working-age population. Declining periods of dependency have positive effects on consumption and investments as the number of working age adults rises faster than that of children and elderly dependents. As the population starts to age, the dependency ratio rises. Singapore's and Thailand's ratios are expected to rise from as early as 2015 while Malaysia's dependency ratio is projected to decline up to 2020 and rise thereafter (due to the ageing population) up to 2030 before declining again (due to decreasing child dependency and an increasing working-age group) until 2040. Based on IMF projections, the overall dependency ratio looks relatively stable up to 2045. Therefore, while other economies will see the demographic tailwind turn the other way, Malaysia can look forward to a longer period of favourable dividends.

² The dependency ratio, which measures the share of young and elderly population relative to the working "productive" population, is used to indicate the potential effects of changes in population age structures for social and economic development.

Figure 14: Dependency ratio

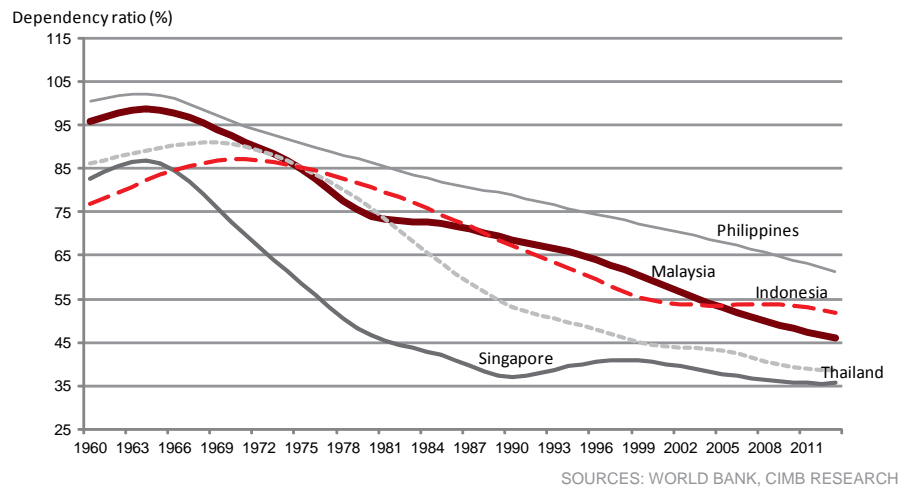


Figure 15: Dependency ratio projection and turning points

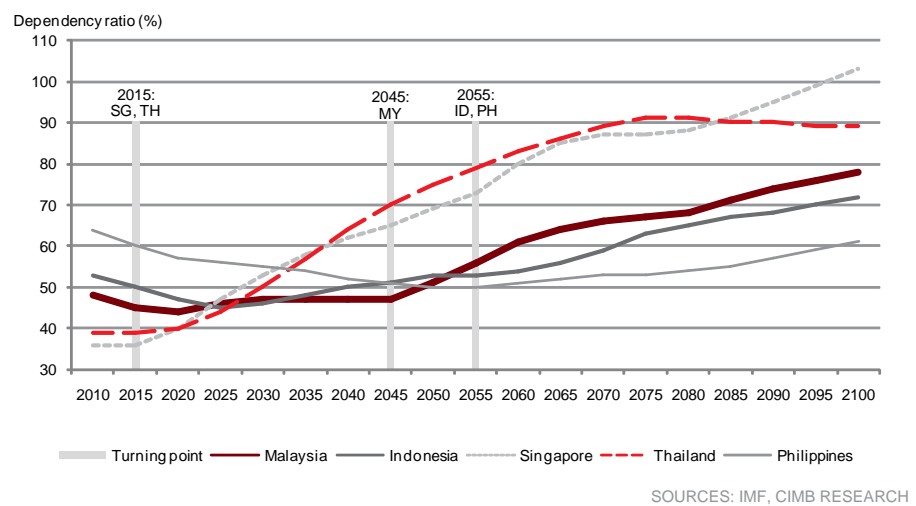
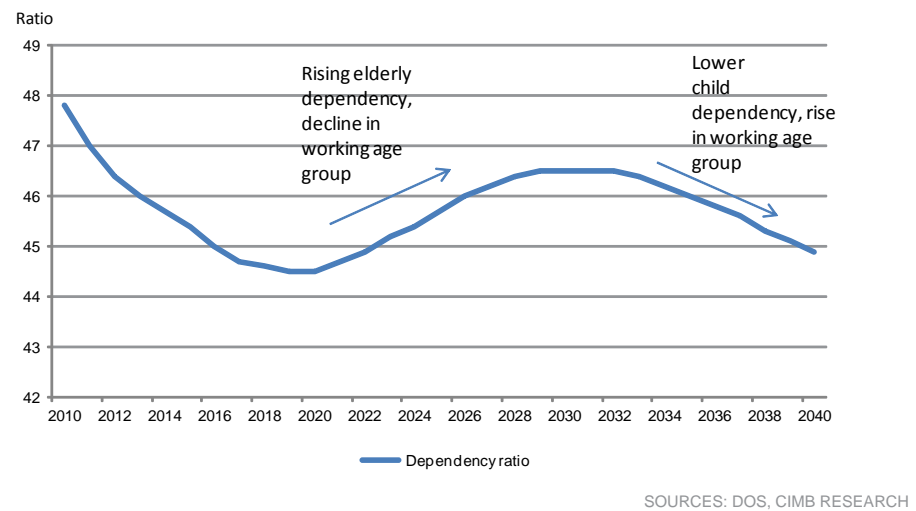


Figure 16: Malaysia's projected dependency ratio – two positive dividend phases

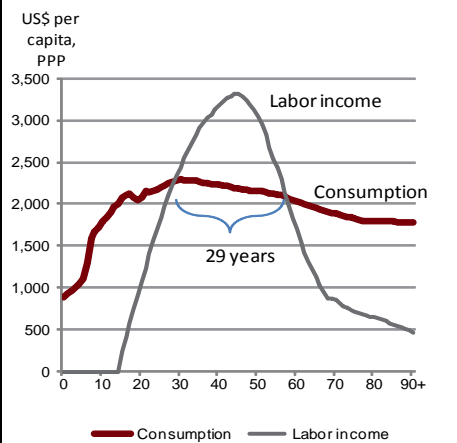


1.9 Measuring the size of the dividends

The size of the dividends depend on how much people produce and consume at each age. In Asia, the dividend phase typically occurs between ages 26 and 59, which is when the number of producers exceeds the consumers. This is considered the most productive period during the economic life cycle of a typical worker.

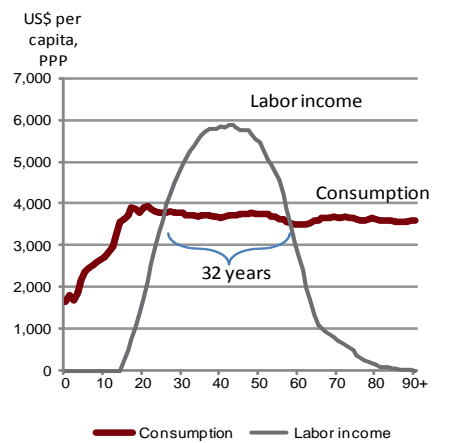
Based on estimations by the National Transfer Accounts (NTA), an average worker in Indonesia, Thailand and the Philippines has between 29 and 33 years to build the dividend. There were no estimations for Malaysia, although we think it should be in that range given similar age distribution profiles.

Figure 17: Economic life cycle of a typical Indonesia worker (2005)



SOURCES: NTA, CIMB RESEARCH

Figure 18: Economic life cycle of a typical Thai worker (2004)



SOURCES: NTA, CIMB RESEARCH

Figure 19: Economic life cycle of a typical Filipino worker (1999)



SOURCES: NTA, CIMB RESEARCH

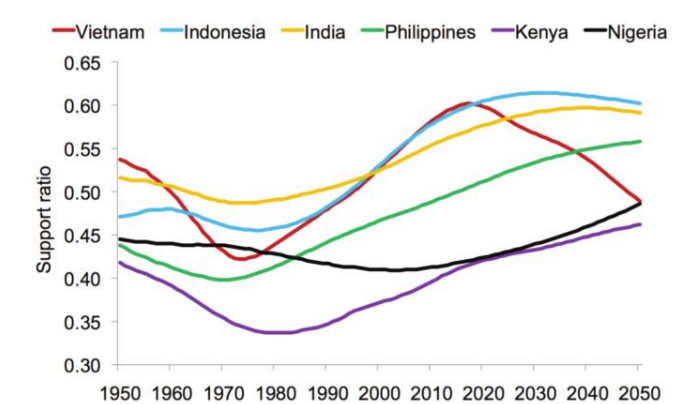
The NTA support ratio³ indicates that the effect of the changing population structure on economic development between 2010 and 2050 for China and Thailand will be negative in the range of -0.42 to -0.25. For India, Indonesia, and the Philippines, the ratio is positive at between +0.07 and +0.31. Given Malaysia's age distribution profile, population growth, dependency ratios, income growth and asset/wealth factors, we expect the changing demographic structure to be positive for Malaysia.

Figure 20: Support ratios, annual change %

	Annual Change, %
Germany, Japan, South Korea, Taiwan	-0.82 to -0.60
China, Finland, Sweden, Thailand, US	-0.42 to -0.25
Brazil, Mexico, Chile	-0.21 to -0.01
India, Indonesia, Philippines	+0.07 to +0.31
Kenya, Nigeria	+0.56 to +0.76

SOURCES: NTA

Figure 21: Trends in support ratio, 1950-2050



SOURCES: NTA

³ Support ratios – ratio of producers to consumers calculated by multiplying the population age distribution by the age profiles of production and consumption. During the dividend phase, the support ratio is positive. The support ratio declines as population ageing starts.

1.10 Realising the demographic dividend

Demographics is not destiny but, with foresight, it can alter the parameters of possibility. The economic outcome of demographic change depends on policy. Appropriate investments and continued progress through the demographic transition becomes a springboard for economic growth. How much of the dividends are realised and contribute to growth depend on the implementation of effective government policies, such as quality education, employment practices, timing and level of childbearing, policies that encourage higher female participation in the workforce and that allow young parents to work, healthcare support, tax incentives and disincentives, pension schemes, retirement policies and general support for the elderly. Much of this helps to elevate the quality and quantity of labour to enhance productivity-driven growth.

When this happens, the positive demographic dividend that equates to higher income per capita will lead to significant upside for consumer spending while savings/wealth can be recycled into various assets and investments that will be a boon for finance and insurance. With a growing workforce and urbanisation, affordable housing and transportation in cities become critical. The large young population suggest that consumer habits of these age groups have become key determinants of consumption trends, predominant of which is the demand for electronic gadgets, IT and telco services. Meanwhile, the rising share of 35-54 year age group will become the backbone of support for Malaysia's household spending in the future.

The rise of a new middle-income segment and their demand for quality of life lead them to upscale their lifestyles and upgrade the goods and services consumed. Their spending power is further enhanced by more accessible financing and financial innovations that allow for higher consumer credit. Combined with the willingness to pay a little extra for quality, this becomes a force that feeds investments in production, innovation and marketing, which ultimately drives growth.

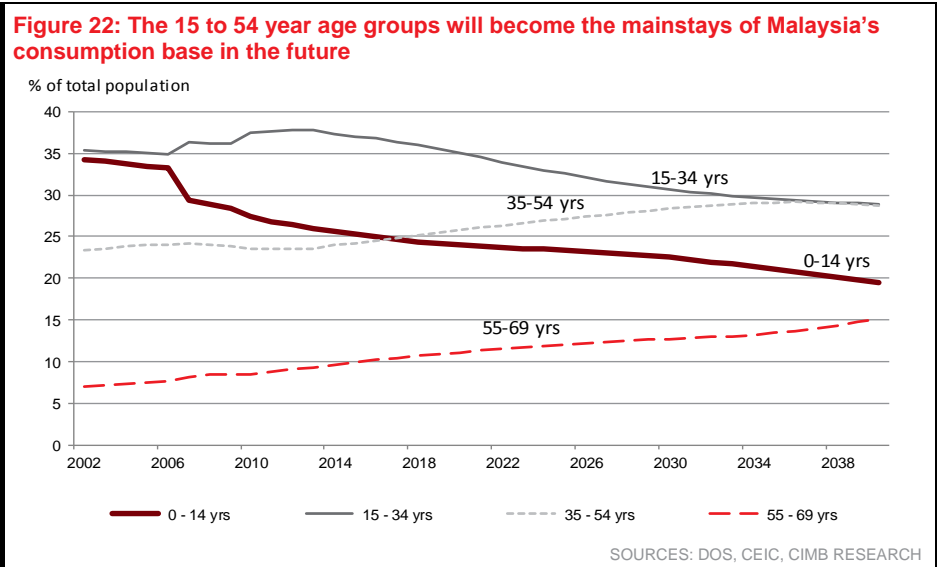
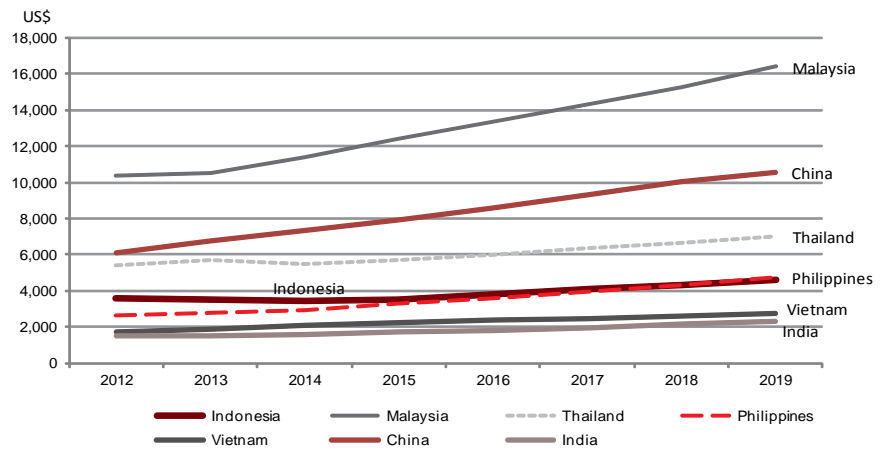
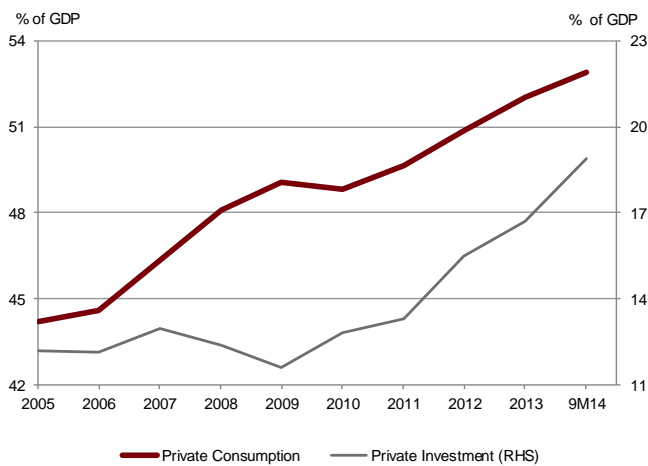


Figure 23: Nominal GDP per capita



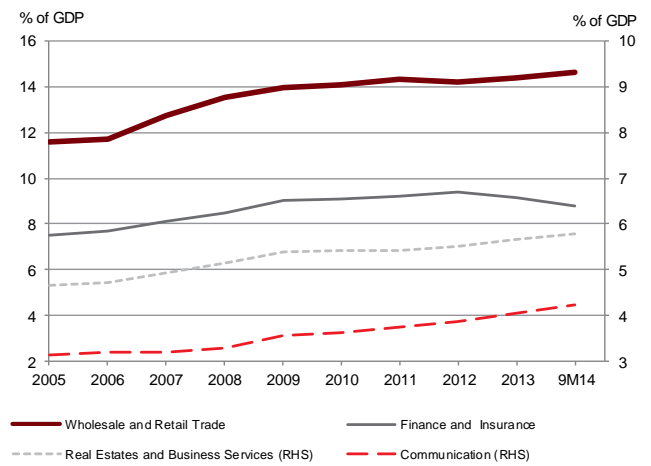
SOURCES: IMF WEO DATABASE, CIMB RESEARCH

Figure 24: More room to boost private consumption amid positive demographic tailwind and higher incomes



SOURCES: DOS, CIMB RESEARCH

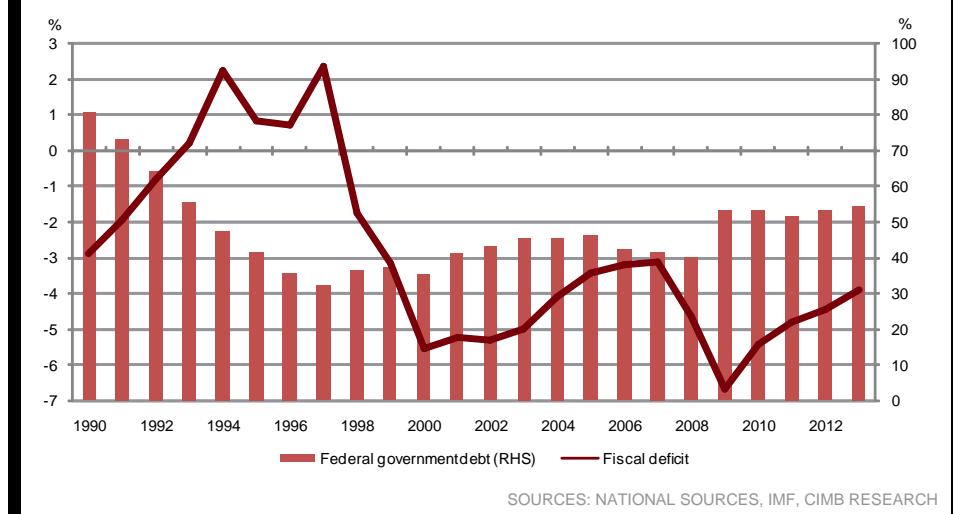
Figure 25: Implies higher demand for goods in modern retail sectors and other services



SOURCES: DOS, CIMB RESEARCH

Moreover, the dividend phase has a positive impact on fiscal balances as tax revenues rise relative to the cost of benefits provided by the government while public funds can be channelled towards upgrading infrastructure. Public debt should be kept low during the dividend phase as demographic pressure on government finances increases once population ageing starts.

Figure 26: Government debt and fiscal deficit as share of GDP



1.11 Conclusion ▶

For Malaysia to seize the dividend, the time is now

Given that Malaysia is currently undertaking structural reform measures to elevate its GNI per capita to US\$15,000 by 2020, the potential to yield a high demographic dividend that coincides with higher incomes can be substantial over the next two decades.

However, the opportunity to seize the second dividend is less apparent at this juncture given the current reality where the majority of workers have low personal savings for retirement. According to the Employees Provident Fund (EPF) annual report for 2013, the average savings for active members in the ages 51 to 55 stood at RM147,057. More alarming, however, is the fact that 69% of its members aged 54 had less than RM50,000 in savings as at 31 Dec 2013. This is considered low when it comes to sustaining a life beyond 15 years after retirement. The minimum in basic savings that members should have when they reach age 55, as set by the EPF, is RM196,800.

If workers are encouraged to save and accumulate pension funds now, the growth-inducing potential can be realised as the ageing population rises. As such, with appropriate policies that encourage savings for retirement, higher education expenditure on children or improving healthcare for the elderly, population ageing can have a positive effect on per capita income growth.

2. IMPACT ON AVIATION SECTOR

2.1 Air travel volumes to continue growing ▶

Air travel volumes will do well when a country is enjoying the demographic dividend. Business travel will rise in tandem with, or at a multiple of, the GDP growth of a booming economy and greater personal disposable incomes will boost discretionary travel. The winner will be airport traffic, although road and rail traffic (especially high-speed rail) will also benefit.

Airlines will also benefit from the higher traffic volumes. In a consumer survey we performed in June (click [here](#)), we discovered that the vast majority of the respondents (more than 90%) took less than 10 flights/year, which suggests that there is a lot of room to expand the overall market. The outlook for the aviation sector in Malaysia looks positive as 50% of respondents said that the number of flights they will take in the next 3-5 years is expected to rise by at least 5% to more than 30%. Predictably, younger respondents aged less than 30 and those in the lower income brackets had the greatest growth potential, with almost 70% of these groups saying that their demand for flights is expected to increase.

2.2 LCCs poised to benefit the most ▶

We believe that low-cost carriers (LCC) are particularly well positioned to benefit from the demographic dividend, simply because the younger population is strongly in favour of travelling with LCCs, with 80% of those aged below 30 preferring budget travel. As much as 77% of the respondents in our June study said that they were increasingly using budget carriers, against just 23% for full-service carriers.

3. IMPACT ON CONSUMER SECTOR

3.1 Benefiting the overall consumer sector ▶

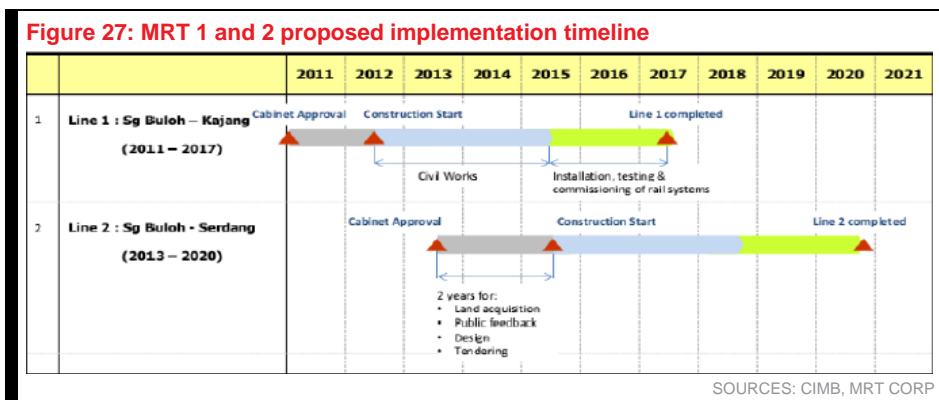
Another beneficiary of the demographic dividend is the consumer sector. A rising working-age population, coinciding with higher income, means that the spending on household items will increase, benefiting the overall consumer sector, be it companies selling necessities or discretionary items.

While we think that the overall consumer sector will benefit, companies that sell premium products will benefit more. The young population and emerging Gen Y/Z (age 20-29) account for 20.1% of the Malaysia population. This group of consumers has a higher propensity to spend and is more focused on lifestyle as compared to the older generations. This will increase the demand for premium goods. Berjaya Food will be the direct beneficiary of this given its franchise rights for Kenny Rogers Roasters and Starbucks while Nestle and F&N will see the sales of premium products increase, which will help to increase margins as these products usually command better margins.

4. IMPACT ON CONSTRUCTION SECTOR

4.1 Further justifies the ETP'S public transport upgrade initiatives ➤

Malaysia's improving demographics will indirectly benefit the construction sector as it justifies the continued implementation of the public transport upgrade initiatives outlined under the Economic Transformation Programme (ETP). The most relevant type of projects are the large-scale rail projects in Klang Valley. The RM23bn MRT SBK Line (MRT 1) is in progress and is likely to be operational by 2017. Improving demographics will, in a way, further underpin the need for the government to implement the remaining MRT lines, which are targeted to be operational around 2020. MRT 2 (RM25bn) will begin its implementation in 2015 while MRT 3 will be in the pipeline thereafter. Having an efficient rail public transport system will also address the potential urban traffic congestion issues brought about by the growing population. The forecast increase in the middle-income population, especially business professionals, could emerge as one of the key drivers of the proposed RM30bn-40bn KL-Singapore high-speed rail (HSR). Overall, government-funded/-initiated public transport projects that benefit the masses typically generate a higher economic IRR.



5. IMPACT ON EDUCATION SECTOR

5.1 Growth in international schools and tuition centres ▶

Private higher education is already very competitive and is likely to see some industry consolidation in the near future. However, on the back of higher anticipated income per capita, we see strong student demand for private/international schools and also tuition centres. There are currently more than 80 international schools nationwide and we expect more schools to open over the next few years. We also see strong demand for vocational training as the authorities focus on developing more skilled workers. This helps resolve the issue of student unemployment and also helps develop workers with more industry-specific skills. Companies like Prestariang could benefit from the demand for vocational training. The company is already training students to be skilled in the oil & gas industry and provides ICT certification for students/employees.

6. IMPACT ON GAMING SECTOR

According to Genting Malaysia, more than 50% of casino patrons are aged above 40 as this group has higher disposable income for casino spending. Currently, there are about 1.3m non-Muslim Malaysians aged 30-39 years. Therefore, in the next 5-10 years, there will be an addressable market of some 1.3m new casino patrons for Genting (assuming that these people are not already existing casino patrons). This represents an 11% growth rate over Genting's existing annual visitation of 17.6m Malaysians. Genting will also potentially benefit from new customers below the age of 40 and young families when the new Twentieth Century Fox theme park opens in 2016, transforming Genting from a pure casino attraction into a world-class integrated resort.

For the NFO operators, the dividend demographic will be positive as only non-Muslims above 21 are allowed to buy NFO tickets. As at end-13, there were 1.6m non-Muslim Malaysian and non-Malaysian citizens aged 10-19; these will enter the addressable market for NFO operators in the next 10 years. As NFO gaming is a common mass market gaming activity among non-Muslims, the dividend demographic will benefit Berjaya Sports Toto and Magnum Corp.

7. IMPACT ON HEALTHCARE SECTOR

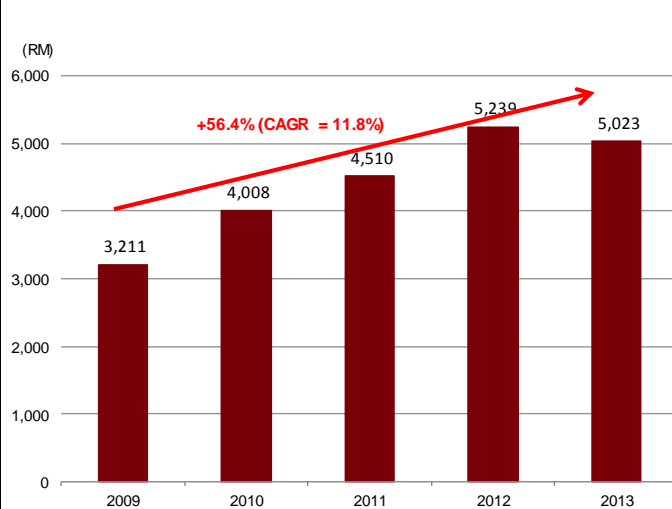
7.1 Takes a long time to fully reap the benefits ➤

Unlike other sectors, the demand growth for healthcare services will only peak after the demographic dividend ends. This is the period when the bulk of the population starts to leave the workforce and their health begins to deteriorate. With sufficient wealth accumulated during the working years, medical spending will rise rapidly. This should happen three to four decades later.

In the nearer term, we believe the rising share of the older population is a bigger growth driver for healthcare demand than higher average income. The Department of Statistics (DOS) estimates that the number of elderly in Malaysia – those aged 60 or above – has risen 55% in the past decade from 1.6m in 2003 to 2.5m last year. The number will jump another 52% to 3.9m in a decade's time. As older people are likely to be less healthy and tend to develop more complex diseases, there will be greater demand for healthcare.

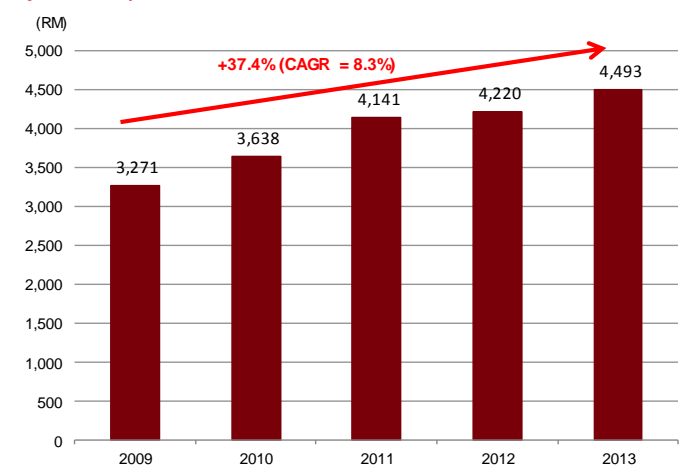
However, the impact on private healthcare demand may be partially offset by other near-term factors. For one, medical inflation has outstripped the growth in income and retirement savings in the recent years. This makes private healthcare less affordable. For another, most Malaysians do not have health insurance coverage as public healthcare in Malaysia is heavily subsidised. Insurance accounted for only 14% of the country's private healthcare spending in 2011. Low health insurance coverage will continue to prevent many from accessing the private healthcare system.

Figure 28: KPJ's average spending per inpatient



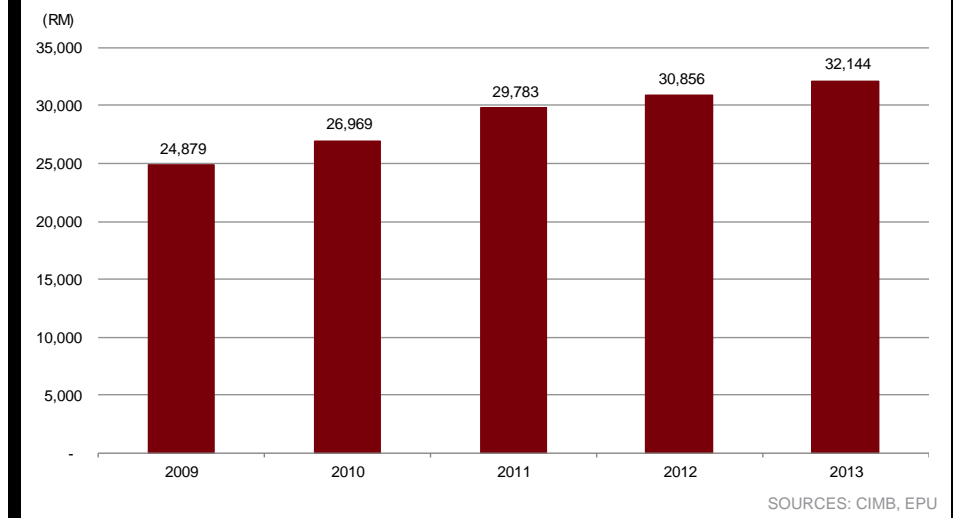
SOURCES: CIMB, COMPANY REPORTS

Figure 29: IHH's average revenue per inpatient (Malaysia operations)



SOURCES: CIMB, COMPANY REPORTS

Figure 30: Income per capita recorded CAGR of 6.6% in 2009-2013



7.2 Prefer pharmaceutical stocks for exposure ▶

In the nearer term, the changing demography will continue to create a greater need for healthcare services. However, the growth in private healthcare demand may slow down as a result of medical cost inflation. Private hospitals, especially those that target the middle class, could find it harder to attract patients and pass through their operating costs. These factors will affect their profit margins in the next few years.

Pharmaceutical sales will be less affected by the higher cost of living as drugs must be consumed, regardless of who (public or private hospitals) the service provider is. Local drug makers may even benefit as they mainly produce generic drugs, which are much cheaper than originator drugs. Originator drugs account for roughly half of the drug sales in Malaysia. The higher cost of living, coupled with slower income growth, may prompt consumers to switch from originator drugs to the cheaper generics. If this happens, local drug makers, such as Pharmaniaga and Hovid, could see stronger growth in drug sales.

8. IMPACT ON MEDIA SECTOR

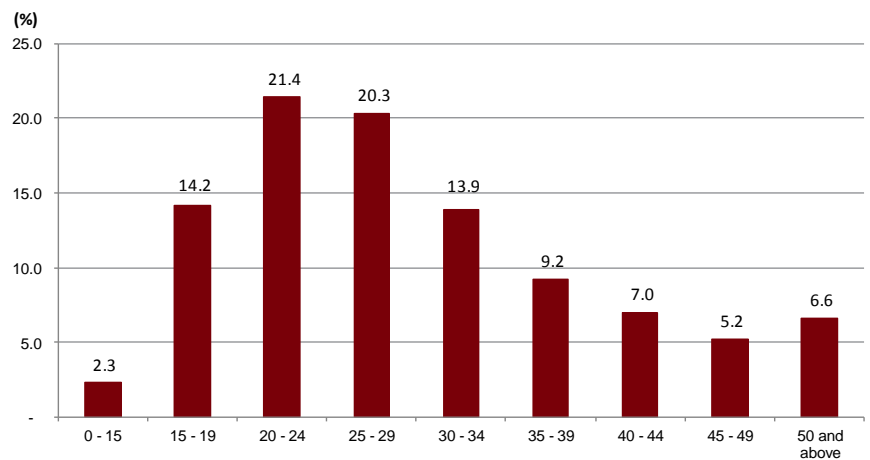
8.1 Digital and online platform are potential beneficiaries ▶

We see digital and online media as potential beneficiaries of the demographic dividend given the rising broadband penetration and ongoing shift to digital platforms among Malaysian consumers. According to a survey carried out by the Malaysian Communication and Multimedia Commission (MCMC), 72.1% of Malaysian Internet users are below 35 years old. This means that advertisers need to invest in multi-platform content delivery in order to capture the growing population over the next 5-10 years. In other words, this highlights the importance of having a strong online platform.

For example, we see integrated media companies benefiting from the industry trend, such as Media Prima given its strength in domestic content creation, as well as online platforms, such as Tonton, which has over 3.8m account holders. Although the current adex rates for online platforms are relatively lower compared to TV and print, we see the gap narrowing due to the increasing popularity of online and digital media among Malaysian consumers. Therefore, there are still attractive adex growth opportunities within the online platforms.

Furthermore, the rising Internet penetration among the younger generation indicates the potential for more online retail platforms. We see Astro as the potential beneficiary of this trend following its venture into the home-shopping business. This is a new growth driver for the company as it aims to capitalise on the shift to digital and online platforms given that its home-shopping service will be available through both pay TV and mobile applications.

Figure 31: Malaysian Internet user by age group



SOURCES: CIMB, COMPANY REPORTS

9. IMPACT ON OIL & GAS SECTOR

Oil & gas retail segment could be a beneficiary ▶

The petroleum retail segment could benefit from Malaysia's favourable demographic pattern as young adults join the workforce and purchase their first cars. On average, Petronas Dagangan opens about 30 stations per year. Its retail sales volume for petrol and diesel rose from 1.5bn litres at end-2010 to 1.8bn litres at end-2013. The new stations were opened across Malaysia but the focus areas are the economic corridors, where new jobs are created. We note that the expected improvement in public transportation services through the start of the MRT may reduce the need for car purchases but this might only be applicable to the Klang Valley crowd. The Klang Valley contributes an estimated 30-35% to Petronas Dagangan's total retail sales volume.

10. IMPACT ON PACKAGING SECTOR

10.1 Packaging to benefit from growing F&B ▶

The flexible packaging sector (where major customers are the F&B players) should benefit from the population's higher income per capita. Packaging in the near future will be more sophisticated, of higher quality and have a greater focus on health and safety. This trend is already evident today, with packaging companies moving up the value chain as consumers are already demanding higher packaging health standards. However, most of the growth in this sector is still expected to come mainly from the regional export markets. The impact on the stretch film industry is expected to be limited as most of the industry growth is expected to come from the export market. Malaysia is currently regarded as one of the largest stretch film exporters in the region, with companies like Scientex and Thong Guan.

11. IMPACT ON PROPERTY SECTOR

11.1 Property sector a key beneficiary ►

We believe one of the key beneficiaries of the demographic dividend is the property sector as the typical first-time home purchaser is 25-35 years of age. 10.2% of Malaysia's population is in the 20-24 years age group while 9.5% is in the 15-19 years age group. This means that over the next 5-10 years, around 20% of the population will hit the first-time home buying age. In terms of numbers, this works out to be 6m, which could translate into demand for 3m homes (assuming joint purchase by married couples). With the annual supply of new homes ranging between 100k and 200k per annum over the past 10 years, the demand for 3m new homes just from the demographic dividend may be difficult to meet. In fact, the new supply of completed homes in Malaysia has shrunk significantly to only 78k in 2013 versus the peak of 542k in 2000. Strong demand and weak supply in the coming years will push property prices up further.

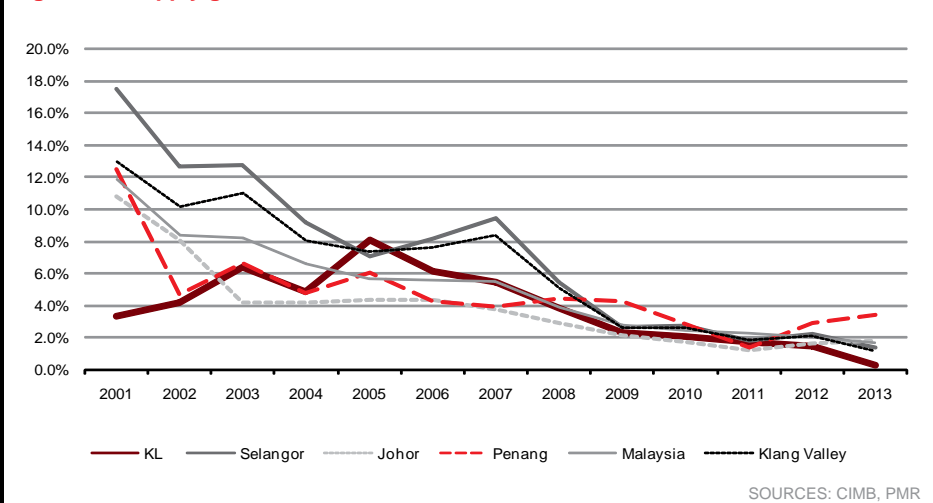
Figure 32: Population breakdown by age

	Malaysia	Indonesia	Singapore	Thailand	Philippines*
Person mn					
0 to 4 Years	8.6%		3.4%	5.9%	10.9%
5 to 9 Years	8.5%		3.8%	6.2%	11.0%
10 to 14 Years	8.9%		4.2%	6.3%	10.8%
15 to 19 Years	9.5%	9.7%	4.7%	7.4%	10.3%
20 to 24 Years	10.2%	7.5%	4.9%	7.3%	8.9%
25 to 29 Years	9.9%	8.0%	4.7%	7.2%	7.9%
30 to 34 Years	8.3%	9.3%	5.5%	8.0%	7.2%
35 to 39 Years	6.7%	7.2%	5.7%	8.1%	6.4%
40 to 44 Years	6.1%	7.5%	5.8%	8.3%	5.8%
45 to 49 Years	5.6%	5.7%	5.9%	8.1%	5.0%
50 to 54 Years	5.0%	5.0%	5.8%	7.1%	4.1%
55 to 59 Years	4.0%	3.4%	5.2%	1.2%	3.2%
Above 60 Years	8.6%	7.6%	11.6%	13.8%	4.5%
Total all ages	100.0%	71.0%	71.2%	95.0%	95.8%
Population: Estimate: Total	100.0%	100.0%	100.0%	100.0%	100.0%

* Estimates for 2010

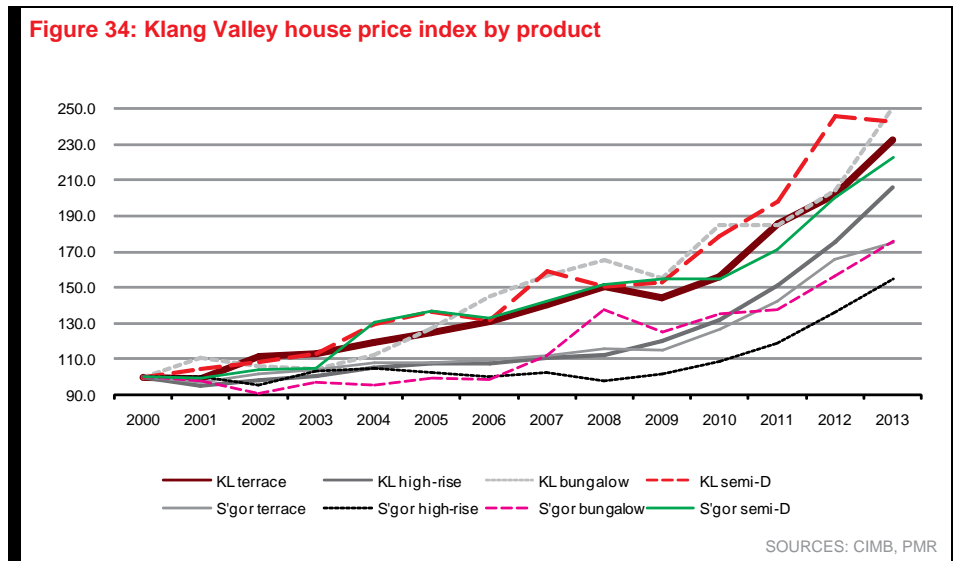
SOURCES: CIMB, COMPANY REPORTS

Figure 33: Supply growth



SOURCES: CIMB, PMR

Figure 34: Klang Valley house price index by product



11.2 Greater KL to benefit even more

The demographic dividend should also favour the Klang Valley or Greater Kuala Lumpur more than other places in Malaysia due to the Greater KL Transformation Programme. Besides improving infrastructure via projects such as MRT and high-speed rail, the transformation programme targets to increase the population of Greater Kuala Lumpur from 6m-7m in 2010 to 10m by 2020. The 3m-4m rise in population translates into the need for around 1m new homes or approximately 100k new homes per year. Similar to the supply growth statistics for Malaysia, the annual new supply of homes in the Klang Valley has been on a downward trend, declining from around 100k per annum in the mid-2000s to only 20k in 2013. Home ownership in Kuala Lumpur is one of the lowest in the country at only 51% while in Selangor it is also relatively low at 69%. In conclusion, the demographic dividend is very positive for the property sector over the next 5-10 years, particularly for the Klang Valley. For exposure to Malaysia's property sector over the longer term, we continue to prefer Mah Sing Group and Eco World.

Figure 35: Greater KL NKEA

	EPP	Business Opportunities
Greater KL	1. Attract 100 top MNCs 2. High skilled immigration	
Greater KL connection	3. High Speed Rail 4. MRT	
Greater KL new places	5. Rejuvenate river life 6. Greener KL 7. Iconic places	1. Revitalise Putrajaya 2. Housing
Greater KL enhanced series	8. Pedestrian network 9. Solid waste water	3. Basic services - water, sewerage, electricity

SOURCES: CIMB, PEMANDU

Figure 36: Home ownership in Malaysia (2012)

Perlis	86.7%
Kedah	83.4%
Terengganu	82.7%
Kelantan	82.7%
Perak	81.6%
Sarawak	81.0%
Malacca	80.6%
Penang	79.0%
Negeri Sembilan	78.1%
Malaysia	74.5%
Johor	74.3%
Sabah	72.3%
Pahang	72.3%
Selangor	69.4%
Labuan	66.3%
Kuala Lumpur	50.8%
Putrajaya	4.3%

SOURCES: CIMB, DOS

REITs to continue to see positive rental reversion ►

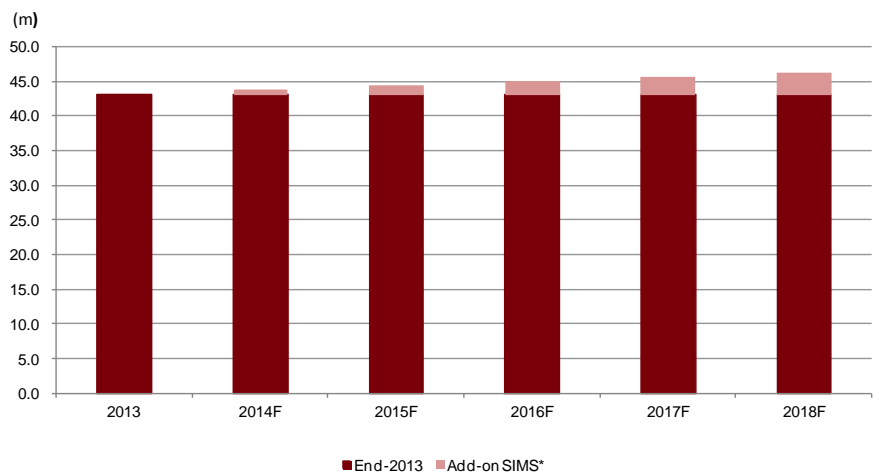
Real estate investment trusts (REITs) will see the benefit of the demographic dividend through more positive rental reversions for the retail REITs. As mentioned, a positive demographic dividend equates to higher income per capita and consumption, which will see an upgrade in the goods and services consumed, i.e. a tendency to purchase higher-quality products as more of the population reaches middle-class income levels. This should translate into improved shopper traffic at shopping malls, which will also drive sales of the malls' tenants as these shoppers upgrade to higher-end products. The demand for more higher-end clothing products, for example, will see a rise in shopping mall traffic as more consumers forgo the smaller and cheaper places to purchase articles of clothing, such as the various neighbourhood night markets, for the clothing stores at the mall. The fact that almost 20% of the Malaysian population is in the 15-24 years age group will also help drive the switch to higher-quality products as products purchased at more traditional locations, such as the neighbourhood night markets, are not seen as trendy by this particular age group. As such, we believe that the retail REITs' revenue growth is secure as we project continued positive rental reversions in the next 5-10 years, driven by the positive demographic dividend.

12. IMPACT ON TELECOMMUNICATIONS SECTOR

We expect the Malaysian telecommunications sector to benefit from the demographic dividend in two ways:

- a) Over the next five years, the current 10-14 years age group, which currently makes up 8.9% of the total population, will transition into the 15-19 years age group and start subscribing for mobile services. Assuming 80% sign-up for mobile services with an average of 1.5 SIM cards per subscriber, the mobile industry could see a net SIM addition of 3.2m over 2014-18. This will help boost the total SIM cards in the market from 43.0m at end-2013 to potentially 46.2m by 2018, implying a steady 5-year CAGR of 1.4%, driven by the demographic dividend alone.

Figure 37: Estimated 3.2m SIM additions in 2014-18 from demographic dividend alone



*From 15-19 years age group in the next 5 years. Does not include increased SIM penetration for other age groups
SOURCES: SKMM, CIMB

- b) Malaysia's high proportion of the younger age groups in the population, coupled with growing incomes, should drive greater adoption of smartphones and take-up of mobile data services in the coming years. According to Nielsen, based on its study of the developed US market, the 18- to 44-years-old age group is the most likely to buy a smartphone, with adoption rates exceeding 80%. In terms of the 15- to 44-years-old age group, Malaysia ranks favourably when compared to its regional counterparts, with the highest percentage at 50.7% of the population, followed by Indonesia (49.2%), Thailand (48.8%), the Philippines (48.4%) and Singapore (44.0%). In addition to mobile data services, we believe healthy growth in household formation and rising incomes will also drive demand for high-speed fixed broadband services in Malaysia.

Figure 38: US smartphone penetration by age

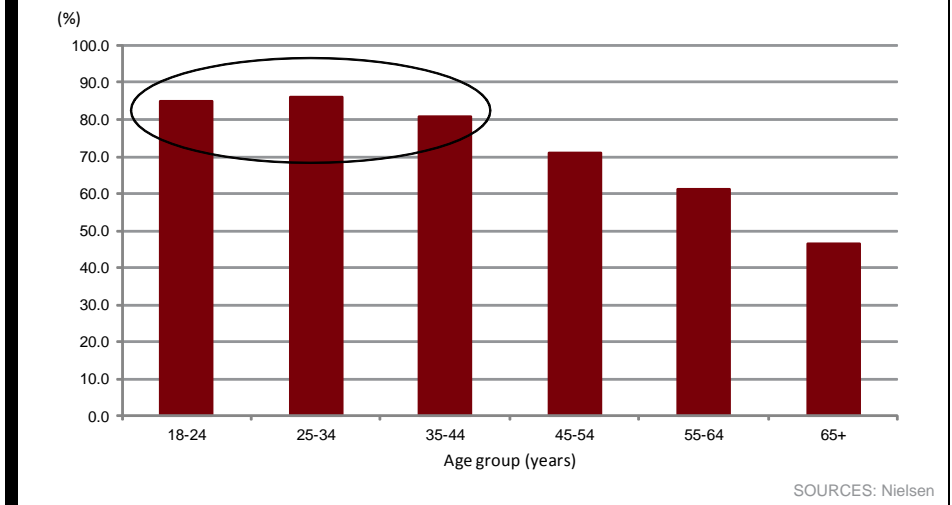
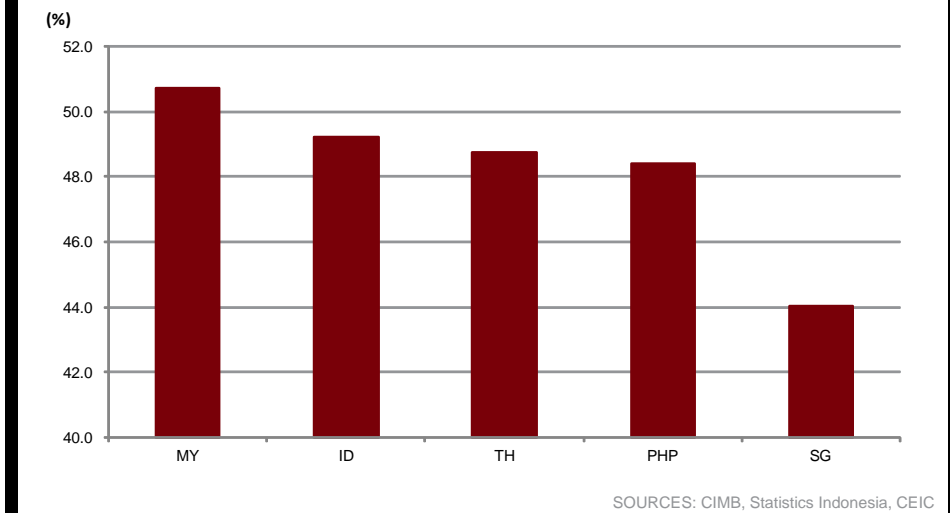


Figure 39: Malaysia has highest % of population in the 15-44 age group in the region



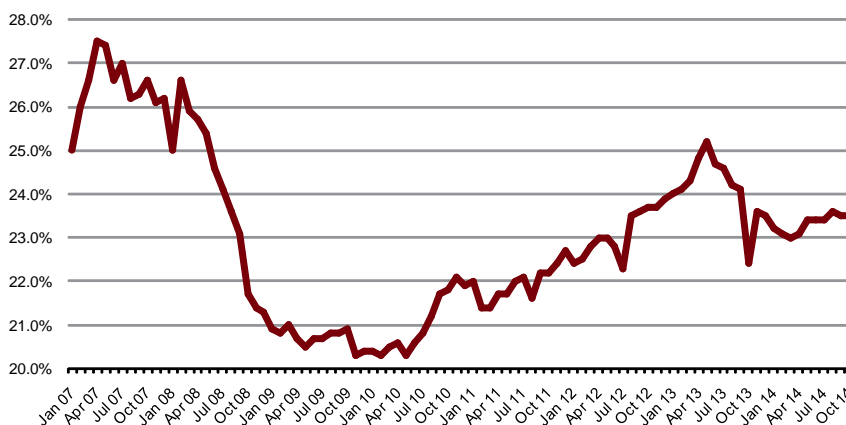
In conclusion, the telecommunications sector should be a beneficiary of the demographic dividend over the next 5-10 years. Companies that position their brands and products well to capture the growth in the youth market and the demand for mobile data/fixed broadband services will be the key beneficiaries. From this perspective, we continue to prefer DiGi for exposure to Malaysia's telecommunications sector. Telekom Malaysia, with its ownership of the high-speed broadband (HSBB) network, should benefit from the demand for high-speed fixed broadband but its overall performance will be partly dragged down by the continued decline of its fixed voice business. Key risks for the sector in realising the demographic dividend are more intense competition and greater-than-expected cannibalisation of legacy voice/SMS services by data services.

13. RISKS

13.1 Global volatility ▶

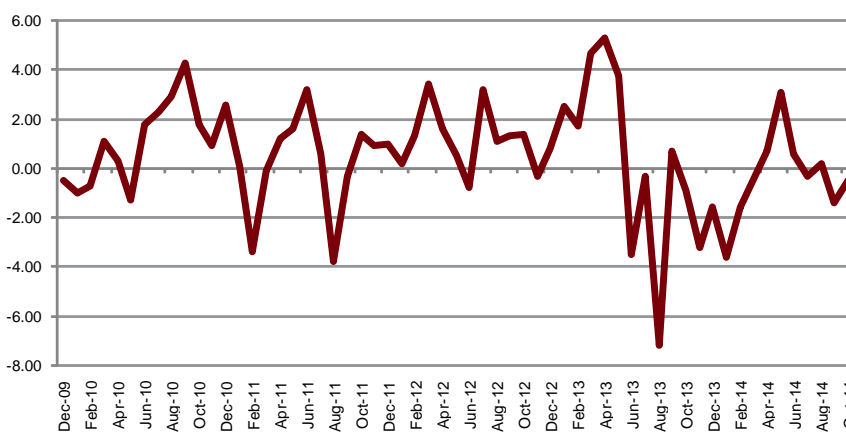
In Oct, global stock markets were dragged down by a sharp decline on Wall Street on the back of a long list of concerns, including the Ebola scare, conflicts in Iraq and Ukraine, the economic slowdown in Europe, Japan and China, as well as the sharp fall in oil prices. While global stock markets enjoyed a "V-shaped" rebound, the short-term scares and sell-down seem like an annual recurrence. Malaysia is traditionally regarded as a low-beta defensive market but the KLCI was also sold down during the rout. Foreign shareholding in Malaysia is in its mid-range, neither high nor low.

Figure 40: Foreign shareholding in Malaysia



SOURCES: CIMB, COMPANY REPORTS

Figure 41: Foreign equity funds flow (RM bn)



SOURCES: CIMB, COMPANY REPORTS

13.2 GST implementation

Malaysia will implement 6% GST on 1 Apr 2015 and it is uncertain how consumers will react. We expect Malaysians to exhibit a similar pattern as their global peers, where there was pre-GST buying and a post-GST lull in spending. This could result in 6-9 months of quiet uncertainty.

Figure 42: Retail sales performance before and after GST introduction

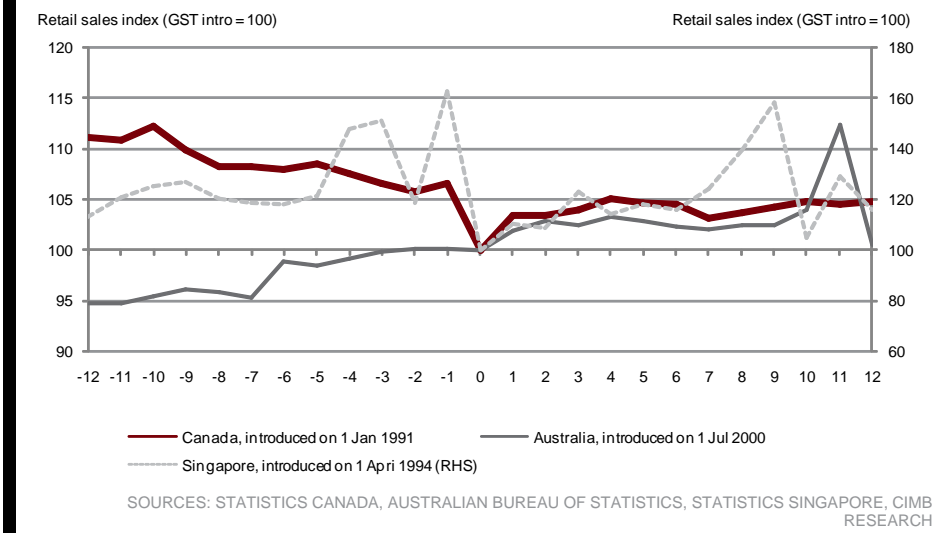


Figure 43: Impact of GST on sectors

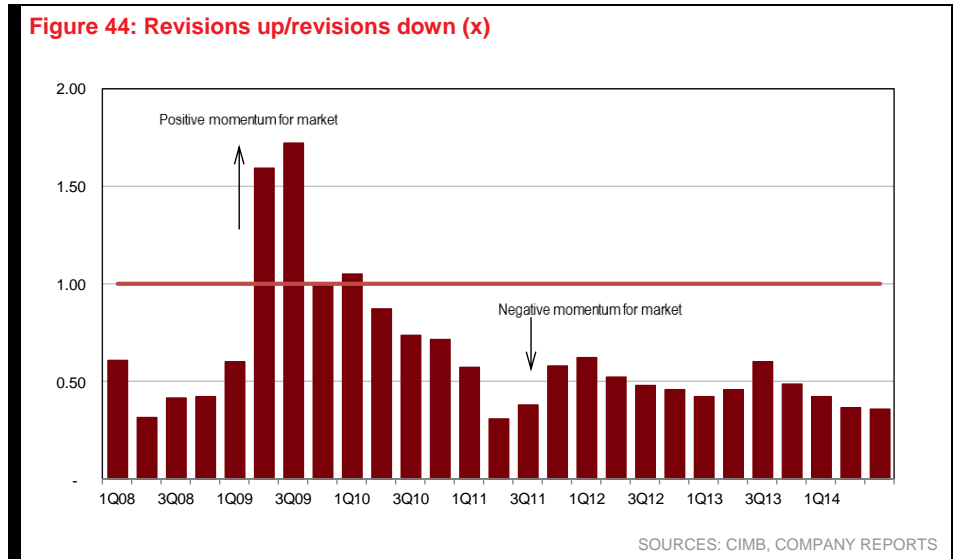
Sector	Impact	Comments
Automotive	Positive	Slight positive for autos if GST replaces 10% sales tax
Aviation	Negative	Negative for airlines as domestic flights will be charged GST
Banking	Negative	Higher costs could shave 1-2% off net earnings
Brewery	Negative	Will further weigh on the weakening sales volume
Building mat	Negative	Ability to pass on cost is limited by the competitive landscape
Construction	Negative	Upside risks to building materials cost and other input costs
Gaming	Negative	Negative for casino and NFO operators if they absorb the GST
Gloves	Neutral	No impact on rubber glove as almost 100% of its products are exported
Healthcare	Negative	Hospitals may absorb GST to increase patient volume at newly-open hospitals
Media	Neutral	GST will be paid by the advertisers
Oil & gas	Positive	RON95 petrol, diesel and cooking gas are exempted
Plantations	Neutral	Claw back the tax through rebates as most of the palm products are exported
Property	Negative	Commercial property prices to rise by 6% while residential property costs to increase
Shipping	Neutral	International shipping should be zero-rated, so no impact
Technology	Positive	Tax incentives encourage SMEs to invest in GST training/software, benefit IFCA MSC
Telcos	Positive	Mobile operators can pass on sales tax on to prepaid users
Timber	Neutral	Overall impact on earnings is minimal as timber products are mostly exported
Tobacco	Negative	Will further weigh on the weakening sales volume
Utilities	Neutral	Consumption not subject to GST raised from 200 to 300 units, benefits 70% households

SOURCES: CIMB, COMPANY REPORTS

13.3 Corporate earnings ►

Malaysia has suffered several years of earnings disappointments. EPS growth for 2012-2013 was in the low single-digits and, even for 2014, there were EPS cuts throughout the year. The earnings cuts came from across the board, covering nearly all sectors. However, while corporate earnings results have been a letdown, Malaysia's quarterly GDP growth rates in 2014 have exceeded expectations. In view of continued measures to reduce subsidies and raise tax collection, earnings disappointments could persist into 2015.

Figure 44: Revisions up/revisions down (x)



14. VALUATION AND RECOMMENDATIONS

14.1 Volatile 2014 for Malaysia ▶

The KLCI ended 2013 on a high note, driven partly by aggressive window dressing towards the end of the year. As a result, the KLCI came under heavy profit-taking early in 2014, with the index temporarily falling below the 1,800pt psychological support. For many months during the year, the KLCI squeezed out new daily all-time highs but only marginally so. In general, the KLCI was in a moderately bullish mode but the best performers were from selected ETP sectors and small caps. In Oct, the global selloff led by Wall Street caused the KLCI to again dip below 1,800pts for a few days before share prices rebounded strongly. The technology, oil & gas and small-cap sectors were sold down the most during the global rout as investors fled to safety in less cyclical sectors and stocks. By Nov, most stocks markets had recovered all their losses and the Wall Street scaled new all-time highs.

Figure 45: Malaysian indices

	31-Dec-13	8-Dec-14	% Change
KLTEC Index	15.12	17.21	13.8%
FBMFL Index	12630.27	14206.15	12.5%
KLTIN Index	478.24	522.82	9.3%
FBMMES Index	5675.79	5897.07	3.9%
KLCON Index	277.23	284.29	2.5%
KLPRP Index	1293.35	1325.77	2.5%
FBMHS Index	14323.63	14317	0.0%
KLIND Index	3188.47	3168.44	-0.6%
FBMSC Index	15694.17	15420.01	-1.7%
FBMS Index	13051.6	12402.23	-5.0%
KLSEI Index	241.16	229.03	-5.0%
KLCSU Index	591.32	557.54	-5.7%
FBMEMAS Index	12853.63	11993.8	-6.7%
FBMKLCI Index	1866.96	1740.84	-6.8%
FBM100 Index	12589.38	11713.61	-7.0%
FBM70 Index	14182.13	13102.64	-7.6%
KLFIN Index	16955.6	15520.69	-8.5%
KLPLN Index	8945.74	7931.3	-11.3%

SOURCES: Bloomberg

But the selling returned with a vengeance at end-Nov when the steep fall in oil prices prompted Petronas's CEO to warn of a potential cut in capex. This sent oil & gas stocks on a tailspin, which dragged down the broader market and threw a damper on overall market sentiment. It appears that 2014 will be a year to forget for Malaysia as the KLCI is one of the worst performers YTD. The best-performing sectors in Malaysia this year are the technology, construction and property sectors. Not surprising is plantation's poor performance due to weak commodity prices.

14.2 Challenging year ahead ▶

Malaysia continues to trade at a premium over its regional peers . However, the premium has narrowed significantly from the 25-30% range earlier this year to around 8-15% currently. This was due not just to Malaysia's underperformance YTD but also the strong rallies enjoyed by many regional markets. Malaysia is now slightly less expensive and slightly more attractive than it has been for a while. However, in view of the recent cuts in market EPS and the challenging outlook for 2015, we remove the 10% premium over the 3-year moving average P/E, resulting in a drop in our P/E target from 16.5x to 15x, lowering our end-2015 KLCI target from 1,970pts to 1,800pts.

Our key concerns for 2015 involve the interplay between the impact of GST on costs and demand and the subpar corporate earnings performance over the past 4-5 years. Higher costs and potentially dampened demand imply that profit margins for companies may come under pressure. Add the fact that corporate Malaysia has performed poorly over the past 2-3 years while results seasons

have disappointed analysts for even longer, we are left with new concerns over the integrity of our core market EPS growth assumption of 8.1% for 2015 and the absence of major re-rating catalysts for the market.

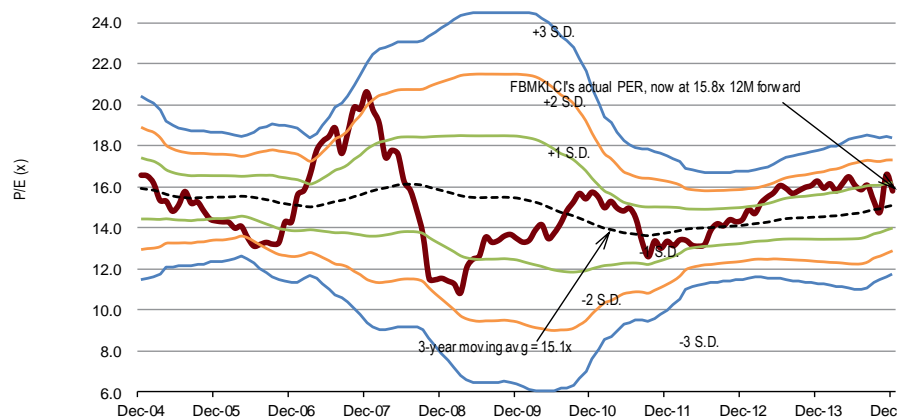
Figure 46: Regional comparisons as at 08 Dec 14

As as 8 Dec 2014	2014	2015	2016	2014	2015	2016
JCI (ID)	17.3	15.3	13.4	5.0%	13.0%	14.4%
FBMKLCI (MY)	17.1	15.8	14.4	0.5%	8.1%	9.5%
FSSTI (SG)	14.3	13.5	12.3	6.9%	6.4%	9.2%
SET (TH)	15.9	13.4	11.9	2.7%	19.1%	12.3%
Simple Region x KL avg	15.8	14.1	12.5	4.9%	12.8%	12.0%
KLCI PER premium vs region	8.0%	12.3%	14.9%			

Source: CIMB

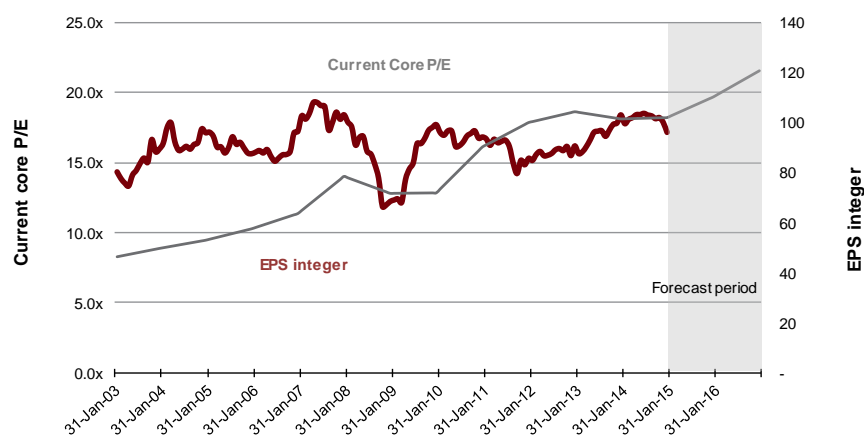
SOURCES: CIMB, COMPANY REPORTS

Figure 47: FNM KLCI's 12M forward core P/E (x) and standard deviation



SOURCES: CIMB, COMPANY REPORTS

Figure 48: Market P/E vs. EPS integer



SOURCES: CIMB, COMPANY REPORTS

Figure 49: Market P/BV vs. ROE

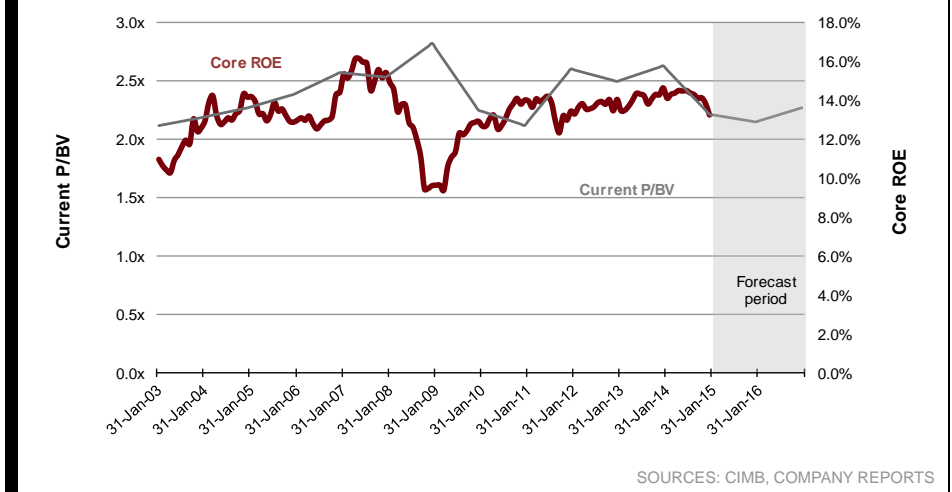


Figure 50: FBM KLCI statistics

FBMKLCI Statistics	2011	2012	2013	2014F	2015F	2016F
Basic P/E (x)	15.9x	16.2x	17.8x	16.8x	15.8x	14.4x
Core P/E (x)	15.3x	16.2x	18.4x	17.1x	15.8x	14.4x
FD Core P/E (x)	15.3x	16.2x	18.5x	17.2x	16.0x	14.6x
Core EPS growth (%)	11%	4%	-2.8%	0.5%	8.1%	9.5%
Core Net Profit Growth (%)	11%	21%	-6.2%	-2.7%	8.9%	9.5%
P/BV (x)	2.2x	2.3x	2.4x	2.2x	2.1x	2.0x
Dividend yield (%)	3.7%	3.4%	3.0%	3.3%	3.5%	3.8%
EV/EBITDA (x)	8.2x	9.4x	10.7x	9.8x	9.2x	8.4x
P/FCF (x, equity)	14.8x	19.2x	21.0x	15.8x	18.8x	12.1x
P/FCF (x, firm)	16.0x	18.3x	23.2x	13.8x	13.5x	9.7x
Net gearing (%)	15.1%	11.5%	15.1%	11.2%	9.2%	6.4%
ROE (% , recurring)	15.0%	15.8%	13.3%	12.8%	13.6%	14.2%

SOURCES: CIMB, COMPANY REPORTS

14.3 Sector picks ▶

We like sectors that are beneficiaries of the ETP, particularly the construction sector. Although the property sector is also a significant beneficiary, we are turning a bit more cautious ahead of the implementation of GST, after which property prices are likely to rise and buyers may take a pause. Likewise, the steep fall in oil prices make the oil & gas sector more vulnerable. However, we like the transport sector as lower oil prices will give the sector a lift. The utilities sector provides a defensive hedge against the more volatile conditions. We continue to like smaller-cap stocks as there are gems to be found in this space.

Construction - Public and private sector projects continue to be the main themes for construction in 2015. We continue to expect more progress in the RM117bn total value of outstanding major infrastructure projects in 2015. This includes the RM25bn MRT 2, which should start its tender phase next year, and several more highway infra projects on top of the remaining works of the West Coast Expressway as highlighted in Budget 2015. Overall sector drivers include key segments, i.e. rail, highways, power plants and oil & gas infra. We also anticipate greater clarity on the government's execution plans for the RM30bn-40bn KL-Singapore high-speed rail (HSR) going into next year. Maintain Overweight, with Gamuda as our top pick for the big caps and Muhibbah Engineering our preferred stock for the small/mid caps.

Transport - We are Overweight on the Transport sector because operating costs are expected to drop, while revenue rates are expected to improve. The airline sector is expected to be the key beneficiary of the lower jet fuel prices, while average ticket prices are expected to gradually improve. The shipping sector will also benefit, by virtue of lower bunker prices. We also expect tanker

shipping freight rates to rise on the back of more demand for the shipping of crude oil and oil products after the recent price collapse, which will benefit MISC. The airport and seaport sectors, on the other hand, are not expected to see material benefits.

Utilities - We continue to like the utilities sector given its stable earnings and cashflows. While sector reforms have hit a snag somewhat as the fuel cost pass-through (FCPT) mechanism has not been implemented as we had hoped, we think that the government will resume its reform agenda in 2015. Weaker commodities prices also provide some relief for power generation fuel costs, which will benefit Tenaga. In light of the current weak market conditions, we think the utilities sector will perform well due to its stable earnings and cashflows, which are largely underpinned by long-term agreements.

Smaller caps - Although the FBM Small Cap Index outperformed the KLCI this year, we remain bullish on the small-cap sector. Risk-return analysis continues to favour this sector as selected small-cap companies offer stronger growth prospects than the overall market and valuations are undemanding. Sectors we remain positive on are the technology, consumer, pharmaceutical, education, oil/gas and automotive sectors. The share price weakness over the past few weeks in the small caps offers investors an opportunity to accumulate stocks at more attractive price levels.

Figure 51: Sectoral reported Core net profit and related valuations

	Reported earnings growth (%)			Core P/E (x)			P/BV (x)	ROE (%)			DY (%)
	CY14	CY15	CY16	CY14	CY15	CY16		CY14	CY15	CY16	
Automobiles and Parts	1.6%	23.8%	11.5%	14.1	11.5	10.3	1.7	12.8%	15.2%	5.9%	
Aviation	nm	nm	nm	nm	nm	nm	1.7	-19.7%	-10.8%	0.8%	
Chemicals	0.5%	17.8%	5.2%	13.0	11.0	10.5	1.5	13.5%	14.3%	4.5%	
Commodities	-5.8%	6.3%	18.0%	22.5	21.2	18.0	2.4	11.0%	11.7%	2.5%	
Conglomerates	-5.9%	-1.6%	10.2%	16.0	16.3	14.7	1.3	9.0%	8.3%	3.2%	
Construction and Materials	7.4%	12.6%	8.3%	15.5	13.8	12.7	1.4	9.9%	10.3%	3.0%	
Consumer	8.5%	7.0%	3.8%	21.6	20.1	19.4	6.7	35.0%	34.6%	4.1%	
Financial Services	6.2%	10.8%	8.6%	12.5	11.6	10.7	1.6	14.1%	14.1%	4.4%	
Forestry and Paper	151.9%	-45.2%	-24.1%	4.4	8.1	10.6	0.5	11.6%	5.9%	2.9%	
Healthcare	48.8%	36.0%	0.9%	21.6	15.9	15.7	1.0	4.7%	6.3%	1.4%	
Industrial Goods and Services	4.2%	18.2%	12.1%	18.5	15.7	14.0	2.3	14.4%	15.3%	2.6%	
Insurance	7.9%	26.6%	13.3%	18.4	14.6	12.8	2.9	19.1%	21.2%	2.5%	
Media	-1.5%	20.8%	18.5%	23.1	19.2	16.2	5.4	24.3%	28.5%	4.7%	
Oil and Gas	-17.2%	29.1%	12.4%	26.1	20.2	18.0	1.5	7.5%	8.4%	2.7%	
Oil Equipment and Services	42.9%	30.8%	10.1%	13.1	10.5	9.5	2.2	14.8%	19.6%	2.2%	
Property	7.7%	18.7%	6.4%	15.8	14.2	13.3	1.4	9.1%	10.1%	4.2%	
Services	-42.0%	161.5%	17.1%	30.3	12.1	10.4	4.0	18.3%	34.9%	5.3%	
Shipping	29.9%	2.1%	5.8%	53.7	52.6	49.7	3.7	7.5%	7.3%	0.4%	
Technology	53.7%	40.7%	30.8%	31.4	22.3	17.0	3.0	16.9%	21.7%	1.7%	
Telecommunications	-4.9%	7.4%	5.7%	24.6	22.9	21.7	5.4	21.7%	23.5%	4.3%	
Transport Infrastructure	-48.7%	21.3%	51.4%	49.7	41.0	27.1	1.8	3.9%	4.4%	2.0%	
Travel & Leisure	-8.9%	7.5%	22.8%	17.8	16.5	13.5	1.3	8.3%	8.4%	2.3%	
Utilities	13.8%	4.2%	8.1%	16.2	15.5	14.7	2.1	14.0%	13.9%	3.2%	

SOURCES: CIMB ESTIMATES

Figure 52: Sector weightings

Overweight	Neutral	Underweight
Aviation	Automotive	Banking
Construction	Building materials	Brewery
Food & beverage	Chemicals	Telecommunications
Healthcare	Commodities	Tobacco
Insurance	Consumer	
Oil & gas	Gaming	
Shipping	Media	
Small caps	Property	
Technology	REITs	
Utilities	Rubber gloves	
	Timber	
	Transport infra	

SOURCES: CIMB, COMPANY REPORTS

14.4 Stock picks ▶

We have made three changes to our top 10 picks and also two changes to our smaller-cap picks. As the outlook for 2015 appears challenging, we have added several relatively more defensive stocks to our top-buy list, such as MISC, Petronas Gas and Westports. As for the smaller-cap list, we have added more recent initiations, such as Berjaya Auto and tech-related property specialist IFCA MSC, to our picks. We have also replaced Kossan with Karex as competitive pressures in the glove sector is a major headwind.

Top 10 picks

Gamuda - Execution of MRT 2 will gain momentum, with Gamuda as the biggest beneficiary of pre-award MRT newsflow. The group has been appointed as the project delivery partner (PDP) of Line 2 through MMC-Gamuda JV (50:50), which is looking to secure up to RM10bn worth of underground works and PDP fees, with up to RM15bn worth of above-ground work. Gamuda's order book is set to more than double with MRT 2. Investors have underappreciated the potential PDP/construction opportunities in Penang worth RM27bn while the political change in Selangor has brought about better chances for the divestment of Splash.

Genting Malaysia (GenM) is our top pick in the gaming sector as it has the most visible re-rating catalysts in terms of newsflow. We expect GenM to be re-rated in two stages. By end-14, if GenM is awarded a New York casino licence, that could add 38-60 sen to our RNAV. In 2HCY15, the stock should re-rate again as investors get excited about the opening of the new Twentieth Century Fox theme park and expansion of the casino space.

IJM Corp is well positioned to secure more packages from the West Coast Expressway (WCE) and is tendering for several domestic building projects that could be sizeable. Job flows are also backed by new tender opportunities in India. The privatisation of IJM Land, though slightly dilutive, is overall positive and timely in view of the softening property outlook, backed by over RM30bn of outstanding GDV. IJM Corp owns the largest number of infra concession assets among contractors and has plans to unlock value via the listing of selected and matured assets.

Mah Sing Group is one of our top picks in the property sector for its aggressive management and strong execution skills. Despite difficult property market conditions, 2014 has turned out to be a good year for the developer as it is on track to achieve record new sales and profit. Mah Sing also acquired several parcels of landbank in Greater Kuala Lumpur, boosting the group's undeveloped GDV to a hefty RM45bn. We believe the group is well placed to weather any headwinds in 2015.

Malayan Banking - We like Maybank for its extensive regional exposure that will enable the group to benefit from the positive developments in various countries, like the improvement in the operating environment in Indonesia and the implementation of ETP in Malaysia. One of the group's key initiatives is to further regionalise its operations, which will lead to improved operating efficiencies and cross-selling among its businesses in various countries. Another potential catalyst for the group is the gains in market share for its investment banking business.

MISC is our top pick in the shipping sector as a potential decision by Petronas to sell its LNG newbuildings to MISC and recharter these ships for its O&G project requirements will increase investor confidence in the strength of the two parties' father-son relationship. Such a move by Petronas will also help MISC mitigate its LNG earnings decline from 2017 onwards. In the petroleum tanker space, rates should improve in 2015 as demand growth may exceed supply growth. This is premised on expectations of stronger imports by Asia, a milder decline in US imports and expansion in the long-haul trades from West Africa and the Caribbean to China and India.

Petronas Gas's earnings outlook remains stable, underpinned by its gas processing and transportation agreements, which will see it continue to enjoy stable earnings and cashflow given that 97% of its revenues have been secured. Its regasification terminal revenues are also expected to be stable as the capacity is fully booked by parent Petronas. We anticipate more earnings uplift in the form of another regasification terminal in Pengerang, which will add 10-11% towards Petronas Gas's operating profit by 2018. The new terminal is expected to start construction by 2015 and will be completed in three years.

SapuraKencana has the largest exposure along the domestic oil & gas value chain, making it the best proxy for the Malaysian oil & gas sector. It is also reaping the benefits of its two transformative purchases - Seadrill and Newfield. The Seadrill acquisition allows the company to have 56% of the global tender rig market share, with Southeast Asia as the main focus area. The Newfield acquisition catapults the company into exploration and production, putting it in the same league as the majors. Contributions from both Seadrill and Newfield have started to flow but the company is set to chart a new growth trajectory in FY1/18 when Newfield's gas fields kick in, with production that could go up to 20 years compared with 7-9 years for the oil fields.

Westports - Westports' share price may be driven up in the months ahead by three potential catalysts: (1) the start of the Ocean Three alliance, which is expected to contribute a one-off structural 0.5m teu rise in transshipment volumes from early-2015, (2) the renewal of the Investment Tax Allowance, which is now very likely after AirAsia obtained a second renewal, and (3) government approval to raise port tariffs. We expect the core EBIT 3-year CAGR of 10% to rise to 17% if port tariffs are raised 30% on 1 January 2016. Westports is our top pick in the Malaysian transport space

YTL Corp - We believe YTL Corp's appeal could gradually gravitate towards the KL-Singapore high-speed rail, especially if the government chooses to execute the project through a private finance initiative (PFI) or public-private partnership (PPP) model. A private sector model is more likely, in our view, given the government's need to manage the budget deficit. YTL Corp has the balance sheet strength and express rail track record, coupled with the fact that it initiated the HSR proposal. We believe the dividend story (5-6% yield) is sustainable and is supported by cash from its various operating units.

Top 10 smaller-cap picks

Berjaya Auto - Since obtaining the Mazda cars distribution rights in Malaysia a few years back, BAuto has sustained an outstanding growth rate that has far outpaced the industry's. A highly capable management team, strong brand recognition of Mazda and exciting new models, and the right business model and strategy have been the main contributing factors to this success. With more new models to be introduced and more CKD models to be assembled at its local Inokom plant, we expect Mazda's strong growth momentum to be sustained in the next few years, derived from continuous growth of its sales volume in Malaysia and the Philippines.

Berjaya Food is our top small-cap pick in the consumer sector. Berjaya Food is poised to reap the benefits of the strong earnings growth delivered by Starbucks following the completion of its acquisition of the remaining stake in Berjaya Starbucks Coffee Co Sdn Bhd. It has also secured LOI for the Starbucks FMCG business, which has huge prospects in Malaysia. Although Kenny Rogers Roasters (KRR) in Malaysia and Indonesia have experienced negative SSS growth in the past two years, SSS growth should turn around as consumer spending recovers and KRR achieves greater economies of scale. Although its Jollibean business may not be able to deliver strong growth due to the stable demand for its products, it generates a healthy cashflow.

GHL Systems is entering an exciting growth phase with its merchant acquisition strategy following the completion of e-Pay's integration in 1H14 and it is expected to benefit from the Malaysian government's ETP initiatives to promote e-payment in the country. We project a robust FY13-16 EPS CAGR of

75%, driven by stronger contribution from its transaction payment acquisition (TPA) business. In addition, we see M&A activities in new markets, such as Indonesia, and the company as a possible takeover target as potential re-rating catalysts.

IFCA MSC - This property software developer will hit the sweet spot this year. Driven by contribution from both the domestic and China markets, IFCA's current turnover is finally more than sufficient to cover overhead and operating costs. Due to its high operating leverage, any incremental revenue increase should flow mostly to its bottomline. Besides being a GST play, the company will benefit from customers' migration from a Window-based platform to web- and app-based platforms. China also offers a huge potential market for IFCA to tap over the next few years.

Karex is poised to achieve strong earnings growth in the next three years. This will be fuelled by strong demand, especially from the tender market, the launch of polyisoprene condoms, which command much higher margins, and the acquisition of Global Protection, which will help the group to widen its market reach and move up the value chain. The company is only trading at around 15x CY16 P/E, which we think is attractive given its strong earnings growth. Furthermore, its status as the largest condom manufacturer globally will help it to secure good orders.

MyEG's revenue is defensive and recurring, and most of its customers are the general public. We are looking at 51% 3-year net profit CAGR for this company, with earnings growth coming mainly from the custom service tax monitoring (CSTM) project. MyEG is waiting for the government's final approval for the CSTM project and the stock could see upward re-rating once this project gets the final green light. In addition, we have not assumed any potential earnings from the road safety diagnostic system project.

Pharmaniaga is well positioned to benefit from rising healthcare spending in Malaysia as it is the biggest distributor of medical products to the Ministry of Health. It also aims to launch 200 products over the next decade and has tripled its R&D spending since last year to speed up product development. We expect higher manufacturing earnings to propel Pharmaniaga's earnings in 2015.

Prestariang - 2014 is a consolidation year due to the delay in securing the IC Citizen contract extension but indications are that this project will be renewed in the coming year. We are looking at big things happening for the company in 2015. We anticipate positive newsflow on a major long-term recurring-income project Prestariang has been working on for the past year. In addition, we project new positive developments on its oil & gas training school in Johor and corporate developments in UniMy.

Signature International - Signature's outstanding order book is at a record high of just above RM220m. Jobs secured this year should be even stronger than last year. The next few years will be very exciting for the company, with group revenue expected to peak only in 2017. Properties that were sold in 2013 would see delivery of its kitchen systems in 2016/17. Being the industry's dominant player, the company is poised to handle most of the industry's major contracts. We target order book to increase by a record RM300m this financial year.

Tune Insurance - The key earnings driver will come from its fast-growing and high-margin travel insurance business. For its travel insurance business, it has exposure to about 30 countries, which provide it tremendous opportunities for expansion in the longer term. Also, we believe that its growth potential in the Middle East and the non-life insurance segment in Thailand is underappreciated by the market.

Sector Briefs

MALAYSIA

**AUTOS**

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

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Highlighted Companies**Berjaya Auto**

BAuto is our only Add call and top pick for the sector. Its strategy of targeting the high-middle income group should serve it well in 2015. With new CBU and CKD models to be launched during the year, we expect its growth to continue.

UMW Holdings

After a good 2014, we expect slower growth for Toyota Malaysia in 2015 as the impact of the new Vios wanes. Meanwhile, the new Perodua Alza has been well received, but this segment is most vulnerable to increases in living costs.

DRB-Hicom

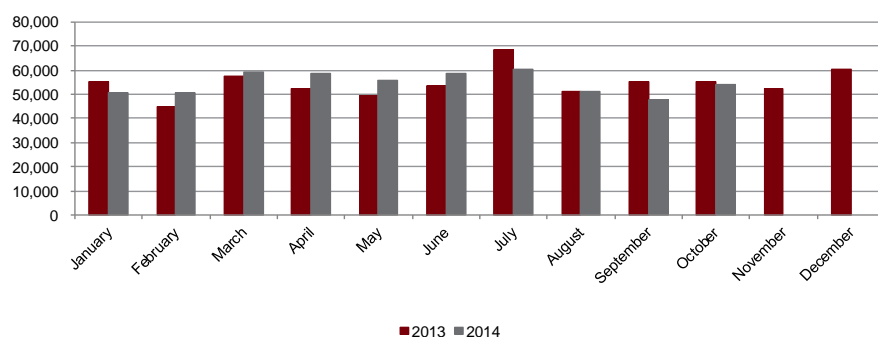
The new Iriz has not had the intended reception from the public, due to legacy issues at Proton, but we expect its sales to pick up in 2015. Meanwhile, it will be hard for Honda Malaysia to repeat its record growth in 2014, in our view.

Tan Chong

After a disappointing 2014, we expect the theme for 2015 will be similar. With no new exciting high volume model for Nissan Malaysia, we expect its growth will be limited.

Bumpy road ahead

2015 is going to be another bumpy year for the industry. Weaker consumer sentiment on the back of increasing costs of living due to subsidy rationalization, tighter credit for hire-purchase loans, and uncertainties surrounding the GST are main challenges.

Figure 1: Monthly industry unit sales

SOURCES: CIMB, COMPANY REPORTS

We maintain our Neutral rating on the sector. We advise investors to be selective and accumulate BAUTO, which is our only Add call and top pick for the sector.

Multiple challenges ahead

After a satisfactory 1H14, total industry volume (TIV) growth has slowed down in 2H14. We expect the weak momentum to be carried over into 2015. 2015 will be a challenging year for the industry. Weaker consumer sentiment is the main challenge. The increasing cost of living on the back of fuel subsidy rationalization has dampened the consumers' appetite towards big ticket item purchases, including new cars. Tighter credit policy for hire purchase loans is another challenge, with the middle- to lower-income group the most affected by this change. Additionally, there are a lot of uncertainties surrounding the upcoming GST introduction. Although we anticipate auto makers to undertake aggressive promotions pre-GST, we expect consumers to take a wait-and-see approach, as there have been speculations that car prices will be lower post-GST, and

due to the concern that price of goods and services will increase post-GST. However, should car prices become lower post-GST, we believe there will be a positive impact to the industry sales volume.

Slower growth for Honda and Toyota

We expect a lower sales growth for Toyota and Honda in 2015. Their impressive performance in 2014 has been contributed mainly by the launches of their main volume models, namely Vios and City, which have been warmly received by the public. As such, we believe their growth rate will be lower in 2015 due to waning impact from these models.

BAuto to perform best

We expect BAUTO to continue to outpace the industry and its peers. We believe its strategy of targeting the high-middle income group bodes well for Mazda as it is more likely to be insulated from the impact of increasing living costs. Mazda is launching two new CBU models, namely Mazda 2 and CX3, and a new Mazda 3 CKD model, which should help it sustain its growth.

Figure 2: Sector comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2015	CY2016		CY2015	CY2016	CY2015	CY2016	CY2015	CY2016	CY2015	CY2016
Tan Chong Motor Holdings	TCM MK	Hold	3.68	3.95	698	10.6	8.5	#N/A	0.85	0.80	8.2%	9.7%	6.4	5.7	6.0%	6.0%
Berjaya Auto	BAUTO MK	Add	3.27	4.44	768	11.1	10.1	#N/A	4.61	3.58	47.2%	40.1%	6.1	4.8	3.6%	3.7%
DRB-Hicom	DRB MK	Hold	1.66	2.30	932	10.0	10.1	#N/A	0.36	0.36	3.6%	3.6%	-3.7	-3.2	2.0%	2.0%
UMW Holdings	UMWH MK	Hold	10.88	12.03	3,691	11.9	11.0	#N/A	1.84	1.77	15.7%	16.5%	6.4	6.1	6.2%	6.8%
Malaysia average						10.6	8.5	#N/A	0.85	0.80	8.2%	9.7%	6.4	5.7	6.0%	6.0%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



BANKS

RECOMMENDATION

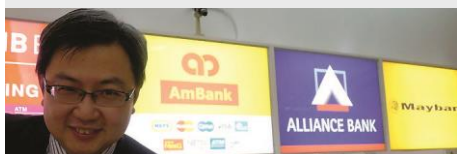
OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

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Highlighted Companies

Malayan Banking

Maybank remains an Add due to its regional network, especially in Indonesia and the Philippines, which would help to support its longer-term growth. The continuous regionalisation of its operations would enhance cross-selling and operating efficiencies.

Public Bank

Public is rated as a Reduce as we think that its high valuation (CY15 P/E of 14.2x and P/BV of 2.8x) is not sustainable. We are projecting single-digit EPS growth for Public in FY14-16 and its dividend yield is not compelling at only 3.2%.

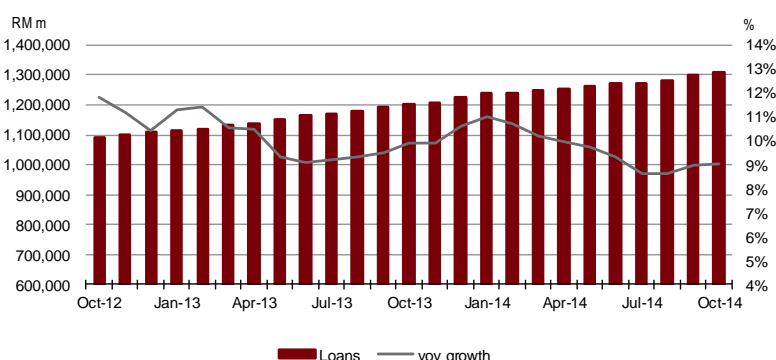
Hong Leong Bank

The company's 9-10% loan growth target is a stretch, in our view, considering it achieved only 6-8% in the past two years. Its below-industry loan growth, weak fee income expansion, and an expected upturn in credit costs are the reasons why we maintain a Reduce call on the stock.

More topline hurdles ahead

Banks will continue facing challenges in growing their topline in 2015, in light of the keen competition for loans and deposits. Margins will still be under pressure, and we see limited prospects for any improvement in loan growth.

Figure 1: Banking system loans and yoy growth



SOURCES: BANK NEGARA MALAYSIA

Another earnings risk is the expected upward reversal in the credit cost cycle. All these point to a bleak earnings outlook that underpins our Underweight call on the sector. Maybank should fare relatively better than its local peers and remains our top pick.

10.4% earnings growth ▶

We are projecting a net profit growth of 10.4% in 2015, better than the 6.8% in 2014. This could be underpinned by (1) an 8.6% rise in net interest income, and (2) a 10.5% expansion in non-interest income. Furthermore, we expect the increase in loan loss provisioning to narrow from 33% in 2014 to 8.8% in 2015.

2015 loan growth of 9-10% ▶

We see limited opportunities for an improvement in loan growth in 2015 due to (1) high inflation and the implementation of GST that would negatively impact consumer and business sentiment, and (2) the weak property market. Property loan growth would ease due to the waning pipeline and a drop in property transactions, although this could be

offset by the stronger momentum in business loans. We are projecting a loan growth of 9-10% in 2015 on par with the pace in 2014.

Bigger margin compression ▶

We caution that margin compression could be more drastic in 2015 in the absence of rate hikes (as in the case of 2014). Also, another round of deposit competition started in 3Q14 and will continue into 2015. This would be partly offset by a narrower margin contraction in Indonesia (for Maybank), but the contribution from Indonesia to the total earnings of banks under our coverage is small.

Not a favoured sector ▶

We advise investors to reduce their holdings in banks in view of the unfavourable earnings prospects. Maybank is still rated an Add in view of the expected recovery in its Indonesian unit and the insurance businesses.

Figure 2: Sector Comparison

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			P/POPS (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
DBS Group	DBS SP	Add	19.50	20.50	36,504	11.6	11.5	6.9%	1.31	1.24	11.6%	11.0%	11.6%	8.9	8.4	3.1%	3.4%
OCBC	OCBC SP	Add	10.20	11.44	30,757	10.9	10.2	9.6%	1.32	1.22	12.4%	12.4%	12.3%	7.4	7.7	3.4%	3.5%
United Overseas Bank	UOB SP	Hold	24.33	23.79	29,484	12.0	11.3	7.3%	1.47	1.35	12.6%	12.4%	12.5%	9.0	8.4	3.5%	3.7%
Singapore average						11.5	11.0	10.3%	1.36	1.27	12.1%	11.9%	12.1%	8.4	8.2	3.3%	3.5%
Agricultural Bank of China	1288 HK	Add	3.89	4.96	175,486	5.3	4.5	15.9%	1.03	0.89	21.2%	21.1%	21.1%	3.3	2.9	6.6%	7.6%
Bank of China	3988 HK	Add	4.32	5.03	162,766	5.7	4.8	15.2%	0.93	0.82	17.4%	18.2%	19.0%	3.4	3.0	6.1%	7.3%
Bank of Communications	3328 HK	Add	7.12	7.41	72,220	6.7	6.9	5.6%	0.90	0.82	14.3%	12.4%	13.5%	4.0	3.8	3.9%	3.7%
China CITIC Bank	998 HK	Hold	6.07	4.93	47,473	5.9	4.8	9.6%	0.90	0.78	16.2%	17.5%	16.8%	3.1	2.8	4.2%	5.3%
China Construction Bank	939 HK	Add	6.41	9.43	208,314	5.4	4.7	13.7%	1.04	0.90	20.8%	20.7%	20.6%	3.5	3.0	6.5%	7.5%
China Merchants Bank	3968 HK	Reduce	17.50	11.38	57,018	6.2	5.3	9.8%	1.14	0.97	19.3%	19.1%	19.0%	3.4	3.1	3.1%	3.6%
China Minsheng Bank	1988 HK	Reduce	9.61	6.17	49,171	5.2	5.2	5.5%	1.02	0.87	20.5%	18.2%	18.1%	3.0	3.0	1.8%	1.9%
ICBC	1398 HK	Add	5.68	7.55	262,155	5.7	5.1	9.3%	1.09	0.95	20.7%	19.8%	19.2%	3.8	3.3	6.2%	6.9%
Hong Kong average						5.6	4.9	12.5%	1.02	0.89	19.4%	19.2%	19.2%	3.5	3.1	5.7%	6.5%
Bank Central Asia	BBCA IJ	Hold	13,275	13,950	26,416	20.0	17.1	11.6%	4.22	3.49	23.1%	22.3%	21.8%	14.2	12.8	0.9%	1.1%
Bank Danamon	BDMN IJ	Reduce	4,420	3,675	3,419	15.3	13.7	-8.2%	1.28	1.20	8.6%	9.0%	9.7%	5.6	5.2	2.4%	2.1%
Bank Mandiri	BMRI IJ	Add	10,550	11,750	19,868	13.5	12.0	6.1%	2.39	2.07	19.0%	18.5%	18.2%	7.8	6.8	2.2%	2.4%
Bank Negara Indonesia	BBNI IJ	Add	5,975	6,800	8,993	11.1	10.0	7.8%	2.02	1.76	19.5%	18.7%	18.3%	6.6	5.9	2.4%	2.8%
Bank Panin	PNBN IJ	Hold	1,190	990	2,314	11.1	10.3	8.8%	1.35	1.20	12.5%	12.4%	12.9%	6.5	5.9	0.0%	0.0%
Bank Rakyat Indonesia	BBRI IJ	Add	11,325	13,000	22,549	12.8	11.0	9.4%	2.91	2.42	25.0%	23.9%	23.6%	7.9	6.9	2.3%	2.5%
Bank Tabungan Negara	BBTN IJ	Add	1,135	1,300	968	11.7	9.7	-6.7%	0.99	0.92	8.4%	9.8%	10.8%	5.8	4.8	3.9%	2.6%
Bank Tabungan Pensiunan	BTPN IJ	Hold	4,165	4,625	1,963	12.1	10.4	4.9%	2.03	1.70	18.1%	17.7%	17.4%	7.0	6.2	0.0%	0.0%
Indonesia average						14.3	12.5	7.6%	2.61	2.23	19.6%	19.2%	19.1%	8.6	7.6	1.8%	1.9%
Affin Holdings	AHB MK	Reduce	3.13	2.87	1,740	10.1	9.8	-9.7%	0.90	0.86	8.2%	9.0%	9.1%	7.2	7.0	4.8%	4.8%
Alliance Financial Group	AFG MK	Hold	4.74	4.98	2,099	11.8	10.5	9.0%	1.64	1.53	14.6%	15.0%	15.3%	9.0	8.1	5.5%	5.7%
AMMB Holdings	AMM MK	Hold	6.44	6.70	5,553	11.2	10.5	3.2%	1.40	1.30	13.1%	12.8%	13.1%	7.6	7.1	4.0%	4.1%
BIMB Holdings	BIMB MK	Hold	4.21	4.50	1,799	10.6	11.6	15.9%	1.43	1.34	14.5%	11.9%	11.9%	6.2	6.8	3.5%	3.9%
Hong Leong Bank	HLBK MK	Reduce	13.96	13.20	7,184	11.8	10.7	8.3%	1.72	1.55	15.4%	15.3%	14.9%	10.6	9.4	3.0%	3.1%
Malayan Banking Bhd	MAY MK	Add	8.87	12.50	23,647	12.1	11.3	1.8%	1.55	1.42	13.5%	13.1%	13.0%	8.2	7.7	5.8%	6.2%
Public Bank Bhd	PBK MK	Reduce	18.18	17.60	20,084	15.3	14.2	5.1%	2.59	2.76	18.5%	18.8%	19.9%	10.8	10.0	2.8%	3.2%
Malaysia average						12.4	11.5	6.7%	1.66	1.57	14.1%	14.1%	14.2%	8.6	8.1	4.1%	4.4%
Bangkok Bank	BBL TB	Hold	198.0	200.0	11,436	10.4	9.4	5.4%	1.19	1.11	11.8%	12.2%	12.5%	7.0	6.4	3.8%	4.2%
Bank of Ayudhya	BAY TB	Reduce	46.3	30.0	8,500	19.7	17.9	17.1%	2.15	1.78	11.2%	11.8%	12.1%	8.1	8.4	1.8%	1.9%
Kasikombank	KBANK TB	Hold	239.0	240.0	17,307	11.9	10.4	12.2%	2.24	1.93	20.1%	19.9%	19.3%	7.2	6.4	2.1%	2.4%
Krung Thai Bank	KTB TB	Add	23.6	30.0	9,980	9.6	8.3	8.5%	1.46	1.32	15.8%	16.7%	17.2%	5.9	5.2	4.2%	4.8%
Thanachart Capital	TCAP TB	Hold	33.0	37.0	1,205	7.8	7.2	-2.8%	0.78	0.72	10.3%	10.4%	10.7%	2.0	1.9	3.6%	3.9%
Tisco Financial Group	TISCO TB	Add	44.3	53.0	1,072	8.5	7.5	5.3%	1.39	1.25	17.0%	17.5%	18.2%	3.5	3.4	4.5%	5.2%
TMB Bank	TMB TB	Reduce	3.1	2.5	4,071	15.7	14.5	21.9%	1.99	1.83	13.1%	13.2%	14.3%	9.6	8.2	2.2%	2.4%
Thailand average						11.8	10.5	10.4%	1.65	1.48	14.6%	15.0%	15.2%	6.6	6.1	2.9%	3.2%
Average (all)						6.4	5.7	12.0%	1.13	0.99	18.6%	18.4%	18.5%	4.1	3.6	5.1%	5.7%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



BREWERS

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

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Highlighted Companies

Guinness Anchor

Guinness Anchor has been impacted by the slow consumption and higher tax paid on A&P spent and royalties paid. To remain competitive, GAB will continue to invest in brand line extension, especially the premium brands. This will weigh on its margins.

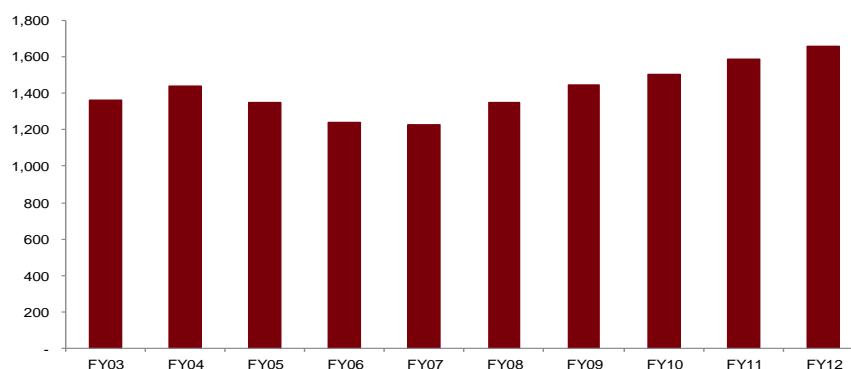
Carlsberg Brewery

Similar to GAB, CAB has also been hit by the slower consumption in Malaysia. Its overall results were better as the company was recovering from the planned stock rationalisation programme in Singapore. Unlike GAB, CAB plans to scale down on expenses which includes A&P cost to maintain profit.

Drown your sorrows here

Given the competitive environment due to weaker consumer spending and intense competition from cheaper foreign brands, we believe the valuations for the brewery sector are stretched. The industry will also be mired by persistent regulatory risks.

Figure 1: Malt liquor market volume ('000 HL)



SOURCES: CIMB, COMPANY REPORTS

We maintain Underweight on breweries due to their unattractive dividend yield and unexciting TIV growth outlook. We prefer QL which offers much stronger earnings growth.

Weak consumption seen ▶

While some may consider beer consumption as relatively inelastic, the companies' recent results prove otherwise. Carlsberg and Guinness have not been performing well in 2014. Guinness reported four consecutive quarters of earnings contraction in FY14 due to weak consumption and higher A&P expenses, while Carlsberg registered a sharp EBIT contraction in 3QFY14 in its Malaysia business (-28% yoy) due to weak sales volume before recovering in the last two quarters due to internal cost savings. Aside from these, the companies were also impacted by the higher taxes paid on A&P spent and royalty fee paid.

Rising concerns on contrabands ▶

Contraband beer has proliferated in the past two years with the number of stores offering contraband products increasing by 5% in 2011, and rising

more substantially, by more than 48% p.a. in 2012 and 2013. This is because illicit beers are sold at extremely low prices. Thus, illicit beer can easily gain market share from the legal beer market, especially when consumer spending is weak.

Persistent regulatory risks ▶

The industry was spared an excise duty hike for the eighth consecutive year in 2014 and we are concerned that the government may eventually decide to raise the duty to help it address the country's budget deficit. Even without the excise duty hike, the government has raised taxes by imposing a tax on A&P spent and royalties paid, which is not in line with the international practice. Other than this, Carlsberg has received a bill of demand from the government for ~RM56m, which the company is challenging.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
Guinness Anchor	GUIN MK	REDUCE	13.34	12.20	1,153	20.1	19.7	-2.1%	11.14	10.83	56.1%	56.6%	56.0%	12.5	12.7	4.8%	4.8%
Carlsberg Brewery (M)	CAB MK	HOLD	12.02	11.60	1,058	18.7	18.1	2.8%	13.43	13.43	73.0%	74.0%	78.5%	13.0	12.8	5.3%	5.5%
Thai Beverage	THBEV SP	HOLD	0.72	0.78	13,680	20.5	18.5	8.5%	4.49	3.97	23.2%	22.8%	21.5%	17.4	16.5	2.4%	2.6%
Malaysia average						20.3	18.5	7.3%	4.93	4.39	25.7%	25.1%	23.7%	16.6	15.9	2.8%	3.0%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



BUILDING MATERIALS

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

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Tough market forces

In our view, the domestic cement and steel sectors would be major beneficiaries of the construction up-cycle, which would be positive for selling volume. However, higher energy cost, depressed selling prices and oversupply are key risks going into 2015. This limits the steel and cement companies' earnings growth potential.

Figure 1: Latest developments that affect the cement and steel sectors

Issues	Impact/implications
18-26% increases in natural gas tariff	: Negative for steel millers; neutral for cement players : Gas cost makes up <1% of Ann Joo's billet production cost
Merger of parent companies of Lafarge & Holcim (implications for local subsidiaries)	: Likely positive impact on domestic prospects in Iskandar : Consolidation of plant operations; bigger market share : Potential to enhance cost efficiencies : But does not alter the oversupply risk and competition

SOURCES: CIMB, PRESS REPORTS

Ann Joo benefits from lower iron ore prices but the dumping from China has worsened 3Q14. Lafarge and Tasek face stiff competition. However, Lafarge may benefit from its parent company's M&A story, while Tasek offers decent FY15-16 dividend yield of 5-6%. Maintain Hold on all stocks. We are Neutral on the sector.

Steel sector needs major trade action ▶

The domestic steel industry has been hurt by the intense dumping of mainly steel wire rods from China. The past expectation of a slight reprieve in 1H14 no longer holds water, as the influx of cheap still products accounted for more than 50% of monthly domestic still consumption of c.200k tonnes in 3Q14. In general, export volume has reduced to less than 10% of total sales volume due to the weak global demand. This leaves the tough domestic market as the sole revenue source. Local steel players are calling for the government to initiate more resolute trade action, as they are losing out in terms of benefits from the increased construction activity. Sales volumes are strong but margins are very depressed due to the higher cost and weak selling prices.

More competitive cement sector pre-GST ▶

Local cement demand is likely to rise pre-GST implementation in Apr 2015, as property developers speed up launches. However, this scenario could result in intensified competition, increasing volatility in selling prices and upside risks to price rebates. In 2014, all cement players (except YTL Cement) increased their cement list prices by an estimated 8-9%. However, this is unlikely to fully offset the 16.85% increase in electricity tariff and removal of fuel subsidies. For cement players, these cost items constitute 30-40% of operating costs. Cement demand growth could moderate to 3-4% in 2015 (5-6% in 2014).

Switch to contractors ▶

Switch from the building materials to the construction sector, as it is a direct beneficiary of the rollout of jobs and positive newsflow ahead of the implementation of major projects under the Economic Transformation Programme (ETP). We expect better progress in key infrastructure projects like power plants, highways, MRT and LRT in 2015, ahead of the award phase. The contractors are the ultimate beneficiaries of the depressed selling prices of domestic cement and steel products.

Highlighted Companies

Ann Joo Resources

Ann Joo's 2015 earnings outlook has improved on the back of falling iron ore prices and improved plant efficiency. This should mitigate the negative impact of dumping from China and higher costs [diesel, electricity and goods and services tax (GST)].

Lafarge Malaysia

The domestic market remains difficult but Lafarge has the size, scale and market share to better withstand the challenges than other domestic players. The medium-term risk continues to be margin pressure from higher operating costs and volatile selling prices.

Tasek Corporation

We expect the negative impact of the increasingly competitive landscape on the domestic cement market to be greater for Tasek, as it is a smaller player in terms of capacity. Pre-GST demand presents limited upside risk to selling prices and margins.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
Ann Joo Resources	AJR MK	HOLD	1.12	1.25	160	47.7	10.5	na	0.57	0.50	1.2%	5.0%	5.1%	12.5	8.7	0.1%	0.9%
Lafarge Malaysia Bhd	LMC MK	HOLD	10.00	10.23	2,431	22.0	21.8	1.3%	2.60	2.53	12.5%	11.9%	11.6%	11.2	11.3	4.1%	3.4%
Tasek Corporation	TC MK	HOLD	15.90	16.46	551	20.9	19.6	1.1%	1.95	1.88	10.0%	9.9%	9.6%	7.5	7.5	9.6%	5.7%
Malaysia average						22.5	20.2	9.3%	2.08	1.97	9.8%	10.1%	9.8%	10.8	10.3	4.9%	3.7%
Indocement	INTP IJ	ADD	25,100	30,500	7,458	18.4	17.5	-0.7%	4.03	3.71	27.6%	22.0%	23.0%	9.9	11.0	1.8%	3.6%
Holcim Indonesia	SMCB IJ	HOLD	2,265	2,600	1,401	13.3	22.1	-21.7%	1.98	1.94	17.7%	8.9%	9.3%	6.7	10.1	3.5%	4.0%
Semen Indonesia	SMGR IJ	ADD	16,625	20,400	7,959	18.4	16.9	0.6%	4.72	4.06	32.7%	25.9%	25.1%	10.5	11.0	2.0%	2.5%
Indonesia average						17.8	17.5	-2.2%	3.96	3.58	27.9%	21.4%	21.8%	9.7	10.9	2.0%	3.1%
CH. Kamchang	CK TB	ADD	26.25	30.00	1,345	45.9	20.0	52.8%	2.62	2.42	8.1%	12.6%	11.2%	19.5	20.7	0.1%	1.0%
Italian-Thai Development	ITD TB	REDUCE	7.55	5.25	1,206	46.8	62.1	30.7%	3.18	2.84	7.7%	4.8%	5.2%	15.8	16.3	0.7%	0.7%
Sino-Thai Eng & Construction	STEC TB	REDUCE	25.75	23.00	1,188	23.3	25.3	8.4%	5.18	4.69	23.3%	19.5%	17.9%	14.9	15.1	1.3%	1.9%
Thailand average						35.4	27.8	27.2%	3.34	3.03	11.5%	11.4%	10.5%	16.7	17.3	0.6%	1.2%
Yongnam Holdings	YNH SP	REDUCE	0.19	0.18	182	43.3	na	-37.5%	0.76	0.82	1.7%	-4.6%	3.8%	10.7	38.3	3.2%	3.7%
Singapore average						43.3	na	-37.5%	0.76	0.82	1.7%	-4.6%	3.8%	10.7	38.3	3.2%	3.7%
Average (all)						19.7	18.9	0.8%	3.43	3.14	21.2%	17.3%	17.4%	10.7	11.6	2.2%	2.9%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



CONSTRUCTION

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)



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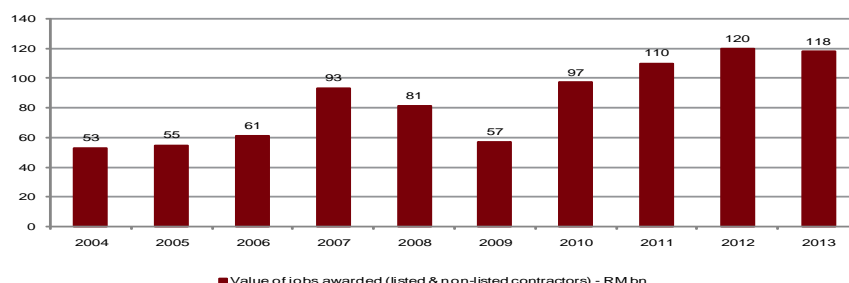
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A better year for contractors

Recent macro developments have improved contractors' operating environment in 2015. Companies with newly-secured jobs have the cost advantage due to low crude oil and building material prices. New tenders and job award momentum anchor order book growth.

Figure 1: Value of domestic job awards in the past 10 years



SOURCES: CIMB, COMPANY REPORTS

Highway, rail, oil & gas and marine infra are key segments. We continue to like Gamuda (our top big-cap pick) for its exposure to MRT and Penang transport infra. Muhibbah, our small/mid-cap pick, is oversold but offers unchanged order book growth potential. Maintain Overweight.

Flipside of falling crude oil prices

We conclude that contractors are net beneficiaries of the falling crude oil prices in light of the cost advantage. General concerns of major delays or cancellation of projects should not be overplayed, in our view, as the bulk of the infra projects in the pipeline are largely private-sector driven - highways and power plants. The biggest government-initiated/ETP-driven projects, i.e. the MRT and KL-Singapore high-speed rail (HSR), could be the ones at risk. However, funding for MRT will be spearheaded by DanaInfra, which will raise bonds, while the HSR looks likely to adopt a private financing model if it is to begin works within the next two years. At this juncture, we believe the RM27bn Pan Borneo highway faces the highest risk of being deferred as it

is fully funded by the government. Contractors with secured projects YTD have the cost advantage (margin upside potential and the ability to better offset the impact of GST and higher electricity tariff) in view of the depressed domestic selling prices for cement and steel.

Major segments in 2015

We expect project award momentum to pick up. Key segments are highways, oil & gas and marine, power plants and commercial buildings while MRT 2 and LRT 3 should begin the tender stages in 2H15.

Prefer Gamuda and Muhibbah

There should be more clarity on the prequalifiers of the RM27bn Penang transport master plan by mid-2015 - a potential bonus piece of good news for Gamuda. Capex cutbacks by Petronas do not apply to contractors tendering for projects in Pengerang Integrated Complex (PIC) and Rapid, which have received the financial investment decision (FID). This is good news for Muhibbah.

Highlighted Companies

Gamuda

Gamuda remains the biggest beneficiary of the RM25bn MRT 2 contract, with an additional potential catalyst from the RM27bn Penang transport master plan. Overhang on the stock could diminish if it successfully concludes the sale of Splash.

Muhibbah Engineering

We expect the group's tender book in Rapid and offshore works relating to the regasification plant in Pengerang to be intact. Other port and marine infra contracts are potential additions beyond the oil & gas infra segment.

YTL Corp

We continue to like YTL Corp as its balance sheet strength and ERL track record will give it the advantage when bidding for the RM30bn-40bn KL-Singapore HSR project. Its chances of securing the project are good if the government adopts a private-finance model, in our view.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
Benalec Holdings	BHB MK	REDUCE	0.68	0.65	154	17.3	17.4	-8.0%	0.83	0.70	5.3%	4.4%	7.6%	12.5	18.1	0.0%	1.3%
Gamuda	GAM MK	ADD	5.06	5.99	3,377	15.4	14.2	9.2%	1.98	1.80	13.9%	13.2%	13.1%	18.8	19.2	2.3%	2.3%
IJM Corp Bhd	IJM MK	ADD	6.57	7.95	2,799	18.3	15.6	11.1%	1.53	1.43	11.7%	9.6%	10.9%	14.6	13.6	3.4%	2.8%
Malaysian Resources Corp	MRC MK	ADD	1.32	2.08	665	na	36.3	10.2%	1.08	0.88	-7.4%	2.7%	4.3%	na	26.7	1.8%	2.1%
Muhibbah Engineering	MUHI MK	ADD	2.03	3.40	249	9.6	8.6	na	1.26	1.16	14.0%	14.2%	14.7%	14.3	8.5	2.2%	2.5%
Mudajaya Group	MDJ MK	HOLD	1.70	1.79	262	6.0	21.8	-26.2%	0.77	0.48	14.1%	2.8%	5.1%	0.7	-1.0	5.3%	3.5%
Sunway Bhd	SWB MK	ADD	3.31	3.90	1,629	13.2	11.4	8.6%	1.44	1.25	12.2%	11.9%	10.5%	9.8	8.6	3.0%	3.0%
WCT Holdings	WCTHG MK	HOLD	1.61	1.66	499	6.8	11.6	-7.2%	0.92	0.86	13.6%	7.9%	8.9%	6.8	8.6	5.1%	5.6%
YTL Corporation	YTL MK	ADD	1.62	2.34	4,803	12.3	11.3	5.2%	1.25	1.17	10.7%	10.7%	10.0%	7.4	7.9	4.5%	6.8%
Malaysia average						14.1	13.0	6.7%	1.38	1.25	10.9%	10.2%	10.1%	9.9	9.8	3.5%	4.2%
Adhi Karya	ADHI IJ	ADD	2,945	3,200	428	16.5	21.3	6.8%	3.45	3.11	27.7%	15.3%	17.2%	4.6	5.8	0.8%	1.5%
Pembangunan Perumahan	PTPP IJ	ADD	3,140	3,600	1,227	35.6	27.0	21.4%	7.66	6.29	27.3%	25.6%	26.7%	10.5	9.5	0.6%	0.8%
Total Bangun Persada	TOTL IJ	ADD	1,065	1,200	293	18.6	22.7	-4.7%	4.82	4.56	32.3%	20.7%	23.3%	9.5	14.7	2.8%	3.2%
Wijaya Karya	WIKA IJ	ADD	3,120	3,200	1,548	33.3	28.8	12.6%	6.50	4.33	24.0%	18.0%	17.8%	12.3	13.7	0.7%	0.9%
Waskita Karya	WSKT IJ	ADD	1,110	1,300	870	29.1	26.2	23.4%	4.49	3.57	19.7%	15.2%	16.5%	12.7	11.0	0.6%	1.0%
Indonesia average						28.6	26.4	13.9%	0.38	0.30	24.9%	18.6%	19.5%	10.1	10.5	12.1%	16.6%
CH. Kamchang	CK TB	ADD	26.25	30.00	1,345	45.9	20.0	52.8%	2.62	2.42	8.1%	12.6%	11.2%	19.5	20.7	0.1%	1.0%
Italian-Thai Development	ITD TB	REDUCE	7.55	5.25	1,206	46.8	62.1	30.7%	3.18	2.84	7.7%	4.8%	5.2%	15.8	16.3	0.7%	0.7%
Sino-Thai Eng & Construction	STEC TB	REDUCE	25.75	23.00	1,188	23.3	25.3	8.4%	5.18	4.69	23.3%	19.5%	17.9%	14.9	15.1	1.3%	1.9%
Thailand average						35.4	27.8	27.2%	3.34	3.03	11.5%	11.4%	10.5%	16.7	17.3	0.6%	1.2%
UE E & C	UEEC SP	HOLD	1.29	1.29	263	5.8	5.0	15.7%	1.42	1.18	27.5%	25.7%	23.0%	2.3	1.7	5.4%	5.4%
Pan-United Corp	PAN SP	ADD	0.82	1.12	347	10.2	13.2	-1.2%	1.68	1.63	15.2%	12.7%	15.0%	1.6	2.9	5.2%	5.9%
Yongnam Holdings	YNH SP	REDUCE	0.19	0.18	182	43.3	na	-37.5%	0.76	0.82	1.7%	-4.6%	3.8%	10.7	38.3	3.2%	3.7%
Singapore average						9.5	11.5	-2.0%	1.25	1.20	13.3%	10.8%	14.3%	3.5	4.1	4.8%	5.2%
ACC Limited	ACC IN	REDUCE	1,478	1,281	4,488	25.4	25.5	-1.5%	3.55	3.36	15.2%	13.5%	14.6%	17.4	17.1	2.0%	2.0%
Grasim Industries	GRASIM IN	ADD	3,438	3,888	5,106	14.4	15.2	-6.3%	1.49	1.36	10.9%	9.5%	10.2%	7.9	7.7	0.5%	0.5%
Hindustan Construction	HCC IN	ADD	31.90	55.70	333	na	na	na	1.66	1.49	-12.5%	-2.3%	3.5%	13.0	8.8	0.0%	0.3%
NCC Limited	NJCC IN	ADD	76.50	70.70	688	172.2	39.0	80.5%	1.70	1.40	1.0%	4.0%	7.3%	12.2	7.5	0.3%	0.7%
India average						20.8	20.2	-1.4%	1.99	1.83	10.2%	9.5%	10.7%	10.3	9.5	1.1%	1.1%
China Communications Construct	1800 HK	ADD	8.20	6.90	19,547	8.4	7.6	4.3%	1.11	1.00	13.6%	13.9%	12.1%	7.8	7.3	2.9%	3.2%
China Machinery Engineering	1829 HK	ADD	5.50	8.00	2,927	8.8	6.7	16.4%	1.59	1.36	19.2%	22.0%	20.6%	0.2	0.3	3.4%	4.5%
China Railway Construction	1186 HK	HOLD	9.44	9.10	18,803	9.0	8.4	14.5%	1.15	1.02	13.3%	13.0%	13.2%	5.2	4.5	1.7%	1.9%
China Railway Group	390 HK	ADD	5.85	5.50	18,128	10.6	9.0	20.0%	1.15	1.03	11.2%	12.0%	12.3%	8.9	6.9	1.4%	1.7%
Hong Kong average						9.6	8.5	17.0%	0.10	0.09	12.7%	13.1%	13.2%	6.6	5.4	20.2%	23.0%
Average (all)						11.5	10.3	10.2%	1.36	1.22	12.5%	12.5%	12.3%	7.8	7.0	2.1%	2.5%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



FOOD & BEVERAGES

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analysts

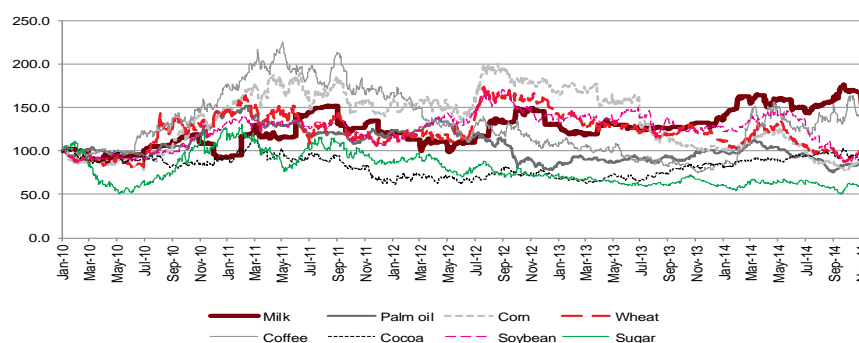


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It's called food security

We expect companies' earnings to continue to grow due to declining raw material prices and inelastic demand for their products even during bad times. Valuations are inexpensive given the strong fundamentals.

Figure 1: Commodities' price index



SOURCES: CIMB, COMPANY REPORTS

Highlighted Companies

QL Resources

QL boasts a strong earnings growth track record with 27 years of uninterrupted earnings growth. Despite the large profit base, we are still forecasting QL to post a double-digit growth in the next two years, supported by its aggressive expansion plans.

Berjaya Food

BFood is entering an exciting growth phase with its more aggressive expansion plans and acquisition of the remaining stake in Starbucks. Its plan to distribute Starbucks's FMCG products in Malaysia will also boost its EPS considerably.

Nestle (Malaysia)

Nestle will continue to grow due to its strong brand name, effective marketing initiatives, and the inelastic nature of demand for its products. In fact, its revenue, save for 2009 when sales dropped by a minimal 3%, has been growing since 2005. Its superior ROE justifies a higher valuation.

Fraser and Neave Holdings

F&N has done a good job in terms of: 1) raising revenue to offset the loss of Coca-cola sales, and 2) the post-flooding Dairies Thai turnaround. In addition, F&N has also been able to deliver volume growth in spite of the competitive environment that the group is operating in.

We maintain our Overweight call on the sector. Our top pick for the sector remains QL Resources given its superior earnings delivery track record. In the small cap space, we like Berjaya Food for its strong earnings growth potential.

Forever resilient demand

Although consumer spending is expected to be weaker due to the implementation of GST and cut in subsidies, consumers are likely to give priority to essential items like F&B, underpinning companies' earnings. In fact, F&B companies' topline have continued to grow despite the ups and downs in the past.

No concerns on input costs

Commodity prices have started to soften recently which will bode well for the F&B companies. Even if raw material prices are on the uptrend, we are not overly concerned as the companies can pass on the costs easily. Despite the high raw material prices in 2010-12, Nestle and QL have posted quite resilient EBITDA margins. QL's selling prices depend on market forces and raw material costs. Nestle and F&N adjust the

prices for some of their bestselling products to cover the overall cost increase. As for BFood, the strong growth from Starbucks helped to buffer the impact of the weaker Kenny Rogers performance.

Continue to expand

F&B companies remain confident in the country's business prospects. Nestle has just added new capacity in its existing plants and completed its new Sri Muda manufacturing plant; F&N launched its dairy plant in October; while QL is expanding in all of its markets (Malaysia, Indonesia and Vietnam). Berjaya Food is targeting to open more outlets.

Not expensive

Berjaya Food, QL, F&N and Nestle are currently trading at 17x, 18x, 20x and 26x CY16 P/E respectively. Although the valuations look expensive at first glance, they are backed by strong fundamentals. The companies also have strong brand names and command large market shares in the segments they operate in. It is also worthwhile noting that QL boasts 27 years of uninterrupted earnings growth.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
QL Resources	QLG MK	ADD	3.28	4.29	1,171	22.8	19.6	12.1%	2.95	2.66	14.3%	14.4%	14.4%	13.4	12.3	1.2%	1.4%
MSM Malaysia Holdings	MSM MK	HOLD	4.90	4.91	985	14.4	13.7	-3.8%	1.74	1.64	12.7%	12.3%	11.2%	8.0	7.6	3.5%	3.6%
Nestle (Malaysia)	NESZ MK	ADD	68.60	75.09	4,602	27.2	25.9	4.6%	18.70	18.43	71.2%	71.7%	77.6%	17.1	16.3	3.6%	3.8%
Fraser & Neave Holdings	FNH MK	ADD	16.60	24.52	1,737	22.5	21.2	6.0%	3.47	3.33	15.9%	16.3%	16.2%	13.2	13.0	3.4%	3.5%
Malaysia average						23.2	21.7	4.2%	4.99	4.72	22.6%	22.5%	22.5%	14.0	13.3	3.2%	3.4%

SOURCES: CIMB, COMPANY REPORTS



MALAYSIA



GAMING

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

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All eyes on Genting Malaysia

For the NFO operators, we are concerned about the triple whammy impact of GST, slower NFO sales and continued strength in the illegal market. We prefer the casino space for its clear re-rating catalysts from overseas expansion and the GITP.

Figure 1: GENM's RNAV breakdown

	Method	Target EV/EBITDA	2016 EBITDA	Value RMm
Malaysia	EV/EBITDA	9.0	2,697	24,276.8
US	EV/EBITDA	6.0	296	1,776.4
UK	EV/EBITDA	6.0	266	1,594.8
Genting HK	Market price			1,670.1
Net cash				1,890.0
Genting New York	Gordon growth			2,227.8
Total RNAV				33,436.0
RNAV/share				5.90

SOURCES: CIMB, COMPANY REPORTS

We downgrade the sector to Neutral. Our top pick is Genting Malaysia (GENM) for its cheap valuations and strong re-rating catalysts from the GITP (Genting Integrated Tourism Plan) and potential New York casino win. We downgrade FY16-17 EPS for BST and rating from add to Hold. The NFO operators share prices should be sustained by 6-7% dividend yields and active share buyback programmes.

NFO not so resilient

With the impending imposition of GST, consumers are likely to prioritise spending on consumer staples rather than discretionary spending. We forecast 3% contraction in NFO sales per draw over the next two years. The situation is made worse by the continued strength in the illegal market, arising from poor enforcement. With GST, the illegal operators will have even more room to raise its payout to increase market share. However, dividends from both Magnum and BST should not be at risk, as their balance sheets remain very healthy. Even the loss of the Philippines concession by BST should not affect its payout ability as it is the

Malaysian operations that have been paying them.

Place your bests on GENM

We prefer GENM over the NFO operators. GENM has clear re-rating catalysts. Consensus has not factored in a value for a potential casino win in upstate New York, and by mid-15, investors will start to factor in the potential new earnings to flow through in FY16 with the opening of the new casino in late-15. The opening of the new Sky Avenue/Plaza, Genting Premium Outlet and new theme park in 2016 will drive visitation significantly. GENM is a deep value play, as investors are receiving Genting UK, Genting New York, its net cash holdings and the option value on the NY upstate casino for free.

GENT to remain flat

While headwinds at GENS have been discounted in GENT's share price, we do not believe the holding co discount to GENT's RNAV is likely to narrow. Investors who are bullish on Macau and Singapore can invest directly without having to own a holding company vis-à-vis GENT. This is similarly the case for GENM bulls.

Highlighted Companies

Genting Malaysia

Our top pick in the sector. We believe the stock will re-rate strongly on the upstate New York casino win and in 2H15 with newsflow of the opening of the new casino floors.

Genting Bhd

Genting's share price will likely remain subdued as concerns about its ability to cope with the Las Vegas competitive landscape and operational headwinds in GENS weigh on investor sentiment.

Berjaya Sports Toto

If BST does not succeed in renewing/winning its Philippines gaming concession, this will not affect its dividend payout as its Sports Toto Malaysia's profits that are used to pay dividends.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2013	CY2014		CY2013	CY2014	CY2013	CY2014	CY2015	CY2013	CY2014	CY2013	CY2014
Galaxy Entertainment	27 HK	Add	46.80	64.16	25,630	19.6	15.7	25.2%	6.12	4.87	37.0%	34.4%	31.7%	15.3	12.5	1.5%	1.9%
MGM China Holdings	2282 HK	Add	21.45	30.96	10,516	15.3	15.4	7.7%	12.53	11.33	85.9%	77.1%	71.4%	12.3	12.2	7.0%	5.2%
Sands China	1928 HK	Add	39.85	66.08	41,473	18.7	14.7	39.7%	6.42	6.96	36.8%	45.4%	51.6%	15.0	12.5	6.3%	6.9%
SJM Holdings	880 HK	Hold	13.28	14.98	9,690	9.6	9.2	7.3%	3.15	3.14	35.6%	34.1%	33.9%	7.5	6.9	7.6%	8.2%
Wynn Macau	1128 HK	Hold	21.90	31.39	14,679	14.8	15.8	1.6%	12.33	10.94	78.1%	73.2%	59.4%	12.6	13.4	6.8%	5.4%
Macau/HK average						16.4	14.4	18.5%	6.49	6.15	43.0%	44.0%	43.7%	13.3	11.8	5.3%	5.4%
Genting Hong Kong	GENHK SP	Add	0.36	0.44	2,853	na	14.9	15.2%	1.01	0.89	-1.5%	6.3%	7.9%	14.7	5.9	0.0%	0.0%
Genting Singapore	GENS SP	Add	1.10	1.22	10,046	22.7	22.2	2.8%	1.39	1.33	6.4%	6.2%	6.4%	7.9	7.5	0.9%	0.9%
Singapore average						31.0	20.1	7.5%	1.29	1.20	4.4%	6.2%	6.8%	8.2	7.4	0.7%	0.7%
Genting Bhd	GENT MK	Hold	9.08	9.90	9,658	19.0	20.7	-24.9%	1.33	1.23	7.8%	6.1%	6.8%	8.1	7.0	0.9%	1.0%
Genting Malaysia	GENM MK	Add	4.10	5.90	6,651	14.4	16.5	-2.1%	1.57	1.47	12.3%	9.1%	8.8%	8.3	8.6	2.3%	2.3%
Malaysia average						16.8	18.7	-19.8%	1.43	1.32	9.5%	7.2%	7.5%	8.1	7.4	1.5%	1.5%
Average (all)						17.3	15.3	18.0%	3.45	3.23	21.5%	21.8%	22.4%	11.5	10.5	4.4%	4.4%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



HEALTHCARE - OVERALL

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)



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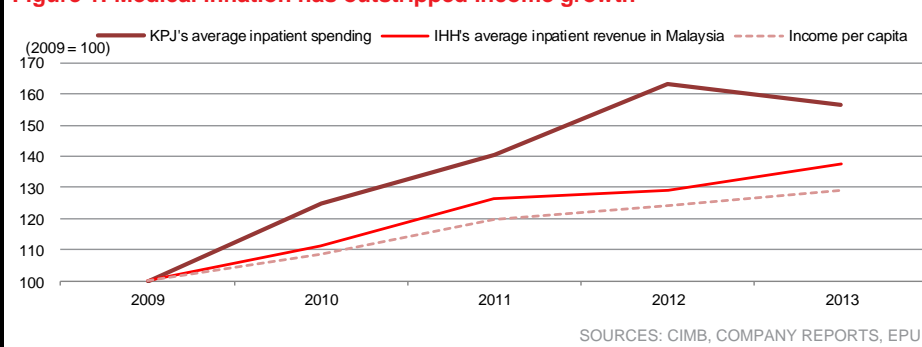
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Hitting a soft patch

An ageing population and rising health awareness will boost healthcare demand. However, private healthcare demand growth may slow next year as GST implementation may hurt the purchasing power of the middle class, the largest consumer of private healthcare.

Figure 1: Medical inflation has outstripped income growth



Some hospitals may find it hard to pass through higher cost without hurting patient volume growth. In contrast, the local pharmaceutical players should be less affected as they mainly produce generic drugs, which are much cheaper than originator drugs. As such, although we maintain our Overweight call on the healthcare sector, we prefer pharmaceutical stocks for exposure. Our top pick is Pharmaniaga.

Pricier medical bills next year

Healthcare services are exempted from GST but the operating cost of the service providers is set to rise as they will not be able claim input tax credit. Already, many private hospital players are preparing to raise charges to offset the higher operating cost resulting from GST and do not expect their profitability to be significantly affected. We are less sanguine about the outlook for hospitals' profit margins. We expect GST and other subsidy cuts to hit the purchasing power of the middle class the hardest. Private hospitals that target this income group may find it harder to attract patients away from the heavily-subsidised public hospitals.

Stable demand for pharmaceutical products

Pharmaceutical sales will be less affected by the higher cost of living as drugs must be consumed, regardless of who (public or private hospitals) the service provider is. On top of that, drug makers are allowed to either claim the input tax credit for products exempted from GST or charge GST on those products that are not exempted from the tax. As such, the tax should not affect the profit margins of pharmaceutical players. Furthermore, sales for pharmaceutical players under our coverage are either supported by government concession agreements (Pharmaniaga) or the export market, which has huge demand growth potential (Hovid).

Pharmaceutical stocks offer better risk-reward

Pharmaceutical stocks trade at cheaper valuations than hospitals. In P/E terms, the pharmaceutical stocks under our coverage trade at a discount of more than 50% to the hospitals. Among the pharmaceutical stocks, we like Pharmaniaga. In the hospital space, we prefer IHH.

Highlighted Companies

Pharmaniaga

As the largest distributor of medical products to the Ministry of Health (MOH), Pharmaniaga should benefit from higher MOH spending next year.

Hovid

New product launches and increased product registrations in the export markets will continue to fuel Hovid's earnings growth. The weaker RM against US\$ is also positive for Hovid's earnings as more than half of its sales come from exports.

KPJ Healthcare

We expect KPJ's net profit to grow marginally in 2015. The earnings impact of GST will be cushioned as 1) none of its new hospital projects is expected to commence operations in 2015, and 2) the gradual turnaround at its new hospitals will result in lower losses.

Figure 2: Sector Comparisons - Healthcare sector

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2014	CY2015	CY2014	CY2015
Hovid Bhd	HOV MK	Hold	0.36	0.41	79	20.7	17.7	11.1%	1.64	1.51	12.3%	13.5%	7.1	6.4	2.8%	2.8%
Pharmaniaga Bhd	PHRM MK	Add	4.30	6.15	318	13.9	13.1	16.8%	2.15	2.02	16.1%	15.9%	7.5	7.0	4.6%	4.6%
KPJ Healthcare	KPJ MK	Hold	3.76	4.10	1,091	29.6	28.3	1.7%	3.01	2.84	11.1%	10.3%	13.6	13.1	1.6%	1.6%
Malaysia average						21.4	19.7	9.9%	2.27	2.12	13.2%	13.2%	9.4	8.8	3.0%	3.0%
Kalbe Farma	KLBF IJ	Hold	1,725	1,890	6,526	37.4	32.7	9.2%	8.68	7.56	24.8%	24.7%	26.7	23.5	1.3%	1.5%
Indonesia average						37.4	32.7	9.2%	8.68	7.56	24.8%	24.7%	26.7	23.5	1.3%	1.5%
Cipla Ltd	CIPLA IN	Add	651.9	680.0	8,465	37.4	27.8	22.3%	4.76	4.13	13.6%	16.0%	22.2	17.6	0.3%	0.3%
Cadila Healthcare	CDH IN	Add	1,584	1,700	5,246	31.0	23.5	30.3%	7.59	5.94	27.8%	28.5%	21.4	16.4	0.7%	0.8%
Dr Reddys Laboratories	DRRD IN	Add	3,315	3,800	9,130	24.7	21.2	15.9%	5.29	4.31	23.9%	22.5%	16.4	13.7	0.4%	0.4%
Glenmark Pharmaceuticals	GNP IN	Add	804.5	800.0	3,529	27.6	22.5	18.4%	5.74	4.55	23.7%	22.6%	15.7	13.5	0.2%	0.2%
Lupin Ltd	LPC IN	Add	1,456	1,715	10,577	28.9	24.3	19.5%	7.67	6.00	30.3%	27.8%	17.5	14.4	0.4%	0.4%
IPCA Labs	IPCA IN	Hold	726.4	710.0	1,482	19.6	18.4	5.5%	4.01	3.36	22.7%	20.0%	12.3	11.2	0.6%	0.6%
Ranbaxy Laboratories	RBXY IN	Hold	625.7	630.0	4,300	47.9	29.1	61.9%	6.76	5.10	15.1%	20.0%	17.2	12.5	0.0%	0.0%
Sun Pharmaceuticals ind.	SUNP IN	Hold	827.8	920.0	27,725	27.7	24.2	15.4%	7.41	5.79	30.5%	27.0%	19.7	16.7	0.2%	0.3%
India average						30.6	23.9	23.6%	6.15	4.90	23.4%	23.0%	17.8	14.5	0.4%	0.4%
IHH Healthcare	IHH SP	Add	1.85	2.16	11,418	56.0	38.5	29.7%	2.19	2.12	3.9%	5.6%	19.3	15.9	0.4%	0.4%
Raffles Medical Group	RFMD SP	Add	3.90	4.50	1,665	30.2	25.6	15.9%	4.26	3.82	14.7%	15.7%	22.8	20.9	1.3%	1.3%
Tianjin Zhongxin Pharmaceutical	TIAN SP	Add	1.00	1.45	1,521	14.1	13.5	13.6%	1.20	1.26	10.5%	9.7%	7.3	7.3	2.4%	2.4%
Singapore average						43.1	32.0	22.8%	3.23	2.97	9.3%	10.7%	21.1	18.4	0.8%	0.8%
Bangkok Chain Hospital	BCH TB	Hold	8.75	9.30	660	43.5	33.8	6.2%	5.24	4.86	12.3%	14.9%	26.4	21.9	1.4%	1.5%
Bangkok Dusit Med Service	BGH TB	Add	18.30	23.80	8,577	36.7	30.9	17.2%	6.26	5.60	18.0%	19.2%	25.9	22.8	1.1%	1.4%
Bumrungrad Hospital	BH TB	Reduce	150.0	125.0	3,307	38.9	35.1	10.2%	9.95	8.71	27.4%	26.5%	25.8	23.6	1.3%	1.4%
Chularat Hospital	CHG TB	Reduce	18.60	17.70	619	40.3	34.6	15.5%	7.16	6.62	18.5%	19.9%	26.2	23.2	1.4%	1.7%
Mega Lifesciences PCL	MEGA TB	Add	16.40	25.00	429	20.4	15.5	18.5%	3.37	2.89	17.6%	20.1%	14.1	11.0	1.2%	1.6%
Thailand average						39.7	33.2	11.2%	7.15	6.39	19.2%	20.2%	26.1	22.8	1.3%	1.4%
Primary Health Care	PRY AU	Add	4.81	5.59	2,043	14.2	12.9	1.8%	0.87	0.85	6.9%	6.9%	6.4	6.6	4.4%	4.8%
Ramsay Health Care	RHC AU	Add	55.80	59.73	9,351	30.2	26.3	15.5%	6.28	5.66	21.8%	22.6%	12.3	10.1	1.6%	1.9%
Sonic Healthcare	SHL AU	Add	17.41	19.06	5,792	17.6	15.9	9.9%	2.21	2.09	12.8%	13.5%	10.4	9.3	3.9%	4.2%
Sirtex Medical	SRX AU	Reduce	29.32	12.52	1,375	64.6	49.1	46.2%	14.08	11.61	23.5%	26.0%	42.8	31.8	0.4%	0.5%
Blackmores	BKL AU	Reduce	32.78	26.43	468	20.3	18.7	7.2%	5.10	4.75	25.9%	26.2%	10.6	9.8	3.9%	3.9%
Australia average						29.4	24.6	16.1%	5.71	4.99	18.2%	19.0%	16.5	13.5	2.8%	3.1%
Regional average						30.9	25.3	17.4%	5.32	4.56	18.6%	19.0%	17.9	15.2	1.5%	1.6%

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

MALAYSIA



MEDIA - OVERALL

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)

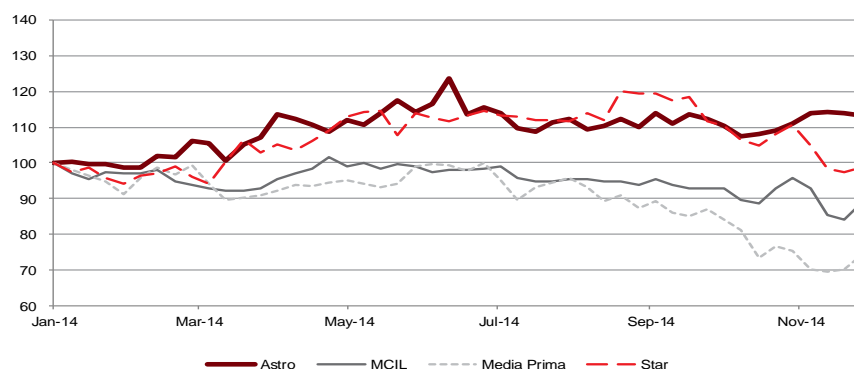


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Accelerating into the digital age

The structural shift in adex towards digital platforms, especially in mobile, is expected to gain further traction due to the increasing popularity of social media and rising internet connectivity. We see another challenging year ahead for traditional media players.

Figure 1: Malaysian media companies' share price performance YTD (base=100)



SOURCES: BLOOMBERG, CIMB

Highlighted Companies

Astro

While Astro has completed its reinvestment strategy, we think its profitability will be hit by higher depreciation and amortisation expenses. However, we still like Astro for its decent ARPU and subscriber growth and its lowest exposure to adex.

Media Chinese Int'l

MCIL has the largest revenue exposure to the print segment. While we like its decision to diversify into the digital segment, we think rising competition regionally and locally could impact its performance.

Media Prima

Although Media Prima is the dominant FTA TV operator in the country, pay TV's rising adex market share may affect its earnings. The company is working towards cost-saving initiatives to improve operating efficiency and offers decent dividend yields.

Star Publications

Star remains focused on its cost-savings initiatives to offset the impact from lower print adex and circulation volume. Its strategy to grow beyond the print segment is gaining traction, albeit gradually. The stock offers an attractive dividend yield.

We stay Neutral on the media sector for the challenging operating environment given the slower adex spending due to poor consumer sentiment. We expect the media sector to post a 3-year EPS CAGR of 10.8%, mainly driven by Astro. Astro is still our sector top pick due to its resilient earnings growth, dominant market position and defensive operating model.

Lower adex is hurting across the industry

While headline sector earnings growth was relatively flat in 9M14, we estimate the Malaysian media sector (excluding pay TV) recorded a 21.6% yoy decline in core net profit to RM298m in 9M14 vs. RM379m in 9M13. This was mainly due to lower adex spending following weak consumer sentiment on the back of ongoing subsidy rationalisation and the MH370 and MH17 incidents. Meanwhile, the seasonal recovery in demand at the beginning of the second half seemed weaker compared to the corresponding periods in the

past as 3Q14 core net profit only grew 5% qoq.

Structural shift in adex is inevitable

In addition, the structural shift in adex from traditional to digital platforms is expected to gain traction in 2015. According to a Nielsen survey, the online platform is now the second most-preferred medium among Malaysians after TVs, with a daily average of 2.5 hours per household spent on it after TV (4 hours), followed by radio (2 hours) and newspapers (0.5 hour). In terms of adex market share, print accounted for about 34% and we expect this to decline further due to the shift in consumer consumption patterns.

Weak sentiment to persist until 1H15

The weak adex environment will likely continue until 1H15 following the implementation of the goods and services tax (GST). Meanwhile, we see muted impact from the government's recent fuel price cuts given the weak consumer sentiment.

Figure 2: Sector comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
Astro Malaysia	ASTRO MK	Add	3.26	3.85	4,851	32.4	24.2	22.1%	32.53	33.06	94.9%	135.6%	174.6%	10.2	9.5	3.1%	4.1%
Media Chinese Int'l	MCIL MK	Hold	0.80	0.82	386	10.0	10.1	-6.9%	1.78	1.64	18.8%	16.9%	16.5%	5.6	5.5	5.3%	5.3%
Media Prima Bhd	MPR MK	Hold	1.84	1.86	583	13.0	11.6	-6.6%	1.18	1.15	9.6%	10.0%	10.9%	3.3	3.2	4.6%	6.9%
Star Publications	STAR MK	Hold	2.27	2.30	479	12.3	11.8	-2.8%	1.75	1.66	14.8%	14.4%	13.4%	7.0	6.7	7.9%	7.9%
Malaysia average						23.0	19.1	8.9%	5.52	5.32	24.7%	28.4%	32.4%	8.3	7.9	3.7%	4.8%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



OIL & GAS - OVERALL

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)



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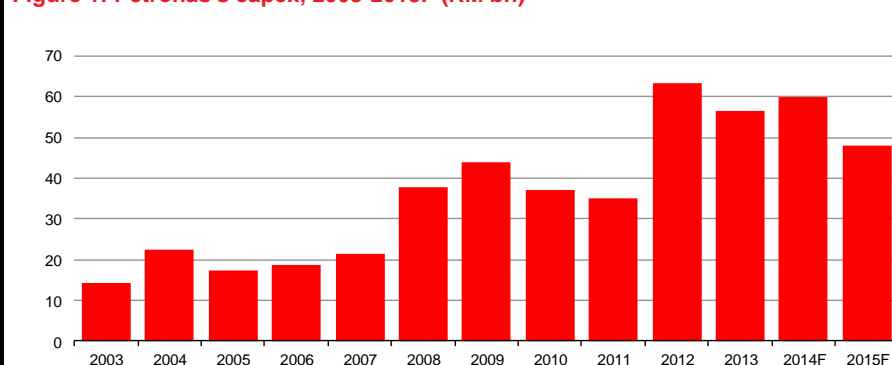
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Capex comes off the apex

Petronas's 15-20% capex cut in 2015 could result in a spending of RM48bn-51bn. This would be lower than the historical high of RM63bn capex in 2012, but still the highest pre-ETP. We also believe that the capex cut would affect the downstream more than the upstream.

Figure 1: Petronas's capex, 2003-2015F (RM bn)



SOURCES: CIMB, COMPANY REPORTS

Our valuations are under review but we keep our Overweight call on the sector. Also intact are all our stock recommendations, earnings forecasts and target prices. Our top picks are SapuraKencana among the big caps and Perdana among the small caps.

15-20% capex cut

Following the oil price fall, Petronas in late Nov 2014 said that: 1) It will cut its capex by 15-20% next year. 2) Its contribution to the government's coffers will drop 37% in 2015, assuming that the Brent crude oil price settles at US\$75/barrel in 2015. 3) It will not proceed with new marginal field contract awards unless the oil price is above US\$80/barrel. The breakeven point for a marginal field is US\$65/barrel. 4) The capex cut will affect the projects in Pengerang that have not received the final investment decision (FID) yet, but will not affect the US\$27bn Pengerang Integrated Complex (PIC), in which the refinery and petrochemical integrated development (RAPID) will be located. The PIC received the FID in Apr 2014.

Capex still highest pre-ETP

Assuming that our earlier forecast for Petronas's capex in 2015 of RM60bn (average of capex in 2012 and 2013) would be lowered by RM9bn-RM12bn to RM48bn-51bn, this would still be the highest annual capex prior to the implementation of the Economic Transformation Programme (ETP). It also appears that the capex reduction would affect the downstream segment more (given the slowdown in Pengerang) than the upstream, which forms the bulk of Petronas's net profit.

Opportunities emerge amid oil price drop

The companies under our coverage are mostly service providers and they are sticking to their growth plans, even eyeing M&A opportunities as the sluggish market has thrown up attractive valuations. Their order books, for the next two years at least, are intact as they are based on committed capex. Furthermore, the contractual terms and rates are not tied to oil prices.

Highlighted Companies

SapuraKencana

Despite the oil price fall, SapuraKencana is fundamentally strong, offering a robust order book of RM26.8bn and long-term earnings visibility that are supported by E&P ventures and multiple-year jobs.

Perdana

Perdana has an order book of around RM1.9bn up to FY19, providing stability to its earnings. Also, 83% of its vessels are on long-term charters, including with major shareholder Dayang, with the rates locked.

UMW Oil & Gas

UMW-OG's six rigs are deployed across Southeast Asia. With two more to be delivered, the company is embarking on a new phase of international expansion given its Middle Eastern foray in 2015.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
Bumi Armada	BAB MK	ADD	1.09	2.56	1,829	12.8	10.8	-9.4%	2.02	1.69	13.1%	17.0%	17.0%	7.5	5.0	3.7%	3.7%
Dialog Group	DLG MK	ADD	1.37	1.83	1,942	25.9	20.2	21.1%	4.97	4.39	20.8%	23.4%	23.1%	15.2	11.1	2.5%	2.8%
Malaysia Marine & Heavy Eng	MMHE MK	REDUCE	1.70	1.70	778	17.7	17.9	-13.8%	1.11	1.18	6.4%	6.4%	5.5%	5.5	5.1	3.5%	4.1%
Perdana Petroleum	PETR MK	ADD	1.14	2.63	241	8.7	7.8	28.7%	1.35	1.37	16.4%	17.4%	21.4%	7.1	6.5	1.8%	2.6%
Perisai Petroleum	PPT MK	ADD	0.51	2.20	172	25.1	4.1	25.2%	0.76	0.69	2.8%	17.9%	18.8%	7.0	5.4	0.0%	0.0%
Petronas Dagangan	PETD MK	ADD	17.62	20.80	5,008	26.1	20.2	4.1%	1.87	1.53	7.6%	8.4%	8.7%	13.2	10.5	2.7%	2.7%
SapuraKencana Petroleum	SAKP MK	ADD	2.52	6.84	4,320	9.4	8.4	24.7%	2.44	2.32	19.6%	21.8%	18.7%	10.4	8.9	1.0%	1.2%
TH Heavy Engineering	RH MK	REDUCE	0.35	0.43	111	na	16.3	37.3%	0.95	0.83	-5.0%	5.5%	5.9%	na	9.4	0.0%	0.0%
UMW Oil & Gas	UMWOG MK	ADD	2.50	5.11	1,546	20.4	11.3	37.6%	4.54	4.51	13.4%	40.1%	43.4%	13.1	8.9	0.8%	1.2%
Uzma	UZMA MK	ADD	1.75	3.81	132	8.4	9.1	-3.0%	1.79	1.47	21.9%	17.8%	19.1%	5.5	4.9	2.2%	0.0%
Wah Seong Corp	WSC MK	ADD	1.55	2.65	342	8.9	8.6	45.8%	2.01	2.13	16.7%	24.0%	26.2%	3.6	3.4	4.5%	4.9%
Malaysia average						14.5	11.8	9.3%	2.03	1.77	12.8%	14.5%	13.7%	11.2	9.2	1.9%	2.0%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



PACKAGING

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)

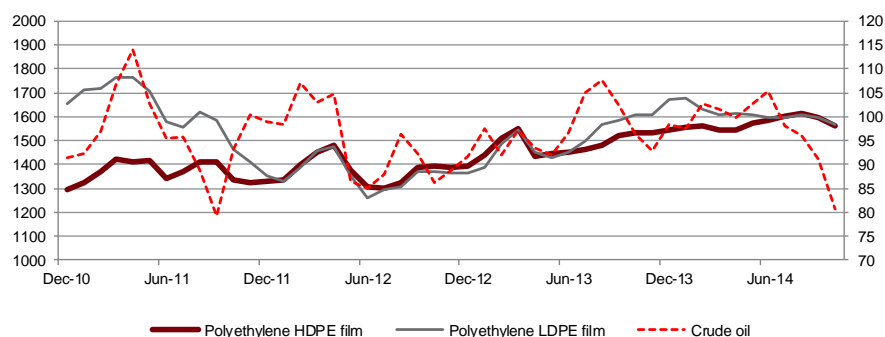


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Packed with export growth

Exports will be the main growth driver for this sector as domestic demand could see some short-term slowdown with GST kicking in during Apr 2015. A decline in raw material prices from the high levels seen over the past year should be a positive factor for the packaging companies in 2015.

Figure 1: Crude oil (US\$/barrel) and polyethylene film prices (US\$/tonne)



SOURCES: CIMB, BLOOMBERG

The sector remains an Overweight, with exports leading its growth in 2015. Domestic demand could see some slowdown but stronger exports should compensate for any domestic slowdown. The top pick in the sector is Thong Guan Industries.

Growth from exports ▶

The flexible packaging business derives more than 80% of its sales from the F&B sector. The domestic packaging sector has been showing signs of slowdown since Jun 2014 but we are not concerned. We expect export sales growth to remain strong, especially from Australia and the ASEAN region. Packaging revenue saw strong growth from exports in 2014 and this should continue in 2015 as the players remain competitive even with the implementation of minimum wages and higher electricity costs.

Domestic stretch film producers mostly export their production to countries in the region. These producers are looking to move up the

value chain to the production of thin stretch films and, starting at end-2014, nano-layer stretch films. Nano-layer films are more sophisticated and offer higher profit margins. Malaysia is one of the largest stretch film producers in the region.

Lower raw material prices ▶

Lower crude oil prices over the past few months should be positive for this sector in 2015 as most of the sector's raw materials such as polyethylene and polypropylene film are derivatives of crude oil. The flexible packaging companies generally benefit from wider profit margins when raw material prices decline and vice versa. Raw materials make up 60% of the production cost for flexible packaging companies.

Dividend distributors ▶

The packaging companies are strong dividend distributors, paying out 40-60% of their earnings. Some of the companies like Daibochi and Tomypak pay dividends on a quarterly basis.

Highlighted Companies

Thong Guan Industries

We are bullish about Thong Guan's RM100m capacity expansion over the next three years. Earnings growth is expected to come from the stretch film and PVC food wrap division. Our top pick in the packaging sector.

Daibochi Plastics & Packaging

Growth for Daibochi, the country's largest flexible packaging producer, will come from the export markets, particularly from Australia and ASEAN. We like its export growth prospects.

Tomypak Holdings

We only have a Hold on this company. Tomypak has been struggling with higher operating costs over the past two years. It has a new major shareholder but there are no indications of its plans for the company.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2014	CY2015	CY2014	CY2015
Daibochi Plastic & Packaging	DPP MK	Add	4.30	4.75	139	20.0	13.3	13.1%	2.9	2.7	14.6%	20.8%	11.8	8.2	3.1%	5.5%
Tomypak Holdings	TOMY MK	Hold	1.29	1.37	40	23.5	14.4	-8.1%	1.3	1.2	5.4%	8.6%	6.7	5.9	3.9%	4.7%
Thong Guan Industries	TGI MK	Add	1.95	3.06	59	7.1	5.8	9.2%	0.7	0.6	10.0%	11.0%	3.9	3.6	4.4%	5.1%
Country/subsector average						16.9	11.1	4.7%	1.6	1.5	10.0%	13.5%	7.5	5.9	3.8%	5.1%

SOURCES: CIMB, COMPANY REPORTS



MALAYSIA



PETROCHEMICAL

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)



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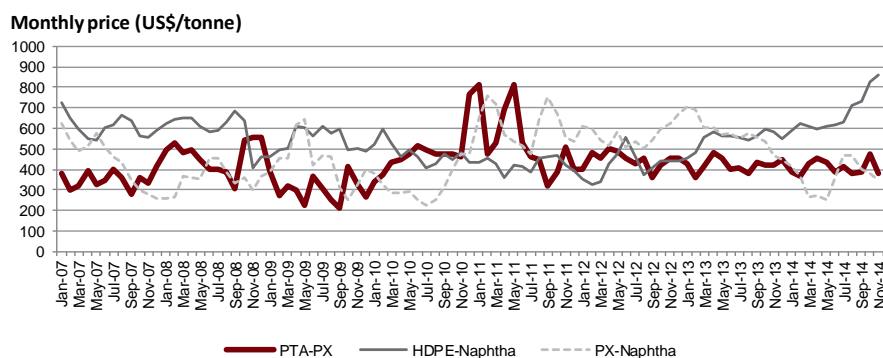
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A turnaround year ahead

2015 is expected to be a year of mixed fortune for the sector. Olefin will remain the strongest one while aromatics remained the weakest link on the under and oversupply outlook. A surprise upside could come from the polyester chain products PTA, which has been in the down cycle since 2011 and likely to recover in 2015.

Figure 1: PTA, HDPE, and PX spreads



SOURCES: CIMB, COMPANY REPORTS

The petrochemical industry will see a mix fortune in 2015. Olefins margin will remain in the upcycle thanks to its tight supply and greater demand. In contrast aromatics industry will remain under pressure on the back of the continued oversupply from the new large supply influx. We upgrade the sector from Neutral to Overweight and believe the olefin producer Pchem will remain a key beneficiary from this uptrend.

A mixed fortune

PChem should see mixed earnings from its product portfolio. Its core olefin earnings should continue to rise driven by the higher volume and margin on the industry uptrend in 2015-16. However this should be offset by the weak aromatics earnings due to poor px spread on the back of industry oversupply that is likely to continue to 2016.

A turnaround theme

In 2015 Pchem will likely see an earnings growth momentum to improve thanks to its low-cost gas-based petrochemical earnings. Meanwhile its fertiliser should remain resilient thanks to the improved methanol production on the improved gas feedstock and water shortage.

Oil price to impact

While Pchem will be a loser as a gas-based olefin producer we believe the rising olefin margin on the industry uptrend will more than offset the weaker margin on oil price decline.

Buy on dip

We believe the olefin industry the core of Pchem's earnings will continue to be in the upcycle and hence we recommend buy on any dip for Pchem ahead of its earnings growth momentum in 2015-16.

Highlighted Companies

Petronas Chemical Group

We believe Pchem as a gas-based olefin producer will continue to see its earnings growth momentum in 2015-16 thanks to the volume growth and the relatively resilient olefin margin on the back of tight supply that should offset the negative impact from oil price weakness.

Figure 2: Sector comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)			3-year EPS CAGR (%)	P/BV (x)			Recurring ROE (%)			EV/EBITDA		Dividend Yield	
						CY14	CY15	CY16		CY14	CY15	CY16	CY14	CY15	CY16	CY14	CY15	CY14	CY15
Asia																			
Thailand																			
Indorama Ventures	IVL TB	Add	21.90	33.00	3,190	31.2	16.0	11.8	na	1.7	1.6	1.4	5.5%	10.2%	12.6%	12.6	10.4	0.9%	1.7%
Siam Cement	SCC TB	Add	468.0	553.0	16,992	15.2	13.1	12.2	6.0%	3.3	2.9	2.5	22.3%	23.6%	22.0%	11.3	9.5	2.6%	3.0%
PTT Global Chemical	PTTGC TB	Add	58.00	70.00	7,913	8.2	7.3	6.3	5.7%	1.0	1.0	0.9	13.0%	14.0%	15.2%	5.9	5.3	5.5%	6.2%
Vinythai PCL	VNT TB		10.10	11.30	362.2	35.2	22.7	22.5	35.5%	0.8	na	na	2.2%	na	na	na	na	2.9%	1.7%
Thai Plastic & Chemicals PCL	TPC TB		28.75	32.00	761.2	8.8	9.0	na	na	1.3	na	na	16.3%	na	na	na	na	7.1%	7.2%
Thailand average					29,219	12.8	10.9	9.7	8.9%	1.9	1.8	1.6	15.0%	17.0%	17.4%	9.1	7.9	3.3%	3.8%
Malaysia																			
Petronas Chemical Group	PCHEM MK	Add	5.14	6.50	11,764	13.0	11.0	10.5	5.5%	1.6	1.5	1.4	13.6%	14.3%	13.9%	6.7	6.0	3.8%	4.5%
Malaysia average					11,764	13.0	11.0	10.5	5.5%	1.6	1.5	1.4	13.6%	14.3%	13.9%	6.7	6.0	3.8%	4.5%
South Korea																			
Hanwha Chemical Corp	009830 KS	Hold	13,000	18,800	1,891	19.1	6.5	5.3	272.1%	0.4	0.4	0.4	2.3%	6.9%	8.1%	8.0	5.9	3.8%	3.8%
Lotte Chemical	011170 KS	Add	177,000	222,000	5,536	22.6	9.6	6.4	51.6%	0.9	0.9	0.8	4.2%	9.4%	12.8%	5.4	3.2	0.8%	0.8%
LG Chem	051910 KS	Add	197,500	320,000	11,919	13.8	9.2	6.9	16.3%	1.1	1.0	0.9	7.9%	11.2%	13.4%	5.3	4.5	2.0%	2.0%
Kumho Petrochemical	011780 KS	Hold	80,100	79,000	2,189	31.0	9.6	6.0	na	1.6	1.4	1.1	5.2%	15.6%	21.2%	10.8	6.6	1.2%	1.2%
OCI	010060 KS	Add	85,200	167,000	1,859	na	27.3	11.2	na	0.7	0.7	0.7	-2.2%	2.7%	6.2%	7.6	6.5	0.6%	0.6%
South Korea average					23,394	19.1	9.5	6.7	43.9%	0.9	0.9	0.8	5.0%	9.5%	12.2%	6.3	4.8	1.7%	1.7%
Taiwan																			
Formosa Plastics	1301 TT	Not Rated	70.60	81.00	14,400	17.6	14.8	na	na	2.2	2.2	na	12.1%	14.9%	na	26.3	23.3	3.4%	4.7%
Nan Ya Plastics	1303 TT	Not Rated	65.20	68.00	16,569	19.9	17.3	na	na	2.1	2.1	na	10.6%	12.1%	na	16.2	14.7	3.0%	4.1%
Formosa Chems & Fibre	1326 TT	Not Rated	67.30	92.00	12,639	14.0	15.1	na	na	1.6	1.6	na	11.5%	10.6%	na	10.5	12.0	4.3%	4.6%
Reliance Industries	6505 TT	Hold	68.20	985.0	20,817	0.9	0.9	0.8	4.9%	0.1	0.1	0.1	12.4%	11.0%	11.7%	-1.0	-1.1	14.5%	15.7%
Taiwan average					64,425	7.7	7.5	0.8	-11.2%	0.9	0.8	0.1	11.9%	11.6%	11.7%	5.4	5.2	4.2%	5.2%
India																			
Reliance Industries Ltd	RIL IN		944.6	1,113	49,387	13.3	12.2	11.2	5.8%	1.5	1.3	1.2	10.8%	11.5%	11.4%	9.6	9.8	1.0%	1.1%
India average					49,387	13.3	12.2	11.2	5.8%	1.5	1.3	1.2	10.8%	11.5%	11.4%	9.6	9.8	1.0%	1.1%
Average (Asia)					178,189	11.2	9.7	7.2	6.5%	1.2	1.1	0.9	10.8%	11.9%	12.6%	7.3	6.7	2.7%	3.2%
US																			
Dow Chemical Co/The	DOW US		48.38	55.85	57,019	16.0	14.6	12.1	-0.6%	2.2	2.2	2.0	14.9%	15.1%	17.1%	8.5	8.3	3.1%	3.3%
Eastman Chemical Co	EMN US		79.62	94.17	11,826	11.2	10.3	9.8	1.2%	2.7	2.5	1.9	26.2%	25.1%	21.9%	8.7	7.2	1.8%	1.9%
El du Pont de Nemours & Co	DD US		72.68	71.41	65,844	17.8	16.2	14.6	-2.3%	4.2	3.8	3.4	23.6%	24.5%	24.7%	10.2	9.7	2.6%	2.7%
Celanese Corp	CE US		61.77	67.69	9,490	10.9	11.1	10.5	-6.3%	3.0	2.6	2.2	30.1%	25.0%	22.9%	7.3	7.4	1.5%	1.7%
Westlake Chemical Corp	WLK US		61.23	90.33	8,149	11.2	11.0	10.3	9.1%	2.6	2.3	1.8	26.4%	22.1%	19.7%	5.9	5.5	0.9%	1.2%
PPG Industries Inc	PPG US		222.8	228.4	30,581	22.8	20.0	18.3	-19.8%	5.1	5.0	4.6	24.6%	25.1%	26.1%	13.9	12.5	1.2%	1.2%
Alpek SAB de CV	ALPEKA MM		19.95	25.91	2,937	18.3	14.1	13.4	119.7%	1.6	1.6	1.5	9.3%	11.4%	11.6%	7.6	6.8	3.4%	3.3%
Average (USA)					185,846	16.3	14.9	13.3	-3.9%	3.1	2.9	2.6	20.2%	20.2%	20.7%	9.3	8.8	2.3%	2.5%
ME/Europe																			
Saudi Basic Industries Corp	SABIC AB		90.02	135.3	71,960	10.3	9.9	9.7	3.2%	1.6	1.5	1.5	16.3%	16.1%	15.5%	5.9	5.5	6.3%	6.7%
Saudi Kayan Petrochemical Co	KAYAN AB		11.91	14.16	4,760	44.4	18.7	15.4	na	1.3	1.2	1.0	2.8%	6.5%	7.2%	13.4	10.2	na	na
Yanbu National Petrochemicals Co	YANSAB AB		51.02	75.20	7,647	11.1	10.1	10.1	2.5%	1.9	1.8	1.8	17.0%	18.4%	18.1%	7.3	6.9	7.6%	8.5%
Industries Qatar QSC	IQCD QD		183.9	197.8	30,554	15.3	13.2	12.8	2.7%	3.5	3.4	3.3	22.1%	25.9%	26.2%	58.4	55.5	6.2%	6.4%
BASF SE	BAS GR		73.41	77.80	82,990	13.4	12.6	11.7	3.2%	2.4	2.2	2.1	18.2%	18.1%	18.2%	7.8	7.4	3.8%	4.0%
Arkema SA	AKE FP		56.75	60.47	5,087	16.5	13.1	10.7	28.5%	1.5	1.4	1.3	9.3%	11.0%	12.7%	6.7	6.5	3.1%	3.1%
LANXESS AG	LXS GR		38.65	46.48	4,354	18.2	15.7	11.7	na	1.5	1.5	1.3	8.8%	9.5%	12.0%	6.2	5.9	1.3%	1.6%
Solvay SA	SOLB BB		112.8	121.5	11,760	16.7	13.9	11.8	40.4%	1.4	1.3	1.3	8.3%	9.8%	11.0%	6.3	5.6	2.7%	2.9%
Average (ME/Europe)					219,113	12.7	11.7	11.1	9.5%	2.0	1.9	1.8	15.9%	16.5%	16.5%	7.7	7.2	4.9%	5.2%
Average (all)					583,147	13.1	11.8	10.4	6.6%	1.8	1.7	1.6	14.4%	15.1%	15.8%	8.0	7.5	3.4%	3.7%

SOURCES: CIMB, COMPANY REPORTS

Calculations are performed using EFA™ Monthly Interpolated Annualisation and Aggregation algorithms to December year ends

MALAYSIA



PLANTATIONS

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)

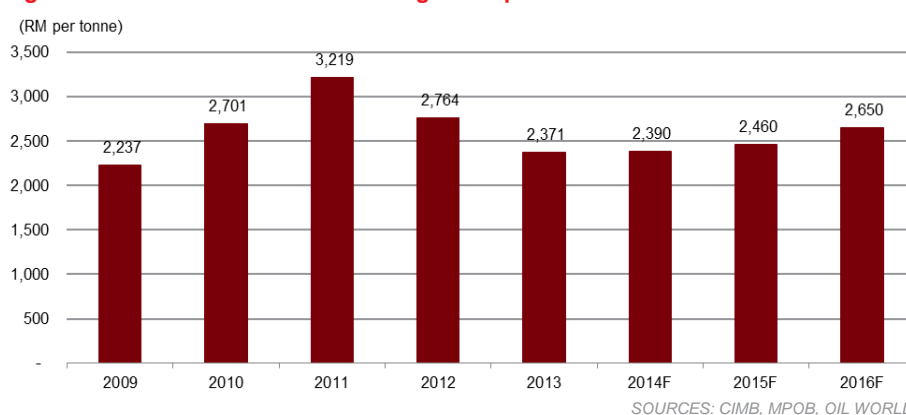


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A consolidation year

We project CPO prices to rise 3% in 2015 due to slower growth in edible oils supply. The key wild cards are weather events, crude oil price levels and government policies. We also expect M&A activity to remain healthy in view of the difficulty in executing new plantings.

