Maybank Kim Eng

MALAYSIA

Weathering Through

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AND ANALYST CERTIFICATIONS

MAYBANK KIM ENG RESEARCH

"UnMasking Asia: ---" is a series of reports by Maybank Kim Eng Research, stress testing the resilience of earnings, free cash flows and balance sheets of corporates across Asian countries and sectors.

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Maybank Kim Eng

September 10, 2015

UnMasking Asia: Malaysia

Weathering Through

- The bulk of the Malaysian companies under our coverage performed well in our stress tests.
- The more defensive sectors are construction, gaming, gloves and semiconductor.
- Results give an indication of the potential impact if macros and fundamentals deteriorate to the level of our parameters.

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Held up well

On aggregate, the bulk of the Malaysian companies under our coverage performed well in our stress tests. In extreme conditions under Scenario 2 (S2), 2016 net profit would be lower by 43% from our base case - S2 assumes a 10% cut in revenue, 10% FX depreciation and a 100bp hike in interest rates. Of these three variables, the cut in revenue had the most impact on earnings, while the impact from the rest was marginal.

Revenue shortfalls - there are mitigating factors

The more defensive sectors are construction, gaming, gloves and semiconductor. We are OVERWEIGHT on the construction, gloves and semiconductor sectors. For the construction companies, the risk of revenue decline is mitigated by their strong orderbooks that range between 1.1x and 13x their respective trailing annual revenue. For the gaming operators, their expenses are mostly variable on revenue while gearing levels are low. Glove producers' earnings are sensitive to revenue shocks but they operate in a global market that offers stable demand growth prospects. Moreover, they are beneficiaries of a stronger USD. The same applies to the domestic semiconductor players, which continue to see orderbook visibility and the benefits of a stronger USD.

Banks, meanwhile, proved resilient, with CET1 ratios of at least 7.5% under rigorous S2, which considers a 10% loan contraction, 20bp NIM compression, 10% decline in bond values, 50bp increase in credit costs and 10% FX depreciation from the base case. The sectors more vulnerable to revenue contraction include airlines (high leverage and high fixed cost structures), media (high fixed costs), oil & gas (sensitive to capex and day rate cuts, and lower utilization) and plantation (high production costs).

Currency depreciation - a boon for some

Generally, most of the Malaysian companies are domestic centric and the weakening currency has minimal impact on earnings and financials. A weaker MYR would affect: (i) autos, as the purchase of imported cars/components are mostly in JPY/USD; and (ii) some plantation companies that have high levels of USD debt, such as IOI, TSH and GENP. The unrealized forex impact, however, is non-cash in nature. Airlines and airports have high borrowings in USD but the plunge in fuel price has more than offset currency effects.

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Net beneficiaries of a weaker MYR would be the: (i) glove producers as revenue are almost entirely in USD vs about half their costs; (ii) casino operators eg GENM and GENT that have US and UK operations; and (iii) semiconductor players that are predominantly net exporters. We have highlighted these beneficiaries in our 2015 strategy report, and the glove producers and semiconductor players have significantly outperformed YTD amid weakness in the broader market.

Leverage is at manageable levels

Debt levels are low with an aggregate net debt/equity ratio of 33% for the companies in our coverage, with a marginal increase to 37% under S2. We deem an EBITDA interest coverage of at least 3x to be healthy and this is upheld by most of our stocks even under S2. There are, however, several outliers and these include MAHB, NCB, and Perisai, due to fairly high financial leverage.

Valuations

Our stress test covers c.90% of our stock coverage by market capitalisation, and c.70% of the Malaysian bourse. Under S1, the combined weighted 2015 PER of the stocks covered in this exercise (including the banks) would rise to 18.4x, from 14.2x under the base case, while under S2, 2016 PER valuation will rise to 22.5x, from 14.4x under the base case. Combined earnings growth would be lower by 19% in 2015 (S1) and another 43% in 2016 (S2), against our base case. The results give an indication of what could be expected if macros and fundamentals deteriorate to the levels of our stress test parameters.

The table below shows the aggregate impact of the stress test on the companies in our stress test scenario, excluding the banks, for which there is a separate analysis under the Banks section.

Aggregate impact of S1 and S2 on companies ex Banks

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	58,393	60,099	54,879	65,814	51,010
% change			*(9%)*		*(22%)*
Net profit	39,676	40,407	34,442	45,225	29,844
% change			*(15%)*		*(34%)*
Free cash flow	8,814	25,162	22,169	34,826	23,809
% change			*(12%)*		*(32%)*
Net debt (net cash)	141,477	142,983	144,941	140,144	147,493

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	17.2	16.9	19.8	15.1	22.9
EV/EBITDA (x)	9.5	9.0	9.6	8.4	10.0
P/FCF (x)	n/a	27.1	30.8	19.6	28.7
P/B (x)	1.8	1.7	1.7	1.6	1.6
Dividend yield (%)	3.0%	3.3%	3.0%	3.4%	2.4%

Summary of Sector Analysis

Automotive – Ivan Yap

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All the auto companies within our coverage are negatively exposed to a weaker MYR as purchases of imported cars/components are mostly denominated in either JPY or USD.

Potential revenue contractions are seen for auto players such as UMWH (Toyota) and TCM (Nissan) that are targeting the mass market segment (i.e. B-segment, pick-up trucks) given the intensely competitive landscape.

Meanwhile, players with strong product offerings in the energy efficient/economical car segment (i.e. Mazda – BAuto, Perodua – MBM Resources) are expected to see resilient sales as consumers down trade amid rising cost of living. In addition, interest rate hikes would further weigh on earnings due to relatively high financial leverage for all the auto companies within our coverage, with the exception of BAuto.

Overall, we think the likelihood of a stressed situation for UMWH and TCM is much higher than for BAuto and MBM Resources. Our BUYs in the sector are BAuto and MBM.

Aggregated Impact MYR m	2014	2015 MKE Est	2015 Scenario 1 (-5% rev, -5% fx, +50 bps i/r)	2016 MKE Est	2016 Scenario 2 (-10% rev, -10% fx, +100bps i/r)
Operating profit	1,922	1,086	920	1,521	1,121
% change			*(15%)*		*(26%)*
Net profit	1,084	779	679	1,082	830
% change			*(13%)*		*(23%)*
Free cash flow	(334)	(583)	(576)	1,066	810
% change			*(1%)*		*(24%)*
Net debt (net cash)	1,809	2,693	2,645	2,016	2,073

Valuation	2014	2015 MKE Est	2015 Scenario 1 (-5% rev, -5% fx, +50 bps i/r)	2016 Mkt Est	2016 Scenario 2 (-10% rev, -10% fx, +100bps i/r)
PER (x)	13.5	18.8	21.6	13.5	17.6
EV/EBITDA (x)	7.1	9.5	10.5	7.2	8.7
P/FCF (x)	n/a	n/a	n/a	13.7	18.1
P/B (x)	1.3	1.3	1.3	1.2	1.2
Dividend yield (%)	4.8%	3.4%	3.1%	4.4%	3.7%

Aviation - Mohshin Aziz

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Airlines and airports are particularly vulnerable to revenue shocks due to their high fixed cost business structure. Similarly, any adverse movement in forex and interest rates will negatively impact their bottom lines as airlines have significant USD-denominated costs and are highly levered.

What is positive, however, is AirAsia, AirAsia X and MAHB have all taken risk-mitigation steps by fixing their interest rates as much as possible. In addition, they have dedicated treasury departments that hedge forex exposure to insulate the business from adverse volatility.

Fuel price has plunged by 40% YoY and this has more than offset the impact from currency depreciation. In reality, the sector's outlook has never been better and this will continue to be the case if fuel prices stay at current levels.

Our only sector BUY is AirAsia.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,261	2,389	1,866	2,399	831
% change			*(22%)*		*(65%)*
Net profit	554	700	122	878	(776)
% change			*(83%)*		*n/a*
Free cash flow	(1,399)	688	106	1,235	(473)
% change			*(85%)*		*n/a*
Net debt (net cash)	15,674	13,894	14,417	13,628	15,196

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	17.9	14.2	81.4	11.3	n/a
EV/EBITDA (x)	9.2	5.8	6.6	6.1	10.2
P/FCF (x)	n/a	14.4	93.3	8.0	n/a
P/B (x)	0.8	0.7	0.7	0.7	0.7
Dividend yield (%)	0.7%	1.5%	1.1%	1.5%	0.9%

Banks - Desmond Ch'ng

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Malaysian banks are generally resilient to a downturn, given the relative strength of their asset quality and the adequacy of capital. Nevertheless, the operating environment remains challenging amid ongoing net interest margin (NIM) pressure and the normalization of credit costs.

Loan growth is already moderating for the sector and we estimate growth of about 8-9% this year, slipping to 7-8% in 2016. A small shortfall in loan growth, however, would have a muted impact on banks' earnings.

NIM pressure persists and we estimate a 12bps contraction in average NIMs in 2015 and a further 5bps decline in 2016. We estimate that a further 10bps compression in NIMs from our present assumptions would negatively impact aggregate net profits for our banks by a further 5%.

Having enjoyed several years of strong loan recoveries, credit costs are starting to normalize higher. Changes to credit cost assumptions would undoubtedly have the largest impact to earnings, with an estimated 5% decline in overall earnings if credit costs rose by another 10bps. Forex movements have little impact on the banks, as only Maybank and CIMB have sizeable foreign operations.

On an aggregate basis, we expect average CET1 ratios for the banks to hold up at above 7.5%, which would still be above Basel III's 2019 minimum requirement of 7% (excluding the counter-cyclical and SIFI requirements that have yet to be set by Bank Negara).

Nevertheless, a more minimum comfortable level would be 10%, in our view, and to this end, Public Bank and AFG stand out with CET1 ratios of more than 10% under our S2 stress test. HL Bank and RHB Cap have rights issues in the pipeline to bolster their capital requirements and should have comfortable ratios thereafter.

We have BUYs on HL Bank, HLFG and BIMB.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Total income	39,226	40,381	35,838	42,279	32,737
% change			*(11%)*		*(23%)*
Net profit	13,961	14,335	9,674	15,690	4,275
% change			*(33%)*		*(73%)*
CET1/Tier-1 CAR (%)	10.5	10.3	9.8	10.5	9.1
ROE (%)	-	11.6	8.1	11.9	3.5

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	10.7	10.6	15.9	9.9	n/a
P/B (x)	1.3	1.2	1.3	1.1	1.4
Dividend yield (%)	3.5%	3.5%	2.3%	3.8%	1.3%

Construction – Chai Li Shin

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Construction companies under our coverage are generally resilient with low gearing and small FX exposure. The key volatility to construction companies' revenue would be their future orderbook replenishment. This is mitigated by their currently strong outstanding orderbooks that are between 1.1x and 13x of their respective trailing annual revenue. We are optimistic on their orderbook replenishment outlook with the roll-out of the mega infrastructure projects with a total value of MYR64b. 2015 YTD has seen three project delivery partners appointed for three major infrastructure projects – KVLRT 3, KVMRT 2, PTMP – implying a strong flow of work awards ahead. The only exception would be Kimlun as it is exposed to the slowing Johor property market.

Meanwhile, construction margins are expected to remain stable, as potential downward pressure on margins would be offset by lower building material costs. In an economic downturn scenario, receivables could be an issue that would affect their FCF. However, this would be alleviated by established clients with strong balance sheets.

As for the impact of exchange-rate changes, Eversendai is the only company that derives significant revenue from overseas but this is largely matched by its operational costs that are also in foreign currencies. Elsewhere, Eversendai, Gamuda, IJM and Kimlun have foreign debts. As Gamuda and Kimlun's gearing levels are low and Eversendai hedges its FX exposure, IJM would be the only company with significant unrealised forex losses.

Changes in interest rates would not have a significant impact on the financials of construction companies, as most have manageable net gearing of <0.6x while CMS and HSL are in net cash positions. Although Litrak has a high net gearing of 1.8x, all of its borrowings are fixed rate.

Our BUYs are Gamuda, IJM, WCT, CMS, HSL, Eversendai and Litrak.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	2,869	2,795	2,645	3,160	2,820
% change			*(5%)*		*(11%)*
Net profit	1,853	2,040	1,754	2,296	1,550
% change			*(14%)*		*(32%)*
Free cash flow	(167)	2,564	2,584	2,044	1,693
% change			*1%*		*(17%)*
Net debt (net cash)	7,920	6,377	6,535	5,475	6,182

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	17.8	16.2	18.9	14.4	21.3
EV/EBITDA (x)	11.8	12.0	12.6	10.7	11.8
P/FCF (x)	n/a	12.9	12.8	16.2	19.5
P/B (x)	1.6	1.5	1.5	1.4	1.5
Dividend yield (%)	2.1%	2.4%	2.3%	2.6%	2.5%

Consumer - Liew Wei Han & Kevin Wong

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A slowdown in domestic consumption would undoubtedly impact the earnings of the consumer companies but they are generally resilient and we estimate a manageable 12% decline in both operating profit and net profit in the event revenue falls by 10%. The impact mainly depends on their product offerings and among the consumer companies in our coverage, QL Resources (QL) and Nestle stand out for their mass-market offerings, which should provide greater earnings resilience.

Given the strength of their balance sheets, interest rate risks are not apparent and even if we assume 100bps increase in interest rates, the impact to earnings is muted.

In terms of FX exposure, companies such as MSM, BAT, QL, Oldtown, Nestle and Carlsberg are either partially or fully hedged naturally from some regional exposure that are transacted mostly in USD (vs their cost base). With the usual inverse relationship between the price of certain raw materials and the USD movement, the effect of a higher USD could be partially offset by weaker raw material prices.

However, the key risks to the sector would be a spike in raw material prices and USD strength. Under such circumstances, the consumer companies would experience margin pressure as cost pass-throughs may be challenging in a downcycle.

We have no BUY in the sector.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	3,677	3,774	3,512	3,971	3,457
% change			*(7%)*		*(13%)*
Net profit	2,730	2,791	2,587	2,929	2,528
% change			*(7%)*		*(14%)*
Free cash flow	2,207	2,417	2,255	2,976	2,568
% change			*(7%)*		*(14%)*
Net debt (net cash)	88	596	579	151	233

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	21.1	20.7	22.3	19.7	22.8
EV/EBITDA (x)	13.5	12.9	13.7	12.2	13.7
P/FCF (x)	26	23.9	25.6	19.4	22.4
P/B (x)	7.0	6.6	6.7	6.2	6.4
Dividend yield (%)	4.0%	4.1%	3.8%	4.2%	3.8%

Gaming (Casinos) - Samuel Yin

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Revenue declines would have a moderate impact on earnings as casinos' expenses are mostly variable with revenue (e.g. gaming tax, junket commission, royalty and GST). While GENS' earnings are volatile due to the fluctuation in VIP win rates, the earnings of its subsidiaries such as GENM and the licence fees that GENM pays to GENT are stable.

The weaker MYR against the USD and GBP is actually positive for GENM and GENT as they have operations in the US and UK. GENM and GENT have USD and GBP-denominated debts but they are natural hedges against the US and UK earnings. From another angle, the weaker MYR against the USD is actually positive for GENT as it has more financial assets and cash than debt, leading to forex translation gains.

Even if the interest rates on their debts were raised by 100bps, our earnings estimates would be trimmed by <5%. In fact, higher interest rates may be positive for GENM and GENT as they in a net cash position.

In conclusion, the casino operators are generally resilient. Both GENM and GENT are BUYs.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	6,443	6,259	5,808	6,954	5,976
% change			*(7%)*		*(14%)*
Net profit	3,136	3,141	2,930	3,510	3,038
% change			*(7%)*		*(13%)*
Free cash flow	1,139	(444)	(779)	1,537	885
% change			*76%*		*(42%)*
Net debt (net cash)	505	1,235	1,557	2,132	3,392

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	15.5	15.5	16.6	13.9	16.0
EV/EBITDA (x)	5.6	5.5	5.8	5.0	5.6
P/FCF (x)	43	n/a	n/a	31.7	55.1
P/B (x)	1.1	1.1	1.1	1.0	1.0
Dividend yield (%)	1.1%	1.0%	1.0%	1.1%	1.0%

Gaming (NFOs) - Samuel Yin

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Revenue declines would not have a major impact on earnings as >90% of NFOs' expenses are variable on revenue (e.g. gaming tax, betting duty, agency commission, prize payout, royalty and GST).

Essentially, all their revenue and expenses are MYR denominated. Even Berjaya Sports Toto is not vulnerable to major fluctuations in the MYR against other foreign currencies due to its small presence in the Philippines and the UK. The debts of NFOs are all based on a fixed interest rate or MYR medium-term notes. Even if the interest rates on the medium-term notes were raised by 100bps, our earnings estimates would be trimmed by <3%.

In conclusion, the NFOs are resilient. Even under S2, Berjaya Sports Toto would still generate enough cash to pay 20-21sen DPS pa and Magnum would still generate enough cash to pay 15sen DPS pa.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	940	880	830	884	783
% change			*(6%)*		*(11%)*
Net profit	597	582	541	593	512
% change			*(7%)*		*(14%)*
Free cash flow	736	640	595	660	592
% change			*(7%)*		*(10%)*
Net debt (net cash)	794	687	740	557	743

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	13.2	13.5	14.5	13.3	15.3
EV/EBITDA (x)	8.7	9.3	9.8	9.2	10.3
P/FCF (x)	11	12.3	13.2	11.9	13.3
P/B (x)	2.5	2.4	2.5	2.4	2.5
Dividend yield (%)	7.3%	6.2%	6.2%	6.2%	6.2%

Glove Producers - Lee Yen Ling

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Among the various parameters in our stress test, earnings are most sensitive to revenue shocks. We estimate an average 18% decline in earnings for every 10% fall in revenue. Nevertheless, global glove demand remains stable and will continue to grow at a sustainable pace, driven by rising healthcare awareness and increasing incidences of sporadic outbreaks. Overall, we see remote possibility of a significant decline in revenues.

The glove players are net beneficiaries of the stronger USD/MYR as almost all of their sales are denominated in USD while approximately half of their costs are in USD. In addition, the sector should be resilient to interest-rate hikes due to low financial leverage.

The industry outlook remains stable but at this stage, there is sizeable capacity expansion in the industry and a possible concern is supply could outstrip demand in the near term, leading to further price competition, particularly in the nitrile space. Nevertheless, our forecasts have taken this scenario into consideration.

Our sector BUYs are Top Glove and Kossan.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	671	938	873	1,065	941
% change			*(7%)*		*(12%)*
Net profit	534	729	671	832	727
% change			*(8%)*		*(13%)*
Free cash flow	(85)	246	195	423	343
% change			*(21%)*		*(19%)*
Net debt (net cash)	(131)	(138)	(104)	(196)	(101)

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	32.2	23.6	25.6	20.7	23.7
EV/EBITDA (x)	19.7	14.8	15.7	13.0	14.4
P/FCF (x)	n/a	69.9	88.1	40.7	50.1
P/B (x)	5.0	4.4	4.4	3.9	4.1
Dividend yield (%)	1.4%	1.8%	1.7%	2.2%	1.9%

Media - Samuel Yin & Jade Tam

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Revenue declines would have a major impact on the earnings of the adex-based media companies due to their fixed costs, especially for the TV segment. That said there are opportunities to reduce costs by consuming less newsprint and lower agency commissions. The only major foreign currency exposure that adex-based media companies are exposed to is via newsprint purchases, which are USD denominated. Even then, newsprint prices in USD terms tend to be inversely related to the USD/MYR exchange rate resulting in stable prices in MYR terms.

Media companies' debts tend to be fixed interest rate medium-term notes, bond and/or term loans. Even if the interest rates on the debts were raised by 100bps, our earnings estimates would be trimmed by <3%. In fact, higher interest rates may be positive for adex-based media companies as they all have net cash balance sheets.

For Astro, revenue declines would also have a negative impact on earnings due to its fixed expenses, especially depreciation. That said, we note that Astro has never suffered a 5-10% revenue decline due to its stable subscriber-base business model. Astro's major foreign currency exposure is via foreign content cost and satellite transponder leases. It has a USD297m term loan but this is fully hedged at USD1.00/MYR3.0189. We estimate every 10% appreciation in the USD would trim our earnings estimates by MYR25m. Most of Astro's debt is hedged in terms of interest rates save for a MYR450m term loan and vendor financing. Even if the interest rates on the MYR450m term loan and vendor financing were raised by 100bps, our earnings estimates would be trimmed by <MYR12m.

In conclusion, media companies are vulnerable to revenue dips but there are opportunities to preserve margins via cost savings. For Astro, its subscriber-base model and effective hedging policies make it resilient. Our sector BUYs are Media Prima and MCIL.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,525	1,634	1,316	1,778	1,102
% change			*(19%)*		*(38%)*
Net profit	957	1,029	774	1,158	620
% change			*(25%)*		*(46%)*
Free cash flow	2,220	1,814	1,620	1,992	1,547
% change			*(11%)*		*(22%)*
Net debt (net cash)	1,731	2,111	2,135	2,238	2,387

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	19.8	18.5	24.5	16.4	30.6
EV/EBITDA (x)	8.0	7.7	8.7	7.5	9.9
P/FCF (x)	9	10.5	11.7	9.5	12.3
P/B (x)	4.5	4.4	4.4	4.1	4.2
Dividend yield (%)	4.7%	4.9%	3.8%	4.6%	2.8%

Oil & Gas - Liaw Thong Jung

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Malaysia's oil & gas companies face challenging times given the low oil price environment. Business has been affected by lower workflows and agonizing cuts in day rates and utilization as oil majors roll back on capex and exercise cost rationalization. Some companies have already reported losses but during turbulent times cashflow preservation is the most critical.

The oil & gas companies are comparatively most sensitive to revenue shortfalls relative to interest rate and currency movements. Day rates, utilization and order flows are the key variables to revenue. The bulk of COGS is fixed. Currency movement has a minimal to moderate impact on the sector's financials. There is a natural hedge as FX exposure for revenue and costs tend to be relatively aligned.

Overall, 70% of our companies are resilient in the test case, as they have been more prudent on expansion plans and have more actively managed gearing levels post-GFC. FPSOs (i.e. BArmada and Yinson) and tank terminal (Dialog) operators have the most resilient earnings, in our view. The remaining 30% comprises mainly the offshore service providers (OSV – Icon, driller – UMWOG, Perisai) that are vulnerable due to their high operating leverage.

Our sector BUYs are Dialog, Bumi Armada, Yinson and KNM.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	3,629	2,627	2,385	2,631	2,176
% change			*(9%)*		*(17%)*
Net profit	2,682	1,370	981	1,758	1,001
% change			*(28%)*		*(43%)*
Free cash flow	(3,251)	(583)	(876)	584	(7)
% change			*50%*		*n/a*
Net debt (net cash)	22,467	23,555	23,848	22,937	24,122

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	11.4	22.4	31.3	17.4	30.6
EV/EBITDA (x)	9.2	10.6	11.1	10.2	11.1
P/FCF (x)	n/a	n/a	n/a	52.6	n/a
P/B (x)	1.0	1.0	1.0	0.9	0.9
Dividend yield (%)	1.5%	0.4%	0.4%	0.4%	0.4%

Plantation - Ong Chee Ting

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Plantations are a mix bag. Those with relatively higher cost of production (per CPO tonne) with all-in cost of production of at least MYR1,800/t are more sensitive to CPO price decline as profitability drops sharply once CPO ASP closes in on cost. These include FGV, THP, TAH and BPlant.

In terms of the FX impact on operations, a depreciating MYR is traditionally positive for earnings but this is not the case this time round as the weakened MYR has been offset by declining CPO price in USD. On the financial side, a depreciating MYR impacts planters with high levels of USD debts in the form of high unrealised forex translation losses. IOI, TSH and GENP fall under this category. While there is no immediate cash impact as these USD debts are longer term in nature, the translation losses are reflected in the income statement.

The sector is resilient against interest rate volatility as the aggregate net gearing at 37.5% (2014) is manageable. Furthermore, given the long investment horizon of oil palm plantation, debt maturity is typically longer term in nature and with fixed interest costs.

In summary, this sector is more vulnerable to falling CPO price than higher interest rates or MYR weakness. Among the 10 Malaysian planters under our coverage, the more vulnerable companies from this stress test are FGV and THP given their relatively higher cost of production.

Our sector BUYs are GENP, BPlant, SOP and TAH.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	7,499	6,745	5,966	8,401	6,638
% change			*(12%)*		*(21%)*
Net profit	4,638	4,608	3,695	5,883	3,924
% change			*(20%)*		*(33%)*
Free cash flow	(3,336)	2,549	2,940	3,541	3,779
% change			*15%*		*7%*
Net debt (net cash)	24,390	25,390	25,367	26,077	26,124

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	24.7	24.8	31.0	19.4	29.2
EV/EBITDA (x)	13.9	14.8	16.2	12.6	14.9
P/FCF (x)	n/a	44.9	38.9	32.3	30.3
P/B (x)	1.8	1.7	1.7	1.6	1.7
Dividend yield (%)	3.0%	2.3%	1.9%	2.8%	2.0%

Port Operators - Lee Yen Ling

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The impact on profit from revenue reduction varies significantly between Westports and NCB. For Westports, a 10% shortfall in revenue would reduce earnings by a manageable 19%. But for NCB, the impact is -64%.

The sharp contrast is mainly because NCB's port is operating at just slightly above breakeven and thus earnings are more vulnerable to reduction in throughput.

While a slowdown in global trade would undoubtedly reduce throughput at the ports, we expect the impact to be partially mitigated by market-share gains (at the expense of its Singapore peer) and tariff hikes, which will be implemented in Oct 2015.

The port operators are unaffected by currency movements as both sales and costs are in MYR.

We rate Westports as resilient given its efficiency and strong balance sheet. NCB however is vulnerable if throughout slows, as the port is just slightly above breakeven.

Our sector BUYs are Westports and NCB.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	673	780	636	948	587
% change			*(18%)*		*(38%0*
Net profit	540	533	378	668	301
% change			*(29%)*		*(55%)*
Free cash flow	261	610	497	683	410
% change			*(19%)*		*(40%)*
Net debt (net cash)	829	638	686	530	753

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	30.4	30.8	43.5	24.6	54.7
EV/EBITDA (x)	18.4	16.1	21.9	13.9	22.6
P/FCF (x)	63	27.0	33.1	24.1	40.1
P/B (x)	5.2	5.0	5.1	4.7	5.1
Dividend yield (%)	2.5%	2.4%	1.7%	2.9%	1.6%

Property - Wong Wei Sum

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Property developers under our coverage should generally be resilient, as earnings are backed by considerable unbilled sales accumulated over the past three years, which provide near-term earnings visibility. The risk to earnings lean towards shortfalls in future locked-in sales which will impact earnings from late-2016/early-2017 onwards.

Balance sheets are healthy as most developers' net gearing are below 0.5x except for Eco World. Eco World's earnings are more sensitive to interest rate changes than its peers due to its relatively higher net gearing, which could hit 0.61x by end FY10/16. However, our stress test still suggests earnings resilience for Eco World, thanks to its huge unbilled sales of MYR3.2b (4.1x our FY10/15F revenue).

Among the listed developers, Sunway's earnings are the most resilient due to its more diversified earnings base. The slowdown in its property development businesses could be partially cushioned by steady dividend income from its 36%-owned SunREIT and earnings from its construction business under Sunway Construction.