Figure 1: Historical and forecast average CPO prices



For 2015, slower growth in rapeseed, palm oil and sunflower seed supplies plus a successful execution of the higher biodiesel mandate in Indonesia and Malaysia hold the key to our view of a slight rise in CPO prices. We maintain our Neutral position as the sector is not cheap and near-term earnings are unexciting. We prefer First Resources, AALI and SIMP.

CPO price prospects

We project the average CPO price to rise by 3% in 2015 to RM2,460 per tonne, driven by slower edible oils supply growth, higher biodiesel demand from Malaysia and Indonesia as well as stronger consumption of edible oils. Malaysian average CPO prices are expected to be flattish in 2014 at RM2,390 per tonne due to slower biodiesel progress in Indonesia and higher soybean output from the US. We project labour costs to rise by 2-10% and fertiliser prices to go up in view of a weaker ringgit to the US\$.

Wild cards for CPO price

The key things to watch for that could swing our price forecasts are weather events (El Nino), crude oil price levels and government policies (biodiesel

mandate, import duties, export taxes). Our CPO price estimate assumes that crude oil prices average US\$95-100/barrel, Indonesia makes further progress on its plans to raise its biodiesel blend mandate to 10% and there are no major changes in government policies with regards to export taxes and import duties. The current weak crude oil prices pose the biggest downside risk to our CPO price forecast as it could significantly impact discretionary biodiesel demand. We estimate that every US\$10/barrel fall in Brent crude oil prices will lower the CPO-biodiesel breakeven price by RM250 per tonne.

Changing landscape

2015 will also reveal how well the Malaysian corporates add value to their newly-acquired assets. Felda Global Ventures will be able to fully consolidate the earnings of Asian Plantations Ltd starting 1 Nov 2014. Sime Darby is in the midst of acquiring New Britain Palm Oil, which will add to the group's plantation assets. At the same time, Sime is exploring the possibility of listing its auto division.

Highlighted Companies

Sime Darby

We anticipate a tougher operating environment for the group in 2015 due to weaker CPO and coal prices. We maintain our Hold rating on the stock.

IOI Corp

We like its management but have a Reduce call on the stock due to its pricey valuations. The group is facing stiffer competition on its downstream business.

Felda Global Ventures

We have a Reduce call on the group due to concerns over the poor performance of its downstream business and potential earnings dilution from its acquisition of Asian Plantations Ltd.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2014	CY2015	CY2014	CY2015
Sime Darby Bhd	SIME MK	Hold	9.20	9.58	15,960	19.0	19.2	-1.3%	1.87	1.77	10.2%	9.6%	10.5	9.8	2.7%	2.6%
IOI Corporation	IOI MK	Reduce	4.63	4.32	8,426	21.8	23.1	-5.2%	4.60	4.10	16.9%	19.0%	14.3	15.4	2.3%	2.2%
Kuala Lumpur Kepong	KLK MK	Hold	21.70	22.10	6,611	22.7	19.9	1.8%	2.95	2.80	13.4%	14.5%	13.3	11.7	2.7%	3.4%
Felda Global Ventures	FGV MK	Reduce	2.97	2.93	3,100	30.3	24.2	-3.2%	1.61	1.55	5.5%	6.5%	10.5	9.5	1.7%	2.1%
Genting Plantations	GENP MK	Hold	9.79	10.80	2,156	21.8	20.3	12.3%	1.92	1.79	9.4%	9.2%	15.1	14.2	1.0%	1.2%
Hap Seng Plantations	HAPL MK	Hold	2.50	2.46	572	15.3	14.3	16.0%	1.01	0.98	6.8%	7.0%	8.2	7.7	3.9%	4.2%
Jaya Tiasa Holdings	JT MK	Hold	1.93	1.95	534	25.6	17.1	7.1%	1.05	0.99	4.2%	6.0%	11.2	9.1	0.8%	1.2%
Ta Ann	TAH MK	Hold	3.70	4.10	392	13.2	15.7	39.4%	1.25	1.25	10.0%	8.0%	6.4	6.6	6.0%	3.2%
Malaysia Average						21.2	19.2	8.5%	2.0	1.9	9.5%	10.0%	11.2	10.5	2.6%	2.5%
Wilmar International	WIL SP	Hold	3.20	3.38	15,485	14.2	12.7	0.9%	0.98	0.92	7.1%	7.5%	13.4	12.0	1.4%	1.6%
Golden Agri-Resources	GGR SP	Hold	0.45	0.50	4,371	18.9	14.1	6.0%	0.49	0.48	2.7%	3.6%	11.5	9.1	1.4%	2.2%
First Resources Ltd	FR SP	Add	1.82	2.32	2,181	14.3	11.9	2.4%	1.98	1.78	14.6%	15.8%	9.4	8.1	2.1%	2.5%
Indofood Agri Resources	IFAR SP	Hold	0.72	0.82	772	11.6	12.6	9.6%	0.66	0.63	5.9%	5.1%	7.2	8.9	0.0%	0.0%
Singapore Average						14.7	12.8	4.7%	1.0	1.0	7.6%	8.0%	10.4	9.5	1.2%	1.6%
Astra Agro Lestari	AALI IJ	Add	23,900	26,500	3,038	14.5	14.3	6.9%	3.21	2.88	24.0%	21.3%	8.1	8.0	1.6%	2.6%
Salim Invomas Pratama	SIMP IJ	Add	745	910	951	13.7	15.4	3.8%	0.82	0.78	6.1%	5.2%	6.3	7.9	1.1%	1.0%
London Sumatra	LSIP IJ	Hold	1,975	2,120	1,088	14.1	13.0	13.2%	1.84	1.68	13.7%	13.5%	7.1	5.9	2.3%	3.1%
Sampoema Agro	SGRO IJ	Hold	2,235	2,310	341	11.1	11.6	56.2%	1.39	1.27	13.3%	11.5%	6.8	6.7	0.5%	1.7%
Indonesia Average						11.6	11.5	27.0%	1.6	1.4	14.6%	14.1%	7.0	6.7	1.2%	1.8%
Average (all)						17.6	16.2	10.4%	1.7	1.6	10.2%	10.2%	9.9	9.4	2.0%	2.2%

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

MALAYSIA



POWER

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)

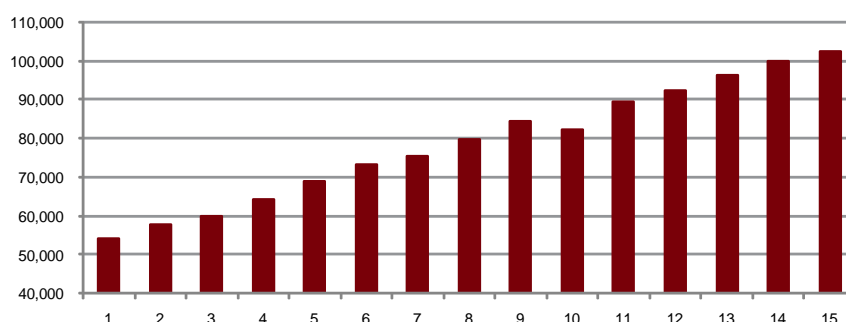


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More to offer

Our neutral stance on Tenaga notwithstanding, we believe that the other stocks in the utilities sector remain compelling, especially in light of the current weak market conditions. PetGas offers earnings stability, while Cypark provides exposure to Malaysia's renewable energy (RE) space. Maintain sector Overweight.

Figure 1: Malaysia electricity demand growth



SOURCES: CIMB, COMPANY REPORTS

We think that the power sector offers stable and predictable earnings that will translate into positive share price performance in 2015. Tenaga, the biggest company under our coverage, is a Hold due to its uncertain long-term earnings but other companies like PetGas, our top pick, offer clearer earnings visibility. Given the current skittish market conditions, investors are likely to choose stability over uncertainty.

Electricity demand to continue growing

We project electricity demand growth of 3-4% yoy in 2015. Tenaga's electricity demand rose 2.5% in FY8/14, mainly driven by the commercial sector (+2.8% yoy). We expect the commercial sector to remain the key driver of electricity demand in 2015, given the Malaysian government's aim of becoming a service-based economy.

More capacity rollout

We believe that the continued growth in 2015 electricity demand will

translate into the rollout of more new generation capacity tenders by the Energy Commission (EC) in order to meet the rising demand. The EC is also looking to replace the older, less efficient power plants. YTL Power is likely to benefit from the new generation tender opportunities and remain an independent power producer (IPP) in Malaysia.

RE projects to come

In our view, there will be stronger emphasis by the government on renewable energy (RE) projects in order to supplement fossil fuel electricity generation. Although Malaysia's RE targets are not very aggressive (10% of total generation capacity by 2020), we note that the country has a long way to go, given that current RE capacity is around 500MW (vs. the 2,000MW target by 2020). This implies that there is significant room for RE expansion. Cypark, the only RE player now, stands to benefit from the government's RE push.

Highlighted Companies

Petronas Gas

Petronas Gas's 2015 earnings are expected to be stable yoy, underpinned by its long-term agreements with Petronas. The new regasification terminal adds excitement in the long run.

YTL Power

YTL Power is expected to benefit from more new generation capacity tenders, which present opportunities for the company to clinch a new power plant concession.

Cypark Resources

Its status as the pioneer RE company in Malaysia would help Cypark to secure more RE projects moving forward.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
Cypark Resources Bhd	CYP MK	ADD	2.37	3.09	133	9.6	8.1	22.2%	1.52	1.51	19.0%	19.1%	20.1%	7.4	7.5	3.9%	4.6%
Gas Malaysia Berhad	GMB MK	ADD	3.15	4.50	1,157	23.5	21.0	6.4%	3.94	3.73	17.6%	18.8%	19.0%	13.2	12.2	3.8%	3.3%
YTL Power International	YTLP MK	ADD	1.57	2.34	3,159	11.6	10.3	-6.4%	1.32	1.19	11.9%	12.3%	10.1%	7.7	6.9	2.2%	2.6%
Petronas Gas	PTG MK	ADD	21.98	27.11	12,442	30.3	25.6	7.5%	4.53	4.25	15.9%	17.3%	16.6%	14.9	13.8	2.5%	2.5%
Tenaga Nasional	TNB MK	HOLD	13.86	13.62	22,377	16.6	14.8	15.2%	2.08	1.92	13.5%	13.4%	13.9%	7.3	6.8	2.8%	3.3%
Malaysia average						18.8	16.5	9.9%	2.41	2.21	13.8%	14.0%	13.9%	8.7	8.0	2.7%	3.0%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



PROPERTY DEVT & INVT

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)



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2015 could be another tough year

2014 has indeed been a tough year for developers but sales have started to pick up strongly ahead of the implementation of GST starting 1 Apr 2015. The post-GST period, however, could see a slowdown in sales as buyers again sit on the fence.

Figure 1: Policies to curb speculation

Date	Policy
Oct-09	Reintroduction of RPGT at 5% for first five years
Nov-11	Loan-to-value ratio for 3rd property capped at 70%
Oct-11	RPGT raised to 10% for first two years
Jan-12	Loan eligibility based on net pay and not gross pay
Oct-12	RPGT raised by 5%pts for all five years
Jul-13	Housing loan tenure capped at 35 years from 45 previously
Oct-13	RPGT raised to 30% for first 3 years and declining thereafter
	Foreign purchase minimum price raised from RM500k to RM1m
	Increase transparency in property sale price quoted to banks
	Developers interest bearing scheme abolished
Feb-14	Bulk sales by developers to persons or group to be curbed

SOURCES: CIMB, MOF, BNM

We maintain our Overweight rating on the property sector but do caution about some headwinds ahead. The property sector has been one of the best performing sectors in 2014, particularly for the smaller cap developers. Mah Sing and Eco World remain our preferred stocks in the sector due to their strong execution capabilities.

Policy measures ▶

The tough measures to curb property speculation announced in the 2014 Budget in Oct 2013, including the abolishment of the developer interest bearing scheme and the hike in real property gains tax, have had a significant impact on the property sector. 1H14 was a quiet period for most developers and sales only started to pick up pace in 2H. Iskandar Malaysia has been the worst affected property location due to concerns of oversupply as well aggressive competition from China-based developers. The absence of any new measures in the 2015 Budget was a

relief. Many developers complain that they do not have a shortage of buyers but the banks are overly stringent on loan evaluations. In some cases, only 50% of loan applicants are approved.

Residential still solid ▶

Developers have rightly shifted from high-end residential properties to affordable homes priced below RM1m. We believe the sweet spot is closer to RM500k-600k where demand appears insatiable. With low interest rates and growing incomes, the affordability index for residential properties in Malaysia remains near its best ever levels.

Commercial still tough ▶

We remain cautious about the office space and hotel markets, especially in view of the low occupancy and the considerable new supply coming onstream. Retail space is less clear cut as malls in strategic locations continue to command strong tenancy demand and pricing power.

Highlighted Companies

Eco World Development

Eco World exceeded its FY10/14 new sales target of RM2bn by 60%. This was an outstanding achievement given that it was the group's first year of operations and the property environment has been tough with many developers facing weaker sales. Moreover, the RM3.2bn sales came from just six projects.

Mah Sing Group

Mah Sing is the only developer that had targeted to increase new sales in 2014 by 20%. Most other developers were either aiming for flat or lower new sales. Mah Sing has not disappointed on the new sales, nor the lanbanking fronts as the group acquired three parcels of land with GDV potential of around RM20bn.

UEM Sunrise

It has been a very difficult year for UEMS due to the group's huge reliance on Iskandar Malaysia. The development corridor has been hit more severely than other locations due to concerns over oversupply. UEMS scaled back its new sales target and has focused on non-Nusajaya launches to boost sales. Its maiden project in Australia has been a success.

Figure 2: Sector Comparison

Company	Bloomberg Ticker	Recom.	Price (local curr)	Tgt Px (local curr)	Mkt Cap (US\$ m)	Core P/E (x)		2-yr EPS CAGR (%)	RNAV CY2014	Prem./Disc. to RNAV (%)	Gearing(%)		P/BV (x)		Recurring ROE(%)		Dividend Yield (%)	
						CY2014	CY2015				CY2014	CY2015	CY2014	CY2015	CY2014	CY2015	CY2014	CY2015
CapitaLand	CAPL SP	Add	3.26	3.84	10,505	20.0	16.9	18.9%	4.79	-32%	47.9%	0.83	0.80	4.3%	4.8%	1.9%	2.4%	
City Developments	CIT SP	Hold	9.91	9.79	6,818	16.9	14.8	18.2%	12.87	-23%	23.0%	1.10	1.04	6.7%	7.2%	1.8%	2.0%	
Frasers Centrepoint Ltd	FCL SP	Add	1.65	2.11	3,608	8.8	8.4	9.3%	3.01	-45%	95.0%	0.67	0.63	8.5%	7.8%	4.6%	3.0%	
Global Logistic Properties	GLP SP	Add	2.58	3.31	9,448	40.6	30.9	2.4%	3.31	-22%	11.5%	1.04	1.02	2.6%	3.3%	2.3%	2.3%	
Ho Bee Land	HOBEE SP	Add	1.94	2.61	980	27.2	21.0	85.3%	3.73	-48%	38.4%	0.56	0.55	2.1%	2.6%	3.2%	3.2%	
Hongkong Land	HKL SP	Reduce	6.84	5.54	16,093	19.7	19.8	-6.8%	9.17	-25%	8.2%	0.59	0.58	3.0%	3.0%	2.5%	2.6%	
Keppel Land	KPLD SP	Add	3.35	3.57	3,917	13.0	12.3	-2.4%	5.11	-34%	26.5%	0.69	0.67	5.6%	5.5%	3.3%	4.5%	
Overseas Union Enterprise	OUE SP	Add	2.03	3.32	1,398	27.4	22.5	65.1%	4.15	-51%	34.0%	0.87	0.85	2.5%	2.9%	1.8%	2.2%	
United Engineers	UEM SP	Hold	2.90	3.02	1,398	27.2	11.1	19.8%	3.55	-18%	38.5%	1.03	0.96	3.9%	9.0%	2.4%	2.4%	
UOL Group	UOL SP	Add	6.71	8.37	3,996	13.8	12.3	8.0%	10.54	-36%	32.9%	0.73	0.70	5.5%	5.8%	2.2%	2.4%	
Wheelock Properties (S)	WP SP	Add	1.78	1.98	1,607	17.3	12.8	62.6%	2.64	-33%	5.5%	0.70	0.67	4.1%	5.4%	3.4%	3.4%	
Wing Tai Holdings	WINGT SP	Add	1.66	2.09	986	9.0	7.8	-10.8%	2.98	-45%	14.9%	0.43	0.42	4.9%	5.5%	5.5%	3.8%	
Singapore average						18.3	16.2	3.5%		-32%	27.9%	0.75	0.73	4.2%	4.5%	2.5%	2.6%	
Alam Sutera	ASRI U	Add	575	730	912	8.0	7.9	42.3%	1,276	-55%	78.4%	1.82	1.55	24.9%	21.1%	1.6%	1.7%	
Bekasi Fajar	BEST U	Add	695	800	541	19.7	12.4	-22.7%	1,613	-57%	0.8%	2.50	2.12	13.2%	18.6%	3.1%	1.4%	
Bumi Serpong Damai	BSDE U	Add	1,840	2,200	2,728	15.8	12.9	-10.6%	3,598	-49%	Net Cash	2.49	2.18	17.6%	18.0%	0.8%	2.1%	
Ciputra Development	CTRA U	Add	1,300	1,500	1,591	17.4	14.6	8.1%	1,687	-23%	Net Cash	2.73	2.39	16.7%	17.5%	1.5%	1.7%	
Ciputra Property	CTRP U	Hold	870	670	432	12.7	7.3	22.6%	2,449	-64%	9.5%	1.19	1.05	9.7%	15.2%	2.5%	2.4%	
Lippo Karawaci	LPKR U	Hold	1,155	920	2,151	12.5	12.0	2.0%	2,230	-48%	Net Cash	1.96	1.75	16.8%	15.4%	2.3%	2.2%	
Metropolitan Land	MTLA U	Add	473	650	289	14.6	11.7	6.7%	1,198	-61%	25.1%	1.86	1.64	13.5%	14.9%	1.3%	1.4%	
Summarecon Agung	SMRA U	Add	1,495	1,800	1,741	18.7	16.3	1.7%	2,622	-43%	24.1%	4.11	3.46	23.7%	23.1%	1.5%	1.6%	
Surya Semesta Internusa	SSIA U	Add	1,055	1,100	401	14.1	10.1	-17.0%	1,522	-31%	Net Cash	1.98	1.71	14.6%	18.2%	2.8%	1.3%	
Indonesia average						14.3	12.1	4.3%		-46%	Net Cash	2.33	2.03	17.5%	17.8%	1.7%	1.9%	
Eastern & Oriental	EAST MK	Hold	2.32	2.62	738	20.8	13.4	28.4%	4.37	-47%	18.4%	1.71	1.57	8.6%	12.2%	2.0%	2.2%	
Eco World Development Group Bhd	ECW MK	Add	3.99	7.60	289	158.6	105.2	-32.1%	7.60	-48%	177.2%	3.13	3.11	2.0%	3.0%	0.2%	0.3%	
Mah Sing Group	MSGB MK	Add	2.25	3.21	950	9.6	8.1	14.8%	3.21	-30%	32.0%	1.47	1.32	16.7%	17.2%	4.0%	4.4%	
SP Setia	SPSB MK	Hold	3.25	3.38	2,360	14.3	9.5	35.0%	4.51	-28%	16.9%	1.36	1.26	9.9%	13.8%	3.5%	3.9%	
UEM Sunrise Bhd	UEMS MK	Add	1.67	2.44	2,168	13.6	13.4	-4.9%	3.48	-52%	6.8%	1.19	1.12	9.0%	8.6%	2.4%	2.4%	
UOA Development	UOAD MK	Hold	2.11	2.18	864	11.0	8.7	-6.8%	3.12	-32%	Net Cash	1.16	1.10	11.0%	13.0%	5.2%	6.2%	
Malaysia average						14.0	12.2	13.7%		-36%	12.3%	1.38	1.43	10.2%	11.5%	3.0%	2.8%	
Amata Corporation	AMATA TB	Reduce	16.50	10.51	533	15.3	11.8	-3.1%	21.77	-24%	58.7%	1.95	1.78	13.2%	15.8%	2.6%	3.4%	
Ananda Development	ANAN TB	Add	3.58	4.22	361	12.7	9.8	20.1%	2.27	58%	70.6%	1.79	1.51	14.8%	16.8%	1.4%	1.7%	
AP (Thailand) PCL	AP TB	Add	6.65	9.17	633	8.7	7.2	12.2%	7.00	-5%	80.9%	1.15	1.04	14.2%	15.0%	4.6%	5.5%	
Hemraj	HEMRAJ TB	Hold	4.28	4.63	1,257	13.6	12.8	1.9%	2.80	53%	62.1%	2.68	2.39	21.1%	19.8%	2.6%	3.2%	
Land And Houses	LH TB	Hold	9.70	11.32	3,224	14.2	12.9	5.9%	6.00	62%	64.5%	2.68	2.57	19.4%	20.4%	5.3%	5.7%	
LPN Development	LPN TB	Add	24.90	29.78	1,112	17.6	12.2	10.1%	7.40	236%	38.3%	3.51	2.93	20.8%	26.1%	2.8%	4.2%	
Pruksa Real Estate	PS TB	Add	30.50	45.95	2,055	11.0	9.1	9.4%	15.12	102%	64.7%	2.32	1.95	22.8%	23.2%	2.5%	2.5%	
Quality Houses	QH TB	Add	3.98	5.04	1,106	10.2	8.7	10.1%	3.60	11%	109.3%	1.90	1.69	19.5%	20.6%	4.9%	5.8%	
Sansiri Public Co	SIRI TB	Hold	1.89	2.12	779	9.1	7.1	9.8%	2.48	-24%	120.2%	1.17	1.06	12.5%	15.5%	4.8%	7.0%	
SC Asset Corporation	SC TB	Add	3.66	4.59	411	11.2	8.8	17.4%	na	na	100.4%	1.12	0.96	10.6%	11.8%	3.6%	4.6%	
Supalai PCL	SPALI TB	Add	27.00	31.92	1,402	10.4	8.5	34.8%	9.05	198%	44.4%	2.65	2.19	26.9%	27.5%	3.8%	4.7%	
Thailand average						12.0	10.0	12.8%		na	75.2%	2.12	1.88	18.6%	19.9%	3.8%	4.5%	
Ayala Land Inc.	ALI PM	Add	34.75	39.20	11,047	31.8	27.8	20.3%	43.56	-20%	66.6%	4.55	4.15	15.0%	15.6%	1.2%	1.6%	
Megaworld Corporation	MEG PM	Hold	5.06	5.20	3,647	17.2	14.7	7.6%	na	na	8.9%	1.63	1.48	9.9%	10.6%	0.6%	0.7%	
Philippine average						26.2	22.7	16.7%		na	39.3%	3.14	2.86	12.5%	13.2%	1.0%	1.4%	

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

MALAYSIA

**REIT**

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)

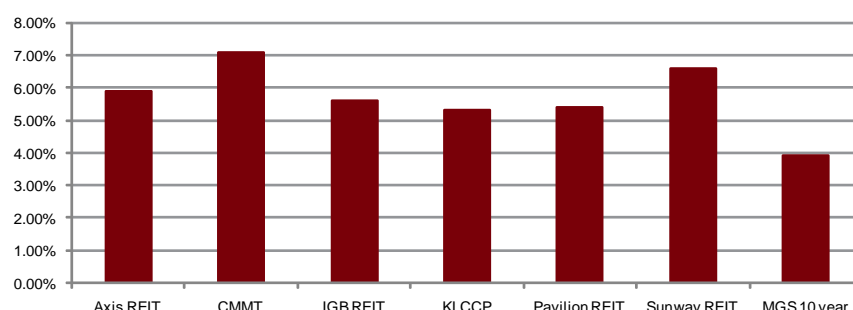


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Outlook remains dim

Given the lack of acquisitions for most of the REITs, coupled with the higher risk-free rate as interest rates were raised in 2014, we maintain our subdued view on the REITs' outlook. Furthermore, the upcoming GST implementation could weigh on retail spending.

Figure 1: Yield comparison



SOURCES: CIMB, COMPANY REPORTS

We retain our Neutral stance on the Malaysian REIT sector. Higher risk-free interest rates reduce the attractiveness of the REITs' yields while the lack of acquisitions for most of the REITs provides less excitement for future earnings. Our top pick remains Axis REIT as it continues on its asset acquisition spree.

No acquisitions in 2014 ▶

As it stands, there have yet to be any major acquisitions announced by the REITs, save for Axis REIT, which has announced an increase of 26.5% in its assets under management. The others, which are mainly retail REITs, did not inject any new assets during the year. This is not surprising as we understand that the property market is status quo while suitable assets for injection are scarce.

GST to weigh on consumer spending ▶

We believe that the retail REITs could also see some negative impact on shopper traffic from 2Q15 onwards when the GST is implemented, which

could have a bearing on their upcoming rental reversions as tenants will be hit. However, we believe that shopper traffic will recover in the 2H15, driven by seasonality. Furthermore, the recent news of lower petrol prices could reduce the negative impact of the GST on retail spending.

Reversions and AEIs to drive revenues ▶

While the lack of acquisitions is disappointing, we note that the REITs posted positive rental reversions for their assets in 2014. One of the main drivers of this positive rental reversion trend is the asset enhancement initiatives (AEIs) undertaken by the REITs to improve their assets. Notable AEIs include CMMT's East Coast Mall, Sunway REIT's Sunway Putra Place and Pavilion REIT's move of its fashion boulevard. We think the AEIs will provide a little bit of boost to earnings in the absence of asset acquisitions.

Highlighted Companies

Axis REIT

Axis REIT's acquisition spree will drive its earnings growth next year. In 2014, Axis announced acquisitions that would boost its assets under management by 26.5%.

Sunway REIT

Sunway REIT's Sunway Putra Place is expected to open in early-2015. We expect its net property income (NPI) to rise as a result.

CMMT

We continue to expect CMMT's NPI to be hit by weaker traffic at its Sg. Wang Mall. However, we believe that the weaker Sg. Wang performance will be buffered by its East Coast Mall improvements.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		P/BV (x)		Recurring ROE (%)			Asset leverage (%)		Dividend Yield (%)		3-year DPS CAGR (%)
						CY2013	CY2014	CY2013	CY2014	CY2013	CY2014	CY2015	CY2013	CY2014	CY2013	CY2014	
Axis REIT	AXRB MK	Add	3.45	3.85	458	18.6	16.5	1.57	1.86	8.8%	10.4%	10.9%	34.3%	34.3%	5.4%	6.4%	2.9%
CapitaMalls Malaysia Trust	CMMT MK	Hold	1.40	1.46	713	16.9	16.1	1.28	1.29	7.5%	8.0%	8.4%	30.5%	31.0%	6.4%	6.6%	2.7%
IGB REIT	IGBREIT MK	Hold	1.31	1.35	1,292	22.0	19.6	1.33	1.34	6.3%	6.9%	7.1%	25.8%	25.8%	5.4%	5.8%	2.9%
KLCC Property Holdings	KLCCSS MK	Hold	6.63	6.90	3,424	15.0	17.3	1.59	1.60	11.2%	9.3%	9.7%	16.2%	16.0%	4.0%	5.0%	27.6%
Pavilion REIT	PREIT MK	Hold	1.41	1.50	1,216	20.2	18.3	1.47	1.47	7.1%	8.1%	8.1%	19.0%	19.0%	5.2%	5.8%	3.5%
Sunway REIT	SREIT MK	Hold	1.50	1.53	1,259	18.8	17.6	1.33	1.31	7.2%	7.6%	8.4%	36.1%	35.1%	5.4%	5.7%	4.3%
Malaysia Average						17.3	17.6	1.46	1.47	8.6%	8.4%	8.8%	23.1%	23.1%	4.9%	5.6%	7.3%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



RUBBER GLOVES

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

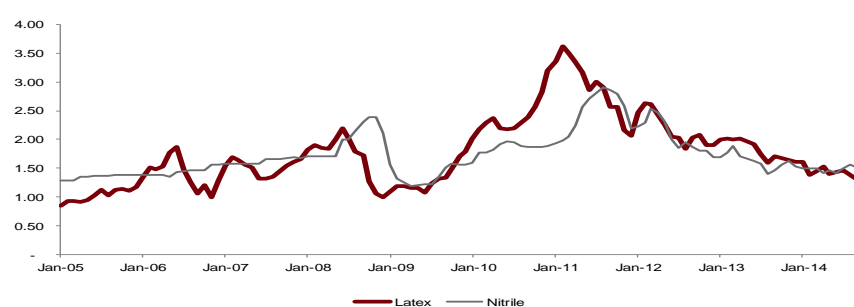
SECTOR BRIEF
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Intensifying competition

The rubber glove players are expected to face a tough year in 2015, given the intensifying competition due to the higher capacity available. Operating costs are also expected to increase, given the subsidy cuts.

Figure 1: Natural rubber and nitrile prices (US\$/kg)



SOURCES: CIMB, COMPANY REPORTS

We maintain our Neutral rating on the sector, given the intensifying competition. The sector's valuations have de-rated due to the weak results in the past few quarters. Kossan is our top and only pick in the sector because of its still-attractive valuations and solid earnings delivery track record.

A tougher environment

Although we think that rubber glove demand will continue to rise, greater selling price pressure appears inevitable due to the higher capacity available in the industry as a result of aggressive expansion by all the glove players. We believe that the negative impact of greater selling price pressure will become apparent in 2015, when most of the new capacity goes onstream. However, the negative impact would be diluted by the higher operating efficiency of the new machines. The possible increase in operating costs due to the electricity and natural gas price hikes would also have a negative impact on the glove companies' profit margins. The companies successfully passed on the higher costs to its customers in the past but we believe that it will become more difficult to do so, given the highly-competitive environment.

No one will be spared

None of the glove players will be spared the upcoming competitive pressure. We believe that all players have to be more cautious in their selling prices to avoid losing market share. We think that Hartalega would be the least affected by the intensified competition due to its high margins but it could face greater downside risk, given its premium pricing. Although Top Glove and Supermax sell their products at competitive prices, we think that they would be the most badly affected because of their low margins. As for Kossan, we believe that the competitive pressure will be manageable for the company, given its lower pricing compared to Hartalega's, strong nitrile earnings delivery track record and diversified earnings. Kossan's new capacity also commenced before its peers.

Weaker 9MFY14 results

Apart from Kossan, the glove companies posted weaker net margins and net profit growth yoy in the past few quarters. Demand was still strong in 9MFY14 but profit margins were negatively affected by higher operating costs and greater pricing pressure. Kossan was the only company that delivered net profit growth, albeit at a slower rate.

Highlighted Companies

Hartalega

As competition intensifies, Hartalega will face more downward pressure on its profit margins, given its premium pricing.

Kossan

We believe that the negative impact of greater selling price pressure will be manageable for Kossan due to its lower pricing compared to Hartalega, good nitrile earnings delivery track record and diversified earnings.

Supermax

Supermax earned lower operating/net margin than Hartalega and Kossan in 9MFY14. Hence, we expect the company to face greater margin pressure. While its valuation is attractive, the company lacks transparency. It has also delayed the commencement of its new plants several times due to various reasons.

Top Glove

Despite its position as the world's largest glove maker by capacity, we think that Top Glove is the most vulnerable to cost inflation due to its low margin and high operating leverage. The company's earnings would continue to be weighed down by its high natural rubber capacity in the near term, although it is actively increasing nitrile capacity.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2014	CY2015	CY2014	CY2015
Hartalega Holdings	HART MK	HOLD	6.77	7.13	1,530	24.8	20.1	8.1%	5.29	4.62	23.4%	24.7%	14.7	12.4	1.8%	2.2%
Kossan Rubber Industries	KRI MK	ADD	4.65	5.34	851	19.6	15.8	11.8%	3.66	3.14	20.5%	21.4%	10.9	9.3	1.4%	1.8%
Supermax Corp	SUCB MK	HOLD	2.05	2.45	397	13.0	11.8	0.0%	1.43	1.31	11.7%	11.6%	7.7	7.2	2.1%	2.4%
Top Glove Corporation	TOPG MK	HOLD	4.70	4.65	835	15.9	15.2	-1.6%	2.06	1.96	13.3%	13.6%	8.7	8.4	3.5%	3.6%
Malaysia average						19.2	16.6	1.7%	3.00	2.73	16.6%	17.4%	11.0	9.8	2.2%	2.5%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



SEMICONDUCTOR

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)

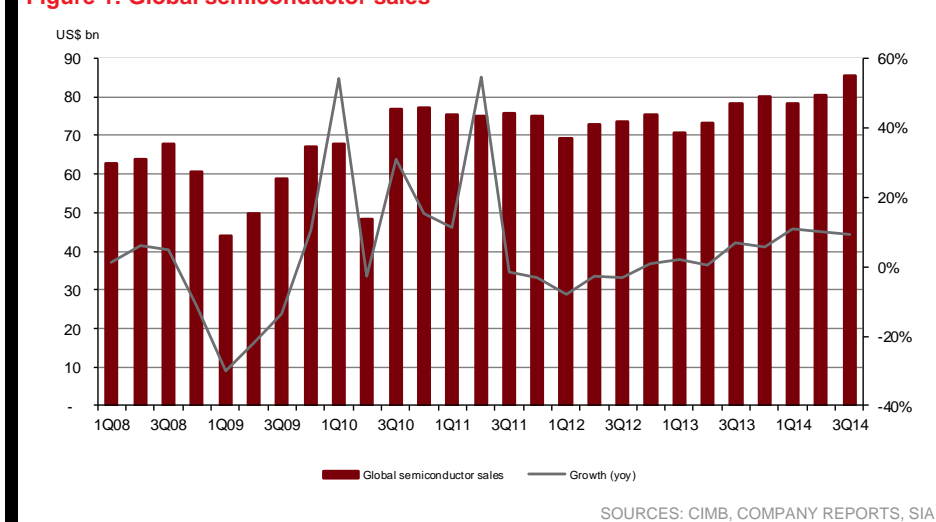


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Compelling growth prospects

We stay Overweight on the Malaysian semiconductor sector as we see improving earnings visibility, driven by good demand growth in the automotive and communications segments. We also see the Internet of Things (IOT) application as the next big sector growth driver.

Figure 1: Global semiconductor sales



The sector trades at 13.2x CY15 P/E, below its 18-month historical mean of 15.3x during the recent recovery cycle. The sector also trades at 1.2x CY15 P/BV, a near 30% discount to the Taiwanese outsource semiconductor assembly and test (OSAT) players that trade at 1.7x. Hence, we believe the sector's valuation is still compelling given its improving product mix, supported by a strong 3-year EPS CAGR of 137%. MPI is still our sector top pick due to its attractive valuation of 10.9x CY15 P/E and stronger growth profile following aggressive expansion strategy in FY15.

Resilient sales growth

The Semiconductor Industry Association revised up its global sales growth estimate for 2014 to 9% (from 6.5%), driven by improvements across all product segments. This is in line with the average industry growth forecast of 8-9% for 2014. For 2015, most industry research groups are projecting moderate growth of 7-8% in industry sales, driven by strong demand from the automotive and

communication segments, while consumer and PC segments are expected to stay flat.

IOT is a long-term driver

The IOT application is a long-term driver for the sector given its potential to grow beyond the communication segment. We expect the sector to benefit from higher MEMS sensor demand on the back of increasing device applications in the automotive, healthcare and consumer segments.

Automotive segment offers good growth potential

Communication devices, such as smartphones, are still expected to drive industry growth in the near term on the back of rising 4G adoption in China. However, the automotive segment is fast becoming a key growth area, with increasing electronics adoption for infotainment and safety features. For example, the European Union has mandated that new cars be equipped with tire-pressure sensors beginning in Nov 14.

Highlighted Companies

MPI

MPI has showed strong signs of recovery, with good earnings delivery in FY14. The company is venturing into new packages, with RM200m capex in FY15 to drive earnings growth.

Unisem

The company is back on track towards recovery after returning to the black in 9M14. We expect better operating leverage with higher utilisation rates to drive Unisem's earnings into FY15.

Figure 2: Sector comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
Malaysian Pacific Industries	MPI MK	Add	4.70	7.50	267	14.2	10.9	45.8%	1.31	1.25	9.5%	11.8%	13.3%	3.7	3.1	3.8%	5.2%
Unisem	UNI MK	Add	1.95	2.25	376	23.8	17.3	na	1.36	1.33	5.7%	7.8%	9.0%	6.0	5.1	3.6%	4.4%
Malaysia average						18.4	13.8	136.6%	1.34	1.30	7.4%	9.5%	11.6%	4.7	4.0	3.7%	4.7%
Advanced Semiconductor	2311 TT	Hold	38.90	37.00	9,788	14.3	12.3	16.6%	2.47	2.31	17.4%	19.4%	18.7%	6.6	5.9	4.4%	5.1%
Chipbond Technology	6147 TT	Add	57.00	63.00	1,186	16.1	10.9	21.2%	1.75	1.61	10.6%	15.2%	18.6%	6.8	5.3	3.9%	5.7%
Powertech Technology	6239 TT	Reduce	53.80	48.00	1,343	12.6	11.2	na	1.33	1.27	10.8%	11.3%	10.3%	3.5	3.0	4.8%	5.3%
Siliconware Precision	2325 TT	Hold	46.65	46.00	4,658	13.6	12.6	28.1%	2.12	2.03	16.4%	16.5%	16.8%	5.6	5.0	6.0%	6.5%
Taiwan average						13.4	12.3	106.8%	1.87	1.79	14.7%	14.9%	14.8%	4.9	4.3	5.7%	6.2%

SOURCES: BLOOMBERG, CIMB, COMPANY REPORTS

MALAYSIA



TELCO - OVERALL

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)

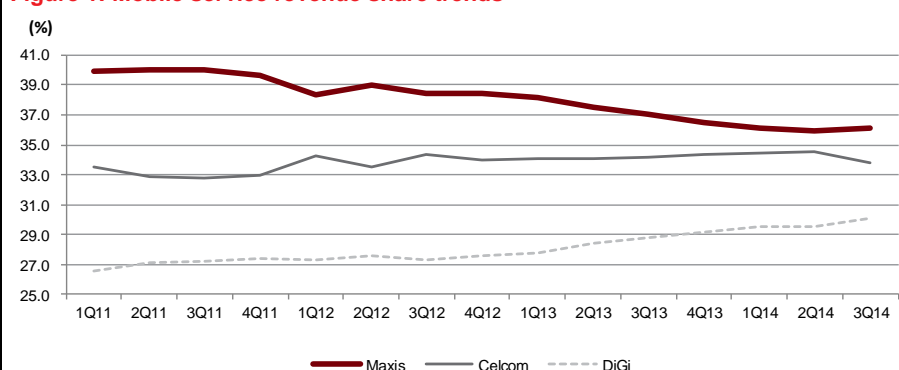


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Hot and crowded

While GST will have a positive impact on industry revenues in 2015, we expect this to be partly offset by intensifying competition. Capex is also likely to stay high as telcos accelerate 4G network rollouts. Meanwhile, strong data revenue growth will be offset by declines in SMS/voice.

Figure 1: Mobile service revenue share trends



SOURCES: CIMB, Maxis, DiGi, Axiata

We expect the mobile industry to record slightly better service revenue growth of 2.9% in FY15 vs. an estimated decline of 1.5% in FY14, largely due to the positive GST impact. We maintain our Underweight sector rating due to the risk of more intense competition and rich valuations. While we have no Add calls for telco stocks, we prefer Axiata Group for its earnings recovery story in FY15.

Positive GST impact ▶

When GST is introduced in Apr 2015, mobile operators will be able to pass on the 6% GST to their prepaid subscribers, replacing the existing 6% service tax that the industry is currently absorbing. DiGi stands to gain the most as it has the highest prepaid mix of c.73% of mobile service revenues. Using FY14 as the base year, we estimate that GST will boost FY15 EBITDA by 6.5% for DiGi and 4.2% for Maxis, all else being equal. For Axiata, due to its regional footprint, the positive impact on EBITDA would be diluted to only 2.7%.

More intense competition ▶

We expect competition in the lower-ARPU segments (i.e. youth, migrant

workers) and in urban areas to intensify in 2015 as smaller players such as U Mobile strive to build scale, while bigger players such as Maxis and Celcom try to regain market traction after their poor performance in 2014. We also see capex staying high as Malaysian telcos accelerate their 4G network rollouts, given that a good data experience is getting increasingly important to subscribers.

Data growth to be offset by decline in voice/SMS ▶

We expect the Big 3 telcos' mobile data revenues to grow strongly in FY15, by 22.0% yoy. This will be driven by 1) rising smartphone adoption, which we estimate will increase from 37% as at end-2013 to 52%/61% by end-2014/15, and 2) greater and more frequent data usage among the lower-ARPU prepaid subscribers. Nevertheless, we expect this to be largely offset by a substantial 25.9% yoy decline in SMS revenues and, to a lesser extent, 1.9% yoy drop in voice revenues, due to the substitution by social messaging applications such as WhatsApp, Line and Facebook Messenger.

Highlighted Companies

Axiata Group

As Celcom and XL rebound, we see stronger earnings for Axiata in FY15. On the negative side, we believe that Axiata is likely to keep its capex high in FY15 to improve its data network quality.

DiGi.Com

DiGi is the biggest beneficiary of GST among Malaysian telcos. However, more intense competition is likely to shave off part of its service revenue growth in FY15. Capex may also stay high as DiGi needs to keep up with its peers' 4G rollouts.

Figure 2: ASEAN telcos and tower companies' valuation comparison

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Mkt Cap (US\$ m)	Core P/E (x)		EV/EBITDA (x)		EV/OpFCF (x)		3-year CAGR (%)		Dvd Yield (%)	
						2014F	2015F	2014F	2015F	2014F	2015F	EPS	EBITDA	2014F	2015F
Axiata	AXIATA MK	Hold	6.65	7.10	16,326	24.6	21.9	8.3	7.9	20.3	16.5	-0.8%	4.1%	3.6%	4.1%
Maxis	MAXIS MK	Reduce	6.55	6.50	14,066	24.3	23.5	13.6	13.3	17.9	16.9	3.4%	0.2%	6.1%	4.9%
DiGi	DIGI MK	Hold	6.03	5.80	13,412	23.5	22.3	14.9	13.9	19.9	17.7	9.1%	5.7%	4.3%	4.5%
TM	T MK	Reduce	6.64	6.00	7,065	28.3	26.3	7.7	7.4	18.4	16.8	-1.9%	2.4%	3.2%	3.4%
MY telcos avg						25.2	23.5	11.1	10.6	19.1	17.0	2.4%	3.1%	4.3%	4.2%
SingTel	ST SP	Add	3.86	4.25	46,566	17.1	16.4	9.5	9.2	17.1	15.8	4.2%	3.3%	4.4%	4.6%
Starhub	STH SP	Hold	4.06	4.25	5,298	19.0	18.1	10.1	9.7	16.0	14.8	1.0%	1.4%	4.9%	4.9%
M1	M1 SP	Add	3.56	3.80	2,508	18.7	17.8	10.8	10.1	16.5	14.6	7.0%	5.3%	4.3%	4.5%
SG telcos avg						18.3	17.4	10.1	9.7	16.5	15.1	4.1%	3.4%	4.5%	4.7%
TLKM	TLKM IJ	Add	2,805	2,950	22,820	17.5	16.1	8.2	7.7	14.3	12.0	8.0%	6.6%	4.1%	4.9%
XL	EXCL IJ	Hold	4,890	5,500	3,368	718.7	74.3	8.0	6.9	35.9	20.0	-0.4%	6.2%	0.1%	0.5%
Indosat	ISAT IJ	Add	4,120	3,800	1,807	na	174.9	4.2	4.0	15.4	12.4	n/a	2.1%	na	0.3%
Indo telcos avg						17.5	16.1	6.8	6.2	21.9	14.8	3.8%	5.0%	2.1%	1.9%
AIS	ADVANC TB	Hold	250.00	243.00	22,489	22.2	19.3	12.4	11.6	23.5	16.7	6.1%	3.6%	4.6%	5.2%
DTAC	DTAC TB	Add	99.25	117.00	7,111	20.6	18.2	7.7	6.9	14.8	12.2	11.5%	11.3%	6.1%	6.4%
True	TRUE TB	Reduce	12.50	10.13	9,307	na	238.1	17.8	15.3	na	44.1	n/a	14.6%	na	na
Jasmine	JAS TB	Add	7.70	9.50	1,636	14.6	11.8	7.6	6.1	10.4	8.0	20.8%	17.7%	4.1%	5.1%
Thaicom	THCOM TB	Add	36.25	52.00	1,202	21.4	15.7	7.6	6.1	8.1	6.4	28.8%	16.4%	2.3%	4.8%
Intouch	INTUCH TB	Add	76.50	86.00	7,422	15.7	13.3	14.9	12.5	14.9	12.6	12.7%	12.7%	6.3%	7.5%
Thai telcos avg						18.9	15.7	11.3	9.8	14.3	11.2	16.0%	12.7%	4.7%	5.8%
Asean telcos avg						20.6	18.5	10.2	9.3	17.6	14.2	7.8%	7.1%	4.2%	4.4%
TBIG	TBIG IJ	Hold	9,600	9,000	3,716	35.5	25.7	21.8	15.4	na	na	20.8%	30.1%	0.0%	0.0%
SUPR	SUPR IJ	Add	8,000	13,700	513	21.9	16.0	14.9	7.7	na	na	35.2%	43.2%	0.0%	0.0%
TOWR	TOWR IJ	Add	4,100	5000.0	3,376	32.1	26.1	14.3	12.1	na	na	31.8%	20.9%	0.0%	0.0%
Indo towers avg						29.8	22.6	17.0	11.7	na	na	29.3%	31.4%	0.0%	0.0%

SOURCES: CIMB, Bloomberg

MALAYSIA

**TIMBER**

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)

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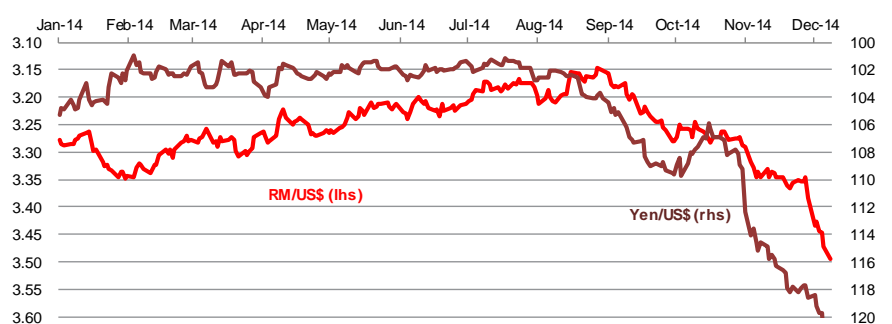
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Still in the woods

Sarawak timber companies' efforts to diversify their earnings base into oil palm plantations are being hampered by low CPO prices. Timber should continue to be their biggest earnings contributor in 2015 given the lacklustre outlook for plantation earnings.

Figure 1: Yen has depreciated against the US\$ more than the RM has YTD



SOURCES: CIMB, BLOOMBERG

A weaker RM is generally positive for timber earnings as timber prices are quoted in US\$. However, this could be offset by potentially weaker demand for plywood from Japan as the yen has also depreciated significantly against the US\$. We remain Neutral on the sector, with Ta Ann as our top pick.

Weak RM is profit booster ▶

The RM has weakened against the US\$ by 7% YTD to RM3.50 to a dollar. This will benefit the timber industry since most timber products are ultimately exported. Lower crude oil prices also ease concerns of severe cost inflation as petroleum derivatives account for 10-15% of log and plywood production cost. Brent crude last traded at US\$66/bbl, 39% lower than at the beginning of this year.

Weak yen hampers plywood demand ▶

According to Japan Custom data, Japan's imports of Malaysian plywood fell 10% yoy in 10M14. Its demand for plywood may fall further as a result of poorer demand arising from a weaker yen and sluggish economic conditions. The yen has depreciated 15% against the US\$ YTD while Japan's economy

shrank for two consecutive quarters following the hike in sales tax in Apr. The shrinking Japanese population is the key factor dragging down housing starts, which in turn lowers the demand for plywood. We believe any upsurge in Japan's demand for tropical timber will likely be temporary – caused by seasonality or restocking – unless Japan can successfully reform its economy and boost its purchasing power.

Palm oil profit is another key valuations driver ▶

While timber is still the biggest earnings contributor for the timber companies, palm oil prices have become another key valuations driver in recent years. The declining log production in the past two decades has cast doubts on the long-term sustainability of the timber business. On the other hand, palm oil offers much brighter prospects due to the growing demand for edible oil. We would turn more positive on the sector should timber or CPO prices improve significantly from current levels.

Highlighted Companies

Jaya Tiasa

Less than 20% of Jaya Tiasa's plywood sales are made to Japan. However, weaker Japan demand will have an indirect impact on Jaya Tiasa's selling prices as Japan is the world's largest tropical plywood buyer.

Ta Ann

Ta Ann's plywood division could return to losses as a result of lower plywood prices. Its production cost is higher than its peers due to its Tasmanian veneer mills, which have inflated its operating cost.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2014	CY2015	CY2014	CY2015
Jaya Tiasa Holdings	JT MK	Hold	1.93	1.95	534	25.6	17.1	58.5%	1.05	0.99	4.2%	6.0%	11.2	9.1	0.8%	1.2%
Ta Ann	TAH MK	Hold	3.70	4.10	392	13.2	15.7	39.4%	1.25	1.25	10.0%	8.0%	6.4	6.6	6.0%	3.2%
Eksons Corporation	EKSON MK	Hold	1.36	1.50	63	4.4	8.1	-0.2%	0.49	0.47	11.7%	5.9%	1.4	2.4	2.9%	2.9%
Average (all)						14.4	13.6	32.6%	0.93	0.90	8.6%	6.6%	6.3	6.0	3.2%	2.4%

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

MALAYSIA

**TOBACCO**

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)

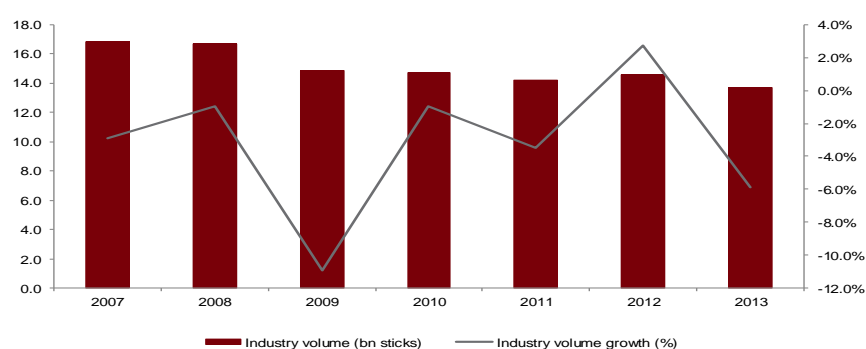


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When smoke gets in your eyes

The sharp price increase will further weigh on the weak industry volume, especially since consumers are now facing higher living costs. We expect a tough operating environment going forward.

Figure 1: Annual volume for legal cigarette market (bn sticks)



SOURCES: CIMB, COMPANY REPORTS

We maintain our Underweight stance on the tobacco sector. We expect industry volume to continue to be under pressure, especially when consumer spending is weak. Dividend yield is also not attractive for the risk.

Another excise duty hike ▶

On 30 Sept and 1 Oct 2013, tobacco players had raised the selling prices for both the premium and value-for-money segments by a sharp RM1.50 per pack in response to the government's tobacco excise hike of 3 sen per stick at end-Sep 2013. This caused the legal industry volume to plunge by 16.6% in 4Q2013. On 1 Nov 2014, the government again raised the excise duty by the same quantum and the cigarette manufacturers again responded by increasing their selling prices by RM1.50/pack. We expect this move to result in another plunge in industry volume in the immediate term.

Expect weak consumption ▶

Consumer spending is expected to weaken as living expenses rise. Industry volume has been falling in the past few years due to the wide availability of illicit cigarettes. We think the pressure on industry volume

will be even higher now given the two rounds of price hikes and weaker consumer spending. Although authorities have stepped up efforts to seize illicit cigarettes, the resulting 3.1% pts decline in their market share from a peak of 38.9% is barely a drop in the ocean.

Weaker earnings forecast ▶

After an expected profit growth in 2015 on higher selling prices, we forecast BAT reporting weaker earnings in 2016 onwards as we do not factor in any selling price hikes. We believe price increases are not a long-term solution for the declining industry volume, especially when BAT has failed to dictate the industry's selling prices recently.

Persistent regulatory risk ▶

The tobacco industry faces persistent regulatory risk. Excise duty hikes may be a regular feature as the government tries to reduce the country's budget deficit and stamp out smoking. Like Carlsberg, BAT was recently issued a bill of demand (for RM12.9m) in respect of sales tax and penalties, which the company is challenging.

Highlighted Companies

British American Tobacco

BAT has a tough road ahead given (i) the weak industry volume, (ii) weak consumer spending, (iii) the high illicit market share, and (iv) that it has lost its leadership position in dictating selling price increases.

Figure 2: Tobacco sector comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
British American Tobacco	ROTH MK	REDUCE	66.08	62.00	5,398	20.5	19.3	2.2%	37.23	37.23	183.5%	192.8%	184.0%	14.0	13.4	4.9%	5.2%
Gudang Garam	GGRM IJ	ADD	59,875	71,000	9,298	21.5	19.6	10.1%	3.55	3.20	17.3%	17.2%	17.3%	12.7	11.6	1.9%	2.0%
Malaysia average						21.1	19.5	7.1%	5.32	4.82	26.5%	26.0%	24.9%	13.1	12.2	3.0%	3.2%

SOURCES: CIMB, COMPANY REPORTS



MALAYSIA



TRANSPORT

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

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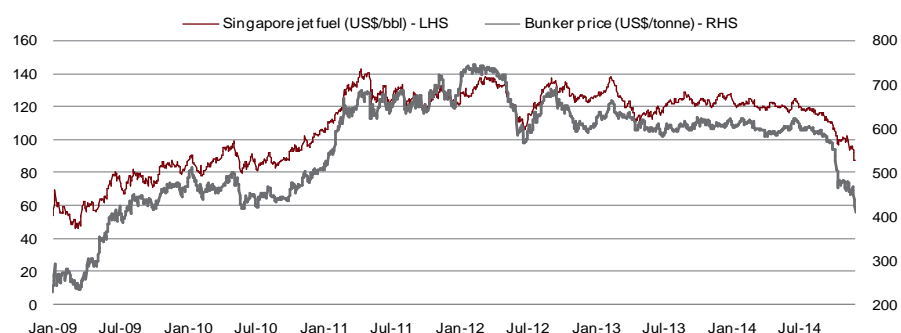
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Stepping into the limelight

The transport sector has been unloved for a long time, but it is now starting to shift centre stage. Oil prices are down significantly, air fares are expected to slowly recover, while tanker freight rates are likely to continue rising on stronger demand for crude oil. These trends will benefit AirAsia, AAX and MISC. Meanwhile, Westports is on the cusp of getting a tariff hike, in our view, as well as additional transshipment volumes from its main customer, CMA CGM. But MAHB is feeling the pressure from a much higher cost base post KLIA2 commissioning, and lower traffic volumes at the full-service terminal.

Figure 1: Singapore jet fuel (US\$/barrel) vs. bunker price (US\$/tonne)



SOURCES: CIMB, COMPANY REPORTS

We upgrade the Malaysian transport sector from Neutral to Overweight. Our top Add calls are Westports, AirAsia and MISC (in that order). We have Hold calls for AAX and MAHB. Our only Reduce call is Bintulu Port, as its dividends are suffering from the ongoing heavy capex.

Upside for aviation

Fuel costs make up 49% of AirAsia's airline ticket sales and 56% of AAX's. As such, fuel prices have an outsized impact on these two airlines' profitability. Every US\$10 per barrel decline in jet fuel prices can lift AirAsia's FY16 group earnings by 44%, and AAX's by 71%. On the supply side, the industry is not adjusting capacity downwards as quickly as we would have liked, but yields on the short-haul routes are now so low that they can only go up, albeit slowly. We expect AirAsia to enjoy a positive yoy yield improvement in 4Q14, for the first time in many quarters.

Upside for shipping

MISC will enjoy the lower bunker price, as well as a likely boom in crude oil restocking activity by China and India in 2015. The latter should drive crude tanker shipping demand and hence freight rates should do well for another year. MISC may also regain the 4+4 newbuilding LNG contracts that Petronas currently has.

Upside for seaports

Westports should enjoy secular upside from potentially higher port tariffs, as well as the additional volume from the Ocean Three alliance of carriers.

Airports left out in the cold

But MAHB is suffering from a severe profit squeeze due to lower passenger traffic as a result of the MH370 and MH17 incidents, as well as the higher cost base from the commissioning of KLIA2. MAHB is also issuing rights shares to fund its Istanbul Sabiha Gokcen (ISG) airport acquisition. Part of the dilution can be mitigated if ISG is profitable earlier-than-expected.

Highlighted Companies

AirAsia (Add, TP: RM3.35)

AirAsia will likely see its 4Q14 yields rise yoy, and its costs fall, leading to better earnings against a poor 4Q13. The competition is beginning to price more rationally. The overseas associates are also turning around, with Indonesia recovering from large losses.

MISC (Add, TP: RM7.22)

MISC is expected to get back the 4+4 newbuilding LNG contracts from Petronas, in our view, as well as benefit from stronger tanker shipping freight rates. MISC is a beneficiary of lower bunker prices as well.

Westports (Add: TP: RM4.57)

Westports will enjoy three strong catalysts in the coming months, i.e. more transshipment volumes from the Ocean Three alliance, a port tariff hike, and the likely extension of its Investment Tax Allowance.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
AirAsia Bhd	AIRA MK	Add	RM2.74	RM3.35	2,181	36.3	14.0	14.3%	1.38	1.19	4.0%	9.1%	11.0%	10.3	7.8	0.7%	1.5%
AirAsia X Bhd	AAX MK	Hold	RM0.66	RM0.78	444	na	na	na	2.00	2.04	-47.8%	-19.4%	14.0%	na	16.1	0.0%	0.0%
Asia Aviation Pcl	AAV TB	Reduce	THB4.60	THB2.20	675	na	36.2	-18.6%	1.17	1.14	-0.8%	3.2%	3.9%	na	23.8	0.0%	0.0%
Tiger Airways	TGR SP	Reduce	S\$0.28	S\$0.10	380	na	na	na	1.94	3.22	-50.8%	-30.6%	-2.2%	na	na	0.0%	0.0%
Cebu Air	CEB PM	Add	PHP80.20	PHP85.00	1,089	17.5	13.7	33.4%	2.11	1.87	12.8%	14.4%	16.7%	8.9	7.7	1.2%	1.2%
Low-Cost Carriers						na	31.0	40.0%	1.55	1.45	-4.0%	4.8%	10.4%	15.2	9.7	0.6%	0.9%
Malaysia Airports Holdings	MAHB MK	Hold	RM6.60	RM7.22	2,595	96.0	66.0	-10.4%	1.61	1.62	1.8%	2.4%	4.8%	14.8	13.4	1.5%	1.5%
Airports of Thailand	AOT TB	Add	THB285.00	THB258.00	12,319	31.7	25.9	15.4%	4.08	3.69	13.5%	15.0%	15.9%	18.2	16.1	1.2%	1.5%
Auckland Int'l Airport	AIA NZ	Hold	NZ\$4.31	NZ\$3.71	3,921	31.6	29.0	9.7%	1.74	1.71	6.0%	6.0%	6.4%	5.3	5.2	4.2%	3.4%
Sydney Airport	SYD AU	Hold	A\$4.72	A\$4.36	8,675	60.3	52.2	47.9%	2.73	2.60	4.6%	5.1%	5.6%	16.4	15.8	5.0%	5.3%
Airports						40.4	34.0	15.6%	2.72	2.58	7.0%	7.8%	8.8%	15.2	14.2	3.0%	3.1%
MISC Bhd	MISC MK	Add	RM6.99	RM8.22	8,926	15.4	15.0	12.0%	1.13	1.07	7.5%	7.3%	7.3%	9.7	9.5	1.4%	1.5%
Westports Holdings	WPRTS MK	Add	RM3.36	RM4.57	3,278	22.9	23.6	7.9%	6.63	6.19	30.4%	27.2%	29.3%	15.0	14.1	3.3%	3.2%
Bintulu Port	BPH MK	Reduce	RM6.97	RM6.70	917	21.1	19.8	1.4%	2.86	2.74	14.1%	14.1%	15.1%	7.7	7.5	3.4%	3.4%

SOURCES: CIMB, COMPANY REPORTS

MALAYSIA



WATER TREATMENT & SERVICES

RECOMMENDATION

OVERWEIGHT

NEUTRAL

UNDERWEIGHT

SECTOR BRIEF

CIMB Analyst(s)



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Legacy of water takeover talks

The never-ending saga of the water takeover moves in Selangor continues into its 7th straight year in 2015. The positive is that Puncak has been able to cut a sweet deal while Gamuda has renewed hopes for a better valuation under the new MB of the Selangor state.

Figure 1: Chronology of events

27-Feb-14	Federal and state governments inked an MOU to conclude water restructuring
	: MOU highlighted RM2bn "facilitation" from the federal government
15-Mar-14	The Economic Council (EC) stepped in to end the stalemate
	: The EC is reviewing a proposal which is deemed favourable to all parties
11-Jun-14	Puncak Niaga accepted in principle the RM1.6bn cash offer
1-Aug-14	Federal and Selangor state governments signed HOA for water restructuring
23-Jul-14	PKR said the Selangor water deal will need to be relooked if the MB of Selangor changes
9-Aug-14	Tan Sri Khalid Ibrahim was sacked from PKR, but remained MB of Selangor
22-Sep-14	Azmin Ali became Selangor's new MB - targets to resolve water takeover issues

SOURCES: CIMB, PRESS REPORTS

We expect better progress on Splash in 1H15 after the completion of Puncak's RM1.6bn deal. Gamuda requires at least 1x BV valuation to strike a deal. We believe that it has better chances with the new MB. Puncak continues to be our top sector pick given its attractive post-divestment dividend yield of 30%. Maintain Overweight.

Legacy flows into 2015

The water takeover saga in Selangor has made good progress over the larger part of 2014 under the administration of Tan Sri Khalid Ibrahim. For the first time in several years, both the federal and state governments had come together and signed an MOU to ensure that RM5bn Langat 2 water treatment plant (WTP) is implemented (in view of water shortages) and to push for a speedier resolution to the prolonged water takeover negotiations. Also, for the first time in many years, Puncak had accepted the state government's RM1.6bn cash offer and has 1Q15 in its sights for the completion of the deal. Political uncertainties in the state in the earlier part of 2H14 had raised the risks of delays.

However, Azmin Ali, being the new MB had clarified that he will focus on completing the state's water restructuring efforts. Post-restructuring, likely in 2H15, Air Selangor will own the operations and maintenance (O&M) of all water assets in the state under a licensing regime renewable every three years.

Last call for Gamuda

Gamuda has been the biggest loser with a mere 0.1x BV or RM251m offer for Splash vs. the RM2.5bn BV based on internal numbers. We continue to expect the federal government to facilitate the takeover negotiations. Indications were that Gamuda is in talks for a 1x BV valuation for 40%-owned Splash. There could be more progress for Gamuda from 2Q15 onwards, after the targeted completion of Puncak's deal.

Water infrastructure works

The spillover of water infrastructure works including new pipe and pipe replacement programmes post-water restructuring could again be a highlight in 2015. Potential beneficiaries are non-rated smaller cap companies like Salcon, Taliworks and Engtex.

Highlighted Companies

Puncak Niaga

Puncak Niaga is the main beneficiary of the water takeover deal in Selangor. It is set to receive RM1.6bn cash from divesting its two water concessions and pay out RM1/share in special dividends.

Gamuda

Gamuda remains the only company that has yet to cut a deal with the state government to divest its 40% stake in Splash. The change in leadership in Selangor has brought about new hopes for an amicable solution and higher valuation for Splash that could come close to 1x BV.

Figure 2: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2016	CY2014	CY2015	CY2014	CY2015
Puncak Niaga Holdings	PNH MK	ADD	2.65	4.28	314	5.4	4.5	5.5%	0.61	0.46	12.4%	12.2%	16.8%	13.9	1.6	0.0%	0.0%
Malaysia average						5.4	4.5	5.5%	0.61	0.46	12.4%	12.2%	16.8%	13.9	1.6	0.0%	0.0%
Beijing Enterprises Water	371 HK	ADD	4.69	6.10	5,269	33.7	21.7	51.0%	3.06	2.81	10.0%	13.5%	16.9%	33.2	21.8	1.1%	1.7%
Hong Kong average						33.7	21.7	51.0%	3.06	2.81	10.0%	13.5%	16.9%	33.2	21.8	1.1%	1.7%
Average (all)						24.8	17.8	33.8%	2.48	2.19	10.6%	13.2%	16.8%	29.4	12.0	1.0%	1.6%

SOURCES: CIMB, COMPANY REPORTS



Company Briefs

Affin Holdings

AHB MK / AFIN.KL

➤ **Market Cap**
US\$1,740m
RM6,081m

➤ **Avg Daily Turnover**
US\$0.63m
RM2.13m

➤ **Free Float**
19.9%
1,494 m shares

Current **RM3.13**
Target ➤ **RM2.87**
Prev. Target **RM2.87**
Up/Downside **-8.3%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.3	-1.8	-17.9
Absolute	-1.3	-8.8	-22.6

Major shareholders	% held
LTAT	35.7
Bank of East Asia	23.5
Boustead	20.9

Balancing loan growth and margins

We believe that the key strategy for Affin in 2015 is to balance its loan growth and margins in the light of keen competition for both loans and deposits. As one of the smallest local banks in Malaysia, Affin will have to offer better rates to attract borrowers and depositors.

Our DDM-based target price (COE of 12.7%, long-term growth of 4%) is unchanged. The gloomy outlook leads us to maintain our Reduce rating on the stock. Potential de-rating catalysts include (1) an upturn in credit costs, (2) margin compression, and (3) weak loan growth.

Still-weak EPS growth ➤

Following an expected 18.1% slump in 2014, Affin's net earnings growth should recover to 16.1% in 2015. This will potentially be buoyed by a rise of 11.4% in net interest income and 37.8% in non-interest income against a projected 22% increase in overheads. However, the EPS growth should be only 2.9% in 2015, reflecting the EPS dilution from the acquisition of HwangDBS Investment Bank (HDIB).

10.2% loan growth in 2015 ➤

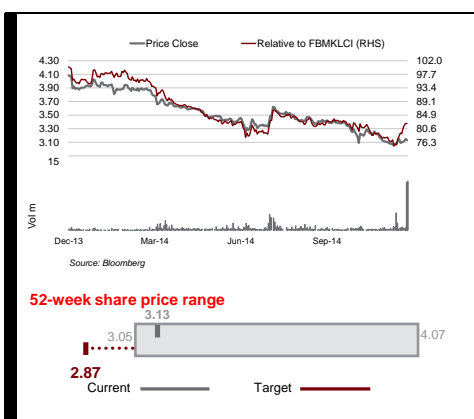
We are projecting loan growth of 10.2% for Affin in 2015. This should be supported by still-strong 12-14% expansion in property loans (residential and non-residential mortgages). The expansion in working capital loans is likely to be decent at a forecast rate of 8%.

Pushing for IB growth ➤

After Affin completes its consolidation with HDIB in 2015, it will push for the growth of its investment banking (IB) business, backed by a stronger franchise. The areas of focus will be (1) broking, (2) asset management, and (3) corporate finance jobs for smaller companies. However, we do not see IB as a key driver for the group in the longer term given the strong competition from other players.

Greater focus on business loans ➤

In the group's 3QFY14 results released recently, we sensed a shift of focus from retail lending to business loans. This move will be positive in the short term as some of the business loans, i.e. SME loans, fetch better margins. However, most banks are increasingly concentrating on SME loans, which will potentially drive up the rate competition in this segment. So, the positive impact from this strategic move will be muted in the longer term.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Net Interest Income (RMm)	897	917	931	1,037	1,113
Total Non-Interest Income (RMm)	625	609	812	1,052	1,116
Operating Revenue (RMm)	1,522	1,526	1,743	2,089	2,229
Total Provision Charges (RMm)	18.80	66.10	(50.59)	(40.56)	(48.54)
Net Profit (RMm)	628.9	650.0	532.2	618.9	661.3
Core EPS (RM)	0.42	0.43	0.31	0.32	0.34
Core EPS Growth	23.8%	3.4%	(28.8%)	2.9%	6.8%
FD Core P/E (x)	7.44	7.20	10.11	9.82	9.20
DPS (RM)	0.12	0.15	0.15	0.15	0.15
Dividend Yield	3.91%	4.79%	4.79%	4.79%	4.79%
BVPS (RM)	4.04	4.27	3.46	3.63	3.83
P/BV (x)	0.77	0.73	0.90	0.86	0.82
ROE	10.8%	10.5%	8.1%	9.0%	9.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.04	0.95	0.93

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Net Interest Income	917	931	1,037	1,113
Total Non-Interest Income	609	812	1,052	1,116
Operating Revenue	1,526	1,743	2,089	2,229
Total Non-Interest Expenses	(717)	(999)	(1,219)	(1,296)
Pre-provision Operating Profit	809	744	870	932
Total Provision Charges	66	(51)	(41)	(49)
Operating Profit After Provisions	875	693	829	884
Pretax Income/(Loss) from Assoc.	29	33	37	41
Operating EBIT (incl Associates)	904	726	866	925
Non-Operating Income/(Expense)	(41)	(19)	(43)	(46)
Profit Before Tax (pre-EI)	864	707	823	879
Exceptional Items	0	0	0	0
Pre-tax Profit	864	707	823	879
Taxation	(214)	(175)	(204)	(218)
Consolidation Adjustments & Others				
Exceptional Income - post-tax				
Profit After Tax	650	532	619	661
Minority Interests	0	0	0	0
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	650	532	619	661
Recurring Net Profit	650	532	619	661

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Gross Loans	37,929	40,826	45,010	49,412
Liquid Assets & Invst. (Current)	9,542	12,989	13,926	15,055
Other Int. Earning Assets				
Total Gross Int. Earning Assets	47,471	53,815	58,936	64,467
Total Provisions/Loan Loss Reserve	(551)	(615)	(669)	(747)
Total Net Interest Earning Assets	46,920	53,201	58,267	63,721
Intangible Assets	1,010	1,308	1,308	1,308
Other Non-Interest Earning Assets	2,691	2,981	3,165	3,371
Total Non-Interest Earning Assets	3,701	4,289	4,473	4,679
Cash And Marketable Securities	9,331	10,365	10,833	11,675
Long-term Investments	0	0	0	0
Total Assets	59,952	67,855	73,573	80,075
Customer Interest-Bearing Liabilities	47,354	52,681	58,010	64,130
Bank Deposits	3,984	5,746	5,719	5,644
Interest Bearing Liabilities: Others	1,063	1,073	1,083	1,095
Total Interest-Bearing Liabilities	52,400	59,500	64,812	70,868
Bank's Liabilities Under Acceptances	398	487	536	588
Total Non-Interest Bearing Liabilities	777	1,144	1,167	1,184
Total Liabilities	53,575	61,131	66,515	72,641
Shareholders' Equity	6,377	6,724	7,058	7,434
Minority Interests	0	0	0	0
Total Equity	6,377	6,724	7,058	7,434

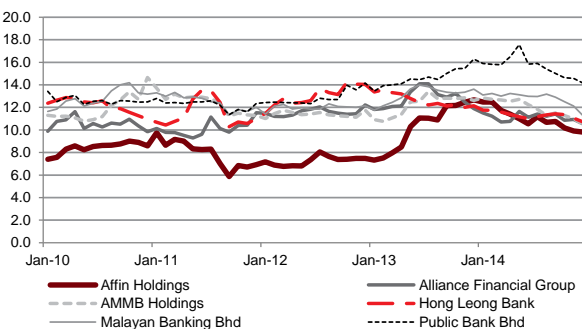
Balance Sheet Employment

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Loans/Cust Deposits	79.1%	76.8%	76.8%	76.3%
Avg Loans/Avg Deposits	79.9%	77.9%	76.8%	76.6%
Avg Liquid Assets/Avg Assets	32.2%	33.7%	34.6%	34.1%
Avg Liquid Assets/Avg IEAs	34.4%	35.9%	36.9%	36.3%
Net Cust Loans/Assets	61.6%	58.7%	59.7%	60.2%
Net Cust Loans/Broad Deposits	71.9%	68.2%	68.9%	69.1%
Equity & Provs/Gross Cust Loans	18.5%	18.1%	17.3%	16.7%
Asset Risk Weighting	55.9%	55.4%	55.6%	55.7%
Provision Charge/Avg Cust Loans	0.122%	0.270%	0.142%	0.143%
Provision Charge/Avg Assets	0.076%	0.164%	0.085%	0.087%
Total Write Offs/Average Assets	0.100%	0.305%	0.260%	0.246%

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Income Growth	0.2%	14.2%	19.8%	6.7%
Operating Profit Growth	(1.5%)	(8.1%)	17.0%	7.2%
Pretax Profit Growth	3.6%	(18.1%)	16.3%	6.8%
Net Interest To Total Income	60.1%	53.4%	49.7%	49.9%
Cost Of Funds	2.10%	2.08%	2.06%	2.09%
Return On Interest Earning Assets	4.09%	3.98%	4.02%	3.99%
Net Interest Spread	1.98%	1.90%	1.95%	1.90%
Net Interest Margin (Avg Deposits)	2.03%	1.86%	1.87%	1.82%
Net Interest Margin (Avg RWA)	2.85%	2.62%	2.64%	2.60%
Provisions to Pre Prov. Operating Profit	(8.17%)	6.80%	4.66%	5.21%
Interest Return On Average Assets	1.58%	1.46%	1.47%	1.45%
Effective Tax Rate	24.8%	24.8%	24.8%	24.8%
Net Dividend Payout Ratio	34.5%	48.4%	47.1%	44.1%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Loan Growth (%)	7.9%	8.0%	10.2%	9.8%
Net Interest Margin (%)	1.7%	1.6%	1.6%	1.5%
Non Interest Income Growth (%)	-2.6%	33.4%	29.5%	6.1%
Cost-income Ratio (%)	47.0%	57.3%	58.4%	58.2%
Net NPL Ratio (%)	2.0%	1.8%	1.7%	1.7%
Loan Loss Reserve (%)	74.4%	84.4%	87.6%	90.9%
GP Ratio (%)	0.8%	1.0%	1.1%	1.2%
Tier 1 Ratio (%)	11.4%	10.5%	10.2%	9.8%
Total CAR (%)	14.3%	13.1%	12.5%	12.0%
Deposit Growth (%)	10.3%	11.3%	10.1%	10.5%
Loan-deposit Ratio (%)	77.9%	75.6%	75.7%	75.1%
Gross NPL Ratio (%)	2.0%	1.8%	1.7%	1.7%
Fee Income Growth (%)	7.4%	72.9%	51.7%	7.4%

AirAsia Bhd

AIRA MK / AIRA.KL

► **Market Cap**
US\$2,181m
 RM7,625m

► **Avg Daily Turnover**
US\$4.88m
 RM16.26m

► **Free Float**
66.0%
 2,781 m shares

Current **RM2.74**
 Target **RM3.35** ►
 Prev. Target **RM3.35**
 Up/Downside **22.3%**

STOCK RATING

ADD
HOLD
REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	10.4	18.4	17.9
Absolute	5.8	11.4	13.2

Major shareholders	% held
Tune Air	23.1
EPF	10.9

Powerful catalysts ahead

In the year ahead, AirAsia will benefit powerfully from lower oil prices, a gradual recovery in yields in Malaysia and improved aircraft utilisation. The overseas associates are also on track for recovery. AirAsia is our top airline pick in Malaysia.

As such, we reiterate our Add call, with an unchanged target price, still based on 1.7x CY15 P/BV (average since 2008). We believe yields in Malaysia will strengthen yoy in 4Q14 while oil prices have declined, leading to higher yoy core earnings for the first time in almost two years.

Lower jet fuel prices ►

Jet fuel prices have declined to below US\$90/barrel in the spot market. For 4Q14, AirAsia is 50% hedged at an average jet fuel price of US\$117/barrel. Our model assumes a 4Q14 average price of US\$117/barrel for jet fuel, which is conservative.

About 20% of 1H15's consumption is hedged and all of the hedges will expire during 1H15, leaving AirAsia wholly exposed to the spot market during 2H15. We have factored in a jet fuel price of US\$110/barrel for FY15 and FY16, including fuel hedging losses. There will be upside risk to our earnings estimates if spot fuel prices stay lower for longer.

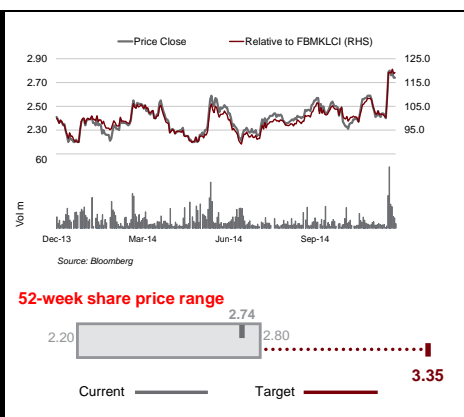
Higher Malaysian yields ►

We expect Malaysia AirAsia (MAA) to deliver strong yield growth of around 9% yoy for 4Q14 after reporting five quarters of yield decline prior to 3Q14. This is partly, but not wholly, because

of the very low base set during 4Q13. We understand from our industry sources that ticket prices on domestic Malaysian routes and on short-haul international routes have moved up slightly for 4Q14 and are likely to creep up further in 2015. Our assumption is for a 1% yoy yield increase only, which could be conservative if certain airlines execute their corporate restructuring plans. In any case, we view the risks to 2015 as being skewed to the upside as yields are not likely to decline any further from the already very low 2014 levels.

Reactivation of idled planes ►

MAA idled eight A320s in 1H14 because the pace of new deliveries was too fast for either MAA or its troubled overseas associates to absorb. However, the reactivation of five idled planes during 2H14 will help MAA generate revenue to recover fixed costs, which is positive for the bottomline. It will also help MAA grow its ASK in 2015 by around 8-10% yoy, compensating for the shortfall in available capacity growth as a result of having only one new A320 enter the MAA fleet next year.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	4,996	5,181	5,428	5,911	6,133
Operating EBITDA (RMm)	1,663	1,541	1,570	1,905	2,043
Net Profit (RMm)	834.0	444.0	613.4	957.5	675.3
Core EPS (RM)	0.29	0.17	0.08	0.20	0.26
Core EPS Growth	(5%)	(41%)	(56%)	158%	35%
FD Core P/E (x)	9.54	16.09	36.25	14.03	10.37
DPS (RM)	0.24	0.04	0.02	0.04	0.05
Dividend Yield	8.76%	1.46%	0.73%	1.46%	1.82%
EV/EBITDA (x)	8.32	10.41	10.63	8.10	7.60
P/FCFE (x)	323.0	NA	12.0	7.5	7.5
Net Gearing	116%	168%	164%	122%	113%
P/BV (x)	1.42	1.52	1.38	1.19	1.09
ROE	17.0%	9.1%	4.0%	9.1%	11.0%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.13	1.23	0.70

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	5,181	5,428	5,911	6,133
Gross Profit	1,541	1,570	1,905	2,043
Operating EBITDA	1,541	1,570	1,905	2,043
Depreciation And Amortisation	(634)	(741)	(833)	(888)
Operating EBIT	906	829	1,072	1,154
Financial Income/(Expense)	(418)	(471)	(468)	(459)
Pretax Income/(Loss) from Assoc.	62	3	8	11
Non-Operating Income/(Expense)	50	50	50	50
Profit Before Tax (pre-EI)	600	410	662	756
Exceptional Items	(157)	129	460	90
Pre-tax Profit	443	539	1,122	846
Taxation	1	74	(164)	(171)
Exceptional Income - post-tax				
Profit After Tax	444	613	957	675
Minority Interests	0	0	0	0
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	444	613	957	675
Recurring Net Profit	473	210	543	735
Fully Diluted Recurring Net Profit	473	210	543	735

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	1,385	1,488	2,028	2,525
Total Debtors	1,887	1,947	2,065	2,120
Inventories	30	30	30	30
Total Other Current Assets	0	0	0	0
Total Current Assets	3,301	3,465	4,123	4,674
Fixed Assets	11,293	12,393	12,156	12,948
Total Investments	0	0	0	0
Intangible Assets	389	480	334	183
Total Other Non-Current Assets	2,199	2,201	2,209	2,220
Total Non-current Assets	13,880	15,074	14,699	15,352
Short-term Debt	726	726	726	726
Current Portion of Long-Term Debt				
Total Creditors	2,071	2,195	2,279	2,327
Other Current Liabilities	8	8	8	8
Total Current Liabilities	2,805	2,929	3,013	3,061
Total Long-term Debt	9,089	9,821	9,118	9,711
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	281	281	281	281
Total Non-current Liabilities	9,370	10,102	9,400	9,992
Total Provisions	0	0	0	0
Total Liabilities	12,175	13,031	12,412	13,052
Shareholders' Equity	5,006	5,508	6,410	6,974
Minority Interests	0	0	0	0
Total Equity	5,006	5,508	6,410	6,974

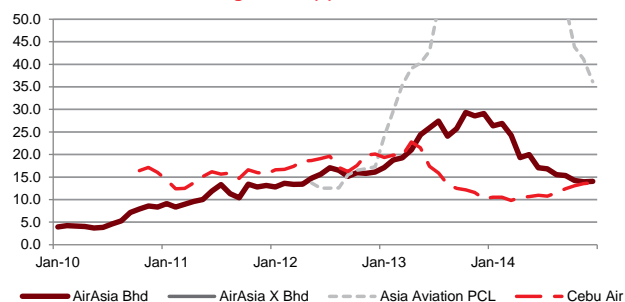
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	1,541	1,570	1,905	2,043
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(423)	63	(35)	(6)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(273)	0	0	0
Net Interest (Paid)/Received	0	0	0	0
Tax Paid	(11)	(17)	(18)	(20)
Cashflow From Operations	833	1,616	1,852	2,016
Capex	(2,271)	(2,495)	(1,205)	(2,267)
Disposals Of FAs/subsidiaries	56	743	1,069	677
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(2,215)	(1,752)	(136)	(1,591)
Debt Raised/(repaid)	1,000	772	(703)	592
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(667)	(111)	(56)	(111)
Preferred Dividends				
Other Financing Cashflow	200	(421)	(418)	(409)
Cash Flow From Financing	533	239	(1,177)	72
Total Cash Generated	(848)	103	540	497
Free Cashflow To Equity	(382)	636	1,014	1,018
Free Cashflow To Firm	(1,382)	(137)	1,717	426

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	3.7%	4.8%	8.9%	3.7%
Operating EBITDA Growth	(7.3%)	1.9%	21.4%	7.2%
Operating EBITDA Margin	29.7%	28.9%	32.2%	33.3%
Net Cash Per Share (RM)	(3.03)	(3.26)	(2.81)	(2.84)
BVPS (RM)	1.80	1.98	2.30	2.51
Gross Interest Cover	2.10	1.70	2.19	2.37
Effective Tax Rate	0.0%	0.0%	14.7%	20.2%
Net Dividend Payout Ratio	19.1%	14.2%	17.3%	18.9%
Accounts Receivables Days	92.71	87.38	85.75	88.03
Inventory Days	2.67	2.79	2.69	2.64
Accounts Payables Days	198.9	201.8	203.8	206.0
ROIC (%)	5.61%	4.53%	5.42%	5.97%
ROCE (%)	6.44%	5.48%	6.77%	7.02%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Av. Seat Km (ASK, Yoy Chg %)	12.1%	2.9%	8.5%	1.9%
Rev. Psg Km (RPK, Yoy Chg %)	11.5%	3.3%	8.5%	1.9%
Passenger Load Factor (%)	79.6%	80.0%	80.0%	80.0%
Pax yld per RPK (RM)	0.2	0.2	0.2	0.2
Pax rev. per ASK (RM)	0.1	0.1	0.1	0.1
Total Cost Per ATK (RM)	-	-	-	-
Fuel Cost Per ATK (RM)	-	-	-	-
Non-fuel Cost Per ATK (RM)	3,304.2	3,398.8	3,685.4	3,755.8
Jet Fuel Price (US\$/barrel)	131.1	123.0	115.0	115.0
Fleet Size (no. Of Planes)	154	165	166	188

AirAsia X Bhd

AAX MK / AAX.KL

► **Market Cap**
US\$444.2m
 RM1,553m

► **Avg Daily Turnover**
US\$2.67m
 RM8.87m

► **Free Float**
34.1%
 2,370 m shares

Current **RM0.66**
 Target **RM0.78** ►
 Prev. Target **RM0.78**
 Up/Downside **19.1%**

STOCK RATING

ADD

HOLD

REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-14.0	-7.9	-31.7
Absolute	-18.6	-14.9	-36.4

Major shareholders	% held
Aero Ventures Sdn Bhd	34.5
AirAsia Bhd	13.8

Survival instincts kick in

AAX is making the necessary strategic manoeuvres to survive in a low yield environment, which we view very positively, and, given the lower fuel price, we finally believe that the worst is over for AAX.

As such, we retain our Hold call, with our end-CY16 target price based on 8x CY17 P/E. This is a two-year forward target because AAX is very difficult to value using near-term metrics and as the business needs time to achieve stability and maturity.

Lower fuel prices ►

Jet fuel prices have declined to below US\$90/barrel in the spot market. For 4Q14, AAX is 50% hedged at an average jet fuel price of US\$117/barrel. Our model assumes a 4Q14 average price of US\$117/barrel for jet fuel. About 20% of 1H15's consumption is hedged and all of the hedges will expire during 1H15, leaving AAX wholly exposed to the spot market during 2H15. We have factored in a jet fuel price of US\$110/barrel for FY15 and FY16, including fuel hedging losses. There will be upside risk to our earnings estimates if spot fuel prices stay lower for longer.

Wet leases ►

In order to preserve cash and mitigate losses, AAX plans to deploy more of its planes on wet leases in 2015 compared to any other year before this. In 2014 and before, AAX wet-leased its A340 and A330-200

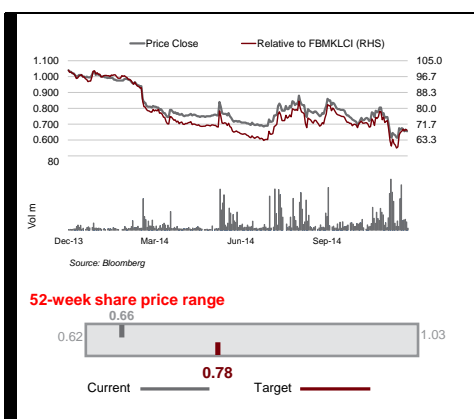
fleet to other airlines but what stands out in 2015 is that AAX will be wet leasing a lot more of its core A330-300 fleet to third-party airlines, reducing AAX's available capacity in its scheduled airline operations during the low-demand seasons. We estimate that wet leases can pay up to US\$2m per month, with a 10% net profit margin.

Fund-raising measures ►

In order to plug the shortfall in operating cash flow due to the competition's extensive low fares, AAX sold and leased back six planes this year. All of its 2015 new aircraft deliveries will also be financed using sale and leasebacks. As AAX still needs more cash, it will probably issue RM330m to RM500m worth of convertible bonds.

Tackling overcapacity ►

AAX will (1) sell two of its eight A330 deliveries in 2015 without leasing back, (2) defer four of the eight deliveries in 2016, and (3) defer three of the eight deliveries in 2017. Hence, ASK capacity growth in 2015-16 will be cut down to just 5% p.a. Given this, together with the beneficial impact of low oil prices, we expect AAX to reduce its FY15 loss materially and turn a profit in FY16.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,967	2,307	2,882	3,485	3,968
Operating EBITDA (RMm)	159.7	174.8	(140.5)	148.5	334.7
Net Profit (RMm)	33.9	(87.0)	(460.9)	(17.1)	130.9
Core EPS (RM)	(0.00)	(0.02)	(0.20)	(0.06)	0.05
Core EPS Growth	(99%)	3512%	1172%	(69%)	NA
FD Core P/E (x)	NA	NA	NA	NA	13.44
DPS (RM)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	17.35	18.79	NA	16.89	6.64
P/FCFE (x)	27.20	NA	1.97	2.26	5.25
Net Gearing	210%	140%	169%	126%	75%
P/BV (x)	2.67	1.25	2.00	2.04	1.74
ROE	(0.2%)	(4.2%)	(48.1%)	(19.4%)	14.0%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.34	0.33	1.58

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,307	2,882	3,485	3,968
Gross Profit	175	(140)	149	335
Operating EBITDA	175	(140)	149	335
Depreciation And Amortisation	(139)	(190)	(100)	(93)
Operating EBIT	36	(330)	49	242
Financial Income/(Expense)	(72)	(92)	(104)	(102)
Pretax Income/(Loss) from Assoc.	(1)	(60)	(90)	(35)
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	(37)	(483)	(145)	105
Exceptional Items	(176)	95	132	66
Pre-tax Profit	(213)	(388)	(13)	171
Taxation	126	(73)	(4)	(40)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	(87)	(461)	(17)	131
Minority Interests	0	0	0	0
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Net Profit	(87)	(461)	(17)	131
Recurring Net Profit	(38)	(485)	(149)	116
Fully Diluted Recurring Net Profit	(38)	(485)	(149)	116

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	265	953	1,519	1,692
Total Debtors	216	270	327	372
Inventories	2	2	2	3
Total Other Current Assets	18	45	45	45
Total Current Assets	501	1,270	1,894	2,112
Fixed Assets	2,895	2,312	2,130	2,133
Total Investments	0	0	0	0
Intangible Assets	362	291	291	256
Total Other Non-Current Assets	236	176	86	51
Total Non-current Assets	3,493	2,779	2,507	2,440
Short-term Debt	486	486	486	486
Current Portion of Long-Term Debt	0	0	0	0
Total Creditors	341	484	534	582
Other Current Liabilities	419	523	632	719
Total Current Liabilities	1,247	1,493	1,652	1,787
Total Long-term Debt	1,510	1,450	1,660	1,545
Hybrid Debt - Debt Component	0	330	330	330
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	1,510	1,780	1,990	1,875
Total Provisions	0	0	0	0
Total Liabilities	2,757	3,273	3,642	3,662
Shareholders' Equity	1,237	777	759	890
Minority Interests	0	0	0	0
Total Equity	1,237	777	759	890

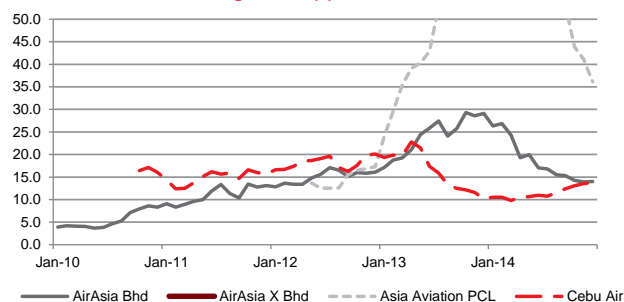
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	175	(140)	149	335
Cash Flow from Inv. & Assoc.	0	0	0	0
Change In Working Capital	223	192	102	89
(Incr)/Decr in Total Provisions	0	0	0	0
Other Non-Cash (Income)/Expense	0	0	0	0
Other Operating Cashflow	(133)	73	120	123
Net Interest (Paid)/Received	(72)	(92)	(104)	(102)
Tax Paid	(1)	(2)	(4)	(5)
Cashflow From Operations	191	31	263	440
Capex	(1,070)	(1,650)	(2,293)	(1,284)
Disposals Of FAs/subsidiaries	(20)	2,138	2,508	1,254
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	(219)	0	0	0
Cash Flow From Investing	(1,308)	488	215	(30)
Debt Raised/(repaid)	484	270	209	(115)
Proceeds From Issue Of Shares	723	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	0	0	0	0
Preferred Dividends	0	0	0	0
Other Financing Cashflow	(51)	(100)	(120)	(123)
Cash Flow From Financing	1,156	170	89	(237)
Total Cash Generated	39	688	566	173
Free Cashflow To Equity	(633)	788	687	295
Free Cashflow To Firm	(1,042)	618	598	533

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	17.3%	24.9%	20.9%	13.9%
Operating EBITDA Growth	9%	(180%)	NA	125%
Operating EBITDA Margin	7.58%	(4.88%)	4.26%	8.43%
Net Cash Per Share (RM)	(0.73)	(0.55)	(0.40)	(0.28)
BVPS (RM)	0.52	0.33	0.32	0.38
Gross Interest Cover	0.48	(3.30)	0.41	1.97
Effective Tax Rate	0.0%	0.0%	0.0%	23.5%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	27.46	30.83	31.28	32.24
Inventory Days	0.21	0.22	0.25	0.27
Accounts Payables Days	50.96	49.84	55.70	56.21
ROIC (%)	1.5%	(8.3%)	1.8%	10.6%
ROCE (%)	1.5%	(10.3%)	2.1%	8.1%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Av. Seat Km (ASK, Yoy Chg %)	19.0%	30.1%	5.0%	5.0%
Rev. Psg Km (RPK, Yoy Chg %)	16.6%	29.9%	7.6%	5.0%
Passenger Load Factor (%)	82.1%	82.0%	84.0%	84.0%
Pax yld per RPK (RM)	13.3	11.9	13.5	14.4
Pax rev. per ASK (RM)	10.9	9.8	11.3	12.1
Total Cost Per ATK (RM)	123.6	133.9	137.0	141.2
Fuel Cost Per ATK (RM)	57.5	60.3	56.8	56.8
Non-fuel Cost Per ATK (RM)	66.2	73.7	80.2	84.4
Jet Fuel Price (US\$/barrel)	130.8	122.0	115.0	115.0
Fleet Size (no. Of Planes)	18	21	21	21

Alliance Financial Group

AFG MK / ALFG.KL

▶ **Market Cap**
US\$2,099m
RM7,338m

▶ **Avg Daily Turnover**
US\$2.13m
RM7.01m

▶ **Free Float**
71.0%
1,548 m shares

Current **RM4.74**
Target ▶ **RM4.98**
Prev. Target **RM4.98**
Up/Downside **5.1%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	4.4	1.6	-0.3
Absolute	-0.2	-5.4	-5.0

Major shareholders	% held
Duxton Investment (controlled by Temasek)	14.5
Langkah Bahagia	14.5
EPF	12.8

Normalising credit costs

In our view, Alliance's loan growth in 2015 will soften from the 14-15% levels in 2014 but still remain strong at around 12%. However, the positive impact from this would be partly offset by the expected upward reversal in the credit cost cycle.

Our DDM-based target price (COE of 11.5%, LT growth of 4%) is unchanged. Notwithstanding the robust loan growth, we retain our Hold recommendation on Alliance due to the concerns about an increase in credit costs and margin contraction. Prefer Maybank.

An upturn in credit costs ▶

Alliance recorded benign loan loss provisioning (LLP) in the past three years, with credit charge-off rate (CCOR) of below 10bp, compared to a more sustainable level of around 20bp. It even posted net writebacks in five of the last twelve quarters. We expect an upturn in LLP cycle going forward, in line with management's guidance, as recoveries/writebacks have been depleting. We project LLP of RM35m in FY03/15 and RM43m in FY16, compared to the net writeback of RM13.7m in FY14. This translates into a more reasonable CCOR of 10-11bp.

12% loan growth in FY15-16 ▶

We forecast 12% loan growth for Alliance in FY15-16, which should be stronger than the industry's pace. Alliance's FY15-16 loan growth would be supported by the expansion in property loans— 13-14% for residential

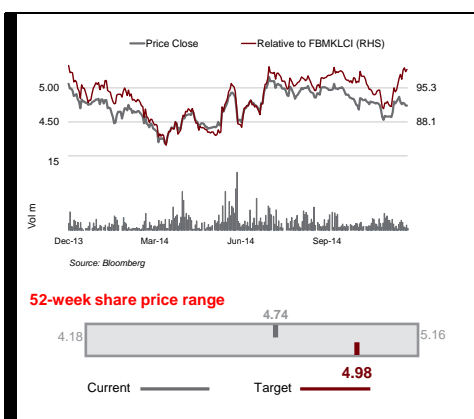
mortgages and 20-30% for non-residential mortgages. Meanwhile, working capital loans are expected to expand by 6-7% in FY15-16.

Margins still under pressure ▶

The group's net interest margin expanded by 14bp qoq in 3QCY14, thanks to: 1) the positive impact of the rate hike, and 2) active asset-liability management to increase its loan-to-deposit (LD) ratio. Nonetheless, we think that the pressures on Alliance's margins will persist as: 1) the rate hike would not recur in 2015, and 2) its liquidity has been tightening, which means that loans and deposits must rise in tandem going forward. Its LD ratio rose from 80.5% in Sep 2013 to 83.7% in Sep 2014, close to its targeted level of 85%.

Do not raise your bets ▶

Investors are advised to hold their positions in Alliance to capitalise on its above-industry loan growth. However, the stock is not an Add due to the expected upturn in LLP.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Net Interest Income (RMm)	730	779	886	958	1,036
Total Non-Interest Income (RMm)	602.6	570.3	655.7	731.8	802.2
Operating Revenue (RMm)	1,333	1,349	1,542	1,689	1,838
Total Provision Charges (RMm)	24.50	13.70	(34.92)	(42.99)	(69.91)
Net Profit (RMm)	538.0	563.5	637.8	716.5	775.0
Core EPS (RM)	0.35	0.36	0.41	0.46	0.50
Core EPS Growth	7.0%	4.7%	13.2%	12.3%	8.2%
FD Core P/E (x)	13.64	13.02	11.50	10.24	9.47
DPS (RM)	0.16	0.30	0.25	0.28	0.30
Dividend Yield	3.44%	6.22%	5.22%	5.86%	6.34%
BVPS (RM)	2.60	2.69	2.96	3.15	3.36
P/BV (x)	1.82	1.76	1.60	1.50	1.41
ROE	13.8%	13.7%	14.6%	15.1%	15.4%
% Change In Core EPS Estimates			0.006%	(0.002%)	(0.000%)
CIMB/consensus EPS (x)			1.07	1.11	1.08

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Net Interest Income	779	886	958	1,036
Total Non-Interest Income	570	656	732	802
Operating Revenue	1,349	1,542	1,689	1,838
Total Non-Interest Expenses	(628)	(708)	(749)	(792)
Pre-provision Operating Profit	721	834	940	1,046
Total Provision Charges	14	(35)	(43)	(70)
Operating Profit After Provisions	735	799	897	976
Pretax Income/(Loss) from Assoc.	0	5	5	5
Operating EBIT (incl Associates)	735	804	902	981
Non-Operating Income/(Expense)	15	35	40	39
Profit Before Tax (pre-EI)	749	839	943	1,020
Exceptional Items	0	0	0	0
Pre-tax Profit	749	839	943	1,020
Taxation	(186)	(201)	(226)	(245)
Consolidation Adjustments & Others				
Exceptional Income - post-tax				
Profit After Tax	564	638	717	775
Minority Interests	(0)	(0)	(0)	(0)
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	564	638	716	775
Recurring Net Profit	564	638	716	775

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Gross Loans	32,885	37,029	41,488	45,613
Liquid Assets & Invst. (Current)	11,169	14,550	15,832	17,239
Other Int. Earning Assets				
Total Gross Int. Earning Assets	44,054	51,579	57,320	62,853
Total Provisions/Loan Loss Reserve	(410)	(398)	(387)	(399)
Total Net Interest Earning Assets	43,643	51,180	56,933	62,454
Intangible Assets	353	355	354	354
Other Non-Interest Earning Assets	1,948	1,989	2,197	2,387
Total Non-Interest Earning Assets	2,302	2,344	2,552	2,742
Cash And Marketable Securities	2,130	961	883	969
Long-term Investments	0	0	0	0
Total Assets	48,075	54,485	60,368	66,164
Customer Interest-Bearing Liabilities	39,237	45,899	51,289	56,549
Bank Deposits	3,059	2,344	2,532	2,735
Interest Bearing Liabilities: Others	613	613	613	613
Total Interest-Bearing Liabilities	42,909	48,856	54,433	59,896
Bank's Liabilities Under Acceptances	0	0	0	0
Total Non-Interest Bearing Liabilities	1,000	1,039	1,052	1,067
Total Liabilities	43,909	49,895	55,485	60,963
Shareholders' Equity	4,166	4,590	4,883	5,202
Minority Interests	0	0	0	0
Total Equity	4,166	4,590	4,883	5,202

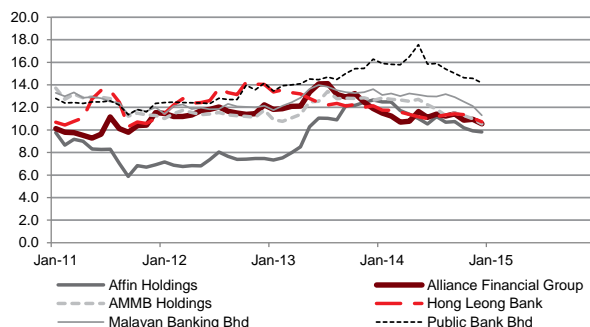
Balance Sheet Employment

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Gross Loans/Cust Deposits	82.1%	78.6%	78.8%	78.6%
Avg Loans/Avg Deposits	85.7%	84.8%	83.2%	82.5%
Avg Liquid Assets/Avg Assets	30.4%	32.1%	31.0%	30.6%
Avg Liquid Assets/Avg IEAs	30.5%	31.5%	30.7%	30.5%
Net Cust Loans/Assets	66.2%	65.5%	66.3%	66.6%
Net Cust Loans/Broad Deposits	75.2%	74.0%	74.4%	74.3%
Equity & Provs/Gross Cust Loans	14.2%	13.8%	13.0%	12.6%
Asset Risk Weighting	64.1%	63.8%	63.9%	63.8%
Provision Charge/Avg Cust Loans	0.017%	0.045%	0.044%	0.084%
Provision Charge/Avg Assets	0.012%	0.032%	0.031%	0.059%
Total Write Offs/Average Assets	0.184%	0.165%	0.161%	0.149%

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Income Growth	1.2%	14.3%	9.6%	8.8%
Operating Profit Growth	3.9%	15.7%	12.8%	11.2%
Pretax Profit Growth	5.0%	12.0%	12.3%	8.2%
Net Interest To Total Income	57.7%	57.5%	56.7%	56.4%
Cost Of Funds	1.76%	1.60%	1.59%	1.58%
Return On Interest Earning Assets	3.50%	3.37%	3.36%	3.33%
Net Interest Spread	1.74%	1.76%	1.77%	1.75%
Net Interest Margin (Avg Deposits)	2.07%	2.08%	1.97%	1.92%
Net Interest Margin (Avg RWA)	2.65%	2.70%	2.61%	2.56%
Provisions to Pre Prov. Operating Profit	(1.90%)	4.19%	4.57%	6.69%
Interest Return On Average Assets	1.70%	1.73%	1.67%	1.64%
Effective Tax Rate	24.8%	24.0%	24.0%	24.0%
Net Dividend Payout Ratio	81.0%	60.0%	60.0%	60.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Loan Growth (%)	14.1%	12.0%	12.0%	10.0%
Net Interest Margin (%)	1.7%	1.7%	1.7%	1.6%
Non Interest Income Growth (%)	-5.4%	15.0%	11.6%	9.6%
Cost-income Ratio (%)	46.6%	45.9%	44.3%	43.1%
Net NPL Ratio (%)	1.4%	1.4%	1.4%	1.4%
Loan Loss Reserve (%)	92.7%	78.2%	68.2%	65.2%
GP Ratio (%)	1.0%	0.9%	0.8%	0.8%
Tier 1 Ratio (%)	12.5%	12.1%	11.8%	11.8%
Total CAR (%)	14.5%	13.8%	13.4%	13.2%
Deposit Growth (%)	9.0%	17.0%	11.7%	10.3%
Loan-deposit Ratio (%)	81.1%	77.8%	78.1%	77.9%
Gross NPL Ratio (%)	1.4%	1.4%	1.4%	1.4%
Fee Income Growth (%)	20.1%	3.3%	10.5%	10.1%

AMMB Holdings

AMM MK / AMMB.KL

➤ **Market Cap**
US\$5,553m
RM19,411m

➤ **Avg Daily Turnover**
US\$6.81m
RM22.41m

➤ **Free Float**
60.3%
3,014 m shares

Current **RM6.44**
Target ➤ **RM6.70**
Prev. Target **RM6.70**
Up/Downside **4.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.5	-1.1	-8.9
Absolute	-1.1	-8.1	-13.6

Major shareholders	% held
ANZ	23.8
Amcorp	16.0
EPF	11.4

Strangled by tight liquidity

AMMB's tight liquidity, with a loan-to-deposit ratio at almost 100% in Sep 14, makes it the most vulnerable to the negative impact of the industry's increased competition for deposits. This would either affect its margins and/or loan growth, thus limiting its topline expansion.

We retain our DDM-based target price (COE of 10%; LT growth of 4%). Also unchanged is our Hold recommendation despite its undemanding valuations. The key concern is topline growth, impacted by weak loan expansion and margin contraction. We prefer Maybank.

Tight liquidity limits topline growth ➤

Over the years, AMMB's loan-to-deposit ratio has hovered above 90%, the highest among local banks. This ratio continued to rise in the past three quarters to just a shade below 100% in Sep 14. This means that AMMB will have to fund its loan growth with new deposits, which now attract higher rates due to keen industry competition.

A 4% drop in FY15 EPS ➤

We are forecasting a 4.7% net profit growth for AMMB in FY3/15, despite the one-off gains of RM208m from the sale of its stake in the life insurance unit. The growth was mainly suppressed by a projected 2% yoy drop in net interest income, on the back of weak loan growth and margin compression. Without the lift

from the divestment gains, our projected net profit growth is even weaker at only 1.2% for FY3/16.

6-8% loan growth ➤

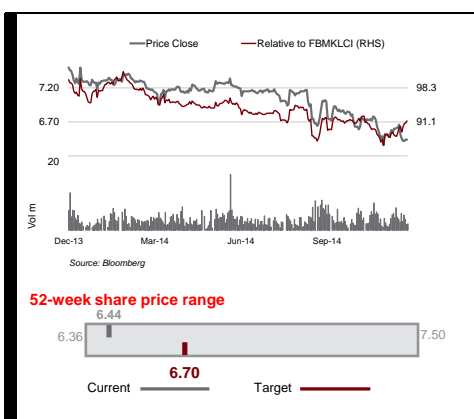
Going forward, we do not expect a strong recovery in loan growth as AMMB has limited internal liquidity to fund that. The incremental cost of funds will be high for new deposits due to industry competition. This makes it less profitable for the bank to push up loan momentum. We are projecting loan growth of 6.9% in FY15 and 7.6% in FY16, which would still be below the industry's pace.

Solid asset quality ➤

We expect the group's gross impaired loan ratio to continue to drop from 1.9% in FY14 to 1.7% in FY15 and 1.6% in FY16. Loan loss coverage would remain strong at 130%+ in FY15-16.

Undemanding valuations ➤

We advise investors not to accumulate the stock despite its below-sector valuation. This is because of our concerns for its topline growth that would be partly affected by its tight liquidity.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Net Interest Income (RMm)	2,218	2,272	2,226	2,406	2,583
Total Non-Interest Income (RMm)	2,137	2,438	3,043	3,318	3,584
Operating Revenue (RMm)	4,356	4,710	5,269	5,724	6,167
Total Provision Charges (RMm)	(173.3)	(67.7)	(127.1)	(163.2)	(176.0)
Net Profit (RMm)	1,621	1,782	1,867	1,889	2,064
Core EPS (RM)	0.54	0.59	0.57	0.63	0.68
Core EPS Growth	9.2%	10.0%	(4.0%)	10.4%	9.2%
FD Core P/E (x)	11.98	10.89	11.35	10.27	9.41
DPS (RM)	0.22	0.25	0.26	0.26	0.29
Dividend Yield	3.42%	3.86%	4.04%	4.09%	4.46%
BVPS (RM)	4.00	4.36	4.69	5.04	5.43
P/BV (x)	1.61	1.48	1.37	1.28	1.18
ROE	14.0%	14.1%	12.5%	12.9%	13.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.04	1.00	1.01

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Net Interest Income	2,272	2,226	2,406	2,583
Total Non-Interest Income	2,438	3,043	3,318	3,584
Operating Revenue	4,710	5,269	5,724	6,167
Total Non-Interest Expenses	(2,151)	(2,725)	(2,898)	(3,084)
Pre-provision Operating Profit	2,559	2,544	2,825	3,083
Total Provision Charges	(68)	(127)	(163)	(176)
Operating Profit After Provisions	2,492	2,417	2,662	2,907
Pretax Income/(Loss) from Assoc.	21	13	14	15
Operating EBIT (incl Associates)	2,513	2,429	2,676	2,922
Non-Operating Income/(Expense)	(65)	(22)	(29)	(31)
Profit Before Tax (pre-EI)	2,448	2,407	2,647	2,891
Exceptional Items	0	208	0	0
Pre-tax Profit	2,448	2,615	2,647	2,891
Taxation	(577)	(654)	(662)	(723)
Consolidation Adjustments & Others	0	0	0	0
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	1,871	1,961	1,985	2,168
Minority Interests	(89)	(95)	(96)	(105)
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	1,782	1,867	1,889	2,064
Recurring Net Profit	1,782	1,711	1,889	2,064

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Gross Loans	90,352	98,661	106,111	113,939
Liquid Assets & Invst. (Current)	19,375	19,882	20,473	21,036
Other Int. Earning Assets	0	0	0	0
Total Gross Int. Earning Assets	109,726	118,543	126,584	134,975
Total Provisions/Loan Loss Reserve	(2,118)	(2,093)	(2,129)	(2,228)
Total Net Interest Earning Assets	107,608	116,450	124,455	132,747
Intangible Assets	3,384	3,384	3,384	3,384
Other Non-Interest Earning Assets	11,074	9,125	9,683	10,131
Total Non-Interest Earning Assets	14,458	12,509	13,066	13,515
Cash And Marketable Securities	10,287	12,593	13,171	14,082
Long-term Investments	0	0	0	0
Total Assets	132,353	141,552	150,692	160,344
Customer Interest-Bearing Liabilities	89,699	97,690	104,701	112,282
Bank Deposits	4,121	3,556	3,777	4,012
Interest Bearing Liabilities: Others	11,604	11,474	11,518	11,503
Total Interest-Bearing Liabilities	105,424	112,721	119,995	127,797
Bank's Liabilities Under Acceptances	0	0	0	0
Total Non-Interest Bearing Liabilities	12,835	13,746	14,559	15,215
Total Liabilities	118,259	126,467	134,554	143,012
Shareholders' Equity	13,143	14,134	15,187	16,381
Minority Interests	951	951	951	951
Total Equity	14,094	15,085	16,139	17,333

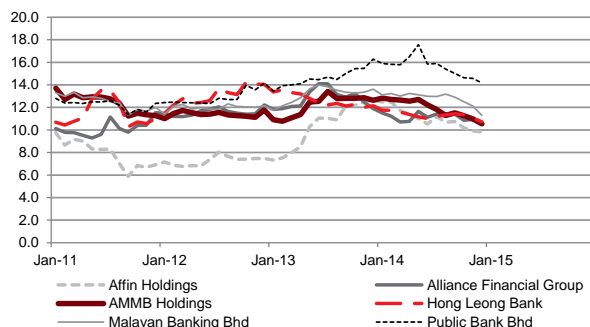
Balance Sheet Employment

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Gross Loans/Cust Deposits	99.5%	97.7%	98.1%	98.3%
Avg Loans/Avg Deposits	100%	99%	98%	98%
Avg Liquid Assets/Avg Assets	24.9%	24.3%	24.9%	24.4%
Avg Liquid Assets/Avg IEAs	27.6%	26.9%	27.3%	26.6%
Net Cust Loans/Assets	65.9%	65.9%	66.7%	67.4%
Net Cust Loans/Broad Deposits	92.9%	92.2%	92.7%	93.0%
Equity & Provs/Gross Cust Loans	17.1%	17.0%	16.9%	16.9%
Asset Risk Weighting	75.0%	73.4%	74.1%	73.8%
Provision Charge/Avg Cust Loans	0.249%	0.260%	0.261%	0.230%
Provision Charge/Avg Assets	0.167%	0.175%	0.177%	0.157%
Total Write Offs/Average Assets	0.67%	0.54%	0.50%	0.45%

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Income Growth	8.1%	11.9%	8.6%	7.7%
Operating Profit Growth	12.8%	(0.6%)	11.1%	9.1%
Pretax Profit Growth	14.5%	6.8%	1.2%	9.2%
Net Interest To Total Income	48.2%	42.3%	42.0%	41.9%
Cost Of Funds	2.33%	2.42%	2.45%	2.44%
Return On Interest Earning Assets	3.99%	3.94%	3.94%	3.94%
Net Interest Spread	1.65%	1.52%	1.49%	1.50%
Net Interest Margin (Avg Deposits)	2.60%	2.38%	2.38%	2.38%
Net Interest Margin (Avg RWA)	2.38%	2.19%	2.23%	2.25%
Provisions to Pre Prov. Operating Profit	2.65%	5.00%	5.77%	5.71%
Interest Return On Average Assets	1.75%	1.63%	1.65%	1.66%
Effective Tax Rate	23.6%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	42.0%	47.3%	42.0%	42.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Loan Growth (%)	5.3%	6.9%	7.6%	7.5%
Net Interest Margin (%)	1.9%	1.8%	1.8%	1.8%
Non Interest Income Growth (%)	14.1%	24.8%	9.0%	8.0%
Cost-income Ratio (%)	45.7%	51.7%	50.6%	50.0%
Net NPL Ratio (%)	1.9%	1.7%	1.6%	1.5%
Loan Loss Reserve (%)	127.4%	131.9%	133.3%	134.3%
GP Ratio (%)	2.2%	2.0%	1.8%	1.7%
Tier 1 Ratio (%)	10.1%	11.5%	11.8%	12.2%
Total CAR (%)	21.4%	22.2%	21.7%	21.5%
Deposit Growth (%)	5.7%	8.9%	7.2%	7.2%
Loan-deposit Ratio (%)	97.2%	95.5%	96.0%	96.3%
Gross NPL Ratio (%)	1.9%	1.7%	1.6%	1.5%
Fee Income Growth (%)	34.6%	15.4%	8.8%	8.1%

Ann Joo Resources

AJR MK / ANNJ.KL

➤ **Market Cap**
US\$160.4m
 RM560.7m

➤ **Avg Daily Turnover**
US\$0.05m
 RM0.18m

➤ **Free Float**
31.2%
 522.7 m shares

Current **RM1.12**
 Target ➤ **RM1.25**
 Prev. Target **RM1.25**
 Up/Downside **11.6%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.1	-11.9	9.4
Absolute	-3.5	-18.9	4.7

Major shareholders	% held
Ann Joo Corporation	62.8
Lembaga Tabung Haji	4.9
Seng Lim Chee	1.1

Leveraging cost and efficiency

The incidence of dumping by China, which has been the bane of domestic steel players, has worsened YTD. However, Ann Joo has shown that it is fundamentally stronger and can partially offset the impact of depressed selling prices with lower cost and superior efficiency.

Ann Joo's manufacturing efficiencies, supported by falling material prices, are its key strength. However, a major sector-wide recovery will only be clearer with stricter government intervention. Our target price remains pegged to 10.3x CY16 P/E (30% discount to historical average). Maintain Hold. Switch to contractors.

Dumping intensified ➤

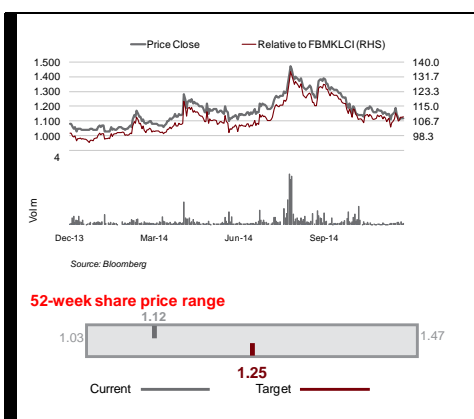
The dumping of steel wire rods by China has gotten worse YTD, with volumes accounting for more than 50% of the monthly 200k MT domestic steel consumption. Given the pent-up demand for building materials prior to the implementation of GST in Apr 15, dumping is unlikely to subside. What is encouraging is that although there has been no news since 2Q14 about the possibility of certain 'trade actions', management notes that the government is showing signs of considering various means to assist the ailing domestic steel industry and is likely to make positive decisions in the next two months. This may include reinstating the 5% import duty exemption.

Balanced by operational strength ➤

Ann Joo has shown that it is now on a better footing to face the tough market, thanks to the sustained fall in key raw material prices, mainly that of iron ore, which now hovers at below US\$70/tonne vs. US\$90/tonne in 2Q14. Ann Joo purchases local iron ores, which are about 10% cheaper than international iron ores. Prices of iron ore are likely to stay depressed as long as global oil prices stay low and global steel demand remains soft. This is positive for Ann Joo, enabling it to maintain operating efficiencies.

Stay on the sidelines ➤

We recommend investors stay on the sidelines as a major re-rating hinges on clearer and more resolute intervention from the government to curb the heavy dumping of steel products into the local market. Such a move may not trigger a sector turnaround overnight but will instead gradually stabilise the domestic steel industry, particularly in terms of a recovery in selling prices.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	2,081	2,118	2,394	2,522	2,719
Operating EBITDA (RMm)	(23.9)	100.7	136.2	154.7	108.7
Net Profit (RMm)	(19.10)	12.27	41.72	50.65	64.33
Core EPS (RM)	(0.09)	0.02	0.11	0.12	0.13
Core EPS Growth	(138%)	NA	354%	11%	11%
FD Core P/E (x)	NA	71.59	15.42	11.81	9.09
DPS (RM)	0.068	0.001	0.010	0.010	0.010
Dividend Yield	6.03%	0.09%	0.89%	0.89%	0.89%
EV/EBITDA (x)	NA	13.36	8.97	7.55	5.24
P/FCFE (x)	NA	NA	2,505	60	NA
Net Gearing	67.9%	68.3%	42.5%	29.8%	(8.8%)
P/BV (x)	0.57	0.57	0.50	0.46	0.31
ROE	(4.37%)	1.20%	5.08%	5.08%	4.32%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.94	0.87	0.99

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,118	2,394	2,522	2,719
Gross Profit	101	136	155	109
Operating EBITDA	101	136	155	109
Depreciation And Amortisation	(48)	(57)	(57)	(56)
Operating EBIT	52	79	98	52
Financial Income/(Expense)	(48)	(5)	3	37
Pretax Income/(Loss) from Assoc.	0	1	1	1
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	4	75	102	90
Exceptional Items	0	(16)	(16)	(5)
Pre-tax Profit	4	59	86	85
Taxation	8	(7)	(25)	(12)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	12	51	60	74
Minority Interests	0	(9)	(9)	(9)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0	0	0	0
Net Profit	12	42	51	64
Recurring Net Profit	12	56	62	69
Fully Diluted Recurring Net Profit	12	56	62	69

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	4	115	166	714
Total Debtors	232	247	260	281
Inventories	791	838	883	952
Total Other Current Assets	6	5	5	5
Total Current Assets	1,032	1,205	1,313	1,952
Fixed Assets	876	868	860	852
Total Investments	0	0	0	0
Intangible Assets	8	8	8	8
Total Other Non-Current Assets	114	105	104	103
Total Non-current Assets	998	982	972	962
Short-term Debt	684	615	554	499
Current Portion of Long-Term Debt				
Total Creditors	223	237	249	269
Other Current Liabilities	1	3	2	9
Total Current Liabilities	908	855	805	777
Total Long-term Debt	44	39	35	32
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	22	22	21	21
Total Non-current Liabilities	66	61	57	53
Total Provisions	0	1	1	1
Total Liabilities	973	917	863	831
Shareholders' Equity	1,021	1,172	1,265	1,916
Minority Interests	37	97	158	168
Total Equity	1,058	1,269	1,423	2,084

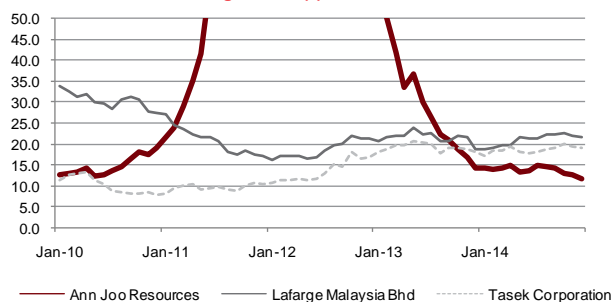
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	101	136	155	109
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(79)	(48)	(45)	0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(15)	67	67	67
Net Interest (Paid)/Received	(15)	(14)	(12)	(11)
Tax Paid	8	(7)	(25)	(12)
Cashflow From Operations	(1)	134	138	153
Capex	(50)	(50)	(50)	(50)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	(11)	(11)	(11)	(11)
Cash Flow From Investing	(61)	(61)	(61)	(61)
Debt Raised/(repaid)	(81)	(73)	(65)	(589)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(33)	(34)	(34)	(38)
Preferred Dividends				
Other Financing Cashflow	83	(10)	72	1,084
Cash Flow From Financing	(30)	(117)	(27)	457
Total Cash Generated	(92)	(44)	51	549
Free Cashflow To Equity	(142)	0	12	(497)
Free Cashflow To Firm	(46)	87	90	103

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	1.8%	13.0%	5.4%	7.8%
Operating EBITDA Growth	NA	35%	14%	(30%)
Operating EBITDA Margin	4.75%	5.69%	6.13%	4.00%
Net Cash Per Share (RM)	(1.38)	(1.03)	(0.81)	0.35
BVPS (RM)	1.95	2.24	2.42	3.67
Gross Interest Cover	0.90	5.71	7.87	4.68
Effective Tax Rate	0.0%	12.7%	29.7%	13.5%
Net Dividend Payout Ratio	352%	75%	65%	83%
Accounts Receivables Days	37.95	36.38	36.49	36.18
Inventory Days	136.0	131.6	132.6	128.6
Accounts Payables Days	38.39	37.16	37.45	36.31
ROIC (%)	2.21%	3.29%	4.01%	2.11%
ROCE (%)	3.44%	4.74%	5.76%	4.36%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% Change)	3.0%	1.9%	0.5%	0.0%
Unit Sales Growth (%)	9.8%	3.0%	3.0%	7.0%
Utilisation Rate (%)	76.9%	79.6%	82.4%	88.1%

Asia File Corporation

AF MK / AFCB.KL

➤ **Market Cap**
US\$230.1m
RM804.4m

➤ **Avg Daily Turnover**
US\$0.05m
RM0.16m

➤ **Free Float**
20.0%
112.8 m shares

Current **RM6.80**
Target ➤ **RM6.75**
Prev. Target **RM6.75**
Up/Downside **-0.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	4.6	0.1	61.0
Absolute	0.0	-6.9	56.3

Major shareholders	% held
Prestige Elegance S/B	47.2
Amanah Raya Trustee	26.4
NT Asian Discovery Fund	6.4

Currency is key

Europe is Asia File's largest export market, contributing more than 60% of group revenue. While the company's topline is expected to increase as it penetrates deeper into Europe, a weaker euro and sterling pound could dent its net profit growth.

We maintain our target price, which remains pegged to 10.8x FY12 P/E, a 10% discount to the sector's 12x target P/E to reflect the stock's tight liquidity. We maintain our Hold recommendation, preferring QL Resources for exposure to the consumer sector.

Europe remains its largest market ➤

Asia File is seeking growth outside the UK market, which remains its largest market. Over the past year, the company has consolidated its European operations after acquiring machinery from two stationery companies in France and the Czech Republic, which now outsource their production to the more cost-competitive Asia File. This should help the company grow its topline in this region and generate greater economies of scale.

Other than the US and UK, Asia File's international export markets include the Netherlands, Belgium, France, Italy, Spain, Germany, Austria and Switzerland. The company has no plans to expand its operations in Malaysia as it already dominates the

market, with a 60% share of the domestic filing market. Asia File's plant is currently running at around 70% capacity.

Currency risk ➤

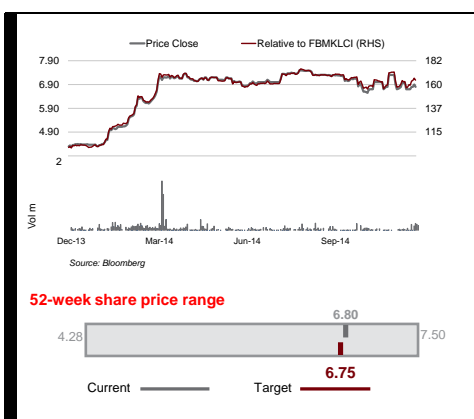
With more than 60% of its revenue coming from Europe and 20% from the US, weakness of the euro and US\$ is not positive for Asia File. In 1HFY15, net profit fell 16% yoy due to the weaker euro and sterling pound. Excluding the currency factor, Asia File's 1HFY15 net profit would have been 10-12% higher.

Net cash position ➤

Asia File's balance sheet remains strong, with RM72m net cash (RM0.64/share) at end-Sep. The company is open to M&As in Europe and the US at the right price. Funding is not a concern given the company's strong balance sheet.

Proposed 3:5 bonus issue ➤

The company's proposed 3-for-5 bonus issue should help improve its trading liquidity which is low due to its small free float. This corporate exercise should be completed in 1QCY15.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue (RMm)	334.8	362.0	419.9	466.1	503.4
Operating EBITDA (RMm)	63.20	80.90	80.50	86.30	95.38
Net Profit (RMm)	43.20	60.44	60.83	65.18	72.34
Core EPS (RM)	0.38	0.54	0.54	0.58	0.64
Core EPS Growth	(11.5%)	39.9%	0.7%	7.1%	11.0%
FD Core P/E (x)	18.13	12.96	12.88	12.02	10.83
DPS (RM)	0.21	0.23	0.26	0.29	0.32
Dividend Yield	3.09%	3.31%	3.75%	4.19%	4.63%
EV/EBITDA (x)	11.50	8.66	8.67	7.67	6.89
P/FCFE (x)	109.9	15.5	29.1	12.8	23.2
Net Gearing	(10.3%)	(15.6%)	(14.9%)	(20.9%)	(20.2%)
P/BV (x)	1.96	1.80	1.66	1.53	1.41
ROE	11.3%	14.8%	13.7%	13.5%	13.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.90	1.00	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues	362.0	419.9	466.1	503.4
Gross Profit	80.9	80.5	86.3	95.4
Operating EBITDA	80.9	80.5	86.3	95.4
Depreciation And Amortisation	(11.9)	(12.0)	(12.2)	(12.2)
Operating EBIT	69.0	68.5	74.1	83.2
Financial Income/(Expense)	0.5	0.5	0.5	0.5
Pretax Income/(Loss) from Assoc.	7.0	8.0	7.9	7.9
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	76.5	77.0	82.5	91.6
Exceptional Items	0.0	0.0		
Pre-tax Profit	76.5	77.0	82.5	91.6
Taxation	(16.1)	(16.2)	(17.3)	(19.2)
Exceptional Income - post-tax				
Profit After Tax	60.4	60.8	65.2	72.3
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	60.4	60.8	65.2	72.3
Recurring Net Profit	60.4	60.8	65.2	72.3
Fully Diluted Recurring Net Profit	60.4	60.8	65.2	72.3

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Cash And Equivalents	66.6	69.2	104.8	110.1
Total Debtors	76.1	83.7	92.1	101.3
Inventories	102.1	112.4	91.8	105.0
Total Other Current Assets	0.0	0.0	2.0	0.0
Total Current Assets	244.8	265.3	290.7	316.4
Fixed Assets	97.2	113.2	128.9	144.6
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	30.2	30.2	30.2	30.2
Total Other Non-Current Assets	122.0	122.0	122.0	122.0
Total Non-current Assets	249.4	265.4	281.1	296.8
Short-term Debt	0.0	0.0	0.0	0.0
Current Portion of Long-Term Debt				
Total Creditors	48.0	48.0	48.0	48.0
Other Current Liabilities	12.0	12.0	12.0	12.0
Total Current Liabilities	60.0	60.0	60.0	60.0
Total Long-term Debt	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	7.3	7.3	7.3	7.3
Total Non-current Liabilities	7.3	7.3	7.3	7.3
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	67.3	67.3	67.3	67.3
Shareholders' Equity	426.9	463.4	502.5	545.9
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	426.9	463.4	502.5	545.9

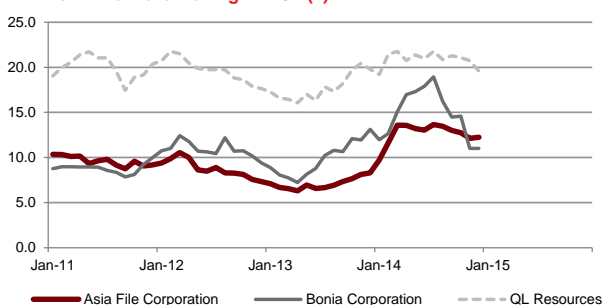
Cash Flow

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
EBITDA	80.90	80.50	86.30	95.38
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(4.74)	(17.91)	12.23	(22.41)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.00	0.00	0.00	0.00
Net Interest (Paid)/Received	0.00	0.00	0.00	0.00
Tax Paid	(16.07)	(16.17)	(17.33)	(19.23)
Cashflow From Operations	60.10	46.42	81.20	53.74
Capex	(9.55)	(19.50)	(20.00)	(20.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Investing	(9.55)	(19.50)	(20.00)	(20.00)
Debt Raised/(repaid)		0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(24.17)	(24.33)	(26.07)	(28.94)
Preferred Dividends				
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	(24.17)	(24.33)	(26.07)	(28.94)
Total Cash Generated	26.37	2.59	35.13	4.80
Free Cashflow To Equity	50.55	26.92	61.20	33.74
Free Cashflow To Firm	50.55	26.92	61.20	33.74

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue Growth	8.1%	16.0%	11.0%	8.0%
Operating EBITDA Growth	28.0%	(0.5%)	7.2%	10.5%
Operating EBITDA Margin	22.3%	19.2%	18.5%	18.9%
Net Cash Per Share (RM)	0.59	0.61	0.93	0.98
BVPS (RM)	3.78	4.11	4.45	4.84
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	21.0%	21.0%	21.0%	21.0%
Net Dividend Payout Ratio	31.6%	31.6%	31.6%	31.6%
Accounts Receivables Days	73.25	69.46	69.03	70.11
Inventory Days	134.0	115.3	98.4	88.0
Accounts Payables Days	62.33	51.62	46.25	42.94
ROIC (%)	19.3%	18.6%	18.5%	20.4%
ROCE (%)	17.0%	15.5%	15.4%	16.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
ASP (% chg, main prod./serv.)	2.0%	10.0%	10.0%	10.0%
Unit sales grth (% , main prod./serv.)	5.0%	5.0%	5.0%	5.0%
No. of POS (main prod./serv.)	N/A	N/A	N/A	N/A
SSS grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
No. of POS (2ndary prod./serv.)	N/A	N/A	N/A	N/A
SSS grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A

Astro Malaysia

ASTRO MK / ASTR.KL

► **Market Cap**
US\$4,851m
 RM16,958m

► **Avg Daily Turnover**
US\$2.18m
 RM7.17m

► **Free Float**
41.5%
 5,198 m shares

Current **RM3.26**
 Target ► **RM3.85**
 Prev. Target **RM3.85**
 Up/Downside **18.2%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.8	4.9	14.8
Absolute	-3.8	-2.1	10.1

Major shareholders	% held
Astro Networks (M) Sdn Bhd	42.4
Pantai Cahaya Bulan Ventures	8.3
All Asia Media Equities	7.8

Top pick for media sector

Astro will continue to leverage its position as the dominant pay TV operator in Malaysia. We project stronger earnings contribution from FY15 onwards due to higher ARPU growth from value-added services, rising subscriber numbers and better content monetisation.

We maintain our Add rating on the stock and our DCF-based target price of RM3.85 (WACC:8%). We see higher ARPU growth, a growing subscriber base from NJOI and its pay TV service and the convergence of media platforms as potential catalysts. Astro is our top pick for the media sector.

Poised for growth ►

Astro is still targeting 80% Malaysian household penetration by 2017 from 60% currently, driven by stronger subscriber addition from its prepaid service, NJOI, which is expected to reach 1m customers by end-FY15. Meanwhile, its pay TV subscribers increased moderately by 127k to 3.5m in 1HFY15. Apart from that, the company projects further growth from content monetisation through licensees' fees for sporting content. We expect the strong growth to continue, driven by more opportunities to sell other content besides sports, such as vernacular content, to ASEAN markets like Singapore and Indonesia.

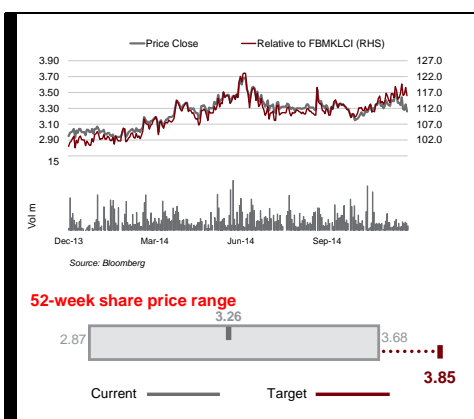
New driver in home shopping ►

The company recently launched its first home shopping channel as part of

its strategy to leverage its 4.2m subscribers. Astro has also formed a partnership with a Korean company, GS Home Shopping, to help it grow the service in Malaysia. Home shopping will be a new revenue driver for Astro and management is targeting RM500m revenue contribution within the next 4-5 years. We estimate the new segment could add 3-4% to revenue in FY16-17.

Stay resilient ►

Although the weakness in consumer sentiment following the pending implementation of the goods and service tax and subsidy rationalisation could negatively impact subscriber growth, we believe the company will be compensated with the upcoming price revision for HD subscription fees from RM20 to RM25/mth. Astro currently has over 1.7m HD subscribers or 54% of its pay TV subscriber base. Moreover, we think Astro will still see a net positive impact from the situation given its defensive operating structure and sticky nature of its subscribers. As a matter of fact, Astro's annual subscriber numbers have been increasing despite the many rounds of price hikes in the past.



Financial Summary

	Jan-13A	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Revenue (RMm)	4,265	4,791	5,260	5,729	6,276
Operating EBITDA (RMm)	1,353	1,586	1,858	2,037	2,194
Net Profit (RMm)	418.5	447.9	529.8	715.2	904.0
Core EPS (RM)	0.08	0.09	0.10	0.14	0.17
Core EPS Growth	(33.2%)	7.0%	18.3%	35.0%	26.4%
FD Core P/E (x)	40.49	37.83	31.98	23.69	18.74
DPS (RM)	0.04	0.09	0.10	0.14	0.17
Dividend Yield	1.23%	2.64%	3.13%	4.22%	5.34%
EV/EBITDA (x)	14.07	12.30	10.34	9.52	8.94
P/FCFE (x)	NA	44.20	7.87	19.80	19.07
Net Gearing	406%	415%	437%	473%	516%
P/BV (x)	33.10	27.64	33.08	33.05	33.61
ROE	84%	80%	94%	140%	178%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.96	1.01	1.02

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Total Net Revenues	4,791	5,260	5,729	6,276
Gross Profit	2,853	3,219	3,514	3,827
Operating EBITDA	1,586	1,858	2,037	2,194
Depreciation And Amortisation	(839)	(957)	(864)	(808)
Operating EBIT	747	901	1,173	1,386
Financial Income/(Expense)	(182)	(198)	(225)	(181)
Pretax Income/(Loss) from Assoc.	4	12	12	12
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	569	716	960	1,217
Exceptional Items	0	0	0	0
Pre-tax Profit	569	716	960	1,217
Taxation	(121)	(186)	(245)	(304)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	448	530	715	913
Minority Interests	0	0	0	(9)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Net Profit	448	530	715	904
Recurring Net Profit	448	530	715	904
Fully Diluted Recurring Net Profit	448	530	715	904

Balance Sheet

(RMm)	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Total Cash And Equivalents	1,105	2,734	2,886	2,882
Total Debtors	992	1,009	1,099	1,204
Inventories	18	22	24	26
Total Other Current Assets	552	552	552	552
Total Current Assets	2,666	4,316	4,560	4,664
Fixed Assets	2,157	1,882	1,590	1,398
Total Investments	0	0	0	0
Intangible Assets	1,870	1,771	1,771	1,771
Total Other Non-Current Assets	410	655	667	670
Total Non-current Assets	4,437	4,307	4,028	3,839
Short-term Debt	302	302	302	302
Current Portion of Long-Term Debt				
Total Creditors	1,426	1,491	1,618	1,789
Other Current Liabilities	19	19	19	19
Total Current Liabilities	1,747	1,812	1,939	2,110
Total Long-term Debt	3,362	4,690	5,023	5,245
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,378	1,605	1,111	632
Total Non-current Liabilities	4,740	6,295	6,134	5,877
Total Provisions	0	0	0	0
Total Liabilities	6,486	8,107	8,072	7,987
Shareholders' Equity	613	512	513	504
Minority Interests	4	4	4	12
Total Equity	617	516	516	516

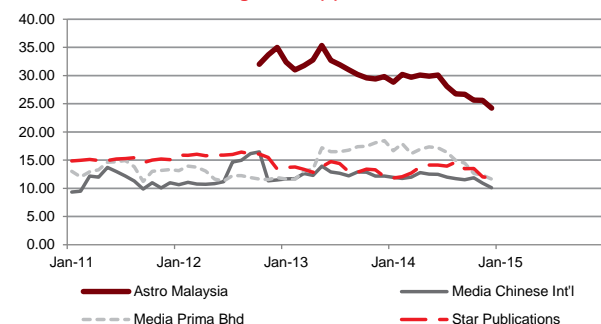
Cash Flow

(RMm)	Jan-14A	Jan-15F	Jan-16F	Jan-17F
EBITDA	1,586	1,858	2,037	2,194
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(197)	44	35	64
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	222	(167)	(679)	(667)
Net Interest (Paid)/Received	(182)	(198)	(225)	(181)
Tax Paid	(121)	(186)	(245)	(304)
Cashflow From Operations	1,308	1,351	923	1,105
Capex	(626)	(526)	(401)	(439)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(223)	0	0	0
Cash Flow From Investing	(849)	(526)	(401)	(439)
Debt Raised/(repaid)	(75)	1,328	333	222
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(448)	(530)	(715)	(904)
Preferred Dividends				
Other Financing Cashflow	0	0	0	0
Cash Flow From Financing	(523)	798	(382)	(682)
Total Cash Generated	(65)	1,623	141	(16)
Free Cashflow To Equity	383	2,153	856	888
Free Cashflow To Firm	726	1,098	825	927

Key Ratios

	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Revenue Growth	12.3%	9.8%	8.9%	9.6%
Operating EBITDA Growth	17.2%	17.2%	9.6%	7.7%
Operating EBITDA Margin	33.1%	35.3%	35.6%	35.0%
Net Cash Per Share (RM)	(0.49)	(0.43)	(0.47)	(0.51)
BVPS (RM)	0.12	0.10	0.10	0.10
Gross Interest Cover	2.79	3.31	3.88	5.31
Effective Tax Rate	21.3%	26.0%	25.5%	25.0%
Net Dividend Payout Ratio	78.7%	74.0%	74.5%	74.8%
Accounts Receivables Days	66.40	69.40	67.14	67.13
Inventory Days	3.87	3.50	3.72	3.69
Accounts Payables Days	265.2	260.8	256.2	254.6
ROIC (%)	16.9%	14.6%	20.0%	25.6%
ROCE (%)	19.6%	19.9%	22.0%	24.6%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Adex Revenue Growth (%)	19.7%	2.0%	9.8%	13.7%
ARPU (% Change)	3.0%	5.0%	4.5%	2.5%
No. Of Subscribers (% Change)	5.1%	3.5%	4.2%	4.0%
Adex/total Revenue (%)	N/A	N/A	N/A	N/A
Programming Costs Change (%)	13.1%	18.2%	6.3%	12.0%

Axiata Group

AXIATA MK / AXIA.KL

► **Market Cap**
US\$16,326m
 RM57,067m

► **Avg Daily Turnover**
US\$21.44m
 RM70.70m

► **Free Float**
43.5%
 8,541 m shares

Current **RM6.65**
 Target **RM7.10** ►
 Prev. Target **RM7.10**
 Up/Downside **6.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.1	2.8	3.5
Absolute	-4.5	-4.2	-1.2

Major shareholders	% held
Khazanah	38.1
Employees Provident Fund	11.8
Amanah Saham Bumi	6.6

A better 2015 priced in

With rebounds at Celcom and XL, we see stronger earnings for Axiata in FY15 but consensus numbers appear to have factored this in. On the negative side, we believe Axiata is likely to keep its capex high in FY15 to improve its data network quality, which could surprise the market.

We expect core net profit to grow 8.5% yoy in FY15 and 4.8% yoy in FY16. Axiata trades at 16.5x FY15 EV/OpFCF, in line with its Malaysian peers but higher than regional telcos. We maintain Hold and our SOP-based target price. Key upside risks are stronger-than-expected earnings at Celcom and XL while the key downside risk is sustained high capex in the medium term. Axiata is our preferred Malaysian telco pick.

Celcom and XL to rebound ►

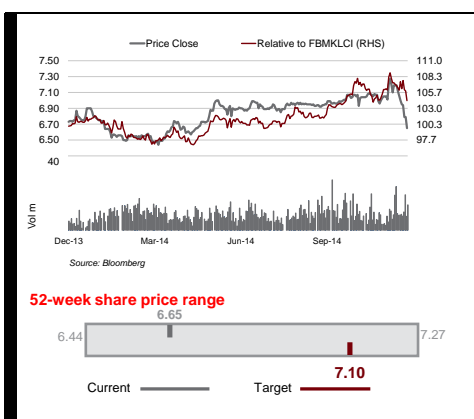
We expect Celcom's EBITDA to rebound 5.5% yoy in FY15 (FY14: -6.6%), driven by a) new product launches after fixing its IT/network issues, b) a positive GST impact, and c) healthy growth in data revenues given a more visible pick-up in usage among its subscribers in recent quarters. For XL, we forecast EBITDA to recover 6.5% yoy (FY14: -0.9%) on a) strong growth in data, b) rising tariffs, and c) cost rationalisation at Axis even as margin improvement will be held back by the additional tower leaseback cost from SUPR. Overall, we forecast group EBITDA growth of 6.3% in FY15 and 8.2% in FY16 (FY13: -2.4%, FY14: -2.0%).

High capex to stay in FY15 ►

We believe Axiata needs to sustain its high network investments for all its operating subsidiaries in FY15 to remain competitive as a good data experience is increasingly important to subscribers. As such, we project Axiata's capex to be marginally higher yoy at RM4.4bn (capex/sales: 22%) in FY15. Thereafter, we forecast capex to ease yoy to RM3.9bn in FY16 (capex/sales: 19%).

Dividend payout to rise ►

On our capex assumption, we forecast FCF/share to come in at only RM0.13 in FY14 and RM0.16 in FY15, before rising to RM0.29 in FY16. Despite that, we believe Axiata will still be able to raise its dividend payout ratio gradually to 80-90%, translating into DPS of RM0.24-0.30 in FY14-16. This is because it had RM3.2bn cash sitting at the holding company/Celcom level as at end-Sep 14, with sufficient room in the balance sheet to gear up. Based on our DPS forecasts, Axiata's net debt/EBITDA is set to rise from 0.96x at end-FY13 to a still-manageable 1.09x at end-FY14 and 1.15x at end-FY15, before easing to 1.08x by end-FY16.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	17,652	18,371	18,719	19,830	20,968
Operating EBITDA (RMm)	7,456	7,275	7,127	7,575	8,197
Operating EBITDA Margin	42.2%	39.6%	38.1%	38.2%	39.1%
Net Profit (RMm)	2,513	2,550	2,388	2,631	2,927
Core EPS (RM)	0.33	0.33	0.27	0.30	0.32
Core EPS Growth	9.3%	(0.6%)	(17.0%)	12.3%	4.7%
FD Core P/E (x)	20.27	20.40	24.59	21.89	20.90
DPS (RM)	0.35	0.22	0.24	0.27	0.30
Dividend Yield	5.26%	3.31%	3.55%	4.09%	4.54%
EV/EBITDA (x)	7.55	8.03	8.28	7.88	7.28
P/FCFE (x)	16.88	49.68	28.09	NA	31.94
Net Gearing	21.6%	32.8%	35.6%	39.0%	38.9%
ROE	14.1%	14.0%	11.7%	12.9%	13.3%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.95	0.93	0.93

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	18,371	18,719	19,830	20,968
Gross Profit	7,275	7,127	7,575	8,197
Operating EBITDA	7,275	7,127	7,575	8,197
Depreciation And Amortisation	(3,435)	(3,565)	(3,693)	(3,756)
Operating EBIT	3,840	3,562	3,882	4,441
Financial Income/(Expense)	(459)	(564)	(572)	(533)
Pretax Income/(Loss) from Assoc.	250	364	417	379
Non-Operating Income/(Expense)	(350)	0	0	0
Profit Before Tax (pre-EI)	3,281	3,361	3,727	4,287
Exceptional Items	253	0	0	0
Pre-tax Profit	3,533	3,361	3,727	4,287
Taxation	(794)	(900)	(976)	(1,125)
Exceptional Income - post-tax				
Profit After Tax	2,739	2,462	2,751	3,162
Minority Interests	(189)	(74)	(119)	(235)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	2,550	2,388	2,631	2,927
Recurring Net Profit	2,778	2,310	2,595	2,717
Fully Diluted Recurring Net Profit	2,778	2,310	2,595	2,717

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	6,433	6,579	4,027	3,313
Total Debtors	2,680	2,354	3,144	2,849
Inventories	63	68	78	82
Total Other Current Assets	64	64	64	64
Total Current Assets	9,240	9,065	7,312	6,308
Fixed Assets	17,107	17,851	18,580	18,761
Total Investments	6,999	7,363	7,780	8,159
Intangible Assets	9,549	9,549	9,549	9,549
Total Other Non-Current Assets	603	603	603	603
Total Non-current Assets	34,257	35,365	36,511	37,072
Short-term Debt	1,684	1,684	1,684	1,684
Current Portion of Long-Term Debt				
Total Creditors	6,109	5,634	6,182	5,566
Other Current Liabilities	248	281	305	351
Total Current Liabilities	8,041	7,599	8,171	7,601
Total Long-term Debt	11,752	12,671	11,033	10,460
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	2,325	2,335	2,363	2,622
Total Non-current Liabilities	14,077	15,005	13,396	13,082
Total Provisions	0	0	0	0
Total Liabilities	22,118	22,604	21,568	20,683
Shareholders' Equity	19,622	19,995	20,305	20,511
Minority Interests	1,757	1,831	1,951	2,186
Total Equity	21,379	21,826	22,255	22,697

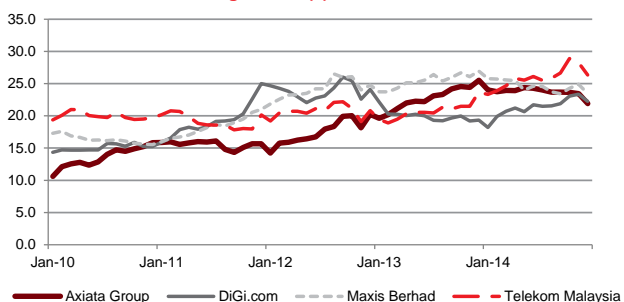
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	7,275	7,127	7,575	8,197
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(196)	0	0	0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(216)	0	0	0
Net Interest (Paid)/Received	(818)	(816)	(783)	(699)
Tax Paid	(397)	(900)	(976)	(1,125)
Cashflow From Operations	5,648	5,411	5,816	6,373
Capex	(4,117)	(4,310)	(4,421)	(3,938)
Disposals Of FAs/subsidiaries	47	0	0	0
Acq. Of Subsidiaries/investments	(463)	0	0	0
Other Investing Cashflow	(834)	2	(39)	(84)
Cash Flow From Investing	(5,367)	(4,307)	(4,460)	(4,022)
Debt Raised/(repaid)	860	918	(1,637)	(573)
Proceeds From Issue Of Shares	125	0	0	0
Shares Repurchased				
Dividends Paid	(2,986)	(1,876)	(2,270)	(2,492)
Preferred Dividends				
Other Financing Cashflow	(133)	0	0	0
Cash Flow From Financing	(2,134)	(958)	(3,908)	(3,065)
Total Cash Generated	(1,853)	146	(2,552)	(714)
Free Cashflow To Equity	1,141	2,022	(282)	1,778
Free Cashflow To Firm	1,099	1,920	2,138	3,050

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	4.07%	1.89%	5.94%	5.74%
Operating EBITDA Growth	(2.42%)	(2.04%)	6.28%	8.21%
Operating EBITDA Margin	39.6%	38.1%	38.2%	39.1%
Net Cash Per Share (RM)	(0.82)	(0.91)	(1.02)	(1.03)
BVPS (RM)	2.30	2.34	2.38	2.40
Gross Interest Cover	5.33	4.36	4.96	6.35
Effective Tax Rate	22.5%	26.8%	26.2%	26.2%
Net Dividend Payout Ratio	82%	84%	88%	88%
Accounts Receivables Days	47.60	49.08	50.59	52.30
Inventory Days	1.96	2.06	2.17	2.29
Accounts Payables Days	194.7	184.9	176.0	168.3
ROIC (%)	13.2%	10.5%	11.1%	12.3%
ROCE (%)	11.8%	10.7%	11.5%	13.2%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Group Mobile Subscribers (m)	11.91	11.89	12.29	12.64
Group Fixed Voice Subscribers (m)	N/A	N/A	N/A	N/A
Grp fixed brdband subscribers (m)	N/A	N/A	N/A	N/A
Group Pay TV Subs (m)	N/A	N/A	N/A	N/A
Group Mobile ARPU (US\$/mth)	47.0	50.6	50.8	50.0
Grp fixed voice ARPU (US\$/mth)	N/A	N/A	N/A	N/A
Grp fixed brdband ARPU (US\$/mth)	N/A	N/A	N/A	N/A
Group Pay TV ARPU (US\$/mth)	N/A	N/A	N/A	N/A

Axis REIT

AXRB MK / AXSR.KL

► **Market Cap**
US\$457.9m
 RM1,601m

► **Avg Daily Turnover**
US\$0.30m
 RM0.99m

► **Free Float**
83.8%
 1,002 m shares

Current **RM3.45**
 Target **RM3.85** ►
 Prev. Target **RM3.85**
 Up/Downside **11.6%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-1.7	6.1	12.9
Absolute	-6.3	-0.9	8.2

Major shareholders	% held
Employees Provident Fund (EPF)	10.8
Tew Peng Hwee	6.0

More to come from Axis

We are excited about Axis REIT's prospects, which are underpinned by its acquisition drive in 2014. This will see Axis REIT increase its total portfolio value by 26.5%. We also believe there will be more acquisitions from the Iskandar development area.

We maintain our Add call on the stock, with an unchanged DDM-based target price of RM3.85, based on a cost of equity of 8.1%. We believe more acquisitions will further catalyse the stock, especially injections coming from the Iskandar area. We maintain our view that Axis REIT is the best proxy for industrial assets in Iskandar, thus it is our top M-REIT pick.

Acquisition-filled 2014 ►

Axis REIT underwent an aggressive acquisition spree in 2014, announcing total acquisitions of approximately RM436m. The acquisitions are expected to be completed by 1Q15, which will provide Axis REIT with additional revenue and earnings for the period. The properties that Axis REIT are acquiring are mainly industrial properties located in the Klang Valley and Johor (Iskandar area). The total new acquisitions will increase Axis REIT's portfolio size by 26.5% to RM2.1bn.

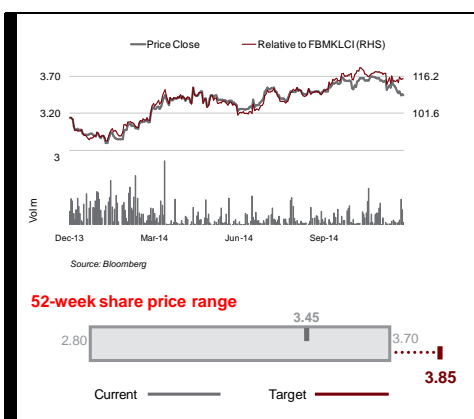
A step into Iskandar ►

One of the properties, located in Kawasan Perindustrian SiLC, Nusajaya, is found within the Iskandar development region and has a total value of approximately RM156m. We had previously

highlighted that Axis REIT is a proxy for investors to tap the industrial assets in Iskandar and this acquisition supports our view. We believe there will be more Iskandar acquisitions given that Axis REIT's sponsors, Axis Group, together with AME Group, is currently developing I-Park in Iskandar. This gives Axis REIT a pipeline of Iskandar properties to inject into its asset portfolio. The I-Park development is currently in its 3rd phase of development.

16.5% of NLA up for reversion in 2015 ►

In 2015, 16.5% of Axis REIT's net lettable area (NLA) will be up for rental reversions. This translates into approximately 18.3% of its total monthly income. Unlike 2014, there are no major reversions in 2015, with the biggest in terms of NLA accounting for only c.2-2.5%. In terms of rental, Axis REIT's PDI Centre in Klang has the biggest weighting, accounting for 6.5% of its total monthly income.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Property Revenue (RMm)	133.1	142.0	165.2	170.1	175.2
Net Property Income (RMm)	112.5	121.3	141.2	145.5	149.8
Net Profit (RMm)	78.0	84.5	104.4	108.7	113.0
Distributable Profit (RMm)	79.9	84.5	106.0	110.4	114.8
Core EPS (RM)	0.17	0.19	0.21	0.20	0.21
Core EPS Growth	3.5%	8.0%	13.1%	(3.9%)	3.9%
FD Core P/E (x)	20.12	18.63	16.47	17.15	16.50
DPS (RM)	0.18	0.19	0.22	0.20	0.21
Dividend Yield	5.09%	5.37%	6.37%	5.92%	6.16%
Asset Leverage	34.5%	34.3%	34.3%	34.4%	34.0%
BVPS (RM)	2.17	2.20	1.86	1.83	1.83
P/BV (x)	1.59	1.57	1.86	1.89	1.89
Recurring ROE	8.1%	8.5%	10.4%	10.9%	11.4%
CIMB/consensus DPS (x)			1.10	1.01	1.02

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Rental Revenues	142.0	165.2	170.1	175.2
Other Revenues	0.0	0.0	0.0	0.0
Gross Property Revenue	142.0	165.2	170.1	175.2
Total Property Expenses	(20.7)	(23.9)	(24.7)	(25.4)
Net Property Income	121.3	141.2	145.5	149.8
General And Admin. Expenses	0.0	0.0	0.0	0.0
Management Fees	(10.0)	(10.0)	(9.9)	(9.9)
Trustee's Fees	(0.5)	(0.5)	(0.5)	(0.5)
Other Operating Expenses	(2.8)	(2.9)	(3.0)	(3.1)
EBITDA	107.9	127.8	132.1	136.4
Depreciation And Amortisation	(0.1)	(0.1)	(0.1)	(0.1)
EBIT	107.9	127.7	132.0	136.3
Net Interest Income	(23.3)	(23.3)	(23.3)	(23.3)
Associates' Profit				
Other Income/(Expenses)	0.0	0.0	0.0	0.0
Exceptional Items				
Pre-tax Profit	84.5	104.4	108.7	113.0
Taxation	0.0	0.0	0.0	0.0
Minority Interests				
Preferred Dividends				
Net Profit	84.5	104.4	108.7	113.0
Distributable Profit	84.5	106.0	110.4	114.8

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Investments	1,520	1,520	1,520	1,520
Intangible Assets	0	0	0	0
Other Long-term Assets	16	31	46	55
Total Non-current Assets	1,535	1,550	1,565	1,574
Total Cash And Equivalents	40	25	4	15
Inventories				
Trade Debtors	27	27	27	27
Other Current Assets	0	0	0	0
Total Current Assets	67	52	31	42
Trade Creditors	24	24	24	24
Short-term Debt	341	341	341	341
Other Current Liabilities	0	0	0	0
Total Current Liabilities	365	365	365	365
Long-term Borrowings	208	208	208	208
Other Long-term Liabilities	27	27	35	57
Total Non-current Liabilities	235	235	243	265
Shareholders' Equity	1,002	1,002	988	986
Minority Interests				
Preferred Shareholders Funds				
Total Equity	1,002	1,002	988	986

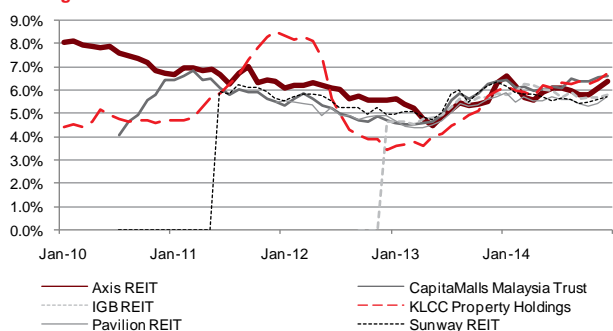
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Pre-tax Profit	84.5	104.4	108.7	113.0
Depreciation And Non-cash Adj.	23.4	23.4	23.4	23.4
Change In Working Capital				
Tax Paid				
Others	12.5	(0.1)	(0.1)	(0.1)
Cashflow From Operations	120.5	127.7	132.0	136.3
Capex	(15.0)	(15.0)	(15.0)	(9.0)
Net Investments And Sale Of FA	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(15.0)	(15.0)	(15.0)	(9.0)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0
Dividends Paid	(84.5)	(118.8)	(110.4)	(114.8)
Cash Interest And Others	(23.3)	(23.3)	(23.3)	(23.3)
Cash Flow From Financing	(107.9)	(142.1)	(133.7)	(138.1)
Total Cash Generated	(2.4)	(29.4)	(16.7)	(10.8)
Free Cashflow To Firm	106.8	114.1	118.4	128.7
Free Cashflow To Equity	82.1	89.4	93.7	104.0

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Property Revenue Growth	6.7%	16.3%	3.0%	3.0%
NPI Growth	7.8%	16.4%	3.0%	3.0%
Net Property Income Margin	85.4%	85.5%	85.5%	85.5%
DPS Growth	5.5%	18.7%	(7.1%)	4.0%
Gross Interest Cover	4.37	5.17	5.34	5.52
Effective Tax Rate	0%	0%	0%	0%
Net Dividend Payout Ratio	100%	114%	102%	102%
Current Ratio	0.18	0.14	0.08	0.11
Quick Ratio	0.18	0.14	0.08	0.11
Cash Ratio	0.11	0.07	0.01	0.04
Return On Average Assets	5.30%	6.51%	6.80%	7.03%

Rolling Dividend Yield



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Rental Rate Psf Pm (RM)	N/A	N/A	N/A	N/A
Acq. (less development) (US\$m)	N/A	N/A	N/A	N/A
RevPAR (RM)	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sf)	5,372	5,372	5,372	5,372
Occupancy (%)	97.0%	97.0%	97.0%	97.0%
Assets Under Management (m) (RM)	N/A	N/A	N/A	N/A
Funds Under Management (m) (RM)	N/A	N/A	N/A	N/A

Benalec Holdings

BHB MK / BENAL.KL

Market Cap
US\$154.3m
RM539.3m

Avg Daily Turnover
US\$0.41m
RM1.36m

Free Float
38.5%
803.0 m shares

Current **RM0.68**
Target **RM0.65**
Prev. Target **RM0.75**
Up/Downside **-3.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

Sharizan ROSELY

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-14.6	-19.2	-28.5
Absolute	-19.2	-26.2	-33.2

Major shareholders	% held
Oceancove Sdn bhd	53.2
KWAP	6.9
Dato' Leaw Seng Hai	1.4

Hanging tough in Melaka

The prospects for physical land reclamation works and land sale in Melaka are key positives for Benalec but unexciting. EPS growth turnaround continues to hinge on its ability to secure the long-delayed Tanjung Piai contract, which would excite investors.

As we update our BV estimates for Benalec's vessels, we lower our target price but still pegged to a 40% RNAV discount. The company has good earnings potential from Tanjung Piai but the persistent delays in securing the contract have increased execution risk, which is a de-rating catalyst. Maintain Reduce. Switch to Muhibbah Engineering.

Limited order book growth prospects

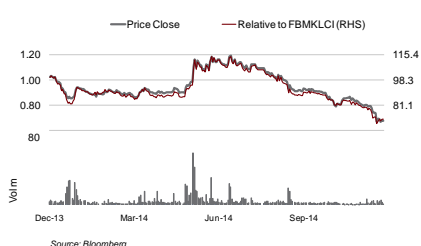
Benalec's best chance for order book growth comes from domestic land reclamation contracts. The group is the main player in Melaka and is expected to sustain its profitability in the state for another 2-3 years. However, there are more exciting opportunities for the company that stem from Greater Iskandar, including the tank terminal contract to be built on 1,000 acres of reclaimed land in Tanjung Piai. This is one of the major oil & gas infrastructure investments by foreign offtakers in the area. However, the persistent delays in awarding the contract have thrown up execution risks. With only Melaka, we expect Benalec's order book growth prospects in FY15 to be limited.

Profits to be supported by land sale gains

We retain our FY15-17 EPS forecasts as we expect the unrecognised land sale gains (for more than 100 acres in Melaka) to spill into 2015/16. Land sales were the company's only profit-generating activities in 1QFY6/15, as its vessels and land reclamation divisions incurred losses due to delays and rising cost. The negative impact from the removal of petrol and diesel subsidies is likely to cause upside risks to operating cost, considering that diesel is one of Benalec's main input costs

Tanjung Piai delays

We are disappointed that there has been limited progress on the sale and purchase agreement (SPA) for the massive land reclamation contract in Tanjung Piai. The SPA has been postponed three times in FY13-14. We gather that the environmental impact assessment (EIA) documents were finally submitted in Nov 2014, suggesting approval in Feb 2015 at the earliest. EIA approval is one the SPA's main conditions. The falling crude oil price may also trigger the risk of further delays.



52-week share price range



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	265.8	211.0	215.5	247.8	270.1
Operating EBITDA (RMm)	64.37	15.52	37.71	55.06	60.01
Net Profit (RMm)	56.00	7.20	54.58	66.57	71.09
Core EPS (RM)	0.070	0.009	0.068	0.083	0.089
Core EPS Growth	(34%)	(87%)	658%	22%	7%
FD Core P/E (x)	9.68	75.25	9.93	8.14	7.62
DPS (RM)	-	-	0.017	0.019	0.020
Dividend Yield	0.00%	0.00%	2.53%	2.80%	3.03%
EV/EBITDA (x)	8.87	33.98	13.23	8.61	7.17
P/FCFE (x)	NA	NA	NA	NA	79.01
Net Gearing	5.1%	(2.0%)	(5.2%)	(7.7%)	(11.7%)
P/BV (x)	0.95	0.74	0.66	0.61	0.57
ROE	10.3%	1.1%	7.0%	7.8%	7.7%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	1.06	0.93

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	211.0	215.5	247.8	270.1
Gross Profit	56.7	61.4	82.3	89.7
Operating EBITDA	15.5	37.7	55.1	60.0
Depreciation And Amortisation	(10.4)	(8.6)	(9.9)	(10.8)
Operating EBIT	5.1	29.1	45.1	49.2
Financial Income/(Expense)	(1.1)	(1.7)	(2.0)	(2.2)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	14.3	46.8	45.1	51.8
Profit Before Tax (pre-EI)	18.3	74.2	88.3	98.8
Exceptional Items				
Pre-tax Profit	18.3	74.2	88.3	98.8
Taxation	(11.1)	(19.4)	(21.5)	(27.5)
Exceptional Income - post-tax				
Profit After Tax	7.2	54.8	66.8	71.3
Minority Interests	0.0	(0.2)	(0.2)	(0.2)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	7.2	54.6	66.6	71.1
Recurring Net Profit	7.2	54.6	66.6	71.1
Fully Diluted Recurring Net Profit	7.2	54.6	66.6	71.1

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	104	134	161	207
Total Debtors	348	417	480	523
Inventories	3	3	3	3
Total Other Current Assets	300	328	335	341
Total Current Assets	755	883	979	1,075
Fixed Assets	238	236	234	230
Total Investments	0	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	238	236	234	230
Short-term Debt	23	25	27	30
Current Portion of Long-Term Debt	0	0	0	0
Total Creditors	163	196	225	246
Other Current Liabilities	0	0	0	0
Total Current Liabilities	186	221	253	276
Total Long-term Debt	12	12	12	11
Hybrid Debt - Debt Component	0	0	0	0
Total Other Non-Current Liabilities	54	54	54	54
Total Non-current Liabilities	66	66	66	66
Total Provisions	9	8	8	8
Total Liabilities	261	296	327	350
Shareholders' Equity	731	823	886	955
Minority Interests	0	0	0	0
Total Equity	731	823	886	955

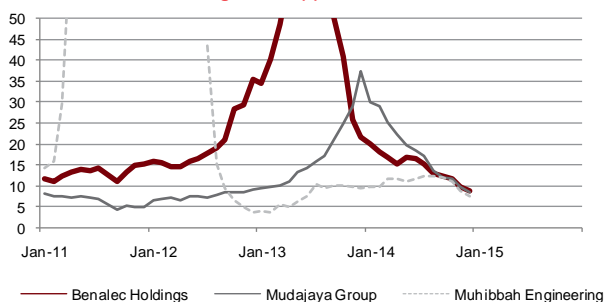
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	15.5	37.7	55.1	60.0
Cash Flow from Inv. & Assoc.	0.0	0.0	0.0	(1.0)
Change In Working Capital	(103.0)	(65.0)	(39.5)	(29.3)
(Incr)/Decr in Total Provisions	0.0	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	7.2	8.6	9.9	10.8
Other Operating Cashflow	113.7	35.1	0.0	1.0
Net Interest (Paid)/Received	(1.1)	(1.7)	(2.0)	(2.2)
Tax Paid	(18.3)	(19.6)	(21.7)	(27.6)
Cashflow From Operations	14.0	(4.8)	1.8	11.7
Capex	(24.5)	(6.9)	(7.8)	(7.3)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(24.5)	(6.9)	(7.8)	(7.3)
Debt Raised/(repaid)	1.8	2.0	2.2	2.5
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(12.2)	(13.7)	(15.2)	(16.4)
Preferred Dividends	0.0	0.0	0.0	0.0
Other Financing Cashflow	37.2	49.8	49.3	50.3
Cash Flow From Financing	26.8	38.1	36.4	36.4
Total Cash Generated	16.3	26.4	30.4	40.7
Free Cashflow To Equity	(8.7)	(9.7)	(3.7)	6.9
Free Cashflow To Firm	(7.6)	(7.4)	(1.0)	9.8

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	(20.6%)	2.1%	15.0%	9.0%
Operating EBITDA Growth	(76%)	143%	46%	9%
Operating EBITDA Margin	7.4%	17.5%	22.2%	22.2%
Net Cash Per Share (RM)	0.02	0.05	0.08	0.14
BVPS (RM)	0.91	1.03	1.10	1.19
Gross Interest Cover	1.77	6.75	9.11	9.11
Effective Tax Rate	60.7%	26.2%	24.3%	27.8%
Net Dividend Payout Ratio	NA	25.1%	22.8%	23.1%
Accounts Receivables Days	613.6	647.6	662.2	677.3
Inventory Days	7.72	7.89	7.51	7.01
Accounts Payables Days	414.9	425.8	466.2	476.8
ROIC (%)	0.63%	3.01%	4.29%	4.47%
ROCE (%)	0.92%	3.62%	5.04%	5.13%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Outstanding Orderbook	664	1,014	1,164	1,314
Order Book Depletion	150	150	150	150
Orderbook Replenishment	500	300	300	300
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A

Berjaya Auto

BAUTO MK / BJAU.KL

▶ **Market Cap**
US\$766.1m
RM2,678m

▶ **Avg Daily Turnover**
US\$2.14m
RM7.08m

▶ **Free Float**
37.8%
808.0 m shares

Current **RM3.31**
Target ▶ **RM4.44**
Prev. Target **RM4.44**
Up/Downside **34.1%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.3	21.1	98.3
Absolute	-4.9	14.1	93.6

Major shareholders	% held
Berjaya Group	50.5
Podium Success	5.8
Employees Provident Fund	5.9

Still in acceleration mode

2015 is going to be an exciting year for BAUTO. The introduction of new models and increased localisation for new CKD models will sustain its earnings growth in Malaysia, while the Philippines growth story has just begun. Expect more good things from this company.

We make no changes to FY04/15-17 EPS and target price, based on 14.0x CY16 P/E. We reiterate our Add recommendation on BAUTO, our top pick for the sector. Higher than expected sales volume growth and introduction of new models are potential rerating catalysts.

More new models in 2015 ▶

BAUTO's 2015 outlook is bright, in our view. On top of the sales volume growth for its current models, it will benefit from the introduction of several new models, which will help to sustain its impressive earnings growth rate. The first model to be introduced in 2015 is the all-new Mazda 2, which we expect to be launched in Malaysia in 1Q15. It will be a high-end CBU model from Thailand, priced just below RM90,000 per unit. As the B-segment is the biggest segment in the local market, we expect BAUTO to sell 200-300 units of the new Mazda 2 per month. The next new model will be the CX3, which we expect to be launched in Malaysia in 2HCY15. It is a compact SUV that is smaller in size than the CX5 model, with a similar price range to the Mazda 3. Based on the huge popularity of the CX5 model, we believe that the CX3 will enjoy

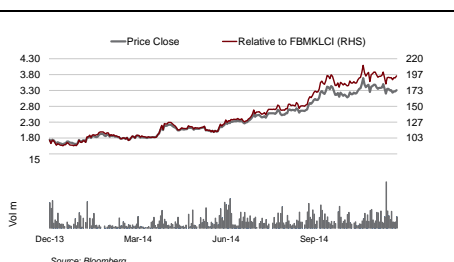
overwhelming success in the local market.

CKDs to push prices down ▶

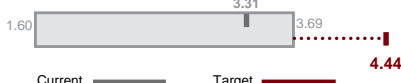
We expect that BAUTO to assemble more CKD models in Malaysia in 2015. It has already ramped up the assembly volume for its Mazda CX5 model in 3QCY14 from 300 units per month to 500 units per month currently. Next, we expect BAUTO to commence the local assembly of the Mazda 3 in 1QCY15. The CKD model should be priced RM15,000-20,000 below the current CBU model, reaping the benefits of lower cost and extra incentives from increased localisation.

The Philippines is the next frontier ▶

The Philippines provides another growth platform for BAUTO. Mazda's 1H14 sales volume surged 50% yoy to 1,787 units, driven by the Mazda 3, Mazda 2 and CX5 models. Given the country's low level of car ownership and growing middle class, the Philippines offers a huge growth opportunity for automakers. We believe that Mazda will sustain its earnings growth momentum in 2015.



52-week share price range



Financial Summary

	Apr-13A	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Revenue (RMm)	1,064	1,451	2,076	2,586	2,829
Operating EBITDA (RMm)	81.6	175.5	285.2	334.2	363.1
Net Profit (RMm)	50.1	130.6	214.5	248.8	268.7
Normalised EPS (RM)	0.07	0.17	0.27	0.31	0.33
Normalised EPS Growth	0%	147%	54%	16%	8%
FD Normalised P/E (x)	47.59	19.63	12.72	10.96	10.15
DPS (RM)	0.00	0.02	0.11	0.13	0.12
Dividend Yield	0.00%	0.53%	3.17%	3.78%	3.63%
EV/EBITDA (x)	28.35	13.12	8.01	6.18	4.98
P/FCFE (x)	24.08	NA	10.65	8.82	8.05
Net Gearing	(31.9%)	(52.5%)	(72.8%)	(87.4%)	(97.2%)
P/BV (x)	15.00	7.77	5.64	4.30	3.37
ROE		52.0%	52.5%	45.4%	38.0%
Normalised EPS/consensus EPS (x)			1.01	0.95	0.88

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Total Net Revenues	1,451	2,076	2,586	2,829
Gross Profit	266	380	473	518
Operating EBITDA	175	285	334	363
Depreciation And Amortisation	(5)	(5)	(11)	(15)
Operating EBIT	170	280	323	348
Financial Income/(Expense)	(1)	(0)	0	0
Pretax Income/(Loss) from Assoc.	11	15	20	25
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	180	295	343	373
Exceptional Items				
Pre-tax Profit	180	295	343	373
Taxation	(46)	(74)	(86)	(93)
Exceptional Income - post-tax				
Profit After Tax	134	221	258	280
Minority Interests	(3)	(6)	(9)	(11)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Preference Dividends (Australia)				
Net Profit	131	215	249	269
Normalised Net Profit	134	221	258	280
Fully Diluted Normalised Profit	131	215	249	269

Balance Sheet

(RMm)	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Total Cash And Equivalents	186	358	566	808
Total Debtors	54	83	87	99
Inventories	288	390	455	469
Total Other Current Assets	0	0	0	0
Total Current Assets	528	831	1,108	1,376
Fixed Assets	20	40	54	65
Total Investments	34	49	69	94
Intangible Assets	1	1	1	1
Total Other Non-Current Assets	31	15	10	10
Total Non-current Assets	86	104	134	169
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	134	230	211	260
Other Current Liabilities	61	112	231	248
Total Current Liabilities	195	342	442	508
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	65	102	152	206
Total Non-current Liabilities	65	102	152	206
Total Provisions	0	0	0	0
Total Liabilities	260	444	594	714
Shareholders' Equity	344	474	622	794
Minority Interests	11	17	26	37
Total Equity	354	491	648	831

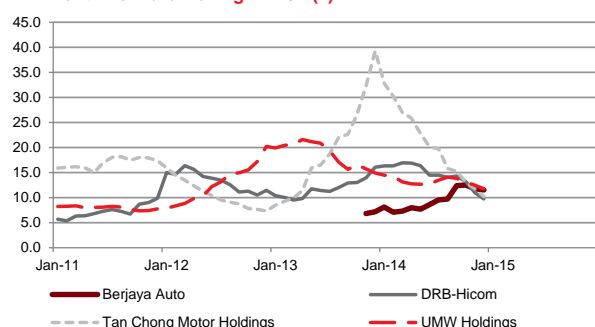
Cash Flow

(RMm)	Apr-14A	Apr-15F	Apr-16F	Apr-17F
EBITDA	175.5	285.2	334.2	363.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(49.3)	66.3	79.8	84.6
Net Interest (Paid)/Received	(1.1)	(0.1)	0.0	0.0
Tax Paid	(41.1)	(73.7)	(85.9)	(93.4)
Cashflow From Operations	84.0	277.9	328.1	354.3
Capex	(5.5)	(25.0)	(25.0)	(25.0)
Disposals Of FAs/subsidiaries	8.1	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	3.2	3.4	6.1	9.6
Cash Flow From Investing	5.7	(21.6)	(18.9)	(15.4)
Debt Raised/(repaid)	(129.0)	0.0	0.0	0.0
Proceeds From Issue Of Shares	58.9	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(14.1)	(84.8)	(101.0)	(97.0)
Preferred Dividends				
Other Financing Cashflow	(2.3)	(0.1)	0.0	0.0
Cash Flow From Financing	(86.5)	(84.9)	(101.0)	(97.0)
Total Cash Generated	3.2	171.3	208.2	242.0
Free Cashflow To Equity	(39.3)	256.2	309.2	338.9
Free Cashflow To Firm	90.8	256.3	309.2	338.9

Key Ratios

	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Revenue Growth	36.3%	43.1%	24.6%	9.4%
Operating EBITDA Growth	115%	63%	17%	9%
Operating EBITDA Margin	12.1%	13.7%	12.9%	12.8%
Net Cash Per Share (RM)	0.23	0.44	0.70	1.00
BVPS (RM)	0.43	0.59	0.77	0.98
Gross Interest Cover	156	5,595	N/A	N/A
Effective Tax Rate	25.5%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	10.8%	39.6%	40.6%	36.1%
Accounts Receivables Days	12.68	12.00	12.03	12.00
Inventory Days	74.23	73.00	73.20	73.00
Accounts Payables Days	39.82	39.23	38.24	37.23
ROIC (%)	104%	105%	130%	159%
ROCE (%)	52.3%	66.2%	56.8%	47.1%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Apr-14A	Apr-15F	Apr-16F	Apr-17F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	16.6%	27.1%	33.3%	24.9%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	-5.1%	57.0%	39.5%	30.0%
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod./serv.)	N/A	N/A	N/A	N/A

Berjaya Food Berhad

BFD MK / BJFO.KL

➤ **Market Cap**
US\$304.8m
 RM1,065m

➤ **Avg Daily Turnover**
US\$0.24m
 RM0.80m

➤ **Free Float**
48.0%
 269.1 m shares

Current **RM2.89**
 Target ➤ **RM4.33**
 Prev. Target **RM4.33**
 Up/Downside **49.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-1.6	-2.1	80.9
Absolute	-6.2	-9.1	76.2

Major shareholders	% held
Berjaya Corp	52.0
PNB	5.6

Riding on strong growth

BFood is entering an exciting growth phase with its more aggressive expansion plans and acquisition of the remaining stake in Starbucks. Its plan to distribute Starbucks's FMCG products in Malaysia will also boost its EPS considerably, which we have factored in conservatively.

We maintain Add and our target price, based on 23.7x CY16 P/E (30% premium over the peer average). Key re-rating catalysts are strong earnings growth from Starbucks, a rebound in KRR's Malaysian and Indonesian performance and the injection of Starbucks FMCG and other franchises into the group. Besides Old Town, BFood offers the only exposure to the FMCG and casual F&B restaurant chain industries in Malaysia.

Ample room to grow ➤

BFood holds the franchise rights for Kenny Rogers Roasters (KRR) in Malaysia, Indonesia and Cambodia as well as the franchise rights for Starbucks in Malaysia and Brunei. It is also the owner of Jollibean worldwide. While its KRR business in Indonesia has not performed well in the past two years due to weaker consumer spending and lack of economies of scale, Indonesia offers huge long-term growth prospects given its large population base. In Cambodia, KRR is one of the first few franchise brands that have ventured into the untapped fast-growing market. While Malaysia and Singapore are relatively saturated compared to Indonesia and Cambodia, we believe that there is still room to

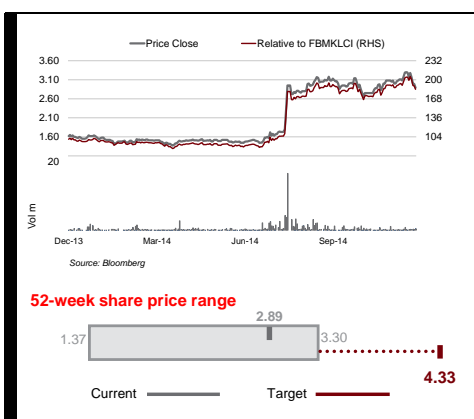
grow given that its penetration rate in suburban areas is still low. BFood is also looking to replicate Jollibean's simple business model in countries such as China, Indonesia and the Philippines, providing more growth potential.

Boost from Starbucks ➤

Starbucks Malaysia is not only the largest coffee chain in Malaysia, with 43% market share, it is also the top performing Starbucks franchise globally, with the strongest SSSG (11-24%) for five consecutive years. BFood completed the acquisition of the remaining 50% of Starbucks' franchise rights on 18 Sep 2014. As part of the agreement, it will open at least 25 stores/year in the next five years, pointing to strong growth ahead. Aggressive expansion aside, we are particularly excited about its plan to distribute Starbucks FMCG products in Malaysia, which will give its earnings a strong boost.

More acquisitions ahead ➤

BFood's parent company owns the franchise rights for Wendy's, Papa John's, KRR China and Krispy Kreme. These businesses could be injected into BFood once they turn profitable.



Financial Summary

	Apr-13A	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Revenue (RMm)	121.9	150.4	399.9	656.0	806.1
Operating EBITDA (RMm)	19.2	14.5	59.5	114.3	133.6
Net Profit (RMm)	18.63	22.67	35.42	57.46	74.31
Core EPS (RM)	0.05	0.06	0.09	0.15	0.20
Core EPS Growth	0.0%	21.7%	56.3%	62.2%	29.3%
FD Core P/E (x)	58.25	47.87	30.63	18.89	14.60
DPS (RM)	0.035	0.043	0.047	0.077	0.099
Dividend Yield	1.21%	1.47%	1.63%	2.65%	3.42%
EV/EBITDA (x)	55.68	73.83	21.72	11.03	9.21
P/FCFE (x)	NA	NA	60.94	37.97	43.28
Net Gearing	(13.4%)	(8.5%)	60.0%	47.9%	37.1%
P/BV (x)	7.60	6.67	3.06	2.83	2.58
ROE		14.8%	13.7%	15.6%	18.5%
% Change In Core EPS Estimates		0%	0%	0%	0%
CIMB/consensus EPS (x)		0.94	0.96	1.01	

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Total Net Revenues	150.4	399.9	656.0	806.1
Gross Profit	66.9	183.5	316.3	383.5
Operating EBITDA	14.5	59.5	114.3	133.6
Depreciation And Amortisation	(7.3)	(16.4)	(25.7)	(23.3)
Operating EBIT	7.2	43.1	88.6	110.3
Financial Income/(Expense)	(0.1)	(8.1)	(12.2)	(9.9)
Pretax Income/(Loss) from Assoc.	17.5	10.8	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	24.6	45.7	76.3	100.4
Exceptional Items				
Pre-tax Profit	24.6	45.7	76.3	100.4
Taxation	(4.5)	(12.8)	(21.4)	(28.1)
Exceptional Income - post-tax				
Profit After Tax	20.1	32.9	55.0	72.3
Minority Interests	2.6	2.5	2.5	2.0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	22.7	35.4	57.5	74.3
Recurring Net Profit	22.7	35.4	57.5	74.3
Fully Diluted Recurring Net Profit	22.7	35.4	57.5	74.3

Balance Sheet

(RMm)	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Total Cash And Equivalents	19.6	25.2	25.0	12.9
Total Debtors	19.4	20.0	26.2	32.2
Inventories	4.3	13.0	17.0	21.1
Total Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	43.3	58.2	68.2	66.3
Fixed Assets	38.9	174.5	204.8	237.7
Total Investments	94.5	0.0	0.0	0.0
Intangible Assets	16.1	454.5	454.5	454.5
Total Other Non-Current Assets	0.1	0.1	0.1	0.1
Total Non-current Assets	149.5	629.1	659.5	692.3
Short-term Debt	5.9	5.9	5.9	5.9
Current Portion of Long-Term Debt				
Total Creditors	17.0	54.1	88.3	114.1
Other Current Liabilities	2.6	40.6	50.6	60.6
Total Current Liabilities	25.6	100.7	144.9	180.7
Total Long-term Debt	0.0	230.0	200.0	160.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	0.0	230.0	200.0	160.0
Total Provisions	5.1	5.1	5.1	5.1
Total Liabilities	30.7	335.8	350.0	345.8
Shareholders' Equity	162.8	354.6	383.4	420.5
Minority Interests	(0.6)	(3.1)	(5.6)	(7.6)
Total Equity	162.1	351.5	377.7	412.9

Cash Flow

(RMm)	Apr-14A	Apr-15F	Apr-16F	Apr-17F
EBITDA	14.5	59.5	114.3	133.6
Cash Flow from Inv. & Assoc.				
Change In Working Capital	17.0	65.7	34.0	25.6
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense		14.6	23.6	21.0
Other Operating Cashflow	(14.3)	(5.7)	(25.7)	(23.3)
Net Interest (Paid)/Received	(0.2)	(8.3)	(12.4)	(10.0)
Tax Paid	(6.4)	(12.8)	(21.4)	(28.1)
Cashflow From Operations	10.6	113.2	112.4	118.9
Capex	(15.9)	(55.0)	(55.0)	(55.0)
Disposals Of FAs/subsidiaries	0.1	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	2.9	(270.4)	1.2	1.2
Cash Flow From Investing	(12.8)	(325.4)	(53.8)	(53.8)
Debt Raised/(repaid)		230.0	(30.0)	(40.0)
Proceeds From Issue Of Shares	5.4	5.4	0.0	0.0
Shares Repurchased				
Dividends Paid	(9.9)	(17.7)	(28.7)	(37.2)
Preferred Dividends				
Other Financing Cashflow	6.5	0.0	0.0	0.0
Cash Flow From Financing	2.0	217.7	(58.7)	(77.2)
Total Cash Generated	(0.2)	5.5	(0.2)	(12.1)
Free Cashflow To Equity	(2.2)	17.8	28.6	25.1
Free Cashflow To Firm	(2.1)	(203.9)	70.9	75.0

Key Ratios

	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Revenue Growth	23%	166%	64%	23%
Operating EBITDA Growth	(24%)	310%	92%	17%
Operating EBITDA Margin	9.6%	14.9%	17.4%	16.6%
Net Cash Per Share (RM)	0.04	(0.56)	(0.48)	(0.41)
BVPS (RM)	0.43	0.94	1.02	1.12
Gross Interest Cover	46.75	5.22	7.17	11.08
Effective Tax Rate	18.2%	28.0%	28.0%	28.0%
Net Dividend Payout Ratio	51.4%	50.0%	50.0%	50.0%
Accounts Receivables Days	44.90	17.99	12.90	13.24
Inventory Days	17.76	14.53	16.15	16.46
Accounts Payables Days	69.12	59.98	76.73	87.41
ROIC (%)	14.4%	72.9%	15.6%	19.6%
ROCE (%)	4.6%	11.4%	15.1%	18.9%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Apr-14A	Apr-15F	Apr-16F	Apr-17F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	4.4%	13.0%	9.9%	9.4%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv)	N/A	N/A	98.4%	19.8%
Util. rate (% , 2ndary prod./serv)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod./serv)	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod./serv)	146.7%	15.3%	6.6%	6.4%
Util. rate (% , tertiary prod./serv)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A



Berjaya Sports Toto

BST MK / BSTB.KL

Market Cap
US\$1,346m
RM4,705m

Avg Daily Turnover
US\$1.13m
RM3.72m

Free Float
57.4%
1,351 m shares

Current **RM3.50**
Target **RM3.63**
Prev. Target **RM4.15**
Up/Downside **3.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	4.9	-0.4	-6.9
Absolute	0.3	-7.4	-11.6

Major shareholders	% held
Berjaya Land	42.6

Held up only by dividends

Despite the risk of non-renewal of its Philippines gaming concession, dividends are not at risk as they are paid out of its Malaysian gaming operations. We downgrade from add to Hold given the subdued NFO sales outlook in FY16 amidst the poor consumer discretionary outlook.

We cut FY16-17 EPS by 9% after cutting sales per draw by 3% in both years. Our DDM-based target falls accordingly to RM3.63, as DPS from FY15-17 is expected to fall from 28-30 sen to 24-25 sen. The share price is supported by an attractive 6.6% dividend yield and the recent share buyback programme when the stock fell to RM3.40-3.50.

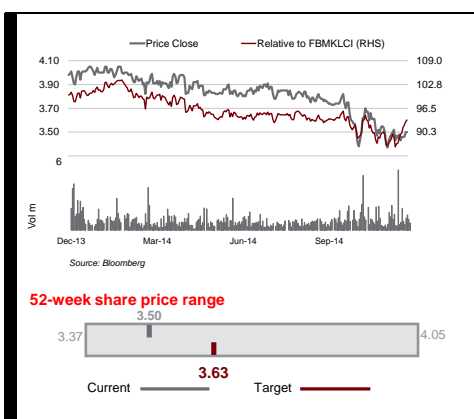
Sluggish NFO sales

The expected pick up in NFO sales following the implementation of minimum wage in 2013 looks to have been completely negated by the rise in living cost. The cut in electricity and petrol subsidies have hit consumer discretionary spending. In 1QFY04/15's results, Sports Toto Malaysia (STM) saw an 8% fall in sales. Even after adjusting for fewer draw days, revenues would still have fallen 3-4% yoy, suggesting that NFO sales is on a negative trajectory, which is further exacerbated by market share loss to the illegal operators. Since then, petrol prices have risen by another 20 sen/litre and GST in 2015 could further erode the discretionary spending among the lower-to-middle income consumer, who forms the bulk

of Sports Toto's customer base. We are very concerned about the strength of the illegal market, which will further benefit from the impending imposition of GST. With GST, the illegal operators will have even more room to raise its payout to increase market share. We also expect STM to lose some market share in its lotto games to Magnum's new 4D Jackpot GOLD.

Loss of Philippines concession?

BST's Philippines gaming concession ends in Aug 15. It is likely that the concession will be put up by the government for open tender and there is downside risk to BST's earnings if it loses the bid, as Philippines accounts for c.15% of BST's pretax profits. Management however, reiterated that BST's dividends will remain unaffected as it has always been paid out of STM's earnings. In the longer term, we do not discount the sale of its non-core auto asset, HR Owen to Berjaya Auto, which is rightfully where it belongs in the group structure, in our view. We estimate this to be worth 8 sen/share to BST, based on its fair market value.



Financial Summary

	Apr-13A	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Revenue (RMm)	3,628	4,341	4,206	4,171	4,262
Operating EBITDA (RMm)	570.0	552.8	584.1	578.5	593.2
Net Profit (RMm)	391.1	328.7	383.7	348.7	364.0
Core EPS (RM)	0.29	0.26	0.28	0.26	0.27
Core EPS Growth	(3.55%)	(9.94%)	8.94%	(9.13%)	4.41%
FD Core P/E (x)	12.09	13.42	12.32	13.56	12.99
DPS (RM)	0.28	0.27	0.26	0.23	0.24
Dividend Yield	8.00%	7.57%	7.30%	6.64%	6.93%
EV/EBITDA (x)	8.56	9.12	8.35	8.36	8.09
P/FCFE (x)	11.29	9.27	10.74	14.56	13.72
Net Gearing	18.9%	34.8%	9.1%	4.7%	0.4%
P/BV (x)	8.26	7.60	6.09	5.82	5.57
ROE	75.0%	59.0%	54.8%	43.9%	43.9%
% Change In Core EPS Estimates			(0.26%)	(8.92%)	(9.35%)
CIMB/consensus EPS (x)			1.01	0.90	0.93

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Total Net Revenues	4,341	4,206	4,171	4,262
Gross Profit	4,341	4,206	4,171	4,262
Operating EBITDA	553	584	578	593
Depreciation And Amortisation	(29)	(27)	(28)	(30)
Operating EBIT	523	557	550	564
Financial Income/(Expense)	(29)	(19)	(11)	(10)
Pretax Income/(Loss) from Assoc.	(1)	(1)	(1)	(1)
Non-Operating Income/(Expense)	51	38	(11)	(12)
Profit Before Tax (pre-EI)	545	576	527	541
Exceptional Items	(35)	0	0	0
Pre-tax Profit	510	576	527	541
Taxation	(166)	(161)	(148)	(146)
Exceptional Income - post-tax				
Profit After Tax	344	415	379	395
Minority Interests	(15)	(31)	(31)	(31)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	329	384	349	364
Recurring Net Profit	352	384	349	364
Fully Diluted Recurring Net Profit	352	384	349	364

Balance Sheet

(RMm)	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Total Cash And Equivalents	490	619	620	625
Total Debtors	261	269	275	280
Inventories	268	276	281	287
Total Other Current Assets	3	1	1	1
Total Current Assets	1,022	1,166	1,178	1,193
Fixed Assets	165	150	143	135
Total Investments	211	221	231	241
Intangible Assets	752	752	752	752
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	1,129	1,124	1,126	1,128
Short-term Debt	334	317	301	286
Current Portion of Long-Term Debt				
Total Creditors	693	714	728	742
Other Current Liabilities	13	13	13	13
Total Current Liabilities	1,039	1,043	1,042	1,041
Total Long-term Debt	400	380	361	343
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	5	5	5	5
Total Non-current Liabilities	405	385	366	348
Total Provisions	5	5	5	5
Total Liabilities	1,449	1,433	1,413	1,394
Shareholders' Equity	622	777	812	848
Minority Interests	79	79	79	79
Total Equity	701	856	891	927

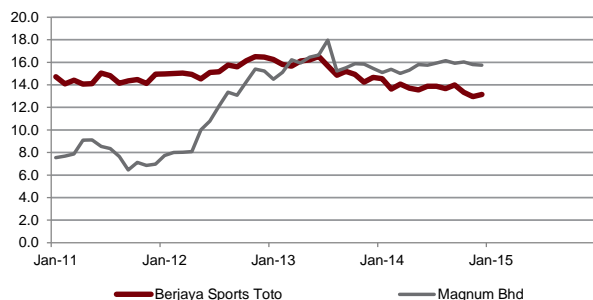
Cash Flow

(RMm)	Apr-14A	Apr-15F	Apr-16F	Apr-17F
EBITDA	552.8	584.1	578.5	593.2
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(12.7)	83.8	(34.5)	(46.5)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(15.9)	0.0	0.0	0.0
Net Interest (Paid)/Received	(41.6)	(34.9)	(33.1)	(31.5)
Tax Paid	(166.0)	(166.0)	(161.2)	(147.6)
Cashflow From Operations	316.6	467.1	349.7	367.7
Capex	0.0	0.0	0.0	0.0
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	10.0	10.0	10.0	10.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	10.0	10.0	10.0	10.0
Debt Raised/(repaid)	183.7	(36.7)	(34.9)	(33.1)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(81.1)	(345.4)	(313.8)	(327.6)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	102.6	(382.0)	(348.7)	(360.7)
Total Cash Generated	429.2	95.0	11.0	16.9
Free Cashflow To Equity	510.3	440.4	324.8	344.6
Free Cashflow To Firm	368.2	511.9	392.8	409.1

Key Ratios

	Apr-14A	Apr-15F	Apr-16F	Apr-17F
Revenue Growth	19.6%	(3.1%)	(0.8%)	2.2%
Operating EBITDA Growth	(3.02%)	5.67%	(0.96%)	2.54%
Operating EBITDA Margin	12.7%	13.9%	13.9%	13.9%
Net Cash Per Share (RM)	(0.18)	(0.06)	(0.03)	(0.00)
BVPS (RM)	0.46	0.58	0.60	0.63
Gross Interest Cover	12.58	15.99	16.62	17.92
Effective Tax Rate	32.6%	28.0%	28.0%	27.0%
Net Dividend Payout Ratio	109%	90%	90%	90%
Accounts Receivables Days	16.96	23.02	23.86	23.75
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	71.5%	56.2%	57.2%	59.4%
ROCE (%)	41.1%	38.2%	36.7%	37.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Apr-14A	Apr-15F	Apr-16F	Apr-17F
No. Of Outlets	676	676	676	676
No. Of Games	N/A	N/A	N/A	N/A
No. Of Draw Days	176	176	176	176
Rev. per draw day (% chg)	N/A	N/A	N/A	N/A
Prize Payout Ratio (%)	N/A	N/A	N/A	N/A
Gaming Tax (%)	N/A	N/A	N/A	N/A
Pool Betting Duties (%)	N/A	N/A	N/A	N/A

BIMB Holdings

BIMB MK / BIMB.KL

► **Market Cap**
US\$1,799m
RM6,288m

► **Avg Daily Turnover**
US\$1.32m
RM4.35m

► **Free Float**
29.0%
1,494 m shares

Current **RM4.21**
Target **RM4.50** ►
Prev. Target **RM4.50**
Up/Downside **6.9%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analysts

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.4	5.1	1.7
Absolute	-1.2	-1.9	-3.0

Major shareholders	% held
Lembaga Tabung Haji	51.3
Employees Provident Fund Board	7.5
Skim Amanah Saham Bumiputera	6.7

Challenges from new BNM ruling

There have been “cracks” in BIMB’s non-lending income growth in 2Q-3Q14, underpinning our concerns about weaker expansion in 2015. However, loan momentum is likely to remain in the robust teens in 2015, significantly higher than the industry’s pace of 9-10%.

Our DDM-based target price (COE of 13.5%; LT growth of 4%) is intact. Despite its sterling loan growth, BIMB remains a Hold due to our concerns about: 1) weaker non-lending income, and 2) the negative impact of Bank Negara Malaysia’s (BNM) new ruling on Islamic deposits. We prefer Maybank.

Weaker net profit growth ►

We expect BIMB’s net profit to almost double in FY14 due to the lower minority interest, following its acquisition of the remaining stake in Bank Islam. Excluding this boost, BIMB’s net profit growth is expected to soften to a more sustainable rate of 6.6% in FY15.

Sterling loan growth ►

Although BIMB’s loan growth is likely to register a downward trend, we project that it would remain strong, at 18.7% in FY14, 16.7% in FY15 and 13.5% in FY16, significantly higher than the industry’s pace of 9-10%. We think that this is achievable, as BIMB’s loan growth was a swift 21.1% yoy in Sep 2014.

New Islamic banking ruling ►

Under BNM’s new ruling, Islamic

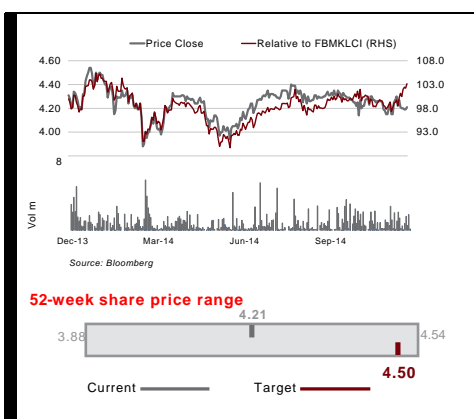
banks are required to transfer part of their deposits to investment accounts by 30 Jun 2014, based on the preferences of the depositors. This would lead to “attrition” in BIMB’s deposits, which would tighten liquidity. Hence, BIMB must offer better rates to attract new deposits, which would increase its average cost of funds. In our view, this would have the greatest negative impact on BIMB as it is a pure Islamic bank. The Islamic banking business only accounted for around 20% of the other banks’ revenue.

Solid asset quality ►

Since 2011, the group has shown that it has the capabilities to manage and reduce its impaired loans. As such, we believe that its gross impaired loan ratio would remain stable at around 1% in FY14-16, with strong loan loss coverage of 150%+.

Stay on the sidelines ►

We advise investors to stay on the sidelines, as BIMB’s weaker non-lending income growth is expected to offset the strong loan growth.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Net Interest Income (RMm)	1,133	1,189	1,336	1,446	1,595
Total Non-Interest Income (RMm)	719	822	945	1,037	1,144
Operating Revenue (RMm)	1,852	2,011	2,281	2,483	2,740
Total Provision Charges (RMm)	(66.0)	15.0	(68.1)	(64.0)	(115.0)
Net Profit (RMm)	252.3	255.6	507.7	541.0	582.5
Core EPS (RM)	0.23	0.24	0.40	0.36	0.39
Core EPS Growth	18.9%	3.2%	68.6%	(8.7%)	7.7%
FD Core P/E (x)	18.47	17.90	11.42	13.85	12.93
DPS (RM)	0.12	0.08	0.15	0.16	0.18
Dividend Yield	2.85%	1.98%	3.49%	3.87%	4.17%
BVPS (RM)	1.82	2.55	2.94	3.15	3.38
P/BV (x)	2.31	1.65	1.43	1.34	1.25
ROE	13.1%	10.8%	14.3%	11.9%	11.9%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.16	1.02	1.03

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Net Interest Income	1,189	1,336	1,446	1,595
Total Non-Interest Income	822	945	1,037	1,144
Operating Revenue	2,011	2,281	2,483	2,740
Total Non-Interest Expenses	(1,186)	(1,414)	(1,562)	(1,714)
Pre-provision Operating Profit	825	868	921	1,026
Total Provision Charges	15	(68)	(64)	(115)
Operating Profit After Provisions	840	799	857	911
Pretax Income/(Loss) from Assoc.	(0)	0	0	0
Operating EBIT (incl Associates)	840	800	857	911
Non-Operating Income/(Expense)	(7)	(7)	(14)	(5)
Profit Before Tax (pre-EI)	833	792	843	907
Exceptional Items	0	0	0	0
Pre-tax Profit	833	792	843	907
Taxation	(294)	(233)	(247)	(265)
Consolidation Adjustments & Others				
Exceptional Income - post-tax				
Profit After Tax	539	559	596	641
Minority Interests	(284)	(52)	(55)	(59)
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	256	508	541	582
Recurring Net Profit	256	508	541	582

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Gross Loans	24,944	29,452	34,179	38,797
Liquid Assets & Invst. (Current)	18,409	22,076	21,629	23,610
Other Int. Earning Assets				
Total Gross Int. Earning Assets	43,353	51,528	55,809	62,408
Total Provisions/Loan Loss Reserve	(502)	(493)	(491)	(514)
Total Net Interest Earning Assets	42,851	51,035	55,318	61,893
Intangible Assets	0	1,319	1,319	1,319
Other Non-Interest Earning Assets	2,859	3,200	3,529	3,884
Total Non-Interest Earning Assets	2,859	4,519	4,848	5,203
Cash And Marketable Securities	3,954	1,980	3,188	3,330
Long-term Investments	0	0	0	0
Total Assets	49,665	57,535	63,354	70,426
Customer Interest-Bearing Liabilities	36,927	42,864	47,514	53,383
Bank Deposits	1,530	948	996	1,046
Interest Bearing Liabilities: Others	1,090	1,090	1,090	1,090
Total Interest-Bearing Liabilities	39,547	44,902	49,599	55,519
Bank's Liabilities Under Acceptances	171	198	220	247
Total Non-Interest Bearing Liabilities	6,991	7,810	8,588	9,372
Total Liabilities	46,709	52,910	58,407	65,137
Shareholders' Equity	2,717	4,385	4,708	5,050
Minority Interests	239	239	239	239
Total Equity	2,956	4,624	4,947	5,289

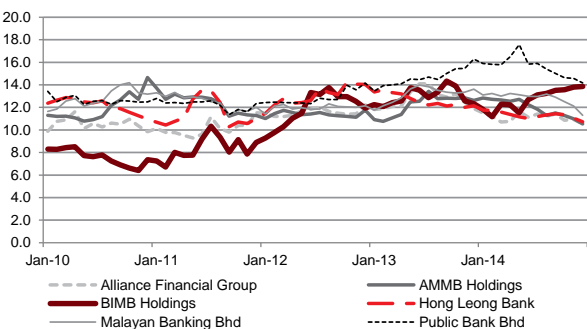
Balance Sheet Employment

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Loans/Cust Deposits	65.6%	67.1%	70.4%	71.1%
Avg Loans/Avg Deposits	63.8%	66.4%	68.8%	70.7%
Avg Liquid Assets/Avg Assets	47.9%	44.6%	41.6%	39.9%
Avg Liquid Assets/Avg IEAs	54.0%	50.4%	46.9%	45.1%
Net Cust Loans/Assets	47.8%	49.2%	52.0%	53.2%
Net Cust Loans/Broad Deposits	61.7%	64.5%	67.9%	68.8%
Equity & Provs/Gross Cust Loans	13.3%	17.0%	15.6%	14.7%
Asset Risk Weighting	47.0%	48.4%	47.5%	47.9%
Provision Charge/Avg Cust Loans	0.358%	0.374%	0.321%	0.318%
Provision Charge/Avg Assets	0.169%	0.185%	0.165%	0.170%
Total Write Offs/Average Assets	0.341%	0.476%	0.452%	0.424%

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Income Growth	8.6%	13.4%	8.9%	10.3%
Operating Profit Growth	4.2%	5.1%	6.2%	11.4%
Pretax Profit Growth	16.1%	(4.9%)	6.4%	7.5%
Net Interest To Total Income	59.1%	58.6%	58.2%	58.2%
Cost Of Funds	2.12%	2.07%	2.11%	2.11%
Return On Interest Earning Assets	4.73%	4.66%	4.55%	4.58%
Net Interest Spread	2.61%	2.59%	2.44%	2.47%
Net Interest Margin (Avg Deposits)	3.43%	3.35%	3.20%	3.16%
Net Interest Margin (Avg RWA)	5.19%	5.22%	4.99%	5.00%
Provisions to Pre Prov. Operating Profit	(1.8%)	7.9%	6.9%	11.2%
Interest Return On Average Assets	2.54%	2.49%	2.39%	2.38%
Effective Tax Rate	35.3%	29.4%	29.3%	29.2%
Net Dividend Payout Ratio	26.6%	32.4%	33.8%	33.8%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Loan Growth (%)	21.5%	18.7%	16.2%	13.5%
Net Interest Margin (%)	2.9%	2.8%	2.7%	2.7%
Non Interest Income Growth (%)	14.3%	15.0%	9.7%	10.4%
Cost-income Ratio (%)	59.0%	62.0%	62.9%	62.5%
Net NPL Ratio (%)	1.2%	0.9%	0.9%	1.0%
Loan Loss Reserve (%)	175.8%	182.9%	156.9%	135.5%
GP Ratio (%)	1.5%	1.1%	0.9%	0.8%
Tier 1 Ratio (%)	12.2%	11.5%	11.5%	11.2%
Total CAR (%)	18.4%	16.6%	16.2%	15.3%
Deposit Growth (%)	14.0%	16.1%	10.8%	12.4%
Loan-deposit Ratio (%)	64.3%	66.0%	69.3%	70.1%
Gross NPL Ratio (%)	1.2%	0.9%	0.9%	1.0%
Fee Income Growth (%)	15.9%	13.8%	12.0%	11.4%

Bintulu Port

BPH MK / BPOT.KL

► **Market Cap**
US\$917.2m
 RM3,206m

► **Avg Daily Turnover**
US\$0.11m
 RM0.35m

► **Free Float**
22.6%
 460.0 m shares

Current **RM6.97**
 Target **RM6.70** ►
 Prev. Target **RM6.70**
 Up/Downside **-3.9%**

STOCK RATING

ADD
 HOLD
REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	4.6	6.6	-3.0
Absolute	0.0	-0.4	-7.7

Major shareholders	% held
State Financial Secretary, Sarawak	39.7
Petroleum Nasional Bhd	28.5
KWAP	9.1

Little to look forward to in 2015

We expect Biport to register tepid earnings growth in 2015, given the capacity constraints faced by Petronas's LNG trains in Bintulu. Dividend yield has also suffered and is at a 10-year low in view of heavy capex for Samalaju Port. We see little reason to own this stock.

Maintain Reduce call and DCF-based target price. The capacity constraints faced by Petronas's LNG trains at Bintulu will only be lifted when the ninth LNG train is completed in 2016. However, the full commencement of Samalaju Port, which we expect to be loss-making, would partly offset the improvement. Muted earnings growth and multi-year dividend yield lows are de-rating catalysts. We prefer Westports.

Weak results in 3Q14 ►

Biport's 3Q14 net profit fell 21% yoy due to the 7% decline in LNG vessel-handling revenue as a result of the 10% yoy dip in LNG vessel calls. Bulking service revenue rose 13% yoy in 3Q14, likely due to stronger volume and hikes in certain charges. 3Q14 operating costs were 7% higher yoy, largely due to the increase in manpower costs.

Nothing exciting in 2015 ►

We expect Biport's earnings growth to remain tepid in 2015 due to the capacity constraints faced by Petronas's LNG trains in Bintulu. The number of vessel calls at Biport will, at best, rise marginally until the completion of Petronas's ninth train

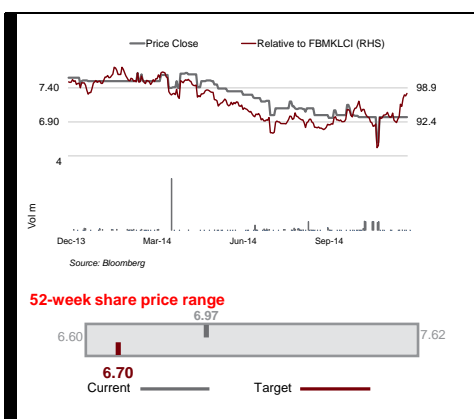
in 2016, which would ease capacity shortage concerns.

Samalaju Port to incur losses in its early years ►

Samalaju Port, which is slated to begin full operations in 2Q16, will likely be loss-making in its early years due to: 1) start-up costs, and 2) Biport's thin margins for container and bulk handling, which would partly offset the profit growth from the completion of the ninth LNG train. The main purpose of Samalaju Port is to facilitate the import of raw materials and export of finished goods for numerous projects in Samalaju Industrial Park. Hence, cargo would predominantly come in the form of containers or dry and wet bulk, which generate thin profit margins.

Dividend handouts at 10-year low ►

Biport's FY14 dividend payout is likely to be 20% lower than in FY13 due to the ongoing capex obligations for Samalaju Port. We expect Biport's dividends to remain lacklustre until the completion of Samalaju Port in 2016. FY14-15 dividend yields are expected to be just 3.4%, a 10-year low.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	527.9	529.8	548.3	570.6	610.7
Operating EBITDA (RMm)	333.0	335.4	343.3	357.6	380.6
Net Profit (RMm)	146.4	157.9	151.7	161.6	180.1
Core EPS (RM)	0.32	0.34	0.33	0.35	0.39
Core EPS Growth	(14.2%)	7.9%	(3.9%)	6.5%	11.4%
FD Core P/E (x)	21.90	20.30	21.13	19.84	17.81
DPS (RM)	0.38	0.30	0.24	0.24	0.32
Dividend Yield	5.38%	4.30%	3.44%	3.44%	4.52%
EV/EBITDA (x)	9.04	8.16	7.99	7.66	7.09
P/FCFE (x)	54.56	NA	34.73	30.73	18.24
Net Gearing	(29.6%)	(43.5%)	(41.3%)	(39.9%)	(42.2%)
P/BV (x)	4.88	2.97	2.86	2.74	2.66
ROE	22.2%	18.2%	13.8%	14.1%	15.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.98	1.01	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	529.8	548.3	570.6	610.7
Gross Profit	333.2	343.3	357.6	380.6
Operating EBITDA	335.4	343.3	357.6	380.6
Depreciation And Amortisation	(124.2)	(127.9)	(129.9)	(130.2)
Operating EBIT	211.2	215.4	227.7	250.3
Financial Income/(Expense)	(23.0)	(23.3)	(23.1)	(22.4)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	188.2	192.1	204.6	227.9
Exceptional Items	0.0	0.0		
Pre-tax Profit	188.2	192.1	204.6	227.9
Taxation	(30.2)	(40.3)	(43.0)	(47.9)
Exceptional Income - post-tax				
Profit After Tax	157.9	151.7	161.6	180.1
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	157.9	151.7	161.6	180.1
Recurring Net Profit	157.9	151.7	161.6	180.1
Fully Diluted Recurring Net Profit	157.9	151.7	161.6	180.1

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	469	462	467	509
Total Debtors	27	28	29	31
Inventories	0	0	0	0
Total Other Current Assets	204	204	204	204
Total Current Assets	700	694	700	744
Fixed Assets	518	575	628	633
Total Investments	0	0	0	0
Intangible Assets	1,055	1,034	1,014	993
Total Other Non-Current Assets	55	55	55	55
Total Non-current Assets	1,628	1,664	1,696	1,682
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	146	154	160	173
Other Current Liabilities	87	87	87	87
Total Current Liabilities	233	241	247	260
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,016	997	978	959
Total Non-current Liabilities	1,016	997	978	959
Total Provisions	0	0	0	0
Total Liabilities	1,249	1,238	1,225	1,219
Shareholders' Equity	1,079	1,120	1,171	1,207
Minority Interests	0	0	0	0
Total Equity	1,079	1,120	1,171	1,207

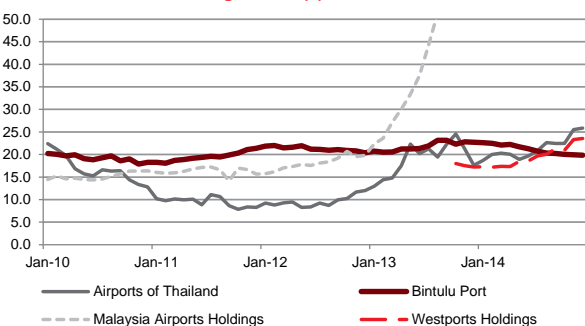
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	335.4	343.3	357.6	380.6
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(25.7)	8.7	6.5	12.5
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(144.3)	(89.6)	(87.8)	(86.1)
Net Interest (Paid)/Received	(35.4)	(34.7)	(34.0)	(33.3)
Tax Paid	(41.6)	(40.3)	(43.0)	(47.9)
Cashflow From Operations	88.2	187.3	199.3	225.8
Capex	(125.4)	(95.0)	(95.0)	(50.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	12.0	0.0	0.0	0.0
Cash Flow From Investing	(113.4)	(95.0)	(95.0)	(50.0)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	399.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(138.0)	(110.4)	(110.4)	(144.9)
Preferred Dividends				
Other Financing Cashflow	3.4	(23.3)	(23.1)	(22.4)
Cash Flow From Financing	264.4	(133.7)	(133.5)	(167.3)
Total Cash Generated	239.2	(41.4)	(29.2)	8.4
Free Cashflow To Equity	(25.2)	92.3	104.3	175.8
Free Cashflow To Firm	10.3	127.0	138.4	209.1

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	0.36%	3.49%	4.07%	7.03%
Operating EBITDA Growth	0.70%	2.36%	4.18%	6.42%
Operating EBITDA Margin	63.3%	62.6%	62.7%	62.3%
Net Cash Per Share (RM)	1.02	1.00	1.02	1.11
BVPS (RM)	2.35	2.44	2.55	2.62
Gross Interest Cover	5.96	6.20	6.69	7.51
Effective Tax Rate	16.1%	21.0%	21.0%	21.0%
Net Dividend Payout Ratio	62.9%	49.3%	46.3%	54.5%
Accounts Receivables Days	17.72	18.32	18.27	18.08
Inventory Days	-	-	-	-
Accounts Payables Days	218.7	266.7	268.7	264.3
ROIC (%)	10.3%	9.9%	10.3%	11.2%
ROCE (%)	25.8%	20.6%	20.8%	22.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Avg tariff/LNG vessel call (% chg)	0.0%	0.0%	0.0%	0.0%
LNG Throughput (% Change)	5.0%	1.0%	1.0%	7.5%
No. of LNG vessel calls (% chg)	5.0%	1.0%	1.0%	7.5%
Avg Tariff/container (% Change)	0.0%	0.0%	0.0%	0.0%
Container throughput (% chg)	5.0%	5.0%	5.0%	5.0%
Container handling util. rate (%)	N/A	N/A	N/A	N/A

Bonia Corporation

BON MK / BONI.KL

▶ **Market Cap**
US\$203.0m
RM709.5m

▶ **Avg Daily Turnover**
US\$0.56m
RM1.83m

▶ **Free Float**
43.7%
806.3 m shares

Current **RM0.88**
Target **RM1.43** ▶
Prev. Target **RM1.43**
Up/Downside **62.5%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-14.7	-20.9	7.6
Absolute	-19.3	-27.9	2.9

Major shareholders	% held
Bonia Holdings Sdn Bhd	24.9
Freeway Team Sdn Bhd	16.8
Milingtonia Limited	7.3

Overseas growth to the fore

Bonia is on track towards realizing its vision of becoming a regional premium brand. Its overseas expansion has started to bear fruit, with strong sales growth recorded in its ASEAN markets. This should mitigate the expected slowdown in its home market Malaysia.

We make no changes to our EPS forecasts and target price, valuing the company at 16.3x CY16 P/E, based on its peers' average. We reiterate our Add call on the stock. Stronger sales growth and improved consumer sentiment in Malaysian operations are potential re-rating catalysts.

Weaker consumer sentiment in Malaysia affecting growth ▶

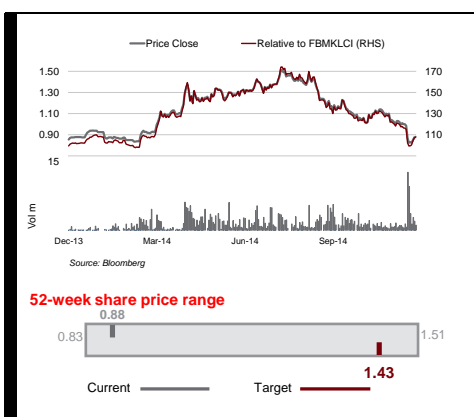
Bonia's 1QFY6/15 core net earnings dropped 8.9% yoy to RM13.0m. The weak performance was mainly due to the slowdown in its main market Malaysia, which saw flat revenue growth and an 11.5% yoy drop in pretax profit to RM17.0m. We expect the trend to continue into 2015 as we anticipate a challenging year for its Malaysian operations. Consumer sentiment in Malaysia has been affected by the increasing cost of living, which is in part due to fuel subsidy rationalisation, resulting in consumers cutting back on their spending, especially on consumer discretionary items. This is compounded by the implementation of GST in April 2015, which we believe will add more uncertainty, further affecting domestic demand and hitting Bonia's sales in 2015.

Overseas operations the main growth contributor ▶

Bonia's overseas operations should compensate for the slowdown in its Malaysian business. Sales revenue in its regional markets, namely Singapore, Vietnam and Indonesia, registered strong growth in 1QFY6/15 and we expect this to persist into 2015. Vietnam and Indonesia, in particular, both recorded double-digit growth. Its venture into Indonesia has started to pay off, with its pretax profit more than doubling in 1QFY6/15. These markets offer huge potential due to their large populations and growing middle classes.

Braun Buffel to perform relatively better ▶

In comparison, Braun Buffel should perform better than the group's other brands. Jeco's revenue increased 7.7% yoy in 1QFY6/15 to RM29.3m and fetched higher profit margins compared to the other brands. The brand's higher brand equity makes it less vulnerable to the volatile changes in consumer sentiment as it mainly targets the mid- to higher-income group, which is less sensitive to the changes in the cost of living.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	632.3	691.6	725.2	762.4	823.8
Operating EBITDA (RMm)	99.0	115.4	128.1	141.3	148.2
Net Profit (RMm)	41.35	55.12	60.20	68.75	73.16
Normalised EPS (RM)	0.051	0.068	0.075	0.085	0.091
Normalised EPS Growth	1.1%	33.3%	9.2%	14.2%	6.4%
FD Normalised P/E (x)	17.16	12.87	11.79	10.32	9.70
DPS (RM)	0.013	0.013	0.013	0.015	0.018
Dividend Yield	1.42%	1.42%	1.42%	1.70%	1.99%
EV/EBITDA (x)	7.35	6.92	5.96	4.81	4.74
P/FCFE (x)	34.59	51.67	14.27	6.92	NA
Net Gearing	1.6%	21.0%	8.2%	(11.7%)	(7.3%)
P/BV (x)	2.35	2.05	1.79	1.57	1.38
ROE	14.5%	17.0%	16.2%	16.2%	15.2%
Normalised EPS/consensus EPS (x)			0.96	0.96	0.87

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	691.6	725.2	762.4	823.8
Gross Profit	422.3	442.4	465.1	502.5
Operating EBITDA	115.4	128.1	141.3	148.2
Depreciation And Amortisation	(21.7)	(28.7)	(29.3)	(29.8)
Operating EBIT	93.6	99.5	112.0	118.4
Financial Income/(Expense)	(8.1)	(10.0)	(9.8)	(9.8)
Pretax Income/(Loss) from Assoc.	(0.0)	(0.0)	(0.0)	(0.0)
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	85.5	89.5	102.2	108.6
Exceptional Items				
Pre-tax Profit	85.5	89.5	102.2	108.6
Taxation	(25.0)	(23.3)	(26.6)	(28.2)
Exceptional Income - post-tax				
Profit After Tax	60.6	66.2	75.6	80.4
Minority Interests	(5.5)	(6.0)	(6.9)	(7.2)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Preference Dividends (Australia)				
Net Profit	55.1	60.2	68.8	73.2
Normalised Net Profit	60.6	66.2	75.6	80.4
Fully Diluted Normalised Profit	55.1	60.2	68.8	73.2

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	69.6	105.9	196.4	180.0
Total Debtors	112.3	116.0	124.0	135.3
Inventories	144.6	123.1	158.3	145.7
Total Other Current Assets	0.7	0.7	0.7	0.7
Total Current Assets	327.3	345.7	479.4	461.8
Fixed Assets	114.0	116.6	118.6	120.2
Total Investments	100.6	100.6	100.6	100.6
Intangible Assets	68.6	67.3	65.9	64.6
Total Other Non-Current Assets	2.7	2.7	2.7	2.7
Total Non-current Assets	285.8	287.2	287.9	288.1
Short-term Debt	41.8	40.0	40.0	40.0
Current Portion of Long-Term Debt				
Total Creditors	86.3	52.9	123.9	40.2
Other Current Liabilities	7.5	9.9	9.9	9.9
Total Current Liabilities	135.5	102.8	173.7	90.1
Total Long-term Debt	103.7	100.0	100.0	100.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	13.3	13.3	13.3	13.3
Total Non-current Liabilities	117.0	113.3	113.3	113.3
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	252.5	216.1	287.0	203.3
Shareholders' Equity	346.5	396.6	453.3	512.3
Minority Interests	14.1	20.1	27.0	34.2
Total Equity	360.6	416.7	480.3	546.5

Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	115.4	128.1	141.3	148.2
Cash Flow from Inv. & Assoc.	(0.0)	(0.0)	(0.0)	(0.0)
Change In Working Capital	(33.2)	(15.2)	27.7	(82.4)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	3.3	0.0	0.0	0.0
Other Operating Cashflow				
Net Interest (Paid)/Received	(8.1)	(10.0)	(9.8)	(9.8)
Tax Paid	(27.5)	(23.3)	(26.6)	(28.2)
Cashflow From Operations	49.9	79.7	132.6	27.8
Capex	(28.6)	(30.0)	(30.0)	(30.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(7.5)	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(36.1)	(30.0)	(30.0)	(30.0)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(14.9)	(10.1)	(12.1)	(14.1)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	(14.9)	(10.1)	(12.1)	(14.1)
Total Cash Generated	(1.1)	39.6	90.5	(16.3)
Free Cashflow To Equity	13.7	49.7	102.6	(2.2)
Free Cashflow To Firm	21.8	59.7	112.4	7.6

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	9.38%	4.86%	5.12%	8.05%
Operating EBITDA Growth	16.5%	11.1%	10.3%	4.9%
Operating EBITDA Margin	16.7%	17.7%	18.5%	18.0%
Net Cash Per Share (RM)	(0.094)	(0.042)	0.070	0.050
BVPS (RM)	0.43	0.49	0.56	0.64
Gross Interest Cover	11.58	9.95	11.43	12.08
Effective Tax Rate	29.2%	26.0%	26.0%	26.0%
Net Dividend Payout Ratio	18.3%	16.7%	17.6%	19.3%
Accounts Receivables Days	57.43	57.43	57.59	57.43
Inventory Days	172.7	172.7	173.2	172.7
Accounts Payables Days	109.4	89.6	108.8	93.2
ROIC (%)	24.6%	21.4%	23.1%	26.4%
ROCE (%)	20.7%	18.7%	19.0%	18.1%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
No. of POS (main prod./serv)	N/A	N/A	N/A	N/A
SSS grth (% , main prod./serv)	6.0%	8.0%	8.0%	8.0%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv)	N/A	N/A	N/A	N/A
No. of POS (2ndary prod./serv)	N/A	N/A	N/A	N/A
SSS grth (% , 2ndary prod./serv)	-3.0%	2.0%	2.0%	2.0%

British American Tobacco

ROTH MK / BATO.KL

► **Market Cap**
US\$5,398m
 RM18,868m

► **Avg Daily Turnover**
US\$2.89m
 RM9.51m

► **Free Float**
50.0%
 285.5 m shares

Current **RM66.08**
 Target **RM62.00** ►
 Prev. Target **RM62.00**
 Up/Downside **-6.2%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.8	-1.2	9.8
Absolute	-2.8	-8.2	5.1

Major shareholders	% held
BAT BV	50.0
PNB	6.1
Aberdeen Asset Management	5.3

Uphill task

BAT faces an uphill struggle given the excise duty hike, weaker consumer spending and its loss of price leadership. JTI which was taken private this year may pose additional risk to BAT as it is becoming more aggressive.

We maintain our Reduce rating and DCF-based target price. In addition to a tougher operating environment, BAT faces persistent regulatory risk. In our view, its dividend yield is too low for the risk taken. We prefer Gudang Garam which has much stronger earnings growth.

Weak Industry volume ►

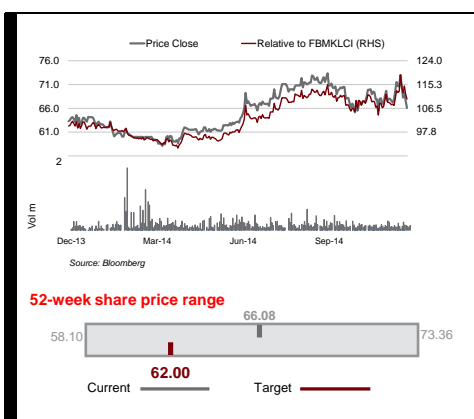
Industry volume has been weak due to the increase in excise duty which prompted the companies to raise selling prices and consumers to downtrade to cheaper illicit cigarettes. The government raised excise duties at end-September 2013 and again in November 2014. In response to this, the companies bumped up their selling prices by RM1.50/pack for both premium and VFM brands on both occasions to counter the anticipated drop in sales volume. As a result, volumes in the legal segment dropped by ~17% yoy in 4Q13. We expect the same to happen in 4Q14 but the recovery could be slower due to the implementation of GST in 2015.

Price leadership lost ►

BAT raised its selling prices by RM1/pack in September 2014, citing inflationary pressure but reverted to the original prices within two weeks to remain competitive as its competitor PMI did not follow suit. This is a major setback for BAT as this indicates that it no longer can dictate cigarette prices. This makes its main tool (raising selling prices) to increase profits less effective in the future.

Contract manufacturing volume is also declining ►

Other than the declining domestic volume, BAT's contract manufacturing has been on a downtrend in the past three quarters due to the partial reallocation of volumes from Japan to another manufacturing facility and lower demand from the Philippines. Nonetheless, the impact is not substantial given that contract manufacturing margins are negligible.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	4,365	4,517	5,112	5,196	4,924
Operating EBITDA (RMm)	1,125	1,182	1,303	1,375	1,319
Net Profit (RMm)	797.7	823.4	921.4	977.3	932.4
Core EPS (RM)	2.79	2.88	3.23	3.42	3.27
Core EPS Growth	10.6%	3.2%	11.9%	6.1%	(4.6%)
FD Core P/E (x)	23.65	22.91	20.48	19.31	20.24
DPS (RM)	2.72	2.88	3.23	3.42	3.27
Dividend Yield	4.12%	4.36%	4.88%	5.18%	4.94%
EV/EBITDA (x)	17.15	16.34	14.81	14.03	14.66
P/FCFE (x)	20.46	24.07	19.88	19.43	20.90
Net Gearing	86.9%	88.6%	83.4%	84.6%	90.4%
P/BV (x)	38.91	37.12	37.23	37.23	37.23
ROE	174%	166%	182%	193%	184%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.99	1.02	0.96

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	4,517	5,112	5,196	4,924
Gross Profit	1,578	1,803	1,879	1,796
Operating EBITDA	1,182	1,303	1,375	1,319
Depreciation And Amortisation	(57)	(55)	(55)	(54)
Operating EBIT	1,125	1,247	1,320	1,265
Financial Income/(Expense)	(20)	(18)	(17)	(22)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	1,105	1,229	1,303	1,243
Exceptional Items				
Pre-tax Profit	1,105	1,229	1,303	1,243
Taxation	(282)	(307)	(326)	(311)
Exceptional Income - post-tax				
Profit After Tax	823	921	977	932
Minority Interests	0	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	823	921	977	932
Recurring Net Profit	823	921	977	932
Fully Diluted Recurring Net Profit	823	921	977	932

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	59.6	87.4	81.4	51.6
Total Debtors	200.5	230.0	233.8	221.6
Inventories	294.0	281.6	264.5	297.8
Total Other Current Assets	11.9	11.9	11.9	11.9
Total Current Assets	565.9	611.0	591.6	582.8
Fixed Assets	380.7	404.9	400.3	396.3
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	411.6	411.6	411.6	411.6
Total Other Non-Current Assets	12.8	12.8	12.8	12.8
Total Non-current Assets	805.1	829.3	824.7	820.7
Short-term Debt	510.0	510.0	510.0	510.0
Current Portion of Long-Term Debt				
Total Creditors	232.2	302.9	278.9	266.1
Other Current Liabilities	76.8	76.8	76.8	76.8
Total Current Liabilities	818.9	889.7	865.7	852.9
Total Long-term Debt	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	43.8	43.8	43.8	43.8
Total Non-current Liabilities	43.8	43.8	43.8	43.8
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	862.7	933.5	909.5	896.7
Shareholders' Equity	508.3	506.8	506.8	506.8
Minority Interests				
Total Equity	508.3	506.8	506.8	506.8

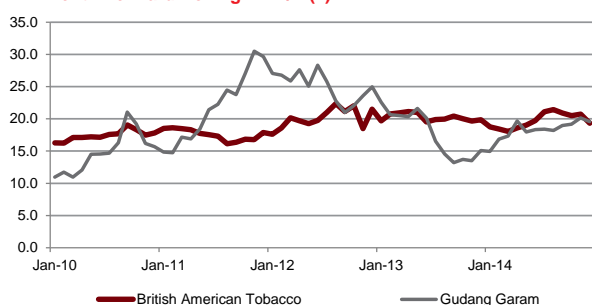
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	1,182	1,303	1,375	1,319
Cash Flow from Inv. & Assoc.				
Change In Working Capital	0	53	(11)	(34)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(365)	(31)	0	(0)
Net Interest (Paid)/Received	(21)	(26)	(26)	(26)
Tax Paid	0	(307)	(326)	(311)
Cashflow From Operations	797	992	1,013	949
Capex	(35)	(50)	(50)	(50)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	12	7	8	4
Cash Flow From Investing	(23)	(43)	(42)	(46)
Debt Raised/(repaid)	10	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased				
Dividends Paid	(802)	(921)	(977)	(932)
Preferred Dividends				
Other Financing Cashflow	(21)	(26)	(26)	(26)
Cash Flow From Financing	(813)	(947)	(1,003)	(958)
Total Cash Generated	(39)	2	(32)	(55)
Free Cashflow To Equity	784	949	971	903
Free Cashflow To Firm	795	975	997	928

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	3.5%	13.2%	1.7%	(5.2%)
Operating EBITDA Growth	5.1%	10.2%	5.6%	(4.1%)
Operating EBITDA Margin	26.2%	25.5%	26.5%	26.8%
Net Cash Per Share (RM)	(1.58)	(1.48)	(1.50)	(1.61)
BVPS (RM)	1.78	1.78	1.78	1.78
Gross Interest Cover	54.35	48.91	51.78	49.59
Effective Tax Rate	25.5%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	74.5%	75.0%	75.0%	75.0%
Accounts Receivables Days	16.20	15.37	16.29	16.93
Inventory Days	37.64	31.75	30.05	32.90
Accounts Payables Days	34.15	29.52	32.01	31.89
ROIC (%)	88%	93%	102%	97%
ROCE (%)	112%	123%	130%	124%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% Change)	N/A	N/A	N/A	N/A
Unit Sales Growth (%)	-8.2%	-8.1%	-7.9%	-6.5%
Utilisation Rate (%)	N/A	N/A	N/A	N/A
Sales Tax (%)	5.0%	5.0%	5.0%	5.0%
Excise Duty Growth (%)	3.4%	9.9%	0.0%	0.0%

Bumi Armada

BAB MK / BUAB.KL

▶ **Market Cap**
US\$1,829m
 RM6,394m

▶ **Avg Daily Turnover**
US\$4.96m
 RM16.50m

▶ **Free Float**
49.6%
 2,928 m shares

Current **RM1.09**
 Target ▶ **RM2.56**
 Prev. Target **RM2.56**
 Up/Downside **134.8%**

STOCK RATING
ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-18.6	-33.8	-49.6
Absolute	-23.2	-40.8	-54.3

Major shareholders	% held
Usaha Tegas	34.9
EPF	8.4
Ombak Damai Sdn Bhd	7.1

Still mad for Madura

Bumi Armada is on course for a record year in FY15, thanks to early profits from the C7 contract and a bigger FPSO fleet. Armed with nine FPSO contracts, including Madura, the company is currently world's fifth largest FPSO vessel operator.

We continue to value the stock at 21.2x CY16 P/E, still at a 30% premium over our target market P/E of 16.3x pending a review of our premium valuations. Maintain Add, with the strong FPSO contract pipeline as a potential re-rating catalyst.

New net profit peak in FY15 ▶

We expect FY15 to be a record year, with core EPS increasing 18% yoy, as contributions from the C7 contract, which was secured in Feb 2013, are expected to start next year.

Madura makes it nine ▶

Bumi Armada's order book is robust at RM21.8bn, excluding extension options worth RM11.8bn. The RM21.8bn order book does not include the 10-year US\$1.18bn Madura contract, which we understand will be finalised by year-end after three delays. The contract, which comes with options for five annual extensions worth US\$147m, was secured by 50%-owned

PT Armada Gema Nusantara on 19 Aug 2014.

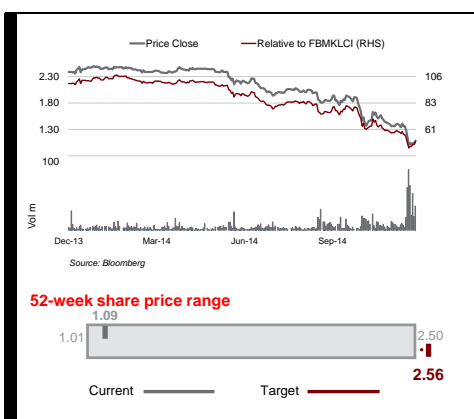
Madura would be Bumi Armada's ninth FPSO contract and the second secured this year, after the US\$2.9bn 1506 contract awarded in Mar. The 1506 contract is Bumi Armada's biggest ever.

Eyeing four FPSO jobs ▶

Bumi Armada's earnings visibility is solid. FPSO contracts are typically longer-term in nature, shielding the company from oil price fluctuations. It is currently bidding for four FPSO projects - one each in Ghana, Nigeria, Namibia and Angola.

World's fifth largest FPSO operator ▶

Bumi Armada is currently No. 5 in the world's FPSO league table by fleet size. The company aims to climb one spot over the next few years and is actively pursuing the four FPSO projects mentioned above.


Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,659	2,073	1,829	2,505	2,814
Operating EBITDA (RMm)	896	969	1,162	1,836	1,986
Net Profit (RMm)	385.8	431.2	375.6	592.2	708.4
Core EPS (RM)	0.13	0.15	0.09	0.10	0.12
Core EPS Growth	7.3%	11.8%	(42.0%)	18.2%	19.6%
FD Core P/E (x)	8.27	7.40	12.76	10.80	9.03
DPS (RM)	0.030	0.030	0.040	0.040	0.040
Dividend Yield	2.75%	2.75%	3.67%	3.67%	3.67%
EV/EBITDA (x)	8.85	6.54	9.15	6.72	6.21
P/FCFE (x)	NA	5.27	NA	68.73	54.59
Net Gearing	213%	114%	184%	157%	131%
P/BV (x)	1.43	1.16	2.02	1.69	1.41
ROE	13.4%	17.3%	12.7%	17.0%	17.0%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.12	1.13	1.04

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,073	1,829	2,505	2,814
Gross Profit	1,576	1,546	2,170	2,400
Operating EBITDA	969	1,162	1,836	1,986
Depreciation And Amortisation	(417)	(605)	(1,014)	(1,016)
Operating EBIT	552	557	822	970
Financial Income/(Expense)	(72)	(121)	(175)	(197)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	480	436	646	773
Exceptional Items	0	0	0	0
Pre-tax Profit	480	436	646	773
Taxation	(45)	(61)	(54)	(64)
Exceptional Income - post-tax				
Profit After Tax	435	376	592	708
Minority Interests	(4)	0	0	0
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	431	376	592	708
Recurring Net Profit	431	376	592	708
Fully Diluted Recurring Net Profit	431	376	592	708

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	635	124	24	24
Total Debtors	448	301	412	461
Inventories	6	1	1	1
Total Other Current Assets	1,055	1,258	1,638	3,386
Total Current Assets	2,143	1,685	2,075	3,873
Fixed Assets	4,238	7,763	7,991	7,004
Total Investments	272	0	0	0
Intangible Assets	1	0	0	0
Total Other Non-Current Assets	523	19	19	19
Total Non-current Assets	5,034	7,783	8,010	7,024
Short-term Debt	1,186	447	447	447
Current Portion of Long-Term Debt				
Total Creditors	550	299	314	379
Other Current Liabilities	58	30	10	19
Total Current Liabilities	1,794	776	771	845
Total Long-term Debt	2,591	5,521	5,521	5,521
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	45	3	3	3
Total Non-current Liabilities	2,636	5,524	5,524	5,524
Total Provisions	0	0	0	0
Total Liabilities	4,429	6,300	6,295	6,368
Shareholders' Equity	2,747	3,167	3,790	4,528
Minority Interests	0	0	0	0
Total Equity	2,747	3,167	3,790	4,528

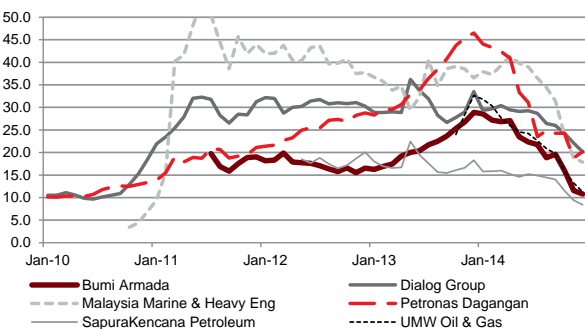
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	969	1,162	1,836	1,986
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(181)	100	(244)	(604)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	98	123	69	244
Net Interest (Paid)/Received	(97)	(121)	(175)	(197)
Tax Paid	(45)	(37)	(54)	(66)
Cashflow From Operations	742	1,228	1,431	1,363
Capex	(1,242)	(2,947)	(2,490)	(2,304)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(1,242)	(2,947)	(2,490)	(2,304)
Debt Raised/(repaid)	1,105	1,151	1,152	1,058
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(95)	(102)	(110)	(117)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	1,009	1,049	1,042	941
Total Cash Generated	510	(671)	(17)	(0)
Free Cashflow To Equity	605	(568)	93	117
Free Cashflow To Firm	(402)	(1,598)	(884)	(744)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	24.9%	(11.8%)	36.9%	12.3%
Operating EBITDA Growth	8.1%	20.0%	58.0%	8.2%
Operating EBITDA Margin	46.7%	63.5%	73.3%	70.6%
Net Cash Per Share (RM)	(1.07)	(1.00)	(1.01)	(1.01)
BVPS (RM)	0.94	0.54	0.65	0.77
Gross Interest Cover	5.66	4.61	4.69	4.92
Effective Tax Rate	9.3%	13.9%	8.4%	8.3%
Net Dividend Payout Ratio	16.6%	20.5%	27.9%	24.8%
Accounts Receivables Days	66.48	74.66	51.91	56.78
Inventory Days	2.45	4.30	1.23	0.99
Accounts Payables Days	301.9	349.3	334.0	306.1
ROIC (%)	5.94%	7.38%	6.84%	7.47%
ROCE (%)	8.48%	7.11%	8.70%	9.57%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook (RMm)	N/A	N/A	N/A	N/A
Order Book Wins (RMm)	N/A	N/A	N/A	N/A
Order Book Depletion (RMm)	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US\$)	200,000.0	200,000.0	200,000.0	200,000.0
No. Of Ships (unit)	7	9	9	9
Average Utilisation Rate (%)	100.0%	100.0%	100.0%	100.0%

Bursa Malaysia

BURSA MK / BMYS.KL

➤ **Market Cap**
US\$1,235m
 RM4,316m

➤ **Avg Daily Turnover**
US\$0.91m
 RM3.02m

➤ **Free Float**
65.3%
 531.9 m shares

Current **RM8.09**
 Target ➤ **RM8.82**
 Prev. Target **RM8.82**
 Up/Downside **9.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.5	6.9	8.0
Absolute	-1.1	-0.1	3.3

Major shareholders	% held
Capital Market Development Fund	18.6
Minister of Finance Inc	16.2
EPF	8.6

Hedging growth with the derivative business

We expect growth in derivative-related income to recover in 2015 following the weaker pace in 2014. Equity-related income could also expand on the back of higher average trading value, which we expect to be mainly lifted by a rise in market capitalisation.

We retain our target price, which is still pegged to a 3-year average P/E of 21.5x. Bursa remains an Add in our book as we see bullish prospects for its derivative business while equity income is still expected to increase in 2015.

11% growth in equity income ➤

We are projecting an 11% increase in equity-related income for Bursa in FY15. This will be mainly driven by an expected 11% rise in market capitalisation but market velocity could stagnate at the 30% level. Overall, equity income is expected to contribute about half (51.7%) of Bursa's overall 2015 revenue.

Higher derivative income ➤

Bursa's derivative income suffered a decline of 4% yoy in 9MFY14 due to lower guarantee and collateral management (G&CM) fees. However, we are encouraged that daily trading contracts have continued to grow in 9M14. We anticipate a recovery in the growth of derivative income to 9.5% in FY15. This is premised on (1) the normalisation of G&CM fees, and (2)

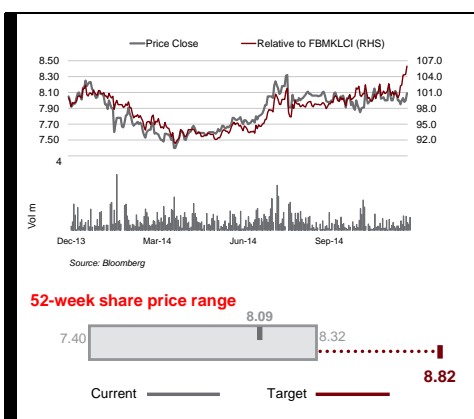
an assumed 10% increase in daily trading value.

Banking on mega IPOs ➤

Based on market newsflow, there could be two mega IPOs - 1MDB and Malakoff - in 1H15. The trading value in the stock market could be boosted temporarily when these two companies are listed but the increase in overall market capitalisation from these will be small.

More positive on derivative ➤

We are more positive on the prospects for Bursa's derivative business due to (1) the unique product offering of CPO futures contracts, (2) access to international investors through the Globex platform, and (3) plans to launch more new products. This is the reason we advise investors to accumulate the stock. Equity income will be volatile but we project an 11% increase in 2015.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	388.5	439.8	446.6	481.5	517.6
Operating EBITDA (RMm)	249.1	280.6	300.4	315.0	342.3
Net Profit (RMm)	150.6	173.1	190.3	198.5	216.1
Core EPS (RM)	0.28	0.33	0.36	0.37	0.41
Core EPS Growth	3.0%	14.9%	9.9%	4.3%	8.9%
FD Core P/E (x)	28.56	24.86	22.61	21.67	19.91
DPS (RM)	0.27	0.52	0.54	0.35	0.39
Dividend Yield	3.34%	6.43%	6.67%	4.38%	4.77%
EV/EBITDA (x)	10.72	11.29	11.02	10.63	9.89
P/FCFE (x)	26.92	15.56	8.07	30.74	14.21
Net Gearing	(188%)	(139%)	(137%)	(130%)	(123%)
P/BV (x)	5.02	5.30	6.00	5.89	5.78
ROE	17.5%	20.7%	24.9%	27.4%	29.3%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.99	0.95	0.95

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	475.0	505.3	532.6	573.7
Gross Profit	475.0	505.3	532.6	573.7
Operating EBITDA	280.6	300.4	315.0	342.3
Depreciation And Amortisation	(35.0)	(37.5)	(40.1)	(42.9)
Operating EBIT	245.6	263.0	274.9	299.4
Financial Income/(Expense)	0.0	0.0	0.0	0.0
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	245.6	263.0	274.9	299.4
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	245.6	263.0	274.9	299.4
Taxation	(66.2)	(65.7)	(68.7)	(74.8)
Exceptional Income - post-tax				
Profit After Tax	179.4	197.2	206.2	224.5
Minority Interests	(6.3)	(6.9)	(7.6)	(8.4)
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	173.1	190.3	198.5	216.1
Recurring Net Profit	173.1	190.3	198.5	216.1
Fully Diluted Recurring Net Profit	173.1	190.3	198.5	216.1

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	1,152	1,008	971	936
Total Debtors	55	61	67	73
Inventories	0	0	0	0
Total Other Current Assets	51	56	62	68
Total Current Assets	1,259	1,124	1,099	1,077
Fixed Assets	206	211	215	219
Total Investments	164	167	170	174
Intangible Assets	43	43	43	43
Total Other Non-Current Assets	70	74	77	81
Total Non-current Assets	483	494	505	517
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	734	698	663	630
Other Current Liabilities	130	137	144	151
Total Current Liabilities	865	834	806	780
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	50	50	51	52
Total Non-current Liabilities	50	50	51	52
Total Provisions	0	0	0	0
Total Liabilities	914	885	857	832
Shareholders' Equity	811	717	731	745
Minority Interests	16	16	16	16
Total Equity	828	734	747	761

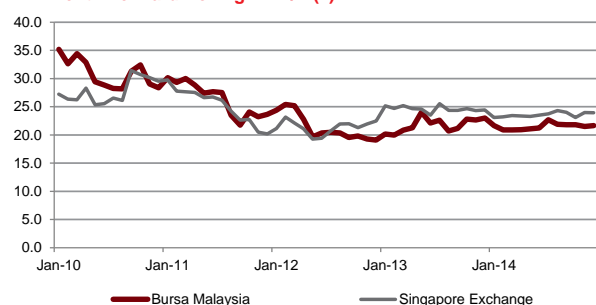
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	280.6	300.4	315.0	342.3
Cash Flow from Inv. & Assoc.				
Change In Working Capital	83.9	341.3	(70.3)	78.9
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(35.0)	(37.5)	(40.1)	(42.9)
Other Operating Cashflow	(137.2)	(99.6)	(121.1)	(118.0)
Net Interest (Paid)/Received	0.0	0.0	0.0	0.0
Tax Paid				
Cashflow From Operations	192.3	504.7	83.5	260.3
Capex	(40.1)	(40.1)	(40.1)	(40.1)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	1.4	(25.2)	(11.9)	(18.6)
Other Investing Cashflow	123.0	94.0	108.5	101.3
Cash Flow From Investing	84.3	28.7	56.5	42.6
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(263.6)	(287.2)	(188.6)	(205.3)
Preferred Dividends				
Other Financing Cashflow	(2.7)	(710.3)	112.8	(183.1)
Cash Flow From Financing	(266.3)	(997.6)	(75.8)	(388.4)
Total Cash Generated	10.3	(464.2)	64.2	(85.6)
Free Cashflow To Equity	276.6	533.4	140.0	302.9
Free Cashflow To Firm	276.6	533.4	140.0	302.9

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	13.2%	1.5%	7.8%	7.5%
Operating EBITDA Growth	12.6%	7.1%	4.8%	8.7%
Operating EBITDA Margin	63.8%	67.3%	65.4%	66.1%
Net Cash Per Share (RM)	2.17	1.89	1.83	1.76
BVPS (RM)	1.53	1.35	1.37	1.40
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	27.0%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	160%	151%	95%	95%
Accounts Receivables Days	43.16	47.28	48.24	49.50
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	(28.9%)	(59.9%)	(70.4%)	(87.4%)
ROCE (%)	28.9%	33.7%	37.1%	39.7%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Traded Value (RMm)	581,104	645,025	715,978	787,576
Trading Days In The Period	249	249	249	249
Avg Daily Traded Value (RMm)	2,334	2,590	2,875	3,163
Securities Clearing Fees (RMm)	170.8	183.4	203.6	223.9
Effective Clearing Rate (%)	0.03%	0.03%	0.03%	0.03%
Derivatives Contracts Traded (RMm)	11	12	13	14
Derivatives Clearing Revenue (RMm)	16	18	19	21
Avg Fees Per Contract (RM)	1.47	1.47	1.47	1.47
Other Revenue (RMm)	253	246	259	273

CapitaMalls Malaysia Trust

CMMT MK / CAMA.KL

➤ **Market Cap**
US\$712.5m
 RM2,491m

➤ **Avg Daily Turnover**
US\$0.49m
 RM1.61m

➤ **Free Float**
64.5%
 1,952 m shares

Current **RM1.40**
 Target ➤ **RM1.46**
 Prev. Target **RM1.46**
 Up/Downside **4.6%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.1	5.6	4
Absolute	-3.5	-1.4	-0.7

Major shareholders	% held
CapitaMalls Asia	35.5
Employee Provident Fund	9.5
Skim Amanah Saham Bumiputra	6.6

Sg. Wang issues continue

We continue to expect CMMT's net property income (NPI) to be impacted by the MRT works around Sg. Wang mall which has resulted in decreased shopper traffic for the mall. However, CMMT's other malls should be able to cover the weaker performance of Sg. Wang.

Our DDM-based target price is maintained at RM1.46 based on an unchanged cost of equity of 9.2%. We maintain our Hold call on the stock. Given the lack of catalysts in the form of new acquisitions, we believe that CMMT's share price performance will be subdued moving forward. For exposure to M-REITs, we prefer Axis REIT instead.

Sg. Wang outlook remains dim until 2016 ➤

For the first three quarters of FY14, revenue from CMMT's Sg. Wang mall declined by 8.8% as occupancy rates dropped to 95.9% from 97.3% in 1Q14. This is primarily due to the MRT construction works going on around the vicinity of the mall. The low occupancy rates resulted in a 7.3% decline in rental rates. We continue to expect a weak performance from the mall given that construction of the MRT is only expected to be completed by end-2016. While the MRT construction works are negative for the mall in the near term, we believe that once the works are completed, footfall in the mall will not only revert to normal but is likely to improve

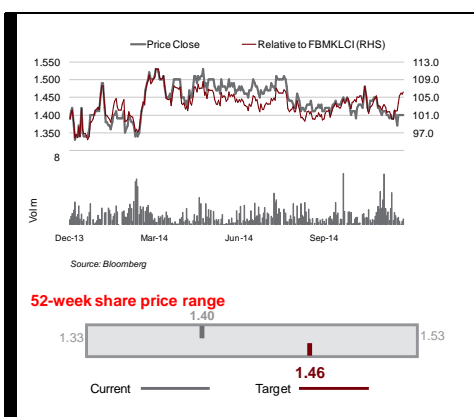
given the increased accessibility arising from the new MRT station.

East Coast Mall to cover Sg. Wang's decline ➤

While Sg. Wang's woes will continue, we believe that the loss of revenue will be compensated somewhat by CMMT's East Coast Mall. The mall is currently in Phase 2 of its asset enhancement initiative (AEI) which is expected to be completed by the end of 2014. Phase 2, involving the reconfiguration of the ground, first and second floors which have a total net lettable area (NLA) of 26k sq ft currently, is likely to provide improved rental rates by 2015.

29.8% of rental income up for reversion ➤

In 2015, 29.8% of CMMT's gross rental income will be up for reversion, which will provide revenue growth, despite the lack of acquisitions in 2014. We expect The Mines and East Coast Mall to continue to drive the NPI of CMMT's portfolio.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Property Revenue (RMm)	289.2	302.8	317.7	333.2	349.6
Net Property Income (RMm)	196.0	206.4	216.3	226.8	237.8
Net Profit (RMm)	137.1	147.3	155.5	164.5	174.4
Distributable Profit (RMm)	149.3	157.2	165.8	175.2	188.6
Core EPS (RM)	0.077	0.083	0.087	0.091	0.097
Core EPS Growth	4.18%	6.88%	4.97%	5.11%	5.98%
FD Core P/E (x)	18.07	16.91	16.11	15.32	14.46
DPS (RM)	0.08	0.09	0.09	0.10	0.10
Dividend Yield	6.02%	6.40%	6.62%	6.95%	7.44%
Asset Leverage	27.9%	30.5%	31.0%	31.3%	31.5%
BVPS (RM)	1.19	1.09	1.09	1.08	1.08
P/BV (x)	1.17	1.28	1.29	1.29	1.30
Recurring ROE	6.74%	7.24%	7.97%	8.43%	8.98%
CIMB/consensus DPS (x)			1.03	1.02	1.04

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Rental Revenues	203.6	213.7	224.4	235.6
Other Revenues	99.3	103.9	108.8	114.0
Gross Property Revenue	302.8	317.7	333.2	349.6
Total Property Expenses	(96.4)	(101.4)	(106.5)	(111.8)
Net Property Income	206.4	216.3	226.8	237.8
General And Admin. Expenses	0.0	0.0	0.0	0.0
Management Fees	(18.5)	(18.9)	(19.5)	(20.1)
Trustee's Fees	(0.4)	(0.4)	(0.4)	0.0
Other Operating Expenses	(1.0)	(1.1)	(1.1)	(1.2)
EBITDA	186.5	195.9	205.7	216.5
Depreciation And Amortisation	0.0	0.0	0.0	0.0
EBIT	186.5	195.9	205.7	216.5
Net Interest Income	(39.1)	(40.3)	(41.3)	(42.1)
Associates' Profit				
Other Income/(Expenses)	0.0	0.0	0.0	0.0
Exceptional Items				
Pre-tax Profit	147.3	155.5	164.5	174.4
Taxation				
Minority Interests				
Preferred Dividends				
Net Profit	147.3	155.5	164.5	174.4
Distributable Profit	157.2	165.8	175.2	188.6

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Investments	2,859	2,888	2,917	2,949
Intangible Assets	0	0	0	2
Other Long-term Assets	1	1	1	7
Total Non-current Assets	2,860	2,889	2,918	2,958
Total Cash And Equivalents	126	118	118	123
Inventories	0	0	0	1
Trade Debtors	9	9	9	9
Other Current Assets	0	0	0	1
Total Current Assets	136	127	127	134
Trade Creditors	83	83	83	83
Short-term Debt	9	9	9	9
Other Current Liabilities	0	0	0	1
Total Current Liabilities	92	92	92	93
Long-term Borrowings	905	925	945	966
Other Long-term Liabilities	47	47	47	48
Total Non-current Liabilities	952	972	992	1,014
Shareholders' Equity	1,952	1,952	1,952	1,954
Minority Interests	0	0	0	0
Preferred Shareholders Funds			9	32
Total Equity	1,952	1,952	1,961	1,986

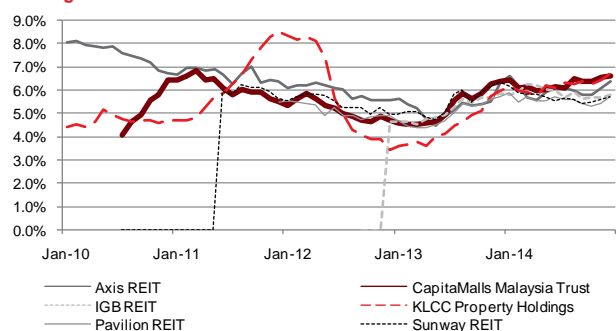
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Pre-tax Profit	147.3	155.5	164.5	174.4
Depreciation And Non-cash Adj.	39.1	40.3	41.3	42.1
Change In Working Capital				
Tax Paid				
Others	9.9	10.3	10.8	0.0
Cashflow From Operations	196.4	206.2	216.5	216.5
Capex	(28.3)	(28.6)	(28.9)	0.0
Net Investments And Sale Of FA	0.0	0.0	0.0	0.0
Other Investing Cashflow	(24.3)	0.0	0.0	0.0
Cash Flow From Investing	(52.6)	(28.6)	(28.9)	0.0
Debt Raised/(repaid)	20.0	20.0	20.0	0.0
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0
Dividends Paid	(159.5)	(165.8)	(175.2)	0.0
Cash Interest And Others	(39.1)	(40.3)	(41.3)	(42.1)
Cash Flow From Financing	(178.7)	(186.2)	(196.5)	(42.1)
Total Cash Generated	(34.9)	(8.6)	(8.9)	174.4
Free Cashflow To Firm	147.6	181.1	191.2	220.1
Free Cashflow To Equity	124.7	157.2	166.3	174.4

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Property Revenue Growth	4.7%	4.9%	4.9%	4.9%
NPI Growth	5.3%	4.8%	4.9%	4.9%
Net Property Income Margin	68.2%	68.1%	68.1%	68.0%
DPS Growth	6.39%	3.35%	5.06%	7.00%
Gross Interest Cover	4.34	4.46	4.59	4.73
Effective Tax Rate	0%	0%	0%	0%
Net Dividend Payout Ratio	108%	107%	107%	108%
Current Ratio	1.47	1.37	1.37	1.44
Quick Ratio	1.47	1.37	1.37	1.43
Cash Ratio	1.37	1.27	1.27	1.32
Return On Average Assets	4.82%	5.17%	5.43%	5.68%

Rolling Dividend Yield



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Rental Rate Psf Pm (RM)	N/A	N/A	N/A	N/A
Acq. (less development) (US\$m)	N/A	N/A	N/A	N/A
RevPAR (RM)	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sf)	2,455	2,455	2,455	2,455
Occupancy (%)	99.1%	96.1%	96.1%	96.1%
Assets Under Management (m) (RM)	N/A	N/A	N/A	N/A
Funds Under Management (m) (RM)	N/A	N/A	N/A	N/A

Carlsberg Brewery (M)

CAB MK / CBMS.KL

Market Cap
US\$1,058m
RM3,698m

Avg Daily Turnover
US\$0.51m
RM1.70m

Free Float
49.3%
308.1 m shares

Current **RM12.02**
Target **RM11.60**
Prev. Target **RM11.60**
Up/Downside **-3.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	16.9	3.2	1.0
Absolute	12.3	-3.8	-3.7

Major shareholders	% held
Carlsberg Breweries A/S	50.7

Challenging outlook

Carlsberg will face tough circumstances in Singapore and Malaysia. While both countries will encounter competition from the huge influx of cheap beers, the Malaysia business will face the additional challenge of slower consumer spending and higher selling prices due to GST.

Despite the challenging outlook, we maintain Hold and DDM-based target price on the stock as we believe that its attractive dividend yield will support its share price. Although it may make provisions for the bills of demand issued by the government, we believe this has been factored into the share price. For exposure to the consumer sector, we prefer QL.

Good set of 9M results

Carlsberg Brewery's (CAB) 9MFY14 revenue increased 3.8% yoy while net profit rose 23.9% yoy. Given that Malaysia's sales declined 0.9% yoy, the stronger topline was the result of stronger sales in Singapore (+21.6% yoy). Singapore's sales gained traction following the completion of the stock rationalisation programme, which started in 2Q13 and ended in Jan 14. There was also a positive impact from the acquisition of Maybev in Apr 2014. Despite the weaker revenue from Malaysia, which made up 78% of total revenue, and the higher duty paid due to the change in valuation method, net profit still grew 23.9%. This was due to ongoing cost management, improved prices and product mix in Malaysia (operating profit margin: +2.1% pts yoy), the low base effect from Singapore as it was hit by the

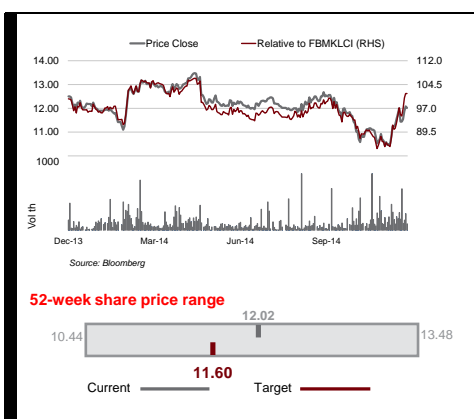
stock rationalisation exercise in the previous year as well as the acquisition of Maybev this year. The stronger net profit was also driven by stronger profit (+82% yoy to RM7.8m) from its Sri Lankan associate as the company no longer imported beers after expanding its capacity.

Tough competition

While we anticipate tough operating environments in both Malaysia and Singapore, we believe the Malaysia business will face greater competition given the expected slower consumer spending due to higher living costs. Aside from the impact of lower disposable income, the company is also likely to raise its selling prices due to the implementation of GST, which will put more pressure on the sales volume. Furthermore, contraband beers have been increasing substantially in the past two years.

Received bills of demand

In Sep 2014, CAB received bills of demand from the government amounting to RM49.5m due to the change in valuation a few years ago. While the company is disputing this, it may make some provisions in the coming quarters.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,585	1,555	1,588	1,620	1,689
Operating EBITDA (RMm)	264.2	259.6	266.1	271.8	284.2
Net Profit (RMm)	191.6	183.9	196.6	202.6	214.7
Core EPS (RM)	0.63	0.60	0.64	0.66	0.70
Core EPS Growth	15.3%	(4.0%)	6.9%	3.1%	6.0%
FD Core P/E (x)	19.18	19.98	18.70	18.14	17.11
DPS (RM)	0.68	0.61	0.64	0.66	0.70
Dividend Yield	5.66%	5.07%	5.35%	5.51%	5.84%
EV/EBITDA (x)	13.61	14.03	13.54	13.12	12.49
P/FCFE (x)	26.42	14.54	15.86	16.67	15.44
Net Gearing	(17.2%)	(1.3%)	(9.7%)	(17.6%)	(16.8%)
P/BV (x)	12.29	13.43	13.43	13.43	13.43
ROE	65.6%	64.2%	71.8%	74.0%	78.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	1.00	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,555	1,588	1,620	1,689
Gross Profit	592	596	609	636
Operating EBITDA	260	266	272	284
Depreciation And Amortisation	(25)	(21)	(21)	(21)
Operating EBIT	235	245	251	264
Financial Income/(Expense)	(4)	(3)	(2)	(2)
Pretax Income/(Loss) from Assoc.	6	10	13	16
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	236	253	262	277
Exceptional Items	0	0	0	0
Pre-tax Profit	236	253	262	277
Taxation	(50)	(53)	(56)	(58)
Exceptional Income - post-tax				
Profit After Tax	187	200	206	219
Minority Interests	(3)	(3)	(4)	(5)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	184	197	203	215
Recurring Net Profit	184	197	203	215
Fully Diluted Recurring Net Profit	184	197	203	215

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	44.1	67.9	90.6	88.5
Total Debtors	288.0	238.3	210.5	219.6
Inventories	49.7	44.7	43.4	42.1
Total Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	381.8	350.8	344.6	350.2
Fixed Assets	165.0	160.4	155.8	151.2
Total Investments	40.9	54.0	69.8	88.7
Intangible Assets	9.3	9.3	9.3	9.3
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	215.2	223.8	234.9	249.3
Short-term Debt	40.4	40.4	40.4	40.4
Current Portion of Long-Term Debt				
Total Creditors	241.3	219.4	223.3	242.3
Other Current Liabilities	14.0	14.0	14.0	14.0
Total Current Liabilities	295.7	273.8	277.7	296.7
Total Long-term Debt				
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	0.0	0.0	0.0	0.0
Total Provisions	17.1	17.1	17.1	17.1
Total Liabilities	312.8	290.9	294.8	313.7
Shareholders' Equity	273.7	273.7	273.7	273.7
Minority Interests	10.5	10.0	11.0	12.0
Total Equity	284.2	283.7	284.7	285.7

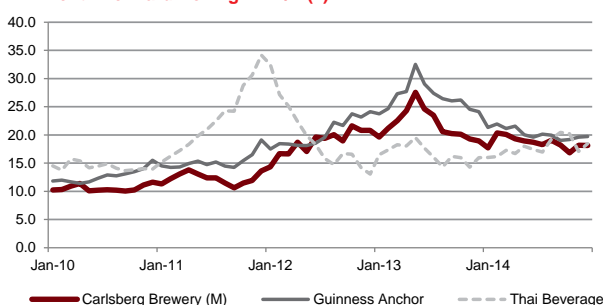
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	259.6	266.1	271.8	284.2
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(30.1)	32.8	32.9	11.3
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	66.7	(1.7)	(15.6)	13.2
Net Interest (Paid)/Received	4.3	2.6	2.1	2.1
Tax Paid	(56.9)	(53.1)	(55.7)	(57.8)
Cashflow From Operations	243.6	246.8	235.5	253.1
Capex	(30.0)	(15.0)	(15.0)	(15.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	3.6	0.0	0.0	0.0
Cash Flow From Investing	(26.4)	(15.0)	(15.0)	(15.0)
Debt Raised/(repaid)	35.4	0.0	0.0	0.0
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(192.6)	(196.6)	(202.6)	(214.7)
Preferred Dividends				
Other Financing Cashflow	(5.3)	(4.0)	(4.0)	(4.0)
Cash Flow From Financing	(162.5)	(200.6)	(206.6)	(218.8)
Total Cash Generated	54.7	31.2	13.9	19.3
Free Cashflow To Equity	252.7	231.8	220.5	238.1
Free Cashflow To Firm	211.9	227.7	216.5	234.0

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(1.87%)	2.14%	1.96%	4.28%
Operating EBITDA Growth	(1.8%)	2.5%	2.1%	4.6%
Operating EBITDA Margin	16.7%	16.8%	16.8%	16.8%
Net Cash Per Share (RM)	0.01	0.09	0.16	0.16
BVPS (RM)	0.90	0.90	0.90	0.90
Gross Interest Cover	44.17	60.71	62.13	65.20
Effective Tax Rate	21.1%	21.0%	21.2%	20.9%
Net Dividend Payout Ratio	80.4%	78.7%	78.4%	78.8%
Accounts Receivables Days	64.36	60.46	50.57	46.60
Inventory Days	18.29	17.35	15.92	14.87
Accounts Payables Days	87.00	84.69	79.96	80.88
ROIC (%)	73%	72%	86%	109%
ROCE (%)	70.0%	72.3%	74.1%	77.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RM)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% Change)	N/A	N/A	N/A	N/A
Unit Sales Growth (%)	N/A	N/A	N/A	N/A
Utilisation Rate (%)	N/A	N/A	N/A	N/A
A&P Expenses (as % Of Revenue)	N/A	N/A	N/A	N/A
Excise Duties (litre)	7.4	7.4	7.4	7.4
Sales Tax (%)	5.0%	5.0%	5.0%	5.0%

Cuscapi

CUSC MK / CUSC.KL

▶ **Market Cap**
US\$21.80m
 RM76.22m

▶ **Avg Daily Turnover**
US\$0.09m
 RM0.30m

▶ **Free Float**
71.5%
 431.1 m shares

Current **RM0.18**
 Target **RM0.19** ▶
 Prev. Target **RM0.19**
 Up/Downside **5.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-26.8	-36.6	-49.9
Absolute	-31.4	-43.6	-54.6

Major shareholders	% held
Transight Systems S/B	15.5
Halley-Sicav-Halley Asian Prosperity	6.8
Her Chor Siong	6.2

Needs to REV up operations

2015 will be a year of consolidation. To turn operations around, the company needs to reduce its operating overheads and boost China sales. In addition, Cuscapi needs to improve REV tablet subscription. So far, the company is only showing some success in Singapore.

We maintain our EPS forecasts and target price, based on an unchanged 1x CY15 P/BV. The stock remains a Hold in view of continued losses and a weak sales outlook. Switch to IFCA for exposure to small software solutions stocks.

Losses the past two quarters ▶

Cuscapi has been a major disappointment, running into the red in the past two quarters. Operating overheads are high while China sales have been weak. We believe the company might need another 6-12 months to restructure and turn around its operations.

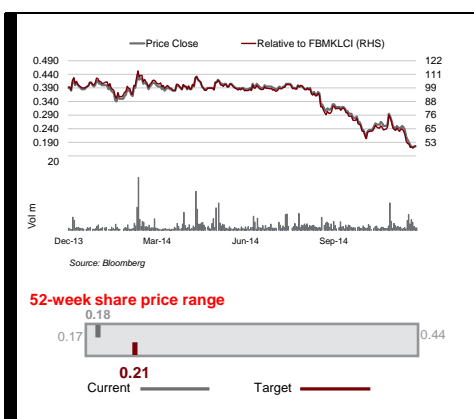
What went wrong? ▶

Cuscapi's problem started with the launch of REV in 3Q13, the interactive tablet for the F&B industry. In anticipation of strong demand for REV, the company increased its staff base and infrastructure to provide technical support for REV. However, REV has been a disappointment. It has not made a significant impact and has particularly struggled in China, where customers are not willing to pay monthly subscriptions. It does not help that Cuscapi is seeing

slower sales from its existing bread-and-butter business in China. We had expected China to be the major revenue generator for the company in the next few years but this has not been happening. Management is currently reviewing the REV business model in China. On a more positive note, REV has been seeing some success in Singapore. The company recently secured a major breakthrough in this country, with around 400 REV tablet subscriptions from a major F&B player.

Potential takeover target? ▶

At its current market cap, Cuscapi looks like an interesting potential takeover target. Its balance sheet is clean, with RM7m net cash or 2 sen cash/share. While the main revenue contributor is still Malaysia, the company has many major established F&B customers in the region and it is also well-known in the F&B software and service industry. Its shareholding is very fragmented, with 3,400 shareholders. The largest shareholder, Transight System S/B, only owns 15.5% stake in the company.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	58.90	48.30	51.00	59.00	68.44
Operating EBITDA (RMm)	10.10	1.30	(5.70)	10.10	13.80
Net Profit (RMm)	6.70	(3.60)	(10.10)	2.70	5.70
Core EPS (RM)	0.016	(0.008)	(0.023)	0.006	0.013
Core EPS Growth	(22%)	(154%)	181%	NA	111%
FD Core P/E (x)	11.26	NA	NA	35.92	17.01
DPS (RM)	0.006	-	-	-	-
Dividend Yield	3.71%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	6.94	38.49	NA	7.45	5.76
P/FCFE (x)	NA	NA	NA	7.29	37.30
Net Gearing	(12.4%)	(37.9%)	(11.9%)	(0.3%)	6.3%
P/BV (x)	1.77	1.12	1.32	1.26	1.15
ROE	16.0%	(6.6%)	(16.3%)	4.6%	9.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.02	1.04	1.02

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	48.30	51.00	59.00	68.44
Gross Profit	27.05	28.56	33.04	38.33
Operating EBITDA	1.30	(5.70)	10.10	13.80
Depreciation And Amortisation	(4.40)	(4.70)	(7.00)	(7.70)
Operating EBIT	(3.10)	(10.40)	3.10	6.10
Financial Income/(Expense)	1.00	0.40	0.40	0.40
Pretax Income/(Loss) from Assoc.	0.00	0.00	0.00	0.00
Non-Operating Income/(Expense)	0.00	0.00	0.00	0.00
Profit Before Tax (pre-EI)	(2.10)	(10.00)	3.50	6.50
Exceptional Items				
Pre-tax Profit	(2.10)	(10.00)	3.50	6.50
Taxation	(1.50)	(0.10)	(0.80)	(0.80)
Exceptional Income - post-tax	0.00	0.00	0.00	0.00
Profit After Tax	(3.60)	(10.10)	2.70	5.70
Minority Interests	0.00	0.00	0.00	0.00
Preferred Dividends	0.00	0.00	0.00	0.00
FX Gain/(Loss) - post tax	0.00	0.00	0.00	0.00
Other Adjustments - post-tax	0.00	0.00	0.00	0.00
Net Profit	(3.60)	(10.10)	2.70	5.70
Recurring Net Profit	(3.60)	(10.10)	2.70	5.70
Fully Diluted Recurring Net Profit	(3.60)	(10.10)	2.70	5.70

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	25.80	7.20	22.50	27.10
Total Debtors	26.00	31.20	43.50	54.00
Inventories	0.10	0.10	0.10	0.10
Total Other Current Assets	0.00	0.00	0.00	0.00
Total Current Assets	51.90	38.50	66.10	81.20
Fixed Assets	6.30	6.60	4.60	1.90
Total Investments	13.20	16.20	19.20	22.20
Intangible Assets	0.10	0.10	0.10	0.10
Total Other Non-Current Assets	0.00	0.00	0.00	0.00
Total Non-current Assets	19.60	22.90	23.90	24.20
Short-term Debt	0.30	0.30	0.30	0.30
Current Portion of Long-Term Debt	0.00	0.00	0.00	0.00
Total Creditors	4.00	4.00	8.00	8.80
Other Current Liabilities	0.00	0.00	0.00	0.00
Total Current Liabilities	4.30	4.30	8.30	9.10
Total Long-term Debt	0.10	0.10	22.00	30.90
Hybrid Debt - Debt Component	0.00	0.00	0.00	0.00
Total Other Non-Current Liabilities	0.00	0.00	0.00	0.00
Total Non-current Liabilities	0.10	0.10	22.00	30.90
Total Provisions	0.00	0.00	0.00	0.00
Total Liabilities	4.40	4.40	30.30	40.00
Shareholders' Equity	67.10	57.00	59.70	65.40
Minority Interests	0.00	0.00	0.00	0.00
Total Equity	67.10	57.00	59.70	65.40

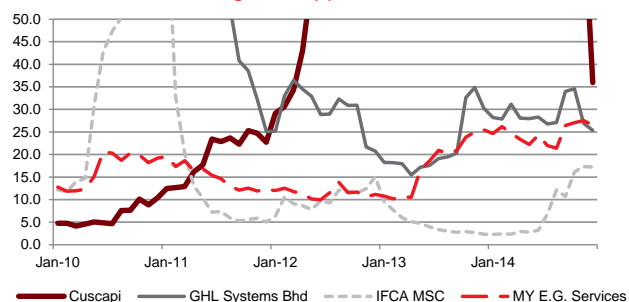
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	1.30	(5.70)	10.10	13.80
Cash Flow from Inv. & Assoc.	0.00	0.00	0.00	0.00
Change In Working Capital	(0.70)	(5.20)	(8.30)	(9.70)
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00
Other Operating Cashflow	0.00	0.00	0.00	0.00
Net Interest (Paid)/Received	1.00	0.40	0.40	0.40
Tax Paid	(1.50)	(0.10)	(0.80)	(0.80)
Cashflow From Operations	0.10	(10.60)	1.40	3.70
Capex	(10.00)	(5.00)	(5.00)	(5.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	(10.00)	(5.00)	(5.00)	(5.00)
Other Investing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Investing	(20.00)	(10.00)	(10.00)	(10.00)
Debt Raised/(repaid)	0.00	0.00	21.90	8.90
Proceeds From Issue Of Shares	28.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	0.00	0.00
Preferred Dividends	0.00	0.00	0.00	0.00
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	28.00	0.00	21.90	8.90
Total Cash Generated	8.10	(20.60)	13.30	2.60
Free Cashflow To Equity	(19.90)	(20.60)	13.30	2.60
Free Cashflow To Firm	(19.90)	(20.60)	(8.60)	(6.30)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(18.0%)	5.6%	15.7%	16.0%
Operating EBITDA Growth	(87%)	(538%)	NA	37%
Operating EBITDA Margin	2.7%	(11.2%)	17.1%	20.2%
Net Cash Per Share (RM)	0.059	0.016	0.000	(0.010)
BVPS (RM)	0.16	0.13	0.14	0.15
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	0.0%	0.0%	22.9%	12.3%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	191.6	204.7	231.1	260.7
Inventory Days	1.72	1.63	1.41	1.22
Accounts Payables Days	63.5	65.1	84.4	102.1
ROIC (%)	(10.3%)	(27.0%)	6.7%	11.2%
ROCE (%)	(3.8%)	(16.0%)	5.0%	7.3%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	3.0%	3.0%	3.0%	3.0%
Unit sales grth (% , main prod./serv.)	9.1%	12.0%	10.0%	10.0%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	2.0%	2.0%	2.0%
Util. rate (% , 2ndary prod/serv)	N/A	0.0%	230.0%	100.0%
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

Cypark Resources Bhd

CYP MK / CYPR.KL

➤ **Market Cap**
US\$133.5m
RM466.5m

➤ **Avg Daily Turnover**
US\$0.23m
RM0.75m

➤ **Free Float**
55.4%
176.0 m shares

Current **RM2.37**
Target ➤ **RM3.09**
Prev. Target **RM3.09**
Up/Downside **30.2%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.7	-4.6	0.3
Absolute	-2.9	-11.6	-4.4

Major shareholders	% held
Tan Sri Razali bin Ismail	32.0
Daud Bin Ahmad	7.9
Amanahraya Trustees Bhd	4.8

Park your money here

Cypark's earnings in 2015 will be underpinned by more RE projects and the start of its Ladang Tanah Merah (LTM) concession. We expect further RE opportunities for Cypark, given the Malaysian government's aim of expanding overall RE generation capacity.

We maintain our Add call on the stock, with an unchanged SOP-based target price of RM3.09. Cypark represents the only pure exposure to Malaysia's Renewable Energy (RE) aspirations. We believe that announcements of more RE projects will catalyse the stock.

More RE projects to come ➤

We expect Cypark to secure more RE projects moving forward, including projects beyond the Sustainable Energy Development Authority's (SEDA) programme in 2015. 1MDB is the first company to build a solar power plant outside the feed-in tariff (FiT) quota. This is positive for Cypark as it plans to build a similar project. We think that Cypark has a strong chance of being awarded such a project, as it is the largest RE player in Malaysia currently. A mega solar farm, such as 1MDB's 50MW project, would more than double Cypark's current capacity.

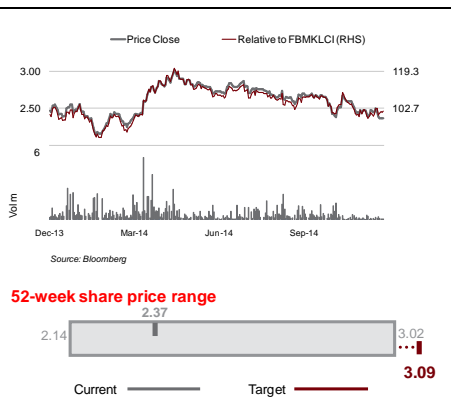
Ladang Tanah Merah to start soon ➤

Cypark's LTM concession is expected to start soon. The concession period is for 25 years and will involve Cypark opening, maintaining and closing the landfill in Negeri

Sembilan. Cypark will earn revenue of RM30-40/MT of municipal solid waste (MSW). The waste will also act as feedstock for the next phase of the LTM project- generating electricity through biogas/biomass. The electricity generated would be sold to Tenaga. We expect this project to provide Cypark with additional RE capacity moving forward.

Malaysia's RE ambitions to benefit Cypark ➤

The Malaysian government targets for RE to comprise 11% of total generating capacity by 2020. Currently, the RE push is concentrated on the FiT programme. The FiT scheme is funded by a 1.6% levy on the electricity bill, which translates into approximately RM650m p.a., based on our estimates. This would support approximately 900-1,000MW of total RE capacity for the next 21 years. In order to achieve target laid out in the 10th Malaysia Plan, we estimate that total RE capacity would have increase to 2,000-2,100MW by 2020. We expect this to provide more opportunities for Cypark.



Financial Summary

	Oct-12A	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Revenue (RMm)	195.8	220.7	215.6	222.3	222.3
Operating EBITDA (RMm)	44.89	78.31	89.83	97.42	97.42
Net Profit (RMm)	25.61	37.93	45.73	53.00	54.36
Core EPS (RM)	0.17	0.24	0.29	0.33	0.34
Core EPS Growth	13.2%	41.4%	20.6%	15.9%	2.5%
FD Core P/E (x)	15.03	10.60	8.79	7.58	7.40
DPS (RM)	0.04	0.09	0.11	0.13	0.13
Dividend Yield	1.69%	3.80%	4.51%	5.28%	5.42%
EV/EBITDA (x)	11.39	7.48	7.67	6.46	5.86
P/FCFE (x)	81.87	4.00	6.06	7.43	7.81
Net Gearing	97%	82%	126%	91%	63%
P/BV (x)	2.48	1.51	1.54	1.38	1.24
ROE	19.5%	18.8%	18.5%	20.4%	18.7%
CIMB/consensus EPS (x)			1.17	1.09	1.05

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Total Net Revenues	220.7	215.6	222.3	222.3
Gross Profit	60.9	72.8	80.7	80.7
Operating EBITDA	78.3	89.8	97.4	97.4
Depreciation And Amortisation	(24.0)	(24.8)	(24.8)	(24.8)
Operating EBIT	54.3	65.0	72.6	72.6
Financial Income/(Expense)	(9.2)	(13.3)	(13.6)	(12.3)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	45.1	51.7	59.0	60.4
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	45.1	51.7	59.0	60.4
Taxation	(7.2)	(6.0)	(6.0)	(6.0)
Exceptional Income - post-tax				
Profit After Tax	37.9	45.7	53.0	54.4
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	37.9	45.7	53.0	54.4
Recurring Net Profit	37.9	45.7	53.0	54.4
Fully Diluted Recurring Net Profit	37.9	45.7	53.0	54.4

Balance Sheet

(RMm)	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Total Cash And Equivalents	112.9	107.5	135.8	157.9
Total Debtors	200.6	196.0	202.1	202.1
Inventories	0.0	0.0	0.0	0.0
Total Other Current Assets	0.3	0.3	0.3	0.3
Total Current Assets	313.9	303.8	338.2	360.3
Fixed Assets	274.7	351.5	326.7	301.9
Total Investments	2.0	2.0	2.0	2.0
Intangible Assets	85.8	85.8	85.8	85.8
Total Other Non-Current Assets	33.0	69.2	63.3	60.0
Total Non-current Assets	395.5	508.5	477.8	449.7
Short-term Debt	141.5	42.7	42.7	42.7
Current Portion of Long-Term Debt				
Total Creditors	122.9	134.1	138.3	138.3
Other Current Liabilities	3.4	3.4	3.4	3.4
Total Current Liabilities	267.8	180.2	184.4	184.4
Total Long-term Debt	178.4	374.4	343.6	306.9
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	12.0	12.0	12.0	12.0
Total Non-current Liabilities	190.4	386.4	355.6	318.9
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	458.2	566.7	540.0	503.3
Shareholders' Equity	250.1	245.0	274.9	305.6
Minority Interests	1.1	1.1	1.1	1.1
Total Equity	251.2	246.1	276.0	306.7

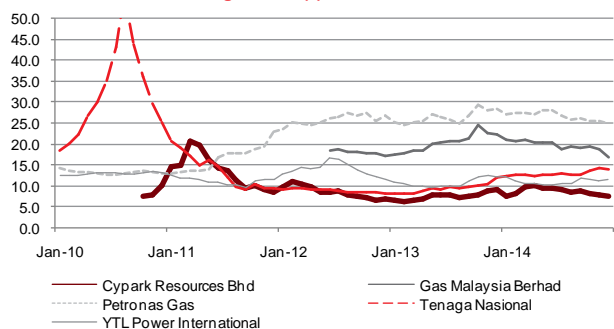
Cash Flow

(RMm)	Oct-13A	Oct-14F	Oct-15F	Oct-16F
EBITDA	78.3	89.8	97.4	97.4
Cash Flow from Inv. & Assoc.				
Change In Working Capital	137.0	15.8	(1.9)	0.0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	7.0	7.0	7.0	7.0
Net Interest (Paid)/Received	(14.3)	(16.4)	(16.8)	(15.4)
Tax Paid	(7.2)	(6.0)	(6.0)	(6.0)
Cashflow From Operations	200.9	90.2	79.7	83.0
Capex	(112.5)	(75.8)	0.0	0.0
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	5.2	5.2	5.2	5.2
Cash Flow From Investing	(107.3)	(70.7)	5.2	5.2
Debt Raised/(repaid)	7.0	46.8	(30.8)	(36.7)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(6.4)	(14.4)	(17.0)	(19.9)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	0.6	32.5	(47.9)	(56.7)
Total Cash Generated	94.2	52.0	37.1	31.5
Free Cashflow To Equity	100.6	66.4	54.1	51.5
Free Cashflow To Firm	107.9	36.0	101.7	103.6

Key Ratios

	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Revenue Growth	12.7%	(2.3%)	3.1%	0.0%
Operating EBITDA Growth	74.4%	14.7%	8.5%	0.0%
Operating EBITDA Margin	35.5%	41.7%	43.8%	43.8%
Net Cash Per Share (RM)	(1.30)	(1.94)	(1.57)	(1.20)
BVPS (RM)	1.57	1.54	1.72	1.92
Gross Interest Cover	3.81	3.96	4.33	4.71
Effective Tax Rate	15.9%	11.6%	10.2%	9.9%
Net Dividend Payout Ratio	37.9%	37.3%	37.6%	37.7%
Accounts Receivables Days	444.2	335.7	326.8	332.7
Inventory Days	0.00	0.00	0.00	0.00
Accounts Payables Days	279.4	328.3	351.1	357.4
ROIC (%)	17.3%	13.9%	12.8%	13.5%
ROCE (%)	12.4%	11.0%	11.4%	11.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Power Despatched (GWh)	224.8	235.1	291.3	291.3
Capacity (MW)	55.0	62.0	69.0	69.0
Average Capacity Utilisation (%)	46.7%	43.3%	48.2%	48.2%
Avg tariff/ASP per kwh (% chg)	N/A	N/A	N/A	N/A
Fuel Cost Per Kwh (% Change)	N/A	N/A	N/A	N/A
Industry Reserve Margin (%)	N/A	N/A	N/A	N/A

Daiboichi Plastic & Packaging

DPP MK / DPPM.KL

➤ **Market Cap**
US\$139.5m
 RM487.6m

➤ **Avg Daily Turnover**
US\$0.05m
 RM0.17m

➤ **Free Float**
76.2%
 113.8 m shares

Current **RM4.30**
 Target ➤ **RM4.75**
 Prev. Target **RM4.75**
 Up/Downside **10.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	5.1	6.5	9.6
Absolute	0.5	-0.5	4.9

Major shareholders	% held
Low Chan Tian	8.9
Lim Koy Peng	7.6
Apollo Asia Fund Ltd	7.3

Exports to drive growth

2015 should be a much better year for this company. Its profit margin should bounce back strongly as raw material prices started to decline sharply a few months ago. Topline growth is expected to come from the export markets as domestic demand shows signs of slowing down.

We maintain our EPS forecasts and target price, which is based on an unchanged 2016 13x sector P/E target. The stock remains an Add, with potential catalysts being major export orders and a further decline in raw material prices.

Exports to drive growth ➤

Daiboichi's topline growth should come from the export markets over the next few years. Domestic demand has shown signs of slowing down since mid-2014 and we are concerned that this situation will deteriorate further once the 6% GST kicks in from Apr 2015 onwards. In 3Q13, the company started commercial production for a major MNC F&B player (based in the region). All is going well and Daiboichi should see more export orders from this customer over the next few quarters. In addition, we expect the company to secure more contracts from both Australia and the Asean region.

New capacity to capture growth ➤

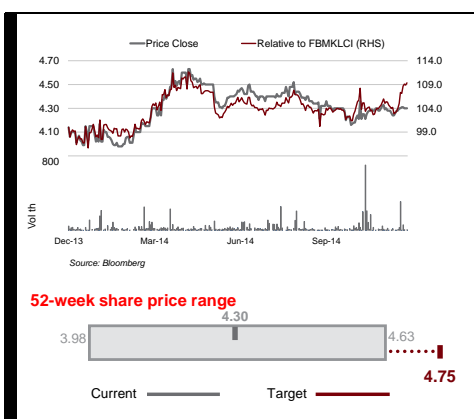
Daiboichi is expanding production capacity in 2014 with its new film plant, which started operations in Apr 2014. Commercial production of the new CPP and metalliser films has

started and existing capacity is expected to double in 2H14. In addition, the new laminator and printer will be up before end-2014. Daiboichi is currently operating only at around 60% capacity, which is intentional to allow the company to handle major new export contracts.

New products the company has been promoting this year are the in-house R&D high-speed films (Avanti brand) and the high-barrier films. New in-house products offer a higher profit margin. Full commercial production for these products should start from 2015 onwards.

Lower raw material prices? ➤

Daiboichi's profit margin was under pressure in the past year due to rising raw material prices (60% of its production costs are for raw materials). However, in the past few months, there have been signs that raw material prices are falling sharply due to lower crude oil prices (most of Daiboichi's raw materials, like polyethylene and polypropylene films, are derivatives of crude oil). Daiboichi's profit margins generally benefit in a declining raw material price environment.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	278.7	310.8	355.5	411.8	454.5
Operating EBITDA (RMm)	41.70	44.80	42.70	59.40	66.10
Net Profit (RMm)	24.50	27.90	24.44	36.92	41.81
Core EPS (RM)	0.22	0.25	0.21	0.32	0.37
Core EPS Growth	21.9%	13.9%	(12.4%)	51.1%	13.2%
FD Core P/E (x)	19.90	17.48	19.95	13.21	11.66
DPS (RM)	0.13	0.16	0.14	0.24	0.24
Dividend Yield	3.02%	3.72%	3.14%	5.47%	5.47%
EV/EBITDA (x)	12.28	11.90	12.52	8.73	7.68
P/FCFE (x)	27.39	NA	34.23	12.00	12.92
Net Gearing	14.9%	27.0%	26.4%	15.3%	8.5%
P/BV (x)	3.25	3.01	2.86	2.66	2.46
ROE	16.9%	17.8%	14.7%	20.8%	21.9%
% Change In Core EPS Estimates			0%		
CIMB/consensus EPS (x)			1.00	1.03	1.02

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	310.8	355.5	411.8	454.5
Gross Profit	44.8	42.7	59.4	66.1
Operating EBITDA	44.8	42.7	59.4	66.1
Depreciation And Amortisation	(9.5)	(10.5)	(11.0)	(11.6)
Operating EBIT	35.3	32.2	48.4	54.5
Financial Income/(Expense)	1.2	0.8	0.8	1.0
Pretax Income/(Loss) from Assoc.	0.4	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	36.9	33.0	49.2	55.5
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	36.9	33.0	49.2	55.5
Taxation	(9.0)	(8.6)	(11.5)	(13.0)
Exceptional Income - post-tax				
Profit After Tax	27.9	24.4	37.7	42.5
Minority Interests	0.0	0.0	(0.7)	(0.7)
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	27.9	24.4	36.9	41.8
Recurring Net Profit	27.9	24.4	36.9	41.8
Fully Diluted Recurring Net Profit	27.9	24.4	36.9	41.8

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	13.7	4.4	21.8	36.5
Total Debtors	73.3	80.6	74.1	81.5
Inventories	57.3	63.0	75.6	83.2
Total Other Current Assets	0.1	0.1	0.1	0.1
Total Current Assets	144.4	148.2	171.7	201.3
Fixed Assets	110.0	109.5	108.5	106.9
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	26.6	26.2	26.2	26.2
Total Non-current Assets	136.6	135.7	134.7	133.1
Short-term Debt	46.1	38.1	38.5	42.0
Current Portion of Long-Term Debt				
Total Creditors	50.6	53.3	61.8	67.9
Other Current Liabilities	2.0	2.0	2.0	5.0
Total Current Liabilities	98.7	93.4	102.3	114.9
Total Long-term Debt	11.5	11.5	11.5	11.5
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	8.3	7.9	7.9	7.9
Total Non-current Liabilities	19.8	19.4	19.4	19.4
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	118.5	112.8	121.7	134.3
Shareholders' Equity	162.5	171.1	184.0	198.6
Minority Interests	0.0	0.0	0.7	1.5
Total Equity	162.5	171.1	184.7	200.1

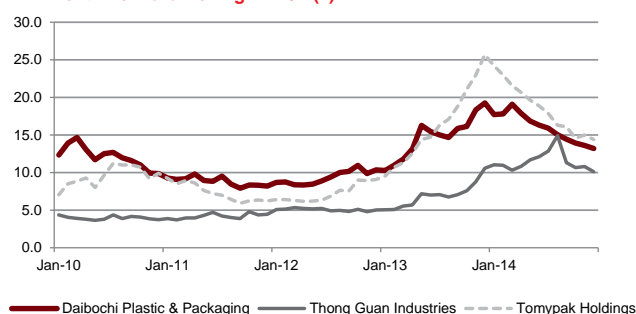
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	44.80	42.70	59.40	66.10
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(9.50)	(10.34)	2.35	(8.80)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.79	0.79	0.79	0.79
Net Interest (Paid)/Received	0.00	0.00	0.00	0.00
Tax Paid	(8.50)	(8.56)	(11.55)	(10.00)
Cashflow From Operations	27.59	24.59	50.99	48.09
Capex	(34.70)	(10.00)	(10.00)	(10.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	(1.00)	(1.00)	(1.00)	(1.00)
Cash Flow From Investing	(35.70)	(11.00)	(11.00)	(11.00)
Debt Raised/(repaid)	0.55	0.65	0.65	0.65
Proceeds From Issue Of Shares	1.20	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(16.50)	(15.89)	(24.00)	(27.17)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	(14.75)	(15.24)	(23.35)	(26.52)
Total Cash Generated	(22.86)	(1.64)	16.64	10.57
Free Cashflow To Equity	(7.56)	14.24	40.64	37.74
Free Cashflow To Firm	(8.11)	13.59	39.99	37.09

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	11.5%	14.4%	15.8%	10.4%
Operating EBITDA Growth	7.4%	(4.7%)	39.1%	11.3%
Operating EBITDA Margin	14.4%	12.0%	14.4%	14.5%
Net Cash Per Share (RM)	(0.39)	(0.40)	(0.25)	(0.15)
BVPS (RM)	1.43	1.50	1.62	1.75
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	24.4%	25.9%	23.5%	23.4%
Net Dividend Payout Ratio	45.4%	44.4%	45.7%	45.8%
Accounts Receivables Days	78.80	79.02	68.59	62.67
Inventory Days	77.39	70.21	71.82	74.84
Accounts Payables Days	65.38	60.63	59.61	61.11
ROIC (%)	14.1%	10.8%	15.5%	17.8%
ROCE (%)	18.8%	15.6%	22.3%	23.3%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	5.0%	5.0%	5.0%	5.0%
Unit sales grth (% , main prod./serv.)	7.0%	7.0%	7.0%	7.0%
Util. rate (% , main prod./serv.)	70.0%	70.0%	70.0%	70.0%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod/serv)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A
Unit Raw Material ASP (% Change)	N/A	N/A	N/A	N/A

Dialog Group

DLG MK / DIAL.KL

➤ **Market Cap**
US\$1,942m
 RM6,790m

➤ **Avg Daily Turnover**
US\$5.74m
 RM19.13m

➤ **Free Float**
65.8%
 5,206 m shares

Current **RM1.37**
 Target ➤ **RM1.83**
 Prev. Target **RM1.83**
 Up/Downside **33.6%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-4.7	-16.9	-4.8
Absolute	-9.3	-23.9	-9.5

Major shareholders	% held
Tan Sri Dr. Ngau Boon Keat	23.4
EPF	10.8

Talking bigger numbers

Dialog's net profit is set to reach new heights in FY6/15, thanks to its operations at the Pengerang tank terminal and early upstream profits. RAPID remains an attractive prospect despite Petronas's capex cut, as the PIC has received the final investment decision (FID).

We continue to value the stock at 21.2x CY16 P/E, at a 30% premium over our target market P/E of 16.3x pending a review of our premium valuations. The positive outlook in Pengerang is the potential re-rating catalyst that supports our Add call.

Steady progress in Phases 1 and 2 ➤

Engineering, procurement, construction and commissioning (EPCC) works at Pengerang tank terminal's Phase 1C (crude oil) are expected to be completed this month, while Phase 1B (petroleum products) is being commissioned for start-up. Phase 1A, which achieved mechanical completion on 31 Mar 2014, has received more than 50 shipments since the first crude oil shipment on 12 Apr 2014.

While Phase 1 caters to crude oil and petroleum products, Phase 2 is being prepared for the construction of liquefied natural gas (LNG) regasification facilities in a partnership involving Petronas Gas (65%), Dialog (25%) and the Johor state government (10%). Dialog will

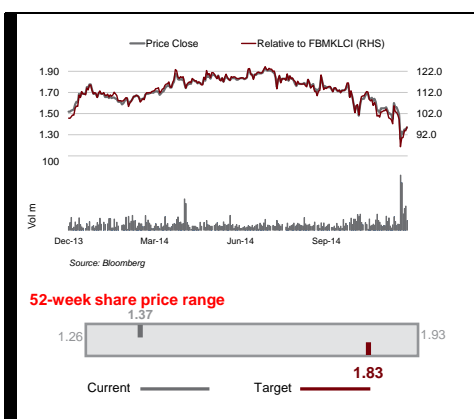
also be involved in the construction of structures such as jetties. Phase 2 is slated to be operational by Oct 2017.

RAPID will go on ➤

In addition to its own developments in Pengerang, Dialog is eyeing EPCC opportunities at Petronas's US\$27bn Pengerang Integrated Complex (PIC), in which the refinery and petrochemical integrated development (RAPID) will be located. As the PIC received the FID in Apr 2014, it will not be affected by Petronas's 15-20% capex reduction next year. The capex reduction will only affect projects in Pengerang that have not received the FID.

Positive upstream updates ➤

Maiden contributions from the production-sharing contract for the D35, D21 and J4 fields were reflected in Dialog's 1Q15 results. Meanwhile, development works are ongoing at the Bentara field in the Balai marginal field cluster, while production enhancement and redevelopment activities continue at the Bayan enhanced oil recovery project.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	2,237	2,552	3,178	3,603	3,945
Operating EBITDA (RMm)	271.6	252.8	485.5	522.0	538.5
Net Profit (RMm)	193.3	215.9	334.6	373.7	396.8
Core EPS (RM)	0.037	0.041	0.064	0.072	0.076
Core EPS Growth	9.2%	11.7%	55.0%	11.7%	6.2%
FD Core P/E (x)	36.89	33.04	21.32	19.09	17.97
DPS (RM)	0.033	0.031	0.037	0.039	0.039
Dividend Yield	2.41%	2.26%	2.70%	2.85%	2.85%
EV/EBITDA (x)	23.23	24.41	12.37	11.20	10.82
P/FCFE (x)	33.31	28.14	22.48	20.40	30.21
Net Gearing	(46.7%)	(48.6%)	(51.6%)	(54.6%)	(54.0%)
P/BV (x)	6.31	5.36	4.64	4.17	4.12
ROE	18.2%	17.5%	23.3%	23.0%	23.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.29	1.20	1.07

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	2,552	3,178	3,603	3,945
Gross Profit	655	1,538	1,574	1,917
Operating EBITDA	253	486	522	538
Depreciation And Amortisation	(38)	(120)	(120)	(119)
Operating EBIT	214	366	402	419
Financial Income/(Expense)	9	40	48	53
Pretax Income/(Loss) from Assoc.	53	49	50	50
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	277	455	500	522
Exceptional Items	0	0	0	0
Pre-tax Profit	277	455	500	522
Taxation	(48)	(120)	(126)	(125)
Exceptional Income - post-tax				
Profit After Tax	229	335	374	397
Minority Interests	(13)	(0)	(0)	(0)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	216	335	374	397
Recurring Net Profit	216	335	374	397
Fully Diluted Recurring Net Profit	216	335	374	397

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	655	801	943	945
Total Debtors	1,494	1,632	1,694	1,699
Inventories	251	281	294	295
Total Other Current Assets	7	7	7	7
Total Current Assets	2,407	2,721	2,938	2,946
Fixed Assets	372	391	391	391
Total Investments	316	334	353	372
Intangible Assets	2	2	2	2
Total Other Non-Current Assets	314	314	314	314
Total Non-current Assets	1,003	1,041	1,059	1,079
Short-term Debt	3	3	4	4
Current Portion of Long-Term Debt				
Total Creditors	1,552	1,696	1,761	1,766
Other Current Liabilities	517	519	514	514
Total Current Liabilities	2,072	2,218	2,279	2,284
Total Long-term Debt	3	4	4	5
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	3	4	4	5
Total Provisions	0	0	0	0
Total Liabilities	2,075	2,221	2,283	2,289
Shareholders' Equity	1,330	1,536	1,710	1,731
Minority Interests	4	4	5	5
Total Equity	1,335	1,541	1,714	1,735

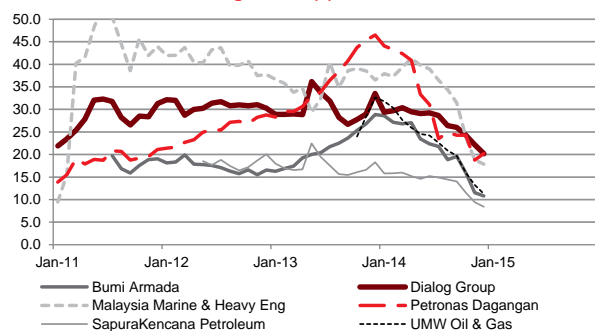
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	252.8	485.5	522.0	538.5
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(47.1)	(24.0)	(10.3)	(0.9)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(29.3)	(29.3)	(29.3)	(29.3)
Net Interest (Paid)/Received	(21.0)	(19.0)	(17.0)	(15.0)
Tax Paid	(25.5)	(28.8)	(30.3)	(30.4)
Cashflow From Operations	129.8	384.4	435.1	462.8
Capex	(685.4)	(692.2)	(692.2)	(692.2)
Disposals Of FAs/subsidiaries	0.0	1.0	2.0	3.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	808.1	622.9	603.6	461.4
Cash Flow From Investing	122.7	(68.2)	(86.6)	(227.8)
Debt Raised/(repaid)	1.0	1.0	1.0	1.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(133.1)	(170.5)	(208.0)	(234.0)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	(132.1)	(169.5)	(207.0)	(233.0)
Total Cash Generated	120.4	146.7	141.5	2.0
Free Cashflow To Equity	253.5	317.2	349.6	236.0
Free Cashflow To Firm	273.5	335.2	365.6	250.1

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	14.1%	24.5%	13.4%	9.5%
Operating EBITDA Growth	(6.9%)	92.1%	7.5%	3.1%
Operating EBITDA Margin	9.9%	15.3%	14.5%	13.6%
Net Cash Per Share (RM)	0.12	0.15	0.18	0.18
BVPS (RM)	0.26	0.30	0.33	0.33
Gross Interest Cover	18	1,329	1,237	1,118
Effective Tax Rate	17.3%	26.4%	25.3%	24.0%
Net Dividend Payout Ratio	40%	40%	40%	171%
Accounts Receivables Days	189.4	179.5	168.9	157.0
Inventory Days	42.42	59.15	51.83	52.94
Accounts Payables Days	264.7	361.4	311.8	317.3
ROIC (%)	69.7%	98.9%	97.6%	98.4%
ROCE (%)	19.0%	28.1%	27.6%	27.2%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Outstanding Orderbook (RMm)	1,800	2,050	2,190	2,490
Order Book Wins (RMm)	1,000.0	1,000.0	1,200.0	1,200.0
Order Book Depletion (RMm)	750	860	900	900
Average Day Rate Per Ship (US\$)	-	-	-	-
No. Of Ships (unit)	-	-	-	-
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A

DiGi.com

DIGI MK / DSOM.KL

▶ **Market Cap**
US\$13,412m
 RM46,883m

▶ **Avg Daily Turnover**
US\$14.36m
 RM47.48m

▶ **Free Float**
47.5%
 7,775 m shares

Current **RM6.03**
 Target ▶ **RM5.80**
 Prev. Target **RM5.80**
 Up/Downside **-3.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.0	11.1	29.0
Absolute	-1.6	4.1	24.3

Major shareholders	% held
Telenor	49.0
EPF	14.1
Skim Amanah Saham Bumi	5.7

Offering fair risk-reward

Among Malaysian telcos, DiGi is the biggest beneficiary of GST when it is rolled out in Apr 2015. However, we think that more intense rivalry is likely to shave off part of its service revenue growth in FY15. DiGi's capex may also stay high as peers are looking to accelerate 4G rollouts.

We forecast EBITDA to grow 7.5% yoy in FY15 and 5.3% in FY16, after factoring in more intense competition. At the core net profit level, we project growth of 5.5% yoy in FY15 and 5.1% yoy in FY16. Our target price is unchanged at RM5.80, which is based on the fair valuation of its potential business trust and return of excess cash. We maintain our Hold rating on DiGi. For Malaysian telcos, we prefer Axiata Group.

More intense competition ▶

Market competition has intensified in the past six months due to an aggressive U Mobile and a resurgent Maxis while Celcom has also been more active in the market since Oct after resolving its IT issues. They have been targeting the youth and overseas foreign workers segments, which are DiGi's traditional strongholds. Thus, its service revenue growth started slowing down in 2Q14 (+2.8% yoy) and 3Q14 (+2.0% yoy). We think that its rivals will continue to be aggressive in 2015 and this will shave off some of DiGi's service revenue growth potential. While we still expect DiGi to benefit from passing on the 6% GST to its prepaid users, we cut our service revenue growth forecasts to 4.3% in FY15 and to 3.6% yoy in FY16 (+5.8

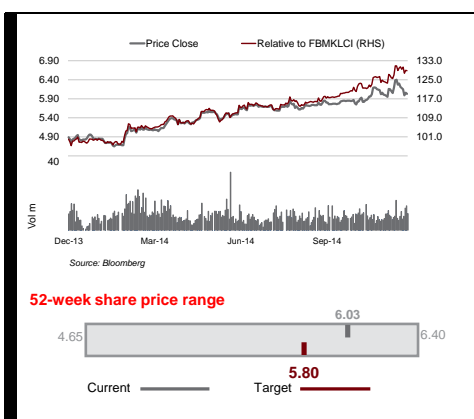
and +4.7% previously).

Capex may stay high ▶

DiGi is guiding for up to RM900m capex this year, higher than its historical RM650m-750m range, to close the 3G coverage gap with Maxis and Celcom. We believe that there is a risk that capex may stay high in FY15 as its rivals are planning to improve the data experience on their networks and accelerate 4G rollouts. As such, we raised our capex projections for DiGi to RM900m for FY14 and RM800m for FY15 (RM850m and RM750m previously).

No sight of business trust ▶

DiGi's balance sheet remains very under-leveraged, with a net debt/EBITDA of 0.1x as at end-3Q14. Nevertheless, we believe that DiGi's plans to establish a potential business trust structure is unlikely to materialise in the near term as we understand that it will need more time to seek all the necessary clarifications to fully understand the implications of a business trust. Due to limited retained earnings, DiGi will only be able to pay out 100% of earnings. This translates into a decent yield of 4.3-4.7% in FY14-16.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	6,361	6,733	7,011	7,353	7,630
Operating EBITDA (RMm)	2,929	3,043	3,176	3,412	3,593
Operating EBITDA Margin	46.0%	45.2%	45.3%	46.4%	47.1%
Net Profit (RMm)	1,206	1,706	1,995	2,105	2,213
Core EPS (RM)	0.16	0.22	0.26	0.27	0.28
Core EPS Growth	(3.9%)	41.5%	16.9%	5.5%	5.1%
FD Core P/E (x)	38.88	27.48	23.50	22.27	21.18
DPS (RM)	0.26	0.21	0.26	0.27	0.28
Dividend Yield	4.36%	3.53%	4.25%	4.49%	4.72%
EV/EBITDA (x)	16.13	15.52	14.91	13.90	13.17
P/FCFE (x)	23.84	46.49	27.69	22.44	20.64
Net Gearing	142%	51%	68%	82%	68%
ROE	144%	370%	302%	319%	335%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	1.01	1.02

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	6,757	7,034	7,376	7,653
Gross Profit	6,757	7,034	7,376	7,653
Operating EBITDA	3,043	3,176	3,412	3,593
Depreciation And Amortisation	(878)	(492)	(577)	(652)
Operating EBIT	2,165	2,683	2,835	2,941
Financial Income/(Expense)	(25)	(24)	(28)	(28)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	2,140	2,660	2,807	2,912
Exceptional Items				
Pre-tax Profit	2,140	2,660	2,807	2,912
Taxation	(434)	(665)	(702)	(699)
Exceptional Income - post-tax				
Profit After Tax	1,706	1,995	2,105	2,213
Minority Interests	0	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,706	1,995	2,105	2,213
Recurring Net Profit	1,706	1,995	2,105	2,213
Fully Diluted Recurring Net Profit	1,706	1,995	2,105	2,213

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	411	301	309	398
Total Debtors	810	788	877	842
Inventories	58	74	62	78
Total Other Current Assets	0	0	0	0
Total Current Assets	1,279	1,163	1,248	1,318
Fixed Assets	1,947	2,502	2,872	3,067
Total Investments	0	0	0	0
Intangible Assets	526	428	331	233
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	2,473	2,931	3,203	3,301
Short-term Debt	303	303	303	303
Current Portion of Long-Term Debt				
Total Creditors	1,737	2,241	1,845	2,340
Other Current Liabilities	394	395	396	396
Total Current Liabilities	2,434	2,939	2,544	3,040
Total Long-term Debt	446	446	546	546
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	211	48	701	372
Total Non-current Liabilities	657	494	1,247	918
Total Provisions	0	0	0	0
Total Liabilities	3,091	3,433	3,790	3,958
Shareholders' Equity	661	661	661	661
Minority Interests	0	0	0	0
Total Equity	661	661	661	661

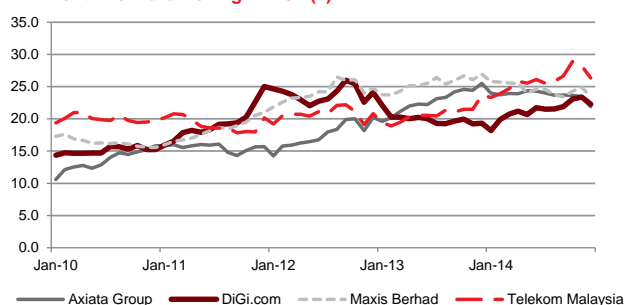
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	3,043	3,176	3,412	3,593
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(577)	0	0	0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	106	106	106	106
Net Interest (Paid)/Received	(47)	(36)	(38)	(40)
Tax Paid	(466)	(665)	(702)	(699)
Cashflow From Operations	2,059	2,581	2,779	2,960
Capex	(741)	(900)	(800)	(700)
Disposals Of FAs/subsidiaries	2	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	20	12	10	12
Cash Flow From Investing	(718)	(888)	(790)	(688)
Debt Raised/(repaid)	(332)	0	100	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(1,306)	(1,804)	(2,080)	(2,183)
Preferred Dividends				
Other Financing Cashflow	(0)	(0)	(0)	(0)
Cash Flow From Financing	(1,638)	(1,804)	(1,980)	(2,183)
Total Cash Generated	(298)	(111)	9	89
Free Cashflow To Equity	1,008	1,693	2,089	2,272
Free Cashflow To Firm	1,388	1,729	2,027	2,312

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	5.86%	4.13%	4.87%	3.77%
Operating EBITDA Growth	3.88%	4.36%	7.46%	5.30%
Operating EBITDA Margin	45.2%	45.3%	46.4%	47.1%
Net Cash Per Share (RM)	(0.044)	(0.058)	(0.069)	(0.058)
BVPS (RM)	0.085	0.085	0.085	0.085
Gross Interest Cover	49.80	75.36	74.64	72.87
Effective Tax Rate	20.3%	25.0%	25.0%	24.0%
Net Dividend Payout Ratio	97%	100%	100%	100%
Accounts Receivables Days	35.73	35.73	35.73	35.83
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	211%	166%	184%	116%
ROCE (%)	159%	191%	195%	196%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Group Mobile Subscribers (m)	10,995.00	11,409.00	11,634.00	11,929.00
Group Fixed Voice Subscribers (m)	N/A	N/A	N/A	N/A
Grp fixed brdband subscribers (m)	N/A	N/A	N/A	N/A
Group Pay TV Subs (m)	N/A	N/A	N/A	N/A
Group Mobile ARPU (US\$/mth)	48.0	47.0	47.7	48.3
Grp fixed voice ARPU (US\$/mth)	N/A	N/A	N/A	N/A
Grp fixed brdband ARPU (US\$/mth)	N/A	N/A	N/A	N/A
Group Pay TV ARPU (US\$/mth)	N/A	N/A	N/A	N/A

DRB-Hicom

DRB MK / DRBH.KL

➤ **Market Cap**
US\$896.0m
 RM3,132m

➤ **Avg Daily Turnover**
US\$0.82m
 RM2.68m

➤ **Free Float**
43.0%
 1,933 m shares

Current **RM1.62**
 Target ➤ **RM2.30**
 Prev. Target **RM2.30**
 Up/Downside **42.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-17.5	-19.7	-33.9
Absolute	-22.1	-26.7	-38.6

Major shareholders	% held
Etika Strategi	55.9
EPF	7.7

Proton continues to be a drag

DRB continues to be weighed down by losses in Proton in 2014, and it needs to stop the bleeding fast. We believe that the new Iriz model is a step in the right direction, but more needs to be done to turn around the national carmaker. Expect a similar challenging year in 2015.

We make no changes to our EPS forecasts and NTA-based target price, and we keep our Hold rating on the stock. DRB needs to stop Proton's bleeding fast. Switch to Berjaya Auto, which is our top pick for the sector.

Proton the main drag ➤

Although it has a diverse business operation across three core divisions, the automotive division is still the largest division in size, and this division's earnings continue to be weighed down by the ongoing losses in Proton. Proton's performance in 2014 has been hugely disappointing. Its sales volume for 10M2014 plunged 18.2% yoy to 98,879 units, resulting in a loss of market share. We anticipate that its recently launched all-new Iriz model will allow Proton to address the slide in its sales volume, with the model receiving positive reviews and has been touted as some as the best models ever to be produced by Proton. However, the public reception has been lukewarm, with the sales figures not seeing any jump in volume. Due to the negative perception of Proton in terms of reliability for decades, we believe that customers are taking more time in judging whether this model really represents a change from

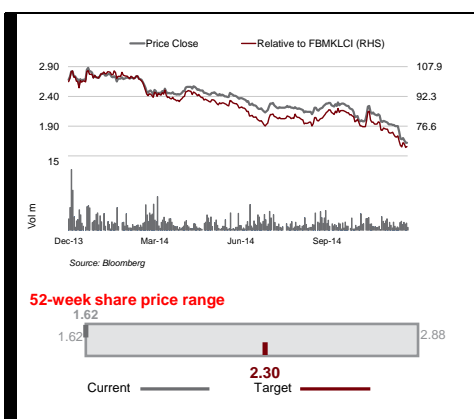
Proton's past models before making their purchasing decisions.

Honda provides the spark ➤

DRB's associate Honda Malaysia has had a record year in 2014, with its sales volume surging 56.4% yoy to 62,935 units in 10M14. This was mainly attributed to the highly positive response to its new models launched in late 2013 and early 2014, namely the all-new City, Accord and CRV. We expect a tougher operating environment for Honda in 2015, mainly due to the uncertainties surrounding the implementation of GST, tighter credit on hire purchase loans and softer consumer sentiment.

Bumpy turnaround at Pos ➤

While the transformation programme at Pos Malaysia resulted in 11.9% yoy growth in 1HFY14, this came at the expense of higher costs that are needed to gear up for future growth. Nonetheless, we expect a better 2015, as we believe that it is pursuing the right strategy by focusing on the areas of domestic and international courier, and parcel services due to the rising trend of e-commerce in Malaysia.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue (RMm)	13,135	14,201	14,666	14,967	17,576
Operating EBITDA (RMm)	1,408	1,586	1,664	1,971	2,217
Net Profit (RMm)	575.3	680.1	281.8	335.4	312.5
Core EPS (RM)	0.15	0.27	0.15	0.17	0.16
Core EPS Growth	(57.7%)	72.8%	(45.2%)	19.0%	(6.8%)
FD Core P/E (x)	10.53	6.09	11.11	9.34	10.02
DPS (RM)	0.060	0.070	0.029	0.035	0.032
Dividend Yield	3.70%	4.34%	1.80%	2.14%	2.00%
EV/EBITDA (x)	(9.75)	(3.46)	(3.41)	(3.58)	(3.04)
P/FCFE (x)	0.58	NA	NA	2.57	3.03
Net Gearing	(71.5%)	(9.2%)	(9.8%)	(24.4%)	(22.4%)
P/BV (x)	0.40	0.43	0.33	0.35	0.36
ROE	4.23%	6.76%	3.38%	3.67%	3.54%
CIMB/consensus EPS (x)			0.87	0.82	0.61

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues	14,201	14,666	14,967	17,576
Gross Profit	2,705	2,790	3,106	3,361
Operating EBITDA	1,586	1,664	1,971	2,217
Depreciation And Amortisation	(571)	(894)	(1,071)	(1,283)
Operating EBIT	1,016	769	901	935
Financial Income/(Expense)	(369)	(429)	(471)	(519)
Pretax Income/(Loss) from Assoc.	178	145	145	145
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	825	486	575	562
Exceptional Items	195	0	0	0
Pre-tax Profit	1,020	486	575	562
Taxation	(152)	(131)	(155)	(152)
Exceptional Income - post-tax				
Profit After Tax	868	355	420	410
Minority Interests	(188)	(73)	(84)	(98)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	680	282	335	313
Recurring Net Profit	514	282	335	313
Fully Diluted Recurring Net Profit	514	282	335	313

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Cash And Equivalents	7,921	8,184	8,468	8,774
Total Debtors	3,830	3,830	3,742	3,742
Inventories	2,038	1,760	1,796	2,109
Total Other Current Assets	496	496	496	496
Total Current Assets	14,285	14,270	14,501	15,121
Fixed Assets	5,561	5,117	4,497	4,114
Total Investments	9,418	9,418	9,418	9,418
Intangible Assets	1,145	1,145	1,145	1,145
Total Other Non-Current Assets	9,317	12,089	9,301	11,234
Total Non-current Assets	25,442	27,769	24,361	25,911
Short-term Debt	1,780	1,780	71	6
Current Portion of Long-Term Debt				
Total Creditors	5,330	5,330	2,245	2,245
Other Current Liabilities	18,463	18,631	20,102	21,793
Total Current Liabilities	25,572	25,740	22,418	24,044
Total Long-term Debt	5,360	5,360	5,889	6,483
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	228	228	228	228
Total Non-current Liabilities	5,588	5,588	6,117	6,711
Total Provisions	61	61	61	61
Total Liabilities	31,221	31,389	28,596	30,816
Shareholders' Equity	7,306	9,377	8,909	8,762
Minority Interests	1,200	1,273	1,357	1,455
Total Equity	8,506	10,649	10,266	10,216

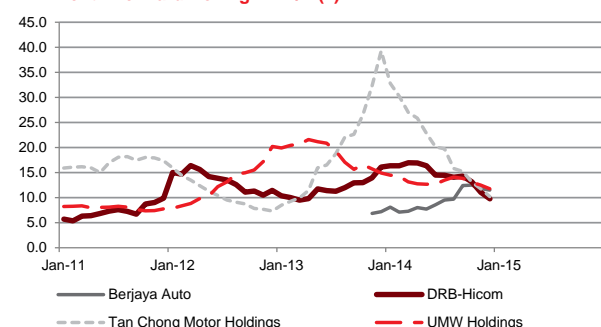
Cash Flow

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
EBITDA	1,586	1,664	1,971	2,217
Cash Flow from Inv. & Assoc.				
Change In Working Capital	0	0	0	0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(333)	(811)	(811)	(811)
Net Interest (Paid)/Received	(369)	(429)	(471)	(519)
Tax Paid	(152)	(131)	(155)	(152)
Cashflow From Operations	733	293	534	736
Capex	(900)	(450)	(450)	(900)
Disposals Of FAs/subsidiaries	3	3	3	3
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(897)	(447)	(447)	(897)
Debt Raised/(repaid)	(580)	(580)	1,129	1,194
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(47)	(37)	(60)	(41)
Preferred Dividends				
Other Financing Cashflow	(6)	(2,422)	(4,837)	(7,252)
Cash Flow From Financing	(633)	(3,038)	(3,768)	(6,099)
Total Cash Generated	(797)	(3,192)	(3,681)	(6,259)
Free Cashflow To Equity	(743)	(734)	1,216	1,033
Free Cashflow To Firm	205	275	558	358

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue Growth	8.1%	3.3%	2.1%	17.4%
Operating EBITDA Growth	12.7%	4.9%	18.5%	12.5%
Operating EBITDA Margin	11.2%	11.3%	13.2%	12.6%
Net Cash Per Share (RM)	0.40	0.54	1.30	1.18
BVPS (RM)	3.78	4.85	4.61	4.53
Gross Interest Cover	2.76	1.79	1.91	1.80
Effective Tax Rate	14.9%	27.0%	27.0%	27.0%
Net Dividend Payout Ratio	5.4%	8.9%	12.3%	8.8%
Accounts Receivables Days	104.6	95.3	92.6	77.7
Inventory Days	63.95	58.37	54.87	50.13
Accounts Payables Days	208.7	163.8	116.9	57.6
ROIC (%)	(5%)	(40%)	138%	(50%)
ROCE (%)	(9%)	(18%)	(198%)	(108%)

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Rev. growth (% , main biz.)	-21.1%	-10.7%	-2.6%	34.0%
EBITDA mgns (% , main biz.)	7.3%	8.2%	7.3%	7.7%
Rev. as % of total (main biz.)	80.7%	69.7%	66.5%	75.9%
EBITDA as % of total (main biz.)	19.6%	24.8%	8.0%	38.8%
Rev. growth (% , 2ndary biz.)	6.8%	6.8%	6.8%	6.8%
EBITDA mgns (% , 2ndary biz.)	30.1%	45.1%	44.6%	49.7%
Rev. as % of total (2ndary biz.)	10.5%	10.8%	11.3%	10.3%
EBITDA as % of total (2ndary biz.)	30.1%	45.1%	44.6%	49.7%
Rev. growth (% , tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA mgns (% , tertiary biz.)	N/A	N/A	N/A	N/A
Rev.as % of total (tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (tertiary biz.)	N/A	N/A	N/A	N/A

Eastern & Oriental

EAST MK / ENOB.KL

Market Cap
US\$737.7m
RM2,579m

Avg Daily Turnover
US\$1.57m
RM5.17m

Free Float
56.7%
1,136 m shares

Current **RM2.32**
Target **RM2.62**
Prev. Target **RM2.62**
Up/Downside **13.1%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-4.4	-15.7	25.5
Absolute	-9.0	-22.7	20.8

Major shareholders	% held
Sime Darby	21.3
Dato' Terry Tham	15.0
GK Goh	7.0

All about Penang

For E&O, investors are likely to focus on newsflow rather than fundamentals. Reclamation works for its flagship Seri Tanjung Pinang (STP) 2 project should start in 1H2015 and the stock should go ex of the PDS, bonus and free warrants in Jan.

We retain our EPS forecasts, Hold recommendation and target basis of 30% discount to RNAV. For exposure to the sector, we still prefer Eco World Development as it also has big ambitions in Penang.

1H sales of RM430m

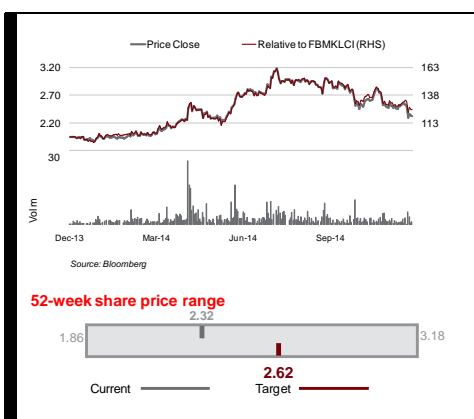
E&O sold RM430m worth of properties in 1HFY15, up 26% from RM340m in 1HFY14. Roughly 25% of its new sales were from Penang, 15% from Kuala Lumpur and 60% from Johor. E&O is still keeping its FY15 new sales target of RM1.2bn and will rely on sales from Phase 2 of Avira in Medini, the final block of the Penang Andaman condos and the launch of its relatively affordable RM900m Tamarind condo in STP to achieve the target. 2Q sales increased 230% qoq and 35% yoy to RM330m. The RM1.2bn sales target for FY15 is still achievable if sales for the last Andaman block pick up pace or if E&O can launch Tamarind by the targeted Feb 2015 deadline. The Tamarind will be priced around the RM1,000 psf level, with units starting from below RM1m each.

Bond, bonus and warrants

On 3 Nov, E&O received approval from the Securities Commission to issue up to RM500m private debt securities (PDS). This follows the 5 Sep announcement of a proposed 20-year medium-term note with a 7-year commercial papers programme as well as a 1-for-10 bonus issue and 1-for-5 free warrants. E&O plans to initially undertake a RM350m redeemable convertible medium-term note programme to fund the equity portion of the reclamation works on STP2. It may issue another RM150m at a later date, if the need arises.