Our sector BUYs are SP Setia and Eco World.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	15	129	123	312	282
% change			*(5%)*		*(10%)*
Net profit	7	63	58	144	111
% change			*(8%)*		*(23%)*
Free cash flow	(2)	146	145	(117)	(148)
% change			*(0%)*		*27%*
Net debt (net cash)	197	1,461	1,462	2,010	2,043

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	441.2	50.2	54.8	21.9	28.6
EV/EBITDA (x)	109.4	35.8	37.5	14.8	16.3
P/FCF (x)	NM	21.8	21.8	NM	NM
P/B (x)	9.7	1.0	1.0	1.0	1.0
Dividend yield (%)	0.0%	0.0%	0.0%	0.5%	0.3%

REITS - Kevin Wong

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The most notable earnings/DPU impact for M-REITs under our stress test is from changes in revenue (vs interest rate or FX movements) as >85% of M-REITs' revenue is derived from rental income (remaining from car park and marketing etc.). However, we are less concerned as such risks are mitigated by long-term lease agreements i.e. anchor tenants in malls (e.g. IGB REIT, PavREIT, CMMT) and selected office tenants with long-term/triple net leases (e.g. KLCCP and MQREIT).

While we do note some earnings/DPU impact from movements in interest rates, this is less of a concern, as debts are still at manageable levels across the sector (average debt-to-asset ratio at 0.3x). All of the M-REITs within our coverage have negligible exposure to forex movements as most of their debts are denominated in MYR.

Under S2, there is an average 21% negative impact on 2016 DPUs. However, the mitigating factor is that concerns of revenue declines are buffered by commendable occupancy rates and favourable positive rental reversions.

Our sector BUYs are KLCC, CMMT, IGB REIT, Pavilion REIT and MRCB-Quill.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Net property income	2,329	2,656	2,499	2,789	2,459
% change			*(6%)*		*(12%)*
Net profit	1,765	1,795	1,617	1,891	1,517
% change			*(10%)*		*(20%)*
Aggregate leverage	27.5	28.2	28.2	23.8	28.6

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	16.9	16.1	17.4	15.4	18.2
EV/EBITDA (x)	20.5	16.8	18.0	15.7	18.0
P/FCF (x)	17.0	9.8	11.0	14.0	17.3
P/B (x)	1.2	1.1	1.1	1.1	1.1
Dividend yield (%)	5.5%	6.3%	5.6%	6.7%	5.2%

Semiconductors - Ivan Yap

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Malaysian semiconductor companies within our coverage were resilient in our stress test. Earnings fell by only 10% if revenue declined by 10%.

Reductions in ASPs are quarterly events for semiconductor companies. Risk of slower revenue growth is more pronounced for ViTrox, as regional semiconductor players reduce capex on equipment to brace for a slower growth in the global shipment of smart devices such as smartphones and tablets. On the other hand, Inari will continue to benefit from exposure to a core client, Avago, which is ramping up production for premium radio frequency modules amid higher adoption of LTE/LTE-A globally. Meanwhile, Globetronics' strong foothold in the sensor product for a key Swiss client who is a vendor to a premium brand of smart devices is expected to increase Globetronics' shipments as new sensors are introduced into the next generation of smartphones, tablets and smart watches.

All three companies are net USD exporters and are thus net beneficiaries of a weaker MYR. They are also financially resilient with strong net cash balances. All three companies are in our BUY list.

Aggregated Impact MYR m	2014	2015 MKE Est	2015 Scenario 1 (-5% rev, -5% fx, +50 bps i/r)	2016 MKE Est	2016 Scenario 2 (-10% rev, -10% fx, +100bps i/r)
Operating profit	279	340	335	410	400
% change			*(1%)*		*(2%)*
Net profit	266	320	319	389	386
% change			*(0%)*		*(1%)*
Free cash flow	201	74	76	299	294
% change			*3%*		*(1%)*
Net debt (net cash)	(401)	(319)	(323)	(413)	(420)

Valuation	2014	2015 MKE Est	2015 Scenario 1 (-5% rev, -5% fx, +50 bps i/r)	2016 Mkt Est	2016 Scenario 2 (-10% rev, -10% fx, +100bps i/r)
PER (x)	17.9	14.9	14.9	12.2	12.3
EV/EBITDA (x)	12.6	10.4	10.5	8.4	8.6
P/FCF (x)	24	64.2	62.6	16.0	16.2
P/B (x)	4.8	4.1	4.1	3.5	3.6
Dividend yield (%)	2.9%	3.3%	3.3%	4.3%	4.3%

Telcos - Tan Chi Wei

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The earnings of Malaysia telcos are generally resilient unless there is a significant revenue shortfall. Malaysia is a well-penetrated telecom market with rational players, and telcos normally do not experience major revenue swings.

On currency, a stronger USD has only a mild negative impact on the domestic mobile players like Digi and Maxis, as their IDD termination expenses are settled in USD. For Axiata, the impact of a stronger USD is mainly constrained to translational losses arising from its USD debt. Fixed-line telcos like Telekom Malaysia and TIME dotcom are mild beneficiaries of a stronger USD as international bandwidth is settled in USD.

Telekom Malaysia however has USD debt and would recognise translational losses. The balance sheets of Malaysia telcos are generally healthy, and thus interest rate risks are not a major concern.

Our sector BUY is Axiata.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	10,428	10,702	9,775	11,402	9,468
% change			*(9%)*		*(17%)*
Net profit	7,263	7,492	6,390	8,053	5,782
% change			*(15%)*		*(28%)*
Free cash flow	9,160	6,985	5,991	8,441	6,413
% change			*(14%)*		*(24%)*
Net debt (net cash)	19,618	20,891	21,859	21,009	22,943

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	23.3	22.5	26.4	21.0	29.2
EV/EBITDA (x)	10.3	10.0	10.5	9.6	10.6
P/FCF (x)	18	24.2	28.2	20.0	26.3
P/B (x)	4.7	4.6	4.7	4.5	4.7
Dividend yield (%)	4.6%	4.2%	3.9%	4.2%	3.6%

Utilities - Tan Chi Wei

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Malaysian utilities are generally resilient. For power, Tenaga would only experience earnings stress if revenue plunges. But this is highly unlikely as tariffs are fixed through to Dec 2017, while electricity demand growth has never trended in the opposite direction to GDP growth.

Malakoff's business consists largely of a portfolio of Malaysia IPPs, whose capacity payments (which form the bulk of operating profits) are only impacted when faced with unscheduled outages over an extended period. The revenue risk is more tangible for YTL Power, as its Singapore power business (Power Seraya) is suffering from an industry supply glut currently.

On a strengthening USD, Tenaga faces mainly translational impact, while Malakoff (from its Middle Eastern associates) and YTL Power (assuming the GBP moves in tandem with the USD) would benefit. On interest-rate risk, while Malakoff and YTL Power are heavily leveraged, we believe a significant portion of their debts are on fixed rates.

For gas, Gas Malaysia's spreads are effectively guaranteed, while Petronas Gas' revenue profile is extremely stable. Currency exposure is insignificant for both companies, and both are in a net cash position.

Our sector BUYs are Tenaga, Malakoff and Gas Malaysia.

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	12,291	13,483	12,546	14,431	12,478
% change			*(7%)*		*(14%)*
Net profit	8,606	9,664	8,222	10,466	7,653
% change			*(15%)*		*(27%)*
Free cash flow	3,941	7,662	6,945	9,101	7,614
% change			*(9%)*		*(16%)*
Net debt (net cash)	43,637	40,855	41,765	38,511	40,238

Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	Mkt Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	14.7	13.1	15.3	12.1	16.5
EV/EBITDA (x)	8.2	7.6	7.9	7.2	7.9
P/FCF (x)	32	16.5	18.2	13.9	16.6
P/B (x)	1.8	1.6	1.7	1.5	1.5
Dividend yield (%)	3.2%	3.4%	3.0%	3.4%	2.7%

7-Eleven Malaysia Holdings
(SEM MK)

HOLD

Price	MYR 1.49
12m Price Target	MYR 1.50 (+1%)

RESILIENT

- Biggest impact to earnings to come from revenue decline since margins are fine under the scenarios. A 10% decline in revenue under S2 would reduce earnings by 14%/15% for FY15/16.
- 7-11 derives its revenue wholly from Malaysia. And goods are supplied to it by local distributors. As such, there is negligible exposure to FX movements.
- The company has a healthy balance sheet and is in a net cash position. Even if we assume a 100bps hike in interest rates, the impact to our profit estimates would be less than 1%.
- 7-11's prospects very much hinge on domestic consumption, which is likely to moderate amid weaker economic growth.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

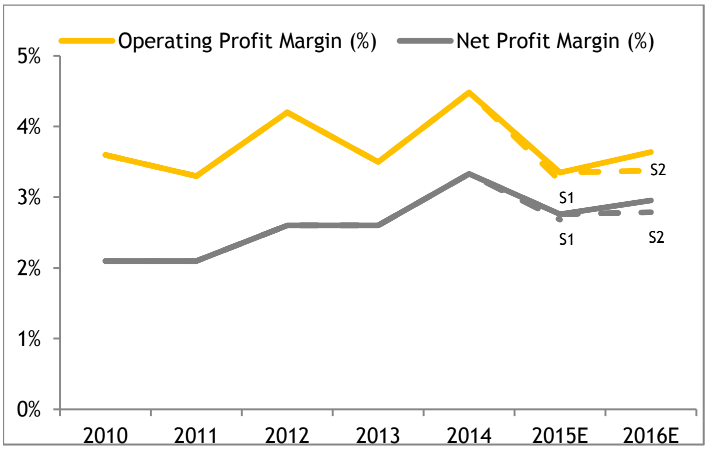
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,893	2,147	2,040	1,932	2,473	2,349	2,226
Operating profit	85	72	66	61	90	82	75
Net profit	63	59	55	51	73	67	62
Free cash flow	36	43	27	11	60	41	21
Net debt (net cash)	(237)	(250)	(236)	(222)	(274)	(257)	(240)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	85	72	72	72	90	90	90
Net profit	63	59	59	59	73	73	73
Free cash flow	36	43	43	43	60	60	60
Net debt (net cash)	(237)	(250)	(250)	(250)	(274)	(274)	(274)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.0%	3.5%	4.0%	3.0%	3.5%	4.0%
Operating profit	85	72	72	72	90	90	90
Net profit	63	59	59	59	73	73	73
Free cash flow	36	43	43	43	60	60	60
Net debt (net cash)	(237)	(250)	(250)	(250)	(274)	(274)	(274)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	85	72	66	90	75
% Change			*-8%*		*-16%*
Net profit	63	59	55	73	62
% Change			*-8%*		*-15%*
Free cash flow	36	43	27	60	21
% Change			*-38%*		*-66%*
Net debt (net cash)	(237)	(250)	(236)	(274)	(239)

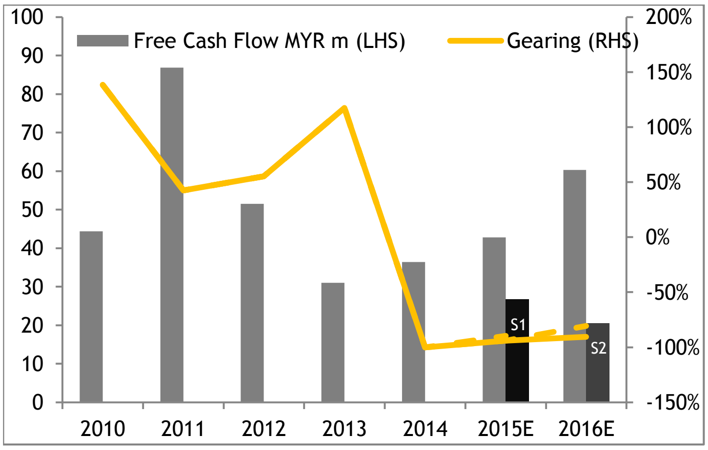
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	29.1	31.0	33.6	25.1	29.6
EV/EBITDA (x)	12.9	13.3	14.0	10.8	12.1
P/FCF (x)	50	42.9	68.8	30.5	89.2
P/B (x)	7.8	6.9	7.0	6.1	6.2
Dividend yield (%)	3.4%	1.6%	1.5%	2.0%	1.7%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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AEON Co. (M)

(AEON MK)

HOLD

Price	MYR 2.79
12m Price Target	MYR 2.85 (+2%)

RESILIENT

- A 5% decrease in revenue would result in operating profit and net profit decreasing by 6% and 7% respectively. The drop in earnings would be amplified by existing fixed costs which mainly come from its mall operations.
- Currently there is no foreign exchange exposure as most goods are sourced locally. Hence, Aeon is shielded from any FX volatility.
- Elsewhere, Aeon's low borrowings would minimise its earnings exposure to interest rate volatility. For every 50bps increase in interest rates, net profit would decrease by only 1%.
- Overall, however, earnings are buffered by its Property Management Services segment which contributes >70% of Aeon's total operating profit per annum, and provides for stable recurring income. Moreover, about 50% of its operating profit is derived from stable property management income, which provides for a strong recurring income base.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

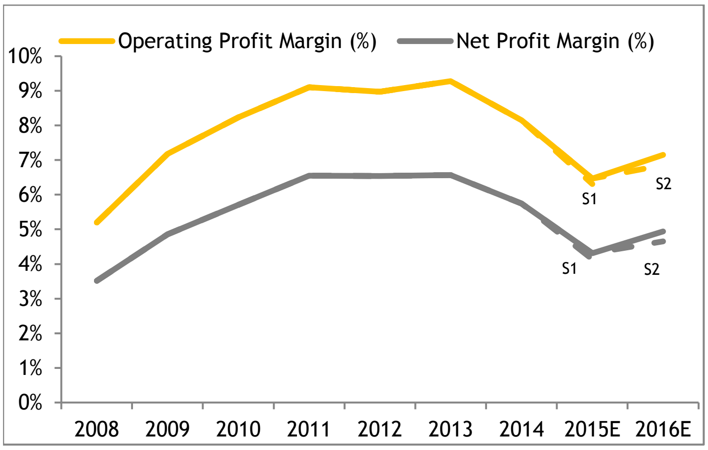
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	3,705	3,836	3,644	3,452	4,068	3,806	3,606
Operating profit	302	248	218	201	291	233	215
Net profit	213	165	144	132	201	160	148
Free cash flow	(288)	(11)	(117)	(121)	146	143	90
Net debt (net cash)	136	400	400	400	200	200	200
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	302	248	248	248	291	291	291
Net profit	213	165	165	165	201	201	201
Free cash flow	(288)	(11)	(11)	(11)	146	146	146
Net debt (net cash)	136	400	400	400	200	200	200
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.0%	3.5%	4.0%	3.0%	3.5%	4.0%
Operating profit	302	248	248	248	291	291	291
Net profit	213	165	164	162	201	200	200
Free cash flow	(288)	(11)	(11)	(10)	146	147	147
Net debt (net cash)	136	400	400	400	200	200	200

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	302	248	218	291	215
% Change			*-12%*		*-26%*
Net profit	213	165	143	201	146
% Change			*-14%*		*-27%*
Free cash flow	(288)	(11)	(117)	146	91
% Change			*939%*		*-38%*
Net debt (net cash)	136	400	400	200	200

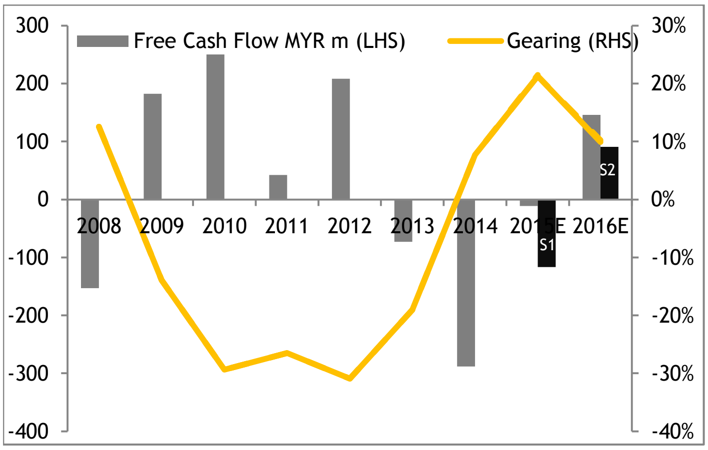
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	18.5	23.8	27.5	19.6	26.9
EV/EBITDA (x)	8.9	8.9	9.5	8.0	9.3
P/FCF (x)	NM	NM	NM	26.9	43.4
P/B (x)	2.2	2.1	2.1	1.9	2.0
Dividend yield (%)	2.4%	1.8%	1.6%	2.3%	1.6%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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AirAsia Bhd

(AIRA MK)

BUY

Price	MYR 0.93
12m Price Target	MYR 2.05 (+122%)

VULNERABLE

- Biggest impact on earnings would come from revenue decline. A 10% decline in revenue in FY16 will effectively wipe out its entire profits.
- Assuming average ticket prices decline 5%/10%, there would be a material impact to the bottom line due to Air Asia's high operational leverage.
- AirAsia is sensitive to USD movements as the bulk of its costs (±65%) are denominated in USD and only a minor portion of revenues (±30%) are in USD. The company's treasury department hedges its currency exposure and it does reprice its tickets actively.
- A stronger USD would have a negative implication on FCF as capex to acquire aircraft is denominated in USD.
- A higher interest rate means higher cost to service its MYR10.6b debt. However, AirAsia has hedged a majority (>70%) of its debt instruments to fixed rate structures by way of interest rate swaps.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

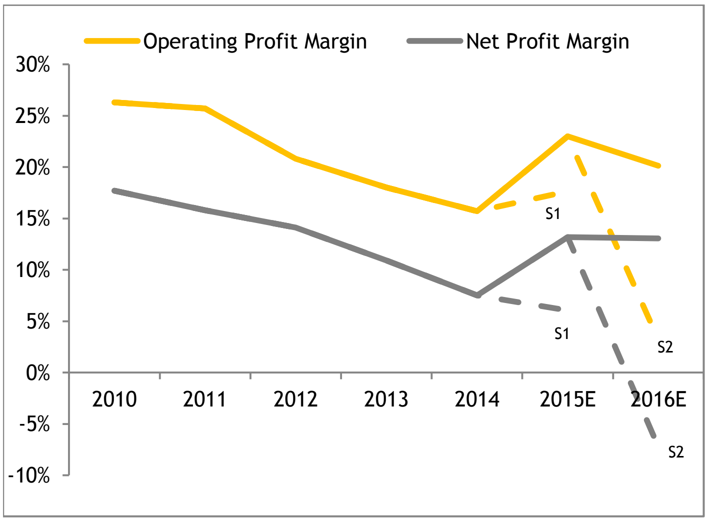
FY Dec	2014	2015			2016		
MYR m							
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	5,416	5,392	5,122	4,610	5,547	5,270	4,743
Operating profit	851	1,240	970	458	1,117	840	313
Net profit	405	711	441	(71)	725	448	(79)
Free cash flow	(1,891)	399	128	(384)	415	138	(389)
Net debt (net cash)	11,390	9,277	9,547	10,059	8,863	9,140	9,667
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.28	3.73	3.92	4.10	3.68	3.86	4.05
Size of FX debt (in USD)	2,599	2,059	2,162	2,265	2,050	2,152	2,255
Operating profit	851	1,240	1,159	1,078	1,117	1,034	951
Net profit	405	711	630	549	725	642	559
Free cash flow	(1,891)	398	278	159	415	278	140
Net debt (net cash)	11,390	9,277	9,358	9,439	8,863	8,946	9,029
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.1%	4.6%	5.1%	4.0%	4.5%	5.0%
Operating profit	851	1,240	1,240	1,240	1,117	1,117	1,117
Net profit	405	711	656	601	725	682	640
Free cash flow	(1,891)	398	378	327	415	421	384
Net debt (net cash)	11,390	9,277	9,277	9,277	8,863	8,863	8,863

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	851	1,240	890	1,117	146
% Change			*-28%*		*-87%*
Net profit	405	711	305	725	(331)
% Change			*-57%*		*NM*
Free cash flow	(1,891)	399	(11)	415	(695)
% Change			*NM*		*NM*
Net debt (net cash)	11,390	9,277	9,627	8,863	9,834

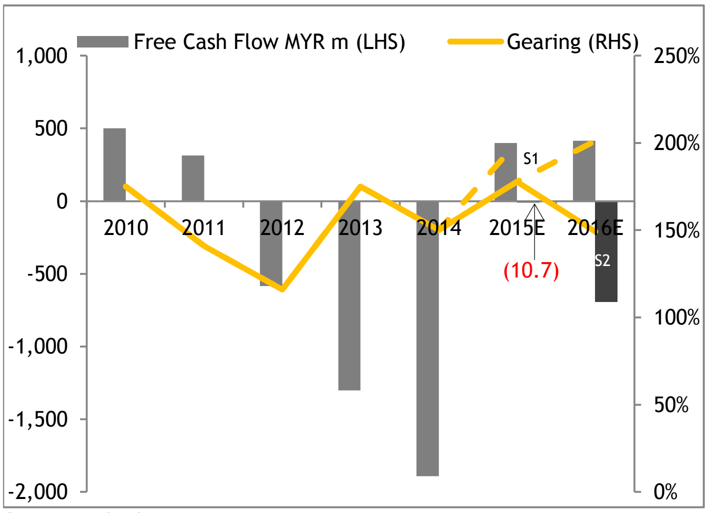
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	6.5	3.7	8.6	3.6	NM
EV/EBITDA (x)	6.7	5.6	6.7	5.7	10.8
P/FCF (x)	NM	6.6	NM	6.3	NM
P/B (x)	0.6	0.5	0.5	0.4	0.5
Dividend yield (%)	4.0%	6.9%	5.4%	6.9%	4.5%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Ann Joo Resources

(AJR MK)

SELL

Price	MYR 0.75
12m Price Target	MYR 0.40 (-47%)

VULNERABLE

- The biggest impact on earnings/FCF would come from changes in revenues. A 10% reduction in revenue in FY16 would reduce Ann Joo's net profit by 50% due to its thin margins that average 3-4%.
- A stronger USD/MYR would negatively affect its earnings as 50% of its costs (i.e. raw materials) are in USD while >90% of its sales are in MYR. The company has no foreign debt.
- Interest rate changes would affect Ann Joo's earnings substantially due to its high net gearing of 1.2x.
- As it stands, the fundamentals of the steel sector remain weak due to depressed prices and demand, while Malaysian producers have to also contend with dumping of low-priced steel from China.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

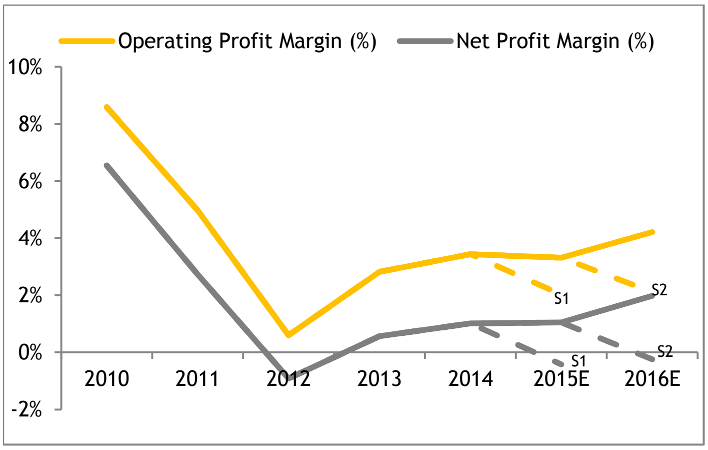
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	2,292	2,025	1,924	1,823	2,213	2,102	1,991
Operating profit	79	67	55	47	93	79	68
Net profit	23	21	12	6	44	34	27
Free cash flow	493	245	291	339	17	10	7
Net debt (net cash)	1,342	1,144	1,095	1,044	1,175	1,129	1,078
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.60	3.78	3.96	3.60	3.78	3.96
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	79	67	50	44	93	71	64
Net profit	23	21	7	2	44	27	22
Free cash flow	493	245	263	292	17	3	(0)
Net debt (net cash)	1,342	1,144	1,122	1,092	1,175	1,163	1,133
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.5%	4.0%	4.5%	3.5%	4.0%	4.5%
Operating profit	79	67	67	67	93	93	93
Net profit	23	21	16	11	44	39	34
Free cash flow	493	245	246	247	17	19	20
Net debt (net cash)	1,342	1,144	1,148	1,152	1,175	1,183	1,191

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	79	67	38	93	39
% Change			*-44%*		*-58%*
Net profit	23	21	(8)	44	(4)
% Change			*NM*		*NM*
Free cash flow	493	245	310	17	(8)
% Change			*26%*		*NM*
Net debt (net cash)	1,342	1,144	1,077	1,175	1,053

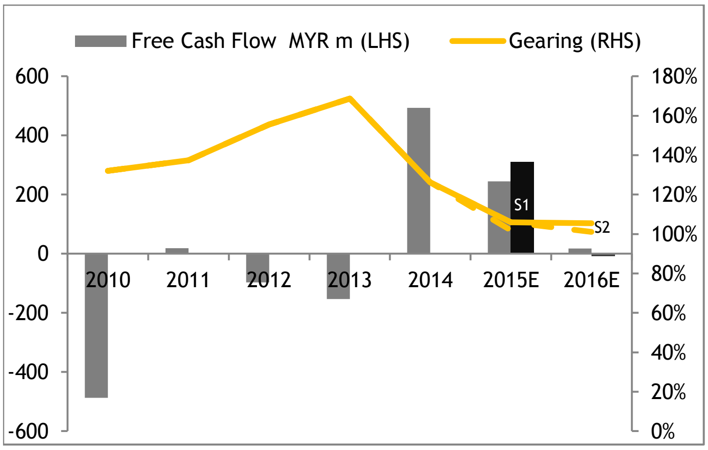
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	16.8	18.4	NM	9.0	NM
EV/EBITDA (x)	12.1	13.1	17.4	10.5	16.7
P/FCF (x)	1	1.6	1.3	22.6	NM
P/B (x)	0.4	0.4	0.4	0.4	0.4
Dividend yield (%)	1.3%	1.2%	-	2.5%	-

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Alam Maritim

(AMRB MK)

SELL

Price	MYR 0.46
12m Price Target	MYR 0.35 (-23%)

RESILIENT

- Biggest impact on earnings would come from revenues. A 10% fall in revenue in FY16 would cut net profit by 17-18% under S2. The cut in top line (i.e. ASP, utilisation) would have a material impact on the bottom line as the bulk of COGS is fixed. Our capex only reflects maintenance.
- Currency movements have a minimal impact to Alam's business as almost all of its revenue/COGS are in MYR. The company's operations are Malaysia-centric.
- Interest rate changes should not impact Alam much due to minimal bank financing. Alam has been disciplined in reducing its gearing level since the GFC and we expect it to turn net cash by 2016.
- While the fall in oil price/capex will have an adverse impact to Alam's earnings via cuts in daily charter rates and utilisation, Alam is more cost prudent and is in a firmer financial position now vs. the last downcycle and should be able to weather the industry downturn.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