STP 2

E&O hopes to invite financial partners to participate in the development of the commercial parts of STP2. Its preference is to reclaim the entire 760 acres in one go, potentially costing RM3bn-3.5bn. The exact cost will only be known after contractors submit their bids in Feb. E&O expects to award the reclamation works in Mar but the final reclamation cost could be lower due to the steep fall in oil prices as petrol makes up 40% of reclamation costs.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues (RMm)	605.6	497.1	646.4	871.0	806.2
Operating EBITDA (RMm)	188.8	209.2	204.2	266.3	201.1
Net Profit (RMm)	129.7	113.4	132.6	217.2	206.8
Core EPS (RM)	0.11	0.09	0.12	0.19	0.18
Core EPS Growth	72.9%	(16.9%)	23.1%	63.7%	(4.8%)
FD Core P/E (x)	23.24	27.99	22.73	13.88	14.58
DPS (RM)	0.030	0.040	0.050	0.050	0.060
Dividend Yield	1.29%	1.72%	2.16%	2.16%	2.59%
EV/EBITDA (x)	15.67	14.13	14.19	10.39	13.31
P/FCFE (x)	33.71	NA	21.53	14.61	25.15
Net Gearing	20.2%	18.4%	12.5%	3.3%	(2.0%)
P/BV (x)	1.90	1.79	1.69	1.53	1.41
ROE	9.7%	7.5%	8.7%	13.2%	11.5%
% Change In Core EPS Estimates			0.000%	(0.022%)	(0.000%)
CIMB/consensus EPS (x)			1.02	1.21	1.10

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues	497.1	646.4	871.0	806.2
Gross Profit	248.0	273.3	367.7	302.3
Operating EBITDA	209.2	204.2	266.3	201.1
Depreciation And Amortisation	(23.5)	(24.2)	(24.5)	(24.7)
Operating EBIT	185.7	180.0	241.8	176.3
Financial Income/(Expense)	(25.4)	(24.8)	(24.4)	(23.9)
Pretax Income/(Loss) from Assoc.	0.0	45.0	84.1	131.2
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	160.3	200.2	301.6	283.7
Exceptional Items	8.0	0.0	0.0	0.0
Pre-tax Profit	168.3	200.2	301.6	283.7
Taxation	(48.3)	(50.1)	(72.4)	(68.1)
Exceptional Income - post-tax				
Profit After Tax	120.0	150.2	229.2	215.6
Minority Interests	(6.5)	(17.5)	(12.0)	(8.8)
Prof. & Special Div	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	113.4	132.6	217.2	206.8
Recurring Net Profit	107.7	132.6	217.2	206.8
Fully Diluted Recurring Net Profit	107.7	132.6	217.2	206.8

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Cash And Equivalents	449	588	802	977
Properties Under Development				
Total Debtors	105	70	94	87
Inventories	87	87	87	87
Total Other Current Assets	264	291	320	352
Total Current Assets	905	1,036	1,303	1,503
Fixed Assets	354	334	315	295
Total Investments	116	116	116	116
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	1,090	1,151	1,217	1,254
Total Non-current Assets	1,560	1,601	1,648	1,665
Short-term Debt	184	193	203	213
Current Portion of Long-Term Debt				
Total Creditors	135	167	214	201
Other Current Liabilities	7	8	11	10
Total Current Liabilities	327	368	428	424
Total Long-term Debt	544	598	658	724
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	30	0	0	0
Total Non-current Liabilities	574	598	658	724
Total Provisions	47	49	70	66
Total Liabilities	947	1,015	1,157	1,214
Shareholders' Equity	1,475	1,562	1,723	1,873
Minority Interests	43	60	72	81
Total Equity	1,518	1,622	1,795	1,954

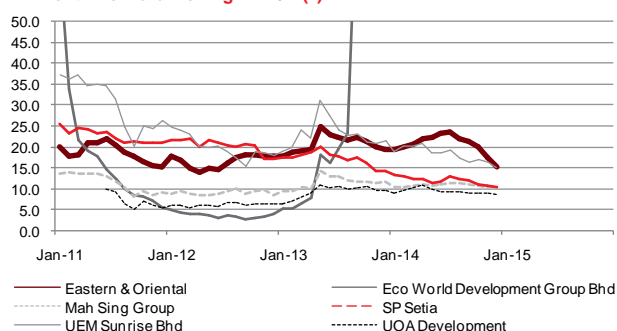
Cash Flow

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
EBITDA	209.2	204.2	266.3	201.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(56.1)	40.1	(6.0)	(38.7)
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	(25.4)	(24.8)	(24.4)	(23.9)
Tax Paid	(61.6)	(48.1)	(47.3)	(72.9)
Cashflow From Operations	66.1	171.4	188.6	65.6
Capex	(12.8)	(5.0)	(5.0)	(5.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments	(52.7)	(60.4)	(66.5)	(36.5)
Other Investing Cashflow	(3.4)	0.0	19.8	19.8
Cash Flow From Investing	(69.0)	(65.4)	(51.6)	(21.7)
Debt Raised/(repaid)	(15.2)	34.1	69.5	76.0
Proceeds From Issue Of Shares	9.2	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(34.1)	(45.4)	(56.8)	(56.8)
Preferred Dividends				
Other Financing Cashflow	8.0	45.1	64.3	111.4
Cash Flow From Financing	(32.1)	33.7	77.0	130.6

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue Growth	(17.9%)	30.0%	34.7%	(7.4%)
Operating EBITDA Growth	10.8%	(2.4%)	30.4%	(24.5%)
Operating EBITDA Margin	42.1%	31.6%	30.6%	24.9%
Net Cash Per Share (RM)	(0.25)	(0.18)	(0.05)	0.03
BVPS (RM)	1.30	1.38	1.52	1.65
Gross Interest Cover	5.35	5.12	6.32	4.24
Effective Tax Rate	28.7%	25.0%	24.0%	24.0%
Net Dividend Payout Ratio	32.3%	34.2%	26.1%	27.5%
Accounts Receivables Days	87.88	47.71	32.83	39.10
Inventory Days	144.1	85.0	63.2	62.9
Accounts Payables Days	181.7	117.8	116.2	127.9
ROIC (%)	8.5%	7.7%	10.3%	7.3%
ROCE (%)	8.60%	8.01%	9.86%	6.83%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Unbooked Presales (m) (RM)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	5.6	5.5	5.4	5.4
Gross Margins (%)	42.1%	31.6%	30.6%	24.9%
Contracted Sales ASP (per Sm) (RM)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	59.1%	38.4%	31.1%	29.4%
Investment rev / total rev (%)	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

Eco World Development Group Bhd

ECW MK / ECOW.KL

Market Cap
US\$289.2m
RM1,011m

Avg Daily Turnover
US\$0.27m
RM0.89m

Free Float
44.8%
253.3 m shares

Current **RM3.99**
Target **RM7.60**
Prev. Target **RM7.60**
Up/Downside **90.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-5.3	-6.8	52.5
Absolute	-9.9	-13.8	47.8

Major shareholders	% held
Liew Tian Xiong	35.1
Eco World Holdings	20.1

Great start to maiden year

New sales for Eco World for 13 months up to FY10/14, including those from assets to be acquired, amounted to a massive RM3.2bn, 60% ahead of its RM2bn target. This is a tremendous achievement considering this is the group's first full year of operations.

Eco World should leapfrog to third place in total sales for 2014, which attests to the strong execution capability and ambition of its management. No changes to our EPS forecasts, target basis of parity to RNAV and Add recommendation. Eco World remains one of our top 2 picks in the sector given the restructuring exercise, better-than-expected new sales and continual landbanking as key catalysts.

Undergoing transformation

Recall that on 25 Apr, Eco World announced the acquisition of Eco World Sdn Bhd's (EWSB) landbank for RM3.8bn as well as a 1-for-1 share split, a 1-for-2 rights issue with 4-for-5 free warrants and a 20% private placement. The enlarged Eco World will own close to 5,000 acres of landbank in the Klang Valley, Johor and Penang, with GDV of RM47bn. The split, rights and free warrants exercise is expected to go ex in Jan 15.

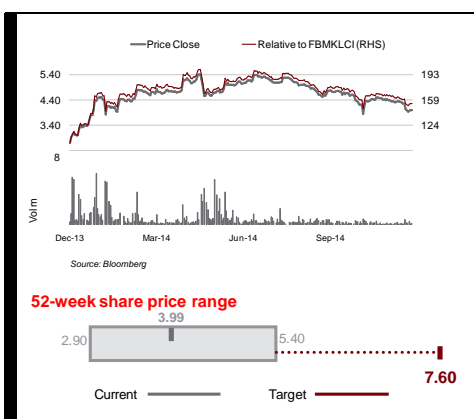
RM2bn sales target way exceeded

Including property launches from EWSB, Eco World sold around RM3.2bn worth of properties in 13MFY10/14, RM1.2bn or 60% above

its target. This is very impressive considering that the sales came largely from only six projects - two in the Klang Valley (Eco Sky and Eco Majestic) and four in Johor (Eco Botanic, Eco Tropics, Eco Spring and Eco Business Park 1). The star performer was Eco Botanic, with sales of nearly RM1bn. The second-highest was Eco Majestic at RM753m while in third was the group's only high-rise project in Kuala Lumpur, Eco Sky. Eco World's 2014 new sales are third behind only SP Setia and Mah Sing.

Subscribing to SPAC

Recall that on 16 Oct, Eco World said it was interested in subscribing to 30% of Eco World International (EWI), a special purpose acquisition company (SPAC), for RM562.5m. EWI is proposing to undertake a listing on the Main Market of Bursa Malaysia sometime in 2015. EWI will focus on overseas property projects, particularly in Australia and the United Kingdom, thus allowing Eco World to concentrate its resources on Malaysia. The management team of EWI includes Tan Sri Liew Kee Sin, who is also a director of Eco World.



Financial Summary

	Sep-12A	Sep-13A	Oct-14F	Oct-15F	Oct-16F
Total Net Revenues (RMm)	65.3	156.3	125.1	519.0	1,441.7
Operating EBITDA (RMm)	11.0	33.2	14.3	64.4	164.6
Net Profit (RMm)	7.2	24.3	6.4	38.2	109.8
Core EPS (RM)	0.01	0.04	0.02	0.02	0.06
Core EPS Growth	NA	237.0%	0.2%	-51.8%	20.5%
FD Core P/E (x)	144.9	43.0	94.8	89.1	31.0
DPS (RM)	0.00	0.00	0.00	0.01	0.01
Dividend Yield	0.24%	0.24%	0.24%	0.29%	0.29%
EV/EBITDA (x)	112.7	36.5	47.8	57.9	63.0
P/FCFE (x)	201.8	51.6	NA	NA	845.8
Net Gearing	19.1%	8.4%	162.8%	-8.4%	43.9%
P/BV (x)	3.52	3.27	3.06	3.61	3.47
ROE	2.4%	7.9%	7.4%	3.6%	4.2%
% Change In Core EPS Estimates			0.00%	0.00%	0.00%
CIMB/consensus EPS (x)			0.96	0.53	0.27

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Total Net Revenues	153	115	519	1,442
Gross Profit	31	13	64	165
Operating EBITDA	31	13	64	165
Depreciation And Amortisation	(0)	(0)	(0)	(0)
Operating EBIT	31	13	64	164
Financial Income/(Expense)	(3)	(6)	(13)	(18)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	28	7	51	146
Exceptional Items	0	0	0	0
Pre-tax Profit	28	7	51	146
Taxation	(5)	(1)	(13)	(37)
Exceptional Income - post-tax				
Profit After Tax	23	6	38	110
Minority Interests	0	0	0	0
Pref. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Net Profit	23	6	38	110
Recurring Net Profit	23	6	38	110
Fully Diluted Recurring Net Profit	23	6	38	110

Balance Sheet

(RMm)	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Total Cash And Equivalents	25	18	318	324
Properties Under Development	83	86	91	125
Total Debtors	29	23	87	268
Inventories	46	119	131	365
Total Other Current Assets	10	0	0	0
Total Current Assets	191	246	627	1,082
Fixed Assets	1	1	1	1
Total Investments	338	773	4,273	4,873
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	340	774	4,273	4,873
Short-term Debt	47	43	38	35
Current Portion of Long-Term Debt				
Total Creditors	39	22	122	258
Other Current Liabilities	4	4	4	4
Total Current Liabilities	89	69	164	296
Total Long-term Debt	5	5	6	6
Hybrid Debt - Debt Component	0	0	0	0
Total Other Non-Current Liabilities	115	620	2,215	3,035
Total Non-current Liabilities	120	625	2,220	3,041
Total Provisions	0	0	0	0
Total Liabilities	209	694	2,384	3,337
Shareholders' Equity	319	323	2,514	2,616
Minority Interests	3	3	3	3
Total Equity	322	326	2,516	2,619

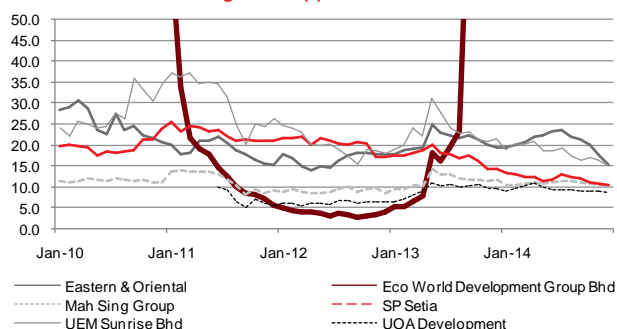
Cash Flow

(RMm)	Oct-13A	Oct-14F	Oct-15F	Oct-16F
EBITDA	31	13	64	165
Cash Flow from Inv. & Assoc.	0	0	0	0
Change In Working Capital	(2)	(78)	19	(313)
Straight Line Adjustment	0	0	0	0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow				
Net Interest (Paid)/Received	(4)	(6)	(16)	(24)
Tax Paid	(5)	(1)	(13)	(37)
Cashflow From Operations	21	(73)	55	(209)
Capex	(37)	(434)	(3,500)	(600)
Disposals Of FAs/subsidiaries				
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	1	1	2	6
Cash Flow From Investing	(35)	(433)	(3,498)	(594)
Debt Raised/(repaid)	33	501	1,591	817
Proceeds From Issue Of Shares	0	0	2,160	0
Shares Repurchased				
Dividends Paid	(2)	(2)	(7)	(7)
Preferred Dividends				
Other Financing Cashflow	0	0	0	0
Cash Flow From Financing	31	499	3,743	809

Key Ratios

	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Revenue Growth	109%	(25%)	350%	178%
Operating EBITDA Growth	144%	(58%)	390%	156%
Operating EBITDA Margin	20.6%	11.4%	12.4%	11.4%
Net Cash Per Share (RM)	(0.28)	(2.28)	0.11	(0.61)
BVPS (RM)	1.26	1.28	1.28	1.33
Gross Interest Cover	7.62	2.06	4.09	6.76
Effective Tax Rate	18.1%	20.0%	25.0%	25.0%
Net Dividend Payout Ratio	8.3%	29.7%	19.3%	6.7%
Accounts Receivables Days	72.6	80.1	37.7	43.9
Inventory Days	114.1	293.9	100.4	71.1
Accounts Payables Days	86.8	79.6	45.5	40.9
ROIC (%)	18.4%	7.7%	23.7%	67.8%
ROCE (%)	8.16%	2.11%	3.77%	5.06%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Unbooked Presales (m) (RM)	N/A	2,000.0	3,000.0	5,000.0
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	4.2	6.1	20.2	22.3
Gross Margins (%)	N/A	N/A	N/A	N/A
Contracted Sales ASP (per Sm) (RM)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

Eksons Corporation

EKSON MK / EKS.N.KL

► **Market Cap**
US\$63.25m
 RM221.1m

► **Avg Daily Turnover**
US\$0.06m
 RM0.19m

► **Free Float**
39.0%
 164.2 m shares

Current **RM1.38**
 Target **RM1.50** ►
 Prev. Target **RM1.50**
 Up/Downside **8.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.4	5.5	15.3
Absolute	-2.2	-1.5	10.6

Major shareholders	% held
Tay Hua Sin	46.9
Faizal bin Abdul Aziz	12.3
EPF	1.8

Backed by cash

The tropical plywood industry is expected to go through a difficult period in 2015 due to Japan's weak economy. In our view, overall property development activities will also slow in 2015 but the soft markets may enable the company to buy landbank at cheaper prices.

We maintain our FY3/15-17 EPS forecasts and target price, based on an unchanged 20% discount to adjusted SOP. The SOP discount reflects Eksons's small market capitalisation and tight trading liquidity. The stock remains a Hold. We advise investors to switch to MyEG for exposure to the small-cap sector.

Backed by cash ►

The company is cash rich, with RM137m net cash or RM0.83 net cash per share at end-Sep. Cash currently accounts for 60% of its share price. Eksons's cash pile came from the sale of 14.6 acres of commercial land in "The Atmosphere" development for RM140.3m cash or RM0.85 cash per Ekson share. However, the company has stated that it has no plans to declare a major dividend payout for its shareholders in FY15.

Building property landbank ►

Eksons wants to use its cash pile to expand its property landbank, particularly in the Klang Valley, focusing on residential and commercial development.

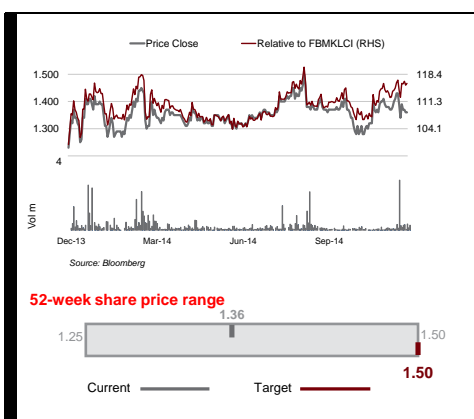
In Mar 2014, the company acquired a 6.5-acre piece of land in Bukit

Serdang for RM26m and in 2015, it plans to launch a residential development project on this land with GDV of above RM150m.

Difficult plywood market in 2015 ►

The outlook for Eksons's core business, the production of tropical plywood, looks challenging in 2015. Japan, the world's largest importer of tropical plywood, is going through a soft patch. The country is in recession after the government raised the sales tax rate from 5% to 8% in Apr 2014. As such, we expect domestic demand and housing starts in Japan to remain weak in 2015, given the soft economy. To make matters worse, the Yen depreciated sharply against the US Dollar over the past few months. This could lead to slower plywood purchases by Japanese customers over the next few quarters.

Eksons mainly sells to markets in Asia, the Middle East and Europe, not Japan. However, Japan would have a significant impact on the plywood market as a whole as it buys more than half of the tropical plywood industry's annual output.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue (RMm)	338.7	248.1	344.5	245.0	275.6
Operating EBITDA (RMm)	30.4	34.4	137.7	30.7	36.9
Net Profit (RMm)	19.30	20.30	60.40	17.00	22.27
Core EPS (RM)	0.12	0.12	0.37	0.10	0.14
Core EPS Growth	(49%)	5%	198%	(72%)	31%
FD Core P/E (x)	11.57	11.00	3.70	13.14	10.03
DPS (RM)	0.030	0.040	0.040	0.040	0.040
Dividend Yield	2.21%	2.94%	2.94%	2.94%	2.94%
EV/EBITDA (x)	6.68	6.60	1.05	4.70	3.80
P/FCFE (x)	NA	NA	1.73	31.02	21.33
Net Gearing	(12.1%)	(6.4%)	(27.6%)	(27.2%)	(27.1%)
P/BV (x)	0.55	0.53	0.47	0.46	0.45
ROE	4.9%	4.9%	13.6%	3.6%	4.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.99	1.04	0.97

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues	248.1	344.5	245.0	275.6
Gross Profit	248.1	344.5	245.0	275.6
Operating EBITDA	34.4	137.7	30.7	36.9
Depreciation And Amortisation	(11.4)	(12.0)	(15.2)	(15.2)
Operating EBIT	23.0	125.7	15.5	21.7
Financial Income/(Expense)	4.3	3.3	4.5	4.5
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	27.3	129.0	20.0	26.2
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	27.3	129.0	20.0	26.2
Taxation	(3.3)	(29.6)	(3.0)	(3.9)
Exceptional Income - post-tax				
Profit After Tax	24.0	99.4	17.0	22.3
Minority Interests	(3.7)	(39.0)	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	20.3	60.4	17.0	22.3
Recurring Net Profit	20.3	60.4	17.0	22.3
Fully Diluted Recurring Net Profit	20.3	60.4	17.0	22.3

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Cash And Equivalents	58.9	171.3	171.9	175.8
Total Debtors	31.7	41.0	43.0	43.0
Inventories	146.8	75.0	75.0	77.0
Total Other Current Assets	104.2	104.2	104.2	104.2
Total Current Assets	341.6	391.5	394.1	400.0
Fixed Assets	119.4	132.4	142.2	152.0
Total Investments	62.3	65.9	65.9	65.9
Intangible Assets	26.8	26.8	26.8	26.8
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	208.5	225.1	234.9	244.7
Short-term Debt	30.0	21.1	21.1	21.1
Current Portion of Long-Term Debt				
Total Creditors	53.0	32.0	34.0	34.0
Other Current Liabilities	1.9	5.4	5.4	5.4
Total Current Liabilities	84.9	58.5	60.5	60.5
Total Long-term Debt	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	14.4	14.4	14.4	14.4
Total Non-current Liabilities	14.4	14.4	14.4	14.4
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	99.3	72.9	74.9	74.9
Shareholders' Equity	418.4	472.2	482.6	498.3
Minority Interests	32.7	71.7	71.7	71.7
Total Equity	451.1	543.9	554.3	570.0

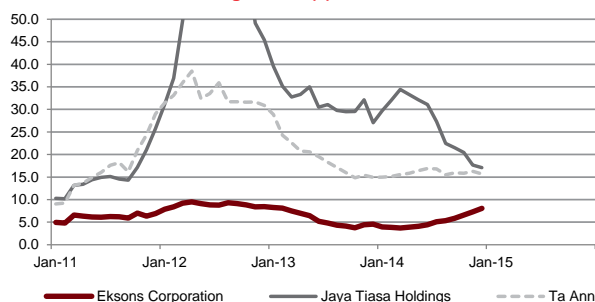
Cash Flow

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
EBITDA	34.4	137.7	30.7	36.9
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(51.6)	41.5	0.0	(2.0)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(1.2)	0.0	0.0	0.0
Net Interest (Paid)/Received	0.0	0.0	0.0	0.0
Tax Paid	(2.4)	(29.6)	(3.0)	(3.9)
Cashflow From Operations	(20.8)	149.6	27.7	31.0
Capex	(1.5)	(25.0)	(25.0)	(25.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(1.5)	(25.0)	(25.0)	(25.0)
Debt Raised/(repaid)	4.3	4.5	4.5	4.5
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(6.6)	(6.6)	(6.6)	(6.6)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	(2.3)	(2.1)	(2.1)	(2.1)
Total Cash Generated	(24.6)	122.5	0.6	3.9
Free Cashflow To Equity	(18.0)	129.1	7.2	10.5
Free Cashflow To Firm	(22.3)	124.6	2.7	6.0

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue Growth	(26.7%)	38.9%	(28.9%)	12.5%
Operating EBITDA Growth	13%	300%	(78%)	20%
Operating EBITDA Margin	13.9%	40.0%	12.5%	13.4%
Net Cash Per Share (RM)	0.18	0.91	0.92	0.94
BVPS (RM)	2.55	2.88	2.94	3.03
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	12.1%	22.9%	15.0%	15.0%
Net Dividend Payout Ratio	28.0%	7.3%	33.0%	25.2%
Accounts Receivables Days	88.71	38.51	62.74	56.95
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	5.0%	24.2%	3.3%	4.4%
ROCE (%)	5.8%	24.7%	3.5%	4.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Log ASP (% Change)	5.0%	5.0%	5.0%	5.0%
Log Vol. Sales Growth (%)	N/A	N/A	N/A	N/A
Log Utilisation Rate (%)	N/A	N/A	N/A	N/A
Plywood ASP (% Change)	3.0%	3.0%	3.0%	3.0%
Plywood Vol. Sales Growth (%)	N/A	N/A	N/A	N/A
Plywood Utilisation Rate (%)	82.0%	82.0%	82.0%	82.0%
Avg cost: natural forest log (%chg)	N/A	N/A	N/A	N/A
Avg cost: plantation log (%chg)	N/A	N/A	N/A	N/A
Average Recovery Rate (%)	52.0%	52.0%	52.0%	52.0%
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

Felda Global Ventures

FGV MK / FGVH.KL

Market Cap
US\$3,100m
RM10,835m

Avg Daily Turnover
US\$1.70m
RM5.60m

Free Float
45.2%
3,648 m shares

Current **RM2.97**
Target **RM2.93**
Prev. Target **RM3.28**
Up/Downside **-1.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-10.3	-15.9	-30.0
Absolute	-14.9	-22.9	-34.7

Major shareholders	% held
Federal Land Development Authority	38.7
EPF	8.4
Lembaga Tabung Haji	7.8

Vulnerable to weak CPO prices

We are maintaining our Reduce call on the stock due to concerns over the wider losses of RM117m reported by its downstream business in 3Q14, its ageing estates and potential earnings dilution after the acquisition of Asian Plantations Limited (APL).

These factors raised the group's earnings reliance on CPO prices. In view of the above and potential earnings risks, we have raised our SOP discount from 20% to 25%. This has the effect of lowering our target price to RM2.93 per share.

First quarterly loss since listing

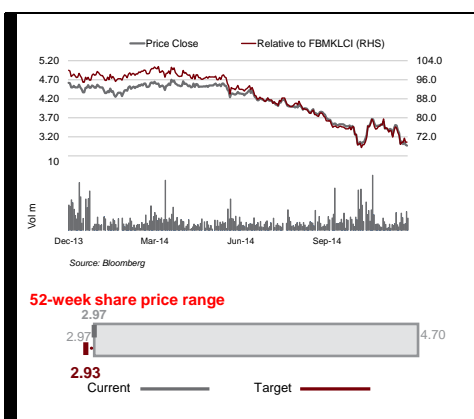
FGV posted its first quarterly core net loss of RM12m in 3Q14, mainly due to the RM117m operating loss incurred by its downstream business, lower sugar contribution and higher fair value (FV) losses due to changes in land lease agreement (LLA) liability. The downstream losses were partly due to unrealised losses of RM52m from the commodity contracts in the Canadian business and losses from its refining division. Its sugar subsidiary, MSM, posted a 35% yoy decline in 3Q14 net profit due to rising competition from cheaper imported refined sugar in the industrial segment of the domestic market. We are concerned about the weaker-than-expected performances by the group.

Acquisition of APL

FGV has recently acquired the London-listed Asian Plantations Ltd (APL), through a voluntary cash offer, based on the price of £2.20 per share. This would value the APL group at £120m (RM628m). We are negative on this acquisition as the pricing appears to be expensive on an EV/ha of RM75k, which is significantly higher than the EV/ha of comparable listed peers in Sarawak. In addition, APL is loss-making and highly geared (2.9x), and we estimate the acquisition to be 7% earnings dilutive for FGV. We are also concerned that the acquisition will weaken FGV's financial position, especially at times when CPO prices are low.

Unexciting earnings

FGV posted a 1% drop in its 9M14 FFB output despite the additional contribution from Pontian United Plantation estates. The weaker output and lower CPO selling prices are likely to dampen FGV's near-term earnings. We expect the group to post weaker earnings in FY14 due to lower CPO prices, but earnings should recover in FY15 on higher FFB output growth.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	12,886	12,568	13,025	12,452	13,296
Operating EBITDA (RMm)	1,080	1,196	1,085	1,217	1,456
Net Profit (RMm)	806.0	982.4	357.7	448.2	613.2
Core EPS (RM)	0.25	0.17	0.10	0.12	0.17
Core EPS Growth	(49.1%)	(33.0%)	(42.2%)	25.3%	36.8%
FD Core P/E (x)	13.56	17.51	30.29	24.18	17.67
DPS (RM)	0.05	0.16	0.05	0.06	0.08
Dividend Yield	1.85%	5.39%	1.65%	2.07%	2.83%
EV/EBITDA (x)	4.05	9.84	10.95	9.67	8.12
P/FCFE (x)	155.3	15.9	59.2	23.4	26.5
Net Gearing	(49.9%)	(12.1%)	(14.0%)	(18.1%)	(20.3%)
P/BV (x)	1.78	1.65	1.61	1.55	1.49
ROE	13.7%	9.8%	5.4%	6.5%	8.6%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.80	0.75	0.94

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	12,568	13,025	12,452	13,296
Gross Profit	850	1,747	1,942	2,217
Operating EBITDA	1,196	1,085	1,217	1,456
Depreciation And Amortisation	(110)	(120)	(131)	(143)
Operating EBIT	1,086	965	1,087	1,313
Financial Income/(Expense)	61	(109)	(103)	(93)
Pretax Income/(Loss) from Assoc.	(2)	(10)	(10)	(10)
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	1,144	846	974	1,210
Exceptional Items	363	0	0	0
Pre-tax Profit	1,508	846	974	1,210
Taxation	(399)	(248)	(275)	(342)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	1,108	598	698	868
Minority Interests	(126)	(240)	(250)	(255)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0	0	0	0
Net Profit	982	358	448	613
Recurring Net Profit	619	358	448	613
Fully Diluted Recurring Net Profit	619	358	448	613

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	5,202	5,206	5,446	5,548
Total Debtors	1,352	1,401	1,339	1,430
Inventories	1,740	1,803	1,724	1,841
Total Other Current Assets	755	755	755	755
Total Current Assets	9,049	9,165	9,264	9,574
Fixed Assets	5,683	5,913	6,132	6,339
Total Investments	1,344	1,227	1,104	975
Intangible Assets	3,324	3,324	3,324	3,324
Total Other Non-Current Assets	1,322	1,322	1,322	1,322
Total Non-current Assets	11,673	11,785	11,882	11,960
Short-term Debt	1,638	1,638	1,638	1,638
Current Portion of Long-Term Debt				
Total Creditors	1,988	2,037	1,975	2,066
Other Current Liabilities	518	518	518	518
Total Current Liabilities	4,144	4,193	4,132	4,223
Total Long-term Debt	2,486	2,257	2,028	1,799
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	4,526	4,516	4,527	4,492
Total Non-current Liabilities	7,011	6,772	6,555	6,291
Total Provisions	620	620	620	620
Total Liabilities	11,776	11,586	11,307	11,133
Shareholders' Equity	6,571	6,750	6,974	7,281
Minority Interests	2,375	2,615	2,865	3,120
Total Equity	8,946	9,365	9,839	10,401

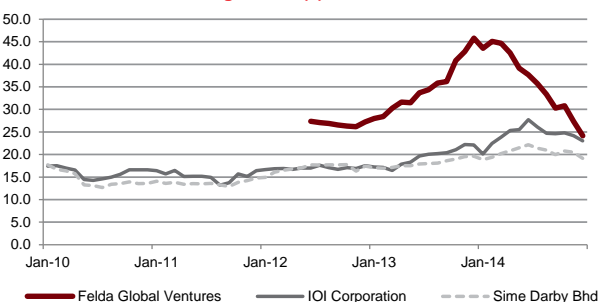
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	1,196	1,085	1,217	1,456
Cash Flow from Inv. & Assoc.	77	108	114	119
Change In Working Capital	60	(63)	79	(117)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(360)	349	379	379
Net Interest (Paid)/Received	48	(109)	(103)	(93)
Tax Paid	(294)	(248)	(275)	(342)
Cashflow From Operations	726	1,122	1,411	1,403
Capex	(252)	(350)	(350)	(350)
Disposals Of FAs/subsidiaries	551	0	0	0
Acq. Of Subsidiaries/investments	(1,541)	(1,541)	(1,541)	(1,541)
Other Investing Cashflow	(38)	1,181	1,173	1,126
Cash Flow From Investing	(1,280)	(710)	(718)	(765)
Debt Raised/(repaid)	1,234	(229)	(229)	(229)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(266)	(179)	(224)	(307)
Preferred Dividends				
Other Financing Cashflow	(1,093)	0	0	0
Cash Flow From Financing	(125)	(408)	(453)	(536)
Total Cash Generated	(679)	4	240	102
Free Cashflow To Equity	680	183	464	409
Free Cashflow To Firm	(458)	613	883	818

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(2.5%)	3.6%	(4.4%)	6.8%
Operating EBITDA Growth	10.7%	(9.3%)	12.2%	19.6%
Operating EBITDA Margin	9.5%	8.3%	9.8%	10.9%
Net Cash Per Share (RM)	0.30	0.36	0.49	0.58
BVPS (RM)	1.80	1.85	1.91	2.00
Gross Interest Cover	10.50	4.80	5.70	7.28
Effective Tax Rate	26.5%	29.3%	28.3%	28.2%
Net Dividend Payout Ratio	85.5%	50.0%	50.0%	50.0%
Accounts Receivables Days	30.41	38.56	40.15	38.11
Inventory Days	36.41	57.34	61.25	58.88
Accounts Payables Days	26.44	44.46	47.49	45.66
ROIC (%)	18.1%	8.3%	9.1%	10.8%
ROCE (%)	10.9%	7.7%	8.4%	9.8%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Planted Estates (ha)	323,588	323,588	323,588	323,588
Mature Estates (ha)	255,436	254,864	255,864	255,864
FFB Yield (tonnes/ha)	19.5	19.4	20.0	20.5
FFB Output Growth (%)	2.1%	-2.0%	3.2%	2.7%
CPO Price (US\$/tonne)	857	840	850	910

Fraser & Neave Holdings

FNH MK / FRAS.KL

▶ **Market Cap**
US\$1,737m
 RM6,073m

▶ **Avg Daily Turnover**
US\$0.22m
 RM0.73m

▶ **Free Float**
44.4%
 356.5 m shares

Current **RM16.60**
 Target ▶ **RM24.52**
 Prev. Target **RM24.52**
 Up/Downside **47.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	7.3	2.6	-3.8
Absolute	2.7	-4.4	-8.5

Major shareholders	% held
F&N Ltd	55.6
Skim Amanah Saham	18.3
EPF	7.8

Large but still growing

Given F&N's strong brand names and solid management, it will continue to expand by tapping the growing consumer market in Malaysia and Thailand. As a company selling necessities, it will be less affected by the slower consumer spending.

We maintain our Add call on the stock, with an unchanged DCF-based target price. Key re-rating catalysts include more product cross-selling and lower raw material prices, which could help boost margins.

Strong FY14 results ▶

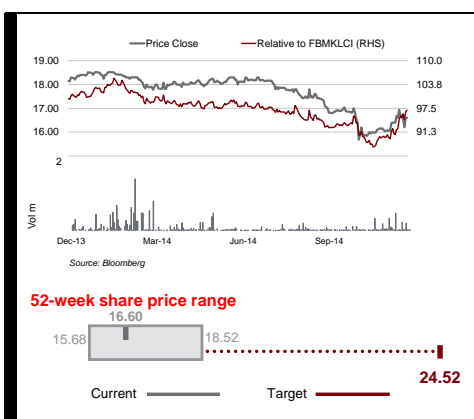
F&N reported a good set of results in FY14. Despite the sustained competitive pressure, it chalked up FY14 revenue growth of 8.9% yoy, with core net profit rising 23.9% yoy. Sales were higher for all business units (soft drinks +4.5% yoy, dairies Malaysia, DM, +7.9% yoy and dairies Thailand, DT, +15.6% yoy) due to better sales volume and product mix as a result of increased market distribution points, effective product penetration and promotion campaigns. Soft drink sales volumes in Malaysia and export markets improved 3.5% and 22.7%, respectively, driven by the 100Plus and Seasons ranges. Domestic dairy volume grew 10.3% due to increased market penetration and higher presence 'on premise'. Thailand volume increased 16.4%, driven by double-digit growth in both sweetened beverage creamer and evaporated milk products.

Cross-selling of products ▶

Since the acquisition by TCC, F&N has brought in Oishi, which now has a 5% market share in the green tea segment despite being launched just 2-3 months ago. As it has now achieved larger volumes, Oishi will be manufactured locally from next year onwards. Other than this, F&N will bring in Est Cola from Sem Suk Thailand in May/June 2015. With Est Cola, Mycola, which was created to replace Coca-Cola, will be phased out. 100Plus will also be distributed in Thailand starting in 2015. However, it will not benefit F&N Malaysia as 100Plus will be manufactured in Thailand.

Low raw material prices help to sustain margins ▶

Although F&N's sales volumes could be under some pressure in 2015 due to the slower consumer spending, the lower raw material prices will help to sustain margins. Furthermore, the tax rate will remain low for the next 2-3 years given the investment incentive from the Pulau Indah plant and the tax-free status of its Thai plant.



Financial Summary

	Sep-13A	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Revenue (RMm)	3,508	3,819	3,997	4,206	4,422
Operating EBITDA (RMm)	357.0	402.0	416.5	431.9	452.9
Net Profit (RMm)	215.8	259.4	275.4	289.3	307.8
Core EPS (RM)	0.61	0.73	0.77	0.81	0.86
Core EPS Growth	56.7%	20.2%	6.2%	5.0%	6.4%
FD Core P/E (x)	27.43	22.81	21.49	20.46	19.23
DPS (RM)	0.60	0.55	0.58	0.61	0.65
Dividend Yield	3.61%	3.31%	3.49%	3.67%	3.90%
EV/EBITDA (x)	16.44	14.31	13.67	12.95	12.12
P/FCFE (x)	17.65	26.15	21.83	18.30	17.27
Net Gearing	1.7%	(0.9%)	(3.8%)	(8.8%)	(13.7%)
P/BV (x)	3.59	3.50	3.37	3.23	3.10
ROE	13.5%	15.5%	16.0%	16.1%	16.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.96	0.92	0.93

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Total Net Revenues	3,825	4,006	4,215	4,432
Gross Profit	1,122	1,264	1,324	1,390
Operating EBITDA	402	417	432	453
Depreciation And Amortisation	(88)	(95)	(97)	(100)
Operating EBIT	314	322	335	353
Financial Income/(Expense)	(4)	(2)	1	4
Pretax Income/(Loss) from Assoc.	5	6	7	8
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	315	326	342	364
Exceptional Items				
Pre-tax Profit	315	326	342	364
Taxation	(56)	(51)	(53)	(56)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	259	275	289	308
Minority Interests	0	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	259	275	289	308
Recurring Net Profit	259	275	289	308
Fully Diluted Recurring Net Profit	259	275	289	308

Balance Sheet

(RMm)	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Total Cash And Equivalents	365	417	511	611
Total Debtors	493	638	671	706
Inventories	391	395	417	439
Total Other Current Assets	1	1	1	1
Total Current Assets	1,249	1,451	1,600	1,756
Fixed Assets	1,029	992	952	909
Total Investments	207	213	220	228
Intangible Assets	135	129	126	122
Total Other Non-Current Assets	113	113	113	113
Total Non-current Assets	1,485	1,448	1,411	1,371
Short-term Debt	50	50	50	50
Current Portion of Long-Term Debt				
Total Creditors	610	719	758	797
Other Current Liabilities	18	6	6	6
Total Current Liabilities	678	774	814	853
Total Long-term Debt	300	300	300	300
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	36	36	36	36
Total Non-current Liabilities	336	336	336	336
Total Provisions	31	31	31	31
Total Liabilities	1,045	1,142	1,181	1,220
Shareholders' Equity	1,689	1,757	1,830	1,907
Minority Interests	0	0	0	0
Total Equity	1,689	1,757	1,830	1,907

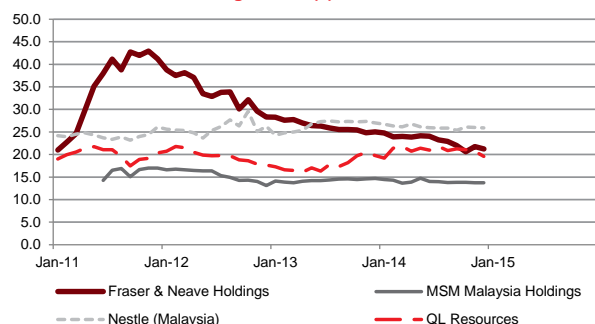
Cash Flow

(RMm)	Sep-14A	Sep-15F	Sep-16F	Sep-17F
EBITDA	402.0	416.5	431.9	452.9
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(64.4)	(40.9)	(15.7)	(16.9)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	55.0	(25.0)	(25.0)	(25.0)
Net Interest (Paid)/Received	22.5	25.0	25.0	25.0
Tax Paid	(56.1)	(50.5)	(53.1)	(56.5)
Cashflow From Operations	359.0	325.1	363.2	379.5
Capex	(60.8)	(50.0)	(50.0)	(50.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(31.9)	(4.1)	10.2	13.1
Cash Flow From Investing	(92.7)	(54.1)	(39.8)	(36.9)
Debt Raised/(repaid)	(40.0)	0.0	0.0	0.0
Proceeds From Issue Of Shares	18.1	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(226.7)	(206.6)	(217.0)	(230.9)
Preferred Dividends				
Other Financing Cashflow	(8.2)	(12.5)	(12.5)	(12.5)
Cash Flow From Financing	(256.7)	(219.0)	(229.4)	(243.3)
Total Cash Generated	9.6	52.0	94.0	99.3
Free Cashflow To Equity	226.3	271.1	323.4	342.7
Free Cashflow To Firm	255.0	258.6	310.9	330.2

Key Ratios

	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Revenue Growth	8.9%	4.7%	5.2%	5.2%
Operating EBITDA Growth	12.6%	3.6%	3.7%	4.8%
Operating EBITDA Margin	10.5%	10.4%	10.3%	10.2%
Net Cash Per Share (RM)	0.04	0.19	0.45	0.73
BVPS (RM)	4.74	4.93	5.13	5.35
Gross Interest Cover	27.99	25.77	26.79	28.26
Effective Tax Rate	17.8%	15.5%	15.5%	15.5%
Net Dividend Payout Ratio	76%	75%	75%	75%
Accounts Receivables Days	50.29	51.61	56.95	56.81
Inventory Days	50.02	52.32	51.41	51.33
Accounts Payables Days	84.13	88.40	93.44	93.30
ROIC (%)	14.7%	15.7%	16.3%	17.5%
ROCE (%)	15.6%	15.8%	16.0%	16.4%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Sep-14A	Sep-15F	Sep-16F	Sep-17F
ASP (% chg, main prod./serv.)	3.0%	3.0%	3.0%	3.0%
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	63.0%	65.0%	67.0%	69.0%
ASP (% chg, 2ndary prod./serv.)	2.0%	2.0%	2.0%	2.0%
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	72.0%	73.5%	75.0%	76.5%
ASP (% chg, tertiary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod./serv.)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

Gamuda

GAM MK / GAMU.KL

Market Cap
US\$3,377m
RM11,805m

Avg Daily Turnover
US\$9.28m
RM30.70m

Free Float
77.5%
2,066 m shares

Current **RM5.06**
Target **RM5.99**
Prev. Target **RM5.99**
Up/Downside **18.3%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.8	11.5	12.4
Absolute	-1.8	4.5	7.7

Major shareholders	% held
Amanahraya Trustees	9.8
Generasi Setia	5.8
EPF	7.0

Getting to higher ground

We believe the construction outlook looks good for Gamuda going into 2015, with an added bonus from the RM27bn Penang transport master plan. Also, the chances of a divestment of Splash at favourable terms are now better. More land banking moves are additional positives.

Medium-term catalysts include the finalisation of the MRT 2 project delivery partner (PDP) agreement, newsflow on Penang transport infra and progress of the water takeover talks in Selangor. Our target price remains pegged to a 10% RNAV discount. Maintain Add. Gamuda remains our top pick in the big-cap space.

MRT 2 PDP secured

The recent appointment of MMC-Gamuda JV as the PDP of the RM25bn MRT 2 solidifies Gamuda's position as the biggest beneficiary of MRT 2. If the MMC-Gamuda JV is granted PDP fees of 6% for MRT 2 (similar to MRT 1), this translates into RM900m in total PDP fees, derived from the estimated RM15bn value of above-ground works, to be realised over a 4-5 year period. This news also raises Gamuda's chances of bagging the estimated RM5bn underground/tunnelling works (50% JV share), which is likely to be up for tender in 2H15 and awarded thereafter. The terms of the PDP will be ironed out by 1H15. Assuming similar PDP terms as MRT 1, the DCF

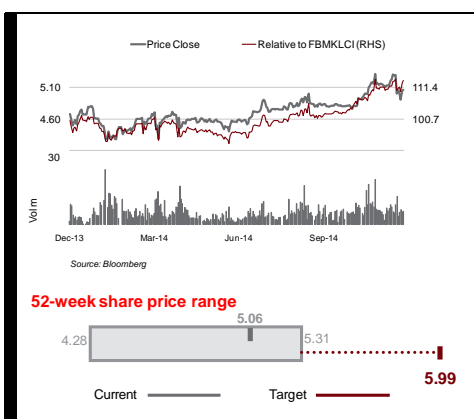
value of the MRT 2 PDP could raise RNAV by 3-4%.

Better prospects for Splash

The recent change in leadership in Selangor has positive implications for the takeover negotiations for 40%-owned Splash. We are hopeful that Splash will be offered a better exit price this time around. Through the previous administration, the state had offered Splash a price of 0.1x BV. We believe that Gamuda still has a fair chance of being offered 1x BV or close to it. There is also the fair chance that Gamuda will be granted a valuation top-up.

Good newsflow ahead

We expect the share price to steadily re-rate, backed by positive expectations of renewed talks on the water takeover side and a recovery in foreign shareholding. The request for proposals (RFP) stage for the Penang transport master plan will be closed in Feb 2015 and a decision on the award of the PDP is likely to be made in mid-2015. The group is targeting total new land acquisition worth RM1.3bn, which includes potential new land in Penang.



Financial Summary

	Jul-13A	Jul-14A	Jul-15F	Jul-16F	Jul-17F
Revenue (RMm)	3,883	2,230	5,513	6,304	7,053
Operating EBITDA (RMm)	582.0	441.3	714.0	767.2	795.3
Net Profit (RMm)	541.3	719.4	722.8	809.0	835.9
Core EPS (RM)	0.31	0.35	0.36	0.40	0.41
Core EPS Growth	15.2%	13.3%	1.3%	11.9%	3.3%
FD Core P/E (x)	16.22	14.31	14.12	12.62	12.21
DPS (RM)	0.12	0.12	0.12	0.12	0.12
Dividend Yield	2.29%	2.29%	2.29%	2.29%	2.29%
EV/EBITDA (x)	17.65	27.49	16.27	15.02	14.42
P/FCFE (x)	12.56	8.54	16.10	14.19	13.42
Net Gearing	32.2%	30.0%	29.2%	27.9%	26.6%
P/BV (x)	2.09	1.84	1.74	1.74	1.73
ROE	14.1%	13.7%	12.7%	13.8%	14.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.08	1.11	1.12

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jul-14A	Jul-15F	Jul-16F	Jul-17F
Total Net Revenues	2,230	5,513	6,304	7,053
Gross Profit	2,230	5,513	6,304	7,053
Operating EBITDA	441	714	767	795
Depreciation And Amortisation	(28)	(39)	(39)	(40)
Operating EBIT	414	675	728	756
Financial Income/(Expense)	1	(34)	(31)	(28)
Pretax Income/(Loss) from Assoc.	430	270	319	403
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	845	911	1,017	1,131
Exceptional Items	7	0	0	0
Pre-tax Profit	852	911	1,017	1,131
Taxation	(117)	(169)	(188)	(275)
Exceptional Income - post-tax				
Profit After Tax	735	742	829	855
Minority Interests	(16)	(20)	(20)	(20)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	719	723	809	836
Recurring Net Profit	713	723	809	836
Fully Diluted Recurring Net Profit	713	723	809	836

Balance Sheet

(RMm)	Jul-14A	Jul-15F	Jul-16F	Jul-17F
Total Cash And Equivalents	920	966	1,014	1,065
Total Debtors	1,817	1,834	1,800	1,816
Inventories	295	118	135	151
Total Other Current Assets	1,684	1,684	1,684	1,684
Total Current Assets	4,715	4,601	4,632	4,716
Fixed Assets	285	335	365	395
Total Investments	1,234	1,247	1,285	1,292
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	4,191	4,107	4,026	3,946
Total Non-current Assets	5,710	5,689	5,676	5,633
Short-term Debt	792	776	769	769
Current Portion of Long-Term Debt				
Total Creditors	959	968	977	986
Other Current Liabilities	48	48	48	48
Total Current Liabilities	1,799	1,792	1,794	1,803
Total Long-term Debt	1,739	1,721	1,704	1,687
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	653	653	653	653
Total Non-current Liabilities	2,392	2,374	2,357	2,340
Total Provisions	0	0	0	0
Total Liabilities	4,191	4,167	4,151	4,143
Shareholders' Equity	5,547	5,859	5,873	5,902
Minority Interests	687	265	285	304
Total Equity	6,234	6,124	6,157	6,206

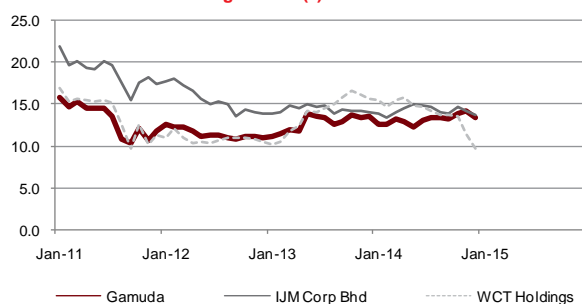
Cash Flow

(RMm)	Jul-14A	Jul-15F	Jul-16F	Jul-17F
EBITDA	441	714	767	795
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(657)	(121)	(149)	(140)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	251	251	251	251
Net Interest (Paid)/Received	(26)	(34)	(31)	(28)
Tax Paid	(138)	(154)	(174)	(244)
Cashflow From Operations	(129)	656	664	633
Capex	(14)	(14)	(14)	(14)
Disposals Of FAs/subsidiaries	606	213	277	337
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	593	200	264	323
Debt Raised/(repaid)	732	(222)	(208)	(196)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(262)	(262)	(262)	(262)
Preferred Dividends				
Other Financing Cashflow	(1,243)	(326)	(409)	(448)
Cash Flow From Financing	(774)	(810)	(879)	(906)
Total Cash Generated	(310)	46	48	51
Free Cashflow To Equity	1,195	634	719	761
Free Cashflow To Firm	529	927	995	1,018

Key Ratios

	Jul-14A	Jul-15F	Jul-16F	Jul-17F
Revenue Growth	(43%)	147%	14%	12%
Operating EBITDA Growth	(24.2%)	61.8%	7.5%	3.7%
Operating EBITDA Margin	19.8%	13.0%	12.2%	11.3%
Net Cash Per Share (RM)	(0.93)	(0.89)	(0.85)	(0.82)
BVPS (RM)	2.75	2.90	2.91	2.93
Gross Interest Cover	6.22	9.40	10.90	12.17
Effective Tax Rate	13.7%	18.5%	18.5%	24.3%
Net Dividend Payout Ratio	68.2%	67.2%	60.0%	58.1%
Accounts Receivables Days	237.4	114.2	99.6	88.4
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	8.9%	9.3%	10.3%	10.8%
ROCE (%)	5.66%	7.96%	8.60%	8.87%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Jul-14A	Jul-15F	Jul-16F	Jul-17F
Outstanding Orderbook	3,000	1,800	600	3,400
Order Book Depletion	1,200	1,200	1,200	1,200
Orderbook Replenishment	-	-	4,000	1,000
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A

Gas Malaysia Berhad

GMB MK / GAS.KL

Market Cap
US\$1,157m
RM4,045m

Avg Daily Turnover
US\$0.48m
RM1.57m

Free Float
26.0%
1,284 m shares

Current **RM3.15**
Target **RM4.50**
Prev. Target **RM3.95**
Up/Downside **42.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-4.6	-3.3	-14.5
Absolute	-9.2	-10.3	-19.2

Major shareholders	% held
MMC-Shapadu	40.7
Tokyo Gas-Mitsui	18.5
Petronas Gas	14.8

More gas on the way

Gas Malaysia's 2015 earnings outlook appears stable, as it has secured customers for the additional gas volume. We expect its net margins to remain steady, as it would be able to pass on any increase in costs to customers every six months.

Our target price is raised to RM4.50, based on 24x FY16 EPS after we rolled forward our valuation target to FY16. Our target P/E is after applying a 15% discount to PetGas long-term historical valuations. We maintain our Add call on the stock, given its stable FY15-16 EPS growth outlook, as it is likely to be able to pass on any increase in costs to its customers every six months. Furthermore, it has secured customers for the additional gas volume that it will receive from Petronas.

Customers secured for additional gas volume

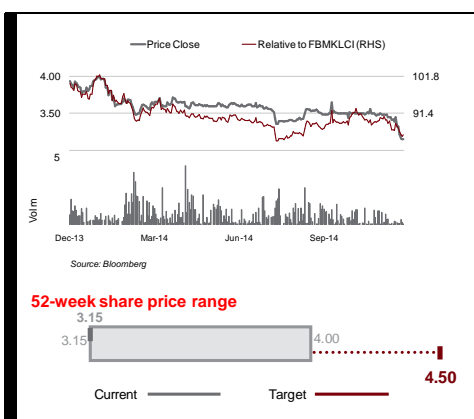
Gas Malaysia has secured customers to take up the additional gas volume that it will receive from Petronas in 2015. The additional gas allocation is the result of Gas Malaysia's agreement with Petronas to step up volumes from 40mmscf in 2013 to 30mmscf in 2014 and 30mmscf in 2015. We are positive on the company's gas volume growth, as it has secured customers for the additional volume. In 2015, approximately 300mmscf of Gas Malaysia's gas will be priced at regulated prices, while 192mmscf will be priced at LNG ex-Bintulu prices (i.e. market prices).

Cost pass-through likely

Gas Malaysia's recent hike in gas selling prices is positive, as it shows that the Malaysian government is committed to gas price revisions every six months. This will protect Gas Malaysia's profit margins moving forward. To recap, Gas Malaysia announced at end-Oct that it would raise the average selling price of natural gas from RM0.44/MMBtu to RM19.77/MMBtu, effective on 1 Nov. While the quantum of the hike was minimal, we are positive on the government allowing Gas Malaysia to implement the price increase, especially since it did not approve the price hikes for other utilities. The next gas price review is expected in Apr 2015, for implementation in May.

No impact from lower gas prices

The current weakening in the global prices of energy commodities is likely to ease Gas Malaysia's costs but we note that 61% of its gas is still sold at the subsidised price. Thus, we believe that the impact of the lower global gas price on Gas Malaysia is not entirely positive.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	2,125	2,299	3,170	3,468	3,351
Operating EBITDA (RMm)	251.5	254.8	293.0	315.7	359.1
Net Profit (RMm)	162.8	172.0	192.2	208.4	240.8
Core EPS (RM)	0.12	0.13	0.15	0.16	0.19
Core EPS Growth	(33.3%)	12.6%	11.7%	8.4%	15.6%
FD Core P/E (x)	24.51	21.12	18.39	17.13	15.06
DPS (RM)	0.13	0.12	0.10	0.15	0.17
Dividend Yield	4.03%	3.81%	3.33%	4.64%	5.42%
EV/EBITDA (x)	14.71	14.74	12.64	11.71	10.34
P/FCFE (x)	21.33	36.19	19.93	19.89	19.14
Net Gearing	(34.2%)	(28.0%)	(31.4%)	(31.5%)	(29.5%)
P/BV (x)	4.01	3.94	3.73	3.66	3.59
ROE	15.1%	16.9%	18.2%	19.0%	21.6%
% Change In Core EPS Estimates			(0.64%)	(1.28%)	(1.07%)
CIMB/consensus EPS (x)			1.01	1.01	1.10

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,299	3,170	3,468	3,351
Gross Profit	213	241	263	305
Operating EBITDA	255	293	316	359
Depreciation And Amortisation	(42)	(52)	(53)	(54)
Operating EBIT	213	241	263	305
Financial Income/(Expense)	8	8	8	8
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	1	1	1	1
Profit Before Tax (pre-EI)	221	250	271	313
Exceptional Items	0	0	0	0
Pre-tax Profit	221	250	271	313
Taxation	(49)	(57)	(62)	(72)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	172	192	208	241
Minority Interests	0	0	0	0
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Net Profit	172	192	208	241
Recurring Net Profit	172	192	208	241
Fully Diluted Recurring Net Profit	191	220	236	269

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	288	341	348	334
Total Debtors	232	322	356	341
Inventories	0	0	0	0
Total Other Current Assets	0	0	0	0
Total Current Assets	520	662	704	675
Fixed Assets	1,011	1,050	1,076	1,103
Total Investments	0	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	25	35	38	37
Total Non-current Assets	1,036	1,084	1,114	1,140
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	354	487	538	512
Other Current Liabilities	7	7	7	7
Total Current Liabilities	362	494	546	519
Total Long-term Debt	0	0	0	1
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	0	0	0	1
Total Provisions	167	165	163	160
Total Liabilities	529	660	708	680
Shareholders' Equity	1,026	1,084	1,105	1,127
Minority Interests	0	0	0	0
Total Equity	1,026	1,084	1,105	1,127

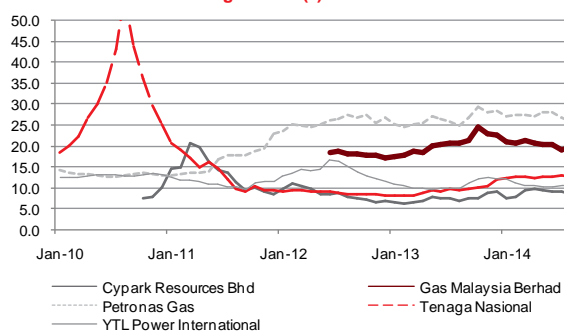
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	254.8	293.0	315.7	359.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital	23.6	43.7	17.2	(11.6)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.0	0.0	0.0	1.0
Net Interest (Paid)/Received	7.5	7.5	7.5	7.5
Tax Paid	(52.1)	(59.2)	(65.0)	(74.7)
Cashflow From Operations	233.9	285.0	275.3	281.3
Capex	(130.0)	(90.0)	(80.0)	(81.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	1.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	7.8	8.0	8.0	8.0
Cash Flow From Investing	(122.2)	(82.0)	(72.0)	(72.0)
Debt Raised/(repaid)	0.0	0.0	0.0	2.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(154.3)	(134.5)	(187.6)	(219.1)
Preferred Dividends				
Other Financing Cashflow	(8.1)	(8.5)	(1.1)	(0.1)
Cash Flow From Financing	(162.4)	(143.0)	(188.6)	(217.2)
Total Cash Generated	(50.6)	60.0	14.7	(7.9)
Free Cashflow To Equity	111.8	203.0	203.3	211.3
Free Cashflow To Firm	112.1	203.3	203.7	209.7

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	8.2%	37.9%	9.4%	(3.4%)
Operating EBITDA Growth	1.3%	15.0%	7.7%	13.8%
Operating EBITDA Margin	11.1%	9.2%	9.1%	10.7%
Net Cash Per Share (RM)	0.22	0.27	0.27	0.26
BVPS (RM)	0.80	0.84	0.86	0.88
Gross Interest Cover	661.9	749.9	815.2	946.0
Effective Tax Rate	22.2%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	90%	70%	90%	91%
Accounts Receivables Days	36.20	31.89	35.64	38.04
Inventory Days	-	-	-	-
Accounts Payables Days	59.16	52.43	58.39	63.09
ROIC (%)	25.4%	26.6%	28.8%	33.0%
ROCE (%)	18.6%	20.4%	21.5%	24.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gas dist. price (US\$/mmbtu)	5.1	5.7	5.6	5.6
Gas dist. volume (mmscfd)	379.1	436.1	472.1	456.1
Transmission Tariff (US\$/mmbtu)	-	-	-	-
Transmission Volume (mmscfd)	-	-	-	-

Genting Bhd

GENT MK / GENT.KL

➤ **Market Cap**
US\$9,658m
 RM33,759m

➤ **Avg Daily Turnover**
US\$6.96m
 RM22.99m

➤ **Free Float**
60.0%
 3,719 m shares

Current **RM9.08**
 Target ➤ **RM9.90**
 Prev. Target **RM9.90**
 Up/Downside **9.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.6	1.1	-4.5
Absolute	-4.0	-5.9	-9.2

Major shareholders	% held
Kien Huat Realty	40.0

No excitement

Operational headwinds faced by GENS is likely to have been discounted while concerns about the competition in the Las Vegas strip is mitigated by its cheap entry cost. GENT will likely continue to trade at a holding company discount to the SOP of its operating businesses.

We maintain our Hold rating and target price of RM9.90, based on 20% holding company discount to our RNAV estimate of RM12.40. We advise investors to switch from GENT to GENM for exposure to the gaming sector

Sitting pretty on cheap land ➤

GENT is sitting on US\$430m-960m in estimated profit (translates to 32-71 sen/share) on the land it bought in Las Vegas, if we value the land based on recent transactions. It paid US\$4m an acre in Mar 13. The latest acquisition by James Packer of Australia's Crown Resorts in Aug 14 valued Las Vegas Strip land value at between US\$9m-\$15m an acre. This will give GENT tremendous flexibility when considering its funding options for Resorts World Las Vegas (RWLV). We think that RWLV will be funded by a combination of cash, land sale and/or project finance/US\$ bond issuances. No value has been imputed in our forecasts for RWLV's contribution yet.

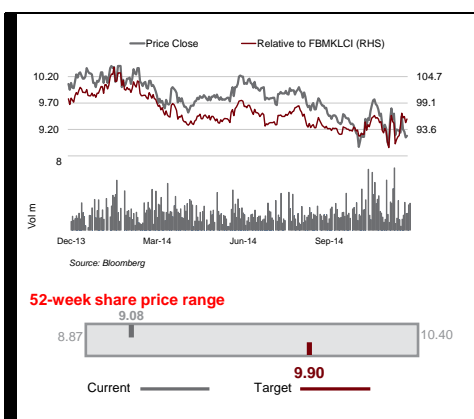
Competition in Las Vegas ➤

GENT is still finalising its development plans and talking to bankers about financing options

before finalising the budget and development proposal to submit to the board in early FY15. Capex for the US\$4bn Las Vegas project will mostly be incurred in FY16, for a targeted opening in FY17. The casino licence will be awarded about nine months before the casino opening. Notwithstanding the cheap entry cost of its land in Las Vegas, we are concerned about GENT's ability to cope with the competitive forces in Las Vegas. In the US, we prefer casino exposure in New York and hence, our preference for GENM.

GENS and GENM still drive GENT ➤

90% of GENT's EBITDA continues to be driven by, GENS (51%) and GENM (39%). While we think that operational headwinds faced by GENS have been partially discounted in GENT's share price, there is no catalyst in the near term. Investors who are bullish on Macau and Singapore can invest directly without having to own a holding company vis-à-vis GENT. This is similarly the case for GENM bulls. Thus, we believe the holding co discount to GENT's RNAV is unlikely to narrow.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	17,259	17,112	18,816	19,237	21,732
Operating EBITDA (RMm)	7,271	6,116	6,354	6,651	7,587
Net Profit (RMm)	3,984	1,810	1,633	1,903	2,276
Core EPS (RM)	1.18	0.48	0.44	0.51	0.61
Core EPS Growth	53.1%	(59.7%)	(7.9%)	16.6%	19.6%
FD Core P/E (x)	7.67	20.68	24.87	21.43	18.02
DPS (RM)	0.082	0.085	0.087	0.087	0.087
Dividend Yield	0.90%	0.94%	0.96%	0.96%	0.96%
EV/EBITDA (x)	6.72	8.76	7.36	6.84	5.68
P/FCFE (x)	31.89	30.67	9.21	15.18	9.48
Net Gearing	(16.0%)	(9.1%)	(24.9%)	(28.9%)	(34.4%)
P/BV (x)	1.56	1.33	1.23	1.16	1.09
ROE	22.4%	7.5%	6.2%	6.8%	7.6%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.91	0.93	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	17,112	18,816	19,237	21,732
Gross Profit	17,112	18,816	19,237	21,732
Operating EBITDA	6,116	6,354	6,651	7,587
Depreciation And Amortisation	(1,693)	(1,659)	(1,733)	(1,808)
Operating EBIT	4,424	4,695	4,918	5,779
Financial Income/(Expense)	(190)	(193)	(112)	(55)
Pretax Income/(Loss) from Assoc.	67	70	70	70
Non-Operating Income/(Expense)	108	0	0	0
Profit Before Tax (pre-EI)	4,408	4,572	4,876	5,794
Exceptional Items	44	0	0	0
Pre-tax Profit	4,452	4,572	4,876	5,794
Taxation	(747)	(1,052)	(1,009)	(1,207)
Exceptional Income - post-tax				
Profit After Tax	3,705	3,520	3,868	4,587
Minority Interests	(1,895)	(1,887)	(1,964)	(2,311)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,810	1,633	1,903	2,276
Recurring Net Profit	1,773	1,633	1,903	2,276
Fully Diluted Recurring Net Profit	1,837	1,697	1,970	2,342

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	17,964	26,139	28,629	32,638
Total Debtors	3,973	2,705	2,766	3,125
Inventories	385	645	659	745
Total Other Current Assets	8,033	8,289	8,321	5,431
Total Current Assets	30,354	37,778	40,375	41,938
Fixed Assets	24,570	24,546	24,488	24,355
Total Investments	7,746	7,513	7,513	7,513
Intangible Assets	5,330	5,330	5,330	5,330
Total Other Non-Current Assets	3,495	1,353	1,213	4,303
Total Non-current Assets	41,141	38,743	38,545	41,502
Short-term Debt	2,561	2,305	2,075	1,867
Current Portion of Long-Term Debt				
Total Creditors	4,099	5,076	5,189	5,862
Other Current Liabilities	1,621	2,157	2,114	2,312
Total Current Liabilities	8,281	9,538	9,378	10,041
Total Long-term Debt	10,824	10,283	9,769	9,280
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	332	332	332	332
Total Non-current Liabilities	11,156	10,615	10,101	9,612
Total Provisions	1,486	1,864	1,289	1,267
Total Liabilities	20,923	22,017	20,767	20,920
Shareholders' Equity	25,314	27,355	29,041	31,099
Minority Interests	25,259	27,146	29,110	31,421
Total Equity	50,573	54,501	58,151	62,520

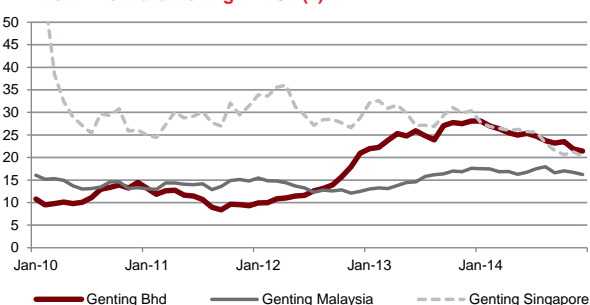
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	6,116	6,354	6,651	7,587
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(157)	1,985	39	229
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(40)	116	174	170
Net Interest (Paid)/Received	(230)	(193)	(112)	(55)
Tax Paid	(1,144)	(747)	(1,052)	(1,009)
Cashflow From Operations	4,545	7,515	5,700	6,922
Capex	(1,599)	(1,635)	(1,675)	(1,675)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments	(500)	(500)	(500)	(100)
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(2,099)	(2,135)	(2,175)	(1,775)
Debt Raised/(repaid)	(1,208)	(797)	(745)	(696)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(437)	(443)	(409)	(418)
Preferred Dividends				
Other Financing Cashflow	86	71	33	33
Cash Flow From Financing	(1,559)	(1,169)	(1,121)	(1,080)
Total Cash Generated	888	4,210	2,404	4,067
Free Cashflow To Equity	1,239	4,582	2,780	4,451
Free Cashflow To Firm	2,946	5,843	3,961	5,558

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(0.9%)	10.0%	2.2%	13.0%
Operating EBITDA Growth	(15.9%)	3.9%	4.7%	14.1%
Operating EBITDA Margin	35.7%	33.8%	34.6%	34.9%
Net Cash Per Share (RM)	1.23	3.64	4.51	5.78
BVPS (RM)	6.81	7.36	7.81	8.36
Gross Interest Cover	9.62	10.12	11.27	14.07
Effective Tax Rate	16.8%	23.0%	20.7%	20.8%
Net Dividend Payout Ratio	9.43%	9.04%	7.47%	6.25%
Accounts Receivables Days	78.71	64.77	51.91	49.60
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	9.9%	8.8%	10.4%	12.2%
ROCE (%)	7.4%	7.4%	7.5%	8.4%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
VIP Chip Volume (% Change)	N/A	N/A	N/A	N/A
VIP Chip Win Percentage (%)	N/A	N/A	N/A	N/A
Mass mkt chip drop (% chg.)	N/A	N/A	N/A	N/A
Mass mkt chip win (%-tage)	N/A	N/A	N/A	N/A
Slot Handle (% Change)	N/A	N/A	N/A	N/A
Slot Hold Percentage (%)	N/A	N/A	N/A	N/A
Net Win Per Slot (% Change)	N/A	N/A	N/A	N/A
Net Win Per Table (% Change)	N/A	N/A	N/A	N/A
No. Of Slots	5,500	5,500	5,500	5,500
No. Of Tables	1,080	1,100	1,130	1,130

Genting Malaysia

GENM MK / GENM.KL

▶ **Market Cap**
US\$6,651m
 RM23,249m

▶ **Avg Daily Turnover**
US\$4.34m
 RM14.28m

▶ **Free Float**
50.7%
 5,938 m shares

Current **RM4.10**
 Target **RM5.90** ▶
 Prev. Target **RM5.90**
 Up/Downside **43.9%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.9	3.2	3.2
Absolute	-1.7	-3.8	-1.5

Major shareholders	% held
Genting Berhad	49.3

Place your bets

As the sole casino monopoly in the region, it is insulated from the anti-corruption crackdown in China as its customers are local mass market and Asean-based VIPs. A casino licence win in New York and expansion in gaming capacity in 2016 are strong re-rating catalysts.

GenM is our top pick in the gaming sector. We maintain our EPS, Add rating and RNAV-based target price. In the unlikely event of the failure to win a single licence in New York (NY), our worst-case TP of RM5.48 still offers 34% upside. Consensus has not priced in any value for NY, so there is minimal downside even if they do not win a licence. Poor FY14 and flat FY15 earnings have been fully discounted, in our view.

New York New York! ▶

With the US mid-term elections out of the way, we expect an announcement of the winners of the NY upstate casino bids by year-end. Despite the stiff competition in Orange County (six bidders), Catskills region, we are confident of GenM winning one of the bids. GenM has offered the highest licensing fee for Sterling Forest casino and 50-100% higher salaries for both its casino bids. It also has strong lobbyists and has made significant campaign contributions. Our preliminary estimates suggest a 38-60 sen in incremental contribution to GenM's RNAV (Sterling Forest: 60 sen, RW Hudson Valley: 38sen), based on project IRRs of 11-13% and debt-equity ratio of 70-30. We expect

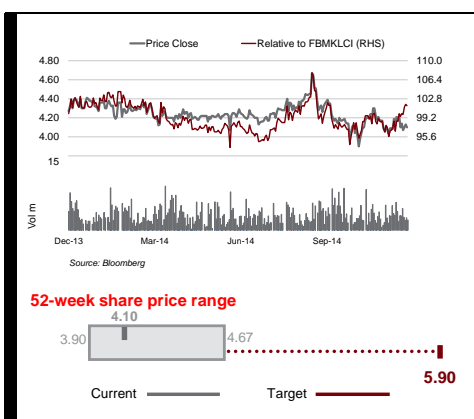
the new casino to commence operations in early-2017 as the winners are given 24 months to commence gaming activities upon winning the bid.

Resorts World Genting ▶

In a recent site visit to Genting, we learnt that another 1,300 rooms will be ready by year-end. We estimate that the casino floor extension could add another 250 tables to its existing 600 tables. We forecast 100 new table additions in FY16 and 50 new tables annually thereafter. With increased visitation from the opening of the theme park and Genting Premium Outlet, we expect a 20% jump in mass market wins per table and slots for FY16. We expect a strong re-rating of the stock in 2H15 as the market anticipates the new table additions in 4Q15.

Deeply undervalued ▶

At GenM's current share price, the stock is trading at a 5% discount to the value of its Malaysian operations. Investors are receiving Genting UK, Genting New York, its net cash holdings and the option value on the New York upstate casinos for free.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	7,893	8,328	8,449	8,404	10,215
Operating EBITDA (RMm)	2,478	2,409	2,445	2,507	3,259
Net Profit (RMm)	1,402	1,603	1,475	1,502	2,061
Core EPS (RM)	0.26	0.28	0.25	0.25	0.35
Core EPS Growth	1.7%	9.8%	(12.6%)	1.8%	37.2%
FD Core P/E (x)	15.83	14.41	16.50	16.21	11.81
DPS (RM)	0.090	0.095	0.095	0.097	0.100
Dividend Yield	2.20%	2.32%	2.32%	2.37%	2.44%
EV/EBITDA (x)	8.84	9.21	9.30	8.99	6.32
P/FCFE (x)	24.53	18.80	61.70	36.24	9.97
Net Gearing	(16.1%)	(11.1%)	(9.9%)	(10.4%)	(19.5%)
P/BV (x)	1.85	1.57	1.47	1.38	1.27
ROE	12.2%	11.8%	9.2%	8.8%	11.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.09	0.98	1.18

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	8,328	8,449	8,404	10,215
Gross Profit	8,328	8,449	8,404	10,215
Operating EBITDA	2,409	2,445	2,507	3,259
Depreciation And Amortisation	(478)	(600)	(630)	(662)
Operating EBIT	1,931	1,845	1,877	2,598
Financial Income/(Expense)	16	64	61	67
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	(87)	0	0	0
Profit Before Tax (pre-EI)	1,860	1,909	1,938	2,665
Exceptional Items	(94)	0	0	0
Pre-tax Profit	1,767	1,909	1,938	2,665
Taxation	(182)	(439)	(446)	(613)
Exceptional Income - post-tax				
Profit After Tax	1,584	1,470	1,493	2,052
Minority Interests	19	6	9	9
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,603	1,475	1,502	2,061
Recurring Net Profit	1,687	1,475	1,502	2,061
Fully Diluted Recurring Net Profit	1,687	1,475	1,502	2,061

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	3,396	3,303	3,491	5,403
Total Debtors	485	532	530	644
Inventories	88	119	119	144
Total Other Current Assets	1,449	750	746	907
Total Current Assets	5,418	4,705	4,886	7,098
Fixed Assets	6,088	7,042	7,912	7,750
Total Investments	3,775	4,574	4,579	4,565
Intangible Assets	4,387	4,387	4,387	4,387
Total Other Non-Current Assets	185	185	185	185
Total Non-current Assets	14,435	16,187	17,062	16,887
Short-term Debt	197	187	178	169
Current Portion of Long-Term Debt				
Total Creditors	1,616	1,467	1,459	1,774
Other Current Liabilities	227	373	376	493
Total Current Liabilities	2,040	2,028	2,013	2,436
Total Long-term Debt	1,483	1,483	1,483	1,483
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	188	188	188	188
Total Non-current Liabilities	1,671	1,671	1,671	1,671
Total Provisions	663	663	663	663
Total Liabilities	4,374	4,362	4,348	4,770
Shareholders' Equity	15,458	16,510	17,580	19,195
Minority Interests	20	20	20	20
Total Equity	15,478	16,530	17,600	19,215

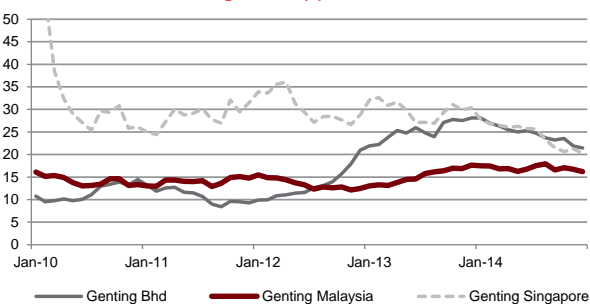
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	2,409	2,445	2,507	3,259
Cash Flow from Inv. & Assoc.				
Change In Working Capital	44	(228)	(4)	175
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	63	63	63	63
Net Interest (Paid)/Received	43	64	61	67
Tax Paid	(415)	(439)	(446)	(613)
Cashflow From Operations	2,144	1,904	2,181	2,951
Capex	(1,419)	(1,500)	(1,500)	(500)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(1,419)	(1,500)	(1,500)	(500)
Debt Raised/(repaid)	568	(10)	(9)	(9)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(414)	(423)	(423)	(463)
Preferred Dividends				
Other Financing Cashflow	(44)	228	4	(175)
Cash Flow From Financing	110	(205)	(428)	(647)
Total Cash Generated	836	200	253	1,804
Free Cashflow To Equity	1,294	395	672	2,442
Free Cashflow To Firm	751	443	719	2,489

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	5.5%	1.5%	(0.5%)	21.5%
Operating EBITDA Growth	(2.8%)	1.5%	2.6%	30.0%
Operating EBITDA Margin	28.9%	28.9%	29.8%	31.9%
Net Cash Per Share (RM)	0.29	0.28	0.31	0.63
BVPS (RM)	2.60	2.78	2.96	3.23
Gross Interest Cover	37.07	48.41	49.55	68.96
Effective Tax Rate	10.3%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	22.5%	22.1%	22.2%	16.7%
Accounts Receivables Days	19.30	21.98	23.06	21.02
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	15.9%	12.8%	12.6%	16.2%
ROCE (%)	12.2%	10.6%	10.2%	13.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
VIP Chip Volume (% Change)	N/A	N/A	N/A	N/A
VIP Chip Win Percentage (%)	N/A	N/A	N/A	N/A
Mass mkt chip drop (% chg.)	N/A	N/A	N/A	N/A
Mass mkt chip win (%-tage)	N/A	N/A	N/A	N/A
Slot Handle (% Change)	N/A	N/A	N/A	N/A
Slot Hold Percentage (%)	N/A	N/A	N/A	N/A
Net Win Per Slot (% Change)	N/A	N/A	N/A	N/A
Net Win Per Table (% Change)	N/A	N/A	N/A	N/A
No. Of Slots	3,000	3,000	3,000	3,600
No. Of Tables	600	600	600	700

Genting Plantations

GENP MK / GENP.KL

► **Market Cap**
US\$2,156m
 RM7,535m

► **Avg Daily Turnover**
US\$1.15m
 RM3.75m

► **Free Float**
31.0%
 756.8 m shares

Current **RM9.79**
 Target ► **RM10.80**
 Prev. Target **RM10.80**
 Up/Downside **10.3%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-3.4	4.9	-6.1
Absolute	-8.0	-2.1	-10.8

Major shareholders	% held
Genting	53.6
Employees Provident Fund	15.4

Indonesian estates to lift production in 2015

The group's expansion into Indonesia has started to bear fruit and we expect the Indonesian earnings contribution to increase in 2015. However, this is offset by the concerns over the Indonesian government imposing a foreign ownership limit on its Indonesian estates.

The group's earnings are sensitive to CPO price changes, as it derives 98% of its earnings from its plantation division. As such, there is possible downside risk to earnings from prolonged weakness in CPO prices. Every RM100 per tonne change in CPO price will have a RM44m impact on its pretax profit. We maintain our Hold call as the stock is fairly valued at the current level.

Stronger 4Q earnings ►

We expect Genting Plantations to deliver stronger 4Q14 earnings, driven by higher production from its Sabah estates and new mature area in Indonesia. On top of this, the group could book a gain from industrial land sales in 4Q14. We gather that it recently sold around 165 acres of industrial land for RM142m.

Strong output growth from Indonesia ►

The group is expected to deliver strong output growth in the coming years, as its new plantings in Indonesia grow into maturity. Currently, 49% of the group's planted oil palm estates are located in Indonesia and only 30% of the

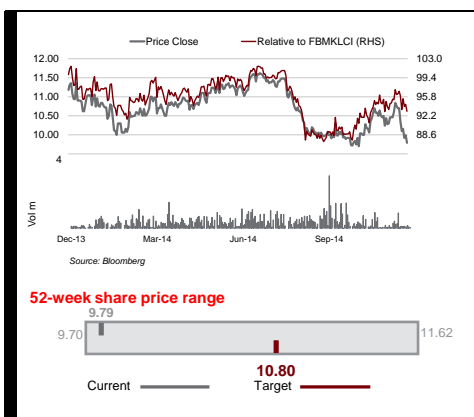
planted areas in Indonesia are mature. We expect improving yields from its young estates and new mature areas to drive future output growth of its estates. In 2014, the group is expected to register a 10% increase in FFB output, mostly from its Indonesian estates. For 2015, we project an 11% increase in FFB output, driven mainly by higher output from its Indonesian estates.

Possible foreign limit rule ►

The recent draft proposal to impose a 30% foreign limit on Indonesian estates would be negative for Genting Plantations, as this would require it to pare down its stakes in its Indonesian estates. The good news is that the government has decided not to proceed with the proposal, but it could revisit this issue in the future.

Downstream strategy ►

The group expanded into the downstream sector in recent years. It plans to launch its biorefinery project in Lahad Datu soon, which would complement its existing biodiesel plants. We are long-term positive on this plan, as it would increase the value-add of its palm products and expand its earnings base.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,233	1,384	1,965	2,168	2,615
Operating EBITDA (RMm)	422.6	429.3	472.2	507.7	598.8
Net Profit (RMm)	327.1	227.8	339.9	365.2	434.0
Core EPS (RM)	0.44	0.38	0.45	0.48	0.57
Core EPS Growth	(24.7%)	(12.4%)	17.5%	7.4%	18.8%
FD Core P/E (x)	22.45	25.62	21.80	20.29	17.07
DPS (RM)	0.13	0.09	0.10	0.12	0.12
Dividend Yield	1.28%	0.92%	1.02%	1.21%	1.21%
EV/EBITDA (x)	17.20	17.47	15.95	14.81	12.12
P/FCFE (x)	234.7	365.7	NA	71.8	21.0
Net Gearing	(9.53%)	(1.75%)	(1.47%)	(1.80%)	(7.34%)
P/BV (x)	2.16	2.16	1.92	1.79	1.66
ROE	9.9%	8.4%	9.3%	9.2%	10.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.04	0.91	0.89

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,384	1,965	2,168	2,615
Gross Profit	526	747	825	995
Operating EBITDA	429	472	508	599
Depreciation And Amortisation	(68)	(38)	(39)	(40)
Operating EBIT	361	434	468	558
Financial Income/(Expense)	23	18	17	17
Pretax Income/(Loss) from Assoc.	18	5	5	5
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	402	456	490	581
Exceptional Items	(102)	0	0	0
Pre-tax Profit	300	456	490	581
Taxation	(80)	(110)	(118)	(139)
Exceptional Income - post-tax				
Profit After Tax	220	347	373	441
Minority Interests	8	(7)	(7)	(7)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	228	340	365	434
Recurring Net Profit	289	340	365	434
Fully Diluted Recurring Net Profit	289	340	365	434

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	931	763	781	1,049
Total Debtors	234	201	215	263
Inventories	89	233	249	297
Total Other Current Assets	80	177	181	186
Total Current Assets	1,334	1,373	1,426	1,795
Fixed Assets	1,110	1,535	1,796	1,855
Total Investments	169	264	264	264
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	2,242	2,038	2,038	2,038
Total Non-current Assets	3,521	3,837	4,098	4,157
Short-term Debt	7	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	314	319	348	422
Other Current Liabilities	9	6	6	6
Total Current Liabilities	330	324	353	427
Total Long-term Debt	861	703	703	703
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	7	53	53	53
Total Non-current Liabilities	869	755	755	755
Total Provisions	52	51	51	51
Total Liabilities	1,251	1,131	1,160	1,234
Shareholders' Equity	3,426	3,851	4,128	4,475
Minority Interests	178	228	236	243
Total Equity	3,604	4,079	4,364	4,718

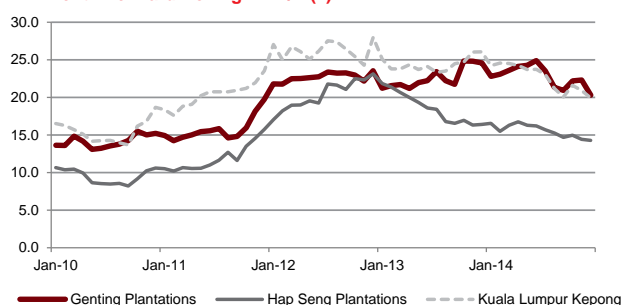
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	429.3	472.2	507.7	598.8
Cash Flow from Inv. & Assoc.				
Change In Working Capital	13.6	(213.4)	(5.8)	(26.2)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(34.3)	0.0	0.0	0.0
Net Interest (Paid)/Received	10.2	19.6	19.0	19.5
Tax Paid	(76.2)	(109.5)	(117.7)	(139.4)
Cashflow From Operations	342.5	168.8	403.2	452.6
Capex	(423.3)	(300.0)	(300.0)	(100.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	(5.2)	0.0	0.0	0.0
Cash Flow From Investing	(428.5)	(300.0)	(300.0)	(100.0)
Debt Raised/(repaid)	106.2	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(318.7)	(68.4)	(75.5)	(89.6)
Preferred Dividends				
Other Financing Cashflow	177.6	119.8	0.2	5.0
Cash Flow From Financing	(34.8)	51.4	(75.3)	(84.6)
Total Cash Generated	(120.8)	(79.7)	27.9	268.0
Free Cashflow To Equity	20.3	(131.2)	103.2	352.6
Free Cashflow To Firm	(68.3)	(131.2)	103.2	352.6

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	12.2%	42.0%	10.3%	20.6%
Operating EBITDA Growth	1.6%	10.0%	7.5%	17.9%
Operating EBITDA Margin	31.0%	24.0%	23.4%	22.9%
Net Cash Per Share (RM)	0.08	0.08	0.10	0.46
BVPS (RM)	4.53	5.09	5.46	5.91
Gross Interest Cover	72.2	216.9	234.1	279.2
Effective Tax Rate	26.8%	24.0%	24.0%	24.0%
Net Dividend Payout Ratio	20.7%	22.2%	24.5%	20.6%
Accounts Receivables Days	52.04	33.19	21.60	20.66
Inventory Days	46.13	48.33	65.49	61.62
Accounts Payables Days	121.1	72.5	47.6	45.2
ROIC (%)	11.1%	12.6%	12.1%	13.5%
ROCE (%)	8.7%	9.7%	9.8%	10.9%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Planted Estates (ha)	117,000	123,123	133,123	143,123
Mature Estates (ha)	74,500	86,317	96,317	106,317
FFB Yield (tonnes/ha)	21.1	20.3	20.2	21.5
FFB Output Growth (%)	12.9%	11.5%	11.1%	17.4%
CPO Price (US\$/tonne)	857	840	850	910

GHL Systems Bhd

GHLS MK / GHLS.KL

► **Market Cap**
US\$129.0m
 RM450.8m

► **Avg Daily Turnover**
US\$1.11m
 RM3.65m

► **Free Float**
36.5%
 632.9 m shares

Current **RM0.71**
 Target **RM1.00**
 Prev. Target **RM1.06**
 Up/Downside **41.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-14.4	8.7	46.6
Absolute	-19.0	1.7	41.9

Major shareholders	% held
Simon Loh Wee Hian	36.2
Cycas	27.3

TPA is the game changer

GHL Systems is entering an exciting growth phase with its merchant acquisition strategy following the completion of e-Pay integration. We like its strong regional presence that capitalises on the growing transition to e-payment solutions across ASEAN countries.

We cut our FY14-16 EPS forecasts by 6-13% for the potential delay in the commencement of its credit card transaction payment acquisition (TPA) operations. This lowers our target price to RM1.00, still based on 23.8x CY16 P/E, 40% above the payment sector, in view of its strong FY13-16 EPS CAGR of 72% and attractive PEG of 0.64x. Stronger TPA earnings and M&A activities in new markets are re-rating catalysts. Maintain Add.

Credit card TPA still on track ►

Management still expects to receive approval from the acquiring bank partner in Malaysia within this quarter. The company is also waiting for the regulatory approval to launch its credit card TPA service in the Philippines. Meanwhile, in Thailand, the company is scaling back its marketing and sales initiatives given the uncertainty surrounding the country's political environment.

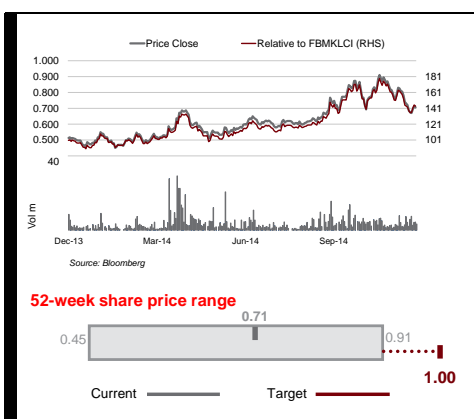
Proxy for government ETP initiatives ►

The Malaysian central bank has recently announced plans to increase point-of-sales (POS) terminals in the country to accelerate the migration to e-payment. The banking sector is

expected to deploy more than 570k POS terminals between 2015 and 2020, with lower-tier merchants the initial targets. This is part of the government's strategy to create an integrated payment system under EPP 4 within the Financial Services National Key Economic Areas (NKEA). Debit card transactions are expected to grow by 37% in FY15 from 65m to 89m. Overall, we think that GHL should benefit from the increase in POS terminals and rising e-payment transactions.

Getting ready to kick-start TPA operations in FY15 ►

For its maiden venture into TPA, GHL is targeting the high-turnover and lower-risk merchants, such as restaurants and hotels. We believe the merchant acquisition process should not be a major issue given that it already has a list of merchants that are under-served by the banks. GHL can immediately offer its payment solutions to these merchants. Meanwhile, it has invested in a newer and more robust risk engine to assist it in the merchant selection process and minimise merchant exposure at the same time.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	53.5	64.0	158.2	207.4	253.3
Net Profit (RMm)	4.37	5.26	9.27	15.27	26.50
Core EPS (RM)	0.007	0.008	0.015	0.024	0.042
Core EPS Growth	NA	12.2%	75.8%	64.8%	73.6%
FD Core P/E (x)	95.01	84.65	48.15	29.23	16.84
Price To Sales (x)	7.76	6.96	2.82	2.15	1.76
DPS (RM)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	44.54	39.71	19.71	14.63	9.30
P/FCFE (x)	NA	NA	29.0	113.7	37.1
Net Gearing	(30.6%)	(23.4%)	10.1%	6.0%	(2.6%)
P/BV (x)	10.77	7.93	3.81	3.37	2.81
ROE	11.3%	10.8%	10.7%	12.2%	18.2%
% Change In Core EPS Estimates			(6.3%)	(13.1%)	(6.3%)
CIMB/consensus EPS (x)			0.81	0.89	0.93

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	64.0	158.2	207.4	253.3
Gross Profit	40.4	54.4	74.7	101.3
Operating EBITDA	10.9	23.2	31.0	47.5
Depreciation And Amortisation	(7.7)	(10.5)	(10.3)	(11.7)
Operating EBIT	3.2	12.7	20.7	35.8
Financial Income/(Expense)	0.1	(1.1)	(2.0)	(2.3)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	3.3	11.6	18.7	33.5
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	3.3	11.6	18.7	33.5
Taxation	1.9	(2.3)	(3.5)	(7.0)
Exceptional Income - post-tax				
Profit After Tax	5.2	9.3	15.3	26.5
Minority Interests	0.1	0.0	0.0	0.0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	5.3	9.3	15.3	26.5
Recurring Net Profit	5.3	9.3	15.3	26.5
Fully Diluted Recurring Net Profit	5.3	9.3	15.3	26.5

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	14.1	29.5	33.4	45.4
Total Debtors	14.2	35.0	45.9	56.0
Inventories	6.6	16.3	21.4	26.1
Total Other Current Assets	0.6	0.6	0.6	0.6
Total Current Assets	35.5	81.4	101.3	128.2
Fixed Assets	32.8	34.3	39.0	47.3
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	4.2	55.7	55.7	55.7
Total Other Non-Current Assets	2.4	22.4	22.4	22.4
Total Non-current Assets	39.5	112.5	117.2	125.5
Short-term Debt	0.6	23.5	23.5	23.5
Current Portion of Long-Term Debt				
Total Creditors	12.1	30.0	39.3	48.0
Other Current Liabilities	2.3	2.3	2.3	2.3
Total Current Liabilities	15.0	55.7	65.0	73.7
Total Long-term Debt	0.4	17.8	17.8	17.8
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	3.5	3.5	3.5	3.5
Total Non-current Liabilities	3.8	21.3	21.3	21.3
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	18.9	77.0	86.3	95.0
Shareholders' Equity	56.2	117.0	132.3	158.8
Minority Interests	(0.1)	(0.1)	(0.1)	(0.1)
Total Equity	56.1	116.9	132.2	158.7

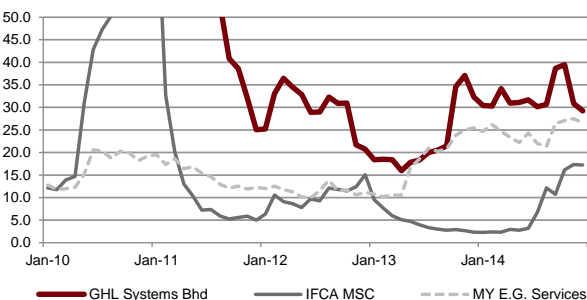
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	10.89	23.23	31.02	47.53
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(16.08)	(12.68)	(6.63)	(6.18)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.71	0.00	0.00	0.00
Net Interest (Paid)/Received	0.06	(1.15)	(1.99)	(2.28)
Tax Paid	(0.47)	(2.32)	(3.47)	(7.04)
Cashflow From Operations	(4.89)	7.09	18.93	32.03
Capex	(1.90)	(12.00)	(15.00)	(20.00)
Disposals Of FAs/subsidiaries	0.07	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	(2.02)	(20.00)	0.00	0.00
Other Investing Cashflow	1.43	0.00	0.00	0.00
Cash Flow From Investing	(2.42)	(32.00)	(15.00)	(20.00)
Debt Raised/(repaid)	0.00	40.31	0.00	0.00
Proceeds From Issue Of Shares	9.48	0.00	0.00	0.00
Shares Repurchased				
Dividends Paid	0.00	0.00	0.00	0.00
Preferred Dividends				
Other Financing Cashflow	(3.61)	0.00	0.00	0.00
Cash Flow From Financing	5.88	40.31	0.00	0.00
Total Cash Generated	(1.43)	15.40	3.93	12.03
Free Cashflow To Equity	(7.31)	15.40	3.93	12.03
Free Cashflow To Firm	(7.15)	(23.33)	6.55	15.10

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	20%	147%	31%	22%
Operating EBITDA Growth	20%	113%	34%	53%
Operating EBITDA Margin	17.0%	14.7%	15.0%	18.8%
Net Cash Per Share (RM)	0.021	(0.019)	(0.012)	0.007
BVPS (RM)	0.09	0.18	0.21	0.25
Gross Interest Cover	20.69	8.03	7.90	11.66
Effective Tax Rate	0.0%	20.0%	18.5%	21.0%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	81.97	56.68	71.12	73.59
Inventory Days	114.8	40.3	51.8	57.1
Accounts Payables Days	238.4	74.0	95.2	105.1
ROIC (%)	7.2%	20.6%	11.8%	18.7%
ROCE (%)	6.7%	12.2%	12.9%	19.6%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP Change (% , Main Product)	N/A	N/A	N/A	N/A
Unit sales growth (% , main prod)	N/A	N/A	N/A	N/A
No. Of Lines (main Product)	3	3	3	3
Rev per line (US\$, main prod)	N/A	N/A	N/A	N/A
ASP chg (% , 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	5	5	5	5
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A

Guinness Anchor

GUIN MK / GUMS.KL

► **Market Cap**
US\$1,153m
 RM4,030m

► **Avg Daily Turnover**
US\$0.38m
 RM1.26m

► **Free Float**
49.0%
 302.1 m shares

Current **RM13.34**
 Target **RM12.20** ►
 Prev. Target **RM12.20**
 Up/Downside **-8.5%**

STOCK RATING

ADD
 HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	6.9	9.1	-11.8
Absolute	2.3	2.1	-16.5

Major shareholders	% held
GAPL Pte Ltd	51.0
Aberdeen Asset Mgmt PLC	5.5

Planning for long-term growth

GAB will face a tough operating environment in 2015. The slower consumer spending and high incidence of contraband will weigh on its sales volume, while continuous investments in new products are also expected to further dampen its margins. For exposure to brewery, we prefer Carlsberg which offers more attractive dividend yield.

We keep our Reduce call and DCF-based target price. We believe that the operating environment ahead will be tough while its dividend yield is too low to compensate for the risk. Key de-rating catalysts include weak sales volume and higher operating expenses (A&P expenses and tax paid on A&P and loyalty fees). We are also concerned that it will be impacted by tax bills of demand like Carlsberg and BAT.

1Q revenue rose due to last year's low-base effect ►

GAB's 1QFY15 revenue rose 20.7% yoy, while net profit increased by a slower rate of 10% yoy. The stronger topline was mainly due to the low-base effect in 1QFY14, when the group's sales volume was impacted by the planned reduction in distributor stocks. Despite the 20.7% growth in revenue, net profit grew by only 10% yoy, impacted by the higher duties and sales tax paid due to the new valuation method implemented in Nov 2013, as well as the increase in commercial investments.

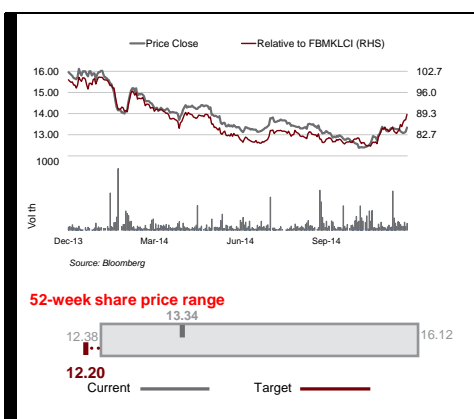
Challenging outlook ►

We maintain our view that beer

consumption will recover in tandem with consumer spending, but the industry's long-term prospects are not promising due to the high levels of contraband and consumption reaching saturation point. Although the government has been clamping down on some of the illicit beers, we believe that such beers remain a threat to GAB as they have widened their reach in the past three years. Also, GAB was negatively affected by an increase in expenses due to the higher duties paid and will find it difficult to pass on the higher costs to consumers given the weak spending power of consumers.

Ongoing investments ►

In view of the mature market and minimal sales growth for Tiger, GAB will continue to invest in the premium segment to drive earnings growth. The premium segment contributed ~2% of GAB's total revenue and the bulk of this is generated by Heineken. GAB believes that continuous investments in new products are crucial for its long-term growth, but this will further weigh on its margins in the short term.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	1,676	1,611	1,598	1,606	1,687
Operating EBITDA (RMm)	333.3	311.8	309.7	317.3	329.0
Net Profit (RMm)	217.6	198.2	202.3	207.2	215.2
Core EPS (RM)	0.72	0.66	0.67	0.69	0.71
Core EPS Growth	4.86%	(8.91%)	2.07%	2.42%	3.87%
FD Core P/E (x)	18.52	20.33	19.92	19.45	18.72
DPS (RM)	0.69	0.65	0.64	0.65	0.68
Dividend Yield	5.13%	4.84%	4.77%	4.88%	5.07%
EV/EBITDA (x)	12.34	13.21	13.34	12.97	12.50
P/FCFE (x)	30.08	20.10	22.36	19.07	19.22
Net Gearing	22.4%	24.7%	27.5%	22.9%	20.9%
P/BV (x)	11.02	11.29	10.98	10.68	10.39
ROE	58.4%	54.9%	55.9%	55.7%	56.2%
% Change In Core EPS Estimates			0%		
CIMB/consensus EPS (x)			0.99	0.97	0.96

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	1,611	1,598	1,606	1,687
Gross Profit	619	519	528	558
Operating EBITDA	312	310	317	329
Depreciation And Amortisation	(41)	(35)	(36)	(37)
Operating EBIT	271	275	281	292
Financial Income/(Expense)	(5)	(5)	(5)	(5)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	266	270	276	287
Exceptional Items				
Pre-tax Profit	266	270	276	287
Taxation	(68)	(67)	(69)	(72)
Exceptional Income - post-tax				
Profit After Tax	198	202	207	215
Minority Interests	0	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	198	202	207	215
Recurring Net Profit	198	202	207	215
Fully Diluted Recurring Net Profit	198	202	207	215

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	61.8	49.1	63.6	68.8
Total Debtors	333.4	330.7	332.3	349.1
Inventories	39.5	66.1	66.1	69.1
Total Other Current Assets	7.4	7.4	7.4	7.4
Total Current Assets	442.1	453.4	469.4	494.4
Fixed Assets	220.4	222.0	216.2	209.1
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	38.8	38.8	38.8	38.8
Total Other Non-Current Assets	1.0	1.0	1.0	1.0
Total Non-current Assets	260.2	261.8	256.0	248.9
Short-term Debt	100.0	100.0	100.0	100.0
Current Portion of Long-Term Debt				
Total Creditors	152.7	155.4	155.2	162.5
Other Current Liabilities	0.0	0.0	0.0	0.0
Total Current Liabilities	252.7	255.4	255.2	262.5
Total Long-term Debt	50.0	50.0	50.0	50.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	50.0	50.0	50.0	50.0
Total Provisions	42.9	42.9	42.9	42.9
Total Liabilities	345.5	348.2	348.1	355.3
Shareholders' Equity	356.8	366.9	377.3	388.0
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	356.8	366.9	377.3	388.0

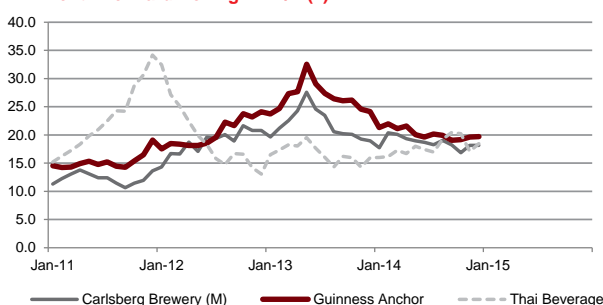
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	311.8	309.7	317.3	329.0
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(17.6)	(21.3)	(1.7)	(12.6)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	4.8	(11.5)	(6.0)	(5.7)
Net Interest (Paid)/Received	4.8	5.3	5.2	5.0
Tax Paid	(67.6)	(67.4)	(69.1)	(71.7)
Cashflow From Operations	236.2	214.7	245.7	243.9
Capex	(39.3)	(30.0)	(30.0)	(30.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments	1.0	(11.5)	(11.4)	(11.3)
Other Investing Cashflow	2.6	7.0	7.0	7.0
Cash Flow From Investing	(35.7)	(34.5)	(34.4)	(34.3)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(206.9)	(192.2)	(196.8)	(204.5)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	(206.9)	(192.2)	(196.8)	(204.5)
Total Cash Generated	(6.4)	(12.0)	14.5	5.2
Free Cashflow To Equity	200.5	180.2	211.3	209.7
Free Cashflow To Firm	193.1	173.2	204.3	202.6

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	(3.92%)	(0.79%)	0.49%	5.04%
Operating EBITDA Growth	(6.45%)	(0.69%)	2.46%	3.69%
Operating EBITDA Margin	19.4%	19.4%	19.8%	19.5%
Net Cash Per Share (RM)	(0.29)	(0.33)	(0.29)	(0.27)
BVPS (RM)	1.18	1.21	1.25	1.28
Gross Interest Cover	36.50	39.15	40.07	41.57
Effective Tax Rate	25.4%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	73.3%	71.3%	71.3%	71.3%
Accounts Receivables Days	76.46	75.85	75.57	73.74
Inventory Days	15.92	17.86	22.44	21.87
Accounts Payables Days	62.33	52.11	52.73	51.39
ROIC (%)	41.6%	42.3%	41.3%	43.2%
ROCE (%)	49.4%	49.9%	50.1%	51.1%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RM)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
ASP (% Change)	N/A	N/A	N/A	N/A
Unit Sales Growth (%)	N/A	N/A	N/A	N/A
Utilisation Rate (%)	N/A	N/A	N/A	N/A
A&P Expenses (as % Of Revenue)	N/A	N/A	N/A	N/A
Excise Duties (litre)	7.4	7.4	7.4	7.4
Sales Tax (%)	5.0%	5.0%	5.0%	5.0%

Hap Seng Plantations

HAPL MK / HAPP.KL

Market Cap
US\$572.0m
RM1,999m

Avg Daily Turnover
US\$0.03m
RM0.11m

Free Float
24.9%
800.0 m shares

Current **RM2.50**
Target **RM2.46**
Prev. Target **RM2.46**
Up/Downside **-1.6%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.7	1.7	-2.7
Absolute	-3.9	-5.3	-7.4

Major shareholders	% held
Hap Seng Consolidated Berhad	52.4
Innoprise Corporation	15.0
Employees Provident Fund	7.7

Supported by low EV/ha

We retain our Hold call on Hap Seng Plantations as we think that its share price will be supported by its 4-5% dividend yield in FY14-16 and undemanding EV/ha of RM51k for planted areas, which is well below the recent market transactions for estates of RM70k-80k per ha.

We are projecting a 7% rise in its FY15 net profit, driven by a higher CPO price (RM2,460 per tonne). The key risks to our earnings are lower CPO prices and weaker output from the potential development of an El Nino. We estimate that for every RM100 per tonne change in CPO price, it would lower our pretax profit forecasts by RM17m (or 9%). We maintain our earnings and target price (12x CY16 P/E, a 10% discount to the historical average P/E of 13.5x).

Efficient CPO producer... ▶

Hap Seng Plantations is an efficient mid-size CPO producer in Sabah. The group owns 35,697 ha of planted oil palm areas in Sabah. We consider the group to be an efficient planter as its FY11-13 CPO yield achievements of 4.65-4.9 tonnes per ha were above the industry's average. The group's CPO production cost (excluding replanting and after taking into account its palm kernel credit) was RM1,178 per tonne in FY13.

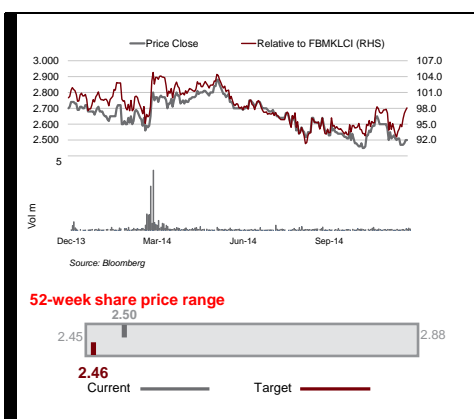
...but lacking growth potential ▶

The group posted a 5% jump in FFB output in 10M14. This is positive as it

was above our expectations. For FY15, we project flat FFB output due to potential tree stress following the better FFB yield achievement in FY14. We believe that future output growth for this group would have to come from M&A or further improvement in FFB yields from its replanting efforts. This is because the majority of its estates are already at a prime yielding age. The weighted average age of the group's estates is 15 years and 48% of the group's estates are above 17 years old. As a result, the group will need to consistently replant its old estates over the next few years to maintain or improve the FFB yield achievement of its estates.

Attractive EV/ha of RM50k ▶

The stock's key attractions are its low P/BV of 1x and undemanding EV/ha of RM51k, which is below the reported prices for transacted estates in Sabah of up to RM80k. This suggests that the stock is undervalued from an assets point of view. As a result, we see good share price support. However, we maintain our Hold call due to its dimmer earnings prospects and our understanding that there are no plans to divest the estates.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	526.5	443.3	515.4	532.4	573.3
Operating EBITDA (RMm)	214.6	162.1	205.8	218.0	244.1
Net Profit (RMm)	140.3	97.5	130.7	140.1	161.3
Core EPS (RM)	0.18	0.12	0.16	0.18	0.20
Core EPS Growth	(44.5%)	(30.5%)	34.0%	7.2%	15.1%
FD Core P/E (x)	14.25	20.51	15.30	14.27	12.40
DPS (RM)	0.11	0.10	0.10	0.11	0.12
Dividend Yield	4.21%	4.00%	3.92%	4.20%	4.84%
EV/EBITDA (x)	8.71	11.17	8.68	8.07	7.07
P/FCFE (x)	19.06	17.51	19.28	18.09	11.10
Net Gearing	(6.9%)	(9.8%)	(10.8%)	(11.9%)	(13.1%)
P/BV (x)	1.06	1.04	1.01	0.98	0.95
ROE	7.45%	5.11%	6.70%	6.99%	7.81%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.09	0.97	1.04

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	443.3	515.4	532.4	573.3
Gross Profit	186.4	235.4	244.2	272.2
Operating EBITDA	162.1	205.8	218.0	244.1
Depreciation And Amortisation	(28.2)	(29.0)	(34.9)	(37.0)
Operating EBIT	133.9	176.8	183.1	207.2
Financial Income/(Expense)	3.8	3.8	3.8	5.0
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	137.7	180.5	186.9	212.2
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	137.7	180.5	186.9	212.2
Taxation	(40.2)	(49.9)	(46.7)	(50.9)
Exceptional Income - post-tax				
Profit After Tax	97.5	130.7	140.1	161.3
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	97.5	130.7	140.1	161.3
Recurring Net Profit	97.5	130.7	140.1	161.3
Fully Diluted Recurring Net Profit	97.5	130.7	140.1	161.3

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	189	214	241	324
Total Debtors	8	25	26	28
Inventories	39	44	46	49
Total Other Current Assets	0	0	0	0
Total Current Assets	236	284	313	402
Fixed Assets	577	589	617	645
Total Investments	0	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	1,354	1,338	1,338	1,338
Total Non-current Assets	1,932	1,927	1,955	1,983
Short-term Debt	0	0	0	50
Current Portion of Long-Term Debt				
Total Creditors	38	30	30	33
Other Current Liabilities	10	10	10	10
Total Current Liabilities	48	39	40	92
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	0	0	0	0
Total Provisions	196	196	196	196
Total Liabilities	243	235	236	288
Shareholders' Equity	1,924	1,976	2,032	2,097
Minority Interests	0	0	0	0
Total Equity	1,924	1,976	2,032	2,097

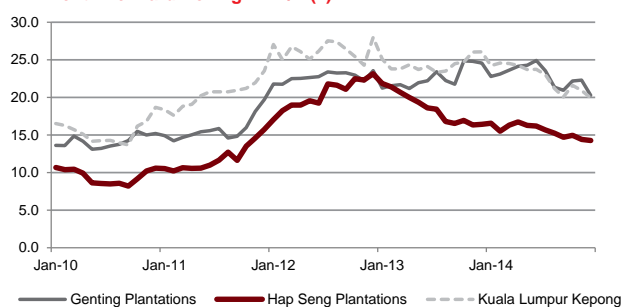
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	162.1	205.8	218.0	244.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital	16.8	(31.7)	(1.6)	46.9
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.1	0.0	0.0	0.0
Net Interest (Paid)/Received	3.8	3.8	3.8	5.0
Tax Paid	(24.0)	(49.9)	(46.7)	(50.9)
Cashflow From Operations	158.8	128.0	173.4	245.2
Capex	(39.4)	(40.0)	(62.9)	(65.0)
Disposals Of FAs/subsidiaries	2.3	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(7.5)	0.0	0.0	0.0
Other Investing Cashflow	0.0	15.7	0.0	0.0
Cash Flow From Investing	(44.5)	(24.3)	(62.9)	(65.0)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	(0.0)	0.0	(7.0)	(7.0)
Dividends Paid	(64.0)	(78.4)	(84.1)	(96.8)
Preferred Dividends				
Other Financing Cashflow		(10.5)	7.0	7.0
Cash Flow From Financing	(64.0)	(89.0)	(84.1)	(96.8)
Total Cash Generated	50.2	14.8	26.5	83.4
Free Cashflow To Equity	114.2	103.8	110.6	180.2
Free Cashflow To Firm	114.2	103.8	110.6	180.2

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(15.8%)	16.2%	3.3%	7.7%
Operating EBITDA Growth	(24.5%)	27.0%	5.9%	12.0%
Operating EBITDA Margin	36.6%	39.9%	40.9%	42.6%
Net Cash Per Share (RM)	0.24	0.27	0.30	0.34
BVPS (RM)	2.40	2.47	2.54	2.62
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	29.2%	27.6%	25.0%	24.0%
Net Dividend Payout Ratio	82.0%	60.0%	60.0%	60.0%
Accounts Receivables Days	12.78	11.63	17.58	17.28
Inventory Days	54.01	54.27	57.15	57.89
Accounts Payables Days	52.21	44.11	37.92	38.34
ROIC (%)	6.9%	9.2%	9.4%	10.4%
ROCE (%)	6.55%	8.41%	8.49%	9.29%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Planted Estates (ha)	35,551	35,851	36,151	36,151
Mature Estates (ha)	31,070	31,421	31,421	30,275
FFB Yield (tonnes/ha)	23.0	24.0	24.0	24.0
FFB Output Growth (%)	5.8%	5.9%	1.1%	0.0%
CPO Price (US\$/tonne)	857	840	850	910

Hartalega Holdings

HART MK / HTHB.KL

Market Cap
US\$1,530m
RM5,348m

Avg Daily Turnover
US\$0.53m
RM1.73m

Free Float
30.2%
806.9 m shares

Current **RM6.77**
Target **RM7.13**
Prev. Target **RM7.04**
Up/Downside **5.3%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.0	6.1	-2.2
Absolute	-1.6	-0.9	-6.9

Major shareholders	% held
Kuan family	55.1
EPF	7.9
BNP Paribas	6.8

Not a good fit

Hartalega's earnings have been disappointing in the past three quarters. Given its premium pricing and new capacity coming onstream in 2015, we believe that Hartalega will face more pricing pressure than its peers. Maintain Hold rating.

Our target price rises, as we increase our target CY16 P/E from 17.9x to 18.2x (still at a 10% premium over our target market P/E), in line with the increase in our target market P/E from 16.3x to 16.5x. We prefer Kossan as its earnings have proved to be the most resilient earnings among the rubber glove companies and its valuation is lower than the sector average.

Disappointing results in the past three quarters

Hartalega has reported earnings contraction yoy and underperformed consensus forecasts in the past three quarters. While it achieved higher sales volume yoy, the company was negatively affected by pricing pressure and higher operating costs, which it found difficult to pass on to customers. Apart from this, Hartalega was hit by the high start-up cost of its next generation complex (NGC). We also believe that the higher sales contribution from natural rubber gloves, which earns lower margins, contributed to the weaker earnings.

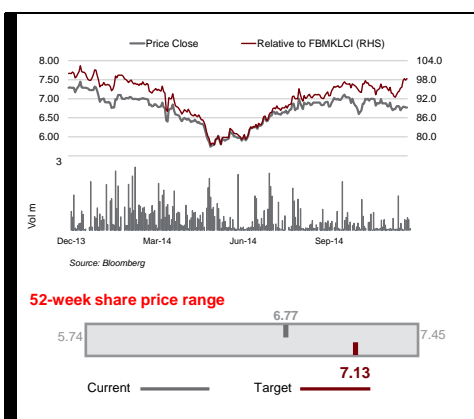
Building its new NGC plant

Hartalega plans to build six

manufacturing plants, which will house total capacity of 28.5bn pieces p.a., in the next seven years. It started construction on the first two plants in 4QCY13 and targets completion by 4QCY15, a slight delay from its initial target. Hartalega also aims to commission the first two NGC production lines by 4QCY14. Upon the completion of the NGC, Hartalega will have total production capacity of above 42bn pieces p.a. The company intends to finance its expansion via a combination of internal funds and bank borrowings. We foresee that the company will incur higher costs for the NGC in the next two quarters.

Tough competition ahead

In our view, the road ahead will be tough for Hartalega, given its premium pricing and concentration on nitrile production. We believe that the company will face greater pricing pressure than its peers. Furthermore, its shift in production towards natural rubber gloves will pull down overall margins, as natural rubber gloves generate lower margins.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue (RMm)	1,032	1,107	1,242	1,692	1,882
Operating EBITDA (RMm)	335.9	351.9	341.4	451.8	510.0
Net Profit (RMm)	233.3	233.2	216.7	290.5	325.7
Core EPS (RM)	0.29	0.29	0.27	0.36	0.40
Core EPS Growth	15.5%	(0.5%)	(6.6%)	34.0%	12.1%
FD Core P/E (x)	23.42	23.55	25.21	18.81	16.77
DPS (RM)	0.13	0.13	0.12	0.16	0.18
Dividend Yield	1.95%	1.95%	1.79%	2.39%	2.68%
EV/EBITDA (x)	15.76	15.05	15.74	11.95	10.56
P/FCFE (x)	49.2	148.5	161.0	53.0	33.4
Net Gearing	(22.2%)	(17.5%)	(8.7%)	(5.3%)	(5.8%)
P/BV (x)	7.15	5.80	5.14	4.47	3.90
ROE	33.7%	27.2%	21.6%	25.4%	24.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.94	0.99	0.98

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues	1,107	1,242	1,692	1,882
Gross Profit	354	373	514	578
Operating EBITDA	352	341	452	510
Depreciation And Amortisation	(45)	(56)	(69)	(81)
Operating EBIT	307	286	383	429
Financial Income/(Expense)	1	0	0	1
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	308	286	383	429
Exceptional Items	2	0	0	0
Pre-tax Profit	309	286	383	429
Taxation	(75)	(69)	(92)	(103)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	234	217	291	326
Minority Interests	(1)	(1)	(1)	(1)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0	0	0	0
Net Profit	233	217	290	326
Recurring Net Profit	232	217	290	326
Fully Diluted Recurring Net Profit	232	217	290	326

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Cash And Equivalents	170	97	69	87
Total Debtors	143	124	152	188
Inventories	98	87	118	130
Total Other Current Assets	2	0	0	0
Total Current Assets	413	308	339	405
Fixed Assets	634	885	1,066	1,184
Total Investments	0	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	57	57	57	57
Total Non-current Assets	692	942	1,123	1,241
Short-term Debt	3	3	3	3
Current Portion of Long-Term Debt				
Total Creditors	87	113	165	170
Other Current Liabilities	12	12	12	12
Total Current Liabilities	102	128	180	184
Total Long-term Debt	2	2	2	2
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	2	2	2	2
Total Provisions	57	57	57	57
Total Liabilities	161	186	238	243
Shareholders' Equity	943	1,064	1,222	1,401
Minority Interests	1	2	2	3
Total Equity	944	1,064	1,224	1,404

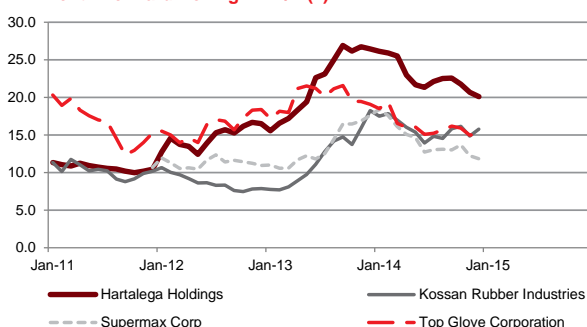
Cash Flow

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
EBITDA	351.9	341.4	451.8	510.0
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(36.6)	55.5	(7.1)	(43.9)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(1.4)	0.0	0.0	0.0
Net Interest (Paid)/Received	4.9	0.2	0.3	0.6
Tax Paid	(70.5)	(68.6)	(91.9)	(103.0)
Cashflow From Operations	248.4	328.5	353.2	363.7
Capex	(105.9)	(250.0)	(250.0)	(200.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(89.1)	(1.1)	0.0	0.0
Other Investing Cashflow	(9.2)	(43.5)	0.0	0.0
Cash Flow From Investing	(204.2)	(294.6)	(250.0)	(200.0)
Debt Raised/(repaid)	(7.5)	0.0	0.0	0.0
Proceeds From Issue Of Shares	49.8	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(107.6)	(97.5)	(130.7)	(146.6)
Preferred Dividends				
Other Financing Cashflow	49.5	0.0	0.0	0.0
Cash Flow From Financing	(15.7)	(97.5)	(130.7)	(146.6)
Total Cash Generated	28.5	(63.6)	(27.6)	17.1
Free Cashflow To Equity	36.8	33.9	103.2	163.7
Free Cashflow To Firm	44.3	34.3	103.5	164.0

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue Growth	7.3%	12.2%	36.3%	11.2%
Operating EBITDA Growth	4.8%	(3.0%)	32.4%	12.9%
Operating EBITDA Margin	31.8%	27.5%	26.7%	27.1%
Net Cash Per Share (RM)	0.21	0.11	0.08	0.10
BVPS (RM)	1.17	1.32	1.51	1.74
Gross Interest Cover	996	847	1,134	1,271
Effective Tax Rate	24.4%	24.0%	24.0%	24.0%
Net Dividend Payout Ratio	46.0%	45.0%	45.0%	45.0%
Accounts Receivables Days	44.76	39.20	29.90	33.02
Inventory Days	44.83	38.88	31.80	34.72
Accounts Payables Days	45.04	42.03	43.17	46.79
ROIC (%)	35.7%	25.6%	27.9%	26.4%
ROCE (%)	33.6%	26.9%	31.8%	31.2%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
ASP (% chg, main prod./serv.)	-12.4%	1.1%	-1.1%	0.0%
Unit sales grth (% , main prod./serv.)	15.2%	13.3%	37.8%	11.2%
Util. rate (% , main prod./serv.)	86.3%	87.0%	82.5%	81.0%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A

Hong Leong Bank

HLBK MK / HLBB.KL

Market Cap
US\$7,184m
RM25,111m

Avg Daily Turnover
US\$3.85m
RM12.64m

Free Float
35.7%
1,880 m shares

Current **RM13.96**
Target **RM13.20**
Prev. Target **RM13.20**
Up/Downside **-5.4%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.7	1.2	3.1
Absolute	-2.9	-5.8	-1.6

Major shareholders	% held
Hong Leong Financial Group	64.3
EPF	12.1
Great Eastern Life Assurance	2.2

Stronger push needed for loan growth

Loan growth for Hong Leong Bank (HLB) may continue to be weak in 2015, partly due to its stringent lending practices. This, together with the expected margin contraction, would suppress topline expansion and act as a de-rating catalyst.

The upturn in credit cost cycle could also be another de-rating catalyst. All these factors lead us to maintain our Reduce rating on the stock. Our DDM-based target price (COE of 10.6%; LT growth of 4%) is also unchanged. We prefer Maybank.

Slower earnings growth in FY16

We expect a slowdown in net profit growth from 12.1% in FY6/15 to 7.9% in FY16 due to the weaker expansion of 7.7% for net interest income and 3.6% for non-interest income in FY16. We also forecast a 24.7% jump in FY16 loan loss provisioning.

Below-industry loan growth

HLB's loan momentum has stayed at 6-8% yoy since Jun 2012, consistently below the industry's pace. We do not expect a strong recovery in the near term, as: 1) industry loan growth is expected to remain weak in 2015, and 2) HLB is likely to cling to its stringent lending practices. It also faces the risk of industry-wide moderation in the pace of residential mortgages, which comprise the biggest share of HLB's total loans

(38.8%) in Sep 2014. We project HLB loan growth of 8.6% in FY15 and 7.7% in FY16.

Reversal in credit cost cycle

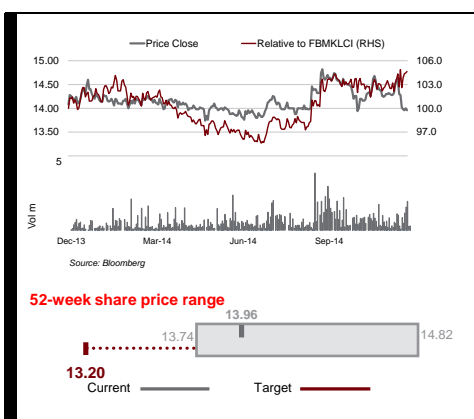
In the past two years, the bank has enjoyed strong writebacks/recoveries in credit costs, which enabled it to keep the credit charge-off rate below 10bp. We think that this will gradually normalise to a more sustainable level of 20-30bp in the longer term and hence, there will be an upturn in credit cost.

Tight rein on asset quality

HLB is known for its tight control on asset quality. As such, we do not foresee any material risk of an uptick in its gross impaired loan ratio. We expect the ratio to improve from 1.2% in FY14 to 1.1% in FY15-16, which would be one of the lowest in the sector.

Maintain Reduce

Investors are advised to trim their holdings in HLB, given the concerns about below-industry loan growth, margin contraction and an upturn in credit costs.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Net Interest Income (RMm)	2,514	2,662	3,097	3,337	3,674
Total Non-Interest Income (RMm)	1,493	1,377	1,504	1,579	1,684
Operating Revenue (RMm)	4,007	4,039	4,601	4,915	5,358
Total Provision Charges (RMm)	(41.40)	(52.10)	(47.85)	(59.66)	(75.79)
Net Profit (RMm)	1,856	2,102	2,358	2,545	2,782
Core EPS (RM)	0.99	1.12	1.25	1.35	1.48
Core EPS Growth	(0.2%)	13.3%	12.1%	7.9%	9.3%
FD Core P/E (x)	14.14	12.48	11.13	10.31	9.43
DPS (RM)	0.34	0.41	0.41	0.45	0.49
Dividend Yield	2.42%	2.94%	2.96%	3.20%	3.50%
BVPS (RM)	6.93	7.73	8.54	9.49	10.57
P/BV (x)	2.01	1.81	1.63	1.47	1.32
ROE	15.0%	15.3%	15.4%	15.0%	14.7%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.03	1.04	1.03

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Net Interest Income	2,662	3,097	3,337	3,674
Total Non-Interest Income	1,377	1,504	1,579	1,684
Operating Revenue	4,039	4,601	4,915	5,358
Total Non-Interest Expenses	(1,792)	(1,908)	(2,030)	(2,156)
Pre-provision Operating Profit	2,247	2,692	2,886	3,201
Total Provision Charges	(52)	(48)	(60)	(76)
Operating Profit After Provisions	2,195	2,645	2,826	3,126
Pretax Income/(Loss) from Assoc.	379	417	458	504
Operating EBIT (incl Associates)	2,574	3,061	3,284	3,630
Non-Operating Income/(Expense)	40	1	28	(6)
Profit Before Tax (pre-EI)	2,613	3,062	3,312	3,624
Exceptional Items	0	0	0	0
Pre-tax Profit	2,613	3,062	3,312	3,624
Taxation	(511)	(704)	(767)	(842)
Consolidation Adjustments & Others	0	0	0	0
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	2,102	2,358	2,545	2,782
Minority Interests	0	0	0	0
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	2,102	2,358	2,545	2,782
Recurring Net Profit	2,102	2,358	2,545	2,782

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Gross Loans	110,924	122,113	130,870	140,554
Liquid Assets & Invst. (Current)	36,908	31,139	32,548	34,104
Other Int. Earning Assets	0	0	0	0
Total Gross Int. Earning Assets	147,833	153,252	163,418	174,657
Total Provisions/Loan Loss Reserve	(1,588)	(1,355)	(1,109)	(799)
Total Net Interest Earning Assets	146,245	151,897	162,309	173,858
Intangible Assets	2,179	2,179	2,179	2,179
Other Non-Interest Earning Assets	7,214	8,348	8,514	8,916
Total Non-Interest Earning Assets	9,393	10,527	10,693	11,095
Cash And Marketable Securities	14,713	23,174	25,036	26,565
Long-term Investments	0	0	0	0
Total Assets	170,351	185,598	198,039	211,518
Customer Interest-Bearing Liabilities	130,252	138,906	148,630	159,034
Bank Deposits	11,228	17,144	18,083	19,074
Interest Bearing Liabilities: Others	8,757	8,757	8,757	8,757
Total Interest-Bearing Liabilities	150,237	164,807	175,469	186,865
Bank's Liabilities Under Acceptances	359	383	409	438
Total Non-Interest Bearing Liabilities	5,225	4,353	4,312	4,341
Total Liabilities	155,821	169,543	180,190	191,644
Shareholders' Equity	14,530	16,055	17,848	19,874
Minority Interests	0	0	0	0
Total Equity	14,530	16,055	17,848	19,874

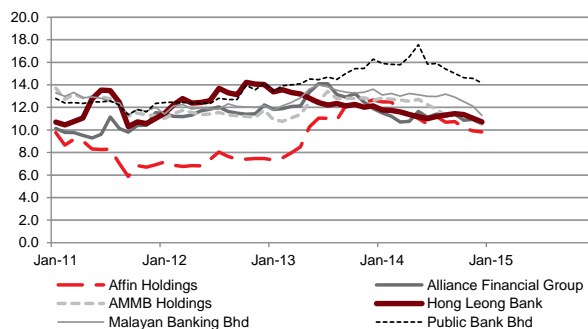
Balance Sheet Employment

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Gross Loans/Cust Deposits	80.0%	81.5%	82.0%	82.4%
Avg Loans/Avg Deposits	79.3%	80.7%	81.7%	82.2%
Avg Liquid Assets/Avg Assets	34.9%	34.2%	33.9%	33.4%
Avg Liquid Assets/Avg IEAs	37.1%	36.2%	35.8%	35.3%
Net Cust Loans/Assets	60.2%	60.2%	61.0%	61.5%
Net Cust Loans/Broad Deposits	72.5%	71.6%	72.4%	73.1%
Equity & Provs/Gross Cust Loans	15.5%	15.4%	15.6%	15.8%
Asset Risk Weighting	62.3%	61.7%	61.7%	61.7%
Provision Charge/Avg Cust Loans	0.031%	0.078%	0.080%	0.071%
Provision Charge/Avg Assets	0.019%	0.047%	0.049%	0.044%
Total Write Offs/Average Assets	0.290%	0.285%	0.282%	0.301%

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Income Growth	0.8%	13.9%	6.8%	9.0%
Operating Profit Growth	4.0%	19.8%	7.2%	10.9%
Pretax Profit Growth	9.2%	17.2%	8.2%	9.4%
Net Interest To Total Income	65.9%	67.3%	67.9%	68.6%
Cost Of Funds	2.01%	1.86%	1.99%	1.95%
Return On Interest Earning Assets	3.59%	3.59%	3.72%	3.72%
Net Interest Spread	1.58%	1.73%	1.72%	1.77%
Net Interest Margin (Avg Deposits)	2.10%	2.30%	2.32%	2.39%
Net Interest Margin (Avg RWA)	2.57%	2.81%	2.82%	2.91%
Provisions to Pre Prov. Operating Profit	2.32%	1.78%	2.07%	2.37%
Interest Return On Average Assets	1.59%	1.74%	1.74%	1.79%
Effective Tax Rate	19.6%	23.0%	23.2%	23.2%
Net Dividend Payout Ratio	36.7%	33.0%	33.0%	33.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Loan Growth (%)	7.1%	8.6%	7.7%	7.5%
Net Interest Margin (%)	1.7%	1.8%	1.8%	1.9%
Non Interest Income Growth (%)	-7.8%	9.2%	5.0%	6.7%
Cost-income Ratio (%)	44.4%	41.5%	41.3%	40.2%
Net NPL Ratio (%)	1.2%	1.1%	1.1%	1.1%
Loan Loss Reserve (%)	128.9%	109.3%	85.3%	57.8%
GP Ratio (%)	1.0%	0.7%	0.5%	0.2%
Tier 1 Ratio (%)	13.1%	13.4%	14.0%	14.6%
Total CAR (%)	21.4%	21.0%	21.1%	21.3%
Deposit Growth (%)	5.4%	6.6%	7.0%	7.0%
Loan-deposit Ratio (%)	78.8%	80.5%	81.2%	81.9%
Gross NPL Ratio (%)	1.2%	1.1%	1.1%	1.1%
Fee Income Growth (%)	0.6%	1.4%	9.0%	5.7%

Hovid Bhd

HOV MK / HOVI.KL

Market Cap
US\$78.66m
RM275.0m

Avg Daily Turnover
US\$0.19m
RM0.62m

Free Float
62.5%
763.8 m shares

Current **RM0.36**
Target **RM0.41**
Prev. Target **RM0.41**
Up/Downside **13.9%**

STOCK RATING

ADD

HOLD

REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.7	-3.0	9.0
Absolute	-5.3	-10.0	4.3

Major shareholders

Major shareholders	% held
Ho Sue San @ David Ho Sue San	37.5

Another year of growth

New product launches and increased product registrations in the export markets will continue to fuel Hovid's earnings growth in 2015. However, the growth may not be as strong as in the past due to capacity constraints at its plants.

We maintain our EPS forecasts and SOP-based target price of RM0.41. While we like Hovid's long-term earnings growth prospects, we retain our Hold recommendation due to the stock's limited upside. We prefer Pharmaniaga.

Sales growth capped by capacity constraints

Hovid's plants are running at close to full capacity. The company is finding it more difficult to add incremental capacity through upgrades of equipment and improvements in workflows. This has resulted in unfulfilled sales order of more than two months and hampered its ability to grow its sales further, despite a strong pipeline of new product launches and product registration in the export markets. The high utilisation of its facilities has also increased the risk of unplanned downtime and unexpected maintenance expenses. Hovid is building a new tablet and capsule plant to overcome its capacity constraints, but it will only be commissioned in early-FY6/16.

Expect better profit margin

While Hovid's sales growth in the

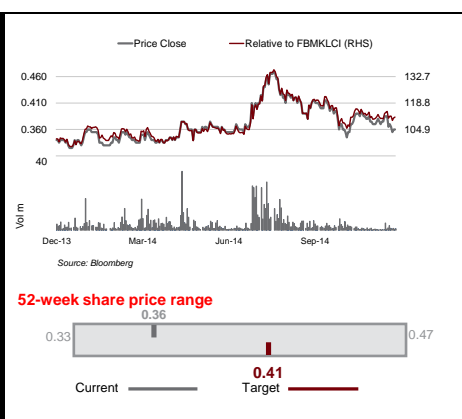
near-term could be weaker, we believe its profit margin will improve as the strong sales order relative to its production capacity allows the group to prioritise products with better margins. Its 1Q15 EBITDA margin improved 0.4% pts yoy and 0.2% pts qoq.

Beneficiary of weaker RM

Hovid is also a beneficiary of the weaker RM as half of its sales are derived via exports, which are mostly USD-denominated. RM has fallen 7% YTD against USD. We estimate a 5% depreciation in RM will boost Hovid's FY15 earnings by around 3%.

Vitamin E trial hopes

Hovid is also hopeful of receiving approval from the US FDA to sell Tocovid, a type of Vitamin E for which it owns the formulation patent. It has recently commenced two human trials to test Tocovid's efficacy in decreasing brain damage caused by stroke and in treating non-alcoholic fatty livers. The trials could take 2-3 years to complete. If successful, Tocovid could open up a blue ocean worth billions of dollars in annual sales as there is currently no specific treatment for brain damage in stroke patients.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	172.5	183.5	196.9	226.0	259.5
Operating EBITDA (RMm)	33.29	32.64	36.65	42.40	49.07
Net Profit (RMm)	20.33	18.08	21.34	25.39	29.85
Core EPS (RM)	0.026	0.024	0.028	0.033	0.039
Core EPS Growth	52.3%	(7.0%)	15.8%	19.0%	17.6%
FD Core P/E (x)	20.83	20.19	17.64	15.02	12.92
DPS (RM)	0.010	0.010	0.010	0.010	0.010
Dividend Yield	2.71%	2.78%	2.78%	2.78%	2.78%
EV/EBITDA (x)	7.94	8.06	7.28	6.35	5.53
P/FCFE (x)	298.0	54.6	47.2	38.7	90.0
Net Gearing	(9.1%)	(10.0%)	(7.4%)	(5.8%)	(4.6%)
P/BV (x)	1.77	1.71	1.57	1.45	1.36
ROE	15.1%	11.6%	12.7%	13.9%	15.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.96	1.04	0.87

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	183.5	196.9	226.0	259.5
Gross Profit	51.3	55.2	63.7	73.5
Operating EBITDA	32.6	36.6	42.4	49.1
Depreciation And Amortisation	(6.0)	(6.5)	(7.3)	(8.1)
Operating EBIT	26.6	30.1	35.1	40.9
Financial Income/(Expense)	(1.4)	(1.4)	(1.4)	(1.4)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	25.2	28.7	33.7	39.6
Exceptional Items	(0.4)	0.0	0.0	0.0
Pre-tax Profit	24.8	28.7	33.7	39.6
Taxation	(6.5)	(7.2)	(8.1)	(9.5)
Exceptional Income - post-tax				
Profit After Tax	18.3	21.6	25.6	30.1
Minority Interests	(0.2)	(0.2)	(0.2)	(0.2)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	18.1	21.3	25.4	29.8
Recurring Net Profit	18.4	21.3	25.4	29.8
Fully Diluted Recurring Net Profit	20.4	23.4	27.5	31.9

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	22.7	24.3	27.3	20.5
Total Debtors	40.5	43.9	48.1	50.4
Inventories	26.5	28.7	31.5	33.0
Total Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	89.6	96.9	106.9	103.8
Fixed Assets	98.4	112.5	125.7	138.2
Total Investments	2.4	2.4	2.4	2.4
Intangible Assets	18.0	17.4	16.8	16.2
Total Other Non-Current Assets	19.2	19.2	19.2	19.2
Total Non-current Assets	138.1	151.5	164.2	176.0
Short-term Debt	3.9	3.9	3.9	3.9
Current Portion of Long-Term Debt				
Total Creditors	24.8	26.7	28.9	29.7
Other Current Liabilities	4.8	4.8	4.8	4.8
Total Current Liabilities	33.4	35.4	37.5	38.4
Total Long-term Debt	2.1	7.1	12.1	7.1
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	10.8	10.8	10.8	10.8
Total Non-current Liabilities	12.9	17.9	22.9	17.9
Total Provisions	15.2	15.2	15.2	15.2
Total Liabilities	61.6	68.5	75.6	71.5
Shareholders' Equity	161.2	174.7	190.0	202.7
Minority Interests	5.0	5.2	5.4	5.6
Total Equity	166.2	179.9	195.5	208.4

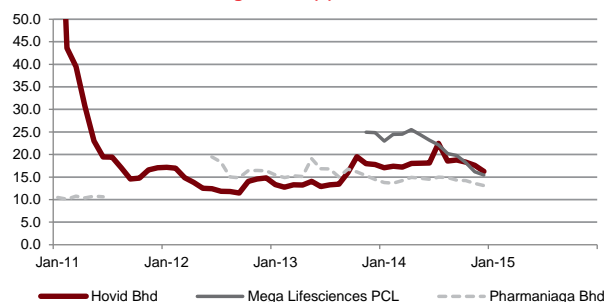
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	32.64	36.65	42.40	49.07
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(9.17)	(3.64)	(4.88)	(2.87)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	2.97	(1.56)	(3.52)	(7.92)
Net Interest (Paid)/Received	(2.42)	(0.59)	(0.59)	(0.59)
Tax Paid	(4.76)	(7.12)	(7.74)	(8.10)
Cashflow From Operations	19.26	23.74	25.67	29.58
Capex	(6.28)	(20.00)	(20.00)	(20.00)
Disposals Of FAs/subsidiaries	0.03	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	(2.31)	0.00	0.00	0.00
Cash Flow From Investing	(8.57)	(20.00)	(20.00)	(20.00)
Debt Raised/(repaid)	(3.15)	5.00	5.00	(5.00)
Proceeds From Issue Of Shares	0.35	0.00	0.00	0.00
Shares Repurchased				
Dividends Paid	(11.25)	(7.62)	(7.62)	(11.43)
Preferred Dividends				
Other Financing Cashflow	0.50	0.00	0.00	(0.00)
Cash Flow From Financing	(13.55)	(2.62)	(2.62)	(16.43)
Total Cash Generated	(2.87)	1.12	3.05	(6.85)
Free Cashflow To Equity	7.54	8.74	10.67	4.58
Free Cashflow To Firm	13.11	5.11	7.04	10.95

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	6.4%	7.3%	14.8%	14.8%
Operating EBITDA Growth	(1.9%)	12.3%	15.7%	15.7%
Operating EBITDA Margin	17.8%	18.6%	18.8%	18.9%
Net Cash Per Share (RM)	0.022	0.017	0.015	0.012
BVPS (RM)	0.21	0.23	0.25	0.27
Gross Interest Cover	19.45	22.01	25.63	29.92
Effective Tax Rate	26.2%	25.0%	24.0%	24.0%
Net Dividend Payout Ratio	41.3%	35.8%	30.1%	25.6%
Accounts Receivables Days	77.71	78.18	74.46	69.24
Inventory Days	72.90	71.10	67.85	63.22
Accounts Payables Days	71.98	66.30	62.64	57.46
ROIC (%)	12.1%	13.0%	13.8%	14.8%
ROCE (%)	14.2%	15.3%	16.2%	17.7%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
ASP (% chg, main prod./serv.)	0.0%	5.2%	1.6%	1.6%
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
R&D Cost/sales (%)	0.0%	0.0%	0.0%	0.0%

IFCA MSC

IFCA MK / IFCA.KL

► **Market Cap**
US\$102.9m
 RM359.7m

► **Avg Daily Turnover**
US\$5.15m
 RM17.07m

► **Free Float**
46.0%
 453.0 m shares

Current **RM0.76**
 Target **RM1.05** ►
 Prev. Target **RM1.05**
 Up/Downside **38.2%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-2.2	74.0	798.8
Absolute	-6.8	67.0	794.1

Major shareholders	% held
IFCA Software (Asia) S/B	46.5
DP Capital	5.6
Kevin Lim	2.0

China and GST boost

After struggling in the past few years, IFCA's earnings finally hit its sweet spot in 2014. The next few years will be very exciting times for the company as its domestic and China divisions drive topline growth. GST software upgrade sales are a bonus for IFCA in 2014/2015.

We maintain our EPS estimates and target price, based on an unchanged 21x 2016 P/E (in line with domestic peers). The stock remains an Add. Potential catalysts are continued strong sales from China, GST upgrade sales and the possible transfer to the Main Board in 2015.

Three key factors ►

Three key factors are expected to drive the company's earnings growth over the next few years: i) Software migration from Windows-based to web and mobile platforms for its domestic customers. Currently, less than 10% of its domestic customers are on the web-based platform. ii) Strong China sales. The company only has around 100 customers in China while there are close to 40,000 property companies in that country. iii) Domestic GST software upgrades and training in 2014/2015. We estimate IFCA should be able to secure around RM60m GST software upgrades and training in 2014/2015.

High operating leverage ►

IFCA's business has high operating leverage and incremental revenue growth is expected to flow mostly to its bottomline. This is the main factor driving the projected 100% net

profit CAGR over the next three years.

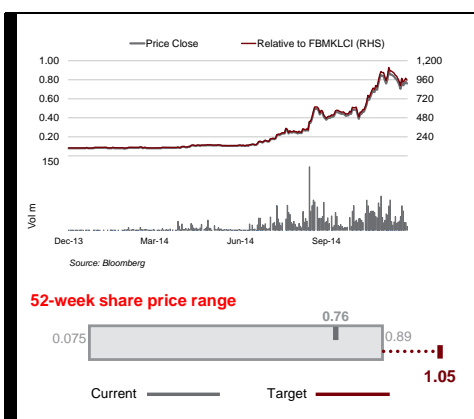
New products in pipeline ►

IFCA is targeting to spend RM14m to develop new products in 2014/2015. New products developed so far are for human resource management, cloud-based property management and education services (via the IFCA Academy).

In the pipeline are plans to roll out e-tendering/procurement services, project cost planning, management software and new smartphone/tablet apps. We have not factored in the potential earnings from these new products.

Main Board in 2015? ►

IFCA is confident that its operations should be able to meet the financial track record of cumulative RM20m net profit over three years. If all goes well, the company hopes to transfer to the Main Board in 2015, one year earlier than scheduled. In addition, the company is looking at M&As to grow its business. However, any acquisition must provide synergy to its existing operations. Management remains focused on what it is good at doing.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	45.9	52.0	88.0	107.0	114.6
Net Profit (RMm)	3.50	1.70	18.80	24.90	28.57
Core EPS (RM)	0.014	0.008	0.043	0.057	0.065
Core EPS Growth	NA	(45%)	466%	31%	14%
FD Core P/E (x)	54.4	114.6	22.4	17.2	15.1
Price To Sales (x)	7.29	6.60	3.91	3.22	3.00
DPS (RM)	-	-	0.005	0.008	0.010
Dividend Yield	0.00%	0.00%	0.66%	1.05%	1.32%
EV/EBITDA (x)	43.84	68.81	12.76	9.31	7.57
P/FCFE (x)	76.0	209.3	45.6	17.0	16.6
Net Gearing	(68.1%)	(70.7%)	(63.7%)	(73.8%)	(77.2%)
P/BV (x)	7.32	7.25	5.34	3.99	3.11
ROE	14.1%	7.4%	35.2%	34.2%	29.9%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.94	0.87	0.97

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	52.0	88.0	107.0	114.6
Gross Profit	44.2	74.8	91.0	97.4
Operating EBITDA	4.5	23.8	30.2	34.3
Depreciation And Amortisation	(3.1)	(2.0)	(2.0)	(2.0)
Operating EBIT	1.4	21.8	28.2	32.3
Financial Income/(Expense)	0.5	0.2	0.8	1.0
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	4.0	23.0	30.0	34.3
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	1.9	22.0	29.0	33.3
Taxation	(0.3)	(2.2)	(2.9)	(3.3)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0
Profit After Tax	1.6	19.8	26.1	30.0
Minority Interests	0.1	(1.0)	(1.2)	(1.4)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1.7	18.8	24.9	28.6
Recurring Net Profit	3.5	19.7	25.8	29.5
Fully Diluted Recurring Net Profit	3.5	20.2	26.3	30.0

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	34.3	42.4	66.0	89.0
Total Debtors	9.6	19.1	16.1	17.2
Inventories	0.0	0.0	0.0	0.0
Total Other Current Assets	3.6	3.6	3.6	3.6
Total Current Assets	47.5	65.1	85.7	109.8
Fixed Assets	9.3	14.3	19.3	22.3
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	5.8	5.8	5.8	5.8
Total Non-current Assets	15.1	20.1	25.1	28.1
Short-term Debt	0.3	0.3	0.3	0.3
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0
Total Creditors	6.8	11.4	13.9	15.3
Other Current Liabilities	7.3	7.3	7.3	7.3
Total Current Liabilities	14.4	19.0	21.5	22.9
Total Long-term Debt	0.2	0.2	0.2	0.2
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	0.2	0.2	0.2	0.2
Total Non-current Liabilities	0.4	0.4	0.4	0.4
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	14.8	19.4	21.9	23.3
Shareholders' Equity	47.5	64.5	86.3	110.7
Minority Interests	0.3	1.3	2.5	3.9
Total Equity	47.8	65.8	88.8	114.6

Tax does not tally w P&L and key ratios. Is this correct?

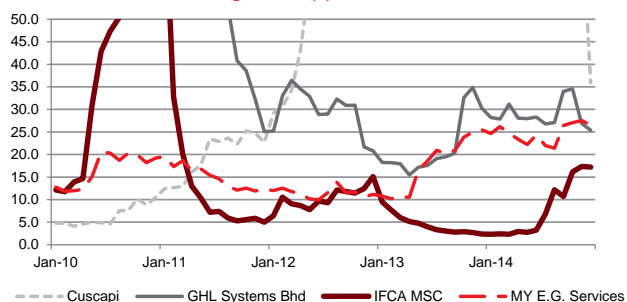
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	4.50	23.80	30.20	34.30
Cash Flow from Invnt. & Assoc.	0.00	0.00	0.00	0.00
Change In Working Capital	(0.10)	(4.86)	5.52	0.25
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00
Other Operating Cashflow	(0.50)	0.00	0.00	0.00
Net Interest (Paid)/Received	0.50	0.20	0.80	1.00
Tax Paid	2.40	(2.20)	(2.90)	(3.33)
Cashflow From Operations	6.80	16.94	33.62	32.22
Capex	(4.70)	(7.00)	(7.00)	(5.00)
Disposals Of FAs/subsidiaries	0.10	0.00	0.00	0.00
Acq. Of Subsidiaries/Investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Investing	(4.60)	(7.00)	(7.00)	(5.00)
Debt Raised/(repaid)	(0.30)	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	0.00	(1.80)	(3.10)	(4.20)
Preferred Dividends	0.00	0.00	0.00	0.00
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	(0.30)	(1.80)	(3.10)	(4.20)
Total Cash Generated	1.90	8.14	23.52	23.02
Free Cashflow To Equity	1.90	9.94	26.62	27.22
Free Cashflow To Firm	2.20	9.94	26.62	27.22

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	13.3%	69.2%	21.6%	7.1%
Operating EBITDA Growth	(35%)	429%	27%	14%
Operating EBITDA Margin	8.7%	27.0%	28.2%	29.9%
Net Cash Per Share (RM)	0.07	0.09	0.14	0.20
BVPS (RM)	0.10	0.14	0.19	0.24
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	15.8%	10.0%	10.0%	10.0%
Net Dividend Payout Ratio	NA	8.2%	10.8%	12.8%
Accounts Receivables Days	65.28	59.52	59.95	53.08
Inventory Days	-	-	-	-
Accounts Payables Days	299.5	252.2	288.2	311.0
ROIC (%)	23%	161%	121%	141%
ROCE (%)	8.4%	40.1%	38.6%	33.6%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP Change (% Main Product)	N/A	N/A	N/A	N/A
Unit sales growth (% main prod)	6.7%	22.4%	11.6%	20.0%
No. Of Lines (main Product)	N/A	N/A	N/A	N/A
Rev per line (US\$, main prod)	N/A	N/A	N/A	N/A
ASP chg (% 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (% 2ndary prod)	32.8%	81.8%	50.0%	30.0%
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A

IGB REIT

IGBREIT MK / IGBRE.KL

➤ **Market Cap**
US\$1,292m
 RM4,516m

➤ **Avg Daily Turnover**
US\$0.62m
 RM2.03m

➤ **Free Float**
49.0%
 3,384 m shares

Current **RM1.31**
 Target **RM1.35** 
 Prev. Target **RM1.25**
 Up/Downside **2.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.4	10.1	13
Absolute	-2.2	3.1	8.3

Major shareholders	% held
IGB Corp Berhad	51.0

Gardens in the Valley

We expect IGB REIT's net property income (NPI) in 2015 to be driven by rental reversions undertaken in 2014, which is around 30% of its total net lettable area (NLA). Beyond the rental reversions, we see little in terms of catalysts that could drive its earnings growth further.

Our DDM-based target price is raised to RM1.35 from RM1.25 after we make adjustments to our cost of equity assumptions (from 8.8% to 8.7%). Our Hold call on IGB REIT is maintained in light of the lack of catalysts that will increase investor interest in the stock. For exposure to M-REITs, we prefer Axis REIT instead.

Rentals to remain stable in 2015 ➤

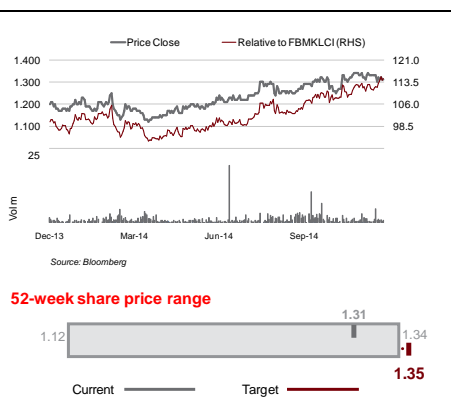
For 2014, IGB REIT's revenue growth was driven by positive rental reversions that were undertaken in 2013, including 53% of The Gardens Mall's net lettable area (NLA). For the 9MFY14, IGB REIT's revenues grew by 4.3% while net property income (NPI) grew by 8.7%, bringing net profit to RM176.4m, on track to reach our full-year estimate of RM229.7m. Beyond that, we believe that rental reversions undertaken in 2014, which are around 35% and 30% of Mid Valley's and The Garden's NLA respectively, would drive its revenues. We expect reversions to be higher by around 10-15%, which will translate into revenue growth of 4-5% for FY15.

No asset injections to look forward to ➤

We believe there are no exciting catalysts that could boost its earnings further in the medium term given the lack of asset injections in the foreseeable future. While IGB REIT is likely to inject its Southkey Mall, its parent's development in Johor, we note that this will only be ready by 2016-2017. We believe other asset injections are unlikely at this point in time, thus IGB REIT's revenues will mainly come from rental reversions.

Balance sheet remains strong ➤

While the acquisition outlook remains uncertain, we note that IGB REIT's balance sheet remains healthy as gross gearing and net gearing stood at 0.32x and 0.28x, respectively, as at end-3QFY14. As acquisitions are a challenge currently due to the status quo between buyer and seller, we believe that IGB REIT's balance sheet is well prepared for any potential acquisitions.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Property Revenue (RMm)	387.0	416.4	452.9	468.3	479.2
Net Property Income (RMm)	262.9	285.7	314.3	327.7	335.3
Net Profit (RMm)	180.6	203.7	229.7	241.4	248.3
Distributable Profit (RMm)	212.7	237.6	264.4	276.8	284.1
Core EPS (RM)	0.053	0.060	0.067	0.069	0.071
Core EPS Growth	0.0%	12.3%	11.8%	4.2%	2.0%
FD Core P/E (x)	24.67	21.96	19.64	18.85	18.49
DPS (RM)	0.063	0.070	0.076	0.075	0.077
Dividend Yield	4.78%	5.36%	5.84%	5.75%	5.85%
Asset Leverage	25.8%	25.8%	25.8%	25.9%	25.8%
BVPS (RM)	1.00	0.99	0.98	0.97	0.96
P/BV (x)	1.32	1.33	1.34	1.35	1.36
Recurring ROE		6.02%	6.79%	7.15%	7.35%
% Change In DPS Estimates			0%	0%	
CIMB/consensus DPS (x)			1.08	1.02	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Rental Revenues	325.1	360.6	375.1	385.1
Other Revenues	91.4	92.3	93.2	94.1
Gross Property Revenue	416.4	452.9	468.3	479.2
Total Property Expenses	(130.7)	(138.7)	(140.6)	(143.9)
Net Property Income	285.7	314.3	327.7	335.3
General And Admin. Expenses	0.0	0.0	0.0	0.0
Management Fees	(28.8)	(29.7)	(30.4)	(30.8)
Trustee's Fees	(0.3)	(0.3)	(0.3)	(0.3)
Other Operating Expenses	(0.5)	(2.2)	(2.3)	(2.3)
EBITDA	256.1	282.1	294.7	301.9
Depreciation And Amortisation	0.0	0.0	0.0	0.0
EBIT	256.1	282.1	294.7	301.9
Net Interest Income	(52.4)	(52.4)	(53.3)	(53.6)
Associates' Profit				
Other Income/(Expenses)	0.0	0.0	0.0	0.0
Exceptional Items				
Pre-tax Profit	203.7	229.7	241.4	248.3
Taxation				
Minority Interests				
Preferred Dividends				
Net Profit	203.7	229.7	241.4	248.3
Distributable Profit	237.6	264.4	276.8	284.1

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Investments	4,600	4,600	4,600	4,600
Intangible Assets	0	0	0	0
Other Long-term Assets	18	23	28	33
Total Non-current Assets	4,618	4,623	4,628	4,633
Total Cash And Equivalents	42	32	23	27
Inventories				
Trade Debtors				
Other Current Assets	9	9	9	9
Total Current Assets	51	42	32	36
Trade Creditors				
Short-term Debt	13	13	13	13
Other Current Liabilities	27	27	27	27
Total Current Liabilities	40	40	40	40
Long-term Borrowings	1,193	1,193	1,193	1,193
Other Long-term Liabilities	52	52	52	52
Total Non-current Liabilities	1,245	1,245	1,245	1,245
Shareholders' Equity	3,384	3,380	3,375	3,384
Minority Interests	0	0	0	0
Preferred Shareholders Funds				
Total Equity	3,384	3,380	3,375	3,384

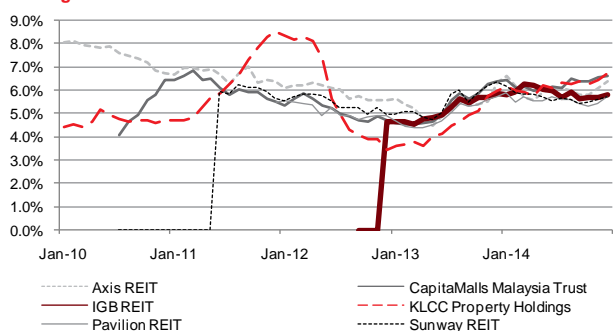
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Pre-tax Profit	203.7	229.7	241.4	248.3
Depreciation And Non-cash Adj.	52.4	52.4	53.3	53.6
Change In Working Capital				
Tax Paid				
Others	33.3	34.1	21.7	34.5
Cashflow From Operations	289.4	316.2	316.4	336.4
Capex	(8.8)	(8.8)	(8.8)	(8.8)
Net Investments And Sale Of FA	0.0	0.0	0.0	0.0
Other Investing Cashflow				
Cash Flow From Investing	(8.8)	(8.8)	(8.8)	(8.8)
Debt Raised/(repaid)				
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0
Dividends Paid	(240.8)	(264.4)	(263.0)	(269.9)
Cash Interest And Others	(52.4)	(52.4)	(53.3)	(53.6)
Cash Flow From Financing	(293.2)	(316.8)	(316.3)	(323.5)
Total Cash Generated	(12.5)	(9.4)	(8.6)	4.2
Free Cashflow To Firm	284.4	311.1	310.4	330.1
Free Cashflow To Equity	228.3	255.1	254.4	274.0

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Property Revenue Growth	7.59%	8.76%	3.40%	2.32%
NPI Growth	8.68%	9.99%	4.27%	2.32%
Net Property Income Margin	68.6%	69.4%	70.0%	70.0%
DPS Growth	12.2%	8.9%	(1.4%)	1.7%
Gross Interest Cover	4.57	5.03	5.26	5.39
Effective Tax Rate	0%	0%	0%	0%
Net Dividend Payout Ratio	118%	115%	109%	109%
Current Ratio	1.27	1.04	0.80	0.91
Quick Ratio	1.27	1.04	0.80	0.91
Cash Ratio	1.04	0.81	0.57	0.68
Return On Average Assets	4.36%	4.92%	5.18%	5.32%

Rolling Dividend Yield



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Rental Rate Psf Pm (RM)	N/A	N/A	N/A	N/A
Acq. (less development) (US\$m)	N/A	N/A	N/A	N/A
RevPAR (RM)	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sf)	2,534	2,534	2,534	2,534
Occupancy (%)	99.8%	99.8%	99.8%	99.8%
Assets Under Management (m) (RM)	N/A	N/A	N/A	N/A
Funds Under Management (m) (RM)	N/A	N/A	N/A	N/A

IJM Corp Bhd

IJM MK / IJMS.KL

➤ **Market Cap**
US\$2,799m
 RM9,785m

➤ **Avg Daily Turnover**
US\$5.55m
 RM18.33m

➤ **Free Float**
70.8%
 1,353 m shares

Current **RM6.57**
 Target ➤ **RM7.95**
 Prev. Target **RM7.95**
 Up/Downside **21.0%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.8	7.2	19.2
Absolute	-3.8	0.2	14.5

Major shareholders	% held
EPF	11.4
KWAP	7.4
Amanahraya Trustees	10.4

Jobs rising to a new high

We expect positive developments in the medium-term to benefit IJM Corp's construction space. Its order book is set to scale to a new high, with more jobs beyond WCE and K-Port expansion. IJM Land is fairly insulated against the softer property market given its product mix.

For construction, there is margin support from the impact of lower oil and steel prices. Its order book is set to almost triple to an all-time high of over RM6bn. Our target price is still pegged to a 10% RNAV discount. Medium-term catalysts are job wins and completion of the privatisation of IJM Land. Maintain Add.

Order book growth ➤

We expect the official award of the RM2.8bn portion of the WCE to come in once the supplementary concession agreement (CA) is wrapped-up. The long-awaited RM1.1bn Kuantan Port extension works is also in the pipeline. There is more upside to the over RM6bn order book (a growth of more than 3x from the current RM2.3bn) in the short-term as the group has received a letter of intent for a domestic building project worth c.RM400m. IJM Corp's order book is climbing to an all-time high, amidst a more favourable environment of lower oil prices and depressed domestic steel prices.

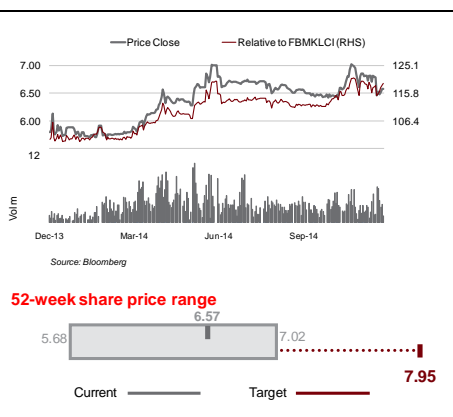
Pushing launches pre-GST ➤

We are fairly confident that IJM can achieve its RM2bn in property sales target for FY15 (vs. RM2.9bn sales in

FY14) as this would be driven by its township development and landed units - deemed to be relatively more robust against the subdued back drop of the domestic property market. Key projects are Bandar Rimbayu at the West Coast growth area of Selangor, The Light in Penang, Pantai Sentral Park in Bangsar, and Seban Cove benefitting from oil & gas driven population rise in greater Iskandar. It is looking to speed up some launches to early next year to cash in on the buoyant demand for landed homes. The RM2bn property sales target for FY15 is backed by RM1.8bn in unbilled sales. EGMs for the privatisation of IJM Land should be wrapped up by Jan 2015.

Medium-term catalysts in sight ➤

We expect the stock to rerate on several key catalysts. Positive newsflow on order book growth is backed by the completion of the privatisation of IJM Land in 1Q15. The group's incoming township property launches should be relatively more resilient and support its RM2bn property sales target for FY15.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue (RMm)	4,663	6,006	7,470	8,797	9,020
Operating EBITDA (RMm)	866	884	1,062	1,204	1,231
Net Profit (RMm)	420.9	829.6	591.5	673.0	696.9
Core EPS (RM)	0.33	0.37	0.44	0.50	0.52
Core EPS Growth	2.0%	13.3%	18.5%	13.8%	3.6%
FD Core P/E (x)	20.18	17.81	15.03	13.21	12.75
DPS (RM)	0.13	0.25	0.16	0.17	0.18
Dividend Yield	2.02%	3.81%	2.44%	2.59%	2.74%
EV/EBITDA (x)	13.06	16.43	13.63	11.98	11.67
P/FCFE (x)	55.86	49.56	14.37	14.85	33.80
Net Gearing	73.7%	37.7%	41.0%	42.1%	41.3%
P/BV (x)	3.37	1.29	1.48	1.57	1.56
ROE	17.2%	10.5%	9.2%	11.5%	12.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.04	1.01	0.93

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues	6,006	7,470	8,797	9,020
Gross Profit	5,230	7,470	8,797	9,020
Operating EBITDA	884	1,062	1,204	1,231
Depreciation And Amortisation	(207)	(92)	(94)	(95)
Operating EBIT	677	970	1,110	1,136
Financial Income/(Expense)	675	(205)	(237)	(255)
Pretax Income/(Loss) from Assoc.	(140)	47	51	56
Non-Operating Income/(Expense)	204	0	0	0
Profit Before Tax (pre-EI)	1,416	812	924	937
Exceptional Items	0	0	0	0
Pre-tax Profit	1,416	812	924	937
Taxation	(341)	(210)	(239)	(225)
Exceptional Income - post-tax				
Profit After Tax	1,076	601	686	712
Minority Interests	(246)	(10)	(13)	(16)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	830	591	673	697
Recurring Net Profit	499	591	673	697
Fully Diluted Recurring Net Profit	499	591	673	697

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Cash And Equivalents	2,008	1,907	1,812	1,721
Total Debtors	3,792	3,716	3,642	3,569
Inventories	672	831	979	1,004
Total Other Current Assets	2,889	2,918	2,947	2,977
Total Current Assets	9,361	9,373	9,380	9,271
Fixed Assets	60	68	68	68
Total Investments	0	0	0	0
Intangible Assets	61	61	61	61
Total Other Non-Current Assets	8,917	9,006	9,096	9,187
Total Non-current Assets	9,038	9,135	9,225	9,316
Short-term Debt	2,159	2,073	1,990	1,911
Current Portion of Long-Term Debt				
Total Creditors	2,216	3,322	3,913	4,012
Other Current Liabilities	179	179	179	179
Total Current Liabilities	4,554	5,574	6,082	6,101
Total Long-term Debt	3,274	3,208	3,144	3,081
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,489	1,489	1,489	1,489
Total Non-current Liabilities	4,763	4,698	4,634	4,571
Total Provisions	0	0	0	0
Total Liabilities	9,318	10,272	10,715	10,672
Shareholders' Equity	6,869	6,024	5,678	5,703
Minority Interests	2,211	2,211	2,211	2,211
Total Equity	9,081	8,235	7,889	7,915

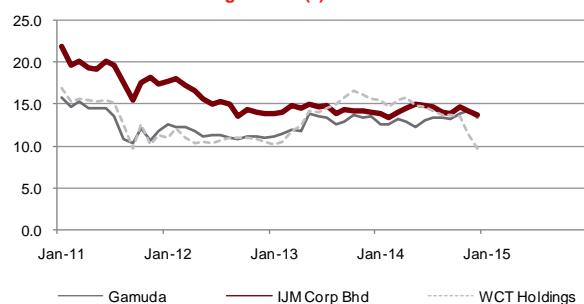
Cash Flow

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
EBITDA	884	1,062	1,204	1,231
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(436)	(817)	(865)	(634)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	41	41	41	41
Net Interest (Paid)/Received	(185)	(205)	(237)	(255)
Tax Paid	(189)	(199)	(219)	(235)
Cashflow From Operations	115	(118)	(76)	148
Capex	(56)	(56)	(56)	(56)
Disposals Of FAs/subsidiaries	110	280	270	105
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	54	224	214	49
Debt Raised/(repaid)	11	512	461	66
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(52)	(52)	(52)	(52)
Preferred Dividends				
Other Financing Cashflow	(212)	(667)	(642)	(302)
Cash Flow From Financing	(253)	(207)	(232)	(287)
Total Cash Generated	(85)	(100)	(95)	(91)
Free Cashflow To Equity	179	619	598	263
Free Cashflow To Firm	376	330	391	466

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue Growth	28.8%	24.4%	17.8%	2.5%
Operating EBITDA Growth	2.1%	20.1%	13.3%	2.3%
Operating EBITDA Margin	14.7%	14.2%	13.7%	13.6%
Net Cash Per Share (RM)	(2.53)	(2.49)	(2.46)	(2.42)
BVPS (RM)	5.08	4.45	4.20	4.22
Gross Interest Cover	2.93	4.33	4.38	4.21
Effective Tax Rate	24.1%	25.9%	25.8%	24.0%
Net Dividend Payout Ratio	23.3%	34.9%	30.7%	29.7%
Accounts Receivables Days	223.5	183.4	153.1	145.9
Inventory Days	306.5	N/A	N/A	N/A
Accounts Payables Days	1,115	N/A	N/A	N/A
ROIC (%)	13.3%	6.9%	8.5%	8.9%
ROCE (%)	16.0%	7.1%	8.5%	8.9%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Outstanding Orderbook	6,500	6,000	6,000	6,000
Order Book Depletion	N/A	N/A	N/A	N/A
Orderbook Replenishment	800	4,000	1,500	1,000
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A

IOI Corporation

IOI MK / IOIB.KL

▶ **Market Cap**
US\$8,426m
 RM29,452m

▶ **Avg Daily Turnover**
US\$7.51m
 RM24.73m

▶ **Free Float**
45.1%
 6,450 m shares

Current **RM4.63**
 Target **RM4.32** ▶
 Prev. Target **RM4.32**
 Up/Downside **-6.7%**

STOCK RATING

ADD
 HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.1	3.4	-3.5
Absolute	-4.5	-3.6	-8.2

Major shareholders	% held
Progressive Holdings Sdn Bhd	44.7
Employees Provident Fund	10.2

Pricey valuations

We are keeping to our Reduce call and SOP-based target price on this stock due to its rich valuations. We like its management and expect its manufacturing earnings to provide a cushion against lower CPO prices, but this is overshadowed by the group's high valuations.

The group's earnings are sensitive to CPO prices as it derives 58% of its pretax profit from the plantation division. We estimate that every RM100 per tonne change in CPO prices will impact the group's net profit by 4.3%. There is also the risk that the group may be removed from the list of Shariah-compliant securities during the next review in Mar 15.

Weaker earnings in FY15 ▶

We project IOI Corp to post weaker earnings in FY6/15 due to the absence of property contributions following its de-merger exercise and a one-off gain RM1.89bn from the property de-merger exercise. We project plantation earnings to be flattish as the better production from its estates will be offset by weaker selling prices.

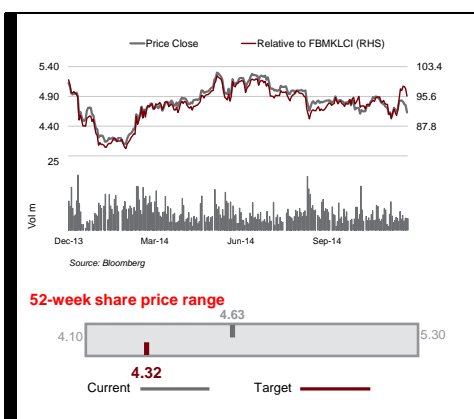
Expanding its estates ▶

IOI Corp raised its total oil palm planted area by 8% in FY6/14 to 174,061ha, mainly through the acquisition of Unico-Desa Plantations for RM1bn. We are positive on the acquisition, as we feel that the purchase price for the estates is fair and see room for FFB yields to improve in the estates as Unico-Desa

has replanted 28% of its planted area since 2008. Future expansion in the group will come from its plans to enlarge its planted area in Indonesia through new planting activities of 6,000ha per annum over the next three years. Currently, the group has planted 15,320ha of estates in Indonesia. We also expect the group to derive higher contribution from its 32%-owned plantation associate, Bumitama Agri Limited – as more of its estates reach prime producing age. The average age of Bumitama Agri estates is currently six years old.

Downstream prospects ▶

We expect a more challenging operating environment for its refining business due to the aggressive expansion of its refining capacity in Indonesia. The group's oleochemical division is also expected to face stiffer competition from new capacities and higher biodiesel production in Malaysia and Indonesia. The speciality fats division is expected to be less impacted by overcapacity issues, and the group plans to focus on improving its plants' revenue and efficiency.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	13,517	12,664	14,250	15,876	17,553
Operating EBITDA (RMm)	2,451	2,378	1,886	2,084	2,236
Net Profit (RMm)	1,974	3,373	1,219	1,373	1,494
Core EPS (RM)	0.26	0.24	0.19	0.21	0.23
Core EPS Growth	(13.8%)	(9.6%)	(19.8%)	12.6%	8.8%
FD Core P/E (x)	17.74	19.58	24.44	21.70	19.94
DPS (RM)	0.16	0.12	0.09	0.11	0.12
Dividend Yield	3.35%	2.55%	2.04%	2.30%	2.50%
EV/EBITDA (x)	13.72	13.75	17.22	15.35	13.85
P/FCFE (x)	252.8	16.9	35.2	35.2	20.7
Net Gearing	31.3%	56.7%	47.3%	38.5%	24.7%
P/BV (x)	2.18	4.95	4.30	3.92	3.57
ROE	12.8%	15.4%	18.8%	18.9%	18.7%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.94	0.94	0.99

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	12,664	14,250	15,876	17,553
Gross Profit	2,850	635	1,386	2,259
Operating EBITDA	2,378	1,886	2,084	2,236
Depreciation And Amortisation	(227)	(202)	(210)	(218)
Operating EBIT	2,152	1,684	1,874	2,018
Financial Income/(Expense)	(240)	(152)	(138)	(124)
Pretax Income/(Loss) from Assoc.	160	136	143	150
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	2,071	1,668	1,878	2,044
Exceptional Items	1,853	0	0	0
Pre-tax Profit	3,924	1,668	1,878	2,044
Taxation	(534)	(434)	(488)	(532)
Exceptional Income - post-tax				
Profit After Tax	3,390	1,234	1,390	1,513
Minority Interests	(17)	(15)	(17)	(18)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	3,373	1,219	1,373	1,494
Recurring Net Profit	1,520	1,219	1,373	1,494
Fully Diluted Recurring Net Profit	1,520	1,219	1,373	1,494

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	3,988	4,171	4,333	5,026
Total Debtors	1,102	1,085	1,198	1,327
Inventories	2,155	2,291	2,530	2,801
Total Other Current Assets	142	184	184	184
Total Current Assets	7,386	7,730	8,245	9,337
Fixed Assets	6,410	6,729	7,019	7,302
Total Investments	928	1,022	1,165	1,314
Intangible Assets	458	57	57	57
Total Other Non-Current Assets	149	504	504	504
Total Non-current Assets	7,946	8,313	8,746	9,177
Short-term Debt	2,454	2,621	2,621	2,621
Current Portion of Long-Term Debt				
Total Creditors	941	745	823	911
Other Current Liabilities	102	133	498	1,366
Total Current Liabilities	3,497	3,499	3,942	4,898
Total Long-term Debt	5,069	4,940	4,740	4,540
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	81	45	46	47
Total Non-current Liabilities	5,150	4,984	4,785	4,586
Total Provisions	451	398	398	398
Total Liabilities	9,099	8,882	9,125	9,882
Shareholders' Equity	6,037	6,938	7,625	8,372
Minority Interests	196	223	240	258
Total Equity	6,233	7,161	7,865	8,630

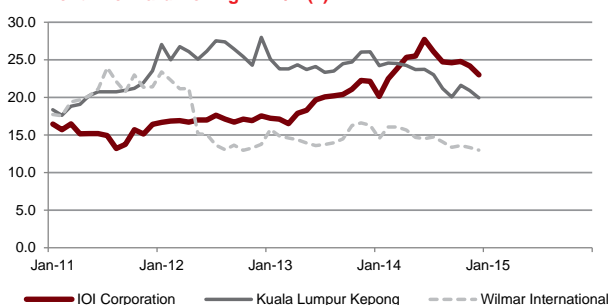
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	2,378	1,886	2,084	2,236
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(151)	9	90	557
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(114)	0	0	0
Net Interest (Paid)/Received	(272)	(152)	(138)	(124)
Tax Paid	(451)	(434)	(488)	(532)
Cashflow From Operations	1,391	1,309	1,547	2,138
Capex	(828)	(500)	(500)	(500)
Disposals Of FAs/subsidiaries	2,207	0	0	0
Acq. Of Subsidiaries/investments	(1,066)	0	0	0
Other Investing Cashflow	(54)	0	0	0
Cash Flow From Investing	260	(500)	(500)	(500)
Debt Raised/(repaid)	107	37	(200)	(200)
Proceeds From Issue Of Shares	57	4	0	0
Shares Repurchased	(205)	0	0	0
Dividends Paid	(1,063)	(610)	(687)	(747)
Preferred Dividends				
Other Financing Cashflow	(1,182)	1,566	2	2
Cash Flow From Financing	(2,287)	998	(885)	(945)
Total Cash Generated	(637)	1,807	163	693
Free Cashflow To Equity	1,757	846	847	1,438
Free Cashflow To Firm	1,945	1,042	1,274	1,859

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	(6.3%)	12.5%	11.4%	10.6%
Operating EBITDA Growth	(3.0%)	(20.7%)	10.5%	7.3%
Operating EBITDA Margin	18.8%	13.2%	13.1%	12.7%
Net Cash Per Share (RM)	(0.55)	(0.53)	(0.47)	(0.33)
BVPS (RM)	0.94	1.08	1.18	1.30
Gross Interest Cover	7.79	7.23	8.26	9.14
Effective Tax Rate	13.6%	26.0%	26.0%	26.0%
Net Dividend Payout Ratio	50.0%	50.0%	50.0%	50.0%
Accounts Receivables Days	31.79	28.00	26.31	26.24
Inventory Days	72.68	59.59	60.88	63.61
Accounts Payables Days	32.18	22.59	19.80	20.68
ROIC (%)	11.2%	18.0%	18.8%	19.8%
ROCE (%)	12.2%	12.1%	12.8%	13.3%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Planted Estates (ha)	163,626	166,626	169,626	172,626
Mature Estates (ha)	150,482	153,482	156,482	161,482
FFB Yield (tonnes/ha)	24.0	24.5	24.3	24.3
FFB Output Growth (%)	3.0%	6.1%	1.1%	2.6%
CPO Price (US\$/tonne)	849	845	880	923

Jaya Tiasa Holdings

JT MK / JTIA.KL

➤ **Market Cap**
US\$534.5m
 RM1,868m

➤ **Avg Daily Turnover**
US\$0.38m
 RM1.26m

➤ **Free Float**
38.5%
 973.7 m shares

Current **RM1.93**
 Target ➤ **RM1.95**
 Prev. Target **RM1.95**
 Up/Downside **1.01%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-2.2	-5.3	-8.4
Absolute	-6.8	-12.3	-13.1

Major shareholders	% held
Tiong Toh Siong Holdings Sdn Bhd	21.5
Genine Chain Limited	19.0
Asanas Sdn Bhd	9.0

Could it be a late bloomer?

The low FFB yield and extraction rate (OER) are the key reasons why Jaya Tiasa trades at the lowest EV/ha among the Malaysian planters under our coverage. However, should the recent gain in productivity be sustained, the stock could re-rate.

We maintain our EPS, SOP-based target price of RM1.95 and Hold recommendation. We would turn more positive if the group managed to raise its estate productivity higher than our expectations. Switch to First Resources.

Subpar estate productivity ➤

In FY6/14, Jaya Tiasa's FFB yield was 14 tonnes per ha, significantly below the country's average of 19 tonnes per ha. At its CPO mills, the OER was only 16%, lower than the industry average of 20%. While the low productivity was due in part to its young estates (average age of 6 years), we had projected performances similar to that of other planters with young estates, which have done better.

Raising FFB yield is the top priority ➤

Things seemed to be slowly improving when it reported its 1QFY15 results last month. The group managed to raise its OER to 18.3% from 15.2% a year ago. However, its estate productivity remained stubbornly low as its FFB production rose by only 7% yoy in Jul-Sep, below the 37% growth guided by the group. Our production growth forecast is 19% for FY15 as we take a more conservative stance.

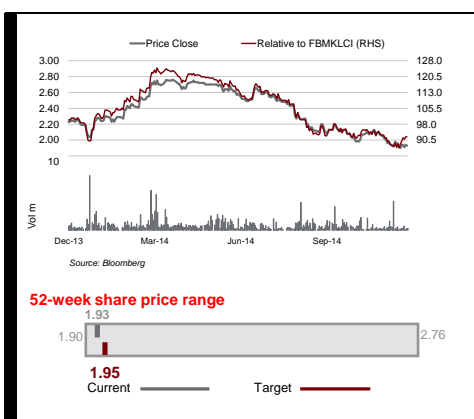
Every 5% deviation from our FFB production forecast will affect FY15 EPS by 15%.

Better timber earnings ➤

We expect Jaya Tiasa's timber division to perform better than its palm division next year. Log prices should remain firm as a result of the shortage of tropical logs in the international export market. While plywood prices may soften due to weakening Japanese demand, the earnings impact will be cushioned by the weak RM, which has fallen by 7% YTD to RM3.50 to a dollar. We estimate that every 1% drop in RM against US\$ will raise its FY15 EPS by 5%.

Cheap EV/ha ➤

We believe Jaya Tiasa is fairly valued at the current level. Its EV/ha of around US\$12,000 is the lowest among the Malaysian planters under our coverage, which reflects its subpar estate productivity. However, this is only at a slight premium above the estates' replacement cost after adjusting for the value of its timber assets. This will support its share price.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	1,054	1,035	1,290	1,408	1,603
Operating EBITDA (RMm)	113.9	206.3	228.4	289.2	410.9
Net Profit (RMm)	21.1	57.1	82.8	137.2	225.0
Core EPS (RM)	0.02	0.07	0.08	0.14	0.23
Core EPS Growth	(87%)	202%	30%	66%	64%
FD Core P/E (x)	88.91	29.43	22.71	13.70	8.35
DPS (RM)	0.010	0.015	0.017	0.028	0.046
Dividend Yield	0.52%	0.78%	0.88%	1.46%	2.39%
EV/EBITDA (x)	22.40	12.72	10.94	8.18	5.24
P/FCFE (x)	NA	NA	18.77	12.34	7.64
Net Gearing	38.4%	42.1%	32.5%	23.5%	11.3%
P/BV (x)	1.10	1.07	1.02	0.96	0.87
ROE	1.4%	3.7%	4.6%	7.2%	10.9%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.79	0.95	1.25

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	1,035	1,290	1,408	1,603
Gross Profit	269	331	408	537
Operating EBITDA	206	228	289	411
Depreciation And Amortisation	(87)	(119)	(105)	(109)
Operating EBIT	120	109	184	302
Financial Income/(Expense)	(26)	(36)	(37)	(39)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	45	45	47
Profit Before Tax (pre-EI)	94	118	192	311
Exceptional Items	(7)	0	0	0
Pre-tax Profit	87	118	192	311
Taxation	(27)	(31)	(51)	(82)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	60	86	141	229
Minority Interests	(2)	(3)	(4)	(4)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0	0	0	0
Net Profit	57	83	137	225
Recurring Net Profit	64	83	137	225
Fully Diluted Recurring Net Profit	64	83	137	225

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	92	266	401	620
Total Debtors	147	207	226	257
Inventories	170	162	169	180
Total Other Current Assets	6	26	28	31
Total Current Assets	414	660	824	1,088
Fixed Assets	2,452	2,395	2,372	2,332
Total Investments	0	0	0	0
Intangible Assets	63	63	63	63
Total Other Non-Current Assets	98	12	12	12
Total Non-current Assets	2,613	2,470	2,447	2,407
Short-term Debt	515	456	456	456
Current Portion of Long-Term Debt				
Total Creditors	315	303	316	336
Other Current Liabilities	1	0	0	0
Total Current Liabilities	830	758	771	792
Total Long-term Debt	317	411	411	411
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	317	411	411	411
Total Provisions	121	108	112	113
Total Liabilities	1,268	1,278	1,294	1,317
Shareholders' Equity	1,756	1,835	1,956	2,153
Minority Interests	3	17	21	25
Total Equity	1,759	1,852	1,977	2,179

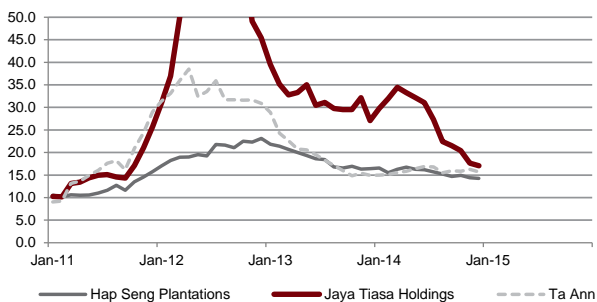
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	206.3	228.4	289.2	410.9
Cash Flow from Inv. & Assoc.				
Change In Working Capital	36.4	(17.6)	(14.9)	(24.7)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	0.0	33.6	34.0	35.7
Other Operating Cashflow	5.0	11.0	11.2	11.7
Net Interest (Paid)/Received	(38.2)	(36.3)	(36.9)	(38.6)
Tax Paid	(6.5)	(27.0)	(47.7)	(80.2)
Cashflow From Operations	203.0	192.1	235.1	314.9
Capex	(271.7)	(92.0)	(82.8)	(69.0)
Disposals Of FAs/subsidiaries	83.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(188.7)	(92.0)	(82.8)	(69.0)
Debt Raised/(repaid)	(65.1)	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	(0.0)	0.0	0.0	0.0
Dividends Paid	(20.9)	(12.1)	(16.6)	(27.4)
Preferred Dividends				
Other Financing Cashflow	22.5	53.9	0.0	0.0
Cash Flow From Financing	(63.5)	41.8	(16.6)	(27.4)
Total Cash Generated	(49.2)	141.9	135.8	218.4
Free Cashflow To Equity	(50.8)	100.1	152.3	245.8
Free Cashflow To Firm	52.5	136.6	189.3	284.6

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	(1.9%)	24.7%	9.1%	13.9%
Operating EBITDA Growth	81.0%	10.7%	26.6%	42.1%
Operating EBITDA Margin	19.9%	17.7%	20.5%	25.6%
Net Cash Per Share (RM)	(0.76)	(0.62)	(0.48)	(0.25)
BVPS (RM)	1.80	1.88	2.01	2.21
Gross Interest Cover	4.61	3.00	4.97	7.80
Effective Tax Rate	31.5%	26.8%	26.6%	26.4%
Net Dividend Payout Ratio	18.9%	20.0%	20.0%	20.0%
Accounts Receivables Days	55.75	50.06	56.24	54.98
Inventory Days	75.40	63.05	60.53	59.71
Accounts Payables Days	140.4	117.5	113.2	111.7
ROIC (%)	4.8%	4.2%	7.2%	11.8%
ROCE (%)	4.44%	3.95%	6.36%	9.89%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Planted Estates (ha)	65,681	67,587	67,587	67,587
Mature Estates (ha)	55,438	58,545	62,745	65,681
FFB Yield (tonnes/ha)	14.8	16.1	18.4	21.0
FFB Output Growth (%)	15.3%	19.4%	21.7%	21.1%
CPO Price (US\$/tonne)	894	849	845	880

JobStreet Corp

JOBS MK / JOBT.KL

▶ **Market Cap**
US\$585.4m
 RM2,046m

▶ **Avg Daily Turnover**
US\$0.80m
 RM2.68m

▶ **Free Float**
58.1%
 635.9 m shares

Current **RM2.92**
 Target ▶ **RM3.01**
 Prev. Target **RM3.01**
 Up/Downside **3.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	10.0	15.6	39.9
Absolute	5.4	8.6	35.2

Major shareholders	% held
Seek	22.4
Chang Mun Kee	9.9
Wong Siew Hui	9.6

Starting a new job

While we see compelling value in Jobstreet's remaining assets, we think it will take considerable time for the company to expand these assets due to its limited market reach in the employment segment and strong competition in the automotive segment.

We maintain our Hold rating and RM3.01 target price, based on a combination of remaining assets' book value and dividend proceeds. Although there is compelling value in Jobstreet's remaining assets, we prefer to wait for better earnings visibility before turning positive on the company. Switch to GHIL Systems for exposure in tech sector.

Completion of asset disposal ▶

The Competition Commission of Singapore granted approval for Jobstreet's asset disposal in Oct 2014. Under the deal, JobStreet sold all its assets in Jobstreet.com Pte Ltd to Seek Asia Investment for total consideration of RM1.9bn, which translates into special DPS of RM2.65. These assets comprised its operations in Malaysia, Singapore, Indonesia, the Philippines and Vietnam. Management said that the rationale for the asset disposal exercise was the rising competition and attractive opportunity to unlock asset value. After the ex-date, our target price will fall to RM0.36.

Prospects of near-term overhang ▶

Although Jobstreet has completed

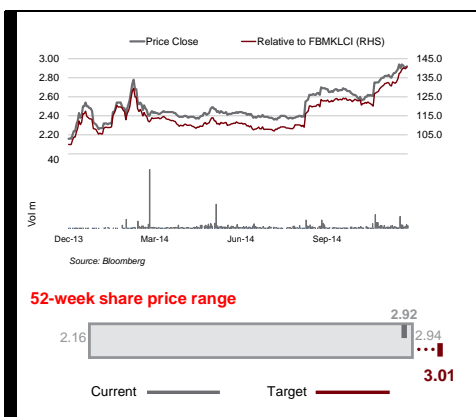
the asset disposal transaction, it will still be involved with the business transition, as required under the Transition Service Agreement. We estimate that the transition process will last until end-1Q15. This could result in overhang on Jobstreet's share price in the near term, given the lack of visible growth strategy.

Strong competition in automotive segment ▶

One of Jobstreet's remaining assets is Autoworld.my, an online car listings portal. We like its diversification beyond the employment segment but think that the auto segment faces strong competition. The bigger car listings portals such as Carlist.my and Mudah.my have already captured the majority of the listings available.

Balance sheet position still strong ▶

We estimate that Jobstreet will require minimal capex for its remaining assets, given its asset-light strategy. However we think that the company can afford to raise borrowings, given its steady free cash flow generation and net cash position of RM44m at end-Sep 2014.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	160.8	177.7	10.5	12.4	14.4
Net Profit (RMm)	58.33	61.43	9.97	10.59	11.34
Core EPS (RM)	0.08	0.10	0.02	0.02	0.02
Core EPS Growth	21.0%	22.3%	(84.6%)	6.2%	7.1%
FD Core P/E (x)	35.0	28.6	186.2	175.3	163.7
Price To Sales (x)	11.4	10.2	176.5	150.1	129.2
DPS (RM)	0.046	0.097	0.014	0.015	0.016
Dividend Yield	1.58%	3.31%	0.48%	0.51%	0.55%
EV/EBITDA (x)	26.3	21.2	261.3	233.4	207.2
P/FCFE (x)	64.45	33.43	NA	NA	NA
Net Gearing	(33.1%)	(29.2%)	(24.7%)	(20.2%)	(15.9%)
P/BV (x)	8.30	8.65	8.61	8.57	8.52
ROE	26.0%	29.6%	4.6%	4.9%	5.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.78	0.83	0.89

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	177.7	10.5	12.4	14.4
Gross Profit	120.8	8.4	9.6	11.0
Operating EBITDA	82.9	6.9	7.8	8.8
Depreciation And Amortisation	(2.8)	(2.8)	(2.8)	(2.8)
Operating EBIT	80.1	4.2	5.0	6.1
Financial Income/(Expense)	1.2	1.3	1.3	1.3
Pretax Income/(Loss) from Assoc.	6.2	6.2	6.2	6.2
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	87.6	11.6	12.5	13.5
Exceptional Items	(2.7)	0.0	0.0	0.0
Pre-tax Profit	84.9	11.6	12.5	13.5
Taxation	(18.8)	(0.9)	(1.1)	(1.3)
Exceptional Income - post-tax				
Profit After Tax	66.0	10.7	11.4	12.2
Minority Interests	(4.6)	(0.7)	(0.8)	(0.8)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	61.4	10.0	10.6	11.3
Recurring Net Profit	63.6	10.0	10.6	11.3
Fully Diluted Recurring Net Profit	63.6	10.0	10.6	11.3

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	64.6	55.2	45.6	36.2
Total Debtors	14.0	0.7	0.6	0.6
Inventories	0.0	0.0	0.0	0.0
Total Other Current Assets	43.4	48.4	53.4	58.4
Total Current Assets	122.1	104.3	99.7	95.2
Fixed Assets	20.4	20.7	20.9	21.1
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	4.3	4.3	4.3	4.3
Total Other Non-Current Assets	130.2	136.5	142.7	148.9
Total Non-current Assets	154.9	161.4	167.8	174.3
Short-term Debt	0.1	0.1	0.1	0.1
Current Portion of Long-Term Debt				
Total Creditors	13.6	0.4	0.5	0.5
Other Current Liabilities	42.4	42.4	42.4	42.4
Total Current Liabilities	56.1	42.9	43.0	43.0
Total Long-term Debt	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	0.1	0.1	0.1	0.1
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	56.1	43.0	43.1	43.1
Shareholders' Equity	214.6	215.6	216.7	217.8
Minority Interests	6.2	7.0	7.8	8.6
Total Equity	220.9	222.6	224.5	226.4

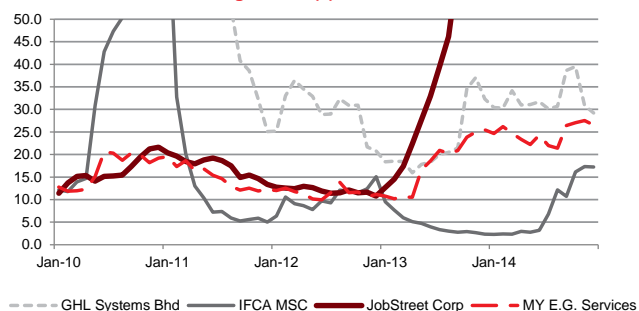
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	82.91	6.92	7.79	8.83
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(0.39)	0.25	0.07	0.06
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(1.25)	(1.26)	(1.26)	(1.26)
Net Interest (Paid)/Received	(0.01)	0.00	0.00	0.00
Tax Paid	(18.84)	(0.91)	(1.11)	(1.34)
Cashflow From Operations	62.41	5.01	5.50	6.29
Capex	(3.00)	(3.00)	(3.00)	(3.00)
Disposals Of FAs/subsidiaries	(5.00)	(5.00)	(5.00)	(5.00)
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Investing	(8.00)	(8.00)	(8.00)	(8.00)
Debt Raised/(repaid)	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased				
Dividends Paid	(61.43)	(8.98)	(9.53)	(10.21)
Preferred Dividends				
Other Financing Cashflow	1.25	1.26	1.26	1.26
Cash Flow From Financing	(60.18)	(7.72)	(8.28)	(8.95)
Total Cash Generated	(5.77)	(10.71)	(10.77)	(10.66)
Free Cashflow To Equity	54.41	(2.99)	(2.50)	(1.71)
Free Cashflow To Firm	54.43	(2.99)	(2.50)	(1.71)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	10.5%	(94.1%)	17.5%	16.2%
Operating EBITDA Growth	23.8%	(91.6%)	12.6%	13.3%
Operating EBITDA Margin	46.7%	65.8%	63.0%	61.5%
Net Cash Per Share (RM)	0.10	0.09	0.07	0.06
BVPS (RM)	0.34	0.34	0.34	0.34
Gross Interest Cover	6,678	N/A	N/A	N/A
Effective Tax Rate	22.2%	7.8%	8.9%	9.9%
Net Dividend Payout Ratio	95.7%	90.0%	90.0%	90.0%
Accounts Receivables Days	30.7	254.8	19.0	15.4
Inventory Days	-	-	-	-
Accounts Payables Days	94	1,182	61	53
ROIC (%)	55.4%	2.7%	3.0%	3.4%
ROCE (%)	37.2%	2.4%	2.8%	3.2%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP Change (% , Main Product)	29.0%	30.0%	31.0%	32.0%
Unit sales growth (% , main prod)	N/A	N/A	N/A	N/A
No. Of Lines (main Product)	12	13	14	15
Rev per line (US\$, main prod)	N/A	N/A	N/A	N/A
ASP chg (% , 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A

Karex Berhad

KAREX MK / KARE.KL

► **Market Cap**
US\$359.2m
 RM1,256m

► **Avg Daily Turnover**
US\$0.30m
 RM0.98m

► **Free Float**
35.0%
 405.0 m shares

Current **RM3.10**
 Target **RM4.30** 
 Prev. Target **RM4.08**
 Up/Downside **38.6%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.3	21.0	30.1
Absolute	-1.3	14.0	25.4

Major shareholders	% held
KOL	35.0

Building up its own brand

We continue to like Karex due to its strong R&D capabilities and earnings growth. The acquisition of Global Protection (GP) will help to strengthen its foothold in the condom industry globally, increase its margins and reduce dependency on OEM customers.

We maintain our Add call on the stock with a higher target price as we now peg it at a higher 20x CY16 P/E (19x previously), in line with the higher Hartalega's target P/E (10% premium to Hartalega's target P/E of which is pegged at 10% premium to the target market P/E of 16.5x). We ascribe a premium to Hartalega due to Karex's more resilient and stronger earnings growth. Key re-rating catalysts include strong demand and earnings upside from GP.

Good 1QFY15 results ►

Karex delivered good results in 1QFY15, with revenue rising 7.2% yoy and core net profit jumping 26.7%. Although the 7.2% topline growth was slower than its historical double-digit pace, this was due to the higher sales contribution from tender orders, which have lower average selling prices but the same margins as the commercial orders. The 1QFY15 operating margin rose 3.1% pts yoy due to lower latex prices, a favourable US\$/RM rate and an increase in the sales of higher-margin products. Although the group achieved higher average capacity of 4bn pieces/annum in 1QFY15, its utilisation rate was relatively flat yoy at 76.3%.

Adding capacity ►

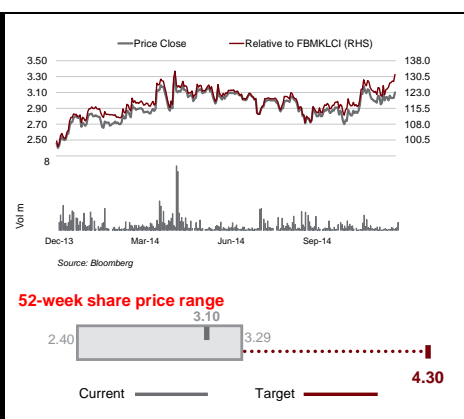
Given the strong demand, Karex is increasing capacity by 1bn pieces p.a. at its Hat Yai plant in addition to the planned expansion announced during its IPO. This means that the company will have total capacity of 5bn by end-FY15, 6bn by end-FY16 and 7bn by end-FY17. Karex foresees strong demand from the tender market as NGOs move up the value chain to purchase higher-priced condoms (non-plain) to convince the younger generation to practice safe sex.

Beefing up business in EU ►

Karex plans to set up an office in Europe in the next three months. The group is confident that it will successfully capture European market share as its costs are much lower than those of the manufacturers in Europe. Given the higher selling prices of condoms in Europe, Karex believes that it will be able to sell its condoms in Europe at double the current ASP.

Launching new product ►

The group is finally launching its polyisoprene products in early-2015. Karex targets developed markets with this new product, which will be sold under the ONE brand.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	231.4	285.3	386.8	479.1	565.2
Operating EBITDA (RMm)	44.4	55.2	91.9	114.9	135.0
Net Profit (RMm)	29.03	45.74	64.19	79.96	94.06
Core EPS (RM)	0.07	0.11	0.16	0.20	0.23
Core EPS Growth	142%	58%	40%	25%	18%
FD Core P/E (x)	43.25	27.45	19.56	15.70	13.35
DPS (RM)	-	0.025	0.040	0.049	0.058
Dividend Yield	0.00%	0.81%	1.28%	1.59%	1.87%
EV/EBITDA (x)	28.56	21.57	13.49	10.59	8.74
P/FCFE (x)	42.4	120.2	NA	28.2	20.3
Net Gearing	8.8%	(28.7%)	(6.1%)	(11.7%)	(18.7%)
P/BV (x)	11.77	5.62	4.62	3.79	3.12
ROE	31.8%	27.7%	25.9%	26.5%	25.6%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.02	1.02	1.07

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	285.3	386.8	479.1	565.2
Gross Profit	285.3	121.6	151.8	178.5
Operating EBITDA	55.2	91.9	114.9	135.0
Depreciation And Amortisation	0.0	(10.1)	(13.6)	(15.4)
Operating EBIT	55.2	81.7	101.3	119.6
Financial Income/(Expense)	(0.2)	(1.5)	(1.3)	(2.1)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	55.0	80.2	100.0	117.6
Exceptional Items				
Pre-tax Profit	55.0	80.2	100.0	117.6
Taxation	(9.3)	(16.0)	(20.0)	(23.5)
Exceptional Income - post-tax				
Profit After Tax	45.7	64.2	80.0	94.1
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	45.7	64.2	80.0	94.1
Recurring Net Profit	45.7	64.2	80.0	94.1
Fully Diluted Recurring Net Profit	45.7	64.2	80.0	94.1

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	85.6	57.4	79.9	116.3
Total Debtors	77.5	89.0	110.2	130.0
Inventories	40.5	74.0	91.3	107.9
Total Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	203.5	220.4	281.4	354.2
Fixed Assets	86.2	151.0	162.4	172.0
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	0.1	0.1	0.1	0.1
Total Non-current Assets	86.3	151.2	162.5	172.1
Short-term Debt	11.2	30.0	30.0	30.0
Current Portion of Long-Term Debt				
Total Creditors	38.9	53.0	65.5	77.3
Other Current Liabilities	1.6	1.6	1.6	1.6
Total Current Liabilities	51.7	84.6	97.0	108.9
Total Long-term Debt	10.4	11.0	11.0	11.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	4.5	4.5	4.5	4.5
Total Non-current Liabilities	14.9	15.5	15.5	15.5
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	66.5	100.1	112.5	124.4
Shareholders' Equity	223.3	271.5	331.4	402.0
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	223.3	271.5	331.4	402.0

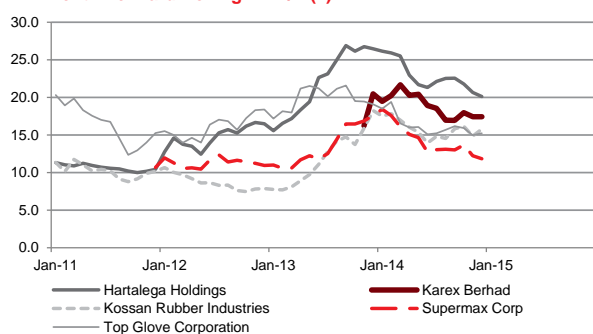
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	55.2	91.9	114.9	135.0
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(16.8)	(30.9)	(26.1)	(24.5)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(3.7)	2.0	2.0	2.1
Net Interest (Paid)/Received	(1.6)	(2.1)	(2.1)	(2.1)
Tax Paid	(7.5)	(16.0)	(20.0)	(23.5)
Cashflow From Operations	25.6	45.0	68.8	87.0
Capex	(9.9)	(75.0)	(25.0)	(25.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	20.6	0.6	0.7	0.0
Cash Flow From Investing	10.7	(74.4)	(24.3)	(25.0)
Debt Raised/(repaid)	(25.8)	19.4	0.0	0.0
Proceeds From Issue Of Shares	69.4			
Shares Repurchased				
Dividends Paid	0.0	(16.0)	(20.0)	(23.5)
Preferred Dividends				
Other Financing Cashflow	(2.6)	(2.1)	(2.1)	(2.1)
Cash Flow From Financing	41.0	1.3	(22.0)	(25.6)
Total Cash Generated	77.2	(28.2)	22.5	36.4
Free Cashflow To Equity	10.4	(10.1)	44.5	62.0
Free Cashflow To Firm	37.8	(27.4)	46.6	64.0

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	23.3%	35.6%	23.9%	18.0%
Operating EBITDA Growth	24.4%	66.3%	25.1%	17.5%
Operating EBITDA Margin	19.4%	23.7%	24.0%	23.9%
Net Cash Per Share (RM)	0.16	0.04	0.10	0.19
BVPS (RM)	0.55	0.67	0.82	0.99
Gross Interest Cover	35.38	39.86	49.40	58.35
Effective Tax Rate	16.8%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	22.1%	25.0%	25.0%	25.0%
Accounts Receivables Days	115.0	78.5	76.1	77.6
Inventory Days	N/A	78.8	92.4	94.0
Accounts Payables Days	N/A	63.3	66.3	67.4
ROIC (%)	45.7%	49.9%	39.0%	40.3%
ROCE (%)	27.9%	29.5%	29.8%	29.3%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
ASP (% chg, main prod./serv.)	14.2%	10.0%	10.0%	10.0%
Unit sales grth (% , main prod./serv.)	16.1%	21.9%	16.4%	13.0%
Util. rate (% , main prod./serv.)	81.5%	77.0%	73.2%	73.3%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A

KLCC Property Holdings

KLCCSS MK / KCCP.KL

➤ **Market Cap**
US\$3,424m
 RM11,969m

➤ **Avg Daily Turnover**
US\$0.74m
 RM2.43m

➤ **Free Float**
47.4%
 1,805 m shares

Current **RM6.63**
 Target ➤ **RM6.90**
 Prev. Target **RM6.90**
 Up/Downside **4.1%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.4	6.8	18
Absolute	-2.2	-0.2	13.3

Major shareholders	% held
Petroleum Nasional Berhad	52.6
Employees Provident Fund	8.4

Iconic mall and Twin Towers to provide stable earnings

We believe KLCCP's earnings outlook remains stable for 2015 due to the long-term leases for its office properties and its prime retail assets. However, the lack of acquisitions dampens sentiment on the stock.

Our DDM-based target price is maintained at RM6.90, based on an unchanged cost of equity of 8.1%. We maintain our Hold call on the stock given the lack of catalysts in the near term. For exposure to M-REITS, we prefer Axis REIT instead.

Earnings expected to remain stable ➤

We continue to expect KLCCP's earnings to remain stable, underpinned by: 1) the long-term triple net lease agreements for its office properties, and 2) its prime retail properties, which will continue to enjoy high occupancy rates and drive rental growth. However, despite the stable earnings outlook, we note that the lack of acquisitions could dampen interest on the stock.

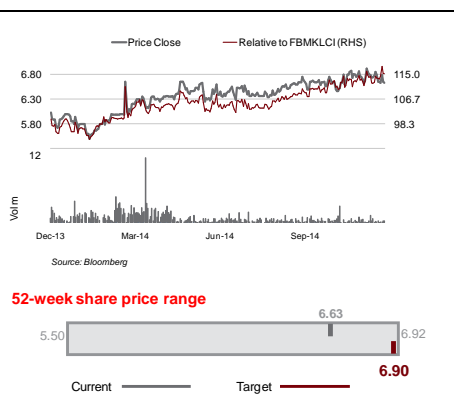
Phase 3 of Dayabumi to begin ➤

KLCCP will begin the construction of Phase 3 of Menara Dayabumi in 2015. This is after obtaining the final investment decision (FID) in 2014.

Phase 3 involves the redevelopment of Citypoint Podium into a 60-storey tower, providing around 600k sq ft of office space and a 500-room hotel. We understand that the tenant for the office space has been secured, albeit yet to be revealed, while the hotel operator has been identified. Phase 3 of the project is expected to cost around RM500m and be completed by end-2018, thus any injection will be by 2019 at the earliest.

Acquisitions unlikely ➤

Aside from its own development, we believe that it is unlikely that KLCCP will acquire any other asset in the near to medium term. We note that funding is not an issue as KLCCP's balance sheet remains healthy, with gross and net gearing standing at 0.17x and 0.1x, respectively. However, the issue with acquisitions is mainly the lack of suitable and available assets of similar standards as those already in its portfolio, e.g. Suria KLCC.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues (RMm)	1,178	1,279	1,357	1,429	1,504
Operating EBITDA (RMm)	890	962	1,045	1,080	1,130
Net Profit (RMm)	373.2	570.8	693.5	729.0	766.3
Core EPS (RM)	0.40	0.44	0.38	0.40	0.42
Core EPS Growth	31.6%	10.8%	(13.2%)	5.1%	5.1%
FD Core P/E (x)	16.60	11.37	17.26	16.42	15.62
DPS (RM)	0.16	0.26	0.33	0.36	0.37
Dividend Yield	2.41%	3.95%	5.04%	5.48%	5.57%
EV/EBITDA (x)	13.53	18.47	17.08	16.57	15.83
P/FCFE (x)	24.16	11.77	15.63	14.14	13.32
Net Gearing	14.4%	12.8%	12.4%	11.7%	10.6%
P/BV (x)	0.85	1.59	1.60	1.58	1.56
ROE	5.2%	10.8%	9.2%	9.7%	10.1%
CIMB/consensus EPS (x)			1.04	1.04	1.06

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,279	1,357	1,429	1,504
Gross Profit	1,279	1,357	1,429	1,504
Operating EBITDA	962	1,045	1,080	1,130
Depreciation And Amortisation	(38)	(43)	(47)	(52)
Operating EBIT	924	1,002	1,032	1,078
Financial Income/(Expense)	(87)	(107)	(91)	(88)
Pretax Income/(Loss) from Assoc.	13	11	11	11
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	850	906	952	1,001
Exceptional Items	271			
Pre-tax Profit	1,121	906	952	1,001
Taxation	(116)	(100)	(105)	(110)
Exceptional Income - post-tax	(228)			
Profit After Tax	778	806	848	891
Minority Interests	(207)	(113)	(119)	(125)
Prof. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	571	693	729	766
Recurring Net Profit	799	693	729	766
Fully Diluted Recurring Net Profit	799	693	729	766

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	821	847	918	1,033
Properties Under Development				
Total Debtors	85	90	95	100
Inventories	0	1	1	1
Total Other Current Assets	0	0	0	0
Total Current Assets	907	938	1,014	1,134
Fixed Assets	809	902	990	1,074
Total Investments	12,631	12,642	12,652	12,663
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	232	248	263	280
Total Non-current Assets	13,673	13,792	13,906	14,017
Short-term Debt	43	43	43	43
Current Portion of Long-Term Debt				
Total Creditors	60	124	139	149
Other Current Liabilities	46	46	46	46
Total Current Liabilities	149	213	228	238
Total Long-term Debt	2,297	2,297	2,297	2,297
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	79	79	79	79
Total Non-current Liabilities	2,376	2,376	2,376	2,376
Total Provisions	0	0	0	0
Total Liabilities	2,525	2,589	2,604	2,614
Shareholders' Equity	7,520	7,494	7,566	7,665
Minority Interests	4,534	4,647	4,765	4,890
Total Equity	12,054	12,141	12,331	12,555

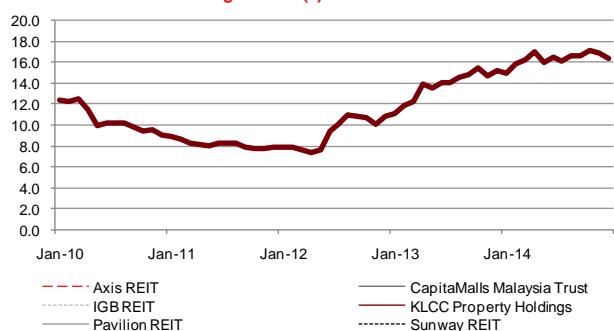
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	962	1,045	1,080	1,130
Cash Flow from Inv. & Assoc.				
Change In Working Capital	39	(69)	(20)	(15)
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	117	132	117	117
Net Interest (Paid)/Received	(101)	(107)	(91)	(88)
Tax Paid	(111)	(100)	(105)	(110)
Cashflow From Operations	907	901	982	1,034
Capex	(136)	(136)	(136)	(136)
Disposals Of FAs/subsidiaries	0	0	0	0
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(136)	(136)	(136)	(136)
Debt Raised/(repaid)	0	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased				
Dividends Paid	(473)	(608)	(658)	(667)
Preferred Dividends				
Other Financing Cashflow	(117)	(132)	(117)	(117)
Cash Flow From Financing	(590)	(740)	(775)	(784)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	8.5%	6.1%	5.3%	5.3%
Operating EBITDA Growth	8.2%	8.6%	3.3%	4.7%
Operating EBITDA Margin	75.3%	77.0%	75.6%	75.1%
Net Cash Per Share (RM)	(0.85)	(0.84)	(0.80)	(0.73)
BVPS (RM)	4.17	4.15	4.19	4.25
Gross Interest Cover	7.51	7.59	8.82	9.22
Effective Tax Rate	0%	0%	0%	0%
Net Dividend Payout Ratio	73.5%	76.1%	78.7%	76.1%
Accounts Receivables Days	22.85	23.51	23.60	23.67
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	82%	74%	72%	70%
ROCE (%)	6.74%	7.11%	7.26%	7.49%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Unbooked Presales (m) (RM)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A
Gross Margins (%)	78.7%	66.8%	66.7%	66.6%
Contracted Sales ASP (per Sm) (RM)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	101.7%	93.8%	93.5%	93.3%
Residential rev / total rev (%)	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

Kossan Rubber Industries

KRI MK / KRIB.KL

► **Market Cap**
US\$850.7m
 RM2,974m

► **Avg Daily Turnover**
US\$1.15m
 RM3.78m

► **Free Float**
35.8%
 639.5 m shares

Current **RM4.65**
 Target **RM5.34** 
 Prev. Target **RM5.26**
 Up/Downside **14.9%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	6.1	21.8	29.4
Absolute	1.5	14.8	24.7

Major shareholders	% held
Kossan Holdings Sdn Bhd	51.8
Kumpulan Wang Persaraan	7.6
Asian Small Companies	4.9

An outperformer so far

While the industry experienced earnings contraction over the past few quarters, Kossan outperformed its peers by posting earnings growth, albeit slower than its historical growth. We expect renewed earnings growth when its new capacity comes on-stream next year.

Our target price rises as we raise our target P/E to 18.2x (from 16x), 10% discount to Hartalega, as we increased the latter's P/E. Kossan remains our top sector pick on the back of its balanced product mix, more reasonable pricing and more diversified earnings, which should reduce its vulnerability to intensifying competition. We keep our Add rating, with recharged growth from capacity addition as a likely re-rating catalyst.

Outperforming its peers ►

Kossan has been outperforming its peers in the past three quarters. Though its 3QFY14 core earnings declined 7.5% yoy, it still outperformed its peers. Its 3Q earnings were mainly impacted by the lower sales at its technical rubber (TR) division, and higher expansion and professional "trademark" fees at its clean-room division. Meanwhile, its rubber glove division continued to post stronger revenue (+2.6% yoy) and operating profit (+4% yoy) growth. The TRD and clean-room divisions are expected to improve going forward as new projects kick off and new products are launched. We expect Kossan to deliver a stronger 4Q as more new capacities come

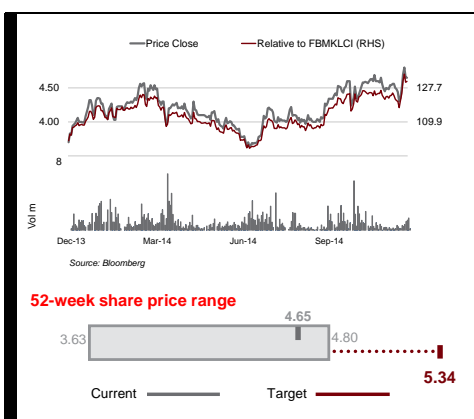
on-stream. The company has secured a large order and is confident of filling up the extra capacity.

Expanding gloves capacity ►

Kossan is targeting to achieve full commercial production of its new plant 3 by Jan 2015. Its first two new plants have achieved full commercial production in Aug and Nov 2014, respectively. Upon the full commercial production of plant 3, Kossan will see its annual capacity increase from the current ~18bn pieces to 22bn pieces. In 2015, Kossan aims to boost capacity by 5bn-6bn pieces p.a.

Expanding TRP business ►

While the plan to build a technical rubber product (TRP) plant in Indonesia is taking longer than expected, we understand that the plan is still ongoing. The company thinks there are good prospects for TRP business in Indonesia as the country imports most of its TRP requirements. Kossan is currently finalising the land certificate for its 22ha land in Cikande, Indonesia. However, it does not have a definite timeline for the start of construction works for the plant.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,234	1,307	1,471	1,878	2,064
Operating EBITDA (RMm)	188.9	235.3	269.2	325.0	358.1
Net Profit (RMm)	102.2	136.4	151.5	188.4	208.6
Core EPS (RM)	0.16	0.21	0.24	0.29	0.33
Core EPS Growth	14.5%	33.5%	11.0%	24.4%	10.7%
FD Core P/E (x)	29.11	21.80	19.63	15.78	14.25
DPS (RM)	0.045	0.063	0.066	0.082	0.091
Dividend Yield	0.97%	1.36%	1.43%	1.77%	1.96%
EV/EBITDA (x)	16.33	13.00	11.37	9.42	8.31
P/FCFE (x)	39.85	73.29	74.52	54.41	20.08
Net Gearing	16.1%	9.5%	8.4%	7.1%	(1.7%)
P/BV (x)	4.92	4.22	3.66	3.14	2.71
ROE	18.0%	20.8%	20.0%	21.4%	20.4%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.97	0.95	0.91

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,307	1,471	1,878	2,064
Gross Profit	569	590	712	773
Operating EBITDA	235	269	325	358
Depreciation And Amortisation	(51)	(59)	(67)	(74)
Operating EBIT	184	210	258	284
Financial Income/(Expense)	(4)	(6)	(6)	(5)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	180	204	252	280
Exceptional Items	0	0	0	0
Pre-tax Profit	180	204	252	280
Taxation	(40)	(49)	(61)	(67)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	140	155	192	213
Minority Interests	(4)	(4)	(3)	(4)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0	0	0	0
Net Profit	136	151	188	209
Recurring Net Profit	136	151	188	209
Fully Diluted Recurring Net Profit	136	151	188	209

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	101	100	100	188
Total Debtors	243	259	330	363
Inventories	149	168	223	247
Total Other Current Assets	8	8	8	8
Total Current Assets	500	535	661	805
Fixed Assets	601	661	714	741
Total Investments	0	0	0	0
Intangible Assets	5	5	5	5
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	606	666	719	746
Short-term Debt	120	120	120	120
Current Portion of Long-Term Debt				
Total Creditors	142	130	171	190
Other Current Liabilities	17	17	17	17
Total Current Liabilities	279	266	308	326
Total Long-term Debt	49	49	49	49
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	49	49	49	49
Total Provisions	56	56	56	56
Total Liabilities	384	371	413	432
Shareholders' Equity	705	812	948	1,098
Minority Interests	17	17	19	21
Total Equity	722	829	967	1,119

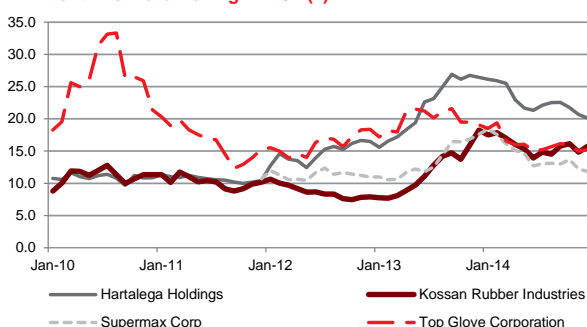
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	235.3	269.2	325.0	358.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital	5.4	(47.9)	(84.1)	(38.3)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	7.4	0.0	0.0	0.0
Net Interest (Paid)/Received	(4.2)	(5.9)	(5.6)	(4.6)
Tax Paid	(35.2)	(48.9)	(60.6)	(67.2)
Cashflow From Operations	208.8	166.5	174.6	248.1
Capex	(119.8)	(120.0)	(120.0)	(100.0)
Disposals Of FAs/subsidiaries	1.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	(6.6)	0.0	0.0
Cash Flow From Investing	(118.8)	(126.6)	(120.0)	(100.0)
Debt Raised/(repaid)	(49.4)	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(44.7)	(42.4)	(52.8)	(58.4)
Preferred Dividends				
Other Financing Cashflow	8.3	4.2	(1.5)	(2.0)
Cash Flow From Financing	(85.7)	(38.2)	(54.3)	(60.4)
Total Cash Generated	4.2	1.7	0.4	87.7
Free Cashflow To Equity	40.6	39.9	54.6	148.1
Free Cashflow To Firm	96.8	46.7	61.4	154.8

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	5.9%	12.5%	27.7%	9.9%
Operating EBITDA Growth	24.6%	14.4%	20.7%	10.2%
Operating EBITDA Margin	18.0%	18.3%	17.3%	17.3%
Net Cash Per Share (RM)	(0.11)	(0.11)	(0.11)	0.03
BVPS (RM)	1.10	1.27	1.48	1.72
Gross Interest Cover	26.78	31.03	38.19	42.09
Effective Tax Rate	22.2%	24.0%	24.0%	24.0%
Net Dividend Payout Ratio	23.5%	28.0%	24.1%	21.4%
Accounts Receivables Days	64.21	62.23	57.23	61.46
Inventory Days	73.57	65.67	61.21	66.53
Accounts Payables Days	63.43	56.24	47.10	51.19
ROIC (%)	18.0%	18.6%	20.3%	19.5%
ROCE (%)	20.6%	21.1%	23.1%	22.6%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	-11.6%	-34.8%	-20.3%	-6.4%
Unit sales grth (% , main prod./serv.)	44.5%	24.6%	35.1%	16.5%
Util. rate (% , main prod./serv.)	85.0%	75.0%	78.0%	76.0%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A

KPJ Healthcare

KPJ MK / KPJH.KL

➤ **Market Cap**
US\$1,091m
 RM3,813m

➤ **Avg Daily Turnover**
US\$1.23m
 RM4.02m

➤ **Free Float**
48.0%
 1,026 m shares

Current **RM3.76**
 Target **RM4.10** ➤
 Prev. Target **RM4.10**
 Up/Downside **9.0%**

STOCK RATING

ADD

HOLD

REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.8	2.7	0.4
Absolute	-3.8	-4.3	-4.3

Major shareholders	% held
Johor Corporation	45.2
EPF	12.9
Waqaf An-Nur Corporation	6.8

In gestation

KPJ should continue to see decent patient volume growth and higher revenue in 2015 as a result of its aggressive expansions in the past few years. A gradual turnaround at its loss-making hospitals will also partially cushion the impact of higher cost due to GST implementation.

While we like KPJ's competitive position in Malaysia's private healthcare sector, we maintain our Hold recommendation on the stock due to its unexciting earnings outlook for the next two years. Also unchanged are our EPS and SOP-based target price. We prefer Pharmaniaga.

The GST challenge ➤

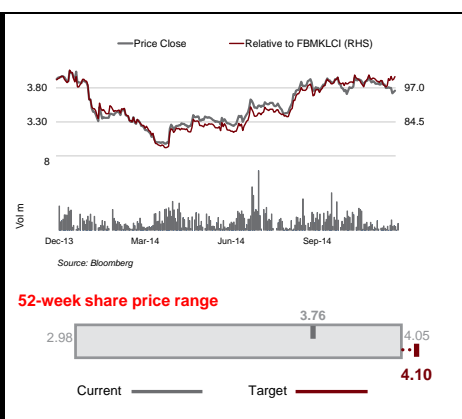
It is widely expected that GST will increase the cost of private healthcare. The government has made clear that healthcare services will be exempted from the tax but the service providers are not allowed to claim input tax credit. On top of that, GST is applicable to most types of medicine as only a small group of 'essential medicine' will be exempted from the tax. Based on our checks, most private hospitals are prepared to raise charges to pass through their higher costs. Higher healthcare bills will dissuade patients from switching to private hospitals from heavily-subsidised public hospitals. KPJ will inevitably face the challenge of maintaining profit margins and sustaining patient volume growth at the same time.

Lower start-up losses in 2015 ➤

Fortunately, the earnings impact of GST will be cushioned in two ways. First, none of KPJ's existing hospital projects is expected to commence operations next year as the opening of its flagship 390-bed hospital in Iskandar Malaysia has been postponed from 4Q15 to 2Q16. This will delay the recognition of start-up expenses. Secondly, losses at its new hospitals should gradually narrow as they undergo their gestation period. Five out of KPJ's 25 hospitals in Malaysia are currently unprofitable. Lower losses from these hospitals will contribute positively to the group's profit margin.

Watch out for 2016 ➤

We expect KPJ's net profit to grow 5% in 2015 to RM136m, helped mainly by lower losses at the new hospitals. However, we project a decline of 15% in 2016 as five of its new hospital projects are expected to complete in that year. Our net profit forecast for 2016 is 23% below consensus. This earnings risk is why we maintain Hold on the stock although we like its long-term earnings growth prospects.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	2,096	2,332	2,519	2,709	3,043
Operating EBITDA (RMm)	235.9	234.0	291.8	312.2	307.8
Net Profit (RMm)	140.0	103.1	130.2	136.1	115.5
Core EPS (RM)	0.13	0.10	0.13	0.13	0.11
Core EPS Growth	(9.0%)	(21.1%)	26.3%	4.5%	(15.1%)
FD Core P/E (x)	19.44	24.55	29.50	28.34	32.88
DPS (RM)	0.073	0.038	0.060	0.060	0.050
Dividend Yield	1.95%	1.02%	1.60%	1.60%	1.33%
EV/EBITDA (x)	16.26	17.87	14.26	13.56	14.11
P/FCFE (x)	NA	15.78	NA	51.43	91.72
Net Gearing	35.6%	60.9%	50.9%	53.1%	58.3%
P/BV (x)	3.58	3.55	3.01	2.84	2.73
ROE	13.6%	9.7%	11.0%	10.3%	8.3%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.03	1.01	0.77

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,332	2,519	2,709	3,043
Gross Profit	697	766	816	883
Operating EBITDA	234	292	312	308
Depreciation And Amortisation	(93)	(122)	(140)	(161)
Operating EBIT	141	170	172	147
Financial Income/(Expense)	(28)	(35)	(31)	(34)
Pretax Income/(Loss) from Assoc.	47	39	40	42
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	160	174	182	155
Exceptional Items	0	0	0	0
Pre-tax Profit	160	174	182	155
Taxation	(49)	(36)	(37)	(30)
Exceptional Income - post-tax				
Profit After Tax	110	138	144	124
Minority Interests	(7)	(8)	(8)	(9)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	103	130	136	116
Recurring Net Profit	103	130	136	116
Fully Diluted Recurring Net Profit	103	143	149	128

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	313	110	133	120
Total Debtors	427	461	496	557
Inventories	53	57	61	69
Total Other Current Assets	18	18	18	18
Total Current Assets	811	646	708	764
Fixed Assets	1,206	1,384	1,544	1,733
Total Investments	538	550	562	574
Intangible Assets	236	236	236	236
Total Other Non-Current Assets	50	50	50	50
Total Non-current Assets	2,031	2,220	2,392	2,593
Short-term Debt	359	359	359	359
Current Portion of Long-Term Debt				
Total Creditors	490	525	567	648
Other Current Liabilities	87	92	97	106
Total Current Liabilities	936	976	1,023	1,113
Total Long-term Debt	669	450	550	650
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	17	19	20	23
Total Non-current Liabilities	686	469	570	673
Total Provisions	47	47	47	47
Total Liabilities	1,669	1,492	1,640	1,832
Shareholders' Equity	1,088	1,281	1,358	1,415
Minority Interests	85	93	102	110
Total Equity	1,173	1,374	1,460	1,525

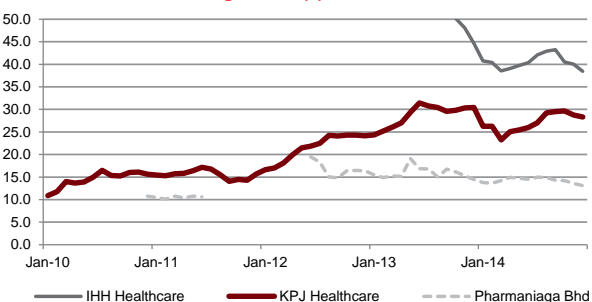
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	234.0	291.8	312.2	307.8
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(36.7)	3.3	9.3	23.0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	8.6	0.0	0.0	(0.0)
Net Interest (Paid)/Received	(28.2)	(34.6)	(30.7)	(34.0)
Tax Paid	(62.3)	(35.6)	(37.3)	(30.2)
Cashflow From Operations	115.3	224.9	253.5	266.7
Capex	(301.4)	(300.0)	(300.0)	(350.0)
Disposals Of FAs/subsidiaries	17.9	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(79.8)	0.0	0.0	0.0
Other Investing Cashflow	11.0	27.5	28.3	29.2
Cash Flow From Investing	(352.3)	(272.5)	(271.7)	(320.8)
Debt Raised/(repaid)	397.4	(218.9)	100.0	100.0
Proceeds From Issue Of Shares	14.4	122.2	0.0	0.0
Shares Repurchased	(0.3)	0.0	0.0	0.0
Dividends Paid	(68.3)	(58.9)	(58.9)	(58.9)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	343.1	(155.6)	41.1	41.1
Total Cash Generated	106.1	(203.2)	23.0	(13.0)
Free Cashflow To Equity	160.4	(266.5)	81.9	45.9
Free Cashflow To Firm	(198.3)	(1.7)	24.8	(6.1)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	11.2%	8.0%	7.5%	12.3%
Operating EBITDA Growth	(0.8%)	24.7%	7.0%	(1.4%)
Operating EBITDA Margin	10.0%	11.6%	11.5%	10.1%
Net Cash Per Share (RM)	(0.70)	(0.68)	(0.76)	(0.87)
BVPS (RM)	1.06	1.25	1.32	1.38
Gross Interest Cover	3.63	3.70	4.01	3.06
Effective Tax Rate	30.8%	20.5%	20.5%	19.5%
Net Dividend Payout Ratio	66.2%	45.2%	43.3%	51.0%
Accounts Receivables Days	58.87	64.37	64.52	63.36
Inventory Days	12.33	11.45	11.43	11.04
Accounts Payables Days	100.4	105.7	105.4	102.9
ROIC (%)	10.4%	9.0%	8.1%	6.3%
ROCE (%)	7.6%	8.1%	7.9%	6.4%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
No. Of Patient Admissions (m P.a.)	0.3	0.3	0.3	0.3
Revenue Per Patient Bed (RM)	N/A	N/A	N/A	N/A
Occupancy Rate Of Beds (%)	N/A	N/A	N/A	N/A
Average Length Of Stay (days)	N/A	N/A	N/A	N/A
Beds Opened (units)	2,714.0	2,973.0	3,332.0	3,828.0
Bed Turnover A Year (x)	N/A	N/A	N/A	N/A
% of fgn patients to patient load	N/A	N/A	N/A	N/A

Kuala Lumpur Kepong

KLK MK / KLKK.KL

► **Market Cap**
US\$6,611m
 RM23,110m

► **Avg Daily Turnover**
US\$3.00m
 RM9.85m

► **Free Float**
42.3%
 1,068 m shares

Current **RM21.70**
 Target **RM22.10** ►
 Prev. Target **RM22.10**
 Up/Downside **1.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.4	4.7	-6.4
Absolute	-5.0	-2.3	-11.1

Major shareholders	% held
Batu Kawan	45.7
Employees Provident Fund	16.1
Lembaga Kemajuan Tanah Persekutuan	4.4

Slowing new plantings pace

KL Kepong is finding it tougher to expand its estates. As such, it has bought oil palm estates in Liberia and raised its downstream capacities to achieve better pricing for its palm products besides taking steps to unlock the value of its land through property JVs.

We like the long-term prospects of the group but are concerned about potential earnings risks due to lower CPO prices as the group derives 72% of its earnings from its plantation division. Every RM100 per tonne change in CPO price will lower its pretax profit forecasts by RM77m. We keep to our Hold call and SOP-based target price of RM22.10.

Growth drivers for KLK ►

We expect KL Kepong to deliver higher earnings in FY9/15 due to better palm product prices and production. Output growth will be supported by new mature areas and young estates averaging 11 years. Besides, 45% of the group's planted area is young and immature. The group is also adding new refining capacities to drive growth in this business. However, we expect new plantings to decline in 2015 as the group adopts more stringent sustainability criteria.

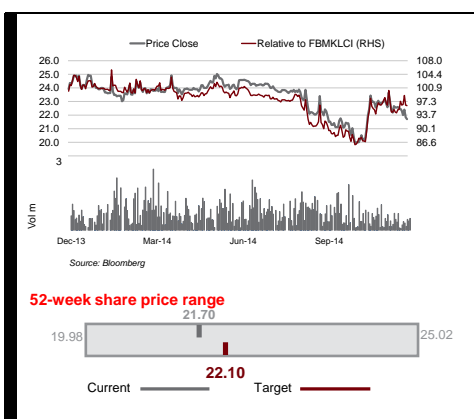
Expanding manufacturing capacities ►

The group posted a loss of RM5.2m from its manufacturing unit in 4QFY9/14. We gathered that this was due to writedowns of stocks and

unrealised losses of RM12.8m from changes in the fair value of outstanding derivatives. We project earnings from this division to recover in FY15 as we do not see further writedowns in stocks. The group is expanding capacity for this division to cater to increased demand in selected products and improve synergies with its upstream business.

Growing its property unit ►

KL Kepong has entered into a JV with UEM Sunrise to develop several plots of land in Johor's Iskandar Malaysia. Under the JV, KLK will hold a 60% stake in Scope Energy, which will acquire and develop UEM Land's 500-acre site in Gerbang Nusajaya for RM871.2m (RM40psf). In addition, Aura Muhibah, a 40/60 JV between KLK and UEM Land, will be set up to acquire and develop 2,500 acres of KLK's Fraser Estate in Kulai Jaya for RM871.2m. We are positive on this as it will allow KLK to unlock the value of its land in Johor and grow its property earnings. The exercise will also allow KLK to receive a one-off gain of RM816.8m (77 sen). We have not included the one-off gain from the land sale into our earnings forecasts.



Financial Summary

	Sep-13A	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Revenue (RMm)	9,147	11,130	10,870	11,925	12,862
Operating EBITDA (RMm)	1,525	1,693	1,913	2,135	2,287
Net Profit (RMm)	918	992	1,123	1,280	1,388
Core EPS (RM)	0.83	0.92	1.05	1.20	1.30
Core EPS Growth	(17.1%)	10.6%	13.9%	14.1%	8.4%
FD Core P/E (x)	25.99	23.50	20.64	18.09	16.69
DPS (RM)	0.50	0.55	0.73	0.73	0.73
Dividend Yield	2.30%	2.53%	3.36%	3.36%	3.36%
EV/EBITDA (x)	15.77	14.79	12.67	11.27	10.37
P/FCFE (x)	133.0	126.4	26.5	22.9	20.0
Net Gearing	7.3%	19.7%	8.3%	5.2%	1.0%
P/BV (x)	3.07	2.99	2.85	2.68	2.50
ROE	12.2%	12.9%	14.1%	15.3%	15.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.00	1.02	1.03

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Total Net Revenues	11,130	10,870	11,925	12,862
Gross Profit	2,654	2,694	2,938	3,114
Operating EBITDA	1,693	1,913	2,135	2,287
Depreciation And Amortisation	(336)	(372)	(385)	(398)
Operating EBIT	1,357	1,542	1,749	1,889
Financial Income/(Expense)	(51)	(49)	(46)	(42)
Pretax Income/(Loss) from Assoc.	6	15	16	16
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	1,312	1,507	1,719	1,863
Exceptional Items	6	0	0	0
Pre-tax Profit	1,318	1,507	1,719	1,863
Taxation	(285)	(339)	(387)	(419)
Exceptional Income - post-tax				
Profit After Tax	1,033	1,168	1,332	1,444
Minority Interests	(41)	(45)	(52)	(56)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	992	1,123	1,280	1,388
Recurring Net Profit	986	1,123	1,280	1,388
Fully Diluted Recurring Net Profit	986	1,123	1,280	1,388

Balance Sheet

(RMm)	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Total Cash And Equivalents	1,296	2,340	2,576	2,960
Total Debtors	1,592	1,209	1,339	1,437
Inventories	1,441	1,491	1,635	1,764
Total Other Current Assets	181	137	137	137
Total Current Assets	4,510	5,177	5,686	6,298
Fixed Assets	4,220	4,091	4,251	4,399
Total Investments	3,221	3,144	3,114	3,085
Intangible Assets	302	317	317	317
Total Other Non-Current Assets	634	323	323	323
Total Non-current Assets	8,377	7,875	8,005	8,123
Short-term Debt	1,094	1,500	1,500	1,500
Current Portion of Long-Term Debt				
Total Creditors	1,062	781	865	928
Other Current Liabilities	92	56	56	56
Total Current Liabilities	2,249	2,336	2,421	2,484
Total Long-term Debt	1,816	1,558	1,558	1,558
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	383	259	259	259
Total Non-current Liabilities	2,199	1,817	1,817	1,817
Total Provisions	256	250	250	250
Total Liabilities	4,704	4,404	4,488	4,552
Shareholders' Equity	7,752	8,142	8,645	9,255
Minority Interests	431	507	558	614
Total Equity	8,183	8,648	9,203	9,869

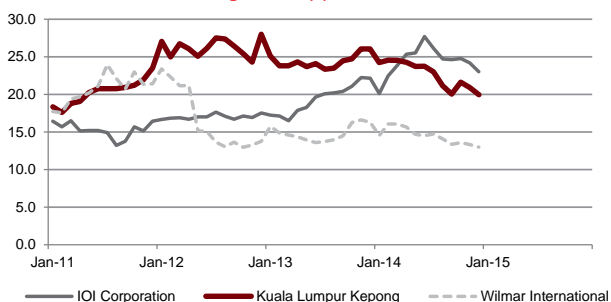
Cash Flow

(RMm)	Sep-14A	Sep-15F	Sep-16F	Sep-17F
EBITDA	1,693	1,913	2,135	2,287
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(598)	(149)	(189)	(164)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(11)	0	0	0
Net Interest (Paid)/Received	(60)	(49)	(46)	(42)
Tax Paid	(257)	(339)	(387)	(419)
Cashflow From Operations	767	1,375	1,513	1,661
Capex	(983)	(500)	(500)	(500)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	(152)	0	0	0
Cash Flow From Investing	(1,134)	(500)	(500)	(500)
Debt Raised/(repaid)	550	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(615)	(777)	(777)	(777)
Preferred Dividends				
Other Financing Cashflow	(8)	946	0	0
Cash Flow From Financing	(72)	169	(777)	(777)
Total Cash Generated	(439)	1,044	236	384
Free Cashflow To Equity	183	875	1,013	1,161
Free Cashflow To Firm	(280)	960	1,098	1,246

Key Ratios

	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Revenue Growth	21.7%	(2.3%)	9.7%	7.9%
Operating EBITDA Growth	11.0%	13.0%	11.6%	7.1%
Operating EBITDA Margin	15.2%	17.6%	17.9%	17.8%
Net Cash Per Share (RM)	(1.51)	(0.67)	(0.45)	(0.09)
BVPS (RM)	7.26	7.63	8.10	8.67
Gross Interest Cover	15.53	18.14	20.58	22.22
Effective Tax Rate	21.6%	22.5%	22.5%	22.5%
Net Dividend Payout Ratio	78.9%	69.3%	60.7%	56.0%
Accounts Receivables Days	41.82	41.87	29.20	29.43
Inventory Days	53.91	65.46	63.66	63.64
Accounts Payables Days	33.82	33.06	20.75	20.81
ROIC (%)	23.0%	21.4%	26.0%	26.7%
ROCE (%)	12.7%	13.5%	14.6%	15.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Planted Estates (ha)	201,230	205,230	209,230	213,230
Mature Estates (ha)	170,965	178,965	186,965	194,965
FFB Yield (tonnes/ha)	22.2	23.5	24.0	24.0
FFB Output Growth (%)	5.1%	10.8%	6.7%	4.3%
CPO Price (US\$/tonne)	844	848	835	865

Lafarge Malaysia Bhd

LMC MK / LMCE.KL

► **Market Cap**
US\$2,431m
 RM8,497m

► **Avg Daily Turnover**
US\$2.04m
 RM6.72m

► **Free Float**
39.7%
 849.7 m shares

Current **RM10.00**
 Target **RM10.23** ►
 Prev. Target **RM10.23**
 Up/Downside **2.3%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.2	4.8	11.1
Absolute	-2.4	-2.2	6.4

Major shareholders	% held
Lafarge Group	51.0
Employees Provident Fund	9.3

Preventing cracks from volatility

Protecting its market share and maximising efficiency are the two key strategies for Lafarge in 2015. Cement net selling prices continue to be volatile while stiff competition has largely offset the recent 9% hike in list prices. Pre-GST demand could trigger more price pressures.

One positive is the company's market share dominance, which is likely to stay relatively intact over time, given its niche position in specialised projects and expansion plans. Our target price is still based on Lafarge's 1-year historical P/BV average of 2.58x. We maintain our Hold rating and recommend a switch to contractors.

Challenging, but still a market leader ►

One of the challenges going into 2015 would be protecting its market share, which we estimate to be typically around 40%. We understand the volatility of selling prices has begun to intensify from 2Q14, leaving Lafarge's recent c.9% hike in list prices for cement insufficient to fully cover the higher costs. There is a general expectation among cement players that pre-GST (Apr 15) demand would lead to stiffer price competition. We concur with this observation as property developers have begun to ramp-up launches. The impact (though still manageable) of the higher electricity tariff and petrol subsidy cuts has become more evident, and have yet to filter through the

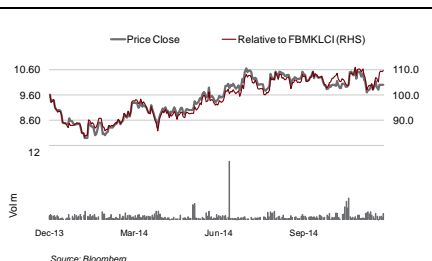
second round of subsidy cuts.

Strategies are in place ►

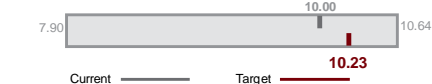
Despite the tough market, Lafarge is progressing with its capacity expansion plans. Its main one, the Kantan Plant in Perak, should come onstream in early-2016, while the expansion of its Rawang facilities should be completed by end-2015. Lafarge is moving up the value chain and shifting away from just being a cement supplier to a specialist in optimising the use of building materials in construction. Some of the pilot projects benefiting from this include South Key by IGB in Johor, South Ville by Mah Sing in Negeri Sembilan, and potential new power plant projects.

Pre-GST driven demand ►

Although we remain positive about the group's longer-term strategy, medium-term earnings risks from sustained price competition and higher costs could cap its share price performance. We expect a slight dip in demand in 2Q15 before it normalises in 2H15 to reflect the expected full-year growth of 3-5% for domestic cement demand vs 4-5% estimated for 2014.



52-week share price range



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	2,740	2,852	3,035	3,156	3,284
Operating EBITDA (RMm)	603.4	647.4	661.9	663.0	689.1
Net Profit (RMm)	349.0	385.7	389.2	393.8	417.9
Core EPS (RM)	0.41	0.45	0.46	0.46	0.49
Core EPS Growth	47.0%	10.5%	0.9%	1.2%	6.1%
FD Core P/E (x)	24.35	22.03	21.83	21.58	20.33
DPS (RM)	0.37	0.41	0.34	0.34	0.34
Dividend Yield	3.70%	4.10%	3.40%	3.40%	3.40%
EV/EBITDA (x)	13.47	12.51	11.99	11.73	11.03
P/FCFE (x)	22.32	19.61	19.37	19.18	18.42
Net Gearing	(11.1%)	(12.6%)	(17.2%)	(21.6%)	(26.1%)
P/BV (x)	2.68	2.60	2.53	2.47	2.40
ROE	11.0%	12.0%	11.7%	11.6%	12.0%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.17	1.02	1.05

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,852	3,035	3,156	3,284
Gross Profit	651	745	746	773
Operating EBITDA	647	662	663	689
Depreciation And Amortisation	(149)	(169)	(173)	(177)
Operating EBIT	498	492	490	512
Financial Income/(Expense)	14	10	14	18
Pretax Income/(Loss) from Assoc.	3	18	20	22
Non-Operating Income/(Expense)	(0)	0	0	0
Profit Before Tax (pre-EI)	515	521	523	552
Exceptional Items	0	0	0	0
Pre-tax Profit	515	521	523	552
Taxation	(129)	(130)	(128)	(133)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	386	391	395	418
Minority Interests	(0)	(2)	(2)	(1)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0	0	0	0
Net Profit	386	389	394	418
Recurring Net Profit	386	389	394	418
Fully Diluted Recurring Net Profit	386	389	394	418

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	636	802	965	1,148
Total Debtors	346	362	376	391
Inventories	362	378	393	409
Total Other Current Assets	73	76	79	83
Total Current Assets	1,416	1,618	1,814	2,031
Fixed Assets	1,523	1,433	1,340	1,243
Total Investments	13	12	11	10
Intangible Assets	1,209	1,209	1,209	1,209
Total Other Non-Current Assets	108	103	98	93
Total Non-current Assets	2,852	2,756	2,657	2,555
Short-term Debt	19	21	23	25
Current Portion of Long-Term Debt				
Total Creditors	316	330	343	357
Other Current Liabilities	131	138	144	151
Total Current Liabilities	467	489	511	534
Total Long-term Debt	199	195	191	187
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	300	293	286	279
Total Non-current Liabilities	499	488	477	467
Total Provisions	0	0	0	0
Total Liabilities	965	977	988	1,001
Shareholders' Equity	3,271	3,359	3,439	3,537
Minority Interests	33	37	42	48
Total Equity	3,303	3,396	3,482	3,584

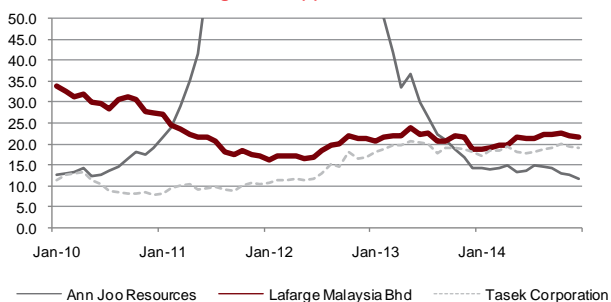
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	647.4	661.9	663.0	689.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(14.5)	(15.7)	(14.4)	(15.3)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	1.0	2.0	2.0	0.0
Net Interest (Paid)/Received	0.0	0.0	0.0	0.0
Tax Paid	(125.3)	(133.9)	(132.0)	(136.9)
Cashflow From Operations	508.6	514.3	518.6	537.0
Capex	(80.0)	(80.0)	(80.0)	(80.0)
Disposals Of FAs/subsidiaries	7.0	6.6	6.2	5.8
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(73.0)	(73.4)	(73.8)	(74.2)
Debt Raised/(repaid)	(2.3)	(2.1)	(1.8)	(1.5)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(301.8)	(301.8)	(301.8)	(301.8)
Preferred Dividends				
Other Financing Cashflow	(1.5)	6.7	2.8	7.4
Cash Flow From Financing	(305.6)	(297.1)	(300.8)	(296.0)
Total Cash Generated	129.9	143.7	144.0	166.8
Free Cashflow To Equity	433.2	438.8	443.0	461.2
Free Cashflow To Firm	435.6	440.8	444.8	462.8

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	4.10%	6.40%	3.98%	4.07%
Operating EBITDA Growth	7.3%	2.2%	0.2%	3.9%
Operating EBITDA Margin	22.7%	21.8%	21.0%	21.0%
Net Cash Per Share (RM)	0.49	0.69	0.88	1.10
BVPS (RM)	3.85	3.95	4.05	4.16
Gross Interest Cover	237.4	97.0	97.3	102.5
Effective Tax Rate	25.0%	24.9%	24.5%	24.1%
Net Dividend Payout Ratio	74.9%	74.2%	37.8%	24.4%
Accounts Receivables Days	44.17	42.56	42.67	42.77
Inventory Days	53.37	58.95	58.40	58.44
Accounts Payables Days	52.65	51.51	51.03	51.07
ROIC (%)	16.1%	15.5%	15.8%	17.0%
ROCE (%)	15.4%	14.2%	13.9%	14.3%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Domestic ASP (% Change)	-0.4%	2.5%	5.0%	4.7%
Domestic Vol. Sales Growth (%)	6.3%	0.0%	0.0%	0.0%
Export ASP (% Change)	0.0%	0.0%	0.0%	0.0%
Export Vol. Sales Growth (%)	6.3%	0.0%	0.0%	0.0%
Utilisation Rate (%)	85.3%	85.3%	85.3%	85.3%
Unit Raw Material ASP (% Change)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

Magnum Bhd

MAG MK / MAGM.KL

➤ **Market Cap**
US\$1,174m
 RM4,104m

➤ **Avg Daily Turnover**
US\$0.53m
 RM1.76m

➤ **Free Float**
54.7%
 1,438 m shares

Current **RM2.88**
 Target **RM2.96** ➤
 Prev. Target **RM2.96**
 Up/Downside **2.9%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-1.9	0.5	-7.8
Absolute	-6.5	-6.5	-12.5

Major shareholders	% held
Tan Sri Dato' Surin Upatkoon	33.0
Asia 4D Holdings	11.2
Management	1.1

Triple whammy

In FY15, Magnum will be hit by GST, poorer consumer discretionary spending and continued loss of market share to the illegal operators. However, the stock should continue to be sustained by its active share buyback programme and an attractive 6.8% yield.

We make no change to our EPS forecasts and DDM-based target price. Despite the subdued outlook, Magnum still has the capacity to maintain its quarterly 5 sen/share payout, so we keep our 20 sen per year forecast. We maintain Hold and advise investors to switch to GENM.

In no mood to punt ➤

The expected pick-up in NFO sales following the introduction of minimum wage in 2013 has been completely negated by the rise in living cost. The cut in electricity and petrol subsidies have hit consumer discretionary spending, evidenced by 3Q14 sales falling 4.6% yoy and 4% qoq.

New 4D Jackpot Gold game ➤

On 8 Nov 14, Magnum launched a new game variant, Magnum 4D Jackpot GOLD. We are positive on this game, although punter education will require time as the game rules are rather unintuitive and complicated. Over the longer term, it should gain some market share over Berjaya Sports Toto's lotto games and reduce the impact of market share loss to illegal operators, who cannot offer such long-odds games. We estimate

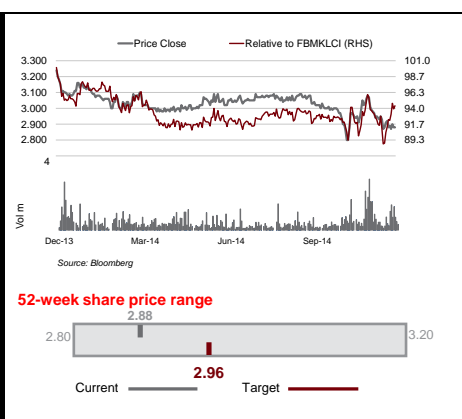
that the initial contribution to Magnum's revenues and net profit to be small, at only c.2% and 0.5%, respectively. Based on the eight draws that have taken place since its launch, Magnum has been averaging sales per draw of about RM400,000. We think that in the longer term, Magnum's margins should improve marginally as the payout for long-odds games are generally lower at c. 55% compared to 4D game payout of 64-66%.

2015 – Triple whammy ➤

In FY15, Magnum will be hit by GST (which we estimate will be calculated on net revenue less prize payout and pool betting duty), poorer outlook on consumer discretionary spending as the low- to middle-income consumers, who are the majority of Magnum's customers, are squeezed by GST and rising prices, and continued loss of market share to the illegal operators.

Special dividends unlikely ➤

We previously believed that as Magnum completed its deleveraging process, it could be in a position to pay special dividends. This is now unlikely, in our view, as management is likely to conserve cash to ride out a difficult 2015.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	3,413	2,991	2,902	2,789	2,693
Operating EBITDA (RMm)	760.1	472.8	469.5	425.2	395.0
Net Profit (RMm)	550.8	329.4	294.0	263.1	243.0
Core EPS (RM)	0.38	0.23	0.20	0.18	0.17
Core EPS Growth	17.7%	(40.2%)	(10.7%)	(10.5%)	(7.6%)
FD Core P/E (x)	7.52	12.57	14.09	15.74	17.04
DPS (RM)	0.16	0.20	0.20	0.20	0.20
Dividend Yield	5.56%	6.94%	6.94%	6.94%	6.94%
EV/EBITDA (x)	5.72	9.92	9.99	11.06	11.96
P/FCFE (x)	35.90	7.11	16.15	20.86	23.03
Net Gearing	5.2%	20.5%	20.4%	20.9%	21.8%
P/BV (x)	1.21	1.67	1.66	1.66	1.67
ROE	16.6%	11.2%	11.8%	10.6%	9.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.09	0.93	0.85

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	3,017	2,927	2,814	2,718
Gross Profit	578	560	519	492
Operating EBITDA	473	469	425	395
Depreciation And Amortisation	(12)	(10)	(10)	(10)
Operating EBIT	461	459	415	385
Financial Income/(Expense)	(54)	(50)	(49)	(47)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	406	410	366	338
Exceptional Items				
Pre-tax Profit	406	410	366	338
Taxation	(72)	(111)	(98)	(90)
Exceptional Income - post-tax				
Profit After Tax	335	299	268	248
Minority Interests	(5)	(5)	(5)	(5)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	329	294	263	243
Recurring Net Profit	329	294	263	243
Fully Diluted Recurring Net Profit	329	294	263	243

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	498	475	412	340
Total Debtors	75	73	70	68
Inventories	1	1	1	1
Total Other Current Assets	113	113	113	113
Total Current Assets	688	662	596	522
Fixed Assets	39	50	60	70
Total Investments	246	245	245	245
Intangible Assets	2,738	2,738	2,738	2,738
Total Other Non-Current Assets	10	0	0	0
Total Non-current Assets	3,032	3,033	3,043	3,053
Short-term Debt	25	50	50	225
Current Portion of Long-Term Debt				
Total Creditors	180	174	167	162
Other Current Liabilities	3	0	0	0
Total Current Liabilities	208	224	217	387
Total Long-term Debt	989	939	889	664
Hybrid Debt - Debt Component	0	0	0	0
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	989	939	889	664
Total Provisions	5	7	7	7
Total Liabilities	1,201	1,170	1,113	1,057
Shareholders' Equity	2,483	2,490	2,490	2,482
Minority Interests	36	36	36	36
Total Equity	2,519	2,526	2,526	2,518

Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	473	469	425	395
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(462)	(8)	(10)	(8)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0	0	0	0
Net Interest (Paid)/Received	(54)	(50)	(49)	(47)
Tax Paid	(72)	(111)	(98)	(90)
Cashflow From Operations	(115)	301	269	250
Capex	(20)	(20)	(20)	(20)
Disposals Of FAs/subsidiaries	905	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	885	(20)	(20)	(20)
Debt Raised/(repaid)	(187)	(25)	(50)	(50)
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(984)	(288)	(288)	(288)
Preferred Dividends				
Other Financing Cashflow	0	0	0	0
Cash Flow From Financing	(1,171)	(313)	(338)	(338)
Total Cash Generated	(402)	(31)	(89)	(108)
Free Cashflow To Equity	583	256	199	180
Free Cashflow To Firm	824	331	298	277

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(12.3%)	(3.0%)	(3.9%)	(3.4%)
Operating EBITDA Growth	(37.8%)	(0.7%)	(9.4%)	(7.1%)
Operating EBITDA Margin	15.8%	16.2%	15.2%	14.7%
Net Cash Per Share (RM)	(0.36)	(0.36)	(0.37)	(0.38)
BVPS (RM)	1.73	1.73	1.73	1.73
Gross Interest Cover	8.47	9.21	8.41	8.17
Effective Tax Rate	17.6%	27.0%	26.7%	26.6%
Net Dividend Payout Ratio	71.7%	71.1%	79.7%	86.4%
Accounts Receivables Days	21.00	9.34	9.39	9.39
Inventory Days	0.22	0.21	0.20	0.20
Accounts Payables Days	46.98	27.27	27.15	27.04
ROIC (%)	12.8%	16.4%	14.8%	13.7%
ROCE (%)	11.1%	13.0%	11.9%	11.2%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
No. Of Outlets	485	485	485	485
No. Of Games	2	2	2	2
No. Of Draw Days	177	177	177	177
Rev. per draw day (% chg)	-3.1%	-3.0%	-3.0%	-3.0%
Prize Payout Ratio (%)	63.0%	63.0%	63.0%	63.0%
Gaming Tax (%)	8.0%	8.0%	8.0%	8.0%
Pool Betting Duties (%)	8.0%	8.0%	8.0%	8.0%

Mah Sing Group

MSGB MK / MAHS.KL

Market Cap
US\$949.9m

RM3,320m

Avg Daily Turnover
US\$0.92m

RM3.04m

Free Float
64.9%

1,476 m shares

Current **RM2.25**
Target **RM3.21**
Prev. Target **RM3.21**
Up/Downside **42.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.3	-5.8	8.4
Absolute	-4.3	-12.8	3.7

Major shareholders	% held
Tan Sri Leong Hoy Kum	35.1
EPF	8.8
Felda	7.4

Aiming for the stars

Mah Sing is the only developer to target a strong 20% growth in new sales for 2014, which it looks close to achieving. The group is not resting on its laurels and the proposed rights issue is a strong indication that its aggressive landbanking efforts will continue.

We retain our EPS forecasts, Add call and target basis of parity with RNAV. Mah Sing remains one of our top picks for the sector, with potential re-rating catalysts that include its 1) strong and consistent earnings growth, 2) record sales in the face of tough market conditions, and 3) aggressive landbanking efforts.

RM3.6bn sales target

Mah Sing sold RM2.45bn worth of properties in 9M14, up 9% yoy. Some RM1.89bn or 77% of its 9M new sales came from the Klang Valley, RM503m or 21% from Johor, RM42m or 2% from Penang and RM19m or 1% from Sabah. 3Q new sales of RM900m represent a record for the group but we expect 4Q to be even stronger as Mah Sing enjoyed strong take-up for its Lakeville project in Taman Wahyu, Kuala Lumpur. So far, the group has opened up four blocks of apartments worth RM820m and achieved 85% take-up.

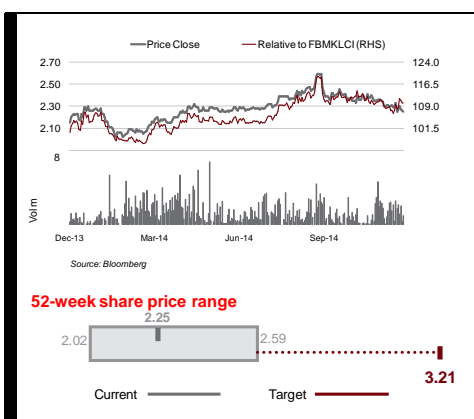
Landbanking

In 2014, Mah Sing bought three parcels of land, two in the Klang Valley and the third in Seremban, for a total cost of RM1.34bn. This boosts the group's total landbank in 2014 by

1,134 acres and its undeveloped GDV by nearly RM20bn. Including unbilled sales, undeveloped GDV of the group exceeds RM50bn. 2014 represents Mah Sing's most aggressive landbanking ever. In 2011, the group bought RM211m worth of land and that figure rose to RM488m in 2012 and RM884m in 2013.

Proposed rights issue

On 20 Nov, Mah Sing proposed to undertake a rights issue with free warrants to raise up to RM630m as well as a 1-for-4 bonus. Of the RM630m proceeds, RM530m will be used for land and property development activities, RM92m for working capital and RM8m for expenses related to the proposals. We estimate that the rights issue will dilute EPS by 15-16% and RNAV by 3%. The rights proceeds will be used largely for the two recent land purchases, i.e. the 960-acre Seremban township and the 89-acre Puchong land. With the rights issue, Mah Sing can further take on RM1bn debt to acquire more landbank, if the opportunity arises.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues (RMm)	1,775	2,006	2,873	3,284	3,131
Operating EBITDA (RMm)	321.3	384.6	476.7	567.3	616.3
Net Profit (RMm)	230.6	280.6	346.4	411.8	451.1
Core EPS (RM)	0.17	0.20	0.23	0.28	0.31
Core EPS Growth	35.4%	15.7%	18.2%	18.9%	9.5%
FD Core P/E (x)	13.05	12.47	11.68	10.00	9.13
DPS (RM)	0.08	0.08	0.09	0.10	0.11
Dividend Yield	3.51%	3.56%	4.00%	4.44%	4.89%
EV/EBITDA (x)	10.37	9.04	8.49	6.66	6.16
P/FCFE (x)	116.8	NA	NA	25.9	23.7
Net Gearing	24.8%	15.1%	32.0%	18.1%	16.7%
P/BV (x)	2.43	1.63	1.47	1.32	1.18
ROE	19.9%	17.6%	16.5%	17.2%	16.9%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.07	1.09	1.06

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,006	2,873	3,284	3,131
Gross Profit	696	942	1,097	1,105
Operating EBITDA	385	477	567	616
Depreciation And Amortisation	(16)	(17)	(18)	(18)
Operating EBIT	369	460	550	598
Financial Income/(Expense)	3	2	1	2
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	372	462	551	600
Exceptional Items	0	0	0	0
Pre-tax Profit	372	462	551	600
Taxation	(92)	(115)	(138)	(144)
Exceptional Income - post-tax				
Profit After Tax	279	346	413	456
Minority Interests	1	0	(1)	(5)
Prof. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	281	346	412	451
Recurring Net Profit	281	346	412	451
Fully Diluted Recurring Net Profit	281	346	412	451

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	829	576	587	599
Properties Under Development				
Total Debtors	582	833	859	908
Inventories	76	109	125	119
Total Other Current Assets	2,259	2,402	2,522	2,678
Total Current Assets	3,745	3,920	4,092	4,304
Fixed Assets	114	107	100	92
Total Investments	11	11	11	11
Intangible Assets	86	86	86	86
Total Other Non-Current Assets	626	949	992	1,038
Total Non-current Assets	838	1,154	1,190	1,227
Short-term Debt	84	76	68	61
Current Portion of Long-Term Debt				
Total Creditors	1,370	1,374	1,571	1,498
Other Current Liabilities	22	22	22	22
Total Current Liabilities	1,472	1,472	1,661	1,581
Total Long-term Debt	1,040	1,226	977	1,009
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	85	87	90	93
Total Non-current Liabilities	1,125	1,313	1,066	1,102
Total Provisions	19	19	19	19
Total Liabilities	2,620	2,804	2,747	2,702
Shareholders' Equity	1,952	2,259	2,523	2,812
Minority Interests	11	11	12	17
Total Equity	1,963	2,270	2,536	2,829

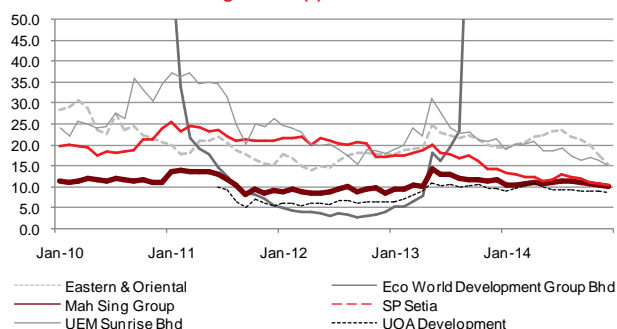
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	384.6	476.7	567.3	616.3
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(537.8)	(417.2)	35.8	(273.2)
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	2.8	2.0	1.1	1.6
Tax Paid	(112.2)	(115.5)	(137.7)	(143.9)
Cashflow From Operations	(262.6)	(53.9)	466.5	200.8
Capex	(28.6)	(10.0)	(10.0)	(10.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments	(149.5)	(322.7)	(43.3)	(45.5)
Other Investing Cashflow	15.0	(6.5)	0.0	0.0
Cash Flow From Investing	(163.2)	(339.2)	(53.3)	(55.5)
Debt Raised/(repaid)	244.5	179.6	(254.1)	28.7
Proceeds From Issue Of Shares	527.2	93.2	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(113.1)	(132.8)	(147.6)	(162.3)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	658.6	140.0	(401.7)	(133.6)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	13.0%	48.6%	15.4%	(5.3%)
Operating EBITDA Growth	19.7%	23.9%	19.0%	8.6%
Operating EBITDA Margin	21.7%	18.1%	18.7%	21.4%
Net Cash Per Share (RM)	(0.21)	(0.49)	(0.31)	(0.32)
BVPS (RM)	1.38	1.53	1.71	1.91
Gross Interest Cover	113.2	118.2	146.1	176.3
Effective Tax Rate	24.8%	25.0%	25.0%	24.0%
Net Dividend Payout Ratio	40.3%	38.3%	35.8%	36.0%
Accounts Receivables Days	99.6	97.0	100.4	111.1
Inventory Days	16.16	17.53	19.52	22.02
Accounts Payables Days	374.2	259.4	245.7	277.1
ROIC (%)	16.9%	14.7%	13.3%	14.5%
ROCE (%)	14.2%	13.9%	15.4%	16.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Unbooked Presales (m) (RM)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	12.0	12.4	12.8	13.2
Gross Margins (%)	19.2%	16.6%	17.3%	19.7%
Contracted Sales ASP (per Sm) (RM)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	20.0%	16.9%	17.6%	20.2%
Investment rev / total rev (%)	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

Malayan Banking Bhd

MAY MK / MBBM.KL

➤ **Market Cap**
US\$23,647m
 RM82,659m

➤ **Avg Daily Turnover**
US\$22.35m
 RM73.86m

➤ **Free Float**
48.6%
 8,864 m shares

Current **RM8.87**
 Target ➤ **RM12.50**
 Prev. Target **RM12.50**
 Up/Downside **40.9%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-3.6	-5.4	-5.1
Absolute	-8.2	-12.4	-9.8

Major shareholders	% held
Skim Amanah Saham Bumiputera	45.8
Employees Provident Fund	10.1
Permodalan Nasional Berhad	5.6

A post-storm calmness

We envisage Maybank reporting a stronger net profit growth of 10.1% in 2015, compared to only 1.3% in 2014, banking on the recovery in growth in (1) contributions from Indonesia, (2) foreign exchange gains, and (3) the insurance business, following the slump in 2014.

Our DDM-based target price (cost of equity of 9.7%; long-term growth of 4%) remains unchanged. Maybank is still an Add and our top pick for the sector, premised on the re-rating catalysts of (1) a recovery in Indonesia, and (2) gains in market share for its investment banking business.

Stabilising operating environment ➤

Maybank faced several unfavourable events in 2014, including (1) a plunge in contributions from Indonesia, (2) a slump in foreign exchange gains, and (3) losses from its insurance business. We expect the situation to stabilise in 2015, enabling the group to register an improved net profit growth of 10.1% vs. only 1.3% in 2014.

Slower loan growth ➤

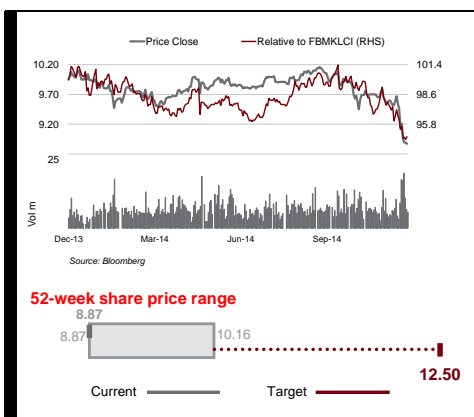
We take a conservative stance in forecasting a slowdown in loan growth from 11% in 2014 to 9.2% in 2015. This is based on a projected momentum of 8.7% in Malaysia (vs. 9.6% in 2014), 9.2% in Singapore (13.6%) and 12.9% in Indonesia (14.9%). By type, we are projecting an expansion of 8.6% for residential mortgages, 9.7% for auto loans, and 8% for working capital loans in 2015.

Keeping a tight rein on impaired loans ➤

We are not overly worried by the slight increase in the gross impaired loan ratio (GILR) in 3Q14 as this could be due to the defaults of several corporate loans and the deterioration of asset quality in Indonesia. We do not foresee any material systemic risks for its asset quality in Malaysia and Singapore. We expect its GILR to be stable at 1.3% as at end-2014 and in 2015.

Banking on regional exposure ➤

We advise investors to accumulate Maybank which offers the most extensive regional exposure in our universe of Malaysian banks. Although the contributions from its unit in Indonesia, Bank Internasional Indonesia (BII), plunged in 2014, this was due to the country's adverse operating environment. We still see good growth prospects in the longer term for the Indonesian banking sector, which is under-penetrated with a loan-to-GDP ratio of only circa 40%.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Net Interest Income (RMm)	9,297	9,585	9,951	10,624	11,430
Total Non-Interest Income (RMm)	7,477	8,953	9,509	10,404	11,402
Operating Revenue (RMm)	16,773	18,538	19,460	21,028	22,832
Total Provision Charges (RMm)	(679)	(730)	(900)	(981)	(1,118)
Net Profit (RMm)	5,746	6,552	6,640	7,312	7,915
Core EPS (RM)	0.71	0.76	0.73	0.78	0.85
Core EPS Growth	109%	6%	(4%)	7%	8%
FD Core P/E (x)	12.41	11.71	12.14	11.30	10.44
DPS (RM)	0.51	0.54	0.51	0.55	0.59
Dividend Yield	5.73%	6.03%	5.76%	6.19%	6.70%
BVPS (RM)	4.99	5.19	5.71	6.26	6.82
P/BV (x)	1.78	1.71	1.55	1.42	1.30
ROE	15.0%	14.9%	13.4%	13.1%	13.0%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	1.02	1.03

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Net Interest Income	9,585	9,951	10,624	11,430
Total Non-Interest Income	8,953	9,509	10,404	11,402
Operating Revenue	18,538	19,460	21,028	22,832
Total Non-Interest Expenses	(8,928)	(9,572)	(10,347)	(11,199)
Pre-provision Operating Profit	9,611	9,888	10,681	11,633
Total Provision Charges	(730)	(900)	(981)	(1,118)
Operating Profit After Provisions	8,881	8,988	9,700	10,516
Pretax Income/(Loss) from Assoc.	139	164	189	218
Operating EBIT (incl Associates)	9,020	9,152	9,889	10,734
Non-Operating Income/(Expense)	(151)	(18)	9	(20)
Profit Before Tax (pre-EI)	8,870	9,133	9,898	10,714
Exceptional Items	0	0	0	0
Pre-tax Profit	8,870	9,133	9,898	10,714
Taxation	(2,098)	(2,392)	(2,475)	(2,678)
Consolidation Adjustments & Others				
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	6,771	6,741	7,424	8,035
Minority Interests	(219)	(101)	(111)	(121)
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	6,552	6,640	7,312	7,915
Recurring Net Profit	6,552	6,640	7,312	7,915

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Gross Loans	368,557	416,495	454,791	494,485
Liquid Assets & Invst. (Current)	111,616	84,747	87,241	97,229
Other Int. Earning Assets	0	0	0	0
Total Gross Int. Earning Assets	480,174	501,243	542,032	591,714
Total Provisions/Loan Loss Reserve	(5,763)	(6,340)	(7,079)	(7,838)
Total Net Interest Earning Assets	474,411	494,903	534,953	583,876
Intangible Assets	6,041	6,041	6,041	6,041
Bank Deposits	31,924	32,094	34,077	36,078
Total Non-Interest Earning Assets	37,965	38,135	40,118	42,119
Cash And Marketable Securities	48,067	52,404	59,615	62,573
Long-term Investments	0	0	0	0
Total Assets	560,443	585,442	634,686	688,567
Customer Interest-Bearing Liabilities	395,611	410,046	448,970	491,516
Bank Deposits	46,077	43,759	48,002	52,036
Interest Bearing Liabilities: Others	36,187	37,315	37,099	38,331
Total Interest-Bearing Liabilities	477,875	491,120	534,071	581,883
Bank's Liabilities Under Acceptances	3,264	3,593	3,953	4,353
Total Non-Interest Bearing Liabilities	31,562	35,725	36,422	36,767
Total Liabilities	512,701	530,438	574,446	623,003
Shareholders' Equity	45,998	53,171	58,316	63,544
Minority Interests	1,745	1,832	1,924	2,020
Total Equity	47,743	55,004	60,240	65,564

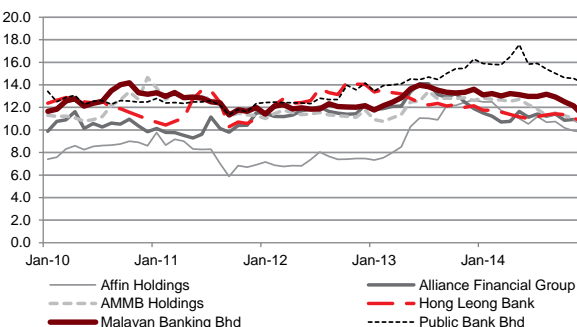
Balance Sheet Employment

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Loans/Cust Deposits	91.3%	97.8%	97.6%	96.9%
Avg Loans/Avg Deposits	91.4%	94.6%	97.7%	97.2%
Avg Liquid Assets/Avg Assets	29.9%	27.9%	25.9%	25.8%
Avg Liquid Assets/Avg IEAs	32.1%	29.9%	27.7%	27.5%
Net Cust Loans/Assets	63.5%	67.4%	67.9%	68.0%
Net Cust Loans/Broad Deposits	80.5%	87.0%	86.7%	86.2%
Equity & Provs/Gross Cust Loans	14.3%	14.8%	14.9%	15.0%
Asset Risk Weighting	59.4%	58.2%	58.3%	58.2%
Provision Charge/Avg Cust Loans	0.175%	0.294%	0.295%	0.298%
Provision Charge/Avg Assets	0.113%	0.196%	0.203%	0.206%
Total Write Offs/Average Assets	0.31%	0.17%	0.15%	0.15%

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Income Growth	10.5%	5.0%	8.1%	8.6%
Operating Profit Growth	13%	3%	8%	9%
Pretax Profit Growth	12%	3%	8%	8%
Net Interest To Total Income	51.7%	51.1%	50.5%	50.1%
Cost Of Funds	1.15%	1.01%	1.04%	1.05%
Return On Interest Earning Assets	3.32%	3.17%	3.22%	3.19%
Net Interest Spread	2.17%	2.16%	2.17%	2.14%
Net Interest Margin (Avg Deposits)	2.58%	2.47%	2.47%	2.43%
Net Interest Margin (Avg RWA)	3.12%	2.95%	2.99%	2.97%
Provisions to Pre Prov. Operating Profit	7.59%	9.10%	9.18%	9.61%
Interest Return On Average Assets	1.82%	1.74%	1.74%	1.73%
Effective Tax Rate	23.7%	26.2%	25.0%	25.0%
Net Dividend Payout Ratio	60.0%	70.0%	70.0%	70.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Loan Growth (%)	13.7%	11.0%	9.2%	8.7%
Net Interest Margin (%)	2.0%	1.9%	1.9%	1.8%
Non Interest Income Growth (%)	19.7%	6.2%	9.4%	9.6%
Cost-income Ratio (%)	48.2%	49.2%	49.2%	49.1%
Net NPL Ratio (%)	1.5%	1.3%	1.3%	1.3%
Loan Loss Reserve (%)	107.5%	117.4%	123.7%	128.1%
GP Ratio (%)	1.1%	1.1%	1.1%	1.1%
Tier 1 Ratio (%)	14.4%	16.0%	16.3%	16.5%
Total CAR (%)	24.0%	25.3%	24.9%	24.5%
Deposit Growth (%)	14.0%	3.6%	9.5%	9.5%
Loan-deposit Ratio (%)	89.9%	96.3%	96.0%	95.3%
Gross NPL Ratio (%)	1.5%	1.3%	1.3%	1.3%
Fee Income Growth (%)	11.7%	19.7%	9.3%	9.1%

Malaysia Airports Holdings

MAHB MK / MAHB.KL

Market Cap
US\$2,595m
RM9,069m

Avg Daily Turnover
US\$2.34m
RM7.72m

Free Float
34.9%
1,365 m shares

Current **RM6.60**
Target **RM7.22**
Prev. Target **RM7.22**
Up/Downside **9.4%**

STOCK RATING

ADD

HOLD

REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-2.2	-8.1	-22.9
Absolute	-6.8	-15.1	-27.6

Major shareholders	% held
Khazanah Nasional	36.6
Permodalan Nasional Berhad	15.9
Employees Provident Fund	12.6

Tariff hike needed

MAHB is facing the headwinds of declining passenger traffic and higher costs from the commissioning of KLIA2. Only a passenger tariff hike at KLIA2 can catalyse the stock, in our view, but the timing and quantum is yet to be determined. Switch to Westports.

We maintain our Hold call and DCF-based target price (annual WACC of 7% and higher). The impending rights issue in order to fund the purchase of another 40% of Istanbul Sabiha Gokcen (ISG), which is dilutive, may cap share price performance.

Poor results

MAHB suffered a loss in 2Q14 and broke even in the 3Q due to higher KLIA2 operating costs and traffic declines at the KLIA MTB (main terminal building) on the back of the MH370 and MH17 incidents.

Weak passenger traffic

Passenger traffic at MAHB's Malaysian airports eked out a 0.1% yoy gain in October, courtesy of a 0.7% increase in international traffic. Domestic traffic, however, dipped 0.5% following an 11% fall in KLIA domestic traffic but this was mostly offset by higher domestic traffic at non-KLIA airports. October's flat traffic figures provided some reprieve to MAHB after two consecutive months of traffic declines. A shift in international traffic from KLIA MTB towards KLIA2 is a cause of concern as international passenger service charges (PSC) at KLIA2 are only half the amount charged at KLIA MTB.

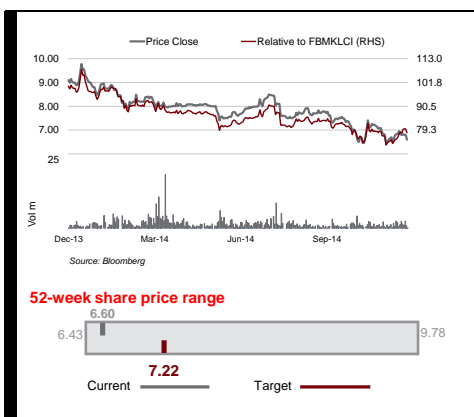
Industry capacity cuts are likely to happen during 1H15, which could affect MAHB's traffic further.

ISG purchase

MAHB's decision to fully fund its acquisition of a 40% stake in ISG with common equity has led to a weaker share price. Pure-equity funding may not appear to be the most ideal for MAHB as equity is expensive and because its balance sheet has the capability to raise more debt. However, on the positive side, an equity issue today will allow MAHB to pursue more M&A opportunities and raise its future debt capacity. MAHB's share price weakness may also be an opportunity for investors to position for the longer term, especially if MAHB delivers on its guidance for ISG to be profitable by 2015 vs. our conservative expectation of 2017.

Tariff hike?

MAHB is seeking higher passenger service charges for KLIA2 to close the gap with charges at KLIA MTB. The earliest this can happen is on 2 May 2015, the first anniversary of KLIA2's opening, but the Transport Minister recently said that he will not allow any tariff hikes.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	3,548	4,099	3,328	2,926	3,184
Operating EBITDA (RMm)	848	811	823	905	1,034
Net Profit (RMm)	394.4	389.2	93.6	136.3	271.0
Core EPS (RM)	0.35	0.26	0.07	0.10	0.20
Core EPS Growth	(7.8%)	(26.4%)	(73.6%)	45.4%	98.8%
FD Core P/E (x)	17.81	25.12	91.36	66.03	33.22
DPS (RM)	0.14	0.12	0.10	0.10	0.15
Dividend Yield	2.07%	1.78%	1.52%	1.52%	2.26%
EV/EBITDA (x)	12.16	14.28	15.39	13.82	11.76
P/FCFE (x)	NA	NA	NA	25.03	16.06
Net Gearing	53.4%	73.7%	65.4%	62.9%	55.6%
P/BV (x)	1.83	1.73	1.61	1.62	1.58
ROE	10.8%	7.1%	1.8%	2.4%	4.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.65	0.62	0.82

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	4,099	3,328	2,926	3,184
Gross Profit	811	823	905	1,034
Operating EBITDA	811	823	905	1,034
Depreciation And Amortisation	(278)	(485)	(452)	(452)
Operating EBIT	533	338	453	582
Financial Income/(Expense)	(12)	(136)	(202)	(194)
Pretax Income/(Loss) from Assoc.	(39)	(62)	(42)	(23)
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	483	140	210	365
Exceptional Items	68	27	0	0
Pre-tax Profit	551	167	210	365
Taxation	(162)	(73)	(73)	(94)
Exceptional Income - post-tax				
Profit After Tax	389	94	136	271
Minority Interests	0	0	0	0
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	389	94	136	271
Recurring Net Profit	321	94	136	271
Fully Diluted Recurring Net Profit	321	94	136	271

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	345	447	452	666
Total Debtors	558	453	398	434
Inventories	122	122	122	122
Total Other Current Assets	0	0	0	0
Total Current Assets	1,026	1,022	973	1,222
Fixed Assets	324	324	324	324
Total Investments	0	0	0	0
Intangible Assets	8,262	8,373	8,171	7,969
Total Other Non-Current Assets	902	1,773	1,731	1,709
Total Non-current Assets	9,487	10,470	10,226	10,002
Short-term Debt	200	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	917	699	564	600
Other Current Liabilities	48	48	48	48
Total Current Liabilities	1,165	747	612	648
Total Long-term Debt	3,600	4,100	3,958	3,828
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,058	1,058	1,058	1,058
Total Non-current Liabilities	4,658	5,158	5,017	4,887
Total Provisions	0	0	0	0
Total Liabilities	5,823	5,905	5,628	5,534
Shareholders' Equity	4,689	5,586	5,570	5,689
Minority Interests	0	0	0	0
Total Equity	4,689	5,586	5,570	5,689

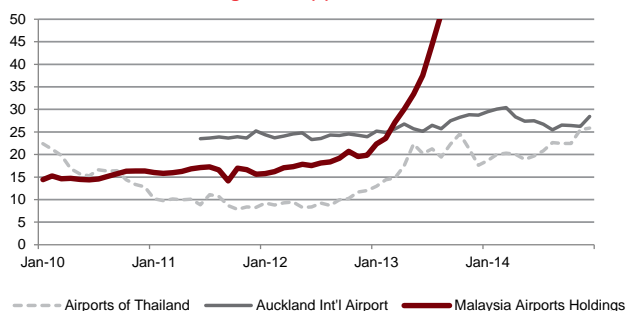
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	811	823	905	1,034
Cash Flow from Inv. & Assoc.				
Change In Working Capital	191	(113)	(80)	1
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	40	(125)	(218)	(210)
Net Interest (Paid)/Received	24	152	218	210
Tax Paid	(162)	(73)	(73)	(94)
Cashflow From Operations	904	663	751	940
Capex	(1,918)	(595)	(250)	(250)
Disposals Of FAs/subsidiaries	6	(934)	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	(26)	0	0	0
Cash Flow From Investing	(1,939)	(1,529)	(250)	(250)
Debt Raised/(repaid)	700	300	(142)	(130)
Proceeds From Issue Of Shares	0	980	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(168)	(161)	(136)	(136)
Preferred Dividends				
Other Financing Cashflow	(24)	(152)	(218)	(210)
Cash Flow From Financing	508	967	(496)	(477)
Total Cash Generated	(527)	101	6	214
Free Cashflow To Equity	(335)	(566)	360	561
Free Cashflow To Firm	(1,059)	(1,018)	284	480

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	15.5%	(18.8%)	(12.1%)	8.8%
Operating EBITDA Growth	(4.3%)	1.4%	10.0%	14.3%
Operating EBITDA Margin	19.8%	24.7%	30.9%	32.5%
Net Cash Per Share (RM)	(2.80)	(2.68)	(2.57)	(2.32)
BVPS (RM)	3.80	4.10	4.08	4.17
Gross Interest Cover	18.80	2.23	2.08	2.77
Effective Tax Rate	29.4%	43.9%	34.9%	25.8%
Net Dividend Payout Ratio	30.1%	97.3%	65.1%	55.6%
Accounts Receivables Days	53.35	55.45	53.10	47.81
Inventory Days	12.26	17.74	21.98	20.72
Accounts Payables Days	95.4	117.7	114.0	99.0
ROIC (%)	5.53%	2.75%	3.30%	4.31%
ROCE (%)	6.89%	3.90%	4.88%	6.28%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RM)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Int'l Passenger Traffic Growth (%)	16.8%	4.8%	6.8%	8.1%
Domestic Pax Traffic Growth (%)	19.9%	4.0%	4.3%	5.8%
International Flight Traffic Growth (%)	14.1%	6.7%	1.6%	4.8%
Domestic Flight Traffic Growth (%)	14.1%	6.7%	1.6%	4.8%
Int'l Pax Service Charge	65.0	71.0	71.0	71.0
Dom Pax Serv Charge	9.0	9.0	10.0	10.0
Unit Meals Produced (% Change)	N/A	N/A	N/A	N/A

Malaysia Marine & Heavy Eng

MMHE MK / MHEB.KL

► **Market Cap**
US\$778.1m
 RM2,720m

► **Avg Daily Turnover**
US\$0.64m
 RM2.13m

► **Free Float**
18.6%
 1,600 m shares

Current **RM1.70**
 Target **RM1.70** ►
 Prev. Target **RM1.70**
 Up/Downside **0.1%**

STOCK RATING

ADD
 HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-15.6	-40.7	-49.4
Absolute	-20.2	-47.7	-54.1

Major shareholders	% held
MISC	66.5
Technip	8.5
PNB	6.4

Light order book

MMHE enters FY15 with a host of concerns, namely a shrinking order book, project delays and the outstanding recovery of change order claims. If the recent awards of large fabrication contracts to foreign companies are any indication, the outlook for MMHE is grim.

We continue to value the stock at 21.2x CY16 P/E, still at a 30% premium over our target market P/E of 16.3x pending a review of our premium valuations. We maintain our Reduce call, with the potential de-rating catalysts of slower order book momentum and longer project delays. Switch to SapuraKencana.

Record low order book ►

MMHE's order book declined to a record low of RM1.7bn as 30 Sep 2014. Earlier in the year, management expected to secure RM1.5bn worth of new projects in FY14. However, MMHE has only won two projects worth RM350m YTD.

Replenishment challenge ►

Order book replenishment has been a challenge for MMHE and its prospects are not improving as its foreign counterparts seem to have a pricing advantage. We believe the local fabricators missed out on the main packages of the large fabrication contracts for the Bergading and Baronia central processing platforms (CPP), each worth an estimated US\$1bn. A contract for Sepat CPP, estimated to be worth US\$1.6bn, is

still up for grabs, but we have not factored it into our forecasts.

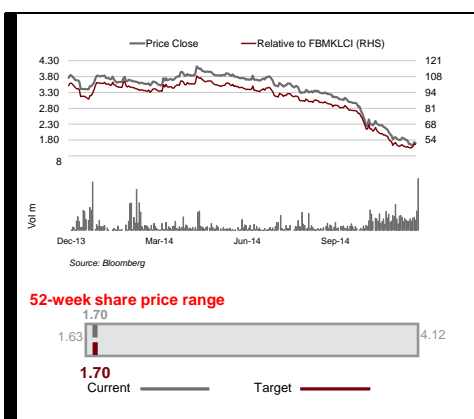
Project delays and change orders ►

Currently, MMHE's two main projects are Malikai and SK316. However, profit contributions from these projects have been delayed to 2H15. As at 30 Sep 2014, Malikai was 41% completed and SK316 was 29% completed.

Management continues to pursue its change order claims for several projects, Tapis in particular. The amount has not been disclosed.

No catalysts until 3Q15 ►

MMHE is bidding for new projects worth around RM3bn, including works at refinery and petrochemical integrated development (RAPID), which received final investment decision in Apr 2014 and, therefore, will go on despite Petronas's 15-20% capex cut in 2015. However, we understand that the RAPID packages will only be awarded in 2H15. This points to a quiet 1H15 as the profits from Malikai and SK316 are only expected to start flowing in 2H15.


Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	3,330	2,885	3,429	3,742	3,948
Operating EBITDA (RMm)	253.7	194.0	156.1	154.9	131.0
Net Profit (RMm)	242.0	236.5	153.3	152.2	128.4
Core EPS (RM)	0.13	0.12	0.10	0.10	0.08
Core EPS Growth	(6.5%)	(9.5%)	(17.8%)	(0.7%)	(15.6%)
FD Core P/E (x)	13.20	14.58	17.74	17.87	21.18
DPS (RM)	0.100	0.050	0.060	0.070	0.080
Dividend Yield	5.88%	2.94%	3.53%	4.12%	4.71%
EV/EBITDA (x)	7.22	12.31	6.16	5.63	5.96
P/FCFE (x)	7.23	7.60	10.82	9.27	9.70
Net Gearing	(37.3%)	(13.8%)	(71.8%)	(80.4%)	(81.6%)
P/BV (x)	1.14	1.13	1.11	1.18	1.15
ROE	8.67%	7.77%	6.30%	6.42%	5.50%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.94	0.79	0.68

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,885	3,429	3,742	3,948
Gross Profit	391	404	402	398
Operating EBITDA	194	156	155	131
Depreciation And Amortisation	(59)	(75)	(75)	(75)
Operating EBIT	135	81	80	56
Financial Income/(Expense)	11	12	12	12
Pretax Income/(Loss) from Assoc.	1	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	148	92	91	68
Exceptional Items	50			
Pre-tax Profit	198	92	91	68
Taxation	40	60	60	60
Exceptional Income - post-tax				
Profit After Tax	237	152	151	128
Minority Interests	(1)	1	1	1
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	236	153	152	128
Recurring Net Profit	187	153	152	128
Fully Diluted Recurring Net Profit	187	153	152	128

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	623	1,760	1,848	1,941
Total Debtors	4,010	2,800	2,940	3,088
Inventories	33	34	36	37
Total Other Current Assets	0	0	0	0
Total Current Assets	4,667	4,595	4,824	5,065
Fixed Assets	887	845	19	19
Total Investments	0	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	123	128	729	729
Total Non-current Assets	1,010	973	747	747
Short-term Debt	290	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	2,935	3,081	3,235	3,397
Other Current Liabilities	34	36	37	38
Total Current Liabilities	3,259	3,117	3,272	3,435
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	0	0	0	0
Total Provisions	0	0	0	0
Total Liabilities	3,259	3,117	3,272	3,435
Shareholders' Equity	2,417	2,449	2,298	2,375
Minority Interests	1	2	2	2
Total Equity	2,418	2,451	2,300	2,377

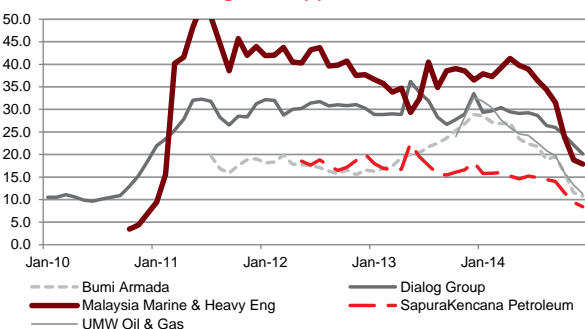
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	194	156	155	131
Cash Flow from Inv. & Assoc.				
Change In Working Capital	12	12	13	14
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(46)	(69)	(15)	(15)
Net Interest (Paid)/Received	(6)	(6)	(7)	(8)
Tax Paid	(44)	56	60	60
Cashflow From Operations	110	149	206	181
Capex	(161)	(163)	(182)	(182)
Disposals Of FAs/subsidiaries	26	27	28	29
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	384	238	242	253
Cash Flow From Investing	248	102	88	99
Debt Raised/(repaid)	0	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased				
Dividends Paid	(300)	(300)	(299)	(298)
Preferred Dividends				
Other Financing Cashflow	(325)	1,186	84	110
Cash Flow From Financing	(625)	886	(215)	(188)
Total Cash Generated	(267)	1,137	78	92
Free Cashflow To Equity	358	251	293	281
Free Cashflow To Firm	364	257	300	289

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(13.4%)	18.9%	9.1%	5.5%
Operating EBITDA Growth	(23.5%)	(19.5%)	(0.8%)	(15.4%)
Operating EBITDA Margin	6.72%	4.55%	4.14%	3.32%
Net Cash Per Share (RM)	0.21	1.10	1.16	1.21
BVPS (RM)	1.51	1.53	1.44	1.48
Gross Interest Cover	23.53	13.49	11.17	6.83
Effective Tax Rate	0%	0%	0%	0%
Net Dividend Payout Ratio	32%	78%	87%	112%
Accounts Receivables Days	459.1	362.5	280.0	279.4
Inventory Days	4.83	4.10	3.82	3.72
Accounts Payables Days	419.3	363.0	345.2	341.9
ROIC (%)	9.0%	3.9%	11.5%	12.4%
ROCE (%)	5.97%	3.82%	4.15%	3.24%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook (RMm)	2,600	2,200	1,600	1,200
Order Book Wins (RMm)	800.0	600.0	800.0	800.0
Order Book Depletion (RMm)	1,200	1,200	1,200	1,200
Average Day Rate Per Ship (US\$)	N/A	N/A	N/A	N/A
No. Of Ships (unit)	N/A	N/A	N/A	N/A
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A

Malaysian Pacific Industries

MPI MK / MPIM.KL

➤ **Market Cap**
US\$267.4m
 RM934.8m

➤ **Avg Daily Turnover**
US\$0.39m
 RM1.30m

➤ **Free Float**
45.8%
 209.9 m shares

Current **RM4.70**
 Target ➤ **RM7.50**
 Prev. Target **RM7.50**
 Up/Downside **59.6%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-8.2	-15.7	51.6
Absolute	-12.8	-22.7	46.9

Major shareholders	% held
Hong Leong Manufacturing	50.3
ASB	4.0

Still the preferred proxy

MPI is gearing for a pick-up in utilisation rate for its advanced packages lines. The aggressive expansion strategy will enable the company to ride on smartphone and tablet (S&T) growth amid diversifying exposure into the more stable automotive segment.

We maintain our Add rating and RM7.50 target price, based on 14.3x CY16 P/E, similar to its 2-year historical mean. Stronger earnings contribution from S&T and automotive segments, higher dividend payout and potential M&A activities are potential re-rating catalysts. MPI is our top pick in the domestic semiconductor sector.

Expansion-driven growth ➤

The company is investing in land grid arrays (LGA) and fine-ball grid arrays (FBGA) as part of its strategy to become a complete cellular system solution for mobile devices, such as smartphones. Management plans to incur RM200m in capex for FY15 (vs. RM72m in FY14) to support its new line investment in Carsem Suzhou and capacity expansion for its automotive division in Carsem M-site, Ipoh, given rising demand for its tyre pressure and wheel speed sensor devices. MPI expects to grow its Microleadframe package (MLP) shipment volume to 5bn unit in FY15 from 4.5bn in FY14. MPI is also expected to offer back-end services in 2015 following a partnership with Semiconductor Manufacturing International Corp (981 HK, Hold). We think this is a positive move by

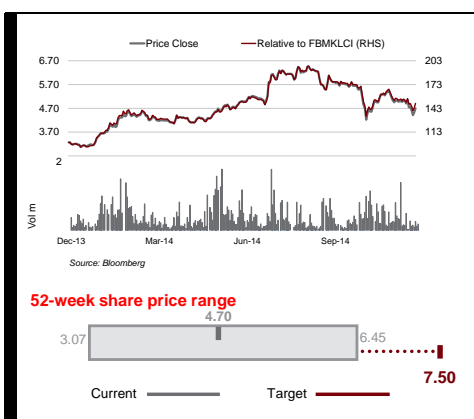
MPI towards becoming a total semiconductor IC assembly, packaging and testing service provider.

Automotive emerges as the new growth driver ➤

Although S&T remains a key segment for the group with 35% sales contribution, we like management's strategy to diversify its exposure and grow into the automotive segment. The automotive segment offers good order visibility to the group due to the IC packages' long-term nature, reducing the impact of volatility arising from cyclical S&T demand. MPI plans to grow its automotive segment contribution from 23% to over 30% within the next two years.

Potential for higher payout ➤

The company's balance sheet position has improved gradually over the past two years following its earnings recovery and management initiatives to pare down borrowings. We expect MPI to be in a net cash position by end-FY15, supported by its strong free cash flow generation of RM190m in FY14. Hence, we see plenty of room for higher dividend payouts given its stronger financial position.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	1,208	1,292	1,376	1,472	1,560
Net Profit (RMm)	11.0	45.1	80.4	100.3	121.2
Core EPS (RM)	0.04	0.28	0.38	0.48	0.58
Core EPS Growth	NA	575%	37%	25%	21%
FD Core P/E (x)	113.4	16.8	12.3	9.8	8.1
Price To Sales (x)	0.82	0.76	0.72	0.67	0.63
DPS (RM)	0.10	0.15	0.21	0.28	0.35
Dividend Yield	2.21%	3.19%	4.47%	5.96%	7.45%
EV/EBITDA (x)	6.14	4.07	3.70	2.95	2.37
P/FCFE (x)	30.57	7.20	15.03	4.40	3.99
Net Gearing	16.2%	1.7%	(3.4%)	(21.5%)	(37.5%)
P/BV (x)	1.38	1.35	1.28	1.22	1.15
ROE	1.2%	8.1%	10.7%	12.7%	14.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.00	1.07	1.23

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	1,292	1,376	1,472	1,560
Gross Profit	1,292	1,376	1,472	1,560
Operating EBITDA	289	316	347	368
Depreciation And Amortisation	(205)	(202)	(205)	(201)
Operating EBIT	84	115	142	168
Financial Income/(Expense)	(3)	(1)	(0)	4
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	81	114	142	171
Exceptional Items	(16)			
Pre-tax Profit	65	114	142	171
Taxation	(11)	(18)	(23)	(27)
Exceptional Income - post-tax				
Profit After Tax	54	96	119	144
Minority Interests	(9)	(15)	(19)	(23)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	45	80	100	121
Recurring Net Profit	59	80	100	121
Fully Diluted Recurring Net Profit	59	80	100	121

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	78	127	326	541
Total Debtors	197	211	226	239
Inventories	94	132	141	150
Total Other Current Assets	0	0	0	0
Total Current Assets	370	470	693	930
Fixed Assets	823	821	716	616
Total Investments	0	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	823	822	716	616
Short-term Debt	93	93	93	93
Current Portion of Long-Term Debt				
Total Creditors	163	173	185	196
Other Current Liabilities	1	1	1	1
Total Current Liabilities	257	267	279	290
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	29	38	50	64
Total Non-current Liabilities	29	38	50	64
Total Provisions	0	0	0	0
Total Liabilities	286	306	329	354
Shareholders' Equity	732	769	810	858
Minority Interests	175	217	270	334
Total Equity	907	986	1,080	1,192

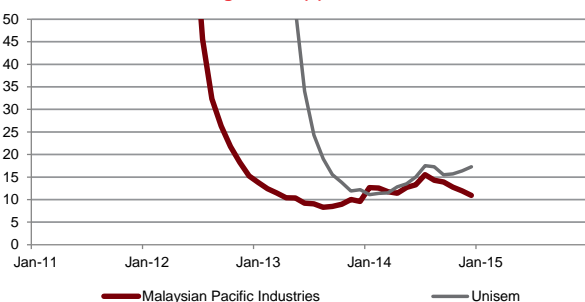
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	288.8	316.4	347.4	368.3
Cash Flow from Inv. & Assoc.				
Change In Working Capital	10.7	(40.7)	(11.9)	(10.9)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow				
Net Interest (Paid)/Received	(2.7)	(1.0)	(0.1)	3.7
Tax Paid	(4.4)	(9.1)	(11.4)	(13.7)
Cashflow From Operations	292.3	265.6	324.1	347.3
Capex	(72.4)	(200.0)	(100.0)	(100.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	8.4	0.0	0.0	0.0
Cash Flow From Investing	(64.1)	(200.0)	(100.0)	(100.0)
Debt Raised/(repaid)	(91.2)	0.0	0.0	0.0
Proceeds From Issue Of Shares		0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(64.7)	(16.9)	(24.8)	(32.5)
Preferred Dividends	0.0	0.0	0.0	0.0
Other Financing Cashflow	(1.1)	0.0	0.0	0.0
Cash Flow From Financing	(156.9)	(16.9)	(24.8)	(32.5)
Total Cash Generated	71.4	48.7	199.2	214.8
Free Cashflow To Equity	137.1	65.6	224.1	247.3
Free Cashflow To Firm	232.3	68.1	226.6	249.8

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	6.90%	6.50%	7.00%	6.00%
Operating EBITDA Growth	32.8%	9.6%	9.8%	6.0%
Operating EBITDA Margin	22.4%	23.0%	23.6%	23.6%
Net Cash Per Share (RM)	(0.07)	0.16	1.11	2.13
BVPS (RM)	3.49	3.66	3.86	4.09
Gross Interest Cover	21.06	45.49	56.30	66.49
Effective Tax Rate	17.2%	16.0%	16.0%	16.0%
Net Dividend Payout Ratio	46%	55%	59%	61%
Accounts Receivables Days	58.94	54.17	54.32	54.42
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	7.7%	12.1%	14.3%	18.7%
ROCE (%)	8.1%	11.2%	12.8%	14.1%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
ASP Change (% , Main Product)	5.3%	6.5%	7.0%	-100.0%
Unit sales growth (% , main prod)	N/A	N/A	N/A	N/A
No. Of Lines (main Product)	5	5	5	5
Rev per line (US\$, main prod)	N/A	N/A	N/A	N/A
ASP chg (% , 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A

Malaysian Resources Corp

MRC MK / MYRS.KL

Market Cap
US\$664.7m
RM2,323m

Avg Daily Turnover
US\$0.49m
RM1.63m

Free Float
48.6%
1,366 m shares

Current **RM1.32**
Target **RM2.08**
Prev. Target **RM2.08**
Up/Downside **57.6%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-9.7	-15.4	4.7
Absolute	-14.3	-22.4	0.0

Major shareholders	% held
EPF	38.9
Gapurna Sdn Bhd	12.5

Brighter job prospects

We are more optimistic about MRCB's order flow outlook, which should be a key re-rating catalyst in the medium term and offset the softer property outlook. In our view, there is a good chance of upside to the RM1.2bn external order book in FY15.

We continue to see value in MRCB. Our target price is unchanged and remains pegged to a 20% RNAV discount. The group's longer-term prospects in the property segment are backed by outstanding gross development value (GDV) of over RM30bn (including RM8bn for MX-1). Maintain Add. Other potential re-rating catalysts include new landbank and REIT deals.

Upside to order book

We are encouraged by MRCB becoming increasingly active in tenders going into 2015. There is now greater clarity on the outlook of job flows, enhanced by the group's tender for a construction/concession-type incinerator project, reportedly worth RM800m. This could be its maiden renewable energy (RE) venture. We maintain our RM500m p.a. new jobs assumption in FY15-16 for now and see the incinerator job as a new recurring income stream, as well as an opportunity to secure a large-scale job. Other potential new jobs include LRT 3 and MRT 2.

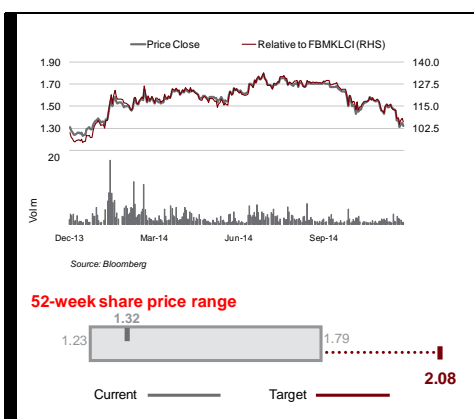
Executing MX-1

The 64-acre transit oriented development (TOD), dubbed project MX-1, is still the group's largest single

new property venture. MRCB is expected to fulfill the conditions for its 70% share subscription in the JV company by Aug 2015. Management targets to start work on MX-1 in 2016. The group is still evaluating the best option to fund its RM816m equity portion in the JV company (70% stake) and is considering cash proceeds from a potential second REIT injection. However, this depends on the timing of Platinum Sentral's injection into Quill Capita Trust (QCT), which is slated for completion by 1Q15. The equity injection should not put a strain on MRCB's balance sheet, as the deployment will be in stages, but we do not rule out a potential rights issue.

Share price indicates value

MRCB's share price is down 18% from its 52-week high of RM1.79, largely due to the overhang from the government's property cooling measures and lack of job flows. However, MRCB's appeal over the next few months is likely to lie in construction, while its longer-term property development prospects are anchored by PJ Sentral and Kwasa Damansara's MX-1 (worth RM31.4bn in total incoming GDV).



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,283	941	1,649	1,809	1,954
Operating EBITDA (RMm)	136.3	(78.3)	166.7	217.5	262.1
Net Profit (RMm)	60.1	(110.1)	49.6	87.3	119.0
Core EPS (RM)	0.044	(0.081)	0.036	0.064	0.087
Core EPS Growth	137%	(283%)	NA	76%	36%
FD Core P/E (x)	29.97	NA	36.32	20.66	15.15
DPS (RM)	0.052	0.024	0.028	0.030	0.030
Dividend Yield	3.94%	1.82%	2.12%	2.27%	2.27%
EV/EBITDA (x)	32.89	NA	27.45	20.74	16.89
P/FCFE (x)	4.80	23.79	10.12	6.51	6.40
Net Gearing	180%	168%	130%	129%	127%
P/BV (x)	1.27	1.08	0.88	0.90	0.91
ROE	4.30%	(7.12%)	2.67%	4.32%	5.99%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.89	0.97	0.86

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	941	1,649	1,809	1,954
Gross Profit	941	1,649	1,809	1,954
Operating EBITDA	(78)	167	217	262
Depreciation And Amortisation	(41)	(54)	(59)	(64)
Operating EBIT	(119)	113	159	198
Financial Income/(Expense)	4	(44)	(41)	(38)
Pretax Income/(Loss) from Assoc.	5	5	15	16
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	(110)	74	133	176
Exceptional Items	0	0	0	0
Pre-tax Profit	(110)	74	133	176
Taxation	(12)	(21)	(31)	(40)
Exceptional Income - post-tax				
Profit After Tax	(123)	53	102	137
Minority Interests	9	(3)	(15)	(18)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	4			
Net Profit	(110)	50	87	119
Recurring Net Profit	(110)	50	87	119
Fully Diluted Recurring Net Profit	(110)	50	87	119

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	608	708	722	758
Total Debtors	650	923	830	747
Inventories	8	8	8	8
Total Other Current Assets	727	741	756	771
Total Current Assets	1,993	2,380	2,316	2,284
Fixed Assets	38	39	39	40
Total Investments	1,043	1,000	958	918
Intangible Assets	291	291	291	291
Total Other Non-Current Assets	3,237	3,224	3,210	3,197
Total Non-current Assets	4,610	4,553	4,499	4,447
Short-term Debt	1,536	1,536	1,536	1,536
Current Portion of Long-Term Debt	1,058	1,006	955	907
Total Creditors	1,101	1,082	1,064	1,046
Other Current Liabilities	132	132	132	132
Total Current Liabilities	3,828	3,756	3,688	3,622
Total Long-term Debt	909	909	909	909
Hybrid Debt - Debt Component	0			
Total Other Non-Current Liabilities	129	129	129	129
Total Non-current Liabilities	1,038	1,038	1,038	1,038
Total Provisions	0	0	0	0
Total Liabilities	4,866	4,794	4,726	4,660
Shareholders' Equity	1,675	2,045	1,996	1,977
Minority Interests	61	94	94	94
Total Equity	1,737	2,139	2,089	2,071

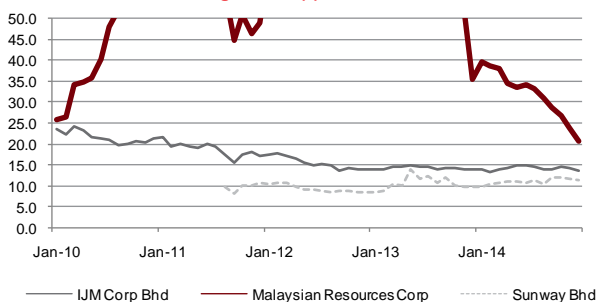
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	(78.3)	166.7	217.5	262.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital	10.7	22.3	64.2	27.9
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	0.0	0.0	0.0	0.0
Tax Paid	(6.6)	(3.3)	(1.5)	(8.9)
Cashflow From Operations	(74.2)	185.7	280.2	281.1
Capex	(10.0)	(10.0)	(10.0)	(10.0)
Disposals Of FAs/subsidiaries	160.0	2.5	6.5	10.7
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	150.0	(7.5)	(3.5)	0.7
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(162.1)	(192.6)	(192.6)	(192.6)
Preferred Dividends				
Other Financing Cashflow	32.3	114.0	(78.1)	(53.4)
Cash Flow From Financing	(129.8)	(78.6)	(270.7)	(245.9)
Total Cash Generated	(54.0)	99.7	6.1	35.9
Free Cashflow To Equity	75.8	178.2	276.7	281.8
Free Cashflow To Firm	75.8	178.2	276.7	281.8

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(26.7%)	75.3%	9.7%	8.0%
Operating EBITDA Growth	(157%)	NA	30%	21%
Operating EBITDA Margin	(8.3%)	10.1%	12.0%	13.4%
Net Cash Per Share (RM)	(2.14)	(2.03)	(1.98)	(1.92)
BVPS (RM)	1.23	1.50	1.46	1.45
Gross Interest Cover	(0.81)	1.15	1.62	2.02
Effective Tax Rate	0.0%	28.6%	23.1%	22.4%
Net Dividend Payout Ratio	NA	82.4%	46.9%	34.4%
Accounts Receivables Days	403.0	173.9	176.7	147.7
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	(3.93%)	3.04%	3.96%	5.04%
ROCE (%)	0.65%	3.08%	3.88%	4.73%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook	1,800	1,900	1,900	1,900
Order Book Depletion	N/A	N/A	N/A	N/A
Orderbook Replenishment	500	500	500	500
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A

Maxis Berhad

MAXIS MK / MXCS.KL

► **Market Cap**
US\$14,066m
 RM49,167m

► **Avg Daily Turnover**
US\$5.76m
 RM19.06m

► **Free Float**
35.0%
 7,500 m shares

Current **RM6.55**
 Target ► **RM6.50**
 Prev. Target **RM6.50**
 Up/Downside **-0.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.1	7.9	-4.0
Absolute	-3.5	0.9	-8.7

Major shareholders	% held
Maxis Communications	65.0
Employees Provident Fund	7.0

Hold your horses

In our view, it will take time for Maxis's transformation exercise to bear fruit. It would also be difficult for Maxis to make significant headway in the prepaid segment as it is a highly-competitive market. Lifting postpaid revenue will also be a challenge, given its already-high ARPU base and the negative effects of repricing.

We expect FY15-16 EBITDA to rise by a modest 3.9-4.4%, mainly driven by the positive effects of passing on GST to prepaid subscribers. We also expect cuts in DPS to 32-35 sen in FY15-16, once Maxis starts paying dividends based on FCF. Maintain Reduce and DCF-based target price of RM6.50 (WACC: 7.0%). Maxis now trades at FY15 EV/operating FCF of 16.9x, in line with its Malaysian peers but above regional telcos. For Malaysian telcos, we prefer Axiata Group.

Some traction in prepaid but postpaid still weak ►

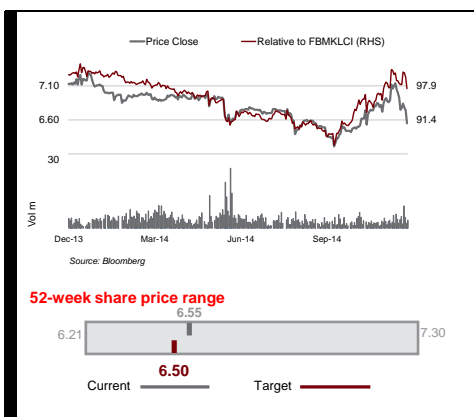
In 3Q14, Maxis's prepaid revenue rose 2.1% qoq (-6.0% yoy) for the second consecutive quarter, driven by strong take-up of its #Hotlink plan, mobile internet passes and expanded distribution into underserved segments. While this is a positive sign, we believe that the intense competition in the lower-to-mid-range prepaid segment will make it difficult for Maxis to make significant revenue gains in the coming quarters. In addition, Maxis's plans to target underserved markets, such as the migrant worker segment, would take time to bear fruit as Maxis would have to build wider distribution channels to effectively reach those subscribers. Meanwhile, postpaid revenue fell 2.4% qoq (-3.4% yoy) in 3Q14 due to the negative impact of repricing. Net add of 12k qoq in 3Q14 was also the lowest since 3Q12.

Higher margins in FY15-16 ►

We expect Maxis's EBITDA margin to stay strong at 50.3% in FY14 due to its cost reduction initiatives and lower contribution from handset sales and hubbing revenues. We forecast that EBITDA margins will improve to 51.4%/52.1% in FY15/16 due to the pass-through of 6% GST to prepaid subscribers starting in Apr 2015. (Prepaid revenue formed 50% of mobile revenue in FY14.) This would boost service revenue growth to 2.5-3.0% in FY15-16, flowing straight through to EBITDA.

Capex likely to stay high ►

Maxis said that it would focus on improving network quality and maintaining LTE coverage leadership. We expect most of Maxis's network modernisation to be completed in 2015 (vs. 73% progress at end-3Q14). As such, we project fairly high capex of RM1.0bn (FY14 estimate: RM1.1bn), or capex/sales of 11.8% in FY15, before declining to RM900m in FY16.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	8,967	9,084	8,339	8,478	8,728
Operating EBITDA (RMm)	4,359	4,522	4,192	4,356	4,548
Operating EBITDA Margin	48.6%	49.8%	50.3%	51.4%	52.1%
Net Profit (RMm)	1,856	1,765	1,843	1,981	2,224
Core EPS (RM)	0.26	0.27	0.27	0.28	0.30
Core EPS Growth	(23.6%)	2.9%	0.5%	3.5%	6.2%
FD Core P/E (x)	25.12	24.40	24.29	23.47	22.09
DPS (RM)	0.40	0.40	0.40	0.32	0.35
Dividend Yield	6.11%	6.11%	6.11%	4.89%	5.37%
EV/EBITDA (x)	12.60	12.35	13.61	13.32	12.85
P/FCFE (x)	23.45	21.05	27.44	25.56	23.19
Net Gearing	82%	112%	163%	199%	229%
ROE	25.8%	30.8%	37.3%	45.2%	52.7%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.96	0.97	1.03

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	9,146	8,401	8,540	8,790
Gross Profit	9,146	8,401	8,540	8,790
Operating EBITDA	4,522	4,192	4,356	4,548
Depreciation And Amortisation	(1,366)	(1,336)	(1,259)	(1,128)
Operating EBIT	3,156	2,856	3,098	3,420
Financial Income/(Expense)	(329)	(390)	(447)	(483)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	2,827	2,466	2,651	2,937
Exceptional Items	(331)		0	0
Pre-tax Profit	2,496	2,466	2,651	2,937
Taxation	(724)	(617)	(663)	(705)
Exceptional Income - post-tax				
Profit After Tax	1,772	1,850	1,988	2,232
Minority Interests	(7)	(7)	(7)	(8)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,765	1,843	1,981	2,224
Recurring Net Profit	2,013	2,023	2,093	2,224
Fully Diluted Recurring Net Profit	2,013	2,023	2,093	2,224

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	808	598	670	739
Total Debtors	947	822	1,032	935
Inventories	70	101	69	103
Total Other Current Assets	27	30	33	36
Total Current Assets	1,852	1,551	1,804	1,813
Fixed Assets	4,038	4,049	4,030	4,042
Total Investments	0	0	0	0
Intangible Assets	11,167	11,220	11,280	11,340
Total Other Non-Current Assets	273	300	330	363
Total Non-current Assets	15,478	15,570	15,641	15,746
Short-term Debt	910	910	910	910
Current Portion of Long-Term Debt				
Total Creditors	2,434	1,759	2,031	1,462
Other Current Liabilities	317	317	317	317
Total Current Liabilities	3,661	2,986	3,258	2,689
Total Long-term Debt	6,613	7,613	8,613	9,113
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,040	1,656	1,120	1,708
Total Non-current Liabilities	7,653	9,269	9,733	10,821
Total Provisions	0	0	0	0
Total Liabilities	11,314	12,255	12,991	13,510
Shareholders' Equity	6,001	4,844	4,425	4,012
Minority Interests	15	22	29	38
Total Equity	6,016	4,866	4,454	4,050

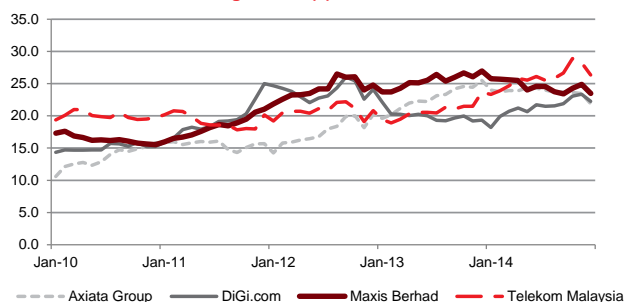
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	4,522	4,192	4,356	4,548
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(278)	0	0	0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(66)	5	5	5
Net Interest (Paid)/Received	(328)	(390)	(447)	(483)
Tax Paid	(731)	(617)	(663)	(705)
Cashflow From Operations	3,119	3,190	3,252	3,365
Capex	(540)	(1,100)	(1,000)	(900)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	(261)	(300)	(330)	(347)
Cash Flow From Investing	(801)	(1,400)	(1,330)	(1,247)
Debt Raised/(repaid)	16	0	0	0
Proceeds From Issue Of Shares	494	1,000	1,000	500
Shares Repurchased				
Dividends Paid	(3,000)	(3,000)	(2,850)	(2,550)
Preferred Dividends				
Other Financing Cashflow	(345)	(425)	(478)	(518)
Cash Flow From Financing	(2,835)	(2,425)	(2,328)	(2,568)
Total Cash Generated	(517)	(635)	(406)	(449)
Free Cashflow To Equity	2,334	1,790	1,922	2,119
Free Cashflow To Firm	2,676	2,215	2,400	2,637

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	1.31%	(8.21%)	1.68%	2.95%
Operating EBITDA Growth	3.74%	(7.30%)	3.92%	4.40%
Operating EBITDA Margin	49.8%	50.3%	51.4%	52.1%
Net Cash Per Share (RM)	(0.90)	(1.06)	(1.18)	(1.24)
BVPS (RM)	0.80	0.65	0.59	0.53
Gross Interest Cover	8.81	6.72	6.48	6.60
Effective Tax Rate	29.0%	25.0%	25.0%	24.0%
Net Dividend Payout Ratio	143%	163%	121%	119%
Accounts Receivables Days	37.55	38.71	39.91	41.25
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	16.8%	15.6%	16.1%	17.8%
ROCE (%)	23.3%	21.5%	22.9%	24.6%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Group Mobile Subscribers (m)	12.30	12.00	12.37	12.71
Group Fixed Voice Subscribers (m)	N/A	N/A	N/A	N/A
Grp fixed brdband subscribers (m)	N/A	N/A	N/A	N/A
Group Pay TV Subs (m)	N/A	N/A	N/A	N/A
Group Mobile ARPU (US\$/mth)	47.0	53.6	54.2	53.6
Grp fixed voice ARPU (US\$/mth)	N/A	N/A	N/A	N/A
Grp fixed brdband ARPU (US\$/mth)	N/A	N/A	N/A	N/A
Group Pay TV ARPU (US\$/mth)	N/A	N/A	N/A	N/A

Media Chinese Int'l

MCIL MK / MDCH.KL

➤ **Market Cap**
US\$386.2m
 RM1,350m

➤ **Avg Daily Turnover**
US\$0.12m
 RM0.38m

➤ **Free Float**
45.1%
 1,687 m shares

Current **RM0.80**
 Target **RM0.82**
 Prev. Target **RM0.88**
 Up/Downside **2.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-6.5	-6.1	-14.1
Absolute	-11.1	-13.1	-18.8

Major shareholders	% held
Tan Sri Datuk Tiong Hiew King	50.0
EPF	4.9

Diversifying beyond print

We like MCIL's decision to venture into e-commerce and grow its digital platform to take advantage of the shift in adex. However, we are concern about its execution given the nature of new business activity for MCIL and strong competition from other digital platforms.

We keep our Hold recommendation on the stock with a lower RM0.82 target price, based on 9.8x CY16 P/E, 40% discount (vs 35% prev.) to our target market P/E of 16.3x as we expect advertisers spending to remain weak ahead of Goods & Service Tax implementation in Apr-15. Switch to Astro for exposure in media sector.

More woes in printing and publishing

Printing and publishing segment revenue in 1HFY15 fell by 7.1% yoy due to lower contribution from Malaysian operation, which fell by 8.9% yoy. The company attributes the declined due to lower spending by advertisers in the wake of slower consumer spending and weak sentiment following the MH370 and MH17 incident.

New revenue driver in digital and education

MCIL had recently launched its e-commerce platform, "Logon" to cater the small and medium enterprises (SME) establish their online presence and capitalise on the company's sizeable Malaysian Chinese readership of 2.5m. The company also officially launched its online video

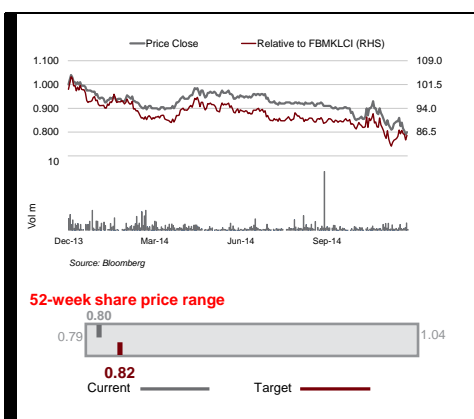
portal, "Pocketimes" as a new venture onto digital advertising. MCIL expect to generate revenue of RM8-10m in FY15 and RM20-30 in FY17. Meanwhile, MCIL's education service in Hong Kong is also gaining traction. It had started supplying textbook and e-book to schools in Hong Kong in 3Q14 and expect to win more new contracts for these reading materials across different grades and subjects.

Further cost-savings ahead

Apart from that, the company expects a potential 4-5% annual savings in printing cost following the conversion of paper material from 45 grams per square meter (gsm) to 42 gsm in 2015. In addition, we see MCIL should benefit from the lower newsprint prices, which hovered between USD\$580-590, metric tonne ytd.

Staying prudent with cash management

Although the group's gearing level has fallen to 17.1% pts from 47% pts after the special dividend payment in 2012. Management remain conservative with its cash management and is guiding for potentially lower payout given the challenging operating environment.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue (RMm)	1,560	1,531	1,523	1,553	1,585
Operating EBITDA (RMm)	293.1	283.2	238.2	249.4	257.0
Net Profit (RMm)	185.1	157.5	127.9	135.7	141.1
Core EPS (RM)	0.11	0.09	0.08	0.08	0.08
Core EPS Growth	18.3%	(14.9%)	(18.8%)	6.1%	4.0%
FD Core P/E (x)	7.29	8.57	10.55	9.95	9.57
DPS (RM)	0.49	0.06	0.03	0.04	0.05
Dividend Yield	61.3%	7.2%	3.8%	5.5%	6.3%
EV/EBITDA (x)	5.45	5.40	6.10	5.51	5.10
P/FCFE (x)	10.51	10.54	14.38	13.03	12.61
Net Gearing	32.1%	21.2%	9.1%	(1.0%)	(8.2%)
P/BV (x)	2.00	1.90	1.71	1.59	1.49
ROE	17.7%	22.7%	17.1%	16.6%	16.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			3.30	3.22	3.22

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues	1,531	1,523	1,553	1,585
Gross Profit	1,531	1,523	1,553	1,585
Operating EBITDA	283	238	249	257
Depreciation And Amortisation	(37)	(38)	(38)	(39)
Operating EBIT	246	200	211	218
Financial Income/(Expense)	(21)	(22)	(22)	(22)
Pretax Income/(Loss) from Assoc.	(1)	(2)	(2)	(2)
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	224	177	187	194
Exceptional Items	0	0	0	0
Pre-tax Profit	224	177	187	194
Taxation	(63)	(44)	(47)	(49)
Exceptional Income - post-tax				
Profit After Tax	161	133	140	146
Minority Interests	(3)	(5)	(5)	(5)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	158	128	136	141
Recurring Net Profit	158	128	136	141
Fully Diluted Recurring Net Profit	158	128	136	141

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Cash And Equivalents	335.9	347.4	390.4	438.8
Total Debtors	221.3	221.3	221.3	221.3
Inventories	171.1	171.1	171.1	171.1
Total Other Current Assets	3.3	3.3	3.3	3.3
Total Current Assets	731.6	743.1	786.2	834.5
Fixed Assets	471.2	471.2	471.2	471.2
Total Investments	56.0	56.0	56.0	56.0
Intangible Assets	238.1	238.1	238.1	238.1
Total Other Non-Current Assets	14.4	6.6	6.6	6.6
Total Non-current Assets	779.7	772.0	772.0	772.0
Short-term Debt	41.6	41.6	41.6	41.6
Current Portion of Long-Term Debt				
Total Creditors	224.5	224.5	224.5	224.5
Other Current Liabilities	17.8	10.0	27.3	34.4
Total Current Liabilities	283.8	276.1	293.3	300.4
Total Long-term Debt	450.0	380.0	340.0	320.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	42.6	42.6	42.6	42.6
Total Non-current Liabilities	492.6	422.6	382.6	362.6
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	776.4	698.7	675.9	663.1
Shareholders' Equity	711.3	788.0	849.1	905.5
Minority Interests	23.6	28.3	33.1	37.9
Total Equity	734.9	816.4	882.2	943.4

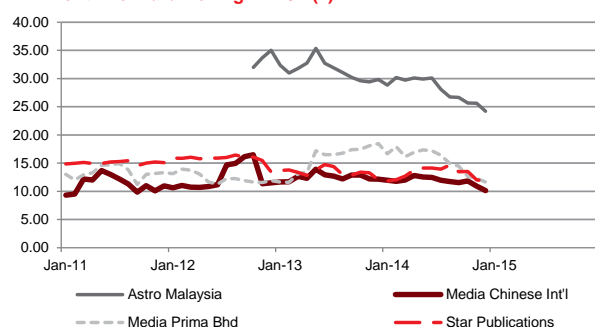
Cash Flow

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
EBITDA	283.2	238.2	249.4	257.0
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(34.7)	(34.7)	(34.7)	(34.7)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.5	1.2	2.3	0.0
Net Interest (Paid)/Received	(23.1)	(26.6)	(26.6)	(26.6)
Tax Paid	(66.8)	(44.2)	(46.8)	(48.6)
Cashflow From Operations	159.2	133.9	143.6	147.0
Capex	(35.3)	(40.0)	(40.0)	(40.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	4.2	0.0	0.0	0.0
Cash Flow From Investing	(31.1)	(40.0)	(40.0)	(40.0)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(97.2)	(97.2)	(97.2)	(97.2)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	(97.2)	(97.2)	(97.2)	(97.2)
Total Cash Generated	30.9	(3.4)	6.3	9.8
Free Cashflow To Equity	128.1	93.9	103.6	107.0
Free Cashflow To Firm	151.2	120.5	130.2	133.7

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue Growth	(1.91%)	(0.50%)	2.00%	2.00%
Operating EBITDA Growth	(3.3%)	(15.9%)	4.7%	3.0%
Operating EBITDA Margin	18.5%	15.6%	16.1%	16.2%
Net Cash Per Share (RM)	(0.09)	(0.04)	0.01	0.05
BVPS (RM)	0.42	0.47	0.50	0.54
Gross Interest Cover	9.25	7.53	7.92	8.20
Effective Tax Rate	28.1%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	62%	40%	55%	60%
Accounts Receivables Days	55.47	53.04	52.15	50.99
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	27.0%	22.9%	24.0%	25.4%
ROCE (%)	20.3%	16.7%	17.3%	17.4%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
TV Adex Rate (% Change)	N/A	N/A	N/A	N/A
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A
Prime Time Utilisation Rate (%)	N/A	N/A	N/A	N/A
Non Prime Time Utilisation Rate (%)	N/A	N/A	N/A	N/A
Programming Costs (% Change)	N/A	N/A	N/A	N/A
Newspr adex rev. grth (%)	1.0%	1.0%	1.0%	1.0%
Newspaper ASP (% Change)	N/A	N/A	N/A	N/A
Newspr circulation grth (%)	3.0%	3.0%	3.0%	3.0%
Newsprint Cost (% Change)	N/A	N/A	N/A	N/A

Media Prima Bhd

MPR MK / MPRM.KL

Market Cap
US\$582.7m
RM2,037m

Avg Daily Turnover
US\$0.85m
RM2.81m

Free Float
67.0%
1,105 m shares

Current **RM1.84**
Target **RM1.86**
Prev. Target **RM2.00**
Up/Downside **1.1%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	5.1	-12.7	-24.5
Absolute	0.5	-19.7	-29.2

Major shareholders	% held
EPF	18.4
Gabungan Kesturi	14.4

Defending its turf

While we like Media Prima for its exposure across multiple platforms and dominant position in free-to-air (FTA) TV segment, we believe the company's dependency on traditional platform is affecting its profitability due to weakness in adex and shift to digital platform.

We maintain our Hold rating with a lower RM1.86 target price, based on 10.6x CY16 P/E, a 35% discount (vs 30% prev) to our target market P/E of 16.3x due to prolonged weakness in consumer sentiment and the structural shift in adex towards digital platforms. The stock offers an attractive FY15 yield of 6.9%. Switch to Astro for exposure in media sector.

Still hurt by weak consumer sentiment

Media Prima's 9M14 core net profit fell by 30% yoy mainly due to a large decline in revenue contribution from key traditional platforms, such as TV and print, on the back of lower advertising spending, falling print circulation and the absence of non-traditional advertisers. We expect the ongoing weakness to persist until 1H15 given the upcoming GST and the government's ongoing subsidy rationalisation plan.

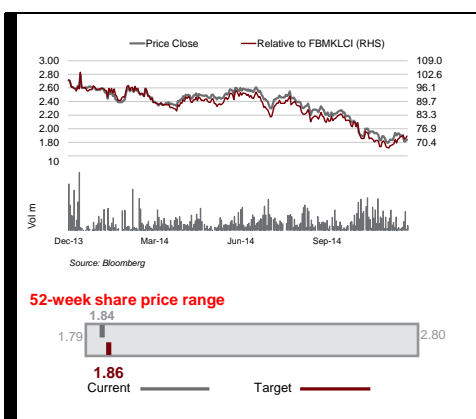
Focusing on cost-savings initiatives

The company recently announced a mutual separation scheme (MSS) for its employees as part of cost-saving initiatives to improve the group's operating efficiency and profitability. According to the company, the MSS

exercises could result in one-time costs of RM60m-90m. We estimate this could bring annual savings of about RM45m or 3-4% of its operating cost, based on 10% headcount reduction. The company is also exploring other initiatives to reduce its web hosting and bandwidth cost for the Tonton portal, which is affecting the digital segment's profitability. This could bring further annual cost-savings of about RM10m.

Tonton monetisation will take time

While we agree with management that content and the digital segment will be the main drivers of the group's future growth, we see a critical need for the company to find the best solutions to monetise its crown jewel, the Tonton web portal, which currently has over 4m registered members. We understand Media Prima is still in the process of launching its subscription-based online service called Tonton Premium, which could come in 2015. However, this could be a challenging and slow process given the strong competition from other digital platforms and the lack of premium content on its digital platform.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,698	1,723	1,589	1,628	1,661
Operating EBITDA (RMm)	593.2	591.4	493.9	513.4	535.0
Net Profit (RMm)	209.3	214.2	156.2	173.8	193.5
Core EPS (RM)	0.19	0.20	0.14	0.16	0.18
Core EPS Growth	(2.1%)	0.8%	(27.7%)	11.3%	11.3%
FD Core P/E (x)	9.44	9.37	12.96	11.65	10.47
DPS (RM)	0.19	0.17	0.09	0.13	0.14
Dividend Yield	10.3%	9.0%	4.6%	6.9%	7.6%
EV/EBITDA (x)	2.82	2.93	3.37	3.15	2.92
P/FCFE (x)	4.86	4.36	5.25	5.13	4.80
Net Gearing	(10.0%)	(7.1%)	(11.9%)	(14.4%)	(17.0%)
P/BV (x)	1.28	1.22	1.18	1.15	1.13
ROE	14.0%	13.4%	9.3%	10.0%	10.9%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.02	0.98	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,723	1,589	1,628	1,661
Gross Profit	1,723	1,589	1,628	1,661
Operating EBITDA	591	494	513	535
Depreciation And Amortisation	(290)	(294)	(294)	(294)
Operating EBIT	301	200	220	241
Financial Income/(Expense)	(11)	10	14	19
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	290	210	234	261
Exceptional Items				
Pre-tax Profit	290	210	234	261
Taxation	(74)	(53)	(59)	(65)
Exceptional Income - post-tax				
Profit After Tax	216	158	176	195
Minority Interests	(2)	(2)	(2)	(2)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	214	156	174	193
Recurring Net Profit	214	156	174	193
Fully Diluted Recurring Net Profit	214	156	174	193

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	618	707	755	809
Total Debtors	386	356	365	372
Inventories	118	109	111	114
Total Other Current Assets	24	23	23	23
Total Current Assets	1,146	1,195	1,254	1,319
Fixed Assets	758	758	758	758
Total Investments	231	231	231	231
Intangible Assets	384	384	384	384
Total Other Non-Current Assets	88	88	88	88
Total Non-current Assets	1,461	1,461	1,461	1,461
Short-term Debt	48	48	48	48
Current Portion of Long-Term Debt				
Total Creditors	364	336	344	351
Other Current Liabilities	0	0	0	0
Total Current Liabilities	412	384	392	399
Total Long-term Debt	452	452	452	452
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	452	452	452	452
Total Provisions	66	79	94	110
Total Liabilities	930	915	938	961
Shareholders' Equity	1,656	1,719	1,754	1,792
Minority Interests	20	22	23	25
Total Equity	1,676	1,740	1,777	1,818

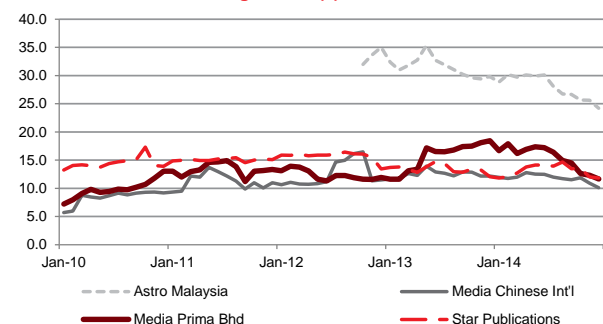
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	591.4	493.9	513.4	535.0
Cash Flow from Inv. & Assoc.				
Change In Working Capital	35.4	10.9	(3.2)	(2.7)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow				
Net Interest (Paid)/Received	(10.9)	10.2	14.4	19.3
Tax Paid	(55.2)	(39.5)	(43.9)	(48.9)
Cashflow From Operations	560.6	475.5	480.7	502.7
Capex	(103.5)	(100.0)	(100.0)	(100.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	29.0	31.1	34.3	36.7
Cash Flow From Investing	(74.4)	(68.9)	(65.7)	(63.3)
Debt Raised/(repaid)	(26.3)	(21.0)	(20.0)	(17.5)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(182.0)	(93.7)	(139.1)	(154.8)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	(208.3)	(114.7)	(159.0)	(172.2)
Total Cash Generated	277.9	291.9	256.0	267.2
Free Cashflow To Equity	459.9	385.6	395.1	421.9
Free Cashflow To Firm	512.4	427.6	435.0	456.9

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	1.48%	(7.78%)	2.46%	2.05%
Operating EBITDA Growth	(0.3%)	(16.5%)	4.0%	4.2%
Operating EBITDA Margin	34.3%	31.1%	31.5%	32.2%
Net Cash Per Share (RM)	0.11	0.19	0.23	0.28
BVPS (RM)	1.51	1.56	1.59	1.63
Gross Interest Cover	11.46	9.55	11.01	13.81
Effective Tax Rate	25.4%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	85.0%	60.0%	80.0%	80.0%
Accounts Receivables Days	87.00	85.23	80.80	81.18
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	15.4%	10.4%	11.5%	12.6%
ROCE (%)	14.4%	10.1%	10.8%	11.6%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
TV Adex Rate (% Change)	0.2%	3.5%	5.0%	5.5%
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A
Prime Time Utilisation Rate (%)	N/A	N/A	N/A	N/A
Non Prime Time Utilisation Rate (%)	N/A	N/A	N/A	N/A
Programming Costs (% Change)	N/A	N/A	N/A	N/A
Newspr adex rev. grth (%)	6.2%	5.0%	4.5%	4.5%
Newspaper ASP (% Change)	N/A	N/A	N/A	N/A
Newspr circulation grth (%)	N/A	N/A	N/A	N/A
Newsprint Cost (% Change)	N/A	N/A	N/A	N/A

MISC Bhd

MISC MK / MISC.KL

► **Market Cap**
US\$8,926m
 RM31,202m

► **Avg Daily Turnover**
US\$4.54m
 RM15.03m

► **Free Float**
23.4%
 4,464 m shares

Current **RM6.99**
 Target **RM8.22** ►
 Prev. Target **RM8.22**
 Up/Downside **17.6%**

STOCK RATING

ADD
HOLD
REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.7	7.9	34.4
Absolute	-5.3	0.9	29.7

Major shareholders	% held
Petronas	62.7
EPF	7.9
Skim Amanah Saham	6.0

Petronas embraces MISC again?