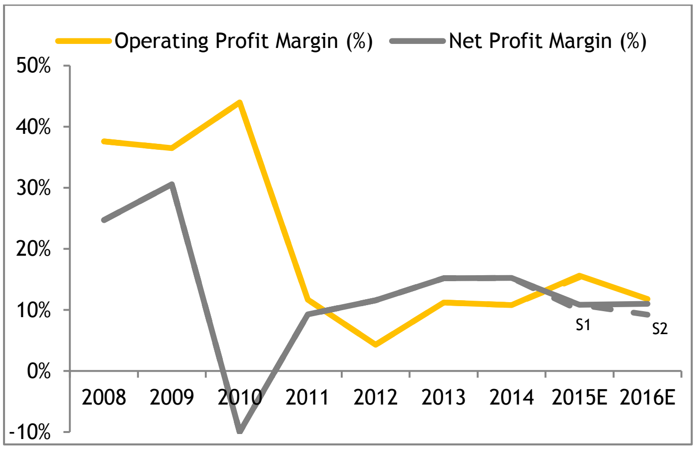
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	397	319	303	287	329	313	296
Operating profit	43	50	46	43	39	35	32
Net profit	61	35	32	28	36	33	30
Free cash flow	201	68	66	64	46	43	40
Net debt (net cash)	75	6	8	10	(40)	(35)	(30)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	43	50	50	50	39	39	39
Net profit	61	35	35	35	36	36	36
Free cash flow	201	68	68	68	46	46	46
Net debt (net cash)	75	6	6	6	(40)	(40)	(40)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.6%	6.1%	6.5%	5.4%	5.9%	6.4%
Operating profit	43	50	50	50	39	39	39
Net profit	61	35	33	32	36	35	33
Free cash flow	201	68	67	65	46	45	44
Net debt (net cash)	75	6	8	9	(40)	(37)	(34)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	43	50	47	39	32
% Change			*-7%*		*-17%*
Net profit	61	35	30	36	27
% Change			*-13%*		*-24%*
Free cash flow	201	68	65	46	37
% Change			*-5%*		*-20%*
Net debt (net cash)	75	6	10	(40)	(24)

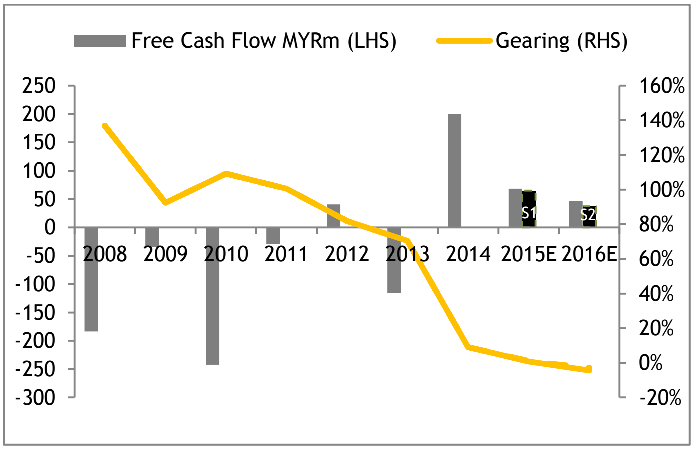
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	7.0	12.3	14.1	11.8	15.6
EV/EBITDA (x)	5.3	4.9	5.1	5.6	6.1
P/FCF (x)	2	6.3	6.6	9.2	11.4
P/B (x)	0.5	0.5	0.5	0.5	0.5
Dividend yield (%)	-	-	-	-	-

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Astro Malaysia

(ASTRO MK)

HOLD

Price	MYR 2.90
12m Price Target	MYR 3.26 (+12%)

RESILIENT

- The biggest impact on earnings would come from revenues. A 10% decline in revenue in FY1/17 would reduce earnings by 30%. Revenue declines would have a negative impact on earnings due to the fixed nature of its expenses especially depreciation. That said, we caution that Astro has never had a 5-10% revenue decline due to its stable subscriber-based business model.
- Its major foreign currency exposure is via foreign content cost and satellite transponder leases. Astro has a USD297m term loan but it is fully hedged at USD1.00/MYR3.0189. We estimate that every 10% appreciation in the USD against the MYR would trim our earnings estimates by MYR25m.
- Most of Astro's debt is hedged in terms of interest rates save for a MYR450m term loan and vendor financing. Even if the interest rates on the MYR450m term loan and vendor financing were raised by 100bps, our earnings estimates would be trimmed by <MYR12m only.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

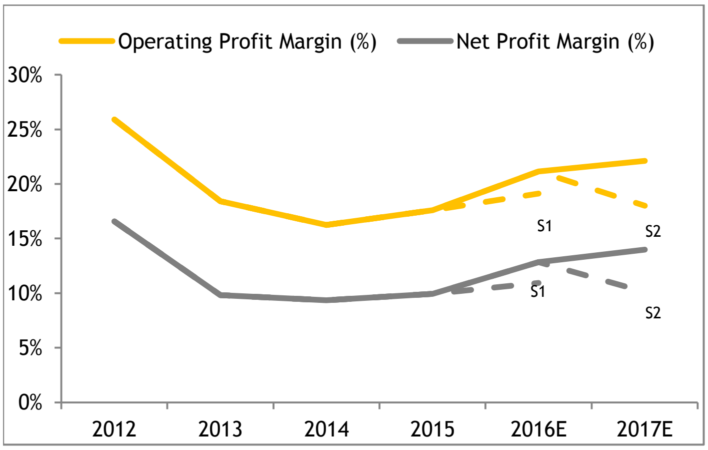
FY Jan MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	5,231	5,435	5,164	4,893	5,797	5,508	5,218
Operating profit	920	1,149	995	841	1,282	1,117	953
Net profit	519	698	583	468	810	687	564
Free cash flow	1,719	1,395	1,285	1,175	1,620	1,511	1,403
Net debt (net cash)	2,150	2,703	2,709	2,715	2,958	3,020	3,031
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	297	264	264	264	231	231	231
Operating profit	920	1,149	1,142	1,135	1,282	1,275	1,268
Net profit	519	698	686	673	810	798	786
Free cash flow	1,719	1,395	1,394	1,392	1,620	1,617	1,615
Net debt (net cash)	2,150	2,703	2,714	2,725	2,958	2,981	3,005
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.4%	3.9%	4.4%	3.4%	3.9%	4.4%
Operating profit	920	1,149	1,149	1,149	1,282	1,282	1,282
Net profit	519	698	692	687	810	805	799
Free cash flow	1,719	1,395	1,396	1,398	1,620	1,622	1,624
Net debt (net cash)	2,150	2,703	2,709	2,716	2,958	2,970	2,982

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	920	1,149	988	1,282	939
% Change			*-14%*		*-27%*
Net profit	519	698	565	810	528
% Change			*-19%*		*-35%*
Free cash flow	1,719	1,395	1,285	1,620	1,402
% Change			*-8%*		*-13%*
Net debt (net cash)	2,150	2,703	2,727	2,958	3,101

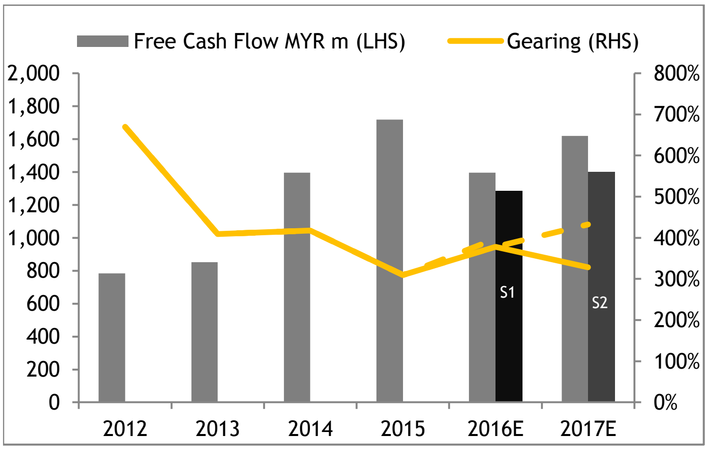
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	29.0	21.6	26.7	18.6	28.6
EV/EBITDA (x)	9.8	8.7	9.4	8.4	10.0
P/FCF (x)	9	10.8	11.7	9.3	10.8
P/B (x)	21.7	21.1	22.0	16.7	21.0
Dividend yield (%)	3.8%	4.5%	3.8%	4.1%	3.1%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Axiata Group

(AXIATA MK)

BUY

Price	MYR 5.91
12m Price Target	MYR 6.70 (+13%)

RESILIENT

- Biggest impact on earnings to come from revenue, where a 10% decline in revenue would reduce earnings by 17%; FX impact is mainly translational (arising from its FX debt).
- Axiata's main subsidiaries are in Malaysia, Indonesia, Sri Lanka and Bangladesh, and we have assumed the USD strengthens uniformly against these currencies.
- FX debt is mainly USD-denominated, with a significant portion residing in XL (Axiata's Indonesia subsidiary).
- FCF would be affected as capex plans are based on strategic coverage targets, and are unlikely to be revised on mild revenue softness.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

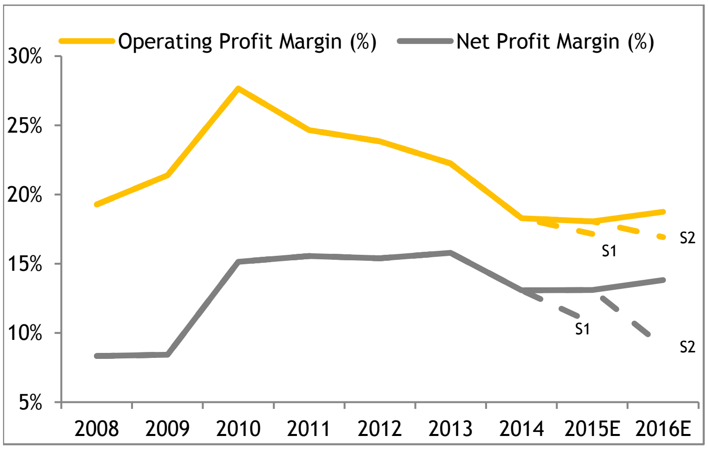
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	18,712	19,339	18,372	17,405	20,098	19,093	18,088
Operating profit	3,421	3,488	3,156	2,824	3,769	3,420	3,071
Net profit	2,446	2,531	2,312	2,092	2,775	2,543	2,310
Free cash flow	2,854	2,399	1,927	1,455	3,029	2,538	2,047
Net debt (net cash)	8,778	8,866	9,160	9,454	8,523	8,827	9,131
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.27	3.80	3.99	4.18	3.80	3.99	4.18
Size of FX debt (in USD)	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Operating profit	3,421	3,488	3,501	3,514	3,769	3,783	3,797
Net profit	2,446	2,531	2,252	1,972	2,775	2,496	2,217
Free cash flow	2,854	2,399	2,446	2,494	3,029	3,079	3,129
Net debt (net cash)	8,778	8,866	9,114	9,362	8,523	8,769	9,016
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		5.3%	5.8%	6.3%	5.5%	6.0%	6.5%
Operating profit	3,421	3,488	3,488	3,488	3,769	3,769	3,769
Net profit	2,446	2,531	2,481	2,431	2,775	2,725	2,675
Free cash flow	2,854	2,399	2,416	2,434	3,029	3,047	3,065
Net debt (net cash)	8,778	8,866	8,880	8,894	8,523	8,537	8,551

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	3,421	3,488	3,169	3,769	3,100
% Change			*-9%*		*-18%*
Net profit	2,446	2,531	1,982	2,775	1,653
% Change			*-22%*		*-40%*
Free cash flow	2,854	2,399	1,992	3,029	2,182
% Change			*-17%*		*-28%*
Net debt (net cash)	8,778	8,866	9,422	8,523	9,653

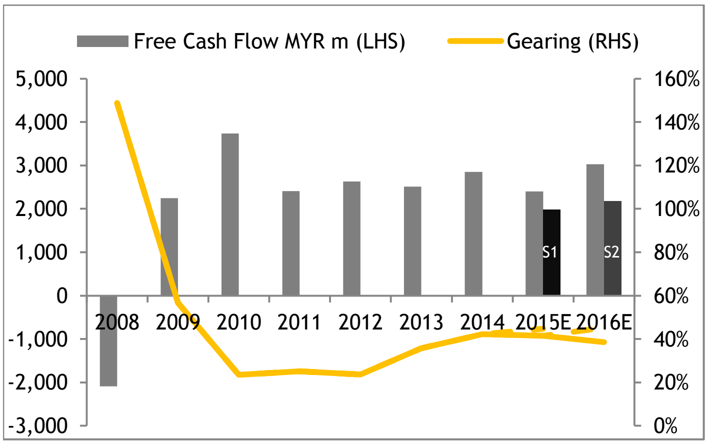
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	21.0	20.3	26.0	18.5	31.1
EV/EBITDA (x)	8.5	8.3	8.7	7.9	8.7
P/FCF (x)	18	21.4	25.8	17.0	23.6
P/B (x)	2.5	2.4	2.4	2.3	2.4
Dividend yield (%)	3.7%	3.7%	3.3%	4.0%	3.3%

OPERATING & NET PROFIT MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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British American Tobacco

(ROTH MK)

HOLD

Price	MYR 61.02
12m Price Target	MYR 63.00 (+3%)

RESILIENT

- Biggest impact to earnings to come from revenue decline. A 10% decline in revenue would reduce earnings by 16%/11% for FY15/16.
- BAT Malaysia's FX exposure would mainly be from contract manufacturing exports (5-6% of total sales) and the purchase of raw materials.
- We understand the company is almost naturally hedged on its revenues vs. its costs. However, if export volumes continue to weaken, margin pressure could arise from operating on lower economies of scale in the longer-term.
- Interest rate risk is not apparent. Even if we assume a 100bps rise in interest rates, the impact to earnings estimates would be less than 1%.
- In a down cycle, more focus would be on internal cost savings as cost pass-through may be difficult.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

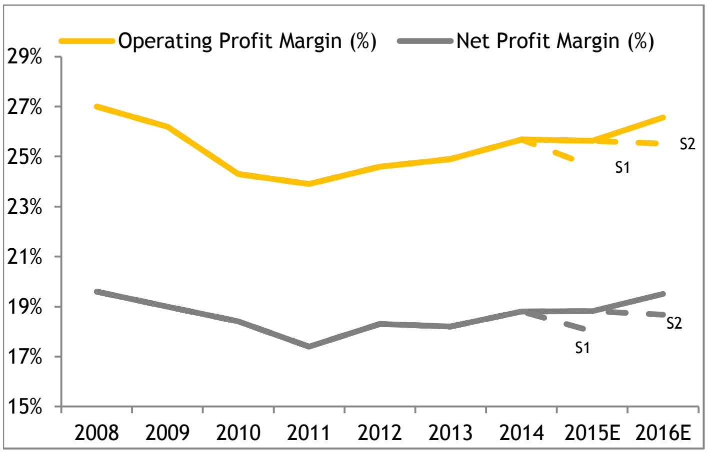
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	4,796	4,981	4,732	4,483	4,800	4,561	4,321
Operating profit	1,232	1,277	1,176	1,076	1,276	1,205	1134
Net profit	902	937	863	788	937	885	832
Free cash flow	977	927	866	805	945	894	843
Net debt (net cash)	346	335	323	311	306	294	281
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	1,232	1,277	1,268	1,261	1,276	1,263	1,250
Net profit	902	937	931	925	937	927	918
Free cash flow	977	927	920	914	945	935	926
Net debt (net cash)	346	335	336	337	306	307	308
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		3.1%	3.6%	4.1%	3.1%	3.6%	4.1%
Operating profit	1,232	1,277	1,277	1,277	1,276	1,276	1,276
Net profit	902	937	936	935	937	935	934
Free cash flow	977	927	926	925	945	943	942
Net debt (net cash)	346	335	335	335	306	306	306

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	1,232	1,277	1,168	1,276	1,108
% Change			*-9%*		*-13%*
Net profit	902	937	855	937	811
% Change			*-9%*		*-13%*
Free cash flow	977	927	858	945	822
% Change			*-7%*		*-13%*
Net debt (net cash)	346	335	324	306	284

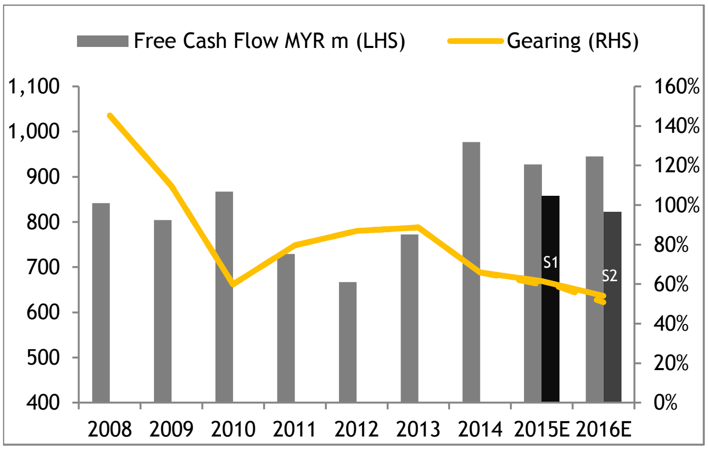
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	19.3	18.6	20.4	18.6	21.5
EV/EBITDA (x)	13.9	13.5	14.7	13.5	15.5
P/FCF (x)	18	18.8	20.3	18.5	21.2
P/B (x)	33.3	32.0	32.1	30.9	31.2
Dividend yield (%)	5.1%	5.3%	4.8%	5.3%	4.5%

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Barakah Offshore Petroleum

(BARAKAH MK)

HOLD

Price	MYR 0.86
12m Price Target	MYR 0.75 (-13%)

RESILIENT

- A 5%-10% fall in revenue would have a negative effect on its financials but critically, FCF is expected to be +ve nonetheless, especially since capex is generally low at MYR10m p.a., largely for maintenance purposes.
- Barakah is comparatively more sensitive to revenue cuts relative to rate hikes. A delay to its T&I Package A works would have the biggest impact to its P&L.
- Interest rate cuts have minimal effect due to minimal bank financing. Barakah is in a net cash position.
- Its exposure to forex risk is relatively low considering that 99% its contracts and COGS are in MYR. It only has USD54m USD debt for the KL 101 pipelay barge.
- The operating environment is challenging but we expect Barakah's earnings to be resilient - cashflow conservation, opex discipline and optimising operating assets utilisation would be its key agenda for 2015-16.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

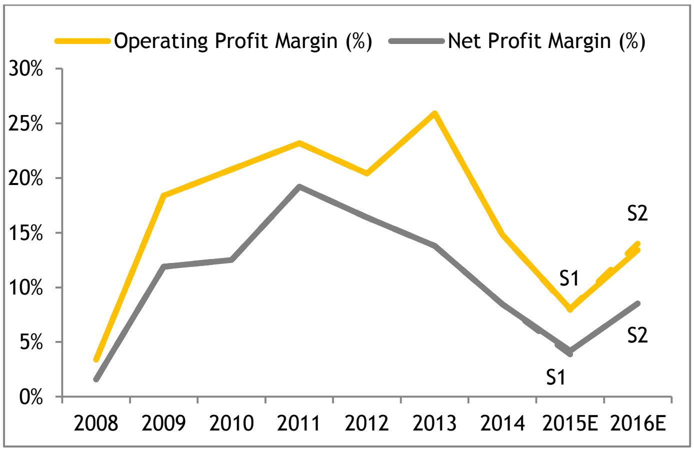
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	949	591	562	532	757	719	681
Operating profit	141	48	45	42	102	98	95
Net profit	80	25	23	21	65	62	60
Free cash flow	46	91	94	96	55	58	62
Net debt (net cash)	39	(53)	(55)	(57)	(108)	(111)	(114)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	54	54	54	54	50	50	50
Operating profit	141	48	48	48	102	102	102
Net profit	80	25	25	25	65	65	65
Free cash flow	46	91	91	91	55	55	55
Net debt (net cash)	39	(53)	(53)	(53)	(108)	(108)	(108)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.0%	5.5%	6.0%	5.0%	5.5%	6.0%
Operating profit	141	48	48	48	102	102	102
Net profit	80	25	24	23	65	64	63
Free cash flow	46	91	90	89	55	54	53
Net debt (net cash)	39	(53)	(51)	(50)	(108)	(106)	(104)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	141	48	45	102	95
% Change			*-6%*		*-6%*
Net profit	80	25	22	65	58
% Change			*-13%*		*-10%*
Free cash flow	46	91	93	55	60
% Change			*1%*		*9%*
Net debt (net cash)	39	(53)	(54)	(108)	(110)

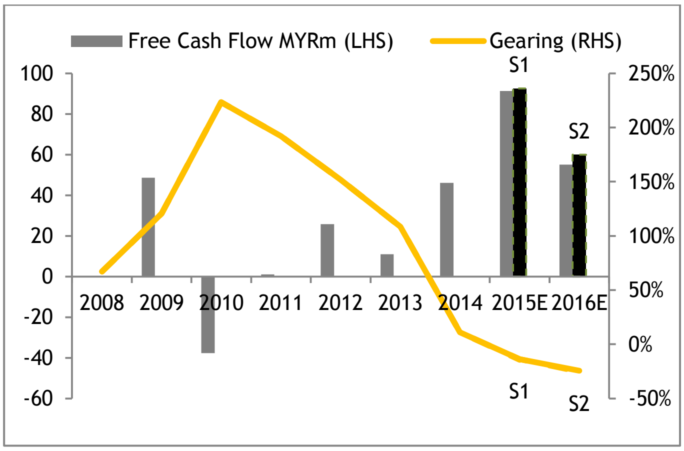
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	9.2	30.1	34.2	11.6	12.9
EV/EBITDA (x)	4.2	9.8	10.2	5.5	5.9
P/FCF (x)	16	8.2	8.1	13.6	12.5
P/B (x)	2.1	2.0	2.0	1.7	1.7
Dividend yield (%)	-	-	-	-	-

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Boustead Plantations
(BPLANT MK)

BUY

Price	MYR 1.24
12m Price Target	MYR 1.56 (+26%)

VULNERABLE

- Profitability is most sensitive to CPO price decline as CPO ASP now trades close to its breakeven all-in cost of production of ~MYR1,900/t. A 10% decline in CPO ASP will result in a 64% drop in FY16 core pretax profit.
- BPlant has little USD debt exposure and hence there is little forex translation risk.
- Given its low net gearing of 17% (2014), an interest rate hike is not a concern to BPlant.
- BPlant is monetising some of its strategic land to unlock asset value and to make up for the loss of upstream income amidst weak CPO price. YTD, it has announced disposal of 352 ha land in Johor for MYR204m cash, and will net a disposal gain of MYR174m.
- It has another 11,428 ha (out of 70,578 ha total landbank) of strategic freehold land bank in Peninsular Malaysia that has development potential with an estimated property-RNAV of MYR1.86/sh.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

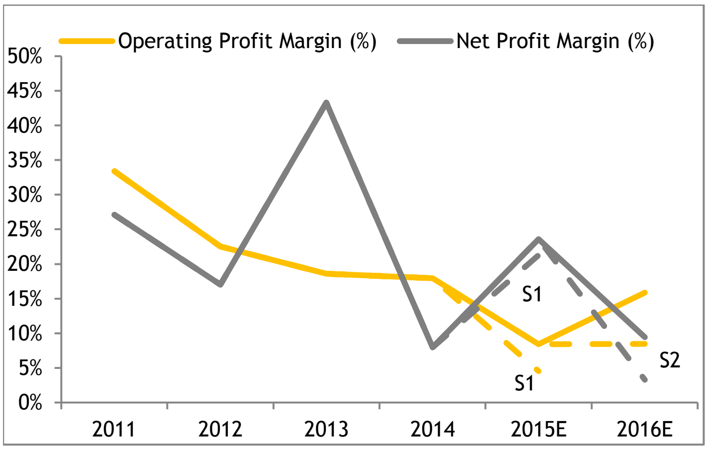
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	717	604	574	544	690	655	621
Operating profit	129	51	26	1	109	81	52
Net profit	57	143	124	106	65	44	24
Free cash flow	76	286	267	248	11	(16)	(57)
Net debt (net cash)	410	265	284	303	317	339	360
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	129	51	51	51	109	109	109
Net profit	57	143	143	143	65	65	65
Free cash flow	76	286	286	286	11	11	11
Net debt (net cash)	410	265	265	265	317	317	317
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.5%	6.0%	6.5%	5.5%	6.0%	6.5%
Operating profit	129	51	51	51	109	109	109
Net profit	57	143	141	139	65	63	62
Free cash flow	76	286	286	286	11	11	11
Net debt (net cash)	410	265	267	269	317	319	321

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	129	51	26	109	52
% Change			-49%		-52%
Net profit	57	143	122	65	20
% Change			-14%		-69%
Free cash flow	76	286	267	11	(57)
% Change			-7%		NM
Net debt (net cash)	410	265	286	317	364

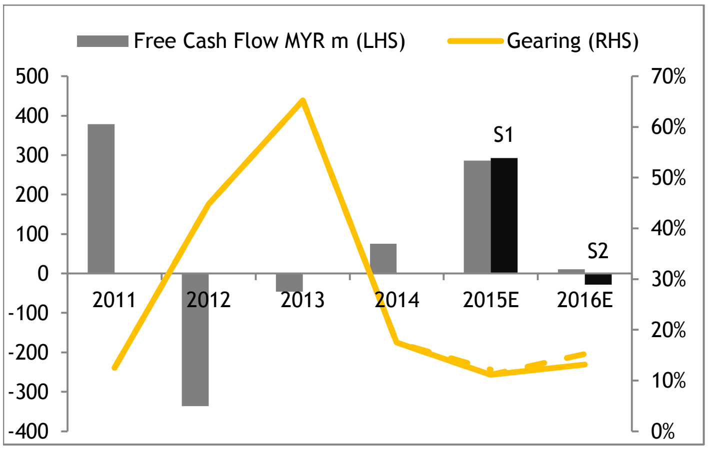
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	34.7	13.9	16.2	30.6	97.1
EV/EBITDA (x)	13.2	26.3	37.0	15.6	25.8
P/FCF (x)	26	6.9	7.4	180.4	NM
P/B (x)	0.8	0.8	0.8	0.8	0.8
Dividend yield (%)	4.8%	5.6%	5.6%	2.0%	0.6%

OPERATING PROFIT MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Berjaya Sports Toto

(BST MK)

HOLD

Price MYR 3.09

12m Price Target MYR 3.22 (+4%)

RESILIENT

- Revenue declines of 5% /10% should not have a major impact on earnings as >90% of its expenses are variable on revenue (e.g. gaming tax, betting duty, commission, prize payout, royalty, GST).
- More than 95% of its earnings are MYR denominated. Therefore, Berjaya Sports Toto is not vulnerable to major fluctuations in the MYR against other foreign currencies. It has a small presence in the Philippines and Britain.
- Its borrowings are in the form of fixed interest rate MYR medium-term notes. Even if the interest rates on the medium-term notes were raised by 100bps, our earnings estimates would be trimmed by <MYR4m.
- More importantly, Berjaya Sports Toto will generate enough cash to pay dividends of 20-21sen p.a. even under Scenario 2. Therefore, we would rate Berjaya Sports Toto as very resilient.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