MISC is expected to benefit from lower bunker prices as well as likely stronger demand for crude oil shipping as a result of the lower oil prices. Furthermore, we believe Petronas is preparing to hand over four LNG newbuilding contracts to MISC.

This reverses Petronas's previous decision to undertake the ship capex on its own book and will catalyse the stock. We retain our Add call, with an unchanged SOP-based target price.

Strong results ►

MISC's 3Q14 core earnings grew 54% yoy, thanks to strong performances in the LNG, petroleum and chemical tanker divisions. This was partially offset by weaker MMHE and VTTI profits. This is the third consecutive quarter of yoy earnings improvement for the group, clearly indicating an ongoing turnaround for MISC.

Stronger Petronas bond? ►

Considering Petronas's ongoing commitments in various O&G projects and the more lucrative IRRs promised in O&G upstream businesses, ship ownership is a relatively low priority. Hence, we think Petronas may sell its four LNG vessel newbuildings to MISC. Should this happen, it will mark a dramatic change in fortunes for the latter as the strength of the bond between Petronas and MISC came into question when Petronas decided to directly order LNG vessels in August 2013. The four new vessels are slated for delivery in 2016-17 and should be earnings-accretive from

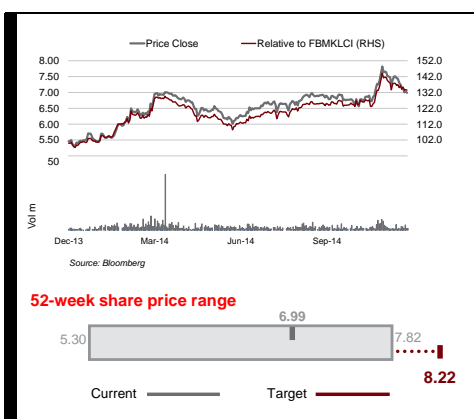
2017 onwards. Petronas has the option to procure four additional LNG vessels and this option may be passed on to MISC as well.

Tanker outlook brightens ►

Petroleum tanker rates have improved 21% yoy YTD from 2013's dire figures and should rise further in 2015. Tanker demand growth may exceed supply growth for the second consecutive year in 2015, boosted by stronger imports by Asia, a milder decline in US imports and expansion in the long-haul trades from West Africa and the Caribbean to China and India. Furthermore, crude oil prices have fallen 34% since the start of 2014, which should encourage significant restocking activity in Asia, with India and China at the forefront.

Lower bunker prices ►

Bunker prices have declined from US\$620/tonne at the start of 2014 to below US\$500 presently. MISC will enjoy the benefits primarily at its chemical tanker business, where freight rates are largely fixed, and, to a lesser extent, at its petroleum tanker business, where bunker adjustment factor clauses are more commonly present.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (US\$m)	3,124	2,849	2,878	2,874	2,913
Operating EBITDA (US\$m)	669.4	821.7	891.5	934.7	998.1
Net Profit (US\$m)	249.9	656.7	527.5	593.6	628.3
Core EPS (US\$)	0.06	0.10	0.13	0.13	0.14
Core EPS Growth	73.6%	76.4%	29.9%	2.1%	5.8%
FD Core P/E (x)	35.19	19.95	15.35	15.04	14.21
DPS (US\$)	-	0.016	0.027	0.030	0.030
Dividend Yield	0.00%	0.80%	1.36%	1.52%	1.52%
EV/EBITDA (x)	16.63	11.04	9.66	9.50	9.14
P/FCFE (x)	40.35	50.44	7.24	37.75	29.89
Net Gearing	23.8%	21.2%	16.1%	19.7%	22.7%
P/BV (x)	1.30	1.18	1.13	1.07	1.01
ROE	3.77%	6.20%	7.52%	7.28%	7.29%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.00	1.05	1.05

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(US\$m)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,849	2,878	2,874	2,913
Gross Profit	822	891	935	998
Operating EBITDA	822	891	935	998
Depreciation And Amortisation	(377)	(309)	(323)	(358)
Operating EBIT	445	583	611	640
Financial Income/(Expense)	(90)	(105)	(115)	(115)
Pretax Income/(Loss) from Assoc.	130	152	159	165
Non-Operating Income/(Expense)	10	0	0	0
Profit Before Tax (pre-EI)	494	629	655	691
Exceptional Items	209	(54)	0	0
Pre-tax Profit	704	576	655	691
Taxation	(1)	(23)	(26)	(28)
Exceptional Income - post-tax				
Profit After Tax	702	552	629	663
Minority Interests	(46)	(25)	(35)	(35)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	657	527	594	628
Recurring Net Profit	447	581	594	628
Fully Diluted Recurring Net Profit	447	581	594	628

Balance Sheet

(US\$m)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	1,449	2,437	2,042	1,666
Total Debtors	723	731	729	739
Inventories	80	79	77	76
Total Other Current Assets	214	214	214	214
Total Current Assets	2,466	3,461	3,063	2,696
Fixed Assets	6,923	6,820	7,513	8,220
Total Investments	2,187	2,339	2,498	2,663
Intangible Assets	275	275	275	275
Total Other Non-Current Assets	423	423	423	423
Total Non-current Assets	9,809	9,857	10,709	11,582
Short-term Debt	1,035	1,035	1,035	1,035
Current Portion of Long-Term Debt				
Total Creditors	1,065	1,044	1,019	1,006
Other Current Liabilities	42	42	42	42
Total Current Liabilities	2,142	2,121	2,096	2,083
Total Long-term Debt	2,083	2,733	2,733	2,733
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	191	191	191	191
Total Non-current Liabilities	2,274	2,924	2,924	2,924
Total Provisions	0	0	0	0
Total Liabilities	4,416	5,045	5,020	5,007
Shareholders' Equity	7,540	7,929	8,373	8,856
Minority Interests	319	344	379	414
Total Equity	7,859	8,273	8,752	9,270

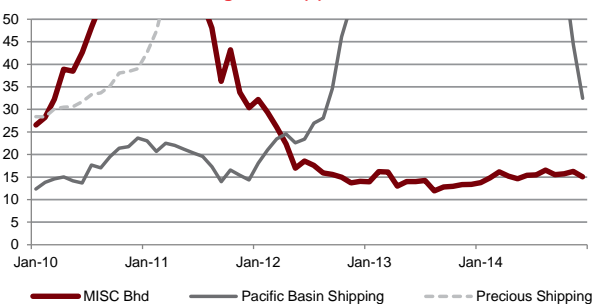
Cash Flow

(US\$m)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	822	891	935	998
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(233)	(27)	(22)	(22)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(13)	122	129	125
Net Interest (Paid)/Received	67	(122)	(129)	(125)
Tax Paid	(1)	(23)	(26)	(28)
Cashflow From Operations	642	841	886	949
Capex	(723)	(650)	(650)	(650)
Disposals Of FAs/subsidiaries	185	391	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	15	0	0	0
Cash Flow From Investing	(523)	(259)	(650)	(650)
Debt Raised/(repaid)	58	650	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(72)	(122)	(135)	(135)
Preferred Dividends				
Other Financing Cashflow	67	(122)	(129)	(125)
Cash Flow From Financing	53	406	(264)	(260)
Total Cash Generated	172	989	(28)	38
Free Cashflow To Equity	177	1,232	236	299
Free Cashflow To Firm	52	704	365	424

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(8.8%)	1.0%	(0.2%)	1.4%
Operating EBITDA Growth	22.8%	8.5%	4.8%	6.8%
Operating EBITDA Margin	28.8%	31.0%	32.5%	34.3%
Net Cash Per Share (US\$)	(0.37)	(0.30)	(0.39)	(0.47)
BVPS (US\$)	1.69	1.78	1.88	1.98
Gross Interest Cover	4.01	5.55	5.32	5.57
Effective Tax Rate	0.15%	4.00%	4.00%	4.00%
Net Dividend Payout Ratio	16.0%	20.1%	21.8%	20.6%
Accounts Receivables Days	106.8	92.2	92.7	92.3
Inventory Days	17.10	14.59	14.62	14.58
Accounts Payables Days	227.6	193.8	194.2	193.6
ROIC (%)	4.67%	5.80%	6.15%	5.88%
ROCE (%)	4.35%	5.06%	4.98%	5.01%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Petroleum TCE rate (yoy chg %)	-4.1%	5.0%	5.0%	0.0%
Chemical TCE rate (yoy chg %)	4.3%	10.0%	10.0%	0.0%
Fleet Size (no. Of Vessels)	136.0	115.0	114.0	107.0
No. Of LNG Tankers	29	29	29	29
No. Of Petroleum Tankers	75	71	71	66
No. Of Chemical Tankers	24	11	10	8

MSM Malaysia Holdings

MSM MK / MSMH.KL

➤ **Market Cap**
US\$985.4m
 RM3,445m

➤ **Avg Daily Turnover**
US\$0.12m
 RM0.40m

➤ **Free Float**
29.0%
 703.0 m shares

Current **RM4.90**
 Target ➤ **RM4.91**
 Prev. Target **RM4.91**
 Up/Downside **0.2%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.0	10.2	-1.1
Absolute	-2.6	3.2	-5.8

Major shareholders	% held
Felda Global Ventures	51.0
Koperasi Permodalan Felda	20.0

Scouting for growth

MSM Malaysia was not able to benefit from the lower raw sugar prices in 2014 due to (1) rising competition from cheaper imported refined sugar, and (2) it has locked in 40% of its raw sugar costs requirements under long-term contracts entered into in 2011.

The group hopes to benefit from the current low raw sugar prices in 2015. We only imputed part of this benefit in our FY15 earnings forecast as we are concerned that the government may lower the ceiling price for sugar to pass on the lower costs benefits to consumers. We keep our 5% earnings growth forecasts for FY15, target price based on CY16 P/E of 14.3x (historical P/E) and Hold call. The share price is supported by its dividend yields.

Rising competition ➤

MSM continues to face stiff competition from imported sugar as the government has been giving out more duty-free import permits for refined sugar in 2014. This has put pressure on MSM's domestic selling prices to industrial players, offsetting potential gain it expects to reap from weaker raw sugar prices. The group has called on the government to stop issuing new approved permits (APs) for sugar import to create a level playing field for the industry. In return, the group is willing to lower its selling price and sacrifice its profit margins. The government has not made a decision on this. We would turn more positive on MSM if the government scraps the issuance of

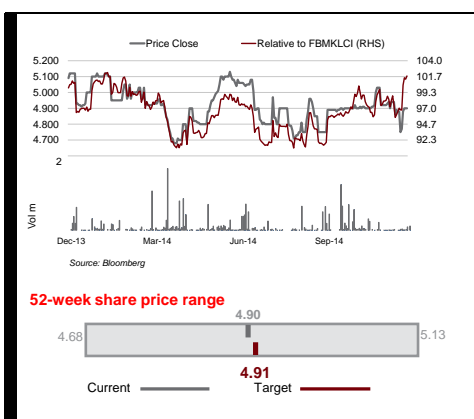
APs for sugar import as it will allow the company to regain some of the sales volumes it lost to APs, which we estimate could be as much as 21% of domestic sales volumes.

Building its value chain ➤

The group is in the midst of setting up a trading company in Dubai, United Arab Emirates (UAE) to gain control of its entire value supply chain, from ship charters to warehousing. It is also thinking of venturing into the chartering business, sugar plantations as well as acquiring a European-based sugar trading company to help bring down logistics costs. We are of the view that if all of the above are well executed, they will help bring down the group's raw sugar costs, making it more competitive against its peers.

JV with Al-Khaleej group ➤

MSM is still working to finalise its JV with the Al Khaleej to set up a refinery in Johor by 2016. This facility will boost its refining capacity to 3.25m tonnes from 1.25m tonnes currently. MSM will hold a 51% stake in the project, which is expected to cost US\$250m-270m (RM812m-878m).



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	2,301	2,202	2,234	2,317	2,409
Operating EBITDA (RMm)	315.3	390.6	375.1	393.6	382.5
Net Profit (RMm)	202.0	254.7	239.5	251.1	241.6
Core EPS (RM)	0.29	0.36	0.34	0.36	0.34
Core EPS Growth	(23.5%)	26.4%	(6.0%)	4.9%	(3.8%)
FD Core P/E (x)	17.08	13.52	14.38	13.72	14.25
DPS (RM)	0.19	0.24	0.17	0.18	0.17
Dividend Yield	3.88%	4.90%	3.48%	3.64%	3.51%
EV/EBITDA (x)	10.50	8.21	8.42	7.90	8.01
P/FCFE (x)	17.21	NA	19.99	19.85	21.24
Net Gearing	(7.6%)	(12.8%)	(14.5%)	(16.0%)	(17.2%)
P/BV (x)	1.97	1.86	1.74	1.64	1.55
ROE	11.8%	14.1%	12.5%	12.3%	11.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.99	0.97	0.90

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,202	2,234	2,317	2,409
Gross Profit	444	432	462	450
Operating EBITDA	391	375	394	382
Depreciation And Amortisation	(42)	(42)	(44)	(46)
Operating EBIT	348	333	349	336
Financial Income/(Expense)	10	4	4	4
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	358	337	354	340
Exceptional Items	1	0	0	0
Pre-tax Profit	359	337	354	340
Taxation	(104)	(98)	(103)	(99)
Exceptional Income - post-tax				
Profit After Tax	255	239	251	242
Minority Interests	0	0	0	0
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	255	239	251	242
Recurring Net Profit	255	239	251	242
Fully Diluted Recurring Net Profit	255	239	251	242

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	267	318	369	414
Total Debtors	197	174	180	187
Inventories	571	504	562	564
Total Other Current Assets	8	34	34	34
Total Current Assets	1,043	1,030	1,144	1,199
Fixed Assets	437	495	551	605
Total Investments	81	81	81	81
Intangible Assets	576	576	576	576
Total Other Non-Current Assets	34	34	34	34
Total Non-current Assets	1,128	1,186	1,242	1,296
Short-term Debt	29	33	33	33
Current Portion of Long-Term Debt				
Total Creditors	201	123	167	153
Other Current Liabilities	5	5	5	5
Total Current Liabilities	235	160	205	191
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	0	0	0	0
Total Provisions	80	80	80	80
Total Liabilities	315	240	285	270
Shareholders' Equity	1,856	1,976	2,101	2,224
Minority Interests	0	0	0	0
Total Equity	1,856	1,976	2,101	2,224

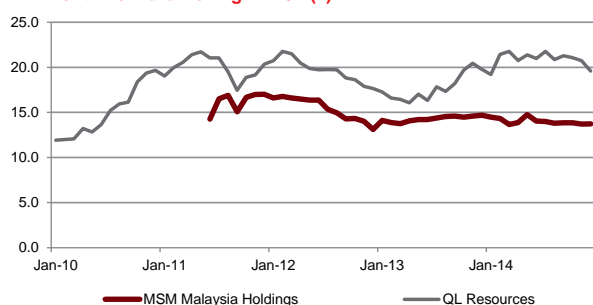
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	390.6	375.1	393.6	382.5
Cash Flow from Inv. & Assoc.				
Change In Working Capital	54.2	(10.6)	(19.3)	(23.5)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(9.8)	0.0	0.0	0.0
Net Interest (Paid)/Received	10.9	(1.2)	(1.2)	(1.2)
Tax Paid	(105.6)	(97.8)	(102.6)	(98.7)
Cashflow From Operations	340.2	265.6	270.5	259.2
Capex	(95.2)	(100.0)	(100.0)	(100.0)
Disposals Of FAs/subsidiaries	7.3	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	3.0	3.0	3.0
Cash Flow From Investing	(87.9)	(97.0)	(97.0)	(97.0)
Debt Raised/(repaid)	(432.0)	3.8	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(147.6)	(119.7)	(125.5)	(120.8)
Preferred Dividends				
Other Financing Cashflow		(1.5)	2.4	4.3
Cash Flow From Financing	(579.6)	(117.4)	(123.1)	(116.5)
Total Cash Generated	(327.4)	51.1	50.4	45.7
Free Cashflow To Equity	(179.8)	172.3	173.5	162.2
Free Cashflow To Firm	256.4	169.7	174.7	163.3

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(4.30%)	1.41%	3.74%	3.95%
Operating EBITDA Growth	23.9%	(4.0%)	4.9%	(2.8%)
Operating EBITDA Margin	17.7%	16.8%	17.0%	15.9%
Net Cash Per Share (RM)	0.34	0.41	0.48	0.54
BVPS (RM)	2.64	2.81	2.99	3.16
Gross Interest Cover	71.1	287.2	301.3	289.8
Effective Tax Rate	29.0%	29.0%	29.0%	29.0%
Net Dividend Payout Ratio	66.4%	50.0%	50.0%	50.0%
Accounts Receivables Days	29.98	27.77	27.46	27.50
Inventory Days	105.1	108.9	104.8	105.2
Accounts Payables Days	24.73	31.88	27.99	29.42
ROIC (%)	20.5%	20.6%	20.7%	19.0%
ROCE (%)	17.1%	16.7%	16.5%	15.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	-5.8%	-1.9%	0.3%	0.4%
Unit sales grth (% , main prod./serv.)	1.6%	3.4%	3.4%	3.5%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod./serv)	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod./serv)	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod./serv)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

Mudajaya Group

MDJ MK / MJYA.KL

➤ **Market Cap**
US\$261.8m
 RM915.3m

➤ **Avg Daily Turnover**
US\$0.42m
 RM1.36m

➤ **Free Float**
43.8%
 551.7 m shares

Current **RM1.70**
 Target **RM1.79**
 Prev. Target **RM1.92**
 Up/Downside **5.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-11.3	-12.1	-34.2
Absolute	-15.9	-19.1	-38.9

Major shareholders	% held
Dataran Sentral (M) Sdn Bhd	24.3
Mulpha Infrastructure Holdings Sdn Bhd	22.0
Lembaga Tabung Haji	10.0

Low success rate in 2015

We remain concerned about Mudajaya's weak job awards YTD and possibly low success rate in 2015, but these are partially offset by the group's unchanged c.RM5bn total jobs in tender. Nonetheless, we expect Mudajaya's construction margin to remain under pressure.

A bright spot for 2015 is the commercial operations for the Indian IPP and its recurring income. The share price has largely reflected the delay risks but we expect the weak sentiment to persist. We cut target price as we update for outstanding land bank (still pegged to a 40% RNAV discount). Maintain Hold. Switch to Gamuda.

Depleting orders and low margins ➤

Mudajaya's weak job awards success rate remains a risk going into 2015. The group's relatively unchanged total tender book of c.RM5bn (jobs in tender) is a slight positive, suggesting that the group is still actively bidding for domestic jobs. However, management's target of c.RM1bn total domestic order wins in 2Q-4Q14 is unlikely to be achieved, which could lead to possible delays in major job awards from 1H15 to 2H15. We expect Mudajaya's construction margin to remain under pressure in the next few quarters, only supported by the depleting c.RM1bn outstanding order book and unrealised variation order (VO) claims for the Janamanjung and Tanjung Bin power plant extension projects. These factors underpin our

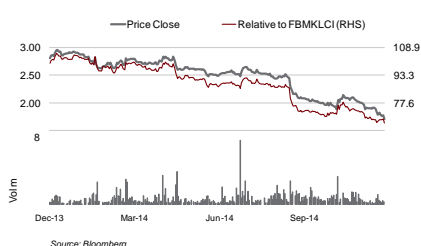
FY15-16 EPS forecasts.

Targets more regional IPPs in the longer-term ➤

The group is still committed to its strategy of moving away from cyclical construction earnings to stable recurring profits. Its key markets include the Philippines, Myanmar and Indonesia, with focus on renewable energy. Total potential installed capacity in these markets are likely to be much smaller than its 26%-owned, 1,440MW coal-fired power plant in India but they would be positive in the longer term nonetheless.

Delayed catalysts ➤

Mudajaya's share price has arguably factored in delay risks but we believe that it will take some time for sentiment to recover. Major ongoing tenders for Mudajaya include: 1) subcontract works for Rapid's co-generation power plant, worth RM100m-200m, 2) civil works for Track 4A and 4B, worth c.RM1.2bn combined, and 3) Kinrara Damansara Expressway (Kidex, worth RM2.2bn. Other highway tenders include Suke and Dash. Further delays in the awarding of these jobs are likely to be offset by the group's Indian IPP contribution in 1H15.



52-week share price range



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,656	1,536	1,371	1,444	1,712
Operating EBITDA (RMm)	260.5	202.6	114.4	162.6	221.3
Net Profit (RMm)	237.1	151.2	42.8	107.9	159.5
Core EPS (RM)	0.43	0.29	0.08	0.20	0.29
Core EPS Growth	3%	(34%)	(73%)	153%	48%
FD Core P/E (x)	3.94	5.95	21.85	8.64	5.85
DPS (RM)	0.090	0.090	0.060	0.065	0.070
Dividend Yield	5.29%	5.29%	3.53%	3.82%	4.12%
EV/EBITDA (x)	(0.18)	0.98	(1.10)	0.27	0.92
P/FCFE (x)	NA	17.49	3.00	5.29	11.04
Net Gearing	(30.9%)	(3.3%)	(17.0%)	(23.2%)	(26.5%)
P/BV (x)	0.84	0.77	0.48	0.41	0.34
ROE	23.0%	13.5%	2.7%	5.1%	6.4%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.80	1.05	1.22

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,536	1,371	1,444	1,712
Gross Profit	203	114	163	221
Operating EBITDA	203	114	163	221
Depreciation And Amortisation	(9)	(7)	(7)	(7)
Operating EBIT	194	107	156	214
Financial Income/(Expense)	4	(11)	(10)	(19)
Pretax Income/(Loss) from Assoc.	1	0	35	58
Non-Operating Income/(Expense)	4	0	0	0
Profit Before Tax (pre-EI)	203	96	180	253
Exceptional Items	(7)	0	0	0
Pre-tax Profit	196	96	180	253
Taxation	(22)	(19)	(36)	(51)
Exceptional Income - post-tax				
Profit After Tax	174	77	144	202
Minority Interests	(22)	(34)	(36)	(43)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	151	43	108	159
Recurring Net Profit	157	43	108	159
Fully Diluted Recurring Net Profit	157	43	108	159

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	67	635	827	929
Total Debtors	680	1,076	1,133	1,343
Inventories	5	20	21	25
Total Other Current Assets	43	54	54	54
Total Current Assets	796	1,785	2,035	2,351
Fixed Assets	118	123	128	134
Total Investments	728	763	800	839
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	12	0	0	0
Total Non-current Assets	858	886	929	974
Short-term Debt	5	5	6	6
Current Portion of Long-Term Debt	0			
Total Creditors	432	411	390	371
Other Current Liabilities	1	15	16	17
Total Current Liabilities	437	431	412	394
Total Long-term Debt	23	300	300	200
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	2	2	2	2
Total Non-current Liabilities	25	302	302	202
Total Provisions	0	0	0	0
Total Liabilities	462	733	714	596
Shareholders' Equity	1,211	1,957	2,269	2,748
Minority Interests	(19)	(19)	(19)	(19)
Total Equity	1,192	1,938	2,250	2,729

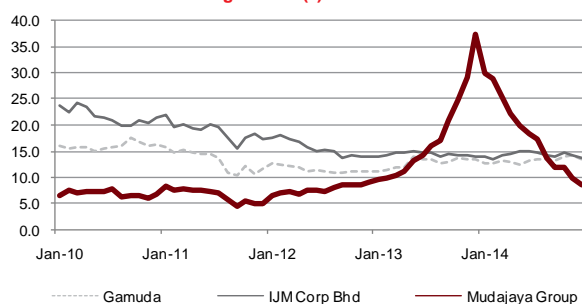
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	202.6	114.4	162.6	221.3
Cash Flow from Inv. & Assoc.				
Change In Working Capital	63.3	125.9	(39.8)	(68.2)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(5.5)	(5.5)	(2.5)	0.5
Net Interest (Paid)/Received	(0.0)	(18.0)	(21.0)	(30.0)
Tax Paid	(23.0)	(19.3)	(36.0)	(50.6)
Cashflow From Operations	237.4	197.5	63.3	73.1
Capex	(36.1)	(36.1)	(36.1)	(36.1)
Disposals Of FAs/subsidiaries	7.1	7.1	7.1	7.1
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	(154.8)	(156.4)	(158.0)	(159.6)
Cash Flow From Investing	(183.9)	(185.5)	(187.1)	(188.7)
Debt Raised/(repaid)	0.0	300.0	300.0	200.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(49.3)	(52.1)	(52.1)	(52.1)
Preferred Dividends				
Other Financing Cashflow	(277.4)	307.1	68.0	70.2
Cash Flow From Financing	(326.7)	555.0	315.9	218.1
Total Cash Generated	(273.2)	567.0	192.1	102.5
Free Cashflow To Equity	53.5	312.1	176.2	84.4
Free Cashflow To Firm	53.6	30.1	(102.8)	(85.6)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(7.2%)	(10.7%)	5.3%	18.5%
Operating EBITDA Growth	(22.2%)	(43.6%)	42.2%	36.1%
Operating EBITDA Margin	13.2%	8.3%	11.3%	12.9%
Net Cash Per Share (RM)	0.07	0.60	0.95	1.32
BVPS (RM)	2.19	3.57	4.14	5.01
Gross Interest Cover	3,953	6	7	7
Effective Tax Rate	11.2%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	31%	122%	48%	33%
Accounts Receivables Days	142.9	233.6	279.2	264.7
Inventory Days	1.59	3.71	5.90	5.70
Accounts Payables Days	132.7	122.4	114.0	93.4
ROIC (%)	232%	25%	18%	23%
ROCE (%)	17.0%	6.6%	6.9%	8.2%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook	1,600	900	300	300
Order Book Depletion	1,500	1,000	1,000	1,000
Orderbook Replenishment	800	400	1,000	1,000
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A

Muhibbah Engineering

MUHI MK / MUHI.KL

➤ **Market Cap**
US\$249.3m
 RM871.4m

➤ **Avg Daily Turnover**
US\$2.23m
 RM7.42m

➤ **Free Float**
76.1%
 402.3 m shares

Current **RM2.03**
 Target ➤ **RM3.40**
 Prev. Target **RM3.40**
 Up/Downside **67.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-24.2	-29.6	-6.3
Absolute	-28.8	-36.6	-11.0

Major shareholders	% held
Mac Ngan Boon	17.0
Lembaga Tabung Haji	6.9

A cheap downstream infra player

Muhibbah could emerge as one of the few downstream oil & gas and offshore marine contractors that could still benefit from new jobs in PIC and Rapid even after Petronas's planned revision of its capex. This is in view of its track record and recognition by Petronas.

The stock is cheap, trading at FY14-16 P/E of 7-9x. The falling global oil price may have hurt sentiment but we think that its stock has been oversold. Our target price remains pegged to a 20% RNAV discount. Maintain Add. Muhibbah remains our preferred mid-cap pick in the construction sector.

A downstream player ➤

Lower oil prices are negative for pure upstream oil & gas players and service providers but net positive for downstream contractors like Muhibbah as construction costs are lower. Also, Petronas recently stated that its capex earmarked for development within the Pengerang Integrated Complex (PIC) and Rapid is intact as they have been granted the final investment decision (FID). This should reassure investors about Muhibbah's prospects even amidst new guidance that Petronas will revise down its annual capex of RM60bn. As a downstream oil & gas infra player, Muhibbah continues to have the advantage given the shortage of players that have track records and are recognised by Petronas.

Order book growth ➤

A press report clarifying the group's tender position for the Pengerang regasification facility confirms that the group continues to bid for specialised projects of higher value. Although the group did not secure the EPCC works for the Pengerang plant, we gather that it is tendering for the c.RM1bn jetty package. This could add to the c.RM1bn value of total jobs it is targeting in Rapid. We expect the awards for the subcontract package from the refinery contract in Rapid to be given out soon.

Stock is cheap ➤

Muhibbah's share price offers value as it trades at undemanding FY14-16 P/Es of 7-9x. The stock remains oversold. Prospects could surprise on the upside if Muhibbah succeeds in landing higher-value oil & gas infra packages beyond Rapid. The job flow outlook remains supported by other domestic jobs, which include port expansion projects and new highways, particularly the West Coast Expressway (WCE). Muhibbah will also pursue MRT 2 packages, which are likely to be worth between RM700m and RM1bn each.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	2,586	1,900	2,185	2,513	2,814
Operating EBITDA (RMm)	(33.4)	103.4	199.7	221.2	245.1
Net Profit (RMm)	(98.0)	85.2	95.3	106.2	103.7
Core EPS (RM)	(0.24)	0.21	0.24	0.26	0.26
Core EPS Growth	(260%)	NA	12%	11%	(2%)
FD Core P/E (x)	NA	9.59	8.57	7.69	7.88
DPS (RM)	0.025	0.045	0.050	0.055	0.060
Dividend Yield	1.23%	2.22%	2.46%	2.71%	2.96%
EV/EBITDA (x)	NA	15.38	8.75	8.28	7.96
P/FCFE (x)	20.11	3.36	2.27	2.47	2.56
Net Gearing	63.5%	72.1%	80.9%	81.6%	85.6%
P/BV (x)	1.33	1.26	1.16	1.10	1.04
ROE	(16.0%)	13.5%	14.1%	14.7%	13.6%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.08	1.00	0.92

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,900	2,185	2,513	2,814
Gross Profit	1,900	2,185	2,513	2,814
Operating EBITDA	103	200	221	245
Depreciation And Amortisation	(13)	(53)	(56)	(59)
Operating EBIT	91	147	165	186
Financial Income/(Expense)	(16)	(39)	(48)	(58)
Pretax Income/(Loss) from Assoc.	47	41	46	52
Non-Operating Income/(Expense)	13	0	0	0
Profit Before Tax (pre-EI)	134	148	163	180
Exceptional Items	0	0	0	0
Pre-tax Profit	134	148	163	180
Taxation	(19)	(30)	(33)	(50)
Exceptional Income - post-tax				
Profit After Tax	115	119	131	129
Minority Interests	(30)	(23)	(25)	(26)
Preferred Dividends - post tax	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	85	95	106	104
Recurring Net Profit	85	95	106	104
Fully Diluted Recurring Net Profit	85	95	106	104

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	564	733	953	1,239
Total Debtors	1,715	1,993	2,316	2,692
Inventories	573	743	964	1,251
Total Other Current Assets	822	983	581	106
Total Current Assets	3,673	4,452	4,815	5,287
Fixed Assets	519	531	540	545
Total Investments	0	0	0	0
Intangible Assets	22	22	22	22
Total Other Non-Current Assets	174	172	170	168
Total Non-current Assets	715	724	731	735
Short-term Debt	581	679	679	679
Current Portion of Long-Term Debt				
Total Creditors	1,163	1,358	1,358	1,358
Other Current Liabilities	1,163	1,358	1,358	1,358
Total Current Liabilities	2,907	3,394	3,394	3,394
Total Long-term Debt	579	785	1,065	1,444
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	74	93	118	151
Total Non-current Liabilities	653	878	1,183	1,595
Total Provisions	0	0	0	0
Total Liabilities	3,560	4,273	4,577	4,989
Shareholders' Equity	650	704	744	782
Minority Interests	177	200	225	251
Total Equity	827	904	969	1,033

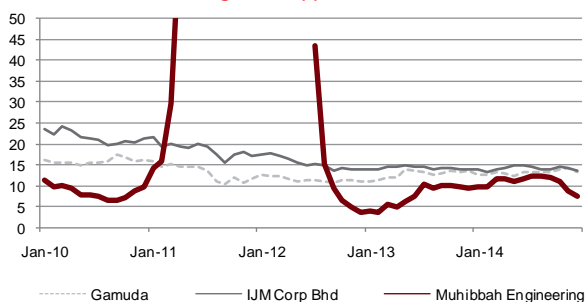
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	103.4	199.7	221.2	245.1
Cash Flow from Inv. & Assoc.	36.3	40.8	45.9	51.6
Change In Working Capital	16.9	46.7	11.2	15.1
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	1.0	1.0	1.0	1.0
Net Interest (Paid)/Received	(31.5)	(39.4)	(47.7)	(57.6)
Tax Paid	(10.6)	(8.9)	(8.4)	(8.6)
Cashflow From Operations	115.6	240.0	223.2	246.5
Capex	(67.0)	(67.0)	(67.0)	(67.0)
Disposals Of FAs/subsidiaries	39.3	19.3	19.3	19.3
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	107.5	107.5	107.5	107.5
Cash Flow From Investing	79.8	59.8	59.8	59.8
Debt Raised/(repaid)	47.9	60.5	48.1	12.4
Proceeds From Issue Of Shares	4.5	4.4	4.1	4.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(20.1)	(22.1)	(26.1)	(38.2)
Preferred Dividends				
Other Financing Cashflow	(169.1)	(173.4)	(89.2)	1.3
Cash Flow From Financing	(136.9)	(130.7)	(63.1)	(20.5)
Total Cash Generated	58.6	169.1	219.9	285.8
Free Cashflow To Equity	243.3	360.3	331.1	318.7
Free Cashflow To Firm	232.6	346.6	340.2	375.2

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(26.5%)	15.0%	15.0%	12.0%
Operating EBITDA Growth	NA	93%	11%	11%
Operating EBITDA Margin	5.44%	9.14%	8.81%	8.71%
Net Cash Per Share (RM)	(1.48)	(1.82)	(1.97)	(2.20)
BVPS (RM)	1.62	1.75	1.85	1.94
Gross Interest Cover	3.46	3.14	2.89	2.69
Effective Tax Rate	14.2%	20.0%	20.0%	28.0%
Net Dividend Payout Ratio	23.6%	21.1%	21.8%	30.9%
Accounts Receivables Days	197.0	119.4	147.5	177.5
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	6.85%	9.81%	9.56%	9.89%
ROCE (%)	5.47%	7.09%	6.88%	6.72%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook	1,900	1,900	2,800	3,000
Order Book Depletion	N/A	N/A	N/A	N/A
Orderbook Replenishment	1,000	600	1,000	1,000
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A

MY E.G. Services

MYEG MK / MYEG.KL

➤ **Market Cap**
US\$717.1m
 RM2,507m

➤ **Avg Daily Turnover**
US\$2.28m
 RM7.49m

➤ **Free Float**
52.3%
 600.0 m shares

Current **RM4.25**
 Target ➤ **RM5.28**
 Prev. Target **RM5.28**
 Up/Downside **24.2%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.7	33.5	76.8
Absolute	-1.9	26.5	72.1

Major shareholders	% held
Asia Internet Holdings & TS Wong	39.8
Utilico Emerging Markets Limited	7.9

CSTM to lead the way

MyEG's main earnings growth driver over the next few years is expected to come from the custom service tax monitoring (CSTM) project, which just secured final approvals from the government. Road safety diagnostic project could also surprise on the upside in 2015.

We maintain our EPS forecasts and target price, based on 21x CY16 P/E, in line with the peer average. We reiterate our Add recommendation, which is premised on the final go-ahead for CSTM and further developments in the road safety diagnostic project.

project will involve the retail sector from Apr 2015 onwards. The company estimates that there are around 500,000 retail outlets nationwide. We expect Phase 2 to kick in from FY16 onwards.

Road safety could surprise ➤

MyEG's road safety diagnostic system (RSDS) project could surprise on the upside in 2015. In Jul 2014, the authorities made it mandatory for commercial buses to install a road safety diagnostic kit (RSK) over the next 12 months. The bus companies do not need to fork out the capex and installation cost for the RSK if they purchase bus insurance coverage through MyEG which receives at least 10% commission as insurance agent. The commission will be more than sufficient to fund the RSK capex.

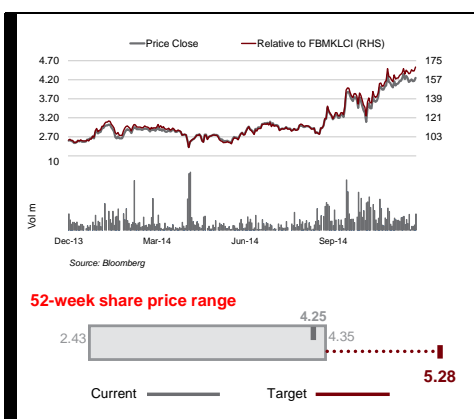
54% 3-year EPS CAGR ➤

We are looking at a 3-year EPS CAGR of 54% for this company, driven mainly by the custom service tax monitoring project (CSTM). New services like the foreign workers permit renewal (FWPR) and voluntary vehicle online transfer services (VVTs) should also help support MyEG's strong earnings outlook over the next few years.

If the company can capture 25-30% of the RM2.3bn annual commercial bus and lorry industry insurance premiums, it could collect RM58m-75m insurance commission annually. Assuming 40% net profit margin, this business could provide RM23m-30m net profit annually to MyEG. Our earnings forecasts do not include any potential earnings from RSDS.

CTSM should start soon ➤

MyEG has just secured the letter of award (LOA) from the government for the 6-year CSTM concession. The authorities have already agreed on the terms of the fixed fee. Phase 1 involves monitoring the 6% service tax from restaurants, pubs and massage parlours (annual revenue of above RM3m). This should involve around 60,000 outlets nationwide. The 6% service tax will be replaced by 6% GST in Apr 2015. Phase 2 of the CSTM



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	76.5	109.9	168.0	297.1	455.4
Operating EBITDA (RMm)	44.6	62.9	88.3	131.5	199.2
Net Profit (RMm)	35.0	50.1	75.1	117.6	184.6
Core EPS (RM)	0.06	0.08	0.12	0.20	0.31
Core EPS Growth	26.6%	43.1%	49.9%	56.6%	57.0%
FD Core P/E (x)	72.98	50.98	34.01	21.72	13.84
DPS (RM)	0.018	0.025	0.040	0.058	0.092
Dividend Yield	0.42%	0.59%	0.94%	1.36%	2.16%
EV/EBITDA (x)	57.40	40.55	28.38	19.02	12.40
P/FCFE (x)	672.2	124.9	34.0	52.4	26.5
Net Gearing	4.2%	(2.2%)	(21.0%)	(17.1%)	(18.9%)
P/BV (x)	18.27	14.46	11.14	8.20	5.80
ROE	27.1%	31.7%	37.0%	43.5%	49.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.98	0.76	0.67

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	109.9	168.0	297.1	455.4
Gross Profit	62.9	88.3	131.5	199.2
Operating EBITDA	62.9	88.3	131.5	199.2
Depreciation And Amortisation	(11.7)	(12.4)	(13.1)	(13.8)
Operating EBIT	51.2	75.9	118.4	185.4
Financial Income/(Expense)	(0.5)	(0.5)	(0.5)	(0.5)
Pretax Income/(Loss) from Assoc.	0.0	0.1	0.1	0.1
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	50.7	75.5	118.0	185.0
Exceptional Items				
Pre-tax Profit	50.7	75.5	118.0	185.0
Taxation	(0.6)	(0.4)	(0.4)	(0.4)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0
Profit After Tax	50.1	75.1	117.6	184.6
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0.0	0.0	0.0	0.0
Net Profit	50.1	75.1	117.6	184.6
Recurring Net Profit	50.1	75.1	117.6	184.6
Fully Diluted Recurring Net Profit	50.1	75.1	117.6	184.6

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	21.9	60.2	65.3	95.6
Total Debtors	19.1	21.8	38.6	59.2
Inventories	0.0	0.0	0.0	0.0
Total Other Current Assets	93.6	93.6	93.6	93.6
Total Current Assets	134.6	175.6	197.5	248.4
Fixed Assets	76.5	74.1	141.0	227.2
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	12.0	12.0	12.0	12.0
Total Other Non-Current Assets	12.8	12.8	12.8	12.8
Total Non-current Assets	101.3	98.9	165.8	252.0
Short-term Debt	8.9	4.4	4.4	4.4
Current Portion of Long-Term Debt				
Total Creditors	16.4	8.4	14.9	22.8
Other Current Liabilities	24.1	24.1	24.1	24.1
Total Current Liabilities	49.4	36.9	43.4	51.3
Total Long-term Debt	9.1	7.7	7.7	7.7
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.8	0.7	0.9	0.9
Total Non-current Liabilities	9.9	8.4	8.6	8.6
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	59.3	45.3	52.0	59.9
Shareholders' Equity	176.6	229.2	311.5	440.7
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	176.6	229.2	311.5	440.7

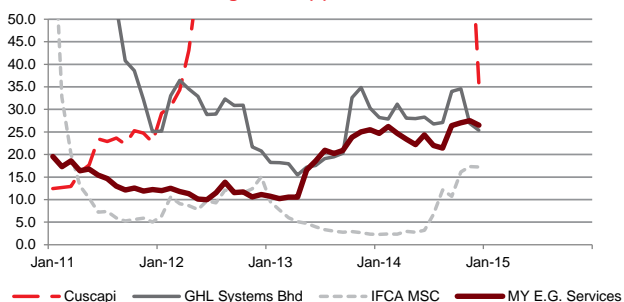
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	62.9	88.3	131.5	199.2
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(11.8)	(2.3)	(2.3)	(2.3)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	(0.5)	(0.5)	(0.5)	(0.5)
Tax Paid	(0.4)	(0.4)	0.0	0.0
Cashflow From Operations	50.2	85.1	128.7	196.4
Capex	(30.0)	(10.0)	(80.0)	(100.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.2	0.1	0.1	0.1
Cash Flow From Investing	(29.8)	(9.9)	(79.9)	(99.9)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(10.6)	(24.0)	(29.0)	(29.0)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	(10.6)	(24.0)	(29.0)	(29.0)
Total Cash Generated	9.8	51.2	19.8	67.5
Free Cashflow To Equity	20.4	75.2	48.8	96.5
Free Cashflow To Firm	20.9	75.7	49.3	97.0

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	43.7%	52.9%	76.8%	53.3%
Operating EBITDA Growth	41.0%	40.4%	48.9%	51.5%
Operating EBITDA Margin	57.2%	52.6%	44.3%	43.7%
Net Cash Per Share (RM)	0.01	0.08	0.09	0.14
BVPS (RM)	0.29	0.38	0.52	0.73
Gross Interest Cover	102.4	151.8	236.8	370.8
Effective Tax Rate	1.18%	0.53%	0.34%	0.22%
Net Dividend Payout Ratio	20.9%	29.8%	29.9%	29.9%
Accounts Receivables Days	50.89	44.47	37.24	39.20
Inventory Days	-	-	-	-
Accounts Payables Days	80.92	56.79	25.70	26.80
ROIC (%)	35.0%	43.7%	65.1%	71.6%
ROCE (%)	28.6%	34.8%	41.9%	47.8%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
ASP (% chg, main prod./serv.)	0.0%	0.0%	0.0%	0.0%
Unit sales grth (% , main prod./serv.)	25.0%	25.0%	25.0%	25.0%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

Nestle (Malaysia)

NESZ MK / NESM.KL

Market Cap
US\$4,602m
RM16,087m

Avg Daily Turnover
US\$0.78m
RM2.53m

Free Float
27.5%
234.5 m shares

Current **RM68.60**
Target **RM75.09**
Prev. Target **RM75.09**
Up/Downside **9.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	5.3	9.5	6.8
Absolute	0.7	2.5	2.1

Major shareholders	% held
Nestle S.A.	72.5
EPF	7.7

Strong global brand name

Nestle's earnings have proved resilient in the face of economic downturns in the past. We believe that the company will continue to deliver steady earnings due to its solid management, strong brand name and the fact that it sells products that are considered necessities.

We maintain our Add recommendation on Nestle and our DCF-based target price. We continue to like Nestle for its defensive earnings, strong global brand name, solid corporate governance, huge consumer base and superior ROE. The potential re-rating catalysts include easing raw material prices, which would boost its profit margins.

No concerns about weakening export sales

Nestle's 9MFY14 export sales declined 13.1% yoy, mainly due to 1) lower orders from its affiliated companies in Indonesia and the Philippines, as they have set up their own lines for certain products. We do not see this as cause for concern as the reduction in orders was within market expectations, as the affiliated companies in neighbouring countries were expected to begin manufacturing on their own once they achieved sufficiently-large sales volumes. After one year of revenue contraction, Nestle expects export sales to improve gradually, once there is a pick-up in orders from overseas markets other than the Philippines and Indonesia. Nestle

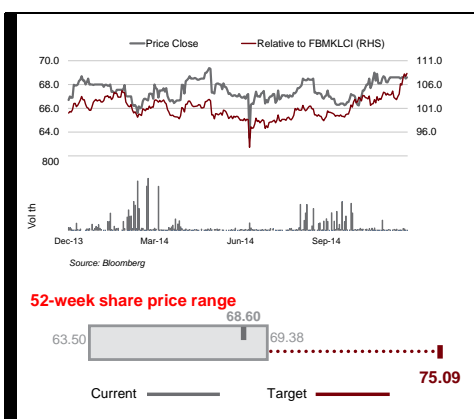
intends to continue launching new products, with initial testing and manufacturing by Nestle Malaysia.

Resilient domestic sales

In contrast to the export markets, domestic sales were resilient, with 9MFY14 revenue increasing by 5.8% yoy. Although we expect consumer spending to slow in 2015, we think that Nestle's domestic sales will be stable, given that it sells necessities. In fact, Nestle posted earnings growth during past economic downturns.

Expansion to continue

Nestle plans capex of more than RM320m this year, the bulk of which will be spent on its new Sri Muda manufacturing plant. The higher capex is needed for the construction of water infrastructure for the new plant. This commencement of this ready-to-drink plant has been postponed from end-FY14 to 1HFY15. The group is confident that the Sri Muda plant will soon be running at full capacity, given the strong growth of the ready-to-drink segment historically.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	4,556	4,788	5,023	5,275	5,622
Operating EBITDA (RMm)	753	840	901	960	1,045
Net Profit (RMm)	505.4	561.7	590.4	620.9	682.8
Core EPS (RM)	2.16	2.40	2.52	2.65	2.91
Core EPS Growth	18.3%	11.2%	5.1%	5.2%	10.0%
FD Core P/E (x)	31.83	28.64	27.24	25.91	23.56
DPS (RM)	2.10	2.35	2.47	2.59	2.85
Dividend Yield	3.06%	3.43%	3.60%	3.78%	4.16%
EV/EBITDA (x)	21.45	19.25	18.03	16.97	15.56
P/FCFE (x)	67.64	31.93	27.66	24.72	22.70
Net Gearing	8.6%	10.4%	19.1%	23.3%	20.5%
P/BV (x)	21.41	19.70	18.70	18.43	18.15
ROE	72.0%	71.7%	70.4%	71.7%	77.6%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.00	0.98	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	4,788	5,023	5,275	5,622
Gross Profit	1,807	1,886	1,994	2,147
Operating EBITDA	840	901	960	1,045
Depreciation And Amortisation	(109)	(128)	(141)	(148)
Operating EBIT	731	773	819	897
Financial Income/(Expense)	(16)	(22)	(29)	(27)
Pretax Income/(Loss) from Assoc.	0	1	1	1
Non-Operating Income/(Expense)	4	5	5	6
Profit Before Tax (pre-EI)	719	757	796	875
Exceptional Items				
Pre-tax Profit	719	757	796	875
Taxation	(157)	(167)	(175)	(193)
Exceptional Income - post-tax				
Profit After Tax	562	590	621	683
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	562	590	621	683
Recurring Net Profit	562	590	621	683
Fully Diluted Recurring Net Profit	562	590	621	683

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	15	10	21	23
Total Debtors	502	527	554	590
Inventories	409	424	443	469
Total Other Current Assets	4	4	4	4
Total Current Assets	930	965	1,021	1,086
Fixed Assets	1,046	1,267	1,325	1,326
Total Investments	4	4	4	4
Intangible Assets	61	61	61	61
Total Other Non-Current Assets	48	49	49	49
Total Non-current Assets	1,159	1,380	1,439	1,440
Short-term Debt	8	4	4	4
Current Portion of Long-Term Debt				
Total Creditors	1,023	1,161	1,214	1,286
Other Current Liabilities	41	41	41	41
Total Current Liabilities	1,072	1,207	1,259	1,331
Total Long-term Debt	92	170	220	200
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	25	25	25	25
Total Non-current Liabilities	118	195	245	225
Total Provisions	83	83	83	83
Total Liabilities	1,272	1,485	1,588	1,639
Shareholders' Equity	816	860	873	886
Minority Interests	0	0	0	0
Total Equity	816	860	873	886

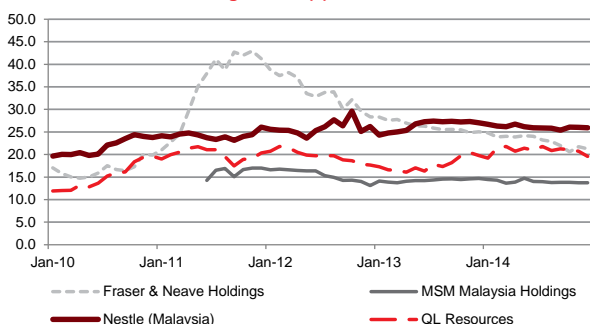
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	840	901	960	1,045
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(11)	98	7	9
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(21)	(16)	(23)	(20)
Net Interest (Paid)/Received	16	22	29	27
Tax Paid	(160)	(167)	(175)	(193)
Cashflow From Operations	664	838	798	869
Capex	(212)	(350)	(200)	(150)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	8	20	3	10
Cash Flow From Investing	(204)	(330)	(197)	(140)
Debt Raised/(repaid)	44	74	50	(20)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0			
Dividends Paid	(504)	(579)	(609)	(669)
Preferred Dividends				
Other Financing Cashflow	(22)	(34)	(34)	(30)
Cash Flow From Financing	(482)	(539)	(592)	(719)
Total Cash Generated	(22)	(31)	8	10
Free Cashflow To Equity	504	582	651	709
Free Cashflow To Firm	438	481	567	698

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	5.08%	4.92%	5.00%	6.59%
Operating EBITDA Growth	11.6%	7.3%	6.5%	8.9%
Operating EBITDA Margin	17.5%	17.9%	18.2%	18.6%
Net Cash Per Share (RM)	(0.36)	(0.70)	(0.87)	(0.77)
BVPS (RM)	3.48	3.67	3.72	3.78
Gross Interest Cover	33.32	29.59	24.36	29.27
Effective Tax Rate	21.9%	22.0%	22.0%	22.0%
Net Dividend Payout Ratio	76.6%	76.4%	76.4%	76.4%
Accounts Receivables Days	34.17	37.41	37.41	37.24
Inventory Days	50.19	48.40	48.20	48.03
Accounts Payables Days	116.0	127.0	132.1	131.6
ROIC (%)	58.2%	57.7%	54.4%	56.9%
ROCE (%)	76.6%	73.5%	71.7%	76.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	3.0%	3.0%	3.0%	3.0%
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod./serv.)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	4.0%	4.0%	4.0%	4.0%
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

Oriental Holdings

ORH MK / OTLS.KL

► **Market Cap**
US\$1,241m
 RM4,336m

► **Avg Daily Turnover**
US\$0.07m
 RM0.23m

► **Free Float**
43.5%
 620.4 m shares

Current **RM6.99**
 Target **RM7.44** ►
 Prev. Target **RM7.44**
 Up/Downside **6.4%**

STOCK RATING

ADD

HOLD

REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.8	-3.6	-13.5
Absolute	-5.4	-10.6	-18.2

Major shareholders	% held
Boon Siew Sdn Bhd	54.8
Employees Provident Fund Board	9.9
Aberdeen Asset Management	11.0

Feeling disoriented

We expect 2015 to be a challenging year for Oriental as a result of weak CPO prices and intense competition in the auto industry. The stock could continue to trade below the fair value of its assets in the near-future due to the company's unexciting earnings growth outlook.

We maintain our EPS and target price of RM7.44, based on its 5-year historical average P/BV of 0.9x. Although Oriental Holdings (Oriental) appears undervalued, we maintain our Hold call as the stock lacks visible re-rating catalysts.

Challenging business environment in 2015 ►

Oriental's plantation division is its biggest earnings contributor. We project CPO prices to average RM2,460/tonne in 2015, marginally higher than the RM2,403/tonne achieved in 11M14. However, this may not be able to offset the lower palm kernel prices, which have fallen 19% YTD, as well as cost inflation due to the increase in Indonesia's minimum wage. In addition, its auto division (its biggest revenue contributor) could continue to face strong competition and struggle to stay profitable.

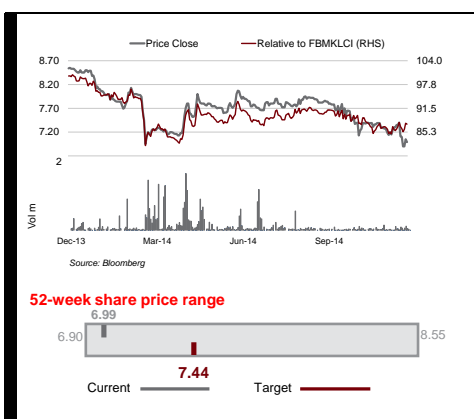
Underutilised balance sheet ►

At end-Sep 2014, Oriental had a net cash of RM2.8bn on its balance sheet. This represented half of its net assets and 60% of its market cap. Low interest rates, weak plantations earnings and assets in other divisions that are idle or unprofitable have

resulted in a low return on equity (ROE). We project that Oriental will post an ROE of 4.8-4.9% in FY14-16. This is barely above the 4.0% yield of the 10-year Malaysian Government Securities (MGS).

Undervalued, but missing re-rating catalysts ►

We expect the stock to continue trading below the fair value of its assets, given its low ROE and unexciting earnings growth prospects. We believe that a major corporate exercise or significant acquisition is needed to provide re-rating catalysts in the near-term. Our checks reveal that the company is changing the expansion strategy for its Indonesian plantations business from greenfield expansion to brownfield acquisition, because brownfield acquisitions face fewer social challenges and regulatory hurdles. We understand that it is evaluating several brownfield plantations acquisitions. A prolonged period of weak CPO prices may provide Oriental with opportunities to scoop up distressed plantations assets. Until that happens, we will maintain our Hold call on the lack of visible re-rating catalysts.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	2,807	2,754	3,118	3,168	3,249
Operating EBITDA (RMm)	347.0	255.8	336.0	341.6	379.4
Net Profit (RMm)	200.6	185.4	236.1	242.1	257.9
Core EPS (RM)	0.32	0.30	0.38	0.39	0.42
Core EPS Growth	(25.7%)	(7.6%)	27.4%	2.5%	6.5%
FD Core P/E (x)	21.61	23.39	18.37	17.91	16.81
DPS (RM)	0.080	0.070	0.080	0.080	0.080
Dividend Yield	1.14%	1.00%	1.14%	1.14%	1.14%
EV/EBITDA (x)	7.27	9.32	7.08	6.64	5.65
P/FCFE (x)	NA	141.3	132.4	31.0	25.6
Net Gearing	(40.3%)	(41.2%)	(39.2%)	(39.0%)	(39.2%)
P/BV (x)	0.94	0.91	0.88	0.85	0.81
ROE	4.46%	3.97%	4.88%	4.81%	4.93%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.00	1.00	0.99

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,754	3,118	3,168	3,249
Gross Profit	531	646	662	708
Operating EBITDA	256	336	342	379
Depreciation And Amortisation	(101)	(101)	(101)	(101)
Operating EBIT	154	235	240	278
Financial Income/(Expense)	52	52	57	60
Pretax Income/(Loss) from Assoc.	58	80	80	80
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	264	366	378	418
Exceptional Items				
Pre-tax Profit	264	366	378	418
Taxation	(65)	(72)	(74)	(85)
Exceptional Income - post-tax				
Profit After Tax	199	295	303	334
Minority Interests	(14)	(59)	(61)	(76)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	185	236	242	258
Recurring Net Profit	185	236	242	258
Fully Diluted Recurring Net Profit	185	236	242	258

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	2,762	2,745	2,835	2,955
Total Debtors	373	422	429	440
Inventories	230	256	259	263
Total Other Current Assets	39	39	39	39
Total Current Assets	3,404	3,462	3,563	3,697
Fixed Assets	1,630	1,779	1,857	1,936
Total Investments	435	515	595	675
Intangible Assets	50	50	50	50
Total Other Non-Current Assets	837	837	837	837
Total Non-current Assets	2,951	3,180	3,339	3,497
Short-term Debt	495	495	495	495
Current Portion of Long-Term Debt				
Total Creditors	315	357	363	372
Other Current Liabilities	12	12	12	12
Total Current Liabilities	822	864	869	879
Total Long-term Debt	3	3	3	3
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	14	14	14	14
Total Non-current Liabilities	17	17	17	17
Total Provisions	24	24	24	24
Total Liabilities	862	904	910	919
Shareholders' Equity	4,747	4,934	5,126	5,335
Minority Interests	745	804	865	941
Total Equity	5,493	5,738	5,991	6,275

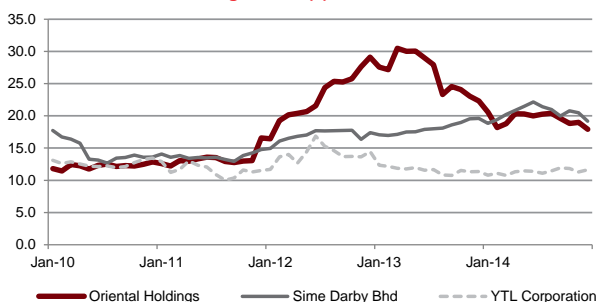
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	255.8	336.0	341.6	379.4
Cash Flow from Inv. & Assoc.				
Change In Working Capital	84.5	(33.3)	(4.6)	(5.4)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(69.2)	0.0	0.0	0.0
Net Interest (Paid)/Received	51.9	51.7	57.3	60.0
Tax Paid	(63.4)	(71.6)	(74.4)	(84.5)
Cashflow From Operations	259.5	282.8	320.0	349.4
Capex	(197.1)	(250.0)	(180.0)	(180.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	74.1	0.0	0.0	0.0
Cash Flow From Investing	(122.9)	(250.0)	(180.0)	(180.0)
Debt Raised/(repaid)	(105.9)	0.0	0.0	0.0
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(61.5)	(49.6)	(49.6)	(49.6)
Preferred Dividends				
Other Financing Cashflow	215.2	0.0	0.0	0.0
Cash Flow From Financing	47.8	(49.6)	(49.6)	(49.6)
Total Cash Generated	184.4	(16.9)	90.4	119.8
Free Cashflow To Equity	30.7	32.8	140.0	169.4
Free Cashflow To Firm	145.3	40.8	148.1	177.5

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(1.9%)	13.2%	1.6%	2.6%
Operating EBITDA Growth	(26.3%)	31.3%	1.7%	11.1%
Operating EBITDA Margin	9.3%	10.8%	10.8%	11.7%
Net Cash Per Share (RM)	3.65	3.62	3.77	3.96
BVPS (RM)	7.65	7.95	8.26	8.60
Gross Interest Cover	19.14	29.07	29.78	34.46
Effective Tax Rate	24.6%	19.5%	19.7%	20.2%
Net Dividend Payout Ratio	26.8%	21.0%	20.5%	19.2%
Accounts Receivables Days	48.91	46.53	49.01	48.92
Inventory Days	41.25	35.90	37.55	37.64
Accounts Payables Days	49.09	49.65	52.43	52.92
ROIC (%)	5.47%	8.29%	7.98%	8.98%
ROCE (%)	3.63%	4.80%	4.79%	5.20%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Rev. growth (% , main biz.)	8.2%	23.5%	2.5%	2.5%
EBITDA mgns (% , main biz.)	N/A	N/A	N/A	N/A
Rev. as % of total (main biz.)	50.7%	55.3%	55.7%	55.7%
EBITDA as % of total (main biz.)	N/A	N/A	N/A	N/A
Rev. growth (% , 2ndary biz.)	-15.5%	0.0%	0.0%	0.0%
EBITDA mgns (% , 2ndary biz.)	10.5%	10.5%	10.5%	11.4%
Rev. as % of total (2ndary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (2ndary biz.)	N/A	N/A	N/A	N/A
Rev. growth (% , tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA mgns (% , tertiary biz.)	N/A	N/A	N/A	N/A
Rev.as % of total (tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (tertiary biz.)	N/A	N/A	N/A	N/A

Pavilion REIT

PREIT MK / PREI.KL

➤ **Market Cap**
US\$1,216m
 RM4,249m

➤ **Avg Daily Turnover**
US\$0.41m
 RM1.33m

➤ **Free Float**
26.3%
 3,018 m shares

Current **RM1.41**
 Target ➤ **RM1.50**
 Prev. Target **RM1.50**
 Up/Downside **6.6%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-1.4	7.7	13.2
Absolute	-6	0.7	8.5

Major shareholders	% held
Datuk Lim Siew Choon & Datin Tan Kewi Yong	37.6
Qatar Holding LLC	36.1

Lacking excitement

Pavilion's net property income (NPI) in 2015 will likely be driven by its improved rentals arising from the various AEIs undertaken in 2014. While earnings will likely remain stable, we see little excitement in the stock given the lack of catalysts.

Our DDM-based target price is maintained at RM1.50, based on an unchanged cost of equity of 8.5%. Given the lack of earnings catalysts in terms of new acquisitions, we maintain our Hold call on the stock. For M-REITs, we prefer Axis REIT.

No sign of new acquisitions ➤

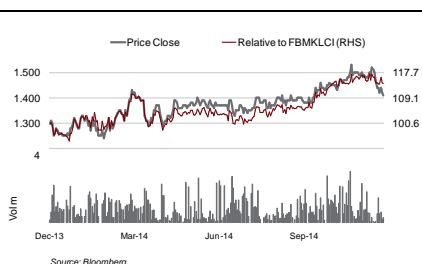
Pavilion's asset portfolio was stagnant as no new acquisitions were made in 2014. Two potential acquisitions exist currently, Fahrenheit88 and The Extension, which are currently under refurbishment and under construction, respectively. The former was initially expected to be acquired by Pavilion in 2014, although due to the asset enhancement initiative (AEI) that it is currently undergoing, the injection could come in 2015 at the earliest. The Extension is now being constructed and is expected to be completed by end-2015, which implies that the earliest it will be injected is by 2016. Aside from these, we believe there won't likely be any other asset injections for Pavilion REIT's portfolio in the near-term.

AEI in 2014 should drive revenues ➤

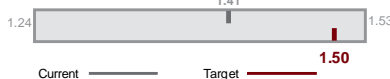
In 2014, Pavilion undertook AEI for its Pavilion Mall, which involves the relocation of the Beauty Hall to Level 7 Centre Court. The new Beauty Hall added 30k-40k sq ft, which will help boost rental revenues. At the same time, Pavilion undertook tenant remixing for 20k sq ft of area that was previously occupied by Jaguar and Maybank, which have now been replaced by Davidoff, Moshiona, Loew and Tory Burch. The AEIs that were completed in 2014 will likely provide improved revenues for Pavilion moving forward as rental rates are expected to improve.

No impact from recent OPR ➤

The recent hike in OPR will not impact Pavilion's earnings significantly given that its debt is 99% fixed, thus its interest costs will likely be stable moving forward. This also shields its earnings against further interest rate hikes in the future.



52-week share price range



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Property Revenue (RMm)	346.5	375.5	396.4	399.9	403.5
Net Property Income (RMm)	245.3	263.2	286.1	288.5	291.1
Net Profit (RMm)	194.6	210.4	232.6	235.0	237.5
Distributable Profit (RMm)	208.8	221.3	244.8	247.2	249.7
Core EPS (RM)	0.065	0.070	0.077	0.078	0.079
Core EPS Growth	14.5%	7.8%	10.4%	1.0%	1.1%
FD Core P/E (x)	21.76	20.20	18.29	18.11	17.92
DPS (RM)	0.069	0.073	0.081	0.082	0.083
Dividend Yield	4.87%	5.20%	5.75%	5.81%	5.87%
Asset Leverage	16.7%	19.0%	19.0%	18.9%	18.9%
BVPS (RM)	1.10	0.96	0.96	0.96	0.97
P/BV (x)	1.29	1.47	1.47	1.46	1.46
Recurring ROE	6.31%	6.80%	8.05%	8.10%	8.16%
CIMB/consensus DPS (x)			1.05	1.04	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Rental Revenues	317.7	327.0	327.0	327.0
Other Revenues	57.8	69.4	72.8	76.5
Gross Property Revenue	375.5	396.4	399.9	403.5
Total Property Expenses	(112.4)	(110.3)	(111.4)	(112.5)
Net Property Income	263.2	286.1	288.5	291.1
General And Admin. Expenses	0.0	0.0	0.0	0.0
Management Fees	(18.6)	(19.3)	(19.4)	(19.5)
Trustee's Fees	(1.8)	(1.8)	(1.8)	(1.8)
Other Operating Expenses	(0.4)	(0.4)	(0.4)	(0.4)
EBITDA	242.4	264.6	266.9	269.4
Depreciation And Amortisation	0.0	0.0	0.0	0.0
EBIT	242.4	264.6	266.9	269.4
Net Interest Income	(32.0)	(32.0)	(31.9)	(31.9)
Associates' Profit				
Other Income/(Expenses)	0.0	0.0	0.0	0.0
Exceptional Items				
Pre-tax Profit	210.4	232.6	235.0	237.5
Taxation	0.0	0.0	0.0	0.0
Minority Interests				
Preferred Dividends				
Net Profit	210.4	232.6	235.0	237.5
Distributable Profit	221.3	244.8	247.2	249.7

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Investments	3,583	3,586	3,589	3,592
Intangible Assets	0	0	0	0
Other Long-term Assets	4	5	5	5
Total Non-current Assets	3,587	3,590	3,594	3,597
Total Cash And Equivalents	110	116	122	128
Inventories	1	1	1	1
Trade Debtors	3	3	3	3
Other Current Assets				
Total Current Assets	113	119	126	132
Trade Creditors	41	41	41	41
Short-term Debt				
Other Current Liabilities	0	0	0	0
Total Current Liabilities	41	41	41	41
Long-term Borrowings	704	704	704	704
Other Long-term Liabilities	68	68	68	68
Total Non-current Liabilities	772	772	772	772
Shareholders' Equity	2,886	2,896	2,906	2,916
Minority Interests	0	0	0	0
Preferred Shareholders Funds				
Total Equity	2,886	2,896	2,906	2,916

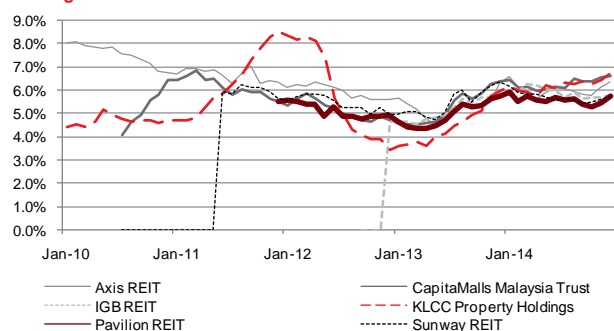
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Pre-tax Profit	210.4	232.6	235.0	237.5
Depreciation And Non-cash Adj.	32.0	32.0	31.9	31.9
Change In Working Capital	0.0	0.0	0.0	0.0
Tax Paid	0.0	0.0	0.0	0.0
Others	11.8	12.1	12.2	12.2
Cashflow From Operations	254.2	276.7	279.1	281.6
Capex				
Net Investments And Sale Of FA	(3.1)	(3.1)	(3.1)	(3.1)
Other Investing Cashflow				
Cash Flow From Investing	(3.1)	(3.1)	(3.1)	(3.1)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0
Dividends Paid	(221.3)	(244.8)	(247.2)	(249.7)
Cash Interest And Others	(117.0)	(22.9)	(22.8)	(22.8)
Cash Flow From Financing	(338.3)	(267.6)	(270.0)	(272.5)
Total Cash Generated	(87.3)	6.0	6.0	6.1
Free Cashflow To Firm	251.5	274.1	276.5	279.0
Free Cashflow To Equity	219.1	241.7	244.1	246.6

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Property Revenue Growth	8.4%	5.6%	0.9%	0.9%
NPI Growth	7.3%	8.7%	0.8%	0.9%
Net Property Income Margin	70.1%	72.2%	72.1%	72.1%
DPS Growth	6.8%	10.6%	1.0%	1.0%
Gross Interest Cover	7.48	8.17	8.24	8.31
Effective Tax Rate	0%	0%	0%	0%
Net Dividend Payout Ratio	105%	105%	105%	105%
Current Ratio	2.79	2.94	3.09	3.24
Quick Ratio	2.77	2.92	3.07	3.21
Cash Ratio	2.69	2.84	2.99	3.14
Return On Average Assets	5.31%	6.28%	6.33%	6.38%

Rolling Dividend Yield



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Rental Rate Psf Pm (RM)	N/A	N/A	N/A	N/A
Acq. (less development) (US\$m)	N/A	N/A	N/A	N/A
RevPAR (RM)	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sft)	1,503	1,503	1,503	1,503
Occupancy (%)	99.0%	99.0%	99.0%	99.0%
Assets Under Management (m) (RM)	N/A	N/A	N/A	N/A
Funds Under Management (m) (RM)	N/A	N/A	N/A	N/A

Perdana Petroleum

PETR MK / PTRD.KL

► **Market Cap**
US\$240.9m
 RM842.0m

► **Avg Daily Turnover**
US\$1.11m
 RM3.66m

► **Free Float**
53.0%
 727.2 m shares

Current **RM1.14**
 Target ► **RM2.63**
 Prev. Target **RM2.63**
 Up/Downside **130.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-18.4	-29.7	-14.5
Absolute	-23.0	-36.7	-19.2

Major shareholders	% held
Dayang Enterprise	28.6
Shamsul Saad & Koh brothers	10.0
Lembaga Tabung Haji	8.4

Smooth sailing ahead

We expect Perdana's positive earnings momentum in FY14 to continue into FY15 as the company actively expands its fleet. 83% of its vessels are on long-term charters with clients that include its biggest shareholder, Dayang.

We continue to value the stock at a CY16 P/E of 14.8x, a 30% discount to the oil & gas big caps pending a review of our valuations. Perdana's active fleet expansion is the potential re-rating catalyst that supports our Add call. It stays as our top pick among the oil & gas small caps.

Stronger financials ►

FY13 was a recovery year for Perdana after booking net losses in FY10-12 following a boardroom squabble and the excess market supply of vessels. The earnings momentum continued into FY14, with 3Q a record quarter and the announcement of a surprise interim dividend, the first in five years. After a record performance in 3Q, we anticipate a soft 4Q given the ongoing monsoon season, which slows down offshore activities. Nonetheless, this will not stop the company from ending FY14 with a record net profit.

Emerald makes it 18 ►

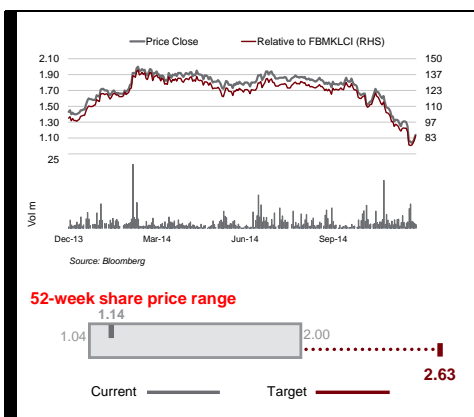
We expect the positive earnings trend to flow into FY15 as Perdana targets to reach a new net profit high on the back of a bigger fleet. The company currently has a young fleet of 20 vessels, of which 17 are in operation.

The fleet's average age is 4.2 years old. In Oct 2014, Perdana took delivery of its 18th vessel, a 300-men work barge named Emerald, which management expects to deploy in Feb 2015. Including Emerald, Perdana acquired five vessels in FY13-14, all of which are work barges.

The company has also ordered two bigger 500-men work barges, the company's 19th and 20th vessels, which are due for delivery in 1Q16 and 2Q16, respectively.

Long-term contracts with Dayang ►

Perdana has an order book of around RM1.1bn up to FY19, providing stability to its earnings. Also, we do not expect the company to be significantly affected by the oil price fall as 83% of its vessels are on long-term charters with the rates locked. These vessels include four work barges that are working for Dayang on contracts of at least five years, excluding extension options.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	259.5	274.7	629.8	640.1	682.1
Operating EBITDA (RMm)	97.7	87.8	166.0	182.7	212.1
Net Profit (RMm)	(2.7)	56.8	95.1	106.0	129.0
Core EPS (RM)	0.03	0.08	0.13	0.15	0.18
Core EPS Growth	NA	127%	67%	11%	22%
FD Core P/E (x)	31.62	14.59	8.72	7.82	6.43
DPS (RM)	-	-	0.020	0.030	0.040
Dividend Yield	0.00%	0.00%	1.75%	2.63%	3.51%
EV/EBITDA (x)	12.93	15.27	7.39	6.73	5.81
P/FCFE (x)	1.78	1.97	1.61	1.57	1.49
Net Gearing	58.6%	91.1%	40.6%	40.5%	40.1%
P/BV (x)	1.72	1.47	1.35	1.37	1.38
ROE	5.4%	10.9%	16.2%	17.4%	21.4%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.00	1.02	1.06

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	274.7	629.8	640.1	682.1
Gross Profit	92.1	221.0	257.7	282.1
Operating EBITDA	87.8	166.0	182.7	212.1
Depreciation And Amortisation	(30.9)	(55.0)	(60.8)	(67.2)
Operating EBIT	56.9	111.0	121.9	144.9
Financial Income/(Expense)	8.5	(9.6)	(9.6)	(9.6)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	65.5	101.4	112.2	135.3
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	65.5	101.4	112.2	135.3
Taxation	(3.5)	(1.1)	(1.1)	(1.1)
Exceptional Income - post-tax				
Profit After Tax	62.0	100.3	111.1	134.2
Minority Interests	(5.2)	(5.2)	(5.2)	(5.2)
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	56.8	95.1	106.0	129.0
Recurring Net Profit	56.8	95.1	106.0	129.0
Fully Diluted Recurring Net Profit	56.8	95.1	106.0	129.0

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	61	67	69	71
Total Debtors	50	239	244	249
Inventories	1	38	38	39
Total Other Current Assets	23	174	174	174
Total Current Assets	135	517	525	532
Fixed Assets	528	601	601	601
Total Investments	0	0	0	0
Intangible Assets	28	0	0	0
Total Other Non-Current Assets	491	48	48	52
Total Non-current Assets	1,046	649	649	653
Short-term Debt	113	100	100	100
Current Portion of Long-Term Debt				
Total Creditors	41	75	83	92
Other Current Liabilities	0	0	0	0
Total Current Liabilities	155	175	183	192
Total Long-term Debt	460	258	258	258
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	5	15	16	17
Total Non-current Liabilities	465	273	274	275
Total Provisions	0	0	0	0
Total Liabilities	620	448	458	467
Shareholders' Equity	562	613	605	601
Minority Interests	(0)	106	111	116
Total Equity	562	718	716	717

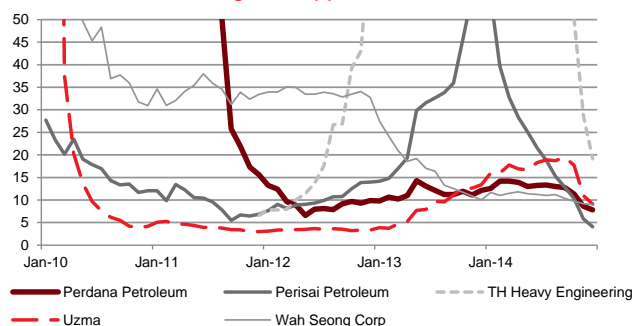
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	87.8	166.0	182.7	212.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(2.1)	8.4	3.2	3.3
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	581.3	581.3	581.3	581.3
Net Interest (Paid)/Received	(11.6)	(11.6)	(11.6)	(11.6)
Tax Paid	(1.1)	(1.1)	(1.1)	(1.1)
Cash Flow From Operations	654.3	743.0	754.5	784.0
Capex	(57.4)	(48.2)	(48.2)	(48.2)
Disposals Of FAs/subsidiaries	4.1	0.1	1.1	2.1
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(53.3)	(48.1)	(47.1)	(46.1)
Debt Raised/(repaid)	(180.0)	(180.0)	(180.0)	(180.0)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	0.0	(10.5)	(15.7)	(20.9)
Preferred Dividends				
Other Financing Cashflow	(422.8)	(498.8)	(509.7)	(534.9)
Cash Flow From Financing	(602.8)	(689.3)	(705.4)	(735.8)
Total Cash Generated	(1.8)	5.6	2.0	2.1
Free Cashflow To Equity	421.0	514.9	527.4	557.9
Free Cashflow To Firm	612.6	706.5	719.0	749.5

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	6%	129%	2%	7%
Operating EBITDA Growth	(10%)	89%	10%	16%
Operating EBITDA Margin	32.0%	26.4%	28.5%	31.1%
Net Cash Per Share (RM)	(0.70)	(0.40)	(0.40)	(0.40)
BVPS (RM)	0.77	0.84	0.83	0.83
Gross Interest Cover	3.06	10.53	11.51	13.62
Effective Tax Rate	5.33%	1.08%	0.98%	0.81%
Net Dividend Payout Ratio	NA	15.3%	20.6%	22.5%
Accounts Receivables Days	173.9	78.5	137.8	132.3
Inventory Days	38.4	17.5	36.3	35.2
Accounts Payables Days	72.5	39.7	74.6	79.3
ROIC (%)	6.1%	10.3%	11.9%	14.2%
ROCE (%)	8.0%	10.1%	11.4%	13.6%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook (RMm)	N/A	N/A	N/A	N/A
Order Book Wins (RMm)	N/A	N/A	N/A	N/A
Order Book Depletion (RMm)	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US\$)	8,500.0	8,500.0	8,500.0	8,500.0
No. Of Ships (unit)	16	18	18	20
Average Utilisation Rate (%)	85.0%	85.0%	85.0%	85.0%

Perisai Petroleum

PPT MK / PPTB.KL

► **Market Cap**
US\$172.3m
 RM602.3m

► **Avg Daily Turnover**
US\$2.08m
 RM6.95m

► **Free Float**
63.6%
 1,002 m shares

Current **RM0.51**
 Target ► **RM2.20**
 Prev. Target **RM2.20**
 Up/Downside **335.7%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-33.4	-54.5	-61.0
Absolute	-38.0	-61.5	-65.7

Major shareholders	% held
Ezra Holdings	23.6
Mercury Pacific	7.3
EPF	5.5

Down but not out

FY14 has been a challenging year for Perisai with Rubicone and E3 not working. However, contributions from PP101 and Perisai Kamelia are coming through, softening the blow from the continued immobility of the two assets. FY15 will see the arrival of PP102.

We continue to value the stock based on CY16 P/E of 14.8x with an unchanged 30% discount to the P/E of the oil & gas big caps pending a review of our valuations. We maintain our Add recommendation, with the full deployment of the assets as the potential re-rating catalyst.

Two idle assets ►

Perisai has two idle assets, namely the mobile offshore production unit (MOPU) Rubicone and the pipelay barge Enterprise 3 (E3), which completed their respective contracts on 30 Sep 2013 and have been unemployed since. Management is scouting for jobs in Southeast Asia and is hopeful that both assets will be deployed by 2Q15.

Adding another jack-up ►

The earnings vacuum caused by the continued immobility of Rubicone and E3 is mitigated by the contributions from jack-up PP101 and floating production, storage and offloading (FPSO) vessel Perisai Kamelia. PP101, which began drilling in Aug 2014, is already working at the

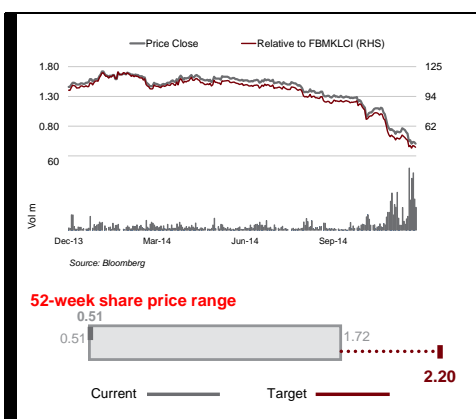
third field and will make its first full-year contribution in FY15. It marked a new business and income stream for the company.

51%-owned Perisai Kamelia started production in Nov 2013. The vessel provides support to US-based Hess's early production activities under a 3+3 contract, which has a value of US\$272m for the primary charter.

Charter rate risk ►

PP101 is servicing a 3-year US\$158m Petronas Carigali contract, which translates into a daily charter rate (DCR) of US\$144,292. Management has started negotiations with potential clients for PP102, which is scheduled for delivery in Apr/May 2015. PP103 is expected to join the fleet in Jun 2016.

Management targets to secure a contract for PP102 before the asset is completed, but the oil price fall may result in a lower DCR for the jack-up. The current market average is US\$140,000-150,000 for a long-term (more than one year) contract.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	174.2	163.0	472.4	837.9	893.6
Operating EBITDA (RMm)	128.2	126.2	189.5	339.7	369.4
Net Profit (RMm)	90.9	71.8	23.4	146.8	176.6
Core EPS (RM)	0.11	0.07	0.02	0.12	0.15
Core EPS Growth	162%	(33%)	(72%)	514%	20%
FD Core P/E (x)	4.66	6.52	23.39	4.05	3.40
DPS (RM)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	6.47	7.10	7.63	5.72	5.25
P/FCFE (x)	2.60	NA	NA	NA	NA
Net Gearing	56%	29%	90%	130%	114%
P/BV (x)	0.89	0.56	0.76	0.69	0.60
ROE	22.4%	10.4%	2.8%	17.9%	18.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.68	1.34	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	163.0	472.4	837.9	893.6
Gross Profit	137.0	224.5	374.7	404.4
Operating EBITDA	126.2	189.5	339.7	369.4
Depreciation And Amortisation	(39.7)	(132.0)	(132.9)	(133.9)
Operating EBIT	86.5	57.5	206.7	235.5
Financial Income/(Expense)	(5.6)	(17.4)	(43.4)	(42.4)
Pretax Income/(Loss) from Assoc.	1.6	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	82.5	40.2	163.4	193.1
Exceptional Items				
Pre-tax Profit	82.5	40.2	163.4	193.1
Taxation	(0.1)	(8.3)	(8.1)	(8.1)
Exceptional Income - post-tax				
Profit After Tax	82.4	31.8	155.3	185.0
Minority Interests	(10.7)	(8.5)	(8.5)	(8.5)
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	71.8	23.4	146.8	176.6
Recurring Net Profit	71.8	23.4	146.8	176.6
Fully Diluted Recurring Net Profit	71.8	23.4	146.8	176.6

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	63	47	50	52
Total Debtors	20	45	46	46
Inventories	0	0	0	0
Total Other Current Assets	0	0	0	0
Total Current Assets	83	92	96	98
Fixed Assets	547	1,220	1,802	1,933
Total Investments	632	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	180	378	378	378
Total Non-current Assets	1,359	1,598	2,180	2,311
Short-term Debt	82	80	81	81
Current Portion of Long-Term Debt				
Total Creditors	84	12	13	14
Other Current Liabilities	0			
Total Current Liabilities	166	93	94	94
Total Long-term Debt	272	739	1,220	1,220
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1	0	0	0
Total Non-current Liabilities	273	739	1,220	1,220
Total Provisions	0	0	0	0
Total Liabilities	439	832	1,314	1,314
Shareholders' Equity	903	772	873	1,005
Minority Interests	100	87	89	89
Total Equity	1,003	859	962	1,094

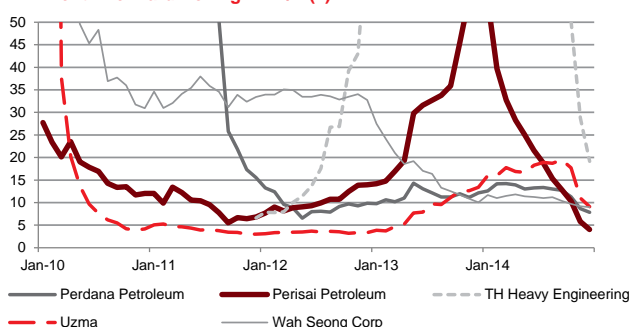
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	126.2	189.5	339.7	369.4
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(0.1)	(0.1)	(1.1)	(1.1)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(41.9)	(60.1)	(20.9)	(6.8)
Net Interest (Paid)/Received	(11.6)	(21.4)	(48.4)	(48.4)
Tax Paid	(9.8)	(12.2)	(13.8)	(12.8)
Cashflow From Operations	62.8	95.6	255.5	300.3
Capex	(10.0)	(10.0)	(10.0)	(10.0)
Disposals Of FAs/subsidiaries	112.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(271.0)	(624.0)	(624.0)	(624.0)
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(169.0)	(634.0)	(634.0)	(634.0)
Debt Raised/(repaid)	1.9	23.0	24.1	25.3
Proceeds From Issue Of Shares	247.2	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0
Preferred Dividends				
Other Financing Cashflow	(104.8)	499.8	356.7	310.8
Cash Flow From Financing	144.2	522.8	380.8	336.2
Total Cash Generated	38.0	(15.6)	2.4	2.5
Free Cashflow To Equity	(104.3)	(515.4)	(354.3)	(308.3)
Free Cashflow To Firm	(94.6)	(517.0)	(330.1)	(285.3)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(6%)	190%	77%	7%
Operating EBITDA Growth	(1.6%)	50.2%	79.3%	8.8%
Operating EBITDA Margin	77.4%	40.1%	40.5%	41.3%
Net Cash Per Share (RM)	(0.29)	(0.66)	(1.05)	(1.05)
BVPS (RM)	0.90	0.66	0.73	0.84
Gross Interest Cover	7.45	2.69	4.27	4.87
Effective Tax Rate	0.1%	20.7%	4.9%	4.2%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	71.25	25.29	19.80	18.77
Inventory Days	-	-	-	-
Accounts Payables Days	95.9	9.5	10.0	10.0
ROIC (%)	7.4%	6.5%	9.5%	8.0%
ROCE (%)	8.2%	4.1%	10.7%	10.4%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook (RMm)	N/A	N/A	N/A	N/A
Order Book Wins (RMm)	N/A	N/A	N/A	N/A
Order Book Depletion (RMm)	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US\$)	36,630.0	36,630.0	36,630.0	36,630.0
No. Of Ships (unit)	8	8	8	8
Average Utilisation Rate (%)	100.0%	100.0%	100.0%	100.0%



Petronas Chemical Group

PCHEM MK / PCGB.KL

Market Cap
US\$11,764m
RM41,120m

Avg Daily Turnover
US\$5.53m
RM18.27m

Free Float
31.0%
8,000 m shares

Current **RM5.14**
Target **RM6.50**
Prev. Target **RM6.50**
Up/Downside **26.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-8.1	-11.9	-18.6
Absolute	-12.7	-18.9	-23.3

Major shareholders	% held
Petronas	69.0
Employees Provident Fund	7.5

A recovery play

We believe Pchem as a gas-based olefin producer will continue to see its earnings growth momentum in 2015-16 thanks to the volume growth and the relatively resilient olefin margin on the back of tight supply that should offset the negative impact from oil price weakness.

We upgrade Pchem from Hold to Add after a sharp share price correction that should already price in the negative impact from oil price. We maintained our target price of RM6.7, based on 10x CY16 EV/EBITDA as we rolled to end-FY16.

Olefin led the charge

As a gas-based petrochemical producer we expect Pchem to see the positive upside from the rising olefin margin on the industry uptrend but this will be offset by the lower margin on weakening oil price. We upgrade Pchem from Hold to Add and expect the earnings rebound in 2015-16 on the back of higher volume and margin.

Volume growth for fertiliser

In 2015 Pchem will likely see an earnings improvement from the

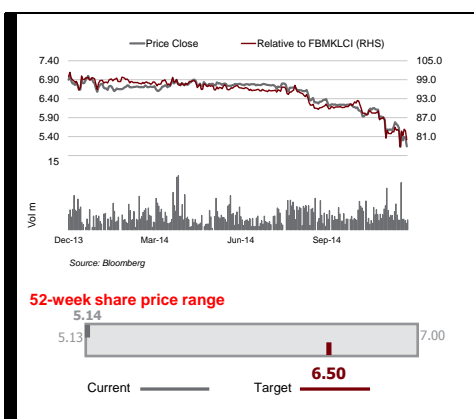
higher utilisation rate of its fertiliser. This should be driven by the improved methanol production on the improved gas feedstock and water

Oil price to impact

While Pchem will be a loser as a gas-based olefin producer we believe the rising olefin margin on the industry uptrend will more than offset the weaker margin on oil price decline.

Buy on weakness

We believe the concern on the negative impact on oil price weakness has already priced in after its share price correction by over 30% ytd. We suggest to accumulate stock ahead of Pchem's solid earnings growth in 2015-16.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	16,599	15,202	17,081	16,498	17,143
Operating EBITDA (RMm)	4,557	4,823	4,226	4,293	4,578
Net Profit (RMm)	3,518	3,146	3,163	3,727	3,920
Core EPS (RM)	0.44	0.39	0.40	0.47	0.49
Core EPS Growth	(6.7%)	(10.6%)	0.5%	17.8%	5.2%
FD Core P/E (x)	11.69	13.07	13.00	11.03	10.49
DPS (RM)	0.22	0.20	0.20	0.23	0.23
Dividend Yield	4.28%	3.83%	3.85%	4.53%	4.53%
EV/EBITDA (x)	7.17	6.59	7.20	6.42	5.39
P/FCFE (x)	58.13	35.11	23.93	18.74	19.29
Net Gearing	(43.1%)	(43.8%)	(34.3%)	(38.8%)	(42.3%)
P/BV (x)	2.02	1.89	1.63	1.52	1.41
ROE	18.3%	15.0%	13.5%	14.3%	13.9%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.10	1.17	1.14

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	15,202	17,081	16,498	17,143
Gross Profit	5,996	5,111	5,196	5,492
Operating EBITDA	4,823	4,226	4,293	4,578
Depreciation And Amortisation	(1,046)	(1,043)	(1,039)	(1,039)
Operating EBIT	3,777	3,183	3,254	3,539
Financial Income/(Expense)	457	361	499	499
Pretax Income/(Loss) from Assoc.	221	911	1,095	1,134
Non-Operating Income/(Expense)	92	(11)	(12)	(1)
Profit Before Tax (pre-EI)	4,547	4,444	4,837	5,171
Exceptional Items	0	0	0	0
Pre-tax Profit	4,547	4,444	4,837	5,171
Taxation	(1,043)	(1,043)	(830)	(895)
Exceptional Income - post-tax				
Profit After Tax	3,504	3,401	4,007	4,276
Minority Interests	(358)	(238)	(281)	(356)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	3,146	3,163	3,727	3,920
Recurring Net Profit	3,146	3,163	3,727	3,920
Fully Diluted Recurring Net Profit	3,146	3,163	3,727	3,920

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	10,293	11,693	13,776	15,796
Total Debtors	1,610	2,980	2,675	2,675
Inventories	1,203	847	791	791
Total Other Current Assets	155	212	212	213
Total Current Assets	13,261	15,732	17,454	19,475
Fixed Assets	13,245	10,856	10,056	9,255
Total Investments	757	4,285	5,381	6,515
Intangible Assets	10	1,533	1,533	1,533
Total Other Non-Current Assets	458	35	35	35
Total Non-current Assets	14,470	16,709	17,004	17,338
Short-term Debt	42	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	2,678	1,792	1,664	1,664
Other Current Liabilities	146	55	55	54
Total Current Liabilities	2,866	1,846	1,719	1,718
Total Long-term Debt	0	2,179	2,179	2,179
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	543	28	28	28
Total Non-current Liabilities	543	2,207	2,207	2,207
Total Provisions	933	669	669	669
Total Liabilities	4,342	4,722	4,595	4,594
Shareholders' Equity	21,736	25,217	27,080	29,137
Minority Interests	1,653	2,503	2,783	3,082
Total Equity	23,389	27,719	29,863	32,220

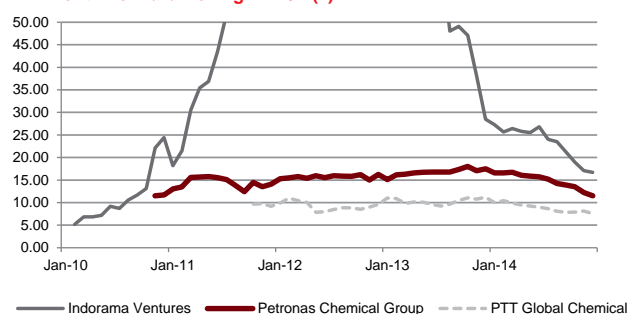
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	4,823	4,226	4,293	4,578
Cash Flow from Inv. & Assoc.	(221)	(911)	(1,095)	(1,134)
Change In Working Capital	(70)	141	234	0
(Incr)/Decr in Total Provisions			61	
Other Non-Cash (Income)/Expense	(1,494)	26	273	363
Other Operating Cashflow	(822)	(911)	(1,095)	(1,134)
Net Interest (Paid)/Received	457	361	499	499
Tax Paid	(1,250)	(1,043)	(830)	(895)
Cashflow From Operations	1,423	1,890	2,340	2,278
Capex	(363)	(315)	(239)	(239)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	111	144	93	93
Cash Flow From Investing	(252)	(171)	(146)	(146)
Debt Raised/(repaid)	0	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(1,573)	(1,581)	(1,863)	(1,863)
Preferred Dividends				
Other Financing Cashflow	1,250	1,376	1,752	1,752
Cash Flow From Financing	(323)	(206)	(112)	(112)
Total Cash Generated	848	1,513	2,083	2,020
Free Cashflow To Equity	1,171	1,718	2,195	2,132
Free Cashflow To Firm	1,179	1,931	2,407	2,344

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(8.4%)	12.4%	(3.4%)	3.9%
Operating EBITDA Growth	5.8%	(12.4%)	1.6%	6.6%
Operating EBITDA Margin	31.7%	24.7%	26.0%	26.7%
Net Cash Per Share (RM)	1.28	1.19	1.45	1.70
BVPS (RM)	2.72	3.15	3.39	3.64
Gross Interest Cover	472.1	15.0	15.3	16.7
Effective Tax Rate	22.9%	23.5%	17.2%	17.3%
Net Dividend Payout Ratio	50.0%	50.0%	50.0%	47.5%
Accounts Receivables Days	43.77	49.04	62.56	57.11
Inventory Days	48.37	31.25	26.45	24.85
Accounts Payables Days	95.93	68.14	55.81	52.29
ROIC (%)	21.1%	17.2%	16.7%	19.5%
ROCE (%)	17.9%	13.7%	12.5%	12.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Oil Price (US\$/bbl)	105.0	90.0	90.0	90.0
Volume Growth (%)	3.7%	9.1%	-0.1%	-0.1%
Ratio Of Up To Downstream (x)	N/A	N/A	N/A	N/A
Operating Cash Cost (US\$/bbl)	N/A	N/A	N/A	N/A
Ratio Of High To Low Margin (x)	N/A	N/A	N/A	N/A

Petronas Dagangan

PETD MK / PETR.KL

▶ **Market Cap**
US\$5,008m
 RM17,505m

▶ **Avg Daily Turnover**
US\$4.01m
 RM13.33m

▶ **Free Float**
25.7%
 993.5 m shares

Current **RM17.62**
 Target **▶ RM20.80**
 Prev. Target **RM20.80**
 Up/Downside **18.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-5.6	-6.9	-37.7
Absolute	-10.2	-13.9	-42.4

Major shareholders	% held
Petronas	69.9
EPF	4.4

Managed float is good for business

PetDag benefits from the newly-implemented managed float system for RON95 petrol and diesel, and is set to open more petrol stations. There will also be more focus on regional and non-fuel trades. The 50% dividend payout policy adds to its attraction.

We continue to value the stock at 21.2x CY16 P/E, still at a 30% premium over our target market P/E of 16.3x pending a review of our premium valuations. PetDag remains a trading-oriented, non-consensus Add with an aggressive retail drive being the potential re-rating catalyst.

1,085 stations and counting ▶

As at 30 Sep 2014, PetDag had 1,085 stations. Management targets to open a total of 30 new stations by year-end. The bulk of the company's RM500m annual capex (excluding RM200m set aside for operations in the Philippines, Vietnam and Thailand) will be spent on widening its domestic retail network.

The stations generate income not only from the pumps, but also from Mesra convenience stores and cross-selling activities for lubricant products, which offer the highest margins despite being the smallest revenue contributors.

Benefits from managed float ▶

Effective 1 Dec 2014, Malaysia switched to a managed float system for RON95 and diesel. The new

systems works for PetDag as it reduces the amount of subsidy receivables, thus potentially improving the company's cash flow. Previously, subsidy payments from the government to PetDag took an average of two to three months.

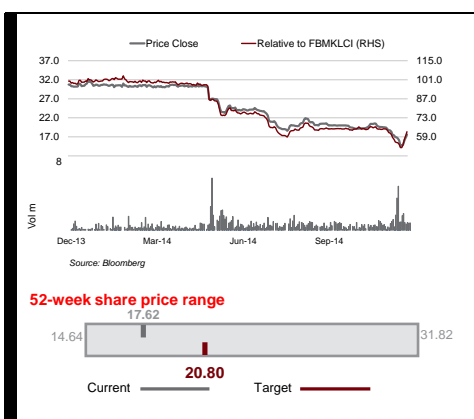
The automatic pricing mechanism (APM) is intact and the company will continue to collect a fixed company margin of 5 sen/litre for RON95.

Growing non-fuel and regional operations ▶

Beyond its traditional domestic petrol station business, PetDag is pushing for expansion in the region and of its Mesra stores. Contributions from regional units in the Philippines, Vietnam and Thailand continued to flow through, although they currently chip in less than 5% of the company's net profit.

50% dividend payout policy ▶

PetDag has a 50% dividend payout policy with dividends being paid quarterly. In 9M14, the average quarterly ratio was 75%.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	29,515	32,342	34,859	35,056	35,513
Operating EBITDA (RMm)	1,432	1,401	1,178	1,485	1,668
Net Profit (RMm)	836.8	811.7	671.8	867.3	975.1
Core EPS (RM)	0.84	0.82	0.68	0.87	0.98
Core EPS Growth	27.9%	(3.0%)	(17.2%)	29.1%	12.4%
FD Core P/E (x)	20.92	21.56	26.05	20.18	17.95
DPS (RM)	1.05	0.70	0.48	0.48	0.48
Dividend Yield	5.96%	3.97%	2.72%	2.72%	2.72%
EV/EBITDA (x)	11.62	12.27	13.97	11.00	9.73
P/FCFE (x)	22.50	59.35	11.05	18.34	18.13
Net Gearing	(11.4%)	(4.2%)	(11.7%)	(10.5%)	(12.1%)
P/BV (x)	2.21	2.05	1.87	1.53	1.60
ROE	11.5%	9.9%	7.5%	8.4%	8.7%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.98	1.03	1.13

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	32,342	34,859	35,056	35,513
Gross Profit	1,107	1,966	2,189	2,248
Operating EBITDA	1,401	1,178	1,485	1,668
Depreciation And Amortisation	(294)	(294)	(344)	(362)
Operating EBIT	1,107	884	1,141	1,306
Financial Income/(Expense)	(1)	20	20	20
Pretax Income/(Loss) from Assoc.	4	1	1	1
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	1,109	905	1,163	1,327
Exceptional Items	0	0	0	0
Pre-tax Profit	1,109	905	1,163	1,327
Taxation	(290)	(226)	(288)	(345)
Exceptional Income - post-tax				
Profit After Tax	819	679	874	982
Minority Interests	(7)	(7)	(7)	(7)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	812	672	867	975
Recurring Net Profit	812	672	867	975
Fully Diluted Recurring Net Profit	812	672	867	975

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	359	1,099	1,209	1,330
Total Debtors	4,221	4,543	4,543	4,543
Inventories	1,193	1,995	1,995	1,995
Total Other Current Assets	0	0	0	0
Total Current Assets	5,772	7,637	7,747	7,868
Fixed Assets	6,904	6,610	8,766	8,404
Total Investments	0	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	843	843	843	843
Total Non-current Assets	7,747	7,453	9,609	9,247
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	4,532	4,742	4,912	5,118
Other Current Liabilities	298	857	888	928
Total Current Liabilities	4,830	5,599	5,800	6,046
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	90	90	91	92
Total Non-current Liabilities	90	90	91	92
Total Provisions	0	0	0	0
Total Liabilities	4,920	5,689	5,891	6,138
Shareholders' Equity	8,550	9,351	11,414	10,925
Minority Interests	50	50	51	52
Total Equity	8,600	9,401	11,465	10,977

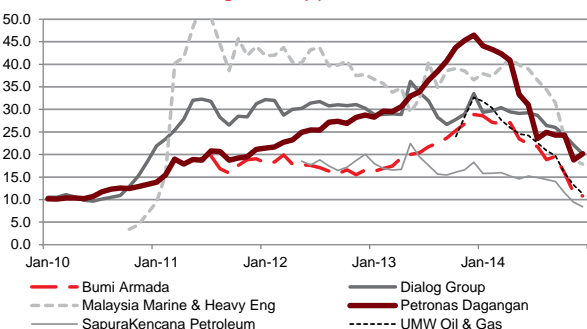
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	1,401	1,178	1,485	1,668
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(166)	(180)	170	206
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(66)	1,512	734	552
Net Interest (Paid)/Received	126	93	96	99
Tax Paid	(417)	(433)	(464)	(503)
Cashflow From Operations	878	2,170	2,022	2,022
Capex	(500)	(500)	(500)	(500)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	(83)	(86)	(568)	(557)
Cash Flow From Investing	(583)	(586)	(1,068)	(1,057)
Debt Raised/(repaid)	0	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(844)	(844)	(844)	(844)
Preferred Dividends				
Other Financing Cashflow	0	0	0	0
Cash Flow From Financing	(844)	(844)	(844)	(844)
Total Cash Generated	(549)	740	110	121
Free Cashflow To Equity	295	1,585	954	965
Free Cashflow To Firm	169	1,491	858	866

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	9.6%	7.8%	0.6%	1.3%
Operating EBITDA Growth	(2.2%)	(15.9%)	26.1%	12.3%
Operating EBITDA Margin	4.33%	3.38%	4.24%	4.70%
Net Cash Per Share (RM)	0.36	1.11	1.22	1.34
BVPS (RM)	8.61	9.41	11.49	11.00
Gross Interest Cover	58	1,468	1,896	2,170
Effective Tax Rate	26.2%	25.0%	24.8%	26.0%
Net Dividend Payout Ratio	92%	111%	86%	76%
Accounts Receivables Days	47.31	45.88	47.31	46.82
Inventory Days	16.83	17.69	22.15	21.95
Accounts Payables Days	54.41	51.45	53.60	55.17
ROIC (%)	11.6%	8.0%	10.2%	9.5%
ROCE (%)	13.6%	10.1%	11.1%	11.8%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	3.3%	3.2%	3.2%	3.2%
Vol. sales grth (% main prod./serv)	2.0%	2.0%	2.0%	2.0%
No. Of Petrol Stations	1,069	1,117	1,147	1,177

Petronas Gas

PTG MK / PGAS.KL

➤ **Market Cap**
US\$12,442m
 RM43,493m

➤ **Avg Daily Turnover**
US\$8.28m
 RM27.25m

➤ **Free Float**
20.9%
 1,979 m shares

Current **RM21.98**
 Target ➤ **RM27.11**
 Prev. Target **RM27.11**
 Up/Downside **23.4%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	4.5	2.9	0
Absolute	-0.1	-4.1	-4.7

Major shareholders	% held
Petronas	60.7
EPF	12.6
KWAP	5.8

Secured future

The recent sell-down in Petronas-related stocks did not spare PetGas. However, we think that the flight from PetGas is a knee-jerk reaction given that its earnings outlook remains highly secure, underpinned by the long-term agreements with Petronas.

Our SOP-based target price is unchanged at RM27.11. We think that in the midst of the uncertainty in the market, PetGas will likely attract investor interest given its secure and stable earnings, coupled with consistent dividend payments. PetGas remains an Add and is our top pick in the overall Malaysian utilities sector.

Earnings to remain stable ➤

We believe PetGas's FY15 earnings and cashflow will remain robust, underpinned by its long-term agreements with Petronas. PetGas's reservation charges (RC) for its gas processing division reduce its variable revenues to 3% while the other 97% are fixed. Its regasification terminal revenues will also hold steady as Petronas has fully booked the capacity for the terminal. Thus, regardless of actual utilisation, PetGas regasification revenues will remain stable and predictable.

Pengerang regasification still on ➤

We think one of the reasons for PetGas's recent sell-down is the announcement by Petronas that it will be cutting capex by 15-20% in 2015.

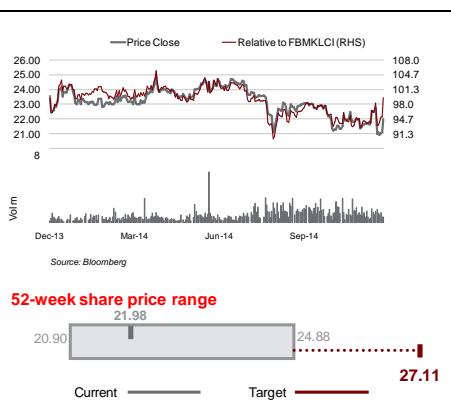
Given that PetGas is involved in Rapid, which is part of Petronas's capex plans, we believe the market has reacted to the risk that the whole project might be shelved. However, we note that Petronas has mentioned that the RAPID projects that have reached a final investment decision (FID) will go on as planned.

No impact from energy prices ➤

Despite the weak energy price outlook in 2015, we highlight that this will have no bearing on PetGas's earnings whatsoever given that it only processes and transports the gas; its earnings do not carry any feedstock price risk. This is positive as it shields PetGas from volatility in the global prices of natural gas.

Strong buy due to defensive qualities ➤

We maintain our Add call on the stock. We think that due to the current uncertain market conditions, PetGas, with its predictable earnings and cashflow, is even more attractive as it becomes a safe haven stock.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	3,577	3,892	4,539	4,539	4,539
Operating EBITDA (RMm)	2,504	2,630	2,939	2,969	2,957
Net Profit (RMm)	1,405	1,435	1,697	1,756	1,779
Core EPS (RM)	0.66	0.73	0.86	0.89	0.90
Core EPS Growth	(3.2%)	10.0%	18.3%	3.5%	1.3%
FD Core P/E (x)	33.32	30.31	25.63	24.77	24.45
DPS (RM)	0.50	0.55	0.55	0.55	0.55
Dividend Yield	2.27%	2.50%	2.50%	2.50%	2.50%
EV/EBITDA (x)	17.31	16.50	14.53	14.14	13.96
P/FCFE (x)	72.01	67.14	24.08	23.80	24.19
Net Gearing	(2.8%)	(2.1%)	(8.6%)	(14.6%)	(19.9%)
P/BV (x)	4.74	4.53	4.25	3.99	3.74
ROE	14.7%	15.3%	17.1%	16.6%	15.8%
CIMB/consensus EPS (x)			0.99	0.97	0.94

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	3,892	4,539	4,539	4,539
Gross Profit	1,947	2,270	2,315	2,315
Operating EBITDA	2,630	2,939	2,969	2,957
Depreciation And Amortisation	(895)	(916)	(901)	(889)
Operating EBIT	1,735	2,022	2,068	2,068
Financial Income/(Expense)	102	168	196	226
Pretax Income/(Loss) from Assoc.	36	38	41	41
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	1,873	2,229	2,305	2,335
Exceptional Items	0	0	0	0
Pre-tax Profit	1,873	2,229	2,305	2,335
Taxation	(446)	(531)	(549)	(557)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	1,427	1,697	1,756	1,779
Minority Interests	8			
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0	0	0	0
Net Profit	1,435	1,697	1,756	1,779
Recurring Net Profit	1,435	1,697	1,756	1,779
Fully Diluted Recurring Net Profit	1,435	1,697	1,756	1,779

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	1,362	2,051	2,732	3,363
Total Debtors	388	453	453	453
Inventories	111	129	127	127
Total Other Current Assets	0	0	0	0
Total Current Assets	1,862	2,634	3,312	3,943
Fixed Assets	10,831	10,771	10,632	10,526
Total Investments	135	135	135	135
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	10,966	10,906	10,767	10,661
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	991	1,156	1,133	1,133
Other Current Liabilities	122	122	122	122
Total Current Liabilities	1,113	1,278	1,255	1,255
Total Long-term Debt	1,160	1,160	1,125	1,025
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	31	31	31	31
Total Non-current Liabilities	1,191	1,191	1,156	1,056
Total Provisions	816	729	639	548
Total Liabilities	3,119	3,198	3,050	2,859
Shareholders' Equity	9,593	10,226	10,914	11,630
Minority Interests	116	116	116	116
Total Equity	9,708	10,342	11,029	11,746

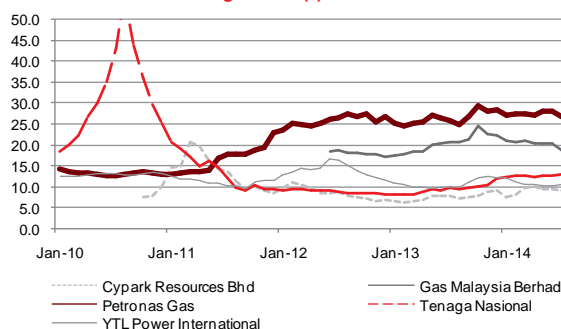
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	2,630	2,939	2,969	2,957
Cash Flow from Inv. & Assoc.				
Change In Working Capital	31	82	(21)	0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	69	62	90	116
Net Interest (Paid)/Received	(69)	(64)	(63)	(59)
Tax Paid	(518)	(618)	(639)	(648)
Cashflow From Operations	2,142	2,401	2,336	2,366
Capex	(1,069)	(625)	(503)	(497)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	29	29	29	29
Cash Flow From Investing	(1,040)	(595)	(474)	(468)
Debt Raised/(repaid)	(454)	0	(35)	(100)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(1,088)	(1,088)	(1,088)	(1,088)
Preferred Dividends				
Other Financing Cashflow	0	0	0	0
Cash Flow From Financing	(1,542)	(1,088)	(1,123)	(1,188)
Total Cash Generated	(441)	718	739	710
Free Cashflow To Equity	648	1,806	1,828	1,798
Free Cashflow To Firm	1,171	1,870	1,926	1,957

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	8.8%	16.6%	0.0%	0.0%
Operating EBITDA Growth	5.0%	11.7%	1.0%	(0.4%)
Operating EBITDA Margin	67.6%	64.7%	65.4%	65.1%
Net Cash Per Share (RM)	0.10	0.45	0.81	1.18
BVPS (RM)	4.85	5.17	5.52	5.88
Gross Interest Cover	25.02	31.70	32.91	34.97
Effective Tax Rate	23.8%	23.8%	23.8%	23.8%
Net Dividend Payout Ratio	75.8%	64.1%	62.0%	61.2%
Accounts Receivables Days	34.93	33.81	36.41	36.51
Inventory Days	20.08	19.33	21.03	20.87
Accounts Payables Days	179.3	172.6	187.8	186.4
ROIC (%)	13.1%	14.8%	15.4%	15.6%
ROCE (%)	15.8%	18.9%	18.6%	18.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gas dist. price (US\$/mmbtu)	-	-	-	-
Gas dist. volume (mmscfd)	2,454.5	2,454.5	2,454.5	2,454.5
Transmission Tariff (US\$/mmbtu)	-	-	-	-
Transmission Volume (mmscfd)	1,810.0	1,810.0	1,810.0	1,810.0

Pharmaniaga Bhd

PHRM MK / PHMA.KL

Market Cap
US\$318.5m

RM1,113m

Avg Daily Turnover
US\$0.11m

RM0.37m

Free Float
31.2%

258.9 m shares

Current **RM4.30**
Target **RM6.15**
Prev. Target **RM6.15**
Up/Downside **43.0%**

STOCK RATING

ADD

HOLD

REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.9	-1.5	-0.8
Absolute	-5.5	-8.5	-5.5

Major shareholders

	% held
Boustead Holdings Berhad	56.4
Lembaga Tabung Angkatan Tentera	12.4

Top pick of the sector

As the biggest supplier of medical products to Ministry of Health (MOH), Pharmaniaga would be a prime beneficiary of the higher MOH spending next year. It is also expanding its presence in Indonesia through a manufacturing plant and the MENA region via a JV.

The company also offers decent dividend yields. We maintain our Add call on the stock, as well as our FY14-16 EPS and target price of RM6.15, based on 16x CY16 P/E (its historical 3-year average). Steady earnings growth and higher dividend payout are the potential re-rating catalysts.

Higher MOH spending

In Budget 2015, the MOH allocated RM1.88bn to “pharmacy and supplies”. This is 25% higher than the RM1.51bn allocated in 2014. Pharmaniaga would be a prime beneficiary as it distributes over 40% of MOH’s medicine procurement through a concession agreement.

Manufacturing division to drive earnings

The MOH adds around 30 products to its drug formulary every year. This offers Pharmaniaga opportunities to increase the sales of its in-house products to the government. In our opinion, higher sales of in-house products will be a key earnings driver for Pharmaniaga, as manufacturing generates significantly higher profit margins than distribution. In 9M14, the EBIT margin of its distribution

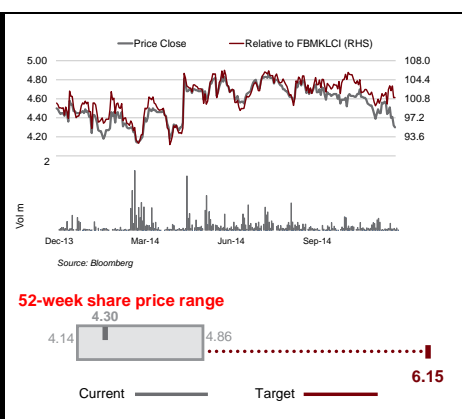
operations was 2%, while that of its manufacturing division was 28%.

Stepping up overseas expansions

Pharmaniaga is keen to expand its international presence. Early this year, it acquired a 75% stake in PT ERRITA, a generic drugmaker in Indonesia. The acquisition gives Pharmaniaga a strategic foothold in the Indonesian market, which has the potential to be the biggest in Southeast Asia due to the sheer size of its economy, as the government restricts the imports of pharmaceutical products. On top of that, Pharmaniaga is in the midst of establishing a joint venture (JV) with a company based in Saudi Arabia to set up a manufacturing plant in the country. The products manufactured by the JV will be sold in Middle East and North Africa (MENA) countries. While these ventures will not enhance earnings immediately, they provide exciting growth opportunities for Pharmaniaga in the next few years.

Decent dividend yield

Pharmaniaga recently announced a surprise DPS of 8 sen, bringing 9M14 DPS to 16 sen. We expect FY14 DPS of 20 sen, indicating a yield of 4.4%.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,812	1,947	2,107	2,339	2,597
Operating EBITDA (RMm)	175.4	175.0	186.1	201.6	224.1
Net Profit (RMm)	61.71	55.20	79.82	85.03	99.27
Core EPS (RM)	0.25	0.23	0.31	0.33	0.38
Core EPS Growth	19.4%	(9.9%)	37.0%	6.5%	16.7%
FD Core P/E (x)	17.21	19.11	13.95	13.09	11.21
DPS (RM)	0.35	0.16	0.20	0.20	0.23
Dividend Yield	8.14%	3.66%	4.56%	4.58%	5.35%
EV/EBITDA (x)	8.20	7.42	7.85	7.22	6.46
P/FCFE (x)	27.63	30.28	12.72	12.66	11.17
Net Gearing	63.4%	33.6%	62.3%	57.2%	51.7%
P/BV (x)	1.07	2.28	2.15	2.02	1.89
ROE	13.8%	12.1%	15.9%	15.9%	17.4%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.95	0.94	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,947	2,107	2,339	2,597
Gross Profit	298	347	382	428
Operating EBITDA	175	186	202	224
Depreciation And Amortisation	(69)	(44)	(48)	(48)
Operating EBIT	106	142	154	176
Financial Income/(Expense)	(13)	(22)	(23)	(26)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	1	1	1	1
Profit Before Tax (pre-EI)	98	121	131	152
Exceptional Items				
Pre-tax Profit	93	121	131	152
Taxation	(36)	(40)	(45)	(51)
Exceptional Income - post-tax				
Profit After Tax	57	81	86	100
Minority Interests	(2)	(1)	(1)	(1)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	55	80	85	99
Recurring Net Profit	58	80	85	99
Fully Diluted Recurring Net Profit	58	80	85	99

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	32.9	69.7	106.6	146.7
Total Debtors	168.8	180.7	197.7	216.7
Inventories	410.5	438.3	487.3	539.8
Total Other Current Assets	13.2	13.2	13.2	13.2
Total Current Assets	625.5	701.8	804.8	916.5
Fixed Assets	353.4	427.6	448.2	468.7
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	124.5	226.4	208.2	189.9
Total Other Non-Current Assets	7.7	7.7	7.7	7.7
Total Non-current Assets	485.6	661.8	664.1	666.4
Short-term Debt	201.7	201.7	201.7	201.7
Current Portion of Long-Term Debt				
Total Creditors	385.5	408.3	448.5	491.7
Other Current Liabilities	2.7	2.7	2.7	2.7
Total Current Liabilities	589.9	612.7	652.9	696.1
Total Long-term Debt	0.3	200.0	230.0	260.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	0.3	200.0	230.0	260.0
Total Provisions	17.6	17.6	17.6	17.6
Total Liabilities	607.8	830.3	900.6	973.7
Shareholders' Equity	487.6	516.7	550.7	590.5
Minority Interests	15.6	16.6	17.6	18.6
Total Equity	503.3	533.3	568.4	609.1

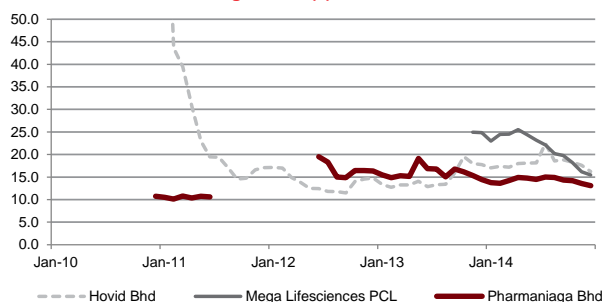
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	175.0	186.1	201.6	224.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital	141.7	(16.8)	(25.8)	(28.3)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(17.8)	0.6	0.7	0.8
Net Interest (Paid)/Received	(14.9)	(21.6)	(23.5)	(25.6)
Tax Paid	(33.6)	(40.4)	(45.2)	(51.3)
Cashflow From Operations	250.4	108.0	107.9	119.7
Capex	(79.8)	(150.0)	(50.0)	(50.0)
Disposals Of FAs/subsidiaries	0.3	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	(70.2)	0.0	0.0
Other Investing Cashflow				
Cash Flow From Investing	(79.5)	(220.2)	(50.0)	(50.0)
Debt Raised/(repaid)	(134.1)	199.7	30.0	30.0
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(37.2)	(50.7)	(51.0)	(59.5)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	(171.3)	148.9	(21.0)	(29.5)
Total Cash Generated	(0.4)	36.8	36.9	40.1
Free Cashflow To Equity	36.8	87.5	87.9	99.7
Free Cashflow To Firm	187.0	(89.4)	82.6	96.5

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	7.4%	8.3%	11.0%	11.0%
Operating EBITDA Growth	(0.3%)	6.4%	8.3%	11.1%
Operating EBITDA Margin	8.99%	8.83%	8.62%	8.63%
Net Cash Per Share (RM)	(0.65)	(1.28)	(1.26)	(1.22)
BVPS (RM)	1.88	2.00	2.13	2.28
Gross Interest Cover	7.56	6.23	6.23	6.58
Effective Tax Rate	39.0%	33.3%	34.4%	33.8%
Net Dividend Payout Ratio	68.9%	63.6%	60.0%	60.0%
Accounts Receivables Days	32.15	25.86	25.56	25.62
Inventory Days	96.9	88.0	86.3	86.7
Accounts Payables Days	71.23	72.32	70.93	71.25
ROIC (%)	13.7%	20.6%	17.4%	19.4%
ROCE (%)	14.3%	17.1%	15.8%	16.9%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	3.0%	3.0%	3.0%	3.0%
Unit sales grth (% , main prod./serv.)	4.6%	7.1%	7.0%	7.0%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
R&D Cost/sales (%)	1.3%	2.7%	4.0%	3.8%

Prestariang

PRES MK / PSTG.KL

➤ **Market Cap**
US\$221.5m
 RM774.4m

➤ **Avg Daily Turnover**
US\$0.83m
 RM2.73m

➤ **Free Float**
67.3%
 484.0 m shares

Current **RM1.60**
 Target ➤ **RM2.94**
 Prev. Target **RM2.94**
 Up/Downside **83.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	5.9	-15.0	28.3
Absolute	1.3	-22.0	23.6

Major shareholders	% held
Dr.Abu Hasan	27.3
EPF	5.4

The worst is over

2015 promises to be a much better year for the company after a difficult 2014. Prestariang is working on some new projects and we believe newsflow should be positive over the next few months. The company is also working on building its long-term recurring income.

We maintain our EPS forecasts and target price (19.2x FY16 P/E, 20% premium over sector target). Our unchanged Add call is premised on potential catalysts such as success in landing the PISA accelerated training contract, 'IC Citizen' contract extension and a new UniMY shareholder.

To get IC Citizen contract extension in 2015 ➤

Prestariang is expected to get the IC Citizen (ICC) contract extension soon (likely a three-year contract from the Ministry Of Education). The ICC guides students on internet etiquette when they are on the internet. If successful, this should boost investor sentiment in the stock. The company failed to get this contract extension in 2014 and this was the main reason why Prestariang's 2014 net profit fell. IC Citizen is one of the company's in-house developed programmes. Other in-house programmes include Proficiency in Enterprise Communication (PEC) and the Smart Green certification.

PISA training job could surprise ➤

Prestariang recently completed the pilot programme for the PISA

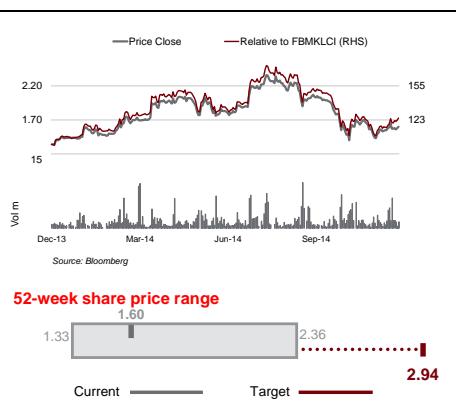
accelerated training programme (PAT) for a small number of schools in the country. We understand initial results were positive for the pilot PAT programme. With the government focused on improving the country's PISA ranking and given the next PISA assessment in 2015, we will not be surprised if Prestariang is asked to start the PAT nationwide soon. We have not assumed any earnings from this training programme.

Looking at long-term recurring-income projects ➤

Management remains focused on developing a long-term recurring income-based business for the company. Prestariang has been working on a potentially major project the past year and there could be some positive newsflow on this project over the next few months.

Net cash rich ➤

Its balance sheet is RM136m net cash or RM0.28 net cash per share. The company completed a private placement in July, which raised RM76m (44m shares at RM1.74). Funds are likely to be used if the company secures a major project that provides long-term recurring income for the company.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	110.1	119.4	85.0	187.8	202.8
Operating EBITDA (RMm)	37.80	41.50	25.12	62.80	74.16
Net Profit (RMm)	37.20	42.10	24.40	63.80	74.71
Core EPS (RM)	0.08	0.10	0.05	0.13	0.15
Core EPS Growth	(45%)	13%	(45%)	150%	17%
FD Core P/E (x)	18.92	16.72	30.30	12.14	10.37
DPS (RM)	0.055	0.060	0.055	0.085	0.100
Dividend Yield	3.44%	3.75%	3.44%	5.31%	6.25%
EV/EBITDA (x)	17.04	15.29	23.61	9.84	7.98
P/FCFE (x)	17.64	19.89	26.96	15.84	10.96
Net Gearing	(74.8%)	(71.8%)	(85.9%)	(80.1%)	(80.9%)
P/BV (x)	8.82	7.26	4.55	3.96	3.43
ROE	50.8%	47.6%	18.3%	34.9%	35.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.06	1.23	1.34

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	119.4	85.0	187.8	202.8
Gross Profit	57.1	37.1	87.8	99.9
Operating EBITDA	41.5	25.1	62.8	74.2
Depreciation And Amortisation	(1.6)	(1.9)	(2.3)	(2.8)
Operating EBIT	39.9	23.2	60.5	71.4
Financial Income/(Expense)	2.3	1.2	4.2	4.3
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	42.2	24.4	64.7	75.7
Exceptional Items				
Pre-tax Profit	42.2	24.4	64.7	75.7
Taxation	(0.1)	0.0	(0.9)	(1.0)
Exceptional Income - post-tax				
Profit After Tax	42.1	24.4	63.8	74.7
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	42.1	24.4	63.8	74.7
Recurring Net Profit	42.1	24.4	63.8	74.7
Fully Diluted Recurring Net Profit	42.1	24.4	63.8	74.7

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	71.0	147.8	158.3	184.2
Total Debtors	25.2	21.3	46.9	50.7
Inventories	1.9	3.0	3.0	3.0
Total Other Current Assets	3.4	2.0	2.0	2.0
Total Current Assets	101.5	174.1	210.2	239.9
Fixed Assets	14.3	17.4	20.1	22.3
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	14.3	17.4	20.1	22.3
Short-term Debt	0.3	0.3	0.3	0.3
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0
Total Creditors	8.3	11.1	24.4	26.4
Other Current Liabilities	9.1	8.6	8.6	8.6
Total Current Liabilities	17.7	20.0	33.3	35.3
Total Long-term Debt	1.1	1.3	1.3	1.3
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	1.1	1.3	1.3	1.3
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	18.8	21.3	34.6	36.6
Shareholders' Equity	97.0	170.2	195.7	225.6
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	97.0	170.2	195.7	225.6

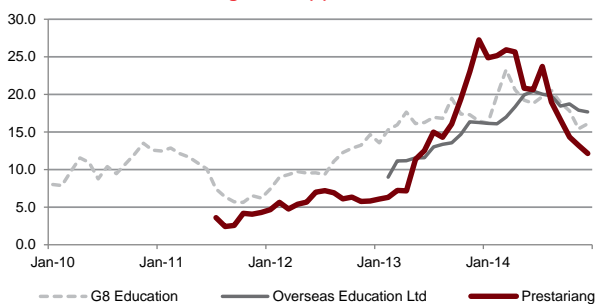
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	41.50	25.12	62.80	74.16
Cash Flow from Inv. & Assoc.	0.00	0.00	0.00	0.00
Change In Working Capital	(7.70)	5.60	(12.33)	(1.80)
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00
Other Operating Cashflow	1.30	0.30	0.10	0.00
Net Interest (Paid)/Received	2.30	1.20	4.20	4.30
Tax Paid	(0.10)	0.00	(0.90)	(0.99)
Cashflow From Operations	37.30	32.22	53.87	75.67
Capex	(2.10)	(5.00)	(5.00)	(5.00)
Disposals Of FAs/subsidiaries	0.40	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Investing	(1.70)	(5.00)	(5.00)	(5.00)
Debt Raised/(repaid)	(0.20)	0.20	0.00	0.00
Proceeds From Issue Of Shares	0.00	76.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(26.30)	(26.30)	(38.28)	(44.88)
Preferred Dividends	0.00	0.00	0.00	0.00
Other Financing Cashflow				
Cash Flow From Financing	(26.50)	49.90	(38.28)	(44.88)
Total Cash Generated	9.10	77.12	10.59	25.79
Free Cashflow To Equity	35.40	27.42	48.87	70.67
Free Cashflow To Firm	35.60	27.22	48.87	70.67

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	8%	(29%)	121%	8%
Operating EBITDA Growth	10%	(39%)	150%	18%
Operating EBITDA Margin	34.8%	29.6%	33.5%	36.6%
Net Cash Per Share (RM)	0.16	0.30	0.32	0.38
BVPS (RM)	0.22	0.35	0.40	0.47
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	0.24%	0.00%	1.39%	1.31%
Net Dividend Payout Ratio	62%	108%	59%	59%
Accounts Receivables Days	75.51	99.73	66.28	88.12
Inventory Days	12.89	18.67	10.95	10.67
Accounts Payables Days	62.67	73.72	64.74	90.31
ROIC (%)	148%	64%	189%	137%
ROCE (%)	46.9%	18.1%	35.1%	35.7%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Growth In Number Of Students (%)	2.0%	2.0%	2.0%	2.0%
Average Student Fee Change (%)	3.0%	3.0%	3.0%	3.0%
Campus Utilisation Rates (%)	0.0%	30.0%	60.0%	100.0%

Public Bank Bhd

PBK MK / PUBM.KL

Market Cap
US\$20,084m
RM70,202m

Avg Daily Turnover
US\$20.59m
RM67.96m

Free Float
75.9%
3,532 m shares

Current **RM18.18**
Target **RM17.60**
Prev. Target **RM17.60**
Up/Downside **-3.2%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	4.3	1.7	3.1
Absolute	-0.3	-5.3	-1.6

Major shareholders	% held
Tan Sri Dr. Teh Hong Piow	24.1
EPF	13.6
Skim Amanah Saham Bumiputera	2.9

Another tough year ahead

We believe that it will not be an easy ride for Public in 2015, reflected in our EPS forecast of 7.6%. The earnings risks are (1) further easing in loan growth, and (2) margin pressures. We think that fee income will only grow by high single-digit rates.

We make no change to our DDM-based target price (cost of equity 10.3%, long-term growth 4%). Also intact is our Reduce rating, underpinned by our negative view on the outlook for its topline expansion. Potential de-rating catalysts are (1) margin compression, (2) further slowdown in loan growth, and (3) weak growth in the Hong Kong unit.

7.6% EPS growth in 2015

We are forecasting single-digit EPS growth of only 7.6% for Public in 2015, partly reflecting the impact of the rights issue in 2014 (EPS is derived from average share base). Net profit growth should be higher at 12.6% in 2015. This will be supported by a rise of 11.7% in net interest income and 7.8% in non-interest income. However, there could be downside risks to this growth should the trend in loan growth and margins worsen.

Slower loan growth

Loan growth is expected to soften from 12.7% in 2014 to 12.2% in 2015. This will primarily be dragged down by the softening of growth in residential mortgages from 16.5% in

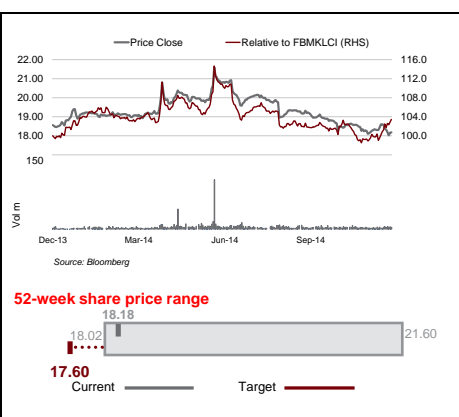
2014 to 15.6% in 2015. We expect the expansion in working capital loans and non-residential mortgages to be stable at 7% and 15%, respectively, in 2014-15 while the momentum in auto loan growth will improve slightly from 8.6% in 2014 to 8.9% in 2015.

Not an easy play in consumer banking

Public is known to have one of the best retail banking models in the region. The retail banking business contributes about 70%+ of the group's revenue. However, the operating environment for the consumer banking business (forming part of retail banking) is becoming tougher, with keen competition for loans, deposits (especially low-cost deposits) and fee income from all local banks.

Above-sector valuation

Despite the drop in its price in the past few months, Public's valuation is still high at CY15 P/E of 14.2x (vs. the industry's 11.5x) and end-15 P/BV of 2.8x (1.6x). The high valuation is not justifiable in light of the uninspiring EPS expansion and dividend yield of only 3.2%.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Net Interest Income (RMm)	5,255	5,571	6,045	6,751	7,329
Total Non-Interest Income (RMm)	2,492	2,588	2,841	3,083	3,318
Operating Revenue (RMm)	7,747	8,158	8,886	9,834	10,647
Total Provision Charges (RMm)	(279.2)	(351.3)	(351.6)	(415.8)	(486.3)
Net Profit (RMm)	3,827	4,065	4,418	4,976	5,375
Core EPS (RM)	1.08	1.15	1.19	1.28	1.38
Core EPS Growth	3.87%	6.22%	3.56%	7.55%	8.02%
FD Core P/E (x)	16.78	15.80	15.25	14.18	13.13
DPS (RM)	0.50	0.52	0.51	0.58	0.62
Dividend Yield	2.75%	2.86%	2.82%	3.17%	3.43%
BVPS (RM)	5.10	5.78	7.03	6.58	7.35
P/BV (x)	3.56	3.14	2.59	2.76	2.47
ROE	22.7%	21.1%	18.5%	18.8%	19.9%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.02	1.02	1.02

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Net Interest Income	5,571	6,045	6,751	7,329
Total Non-Interest Income	2,588	2,841	3,083	3,318
Operating Revenue	8,158	8,886	9,834	10,647
Total Non-Interest Expenses	(2,504)	(2,644)	(2,808)	(2,983)
Pre-provision Operating Profit	5,655	6,242	7,026	7,664
Total Provision Charges	(351)	(352)	(416)	(486)
Operating Profit After Provisions	5,303	5,890	6,610	7,178
Pretax Income/(Loss) from Assoc.	6	6	5	5
Operating EBIT (incl Associates)	5,310	5,896	6,616	7,183
Non-Operating Income/(Expense)	0	(3)	(2)	(2)
Profit Before Tax (pre-EI)	5,310	5,893	6,614	7,181
Exceptional Items	0	0	0	0
Pre-tax Profit	5,310	5,893	6,614	7,181
Taxation	(1,204)	(1,417)	(1,573)	(1,735)
Consolidation Adjustments & Others				
Exceptional Income - post-tax				
Profit After Tax	4,106	4,476	5,041	5,446
Minority Interests	(41)	(58)	(65)	(71)
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	4,065	4,418	4,976	5,375
Recurring Net Profit	4,065	4,418	4,976	5,375

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Gross Loans	221,176	249,271	279,637	310,972
Liquid Assets & Invst. (Current)	41,590	42,488	41,341	42,084
Other Int. Earning Assets				
Total Gross Int. Earning Assets	262,765	291,759	320,978	353,056
Total Provisions/Loan Loss Reserve	(1,760)	(1,848)	(1,976)	(2,135)
Total Net Interest Earning Assets	261,005	289,911	319,002	350,920
Intangible Assets	2,004	2,004	2,004	2,004
Other Non-Interest Earning Assets	11,094	11,015	11,734	12,503
Total Non-Interest Earning Assets	13,098	13,019	13,738	14,507
Cash And Marketable Securities	31,622	37,319	35,417	37,843
Long-term Investments	0	0	0	0
Total Assets	305,725	340,250	368,158	403,270
Customer Interest-Bearing Liabilities	250,873	278,848	306,441	336,456
Bank Deposits	16,676	15,947	17,436	19,063
Interest Bearing Liabilities: Others	10,370	10,370	10,370	10,370
Total Interest-Bearing Liabilities	277,919	305,165	334,248	365,889
Bank's Liabilities Under Acceptances	1,573	1,749	1,922	2,110
Total Non-Interest Bearing Liabilities	5,036	5,289	5,672	5,979
Total Liabilities	284,528	312,203	341,841	373,978
Shareholders' Equity	20,424	27,273	25,543	28,518
Minority Interests	774	774	774	774
Total Equity	21,197	28,047	26,317	29,292

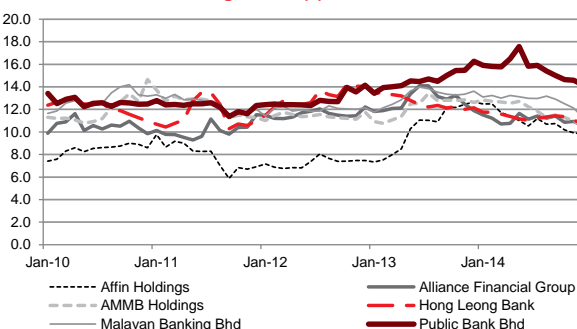
Balance Sheet Employment

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Loans/Cust Deposits	88.2%	89.4%	91.3%	92.4%
Avg Loans/Avg Deposits	88.0%	88.8%	90.4%	91.9%
Avg Liquid Assets/Avg Assets	24.2%	23.7%	22.1%	20.3%
Avg Liquid Assets/Avg IEAs	25.3%	24.7%	23.0%	21.1%
Net Cust Loans/Assets	71.8%	72.7%	75.4%	76.6%
Net Cust Loans/Broad Deposits	82.0%	83.9%	85.7%	86.9%
Equity & Provs/Gross Cust Loans	10.0%	11.7%	9.8%	9.9%
Asset Risk Weighting	60.2%	60.1%	60.1%	60.2%
Provision Charge/Avg Cust Loans	0.108%	0.088%	0.067%	0.067%
Provision Charge/Avg Assets	0.078%	0.064%	0.050%	0.051%
Total Write Offs/Average Assets	0.185%	0.146%	0.140%	0.139%

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Income Growth	5.3%	8.9%	10.7%	8.3%
Operating Profit Growth	6.1%	10.4%	12.6%	9.1%
Pretax Profit Growth	5.2%	11.0%	12.2%	8.6%
Net Interest To Total Income	68.3%	68.0%	68.6%	68.8%
Cost Of Funds	2.18%	2.12%	2.18%	2.18%
Return On Interest Earning Assets	4.09%	3.95%	4.04%	4.04%
Net Interest Spread	1.91%	1.84%	1.86%	1.86%
Net Interest Margin (Avg Deposits)	2.34%	2.28%	2.31%	2.28%
Net Interest Margin (Avg RWA)	3.07%	3.11%	3.17%	3.16%
Provisions to Pre Prov. Operating Profit	6.21%	5.63%	5.92%	6.34%
Interest Return On Average Assets	1.92%	1.87%	1.91%	1.90%
Effective Tax Rate	22.7%	24.0%	23.8%	24.2%
Net Dividend Payout Ratio	48.9%	45.0%	45.0%	45.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Loan Growth (%)	11.8%	12.7%	12.2%	11.2%
Net Interest Margin (%)	2.0%	2.0%	2.0%	2.0%
Non Interest Income Growth (%)	3.8%	9.8%	8.5%	7.6%
Cost-income Ratio (%)	30.7%	29.8%	28.6%	28.0%
Net NPL Ratio (%)	0.7%	0.7%	0.7%	0.7%
Loan Loss Reserve (%)	118.5%	112.4%	107.5%	104.2%
GP Ratio (%)	0.7%	0.7%	0.7%	0.7%
Tier 1 Ratio (%)	12.3%	12.4%	12.7%	12.8%
Total CAR (%)	17.9%	17.5%	17.4%	17.1%
Deposit Growth (%)	11.5%	11.2%	9.9%	9.8%
Loan-deposit Ratio (%)	87.5%	88.7%	90.6%	91.8%
Gross NPL Ratio (%)	0.7%	0.7%	0.7%	0.7%
Fee Income Growth (%)	9.4%	10.3%	9.0%	8.5%

Puncak Niaga Holdings

PNH MK / PNHB.KL

➤ **Market Cap**
US\$313.8m
 RM1,097m

➤ **Avg Daily Turnover**
US\$0.86m
 RM2.86m

➤ **Free Float**
68.8%
 411.1 m shares

Current **RM2.65**
 Target ➤ **RM4.28**
 Prev. Target **RM4.28**
 Up/Downside **61.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-16.8	-15.5	-14.8
Absolute	-21.4	-22.5	-19.5

Major shareholders	% held
Central Plus (M) Sdn Bhd	26.0
EPF	5.2

Cashing out of the waters

Puncak's appeal remains the completion of the SPA for its water assets in 1Q15 as this should make way for the board-approved RM1/share in special dividends, translating to a whopping 30% dividend yield. Prospects post-asset sale hinges on its oil & gas and water infra segments.

Potential M&As, new oil & gas jobs and growth in order book anchors the group's outlook going into 2015. Our EPS forecasts and SOP-based target price (still pegged to a 20% discount) are intact, and we maintain our Add rating. Completion of the water asset sale and the bumper cash payout are potential re-rating catalysts. Puncak remains our top sector pick.

Exiting the Selangor water business ➤

The recently signed sale and purchase agreement (SPA) with Air Selangor marked the start of the process of Puncak's exit from the water business in Selangor. Shareholders are the main beneficiary of the RM1.6bn incoming cash proceeds as 34% of the amount will be distributed as special dividends. It is also positive for Puncak as it would allow the group to pursue the expansion of its oil & gas business via M&As, domestically and overseas, and beyond its existing transport and installation (T&I) contract from Petronas.

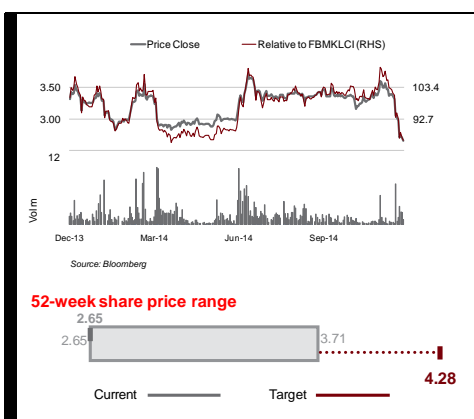
Focus on oil & gas and water infra ➤

Post asset sale, the group will exit the

Selangor water concession business and place greater focus on oil & gas and water infra construction businesses. For oil & gas, the group targets to secure more engineering and procurement-type contracts. Through Global Offshore, Puncak's oil & gas capabilities involve providing construction and subsea services as well as marine support to the offshore industry, focusing on mid-stream and upstream ventures domestically and across South East Asia (SEA). The company's existing oil & gas earnings are supported by works in the RM548m EVA-NMB Gas Delivery System (ENGDS) project for Petronas Carigali which includes T&I. There is also potential growth in its water infra order book, currently at RM544m.

Generous 30% dividend yield post-asset sale ➤

The board-approved special dividend of RM1/share post water assets sale remains intact and translates to an attractive dividend yield of 30%. This should be realised in FY15 as the deal should be wrapped up in 1Q15.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	3,744	1,147	2,055	2,304	4,070
Operating EBITDA (RMm)	1,016	162	1,128	1,276	1,471
Net Profit (RMm)	237.3	200.9	243.8	339.9	480.6
Core EPS (RM)	0.62	0.49	0.59	0.83	1.17
Core EPS Growth	2746%	(21%)	21%	39%	41%
FD Core P/E (x)	4.26	5.42	4.47	3.21	2.27
DPS (RM)	0.050	-	-	-	-
Dividend Yield	1.89%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	2.48	14.90	1.66	1.43	1.23
P/FCFE (x)	4.98	2.16	1.64	1.44	2.83
Net Gearing	90.7%	75.1%	33.5%	43.3%	61.1%
P/BV (x)	0.69	0.61	0.46	0.64	0.92
ROE	54.7%	12.0%	11.8%	16.8%	33.3%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.16	1.08	1.11

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,147	2,055	2,304	4,070
Gross Profit	1,147	2,055	2,304	4,070
Operating EBITDA	162	1,128	1,276	1,471
Depreciation And Amortisation	(25)	(208)	(220)	(233)
Operating EBIT	138	920	1,056	1,238
Financial Income/(Expense)	99	(513)	(545)	(579)
Pretax Income/(Loss) from Assoc.	(0)	(1)	(1)	(1)
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	237	407	510	658
Exceptional Items	0	0	0	0
Pre-tax Profit	237	407	510	658
Taxation	(37)	(134)	(141)	(148)
Exceptional Income - post-tax				
Profit After Tax	200	272	369	510
Minority Interests	1	(29)	(29)	(29)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	201	244	340	481
Recurring Net Profit	201	244	340	481
Fully Diluted Recurring Net Profit	201	244	340	481

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	722	688	746	753
Total Debtors	647	643	638	634
Inventories	6	6	6	6
Total Other Current Assets	212	206	219	218
Total Current Assets	1,587	1,543	1,609	1,610
Fixed Assets	426	422	418	414
Total Investments	85	86	87	88
Intangible Assets	26	26	26	26
Total Other Non-Current Assets	2,521	2,546	1,787	1,255
Total Non-current Assets	3,059	3,081	2,318	1,783
Short-term Debt	121	121	121	121
Current Portion of Long-Term Debt				
Total Creditors	333	316	301	286
Other Current Liabilities	0	0	0	0
Total Current Liabilities	454	437	422	407
Total Long-term Debt	1,935	1,358	1,358	1,358
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	7	7	7	7
Total Non-current Liabilities	1,942	1,365	1,365	1,365
Total Provisions	475	461	447	434
Total Liabilities	2,871	2,264	2,234	2,206
Shareholders' Equity	1,777	2,363	1,695	1,189
Minority Interests	(2)	(2)	(2)	(2)
Total Equity	1,775	2,361	1,693	1,187

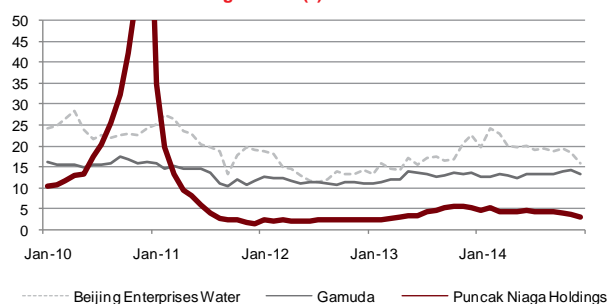
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	162	1,128	1,276	1,471
Cash Flow from Inv. & Assoc.				
Change In Working Capital	78	(23)	484	83
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	662			
Other Operating Cashflow	(653)	(699)	(839)	(1,007)
Net Interest (Paid)/Received	(118)	(117)	(102)	(99)
Tax Paid	(18)	(18)	(18)	(18)
Cashflow From Operations	113	271	801	432
Capex	(90)	(88)	(90)	(90)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	49	48	47	46
Cash Flow From Investing	(41)	(40)	(43)	(44)
Debt Raised/(repaid)	433	433	(3)	(3)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(20)	(20)	(20)	(20)
Preferred Dividends				
Other Financing Cashflow	(262)	(677)	(677)	(357)
Cash Flow From Financing	151	(264)	(701)	(380)
Total Cash Generated	223	(34)	57	7
Free Cashflow To Equity	505	664	755	385
Free Cashflow To Firm	202	359	886	514

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(69.4%)	79.2%	12.1%	76.7%
Operating EBITDA Growth	(84%)	594%	13%	15%
Operating EBITDA Margin	14.2%	54.9%	55.4%	36.1%
Net Cash Per Share (RM)	(3.24)	(1.92)	(1.78)	(1.77)
BVPS (RM)	4.32	5.75	4.12	2.89
Gross Interest Cover	1.00	1.32	1.41	1.55
Effective Tax Rate	15.4%	33.0%	27.7%	22.5%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	156.8	81.3	71.8	40.3
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	4.3%	26.3%	29.9%	44.3%
ROCE (%)	9.3%	25.7%	31.8%	43.4%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook	N/A	N/A	N/A	N/A
Order Book Depletion	N/A	N/A	N/A	N/A
Orderbook Replenishment	N/A	N/A	N/A	N/A
ASP/tariff (% chg, main prod/serv)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	90.0%	90.0%	90.0%	90.0%
ASP/tariff (%chg, 2ndary prod/serv)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod/serv)	N/A	N/A	N/A	N/A
Util. rate (% ,2ndary prod/serv)	N/A	N/A	N/A	N/A
Non Revenue Water (NRW, %)	30.0%	30.0%	30.0%	30.0%

QL Resources

QLG MK / QRES.KL

➤ **Market Cap**
US\$1,171m
 RM4,094m

➤ **Avg Daily Turnover**
US\$0.52m
 RM1.71m

➤ **Free Float**
39.0%
 1,248 m shares

Current **RM3.28**
 Target ➤ **RM4.29**
 Prev. Target **RM4.29**
 Up/Downside **30.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.1	1.8	23.4
Absolute	-3.5	-5.2	18.7

Major shareholders	% held
CBG Holdings	38.7
Farsathy Holdings	11.2
Juw Teck Cheah	0.8

Growth backed by expansion

QL's large size in the industry gives it economies of scale. Continuous and well-executed expansion has also allowed the company to keep growing. Earnings are resilient and growth prospects are strong.

QL remains our top pick for the consumer sector, with strong earnings growth as a main catalyst. We maintain our Add call on the stock, with an unchanged target price that is based on the consumer sector average of 23x CY16 P/E.

Strong 1H results ➤

QL reported another strong set of results in 1HFY15. Its 1H15 revenue and net profit grew 10.6% and 14.3% yoy, respectively, driven by higher volume and selling prices from its integrated livestock farming (ILF) and marine product manufacturing (MPM) businesses. Its new shrimp aquaculture venture also started contributing to the bottomline in 2Q. However, the overall EBITDA margin shed 0.4% pts yoy due to (i) high feed costs and weak egg prices in East Malaysia, Indonesia and Vietnam in 1Q, and (ii) higher operating costs and lower fish catch in 1Q. Peninsular Malaysia fish landing and egg prices in East Malaysia, Vietnam and Indonesia improved in 2Q.

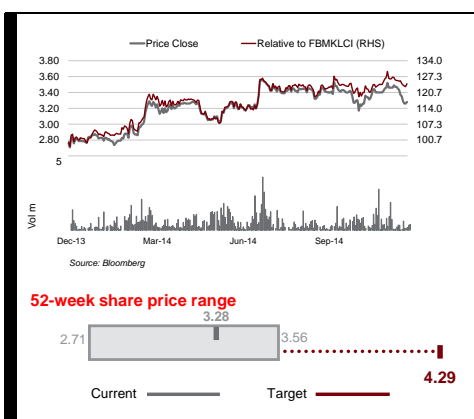
Expanding continuously ➤

In Malaysia, QL is planning to add production capacity of 5k mt/annum for fishmeal and 2.5k mt/annum for surimi in FY15. As for shrimp farming,

it started harvesting in June 2014 and targets to harvest 600 mt by FY15. To cater for the export markets, it is also constructing a new shrimp processing plant in Tuaran, Sabah, aiming to complete this by end-Dec 2015. Aside from expanding its MPM business, it is also enlarging its eggs and day-old chicks production volumes in both Indonesia and Vietnam. To lower its cost and to allow Indonesia's poultry business to achieve good scale, it is constructing a new feedmill, targeting to complete this by 4Q2015.

Acquiring a local shrimp-farming company ➤

Recently, QL entered into an investment agreement to purchase a local shrimp-farming company, KSSB, for a consideration of RM8.9m. We understand that KSSB is making small profits and in need of funding to expand in order to fulfil the strong local shrimp demand. We view this venture positively given the strong demand for shrimp and the fact that QL will gain control of KSSB after the completion of the subscription of 3m new shares. KSSB serves mainly the local markets.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue (RMm)	2,146	2,457	2,708	2,976	3,249
Operating EBITDA (RMm)	258.0	299.6	334.0	377.2	403.0
Net Profit (RMm)	131.7	159.9	185.7	217.2	237.9
Core EPS (RM)	0.11	0.13	0.15	0.17	0.19
Core EPS Growth	0.2%	21.4%	16.1%	16.9%	9.5%
FD Core P/E (x)	31.08	25.60	22.04	18.85	17.21
DPS (RM)	0.030	0.035	0.042	0.049	0.053
Dividend Yield	0.91%	1.07%	1.27%	1.49%	1.63%
EV/EBITDA (x)	18.79	15.20	13.82	12.20	11.20
P/FCFE (x)	NA	NA	NA	37.86	30.03
Net Gearing	71.6%	29.8%	30.7%	26.5%	18.9%
P/BV (x)	4.60	3.18	2.88	2.60	2.34
ROE	15.5%	14.7%	13.7%	14.5%	14.3%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.95	0.99	0.99

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues	2,457	2,708	2,976	3,249
Gross Profit	482	509	569	616
Operating EBITDA	300	334	377	403
Depreciation And Amortisation	(78)	(88)	(99)	(108)
Operating EBIT	222	246	278	295
Financial Income/(Expense)	(33)	(24)	(21)	(17)
Pretax Income/(Loss) from Assoc.	15	18	22	26
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	204	240	279	304
Exceptional Items	0	0	0	0
Pre-tax Profit	204	240	279	304
Taxation	(37)	(48)	(56)	(61)
Exceptional Income - post-tax				
Profit After Tax	167	192	223	243
Minority Interests	(7)	(6)	(6)	(5)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Net Profit	160	186	217	238
Recurring Net Profit	160	186	217	238
Fully Diluted Recurring Net Profit	160	186	217	238

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Cash And Equivalents	253	73	43	35
Total Debtors	272	333	366	400
Inventories	229	275	301	329
Total Other Current Assets	126	87	87	87
Total Current Assets	881	768	797	850
Fixed Assets	1,043	1,191	1,292	1,334
Total Investments	135	135	135	135
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	183	183	183	183
Total Non-current Assets	1,361	1,508	1,610	1,651
Short-term Debt	386	180	180	80
Current Portion of Long-Term Debt	0	0	0	0
Total Creditors	168	187	205	224
Other Current Liabilities	7	7	7	7
Total Current Liabilities	561	374	391	311
Total Long-term Debt	268	350	300	300
Hybrid Debt - Debt Component	0	0	0	0
Total Other Non-Current Liabilities	1	1	1	1
Total Non-current Liabilities	269	351	301	301
Total Provisions	66	66	66	66
Total Liabilities	896	791	758	677
Shareholders' Equity	1,286	1,420	1,576	1,747
Minority Interests	60	66	72	77
Total Equity	1,346	1,486	1,648	1,824

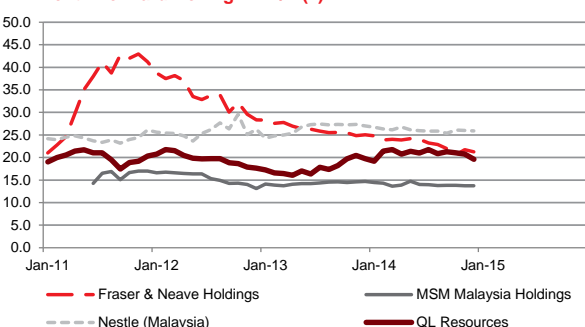
Cash Flow

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
EBITDA	299.6	334.0	377.2	403.0
Cash Flow from Inv. & Assoc.	0.0	0.0	0.0	0.0
Change In Working Capital	24.3	(47.9)	(41.2)	(42.6)
(Incr)/Decr in Total Provisions	0.0	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0
Other Operating Cashflow	26.8	75.0	99.5	103.6
Net Interest (Paid)/Received	(8.4)	(24.0)	(21.3)	(16.5)
Tax Paid	(30.0)	(48.2)	(56.1)	(61.1)
Cashflow From Operations	312.2	288.9	358.1	386.3
Capex	(188.3)	(200.0)	(200.0)	(150.0)
Disposals Of FAs/subsidiaries	31.6	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	(23.2)	0.0	0.0	0.0
Cash Flow From Investing	(179.9)	(200.0)	(200.0)	(150.0)
Debt Raised/(repaid)	(217.7)	(124.3)	(50.0)	(100.0)
Proceeds From Issue Of Shares	299.5	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(46.7)	(52.0)	(60.8)	(66.6)
Preferred Dividends	0.0	0.0	0.0	0.0
Other Financing Cashflow	(1.9)	0.0	0.0	0.0
Cash Flow From Financing	33.3	(176.3)	(110.8)	(166.6)
Total Cash Generated	165.6	(87.4)	47.3	69.7
Free Cashflow To Equity	(85.4)	(35.4)	108.1	136.3
Free Cashflow To Firm	143.3	115.4	182.1	255.3

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue Growth	14.5%	10.2%	9.9%	9.2%
Operating EBITDA Growth	16.1%	11.5%	12.9%	6.8%
Operating EBITDA Margin	12.2%	12.3%	12.7%	12.4%
Net Cash Per Share (RM)	(0.32)	(0.37)	(0.35)	(0.28)
BVPS (RM)	1.03	1.14	1.26	1.40
Gross Interest Cover	6.26	9.29	11.60	15.50
Effective Tax Rate	18.2%	20.1%	20.1%	20.1%
Net Dividend Payout Ratio	27.3%	28.0%	28.0%	28.0%
Accounts Receivables Days	37.29	36.61	34.95	34.97
Inventory Days	41.43	41.81	43.78	43.67
Accounts Payables Days	22.01	21.24	14.01	13.97
ROIC (%)	10.9%	11.7%	11.9%	11.7%
ROCE (%)	11.5%	12.0%	13.2%	13.3%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
ASP (% chg, main prod./serv.)	-3.9%	2.0%	2.0%	2.0%
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	7.7%	5.0%	5.0%	6.0%
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod./serv.)	6.3%	-5.5%	-0.6%	-0.5%
Unit sales grth (% , tertiary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod./serv.)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

SapuraKencana Petroleum

SAKP MK / SKPE.KL

➤ **Market Cap**
US\$4,320m
 RM15,100m

➤ **Avg Daily Turnover**
US\$17.58m
 RM58.36m

➤ **Free Float**
59.2%
 5,992 m shares

Current **RM2.52**
 Target ➤ **RM6.84**
 Prev. Target **RM6.84**
 Up/Downside **171.3%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-13.6	-34.1	-37.8
Absolute	-18.2	-41.1	-42.5

Major shareholders	% held
Sapura Technology	15.9
EPF	13.2
Khasera Baru	11.7

Order book is second to none

A robust order backlog of RM26.8bn, supported by multi-year contracts, and good leverage in the international market give SapuraKencana an edge over its peers. The stock's expected return to the SC's shariah list in May is an added attraction.

We continue to value the stock at 21.2x CY16 P/E, a 30% premium over our target market P/E of 16.3x pending a review of our premium valuations. SapuraKencana remains an Add, with strong order book momentum as a potential re-rating catalyst. It stays as our top pick among the oil & gas big caps.

RM26.8bn order book ➤

SapuraKencana's order book stands at RM26.8bn, the highest in the sector. Brazil remains the largest market, accounting for 49% of the order book, followed by Malaysia (31%), Australia (4%), Africa (4%), and others (12%).

Cruising in Brazil ➤

Operations are on track in Brazil, where SapuraKencana has two long-term offshore construction and subsea services (OCSS) contracts which call for the supply of six vessels. In Jun 2014, Sapura Diamante started work three months ahead of schedule. Sapura Topazio began servicing its contract in Sep 2014, also earlier than the original contractual date. We understand that the remaining four vessels are also likely to have early starts.

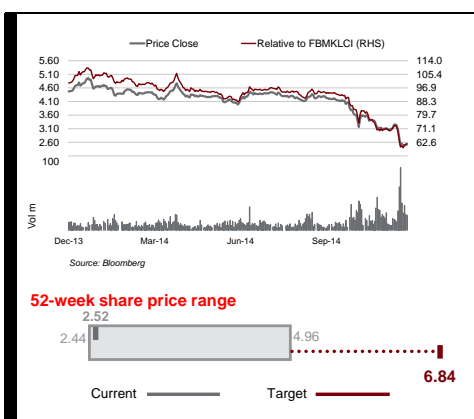
Petrobras's payments for the charter services (denominated in US dollar) have been on time. The payments are received within 30 days from the invoice dates.

Shariah-compliant in May ➤

SapuraKencana should return to the Securities Commission's (SC) shariah list in the May 2015 review following the conversion of around RM8bn conventional borrowings to Islamic ones, which will be completed by Jan 2015.

SKEI has direct exposure to oil price ➤

The only business within SapuraKencana that is directly exposed to the oil price volatility is energy & JV, which houses SapuraKencana Energy Inc (SKEI or formerly Newfield). We expect SKEI to chip in 12% of SapuraKencana's FY1/15 net profit. The other businesses benefit from multi-year contracts where the terms and rates are already locked. In Brazil, the two OCSS contracts are for 8+8 and 4+4 years.



Financial Summary

	Jan-13A	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Revenue (RMm)	6,912	8,379	10,908	11,990	13,033
Operating EBITDA (RMm)	1,054	1,831	2,169	2,282	2,492
Net Profit (RMm)	494	1,087	1,665	1,806	1,945
Core EPS (RM)	0.10	0.16	0.28	0.30	0.32
Core EPS Growth	8.5%	64.7%	71.1%	8.5%	7.7%
FD Core P/E (x)	25.55	15.52	9.07	8.36	7.76
DPS (RM)	-	-	0.028	0.030	0.032
Dividend Yield	0.00%	0.00%	1.10%	1.20%	1.29%
EV/EBITDA (x)	17.02	13.00	10.49	9.01	8.20
P/FCFE (x)	10.05	2.64	80.15	10.49	13.92
Net Gearing	73%	108%	137%	139%	129%
P/BV (x)	1.99	1.48	2.59	2.29	2.14
ROE	8.4%	10.8%	20.4%	22.0%	18.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.18	1.15	1.13

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Total Net Revenues	8,379	10,908	11,990	13,033
Gross Profit	2,040	3,039	3,193	3,508
Operating EBITDA	1,831	2,169	2,282	2,492
Depreciation And Amortisation	(638)	(322)	(338)	(355)
Operating EBIT	1,193	1,847	1,944	2,137
Financial Income/(Expense)	(429)	19	89	60
Pretax Income/(Loss) from Assoc.	235	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	999	1,866	2,033	2,197
Exceptional Items	209	0	0	0
Pre-tax Profit	1,208	1,866	2,033	2,197
Taxation	(84)	(202)	(228)	(252)
Exceptional Income - post-tax				
Profit After Tax	1,124	1,665	1,806	1,945
Minority Interests	(37)	0	0	0
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,087	1,665	1,806	1,945
Recurring Net Profit	893	1,665	1,806	1,945
Fully Diluted Recurring Net Profit	893	1,665	1,806	1,945

Balance Sheet

(RMm)	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Total Cash And Equivalents	1,387	1,088	1,121	1,155
Total Debtors	2,816	2,301	3,503	3,608
Inventories	472	259	267	275
Total Other Current Assets	0	0	0	0
Total Current Assets	4,675	3,649	4,891	5,038
Fixed Assets	12,519	13,835	14,088	14,337
Total Investments	1,029	252	264	277
Intangible Assets	7,312	0	0	0
Total Other Non-Current Assets	1,080	598	1,551	2,053
Total Non-current Assets	21,939	14,685	15,903	16,668
Short-term Debt	1,034	5,292	5,186	5,082
Current Portion of Long-Term Debt				
Total Creditors	3,245	3,174	3,645	4,120
Other Current Liabilities	105	204	230	254
Total Current Liabilities	4,385	8,670	9,061	9,457
Total Long-term Debt	11,326	3,782	5,095	5,146
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	697	2	2	2
Total Non-current Liabilities	12,024	3,784	5,097	5,148
Total Provisions	0	50	50	50
Total Liabilities	16,408	12,504	14,208	14,656
Shareholders' Equity	10,200	5,829	6,586	7,050
Minority Interests	6	0	0	0
Total Equity	10,206	5,829	6,586	7,050

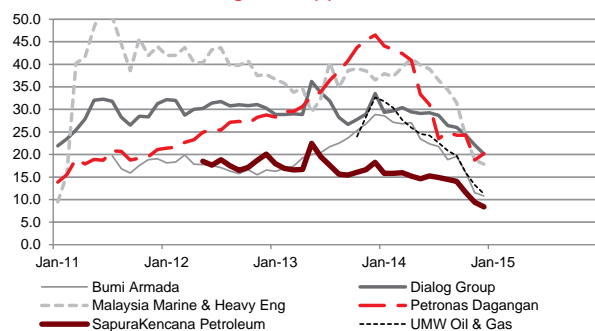
Cash Flow

(RMm)	Jan-14A	Jan-15F	Jan-16F	Jan-17F
EBITDA	1,831	2,169	2,282	2,492
Cash Flow from Inv. & Assoc.				
Change In Working Capital	324	360	361	362
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	55	(127)	(127)	(127)
Net Interest (Paid)/Received	(444)	(245)	(325)	(355)
Tax Paid	(166)	(141)	(202)	(228)
Cashflow From Operations	1,601	2,015	1,989	2,144
Capex	(1,760)	(1,760)	(1,760)	(1,010)
Disposals Of FAs/subsidiaries	3	4	4	4
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(1,757)	(1,756)	(1,756)	(1,006)
Debt Raised/(repaid)	5,400	(71)	1,207	(53)
Proceeds From Issue Of Shares	2,726	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	0	(166)	(181)	(195)
Preferred Dividends				
Other Financing Cashflow	(7,609)	(320)	(1,226)	(857)
Cash Flow From Financing	517	(557)	(200)	(1,104)
Total Cash Generated	361	(298)	33	34
Free Cashflow To Equity	5,244	188	1,439	1,085
Free Cashflow To Firm	288	504	558	1,493

Key Ratios

	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Revenue Growth	21.2%	30.2%	9.9%	8.7%
Operating EBITDA Growth	73.8%	18.4%	5.2%	9.2%
Operating EBITDA Margin	21.9%	19.9%	19.0%	19.1%
Net Cash Per Share (RM)	(1.83)	(1.33)	(1.53)	(1.51)
BVPS (RM)	1.70	0.97	1.10	1.18
Gross Interest Cover	2.69	7.54	5.98	6.02
Effective Tax Rate	7.0%	10.8%	11.2%	11.5%
Net Dividend Payout Ratio	NA	10.00%	10.00%	10.00%
Accounts Receivables Days	131.2	85.6	88.3	99.9
Inventory Days	20.63	16.96	10.91	10.41
Accounts Payables Days	159.1	148.9	141.5	149.2
ROIC (%)	7.8%	6.6%	10.7%	10.3%
ROCE (%)	6.8%	9.9%	12.3%	12.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jan-14A	Jan-15F	Jan-16F	Jan-17F
Outstanding Orderbook (RMm)	23,415	23,907	21,499	18,009
Order Book Wins (RMm)	8,500.0	8,500.0	8,500.0	8,500.0
Order Book Depletion (RMm)	8,008	10,908	11,990	13,033
Average Day Rate Per Ship (US\$)	N/A	N/A	N/A	N/A
No. Of Ships (unit)	N/A	N/A	N/A	N/A
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A

SBC Corp

SBC MK / SIAH.KL

Market Cap
US\$67.16m
RM234.7m

Avg Daily Turnover
US\$0.21m
RM0.69m

Free Float
63.1%
234.9 m shares

Current **RM1.00**
Target **RM2.20**
Prev. Target **RM2.20**
Up/Downside **120.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-23.5	-21.6	32.9
Absolute	-28.1	-28.6	28.2

Major shareholders	% held
Sia Teong Heng	32.1
Great Eastern Holdings Ltd	5.2

Waiting for JQ to kick off

SBC Corp is waiting for the state's final approval before launching the RM1.8bn Jesselton Quay (JQ) project. The stock trades at a huge discount to its RNAV per share but the discount should narrow once the company initiates commercial sales launches for this project.

We maintain our EPS forecasts and target price, based on a large unchanged 50% discount to its RNAV to reflect its small cap and tight trading liquidity. SBC remains an Add. Potential re-rating catalysts include securing final state government approval for the JQ project and the current huge share price discount to its RNAV.

Working on RM6m GDV

SBC Corp has property development projects in both the Klang Valley and Kota Kinabalu, Sabah, and is working on five property development projects offering a potential RM6.2bn GDV. Its current total landbank is around 1,100 acres. While SBC is a household name in Sabah, the company has a low profile in the Klang Valley.

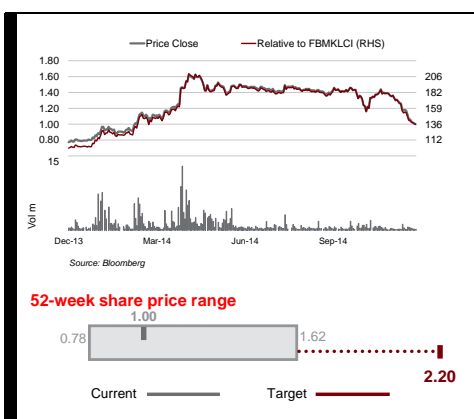
However, with more property launches in the Klang Valley in the past few years, we believe it will only be a matter of time before property investors understand its potential. SBC's current major projects in the Klang Valley are Kiara East (RM1.5bn GDV) and the Batang Kali (RM1.7bn GDV) Bandar Ligamas medium-cost mixed development. One of SBC's strengths is its cheap landbank. Most of the land was acquired 10 years

back.

JQ is the key

The Jesselton Quay (JQ) project is an important project for SBC. A JV with Suria Capital, JQ is Kota Kinabalu's only integrated water-front project. Suria Capital will provide the 16.2-acre plot of land and SBC will build and develop JQ over the next eight years. SBC will pay Suria Capital 18% of the total project GDV (no less than RM324m) over the next eight years. The estimated GDV for JQ is a minimum of RM1.8bn. We were expecting SBC to launch the JQ project in mid-2014 but there were continued delays in obtaining final state approval. We understand the company is targeting to launch RM300m worth of properties for this project once it obtains approval, hopefully in the current 4Q.

SBC saw a positive step for JQ in Sep 2014 when the company signed a heads of agreement with Singapore hotel operator HPL Hotels & Resorts Pte Ltd to build the Kota Kinabalu Hard Rock Hotel. Development cost for the hotel is RM180m-200m. Our forecasts do not reflect potential earnings from this development.



Financial Summary

	Mar-13A	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues (RMm)	126.0	137.1	135.0	155.1	265.0
Operating EBITDA (RMm)	37.70	42.00	25.12	35.32	58.79
Net Profit (RMm)	27.80	35.80	18.00	33.38	49.68
Core EPS (RM)	0.14	0.16	0.08	0.14	0.21
Core EPS Growth	17.7%	11.7%	(48.5%)	74.7%	48.9%
FD Core P/E (x)	7.08	6.33	12.30	7.04	4.73
DPS (RM)	0.019	0.032	0.033	0.047	0.047
Dividend Yield	1.90%	3.20%	3.30%	4.70%	4.70%
EV/EBITDA (x)	5.51	4.45	6.68	3.21	2.98
P/FCFE (x)	NA	NA	3.02	7.01	NA
Net Gearing	27.7%	16.5%	12.6%	0.1%	15.6%
P/BV (x)	0.81	0.64	0.61	0.57	0.52
ROE	12.0%	11.3%	5.1%	8.4%	11.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.96	1.01	1.01

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Net Revenues	137.1	135.0	155.1	265.0
Gross Profit	42.0	25.1	35.3	58.8
Operating EBITDA	42.0	25.1	35.3	58.8
Depreciation And Amortisation	(1.8)	(1.6)	(0.5)	(0.5)
Operating EBIT	40.2	23.5	34.8	58.3
Financial Income/(Expense)	2.0	2.5	2.8	2.8
Pretax Income/(Loss) from Assoc.	5.2	6.0	6.9	7.9
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	48.7	33.1	44.5	69.0
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	47.4	32.0	44.5	69.0
Taxation	(11.7)	(14.0)	(11.1)	(19.3)
Exceptional Income - post-tax				
Profit After Tax	35.7	18.0	33.4	49.7
Minority Interests	0.1	0.0	0.0	0.0
Pref. & Special Div	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0
Net Profit	35.8	18.0	33.4	49.7
Recurring Net Profit	37.1	19.1	33.4	49.7
Fully Diluted Recurring Net Profit	37.1	19.1	33.4	49.7

Balance Sheet

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Total Cash And Equivalents	9.5	12.7	52.6	43.8
Properties Under Development	169.7	170.0	139.6	238.5
Total Debtors	23.9	50.0	60.5	103.4
Inventories	47.6	20.3	23.3	39.8
Total Other Current Assets	15.0	3.9	20.0	8.5
Total Current Assets	265.7	256.8	295.9	433.9
Fixed Assets	148.3	157.8	167.3	176.8
Total Investments	109.4	115.4	122.3	130.2
Intangible Assets	9.5	9.5	9.5	9.5
Total Other Non-Current Assets	2.9	3.1	3.0	3.0
Total Non-current Assets	270.1	285.8	302.1	319.5
Short-term Debt	39.6	50.0	50.0	50.0
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0
Total Creditors	65.0	67.5	77.6	132.5
Other Current Liabilities	18.4	18.0	45.0	45.0
Total Current Liabilities	123.0	135.5	172.6	227.5
Total Long-term Debt	31.1	11.0	3.2	64.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	11.6	11.6	11.0	11.0
Total Non-current Liabilities	42.7	22.6	14.2	75.0
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	165.7	158.1	186.8	302.5
Shareholders' Equity	369.9	384.4	411.1	450.8
Minority Interests				
Total Equity	369.9	384.4	411.1	450.8

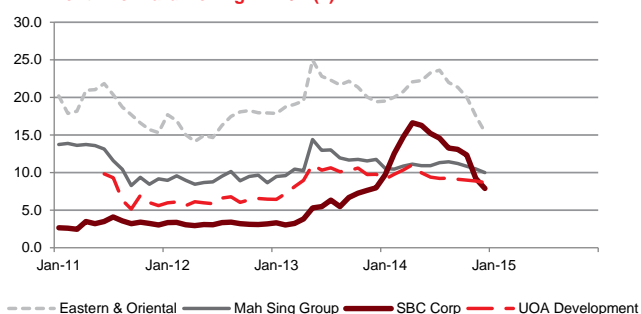
Cash Flow

(RMm)	Mar-14A	Mar-15F	Mar-16F	Mar-17F
EBITDA	42.0	25.1	35.3	58.8
Cash Flow from Inv. & Assoc.	(5.2)	(6.0)	(6.9)	(7.9)
Change In Working Capital	(79.5)	3.5	26.9	(103.3)
Straight Line Adjustment	0.0	0.0	0.0	0.0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	(4.0)	(3.8)	(3.7)	(3.7)
Tax Paid	(11.4)	(14.0)	(11.1)	(19.3)
Cashflow From Operations	(58.1)	4.8	40.5	(75.4)
Capex	(10.0)	(10.0)	(10.0)	(10.0)
Disposals Of FAs/subsidiaries	38.1	3.0	3.0	3.0
Disposals of Investment Properties	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow				
Cash Flow From Investing	28.1	(7.0)	(7.0)	(7.0)
Debt Raised/(repaid)	(8.4)	80.0	0.0	0.0
Proceeds From Issue Of Shares	49.6	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(7.2)	(3.6)	(6.7)	(9.9)
Preferred Dividends	0.0	0.0	0.0	0.0
Other Financing Cashflow				
Cash Flow From Financing	34.0	76.4	(6.7)	(9.9)

Key Ratios

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Revenue Growth	8.8%	(1.5%)	14.9%	70.9%
Operating EBITDA Growth	11.4%	(40.2%)	40.6%	66.4%
Operating EBITDA Margin	30.6%	18.6%	22.8%	22.2%
Net Cash Per Share (RM)	(0.26)	(0.21)	(0.00)	(0.30)
BVPS (RM)	1.57	1.64	1.75	1.92
Gross Interest Cover	10.38	6.48	9.41	15.75
Effective Tax Rate	0%	0%	0%	0%
Net Dividend Payout Ratio	14.7%	10.9%	15.0%	14.4%
Accounts Receivables Days	71.7	99.8	130.3	112.8
Inventory Days	125.3	112.7	66.5	55.8
Accounts Payables Days	251.8	220.1	221.6	185.9
ROIC (%)	15.7%	7.4%	10.6%	19.4%
ROCE (%)	11.6%	7.0%	9.1%	12.6%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Mar-14A	Mar-15F	Mar-16F	Mar-17F
Unbooked Presales (m) (RM)	220.0	150.0	200.0	300.0
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	4.5	4.0	4.4	4.4
Gross Margins (%)	30.6%	18.6%	22.8%	22.2%
Contracted Sales ASP (per Sm) (RM)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

7-Eleven Malaysia Holdings Berhad

SEM MK / SEM.KL

Market Cap
US\$494.0m
RM1,727m

Avg Daily Turnover
US\$0.58m
RM1.93m

Free Float
49.0%
1,233 m shares

Current **RM1.40**
Target **RM1.78**
Prev. Target **RM1.78**
Up/Downside **27.0%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-13.1	-13.0	
Absolute	-17.7	-20.0	

Major shareholders	% held
Berjaya Retail	51.0
Genesis Investment	6.8
Smallcap world fund	6.2

More to come

Although below our expectations, 7-Eleven's performance so far has nonetheless been encouraging, with double-digit earnings growth. It has many plans in place to boost its earnings growth.

We maintain our Hold call and target price (based on 23.6x CY16 P/E, 20% premium over its peers' average) for 7-Eleven. While the company is poised to deliver strong growth ahead, we believe this has been factored into the share price. We prefer BFood.

Encouraging results

7-Eleven has been delivering encouraging results since its IPO. The company's 9MFY14 revenue increased 12.9% while net profit rose 34.3% yoy. The stronger revenue was driven by same-store-sales expansion of 4.5% and growth in the number of stores. The EBITDA margin improved yoy due to higher selling prices, higher economies of scale, better product mix and higher operating income (excluding interest income).

Pushing its margins

Sales remained strong for 7-Eleven's four 'Next Generation' stores, which we believe commanded higher margins than the usual stores due to its higher food services contribution. The group is now targeting to open an additional 11 outlets by year-end. Aside from the 'Next Generation' concept store, the group also launched 21 'Quick Win Food Services' (QWFS) stores in October. Other than the new QWFS concept, 7-Eleven has rolled

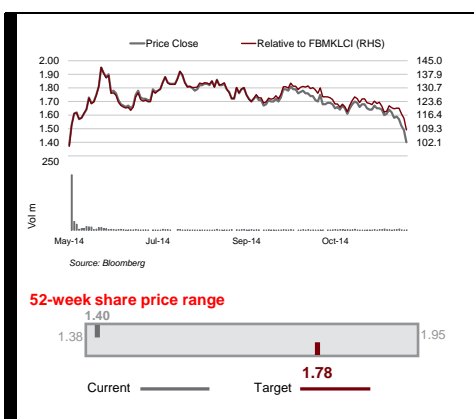
out banana racks, long shelf life cookies and dry cakes in 200 stores and Nescafe hot beverage machines in 104 stores. It also targets to roll out Charoen Pokphand's frozen ready-to-eat meals in 1,000 stores by end-November.

More instore services

7-Eleven launched Touch 'n Go services in stores in May 2014. It is targeting a pilot launch for value gift cards in December 2014. In the same month, 7-Eleven will also undertake a pilot launch of bill payment services for TM and Astro. As for e-commerce services, it aims to market these in 1Q15. Potential tie-ups are with AirAsia or Tune Group.

More promotional activities

7-Eleven plans to continue its monthly promotions and category-specific campaigns (e.g. dairy), which started last year. It will also conduct 2-3 major redemption-type campaigns on an annual basis. The 'Slurpee BYO Cup' campaign on 7 Nov boosted sales by 171% compared to the average sales/day for the ordinary Slurpee (16oz). It also launched a double-tier upsell box, which doubled its promotion income with the same amount of space used.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,579	1,672	1,905	2,206	2,504
Operating EBITDA (RMm)	84.6	98.3	119.3	153.3	181.2
Net Profit (RMm)	40.48	51.78	62.29	76.50	92.74
Core EPS (RM)	0.033	0.042	0.050	0.062	0.075
Core EPS Growth	34.3%	27.9%	20.3%	22.8%	21.2%
FD Core P/E (x)	42.67	33.36	27.73	22.58	18.63
DPS (RM)	-	0.095	0.015	0.025	0.030
Dividend Yield	0.00%	6.80%	1.08%	1.77%	2.15%
EV/EBITDA (x)	21.33	18.36	13.39	10.37	8.37
P/FCFE (x)	NA	12.98	38.02	44.52	15.93
Net Gearing	55%	105%	(70%)	(60%)	(73%)
P/BV (x)	12.37	23.37	9.33	7.48	6.03
ROE	34.0%	48.5%	48.1%	36.8%	35.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.99	0.93	0.91

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,672	1,905	2,206	2,504
Gross Profit	467	547	646	735
Operating EBITDA	98	119	153	181
Depreciation And Amortisation	(32)	(39)	(48)	(54)
Operating EBIT	66	81	106	127
Financial Income/(Expense)	6	7	2	4
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	73	88	108	131
Exceptional Items				
Pre-tax Profit	73	88	108	131
Taxation	(21)	(25)	(31)	(38)
Exceptional Income - post-tax				
Profit After Tax	52	62	76	93
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	52	62	76	93
Recurring Net Profit	52	62	76	93
Fully Diluted Recurring Net Profit	52	62	76	93

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	47.8	142.1	150.3	221.7
Total Debtors	250.9	80.8	93.6	106.2
Inventories	133.0	145.3	166.9	189.2
Total Other Current Assets	1.4	1.4	1.4	1.4
Total Current Assets	433.2	369.7	412.2	518.5
Fixed Assets	194.8	304.8	377.0	397.8
Total Investments	0.2	0.2	0.2	0.2
Intangible Assets	0.6	0.6	0.6	0.6
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	195.6	305.6	377.9	398.6
Short-term Debt	119.6	6.0	6.0	6.0
Current Portion of Long-Term Debt				
Total Creditors	415.6	464.4	533.3	604.7
Other Current Liabilities	0.3	0.3	0.3	0.3
Total Current Liabilities	535.5	470.8	539.6	611.1
Total Long-term Debt	6.0	6.0	6.0	6.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	6.0	6.0	6.0	6.0
Total Provisions	13.4	13.4	13.4	13.4
Total Liabilities	554.9	490.1	559.0	630.4
Shareholders' Equity	73.9	185.1	231.0	286.7
Minority Interests				
Total Equity	73.9	185.1	231.0	286.7

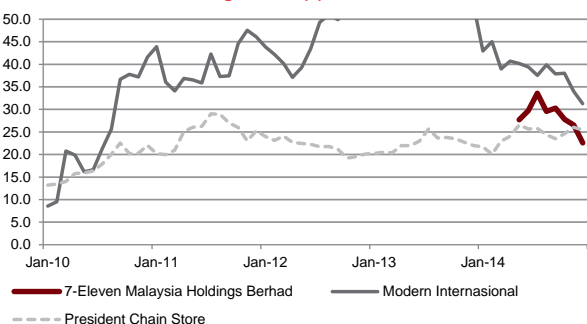
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	98.3	119.3	153.3	181.2
Cash Flow from Inv. & Assoc.				
Change In Working Capital	14.4	30.0	34.6	36.4
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	107.3	0.0	0.0	0.0
Net Interest (Paid)/Received	(8.6)	(0.8)	(0.8)	(0.8)
Tax Paid	(24.5)	(25.4)	(31.2)	(37.9)
Cashflow From Operations	186.9	123.0	155.8	178.9
Capex	(41.7)	(148.7)	(120.0)	(75.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(23.8)	8.0	3.0	4.5
Cash Flow From Investing	(65.5)	(140.7)	(117.0)	(70.5)
Debt Raised/(repaid)	11.7	63.1	0.0	0.0
Proceeds From Issue Of Shares	0.0	244.3	0.0	0.0
Shares Repurchased				
Dividends Paid	(117.5)	(18.7)	(30.6)	(37.1)
Preferred Dividends				
Other Financing Cashflow	(176.7)	0.0	0.0	0.0
Cash Flow From Financing	(282.5)	288.8	(30.6)	(37.1)
Total Cash Generated	(161.1)	271.1	8.2	71.3
Free Cashflow To Equity	133.1	45.4	38.8	108.4
Free Cashflow To Firm	130.0	(16.9)	39.6	109.2

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	5.9%	13.9%	15.8%	13.5%
Operating EBITDA Growth	16.2%	21.3%	28.5%	18.2%
Operating EBITDA Margin	5.88%	6.26%	6.95%	7.24%
Net Cash Per Share (RM)	(0.06)	0.11	0.11	0.17
BVPS (RM)	0.06	0.15	0.19	0.23
Gross Interest Cover	7.7	97.5	127.7	153.6
Effective Tax Rate	29.0%	29.0%	29.0%	29.0%
Net Dividend Payout Ratio	227%	30%	40%	40%
Accounts Receivables Days	15.48	14.85	14.43	14.60
Inventory Days	39.06	37.40	36.53	36.85
Accounts Payables Days	96.46	91.49	90.23	91.01
ROIC (%)	21%	37%	116%	90%
ROCE (%)	35.2%	42.8%	47.5%	47.1%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	-0.9%	-8.6%	3.7%	3.0%
No. of POS (main prod./serv.)	1,557	1,757	1,957	2,157
SSS grth (% , main prod./serv.)	-0.1%	3.5%	3.0%	2.5%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
No. of POS (2ndary prod./serv.)	N/A	N/A	N/A	N/A
SSS grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A

Signature International

SIGN MK / SGNA.KL

➤ **Market Cap**
US\$53.90m
 RM188.4m

➤ **Avg Daily Turnover**
US\$0.02m
 RM0.08m

➤ **Free Float**
27.2%
 120.0 m shares

Current **RM1.57**
 Target ➤ **RM3.12**
 Prev. Target **RM3.12**
 Up/Downside **98.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

Nigel FOO
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Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.5	-12.5	29.3
Absolute	-3.1	-19.5	24.6

Major shareholders	% held
Tan KC	26.0
Chooi Yoey Sun	25.9
HSC Healthcare Sdn.Bhd	20.9

To continue growing

2015 promises to be another record year. The next few years will be very exciting for the company, with revenue expected to peak only in 2017. Its newly set up interior fit-out division complements its existing business and could play a more important role in the near future.

We maintain our EPS forecasts and target price, based on an unchanged 30% discount to our SOP valuation. The discount is to factor in Signature's small market cap and tight liquidity. The stock remains an Add. Potential re-rating catalysts include securing more major jobs and a high dividend.

Order book above RM220m ➤

Signature's outstanding order book is currently at a record high, just above RM220m. The next three years will be very busy for the company as sales are only expected to peak in 2017. For new properties sold in 2013 (particularly mid- to high-end condominiums), most of the built-in kitchen jobs are only expected to take place in 2016/17. Today, it is an industry standard for mid- to high-end developers to include built-in kitchens in their condominium projects. Being the industry's market leader (dominant 70% market share), Signature is poised to benefit from this trend over the next few years.

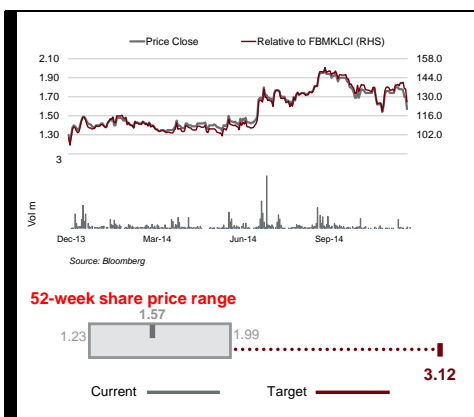
Expanding retail business ➤

Retail customers currently contribute around 30% of group revenue but this proportion is set to

fall over the next few years as revenue contributions from project contracts expand. To grow its retail business, the company recently set up 'Signature Lifestyle Gallery' in Puchong and Johor Baru. There are plans to open another three galleries across the country soon. These galleries are bigger than the existing showrooms of 10,000-20,000sf. Signature also plans to grow its 'Kubiq' brand, which produces affordable kitchen module systems. Kubiq targets the retail market in the low- to mid-range segment, which represents 80% of the country's kitchen systems industry. The selling price of its affordable kitchens is RM3,000-10,000 per kitchen set. The company currently has 26 franchisees and is targeting 100 franchisees by 2018.

New division set up ➤

In Feb 2014, Signature set up a new division, the interior design business. This division complements its core kitchen business and has already secured around RM40m new contracts, handling jobs for hotels, hospitality and commercial buildings. In the near future, this division could play a more important role for Signature.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	120.5	175.4	243.0	272.2	299.4
Operating EBITDA (RMm)	9.30	22.70	34.70	41.70	47.80
Net Profit (RMm)	4.20	17.80	24.14	29.44	33.62
Core EPS (RM)	0.04	0.15	0.20	0.25	0.28
Core EPS Growth	(21%)	324%	36%	22%	14%
FD Core P/E (x)	44.86	10.58	7.80	6.40	5.60
DPS (RM)	0.015	0.030	0.055	0.065	0.080
Dividend Yield	0.96%	1.91%	3.50%	4.14%	5.10%
EV/EBITDA (x)	17.67	7.85	6.98	5.84	5.05
P/FCFE (x)	49.58	NA	32.10	22.47	8.84
Net Gearing	(25.2%)	(10.7%)	36.2%	32.0%	26.4%
P/BV (x)	1.83	1.58	1.40	1.22	1.07
ROE	4.1%	16.0%	19.0%	20.4%	20.4%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	0.98	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	175.4	243.0	272.2	299.4
Gross Profit	76.1	107.6	122.4	135.9
Operating EBITDA	22.7	34.7	41.7	47.8
Depreciation And Amortisation	(2.3)	(2.6)	(2.9)	(3.2)
Operating EBIT	20.4	32.1	38.8	44.6
Financial Income/(Expense)	2.8	2.4	3.2	3.2
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	23.2	34.5	42.0	47.8
Exceptional Items				
Pre-tax Profit	23.2	34.5	42.0	47.8
Taxation	(5.0)	(9.7)	(11.8)	(13.4)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0
Profit After Tax	18.2	24.8	30.2	34.4
Minority Interests	(0.4)	(0.7)	(0.8)	(0.8)
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0
Net Profit	17.8	24.1	29.4	33.6
Recurring Net Profit	17.8	24.1	29.4	33.6
Fully Diluted Recurring Net Profit	17.8	24.1	29.4	33.6

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	33.7	31.1	29.2	38.8
Total Debtors	72.2	97.2	108.9	119.8
Inventories	16.7	29.2	32.7	35.9
Total Other Current Assets	22.7	22.7	22.7	22.7
Total Current Assets	145.3	180.2	193.4	217.2
Fixed Assets	46.7	95.1	107.2	119.0
Total Investments	31.0	31.0	31.0	31.0
Intangible Assets	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	77.7	126.1	138.2	150.0
Short-term Debt	3.1	25.2	0.0	0.0
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0
Total Creditors	49.7	55.9	62.6	68.9
Other Current Liabilities	30.2	30.2	30.2	30.2
Total Current Liabilities	83.0	111.3	92.8	99.1
Total Long-term Debt	17.5	56.1	80.0	86.6
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	17.5	56.1	80.0	86.6
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	100.5	167.4	172.8	185.7
Shareholders' Equity	119.3	135.0	154.1	176.0
Minority Interests	3.0	3.7	4.5	5.3
Total Equity	122.3	138.7	158.6	181.3

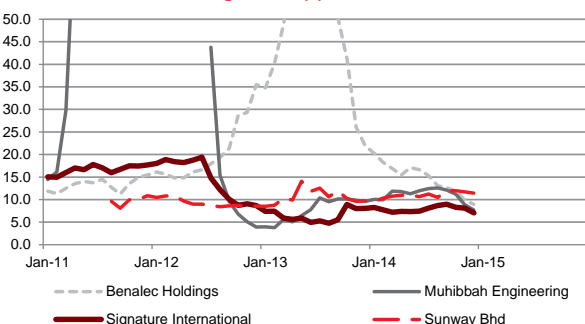
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	22.70	34.70	41.70	47.80
Cash Flow from Inv. & Assoc.	0.00	0.00	0.00	0.00
Change In Working Capital	(18.90)	(31.27)	(8.46)	(7.89)
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00
Other Operating Cashflow	0.00	0.00	0.00	0.00
Net Interest (Paid)/Received	2.80	2.40	3.20	3.20
Tax Paid	(4.90)	(9.66)	(11.76)	(13.38)
Cashflow From Operations	1.70	(3.83)	29.72	29.72
Capex	(17.30)	(51.00)	(15.00)	(15.00)
Disposals Of FAs/subsidiaries	0.00	1.00	1.00	1.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	(2.00)	(1.00)	(1.00)	(1.00)
Cash Flow From Investing	(19.30)	(51.00)	(15.00)	(15.00)
Debt Raised/(repaid)	0.00	60.70	(1.30)	6.60
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(1.80)	(8.45)	(10.30)	(11.77)
Preferred Dividends	0.00	0.00	0.00	0.00
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	(1.80)	52.25	(11.60)	(5.17)
Total Cash Generated	(19.40)	(2.58)	(1.92)	9.56
Free Cashflow To Equity	(17.60)	5.87	8.38	21.32
Free Cashflow To Firm	(17.60)	(54.83)	9.68	14.72

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	45.6%	38.5%	12.0%	10.0%
Operating EBITDA Growth	144%	53%	20%	15%
Operating EBITDA Margin	12.9%	14.3%	15.3%	16.0%
Net Cash Per Share (RM)	0.11	(0.42)	(0.42)	(0.40)
BVPS (RM)	0.99	1.12	1.28	1.47
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	21.6%	28.0%	28.0%	28.0%
Net Dividend Payout Ratio	15.2%	20.5%	19.9%	17.4%
Accounts Receivables Days	131.1	127.2	138.6	139.4
Inventory Days	57.92	61.82	75.52	76.54
Accounts Payables Days	143.2	142.3	144.7	146.7
ROIC (%)	34.6%	40.9%	24.5%	25.0%
ROCE (%)	17.2%	19.0%	18.3%	18.9%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Outstanding Orderbook	N/A	N/A	N/A	N/A
Order Book Depletion	N/A	N/A	N/A	N/A
Orderbook Replenishment	230	300	300	250
ASP (% chg, main prod./serv.)	2.0%	2.0%	2.0%	2.0%
Unit sales grth (% , main prod./serv.)	30.0%	30.0%	20.0%	20.0%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	3.0%	3.0%	3.0%	3.0%
Unit sales grth (% ,2ndary prod./serv.)	10.0%	10.0%	10.0%	10.0%
Util. rate (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A

Sime Darby Bhd

SIME MK / SIME.KL

▶ **Market Cap**
US\$15,960m
 RM55,790m

▶ **Avg Daily Turnover**
US\$12.54m
 RM41.44m

▶ **Free Float**
33.8%
 6,009 m shares

Current **RM9.20**
 Target **RM9.58** ▶
 Prev. Target **RM9.58**
 Up/Downside **4.2%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.4	4.6	1.2
Absolute	-4.2	-2.4	-3.5

Major shareholders	% held
Permodalan Nasional Berhad	52.8
Employees Provident Fund	13.4

A tougher year in FY15

We project that FY15 will be a tougher year for the group in view of the weaker commodity prices, which will dampen earnings from its plantation and industrial division. However, this is likely to be offset by potential earnings accretion from its acquisition of NBPOL

The other supportive factors for the share price are its dividend yield of 3% and plan to list its auto business. We maintain our SOP-based target price and Hold call, as we are of the view that the stock is fairly valued at the current level.

Weaker earnings in FY15 ▶

We project that the group will post weaker earnings in FY6/15 due to weaker industrial earnings and higher effective tax rate. In our view, the group's plantation earnings will be hit by lower CPO selling prices, while its industrial division in Australia will be negatively affected by weak coal prices and the squeeze in profit margins of equipment suppliers.

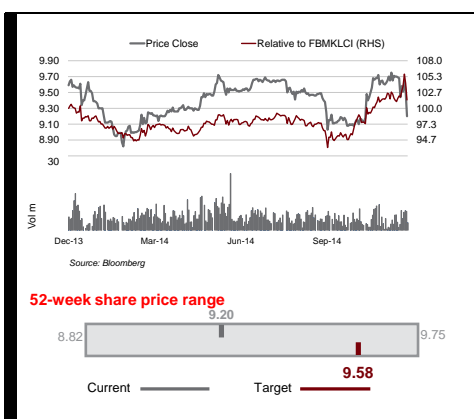
KPI target ▶

Our net profit expectation of RM2.6bn for FY15 is broadly in line with the group's KPIs of 8.5% ROE and RM2.5bn net profit. We gather that its net profit target assumes an average CPO price of RM2,350 per tonne and lower industrial earnings. The group expects the earnings from industrial division to remain weak due to the challenging operating environment. The group said that certain coal producers in Australia were not profitable due to low coal

prices. As a result, the coal producers are embarking on aggressive cost-cutting strategies. This has negatively affected the group's order book and profit margin. It also expects the downturn to last for another two years. Nonetheless, this would be partially mitigated by better earnings performance in Malaysia and China, due mainly to the rolling out of infrastructure projects.

Conditional offer for NBPOL ▶

Sime Darby recently made a conditional cash offer of £7.15 a share for New Britain Palm Oil Ltd (NBPOL). At this price tag, we estimate that Sime Darby values the planted oil palm estates at US\$25.9k (or RM84.2k). The acquisition will allow the group to expand its planted area by 15% and expand its access to the UK consumer markets. We are overall neutral on this deal as the premium valuation for the assets is offset by the group's plans to derive synergies following the acquisition, explore future listing of the assets in Malaysia or Singapore and pursue new growth opportunities in PNG. We estimate the acquisition will add around 2% to FY15 earnings.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	47,186	44,568	45,488	48,453	51,118
Operating EBITDA (RMm)	5,840	5,404	5,564	6,598	7,345
Net Profit (RMm)	3,701	3,364	2,622	3,155	3,513
Core EPS (RM)	0.56	0.53	0.43	0.52	0.58
Core EPS Growth	(18.4%)	(4.5%)	(18.5%)	20.3%	11.3%
FD Core P/E (x)	16.48	17.18	21.09	17.53	15.74
DPS (RM)	0.34	0.28	0.22	0.26	0.29
Dividend Yield	3.70%	3.04%	2.37%	2.85%	3.18%
EV/EBITDA (x)	10.28	11.31	11.14	9.57	8.67
P/FCFE (x)	34.1	28.2	154.4	94.0	40.3
Net Gearing	19.4%	21.3%	21.9%	24.2%	24.2%
P/BV (x)	2.04	1.93	1.82	1.73	1.64
ROE	12.6%	11.6%	8.9%	10.1%	10.7%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.90	0.95	0.97

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	44,568	45,488	48,453	51,118
Gross Profit	5,404	5,564	6,598	7,345
Operating EBITDA	5,404	5,564	6,598	7,345
Depreciation And Amortisation	(1,198)	(1,737)	(1,949)	(2,160)
Operating EBIT	4,206	3,826	4,649	5,185
Financial Income/(Expense)	(254)	(328)	(361)	(401)
Pretax Income/(Loss) from Assoc.	100	133	139	146
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	4,052	3,631	4,427	4,930
Exceptional Items	176	0	0	0
Pre-tax Profit	4,228	3,631	4,427	4,930
Taxation	(708)	(872)	(1,107)	(1,232)
Exceptional Income - post-tax				
Profit After Tax	3,521	2,760	3,321	3,697
Minority Interests	(157)	(138)	(166)	(185)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	3,364	2,622	3,155	3,513
Recurring Net Profit	3,217	2,622	3,155	3,513
Fully Diluted Recurring Net Profit	3,217	2,622	3,155	3,513

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	4,896	2,831	1,687	1,226
Total Debtors	6,559	6,526	6,951	7,334
Inventories	9,470	8,936	9,518	10,042
Total Other Current Assets	3,681	3,583	3,691	3,788
Total Current Assets	24,606	21,875	21,847	22,390
Fixed Assets	14,061	21,427	23,478	25,318
Total Investments	3,779	3,325	3,464	3,611
Intangible Assets	1,184	3,282	3,282	3,282
Total Other Non-Current Assets	7,230	2,841	2,868	2,892
Total Non-current Assets	26,255	30,874	33,092	35,102
Short-term Debt	3,045	5,873	5,873	5,873
Current Portion of Long-Term Debt				
Total Creditors	268	9,197	9,796	10,335
Other Current Liabilities	8,708	1,000	1,000	1,000
Total Current Liabilities	12,021	16,069	16,669	17,207
Total Long-term Debt	8,130	3,931	3,931	3,931
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,004	445	445	445
Total Non-current Liabilities	9,134	4,376	4,376	4,376
Total Provisions	268	537	537	537
Total Liabilities	21,424	20,982	21,581	22,120
Shareholders' Equity	28,589	30,446	32,023	33,779
Minority Interests	849	1,323	1,489	1,673
Total Equity	29,437	31,768	33,512	35,453

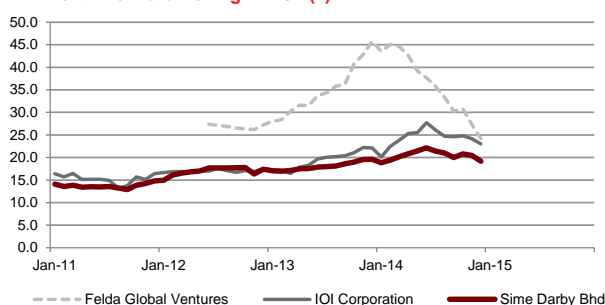
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	5,404	5,564	6,598	7,345
Cash Flow from Inv. & Assoc.	0	0	0	0
Change In Working Capital	(2,082)	(6)	(542)	(487)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	172	0	(0)	146
Net Interest (Paid)/Received	(238)	(328)	(361)	(401)
Tax Paid	(722)	(872)	(1,107)	(1,232)
Cashflow From Operations	2,534	4,358	4,588	5,371
Capex	(1,574)	(4,000)	(4,000)	(4,000)
Disposals Of FAs/subsidiaries	807	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	(649)	0	0	0
Cash Flow From Investing	(1,417)	(4,000)	(4,000)	(4,000)
Debt Raised/(repaid)	842	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased				
Dividends Paid	(1,565)	(1,311)	(1,577)	(1,756)
Preferred Dividends				
Other Financing Cashflow	(34)	(1,142)	28	(148)
Cash Flow From Financing	(758)	(2,452)	(1,549)	(1,905)
Total Cash Generated	360	(2,094)	(961)	(534)
Free Cashflow To Equity	1,959	358	588	1,371
Free Cashflow To Firm	1,537	799	1,030	1,812

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	(5.55%)	2.07%	6.52%	5.50%
Operating EBITDA Growth	(7.5%)	2.9%	18.6%	11.3%
Operating EBITDA Margin	12.1%	12.2%	13.6%	14.4%
Net Cash Per Share (RM)	(1.04)	(1.16)	(1.35)	(1.43)
BVPS (RM)	4.76	5.07	5.33	5.62
Gross Interest Cover	10.14	8.67	10.54	11.75
Effective Tax Rate	16.7%	24.0%	25.0%	25.0%
Net Dividend Payout Ratio	52.8%	50.0%	50.0%	50.0%
Accounts Receivables Days	51.66	52.50	50.90	51.00
Inventory Days	84.74	84.13	80.69	81.55
Accounts Payables Days	40.00	43.27	83.05	83.93
ROIC (%)	13.5%	11.5%	12.8%	13.3%
ROCE (%)	11.0%	9.5%	11.0%	11.7%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Planted Estates (ha)	536,489	543,489	550,489	557,489
Mature Estates (ha)	494,591	502,440	509,007	514,717
FFB Yield (tonnes/ha)	20.1	21.5	22.6	22.6
FFB Output Growth (%)	-3.9%	8.8%	4.9%	1.2%
CPO Price (US\$/tonne)	849	845	880	923

SP Setia

SPSB MK / SETI.KL

Market Cap
US\$2,360m
RM8,250m

Avg Daily Turnover
US\$0.93m
RM3.10m

Free Float
33.5%
2,459 m shares

Current **RM3.25**
Target **RM3.38**
Prev. Target **RM3.38**
Up/Downside **4.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.4	1.7	16.0
Absolute	-1.2	-5.3	11.3

Major shareholders	% held
PNB	66.5
KWAP	8.6
EPF	5.0

Waiting for corporate exercise catalysts

SP Setia achieved 11MFY14 new sales of RM4.16bn, slightly below its full-year sales target of RM5bn. Although its FY14 target represents a 39% plunge from the record sales of RM8.24bn in FY13, its YTD sales are already the highest in the sector. However, operational issues will have little bearing on the company's share price.

No changes to our EPS forecasts, target price basis of a 25% discount to RNAV and Hold recommendation. The key re-rating catalyst of the stock, i.e. possible M&A involving PNB-related property companies, remains uncertain in terms of timing. Our preferred picks for property sector exposure remain Mah Sing Group and Eco World Development.

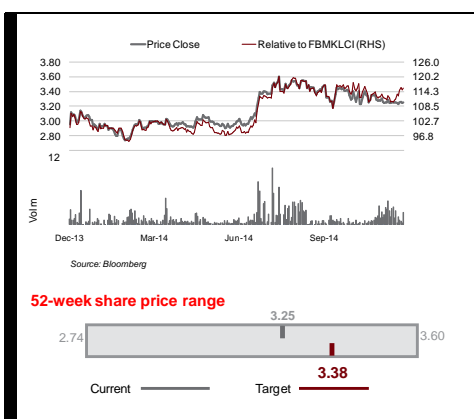
11MFY14 sales of RM4.16bn

The group chalked up RM4.16bn in sales in 11MFY14 (Nov 2013 to Sep 2014), a 40% decline yoy. RM2bn or 48% of the group's sales came from the Klang Valley, 12% from Johor and 5% from Penang and Sabah combined. Overseas contributions made up 35% of group sales, of which 2% pts came from Singapore, 12% pts from Australia and 22% pts from London. Phase 2 of the Battersea project in London was very well received, despite the substantially higher price of £2,300 per sq ft compared to £1,000 per sq ft for Phase 1. Unbilled sales stood at a record RM12.1bn at end-Nov 2014. While SP Setia may not be able to meet its full-year sales

target of RM5bn (annualised 11M sales amount to RM4.54bn, roughly 9-10% short), the group would still hold the top position as the developer with the highest value of sales in 2014. Mah Sing Group is likely to be the developer with the second-highest value of sales and the group only aims to sell RM3.6bn worth of properties in 2014.

M&A timing uncertain

With the departure of former CEO Tan Sri Liew Kee Sin and many of SP Setia's senior management this year, we believe major shareholder PNB could embark on corporate exercises after it eventually installs a new CEO. It has been reported by the press that this could take the form of a privatisation exercise or asset injection. Acting CEO Dato' Voon Tin Yow will leave SP Setia at end-2014 and he will be replaced by Deputy President Datuk Khor Chap Jen. However, it is anybody's guess when exactly a corporate exercise will be announced so, for now, the waiting game continues.



Financial Summary

	Oct-12A	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Total Net Revenues (RMm)	2,527	3,061	4,581	6,715	6,237
Operating EBITDA (RMm)	582	649	763	1,153	1,083
Net Profit (RMm)	394	418	485	823	1,062
Core EPS (RM)	0.20	0.18	0.21	0.33	0.42
Core EPS Growth	17.8%	(9.8%)	16.6%	58.0%	29.1%
FD Core P/E (x)	17.78	18.41	17.01	10.89	8.44
DPS (RM)	0.10	0.11	0.11	0.12	0.13
Dividend Yield	3.01%	3.25%	3.42%	3.80%	4.12%
EV/EBITDA (x)	15.19	15.75	11.98	6.86	7.26
P/FCFE (x)	NA	NA	7.12	6.39	NA
Net Gearing	57.9%	41.4%	16.9%	(3.6%)	(0.3%)
P/BV (x)	1.61	1.45	1.38	1.28	1.15
ROE	10.5%	9.1%	9.1%	13.3%	15.7%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.09	1.30	1.36

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Total Net Revenues	3,061	4,581	6,715	6,237
Gross Profit	1,117	1,507	2,245	2,093
Operating EBITDA	649	763	1,153	1,083
Depreciation And Amortisation	(18)	(24)	(25)	(25)
Operating EBIT	631	738	1,128	1,057
Financial Income/(Expense)	(37)	(30)	(16)	(10)
Pretax Income/(Loss) from Assoc.	(0)	0	0	369
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	594	708	1,112	1,416
Exceptional Items	(24)	(48)	0	0
Pre-tax Profit	570	660	1,112	1,416
Taxation	(151)	(175)	(289)	(354)
Exceptional Income - post-tax				
Profit After Tax	419	485	823	1,062
Minority Interests	(1)	0	0	0
Pref. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	418	485	823	1,062
Recurring Net Profit	436	521	823	1,062
Fully Diluted Recurring Net Profit	436	521	823	1,062

Balance Sheet

(RMm)	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Total Cash And Equivalents	2,243	3,407	4,537	4,250
Properties Under Development				
Total Debtors	1,131	1,248	1,830	1,700
Inventories	43	65	95	88
Total Other Current Assets	2,693	2,828	2,969	3,118
Total Current Assets	6,111	7,548	9,431	9,156
Fixed Assets	122	103	83	62
Total Investments	1,067	1,067	1,067	1,333
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	5,142	5,388	5,646	5,918
Total Non-current Assets	6,331	6,558	6,796	7,313
Short-term Debt	614	492	393	315
Current Portion of Long-Term Debt				
Total Creditors	2,345	3,713	5,409	5,012
Other Current Liabilities	38	58	95	117
Total Current Liabilities	2,997	4,262	5,898	5,443
Total Long-term Debt	3,915	3,915	3,915	3,915
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	3,915	3,915	3,915	3,915
Total Provisions	5	6	9	12
Total Liabilities	6,917	8,183	9,822	9,370
Shareholders' Equity	5,526	5,924	6,406	7,099
Minority Interests	(1)	(1)	(1)	(1)
Total Equity	5,525	5,923	6,405	7,098

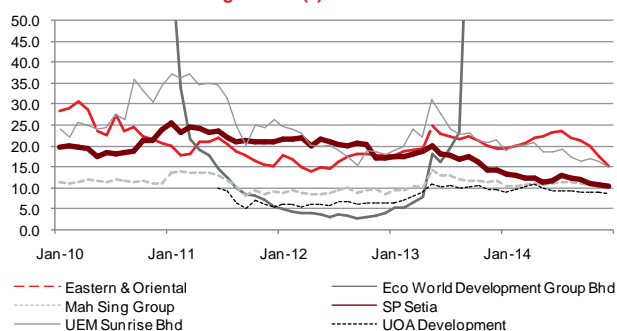
Cash Flow

(RMm)	Oct-13A	Oct-14F	Oct-15F	Oct-16F
EBITDA	649	763	1,153	1,083
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(467)	1,094	943	(409)
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0	0	0	0
Net Interest (Paid)/Received	(57)	(61)	(59)	(58)
Tax Paid	(159)	(154)	(248)	(330)
Cashflow From Operations	(34)	1,642	1,789	286
Capex	(62)	(5)	(5)	(5)
Disposals Of FAs/subsidiaries	0	0	0	0
Disposals of Investment Properties	0	0	0	0
Acq. Of Subsidiaries/investments	(914)	(246)	(258)	(537)
Other Investing Cashflow	(935)	(25)	(24)	87
Cash Flow From Investing	(1,911)	(276)	(288)	(455)
Debt Raised/(repaid)	647	(123)	(98)	(79)
Proceeds From Issue Of Shares	1,351	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(261)	(303)	(340)	(369)
Preferred Dividends				
Other Financing Cashflow	907	222	67	330
Cash Flow From Financing	2,644	(203)	(371)	(117)

Key Ratios

	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Revenue Growth	22.5%	49.8%	49.8%	(7.3%)
Operating EBITDA Growth	11.4%	17.5%	51.1%	(6.1%)
Operating EBITDA Margin	22.1%	17.3%	17.5%	17.7%
Net Cash Per Share (RM)	(0.93)	(0.40)	0.09	0.01
BVPS (RM)	2.25	2.35	2.54	2.82
Gross Interest Cover	11.05	12.18	19.07	18.25
Effective Tax Rate	26.5%	26.5%	26.0%	25.0%
Net Dividend Payout Ratio	59.0%	56.7%	41.4%	34.7%
Accounts Receivables Days	104.4	84.1	70.8	87.8
Inventory Days	6.27	6.41	6.52	8.08
Accounts Payables Days	330.1	341.7	353.8	437.3
ROIC (%)	8.2%	8.2%	14.4%	15.5%
ROCE (%)	7.2%	7.5%	11.1%	10.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Oct-13A	Oct-14F	Oct-15F	Oct-16F
Unbooked Presales (m) (RM)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	20.0	22.0	24.0	26.0
Gross Margins (%)	21.2%	16.7%	17.2%	17.4%
Contracted Sales ASP (per Sm) (RM)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	20.6%	16.1%	16.8%	17.0%
Investment rev / total rev (%)	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

Star Publications

STAR MK / STAR.KL

► **Market Cap**
US\$479.2m
 RM1,675m

► **Avg Daily Turnover**
US\$0.20m
 RM0.66m

► **Free Float**
42.7%
 740.5 m shares

Current **RM2.27**
 Target **RM2.30** ►
 Prev. Target **RM2.30**
 Up/Downside **1.3%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-2.4	-11.1	-1.9
Absolute	-7.0	-18.1	-6.6

Major shareholders	% held
MCA	42.5
PNB	9.9
EPF	5.0

Waiting to shine

Star plans to grow its event, TV and broadcasting segments in order to reduce its dependency on print segment. However, this could be a slow process given the strong competition from other digital players and challenging operating environment from weaker consumer sentiment.

We keep our Hold call on the stock with RM2.30 target price, based on 12.2x CY16 P/E, 25% discount to target market P/E of 16.3x, as we expect the structural shift in adex from traditional to digital platform to gain momentum, coupled with weaker consumer sentiment. While the stock offers an attractive FY14 yield of 7.9%, we prefer Astro for better exposure in media sector.

More cost-savings initiatives in store ►

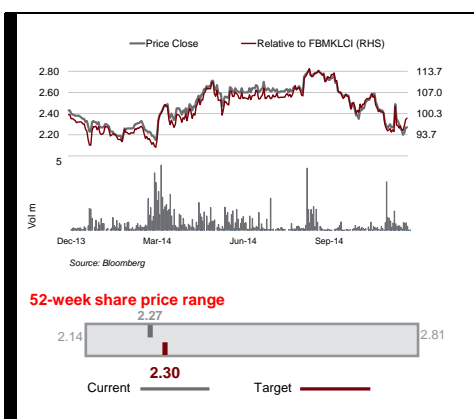
We see further cost rationalization exercises in FY15 in order for Star to improve its operating efficiency and profitability. Star is in the midst of converting its newsprint material from 45 grams per square meter (gsm) to 42 gsm, which should improve its operating yield by an average of 5-10%. This would translate to annual cost savings of RM7m-8m, or 5-6% of its newsprint cost, with minimal capex spend. Apart from that, Star should benefit from the lower average newsprint cost, which is hovering between US\$580 and US\$590/tonne in FY14. Management highlighted that the company can save about RM2m for every US\$10/tonne decline in newsprint prices.

Expanding beyond print ►

The company expects to grow its non-print segment revenue driven from event, radio and digital segments over the next few years as part of the group strategy to address the decline in print adex. For example, Star Property portal is gaining better traction after moving up to second most popular website for Malaysian property segment behind iProperty. We estimate that property developers allocate about 2-3% of project GDV towards marketing. Hence, there are huge growth opportunities for digital property adex, given that developers are starting to embrace digital advertising. Moreover, we see potential for Star to replicate this strategy in other vertical such as automotive and employment, to create a stronger digital asset proposition.

Potential M&A in digital segment ►

Star is also actively looking for growth through M&A activities within digital space in order to capture the strong growth potential in digital segment, supported with a net cash position of RM354m as of Sep-14.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,080	1,025	1,082	1,141	1,194
Operating EBITDA (RMm)	248.8	236.3	233.1	241.1	239.1
Net Profit (RMm)	201.8	142.9	136.7	142.0	139.5
Core EPS (RM)	0.21	0.19	0.18	0.19	0.19
Core EPS Growth	(12.3%)	(8.1%)	(3.8%)	3.9%	(1.8%)
FD Core P/E (x)	10.87	11.83	12.30	11.84	12.05
DPS (RM)	0.18	0.15	0.18	0.18	0.18
Dividend Yield	7.93%	6.61%	7.92%	7.92%	7.92%
EV/EBITDA (x)	7.29	7.51	7.38	6.94	6.80
P/FCFE (x)	8.37	14.61	11.98	12.77	12.75
Net Gearing	11.7%	7.3%	1.0%	(3.6%)	(7.7%)
P/BV (x)	1.94	1.84	1.75	1.66	1.58
ROE	17.2%	16.0%	14.6%	14.4%	13.4%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.97	0.94	0.89

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,025	1,082	1,141	1,194
Gross Profit	1,025	1,082	1,141	1,194
Operating EBITDA	236	233	241	239
Depreciation And Amortisation	(49)	(49)	(52)	(52)
Operating EBIT	187	184	189	187
Financial Income/(Expense)	5	8	10	10
Pretax Income/(Loss) from Assoc.	(1)	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	191	192	199	197
Exceptional Items	1			
Pre-tax Profit	193	192	199	197
Taxation	(53)	(53)	(54)	(54)
Exceptional Income - post-tax				
Profit After Tax	139	139	145	143
Minority Interests	3	(2)	(3)	(4)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	143	137	142	139
Recurring Net Profit	142	137	142	139
Fully Diluted Recurring Net Profit	142	137	142	139

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	181	240	287	334
Total Debtors	166	165	170	173
Inventories	309	303	313	323
Total Other Current Assets	0	0	0	0
Total Current Assets	657	707	770	831
Fixed Assets	736	732	727	723
Total Investments	21	21	21	21
Intangible Assets	34	34	34	34
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	792	787	783	778
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	149	145	151	155
Other Current Liabilities	7	7	7	7
Total Current Liabilities	156	152	158	162
Total Long-term Debt	250	250	250	250
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	102	102	102	102
Total Non-current Liabilities	352	352	352	352
Total Provisions	0	0	0	0
Total Liabilities	508	505	510	515
Shareholders' Equity	914	961	1,014	1,066
Minority Interests	26	29	29	29
Total Equity	940	990	1,043	1,095

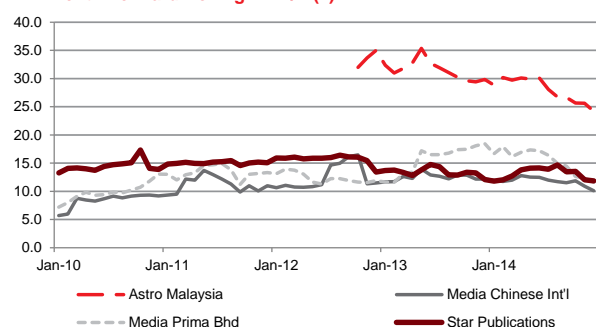
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	236.3	233.1	241.1	239.1
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(13.2)	5.1	(10.3)	(8.6)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(2.5)	(3.7)	(3.7)	(3.7)
Net Interest (Paid)/Received	2.5	3.7	3.7	3.7
Tax Paid	(63.3)	(53.0)	(54.1)	(53.6)
Cashflow From Operations	159.9	185.3	176.7	176.9
Capex	(45.0)	(45.0)	(45.0)	(45.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(45.0)	(45.0)	(45.0)	(45.0)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(118.3)	(133.1)	(133.1)	(133.1)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	(118.3)	(133.1)	(133.1)	(133.1)
Total Cash Generated	(3.5)	7.2	(1.4)	(1.2)
Free Cashflow To Equity	114.9	140.3	131.7	131.9
Free Cashflow To Firm	112.4	136.6	128.0	128.2

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(5.05%)	5.52%	5.47%	4.68%
Operating EBITDA Growth	(4.99%)	(1.35%)	3.41%	(0.83%)
Operating EBITDA Margin	23.0%	21.5%	21.1%	20.0%
Net Cash Per Share (RM)	(0.09)	(0.01)	0.05	0.11
BVPS (RM)	1.23	1.30	1.37	1.44
Gross Interest Cover	18.37	18.37	18.91	18.71
Effective Tax Rate	27.6%	27.6%	27.2%	27.2%
Net Dividend Payout Ratio	83.6%	97.4%	93.7%	95.4%
Accounts Receivables Days	52.30	51.99	49.81	48.97
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	17.3%	16.8%	17.5%	17.2%
ROCE (%)	17.3%	16.6%	16.5%	15.7%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Adex rev. grth (% , main newsppr)	5.0%	4.0%	4.0%	4.0%
ASP (% chg, main newsppr)	N/A	N/A	N/A	N/A
Circulation grth (% , main newsppr)	3.0%	3.0%	3.0%	3.0%
Adex rev. grth (% , 2ndary newsppr)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary newsppr)	N/A	N/A	N/A	N/A
Circulation grth (% , 2ndary newsppr)	N/A	N/A	N/A	N/A
Adex rev. grth (% , tertiary newsppr)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary ppr)	N/A	N/A	N/A	N/A
Circulation grth (% , tertiary newsppr)	N/A	N/A	N/A	N/A
Newsprint Cost (% Change)	N/A	N/A	N/A	N/A

Sunway Bhd

SWB MK / SWAY.KL

▶ **Market Cap**
US\$1,629m
 RM5,693m

▶ **Avg Daily Turnover**
US\$1.57m
 RM5.22m

▶ **Free Float**
33.1%
 1,723 m shares

Current **RM3.31**
 Target **RM3.90** ▶
 Prev. Target **RM3.90**
 Up/Downside **17.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	8.7	10.4	29.1
Absolute	4.1	3.4	24.4

Major shareholders	% held
Tan Sri Jeffrey Cheah & family	55.4
JP Morgan Chase & Co.	5.8
EPF	5.7

Steady margin growth

Sunway's operating performance should show steady growth in construction margins in 2015, while property development should continue to benefit from a higher-margin sales mix despite weaker billings. There is still upside to construction order book.

Sunway could potentially win a sizeable domestic building project worth RM1bn-1.5bn. Its township property developments are arguably more insulated against the softer property market. Our target price remains pegged to a 20% RNAV discount. Job wins and potential special dividends are re-rating catalysts. Maintain Add.

Execution mode in 2015 ▶

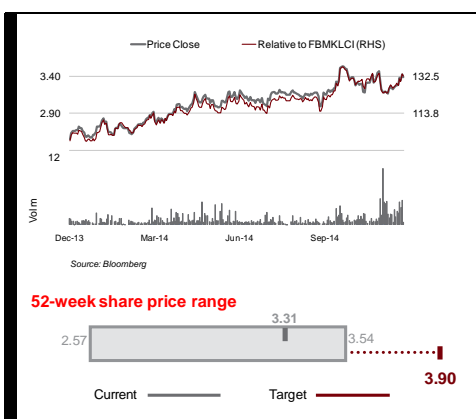
2015 is expected to be a strong year of execution for Sunway, driven by robust order book growth since 2014, effective property unbilled sales of RM2.1bn at end-3Q14 and upcoming launches of c.RM800m, mostly in the Klang Valley and Iskandar regions. Take-up rates for recent launches of its landed units in Sunway Iskandar suggest that this segment will continue to be relatively resilient against the government's property-cooling measures. The group's lower effective land cost in Iskandar is another advantage. In terms of overall fundamentals, we expect EBIT margin to rise to c.14% in 2015 due to the improving sales mix, with more high-margin properties and stronger construction margins.

Potential rise in order book ▶

Although YTD total job wins stood at only RM881m, we continue to be optimistic about Sunway's chances of securing a sizeable domestic building project by end-2015. The group targets to win a RM1bn-2bn contract that would raise its outstanding order book of RM3.3bn at by at least 30%. We keep our RM1.5bn new order assumptions for FY15-16, supported by the rollout of MRT 2. The group was one of the winners of the above-ground works for MRT 1. Other potential new ventures in the transport infra space are the adoption of Sunway's Bus Rapid Transit (BRT) pilot project in Bandar Sunway by other states.

Special DPS from Sunway Construction listing ▶

In our estimation, the potential special DPS of 20-30 sen remains intact, as the listing of Sunway Construction is still on the cards. We expect this to materialise in FY15, Sunway offers potential FY15 dividend yields of 6-9%, excluding normal dividends. We have yet to impute this into our forecasts.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	3,877	4,106	4,479	4,514	4,558
Operating EBITDA (RMm)	295.6	580.7	651.0	612.3	626.9
Net Profit (RMm)	532.3	433.3	498.1	516.6	524.3
Core EPS (RM)	0.21	0.25	0.29	0.30	0.30
Core EPS Growth	(0.3%)	17.5%	15.0%	3.7%	1.5%
FD Core P/E (x)	16.24	13.72	11.85	11.42	11.06
DPS (RM)	0.060	0.100	0.100	0.100	0.100
Dividend Yield	1.81%	3.02%	3.02%	3.02%	3.02%
EV/EBITDA (x)	21.90	10.81	8.98	8.59	7.44
P/FCFE (x)	NA	15.59	39.81	23.29	21.48
Net Gearing	48.1%	38.4%	25.9%	13.5%	3.8%
P/BV (x)	1.66	1.44	1.25	1.09	0.97
ROE	11.8%	11.7%	11.7%	10.5%	9.4%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.03	0.98	0.97

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	4,106	4,479	4,514	4,558
Gross Profit	4,106	4,479	4,514	4,558
Operating EBITDA	581	651	612	627
Depreciation And Amortisation	(20)	(21)	(21)	(21)
Operating EBIT	561	630	591	606
Financial Income/(Expense)	(97)	(85)	(66)	(47)
Pretax Income/(Loss) from Assoc.	117	120	123	128
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	580	666	648	687
Exceptional Items	0	0	0	0
Pre-tax Profit	580	666	648	687
Taxation	(101)	(122)	(87)	(120)
Exceptional Income - post-tax				
Profit After Tax	480	544	561	567
Minority Interests	(46)	(46)	(45)	(43)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	433	498	517	524
Recurring Net Profit	433	498	517	524
Fully Diluted Recurring Net Profit	433	498	517	524

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	922	997	1,304	1,633
Total Debtors	2,353	2,567	2,587	2,612
Inventories	593	646	651	658
Total Other Current Assets	1,125	1,198	1,239	1,284
Total Current Assets	4,993	5,408	5,782	6,186
Fixed Assets	970	969	968	966
Total Investments	3,022	3,152	3,245	3,341
Intangible Assets	330	330	330	330
Total Other Non-Current Assets	657	688	721	755
Total Non-current Assets	4,979	5,140	5,264	5,391
Short-term Debt	368	332	298	269
Current Portion of Long-Term Debt				
Total Creditors	2,711	2,957	2,980	3,009
Other Current Liabilities	68	68	68	68
Total Current Liabilities	3,147	3,357	3,347	3,346
Total Long-term Debt	2,271	1,993	1,794	1,614
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	2,271	1,993	1,794	1,614
Total Provisions	81	81	81	81
Total Liabilities	5,499	5,430	5,221	5,041
Shareholders' Equity	3,968	4,566	5,229	5,899
Minority Interests	504	550	595	638
Total Equity	4,472	5,117	5,824	6,537

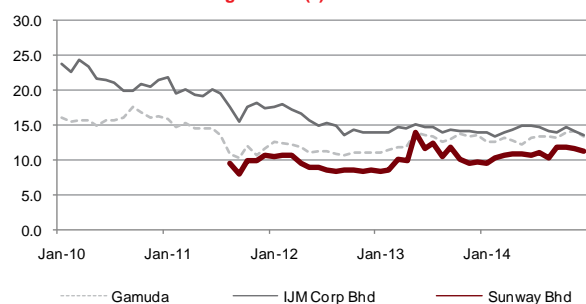
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	580.7	651.0	612.3	626.9
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(77.8)	(93.6)	(43.7)	(47.0)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	(125.8)	(113.3)	(100.8)	(90.7)
Tax Paid	(100.9)	(121.7)	(86.9)	(120.2)
Cashflow From Operations	276.3	322.4	380.9	369.0
Capex	(20.0)	(20.0)	(20.0)	(20.0)
Disposals Of FAs/subsidiaries	355.2	160.9	124.9	130.3
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	335.2	140.9	104.9	110.3
Debt Raised/(repaid)	(230.2)	(315.0)	(232.4)	(209.2)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(125.6)	(125.6)	(125.6)	(125.6)
Preferred Dividends				
Other Financing Cashflow	(237.6)	(4.1)	(108.9)	(125.2)
Cash Flow From Financing	(593.4)	(444.8)	(467.0)	(460.1)
Total Cash Generated	18.1	18.4	18.8	19.2
Free Cashflow To Equity	381.3	148.2	253.4	270.1
Free Cashflow To Firm	737.3	576.5	586.6	570.0

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	5.92%	9.08%	0.78%	0.97%
Operating EBITDA Growth	96.5%	12.1%	(6.0%)	2.4%
Operating EBITDA Margin	14.1%	14.5%	13.6%	13.8%
Net Cash Per Share (RM)	(1.00)	(0.77)	(0.46)	(0.15)
BVPS (RM)	2.30	2.65	3.04	3.42
Gross Interest Cover	4.46	5.56	5.86	6.67
Effective Tax Rate	17.4%	18.3%	13.4%	17.5%
Net Dividend Payout Ratio	29.0%	25.2%	24.3%	24.0%
Accounts Receivables Days	192.8	191.3	198.9	199.2
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	17.8%	19.4%	17.5%	17.6%
ROCE (%)	8.40%	8.96%	8.06%	7.88%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook	3,800	4,300	4,800	5,300
Order Book Depletion	N/A	N/A	N/A	N/A
Orderbook Replenishment	1,500	1,500	1,500	1,500
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% 2ndary prod./serv.)	N/A	N/A	N/A	N/A

Sunway REIT

SREIT MK / SUNW.KL

▶ **Market Cap**
US\$1,259m
 RM4,400m

▶ **Avg Daily Turnover**
US\$0.84m
 RM2.75m

▶ **Free Float**
63.1%
 2,698 m shares

Current **RM1.50**
 Target **RM1.53** ▶
 Prev. Target **RM1.53**
 Up/Downside **1.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.9	9.7	24.7
Absolute	-0.7	2.7	20

Major shareholders	% held
Sunway Bhd	36.9
EPF	9.7
Capital Income Builder	6.5

Sunway Putra Mall to open in 2015

We think that the reopening of Sunway Putra Mall in 1HCY15 will boost Sunway REIT's earnings outlook for FY06/15. However, we think that Sunway REIT's FY15 earnings will be unexciting, given that there were no other acquisitions in 2014.

Our DDM-based target price remains unchanged at RM1.53 (cost of equity of 9.3%). We maintain our Hold call on the stock in view of the lack of earnings catalysts. We prefer Axis REIT among the M-REITs, as it has been on an acquisition spree for the past six months.

Sunway Putra Place to open in 2015 ▶

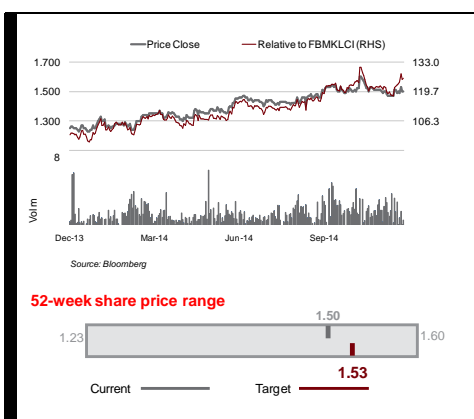
Sunway Putra Mall's Asset Enhancement Initiative (AEI) has been ongoing since 2013. The mall is expected to reopen by 2QCY15, with occupancy rate of more than 70% in the initial stages. The completion of the mall is also expected to boost occupancy rates for the adjoining hotel, Sunway Putra Hotel. Sunway Putra Hotel's occupancy rate has dropped to 40-50% in the past few quarters, mainly due to the mall's AEI works. We expect Sunway REIT's FY15-16 earnings to be driven by the mall and hotel. The mall's AEI involves a new facade and additional net lettable area (NLA) of 76,000 sq ft.

Acquisition at end 2014 ▶

Sunway REIT acquired two properties as at end 2014, i.e. a hotel in Penang and an office tower in Shah Alam for a total of RM134m. The acquisition's value represents approximately 2.4% of its existing total assets while we estimate that it would add approximately 1-2% towards Sunway REIT's earnings.

Sunway Pyramid earnings to remain strong ▶

In spite of the flattish FY15 earnings outlook, we remain positive that the earnings from Sunway Pyramid (Sunway REIT's prized asset) will remain strong in FY15, underpinned by tenancy renewals and new tenancies secured in the past. In FY15, approximately 20% of Sunway Pyramid's NLA will come up for renewal, implying that there is an opportunity for rental rates to improve. Note that Sunway Pyramid accounted for approximately 58% of Sunway REIT's total net property income (NPI) at end-FY14.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Gross Property Revenue (RMm)	415.9	427.8	494.6	529.2	546.7
Net Property Income (RMm)	309.2	321.0	373.2	397.2	420.5
Net Profit (RMm)	218.8	222.1	268.8	289.9	310.3
Distributable Profit (RMm)	220.7	244.8	282.4	304.0	324.8
Core EPS (RM)	0.08	0.08	0.09	0.10	0.11
Core EPS Growth	14.6%	(2.6%)	16.3%	7.5%	6.7%
FD Core P/E (x)	18.51	19.00	16.33	15.19	14.23
DPS (RM)	0.08	0.08	0.09	0.10	0.10
Dividend Yield	5.53%	5.31%	6.10%	6.55%	6.98%
Asset Leverage	36.1%	35.1%	35.6%	36.1%	36.7%
BVPS (RM)	1.11	1.14	1.14	1.14	1.14
P/BV (x)	1.35	1.31	1.31	1.31	1.31
Recurring ROE	7.27%	6.99%	8.04%	8.65%	9.23%
CIMB/consensus DPS (x)			1.06	1.01	1.02

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Rental Revenues	427.8	494.6	529.2	546.7
Other Revenues	0.0	0.0	0.0	0.0
Gross Property Revenue	427.8	494.6	529.2	546.7
Total Property Expenses	(106.8)	(121.5)	(132.1)	(126.3)
Net Property Income	321.0	373.2	397.2	420.5
General And Admin. Expenses	0.0	0.0	0.0	0.0
Management Fees	(25.6)	(27.3)	(28.2)	(29.1)
Trustee's Fees	(1.0)	(1.0)	(1.0)	(1.0)
Other Operating Expenses	(4.8)	(5.6)	(6.0)	(6.3)
EBITDA	289.6	339.3	362.0	384.1
Depreciation And Amortisation	0.0	0.0	0.0	0.0
EBIT	289.6	339.3	362.0	384.1
Net Interest Income	(67.5)	(70.5)	(72.1)	(73.8)
Associates' Profit				
Other Income/(Expenses)	0.0	0.0	0.0	0.0
Exceptional Items				
Pre-tax Profit	222.1	268.8	289.9	310.3
Taxation				
Minority Interests				
Preferred Dividends				
Net Profit	222.1	268.8	289.9	310.3
Distributable Profit	244.8	282.4	304.0	324.8

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Investments	5,211	5,261	5,311	5,361
Intangible Assets	0	0	0	0
Other Long-term Assets	9	9	9	9
Total Non-current Assets	5,220	5,270	5,320	5,370
Total Cash And Equivalents	76	84	94	106
Inventories				
Trade Debtors	19	19	19	19
Other Current Assets	0	0	0	0
Total Current Assets	95	103	113	124
Trade Creditors	58	58	58	58
Short-term Debt	1,245	1,245	1,245	1,245
Other Current Liabilities	0	0	0	0
Total Current Liabilities	1,303	1,303	1,303	1,303
Long-term Borrowings	618	668	718	769
Other Long-term Liabilities	54	54	54	54
Total Non-current Liabilities	672	722	772	823
Shareholders' Equity	3,339	3,348	3,357	3,368
Minority Interests	0	0	0	0
Preferred Shareholders Funds				
Total Equity	3,339	3,348	3,357	3,368

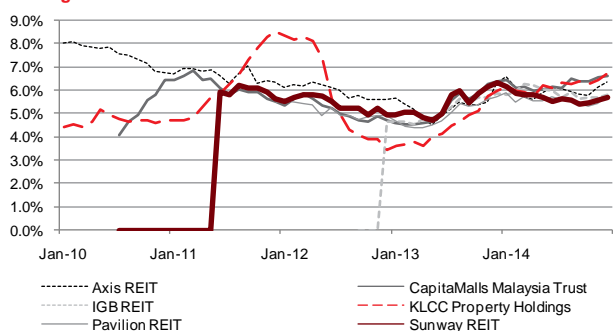
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Pre-tax Profit	222.1	268.8	289.9	310.3
Depreciation And Non-cash Adj.	67.5	70.5	72.1	73.8
Change In Working Capital				
Tax Paid				
Others	18.2	7.9	8.5	9.8
Cashflow From Operations	307.8	347.2	370.5	393.9
Capex	(440.5)	(50.0)	(50.0)	(50.0)
Net Investments And Sale Of FA	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(440.5)	(50.0)	(50.0)	(50.0)
Debt Raised/(repaid)	100.0	50.0	50.0	51.0
Equity Raised/(Repaid)	320.0	0.0	0.0	0.0
Dividends Paid	(232.5)	(268.3)	(288.8)	(308.6)
Cash Interest And Others	(67.5)	(70.5)	(72.1)	(73.8)
Cash Flow From Financing	119.9	(288.8)	(310.9)	(331.4)
Total Cash Generated	(12.8)	8.4	9.6	12.5
Free Cashflow To Firm	(130.3)	299.6	323.2	346.9
Free Cashflow To Equity	(100.2)	276.7	298.4	321.1

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Gross Property Revenue Growth	2.8%	15.6%	7.0%	3.3%
NPI Growth	3.8%	16.3%	6.4%	5.9%
Net Property Income Margin	75.0%	75.4%	75.0%	76.9%
DPS Growth	(4.1%)	15.0%	7.3%	6.5%
Gross Interest Cover	4.14	4.65	4.84	5.00
Effective Tax Rate	0%	0%	0%	0%
Net Dividend Payout Ratio	105%	100%	100%	99%
Current Ratio	0.073	0.079	0.087	0.095
Quick Ratio	0.073	0.079	0.087	0.095
Cash Ratio	0.058	0.065	0.072	0.081
Return On Average Assets	4.35%	5.03%	5.37%	5.68%

Rolling Dividend Yield



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Rental Rate Psf Pm (RM)	N/A	N/A	N/A	N/A
Acq. (less development) (US\$m)	N/A	N/A	N/A	N/A
RevPAR (RM)	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sf)	6,135	6,249	6,249	6,249
Occupancy (%)	77.5%	86.9%	87.0%	87.0%
Assets Under Management (m) (RM)	N/A	N/A	N/A	N/A
Funds Under Management (m) (RM)	N/A	N/A	N/A	N/A

Supermax Corp

SUCB MK / SUPM.KL

Market Cap
US\$397.1m
RM1,388m

Avg Daily Turnover
US\$1.23m
RM4.04m

Free Float
56.0%
679.2 m shares

Current **RM2.05**
Target **RM2.45** 
Prev. Target **RM2.38**
Up/Downside **19.3%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-7.4	0.6	-19.1
Absolute	-12.0	-6.4	-23.8

Major shareholders	% held
Dato' Seri Thai Kim Sim, Stanley	20.5
Datin Seri Tan Bee Geok, Cheryl	15.1
Employee Provident Fund	8.3

Not so fitting

Supermax has under-delivered in the past few quarters mainly due to the fire at one of its plants. It could face margin pressure as all the other rubber glove players are also expanding aggressively.

Supermax lacks transparency, which makes it difficult to track the progress of the company. Its valuations, however, are cheap. Hence, we maintain our Hold call on the stock. Our target price is increased slightly as we raise its target P/E to 12.7x (from 12.4x, 30% discount to Hartalega). This is in line with the higher Hartalega's target P/E which is now pegged to a higher target market P/E. We prefer Kossan.

Expansion spree

The construction of Supermax's plants 10 and 11 have been completed and the first batch of production lines was commissioned in August 2014. When fully commissioned, these two plants will increase the group's nitrile glove capacity from 5.4bn pieces per annum to 12.3bn/annum (53% of the total product capacity). After the full commission of these two plants, Supermax will move on to its Glove City project, with the construction of the first plant targeted to commence in 2015. This project, which will add capacity of ~24bn pieces/year, will be spread over 10-12 years. Aside from these expansion plans, the company also acquired a 100-acre piece of land last year. The plan is to use 60% of the land for the immediate expansion of nitrile capacity while the remaining

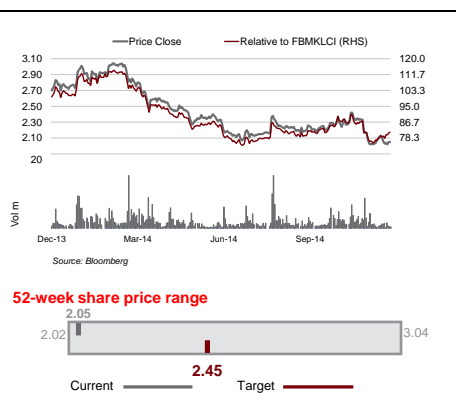
40% will be sold or leased to the glove sector's supporting industries. The new plants on the said land will be developed at a total cost of RM700m-750m. Phase 1 is targeted for completion in 2018, with total capacity of 10.85bn gloves/annum, while phase 2 will be completed in 2022, with total capacity of 4.65bn gloves/annum.

Results have been disappointing

Supermax's results have disappointed since 4Q13 mainly due to the fire at its Alor Gajah plant. The affected plant only resumed full operations towards the end of 2QFY14. Aside from this, the company has claimed that it has been affected by capacity constraints due to the ongoing automation programme. Supermax was also impacted by weak associate profit contribution due to strong competition.

Competition to intensify

We believe competition within the industry will intensify given the large inflow of capacity by all the glove players. In view of this, we expect Supermax, where margins are lower than the peer average, to experience margin pressure.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	997	1,048	1,006	1,181	1,377
Operating EBITDA (RMm)	147.0	165.7	164.0	180.8	200.3
Net Profit (RMm)	121.7	119.7	106.9	117.6	130.4
Core EPS (RM)	0.18	0.18	0.16	0.17	0.19
Core EPS Growth	0.0%	(1.6%)	(10.7%)	10.0%	10.9%
FD Core P/E (x)	11.44	11.63	13.03	11.84	10.68
DPS (RM)	0.050	0.050	0.044	0.048	0.054
Dividend Yield	2.44%	2.44%	2.15%	2.36%	2.62%
EV/EBITDA (x)	9.10	8.04	8.02	7.39	6.74
P/FCFE (x)	42.9	18.6	29.4	126.8	61.0
Net Gearing	18.6%	17.3%	14.2%	15.1%	15.1%
P/BV (x)	1.67	1.55	1.43	1.31	1.21
ROE		13.8%	11.4%	11.6%	11.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.93	0.86	0.85

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,048	1,006	1,181	1,377
Gross Profit	318	305	344	390
Operating EBITDA	166	164	181	200
Depreciation And Amortisation	(27)	(31)	(35)	(38)
Operating EBIT	139	133	146	162
Financial Income/(Expense)	(8)	(8)	(8)	(8)
Pretax Income/(Loss) from Assoc.	17	8	8	8
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	148	133	146	162
Exceptional Items	0	0	0	0
Pre-tax Profit	148	133	146	162
Taxation	(29)	(27)	(29)	(32)
Exceptional Income - post-tax				
Profit After Tax	119	106	117	130
Minority Interests	1	1	1	1
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	120	107	118	130
Recurring Net Profit	120	107	118	130
Fully Diluted Recurring Net Profit	120	107	118	130

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	167	184	162	149
Total Debtors	235	232	257	284
Inventories	193	185	221	261
Total Other Current Assets	2	2	2	2
Total Current Assets	597	604	642	695
Fixed Assets	523	589	655	717
Total Investments	215	215	215	215
Intangible Assets	29	29	29	29
Total Other Non-Current Assets	7	7	7	7
Total Non-current Assets	773	839	905	967
Short-term Debt	196	196	196	196
Current Portion of Long-Term Debt				
Total Creditors	125	122	141	162
Other Current Liabilities				
Total Current Liabilities	321	318	337	357
Total Long-term Debt	127	127	127	127
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	127	127	127	127
Total Provisions	24	24	24	24
Total Liabilities	472	469	488	509
Shareholders' Equity	899	976	1,060	1,154
Minority Interests	(1)	(1)	(1)	(1)
Total Equity	898	975	1,059	1,153

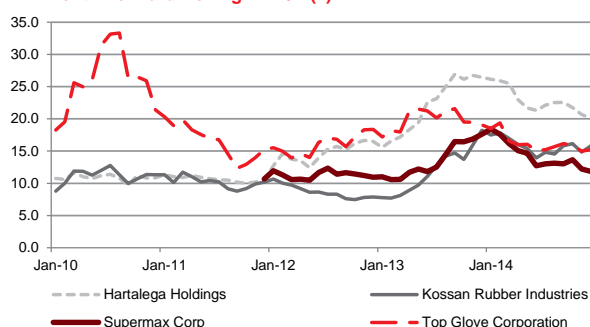
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	165.7	164.0	180.8	200.3
Cash Flow from Inv. & Assoc.		7.6	7.7	7.9
Change In Working Capital	0.7	10.1	(40.6)	(45.2)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0
Other Operating Cashflow	(1.0)	0.0	0.0	0.0
Net Interest (Paid)/Received	(7.6)	(7.6)	(7.6)	(7.6)
Tax Paid	(22.2)	(26.6)	(29.3)	(32.5)
Cashflow From Operations	135.6	147.4	111.0	122.8
Capex	(101.6)	(100.0)	(100.0)	(100.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow				
Cash Flow From Investing	(101.6)	(100.0)	(100.0)	(100.0)
Debt Raised/(repaid)	40.9	0.0	0.0	0.0
Proceeds From Issue Of Shares				
Shares Repurchased	(0.0)	0.0	0.0	0.0
Dividends Paid	(34.0)	(29.9)	(32.9)	(36.5)
Preferred Dividends				
Other Financing Cashflow	(7.6)	(7.6)	(7.6)	(7.6)
Cash Flow From Financing	(0.7)	(37.6)	(40.6)	(44.1)
Total Cash Generated	33.2	9.8	(29.6)	(21.3)
Free Cashflow To Equity	74.8	47.4	11.0	22.8
Free Cashflow To Firm	41.6	55.0	18.6	30.5

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	5.1%	(4.0%)	17.4%	16.6%
Operating EBITDA Growth	12.7%	(1.0%)	10.3%	10.7%
Operating EBITDA Margin	15.8%	16.3%	15.3%	14.5%
Net Cash Per Share (RM)	(0.23)	(0.20)	(0.24)	(0.26)
BVPS (RM)	1.32	1.44	1.56	1.70
Gross Interest Cover	18.21	17.43	19.17	21.24
Effective Tax Rate	19.7%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	22.8%	22.4%	22.4%	22.4%
Accounts Receivables Days	40.04	45.92	41.65	41.89
Inventory Days	106.6	98.3	88.5	89.3
Accounts Payables Days	34.07	30.29	27.27	27.51
ROIC (%)	17.4%	15.4%	15.9%	15.8%
ROCE (%)	11.7%	10.4%	10.7%	11.2%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	5.1%	-0.8%	0.0%	0.0%
Unit sales grth (% , main prod./serv.)	0.0%	-3.2%	17.4%	16.6%
Util. rate (% , main prod./serv.)	83.1%	70.0%	65.0%	60.0%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A

Ta Ann

TAH MK / TAAN.KL

► **Market Cap**
US\$392.2m
 RM1,371m

► **Avg Daily Turnover**
US\$0.23m
 RM0.74m

► **Free Float**
41.5%
 370.7 m shares

Current **RM3.70**
 Target ► **RM4.10**
 Prev. Target **RM4.10**
 Up/Downside **10.8%**

STOCK RATING

ADD

HOLD

REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.2	0.9	-3.3
Absolute	-2.4	-6.1	-8.0

Major shareholders	% held
Mountex Sdn Bhd	20.6
Employees Provident Fund Board	9.1

Unexciting harvest

Ta Ann's palm oil earnings will remain unexciting in the near term, in our view, given that weak CPO prices are likely to persist next year. Its timber earnings may also be affected by lower log production and softening plywood prices.

We maintain our EPS and SOP-based target price of RM4.10. Also unchanged is our Hold recommendation as we feel that the stock is fairly valued. We advocate a switch to First Resources for exposure in the plantations sector.

Weak CPO price to persist ►

Ta Ann's palm oil asset is a bigger driver of its share price than timber as the demand growth prospects for edible oil is much stronger than that for tropical timber. We expect CPO prices to average RM2,460/tonne in 2015, marginally higher than the RM2,403/tonne achieved in 11M14. However, this may not be able to offset the lower Palm Kernel prices, which has fallen 19% YTD, as well as cost inflation due to the spill-over effects from the increase in Indonesia's minimum wage. Almost all of Ta Ann's field workers in its oil palm estates are Indonesians.

Log production is the key timber earnings driver ►

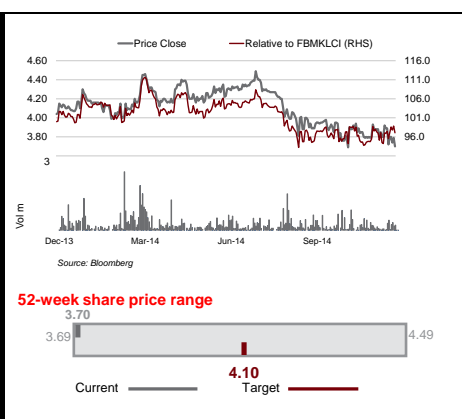
The group expects its log production to grow 29% in 2014 to 520,000m³ as a result of favourable weather and adjustment to its logging programme. It believes that this log production

level can be sustained in the future years. Our forecast is more conservative as we expect the weather to normalise, and thus affect its logging operations. We project a 9% decline in its log production next year. Every 1% increase in log production will increase our 2015 EPS by 0.7%.

Ta Ann's plywood division turned in losses in 3Q14 as a result of weak plywood prices. Plywood prices could remain weak given the subdued outlook on Japan's economy and its demand for tropical plywood.

Higher dividend next year? ►

The group recently declared a 10 sen DPS which brings YTD DPS to 20 sen. This represents a payout ratio of 73%, higher than the 20-49% in the past three years. The company recently announced that its dividend payout may increase in the future as the completion of the new planting of oil palm estates by 2015 will free up more of its cash flows for dividends. Based on our earnings projections, a payout ratio of 73% in 2015 will translate into a dividend yield of 4.4%. This decent dividend yield will provide support to its share price amid the unexciting earnings outlook in the near term.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	790	770	1,075	977	1,124
Operating EBITDA (RMm)	160.4	136.6	237.4	228.7	295.4
Net Profit (RMm)	57.5	92.5	103.6	87.3	121.2
Core EPS (RM)	0.16	0.11	0.28	0.24	0.33
Core EPS Growth	(63%)	(27%)	147%	(16%)	39%
FD Core P/E (x)	23.86	32.65	13.24	15.71	11.32
DPS (RM)	0.05	0.05	0.22	0.12	0.16
Dividend Yield	1.35%	1.35%	5.97%	3.18%	4.42%
EV/EBITDA (x)	10.88	12.15	6.73	6.89	5.08
P/FCFE (x)	294.1	7.5	15.8	12.4	9.8
Net Gearing	34.6%	24.8%	16.8%	14.0%	5.1%
P/BV (x)	1.43	1.36	1.25	1.25	1.17
ROE	6.0%	4.3%	9.9%	8.0%	10.6%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.96	0.73	0.90

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	784	1,105	996	1,143
Gross Profit	190	439	326	396
Operating EBITDA	137	237	229	295
Depreciation And Amortisation	(72)	(73)	(78)	(81)
Operating EBIT	64	165	150	214
Financial Income/(Expense)	(13)	(20)	(19)	(22)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	51	145	132	193
Exceptional Items	62	0	0	0
Pre-tax Profit	113	145	132	193
Taxation	(20)	(36)	(35)	(50)
Exceptional Income - post-tax				
Profit After Tax	93	109	97	143
Minority Interests	(0)	(5)	(10)	(22)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	93	104	87	121
Recurring Net Profit	42	104	87	121
Fully Diluted Recurring Net Profit	42	104	87	121

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	261	329	358	455
Total Debtors	56	78	71	81
Inventories	122	137	138	154
Total Other Current Assets	16	16	16	16
Total Current Assets	454	559	582	706
Fixed Assets	887	858	826	793
Total Investments	0	0	0	0
Intangible Assets	67	67	67	67
Total Other Non-Current Assets	391	419	444	468
Total Non-current Assets	1,345	1,343	1,336	1,327
Short-term Debt	241	241	241	241
Current Portion of Long-Term Debt				
Total Creditors	112	125	126	141
Other Current Liabilities	11	11	11	11
Total Current Liabilities	363	377	378	392
Total Long-term Debt	278	278	278	278
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	25	25	25	25
Total Non-current Liabilities	303	303	303	303
Total Provisions	94	94	94	94
Total Liabilities	760	773	774	789
Shareholders' Equity	1,009	1,094	1,100	1,177
Minority Interests	30	35	45	67
Total Equity	1,039	1,129	1,144	1,244

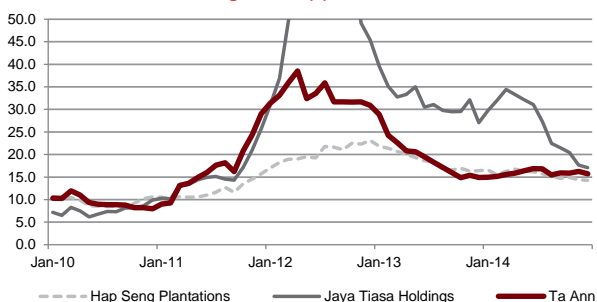
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	136.6	237.4	228.7	295.4
Cash Flow from Inv. & Assoc.				
Change In Working Capital	82.4	(23.4)	7.0	(11.9)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	75.2	0.0	0.0	0.0
Net Interest (Paid)/Received	(0.6)	(19.6)	(18.8)	(21.6)
Tax Paid	(18.0)	(36.3)	(34.7)	(50.0)
Cashflow From Operations	275.7	158.1	182.3	211.9
Capex	(127.2)	(71.4)	(71.4)	(71.4)
Disposals Of FAs/subsidiaries	0.8	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(0.3)	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	(0.0)
Cash Flow From Investing	(126.7)	(71.4)	(71.4)	(71.4)
Debt Raised/(repaid)	34.3	0.0	0.0	0.0
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(37.5)	(18.5)	(81.9)	(43.7)
Preferred Dividends				
Other Financing Cashflow	(15.1)	0.0	0.0	0.0
Cash Flow From Financing	(18.3)	(18.5)	(81.9)	(43.7)
Total Cash Generated	130.7	68.2	29.1	96.9
Free Cashflow To Equity	183.3	86.8	110.9	140.5
Free Cashflow To Firm	154.5	110.3	134.1	165.1

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(2.5%)	39.6%	(9.1%)	15.0%
Operating EBITDA Growth	(14.8%)	73.8%	(3.6%)	29.1%
Operating EBITDA Margin	17.7%	22.1%	23.4%	26.3%
Net Cash Per Share (RM)	(0.69)	(0.51)	(0.43)	(0.17)
BVPS (RM)	2.72	2.95	2.97	3.17
Gross Interest Cover	3.59	6.99	6.49	8.73
Effective Tax Rate	18.0%	25.0%	26.3%	25.9%
Net Dividend Payout Ratio	59.9%	79.0%	50.0%	50.0%
Accounts Receivables Days	25.34	22.71	27.78	24.80
Inventory Days	97.4	70.9	74.7	71.3
Accounts Payables Days	64.52	64.97	68.45	65.35
ROIC (%)	4.4%	11.6%	10.5%	15.1%
ROCE (%)	4.3%	9.9%	8.8%	12.0%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Planted Estates (ha)	36,944	38,944	40,944	42,944
Mature Estates (ha)	27,958	28,718	34,631	36,944
FFB Yield (tonnes/ha)	19.7	20.1	20.6	21.5
FFB Output Growth (%)	4.6%	7.8%	14.5%	18.2%
CPO Price (US\$/tonne)	857	840	850	910

Tan Chong Motor Holdings

TCM MK / TNCS.KL

Market Cap
US\$663.0m
RM2,317m

Avg Daily Turnover
US\$0.12m
RM0.39m

Free Float
49.6%
652.8 m shares

Current **RM3.55**
Target **RM3.95**
Prev. Target **RM3.95**
Up/Downside **11.3%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-11.5	-14.5	-38.1
Absolute	-16.1	-21.5	-42.8

Major shareholders	% held
Tan Chong Consolidated	44.8
Nissan Motor Corp	5.6

Not accelerating in the near term

After a highly successful 2013, 2014 has been disappointing for TCM. 2015 is not expected to be much better. The lack of exciting new models, tougher competition in the industry and uncertainties related to the GST implementation are the major challenges that TCM faces in 2015.

We make no changes to our FY14-16 EPS forecasts, RNAV-based target price and Hold rating on the stock. We believe that 2015 will be another challenging year for the group, as there are no re-rating catalysts in sight. Switch to Berjaya Auto, our top pick for the sector.

New models unlikely to significantly boost sales

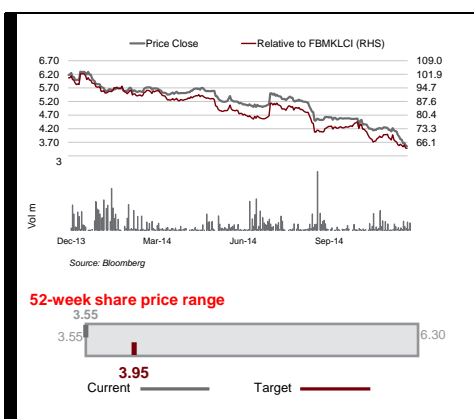
TCM is expected to launch a new facelift model for the Almera in 2015 but we do not expect this model to enjoy the previous model's level of success due to the changes in industry landscape. The recent launches of Perodua Axia and Proton Iriz have caused competition in the highly-competitive A and B segments to rise. TCM is also expected to launch the latest versions of the X-Trail and Navarra, but we are not convinced that they will boost Nissan's sales volume significantly in 2015.

Margins squeezed due to stiff competition

TCM's 2014 earnings performance has been a huge disappointment. Nissan's sales volume plunged 15.9% yoy to 36,689 units in 10M14, making it one of the worst non-national brands in 2014. The sales of the Almera, which was a big success in 2013, were badly hit in 2014 due to the introduction of new models by its competitors in the B-segment, namely the Toyota Vios and Honda City. In order to protect market share and lower its inventory level, TCM resorted to aggressive promotions and discounts, which squeezed its FY14 profit margins. The tougher competition, uncertainties related to the GST implementation in April 2015, tighter credit for hire purchase loans and weaker consumer sentiment are likely to be TCM's main challenges in 2015.

Negatively affected by losses in Indochina and weak RM

TCM's venture into Indochina has not been smooth sailing and its operations there are expected to continue incurring losses for the foreseeable future. As TCM's completely built-up (CBU) models are mainly imported from ASEAN, the weakening RM/US\$ rate would negatively affect its bottomline. We estimate that every 10 sen decline in the RM/US\$ rate would lower TCM's FY15 pretax profit by around RM60m.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	4,086	5,198	4,660	5,891	6,391
Operating EBITDA (RMm)	317.1	651.3	351.0	523.5	591.2
Net Profit (RMm)	158.0	377.3	102.9	227.4	283.5
Core EPS (RM)	0.24	0.63	0.16	0.35	0.43
Core EPS Growth	(27%)	169%	(75%)	121%	24%
FD Core P/E (x)	15.10	5.61	22.52	10.19	8.20
DPS (RM)	0.12	0.15	0.19	0.22	0.22
Dividend Yield	3.38%	4.23%	5.35%	6.20%	6.20%
EV/EBITDA (x)	9.27	5.05	8.52	6.32	5.62
P/FCFE (x)	15.97	NA	7.74	NA	16.60
Net Gearing	29.6%	36.2%	25.7%	35.7%	34.0%
P/BV (x)	1.23	0.86	0.85	0.82	0.77
ROE	8.4%	18.0%	3.8%	8.2%	9.7%
CIMB/consensus EPS (x)			0.80	1.10	1.13

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	5,198	4,660	5,891	6,391
Gross Profit	1,333	1,066	1,224	1,350
Operating EBITDA	651	351	524	591
Depreciation And Amortisation	(81)	(154)	(158)	(162)
Operating EBIT	570	197	365	429
Financial Income/(Expense)	(31)	(32)	(35)	(36)
Pretax Income/(Loss) from Assoc.	4	3	3	3
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	542	167	334	397
Exceptional Items	(56)	0	0	1
Pre-tax Profit	486	167	334	398
Taxation	(124)	(49)	(83)	(99)
Exceptional Income - post-tax				
Profit After Tax	362	119	250	299
Minority Interests	15	(16)	(23)	(15)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	377	103	227	284
Recurring Net Profit	419	103	227	283
Fully Diluted Recurring Net Profit	419	103	227	283

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	480	813	555	605
Total Debtors	587	627	809	895
Inventories	1,726	1,152	1,458	1,580
Total Other Current Assets	0	0	0	0
Total Current Assets	2,793	2,593	2,822	3,080
Fixed Assets	1,693	1,739	1,780	1,818
Total Investments	406	469	470	471
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	113	113	113	113
Total Non-current Assets	2,212	2,320	2,363	2,402
Short-term Debt	1,118	1,174	1,233	1,295
Current Portion of Long-Term Debt				
Total Creditors	618	436	551	598
Other Current Liabilities	27	37	15	25
Total Current Liabilities	1,763	1,647	1,799	1,918
Total Long-term Debt	339	339	339	339
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	199	199	199	199
Total Non-current Liabilities	538	538	538	538
Total Provisions	0	0	0	0
Total Liabilities	2,301	2,185	2,336	2,456
Shareholders' Equity	2,709	2,719	2,839	3,014
Minority Interests	(7)	9	10	11
Total Equity	2,702	2,728	2,848	3,025

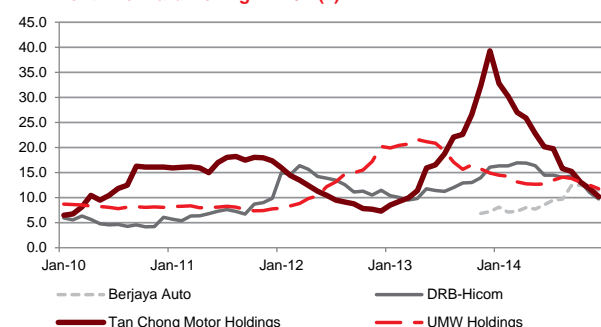
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	651.3	351.0	523.5	591.2
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(451.5)	350.4	(371.4)	(162.0)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(313.9)	(152.9)	(54.3)	(89.1)
Net Interest (Paid)/Received	17.4	19.9	19.4	20.5
Tax Paid	(112.5)	(124.5)	(48.6)	(83.4)
Cashflow From Operations	(209.2)	443.9	68.6	277.2
Capex	(241.5)	(200.0)	(200.0)	(200.0)
Disposals Of FAs/subsidiaries	217.1	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(113.1)	0.0	0.0	0.0
Other Investing Cashflow	0.0	(0.3)	(0.3)	(0.3)
Cash Flow From Investing	(137.6)	(200.3)	(200.3)	(200.3)
Debt Raised/(repaid)	26.7	55.9	58.7	62.6
Proceeds From Issue Of Shares	(0.0)	0.0	0.0	1.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(103.1)	(29.4)	(93.0)	(107.7)
Preferred Dividends				
Other Financing Cashflow	0.0	(7.8)	14.0	15.0
Cash Flow From Financing	(76.4)	18.7	(20.4)	(29.1)
Total Cash Generated	(423.2)	262.4	(152.0)	47.9
Free Cashflow To Equity	(320.1)	299.6	(73.0)	139.6
Free Cashflow To Firm	(346.8)	243.7	(131.7)	77.0

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	27.2%	(10.4%)	26.4%	8.5%
Operating EBITDA Growth	105%	(46%)	49%	13%
Operating EBITDA Margin	12.5%	7.5%	8.9%	9.3%
Net Cash Per Share (RM)	(1.50)	(1.07)	(1.56)	(1.58)
BVPS (RM)	4.15	4.16	4.35	4.62
Gross Interest Cover	11.74	3.78	6.76	7.65
Effective Tax Rate	25.6%	29.0%	25.0%	24.9%
Net Dividend Payout Ratio	20.2%	61.4%	34.7%	28.2%
Accounts Receivables Days	37.11	47.55	44.49	48.78
Inventory Days	148.1	146.2	102.1	110.3
Accounts Payables Days	52.96	53.53	38.60	41.72
ROIC (%)	18.7%	4.2%	8.7%	9.0%
ROCE (%)	15.6%	5.2%	8.9%	9.9%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	29.5%	-6.0%	34.9%	9.3%
Util. rate (% , main prod./serv.)	80.0%	80.0%	80.0%	80.0%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod./serv.)	N/A	N/A	N/A	N/A

Tasek Corporation

TC MK / TKCS.KL

► **Market Cap**
US\$551.0m
 RM1,926m

► **Avg Daily Turnover**
US\$0.06m
 RM0.18m

► **Free Float**
14.7%
 123.6 m shares

Current **RM15.90**
 Target **RM16.46**
 Prev. Target **RM16.85**
 Up/Downside **3.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-2.5	10.2	9.3
Absolute	-7.1	3.2	4.6

Major shareholders	% held
HL Cement (M) Sdn Bhd	72.8
Aberdeen Asset Management	12.5

Still facing a competitive market

The expected 4-5% domestic cement demand growth in 2015 is positive for Tasek's sales volume but the environment of price competition and rising operating costs remains the dampener. This scenario is more challenging for smaller players like Tasek.

The ability to pass on the higher cost is limited to the industry-wide rebates triggered by the oversupply situation. We trim our target price as we apply a lower CY15 P/BV multiple of 1.89x (1.94x before), based on an unchanged 10% discount to Lafarge's lower 1-year P/BV average. Maintain Hold in view of the decent dividend yield of 5-6%. Switch to contractors.

Price competition likely to intensify ►

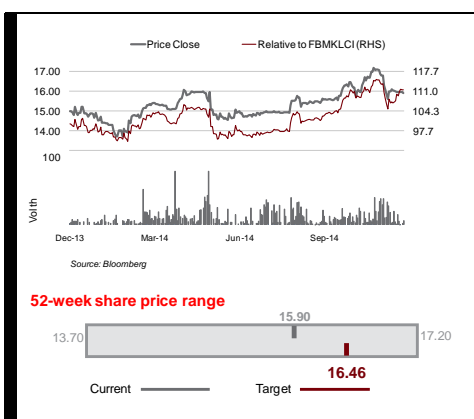
The existing oversupply scenario in the domestic cement market has made it a challenge for local cement producers to benefit from the buoyant demand from property and infrastructure projects. Industry players concur that competitive pressures are likely to increase as the market enters 2015. This is also because of the ramp-up in launches by selected property developers ahead of the implementation of the GST in Apr 15. This situation is likely to further erode the pricing power of relatively smaller players like Tasek, which, despite announcing a recent c.9% increase in list prices, is still experiencing margin pressures.

Positive demand outlook ►

The outlook for upcoming projects remains good but will depend on the timing of the rollout of major infra projects. The gap is likely to be filled by residential and commercial projects in the earlier part of 2015, when most of the new infrastructure jobs will not be implemented yet. The upcoming large-scale commercial buildings, such as the Tun Razak Exchange (TRX) and the Warisan Merdeka Tower (118 storeys), are still in the early stages of planning and construction. The rollout of the RM25bn MRT 2 project is only projected for mid-2016 as the calling of tenders is expected to take place at end-2015. Based on our industry checks, the general expectation for overall cement demand growth is c.4% in 2014 compared to 5-6% in 2013.

Cost risks ►

Competition is likely to spill over into 2015 and offset the benefits of the estimated c.9% increase in Tasek's list prices effective Jul 2014. Margin expansion potential is also capped by higher operating costs (16.9% hike in electricity tariffs and removal of fuel subsidies).



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	564.5	624.5	629.9	650.6	661.9
Operating EBITDA (RMm)	133.9	150.7	151.7	155.5	164.2
Net Profit (RMm)	91.9	93.9	100.4	102.7	109.4
Core EPS (RM)	0.74	0.76	0.81	0.82	0.87
Core EPS Growth	(19.8%)	2.2%	6.9%	1.5%	5.7%
FD Core P/E (x)	21.40	20.93	19.58	19.21	18.18
DPS (RM)	1.20	1.52	0.90	0.80	0.80
Dividend Yield	7.55%	9.56%	5.66%	5.03%	5.03%
EV/EBITDA (x)	10.51	8.67	8.14	7.58	6.76
P/FCFE (x)	18.28	15.67	15.40	15.19	14.05
Net Gearing	(48.5%)	(65.4%)	(69.9%)	(74.0%)	(78.8%)
P/BV (x)	2.06	1.95	1.88	1.83	1.77
ROE	9.50%	9.57%	9.77%	9.64%	9.90%
% Change In Core EPS Estimates			(0%)	0%	0%
CIMB/consensus EPS (x)			1.00	1.01	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	624.5	629.9	650.6	661.9
Gross Profit	211.3	213.2	226.8	237.5
Operating EBITDA	150.7	151.7	155.5	164.2
Depreciation And Amortisation	(39.3)	(39.3)	(39.3)	(39.3)
Operating EBIT	111.4	112.4	116.2	125.0
Financial Income/(Expense)	21.1	23.3	24.5	27.0
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	132.5	135.7	140.7	152.0
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	132.5	135.7	140.7	152.0
Taxation	(38.6)	(35.3)	(38.0)	(42.6)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0
Profit After Tax	93.9	100.4	102.7	109.4
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0.0	0.0	0.0	0.0
Net Profit	93.9	100.4	102.7	109.4
Recurring Net Profit	93.9	100.4	102.7	109.4
Fully Diluted Recurring Net Profit	93.9	100.4	102.7	109.4

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	663	734	807	891
Total Debtors	86	86	89	91
Inventories	137	138	143	91
Total Other Current Assets	0	0	0	0
Total Current Assets	886	959	1,040	1,073
Fixed Assets	353	354	354	353
Total Investments	0	0	0	0
Intangible Assets	1	1	1	1
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	354	355	355	354
Short-term Debt	3	3	4	4
Current Portion of Long-Term Debt				
Total Creditors	86	86	89	91
Other Current Liabilities	0	0	0	0
Total Current Liabilities	89	90	94	95
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	117	155	194	185
Total Non-current Liabilities	117	155	194	185
Total Provisions	24	23	22	21
Total Liabilities	231	268	309	301
Shareholders' Equity	1,009	1,045	1,085	1,126
Minority Interests	0	0	0	0
Total Equity	1,009	1,045	1,085	1,126

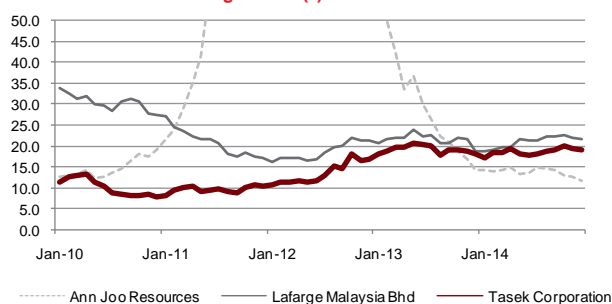
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	150.7	151.7	155.5	164.2
Cash Flow from Inv. & Assoc.				
Change In Working Capital	1.7	1.2	(2.8)	(1.5)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	16.0	17.8	19.6	21.7
Net Interest (Paid)/Received	0.0	0.0	0.0	0.0
Tax Paid	(3.4)	(3.5)	(3.8)	(4.3)
Cashflow From Operations	164.9	167.1	168.5	180.1
Capex	(40.0)	(40.0)	(39.0)	(39.0)
Disposals Of FAs/subsidiaries	0.5	0.5	0.5	0.5
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(39.5)	(39.5)	(38.5)	(38.5)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(61.8)	(61.8)	(62.3)	(62.8)
Preferred Dividends				
Other Financing Cashflow	5.0	5.4	4.8	5.3
Cash Flow From Financing	(56.8)	(56.4)	(57.5)	(57.6)
Total Cash Generated	68.7	71.2	72.5	84.0
Free Cashflow To Equity	125.4	127.6	130.0	141.6
Free Cashflow To Firm	125.4	127.6	130.0	141.6

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	10.6%	0.9%	3.3%	1.7%
Operating EBITDA Growth	12.5%	0.7%	2.5%	5.6%
Operating EBITDA Margin	24.1%	24.1%	23.9%	24.8%
Net Cash Per Share (RM)	5.34	5.91	6.45	7.06
BVPS (RM)	8.16	8.46	8.71	8.97
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	29.2%	26.0%	27.0%	28.0%
Net Dividend Payout Ratio	65.8%	61.6%	60.7%	57.4%
Accounts Receivables Days	44.06	49.79	49.20	49.71
Inventory Days	105.4	120.4	120.9	100.6
Accounts Payables Days	68.23	75.25	75.54	77.52
ROIC (%)	25.9%	22.9%	23.6%	25.1%
ROCE (%)	13.1%	12.9%	12.9%	13.4%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Domestic ASP (% Change)	0.0%	0.0%	0.3%	0.3%
Domestic Vol. Sales Growth (%)	0.0%	0.0%	1.5%	0.0%
Export ASP (% Change)	0.0%	0.0%	0.6%	0.6%
Export Vol. Sales Growth (%)	0.0%	0.0%	1.5%	0.0%
Utilisation Rate (%)	65.0%	65.0%	66.0%	66.0%
Unit Raw Material ASP (% Change)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

Telekom Malaysia

T MK / TLMM.KL

Market Cap
US\$7,065m
RM24,697m

Avg Daily Turnover
US\$13.68m
RM45.22m

Free Float
47.7%
3,577 m shares

Current **RM6.64**
Target **RM6.00**
Prev. Target **RM6.00**
Up/Downside **-9.6%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analysts

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-3.6	11.6	29.7
Absolute	-8.2	4.6	25.0

Major shareholders	% held
Khazanah Nasional	28.8
Employees Provident Fund	15.1
Amanah Saham Bumi	11.9

Too much optimism priced in

UniFi net additions are slowing and we think that the market is too optimistic on TM's acquisition of P1 and its expansion into full-fledged mobile services. The government grant for HSBB-2 is positive but unlikely sufficient to justify the recent spike in TM's share price.

We forecast EBITDA to rise at a modest 2.1% yoy in FY15, on lower margins due to dilution from the full-year consolidation of P1. Core net profit is expected to rise at a faster rate of 7.5% yoy due to flattish depreciation costs. Maintain Reduce with unchanged DCF-based target price of RM6.00 (WACC: 8.0%). TM's FY15 EV/operating FCF of 16.8x is below its Malaysian telco peers but is justified due to its lower FY14-16 dividend yields of 3.2-3.7%. We prefer Axiata Group for Malaysian telcos.

P1 will not lift TM's earnings

TM recently completed the acquisition of a 55.3% stake in WIMAX-based operator P1 for RM350m cash. It has also subscribed to RM210m exchangeable bonds issued by P1's major shareholder, Green Packet (GP), and will invest 60% in RM1.65bn convertible bonds to fund P1's nationwide LTE rollout over the next four years. We believe that TM will not see any significant earnings uplift from its acquisition of P1 in the near-to-medium term. Even once the network is fully rolled out, we think that it would not be easy for TM to capture a significant share of the mobile market, as the market is highly penetrated and competitive, especially

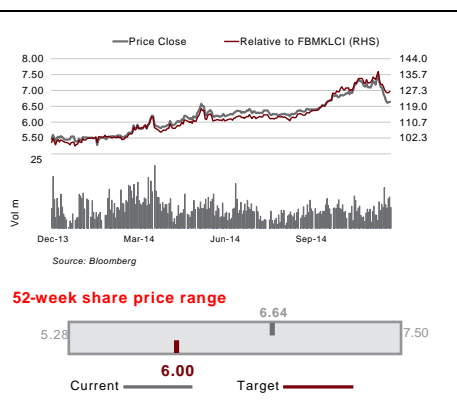
in the lower-to mid-range segment.

HSBB-2 grant is positive

We expect the government to give TM the go-ahead for Phase 2 of the High-Speed Broadband (HSBB-2) project soon. HSBB-2 is expected to cost RM1.8bn and extend the network's coverage to 1.75m premises by 2017. While the exact quantum of government grant has not been revealed, we have assumed that TM will receive a 50% grant in the first three years of HSBB-2 rollout. This percentage is equivalent to the government's capex contribution in the first five years of TM's HSBB-1 rollout. In the unlikely event that TM receives a full government grant, this would add 20 sen to our DCF-based target price.

UniFi net additions slowing

UniFi net additions have continued to slow significantly from a peak of 79,000 in 1Q12 to 27,000 in 3Q14. We believe that this is because the UniFi penetration rate of 44% is relatively high and the expensive subscription fees [RM149/month (US\$44) for the basic 5Mbps package] limits demand beyond key city centres. We have assumed that UniFi net additions will pick up to 29,000-31,000 per quarter in FY15-16 on the back of HSBB-2.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	9,994	10,629	11,197	11,751	12,140
Operating EBITDA (RMm)	3,195	3,519	3,628	3,703	3,776
Operating EBITDA Margin	32.0%	33.1%	32.4%	31.5%	31.1%
Net Profit (RMm)	1,264	1,012	839	902	979
Core EPS (RM)	0.25	0.29	0.23	0.25	0.27
Core EPS Growth	38.4%	17.9%	(19.2%)	7.5%	8.6%
FD Core P/E (x)	26.96	22.87	28.31	26.34	24.25
DPS (RM)	0.22	0.26	0.21	0.23	0.25
Dividend Yield	3.31%	3.93%	3.18%	3.42%	3.71%
EV/EBITDA (x)	8.55	7.91	7.66	7.36	7.06
P/FCFE (x)	17.73	NA	51.78	24.90	20.77
Net Gearing	48.2%	54.0%	59.3%	56.4%	51.5%
ROE	12.3%	14.8%	11.7%	12.4%	13.3%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.99	0.94	0.93

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	10,750	11,347	11,901	12,290
Gross Profit	10,750	11,347	11,901	12,290
Operating EBITDA	3,519	3,628	3,703	3,776
Depreciation And Amortisation	(2,160)	(2,287)	(2,265)	(2,243)
Operating EBIT	1,359	1,341	1,438	1,533
Financial Income/(Expense)	(226)	(173)	(182)	(169)
Pretax Income/(Loss) from Assoc.	4	4	4	4
Non-Operating Income/(Expense)	(105)	0	0	0
Profit Before Tax (pre-EI)	1,032	1,172	1,260	1,368
Exceptional Items	14	0	0	0
Pre-tax Profit	1,046	1,172	1,260	1,368
Taxation	2	(293)	(315)	(342)
Exceptional Income - post-tax				
Profit After Tax	1,048	879	945	1,026
Minority Interests	(36)	(40)	(43)	(47)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,012	839	902	979
Recurring Net Profit	1,039	839	902	979
Fully Diluted Recurring Net Profit	1,039	839	902	979

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	2,515	2,050	2,195	2,491
Total Debtors	2,289	2,447	2,523	2,612
Inventories	154	172	174	185
Total Other Current Assets	765	765	765	765
Total Current Assets	5,722	5,434	5,657	6,053
Fixed Assets	14,572	14,428	14,286	14,143
Total Investments	110	674	1,107	1,433
Intangible Assets	320	320	320	320
Total Other Non-Current Assets	422	422	422	422
Total Non-current Assets	15,424	15,845	16,135	16,318
Short-term Debt	1,590	1,590	1,590	1,590
Current Portion of Long-Term Debt				
Total Creditors	3,173	3,998	3,618	4,292
Other Current Liabilities	1,008	1,008	1,008	1,008
Total Current Liabilities	5,771	6,596	6,215	6,889
Total Long-term Debt	4,865	4,865	4,865	4,865
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	3,212	2,395	3,156	2,916
Total Non-current Liabilities	8,077	7,260	8,021	7,781
Total Provisions	0	0	0	0
Total Liabilities	13,847	13,856	14,236	14,670
Shareholders' Equity	7,137	7,221	7,311	7,409
Minority Interests	163	202	245	292
Total Equity	7,299	7,423	7,556	7,701

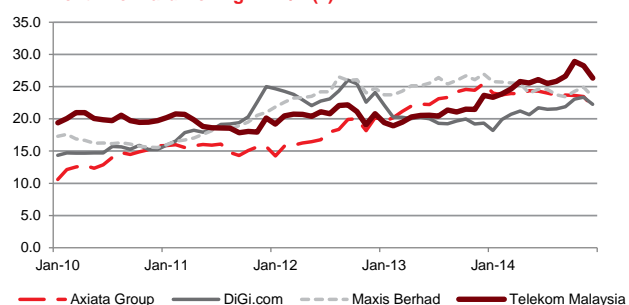
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	3,519	3,628	3,703	3,776
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(529)	0	0	0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	242	0	0	0
Net Interest (Paid)/Received	(364)	(310)	(310)	(310)
Tax Paid	(73)	(293)	(315)	(342)
Cashflow From Operations	2,796	3,025	3,078	3,124
Capex	(2,415)	(2,144)	(2,123)	(2,100)
Disposals Of FAs/subsidiaries	6	0	0	0
Acq. Of Subsidiaries/investments	(141)	(560)	(429)	(322)
Other Investing Cashflow	188	137	427	441
Cash Flow From Investing	(2,362)	(2,567)	(2,124)	(1,981)
Debt Raised/(repaid)	(830)	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased				
Dividends Paid	(787)	(923)	(809)	(847)
Preferred Dividends				
Other Financing Cashflow	(38)	0	0	0
Cash Flow From Financing	(1,655)	(923)	(809)	(847)
Total Cash Generated	(1,222)	(464)	145	296
Free Cashflow To Equity	(397)	459	954	1,143
Free Cashflow To Firm	797	769	1,264	1,453

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	6.36%	5.35%	4.95%	3.31%
Operating EBITDA Growth	10.2%	3.1%	2.1%	2.0%
Operating EBITDA Margin	33.1%	32.4%	31.5%	31.1%
Net Cash Per Share (RM)	(1.10)	(1.23)	(1.19)	(1.11)
BVPS (RM)	1.99	2.02	2.04	2.07
Gross Interest Cover	3.66	4.33	4.64	4.95
Effective Tax Rate	0.0%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	93.6%	90.0%	90.0%	90.0%
Accounts Receivables Days	77.19	77.19	77.19	77.40
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	7.12%	6.73%	7.64%	7.96%
ROCE (%)	10.8%	10.7%	11.2%	11.9%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Group Mobile Subscribers (m)	N/A	N/A	N/A	N/A
Group Fixed Voice Subscribers (m)	3.74	3.60	3.45	3.32
Grp fixed brdband subscribers (m)	0.64	0.71	0.83	0.95
Group Pay TV Subs (m)	N/A	N/A	N/A	N/A
Group Mobile ARPU (US\$/mth)	N/A	N/A	N/A	N/A
Grp fixed voice ARPU (US\$/mth)	31.8	30.2	29.0	27.9
Grp fixed brdband ARPU (US\$/mth)	182	187	192	196
Group Pay TV ARPU (US\$/mth)	N/A	N/A	N/A	N/A

Tenaga Nasional

TNB MK / TENA.KL

➤ **Market Cap**
US\$22,377m
 RM78,220m

➤ **Avg Daily Turnover**
US\$32.48m
 RM107.6m

➤ **Free Float**
39.8%
 5,451 m shares

Current **RM13.86**
 Target ➤ **RM13.62**
 Prev. Target **RM13.62**
 Up/Downside **-1.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	11.2	18.2	30.7
Absolute	6.6	11.2	26

Major shareholders	% held
Khazanah Nasional	35.6
Employees Provident Fund	14.7
Skim ASB	9.9

Outlook stable for now

Given the falling energy prices, Tenaga stands to benefit as its fuel costs are expected to be lower. However, we believe that it still faces fuel cost risks given that it is still not fully certain if the government will allow it to pass on any jumps in fuel costs in the long run.

Our target price remains unchanged at RM13.62, based on 12.9x FY16 EPS. Our target P/E is based on a 20% discount to our FBM KLCI's end-2015 target P/E of 16.5x. We maintain our Hold call on the stock as we think its long-term earnings risk is still present.

Things are looking good for now ➤

In light of the falling energy prices and the recent utilisation of IPP savings to cover higher fuel costs, we think Tenaga's outlook for the first half of 2015 should remain robust. The coal power plant outages are expected to be completely resolved in 2015 as well, thus reducing its reliance on natural gas, which is more expensive than coal. Furthermore, the prices of natural gas itself have softened, along with other global energy prices, such as crude oil. While things are looking good for Tenaga now, we think there are certain risks that have to be considered.

No tariff hike until Jun 2015 ➤

Together with the announcement of the utilisation of IPP savings to offset Tenaga's higher fuel costs, the

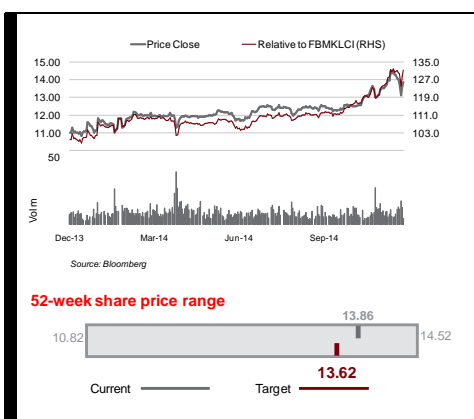
government also mentioned that there will be no electricity tariff hike until Jun 2015, although we note that Tenaga might not need it as fuel costs are going down. However, it still brings up the longer-term risk of whether Tenaga's fuel costs can be passed on to consumers fluidly when fuel costs start to hit its earnings.

Forex losses possible in 2015 ➤

The weaker RM against other currencies could have a negative impact on Tenaga's earnings in 2015 as it has around RM3.7bn and RM2.8bn of yen- and US\$-denominated debt, respectively. This accounts for 16.4% and 12.3% of its total debt profile, respectively. A weaker RM against these currencies could see higher interest cost for Tenaga.

Overall, earnings still at risk ➤

We think Tenaga's 20% discount to our target market P/E of 16.5x for end-2015 still applies as its earnings remain cloudy given the weaker RM and uncertainty pertaining to its fuel cost pass-through.



Financial Summary

	Aug-12A	Aug-13A	Aug-14A	Aug-15F	Aug-16F
Revenue (RMm)	35,848	37,131	42,792	44,992	46,965
Operating EBITDA (RMm)	9,270	10,459	11,400	12,386	13,130
Net Profit (RMm)	3,196	4,122	4,690	5,210	5,717
Core EPS (RM)	0.54	0.79	0.93	0.96	1.06
Core EPS Growth	322%	47%	17%	4%	10%
FD Core P/E (x)	25.79	17.49	14.96	14.37	13.10
DPS (RM)	0.27	0.37	0.43	0.49	0.54
Dividend Yield	1.93%	2.65%	3.10%	3.54%	3.87%
EV/EBITDA (x)	9.41	8.37	7.55	6.81	6.31
P/FCFE (x)	11.35	47.77	60.04	37.90	33.65
Net Gearing	36.6%	35.3%	27.5%	23.1%	19.4%
P/BV (x)	2.31	2.18	1.92	1.92	1.92
ROE	9.3%	12.8%	13.6%	13.3%	14.6%
CIMB/consensus EPS (x)				0.91	0.94

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Aug-13A	Aug-14A	Aug-15F	Aug-16F
Total Net Revenues	37,131	42,792	44,992	46,965
Gross Profit	5,268	10,742	11,442	12,236
Operating EBITDA	10,459	11,400	12,386	13,130
Depreciation And Amortisation	(4,258)	(4,624)	(4,672)	(4,753)
Operating EBIT	6,201	6,776	7,714	8,378
Financial Income/(Expense)	(717)	(655)	(736)	(744)
Pretax Income/(Loss) from Assoc.	59	65	72	79
Non-Operating Income/(Expense)	0	(445)	(142)	(139)
Profit Before Tax (pre-EI)	5,544	5,741	6,908	7,574
Exceptional Items	(190)	(356)	1	1
Pre-tax Profit	5,354	5,385	6,909	7,575
Taxation	(1,225)	(688)	(1,692)	(1,851)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	4,129	4,697	5,217	5,724
Minority Interests	(7)	(7)	(7)	(7)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0	0	0	0
Net Profit	4,122	4,690	5,210	5,717
Recurring Net Profit	4,320	5,050	5,258	5,765
Fully Diluted Recurring Net Profit	4,320	5,050	5,258	5,765

Balance Sheet

(RMm)	Aug-13A	Aug-14A	Aug-15F	Aug-16F
Total Cash And Equivalents	8,352	8,352	8,352	8,352
Total Debtors	4,555	5,391	5,671	5,921
Inventories	2,759	3,265	3,434	3,586
Total Other Current Assets	111	111	111	111
Total Current Assets	15,778	17,120	17,569	17,971
Fixed Assets	68,020	73,962	74,452	75,615
Total Investments	494	526	562	602
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	864	864	864	864
Total Non-current Assets	69,378	75,352	75,878	77,080
Short-term Debt	2,344	2,378	2,412	2,446
Current Portion of Long-Term Debt				
Total Creditors	7,386	8,914	9,258	9,607
Other Current Liabilities	1,202	1,383	1,394	1,466
Total Current Liabilities	10,932	12,675	13,064	13,520
Total Long-term Debt	18,291	16,858	15,058	13,565
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	12,392	13,149	14,004	14,974
Total Non-current Liabilities	30,683	30,007	29,062	28,539
Total Provisions	8,740	10,243	11,766	13,433
Total Liabilities	50,356	52,925	53,893	55,491
Shareholders' Equity	34,694	39,434	39,434	39,434
Minority Interests	106	113	120	127
Total Equity	34,800	39,547	39,554	39,561

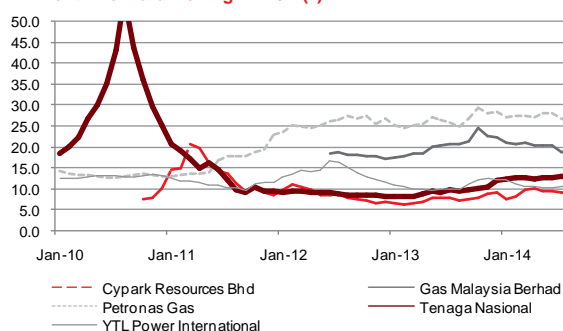
Cash Flow

(RMm)	Aug-13A	Aug-14A	Aug-15F	Aug-16F
EBITDA	10,459	11,400	12,386	13,130
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(670)	185	(104)	(54)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0	0	0	0
Net Interest (Paid)/Received	(926)	(865)	(945)	(953)
Tax Paid	(563)	(1,064)	(577)	(1,419)
Cashflow From Operations	8,300	9,657	10,760	10,704
Capex	(7,000)	(7,000)	(7,000)	(7,000)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(7,000)	(7,000)	(7,000)	(7,000)
Debt Raised/(repaid)	282	(1,398)	(1,766)	(1,459)
Proceeds From Issue Of Shares	98	98	98	98
Shares Repurchased	(8)	(8)	(8)	(8)
Dividends Paid	(2,005)	(2,345)	(2,675)	(2,927)
Preferred Dividends				
Other Financing Cashflow	264	264	264	264
Cash Flow From Financing	(1,369)	(3,389)	(4,087)	(4,032)
Total Cash Generated	(69)	(732)	(328)	(328)
Free Cashflow To Equity	1,581	1,258	1,993	2,245
Free Cashflow To Firm	2,226	3,521	4,705	4,657

Key Ratios

	Aug-13A	Aug-14A	Aug-15F	Aug-16F
Revenue Growth	3.6%	15.2%	5.1%	4.4%
Operating EBITDA Growth	12.8%	9.0%	8.7%	6.0%
Operating EBITDA Margin	28.2%	26.6%	27.5%	28.0%
Net Cash Per Share (RM)	(2.25)	(2.00)	(1.67)	(1.41)
BVPS (RM)	6.37	7.23	7.23	7.23
Gross Interest Cover	6.69	7.84	8.16	8.79
Effective Tax Rate	22.9%	12.8%	24.5%	24.4%
Net Dividend Payout Ratio	46.5%	46.5%	51.4%	51.2%
Accounts Receivables Days	23.12	22.37	23.67	23.82
Inventory Days	30.94	34.30	36.44	36.99
Accounts Payables Days	65.17	69.77	74.31	74.73
ROIC (%)	7.31%	7.50%	7.89%	8.50%
ROCE (%)	10.3%	10.5%	11.5%	12.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Aug-13A	Aug-14A	Aug-15F	Aug-16F
Power Despatched (GWh)	111,276.1	116,283.5	121,516.3	126,984.5
Capacity (MW)	21,872.3	21,872.3	21,872.3	21,872.3
Average Capacity Utilisation (%)	58.1%	60.7%	63.4%	66.3%
Avg tariff/ASP per kwh (% chg)	0.0%	10.1%	4.6%	0.0%
Fuel Cost Per Kwh (% Change)	N/A	N/A	N/A	N/A
Industry Reserve Margin (%)	25.4%	19.4%	13.7%	8.3%

TH Heavy Engineering

RH MK / THHE.KL

► **Market Cap**
US\$111.2m
 RM388.9m

► **Avg Daily Turnover**
US\$1.74m
 RM5.75m

► **Free Float**
59.3%
 1,241 m shares

Current **RM0.35**
 Target **RM0.43** ►
 Prev. Target **RM0.43**
 Up/Downside **21.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-36.1	-50.3	-55.1
Absolute	-40.7	-57.3	-59.8

Major shareholders	% held
Lembaga Tabung Haji	31.6
Tan Sri Quek Leng Chan	9.1

A lightweight FY15

Notwithstanding the start of FPSO modules fabrication in FY15 and that the Sepat CPP contract is still up for grabs, THHE's fabrication outlook appears unexciting. Nonetheless, the work on the FPSO modules will help to keep the yard utilisation going.

We continue to value the stock at 14.8x CY16 P/E, still at a 30% discount to the P/E of the oil & gas big caps pending a review of our valuations. We maintain our Reduce call, with the slower fabrication order book replenishment as a potential de-rating catalyst. Switch to Perdana, our top pick among the oil & gas small caps.

A loss-making FY14 ►

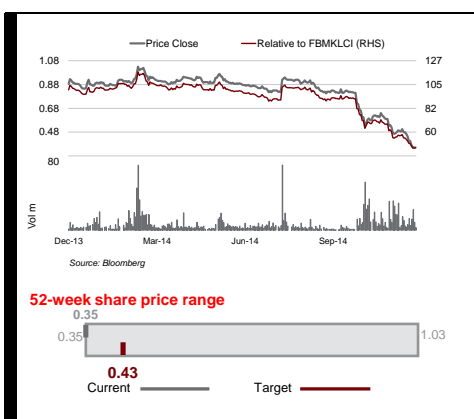
We are disappointed that THHE is expected to end FY14 on a net loss as the company had failed to secure two large central processing platform (CPP) fabrication projects worth an estimated US\$1bn each – namely Bergading and Baronia – which were instead awarded to a foreign company. The outlook is increasingly challenging for the local fabricators as their foreign counterparts seem to have a pricing advantage. A contract for Sepat CPP, estimated to be worth US\$1.6bn, is still up for grabs and THHE has expressed its interest in the contract, but we have not factored it into our forecasts.

FPSO works start in FY15 ►

The saving grace for THHE is its presence in the floating production, storage and offloading (FPSO) segment. In May 2014, the company secured an 8-year US\$372m (RM1.3bn) FPSO contract, awarded by Nippon Oil for work at Sarawak's Layang field. The contract comes with a 10-year extension option. The fabrication of FPSO modules will start in 1Q15 at the Pulau Indah yard, thus mitigating the deterioration in the fabrication order book.

Depleting fabrication order book ►

As at 30 Sep 2014, THHE had a fabrication order book of RM180m, down from RM400m in Jul 2014. Excluding Lundin's RM120m Bertam wellhead platform project which is close to completion, THHE has only one sizeable fabrication job left, the Petronas Carigali's Kinabalu topside project slated for completion in Aug 2015.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	190.4	259.9	109.2	278.4	316.9
Operating EBITDA (RMm)	34.94	0.16	(18.44)	54.20	72.51
Net Profit (RMm)	24.17	8.19	(21.87)	26.71	33.12
Core EPS (RM)	0.052	0.010	(0.018)	0.022	0.027
Core EPS Growth	0%	(82%)	(283%)	NA	24%
FD Core P/E (x)	6.72	45.84	NA	19.14	15.44
DPS (RM)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	9	2,674	NA	10	6
P/FCFE (x)	NA	NA	NA	NA	NA
Net Gearing	49.0%	32.8%	29.3%	15.2%	3.7%
P/BV (x)	0.52	1.00	0.95	0.83	0.71
ROE		2.19%	(4.90%)	5.46%	5.87%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			(1.36)	0.43	0.76

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	259.9	109.2	278.4	316.9
Gross Profit	44.4	16.4	89.1	82.4
Operating EBITDA	0.2	(18.4)	54.2	72.5
Depreciation And Amortisation	(8.9)	(18.8)	(30.3)	(34.3)
Operating EBIT	(8.7)	(37.2)	23.9	38.2
Financial Income/(Expense)	2.7	(2.4)	(4.0)	(6.7)
Pretax Income/(Loss) from Assoc.	5.0	20.0	20.0	20.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	(1.0)	(19.6)	39.9	51.5
Exceptional Items				
Pre-tax Profit	(1.0)	(19.6)	39.9	51.5
Taxation	2.5	(1.0)	(3.9)	(5.2)
Exceptional Income - post-tax				
Profit After Tax	1.6	(20.6)	36.0	46.3
Minority Interests	6.6	(1.3)	(9.2)	(13.2)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	8.2	(21.9)	26.7	33.1
Recurring Net Profit	8.2	(21.9)	26.7	33.1
Fully Diluted Recurring Net Profit	8.2	(21.9)	26.7	33.1

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	86.8	95.5	105.1	115.6
Total Debtors	211.4	232.6	255.8	281.4
Inventories	5.7	5.0	5.0	5.0
Total Other Current Assets	2.2	2.0	2.0	2.0
Total Current Assets	306.1	335.1	367.9	404.0
Fixed Assets	492.6	810.4	851.5	897.1
Total Investments	91.9	85.9	5.0	5.0
Intangible Assets	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	584.5	896.3	856.5	902.1
Short-term Debt	28.6	28.3	27.1	27.4
Current Portion of Long-Term Debt				
Total Creditors	154.9	539.3	464.2	461.4
Other Current Liabilities	2.0	4.3	43.6	85.6
Total Current Liabilities	185.5	571.8	534.9	574.4
Total Long-term Debt	217.9	201.4	158.4	110.9
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.1	0.1	0.1	0.1
Total Non-current Liabilities	218.0	201.5	158.5	111.0
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	403.5	773.3	693.4	685.4
Shareholders' Equity	436.0	456.7	521.7	607.5
Minority Interests	51.1	1.3	9.2	13.2
Total Equity	487.2	458.0	530.9	620.7

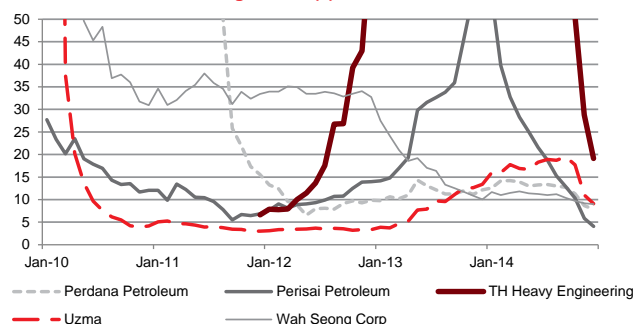
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	0.2	(18.4)	54.2	72.5
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(36.8)	(39.8)	(43.3)	(47.1)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow				
Net Interest (Paid)/Received	(5.4)	(2.4)	(4.0)	(6.7)
Tax Paid	(0.3)	(1.0)	(3.9)	(5.2)
Cashflow From Operations	(42.4)	(61.7)	3.0	13.5
Capex	(64.8)	(475.0)	(475.0)	(10.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(77.9)	(20.0)	(20.0)	(20.0)
Other Investing Cashflow	103.1	25.0	25.0	25.0
Cash Flow From Investing	(39.7)	(470.0)	(470.0)	(5.0)
Debt Raised/(repaid)	(201.3)	(20.0)	(20.0)	(20.0)
Proceeds From Issue Of Shares	41.8	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid				
Preferred Dividends				
Other Financing Cashflow	302.0	50.0	50.0	50.0
Cash Flow From Financing	142.5	30.0	30.0	30.0
Total Cash Generated	60.4	(501.7)	(437.0)	38.5
Free Cashflow To Equity	(283.4)	(551.7)	(487.0)	(11.5)
Free Cashflow To Firm	(75.5)	(523.3)	(457.0)	21.2

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	37%	(58%)	155%	14%
Operating EBITDA Growth	(100%)	(11668%)	NA	34%
Operating EBITDA Margin	0.1%	(16.9%)	19.5%	22.9%
Net Cash Per Share (RM)	(0.13)	(0.11)	(0.06)	(0.02)
BVPS (RM)	0.35	0.37	0.42	0.49
Gross Interest Cover	(1.31)	(4.43)	2.39	3.01
Effective Tax Rate	0.0%	0.0%	9.8%	10.1%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	226.5	741.9	320.1	310.2
Inventory Days	5.54	21.07	9.64	7.80
Accounts Payables Days	218	1,365	967	722
ROIC (%)	(1.46%)	(5.03%)	3.53%	4.73%
ROCE (%)	(1.40%)	(5.23%)	3.40%	5.18%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook (RMm)	400	2,000	2,500	3,000
Order Book Wins (RMm)	N/A	N/A	N/A	N/A
Order Book Depletion (RMm)	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US\$)	-	-	-	150,000.0
No. Of Ships (unit)	-	1	1	1
Average Utilisation Rate (%)	0.0%	0.0%	0.0%	50.0%

Thong Guan Industries

TGI MK / TGIB.KL

Market Cap
US\$58.69m
RM205.2m

Avg Daily Turnover
US\$0.18m
RM0.59m

Free Float
50.1%
105.2 m shares

Current **RM1.95**
Target **RM3.06**
Prev. Target **RM3.06**
Up/Downside **56.9%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-3.4	-27.6	0.3
Absolute	-8.0	-34.6	-4.4

Major shareholders	% held
Ang family	45.5
AmInvestment Bank	2.6
Prime Finc	1.8

Looking to stretch ahead

Thong Guan's long-term earnings growth should be driven by capacity expansion and profit margin enhancement as it moves up the value chain. Export markets will drive topline growth and the main money-makers are the PVC food wrap and nano-layer stretch films.

We maintain our EPS forecasts and target price (based on an unchanged 30% discount to its fully-diluted RM4.28 SOP/share). Potential re-rating catalysts include stronger group EBITDA margins and regional M&A developments. TGIB is our top pick in the packaging sector. Maintain Add.

Produces wide range of plastic films and bags

Thong Guan Industries (TGIB) produces a wide range of plastic films and bags for both the domestic and Asia Pacific markets; 25% of revenue is from the domestic market. Stretch film is currently its main revenue contributor and, currently, 30% of its stretch film revenue comes from thin films.

By year-end, the company will start production from its first nano-layer technology line (able to produce up to 33 layers of film). The company is also looking at increasing production capacity for its PVC food wrap division. Its current production of 500 tonnes monthly should double next year given the strong demand from both Asean and Asia markets.

Major capex plans

TGIB is looking at major capex over

the next few years, targeting RM100m in investments. When completed, this is expected to boost annual production capacity by 40% to 170,000 tonnes in 3 years.

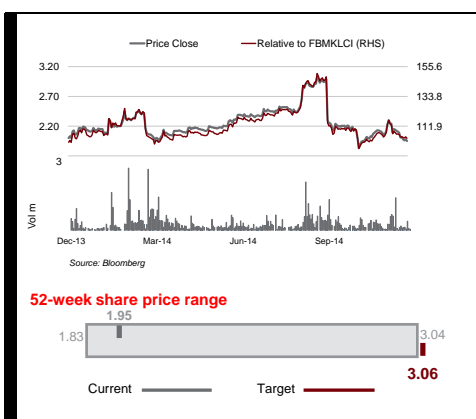
Production capacity growth is for its stretch films, garbage bags and PVC food wrap lines. Funding for this expansion is coming from the recent ICULS issue and annual operational cash flow, which is more than RM40m.

Moving up the value chain

TGIB is looking to move up the value chain over the next few years as the company focuses on producing value-added products, which offer higher profit margins. The company has set up a US\$1m research and development (R&D) centre at its Sungei Petani plant for its stretch film, focusing on the thin and nano-layer stretch films.

Growth also from M&As?

TGIB is also looking at M&As to grow its business. The company is on the lookout for businesses in the region that offer synergies and growth. We have not modelled in potential earnings from any M&A activities.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	631.2	720.3	768.7	870.0	955.0
Operating EBITDA (RMm)	46.20	49.10	49.40	59.50	66.80
Net Profit (RMm)	27.20	28.10	28.90	35.50	40.60
Core EPS (RM)	0.26	0.27	0.27	0.34	0.39
Core EPS Growth	0.4%	3.3%	2.8%	22.8%	14.4%
FD Core P/E (x)	7.54	7.30	9.76	10.11	8.84
DPS (RM)	0.07	0.08	0.09	0.10	0.12
Dividend Yield	3.59%	4.10%	4.36%	5.13%	5.90%
EV/EBITDA (x)	3.72	3.83	4.01	3.60	2.98
P/FCFE (x)	4.53	NA	NA	NA	12.70
Net Gearing	(13.7%)	(7.0%)	(3.7%)	0.9%	(3.7%)
P/BV (x)	0.78	0.71	0.66	0.61	0.57
ROE	10.8%	10.2%	9.6%	11.0%	11.6%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.98	0.93	0.92

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	720.3	768.7	870.0	955.0
Gross Profit	183.3	193.3	221.6	244.4
Operating EBITDA	49.1	49.4	59.5	66.8
Depreciation And Amortisation	(17.1)	(17.6)	(19.3)	(20.8)
Operating EBIT	32.0	31.8	40.2	46.0
Financial Income/(Expense)	(0.2)	0.2	0.8	1.0
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	31.8	32.0	41.0	47.0
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	31.8	32.0	41.0	47.0
Taxation	(3.0)	(2.0)	(4.1)	(4.7)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0
Profit After Tax	28.8	30.0	36.9	42.3
Minority Interests	(0.7)	(1.1)	(1.4)	(1.7)
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0
Net Profit	28.1	28.9	35.5	40.6
Recurring Net Profit	28.1	28.9	35.5	40.6
Fully Diluted Recurring Net Profit	28.1	28.9	35.5	40.6

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	70.2	113.7	99.0	116.1
Total Debtors	108.3	115.3	130.5	143.3
Inventories	130.3	138.4	156.6	159.0
Total Other Current Assets	14.8	14.8	14.8	14.8
Total Current Assets	323.6	382.2	400.9	433.2
Fixed Assets	111.5	128.9	149.6	158.8
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	12.4	12.4	12.4	12.4
Total Non-current Assets	123.9	141.3	162.0	171.2
Short-term Debt	42.2	42.2	42.2	42.2
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0
Total Creditors	97.9	99.9	113.1	124.4
Other Current Liabilities	0.5	0.5	0.5	0.5
Total Current Liabilities	140.6	142.6	155.8	167.1
Total Long-term Debt	7.4	7.4	7.4	7.4
Hybrid Debt - Debt Component		52.6	52.6	52.6
Total Other Non-Current Liabilities	6.3	6.3	6.3	6.3
Total Non-current Liabilities	13.7	66.3	66.3	66.3
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	154.3	208.9	222.1	233.4
Shareholders' Equity	289.5	309.7	334.6	363.0
Minority Interests	3.6	4.7	6.1	7.8
Total Equity	293.1	314.4	340.7	370.8

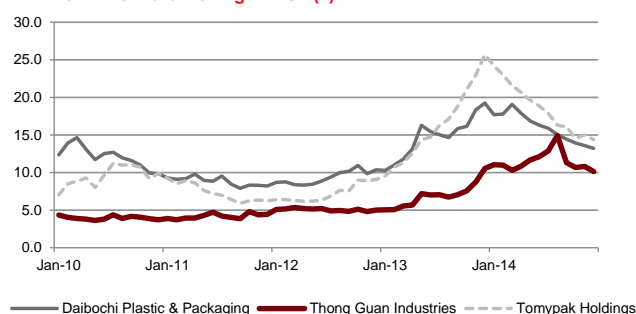
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	49.10	49.40	59.50	66.80
Cash Flow from Inv. & Assoc.	0.00	0.00	0.00	0.00
Change In Working Capital	(25.60)	(13.04)	(20.26)	(3.83)
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00
Other Operating Cashflow	(0.10)	0.00	0.00	0.00
Net Interest (Paid)/Received	(0.20)	0.00	0.00	0.00
Tax Paid	(4.50)	(2.00)	(4.10)	(4.70)
Cashflow From Operations	18.70	34.36	35.14	58.27
Capex	(15.40)	(35.00)	(40.00)	(30.00)
Disposals Of FAs/subsidiaries	0.30	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	(12.70)	0.00	0.00	0.00
Cash Flow From Investing	(27.80)	(35.00)	(40.00)	(30.00)
Debt Raised/(repaid)	5.90	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	52.60	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(7.40)	(8.67)	(10.65)	(12.18)
Preferred Dividends	0.00	0.00	0.00	0.00
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	(1.50)	43.93	(10.65)	(12.18)
Total Cash Generated	(10.60)	43.29	(15.51)	16.09
Free Cashflow To Equity	(3.20)	(0.64)	(4.86)	28.27
Free Cashflow To Firm	(8.90)	(0.64)	(4.86)	28.27

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	14.1%	6.7%	13.2%	9.8%
Operating EBITDA Growth	6.3%	0.6%	20.4%	12.3%
Operating EBITDA Margin	6.82%	6.43%	6.84%	6.99%
Net Cash Per Share (RM)	0.20	0.11	(0.03)	0.13
BVPS (RM)	2.75	2.94	3.18	3.45
Gross Interest Cover	160.0	N/A	N/A	N/A
Effective Tax Rate	9.43%	6.25%	10.00%	10.00%
Net Dividend Payout Ratio	23.8%	28.1%	26.9%	26.9%
Accounts Receivables Days	47.94	53.09	51.56	52.46
Inventory Days	82.22	85.21	83.02	81.28
Accounts Payables Days	60.43	62.74	59.96	61.17
ROIC (%)	13.6%	11.4%	13.0%	13.1%
ROCE (%)	9.8%	8.4%	9.5%	10.3%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	3.0%	3.0%	3.0%	3.0%
Unit sales grth (% , main prod./serv.)	11.0%	1.0%	5.0%	7.0%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	3.0%	4.0%	4.0%	4.0%
Unit sales grth (% ,2ndary prod./serv)	4.0%	5.0%	10.0%	10.0%
Util. rate (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A
Unit Raw Material ASP (% Change)	N/A	N/A	N/A	N/A

Tomypak Holdings

TOMY MK / TOMY.KL

➤ **Market Cap**
US\$40.35m
 RM141.0m

➤ **Avg Daily Turnover**
US\$0.03m
 RM0.11m

➤ **Free Float**
51.7%
 107.5 m shares

Current **RM1.29**
 Target ➤ **RM1.37**
 Prev. Target **RM1.37**
 Up/Downside **6.2%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	7.8	-0.2	-4.5
Absolute	3.2	-7.2	-9.2

Major shareholders	% held
Yong Kwet On	25.4
Lim Hun Swee	13.0
Halley-Sivac Asian Fund	9.9

Slow road to recovery

Tomypak has a new major shareholder. However, there have been no indications of the new direction the company is heading in. Over the next few months, we believe this will be clearer. Operations-wise, we still need to see a more sustainable recovery from the company.

We maintain our EPS forecasts and target price, based on an unchanged 1.3x 12-month average P/BV. The stock remains a Hold as share price downside looks limited, with floor support at RM1.30, the acquisition cost price of the new major shareholder. For exposure in the packaging sector, we prefer Daibochi Plastics.

Struggling with higher cost pressures since 2012 ➤

The company has been struggling with operating cost pressures since mid-2012. Tomypak's EBITDA margin has fallen from 18% to as low as 8.4% in 2Q14. In the 3Q14 results, the EBITDA margin recovered to around 12.4%. We need the company to show operations are on the road to a more sustainable recovery.

Signs of lower raw material prices ➤

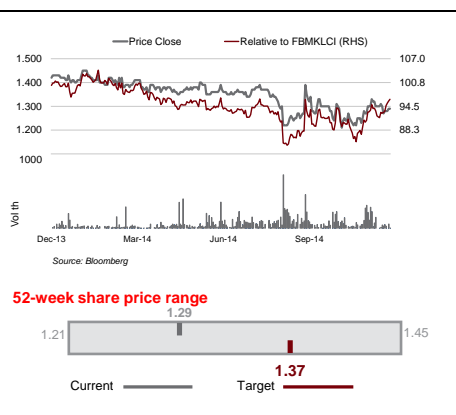
60% of Tomypak's production costs are raw materials. In the past few months, there have been signs that raw material prices are falling sharply due to lower crude oil prices (most of its raw materials, like polyethylene and polypropylene films, are derivatives of crude oil).

New shareholders have emerged ➤

In mid-Oct 2014, Yong Kwet On emerged as Tomypak's new major shareholder, owning a 25.4% equity stake in Tomypak. In Nov, he was appointed to the board as an executive director. Yong has no major experience in the packaging industry but has been involved in the ICT industry over the past thirty years. So far, there have been no signs of what Yong intends to do with Tomypak. In the coming months, we expect some new corporate developments to take place in the company that will indicate where it is heading to next.

Expansion in the pipeline ➤

The company recently proposed to acquire 10.4 acres of industrial land in Kulai, Johor, for RM11.7m. The land will be used to expand its operations. Funding is not an issue. Its balance sheet was RM18m net debt or only 0.2x net gearing as at end-Sep. We believe this land purchase is long overdue as the existing factory in Johor Baru (four acres) was already running out of space a few years ago.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	216.7	224.5	242.8	257.0	269.9
Operating EBITDA (RMm)	35.20	32.40	20.10	26.00	28.80
Net Profit (RMm)	17.20	14.20	5.90	9.64	11.68
Core EPS (RM)	0.16	0.13	0.05	0.09	0.11
Core EPS Growth	50.9%	(17.4%)	(58.5%)	63.3%	21.2%
FD Core P/E (x)	8.06	9.77	23.50	14.39	11.87
DPS (RM)	0.075	0.080	0.050	0.060	0.070
Dividend Yield	5.81%	6.20%	3.88%	4.65%	5.43%
EV/EBITDA (x)	4.21	4.51	7.10	6.13	4.42
P/FCFE (x)	12.38	7.50	11.97	NA	3.00
Net Gearing	9.2%	6.7%	3.7%	18.2%	(9.7%)
P/BV (x)	1.34	1.27	1.26	1.23	1.18
ROE	17.4%	13.3%	5.4%	8.6%	10.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.10	1.00	0.99

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	224.5	242.8	257.0	269.9
Gross Profit	32.4	20.1	26.0	28.8
Operating EBITDA	32.4	20.1	26.0	28.8
Depreciation And Amortisation	(11.8)	(11.5)	(13.5)	(13.5)
Operating EBIT	20.6	8.6	12.5	15.3
Financial Income/(Expense)	(0.7)	0.7	0.7	0.7
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	19.9	9.3	13.2	16.0
Exceptional Items	0.0	0.0		
Pre-tax Profit	19.9	9.3	13.2	16.0
Taxation	(5.7)	(3.4)	(3.6)	(4.3)
Exceptional Income - post-tax				
Profit After Tax	14.2	5.9	9.6	11.7
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0
Net Profit	14.2	5.9	9.6	11.7
Recurring Net Profit	14.2	5.9	9.6	11.7
Fully Diluted Recurring Net Profit	14.2	5.9	9.6	11.7

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	22.1	22.9	30.5	48.4
Total Debtors	44.0	44.0	44.0	44.0
Inventories	40.6	41.3	66.8	45.9
Total Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	106.7	108.2	141.3	138.3
Fixed Assets	69.5	65.0	58.5	52.0
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	0.0	0.3	0.3	0.3
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	69.5	65.3	58.8	52.3
Short-term Debt	26.6	21.1	31.4	32.0
Current Portion of Long-Term Debt				
Total Creditors	24.7	26.7	28.3	29.7
Other Current Liabilities	3.4	3.4	3.4	3.4
Total Current Liabilities	54.7	51.2	63.1	65.1
Total Long-term Debt	2.8	5.9	19.7	5.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	9.3	6.4	4.2	3.2
Total Non-current Liabilities	12.1	12.3	23.9	8.2
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	66.8	63.5	87.0	73.3
Shareholders' Equity	109.4	109.9	113.1	117.3
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	109.4	109.9	113.1	117.3

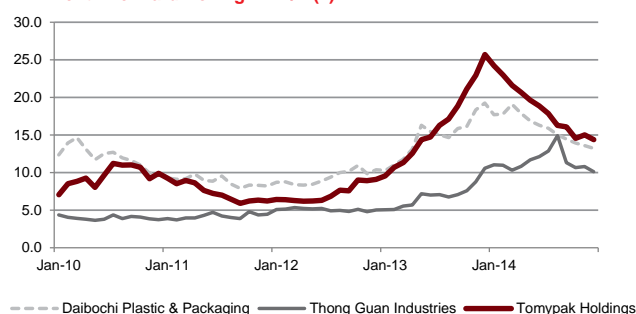
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	32.40	20.10	26.00	28.80
Cash Flow from Inv. & Assoc.	0.00	0.00	0.00	0.00
Change In Working Capital	(2.00)	1.33	(23.96)	22.34
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00
Other Operating Cashflow	0.70	0.55	0.55	0.55
Net Interest (Paid)/Received	0.00	0.00	(1.20)	(1.20)
Tax Paid	(5.50)	(3.40)	(3.56)	(4.32)
Cashflow From Operations	25.60	18.58	(2.17)	46.17
Capex	(14.20)	(7.00)	(7.00)	0.00
Disposals Of FAs/subsidiaries	0.10	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.10	0.00	0.00	0.00
Other Investing Cashflow	0.70	0.00	0.00	0.00
Cash Flow From Investing	(13.30)	(7.00)	(7.00)	0.00
Debt Raised/(repaid)	6.20	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(8.60)	(5.38)	(6.45)	(7.53)
Preferred Dividends				
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	(2.40)	(5.38)	(6.45)	(7.53)
Total Cash Generated	9.90	6.21	(15.62)	38.64
Free Cashflow To Equity	18.50	11.58	(9.17)	46.17
Free Cashflow To Firm	12.30	11.58	(7.97)	47.37

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	3.60%	8.15%	5.85%	5.00%
Operating EBITDA Growth	(8.0%)	(38.0%)	29.4%	10.8%
Operating EBITDA Margin	14.4%	8.3%	10.1%	10.7%
Net Cash Per Share (RM)	(0.07)	(0.04)	(0.19)	0.11
BVPS (RM)	1.02	1.02	1.05	1.09
Gross Interest Cover	20.60	8.60	10.42	12.75
Effective Tax Rate	28.6%	36.6%	27.0%	27.0%
Net Dividend Payout Ratio	43.2%	92.5%	65.2%	53.8%
Accounts Receivables Days	75.76	66.14	62.49	59.68
Inventory Days	73.63	67.10	85.38	85.54
Accounts Payables Days	50.26	42.13	43.43	44.00
ROIC (%)	12.7%	6.8%	10.4%	11.1%
ROCE (%)	15.8%	7.5%	9.6%	10.8%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	5.0%	5.0%	5.0%	5.0%
Unit sales grth (% , main prod./serv.)	5.0%	5.0%	5.0%	5.0%
Util. rate (% , main prod./serv.)	87.0%	85.0%	85.0%	85.0%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod/serv)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A
Unit Raw Material ASP (% Change)	N/A	N/A	N/A	N/A

Top Glove Corporation

TOPG MK / TPGC.KL

Market Cap
US\$834.6m
RM2,917m

Avg Daily Turnover
US\$0.99m
RM3.25m

Free Float
49.8%
620.6 m shares

Current **RM4.70**
Target **RM4.65**
Prev. Target **RM4.63**
Up/Downside **-1.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.1	4.7	-13.9
Absolute	-3.5	-2.3	-18.6

Major shareholders	% held
Tan Sri Dato Sri Lim and family	38.0
KWAP	7.0
EPF	5.2

A steady hand

Unlike other glove makers, Top Glove's earnings growth will be modest rather than strong as the huge capacity in natural rubber drags earnings growth. Unlike in the past, the group will focus more on profitability instead of expanding aggressively.

While Top Glove is still the world's largest rubber glove maker, price competition in nitrile, higher input costs and its large natural rubber capacity will limit its earnings growth. In view of this, we maintain Hold although the share price has depreciated substantially. Our target price is raised slightly as we raise our target P/E to 14.6x (from 14.5x, 20% discount to Hartalega), in line with the higher target P/E of Hartalega which is now pegged to a higher target market P/E. We prefer Kossan.

Exposed to cost inflation and price pressure

Top Glove is facing difficulty in filling up its natural rubber capacity as customers are gradually switching to nitrile gloves. To discourage them from switching to nitrile, the group has to lower its selling prices for natural rubber gloves. This will further compress its margins, which are already the lowest in the industry as a result of its mass production. In view of its weak margin, the hike in electricity and natural gas costs will have a larger impact on Top Glove than other glove makers. To gain market share in nitrile gloves, we believe Top Glove will also have to

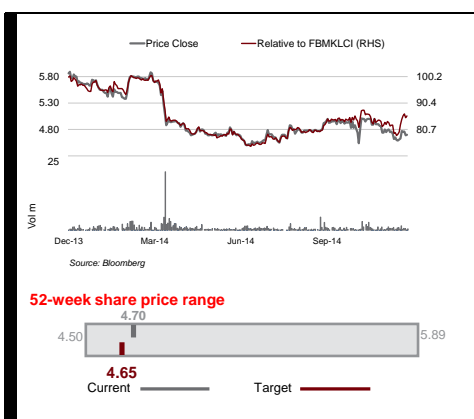
offer competitive prices in order to lure customers from its rivals.

Ramping up nitrile capacity

In view of the strong demand for nitrile, the group is aggressively ramping up its nitrile glove production capacity. While the company had previously stated that it planned to slow expansion to focus on raising profits, it has now decided to build another nitrile plant. Factory 27, which houses six nitrile production lines, started operations in Sep 2014 while factory 29 in Klang is scheduled to begin production by Jan 2015. The group aims to commence operations at factory 30, which will house 28 nitrile production lines, by Sep 2016.

Trying to achieve a more balanced product mix

Upon the completion of factory 30, the group's total production capacity will be 49bn pieces p.a., of which nitrile lines will make up ~30%. The current strong demand for nitrile notwithstanding, the group aims to achieve a well-balanced product mix comprising both nitrile and natural rubber gloves to cater to its various customers' preferences.



Financial Summary

	Aug-13A	Aug-14A	Aug-15F	Aug-16F	Aug-17F
Revenue (RMm)	2,313	2,276	2,338	2,506	2,690
Operating EBITDA (RMm)	308.7	294.5	326.8	343.9	382.6
Net Profit (RMm)	195.9	180.1	189.5	196.3	202.3
Core EPS (RM)	0.31	0.29	0.31	0.32	0.33
Core EPS Growth	(6.00%)	(7.68%)	5.19%	3.59%	3.07%
FD Core P/E (x)	14.95	16.19	15.40	14.86	14.42
DPS (RM)	0.16	0.16	0.17	0.17	0.18
Dividend Yield	3.40%	3.40%	3.57%	3.70%	3.81%
EV/EBITDA (x)	9.27	9.64	8.92	8.50	7.62
P/FCFE (x)	22.0	21.2	122.3	29.1	25.2
Net Gearing	(4.80%)	(4.38%)	1.14%	1.53%	1.06%
P/BV (x)	2.21	2.09	2.00	1.89	1.78
ROE	15.1%	13.3%	13.3%	13.1%	12.7%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.97	0.91	0.87

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Aug-14A	Aug-15F	Aug-16F	Aug-17F
Total Net Revenues	2,276	2,338	2,506	2,690
Gross Profit	294	472	502	544
Operating EBITDA	294	327	344	383
Depreciation And Amortisation	(92)	(109)	(122)	(134)
Operating EBIT	203	218	222	248
Financial Income/(Expense)	9	15	18	(1)
Pretax Income/(Loss) from Assoc.	3	(2)	(1)	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	215	231	239	247
Exceptional Items				
Pre-tax Profit	215	231	239	247
Taxation	(31)	(42)	(43)	(44)
Exceptional Income - post-tax				
Profit After Tax	183	189	196	202
Minority Interests	(3)	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	180	189	196	202
Recurring Net Profit	180	189	196	202
Fully Diluted Recurring Net Profit	180	189	196	202

Balance Sheet

(RMm)	Aug-14A	Aug-15F	Aug-16F	Aug-17F
Total Cash And Equivalents	242	106	99	105
Total Debtors	284	299	321	344
Inventories	206	196	210	225
Total Other Current Assets	107	96	96	96
Total Current Assets	839	698	727	772
Fixed Assets	994	1,127	1,205	1,271
Total Investments	20	20	20	20
Intangible Assets	23	23	23	23
Total Other Non-Current Assets	51	51	51	51
Total Non-current Assets	1,088	1,221	1,300	1,365
Short-term Debt	178	120	120	120
Current Portion of Long-Term Debt				
Total Creditors	265	254	273	293
Other Current Liabilities	41	41	41	41
Total Current Liabilities	485	416	435	454
Total Long-term Debt	3	3	3	3
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	42	42	42	42
Total Non-current Liabilities	45	45	45	45
Total Provisions	0	0	0	0
Total Liabilities	530	461	479	499
Shareholders' Equity	1,393	1,457	1,545	1,636
Minority Interests	4	2	2	2
Total Equity	1,397	1,459	1,547	1,638

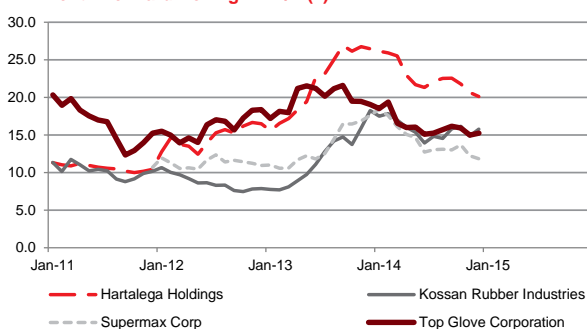
Cash Flow

(RMm)	Aug-14A	Aug-15F	Aug-16F	Aug-17F
EBITDA	294.5	326.8	343.9	382.6
Cash Flow from Invt. & Assoc.				
Change In Working Capital	0.0	(16.2)	(17.1)	(19.2)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(2.7)	(2.2)	(1.7)	(1.7)
Net Interest (Paid)/Received	8.9	15.0	18.3	(1.5)
Tax Paid	(31.4)	(41.6)	(43.1)	(44.4)
Cashflow From Operations	269.2	281.8	300.3	315.8
Capex	(153.3)	(200.0)	(200.0)	(200.0)
Disposals Of FAs/subsidiaries	20.6	0.0	0.0	0.0
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(121.3)	0.0	0.0	0.0
Cash Flow From Investing	(254.0)	(200.0)	(200.0)	(200.0)
Debt Raised/(repaid)	122.3	(57.9)	0.0	0.0
Proceeds From Issue Of Shares	2.8	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(99.9)	(104.2)	(107.9)	(111.3)
Preferred Dividends				
Other Financing Cashflow	0.0	1.5	1.5	2.5
Cash Flow From Financing	25.3	(160.6)	(106.4)	(108.8)
Total Cash Generated	40.5	(78.9)	(6.2)	7.1
Free Cashflow To Equity	137.6	23.9	100.3	115.8
Free Cashflow To Firm	16.8	83.2	101.7	117.3

Key Ratios

	Aug-14A	Aug-15F	Aug-16F	Aug-17F
Revenue Growth	(1.59%)	2.71%	7.16%	7.37%
Operating EBITDA Growth	(4.6%)	11.0%	5.2%	11.2%
Operating EBITDA Margin	12.9%	14.0%	13.7%	14.2%
Net Cash Per Share (RM)	0.10	(0.03)	(0.04)	(0.03)
BVPS (RM)	2.24	2.35	2.49	2.64
Gross Interest Cover	135.9	147.6	150.7	168.4
Effective Tax Rate	14.6%	18.0%	18.0%	18.0%
Net Dividend Payout Ratio	55.1%	55.0%	55.0%	55.0%
Accounts Receivables Days	46.42	45.52	45.28	45.12
Inventory Days	39.10	39.33	37.13	37.07
Accounts Payables Days	45.82	50.84	48.19	48.12
ROIC (%)	15.5%	16.0%	14.8%	15.6%
ROCE (%)	14.3%	14.8%	14.9%	14.5%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Aug-14A	Aug-15F	Aug-16F	Aug-17F
ASP (% chg, main prod./serv.)	-9.2%	-0.3%	-0.3%	0.2%
Unit sales grth (% , main prod./serv.)	6.3%	2.8%	7.4%	7.2%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A

Tune Ins Holdings Bhd

TIH MK / TUNE.KL

► **Market Cap**
US\$387.1m
 RM1,353m

► **Avg Daily Turnover**
US\$0.71m
 RM2.35m

► **Free Float**
58.7%
 751.0 m shares

Current **RM1.80**
 Target **RM3.00** ►
 Prev. Target **RM3.00**
 Up/Downside **66.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-11.3	-16.7	0.9
Absolute	-15.9	-23.7	-3.8

Major shareholders	% held
Tune Group	25.1
AirAsia	16.2
CIMB BII Sdn Bhd	14.1

Up, up and away

In 2015, Tune will continue to reap the benefits arising from its expansion plans executed over the past one year. Potential earnings catalysts are the maiden full-year contributions from its JV in the Middle East and its 49%-owned associate company in Thailand.