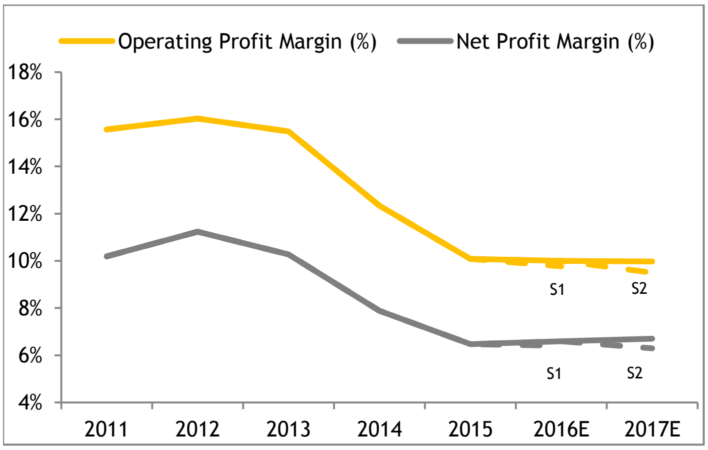
FY Apr MYR m	2015	2016			2017		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	5,288	4,875	4,628	4,381	4,938	4,688	4,438
Operating profit	533	487	458	429	493	463	433
Net profit	342	322	302	282	331	311	291
Free cash flow	362	345	319	292	360	340	319
Net debt (net cash)	265	205	232	259	129	177	225
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New GBPMYR assumption	5.39	5.40	5.67	5.94	5.40	5.67	5.94
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	533	487	489	490	493	494	496
Net profit	342	322	323	324	331	332	332
Free cash flow	362	345	350	354	360	362	363
Net debt (net cash)	265	205	201	197	129	124	118
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		6.5%	7.0%	7.5%	6.5%	7.0%	7.5%
Operating profit	533	487	487	487	493	493	493
Net profit	342	322	320	318	331	329	327
Free cash flow	362	345	346	347	360	361	362
Net debt (net cash)	265	205	207	209	129	133	137

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	533	487	460	493	436
% Change			*-6%*		*-11%*
Net profit	342	322	301	331	289
% Change			*-6%*		*-12%*
Free cash flow	362	345	324	360	323
% Change			*-6%*		*-10%*
Net debt (net cash)	265	205	230	129	221

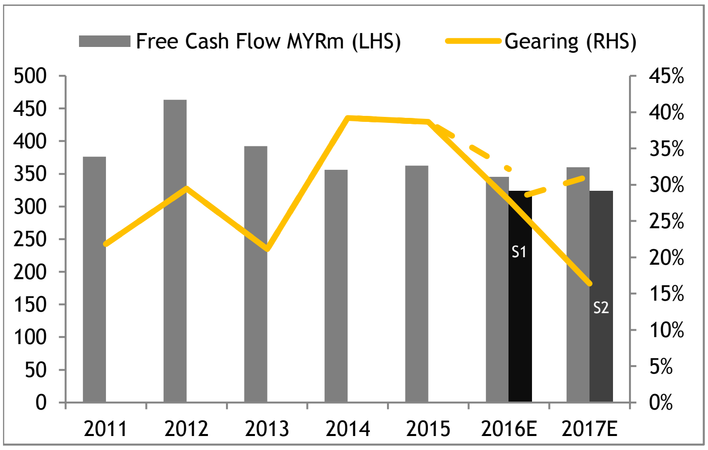
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	12.1	12.9	13.8	12.5	14.3
EV/EBITDA (x)	7.7	8.3	8.8	8.2	9.2
P/FCF (x)	11	12.0	12.8	11.5	12.8
P/B (x)	6.0	5.6	5.8	5.2	5.8
Dividend yield (%)	7.0%	6.5%	6.5%	6.7%	6.7%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Bumi Armada

(BAB MK)

BUY

Price	MYR 0.81
12m Price Target	MYR 1.20 (+48%)

RESILIENT

- Every 1% decline in revenue would negatively impact net profit by 3%. The OSV and T&I businesses are more prone to oil price/capex volatility, which impacts daily charter rates and utilisation. Capex assumptions are unchanged, as they reflect committed expansion for 4 FPSO/ FSU projects in hand.
- Currency movements have moderate impact to its financials. BArmada's USD exposure in revenue and costs are relatively aligned, providing a natural hedge. 85% of its operations (FPSO, T&I & OSV) are in USD.
- Interest rate changes have the highest impact relative to revenue and forex variations. 68% of its debt is in USD. Nonetheless, its rates are relatively low, at sub-3% (via offshore financing).
- The projected loss in 2015 is largely due to an impairment loss. Cash flows remain positive and its underlying FPSO business is still profitable, offsetting losses from the OSV and T&I divisions.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

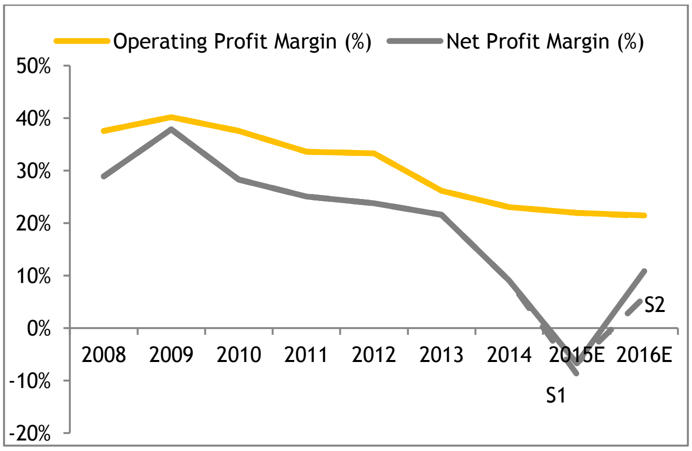
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	2,397	2,029	1,927	1,826	2,114	2,008	1,902
Operating profit	553	445	425	406	454	421	388
Net profit	219	(136)	(155)	(174)	230	195	160
Free cash flow	(1,376)	(861)	(875)	(890)	(519)	(550)	(580)
Net debt (net cash)	2,890	3,812	3,827	3,841	4,332	4,362	4,393
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.30	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	1,180	1,116	1,116	1,116	1,004	1,004	1,004
Operating profit	553	445	462	479	454	482	510
Net profit	219	(136)	(120)	(103)	230	258	287
Free cash flow	(1,376)	(861)	(848)	(836)	(519)	(491)	(463)
Net debt (net cash)	2,890	3,812	3,800	3,787	4,332	4,291	4,250
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		2.2%	2.7%	3.2%	2.3%	2.8%	3.3%
Operating profit	553	445	445	445	454	454	454
Net profit	219	(136)	(173)	(210)	230	184	137
Free cash flow	(1,376)	(861)	(898)	(935)	(519)	(566)	(612)
Net debt (net cash)	2,890	3,812	3,849	3,886	4,332	4,415	4,498

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	553	445	442	454	444
% Change			-1%		-2%
Net profit	219	(136)	(176)	230	124
% Change			29%		-46%
Free cash flow	(1,376)	(861)	(900)	(519)	(616)
% Change			5%		19%
Net debt (net cash)	2,890	3,812	3,852	4,332	4,478

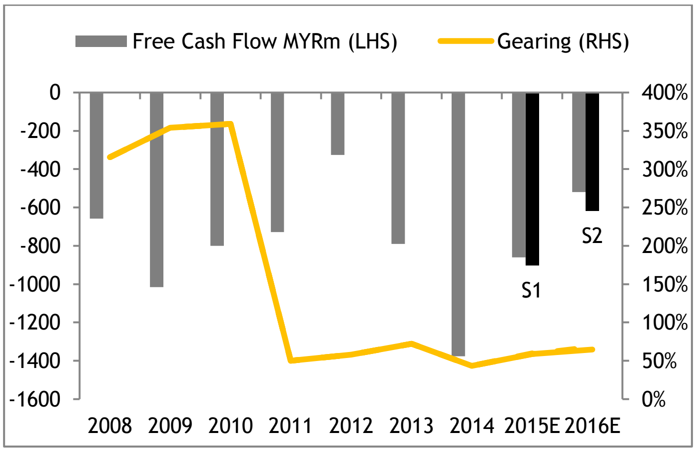
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	22.4	NM	NM	21.3	39.5
EV/EBITDA (x)	8.5	9.2	9.2	8.8	8.9
P/FCF (x)	NM	NM	NM	NM	NM
P/B (x)	0.7	0.8	0.8	0.7	0.7
Dividend yield (%)	1.3%	-	-	-	-

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & NET GEARING



Source: Maybank Kim Eng

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Berjaya Auto

(BAUTO MK)

BUY

Price	MYR 2.28
12m Price Target	MYR 2.70 (+18%)

RESILIENT

- Biggest impact to earnings to come from FX. A 10% FX depreciation reduce FY4/17 earnings by 36%. Most of BAuto's sales are in MYR, but ~23-29% of its COGS are Yen-denominated imported car costs. Historically, auto companies in Malaysia do not reprice their cars due to currency fluctuations.
- Weak consumer sentiment amid rising cost of living could translate to a fall in consumer car purchases. Nevertheless, Mazda's sales are likely to prove more resilient than its peers due its strong fuel-efficient model line-up.
- Interest rate increases are positive to Bauto due to its net cash position. While interest rates hikes translate to more expensive HP loans, we think that a 50/100 bps hike may not materially deter consumer purchases.
- BAuto's business is still growing from a small base, while its presence in the Philippines, a high TIV growth market (1H15: +21% YoY), will cushion any weakness in the Malaysian market.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

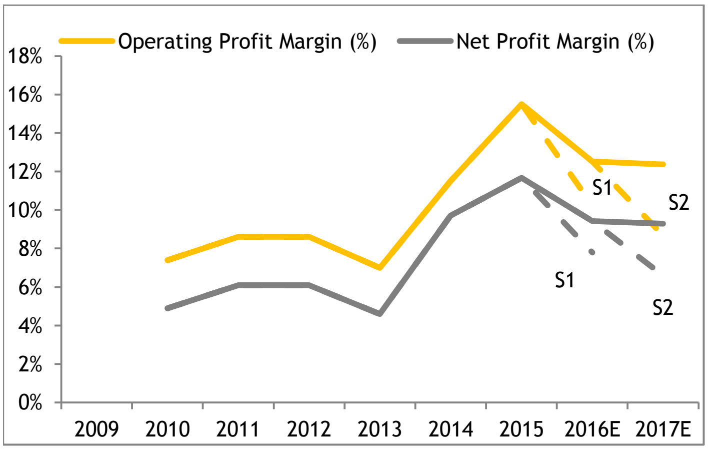
FY Apr MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,830	2,301	2,186	2,071	2,810	2,670	2,529
Operating profit	284	288	274	260	348	330	313
Net profit	214	217	206	196	261	249	236
Free cash flow	214	103	112	121	178	170	161
Net debt (net cash)	(281)	(285)	(300)	(314)	(343)	(355)	(368)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.07	3.35	3.52	3.69	3.45	3.62	3.80
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	284	288	238	188	348	301	253
Net profit	214	217	180	143	261	225	189
Free cash flow	214	103	57	11	178	144	109
Net debt (net cash)	(281)	(285)	(258)	(230)	(343)	(298)	(253)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.4%	3.9%	4.4%	3.4%	3.9%	4.4%
Operating profit	284	289	289	289	347	347	347
Net profit	214	217	218	219	261	263	264
Free cash flow	214	133	132	132	178	177	177
Net debt (net cash)	(281)	(314)	(315)	(315)	(372)	(373)	(374)

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	284	288	224	348	219
% Change			*-22%*		*-37%*
Net profit	214	217	171	261	167
% Change			*-21%*		*-36%*
Free cash flow	214	103	66	178	91
% Change			*-36%*		*-49%*
Net debt (net cash)	(281)	(285)	(273)	(343)	(280)

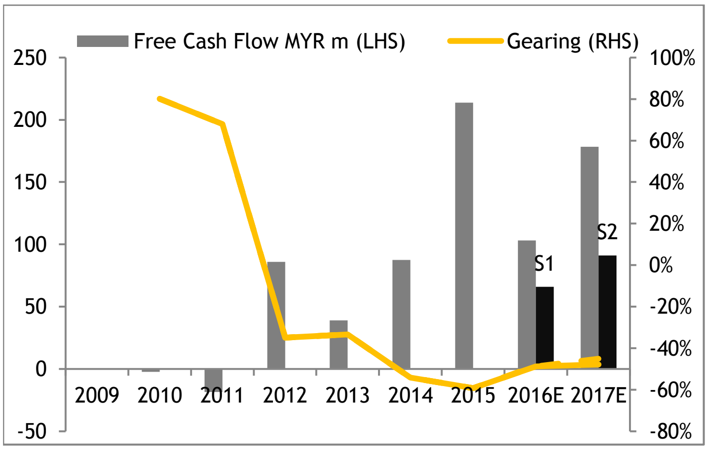
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	12.2	12.0	15.3	10.0	15.6
EV/EBITDA (x)	8.0	7.8	10.0	6.5	10.1
P/FCF (x)	12	25.2	39.5	14.6	28.5
P/B (x)	5.5	4.4	4.6	3.6	4.2
Dividend yield (%)	5.3%	4.2%	3.3%	5.0%	3.2%

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Carlsberg Brewery Malaysia

(CAB MK)

HOLD

Price	MYR 11.98
12m Price Target	MYR 12.20 (+2%)

RESILIENT

- Biggest impact on earnings to come from a decline in revenue. A 10% decline in revenue will reduce earnings by 13%/12% for FY15/16.
- Carlsberg derives 29% of its sales from its main export market, Singapore, while 40% of its raw material requirements are mainly denominated in USD. As such, there is a natural currency hedge so FX movements have a negligible impact on earnings.
- Borrowings are minimal for Carlsberg and it is a net cash company. Hence, movements in interest rate have minimal impact.
- Key risk to the company would be a further slowdown in domestic consumption amid weaker economic conditions.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

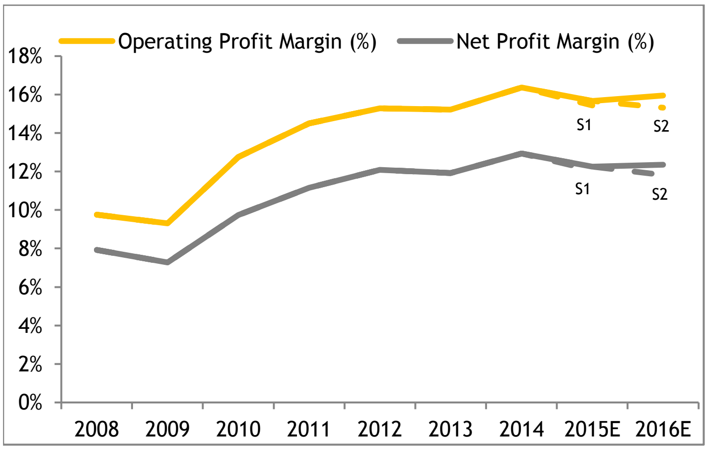
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,635	1,685	1,601	1,517	1,747	1,660	1,572
Operating profit	268	264	249	230	279	265	245
Net profit	212	206	195	181	216	205	190
Free cash flow	231	201	196	188	211	202	188
Net debt (net cash)	(36)	(22)	(16)	(9)	(25)	(10)	12
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.5	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	268	264	266	266	279	281	281
Net profit	212	206	208	208	216	218	218
Free cash flow	231	201	202	202	211	213	213
Net debt (net cash)	(36)	(22)	(23)	(22)	(25)	(27)	(28)
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		13.0%	13.5%	14.0%	13.0%	13.5%	14.0%
Operating profit	268	264	264	264	279	279	279
Net profit	212	206	206	206	216	216	215
Free cash flow	231	201	201	201	211	211	211
Net debt (net cash)	(36)	(22)	(22)	(21)	(25)	(24)	(24)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	268	264	251	279	248
% Change			*-5%*		*-11%*
Net profit	212	206	196	216	192
% Change			*-5%*		*-11%*
Free cash flow	231	201	197	211	190
% Change			*-2%*		*-10%*
Net debt (net cash)	(36)	(22)	(17)	(25)	10

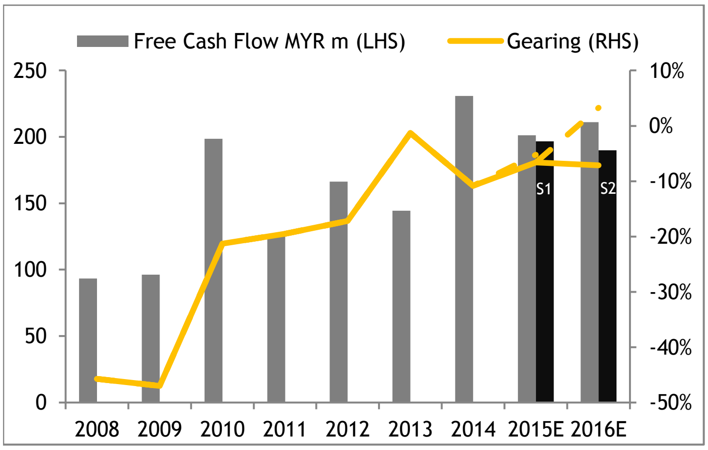
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	17.3	17.7	18.7	17.0	19.1
EV/EBITDA (x)	12.4	12.6	13.2	12.0	13.3
P/FCF (x)	16	18.2	18.6	17.3	19.3
P/B (x)	11.1	11.1	11.5	10.6	12.3
Dividend yield (%)	5.0%	5.8%	5.8%	5.6%	5.6%

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Cahya Mata Sarawak
(CMS MK)

BUY

Price	MYR 4.84
12m Price Target	MYR 5.35 (+11%)

RESILIENT

- The biggest impact on earnings would come from a decline in revenue. A 10% decline in revenue would result in an 8-9% decline in earnings.
- Part of its cement division's imported raw materials are priced in USD. The impact would be slightly offset by its ferrosilicon sales that are also priced in USD.
- The group's balance sheet is strong - it is in a net cash position and it has no foreign debt.
- Positive prospects of the construction sector in Sarawak provides support to earnings, with little impact from interest rate/forex movements.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

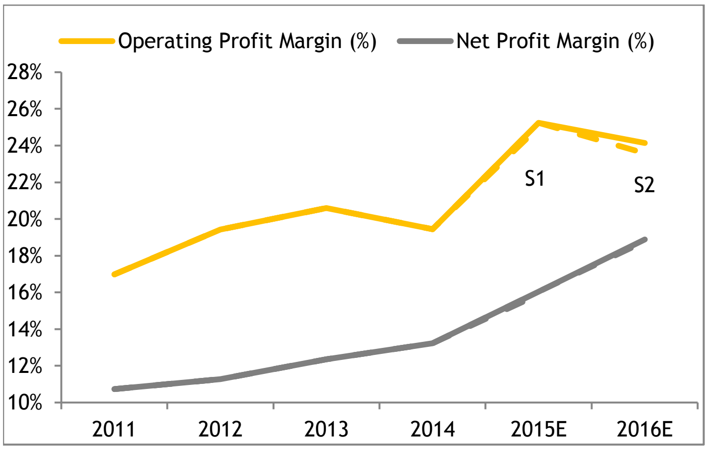
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,674	1,450	1,377	1,305	1,523	1,447	1,371
Operating profit	325	366	348	329	368	349	331
Net profit	221	233	222	211	288	276	264
Free cash flow	249	54	35	17	114	99	85
Net debt (net cash)	(725)	(685)	(671)	(657)	(683)	(659)	(635)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	325	366	363	359	368	364	360
Net profit	221	233	230	227	288	285	282
Free cash flow	249	54	52	51	114	111	108
Net debt (net cash)	(725)	(685)	(684)	(684)	(683)	(681)	(678)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.1%	4.6%	5.1%	4.9%	5.4%	5.9%
Operating profit	325	366	366	366	368	368	368
Net profit	221	233	232	232	288	287	287
Free cash flow	249	54	54	54	114	114	114
Net debt (net cash)	(725)	(685)	(685)	(684)	(683)	(682)	(682)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	325	366	344	368	323
% Change			*-6%*		*-12%*
Net profit	221	233	219	288	258
% Change			*-6%*		*-10%*
Free cash flow	249	54	34	114	80
% Change			*-37%*		*-30%*
Net debt (net cash)	(725)	(685)	(670)	(683)	(630)

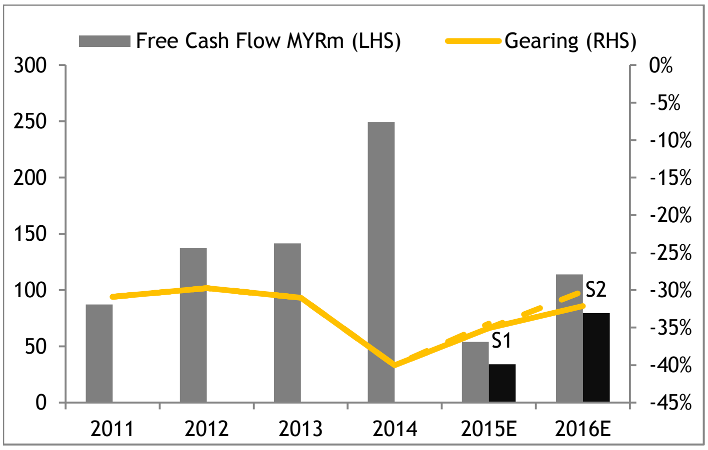
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	23.5	22.4	23.8	18.1	20.2
EV/EBITDA (x)	12.1	10.8	11.4	10.6	11.8
P/FCF (x)	21	96.6	152.6	45.7	65.4
P/B (x)	2.9	2.7	2.7	2.4	2.5
Dividend yield (%)	1.1%	1.8%	1.7%	2.2%	2.0%

OPERATING & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Dialog Group

(DLG MK)

BUY

Price	MYR 1.54
12m Price Target	MYR 1.90 (+23%)

RESILIENT

- Sensitivity-wise, every 1% fall in revenue relatively equates to a 1% decline in net profit. Nonetheless, revenue for 2015-16 is secured, largely anchored by PETRONAS' RAPID EPCC works at Pengerang, Johor.
- Currency movement has negligible impact to its financials. Its USD revenue and cost exposures are relatively aligned. MYR exposure is about 60% of Dialog's revenue.
- Interest rate changes should not affect Dialog much due to minimal bank financing. Net debt is low with a net gearing level of just 0.2x, while interest cover is high, at 16-24x. This reflects its conservative balance sheet management.
- Dialog's financials are resilient, given that about 40% of its earnings are recurring in nature, especially from its tank terminal operations.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

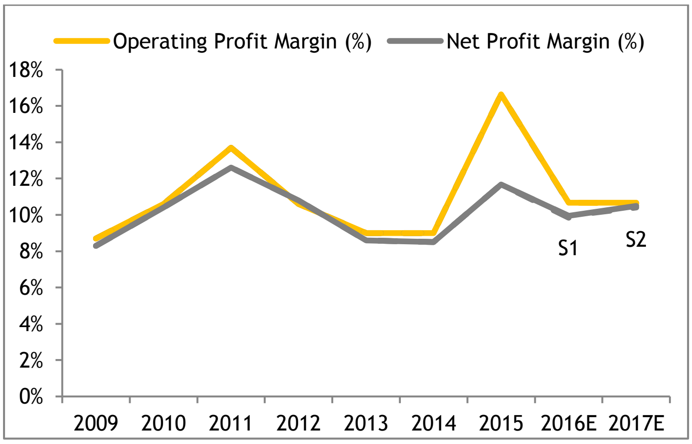
FY Jun MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	2,358	2,640	2,508	2,376	2,640	2,508	2,376
Operating profit	392	282	267	252	282	267	252
Net profit	275	263	251	238	277	265	253
Free cash flow	344	(232)	(233)	(235)	107	106	104
Net debt (net cash)	(7)	434	436	438	532	533	535
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	2	2	2	2	2	2	2
Operating profit	392	282	288	294	282	288	294
Net profit	275	263	267	272	277	282	287
Free cash flow	344	(232)	(231)	(230)	107	112	117
Net debt (net cash)	(7)	434	434	433	532	528	525
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		2.4%	2.9%	3.4%	2.4%	2.9%	3.4%
Operating profit	392	282	282	282	282	282	282
Net profit	275	263	259	256	277	275	273
Free cash flow	344	(232)	(235)	(238)	107	105	103
Net debt (net cash)	(7)	434	438	441	532	536	540

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	392	282	273	282	264
% Change			-3%		-6%
Net profit	275	263	252	277	258
% Change			-4%		-7%
Free cash flow	344	(232)	(236)	107	109
% Change			2%		2%
Net debt (net cash)	(7)	434	439	532	537

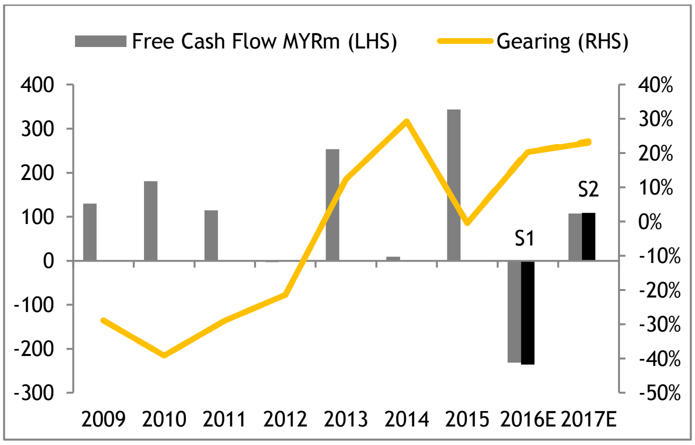
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	27.1	28.4	29.6	26.9	26.9
EV/EBITDA (x)	19.5	26.8	27.6	26.7	28.4
P/FCF (x)	22	NM	NM	69.4	68.3
P/B (x)	3.8	3.5	3.5	3.2	3.3
Dividend yield (%)	1.5%	1.4%	1.4%	1.5%	1.4%

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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DiGi.com

(DIGI MK)

HOLD

Price MYR 5.13

12m Price Target MYR 5.80 (+13%)

RESILIENT

- Biggest impact on earnings to come from revenue; a 10% decline in revenue would reduce earnings by 12-13%.
- Revenue is wholly MYR-denominated, while USD-denominated expenses (mainly in the form of IDD termination) account for c.7% of total expenses.
- Digi's debt is entirely MYR-denominated; gearing is high due to its low equity base, but immaterial on its own, thus interest rate movements have negligible impact on earnings.
- FCF would be affected as capex plans are based on strategic coverage targets, and are unlikely to be revised on mild revenue softness.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

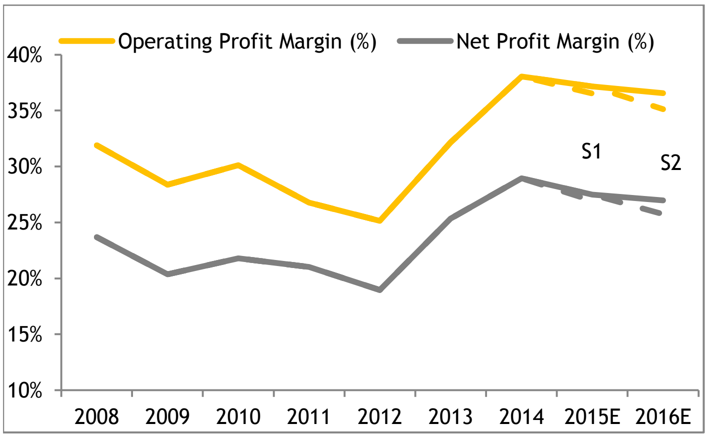
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	7,019	7,298	6,933	6,568	7,541	7,164	6,787
Operating profit	2,671	2,712	2,548	2,384	2,757	2,587	2,417
Net profit	2,031	2,007	1,884	1,760	2,034	1,907	1,780
Free cash flow	1,843	1,791	1,593	1,394	1,895	1,691	1,487
Net debt (net cash)	528	780	856	931	964	1,041	1,118
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.80	3.99	4.18
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	2,671	2,712	2,696	2,680	2,757	2,740	2,723
Net profit	2,031	2,007	1,995	1,983	2,034	2,022	2,009
Free cash flow	1,843	1,791	1,796	1,801	1,895	1,900	1,905
Net debt (net cash)	528	780	764	747	964	946	929
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.0%	5.5%	6.0%	5.0%	5.5%	6.0%
Operating profit	2,671	2,712	2,712	2,712	2,757	2,757	2,757
Net profit	2,031	2,007	2,003	1,999	2,034	2,030	2,026
Free cash flow	1,843	1,791	1,793	1,794	1,895	1,896	1,898
Net debt (net cash)	528	780	780	780	964	964	964

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	2,671	2,712	2,532	2,757	2,384
% Change			-7%		-14%
Net profit	2,031	2,007	1,868	2,034	1,747
% Change			-7%		-14%
Free cash flow	1,843	1,791	1,599	1,895	1,499
% Change			-11%		-21%
Net debt (net cash)	528	780	839	964	1,083

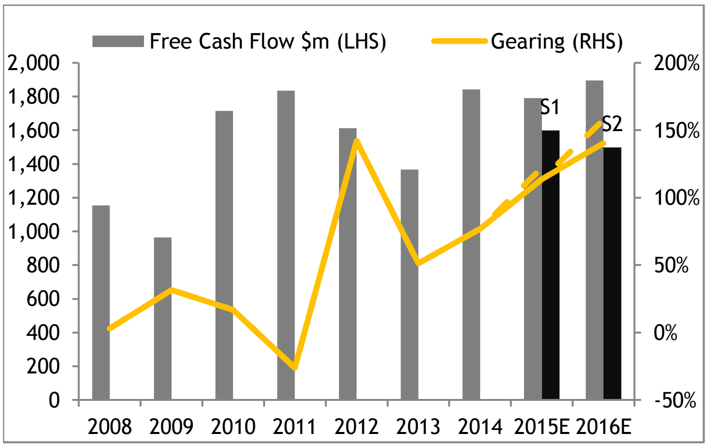
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	19.6	19.9	21.4	19.6	22.8
EV/EBITDA (x)	12.9	12.4	13.1	12.0	13.5
P/FCF (x)	22	22.3	24.9	21.0	26.6
P/B (x)	58.1	58.1	58.1	58.1	58.1
Dividend yield (%)	5.0%	5.0%	4.7%	5.1%	4.4%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Eversendai Corp

(EVSD MK)

BUY

Price	MYR 0.70
12m Price Target	MYR 1.00 (+44%)

RESILIENT

- Biggest impact to earnings would be from exchange rate changes as 31% of its total debt is denominated in foreign currency, but the actual impact is probably less as Eversendai hedges its foreign currency exposure using currency swaps.
- Operationally, the bulk (~80%) of its revenue is derived from overseas especially the Middle East but this is largely matched by operational costs in foreign currency.
- Its earnings would be underpinned by its high outstanding orderbook that is at a new high of MYR1.8b (1.8x of its trailing annual revenue).
- The company's earnings are largely resilient due to its strong construction orderbook and hedging policies in place to mitigate the impact of FX fluctuations.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

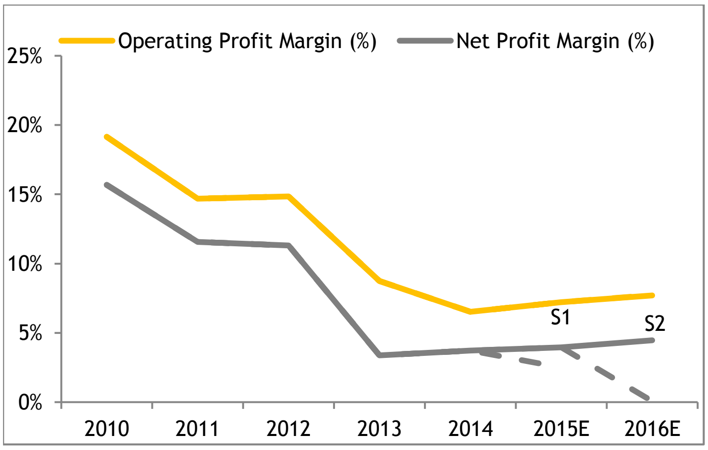
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,003	1,434	1,362	1,290	1,454	1,381	1,309
Operating profit	65	103	99	95	112	107	103
Net profit	37	57	54	51	65	61	58
Free cash flow	(24)	(154)	(123)	(93)	52	49	46
Net debt (net cash)	294	484	453	422	469	440	412
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	84	99	99	99	96	96	96
Operating profit	65	103	106	110	112	115	119
Net profit	37	57	40	3	65	48	12
Free cash flow	(24)	(154)	(178)	(203)	52	55	58
Net debt (net cash)	294	484	527	592	469	510	456
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.6%	5.1%	5.6%	4.6%	5.1%	5.6%
Operating profit	65	103	103	103	112	112	112
Net profit	37	57	55	53	65	63	61
Free cash flow	(24)	(154)	(153)	(152)	52	53	54
Net debt (net cash)	294	484	485	487	469	472	475

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	65	103	103	112	110
% Change			-1%		-2%
Net profit	37	57	35	65	1
% Change			-38%		-98%
Free cash flow	(24)	(154)	(147)	52	52
% Change			-4%		0%
Net debt (net cash)	294	484	498	469	406

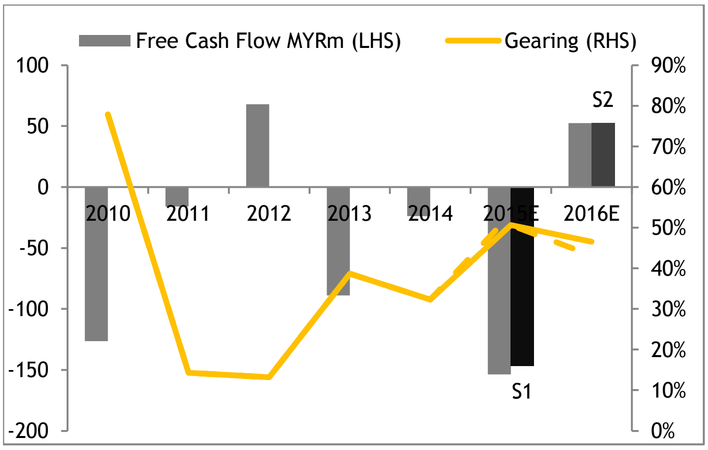
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	14.4	9.5	15.2	8.3	NM
EV/EBITDA (x)	10.5	7.4	7.5	6.8	6.9
P/FCF (x)	NM	NM	NM	10.3	10.3
P/B (x)	0.6	0.6	0.6	0.5	0.6
Dividend yield (%)	2.1%	2.1%	2.0%	2.4%	2.2%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Felda Global Ventures

(FGV MK)

HOLD

Price MYR 1.21

12m Price Target MYR 1.30 (+7%)

VULNERABLE

- Profitability is extremely sensitive to a drop in CPO ASP. As CPO ASP trades close to its breakeven all-in cost of production of ~MYR2,000/t, a 10% decline in CPO price would result in a 49-71% drop in 2015-16 pretax profits.
- FGV has ~12% of its total debt in foreign currencies. But these debts are held by foreign subsidiaries and hence we expect immaterial unrealised forex translation losses when MYR depreciates.
- Less vulnerable to near term interest rate volatility as ~57% of total debt are fixed rate loans.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

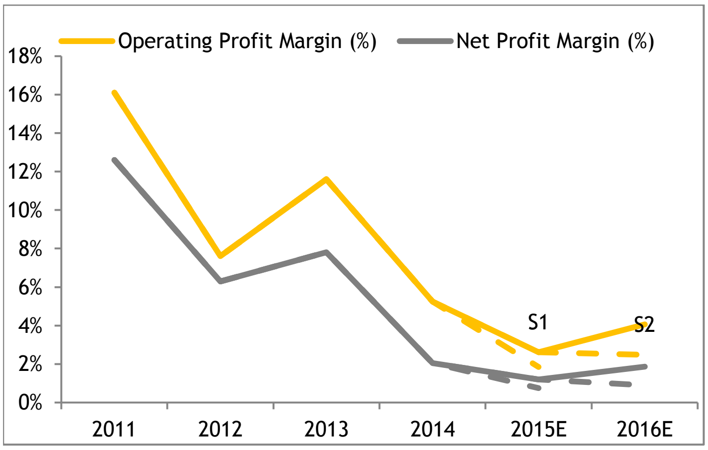
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	16,434	14,969	14,459	13,948	15,936	15,378	14,830
Operating profit	861	391	268	146	648	508	368
Net profit	336	179	113	48	296	220	145
Free cash flow	174	72	47	22	788	755	721
Net debt (net cash)	1,195	1,564	1,557	1,549	1,277	1,272	1,268
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	156	156	156	156	156	156	156
Operating profit	861	391	391	391	648	648	648
Net profit	336	179	179	179	296	296	296
Free cash flow	174	72	72	72	788	788	788
Net debt (net cash)	1,195	1,564	1,564	1,564	1,277	1,277	1,277
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	861	391	391	391	648	648	648
Net profit	336	179	173	167	296	290	284
Free cash flow	174	72	75	78	788	791	793
Net debt (net cash)	1,195	1,564	1,569	1,574	1,277	1,282	1,287

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	861	391	268	648	368
% Change			*-31%*		*-43%*
Net profit	336	179	107	296	133
% Change			*-40%*		*-55%*
Free cash flow	174	72	50	788	726
% Change			*-31%*		*-8%*
Net debt (net cash)	1,195	1,564	1,562	1,277	1,278

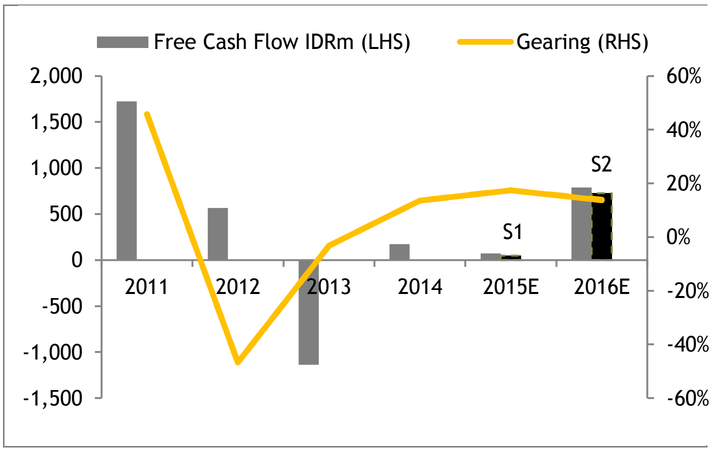
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	13.2	24.7	41.2	14.9	33.2
EV/EBITDA (x)	4.6	7.3	8.5	5.6	7.5
P/FCF (x)	25	61.0	89.0	5.6	6.1
P/B (x)	0.5	0.5	0.5	0.5	0.5
Dividend yield (%)	8.3%	2.0%	1.2%	3.4%	1.5%

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Gamuda

(GAM MK)

BUY

Price	MYR 4.51
12m Price Target	MYR 6.00 (+33%)

RESILIENT

- Potential downside to earnings could be from: i) slow construction order book replenishment, ii) weak property sales and iii) the disposal of water concession assets.
- Little downside risk to construction earnings forecasts as Gamuda has clinched two mega infrastructure projects that would last till 2032.
- <10% of its revenue is from overseas and mainly comprises Vietnam property sales. 22% of its total debt is in foreign currency, so there is some impact to earnings from FX movements.
- 70% of its borrowings are at fixed interest rates so any interest rate movement would have a marginal impact on earnings.
- Gamuda's solid construction order book provides long-term earnings visibility. Net gearing is low and foreign currency exposure is manageable.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

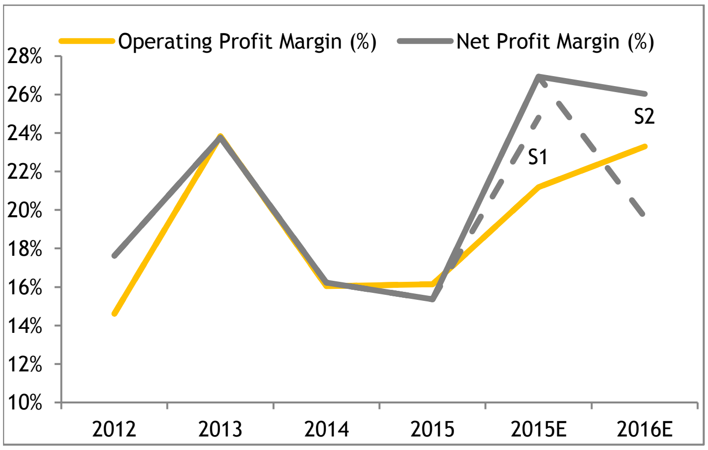
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	4,636	2,514	2,388	2,263	2,528	2,401	2,275
Operating profit	749	533	506	479	589	560	530
Net profit	712	677	641	605	658	623	587
Free cash flow	(471)	788	818	848	357	276	195
Net debt (net cash)	1,649	1,128	1,079	1,030	1,012	1,027	1,042
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	221	205	205	205	200	200	200
Operating profit	749	533	533	533	589	589	589
Net profit	712	677	638	556	658	619	537
Free cash flow	(471)	788	788	788	357	357	357
Net debt (net cash)	1,649	1,128	1,167	1,249	1,012	1,051	1,132
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.5%	4.0%	4.5%	3.5%	4.0%	4.5%
Operating profit	749	533	533	533	589	589	589
Net profit	712	677	667	658	658	648	638
Free cash flow	(471)	788	791	795	357	361	365
Net debt (net cash)	1,649	1,128	1,138	1,148	1,012	1,032	1,053

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	749	533	506	589	530
% Change			*-5%*		*-10%*
Net profit	712	677	592	658	446
% Change			*-13%*		*-32%*
Free cash flow	(471)	788	821	357	203
% Change			*4%*		*-43%*
Net debt (net cash)	1,649	1,128	1,128	1,012	1,203

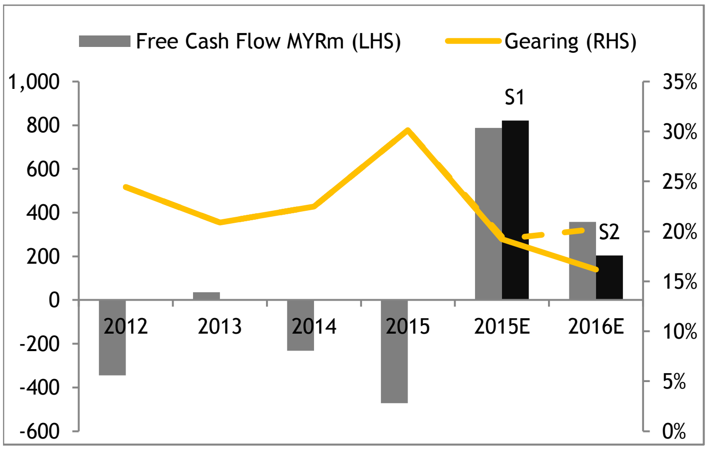
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	15.2	16.0	18.3	16.5	24.3
EV/EBITDA (x)	15.5	21.3	22.4	19.3	21.3
P/FCF (x)	NM	13.8	13.2	30.4	53.4
P/B (x)	2.0	1.8	1.9	1.7	1.8
Dividend yield (%)	2.6%	2.6%	2.6%	2.6%	2.6%

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Gas Malaysia

(GMB MK)

BUY

Price MYR 2.14

12m Price Target MYR 2.65 (+24%)

RESILIENT

- A 10% decline in revenue would reduce earnings by only 9% as its spreads are effectively guaranteed.
- Gas Malaysia is a pure MYR play with no foreign currency exposure both on the P&L and Balance Sheet.
- The company also has a healthy balance sheet with a net cash position.
- FCF would be affected as capex plans are based on strategic coverage targets, and are unlikely to be revised on mild revenue softness.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

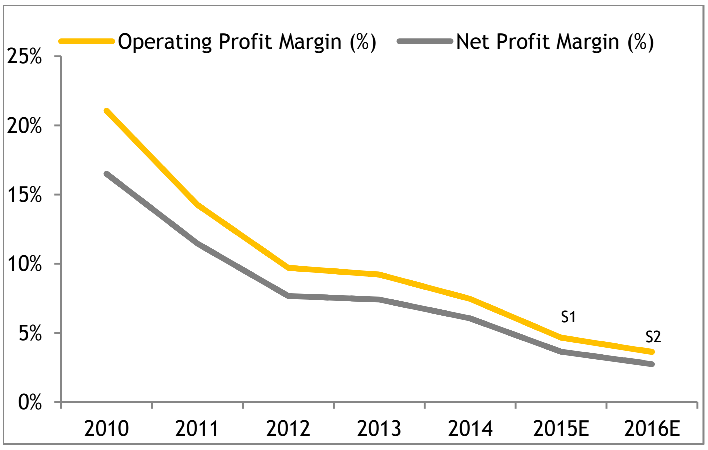
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	2,773	3,397	3,227	3,057	4,519	4,293	4,067
Operating profit	207	158	150	143	164	156	148
Net profit	168	123	118	112	124	118	112
Free cash flow	229	(93)	(108)	(123)	48	30	12
Net debt (net cash)	(360)	(151)	(142)	(133)	(76)	(64)	(52)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.80	3.99	4.18
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	207	158	158	158	164	164	164
Net profit	168	123	123	123	124	124	124
Free cash flow	229	(93)	(93)	(93)	48	48	48
Net debt (net cash)	(360)	(151)	(151)	(151)	(76)	(76)	(76)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		6.0%	6.5%	7.0%	6.0%	6.5%	7.0%
Operating profit	207	158	158	158	164	164	164
Net profit	168	123	123	123	124	123	123
Free cash flow	229	(93)	(93)	(93)	48	48	48
Net debt (net cash)	(360)	(151)	(151)	(151)	(76)	(76)	(76)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	207	158	150	164	148
% Change			*-5%*		*-9%*
Net profit	168	123	117	124	112
% Change			*-5%*		*-10%*
Free cash flow	229	(93)	(108)	48	12
% Change			*16%*		*-75%*
Net debt (net cash)	(360)	(151)	(142)	(76)	(52)

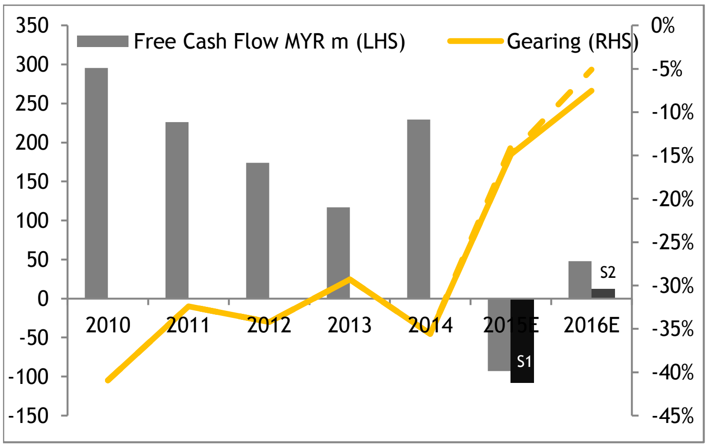
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	16.4	22.3	23.4	22.2	24.6
EV/EBITDA (x)	10.1	12.4	12.8	11.7	12.5
P/FCF (x)	12	NM	NM	57.2	NM
P/B (x)	2.7	2.7	2.7	2.7	2.7
Dividend yield (%)	5.8%	4.5%	4.3%	4.5%	4.1%

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Genting Bhd

(GENT MK)

BUY

Price	MYR 6.91
12m Price Target	MYR 9.35 (+35%)

RESILIENT

- Revenue declines of 5% /10% will have a moderate impact on earnings as a lot of gaming expenses is variable with revenue (e.g. gaming tax, junket commission, royalty, GST).
- While GENS' earnings are volatile due to fluctuating VIP win rates, the earnings of its other subsidiaries such as GENM and the license fees that GENM pays to GENT are stable.
- The weaker MYR against the USD is actually positive for GENT as it has more financial assets and cash than debt, leading to forex translation gains.
- GENT has USD and GBP denominated debt but they are natural hedges against the American and British earnings. We estimate that every 100bps increase in its interest rates will trim our earnings estimates by <MYR88m.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

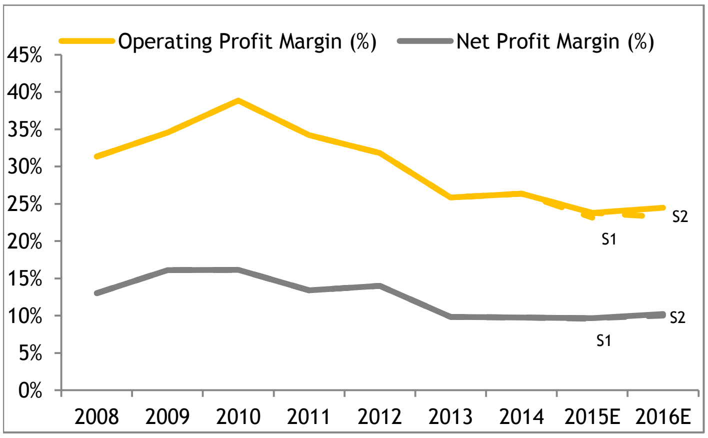
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	18,217	18,754	17,854	16,955	20,496	19,510	18,524
Operating profit	4,803	4,461	4,136	3,811	5,020	4,661	4,302
Net profit	1,777	1,812	1,636	1,460	2,097	1,903	1,709
Free cash flow	1,546	(91)	(405)	(719)	1,438	1,089	741
Net debt (net cash)	1,676	1,682	1,949	2,217	2,253	2,815	3,377
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.27	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	2,562	2,049	2,049	2,049	1,537	1,537	1,537
Operating profit	4,803	4,461	4,461	4,461	5,020	5,020	5,020
Net profit	1,777	1,812	1,930	2,047	2,097	2,215	2,333
Free cash flow	1,546	(91)	27	145	1,438	1,555	1,673
Net debt (net cash)	1,676	1,682	1,573	1,463	2,253	2,034	1,816
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		3.4%	3.9%	4.4%	3.4%	3.9%	4.4%
Operating profit	4,803	4,461	4,461	4,461	5,020	5,020	5,020
Net profit	1,777	1,812	1,768	1,724	2,097	2,053	2,009
Free cash flow	1,546	(91)	(91)	(91)	1,438	1,438	1,438
Net debt (net cash)	1,676	1,682	1,723	1,763	2,253	2,334	2,416

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	4,803	4,461	4,136	5,020	4,302
% Change			*-7%*		*-14%*
Net profit	1,777	1,812	1,710	2,097	1,857
% Change			*-6%*		*-11%*
Free cash flow	1,546	(91)	(287)	1,438	977
% Change			*216%*		*-32%*
Net debt (net cash)	1,676	1,682	1,881	2,253	3,103

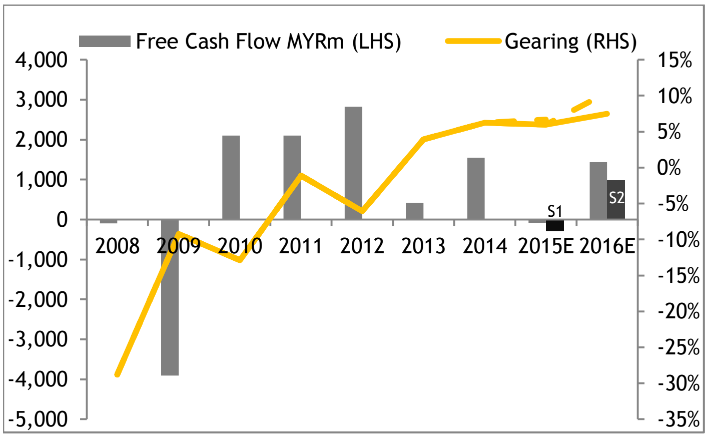
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	14.5	14.2	15.0	12.2	13.8
EV/EBITDA (x)	4.1	4.2	4.4	3.8	4.2
P/FCF (x)	16.6	NM	NM	17.9	26.3
P/B (x)	1.0	0.9	0.9	0.9	0.9
Dividend yield (%)	0.6%	0.6%	0.5%	0.6%	0.6%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Genting Malaysia

(GENM MK)

BUY

Price	MYR 4.06
12m Price Target	MYR 4.55 (+12%)

RESILIENT

- Revenue declines of 5% /10% will only have a moderate impact on earnings as much of GENM's expenses are variable with revenue (e.g. gaming tax, junket commission, royalty, GST).
- The weaker MYR against the USD and GBP is actually positive for GENM as it has American and British operations. We estimate that these contribute some 15% to FY15 operating profit.
- GENM has USD and GBP denominated debt but they are natural hedges against the American and British earnings. We estimate that every 100bps increase in its interest rates would trim our earnings estimates by <MYR28m.
- We see resilience to GENM's earnings even under S2. We like its Genting Integrated Tourism Plan that will expand capacity. There is also upside potential from VIPs shifting to the higher margin premium mass market.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