Our DDM-based target price (COE of 9.2%; long-term growth of 5%) is intact. We reaffirm our Add recommendation on Tune given the bright growth prospects in the region arising from its AirAsia-related businesses, entry into the Middle East and the venture into the Thai non-life insurance market.

Driven by TI business ►

Travel insurance (TI) will continue to be the key driver for its top- and bottomline growth. It will start the year of 2015 with more countries of operations (more than 30) following its venture into the Middle East in 2014. We are projecting sterling gross premium growth of 24% for its TI business in 2015 – 18% from the AirAsia-related businesses and 6% from the new JV in the Middle East. TI is a lucrative business with a net profit margin of 50%.

Positive on Thailand ►

Tune's 49%-owned associate company in Thailand, Tune Ins PLC (TIPLC), turned in a maiden full-quarter contribution of RM2m to Tune Ins in 3Q14. The contribution is commendable (annualised to be RM8m per year) considering Tune paid only RM41m for the stake. The

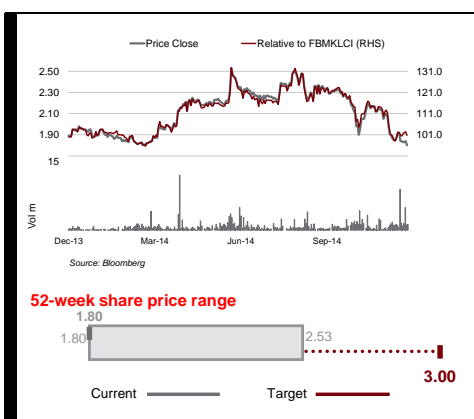
contributions should even be higher in the coming quarters with (1) its 'takeover' of AirAsia-related businesses in Thailand, and (2) benefits from the transformation programmes in place. Furthermore, the non-life insurance sector is expected to post 13-14% premium growth in the next 3-5 years.

Weaker growth in Malaysia ►

We are less positive on the prospects for its non-life insurance unit in Malaysia, Tune Insurance Malaysia Berhad (TIMB). Its sustainable gross premium growth will be slow at only 8% while its claims ratio is high at a projected 50-52%.

Better 2015 earnings growth ►

We expect Tune's net profit growth to jump from 7.9% in FY14 to 26.6% in FY15. This should be buoyed by (1) the recovery in air traffic in Thailand, (2) continuous growth for the AirAsia-related business, (3) first full-year and accelerating contribution from its JV in the Middle East, and (4) higher contributions from TIPLC.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Gross Premium (RMm)	145.8	287.2	320.3	343.5	370.3
Investment And Other Income (RMm)	15.60	24.50	31.39	33.56	35.77
Net Premium (RMm)	215.0	367.5	420.0	467.2	508.8
Net Profit (RMm)	41.4	68.0	73.4	92.9	105.2
Core EPS (RM)	0.11	0.10	0.10	0.12	0.14
Core EPS Growth	(44.8%)	(9.4%)	(2.4%)	26.6%	13.3%
FD Core P/E (x)	16.30	17.99	18.43	14.56	12.85
P/NB (x)	NA	NA	NA	NA	NA
DPS (RM)	-	-	0.035	0.045	0.050
Dividend Yield	0.00%	0.00%	1.95%	2.47%	2.80%
P/EV (x)	NA	NA	NA	NA	NA
P/BV (x)	10.19	3.75	3.32	2.90	2.53
ROE	64.9%	29.1%	19.1%	21.2%	21.0%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.02	1.05	0.99

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue	241.1	272.4	306.9	335.5
Total Claims and Changes in Reserves	(94.0)	(92.9)	(86.9)	(94.6)
Acq. Costs/Other Underwriting Exp.				
Total Underwriting Result	53.6	68.7	89.4	98.5
Investment Income on Tech Reserve	0.0	0.0	0.0	0.0
Insurance Profit / (Loss)	53.6	68.7	89.4	98.5
Total Other Technical Income	24.5	31.4	33.6	35.8
Total Other Revenues	0.0	0.0	0.0	0.0
Total Operating Costs	0.0	0.0	0.0	0.0
Other Technical Income / (Loss)	0.0	0.0	0.0	0.0
Depreciation And Amortisation	0.0	0.0	0.0	0.0
Operating Profit	78.1	100.0	123.0	134.3
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Post-Tax Oper. Earnings - Life/Other Biz	0.0	0.0	0.0	0.0
Head Office Costs	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Net Interest Income	(1.9)	(1.0)	(0.7)	(0.7)
Investment Income on Shareholders Fund	0.0	0.0	0.0	0.0
Other Income	0.0	0.9	3.0	5.2
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	76.2	100.0	125.3	138.8
Taxation	(3.7)	(17.0)	(20.4)	(20.8)
Consolidation Adjustments & Others	0.0	0.0	0.0	0.0
Exceptional Income - post-tax	0.0	0.0	0.0	0.0
Profit After Tax	72.5	82.9	104.9	117.9
Minority Interests	(4.5)	(9.6)	(12.0)	(12.7)
Preferred Dividends	0.0	0.0	0.0	0.0
Special Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0
Net Profit	68.0	73.4	92.9	105.2

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Fixed Assets	14	16	18	19
Intangible Assets	24	24	24	24
Other Long Term Assets	0	0	0	0
Total Non-current Assets	38	40	42	43
Total Cash And Equivalents	559	667	792	905
Trade Debtors	0	0	0	0
Other Current Assets	427	451	481	498
Total Current Assets	985	1,118	1,273	1,403
Creditors - Direct & Reinsurance Business	0	0	0	0
Provision For Claims Outstanding	504	576	640	697
Other Current Liabilities	121	138	170	177
Total Current Liabilities	625	713	810	874
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component	0	0	0	0
Other Liabilities	1	1	1	1
Total Non-current Liabilities	1	1	1	1
Total Technical & Other Provisions	0	0	0	0
Total Liabilities	626	714	811	875
Shareholders' Equity	360	407	467	534
Minority Interests	37	37	37	37
Total Equity	398	444	504	571
Life Embedded Value				

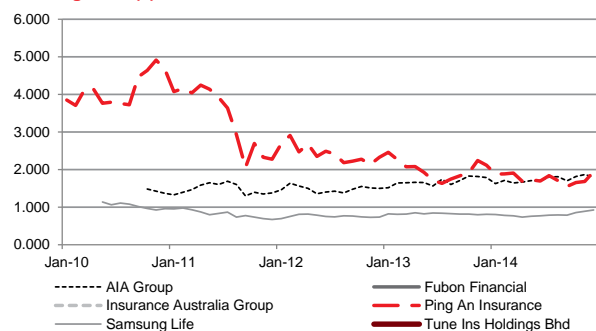
Operating Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Premium Retention Ratio (life & Health)				
Benefits Ratio (life & Health)				
Acquisition Expense Ratio (life & Health)				
Admin Expense Ratio (life & Health)				
Total Expense Ratio (life & Health)				
Policyholder Dividends Ratio (life & Health)				
Combined Underwriting Ratio (life & Health)				
Underwriting Profit Margin (life & Health)				
Operating Profit Margin (life & Health)				

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Net Premium Growth	71%	14%	11%	9%
Operating Profit Growth (Life & Health)	N/A	N/A	N/A	N/A
Value Of New Life Business Growth (after-tax)	N/A	N/A	N/A	N/A
Life Embedded Value Growth	N/A	N/A	N/A	N/A
Pre-tax Margin	31.6%	36.7%	40.8%	41.4%
Net Profit Margin	28.2%	26.9%	30.3%	31.4%
Effective Tax Rate	4.9%	17.0%	16.3%	15.0%
Net Dividend Payout Ratio	NA	36.0%	36.0%	36.0%
Return On Average Assets	7.9%	7.6%	8.5%	8.5%
Net Gearing	282%	257%	243%	244%
Financial Leverage	3.93	2.84	2.83	2.76
Equity / Assets	35.2%	35.2%	35.5%	36.9%

Rolling P/EV (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Industry gross premium grth (%)	N/A	N/A	N/A	N/A
Gross Premium Growth (%)	70.9	14.3	11.2	8.9
Gross Premium Mkt share (%)	N/A	N/A	N/A	N/A
Claims Ratio (%)	57.6	67.7	59.1	58.6
Net Commission Ratio (%)	17.3	17.2	18.2	18.4
Net Premium Market Share (%)	N/A	N/A	N/A	N/A
Management Expense Ratio (%)	15.5	12.5	12.4	12.4

Uchi Technologies

UCHI MK / UCHI.KL

Market Cap
US\$145.7m
RM509.4m

Avg Daily Turnover
US\$0.12m
RM0.41m

Free Float
59.3%
369.4 m shares

Current **RM1.37**
Target **RM1.33**
Prev. Target **RM1.43**
Up/Downside **-3.2%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.4	4.8	1.2
Absolute	-2.2	-2.2	-3.5

Major shareholders	% held
Eastbow International Limited	24.3
Lembaga Tabung Haji	10.1
ASB	6.3

A potent brew

We expect a challenging operating environment for the company due to lacklustre industry demand and higher operating expenses, attributable to rising labour and utilities costs. However, we still like Uchi for its strong financial position and attractive dividend yield.

We maintain a Hold rating on Uchi given the lack of catalysts for the stock and lacklustre industry demand, with a lower target price of RM1.33, based on 10.6x CY16 P/E, a higher 35% discount (vs 30% prev.) to our target market P/E of 16.3x due to challenging operating outlook. We prefer GHIL Systems for better exposure in technology sector.

Impacted by higher operating cost

EBITDA margin fell by 2.1% pts from 47.9% pts in 9M13 to 45.8% pts in 9M14 due to a combination of lower shipment volume and higher operating cost, which can be attributed to rising wages and utilities cost. Despite this, Uchi recorded a higher core net profit of RM29.9m vs. RM25.3m last year due to a lower effective tax rate following the approval of its tax pioneer status in Dec 13 by the Malaysian Investment Development Authority (MIDA).

Lacklustre demand outlook

We maintain our FY14-16 earnings forecasts as we expect tepid demand growth given the ongoing weakness in Europe. Meanwhile, the Consumer Electronics Association (CEA) expects industry sales to grow by 1.2% in FY15,

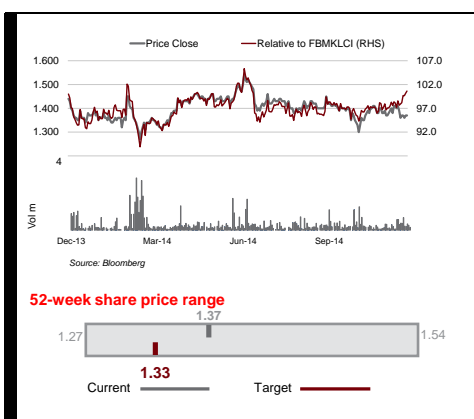
lower than the 2% in FY14. Growth should be mainly driven by higher sales in mobile connected devices such as smartphones, while the rest of the segment could experience relatively flat growth, mainly due to strong competition and continuing declines in average selling prices.

Expanding in bio-tech

Uchi is mainly involved in the design of electronic control systems for coffee machines. However, it is gradually trying to reduce its exposure to the consumer segment and growing in healthcare equipment manufacturing. Management stays committed to growing its bio-tech segment (now with a 25% contribution), which is the second-largest revenue driver after the art-of-living segment. It expects to raise the segment's contribution to 50% within the next three to five years by focusing on designing and manufacturing bio-tech products.

Dividends the bright spot

We see limited upside potential from the current level given the lacklustre prospects and industry demand. However, the company is in a net cash position of RM115m, with an attractive FY14/15 dividend yield of 8.0%/8.4%.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	92.30	93.96	92.70	95.94	99.30
Net Profit (RMm)	44.83	38.15	40.55	43.28	46.23
Core EPS (RM)	0.11	0.11	0.11	0.12	0.13
Core EPS Growth	(15.4%)	(6.5%)	2.7%	6.7%	6.8%
FD Core P/E (x)	11.98	12.82	12.48	11.70	10.95
Price To Sales (x)	5.48	5.39	5.46	5.28	5.10
DPS (RM)	0.12	0.10	0.11	0.12	0.12
Dividend Yield	8.76%	7.30%	8.03%	8.39%	8.76%
EV/EBITDA (x)	8.43	8.84	8.82	7.94	7.12
P/FCFE (x)	20.27	15.22	12.67	11.55	10.49
Net Gearing	(71.8%)	(58.6%)	(60.1%)	(62.3%)	(65.5%)
P/BV (x)	2.71	2.65	2.65	2.64	2.62
ROE	22.6%	20.9%	21.2%	22.6%	24.0%
% Change In Core EPS Estimates			0%	0%	
CIMB/consensus EPS (x)			1.00	0.98	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	93.96	92.70	95.94	99.30
Gross Profit	64.33	63.72	67.60	71.67
Operating EBITDA	44.57	44.40	48.71	53.25
Depreciation And Amortisation	(5.99)	(5.99)	(7.49)	(8.99)
Operating EBIT	38.58	38.41	41.21	44.27
Financial Income/(Expense)	3.70	3.40	3.40	3.40
Pretax Income/(Loss) from Assoc.	0.00	0.00	0.00	0.00
Non-Operating Income/(Expense)	0.00	0.00	0.00	0.00
Profit Before Tax (pre-EI)	42.27	41.81	44.61	47.66
Exceptional Items	(1.43)	0.00	0.00	0.00
Pre-tax Profit	40.85	41.81	44.61	47.66
Taxation	(2.69)	(1.25)	(1.34)	(1.43)
Exceptional Income - post-tax				
Profit After Tax	38.15	40.55	43.28	46.23
Minority Interests	0.00	0.00	0.00	0.00
Preferred Dividends	0.00	0.00	0.00	0.00
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	38.15	40.55	43.28	46.23
Recurring Net Profit	39.49	40.55	43.28	46.23
Fully Diluted Recurring Net Profit	39.49	40.55	43.28	46.23

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	112.0	114.7	119.4	126.7
Total Debtors	14.1	14.0	14.2	14.5
Inventories	11.3	11.1	10.9	10.6
Total Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	137.4	139.8	144.5	151.8
Fixed Assets	65.5	62.5	58.1	52.1
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	0.2	0.2	0.2	0.2
Total Other Non-Current Assets	15.5	15.5	15.5	15.5
Total Non-current Assets	81.2	78.2	73.8	67.8
Short-term Debt	0.0	0.0	0.0	0.0
Current Portion of Long-Term Debt				
Total Creditors	24.6	24.1	23.5	22.9
Other Current Liabilities	1.8	1.8	1.8	1.8
Total Current Liabilities	26.5	25.9	25.4	24.8
Total Long-term Debt	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1.3	1.3	1.3	1.3
Total Non-current Liabilities	1.3	1.3	1.3	1.3
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	27.7	27.2	26.6	26.1
Shareholders' Equity	190.9	190.8	191.6	193.5
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	190.9	190.8	191.6	193.5

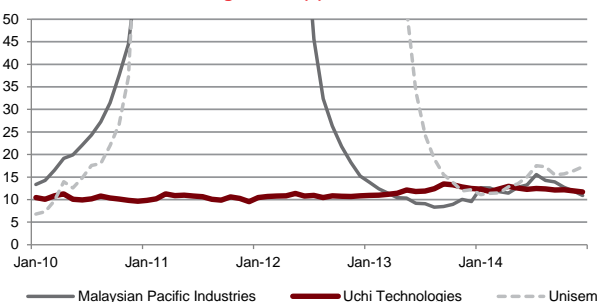
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	44.57	44.40	48.71	53.25
Cash Flow from Inv. & Assoc.				
Change In Working Capital	0.44	(0.19)	(0.54)	(0.58)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(0.13)	(0.00)	(0.00)	0.00
Other Operating Cashflow	(3.70)	(3.40)	(3.40)	(3.40)
Net Interest (Paid)/Received	3.70	3.40	3.40	3.40
Tax Paid	(6.09)	(1.25)	(1.34)	(1.43)
Cashflow From Operations	38.79	42.95	46.83	51.24
Capex	(8.91)	(3.00)	(3.00)	(3.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	3.36	0.00	0.00	0.00
Cash Flow From Investing	(5.54)	(3.00)	(3.00)	(3.00)
Debt Raised/(repaid)	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(36.94)	(40.64)	(42.49)	(44.33)
Preferred Dividends				
Other Financing Cashflow	3.70	3.40	3.40	3.40
Cash Flow From Financing	(33.25)	(37.24)	(39.09)	(40.93)
Total Cash Generated	(0.00)	2.71	4.74	7.31
Free Cashflow To Equity	33.25	39.95	43.83	48.24
Free Cashflow To Firm	33.25	39.95	43.83	48.24

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	1.8%	(1.3%)	3.5%	3.5%
Operating EBITDA Growth	1.05%	(0.38%)	9.70%	9.34%
Operating EBITDA Margin	47.4%	47.9%	50.8%	53.6%
Net Cash Per Share (RM)	0.30	0.31	0.32	0.34
BVPS (RM)	0.52	0.52	0.52	0.52
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	6.59%	3.00%	3.00%	3.00%
Net Dividend Payout Ratio	93%	100%	98%	96%
Accounts Receivables Days	35.19	28.91	28.23	28.31
Inventory Days	136.5	141.3	141.3	141.9
Accounts Payables Days	317.6	306.5	306.5	307.8
ROIC (%)	72%	48%	53%	60%
ROCE (%)	22.4%	21.9%	23.3%	24.8%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP Change (% , Main Product)	1.8%	-1.3%	3.5%	3.5%
Unit sales growth (% , main prod)	1.8%	-1.3%	3.5%	3.5%
No. Of Lines (main Product)	N/A	N/A	N/A	N/A
Rev per line (US\$, main prod)	N/A	N/A	N/A	N/A
ASP chg (% , 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A

UEM Sunrise Bhd

UEMS MK / UMSB.KL

Market Cap
US\$2,168m
RM7,578m

Avg Daily Turnover
US\$1.11m
RM3.65m

Free Float
35.4%
4,537 m shares

Current **RM1.67**
Target **RM2.44**
Prev. Target **RM2.44**
Up/Downside **45.8%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-6.1	-7.8	-22.7
Absolute	-10.7	-14.8	-27.4

Major shareholders	% held
UEM Group Berhad	64.6
EPF	5.4
JP Morgan Chase Bank	2.4

Australia to the rescue

UEMS sold RM641m worth of properties in 9M14, 32% of its full-year target of RM2bn. However, 4Q14 sales should be much stronger, driven by the successful launch of its maiden Australian project. Without Australia, 2014 will be a very disappointing year.

We make no changes to our EPS forecasts, Add recommendation and target price basis of 30% discount to RNAV. Potential re-rating catalysts remain newsflow on the high-speed rail project and new catalytic projects in Nusajaya, which can help revive interest in Iskandar Malaysia.

9M sales weak

UEMS sold RM641m worth of properties in 9M14, a 59% yoy drop. 3Q14 sales declined 36% qoq and 12% yoy to RM202m. Of the 9M14 new sales, only 23% came from its Nusajaya projects vs. 63% in 9M13. Unrecognised revenue declined 7% qoq to RM2.84bn. UEMS is on track to meet its full-year sales target of RM2bn as the launch of the A\$570m (RM1.62bn) Aurora Melbourne Central residential portion was well received, with bookings of 95% thus far. The group hopes to convert the bookings into sales and purchase agreements by 4Q.

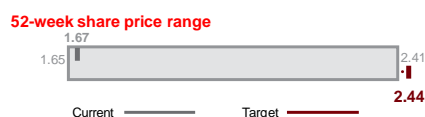
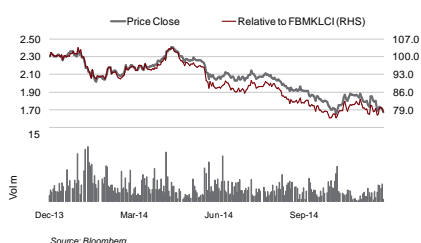
Melbourne launch

Aurora Melbourne Central on La Trobe Street in Melbourne is an A\$757m (RM2.2bn) integrated project that includes a 92-floor skyscraper with 941 residential units. UEMS has

launched the residential block and will launch the retail and serviced apartments later on an en bloc basis. It was reported in the press that the land value has doubled since UEMS acquired the land a year ago and the company has achieved sales of more than 95% in two weeks, a record for the group. The residential units are priced between A\$428,500 and A\$1.19m. With the Australian project, the company's 2014 sales target of RM2bn (revised lower from the original RM3.2bn after the 2Q results) appears achievable.

KPIs

Management is keeping to its 2014 KPIs, which include: 1) revenue growth of 25%, 2) net profit growth of 10%, and 3) ROE of 10%. For 2015, the group is tentatively looking at launches worth RM4bn-5bn, including RM120m in Serene Heights, RM470m in D'Estuary, RM180m in Denai Nusantara and RM300m in Mont' Kiara in 1Q alone. Nusa Idaman, Gerbang Nusajaya, Almas, Aurora KL, Conservatory Australia and its Kajang projects are other launches slated for the year.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues (RMm)	1,940	2,425	2,732	2,771	2,918
Operating EBITDA (RMm)	456.0	568.7	692.4	737.8	777.0
Net Profit (RMm)	448.4	579.1	556.1	564.6	617.9
Core EPS (RM)	0.10	0.13	0.12	0.12	0.14
Core EPS Growth	36.8%	26.1%	(6.1%)	1.5%	9.4%
FD Core P/E (x)	18.25	14.43	15.34	15.11	13.80
DPS (RM)	0.030	0.040	0.040	0.040	0.040
Dividend Yield	1.80%	2.40%	2.40%	2.40%	2.40%
EV/EBITDA (x)	17.01	13.24	10.95	9.89	9.04
P/FCFE (x)	19.13	31.70	84.90	79.81	72.42
Net Gearing	8.77%	8.52%	6.82%	2.75%	(0.55%)
P/BV (x)	1.36	1.26	1.19	1.12	1.05
ROE	8.8%	10.2%	9.0%	8.6%	8.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.09	1.18	1.21

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,425	2,732	2,771	2,918
Gross Profit	924	1,083	1,127	1,187
Operating EBITDA	569	692	738	777
Depreciation And Amortisation	(20)	(22)	(22)	(23)
Operating EBIT	548	671	716	754
Financial Income/(Expense)	10	10	12	16
Pretax Income/(Loss) from Assoc.	128	108	102	103
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	686	789	830	874
Exceptional Items	0	0	0	0
Pre-tax Profit	686	789	830	874
Taxation	(107)	(197)	(208)	(210)
Exceptional Income - post-tax				
Profit After Tax	579	591	623	664
Minority Interests	(0)	(35)	(58)	(46)
Prof. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	0	0	0	0
Net Profit	579	556	565	618
Recurring Net Profit	579	556	565	618
Fully Diluted Recurring Net Profit	579	556	565	618

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	1,391	1,389	1,417	1,457
Properties Under Development				
Total Debtors	2,016	2,271	2,304	2,426
Inventories	106	108	110	112
Total Other Current Assets	1,109	1,165	1,223	1,284
Total Current Assets	4,622	4,933	5,054	5,280
Fixed Assets	190	173	156	139
Total Investments	1,431	1,508	1,582	1,657
Intangible Assets	621	621	621	621
Total Other Non-Current Assets	2,945	3,001	3,059	3,117
Total Non-current Assets	5,187	5,304	5,418	5,534
Short-term Debt	219	196	177	159
Current Portion of Long-Term Debt				
Total Creditors	623	702	712	749
Other Current Liabilities	513	536	559	584
Total Current Liabilities	1,356	1,434	1,448	1,493
Total Long-term Debt	1,722	1,663	1,442	1,255
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	1,722	1,663	1,442	1,255
Total Provisions	262	262	262	262
Total Liabilities	3,340	3,358	3,152	3,010
Shareholders' Equity	6,019	6,394	6,777	7,213
Minority Interests	451	486	544	590
Total Equity	6,470	6,880	7,321	7,803

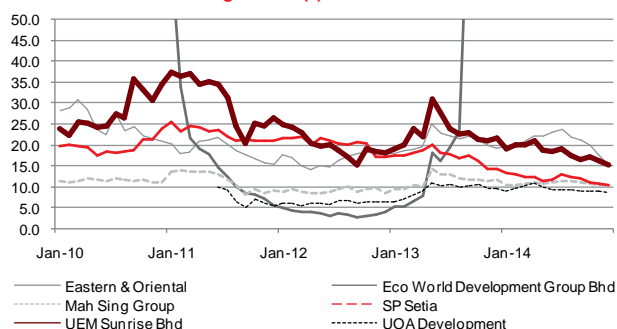
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	568.7	692.4	737.8	777.0
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(19.3)	(182.6)	(59.4)	(122.9)
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	10.2	9.7	12.1	15.8
Tax Paid	(70.8)	(197.1)	(207.5)	(209.7)
Cashflow From Operations	488.7	322.3	482.9	460.2
Capex	(26.0)	(5.0)	(5.0)	(5.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments	(178.8)	(134.1)	(131.0)	(132.9)
Other Investing Cashflow	162.5	0.0	0.0	0.0
Cash Flow From Investing	(42.3)	(139.1)	(136.0)	(137.9)
Debt Raised/(repaid)	(182.9)	(82.8)	(240.0)	(204.4)
Proceeds From Issue Of Shares	143.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(181.5)	(181.5)	(181.5)	(181.5)
Preferred Dividends				
Other Financing Cashflow	(39.5)	40.1	57.6	74.6
Cash Flow From Financing	(260.9)	(224.2)	(363.9)	(311.3)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	25.0%	12.6%	1.4%	5.3%
Operating EBITDA Growth	24.7%	21.7%	6.6%	5.3%
Operating EBITDA Margin	23.4%	25.3%	26.6%	26.6%
Net Cash Per Share (RM)	(0.12)	(0.10)	(0.04)	0.01
BVPS (RM)	1.33	1.41	1.49	1.59
Gross Interest Cover	18.67	20.54	23.28	26.94
Effective Tax Rate	15.6%	25.0%	25.0%	24.0%
Net Dividend Payout Ratio	31.3%	32.6%	32.1%	29.4%
Accounts Receivables Days	287.3	286.4	301.3	296.6
Inventory Days	27.77	23.67	24.21	23.52
Accounts Payables Days	83.9	62.3	66.6	65.6
ROIC (%)	7.14%	8.59%	8.80%	9.12%
ROCE (%)	7.15%	8.07%	8.33%	8.55%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Unbooked Presales (m) (RM)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	45.7	45.3	44.9	44.5
Gross Margins (%)	23.4%	25.3%	26.6%	26.6%
Contracted Sales ASP (per Sm) (RM)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

UMW Holdings

UMWH MK / UMWS.KL

► **Market Cap**
US\$3,583m
RM12,524m

► **Avg Daily Turnover**
US\$3.91m
RM12.90m

► **Free Float**
34.2%
1,153 m shares

Current **RM10.72**
Target **RM12.03**
Prev. Target **RM12.03**
Up/Downside **12.2%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.5	-6.8	-8.3
Absolute	-5.1	-13.8	-13.0

Major shareholders	% held
Permodalan Nasional Bhd	50.1
EPF	15.7

Further turnaround expected

After a strong performance from UMW's auto and O&G divisions in 2014, we anticipate further restructuring and turnaround for its equipment and manufacturing & engineering divisions in 2015. However, slower growth from its auto business is in the cards.

We retain our EPS forecasts, RNAV-based target price and Hold recommendation. A turnaround for its equipment and M&E divisions should compensate for the slower growth at its auto division. Switch to Berjaya Auto for our top pick for the sector.

months since its launch on 15 September 2014. With its energy efficient vehicle (EEV) status and highly competitive pricing, we expect the model to drive Perodua's volume in 2015.

Lower boost from autos ►

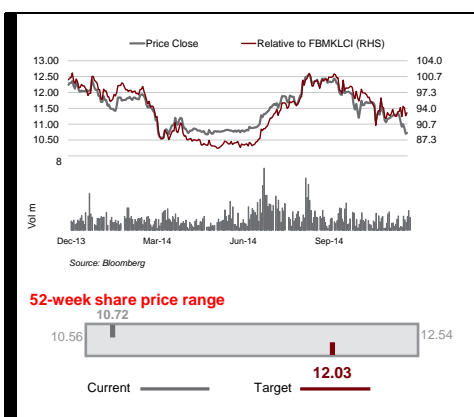
Toyota's performance in 10M14 has been highly satisfactory, with sales volume accelerating 14.8% yoy to 82,459 units. The strong showing was fuelled by the public's warm reception of new models introduced in late 2013 and early 2014, namely the all-new Vios and Altis models. This enabled Toyota to maintain its leading position in the non-national segment. For 2015, we expect a more challenging year for the brand due to the uncertainties related to the introduction of GST in 2Q15, weaker consumer sentiment, tighter credit for hire purchase loans and increased competition in the local auto industry. However, the anticipated slower growth for Toyota should be buffered by a stronger performance by its associate Perodua due to the launch of its new Axia model, which has received 54,100 bookings in the two

Better 2015 for equipment ►

After a disappointing 2014, mainly caused by the continued drop in commodity prices in Papua New Guinea and the ongoing suspension of mining activities in Myanmar, 2015 should be a much better year for UMW's equipment division. The sanctions on jade mining activities in Myanmar were lifted on 1 September and UMW has secured a RM200m contract to supply Komatsu equipment in Myanmar. We anticipate more contract awards in 2015.

Looking to China ►

The auto component business in India continued to incur losses in 9M14 but UMW's lubricant business in China is doing very well despite being only three years in operation. We believe the outlook is bright for the division, with the group exiting India and focusing its efforts on China and expanding its presence in ASEAN.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	15,864	14,207	15,043	15,654	16,355
Operating EBITDA (RMm)	2,155	1,616	2,177	2,265	2,370
Net Profit (RMm)	994	681	934	1,050	1,144
Core EPS (RM)	0.91	0.59	0.81	0.91	0.99
Core EPS Growth	4.6%	(34.8%)	37.2%	12.4%	8.9%
FD Core P/E (x)	11.84	18.15	13.23	11.77	10.81
DPS (RM)	0.50	0.44	0.60	0.68	0.74
Dividend Yield	4.68%	4.10%	5.64%	6.34%	6.91%
EV/EBITDA (x)	6.55	9.56	6.76	6.47	6.14
P/FCFE (x)	19.92	14.80	12.72	27.77	22.73
Net Gearing	5.39%	5.30%	3.22%	(0.02%)	(3.59%)
P/BV (x)	2.58	1.94	1.88	1.81	1.75
ROE	23.0%	12.2%	14.4%	15.7%	16.5%
CIMB/consensus EPS (x)			1.06	1.06	1.05

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	14,207	15,043	15,654	16,355
Gross Profit	1,616	2,177	2,265	2,370
Operating EBITDA	1,616	2,177	2,265	2,370
Depreciation And Amortisation	(315)	(326)	(355)	(382)
Operating EBIT	1,301	1,851	1,910	1,989
Financial Income/(Expense)	(20)	(11)	(5)	5
Pretax Income/(Loss) from Assoc.	174	131	282	349
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	1,455	1,970	2,187	2,343
Exceptional Items	0	0	0	0
Pre-tax Profit	1,455	1,970	2,187	2,343
Taxation	(369)	(453)	(547)	(586)
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	1,086	1,517	1,640	1,756
Minority Interests	(405)	(582)	(590)	(612)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Net Profit	681	934	1,050	1,144
Recurring Net Profit	681	934	1,050	1,144
Fully Diluted Recurring Net Profit	681	934	1,050	1,144

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	2,544	2,445	2,460	2,564
Total Debtors	2,104	1,302	1,354	1,415
Inventories	1,752	1,638	1,705	1,781
Total Other Current Assets	2,331	2,226	2,090	1,988
Total Current Assets	8,731	7,611	7,609	7,748
Fixed Assets	3,893	4,267	4,612	4,930
Total Investments	2,143	2,262	2,381	2,500
Intangible Assets	39	39	39	39
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	6,075	6,568	7,031	7,468
Short-term Debt	1,417	1,282	1,160	1,050
Current Portion of Long-Term Debt	0	0	0	0
Total Creditors	2,220	1,890	1,966	2,054
Other Current Liabilities	418	727	937	1,146
Total Current Liabilities	4,055	3,899	4,063	4,251
Total Long-term Debt	1,602	1,442	1,298	1,168
Hybrid Debt - Debt Component	0	0	0	0
Total Other Non-Current Liabilities	138	138	138	138
Total Non-current Liabilities	1,741	1,580	1,436	1,306
Total Provisions	34	34	34	34
Total Liabilities	5,830	5,513	5,533	5,591
Shareholders' Equity	6,363	6,584	6,824	7,079
Minority Interests	2,614	2,082	2,283	2,546
Total Equity	8,977	8,665	9,107	9,625

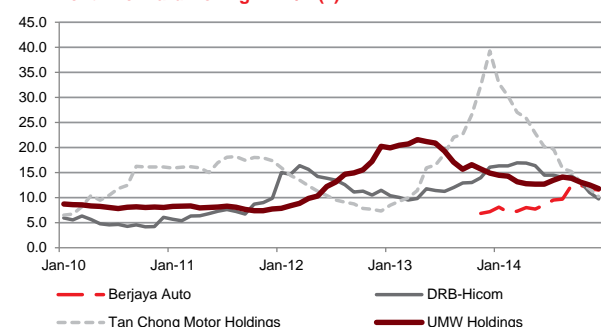
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	1,616	2,177	2,265	2,370
Cash Flow from Inv. & Assoc.	0	0	0	0
Change In Working Capital	(414)	586	(43)	(49)
(Incr)/Decr in Total Provisions	0	0	0	0
Other Non-Cash (Income)/Expense	0	0	0	0
Other Operating Cashflow	(82)	2	(15)	(32)
Net Interest (Paid)/Received	(102)	(309)	(224)	(140)
Tax Paid	(381)	(369)	(453)	(547)
Cashflow From Operations	638	2,086	1,530	1,602
Capex	(950)	(700)	(700)	(700)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	(119)	(119)	(119)	(119)
Other Investing Cashflow	957	0	0	0
Cash Flow From Investing	(111)	(819)	(819)	(819)
Debt Raised/(repaid)	308	(296)	(266)	(239)
Proceeds From Issue Of Shares	1	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(1,052)	(706)	(803)	(883)
Preferred Dividends	0	0	0	0
Other Financing Cashflow	102	102	93	85
Cash Flow From Financing	(641)	(899)	(976)	(1,037)
Total Cash Generated	(113)	368	(264)	(253)
Free Cashflow To Equity	836	972	445	544
Free Cashflow To Firm	629	1,369	803	866

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(10.4%)	5.9%	4.1%	4.5%
Operating EBITDA Growth	(25.0%)	34.7%	4.0%	4.6%
Operating EBITDA Margin	11.4%	14.5%	14.5%	14.5%
Net Cash Per Share (RM)	(0.41)	(0.24)	0.00	0.30
BVPS (RM)	5.52	5.71	5.92	6.14
Gross Interest Cover	12.75	18.25	20.92	24.14
Effective Tax Rate	25.4%	23.0%	25.0%	25.0%
Net Dividend Payout Ratio	36.7%	51.5%	50.8%	51.5%
Accounts Receivables Days	29.63	26.50	22.73	22.74
Inventory Days	50.42	48.09	45.57	45.61
Accounts Payables Days	39.39	34.97	31.53	31.57
ROIC (%)	21.2%	18.6%	20.9%	21.6%
ROCE (%)	13.1%	16.5%	17.3%	17.7%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP (% chg, main prod./serv.)	0.0%	0.0%	0.0%	0.0%
Unit sales grth (% , main prod./serv.)	-9.1%	6.4%	4.4%	4.1%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod./serv.)	N/A	N/A	N/A	N/A

UMW Oil & Gas

UMWOG MK / UMOG.KL

➤ **Market Cap**
US\$1,546m
 RM5,405m

➤ **Avg Daily Turnover**
US\$3.97m
 RM13.08m

➤ **Free Float**
24.8%
 2,162 m shares

Current **RM2.50**
 Target ➤ **RM5.11**
 Prev. Target **RM5.11**
 Up/Downside **104.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-17.3	-28.7	-21.6
Absolute	-21.9	-35.7	-26.3

Major shareholders	% held
UMW Holdings	55.2
PNB	12.7
EPF	7.4

Middle East fuels future growth

UMW-OG's fleet expansion is on track. Having built a solid base in Southeast Asia, it now eyes the Middle East, with a maiden contract expected by end-FY15. It has submitted a staggering 29 bids, worth US\$1.7bn, in the Middle East and Southeast Asia.

We continue to value the stock at 21.2x CY16 P/E, still at a 30% premium over our target market P/E of 16.3x pending a review of our premium valuations. We maintain our Add call, with the Middle Eastern foray and an upcoming contract for Naga 8 as potential re-rating catalysts.

Fleet expansion and RM2bn orders ➤

UMW-OG's fleet expansion is on track. Naga 7, which will be delivered this month, has been signed up for work in the Philippines effective Jan 2015. Naga 8, which is slated for delivery in Dec 2015, has yet to be contracted, but we understand that it is on the verge of clinching a contract. The company has an order book of around RM2bn. Management is still very active on the bidding circuit and is gunning for 29 contracts worth US\$1.7bn in the Middle East and Southeast Asia.

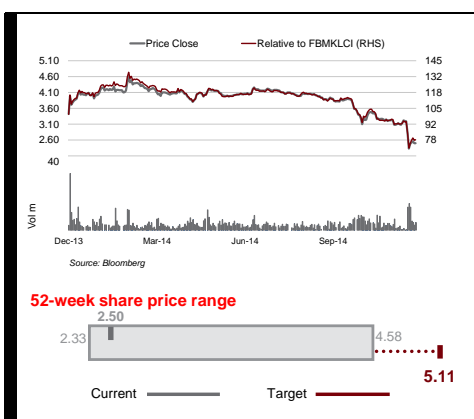
Middle East beckons ➤

Although Malaysia remains an attractive market, UMW-OG is steadily strengthening its presence in other Southeast Asian markets, in particular the Philippines, Myanmar

and Vietnam. Its next stop is the Middle East, where the company targets to secure its first contract by end-FY15. It would mark the company's new phase of international expansion after successfully capturing Southeast Asia. UMW-OG's fleet composition of rigs working in Malaysia and overseas is expected to shift from 75:25 in FY13 to 40:60 in FY15.

M&A opportunities lurk amid oil price fall ➤

Of the six working rigs, four – Naga 2, Naga 3, Naga 5 and Naga 6 – will have their contracts expire in 2Q15. Naga 2, Naga 5 and Naga 6 have extension options, for which management said it has "good" chances of securing although at potentially lower rates given the oil price fall. On the flip side, management noted that M&A opportunities are emerging amidst falling oil prices and the company could acquire new drilling assets at discounted prices.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	724	737	1,053	1,529	1,701
Operating EBITDA (RMm)	185.1	249.7	438.2	714.8	778.5
Net Profit (RMm)	72.3	189.9	265.5	479.3	521.7
Core EPS (RM)	0.05	0.09	0.12	0.22	0.24
Core EPS Growth	(7.7%)	86.4%	41.2%	80.5%	8.8%
FD Core P/E (x)	53.59	28.75	20.36	11.28	10.36
DPS (RM)	-	-	0.020	0.030	0.040
Dividend Yield	0.00%	0.00%	0.80%	1.20%	1.60%
EV/EBITDA (x)	24.34	21.36	13.72	9.19	8.42
P/FCFE (x)	NA	NA	NA	14.39	NA
Net Gearing	71.9%	24.3%	50.6%	96.7%	94.6%
P/BV (x)	4.46	1.91	4.54	4.51	4.47
ROE	8.3%	8.7%	13.2%	40.1%	43.4%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.03	1.20	1.14

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	737	1,053	1,529	1,701
Gross Profit	307	513	796	871
Operating EBITDA	250	438	715	778
Depreciation And Amortisation	(90)	(87)	(122)	(136)
Operating EBIT	160	351	593	642
Financial Income/(Expense)	14	(28)	(28)	(28)
Pretax Income/(Loss) from Assoc.	0	1	1	1
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	175	323	565	615
Exceptional Items	31			
Pre-tax Profit	205	323	565	615
Taxation	(14)	(57)	(85)	(92)
Exceptional Income - post-tax				
Profit After Tax	192	266	480	523
Minority Interests	(2)	(1)	(1)	(1)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	190	265	479	522
Recurring Net Profit	161	265	479	522
Fully Diluted Recurring Net Profit	161	265	479	522

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	168	232	235	237
Total Debtors	323	257	265	273
Inventories	69	48	49	51
Total Other Current Assets	1,069	52	53	54
Total Current Assets	1,629	589	601	614
Fixed Assets	2,241	4,379	5,083	5,787
Total Investments	2	2	2	2
Intangible Assets	11	12	13	14
Total Other Non-Current Assets	6	7	7	8
Total Non-current Assets	2,260	4,400	5,105	5,810
Short-term Debt	311	67	66	66
Current Portion of Long-Term Debt				
Total Creditors	186	211	215	219
Other Current Liabilities	5	346	277	223
Total Current Liabilities	502	624	559	508
Total Long-term Debt	547	770	1,332	1,319
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	5	124	101	82
Total Non-current Liabilities	551	894	1,433	1,400
Total Provisions	0	2,277	2,512	3,304
Total Liabilities	1,054	3,795	4,503	5,212
Shareholders' Equity	2,829	1,190	1,199	1,208
Minority Interests	6	4	5	5
Total Equity	2,836	1,194	1,203	1,213

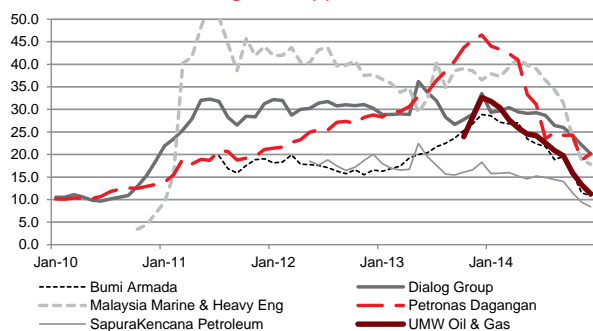
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	250	438	715	778
Cash Flow from Inv. & Assoc.	1	1	1	1
Change In Working Capital	2	(5)	(5)	(5)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0	9	15	30
Net Interest (Paid)/Received	(26)	(32)	(32)	(32)
Tax Paid	(34)	(57)	(85)	(92)
Cashflow From Operations	194	354	608	680
Capex	(2,000)	(1,408)	(704)	(704)
Disposals Of FAs/subsidiaries	2	2	2	0
Acq. Of Subsidiaries/investments				
Other Investing Cashflow				
Cash Flow From Investing	(1,998)	(1,406)	(702)	(704)
Debt Raised/(repaid)	(600)	374	469	(88)
Proceeds From Issue Of Shares	1,713	0	0	0
Shares Repurchased				
Dividends Paid	0	(43)	(65)	(86)
Preferred Dividends				
Other Financing Cashflow	740	785	(309)	201
Cash Flow From Financing	1,853	1,116	96	26
Total Cash Generated	49	64	2	2
Free Cashflow To Equity	(2,405)	(678)	376	(112)
Free Cashflow To Firm	(1,781)	(1,022)	(64)	6

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	1.7%	43.0%	45.1%	11.2%
Operating EBITDA Growth	34.9%	75.5%	63.1%	8.9%
Operating EBITDA Margin	33.9%	41.6%	46.8%	45.8%
Net Cash Per Share (RM)	(0.32)	(0.28)	(0.54)	(0.53)
BVPS (RM)	1.31	0.55	0.55	0.56
Gross Interest Cover	6.73	11.69	19.75	21.41
Effective Tax Rate	6.7%	17.6%	15.0%	15.0%
Net Dividend Payout Ratio	NA	16.3%	13.5%	16.6%
Accounts Receivables Days	130.1	93.6	62.2	57.8
Inventory Days	48.43	39.42	24.08	21.96
Accounts Payables Days	139.0	113.3	106.2	95.8
ROIC (%)	6.8%	7.5%	10.6%	9.7%
ROCE (%)	7.5%	12.3%	25.7%	24.8%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook (RMm)	N/A	N/A	N/A	N/A
Order Book Wins (RMm)	N/A	N/A	N/A	N/A
Order Book Depletion (RMm)	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US\$)	150,000.0	155,714.3	157,500.0	157,500.0
No. Of Ships (unit)	4	7	8	8
Average Utilisation Rate (%)	88.8%	83.3%	87.9%	97.0%

Unisem

UNI MK / UNSM.KL

► **Market Cap**
US\$376.1m
 RM1,315m

► **Avg Daily Turnover**
US\$1.34m
 RM4.45m

► **Free Float**
66.1%
 674.2 m shares

Current **RM1.95**
 Target **RM2.25** ►
 Prev. Target **RM2.25**
 Up/Downside **15.4%**

STOCK RATING

ADD
HOLD
REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	24.2	20.4	130.1
Absolute	19.6	13.4	125.4

Major shareholders	% held
Bandar Rasah	25.2
Lembaga Tabung Haji	6.0
John Chia	2.7

Recovery gaining momentum

The company shift in portfolio mix towards higher-margin packages is gaining traction, in our view. Unisem stands to benefit from expansion and higher operating leverage from its wafer-bumping services and stronger demand from the communication and automotive segments.

Unisem is on track to return to profitability in FY14 following two successive years of losses, aided by stronger industry demand in the smartphone and tablet segment. We keep our Add rating and RM2.25 target price, based on 16.7x CY16 P/E, 1 s.d. below its historical mean. Sustainable margin recovery and a higher dividend payout are potential re-rating catalysts for the stock.

Expanding wafer-level package capacity ►

Unisem expects to raise its wafer-bumping capacity from 5m to 7m-8m units/day within the next two years, driven by stronger demand for wafer-level chip-scale package (WLCSP) solutions in mobile devices, such as smartphones, tablets and wearables. We think Unisem is heading in the right direction as it continues to invest in capacity for higher-margin packages.

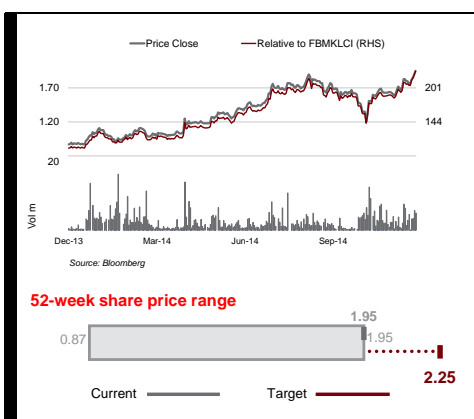
Managing utilisation key ►

Although Gartner is expecting 20% growth from wafer-level packaging and assembly equipment in 2014, management remains cautious on the industry outlook given it still has excess capacity to meet any potential rise in industry demand. Unisem

plans to incur a modest capex of RM50m in 2015 mainly for additional bumping lines in its Ipoh and Chengdu facilities. We expect to see further improvement in utilisation rates in 2015 driven by higher demand from newer and advance packages following the shift in its portfolio mix. Unisem's average utilisation rate for 9M14 hovers at 70-75%, higher compared to last year's rate of 65%. Hence, we see higher operating leverage gains from the potential rise in industry demand.

Improving operating efficiency ►

We expect Unisem to improve its operating efficiency, thanks to the lean operating structure strategy instituted by management. The company carried out several cost-saving exercises over the last two year, reducing the group's headcount and closing down its European operations, while focusing on its main facilities in Asia. Since then, we think the results are coming through given that its revenue per employee steadily increased by 12% yoy from RM95.9k in 9M13 to RM107.8k in 9M14.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,092	991	1,022	1,086	1,144
Net Profit (RMm)	(4.62)	(17.09)	55.30	75.98	90.84
Core EPS (RM)	(0.01)	(0.03)	0.08	0.11	0.13
Core EPS Growth	(123%)	270%	NA	37%	20%
FD Core P/E (x)	NA	NA	23.78	17.30	14.47
Price To Sales (x)	1.20	1.33	1.29	1.21	1.15
DPS (RM)	0.020	0.020	0.070	0.085	0.095
Dividend Yield	1.03%	1.03%	3.59%	4.36%	4.87%
EV/EBITDA (x)	9.90	9.24	6.36	5.39	4.59
P/FCFE (x)	37.23	9.89	8.33	7.29	6.65
Net Gearing	40.9%	33.9%	22.3%	9.4%	(4.1%)
P/BV (x)	1.28	1.37	1.36	1.33	1.30
ROE	(0.44%)	(1.72%)	5.73%	7.77%	9.08%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.00	0.94	0.87

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	991	1,022	1,086	1,144
Gross Profit	991	1,022	1,086	1,144
Operating EBITDA	179	242	263	279
Depreciation And Amortisation	(163)	(158)	(162)	(162)
Operating EBIT	15	85	101	117
Financial Income/(Expense)	(22)	(12)	(5)	(3)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	(7)	72	96	114
Exceptional Items				
Pre-tax Profit	(7)	72	96	114
Taxation	(14)	(17)	(19)	(23)
Exceptional Income - post-tax				
Profit After Tax	(21)	56	77	92
Minority Interests	4	(0)	(1)	(1)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	(17)	55	76	91
Recurring Net Profit	(17)	55	76	91
Fully Diluted Recurring Net Profit	(17)	55	76	91

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	96	207	331	466
Total Debtors	141	145	154	162
Inventories	104	107	114	120
Total Other Current Assets	6	6	6	6
Total Current Assets	346	465	605	754
Fixed Assets	1,213	1,116	1,014	912
Total Investments	0	0	0	0
Intangible Assets	10	10	10	10
Total Other Non-Current Assets	3	3	3	3
Total Non-current Assets	1,227	1,129	1,027	925
Short-term Debt	268	268	268	268
Current Portion of Long-Term Debt				
Total Creditors	140	145	154	162
Other Current Liabilities	11	11	11	11
Total Current Liabilities	420	424	433	441
Total Long-term Debt	156	156	156	156
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	8	8	8	8
Total Non-current Liabilities	164	164	164	164
Total Provisions	21	29	39	50
Total Liabilities	605	617	636	656
Shareholders' Equity	961	969	987	1,014
Minority Interests	8	8	9	9
Total Equity	968	977	996	1,023

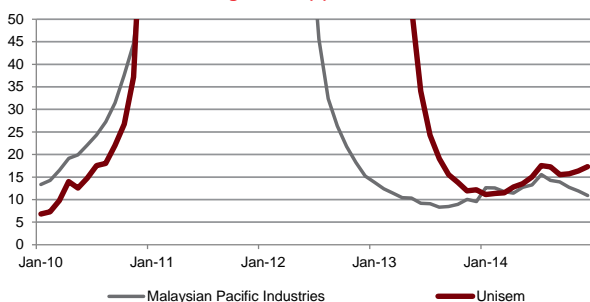
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	178.6	242.3	262.9	279.5
Cash Flow from Inv. & Assoc.				
Change In Working Capital	37.4	(3.3)	(6.7)	(6.1)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow				
Net Interest (Paid)/Received	(22.3)	(12.7)	(6.4)	(4.2)
Tax Paid	2.0	(8.3)	(9.6)	(11.4)
Cashflow From Operations	195.8	217.9	240.2	257.7
Capex	(62.8)	(60.0)	(60.0)	(60.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow				
Cash Flow From Investing	(62.8)	(60.0)	(60.0)	(60.0)
Debt Raised/(repaid)				
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(13.5)	(47.2)	(57.3)	(64.0)
Preferred Dividends				
Other Financing Cashflow	(21.8)	(12.7)	(6.4)	(4.2)
Cash Flow From Financing	(35.3)	(59.9)	(63.7)	(68.3)
Total Cash Generated	97.8	98.0	116.6	129.4
Free Cashflow To Equity	133.0	157.9	180.2	197.7
Free Cashflow To Firm	155.3	170.7	186.6	201.9

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(9.29%)	3.19%	6.24%	5.34%
Operating EBITDA Growth	0.9%	35.6%	8.5%	6.3%
Operating EBITDA Margin	18.0%	23.7%	24.2%	24.4%
Net Cash Per Share (RM)	(0.49)	(0.32)	(0.14)	0.06
BVPS (RM)	1.42	1.44	1.46	1.50
Gross Interest Cover	0.69	6.64	15.88	27.62
Effective Tax Rate	0.0%	23.0%	20.0%	20.0%
Net Dividend Payout Ratio	NA	85.3%	75.4%	70.5%
Accounts Receivables Days	58.89	51.04	50.32	50.67
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	1.0%	6.4%	8.2%	10.3%
ROCE (%)	1.06%	5.98%	7.06%	8.02%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP Change (% , Main Product)	N/A	N/A	N/A	N/A
Unit sales growth (% , main prod)	-17.3%	5.0%	11.1%	8.6%
No. Of Lines (main Product)	N/A	N/A	N/A	N/A
Rev per line (US\$, main prod)	0.2	0.2	0.2	0.2
ASP chg (% , 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A

UOA Development

UOAD MK / UOAD.KL

▶ **Market Cap**
US\$863.8m
 RM3,019m

▶ **Avg Daily Turnover**
US\$0.38m
 RM1.23m

▶ **Free Float**
32.0%
 1,432 m shares

Current **RM2.11**
 Target **RM2.18** ▶
 Prev. Target **RM2.18**
 Up/Downside **3.4%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	4.1	7.5	10.7
Absolute	-0.5	0.5	6.0

Major shareholders	% held
UOA Holdings Ltd	68.0
PNB	5.8
EPF	4.9

Tough market conditions turn the screws

UOA Dev was right in changing its strategy to focus on launching affordable residential properties in 2014. However, difficult property market conditions have resulted in launch delays which have hampered new sales. UOA Dev is likely to end 2014 with lower sales and a decline in earnings.

We retain our Hold recommendation and target price, which is based on a 30% discount to RNAV. The key attraction of the stock remains its relatively attractive dividend yield of 5-6%. For exposure to the property sector, we continue to prefer the more aggressive developers with stronger execution track records, i.e. Mah Sing and Eco World.

Lower new sales ▶

In 9M14, UOA Dev sold RM1.37bn worth of properties, down 13% yoy. The group sold RM672m worth of properties in 3Q, up 85% qoq and 192% yoy. The bulk of 9M sales came from Southview in Bangsar South (RM522m), Southbank in Old Klang Road (RM225m), Scenaria in Segambut (RM200m), Desa Sentul in Jalan Sentul (RM181m) and Kencana Square (RM110m). 84% of its sales were residential properties and only 16% were commercial properties.

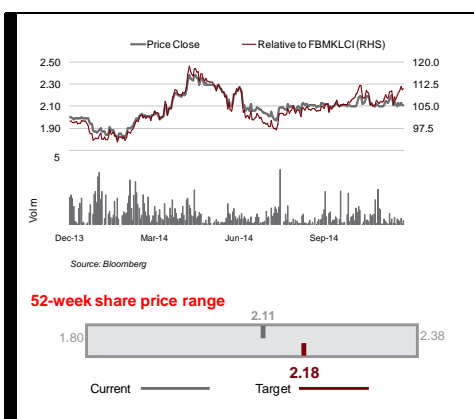
Launch delays ▶

Earlier this year, UOA Dev targeted six new launches in FY14 worth

RM2.04bn, i.e. the RM500m Southbank, RM300m Southview second block, RM340m Desa Sentul, as well as Jalan Ipoh, Desa Business Suites and Kepong V, each worth an estimated RM300m. The group has launched the first three projects but will postpone the rest to 2015 or later. The upshot of the delay in the launches is that UOA Dev is almost certain to miss its full-year sales target of around RM2bn by 10-20%. This is a big letdown and shows that the property sector slowdown is hurting even strong developers such as UOA Dev. This is particularly true for commercial properties.

Unfavourable dynamics ▶

UOA Dev's sales are starting to be affected by its exposure to 1) a single geographical location, i.e. the Klang Valley, 2) largely commercial properties (roughly 50% of its total GDV), and 3) mostly high-rise developments. 2014 is a year when both new sales and accounting profits are expected to decline. This is an unexpected double-whammy.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues (RMm)	799	1,246	1,026	1,635	1,834
Operating EBITDA (RMm)	420.7	552.9	334.4	439.1	479.0
Net Profit (RMm)	301.3	362.8	303.8	347.9	408.5
Core EPS (RM)	0.24	0.26	0.19	0.24	0.29
Core EPS Growth	26.3%	10.6%	(26.9%)	26.4%	17.4%
FD Core P/E (x)	8.64	7.82	10.62	8.68	7.40
DPS (RM)	0.12	0.13	0.11	0.13	0.14
Dividend Yield	5.69%	6.16%	5.21%	6.16%	6.64%
EV/EBITDA (x)	5.77	3.92	7.42	5.89	5.53
P/FCFE (x)	18.91	19.16	7.43	57.48	37.89
Net Gearing	(13.3%)	(28.9%)	(23.4%)	(19.2%)	(16.3%)
P/BV (x)	1.28	1.16	1.16	1.10	1.02
ROE	15.5%	15.5%	10.9%	13.0%	14.3%
% Change In Core EPS Estimates			(0%)	(0%)	(0%)
CIMB/consensus EPS (x)			1.06	1.02	1.07

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,246	1,026	1,635	1,834
Gross Profit	687	469	674	746
Operating EBITDA	553	334	439	479
Depreciation And Amortisation	(6)	(5)	(5)	(5)
Operating EBIT	547	329	434	474
Financial Income/(Expense)	9	18	16	14
Pretax Income/(Loss) from Assoc.	6	34	57	71
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	563	382	507	559
Exceptional Items	15	37	0	0
Pre-tax Profit	578	419	507	559
Taxation	(172)	(95)	(127)	(134)
Exceptional Income - post-tax				
Profit After Tax	406	323	380	425
Minority Interests	(43)	(19)	(33)	(17)
Prof. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	363	304	348	409
Recurring Net Profit	352	275	348	409
Fully Diluted Recurring Net Profit	352	275	348	409

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	806	648	571	522
Properties Under Development				
Total Debtors	426	351	559	627
Inventories	146	161	177	194
Total Other Current Assets	758	796	835	877
Total Current Assets	2,136	1,955	2,143	2,221
Fixed Assets	48	58	68	78
Total Investments	798	999	1,200	1,402
Intangible Assets	27	27	27	27
Total Other Non-Current Assets	91	94	98	102
Total Non-current Assets	963	1,178	1,393	1,608
Short-term Debt	2	2	2	2
Current Portion of Long-Term Debt				
Total Creditors	431	350	559	627
Other Current Liabilities	23	25	26	27
Total Current Liabilities	456	377	586	655
Total Long-term Debt	69	12	11	10
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	11	11	11	12
Total Non-current Liabilities	80	23	22	21
Total Provisions	20	20	20	20
Total Liabilities	557	420	629	697
Shareholders' Equity	2,445	2,596	2,758	2,966
Minority Interests	98	117	150	166
Total Equity	2,543	2,713	2,907	3,132

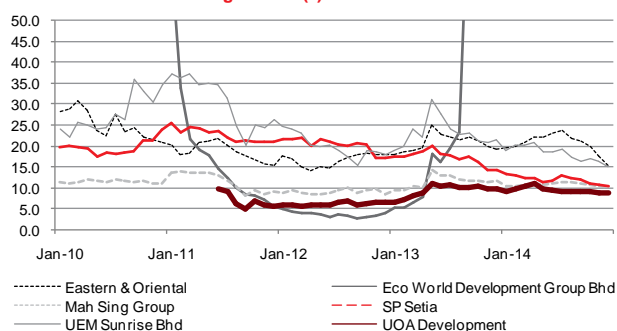
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	552.9	334.4	439.1	479.0
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(98.2)	413.4	(54.9)	(58.2)
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	9.3	18.1	16.2	14.3
Tax Paid	(163.8)	(95.4)	(126.8)	(134.2)
Cashflow From Operations	300.3	670.6	273.5	300.8
Capex	0.0	(15.0)	(15.0)	(15.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments	(168.1)	(204.7)	(204.9)	(205.2)
Other Investing Cashflow	30.8	0.0	0.0	0.0
Cash Flow From Investing	(137.3)	(219.7)	(219.9)	(220.2)
Debt Raised/(repaid)	(19.2)	(57.2)	(1.1)	(0.9)
Proceeds From Issue Of Shares	143.8	4.5	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(174.2)	(157.5)	(186.1)	(200.4)
Preferred Dividends				
Other Financing Cashflow	17.3	71.0	57.0	71.1
Cash Flow From Financing	(32.3)	(139.2)	(130.2)	(130.3)

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	55.9%	(17.6%)	59.4%	12.2%
Operating EBITDA Growth	31.4%	(39.5%)	31.3%	9.1%
Operating EBITDA Margin	44.4%	32.6%	26.9%	26.1%
Net Cash Per Share (RM)	0.55	0.44	0.39	0.36
BVPS (RM)	1.82	1.81	1.93	2.07
Gross Interest Cover	105.3	89.3	204.1	223.2
Effective Tax Rate	29.8%	22.8%	25.0%	24.0%
Net Dividend Payout Ratio	50.1%	59.0%	53.5%	49.1%
Accounts Receivables Days	156.6	138.3	101.6	118.4
Inventory Days	171.3	100.5	64.1	62.4
Accounts Payables Days	245.1	253.7	172.3	198.9
ROIC (%)	37.6%	31.6%	39.1%	40.2%
ROCE (%)	23.0%	13.1%	15.9%	16.1%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Unbooked Presales (m) (RM)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	0.5	0.6	0.6	-
Gross Margins (%)	44.4%	32.6%	26.9%	26.1%
Contracted Sales ASP (per Sm) (RM)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	43.7%	30.5%	25.2%	24.6%
Investment rev / total rev (%)	4.7%	5.9%	3.9%	3.7%
Residential rev / total rev (%)	95.3%	94.1%	96.1%	96.3%
Inv. properties rental margin (%)	58.7%	66.5%	66.5%	66.5%
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

Uzma

UZMA MK / UZMA.KL

➤ **Market Cap**
US\$132.2m
 RM462.0m

➤ **Avg Daily Turnover**
US\$0.49m
 RM1.60m

➤ **Free Float**
35.8%
 264.0 m shares

Current **RM1.75**
 Target ➤ **RM3.81**
 Prev. Target **RM3.81**
 Up/Downside **117.7%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-36.7	-44.5	-30.0
Absolute	-41.3	-51.5	-34.7

Major shareholders	% held
Dato' Kamarul Redzuan bin Muhamed	32.6
Datin Rozita binti Mat Shah @ Hassan	16.4
Lembaga Tabung Haji	10.0

Still fuelled for growth

2015 is an exciting year for Uzma. Drilling works and oil production at its Tanjung Baram RSC are set to commence, with newly acquired MMSVS and PEC to be fully integrated into the group. Its vision of becoming a regional integrated reservoir company remains intact.

We make no changes to our EPS forecasts and target price, valuing the stock at 14.8x CY16 P/E, a 30% discount to our O&G big caps. We reiterate our Add call. The start of oil production from its Tg Baram RSC and expansion into new businesses are potential rerating catalysts.

Resilient despite the sector's expected slowdown ➤

We believe that Uzma will be relatively more resilient in the face of the anticipated slowdown in the industry in 2015 due to its diverse service offerings. Its three core divisions are geoscience and petroleum engineering (GPE), drilling and well services (DWS) and project oilfield and optimisation services (POOS). GPE, which provides services for the initial stages of oil exploration, is the most vulnerable to the declining crude oil price, as oil majors cut back on their capital expenditures. However, we believe its DWS and POOS divisions should benefit from this situation, as oil producers increase their production activities and find ways to maximise production at their current oilfields to cater to the decline in crude oil price in order to

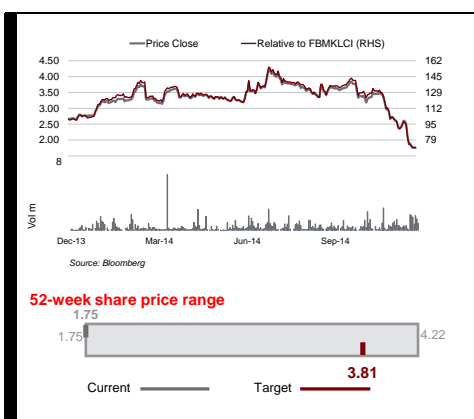
meet their revenue targets. However, we expect their service rates to come under downward pressure due to the lower oil price environment.

Tanjung Baram RSC set to commence oil production ➤

After a delay due to the monsoon season, we expect the drilling works at its Tanjung Baram RSC to start in 1Q15. The oil production is expected to commence in 2Q15. This bodes well for Uzma, as it benefits directly as one of the subcontractors providing services for the development of the oilfield. Once production starts, the project should contribute a stable income stream from the remuneration fee it is entitled to for every barrel of oil produced, which will be a source of earnings growth in FY15.

More new services ➤

Uzma is set to fully recognise the contributions from MMSVS and PEC in FY15, which will partly contribute to the group's earnings growth. Even with a slower pace due to the expected industry slowdown in 2015, we believe it will continue with its expansion plan of adding new services, either through organic growth or through mergers and acquisitions.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	289.2	405.9	507.4	634.2	824.5
Operating EBITDA (RMm)	34.1	49.2	63.8	80.9	105.0
Net Profit (RMm)	22.18	33.06	41.05	51.59	67.87
Normalised EPS (RM)	0.17	0.25	0.21	0.19	0.25
Normalised EPS Growth	13.1%	46.9%	(17.2%)	(7.2%)	30.9%
FD Normalised P/E (x)	8.36	6.99	8.44	9.09	6.95
DPS (RM)	-	0.020	0.038	-	-
Dividend Yield	0.00%	1.14%	2.16%	0.00%	0.00%
EV/EBITDA (x)	6.34	4.73	3.88	4.98	3.35
P/FCFE (x)	218.7	NA	9.1	NA	7.5
Net Gearing	(16.1%)	(3.7%)	(41.2%)	(25.0%)	(35.5%)
P/BV (x)	2.36	1.80	1.79	1.47	1.21
ROE	28.1%	29.2%	21.3%	17.8%	19.1%
Normalised EPS/consensus EPS (x)			1.21	0.86	0.96

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	405.9	507.4	634.2	824.5
Gross Profit	83.8	116.7	145.9	189.6
Operating EBITDA	49.2	63.8	80.9	105.0
Depreciation And Amortisation	(4.6)	(5.4)	(8.0)	(10.2)
Operating EBIT	44.6	58.3	72.9	94.8
Financial Income/(Expense)	(3.1)	(3.7)	(4.2)	(4.2)
Pretax Income/(Loss) from Assoc.	4.6	5.7	7.1	9.2
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	46.1	60.3	75.8	99.8
Exceptional Items				
Pre-tax Profit	46.1	60.3	75.8	99.8
Taxation	(11.2)	(13.7)	(17.2)	(22.7)
Exceptional Income - post-tax				
Profit After Tax	34.9	46.6	58.6	77.1
Minority Interests	(1.8)	(5.6)	(7.0)	(9.3)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Preference Dividends (Australia)				
Net Profit	33.1	41.0	51.6	67.9
Normalised Net Profit	34.9	46.6	58.6	77.1
Fully Diluted Normalised Profit	33.1	41.0	51.6	67.9

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	37.5	153.3	127.1	190.0
Total Debtors	120.8	160.6	209.3	263.2
Inventories	6.2	11.0	10.5	17.5
Total Other Current Assets	17.5	17.5	17.5	17.5
Total Current Assets	182.0	342.4	364.4	488.1
Fixed Assets	41.7	61.3	78.3	93.2
Total Investments	16.1	17.8	48.5	51.2
Intangible Assets	1.7	1.7	1.7	1.7
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	59.5	80.8	128.5	146.1
Short-term Debt	16.8	7.0	7.0	7.0
Current Portion of Long-Term Debt				
Total Creditors	69.1	107.8	107.3	171.5
Other Current Liabilities	2.1	1.0	1.0	1.0
Total Current Liabilities	88.0	115.8	115.3	179.5
Total Long-term Debt	15.7	35.0	35.0	35.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	15.7	35.0	35.0	35.0
Total Provisions	2.4	2.4	2.4	2.4
Total Liabilities	106.1	153.1	152.7	216.9
Shareholders' Equity	128.5	257.5	320.6	388.5
Minority Interests	7.0	12.6	19.6	28.9
Total Equity	135.4	270.1	340.2	417.3

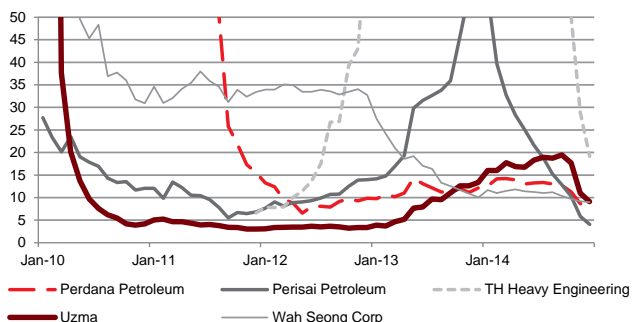
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	49.2	63.8	80.9	105.0
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(29.8)	16.8	(43.7)	9.8
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(0.1)	0.0	0.0	0.0
Other Operating Cashflow	(0.4)			
Net Interest (Paid)/Received	(3.1)	(3.7)	(4.2)	(4.2)
Tax Paid	(10.9)	(13.7)	(17.2)	(22.7)
Cashflow From Operations	5.0	63.2	15.8	87.9
Capex	(11.3)	(25.0)	(25.0)	(25.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(0.2)	0.0	(17.0)	0.0
Other Investing Cashflow	(2.5)	0.0	0.0	0.0
Cash Flow From Investing	(14.0)	(25.0)	(42.0)	(25.0)
Debt Raised/(repaid)	(0.2)	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	98.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(2.8)	(10.0)	0.0	0.0
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	(2.9)	88.0	0.0	0.0
Total Cash Generated	(12.0)	126.2	(26.2)	62.9
Free Cashflow To Equity	(9.2)	38.2	(26.2)	62.9
Free Cashflow To Firm	(6.3)	41.9	(22.0)	67.1

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	40.3%	25.0%	25.0%	30.0%
Operating EBITDA Growth	44.2%	29.6%	26.9%	29.8%
Operating EBITDA Margin	12.1%	12.6%	12.8%	12.7%
Net Cash Per Share (RM)	0.04	0.42	0.32	0.55
BVPS (RM)	0.97	0.98	1.19	1.44
Gross Interest Cover	14.33	15.67	17.37	22.58
Effective Tax Rate	24.3%	22.7%	22.7%	22.7%
Net Dividend Payout Ratio	8.0%	24.3%	NA	NA
Accounts Receivables Days	87.94	87.50	87.50	87.74
Inventory Days	8.03	8.03	8.03	8.06
Accounts Payables Days	75.12	76.47	75.46	76.58
ROIC (%)	44.1%	37.5%	38.2%	34.0%
ROCE (%)	29.7%	24.1%	20.9%	22.4%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook (RMm)	1,679	2,000	2,300	2,500
Order Book Wins (RMm)	16.0	20.0	23.0	25.0
Order Book Depletion (RMm)	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US\$)	N/A	N/A	N/A	N/A
No. Of Ships (unit)	N/A	N/A	N/A	N/A
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A

Wah Seong Corp

WSC MK / WAHE.KL

➤ **Market Cap**
US\$342.3m
 RM1,196m

➤ **Avg Daily Turnover**
US\$0.34m
 RM1.13m

➤ **Free Float**
48.3%
 736.9 m shares

Current **RM1.55**
 Target ➤ **RM2.65**
 Prev. Target **RM2.65**
 Up/Downside **70.9%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	0.9	-11.4	-1.9
Absolute	-3.7	-18.4	-6.6

Major shareholders	% held
Wah Seong (Malaya) Trading Co Sdn Bhd	38.5
Chan Cheu Leong	7.8
EPF	5.4

Thicker coat of earnings

FY15 looks promising for Wah Seong given the smooth execution of the Polarled pipe-coating project, its first in Norway. The company's order book is firm at RM1.4bn and management now targets more gas projects in view of the oil price fall.

We continue to value the stock at a CY16 P/E of 14.8x, still at a 30% discount to the P/E of the oil & gas big caps pending a review of our valuations. The shift from project-based income to annuity-like earnings is a long-term positive and a potential re-rating catalyst that supports our Add rating.

Polarled continues in FY15 ➤

Wah Seong is on track for a record finish in FY14 due to the smooth execution of the RM627m contract from Statoil for the Polarled project in Norway and the RM232m contract from Petronas for the North Malay Basin (NMB) project in Terengganu. The NMB project has been completed, but the Polarled project will continue in FY15, which is expected to be a new record year, also supported by associate incomes from Petra Energy and a JV with Alam Maritim.

RM1.4bn order book ➤

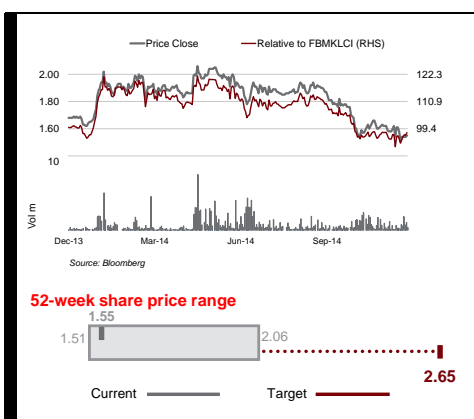
As at 30 Sep 2014, Wah Seong had orders worth RM1.4bn, of which 66% came from oil & gas, 21% from renewable energy and 13% from industrial trading and services. The

company's tender book is worth RM5.5bn, of which 65% consists of oil & gas jobs, with 60% in the pipe-coating segment. We understand that the jobs are in markets that include Central Asia and the Middle East.

More focus on gas ➤

Over the past few years, Wah Seong has taken on more gas projects, which include the RM370m Turkmenistan Block 1 in 2008, RM48m PTT Offshore Gas Spur Lines in 2010 and NMB in 2013. Given the oil price fall, the company plans to scout for more gas projects than oil ones. Management stressed that its RM1.4bn order book, which will last for about two years, is intact.

The company also benefits from long-term income from its associates, Petra and a JV with Alam. Long-term marginal field contributions from 26.9%-owned Petra and a 49:51 JV with Alam should lend more stability to Wah Seong's bottomline, which is currently driven by lumpy pipe-coating contracts.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,952	1,779	1,803	1,840	1,866
Operating EBITDA (RMm)	115.0	104.4	271.8	297.6	310.5
Net Profit (RMm)	52.5	32.3	128.6	132.6	136.0
Core EPS (RM)	0.07	0.06	0.17	0.18	0.18
Core EPS Growth	(7%)	(21%)	211%	3%	3%
FD Core P/E (x)	25.02	30.75	9.44	8.99	8.68
DPS (RM)	0.033	0.051	0.070	0.075	0.080
Dividend Yield	2.12%	3.29%	4.50%	4.87%	5.18%
EV/EBITDA (x)	9.76	15.46	3.84	3.61	3.56
P/FCFE (x)	31.63	25.94	6.07	5.29	5.05
Net Gearing	(32.7%)	38.8%	(39.2%)	(40.4%)	(41.7%)
P/BV (x)	1.89	1.16	2.01	2.13	2.27
ROE	9.2%	5.2%	16.6%	24.0%	26.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.19	1.15	1.11

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,779	1,803	1,840	1,866
Gross Profit	141	312	338	351
Operating EBITDA	104	272	298	310
Depreciation And Amortisation	(59)	(40)	(44)	(49)
Operating EBIT	45	231	253	262
Financial Income/(Expense)	30	(46)	(47)	(49)
Pretax Income/(Loss) from Assoc.	(2)	16	8	8
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	73	202	213	220
Exceptional Items	0	0	0	0
Pre-tax Profit	73	202	213	220
Taxation	(32)	(35)	(35)	(35)
Exceptional Income - post-tax	(9)			
Profit After Tax	32	166	178	185
Minority Interests	0	(38)	(45)	(49)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	32	129	133	136
Recurring Net Profit	41	129	133	136
Fully Diluted Recurring Net Profit	41	129	133	136

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	381	795	826	860
Total Debtors	515	91	96	101
Inventories	205	146	153	161
Total Other Current Assets	145	112	113	114
Total Current Assets	1,247	1,145	1,188	1,235
Fixed Assets	27	762	762	762
Total Investments	182	2	4	6
Intangible Assets	117	68	70	72
Total Other Non-Current Assets	927	37	38	39
Total Non-current Assets	1,252	869	874	879
Short-term Debt	647	372	388	405
Current Portion of Long-Term Debt				
Total Creditors	407	274	289	304
Other Current Liabilities	93	260	261	262
Total Current Liabilities	1,148	906	938	971
Total Long-term Debt	182	118	118	118
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	13	211	214	217
Total Non-current Liabilities	196	328	331	334
Total Provisions	0	0	1	2
Total Liabilities	1,343	1,234	1,270	1,307
Shareholders' Equity	984	569	537	502
Minority Interests	172	210	256	304
Total Equity	1,156	779	792	807

Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	104.4	271.8	297.6	310.5
Cash Flow from Inv. & Assoc.				
Change In Working Capital	2.5	2.7	2.8	2.9
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(54.6)	(54.6)	(54.6)	(54.6)
Net Interest (Paid)/Received	(18.0)	(17.0)	(16.0)	(15.0)
Tax Paid	(15.2)	(33.6)	(35.2)	(40.8)
Cashflow From Operations	19.2	169.3	194.6	203.0
Capex	(56.0)	(55.0)	(55.0)	(55.0)
Disposals Of FAs/subsidiaries	85.4	83.4	81.4	79.4
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	(13.6)	(12.6)	(11.6)	(10.6)
Cash Flow From Investing	15.8	15.8	14.8	13.8
Debt Raised/(repaid)	14.0	15.0	16.0	17.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0			
Dividends Paid	(17.4)	(27.1)	(37.0)	(40.0)
Preferred Dividends				
Other Financing Cashflow	(394.7)	241.4	(159.8)	(139.3)
Cash Flow From Financing	(398.1)	229.3	(180.8)	(162.3)
Total Cash Generated	(363.1)	414.4	28.5	54.5
Free Cashflow To Equity	49.0	200.1	225.4	233.8
Free Cashflow To Firm	52.9	202.0	225.3	231.8

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	(8.82%)	1.31%	2.09%	1.38%
Operating EBITDA Growth	(9%)	160%	9%	4%
Operating EBITDA Margin	5.9%	15.1%	16.2%	16.6%
Net Cash Per Share (RM)	(0.61)	0.41	0.43	0.46
BVPS (RM)	1.33	0.77	0.73	0.68
Gross Interest Cover	2.37	4.40	4.60	4.55
Effective Tax Rate	43.7%	17.5%	16.5%	16.0%
Net Dividend Payout Ratio	91.0%	40.0%	41.9%	43.5%
Accounts Receivables Days	61.49	61.39	18.47	19.00
Inventory Days	37.60	42.99	36.33	37.94
Accounts Payables Days	73.12	83.49	68.33	71.35
ROIC (%)	5.7%	16.1%	37.1%	38.3%
ROCE (%)	5.7%	14.6%	20.3%	20.5%

Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook (RMm)	1,300	1,330	1,690	1,990
Order Book Wins (RMm)	530.0	860.0	900.0	1,000.0
Order Book Depletion (RMm)	500	500	600	700
Average Day Rate Per Ship (US\$)	-	-	-	-
No. Of Ships (unit)	-	-	-	-
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A

WCT Holdings

WCTHG MK / WCTE.KL

Market Cap
US\$498.8m
RM1,744m

Avg Daily Turnover
US\$0.55m
RM1.83m

Free Float
60.2%
971.2 m shares

Current **RM1.61**
Target **RM1.66**
Prev. Target **RM1.97**
Up/Downside **2.9%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-21.2	-18.1	-23.4
Absolute	-25.8	-25.1	-28.1

Major shareholders	% held
WCT Capital	19.6
EPF	13.9
KWAP	6.2

Re-strategising for 2015

A potential REIT exercise could balance out WCT's subdued property development outlook and the seemingly less aggressive construction target going into 2015. Potential cash from property asset divestments could excite shareholders but we remain unmoved about it for now.

While the worst could be over for the share price, its overall outlook remains weighed down by property. Construction could buck the trend. We cut our target price as we update for balance land bank, still pegged to a 30% RNAV discount. Maintain Hold. Switch to Gamuda.

Property outlook more challenging

WCT could be more disadvantaged in light of the weakening property outlook that is affecting commercial and high-rise products more than landed units. This is especially so for its ventures in Medini, Iskandar. Property margins are bound to recover to c.20% but further upside could be capped due to moderating property demand. We keep our property sales assumptions of RM600m for FY14, which is broadly in line with management's revised target, and RM800m for FY15. On the positive side, the group should start launching its landed units in Rawang by end-2015. This apparently is a more resilient segment.

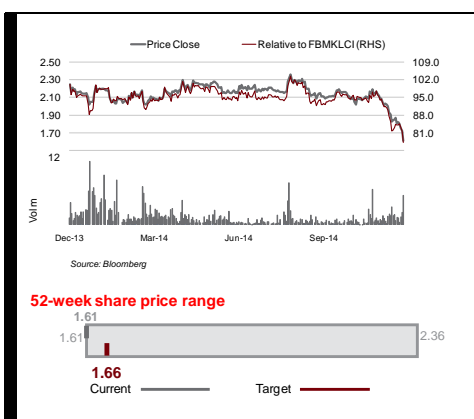
More subcontract works

We feel that WCT can continue to be selective in view of its RM2.3bn

external outstanding order book and RM1.2bn worth of internal jobs. Its total domestic tender book (new prospects) of RM3.8bn now excludes the subcontract works for the West Coast Expressway (WCE) as the group is no longer keen to tender due to the change in package structure that suggests lower margins. WCT is now focusing on securing more subcontract works in Rapid and Tun Razak Exchange (TRX).

Cautiously positive

We remain cautiously positive about the group's efforts to re-strategise in view of the challenges for its two key divisions. Ascribing a 20-30% success rate p.a. to the group's RM3.8bn domestic tender book seems fair but we believe that job wins are more likely in 2H15, with 1H15 construction earnings supported by recent job wins and internal works. The REIT potential should enable WCT to unlock the values of three of its five existing property investment assets: 1) BBT Shopping Mall, 2) Paradigm Mall in Kelana Jaya, and 3) Gateway Mall in KLIA2.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,560	1,672	1,976	2,230	2,534
Operating EBITDA (RMm)	262.4	323.0	267.6	325.8	337.2
Net Profit (RMm)	364.6	197.5	134.9	170.4	182.5
Core EPS (RM)	0.19	0.24	0.14	0.18	0.19
Core EPS Growth	16.0%	22.2%	(41.4%)	26.3%	7.1%
FD Core P/E (x)	8.80	7.20	12.27	9.71	9.07
DPS (RM)	0.070	0.083	0.090	0.090	0.090
Dividend Yield	4.35%	5.12%	5.59%	5.59%	5.59%
EV/EBITDA (x)	8.42	7.33	8.85	7.31	7.09
P/FCFE (x)	13.27	7.74	5.85	7.07	7.12
Net Gearing	39.8%	29.9%	26.9%	23.3%	20.1%
P/BV (x)	0.86	0.92	0.86	0.77	0.69
ROE	11.8%	13.1%	7.7%	8.9%	8.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.05	1.14	1.07

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,672	1,976	2,230	2,534
Gross Profit	441	1,976	2,230	2,534
Operating EBITDA	323	268	326	337
Depreciation And Amortisation	(10)	(19)	(21)	(24)
Operating EBIT	313	248	304	313
Financial Income/(Expense)	(34)	(46)	(46)	(47)
Pretax Income/(Loss) from Assoc.	19	10	10	10
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	298	212	268	277
Exceptional Items	(44)	0	0	0
Pre-tax Profit	254	212	268	277
Taxation	(64)	(47)	(56)	(56)
Exceptional Income - post-tax				
Profit After Tax	190	165	212	222
Minority Interests	8	(31)	(42)	(39)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	197	135	170	183
Recurring Net Profit	230	135	170	183
Fully Diluted Recurring Net Profit	230	135	170	183

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	1,346	1,413	1,484	1,558
Total Debtors	1,622	1,307	1,475	1,675
Inventories	86	90	95	100
Total Other Current Assets	305	335	368	405
Total Current Assets	3,358	3,146	3,422	3,738
Fixed Assets	521	612	706	803
Total Investments	1,102	1,157	1,217	1,282
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	631	631	631	631
Total Non-current Assets	2,254	2,400	2,554	2,715
Short-term Debt	662	640	619	600
Current Portion of Long-Term Debt				
Total Creditors	1,152	928	1,047	1,190
Other Current Liabilities	72	47	56	56
Total Current Liabilities	1,886	1,615	1,723	1,846
Total Long-term Debt	1,305	1,370	1,439	1,511
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	332	332	332	332
Total Non-current Liabilities	1,637	1,702	1,771	1,843
Total Provisions	10	11	12	13
Total Liabilities	3,533	3,328	3,506	3,701
Shareholders' Equity	1,700	1,809	2,020	2,262
Minority Interests	378	409	450	489
Total Equity	2,078	2,217	2,470	2,751

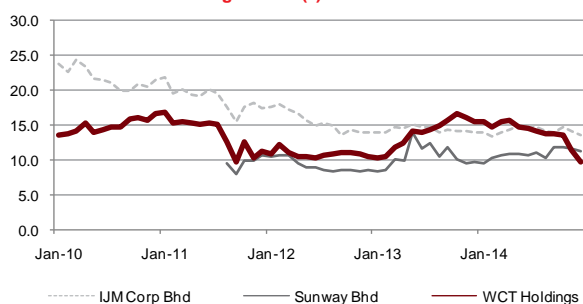
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	323.0	267.6	325.8	337.2
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(76.1)	55.6	(86.2)	(99.3)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	23.3	23.3	23.3	23.3
Net Interest (Paid)/Received	0.0	0.0	0.0	0.0
Tax Paid	(58.4)	(71.4)	(45.7)	(55.2)
Cashflow From Operations	211.8	275.2	217.2	206.1
Capex	(88.4)	(91.1)	(91.1)	(91.1)
Disposals Of FAs/subsidiaries	51.2	55.4	59.9	64.9
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	(37.2)	(35.7)	(31.1)	(26.2)
Debt Raised/(repaid)	39.3	43.6	47.9	52.4
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(42.5)	(42.5)	(42.5)	(42.5)
Preferred Dividends				
Other Financing Cashflow	96.4	(173.3)	(120.9)	(115.6)
Cash Flow From Financing	93.3	(172.2)	(115.4)	(105.7)
Total Cash Generated	267.9	67.3	70.7	74.2
Free Cashflow To Equity	214.0	283.1	234.0	232.3
Free Cashflow To Firm	174.6	239.5	186.1	179.9

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	7.2%	18.2%	12.8%	13.6%
Operating EBITDA Growth	23.1%	(17.1%)	21.7%	3.5%
Operating EBITDA Margin	19.3%	13.5%	14.6%	13.3%
Net Cash Per Share (RM)	(0.64)	(0.62)	(0.59)	(0.57)
BVPS (RM)	1.75	1.86	2.08	2.33
Gross Interest Cover	4.63	4.10	4.92	4.97
Effective Tax Rate	25.4%	22.0%	20.9%	20.1%
Net Dividend Payout Ratio	33.7%	60.2%	47.6%	44.5%
Accounts Receivables Days	208.9	204.6	172.2	172.1
Inventory Days	23.7	N/A	N/A	N/A
Accounts Payables Days	268	N/A	N/A	N/A
ROIC (%)	13.4%	9.2%	10.9%	10.4%
ROCE (%)	8.88%	6.35%	7.29%	7.01%

12-month Forward Rolling FD P/E (x)



Key Drivers

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook	2,543	3,043	2,843	2,843
Order Book Depletion	1,000	1,000	1,000	1,000
Orderbook Replenishment	1,500	800	1,000	1,000
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A

Wellcall Holdings

WELL MK / WCAL.KL

Market Cap
US\$153.0m
RM534.9m

Avg Daily Turnover
US\$0.14m
RM0.45m

Free Float
70.4%
329.5 m shares

Current **RM1.61**
Target **RM1.73**
Prev. Target **RM1.73**
Up/Downside **7.5%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	4.6	3.4	20.4
Absolute	0.0	-3.6	15.7

Major shareholders	% held
Tan Kang Seng	11.4
Mondrian Investment	10.0
Chew Chee Chek	8.2

Enjoying lower raw material prices

2015 promises to be a good year for the company. With signs of demand recovery worldwide and lower raw material prices, earnings should continue its growth path. The company is generous with its dividends, paying out 90-100% earnings to shareholders.

We maintain our EPS forecasts and target price, based on unchanged 15.9x CY16 P/E (at a 10% discount to Hartalega's target P/E). However, the stock remains a Hold as valuations are not cheap but dividend yields above 5% should provide some support for the share price. We advise investors to switch to Karex which has a more robust earnings growth outlook.

Demand recovery

In FY2014, the company experienced higher demand from most markets worldwide. Only South America orders declined during the financial year. Asia remains its largest market, contributing 21% of Group turnover.

However, the fastest growing market was the USA/Canada region, with FY14 sales up 53% yoy. USA/Canada (sales of RM28m) was the second largest market for Wellcall in FY2014. If the strong USD is sustained in FY15, this market could emerge as the top revenue contributor for the company.

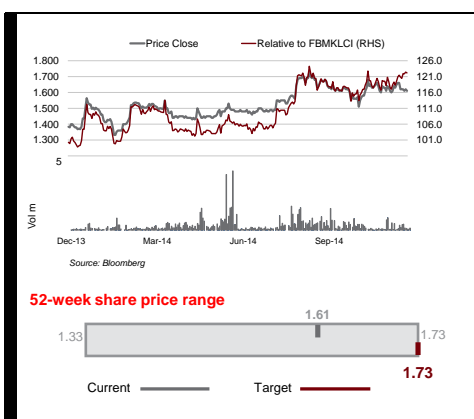
New plant up by mid-2015

Wellcall's new plant is expected to be ready for commercial production in mid-2015, with earnings from the new

factory kicking in from FY2016 onwards. The new plant is expected to boost the group's mandrel hose production capacity by 50% to around 38,000 tonnes p.a. Depending on demand, it might take the company 2-3 years to fill up its new capacity. payout ratio, the company is expected to take up short-term borrowings to fund the RM40m capex for its new plant.

Strong balance sheet

Wellcall is financially strong, with its RM41m in cash (RM0.12 net cash per share) at end-Sep. However, to maintain its 90-100% net dividend the company is financially strong, with its RM41m in cash (RM0.12 net cash per share) at end-Sep. However, to maintain its 90-100% net dividend payout ratio, Wellcall might need to take up short-term borrowings to fund its capex plans. A little debt is positive for the company as equity financing is the most expensive form of financing. The borrowings could raise Wellcall's gross gearing to 0.2x, which would not stress its balance sheet, especially since the company will remain in a net cash position.



Financial Summary

	Sep-13A	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Revenue (RMm)	131.5	146.4	175.0	203.5	223.9
Operating EBITDA (RMm)	35.50	41.70	48.40	54.00	59.00
Net Profit (RMm)	24.70	29.40	33.14	35.93	39.68
Core EPS (RM)	0.19	0.09	0.10	0.11	0.12
Core EPS Growth	165%	(52%)	13%	8%	10%
FD Core P/E (x)	21.48	18.04	16.01	14.77	13.37
DPS (RM)	0.07	0.08	0.09	0.10	0.11
Dividend Yield	4.47%	5.16%	5.59%	6.09%	6.71%
EV/EBITDA (x)	4.68	11.75	10.49	9.41	8.61
P/FCFE (x)	20.25	44.28	58.68	18.21	16.14
Net Gearing	(55.3%)	(47.3%)	(25.3%)	(23.9%)	(23.1%)
P/BV (x)	6.38	6.16	5.93	5.70	5.47
ROE	30.1%	34.7%	37.7%	39.4%	41.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	0.99	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Total Net Revenues	146.4	175.0	203.5	223.9
Gross Profit	41.7	48.4	54.0	59.0
Operating EBITDA	41.7	48.4	54.0	59.0
Depreciation And Amortisation	(3.8)	(6.0)	(6.3)	(6.3)
Operating EBIT	37.9	42.4	47.7	52.7
Financial Income/(Expense)	0.7	0.1	0.2	0.2
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	38.6	42.5	47.9	52.9
Exceptional Items	0.0	0.0		
Pre-tax Profit	38.6	42.5	47.9	52.9
Taxation	(9.2)	(9.4)	(12.0)	(13.2)
Exceptional Income - post-tax	0.0			
Profit After Tax	29.4	33.1	35.9	39.7
Minority Interests	0.0	0.0		
Preferred Dividends	0.0	0.0		
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	29.4	33.1	35.9	39.7
Recurring Net Profit	29.4	33.1	35.9	39.7
Fully Diluted Recurring Net Profit	29.4	33.1	35.9	39.7

Balance Sheet

(RMm)	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Total Cash And Equivalents	40.70	32.60	32.20	32.40
Total Debtors	6.20	6.00	6.50	6.50
Inventories	18.60	21.50	22.00	22.00
Total Other Current Assets	7.60	2.00	2.00	2.00
Total Current Assets	73.10	62.10	62.70	62.90
Fixed Assets	32.70	58.70	62.40	66.10
Total Investments	0.00	0.00	0.00	0.00
Intangible Assets	0.00	0.00	0.00	0.00
Total Other Non-Current Assets	0.00	0.00	0.00	0.00
Total Non-current Assets	32.70	58.70	62.40	66.10
Short-term Debt	0.00	10.00	10.00	10.00
Current Portion of Long-Term Debt				
Total Creditors	6.30	6.60	7.00	7.00
Other Current Liabilities	10.50	11.80	12.00	12.00
Total Current Liabilities	16.80	28.40	29.00	29.00
Total Long-term Debt	0.00	0.00	0.00	0.00
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	2.70	2.70	3.00	3.00
Total Non-current Liabilities	2.70	2.70	3.00	3.00
Total Provisions	0.00	0.00	0.00	0.00
Total Liabilities	19.50	31.10	32.00	32.00
Shareholders' Equity	86.10	89.50	93.00	97.00
Minority Interests	0.00	0.00	0.00	0.00
Total Equity	86.10	89.50	93.00	97.00

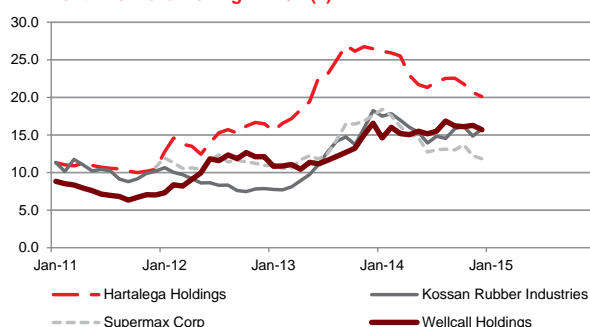
Cash Flow

(RMm)	Sep-14A	Sep-15F	Sep-16F	Sep-17F
EBITDA	41.70	48.40	54.00	59.00
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(6.00)	3.90	(1.00)	(1.00)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(6.72)	(1.90)	(1.90)	(1.90)
Net Interest (Paid)/Received	0.00	0.00	0.00	0.00
Tax Paid	(8.40)	(9.36)	(11.98)	(13.23)
Cashflow From Operations	20.58	41.04	39.13	42.88
Capex	(8.60)	(32.00)	(10.00)	(10.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Investing	(8.60)	(32.00)	(10.00)	(10.00)
Debt Raised/(repaid)	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(27.50)	(29.83)	(32.33)	(35.71)
Preferred Dividends				
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	(27.50)	(29.83)	(32.33)	(35.71)
Total Cash Generated	(15.52)	(20.79)	(3.21)	(2.83)
Free Cashflow To Equity	11.98	9.04	29.13	32.88
Free Cashflow To Firm	11.98	9.04	29.13	32.88

Key Ratios

	Sep-14A	Sep-15F	Sep-16F	Sep-17F
Revenue Growth	11.3%	19.5%	16.3%	10.0%
Operating EBITDA Growth	17.5%	16.1%	11.6%	9.3%
Operating EBITDA Margin	28.5%	27.7%	26.5%	26.4%
Net Cash Per Share (RM)	0.12	0.07	0.07	0.07
BVPS (RM)	0.26	0.27	0.28	0.29
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	23.8%	22.0%	25.0%	25.0%
Net Dividend Payout Ratio	60.1%	54.6%	48.4%	43.9%
Accounts Receivables Days	13.71	12.72	11.24	10.60
Inventory Days	62.23	57.81	53.25	48.71
Accounts Payables Days	18.48	18.60	16.65	15.50
ROIC (%)	70.7%	65.8%	51.3%	53.5%
ROCE (%)	45.6%	45.8%	47.3%	50.4%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Sep-14A	Sep-15F	Sep-16F	Sep-17F
ASP (% chg, main prod./serv.)	2.0%	2.0%	2.0%	2.0%
Unit sales grth (% , main prod./serv.)	5.0%	5.0%	5.0%	5.0%
Util. rate (% , main prod./serv.)	79.0%	68.0%	5.0%	5.0%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	75.0%	70.0%	70.0%	70.0%
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A

Westports Holdings

WPRTS MK / WPHB.KL

► **Market Cap**
US\$3,278m
 RM11,458m

► **Avg Daily Turnover**
US\$2.84m
 RM9.36m

► **Free Float**
31.0%
 3,410 m shares

Current **RM3.36**
 Target **RM4.57** ►
 Prev. Target **RM4.57**
 Up/Downside **36.0%**

STOCK RATING

ADD

HOLD

REDUCE

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	19.3	24.5	36.5
Absolute	14.7	17.5	31.8

Major shareholders	% held
Gnanalingam family	45.5
Hutchinson Port Holdings	23.5

Explosive catalysts on the horizon

Westports' share price may be driven up in the months ahead by three potential catalysts: the start of the Ocean Three alliance, the renewal of the Investment Tax Allowance and government approval to raise port tariffs. Westports is our top pick in the Malaysian transport space.

We maintain our Add call and a probability-weighted DCF target price of RM4.57, incorporating different scenarios for the timing and quantum of the tariff hike. We expect Westports' core EBIT 3-year CAGR to rise from 10% to 17%, if port tariffs are raised 30% on 1 January 2016.

Ocean Three (O3) alliance ►

The landscape of container carrier alliances has changed dramatically in favour of Westports. The planned P3 alliance of Maersk, MSC and CMA CGM once threatened Westports' transshipment (t/s) volumes, but this threat was unexpectedly nipped in the bud by China's regulatory rejection. The alternative 2M alliance (Maersk and MSC) will have almost no impact on Westports, while Westports' top three customers - CMA CGM, CSCL and UASC - have decided to form the O3 alliance, which will solidify their commitment to Westports as a t/s hub at the expense of other hubs. Once the 2M and O3 alliances begin in early-2015, we estimate Westports will enjoy at least a net 0.5m teu step-up in t/s volumes, or 8% of its expected t/s volumes in 2014, in addition to the usual organic growth.

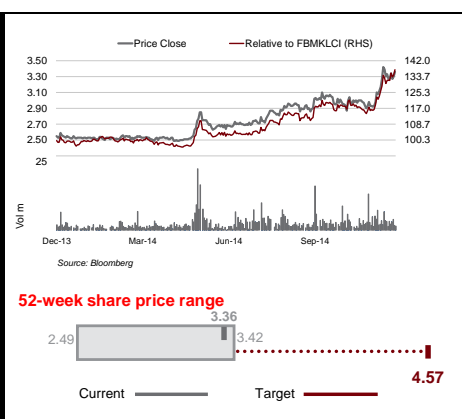
Investment Tax Allowance ►

There is no more uncertainty about

Westports' ability to secure a third 5-year ITA incentive, in our view. In the past, the government granted the ITA for the first 5-year period, then renewed it once for another five years. No company has ever been granted the ITA a third time. However, AirAsia told analysts last week that it had secured the ITA for the third time, paving the way for Westports to do the same. This is critical for Westports since its CT8 and CT9 expansion capex will be mostly spent in the next five years.

Potential port tariff hike ►

We think the likelihood of a port tariff hike is high. While Westports is doing well, its (GLC) sister port, Northport, is suffering from multi-year volume declines and cost escalation. Northport needs to raise cash for a major revamp of its aging facilities. If the Ministry of Transport approves the tariff hike, it would apply to Westports and Northport, as they are both governed by the Port Klang Authority. Once the official tariffs are raised, with 1 January 2016 as a likely start date in our view, Westports will raise tariffs on gateway boxes immediately, and raise t/s tariffs gradually.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	1,492	1,713	1,534	1,846	1,883
Operating EBITDA (RMm)	600.6	670.7	771.8	836.2	879.2
Net Profit (RMm)	361.0	435.3	500.5	486.0	563.2
Core EPS (RM)	0.11	0.12	0.15	0.14	0.17
Core EPS Growth	12.8%	15.6%	19.1%	(2.9%)	15.9%
FD Core P/E (x)	31.53	27.27	22.89	23.58	20.34
DPS (RM)	0.00	0.00	0.11	0.11	0.12
Dividend Yield	0.00%	0.00%	3.28%	3.18%	3.69%
EV/EBITDA (x)	19.69	17.92	15.76	14.61	14.07
P/FCFE (x)	55.39	31.19	45.32	18.01	16.29
Net Gearing	24.8%	34.8%	40.8%	41.1%	45.7%
P/BV (x)	7.70	7.14	6.63	6.19	5.75
ROE	25.8%	27.2%	30.0%	27.2%	29.3%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.00	0.92	0.94

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	1,713	1,534	1,846	1,883
Gross Profit	836	910	988	1,040
Operating EBITDA	671	772	836	879
Depreciation And Amortisation	(124)	(133)	(146)	(154)
Operating EBIT	546	638	691	725
Financial Income/(Expense)	(47)	(61)	(73)	(86)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	499	578	617	639
Exceptional Items	18	0	0	0
Pre-tax Profit	517	578	617	639
Taxation	(82)	(77)	(131)	(76)
Exceptional Income - post-tax				
Profit After Tax	435	501	486	563
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	435	501	486	563
Recurring Net Profit	420	501	486	563
Fully Diluted Recurring Net Profit	420	501	486	563

Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	342	194	439	690
Total Debtors	196	175	211	215
Inventories				
Total Other Current Assets	5	1	5	0
Total Current Assets	542	370	654	905
Fixed Assets	1,159	1,375	1,394	1,540
Total Investments	0	0	0	0
Intangible Assets	1,873	1,872	2,069	2,212
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	3,032	3,247	3,464	3,752
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	350	256	339	337
Other Current Liabilities	66	66	68	68
Total Current Liabilities	416	322	407	405
Total Long-term Debt	900	900	1,200	1,600
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	412	386	358	328
Total Non-current Liabilities	1,312	1,286	1,558	1,928
Total Provisions	242	280	303	333
Total Liabilities	1,970	1,888	2,268	2,665
Shareholders' Equity	1,604	1,729	1,851	1,991
Minority Interests				
Total Equity	1,604	1,729	1,851	1,991

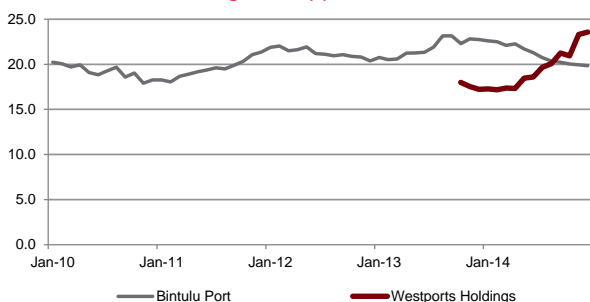
Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	671	772	836	879
Cash Flow from Inv. & Assoc.				
Change In Working Capital	48	(74)	47	(6)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	21			
Net Interest (Paid)/Received	(57)	(68)	(81)	(100)
Tax Paid	(53)	(39)	(108)	(46)
Cashflow From Operations	630	591	694	727
Capex	(480)	(345)	(366)	(437)
Disposals Of FAs/subsidiaries	4	0	0	0
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	8	7	8	14
Cash Flow From Investing	(468)	(338)	(358)	(423)
Debt Raised/(repaid)	205	0	300	400
Proceeds From Issue Of Shares	738	0	0	0
Shares Repurchased				
Dividends Paid	(1,057)	(375)	(365)	(422)
Preferred Dividends				
Other Financing Cashflow	(92)	(93)	(108)	(130)
Cash Flow From Financing	(207)	(468)	(173)	(152)
Total Cash Generated	(44)	(216)	164	151
Free Cashflow To Equity	367	253	636	704
Free Cashflow To Firm	219	320	418	403

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	14.8%	(10.4%)	20.3%	2.0%
Operating EBITDA Growth	11.7%	15.1%	8.3%	5.1%
Operating EBITDA Margin	39.2%	50.3%	45.3%	46.7%
Net Cash Per Share (RM)	(0.16)	(0.21)	(0.22)	(0.27)
BVPS (RM)	0.47	0.51	0.54	0.58
Gross Interest Cover	9.61	9.44	8.49	7.25
Effective Tax Rate	15.8%	13.3%	21.2%	11.9%
Net Dividend Payout Ratio	NA	75.0%	75.0%	75.0%
Accounts Receivables Days	43.19	44.11	38.16	41.38
Inventory Days	-	-	-	-
Accounts Payables Days	138.6	177.2	126.6	146.8
ROIC (%)	21.7%	22.7%	22.3%	22.1%
ROCE (%)	21.6%	22.8%	22.3%	20.3%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Avg tariff/LNG vessel call (% chg)	N/A	N/A	N/A	N/A
LNG Throughput (% Change)	N/A	N/A	N/A	N/A
No. of LNG vessel calls (% chg)	N/A	N/A	N/A	N/A
Avg Tariff/container (% Change)	N/A	N/A	N/A	N/A
Container throughput (% chg)	8.1%	12.1%	9.4%	5.2%
Container handling util. rate (%)	79.9%	81.7%	83.3%	82.4%

YTL Corporation

YTL MK / YTLS.KL

► **Market Cap**
US\$4,803m
 RM16,789m

► **Avg Daily Turnover**
US\$3.98m
 RM13.06m

► **Free Float**
42.8%
 10,739 m shares

Current **RM1.62**
 Target ► **RM2.34**
 Prev. Target **RM2.34**
 Up/Downside **44.4%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.2	5.8	7.2
Absolute	-2.4	-1.2	2.5

Major shareholders	% held
Yeoh Tiong Lay & Sons	49.9
EPF	7.3

6% yield with HSR prospects

We continue to like YTL Corp as it could be the prime beneficiary of the HSR. Investors seeking stocks with high dividend yields may consider YTL which offers a sustainable yield of 6%. Other potential contracts for the company include the extension of the express rail link (ERL)

With the tenders for the HSR targeted to commence in 4Q15, we expect progress and newsflow on the HSR to be a major catalyst in the medium term. We retain our target price which is pegged to a 20% RNAV discount and our Add rating. Progress and newsflow on the HSR and ERL extension are the likely catalysts in the medium term.

Arguably a strong HSR candidate ►

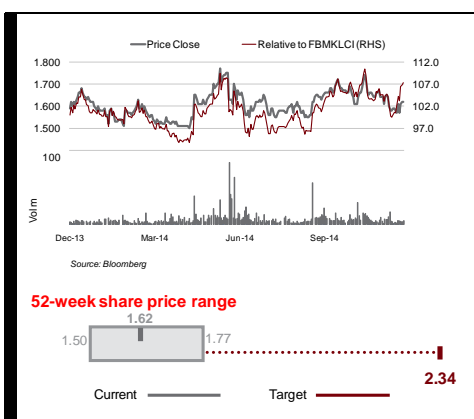
Prospects of securing the RM30bn-40bn KL-Singapore high-speed rail (HSR) are good, in our view, especially if the private finance initiative (PFI) or public-private partnership (PPP) model is adopted, which is a likely option given the government's need to manage the budget deficit. YTL's advantages are its balance sheet strength and express rail track record. The latest indications from the Land Public Transport Commission (SPAD) put 4Q15 as the targeted tender period, suggesting clearer revelations on the execution plans for HSR over the course of 2015.

Cement division to support earnings ►

Given the weaker earnings outlook for YTL Power, earnings support from YTL Cement will become increasingly important. Cement's contribution to YTL Corp's bottomline has grown to almost one-third in FY13 and we expect it to rise further given the 30% increase in capacity. The sustained competitive environment faced by the domestic industry is balanced by YTL Cement's high operating margins which are backed by high-end projects and the group's premium product mix.

Go for the 6% yield ►

We believe YTL Corp's 6% yield is sustainable and is supported by cash from its various operating units, mainly cement and utilities. FY14's total payout of RM1.3bn translates into an 80% net payout ratio. YTL Corp's dividend yield is the highest among the contractors/infra conglomerates in our coverage.



Financial Summary

	Jun-13A	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue (RMm)	19,973	19,208	20,587	20,459	20,837
Operating EBITDA (RMm)	4,314	5,215	4,620	4,667	4,944
Net Profit (RMm)	1,274	1,540	1,526	1,470	1,591
Core EPS (RM)	0.12	0.14	0.14	0.14	0.15
Core EPS Growth	(0.7%)	19.7%	(0.9%)	(3.7%)	8.2%
FD Core P/E (x)	13.53	11.30	11.40	11.84	10.94
DPS (RM)	0.03	0.12	0.10	0.10	0.10
Dividend Yield	1.54%	7.41%	6.17%	6.17%	6.17%
EV/EBITDA (x)	7.58	8.00	8.35	8.33	7.92
P/FCFE (x)	21.00	5.83	6.41	7.70	7.29
Net Gearing	107%	101%	85%	79%	73%
P/BV (x)	1.30	1.19	1.16	1.13	1.09
ROE	10.0%	11.0%	10.3%	9.6%	10.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.05	0.99	0.99

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Net Revenues	19,624	21,114	21,000	21,397
Gross Profit	5,387	4,803	4,861	5,149
Operating EBITDA	5,215	4,620	4,667	4,944
Depreciation And Amortisation	(1,594)	(1,275)	(1,300)	(1,324)
Operating EBIT	3,621	3,345	3,368	3,620
Financial Income/(Expense)	(1,139)	(990)	(960)	(960)
Pretax Income/(Loss) from Assoc.	298	482	475	492
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	2,780	2,838	2,882	3,152
Exceptional Items				
Pre-tax Profit	2,780	2,838	2,882	3,152
Taxation	(189)	(575)	(713)	(763)
Exceptional Income - post-tax				
Profit After Tax	2,592	2,263	2,169	2,389
Minority Interests	(1,052)	(737)	(699)	(798)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,540	1,526	1,470	1,591
Recurring Net Profit	1,540	1,526	1,470	1,591
Fully Diluted Recurring Net Profit	1,540	1,526	1,470	1,591

Balance Sheet

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Total Cash And Equivalents	13,826	15,636	16,047	16,580
Total Debtors	3,584	3,837	3,813	3,883
Inventories	818	704	711	755
Total Other Current Assets	1,598	1,559	1,591	1,623
Total Current Assets	19,826	21,736	22,163	22,842
Fixed Assets	25,028	25,505	25,991	26,486
Total Investments	9,447	8,489	8,632	8,799
Intangible Assets	5,001	5,001	5,001	5,001
Total Other Non-Current Assets	1,579	1,656	1,656	1,656
Total Non-current Assets	41,056	40,651	41,279	41,941
Short-term Debt	1,350	1,350	1,350	1,350
Current Portion of Long-Term Debt	3,795	3,795	3,795	3,795
Total Creditors	3,293	3,769	3,729	3,754
Other Current Liabilities	398	412	412	412
Total Current Liabilities	8,835	9,325	9,286	9,311
Total Long-term Debt	28,443	28,443	28,443	28,443
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,009	714	714	714
Total Non-current Liabilities	29,452	29,157	29,157	29,157
Total Provisions	2,392	2,513	2,513	2,513
Total Liabilities	40,679	40,995	40,955	40,980
Shareholders' Equity	14,586	15,039	15,435	15,951
Minority Interests	5,617	6,353	7,053	7,851
Total Equity	20,203	21,392	22,487	23,802

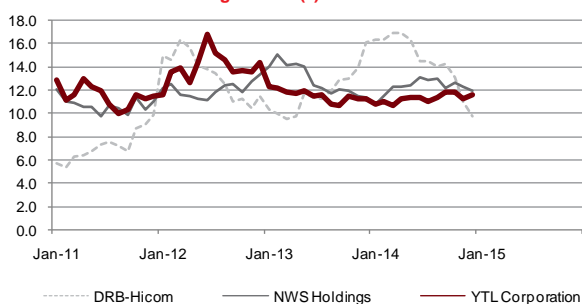
Cash Flow

(RMm)	Jun-14A	Jun-15F	Jun-16F	Jun-17F
EBITDA	5,215	4,620	4,667	4,944
Cash Flow from Inv. & Assoc.	298	1,074	1,074	1,074
Change In Working Capital	(105)	338	(23)	(89)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	0	0	0	0
Other Operating Cashflow	0	0	0	0
Net Interest (Paid)/Received	(1,139)	(990)	(960)	(960)
Tax Paid	(189)	(575)	(713)	(763)
Cashflow From Operations	4,080	4,468	4,044	4,206
Capex	(2,219)	(1,752)	(1,785)	(1,819)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(2,219)	(1,752)	(1,785)	(1,819)
Debt Raised/(repaid)	1,123	0	0	0
Proceeds From Issue Of Shares				
Shares Repurchased	0	0	0	0
Dividends Paid	(1,289)	(1,074)	(1,074)	(1,074)
Preferred Dividends	(297)	(208)	(197)	(225)
Other Financing Cashflow	6	7	8	8
Cash Flow From Financing	(457)	(1,275)	(1,263)	(1,291)
Total Cash Generated	1,404	1,441	996	1,096
Free Cashflow To Equity	2,984	2,716	2,259	2,387
Free Cashflow To Firm	3,000	3,705	3,219	3,347

Key Ratios

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Revenue Growth	(3.83%)	7.18%	(0.62%)	1.85%
Operating EBITDA Growth	20.9%	(11.4%)	1.0%	5.9%
Operating EBITDA Margin	27.1%	22.4%	22.8%	23.7%
Net Cash Per Share (RM)	(1.90)	(1.70)	(1.66)	(1.61)
BVPS (RM)	1.36	1.40	1.44	1.49
Gross Interest Cover	3.18	3.38	3.51	3.77
Effective Tax Rate	6.8%	20.3%	24.7%	24.2%
Net Dividend Payout Ratio	83.7%	70.4%	73.1%	67.5%
Accounts Receivables Days	67.26	65.04	67.69	66.69
Inventory Days	21.93	17.03	16.05	16.47
Accounts Payables Days	86.47	78.87	84.90	83.94
ROIC (%)	11.6%	9.9%	9.9%	10.5%
ROCE (%)	6.83%	5.84%	5.77%	6.08%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-14A	Jun-15F	Jun-16F	Jun-17F
Rev. growth (% , main biz.)	-9.1%	8.2%	-2.7%	1.1%
EBITDA mgns (% , main biz.)	20.6%	21.0%	22.0%	22.0%
Rev. as % of total (main biz.)	74.6%	75.3%	73.7%	73.1%
EBITDA as % of total (main biz.)	31.9%	58.9%	54.8%	55.2%
Rev. growth (% , 2ndary biz.)	11.9%	16.4%	8.9%	4.5%
EBITDA mgns (% , 2ndary biz.)	32.2%	31.8%	35.8%	36.7%
Rev. as % of total (2ndary biz.)	13.8%	15.0%	16.4%	16.8%
EBITDA as % of total (2ndary biz.)	N/A	N/A	N/A	N/A
Rev. growth (% , tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA mgns (% , tertiary biz.)	N/A	N/A	N/A	N/A
Rev.as % of total (tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (tertiary biz.)	N/A	N/A	N/A	N/A

YTL Power International

YTLP MK / YTLP.KL

► **Market Cap**
US\$3,159m
 RM11,043m

► **Avg Daily Turnover**
US\$2.00m
 RM6.57m

► **Free Float**
39.9%
 7,278 m shares

Current **RM1.57**
 Target ► **RM2.34**
 Prev. Target **RM2.34**
 Up/Downside **49.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)

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 T (60) 3 2261 9093
 E faisal.ahmad@cimb.com

Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.7	8.3	-7.1
Absolute	-1.9	1.3	-11.8

Major shareholders	% held
YTL Corp	45.6
EPF	8.2
Cornerstone Crest	6.4

Both positives and negatives

We think that the expiry of YTL Power's power purchase agreement (PPA) in 3QCY15 has already been priced into its valuations. However, there could be a boost in its near-term earnings from forex gains, as the Ringgit weakens against other currencies.

Our SOP-based target price for YTL Power is unchanged at RM2.34. Although its PPA is expiring, we believe that YTL Power will have other power concession opportunities (re-rating catalysts), as the Energy Commission (EC) is still in the process of replacing older power plants. Thus, we maintain our Add call on the stock. New generation bids will likely catalyse the stock.

PPA will expire by 3QCY15 ►

YTL Power's PPA is due to expire in 3QCY15. Post-expiry, only YTL Power's WiMax division will be based in Malaysia, as the bulk of its business is overseas. The existing PPA contributed approximately 9-10% of YTL Power's FY6/14 net profit. More than 80% of YTL Power's revenue comes from non-Malaysian businesses in the UK (Wessex Water) and Singapore (Power Seraya). We believe the loss of revenue from the PPA expiry has already been priced into YTL Power's valuations.

No new bids yet ►

Since the Track 4A tender (which YTL Power pulled out from), the EC has not announced any new tenders for power plants. However, we believe

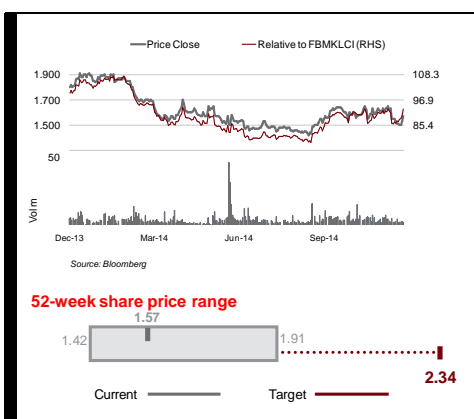
that there will be more new power plant bids moving forward, given the EC's plans to replace Malaysia's ageing power plants and rebalance the power generation mix to favour coal over natural gas.

Forex movements likely to be beneficial ►

As highlighted earlier, more than 80% of YTL Power's revenue comes from overseas sources. As such, we believe that the Ringgit's weakening against other currencies will translate into earnings improvement for YTL Power. YTL Power's 1QFY15 net profit was boosted by forex gains and we expect similar gains in the next 1-2 quarters, considering the current Ringgit weakness.

WiMax to continue incurring losses ►

We expect YTL Power's WiMax division to continue incurring losses in FY15, which we have imputed in our FY15 EPS estimate. WiMax losses narrowed in FY14 but widened in 1QFY15, as revenue declined during the quarter due to lower project sales.



Financial Summary

	Jun-12A	Jun-13A	Jun-14A	Jun-15F	Jun-16F
Revenue (RMm)	15,876	15,816	14,392	13,277	13,323
Operating EBITDA (RMm)	2,875	2,861	3,086	3,351	3,186
Net Profit (RMm)	1,669	769	915	1,036	929
Core EPS (RM)	0.20	0.11	0.16	0.14	0.13
Core EPS Growth	18.5%	(47.0%)	53.8%	(12.4%)	(10.3%)
FD Core P/E (x)	7.84	14.80	9.62	10.98	12.24
DPS (RM)	0.040	0.030	0.040	0.040	0.040
Dividend Yield	2.56%	1.92%	2.56%	2.56%	2.56%
EV/EBITDA (x)	8.55	8.58	7.61	6.73	7.00
P/FCFE (x)	NA	NA	114.8	70.6	68.7
Net Gearing	174%	174%	145%	114%	108%
P/BV (x)	1.42	1.40	1.25	1.14	1.11
ROE	17.9%	9.7%	13.7%	10.8%	9.2%
CIMB/consensus EPS (x)				1.08	1.00

SOURCE: CIMB, COMPANY REPORTS

Profit & Loss

(RMm)	Jun-13A	Jun-14A	Jun-15F	Jun-16F
Total Net Revenues	15,816	14,392	13,277	13,323
Gross Profit	3,186	2,459	3,314	3,169
Operating EBITDA	2,861	3,086	3,351	3,186
Depreciation And Amortisation	(1,199)	(1,265)	(1,265)	(1,265)
Operating EBIT	1,662	1,822	2,086	1,921
Financial Income/(Expense)	(725)	(757)	(623)	(623)
Pretax Income/(Loss) from Assoc.	117	32	33	38
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	1,054	1,097	1,496	1,336
Exceptional Items	0	0	0	0
Pre-tax Profit	1,054	1,097	1,496	1,336
Taxation	(285)	85	(460)	(415)
Exceptional Income - post-tax	0	(268)	0	0
Profit After Tax	769	915	1,036	921
Minority Interests	0	0	0	9
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Net Profit	769	915	1,036	929
Recurring Net Profit	769	1,182	1,036	929
Fully Diluted Recurring Net Profit	769	1,182	1,036	929

Balance Sheet

(RMm)	Jun-13A	Jun-14A	Jun-15F	Jun-16F
Total Cash And Equivalents	5,361	6,082	7,162	7,166
Total Debtors	4,116	3,746	3,456	3,468
Inventories	774	666	591	604
Total Other Current Assets	0	0	0	0
Total Current Assets	10,251	10,495	11,209	11,238
Fixed Assets	16,248	16,424	16,567	16,677
Total Investments	1,089	1,097	1,105	1,116
Intangible Assets	5,612	5,444	5,280	5,122
Total Other Non-Current Assets	1,089	1,176	1,270	1,371
Total Non-current Assets	24,037	24,140	24,222	24,287
Short-term Debt	1,437	1,365	1,297	1,232
Current Portion of Long-Term Debt				
Total Creditors	3,937	3,560	3,270	3,288
Other Current Liabilities	123	161	176	167
Total Current Liabilities	5,496	5,086	4,743	4,686
Total Long-term Debt	18,128	17,920	17,717	17,517
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	455	452	455	477
Total Non-current Liabilities	18,583	18,372	18,171	17,994
Total Provisions	2,027	2,058	2,089	2,120
Total Liabilities	26,106	25,516	25,003	24,801
Shareholders' Equity	8,111	9,118	9,985	10,281
Minority Interests	71	0	443	443
Total Equity	8,181	9,118	10,428	10,724

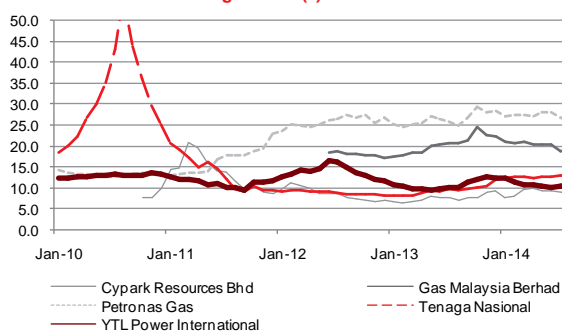
Cash Flow

(RMm)	Jun-13A	Jun-14A	Jun-15F	Jun-16F
EBITDA	2,861	3,086	3,351	3,186
Cash Flow from Inv. & Assoc.				
Change In Working Capital	1,247	60	48	49
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(2,483)	(35)	(145)	13
Net Interest (Paid)/Received	(884)	(796)	(836)	(836)
Tax Paid	(448)	(462)	(510)	(509)
Cash Flow From Operations	294	1,853	1,907	1,902
Capex	(1,478)	(1,478)	(1,478)	(1,477)
Disposals Of FAs/subsidiaries	4	4	4	4
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	1
Cash Flow From Investing	(1,474)	(1,474)	(1,474)	(1,472)
Debt Raised/(repaid)	12	(280)	(272)	(264)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(218)	(291)	(291)	(290)
Preferred Dividends				
Other Financing Cashflow	727	727	727	727
Cash Flow From Financing	521	156	164	173
Total Cash Generated	(660)	535	597	602
Free Cashflow To Equity	(1,168)	99	161	166
Free Cashflow To Firm	(297)	1,175	1,269	1,266

Key Ratios

	Jun-13A	Jun-14A	Jun-15F	Jun-16F
Revenue Growth	(0.38%)	(9.00%)	(7.75%)	0.35%
Operating EBITDA Growth	(0.5%)	7.9%	8.6%	(4.9%)
Operating EBITDA Margin	18.1%	21.4%	25.2%	23.9%
Net Cash Per Share (RM)	(1.96)	(1.82)	(1.64)	(1.60)
BVPS (RM)	1.12	1.26	1.38	1.42
Gross Interest Cover	1.88	2.29	2.50	2.30
Effective Tax Rate	27.1%	0.0%	30.8%	31.1%
Net Dividend Payout Ratio	28.4%	24.6%	28.1%	31.3%
Accounts Receivables Days	71.89	99.70	98.99	95.09
Inventory Days	20.55	22.02	23.03	21.53
Accounts Payables Days	11.55	13.01	13.61	12.72
ROIC (%)	5.14%	7.66%	6.09%	5.58%
ROCE (%)	6.08%	6.18%	7.42%	6.76%

12-month Forward Rolling FD P/E (x)



Key Drivers

	Jun-13A	Jun-14A	Jun-15F	Jun-16F
Power Despatched (GWh)	7.6	7.6	7.6	7.6
Capacity (MW)	1,212.0	1,212.0	1,212.0	1,212.0
Average Capacity Utilisation (%)	71.8%	71.8%	71.8%	71.8%
Avg tariff/ASP per kwh (% chg)	N/A	N/A	N/A	N/A
Fuel Cost Per Kwh (% Change)	N/A	N/A	N/A	N/A



Appendices

Figure 1: Malaysia Earnings Guide

Prices as at 08 Dec 2014		Closing	Target	% upside /	Recom.	Free Float	Market Cap	Month	Price/ BVPS (X)			ROAE (recurring) %			P/E (Recurrent FD) (X)			2-Yr forward	Net Gearing		Net Div Yield %	
BBG code	Company name	Price	price	(downside)		(%)	(US\$m)	end	2014	2015	2016	2014	2015	2016	2014	2015	2016	EPS Cagr	FY2014	FY2015	2014	2015
Automobiles and Parts																						
BAUTO MK	Berjaya Auto	3.31	4.44	34%	Add	38%	766	Apr 14	6.20x	4.67x	3.63x	52.6%	47.2%	40.1%	14.4x	11.5x	10.4	45.4%	-53%	-73%	2.3%	3.6%
TCM MK	Tan Chong Motor Holdings	3.55	3.95	11%	Hold	50%	663	Dec 13	0.85x	0.82x	0.77x	3.8%	8.2%	9.7%	22.5x	10.2x	8.2x	-25.8%	26%	36%	5.4%	6.2%
UMWH MK	UMW Holdings	10.72	12.03	12%	Hold	34%	3,583	Dec 13	1.88x	1.81x	1.75x	14.4%	15.7%	16.5%	13.2x	11.8x	10.8x	24.2%	3%	0%	5.6%	6.3%
Aviation																						
AIRA MK	AirAsia Bhd	2.74	3.35	22%	Add	66%	2,181	Dec 13	1.38x	1.19x	1.09x	4.0%	9.1%	11.0%	36.3x	14.0x	10.4x	7.1%	164%	122%	0.7%	1.5%
AAX MK	AirAsia X Bhd	0.66	0.78	19%	Hold	34%	444	Dec 13	2.00x	2.04x	1.74x	-48.1%	-19.4%	14.0%	-3.2x	-10.4x	13.4x	97.8%	169%	126%	0.0%	0.0%
Chemicals																						
PCHEM MK	Petronas Chemical Group	5.14	6.50	26%	Hold	31%	11,764	Dec 13	1.63x	1.52x	1.41x	13.5%	14.3%	13.9%	13.0x	11.0x	10.5x	8.8%	-34%	-39%	3.8%	4.5%
Commodities																						
GENP MK	Genting Plantations	9.79	10.80	10%	Hold	31%	2,156	Dec 13	1.92x	1.79x	1.66x	9.3%	9.2%	10.1%	21.8x	20.3x	17.1x	12.4%	-1%	-2%	1.0%	1.2%
FGV MK	Felda Global Ventures	2.97	3.28	11%	Reduce	45%	3,100	Dec 13	1.61x	1.55x	1.49x	5.4%	6.5%	8.6%	30.3x	24.2x	17.7x	-14.9%	-14%	-18%	1.7%	2.1%
HAPL MK	Hap Seng Plantations	2.50	2.46	-2%	Hold	25%	572	Dec 13	1.01x	0.98x	0.95x	6.7%	7.0%	7.8%	15.3x	14.3x	12.4x	19.9%	-11%	-12%	3.9%	4.2%
IOI MK	IOI Corporation	4.63	4.32	-7%	Reduce	45%	8,426	Jun 14	4.60x	4.10x	3.73x	16.8%	18.8%	18.8%	21.8x	23.0x	20.7x	-10.0%	57%	47%	2.3%	2.2%
JT MK	Jaya Tiasa Holdings	1.93	1.95	1%	Hold	38%	534	Jun 14	1.05x	0.99x	0.91x	4.2%	6.0%	9.2%	25.6x	17.1x	10.3x	60.6%	42%	32%	0.8%	1.2%
KLK MK	Kuala Lumpur Kepong	21.70	22.10	2%	Hold	42%	6,611	Sep 14	2.95x	2.80x	2.63x	13.2%	14.4%	15.3%	22.7x	19.9x	17.7x	12.7%	20%	8%	2.7%	3.4%
TAH MK	Ta Ann	3.70	4.10	11%	Hold	41%	392	Dec 13	1.25x	1.25x	1.17x	9.9%	8.0%	10.6%	13.2x	15.7x	11.3x	44.2%	17%	14%	6.0%	3.2%
Conglomerates																						
DRB MK	DRB-Hicom	1.62	2.30	42%	Hold	43%	896	Mar 14	0.35x	0.35x	0.36x	4.2%	3.6%	3.6%	9.2x	9.7x	9.8x	-16.5%	-9%	-10%	2.4%	2.1%
ORH MK	Oriental Holdings	6.99	7.44	6%	Hold	43%	1,241	Dec 13	0.88x	0.85x	0.81x	4.9%	4.8%	4.9%	18.4x	17.9x	16.8x	14.3%	-39%	-39%	1.1%	1.1%
SIME MK	Sime Darby Bhd	9.20	9.58	4%	Hold	34%	15,960	Jun 14	1.87x	1.77x	1.68x	10.1%	9.5%	10.4%	19.0x	19.2x	16.6x	-6.3%	21%	22%	2.7%	2.6%
YTL MK	YTL Corporation	1.62	2.34	44%	Add	43%	4,803	Jun 14	1.17x	1.14x	1.11x	10.7%	10.0%	9.9%	11.3x	11.6x	11.3x	2.9%	101%	85%	6.8%	6.2%
Construction and Materials																						
BHB MK	Benalec Holdings	0.68	0.75	11%	Reduce	39%	154	Jun 14	0.70x	0.63x	0.59x	4.3%	7.4%	7.8%	17.4x	9.0x	7.9x	38.9%	-2%	-5%	1.3%	2.7%
GAM MK	Gamuda	5.06	5.99	18%	Add	78%	3,377	Jul 14	1.80x	1.74x	1.73x	13.2%	13.1%	14.0%	14.2x	13.5x	12.4x	6.8%	30%	29%	2.3%	2.3%
IJM MK	IJM Corp Bhd	6.57	7.95	21%	Add	71%	2,799	Mar 14	1.43x	1.54x	1.56x	9.4%	10.9%	12.1%	15.6x	13.6x	12.8x	15.9%	38%	41%	2.8%	2.5%
LMC MK	Lafarge Malaysia Bhd	10.00	10.23	2%	Hold	40%	2,431	Dec 13	2.53x	2.47x	2.40x	11.7%	11.6%	12.0%	21.8x	21.6x	20.3x	1.0%	-17%	-22%	3.4%	3.4%
MRC MK	Malaysian Resources Corp	1.32	2.08	58%	Add	49%	665	Dec 13	0.88x	0.90x	0.91x	2.7%	4.3%	6.0%	36.3x	20.7x	15.1x	N.A.	130%	129%	2.1%	2.3%
MDJ MK	Mudajaya Group	1.70	1.92	13%	Hold	44%	262	Dec 13	0.48x	0.41x	0.34x	2.7%	5.1%	6.4%	21.8x	8.6x	5.8x	-17.0%	-17%	-23%	3.5%	3.8%
MUHI MK	Muhibbah Engineering	2.03	3.40	67%	Add	76%	249	Dec 13	1.16x	1.10x	1.04x	14.1%	14.7%	13.6%	8.6x	7.7x	7.9x	11.6%	81%	82%	2.5%	2.7%
SIGN MK	Signature International	1.57	3.12	99%	Add	27%	54	Jun 14	1.48x	1.30x	1.14x	17.6%	19.7%	20.4%	9.0x	7.0x	6.0x	55.6%	-11%	36%	2.7%	3.8%
SWB MK	Sunway Bhd	3.31	3.90	18%	Add	33%	1,629	Dec 13	1.25x	1.09x	0.97x	11.7%	10.5%	9.4%	11.8x	11.4x	11.1x	9.6%	26%	14%	3.0%	3.0%
TC MK	Tasek Corporation	15.90	16.85	6%	Hold	15%	551	Dec 13	1.88x	1.83x	1.77x	9.8%	9.6%	9.9%	19.6x	19.2x	18.2x	4.4%	-70%	-74%	5.7%	5.0%
WCTHG MK	WCT Holdings	1.61	1.97	22%	Hold	60%	499	Dec 13	0.86x	0.77x	0.69x	7.7%	8.9%	8.5%	12.3x	9.7x	9.1x	-13.9%	27%	23%	5.6%	5.6%

SOURCE: CIMB estimates

Figure 2: Malaysia Earnings Guide - cont'd

Prices as at 08 Dec 2014		Closing	Target	% upside /	Recom.	Free Float	Market Cap	Month	Price/ BVPS (X)			ROAE (recurring) %			P/E (Recurrent FD) (X)			2-Yr forward	Net Gearing		Net Div Yield %	
BBG code	Company name	Price	price	(downside)		(%)	(US\$m)	end	2014	2015	2016	2014	2015	2016	2014	2015	2016	EPS Cagr	FY2014	FY2015	2014	2015
Consumer																						
AF MK	Asia File Corporation	6.80	6.75	-1%	Hold	20%	230	Mar 14	1.69x	1.56x	1.43x	13.9%	13.5%	13.8%	12.9x	12.2x	11.1x	6.7%	-16%	-15%	3.6%	4.1%
BFD MK	Berjaya Food Berhad	2.89	4.33	50%	Add	48%	305	Apr 14	3.72x	2.90x	2.66x	13.9%	15.1%	17.6%	34.7x	21.7x	15.8x	53.2%	-8%	60%	1.6%	2.3%
ROTH MK	British American Tobacco	66.08	62.00	-6%	Reduce	50%	5,398	Dec 13	37.23x	37.23x	37.23x	181.5%	192.8%	184.0%	20.5x	19.3x	20.2x	8.9%	83%	85%	4.9%	5.2%
CAB MK	Carlsberg Brewery (M)	12.02	11.60	-3%	Hold	49%	1,058	Dec 13	13.43x	13.43x	13.43x	71.8%	74.0%	78.5%	18.7x	18.1x	17.1x	4.9%	-10%	-18%	5.3%	5.5%
FNH MK	Fraser & Neave Holdings	16.60	24.52	48%	Add	44%	1,737	Sep 14	3.47x	3.33x	3.20x	15.7%	16.0%	16.2%	22.5x	21.2x	20.1x	12.4%	-1%	-4%	3.4%	3.5%
GUIN MK	Guinness Anchor	13.34	12.20	-9%	Reduce	49%	1,153	Jun 14	11.14x	10.83x	10.53x	55.4%	55.7%	56.0%	20.1x	19.7x	19.1x	-0.8%	25%	27%	4.8%	4.8%
MSM MK	MSM Malaysia Holdings	4.90	4.91	0%	Hold	29%	985	Dec 13	1.74x	1.64x	1.55x	12.5%	12.3%	11.2%	14.4x	13.7x	14.3x	-0.7%	-14%	-16%	3.5%	3.6%
NESZ MK	Nestle (Malaysia)	68.60	75.09	9%	Add	28%	4,602	Dec 13	18.70x	18.43x	18.15x	70.4%	71.7%	77.6%	27.2x	25.9x	23.6x	5.1%	19%	23%	3.6%	3.8%
QLG MK	QL Resources	3.28	4.29	31%	Add	39%	1,171	Mar 14	2.95x	2.66x	2.40x	13.9%	14.3%	14.4%	22.8x	19.6x	17.6x	16.9%	30%	31%	1.2%	1.4%
Financial Services																						
AHB MK	Affin Holdings	3.13	2.87	-8%	Reduce	20%	1,740	Dec 13	0.90x	0.86x	0.82x	8.0%	9.0%	9.1%	10.1x	9.8x	9.2x	-14.4%	N.A>	N.A>	4.8%	4.8%
AFG MK	Alliance Financial Group	4.74	4.98	5%	Hold	71%	2,099	Mar 14	1.64x	1.53x	1.43x	14.4%	15.0%	15.3%	11.8x	10.5x	9.6x	11.7%	N.A>	N.A>	5.5%	5.7%
AMM MK	AMMB Holdings	6.44	6.70	4%	Hold	60%	5,553	Mar 14	1.40x	1.30x	1.21x	12.9%	12.8%	13.1%	11.2x	10.5x	9.6x	2.8%	N.A>	N.A>	4.0%	4.1%
BIMB MK	BIMB Holdings	4.21	4.50	7%	Hold	29%	1,799	Dec 13	1.43x	1.34x	1.25x	14.5%	11.9%	11.9%	11.4x	13.9x	12.9x	13.7%	N.A>	N.A>	3.5%	3.9%
BURSA MK	Bursa Malaysia	8.09	8.82	9%	Add	65%	1,235	Dec 13	6.00x	5.89x	5.78x	24.9%	27.4%	29.3%	22.6x	21.7x	19.9x	7.1%	-137%	-130%	6.7%	4.4%
HLBK MK	Hong Leong Bank	13.96	13.20	-5%	Reduce	36%	7,184	Jun 14	1.72x	1.55x	1.39x	15.3%	15.2%	14.9%	11.8x	10.7x	9.8x	11.2%	N.A>	N.A>	3.0%	3.1%
MAY MK	Malayan Banking Bhd	8.87	12.50	41%	Add	49%	23,647	Dec 13	1.55x	1.42x	1.30x	13.4%	13.1%	13.0%	12.1x	11.3x	10.4x	1.8%	N.A>	N.A>	5.8%	6.2%
PBK MK	Public Bank Bhd	18.18	17.60	-3%	Reduce	76%	20,084	Dec 13	2.59x	2.76x	2.47x	18.6%	18.8%	19.9%	15.3x	14.2x	13.1x	5.5%	N.A>	N.A>	2.8%	3.2%
Forestry and Paper																						
EKSON MK	Eksons Corporation	1.36	1.50	10%	Hold	39%	63	Mar 14	0.49x	0.47x	0.45x	11.6%	5.9%	4.3%	4.4x	8.1x	10.6x	17.5%	-6%	-28%	2.9%	2.9%
Healthcare																						
HOV MK	Hovid Bhd	0.36	0.41	14%	Hold	62%	79	Jun 14	1.64x	1.51x	1.40x	12.2%	13.3%	14.6%	18.8x	16.2x	13.9x	12.4%	-10%	-7%	2.8%	2.8%
KPJ MK	KPJ Healthcare	3.76	4.10	9%	Hold	48%	1,091	Dec 13	3.01x	2.84x	2.73x	11.0%	10.3%	8.3%	29.5x	28.3x	32.9x	-6.9%	51%	53%	1.6%	1.6%
Industrial Goods and Services																						
AJR MK	Ann Joo Resources	1.12	1.25	12%	Hold	31%	160	Dec 13	0.50x	0.46x	0.31x	5.1%	5.1%	4.3%	15.4x	11.8x	9.1x	146.2%	43%	30%	0.9%	0.9%
DPP MK	Daibochi Plastic & Packaging	4.30	4.75	10%	Add	76%	139	Dec 13	2.86x	2.66x	2.46x	14.7%	20.8%	21.9%	20.0x	13.2x	11.7x	15.0%	26%	15%	3.1%	5.5%
HART MK	Hartalega Holdings	6.77	7.04	4%	Hold	30%	1,530	Mar 14	5.29x	4.62x	4.03x	22.8%	24.5%	25.0%	24.8x	20.1x	17.2x	8.1%	-18%	-9%	1.8%	2.2%
KAREX MK	Karex Berhad	3.10	4.08	32%	Add	35%	359	Jun 14	5.07x	4.16x	3.42x	26.6%	26.2%	26.1%	22.8x	17.4x	14.4x	38.7%	-29%	-6%	1.0%	1.4%
KRI MK	Kossan Rubber Industries	4.65	5.26	13%	Add	36%	851	Dec 13	3.66x	3.14x	2.71x	20.0%	21.4%	20.4%	19.6x	15.8x	14.3x	17.5%	8%	7%	1.4%	1.8%
SUCB MK	Supermax Corp	2.05	2.38	16%	Hold	56%	397	Dec 13	1.43x	1.31x	1.21x	11.4%	11.6%	11.8%	13.0x	11.8x	10.7x	-0.9%	14%	15%	2.1%	2.4%
TGI MK	Thong Guan Industries	1.95	3.06	57%	Add	50%	59	Dec 13	0.66x	0.61x	0.57x	9.6%	11.0%	11.6%	9.8x	10.1x	8.8x	-15.0%	-4%	1%	4.4%	5.1%
TOMY MK	Tomy pak Holdings	1.29	1.37	6%	Hold	52%	40	Dec 13	1.26x	1.23x	1.18x	5.4%	8.6%	10.1%	23.5x	14.4x	11.9x	-17.6%	4%	18%	3.9%	4.7%
TOPG MK	Top Glove Corporation	4.70	4.63	-1%	Hold	50%	835	Aug 14	2.06x	1.96x	1.85x	13.3%	13.2%	13.0%	15.9x	15.2x	14.7x	0.4%	-4%	1%	3.5%	3.6%
WELL MK	Wellcall Holdings	1.61	1.73	7%	Hold	70%	153	Sep 14	6.10x	5.87x	5.64x	35.5%	38.1%	40.0%	17.5x	15.7x	14.4x	14.3%	-47%	-25%	5.3%	5.7%

SOURCE: CIMB estimates

Figure 3: Malaysia Earnings Guide - cont'd

Prices as at 08 Dec 2014		Closing	Target	% upside /	Recom.	Free Float	Market Cap	Month	Price/ BVPS (X)			ROAE (recurring) %			P/E (Recurrent FD) (X)			2-Yr forward	Net Gearing		Net Div Yield %	
BBG code	Company name	Price	price	(downside)		(%)	(US\$m)	end	2014	2015	2016	2014	2015	2016	2014	2015	2016	EPS Cagr	FY2014	FY2015	2014	2015
Insurance																						
TIH MK	Tune Ins Holdings Bhd	1.80	3.00	67%	Add	59%	387	Dec 13	3.32x	2.90x	2.53x	19.1%	21.2%	21.0%	18.4x	14.6x	12.8x	11.2%	-150%	-157%	2.0%	2.5%
Media																						
ASTRO MK	Astro Malaysia	3.26	3.85	18%	Add	42%	4,851	Jan 14	32.53x	33.06x	33.57x	92.9%	135.4%	174.6%	32.4x	24.2x	19.1x	25.3%	415%	437%	3.1%	4.1%
MCIL MK	Media Chinese Int'l	0.80	0.88	10%	Hold	45%	386	Mar 14	1.78x	1.64x	1.54x	18.5%	16.9%	16.5%	10.0x	10.1x	9.6x	-9.9%	21%	11%	5.3%	5.3%
MPR MK	Media Prima Bhd	1.84	2.00	9%	Hold	67%	583	Dec 13	1.18x	1.15x	1.13x	9.3%	10.0%	10.9%	13.0x	11.6x	10.5x	-10.3%	-12%	-14%	4.6%	6.9%
STAR MK	Star Publications	2.27	2.30	1%	Hold	43%	479	Dec 13	1.75x	1.66x	1.58x	14.6%	14.4%	13.4%	12.3x	11.8x	12.1x	0.0%	1%	-4%	7.9%	7.9%
Oil and Gas																						
PETD MK	Petronas Dagangan	17.62	20.80	18%	Add	26%	5,008	Dec 13	1.87x	1.53x	1.60x	7.5%	8.4%	8.7%	26.1x	20.2x	18.0x	3.4%	-12%	-11%	2.7%	2.7%
Oil Equipment and Services																						
BAB MK	Bumi Armada	1.09	2.56	135%	Add	50%	1,829	Dec 13	2.02x	1.69x	1.41x	11.6%	17.0%	17.0%	12.8x	10.8x	9.0x	-17.2%	184%	157%	3.7%	3.7%
DLG MK	Dialog Group	1.37	1.83	34%	Add	66%	1,942	Jun 14	4.97x	4.39x	4.15x	20.7%	23.1%	23.1%	25.9x	20.2x	18.5x	31.5%	-49%	-52%	2.5%	2.8%
SAKP MK	SapuraKencana Petroleum	2.52	6.84	171%	Add	59%	4,320	Jan 14	2.44x	2.32x	2.15x	19.9%	28.2%	28.6%	9.4x	8.4x	7.8x	38.1%	108%	137%	1.0%	1.2%
MMHE MK	Malaysia Marine & Heavy Eng	1.70	1.70	0%	Reduce	19%	778	Dec 13	1.11x	1.18x	1.15x	6.3%	6.4%	5.5%	17.7x	17.9x	21.2x	-9.7%	-72%	-80%	3.5%	4.1%
PETR MK	Perdana Petroleum	1.14	2.63	131%	Add	53%	241	Dec 13	1.35x	1.37x	1.38x	16.2%	17.4%	21.4%	8.7x	7.8x	6.4x	36.6%	41%	40%	1.8%	2.6%
PPT MK	Perisai Petroleum	0.51	2.20	336%	Add	61%	172	Dec 13	0.76x	0.69x	0.60x	2.6%	17.7%	18.8%	23.4x	4.0x	3.4x	27.0%	90%	130%	0.0%	0.0%
RH MK	TH Heavy Engineering	0.35	0.43	22%	Reduce	59%	111	Dec 13	0.95x	0.83x	0.71x	-4.9%	5.5%	5.9%	-23.4x	19.1x	15.4x	54.8%	29%	15%	0.0%	0.0%
UMWOG MK	UMW Oil & Gas	2.50	5.11	105%	Add	25%	1,546	Dec 13	4.54x	4.51x	4.47x	13.2%	40.1%	43.4%	20.4x	11.3x	10.4x	59.7%	51%	97%	0.8%	1.2%
UZMA MK	Uzma	1.75	3.81	118%	Add	36%	132	Dec 13	1.79x	1.47x	1.21x	21.3%	17.8%	19.1%	8.4x	9.1x	6.9x	-12.3%	-41%	-25%	2.2%	0.0%
WSC MK	Wah Seong Corp	1.55	2.65	71%	Add	48%	342	Dec 13	2.01x	2.13x	2.27x	16.6%	24.0%	26.2%	9.4x	9.0x	8.7x	85.0%	-39%	-40%	4.5%	4.9%
Pharmaceuticals																						
PHRM MK	Pharmaniaga Bhd	4.30	6.15	43%	Add	31%	318	Dec 13	2.15x	2.02x	1.89x	15.9%	15.9%	17.4%	13.9x	13.1x	11.2x	20.8%	62%	57%	4.6%	4.6%
Property & REITs																						
CMMT MK	CapitaMalls Malaysia Trust	1.40	1.46	5%	Hold	65%	713	Dec 13	1.29x	1.29x	1.30x	8.0%	8.4%	9.0%	16.1x	15.3x	14.5x	5.0%	42%	43%	6.6%	7.0%
AXRB MK	Axis REIT	3.45	3.85	12%	Add	84%	458	Dec 13	1.86x	1.89x	1.89x	10.3%	10.9%	11.4%	16.5x	17.1x	16.5x	4.2%	52%	55%	6.4%	5.9%
EAST MK	Eastern & Oriental	2.32	2.62	13%	Hold	57%	738	Mar 14	1.71x	1.57x	1.44x	8.4%	12.2%	11.9%	23.8x	15.4x	14.4x	31.6%	18%	13%	2.0%	2.2%
ECW MK	Eco World Development Group Bhd	3.99	7.60	90%	Add	45%	289	Sep 13	3.13x	3.11x	na	2.0%	3.0%	na	165.8x	130.8x	na	-37.3%	177%	-9%	0.2%	0.3%
IGBREIT MK	IGB REIT	1.31	1.25	-4%	Hold	49%	1,292	Dec 13	1.34x	1.35x	1.36x	6.8%	7.1%	7.3%	19.6x	18.9x	18.5x	7.9%	35%	35%	5.8%	5.8%
KLCCSS MK	KLCC Property Holdings	6.63	6.90	4%	Hold	47%	3,424	Dec 13	1.60x	1.58x	1.56x	9.2%	9.7%	10.1%	17.3x	16.4x	15.6x	-16.8%	12%	12%	5.0%	5.5%
PREIT MK	Pavilion REIT	1.41	1.50	7%	Hold	26%	1,216	Dec 13	1.47x	1.46x	1.46x	8.0%	8.1%	8.2%	18.3x	18.1x	17.9x	5.6%	20%	20%	5.8%	5.8%
MSGB MK	Mah Sing Group	2.25	3.21	43%	Add	65%	950	Dec 13	1.47x	1.32x	1.18x	16.1%	17.2%	16.9%	11.7x	10.0x	9.1x	11.7%	32%	18%	4.0%	4.4%
SBC MK	SBC Corp	1.00	2.20	120%	Add	63%	67	Mar 14	0.62x	0.58x	0.53x	6.4%	7.6%	10.8%	10.0x	7.9x	5.1x	-9.2%	17%	13%	3.3%	4.3%
SPSB MK	SP Setia	3.25	3.38	4%	Hold	36%	2,360	Oct 13	1.36x	1.26x	na	9.8%	13.8%	na	15.5x	10.4x	na	32.2%	17%	-4%	3.5%	3.9%
SREIT MK	Sunway REIT	1.50	1.53	2%	Hold	63%	1,259	Jun 14	1.31x	1.31x	1.31x	7.5%	8.3%	9.0%	17.6x	15.8x	14.7x	9.1%	54%	55%	5.7%	6.3%
UEMS MK	UEM Sunrise Bhd	1.67	2.44	46%	Add	35%	2,168	Dec 13	1.19x	1.12x	1.05x	9.0%	8.6%	8.8%	15.3x	15.1x	13.8x	-2.3%	7%	3%	2.4%	2.4%
UOAD MK	UOA Development	2.11	2.18	3%	Hold	32%	864	Dec 13	1.16x	1.10x	1.02x	10.6%	13.0%	14.3%	10.6x	8.7x	7.4x	-5.1%	-23%	-19%	5.2%	6.2%

SOURCE: CIMB estimates

Figure 4: Malaysia Earnings Guide - cont'd

Prices as at 08 Dec 2014		Closing	Target	% upside /	Recom.	Free Float	Market Cap	Month	Price/ BVPS (X)			ROAE (recurring) %			P/E (Recurrent FD) (X)			2-Yr forward	Net Gearing		Net Div Yield %	
BBG code	Company name	Price	price	(downside)		(%)	(US\$m)	end	2014	2015	2016	2014	2015	2016	2014	2015	2016	EPS Cagr	FY2014	FY2015	2014	2015
Retail																						
BON MK	Bonia Corporation	0.88	1.43	63%	Add	44%	203	Jun 14	1.91x	1.67x	1.47x	16.6%	16.2%	15.7%	12.3x	11.0x	10.0x	15.5%	21%	8%	1.4%	1.6%
SEM MK	7-Eleven Malaysia Holdings Berhad	1.40	1.78	27%	Hold	49%	494	Dec 13	9.33x	7.48x	6.03x	48.1%	36.8%	35.8%	27.7x	22.6x	18.6x	21.6%	-70%	-60%	1.1%	1.8%
Services																						
PRES MK	Prestariang	1.60	2.94	84%	Add	67%	222	Dec 13	4.55x	3.96x	3.43x	18.5%	34.9%	35.5%	30.3x	12.1x	10.4x	17.4%	-86%	-80%	3.4%	5.3%
Shipping																						
MISC MK	MISC Bhd	6.99	8.22	18%	Add	23%	8,926	Dec 13	1.13x	1.07x	1.01x	7.5%	7.3%	7.3%	15.4x	15.0x	14.2x	15.2%	16%	20%	1.4%	1.5%
Technology																						
CUSC MK	Cuscapi	0.18	0.21	20%	Hold	72%	22	Dec 13	1.39x	1.39x	1.32x	-16.7%	5.0%	10.3%	-8.5x	35.9x	17.0x	N.A.	-7%	10%	3.2%	2.9%
GHLS MK	GHL Systems Bhd	0.71	1.06	50%	Add	36%	129	Dec 13	3.79x	3.30x	2.73x	11.4%	13.9%	18.9%	45.1x	25.4x	15.8x	82.6%	10%	4%	0.0%	0.0%
IFCA MK	IFCA MSC	0.76	1.05	38%	Add	46%	103	Dec 13	5.34x	3.99x	3.11x	35.2%	34.2%	29.9%	22.4x	17.2x	15.1x	158.0%	-64%	-74%	0.7%	1.1%
JOBS MK	JobStreet Corp	2.92	3.01	3%	Hold	58%	585	Dec 13	8.61x	8.57x	8.52x	4.6%	4.9%	5.2%	186.2x	175.3x	163.7x	-59.6%	-25%	-20%	0.5%	0.5%
MPI MK	Malaysian Pacific Industries	4.70	7.50	60%	Add	46%	267	Jun 14	1.31x	1.25x	1.18x	9.4%	11.7%	13.7%	14.2x	10.9x	8.9x	63.2%	2%	-3%	3.8%	5.2%
MYEG MK	MY E.G. Services	4.25	5.28	24%	Add	52%	717	Jun 14	12.58x	9.44x	6.78x	34.7%	40.7%	46.8%	40.7x	26.5x	16.9x	50.4%	-2%	-21%	0.8%	1.2%
UCHI MK	Uchi Technologies	1.37	1.43	4%	Hold	59%	146	Dec 13	2.65x	2.64x	2.62x	21.2%	22.6%	24.0%	12.5x	11.7x	10.9x	4.7%	-60%	-62%	8.0%	8.4%
UNI MK	Unisem	1.95	2.25	15%	Add	66%	376	Dec 13	1.36x	1.33x	1.30x	5.7%	7.8%	9.1%	23.8x	17.3x	14.5x	N.A.	22%	9%	3.6%	4.4%
Telecommunications																						
AXIATA MK	Axiata Group	6.65	7.10	7%	Hold	44%	16,326	Dec 13	2.84x	2.80x	2.77x	11.7%	12.9%	13.3%	24.6x	21.9x	20.9x	-3.5%	36%	39%	3.6%	4.1%
DIGI MK	DiGi.com	6.03	5.80	-4%	Hold	47%	13,412	Dec 13	70.93x	70.93x	70.93x	301.8%	318.5%	334.9%	23.5x	22.3x	21.2x	11.1%	68%	82%	4.3%	4.5%
MAXIS MK	Maxis Berhad	6.55	6.50	-1%	Reduce	35%	14,066	Dec 13	10.14x	11.10x	12.24x	37.3%	45.2%	52.7%	24.3x	23.5x	22.1x	2.0%	163%	199%	6.1%	4.9%
T MK	Telekom Malaysia	6.64	6.00	-10%	Reduce	48%	7,065	Dec 13	3.29x	3.25x	3.21x	11.7%	12.4%	13.3%	28.3x	26.3x	24.3x	-6.8%	59%	56%	3.2%	3.4%
Transport Infrastructure																						
BPH MK	Bintulu Port	6.97	6.70	-4%	Reduce	23%	917	Dec 13	2.86x	2.74x	2.66x	13.8%	14.1%	15.1%	21.1x	19.8x	17.8x	1.1%	-41%	-40%	3.4%	3.4%
MAHB MK	Malaysia Airports Holdings	6.60	7.22	9%	Hold	35%	2,595	Dec 13	1.61x	1.62x	1.58x	1.7%	2.4%	4.8%	91.4x	66.0x	33.2x	-38.3%	65%	63%	1.5%	1.5%
WPRTS MK	Westports Holdings	3.36	4.57	36%	Add	31%	3,278	Dec 13	6.63x	6.19x	5.75x	30.0%	27.2%	29.3%	22.9x	23.6x	20.3x	7.5%	41%	41%	3.3%	3.2%
Travel & Leisure																						
BST MK	Berjaya Sports Toto	3.50	4.15	18%	Add	57%	1,346	Apr 14	6.55x	6.11x	6.11x	55.0%	51.2%	51.2%	13.0x	12.4x	11.9x	5.2%	35%	19%	8.0%	8.1%
GENT MK	Genting Bhd	9.08	9.90	9%	Hold	60%	9,658	Dec 13	1.23x	1.16x	1.09x	6.2%	6.8%	7.6%	24.9x	21.4x	18.0x	-1.8%	-25%	-29%	1.0%	1.0%
GENM MK	Genting Malaysia	4.10	5.90	44%	Add	51%	6,651	Dec 13	1.47x	1.38x	1.27x	9.2%	8.8%	11.2%	16.5x	16.2x	11.8x	-5.7%	-10%	-10%	2.3%	2.4%
MAG MK	Magnum Bhd	2.88	2.96	3%	Hold	55%	1,174	Dec 13	1.66x	1.66x	1.67x	11.8%	10.6%	9.8%	14.1x	15.7x	17.0x	-10.6%	20%	#N/A	6.9%	6.9%
Utilities																						
CYP MK	Cypark Resources Bhd	2.37	3.09	30%	Add	55%	133	Oct 13	1.51x	1.35x	na	18.8%	20.1%	na	8.6x	7.6x	na	16.5%	126%	91%	4.6%	5.3%
GMB MK	Gas Malaysia Berhad	3.15	3.95	25%	Add	26%	1,157	Dec 13	3.73x	3.66x	3.59x	18.3%	19.3%	21.8%	18.3x	16.9x	14.9x	11.7%	-31%	-31%	3.3%	4.7%
PTG MK	Petronas Gas	21.98	27.11	23%	Add	21%	12,442	Dec 13	4.25x	3.99x	3.74x	17.1%	16.6%	15.8%	25.6x	24.8x	24.5x	10.6%	-9%	-15%	2.5%	2.5%
PNH MK	Puncak Niaga Holdings	2.65	4.28	62%	Add	69%	314	Dec 13	0.46x	0.64x	0.92x	11.8%	16.8%	33.3%	4.5x	3.2x	2.3x	30.1%	33%	43%	0.0%	0.0%
TNB MK	Tenaga Nasional	13.86	13.62	-2%	Hold	40%	22,377	Aug 14	1.92x	1.92x	1.92x	13.5%	13.8%	15.2%	14.8x	13.9x	12.6x	9.0%	28%	23%	3.3%	3.6%
YTLP MK	YTL Power International	1.57	2.34	49%	Add	40%	3,159	Jun 14	1.19x	1.12x	1.08x	12.2%	10.0%	9.1%	10.3x	11.6x	12.1x	0.2%	145%	114%	2.6%	2.6%

SOURCE: CIMB estimates

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Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public

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Score Range:	90 - 100	80 - 89	70 - 79	Below 70 or	No Survey Result
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2014		
1552 companies under coverage for quarter ended on 30 September 2014		
	Rating Distribution (%)	Investment Banking clients (%)
Add	54.9%	5.0%
Hold	29.5%	2.3%
Reduce	15.6%	1.0%

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2014.

AAV – Very Good, **ADVANC** – Very Good, **AEONTS** – not available, **AMATA** - Good, **ANAN** – Very Good, **AOT** – Very Good, **AP** - Good, **ASK** – Very Good, **ASP** – Very Good, **BANPU** – Very Good, **BAY** – Very Good, **BBL** – Very Good, **BCH** – not available, **BCP** - Excellent, **BEAUTY** – Good, **BEC** - Good, **BECL** – Very Good, **BGH** - not available, **BH** - Good, **BIGC** - Very Good, **BJC** – Good, **BLA** – Very Good, **BMCL** - Very Good, **BTS** - Excellent, **CCET** – Good, **CENTEL** – Very Good, **CHG** – not available, **CK** – Very Good, **CPALL** – not available, **CPF** – Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DEMCO** – Good, **DTAC** – Very Good, **EA** - Good, **ECL** – not available, **EGCO** - Excellent, **GFPT** - Very Good, **GLOBAL** - Good, **GLOW** - Good, **GRAMMY** - Excellent, **HANA** - Excellent, **HEMRAJ** – Very Good, **HMPRO** - Very Good, **ICHI** - not available, **INTUCH** - Excellent, **ITD** – Good, **IVL** - Excellent, **JAS** – not available, **JUBILE** – not available, **KAMART** – not available, **KBANK** - Excellent, **KCE** - Very Good, **KGI** – Good, **KKP** – Excellent, **KTB** - Excellent, **KTC** – Good, **LH** - Very Good, **LPN** – Very Good, **M** - not available, **MAJOR** - Good, **MAKRO** – Good, **MBKET** – Good, **MC** – Very Good, **MCOT** – Very Good, **MEGA** – Good, **MINT** - Excellent, **OFM** – Very Good, **OISHI** – Good, **PS** – Very Good, **PSL** - Excellent, **PTT** - Excellent, **PTTEP** - Excellent, **PTTGC** - Excellent, **QH** – Very Good, **RATCH** – Very Good, **ROBINS** – Very Good, **RS** – Very Good, **SAMART** - Excellent, **SAPPE** - not available, **SAT** – Excellent, **SAWAD** – not available, **SC** – Excellent, **SCB** - Excellent, **SCBLIF** – Good, **SCC** – Very Good, **SCCC** - Good, **SIM** - Excellent, **SIRI** - Good, **SPALI** - Excellent, **STA** – Very Good, **STEC** - Good, **SVI** – Very Good, **TASCO** – Good, **TCAP** – Very Good, **THAI** – Very Good, **THANI** – Very Good, **THCOM** – Very Good, **THRE** – not available, **THREL** – Good, **TICON** – Good, **TISCO** - Excellent, **TK** – Very Good, **TMB** - Excellent, **TOP** - Excellent, **TRUE** – Very Good, **TTW** – Very Good, **TUF** - Good, **VGI** – Very Good, **WORK** – not available.

CIMB Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

**Prior to December 2013 CIMB recommendation framework for stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange were based on a stock's total return relative to the relevant benchmarks total return. Outperform: expected to exceed by 5% or more over the next 12 months. Neutral: expected to be within +/-5% over the next 12 months. Underperform: expected to be below by 5% or more over the next 12 months. Trading Buy: expected to exceed by 3% or more over the next 3 months. Trading Sell: expected to be below by 3% or more over the next 3 months. For stocks listed on Korea Exchange, Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Outperform: Expected positive total returns of 10% or more over the next 12 months. Neutral: Expected total returns of between -10% and +10% over the next 12 months. Underperform: Expected negative total returns of 10% or more over the next 12 months. Trading Buy: Expected positive total returns of 10% or more over the next 3 months. Trading Sell: Expected negative total returns of 10% or more over the next 3 months.*

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