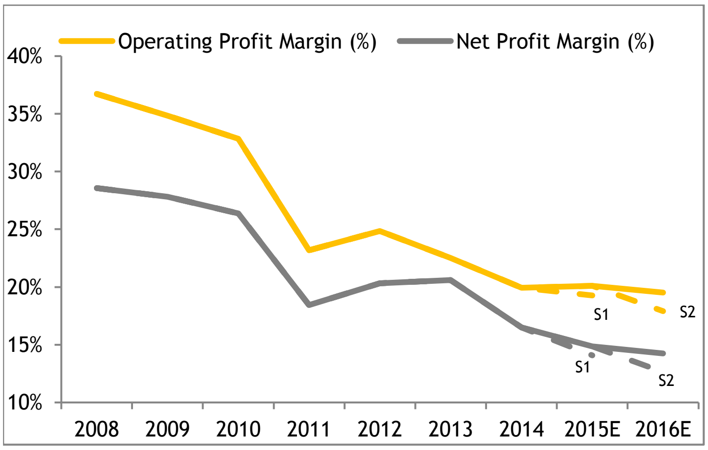
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	8,229	8,945	8,512	8,078	9,913	9,443	8,974
Operating profit	1,640	1,798	1,661	1,523	1,935	1,788	1,642
Net profit	1,358	1,329	1,226	1,123	1,413	1,303	1,193
Free cash flow	(408)	(353)	(514)	(676)	99	(18)	(135)
Net debt (net cash)	(1,171)	(447)	(314)	(180)	(122)	99	320
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	463	404	404	404	345	345	345
Operating profit	1,640	1,798	1,810	1,822	1,935	1,951	1,967
Net profit	1,358	1,329	1,334	1,338	1,413	1,421	1,430
Free cash flow	(408)	(353)	(333)	(313)	99	116	134
Net debt (net cash)	(1,171)	(447)	(466)	(484)	(122)	(155)	(189)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	1,640	1,798	1,798	1,798	1,935	1,935	1,935
Net profit	1,358	1,329	1,319	1,309	1,413	1,399	1,385
Free cash flow	(408)	(353)	(350)	(348)	99	103	107
Net debt (net cash)	(1,171)	(447)	(439)	(431)	(122)	(103)	(84)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,640	1,798	1,672	1,935	1,674
% Change			*-7%*		*-13%*
Net profit	1,358	1,329	1,220	1,413	1,181
% Change			*-8%*		*-16%*
Free cash flow	(408)	(353)	(492)	99	(92)
% Change			*39%*		*NM*
Net debt (net cash)	(1,171)	(447)	(324)	(122)	290

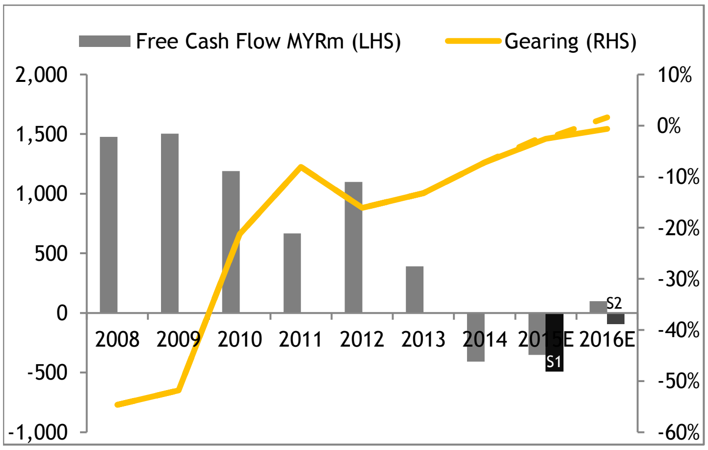
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	17.0	17.3	18.9	16.3	19.5
EV/EBITDA (x)	10.0	9.1	9.5	8.3	9.1
P/FCF (x)	NM	NM	NM	NM	NM
P/B (x)	1.4	1.3	1.3	1.3	1.3
Dividend yield (%)	1.6%	1.6%	1.4%	1.7%	1.4%

OPERATING & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Genting Plantations

(GENP MK)

BUY

Price	MYR 9.87
12m Price Target	MYR 10.55 (+7%)

VULNERABLE

- Profitability is sensitive to changes in CPO ASP and FX movement. For every 10% drop in CPO ASP, we expect a 21-25% drop in 2015-16 pretax profit.
- Sensitive to FX movement. GENP has ~MYR1.0b (or ~USD0.3b) debt (2014) that is USD related exposure which represents about ~100% of its total group debt.
- For every 10% depreciation in MYR, GENP is estimated to record up to MYR103m in unrealised forex translation losses, or 22% drop in pretax profit.
- On the FX impact on operation, a depreciation of MYR is traditionally positive for earnings but this round, this has been offset by declining CPO price in USD terms.
- Not sensitive to near term interest rate volatility as ~100% of its total debt is on fixed rate.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

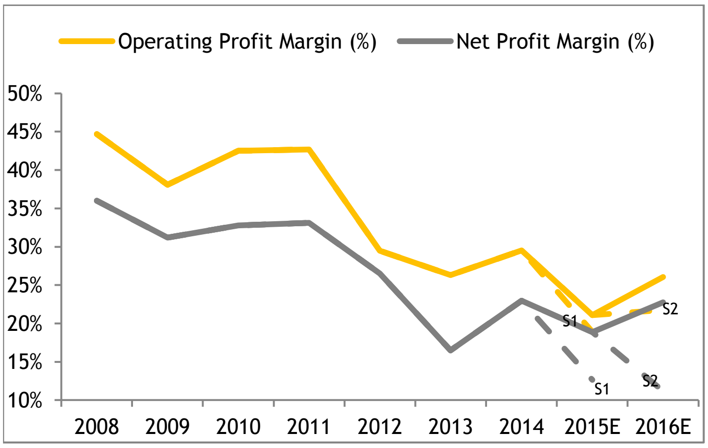
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,643	1,414	1,352	1,291	1,623	1,550	1,492
Operating profit	485	298	256	214	423	372	324
Net profit	377	267	235	204	369	331	295
Free cash flow	64	(132)	(158)	(183)	(61)	(92)	(120)
Net debt (net cash)	(49)	136	155	175	271	294	315
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.27	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	295	295	295	295	295	295	295
Operating profit	485	298	298	298	423	423	423
Net profit	377	267	203	138	369	305	241
Free cash flow	64	(132)	(132)	(132)	(61)	(61)	(61)
Net debt (net cash)	(49)	136	188	239	271	322	373
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	485	298	298	298	423	423	423
Net profit	377	267	267	267	369	369	369
Free cash flow	64	(132)	(132)	(132)	(61)	(61)	(61)
Net debt (net cash)	(49)	136	136	136	271	271	271

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR Million		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	485	298	256	423	324
% Change			*-14%*		*-23%*
Net profit	377	267	171	369	167
% Change			*-36%*		*-55%*
Free cash flow	64	(132)	(158)	(61)	(120)
% Change			*19%*		*99%*
Net debt (net cash)	(49)	136	207	271	418

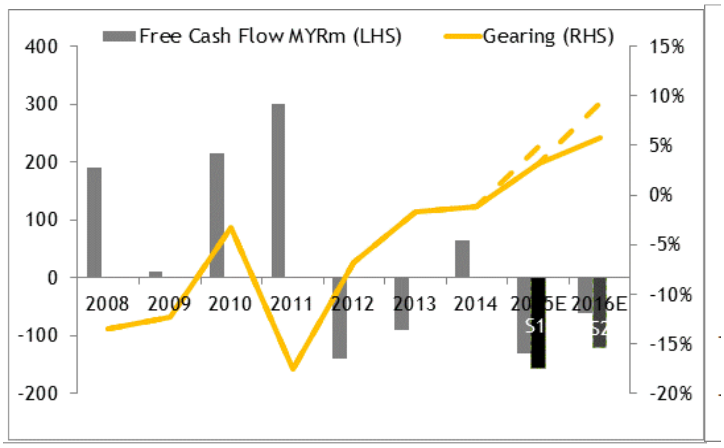
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	20.5	29.0	45.2	20.9	46.3
EV/EBITDA (x)	14.0	20.9	23.5	15.6	19.4
P/FCF (x)	122	NM	NM	NM	NM
P/B (x)	1.9	1.8	1.8	1.7	1.7
Dividend yield (%)	1.0%	0.7%	0.4%	1.0%	0.4%

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Globetronics Technology

(GTB MK)

BUY

Price	MYR 5.90
12m Price Target	MYR 7.00 (+19%)

RESILIENT

- A 10% cut in revenue will reduce earnings by a manageable 10-11%. The increasing adoption of sensors to monitor various daily aspects of users is gaining traction. As a key EMS player with a foothold in timing devices and sensor products, Globetronics' sales are likely to be resilient.
- 65%/70% of Globetronics' revenue/ COGS are denominated in USD. As such, the weakening of the MYR against USD is marginally net positive to Globetronics' earnings.
- An interest rate hike would be positive to Globetronics, given its substantial net cash war chest of MYR162m as at end-Jun 2015.
- Globetronics' core focus on timing devices and sensor products is positive, given the growing adoption of wearables by consumer. Globetronics' 18-year unbroken profitability track record is a testament to management's ability to weather a volatile industry.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

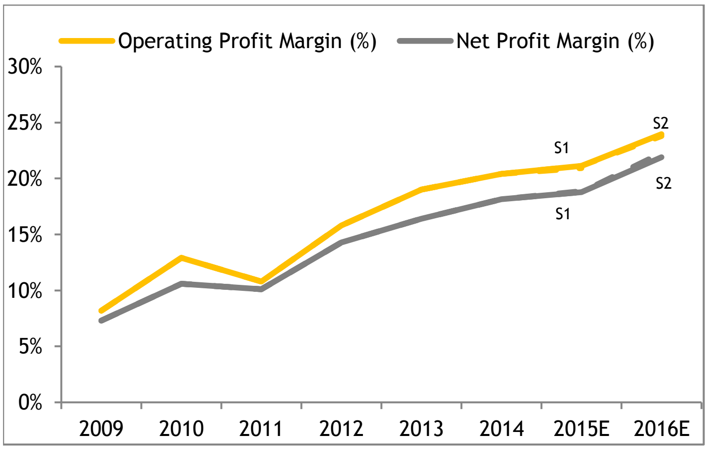
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	355	389	369	350	528	501	475
Operating profit	73	82	77	72	127	119	111
Net profit	64	73	69	65	116	110	104
Free cash flow	58	61	60	60	84	79	75
Net debt (net cash)	(154)	(153)	(156)	(159)	(136)	(140)	(143)
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.27	3.60	3.78	3.96	3.60	3.78	3.96
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	73	82	85	87	127	131	136
Net profit	64	73	75	78	116	120	125
Free cash flow	58	61	62	62	84	87	90
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		3.7%	4.2%	4.7%	3.7%	4.2%	4.7%
Operating profit	73	82	82	82	127	127	127
Net profit	64	73	74	74	116	116	117
Free cash flow	58	61	61	60	84	84	83
Net debt (net cash)	(154)	(153)	(153)	(153)	(136)	(136)	(137)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	73	82	79	127	121
% Change			*-4%*		*-5%*
Net profit	64	73	72	116	114
% Change			*-1%*		*-1%*
Free cash flow	58	61	61	84	81
% Change			*0%*		*-4%*
Net debt (net cash)	(154)	(153)	(155)	(136)	(139)

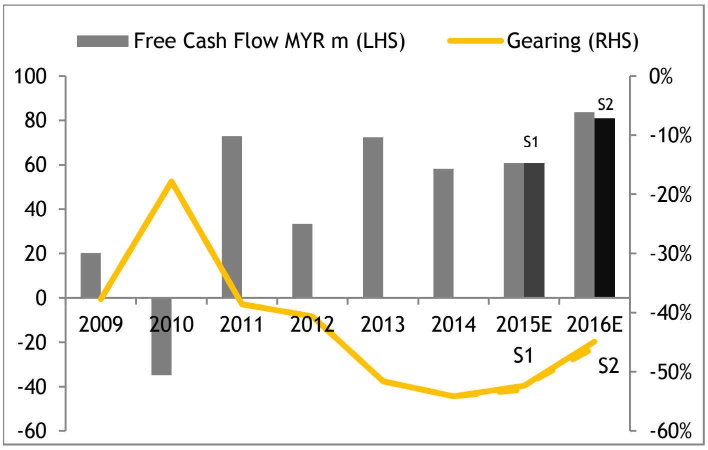
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	25.7	22.7	23.0	14.3	14.5
EV/EBITDA (x)	13.8	12.8	13.1	9.3	9.6
P/FCF (x)	28	27.2	27.3	19.8	20.5
P/B (x)	5.8	5.7	5.7	5.5	5.5
Dividend yield (%)	3.7%	4.0%	3.9%	6.3%	6.2%

OPERATING & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Glomac

(GLMC MK)

HOLD

Price	MYR 0.84
12m Price Target	MYR 1.03 (+23%)

RESILIENT

- A cut in revenue has a moderate impact on earnings. Short-term earnings visibility will be supported by unbilled sales of MYR796m as at Apr 2015 (1.1x of our FY4/16 property revenue forecast).
- All earnings and debts are denominated in local currency, hence there is no impact from currency movements.
- Interest rate changes should not affect Glomac much, due to minimal bank financing. Net gearing remains healthy at 0.38x as at Apr 2015.
- Glomac's relatively lower land costs would provide pricing and product flexibility, if price cuts are needed. Minimal capex requirement post the completion of Glo Damansara retail mall.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	472	753	718	682	798	761	723
Operating profit	152	174	165	157	190	181	172
Net profit	87	108	102	96	120	114	107
Free cash flow	(137)	(7)	1	10	32	27	21
Net debt (net cash)	357	396	386	377	397	392	387
RNAV (MYR)		1,463	1,411	1,361	1,463	1,411	1,361
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	152	174	174	174	190	190	190
Net profit	87	108	108	108	120	120	120
Free cash flow	(137)	(7)	(7)	(7)	32	32	32
Net debt (net cash)	357	396	396	396	397	397	397
RNAV (MYR)		1,463	1,463	1,463	1,463	1,463	1,463
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	152	174	174	174	190	190	190
Net profit	87	108	107	105	120	119	117
Free cash flow	(137)	(7)	(9)	(10)	32	31	29
Net debt (net cash)	357	396	397	398	397	400	402
RNAV (MYR)		1,463	1,463	1,463	1,463	1,463	1,463

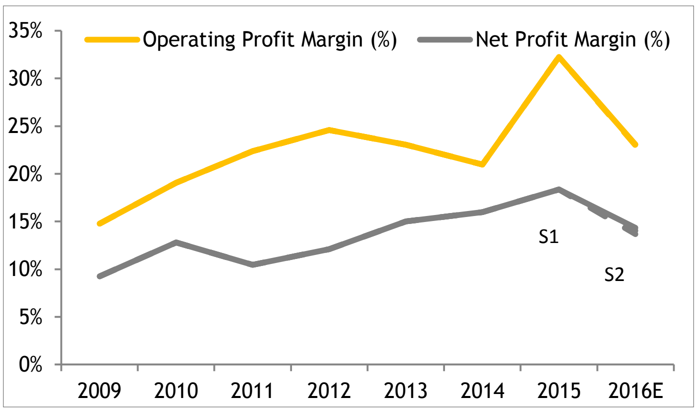
SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1		2016	2016 Scenario 2
MYRm		MKE Est	S1	S2	MKE Est	S3
Operating profit	152	174	165	157	190	172
Net profit	87	108	101	93	120	104
Free cash flow	(137)	(7)	(0)	7	32	18
Net debt (net cash)	357	396	388	379	397	391
RNAV (MYR m)		1,463	1,411	1,361		

Valuation	2014	2015	2015 Scenario 1		2016	2016 Scenario 2
		MKE Est	S1	S2	MKE Est	S3
PER (x)	7.0	5.7	6.1	6.1	5.1	5.9
EV/EBITDA (x)	5.9	4.5	4.7	4.7	4.2	4.6
P/FCF (x)	NM	NM	NM	NM	18.8	34.8
P/B (x)	0.65	0.60	0.60	0.60	0.56	0.57
Dividend yield (%)	5.0%	5.3%	4.9%	4.9%	5.9%	5.1%
P/RNAV (x)		0.42	0.43	0.45		

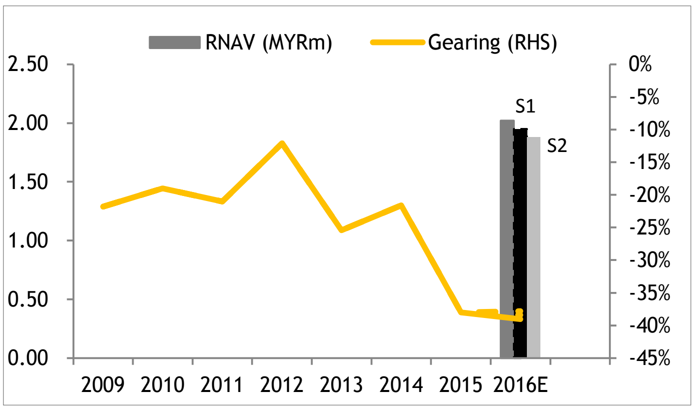
S1 denotes -5% revenue, -5% fx and +50 bps interest rate in 2015
S2 denotes -10% revenue, -10% fx and +100 bps interest rate in 2015
S3 denotes -10% revenue, -10% fx and +100 bps interest rate in 2016

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Guinness Anchor

(GUIN MK)

HOLD

Price	MYR 13.30
12m Price Target	MYR 14.00 (+5%)

RESILIENT

- Biggest impact on earnings to come from decline in revenue. A 10% decline in revenue will reduce earnings by 11% for FY15/16.
- Guinness Anchor's FX exposure would mainly come from contract manufacturing exports (1% of total sales) and the purchase of raw materials (less than half of its COGS (excluding duties).
- The company does not have foreign debt and the net currency effect, by our estimates, is immaterial.
- We maintain our capex assumptions as they reflect mainly maintenance capex and would likely not be impacted by softness in revenue
- With a strong cash generating business and minimal borrowings, a rise in interest rates would have a negligible impact on earnings.
- Key risk to the company would be of a further slowdown in domestic consumption, amid weaker economic conditions.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

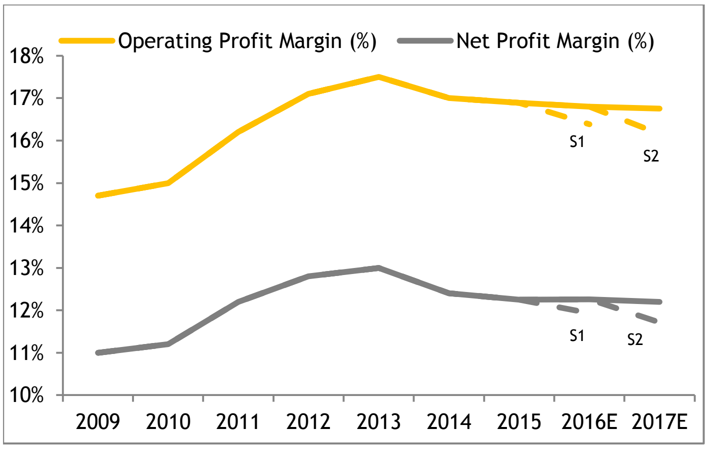
FY Jun MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,749	1,775	1,686	1,598	1,839	1,747	1,655.4
Operating profit	295	298	280	265	308	289	274.0
Net profit	214	218	204	193	224	211	199.3
Free cash flow	263	183	181	180	239	225	214.6
Net debt (net cash)	23	53	56	56	31	47	58.5
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.50	3.80	3.99	4.18	0.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	295	298	295	293	308	305	302
Net profit	214	218	215	214	224	222	220
Free cash flow	263	183	181	180	239	237	235
Net debt (net cash)	23	53	55	56	31	36	39
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.0%	3.5%	4.0%	3.0%	3.5%	4.0%
Operating profit	295	298	298	298	308	308	308
Net profit	214	218	217	217	224	224	224
Free cash flow	263	183	183	183	239	239	238
Net debt (net cash)	23	53	53	53	31	32	32

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	295	298	277	308	268
% Change			*-7%*		*-13%*
Net profit	214	218	201	224	194
% Change			*-7%*		*-14%*
Free cash flow	263	183	178	239	210
% Change			*-3%*		*-12%*
Net debt (net cash)	23	53	58	31	67

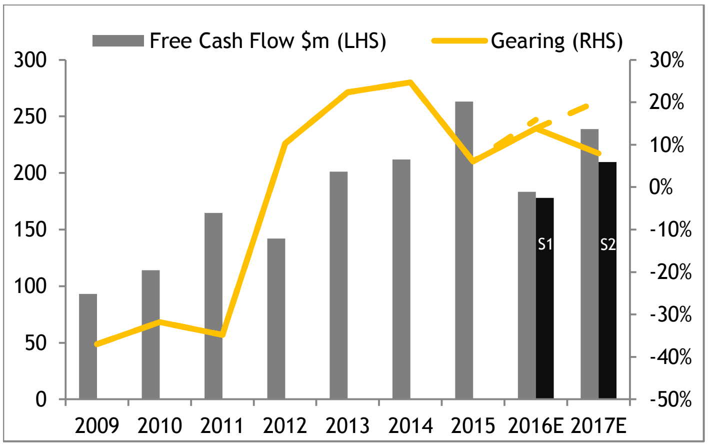
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	18.8	18.5	20.0	17.9	20.7
EV/EBITDA (x)	12.1	12.0	12.8	11.6	13.1
P/FCF (x)	15	21.9	22.6	16.8	19.2
P/B (x)	10.7	10.5	11.0	10.3	12.1
Dividend yield (%)	5.3%	5.4%	5.4%	5.6%	5.6%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Harbour-Link Group

(HALG MK)

BUY

Price	MYR 2.13
12m Price Target	MYR 3.65 (+71%)

RESILIENT

- Revenue declines of 5%/10% would reduce net profit by 11-20% and also reduce FCF by 5%/10%. Nevertheless, we believe that Harbour-Link is fairly shielded from a slowdown, given its niche position in East Malaysia.
- Currency movements will have minimal impact on Harbour-Link because its sales and costs are both in domestic currency.
- Interest rate changes should not affect the company much due to conservative balance sheet management. The company has minimal bank financing and is in a net cash position.
- Harbour-Link is poised to benefit from the construction upcycle in Sarawak with the imminent construction of the various hydro-dams and infrastructure projects.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

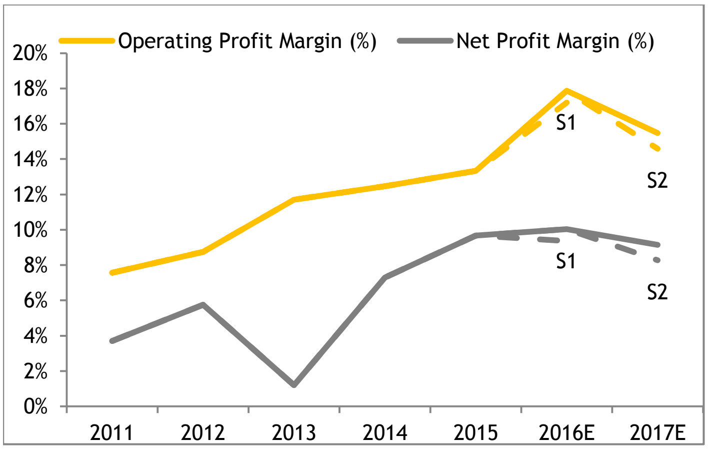
FY June MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	538	578	549	520	590	561	531
Operating profit	72	103	94	88	91	83	77
Net profit	52	58	51	47	54	48	44
Free cash flow	65	54	49	46	62	56	52
Net debt (net cash)	(10)	(48)	(45)	(43)	(96)	(88)	(83)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.60	3.70	3.89	4.07	3.70	3.89	4.07
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	72	103	103	103	91	91	91
Net profit	52	58	58	58	54	54	54
Free cash flow	65	54	54	54	62	62	62
Net debt (net cash)	(10)	(48)	(48)	(48)	(96)	(96)	(96)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.5%	6.0%	6.5%	5.5%	6.0%	6.5%
Operating profit	72	103	103	103	91	91	91
Net profit	52	58	58	58	54	54	54
Free cash flow	65	54	53	53	62	62	62
Net debt (net cash)	(10)	(48)	(48)	(48)	(96)	(96)	(96)

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2015 Scenario 1	2017	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	72	103	94	91	77
% Change			*-9%*		*-15%*
Net profit	52	58	51	54	44
% Change			*-11%*		*-19%*
Free cash flow	65	54	49	62	51
% Change			*-8%*		*-17%*
Net debt (net cash)	(10)	(48)	(45)	(96)	(83)

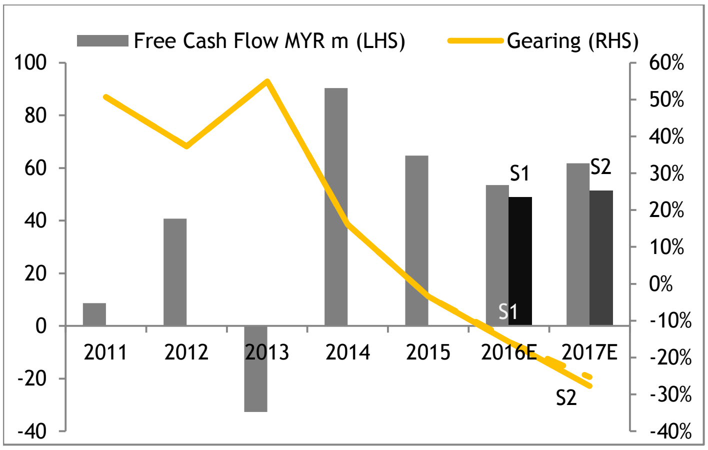
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
EV/EBITDA (x)	378	340	343	292	304
PER (x)	7.4	6.7	7.5	7.2	8.8
EV/EBITDA (x)	3.7	2.7	2.9	3.0	3.4
P/FCF (x)	6.0	7.2	7.9	6.3	7.5
P/B (x)	1.4	1.3	1.3	1.1	1.2
Dividend yield (%)	2.6%	3.0%	2.7%	2.8%	2.3%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Hartalega

(HART MK)

HOLD

Price	MYR 8.39
12m Price Target	MYR 8.50 (+1%)

RESILIENT

- The biggest impact on earnings/FCF would come from a fall in revenue with a decrease of 5%/10% negatively impacting net profit by 10-18%. Nevertheless, though the lower free cash flow could lead to higher net debt requirements, Hartalega's balance sheet would still be very healthy.
- Hartalega is a net beneficiary of a stronger USD/MYR as almost all of its sales are in USD, while half of its total cost (for raw material) is in USD. It does not have any foreign debt.
- Interest rate changes should not affect the company much due to conservative balance sheet management. The company has minimal bank financing and is in a net cash position.
- What is positive is that Hartalega operates in a fairly resilient sector with stable global demand growth. We expect earnings growth to pick up the pace in 2016 once its new capacity at Plant 1 and 2 commence operations fully.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

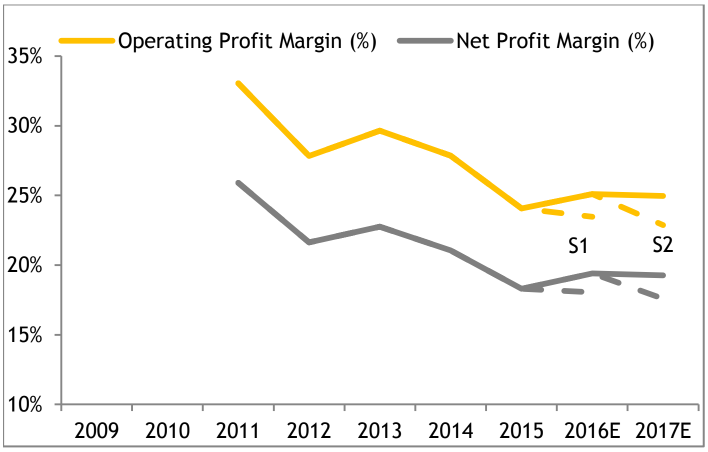
FY Mar MYR m	2015	2016			2017		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,146	1,426	1,355	1,283	1,696	1,611	1,498
Operating profit	276	358	324	295	423	383	356
Net profit	210	277	250	227	327	295	275
Free cash flow	(219)	50	24	14	108	77	72
Net debt (net cash)	(64)	(64)	(49)	(33)	(29)	4	4
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.35	3.60	3.78	3.96	3.50	3.68	3.85
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	276	358	368	379	423	436	449
Net profit	210	277	284	292	327	336	346
Free cash flow	(219)	50	58	65	108	116	123
Net debt (net cash)	(64)	(64)	(70)	(75)	(29)	(32)	(38)
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		2.9%	3.4%	3.9%	2.9%	3.4%	3.9%
Operating profit	276	358	358	358	423	423	423
Net profit	210	277	276	277	327	327	327
Free cash flow	(219)	50	50	50	108	108	108
Net debt (net cash)	(64)	(64)	(64)	(64)	(29)	(29)	(29)

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	276	358	335	423	381
% Change			*-6%*		*-10%*
Net profit	210	277	257	327	293
% Change			*-7%*		*-10%*
Free cash flow	(219)	50	31	108	87
% Change			*-38%*		*-20%*
Net debt (net cash)	(64)	(64)	(54)	(29)	(5)

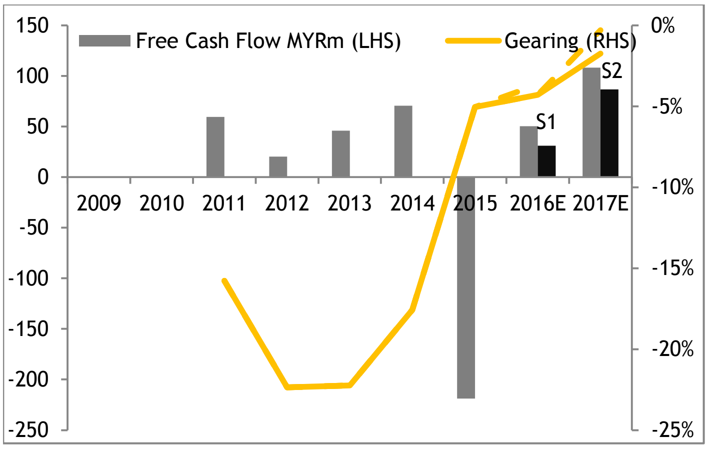
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	31.1	23.6	25.3	19.9	22.2
EV/EBITDA (x)	20.1	15.3	16.2	12.8	14.2
P/FCF (x)	NM	NM	NM	NM	NM
P/B (x)	5.1	4.4	4.4	3.9	4.2
Dividend yield (%)	1.4%	1.9%	1.7%	2.2%	2.0%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Hock Seng Lee
(HSL MK)

BUY

Price	MYR 1.69
12m Price Target	MYR 2.15 (+27%)

RESILIENT

- The biggest impact on earnings/FCF would come from revenues. A 10% cut in revenue would impact earnings by a moderate 10%. Key risk is the slower than expected replenishment of its construction order book.
- Nevertheless, we think the risk is low given the robust Sarawak construction industry and its strong outstanding order book of 1.5x trailing annual revenue.
- HSL is in a net cash position and it does not have any foreign currency exposure.
- HSL operates in a niche market with a strong leadership position. This bodes well for its order book replenishment efforts.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

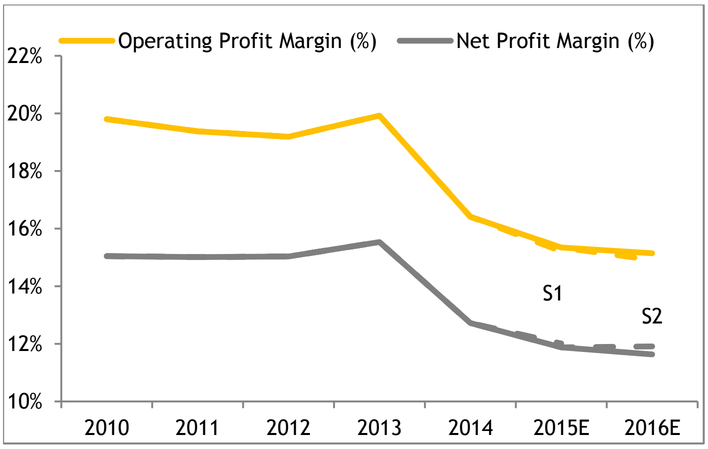
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	605	650	618	585	805	764	724
Operating profit	99	100	94	88	122	115	108
Net profit	77	77	73	69	94	88	83
Free cash flow	(4)	240	232	223	102	96	89
Net debt (net cash)	(154)	(372)	(364)	(356)	(451)	(437)	(423)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	2.80	2.94	3.08	2.85	2.99	3.14
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	99	100	100	100	122	122	122
Net profit	77	77	77	77	94	94	94
Free cash flow	(4)	240	240	240	102	102	102
Net debt (net cash)	(154)	(372)	(372)	(372)	(451)	(451)	(451)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		1.0%	1.5%	2.0%	0.8%	1.3%	1.8%
Operating profit	99	100	100	100	122	122	122
Net profit	77	77	79	80	94	95	97
Free cash flow	(4)	240	240	240	102	102	101
Net debt (net cash)	(154)	(372)	(374)	(375)	(451)	(453)	(455)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	99	100	94	122	108
% Change			*-6%*		*-11%*
Net profit	77	77	74	94	86
% Change			*-4%*		*-8%*
Free cash flow	(4)	240	231	102	88
% Change			*-4%*		*-14%*
Net debt (net cash)	(154)	(372)	(365)	(451)	(427)

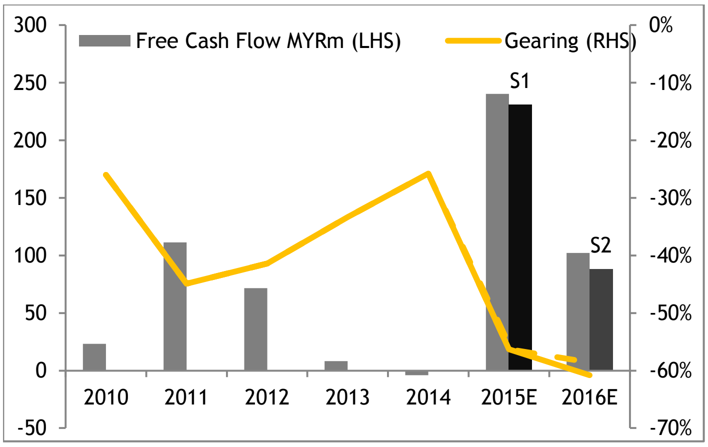
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	12.1	12.0	12.5	9.9	10.8
EV/EBITDA (x)	5.1	5.0	5.3	4.2	4.6
P/FCF (x)	NM	3.9	4.0	9.1	10.5
P/B (x)	1.6	1.4	1.4	1.3	1.3
Dividend yield (%)	1.7%	1.2%	1.2%	1.5%	1.4%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Icon Offshore

(ICON MK)

SELL

Price	MYR 0.32
12m Price Target	MYR 0.25 (-22%)

VULNERABLE

- As an OSV operator, revenue declines {i.e. lower daily charter rates (DCRs) and vessel utilisation} would directly impact earnings, since the operating cost per vessel is generally fixed. Early OSV termination is the single largest risk to Icon in a down-cycle.
- Based on the current market DCR of USD1.20-1.30/bhp (-18-30% YoY) for a 5k bhp AHTS, Icon needs to achieve high OSV utilisation just to break even. Icon will have to cut future capex and further delay its vessel deliveries to preserve cash flows in a downturn.
- Currency movements have no impact to its financials. OSV contracts and borrowings are in MYR. Interest rates have moderate impact to earnings.
- We see further vulnerability to earnings should its OSV utilisation hit below 50% (1H15' OSV utilisation: 61%).

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

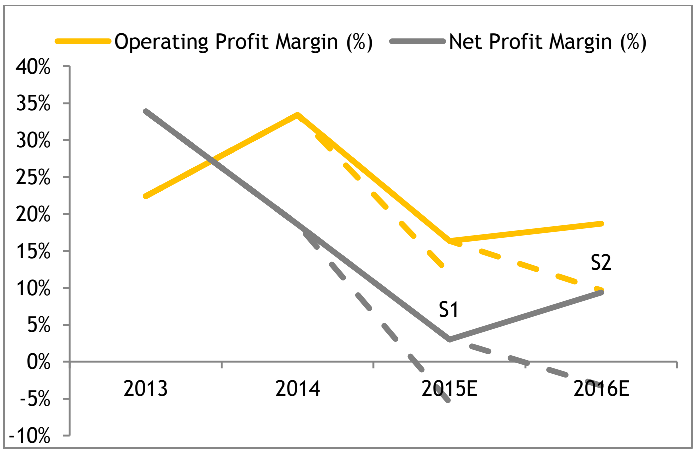
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	319	276	262	248	296	281	266
Operating profit	107	45	31	18	55	41	26
Net profit	59	8	(6)	(19)	28	13	(2)
Free cash flow	(72)	(47)	(58)	(69)	(6)	50	35
Net debt (net cash)	594	641	652	663	477	503	528
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.30	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	107	45	45	45	55	55	55
Net profit	59	8	8	8	28	28	28
Free cash flow	(72)	(47)	(47)	(47)	(6)	(6)	(6)
Net debt (net cash)	594	641	641	641	477	477	477
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		4.1%	4.6%	5.1%	4.1%	4.6%	5.1%
Operating profit	107	45	45	45	55	55	55
Net profit	59	8	(1)	(9)	28	24	21
Free cash flow	(72)	(47)	(56)	(65)	(6	(11)	(16)
Net debt (net cash)	594	641	650	659	647	684	696

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	107	45	31	55	26
% Change			*-31%*		*-53%*
Net profit	59	8	(14)	28	(9)
% Change			*NM*		*NM*
Free cash flow	(72)	(47)	(67)	(6)	25
% Change			*-43%*		*NM*
Net debt (net cash)	594	641	661	477	577

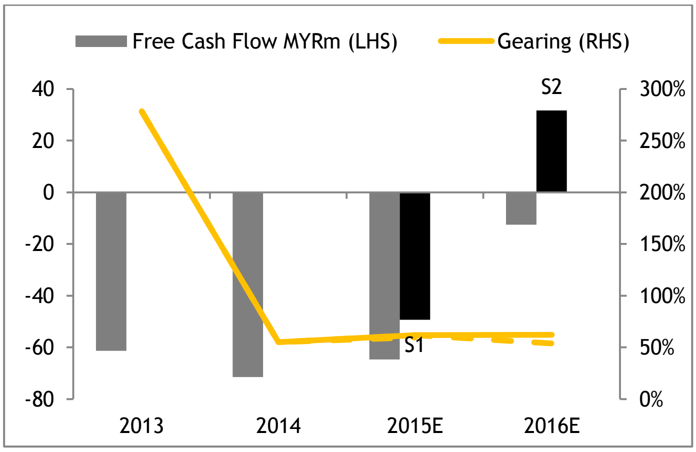
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	6.3	45.4	NM	13.6	NM
EV/EBITDA (x)	5.8	8.3	9.4	8.0	10.5
P/FCF (x)	NM	NM	NM	NM	15.1
P/B (x)	0.3	0.4	0.3	0.3	0.4
Dividend yield (%)	-	-	-	-	-

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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IJM Corporation

(IJM MK)

BUY

Price	MYR 6.23
12m Price Target	MYR 7.80 (+25%)

RESILIENT

- Biggest impact on earnings to come from FX. A 10% FX depreciation in FY16 will reduce earnings by 35% but it is just unrealised FX losses with no impact on FCF.
- Potential downside to earnings could be from: i) slow construction order book replenishment; ii) weak property sales and; iii) lower CPO price.
- Nevertheless, earnings will be underpinned by its massive construction order book of MYR6.8b (3.9x trailing revenue).
- About 13% of its revenue is from overseas and mainly India and Indonesia. Roughly 33% of its total debt is in foreign currency, thus there is a meaningful impact to earnings from FX movements.
- The bulk of its debt is on floating interest rates. Actual impact of the interest rate changes could be smaller as the company uses derivatives to hedge its interest rate exposure.
- Its diversified earnings base mitigates risk of a slowdown in certain industries, particularly since it has much visibility in its existing order book.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

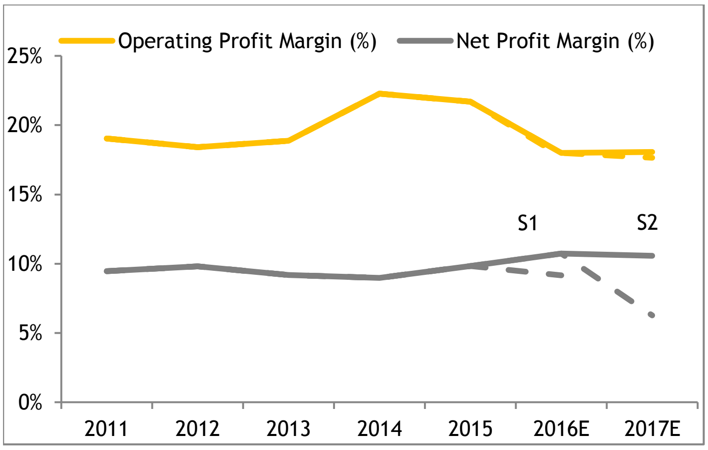
FY Mar MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	5,448	6,372	6,053	5,734	7,168	6,810	6,451
Operating profit	1,182	1,146	1,076	1,005	1,295	1,216	1,138
Net profit	536	684	637	591	758	707	656
Free cash flow	261	1,052	1,061	1,071	757	707	658
Net debt (net cash)	4,329	3,457	3,484	3,476	2,987	3,100	3,143
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	623	540	540	540	526	526	526
Operating profit	1,182	1,146	1,146	1,146	1,295	1,295	1,295
Net profit	536	684	607	445	758	681	519
Free cash flow	261	1,052	1,052	1,052	757	757	757
Net debt (net cash)	4,329	3,457	3,534	3,696	2,987	3,064	3,225
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.3%	4.8%	5.3%	4.8%	5.3%	5.8%
Operating profit	1,182	1,146	1,146	1,146	1,295	1,295	1,295
Net profit	536	684	677	671	758	751	745
Free cash flow	261	1,052	1,055	1,059	757	761	765
Net debt (net cash)	4,329	3,457	3,462	3,467	2,987	2,996	3,006

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,182	1,146	1,076	1,295	1,138
% Change			*-6%*		*-12%*
Net profit	536	684	554	758	405
% Change			*-19%*		*-47%*
Free cash flow	261	1,052	1,065	757	666
% Change			*1%*		*-12%*
Net debt (net cash)	4,329	3,457	3,566	2,987	3,400

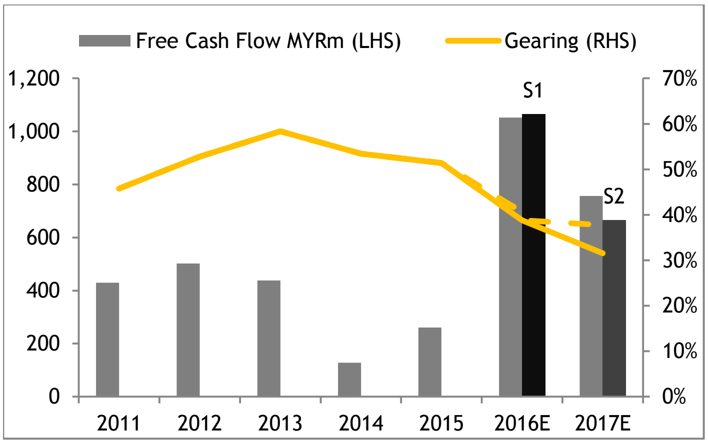
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	20.7	16.3	20.1	14.7	27.5
EV/EBITDA (x)	10.1	10.3	10.9	9.3	10.3
P/FCF (x)	43	10.6	10.4	14.7	16.7
P/B (x)	1.3	1.2	1.3	1.2	1.2
Dividend yield (%)	1.5%	1.8%	1.8%	1.8%	1.8%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Inari Amertron

(INRI MK)

BUY

Price MYR 3.27

12m Price Target MYR 4.35 (+33%)

RESILIENT

- Biggest impact on earnings to come from revenue. A 10% cut in revenue would reduce FY16/17 earnings by a manageable 9-10%.
- The rising adoption of faster cellular network (i.e. 3G to LTE) worldwide will continue to drive the value of radio frequency (RF) content in smart devices. As a key EMS player to Avago in the RF segment, Inari has yet to see any demand slowdown for its services.
- About 90%/70% of Inari's revenue/COGS are denominated in USD, as such, the weakening of MYR against USD is a net positive to Inari's earnings.
- An interest rate hike is positive to Inari, given its substantial net cash war chest of MYR191m as at end-FY15.
- Inari's key client, Avago, which accounts for >80% of group revenue has yet to see a slowdown for its products (i.e. RF modules, fibre-optic transceivers), which power smart devices for faster cellular network and faster transmission of data across servers.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

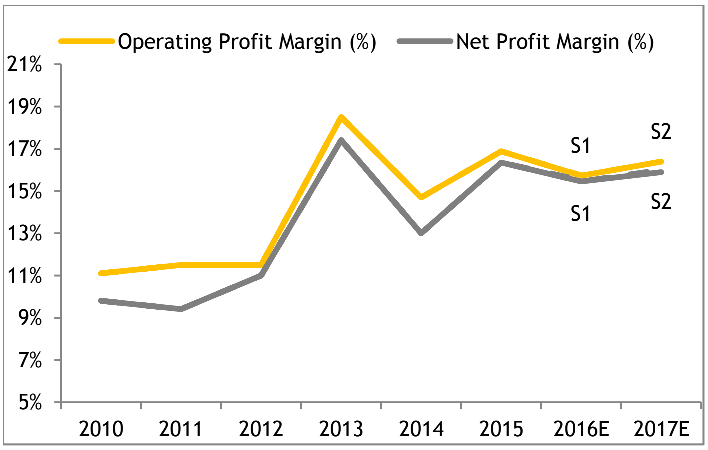
FY Jun MYR m	2015	2016			2017		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	933	1,270	1,206	1,143	1,322	1,256	1,190
Operating profit	157	200	190	181	217	206	196
Net profit	153	196	187	177	210	200	190
Free cash flow	115	11	17	22	226	217	208
Net debt (net cash)	(191)	(123)	(132)	(142)	(266)	(269)	(273)
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.27	3.85	4.04	4.24	3.85	4.04	4.24
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	157	200	208	217	217	226	235
Net profit	153	196	205	213	210	219	227
Free cash flow	115	11	6	2	226	235	244
Net debt (net cash)	(191)	(123)	(115)	(107)	(266)	(263)	(259)
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	157	200	200	200	217	217	217
Net profit	153	196	197	198	210	211	211
Free cash flow	115	11	12	13	226	227	228
Net debt (net cash)	(191)	(123)	(124)	(125)	(266)	(267)	(268)

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	157	200	199	217	214
% Change			*0%*		*-1%*
Net profit	153	196	196	210	209
% Change			*0%*		*-1%*
Free cash flow	115	11	13	226	226
% Change			*13%*		*0%*
Net debt (net cash)	(191)	(123)	(125)	(266)	(269)

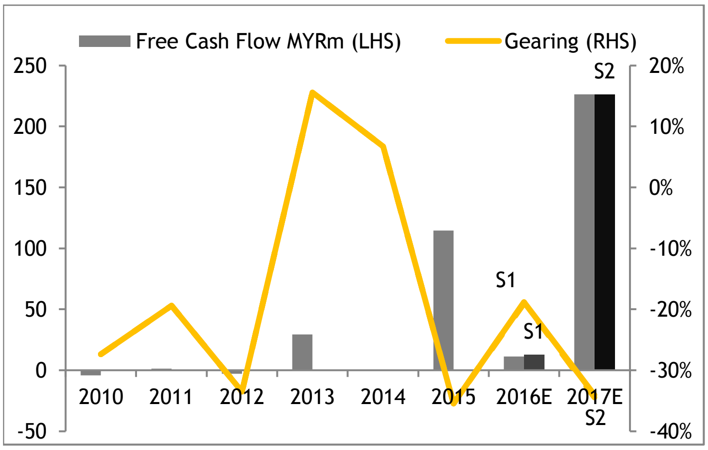
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	16.0	12.4	12.4	11.6	11.7
EV/EBITDA (x)	12.1	9.4	9.4	8.0	8.1
P/FCF (x)	21	NM	NM	10.8	10.8
P/B (x)	4.5	3.7	3.7	3.1	3.1
Dividend yield (%)	2.5%	3.2%	3.2%	3.4%	3.4%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH & GEARING



Source: Maybank Kim Eng

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IOI Corporation

(IOI MK)

HOLD

Price	MYR 3.90
12m Price Target	MYR 3.97 (+2%)

VULNERABLE

- Profitability is sensitive to CPO ASP and FX movements, and in particular the latter. For every 10% drop in CPO ASP we expect 18-19% drop in 2016-17 pretax profit.
- IOI has ~MYR6.2b (or ~USD1.7b) of debt denominated in USD, which represents about 94% of its total group debt.
- For every 10% depreciation in the MYR, IOI is estimated to record MYR418m in unrealised forex translation losses, or 30% drop in pretax profit.
- Although FY15 net gearing appears high at 93%, this is not a major concern to IOI as it has not revalued it assets. Besides, IOI is one of the lowest cost producers in the region.
- On the FX impact on operation, a depreciation of MYR is traditionally positive for earnings but this round, this has been offset by declining CPO price in USD terms.
- Relatively more resilient to near-term interest rate volatility as ~44% of total debt is fixed rate.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

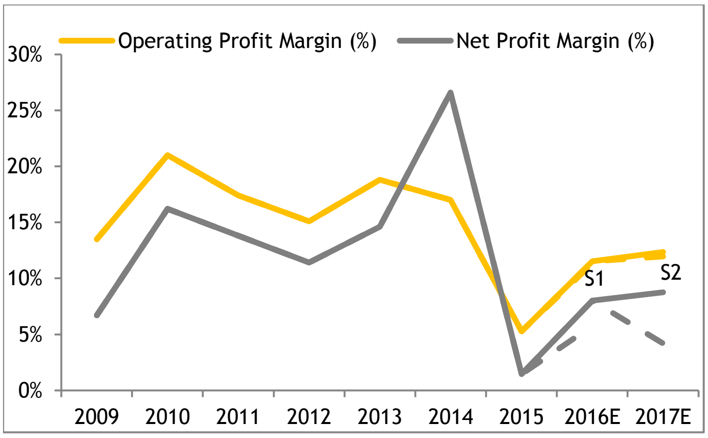
FY Jun MYR m	2015	2016			2017		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	11,621	11,577	10,732	9,916	12,211	11,315	10,450
Operating profit	612	1,334	1,216	1,099	1,508	1,378	1,249
Net profit	168	928	841	755	1,069	975	881
Free cash flow	901	942	1,017	1,087	949	1,024	1,095
Net debt (net cash)	4,860	4,556	4,438	4,325	4,296	4,173	4,056
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.46	3.90	4.10	4.29	3.85	4.04	4.24
Size of FX debt (in USD)	1,656	1,656	1,656	1,656	1,656	1,656	1,656
Operating profit	612	1,334	1,334	1,334	1,508	1,508	1,508
Net profit	168	928	720	509	1,069	861	651
Free cash flow	901	942	942	942	949	949	949
Net debt (net cash)	4,860	4,556	4,660	4,765	4,296	4,400	4,505
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		4.2%	4.7%	5.2%	4.2%	4.7%	5.2%
Operating profit	612	1,334	1,334	1,334	1,508	1,508	1,508
Net profit	168	928	914	901	1,069	1,056	1,044
Free cash flow	901	942	947	951	949	953	957
Net debt (net cash)	4,860	4,556	4,563	4,570	4,296	4,303	4,309

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	612	1,334	1,216	1,508	1,249
% Change			*-9%*		*-17%*
Net profit	168	928	619	1,069	437
% Change			*-33%*		*-59%*
Free cash flow	901	942	1,021	949	1,103
% Change			*8%*		*16%*
Net debt (net cash)	4,860	4,556	4,549	4,296	4,278

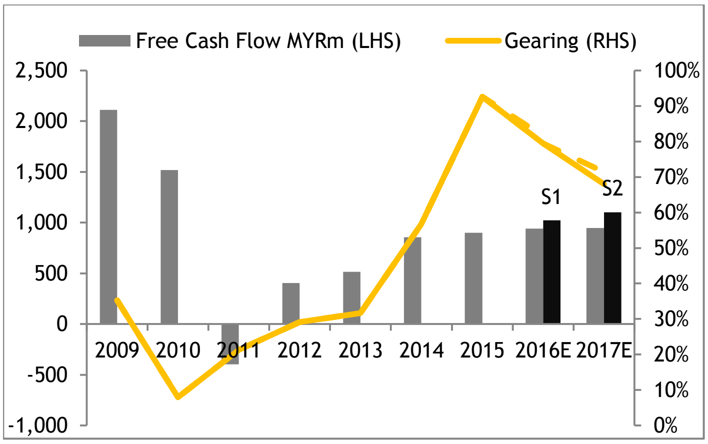
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	NM	26.6	39.8	23.0	56.3
EV/EBITDA (x)	34.5	18.5	20.0	16.6	19.4
P/FCF (x)	27	26.1	24.1	26.0	22.3
P/B (x)	4.7	4.3	4.4	3.9	4.1
Dividend yield (%)	2.4%	1.9%	1.3%	2.2%	0.9%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Kimlun Bhd

(KICB MK)

HOLD

Price	MYR 1.15
12m Price Target	MYR 1.20 (+4%)

RESILIENT

- A 10% cut in revenue would impact net profit by 11-17% under S2. Potential earnings downside could be due to slower-than-expected replenishment of its construction and manufacturing order book.
- Although manufacturing orders could be boosted by rail projects in 2016, Kimlun's construction order book outlook is lacklustre due to the slow property market in Johor.
- Kimlun has a small portion of SGD debt but this is matched by a portion of its precast concrete sales, which are in SGD (~20%).
- The manufacturing division remains resilient but we are cautious on the construction division's significant exposure to the slowing property market in Johor.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

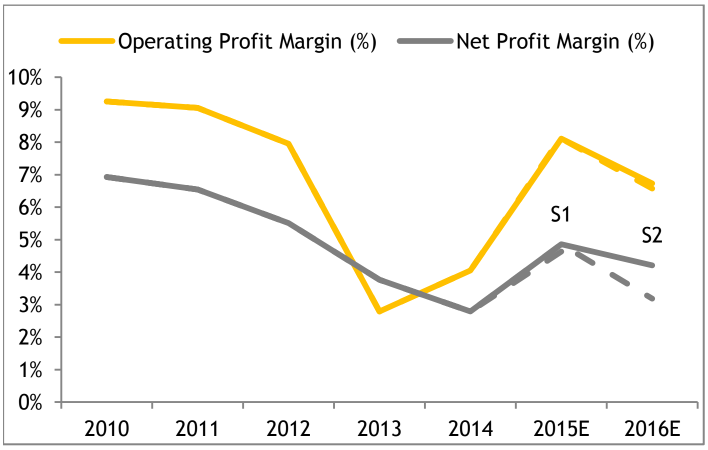
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,220	1,007	956	906	865	822	779
Operating profit	49	82	78	74	58	54	50
Net profit	34	49	46	43	36	33	30
Free cash flow	64	104	113	122	71	66	61
Net debt (net cash)	93	10	-	(9)	(43)	(49)	(54)
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.30	2.80	2.94	3.08	2.85	2.99	3.14
Size of FX debt (in USD)	10	12	12	12	12	12	12
Operating profit	49	82	82	83	58	59	60
Net profit	34	49	48	45	36	35	33
Free cash flow	64	104	104	104	71	72	72
Net debt (net cash)	93	10	12	16	(43)	(41)	(38)
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption	4.6%	4.6%	5.1%	5.6%	4.6%	5.1%	5.6%
Operating profit	49	82	82	82	58	58	58
Net profit	34	49	48	48	36	36	35
Free cash flow	64	104	105	105	71	71	72
Net debt (net cash)	93	10	10	11	(43)	(42)	(41)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	49	82	78	58	52
% Change			*-4%*		*-11%*
Net profit	34	49	45	36	25
% Change			*-9%*		*-31%*
Free cash flow	64	104	114	71	63
% Change			*9%*		*-11%*
Net debt (net cash)	93	10	3	(43)	(47)

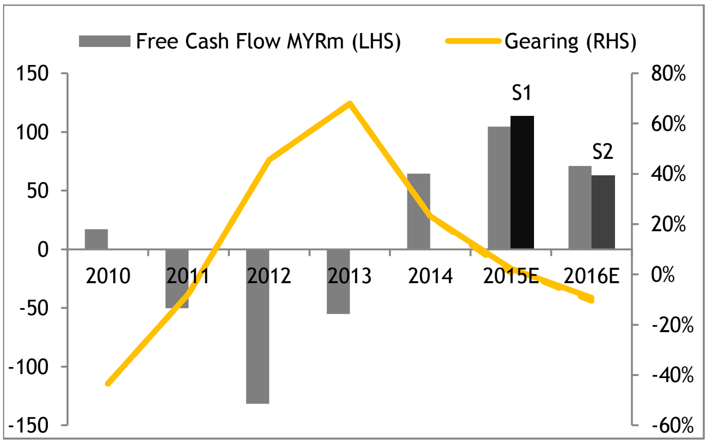
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	10.1	7.1	7.8	9.5	13.8
EV/EBITDA (x)	4.8	3.4	3.5	4.2	4.6
P/FCF (x)	5	3.3	3.0	4.9	5.5
P/B (x)	0.9	0.8	0.8	0.7	0.8
Dividend yield (%)	3.0%	3.8%	NM	2.8%	NM

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Kossan Rubber Industries

(KRI MK)

BUY

Price	MYR 7.28
12m Price Target	MYR 8.30 (+14%)

RESILIENT

- Revenue declines of 5% /10% could negatively impact Kossan's net profit by 11-20%. While the lower free cashflow could lead to higher debt, its balance sheet would still be healthy with a net gearing of just 14% under S2.
- Kossan is a net beneficiary of a stronger USD/MYR as almost all of its sales are denominated in USD while half of its production cost (for raw material) is in USD. It does not have any foreign debts.
- Interest rate changes should not affect Kossan much, due to minimal bank financing, low interest income and a substantial cash hoard. This reflects conservative balance-sheet management.
- What is positive is that Kossan operates in a fairly resilient sector with stable global demand growth. We see robust earnings growth ahead with the recent commencement of its new capacity.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

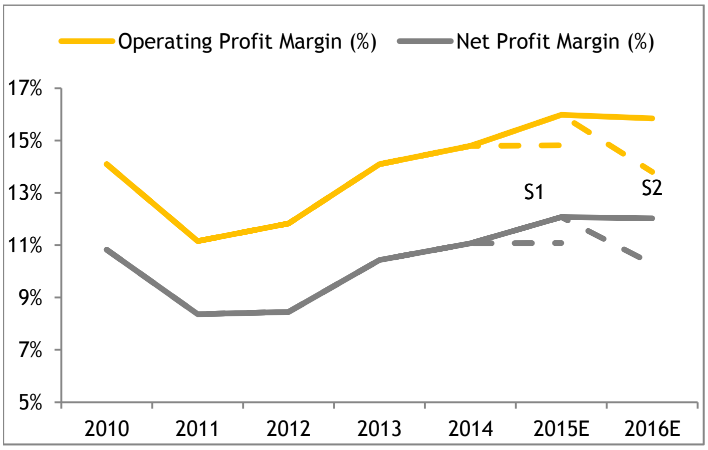
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,299	1,713	1,627	1,541	1,909	1,803	1,698
Operating profit	192	274	246	221	303	271	243
Net profit	144	207	185	166	230	204	183
Free cash flow	(17)	62	44	26	164	143	126
Net debt (net cash)	90	108	126	144	43	58	76
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.70	3.89	4.07	3.70	3.89	4.07
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	192	274	284	294	303	314	325
Net profit	144	207	215	223	230	238	247
Free cash flow	(17)	62	66	70	164	170	177
Net debt (net cash)	90	108	100	95	43	42	41
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		6.2%	6.7%	7.2%	6.2%	6.7%	7.2%
Operating profit	192	274	272	269	303	301	298
Net profit	144	207	204	201	230	227	224
Free cash flow	(17)	62	61	58	164	162	159
Net debt (net cash)	90	108	110	112	43	46	48

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	192	274	254	303	261
% Change			*-7%*		*-14%*
Net profit	144	207	190	230	194
% Change			*-8%*		*-15%*
Free cash flow	(17)	62	46	164	135
% Change			*-26%*		*-18%*
Net debt (net cash)	90	108	121	43	80

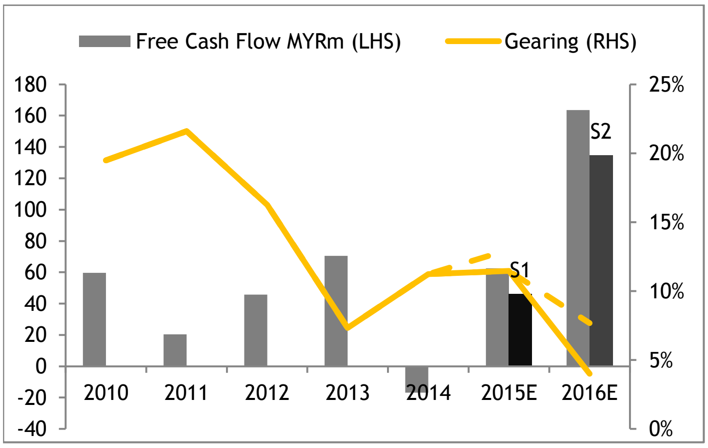
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	32.4	22.5	24.5	20.3	24.0
EV/EBITDA (x)	19.2	14.1	15.0	12.8	14.4
P/FCF (x)	NM	74.6	100.8	28.5	34.6
P/B (x)	5.8	5.0	5.0	4.3	4.5
Dividend yield (%)	1.0%	1.6%	1.4%	2.0%	1.6%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Kuala Lumpur Kepong

(KLK MK)

HOLD

Price MYR 20.92

12m Price Target MYR 22.24 (+6%)

RESILIENT

- Profitability is sensitive to CPO price decline as every 10% decrease in CPO price translates to 19-21% drop in 2015-16 pretax profits.
- KLK has 33% of its MYR2.9b debt in foreign currencies (namely USD). But these are well matched against revenue in foreign subsidiaries and hence we expect immaterial unrealised forex translation losses.
- On the FX impact to operations, a depreciating MYR is traditionally positive to earnings but this time, it has been offset by declining CPO price in USD terms.
- Not subject to near term interest rate volatility as 70% of its total debt are on fixed rates. Furthermore, its net gearing is low at 20% (2014).

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

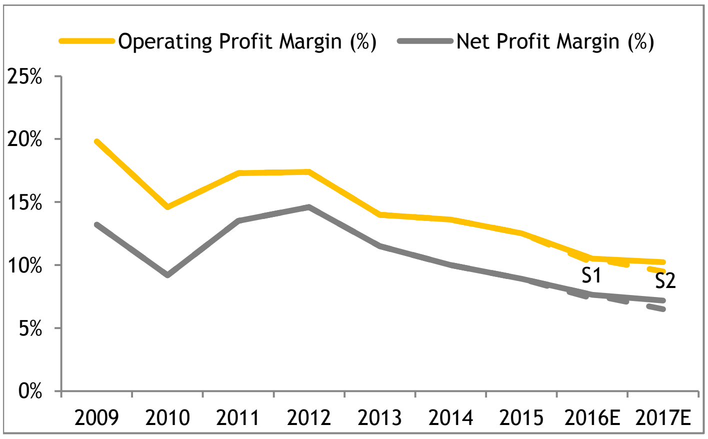
FY Sep MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	11,130	11,002	10,281	9,580	12,075	11,275	10,498
Operating profit	1,392	1,155	1,048	943	1,236	1,116	997
Net profit	992	841	760	680	869	778	687
Free cash flow	(414)	368	419	467	707	762	814
Net debt (net cash)	1,615	1,790	1,691	1,595	1,644	1,534	1,429
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.23	3.65	3.83	4.02	3.90	4.10	4.29
Size of FX debt (in USD)	139	139	139	139	139	139	139
Operating profit	1,392	1,155	1,155	1,155	1,236	1,236	1,236
Net profit	992	841	841	841	869	869	869
Free cash flow	(414)	368	368	368	707	707	707
Net debt (net cash)	1,615	1,790	1,790	1,790	1,644	1,644	1,644
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.5%	4.0%	4.5%	3.5%	4.0%	4.5%
Operating profit	1,392	1,155	1,155	1,155	1,236	1,236	1,236
Net profit	992	841	838	835	869	865	862
Free cash flow	(414)	368	369	370	707	708	709
Net debt (net cash)	1,615	1,790	1,791	1,793	1,644	1,645	1,647

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,392	1,155	1,048	1,236	997
% Change			*-9%*		*-19%*
Net profit	992	841	757	869	681
% Change			*-10%*		*-22%*
Free cash flow	(414)	368	420	707	816
% Change			*14%*		*15%*
Net debt (net cash)	1,615	1,790	1,692	1,644	1,431

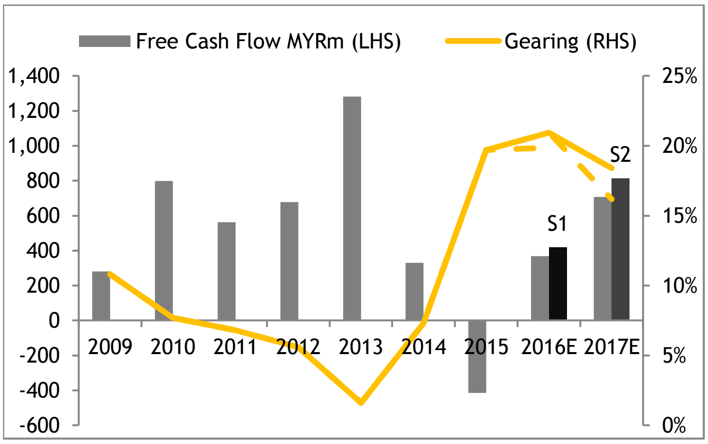
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	22.5	26.5	29.4	25.7	32.7
EV/EBITDA (x)	13.9	16.0	17.3	14.9	17.4
P/FCF (x)	NM	60.5	53.0	31.5	27.3
P/B (x)	2.7	2.6	2.6	2.5	2.5
Dividend yield (%)	2.6%	2.3%	2.0%	2.3%	1.8%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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KNM Group

(KNMG MK)

BUY

Price MYR 0.47

12m Price Target MYR 1.00 (+113%)

RESILIENT

- Every 1% fall in revenue will see net profit decline by 2%. There is margin pressure going forward as customers cut rates in a downturn but this should be partially offset by higher value works secured. Capex is low, for maintenance purposes.
- Its biggest currency exposure is to the EUR and USD, which account for 90%-95% of revenue. However, currency movements would have minimal impact to financials. Its USD/Euro exposures in revenue and COGS are largely aligned, thus providing a natural hedge.
- Interest rates changes have minimal effect to its financials. Net gearing level has been falling since 2011 and is now <30%. This reflects balance-sheet discipline.
- KNM is resilient in our analysis. Overall, it is remodelling its business from a cyclical, order-driven entity into a steady earnings/ cash flow enterprise via ventures into renewable energy operations. A successful transformation is a re-rating catalyst.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

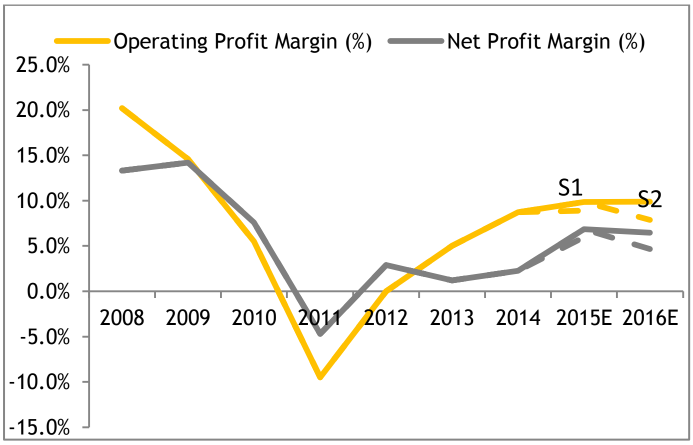
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,865	1,862	1,769	1,676	2,067	1,963	1,860
Operating profit	162	184	165	146	204	182	161
Net profit	42	128	113	99	133	117	101
Free cash flow	35	158	151	144	138	130	121
Net debt (net cash)	581	423	430	437	284	293	301
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	55	52	52	52	49	49	49
Operating profit	162	184	185	186	204	205	206
Net profit	42	128	128	129	133	134	135
Free cash flow	35	158	152	146	138	132	126
Net debt (net cash)	581	423	429	435	284	290	297
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	162	184	184	184	204	204	204
Net profit	42	128	125	122	133	130	127
Free cash flow	35	158	155	153	138	135	132
Net debt (net cash)	581	423	425	428	284	290	296

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	162	184	166	204	163
% Change			*-10%*		*-20%*
Net profit	42	128	111	133	96
% Change			*-13%*		*-28%*
Free cash flow	35	158	142	138	103
% Change			*-10%*		*-25%*
Net debt (net cash)	581	423	439	284	325

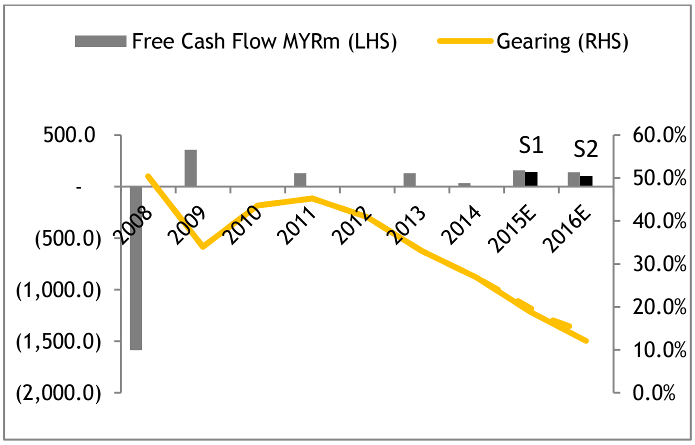
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	18.4	6.1	7.0	5.8	8.1
EV/EBITDA (x)	5.8	5.2	5.7	4.8	5.7
P/FCF (x)	22	4.9	5.5	5.6	7.5
P/B (x)	0.4	0.3	0.3	0.3	0.3
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Lingkaran Trans Kota

(LTK MK)

BUY

Price	MYR 5.16
12m Price Target	MYR 4.90 (-5%)

RESILIENT

- A 10% decline in revenue results in a moderate 12-13% decline in earnings. Nevertheless, traffic volumes at its highways are expected to remain resilient, supported by population growth.
- Cash flow risk could be induced by delays in compensation for lower toll rates from the government.
- Despite its high gearing, it has no major interest rate risk as all its debts are fixed rate.
- Litrak has no foreign currency exposure.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

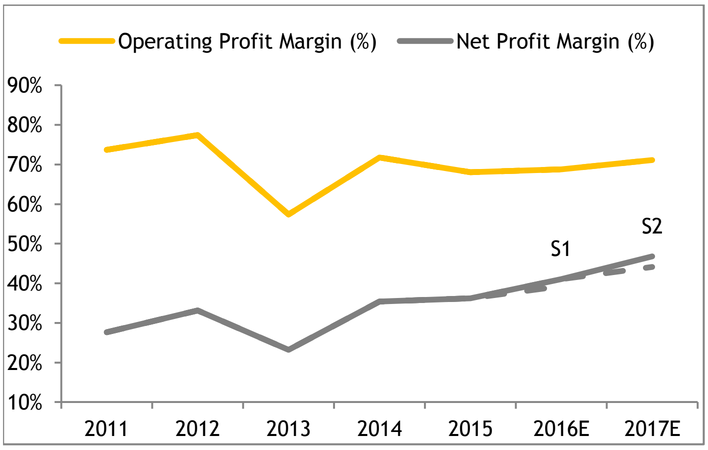
FY Mar MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	381	422	401	380	556	528	500
Operating profit	259	290	276	261	395	375	356
Net profit	138	173	162	151	260	245	229
Free cash flow	258	289	273	256	387	365	343
Net debt (net cash)	954	894	903	911	758	777	795
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	259	290	290	290	395	395	395
Net profit	138	173	173	173	260	260	260
Free cash flow	258	289	289	289	387	387	387
Net debt (net cash)	954	894	894	894	758	758	758
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		6.3%	6.8%	7.3%	6.5%	7.0%	7.5%
Operating profit	259	290	290	290	395	395	395
Net profit	138	173	168	164	260	255	251
Free cash flow	258	289	291	292	387	389	390
Net debt (net cash)	954	894	896	898	758	762	765

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	259	290	276	395	356
% Change			*-5%*		*-10%*
Net profit	138	173	157	260	220
% Change			*-9%*		*-15%*
Free cash flow	258	289	274	387	346
% Change			*-5%*		*-11%*
Net debt (net cash)	954	894	905	758	802

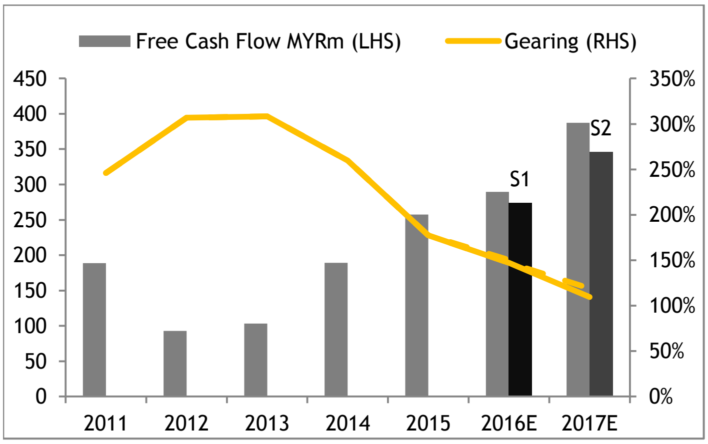
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	19.5	15.5	17.0	10.3	12.2
EV/EBITDA (x)	11.1	10.1	10.6	7.4	8.2
P/FCF (x)	10	9.3	9.8	6.9	7.8
P/B (x)	5.0	4.4	4.5	3.9	4.0
Dividend yield (%)	3.8%	3.8%	3.4%	6.5%	5.4%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Magnum Berhad

(MAG MK)

HOLD

Price	MYR 2.61
12m Price Target	MYR 2.75 (+5%)

RESILIENT

- Revenue declines of 5% /10% should not have any major impact on earnings as >90% of its expenses are variable on revenue (e.g. gaming tax, betting duty, commission, prize payout, royalty, GST).
- Effectively all its revenue and expenses are denominated in MYR. Therefore, Magnum is not subject to any fluctuations in the MYR against other foreign currencies.
- Its borrowings are in the form of fixed interest rate MYR medium term notes. Even if the interest rates on the medium term notes were raised by 100bps, our earnings estimates would be trimmed by <MYR7m.
- More critically, Magnum would still generate enough cash to pay dividends of 15sen p.a. even under S2. Therefore, we would rate Magnum as very resilient.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

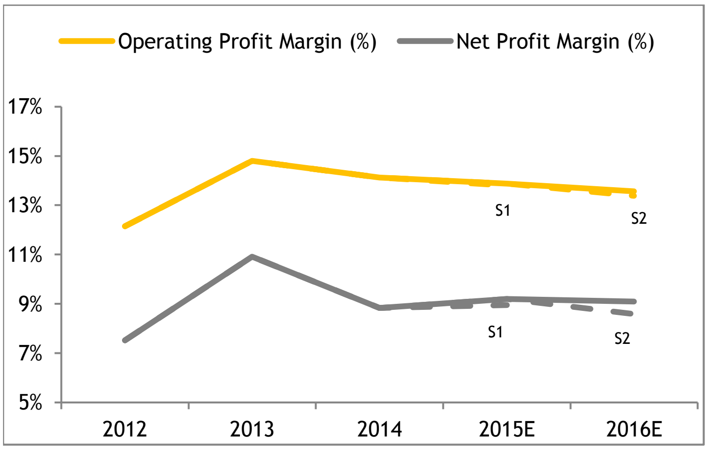
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	2,887	2,829	2,685	2,540	2,885	2,738	2,591
Operating profit	408	393	370	348	391	369	347
Net profit	255	260	244	227	262	246	229
Free cash flow	374	294	270	246	300	283	267
Net debt (net cash)	529	482	506	530	427	468	508
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	5.39	5.40	5.67	5.94	5.40	5.67	5.94
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	408	393	393	393	391	391	391
Net profit	255	260	260	260	262	262	262
Free cash flow	374	294	294	294	300	300	300
Net debt (net cash)	529	482	482	482	427	427	427
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.2%	5.7%	6.2%	5.2%	5.7%	6.2%
Operating profit	408	393	393	393	391	391	391
Net profit	255	260	257	253	262	259	255
Free cash flow	374	294	295	297	300	301	302
Net debt (net cash)	529	482	486	489	427	434	441

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	408	393	370	391	347
% Change			*-6%*		*-11%*
Net profit	255	260	240	262	222
% Change			*-8%*		*-15%*
Free cash flow	374	294	271	300	269
% Change			*-8%*		*-10%*
Net debt (net cash)	529	482	510	427	522

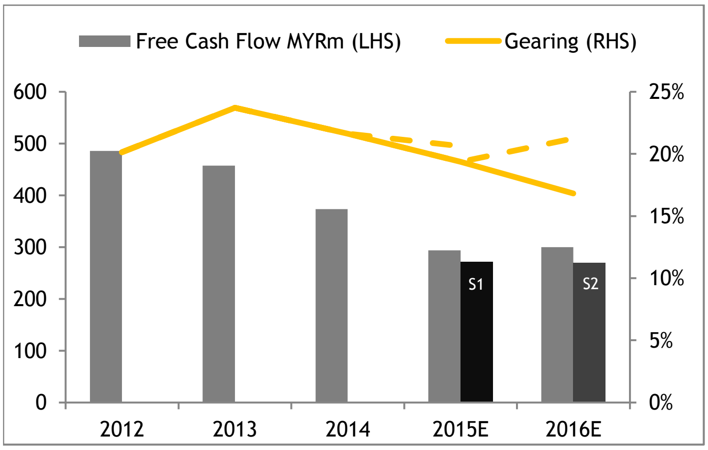
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	14.6	14.3	15.5	14.2	16.7
EV/EBITDA (x)	10.1	10.5	11.1	10.5	11.8
P/FCF (x)	10	12.6	13.7	12.4	13.8
P/B (x)	1.5	1.5	1.5	1.5	1.5
Dividend yield (%)	7.7%	5.8%	5.8%	5.8%	5.8%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Mah Sing Group

(MSGB MK)

HOLD

Price	MYR 1.30
12m Price Target	MYR 1.39 (+7%)

KEY TAKEAWAYS

- Biggest impact on earnings/FCF to come from revenue. A 10% decline in revenue in FY16 will reduce earnings/FCF by 12%/26%.
- A cut in revenue would have a moderate impact on earnings. Short-term earnings visibility is backed by unbilled sales of MYR4.8b as at June 2015 (2.0x of our FY10/15 revenue).
- The bulk of earnings and debt are in local currency (only 0.19% of total debt is in USD). Hence, we see limited impact from currency fluctuations.
- Due to the challenging property market outlook, Mah Sing has cancelled two land deals in Seremban and Puchong. Management will redeploy 59% of the rights issue proceeds assigned for the acquisitions to existing projects or potential land acquisitions. Its net cash position of MYR19.8m as at June 2015 can serve as a financial cushion in times of uncertainty
- While we like its fast turnaround strategy, MSGB has considerable exposure to the high-rise property segment which may see oversupply over the next 2-3 years.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	2,905	2,694	2,573	2,453	2,893	2,763	2,633
Operating profit	528	581	552	523	633	601	570
Net profit	339	376	354	333	401	377	354
Free cash flow	(465)	390	447	506	136	118	101
Net debt (net cash)	812	(14)	83	24	17	131	81
RNAV (MYRm)		6,610	6,472	6,333	6,610	6,472	6,333
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	528	581	581	581	633	633	633
Net profit	339	376	376	376	401	401	401
Free cash flow	(465)	390	390	390	136	136	136
Net debt (net cash)	812	(14)	(14)	(14)	17	17	17
RNAV (MYRm)		6,610	6,610	6,610	6,610	6,610	6,610
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating profit	528	581	581	581	633	633	633
Net profit	339	376	375	374	401	399	398
Free cash flow	(465)	390	378	367	136	121	108
Net debt (net cash)	812	(14)	152	163	17	205	230
RNAV (MYRm)		6,610	6,610	6,610	6,610	6,610	6,610

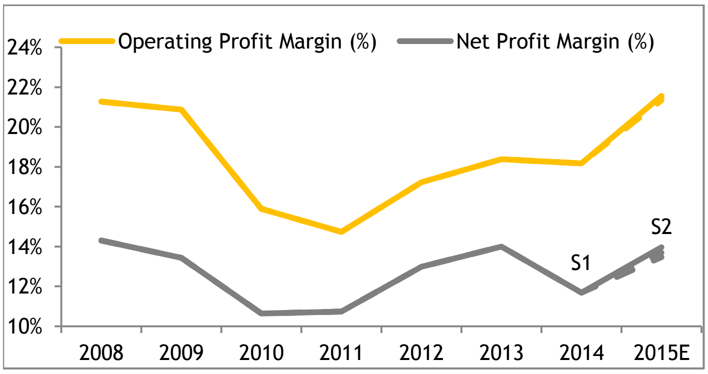
SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1		2016	2016 2016 Scenario 2	
MYR m		**MKE Est**	**S1**	**S2**	**MKE Est**		**S3**
Operating profit	528	581	552	523	633		570
Net profit	339	376	352	330	401		351
Free cash flow	(465)	390	435	483	136		73
Net debt (net cash)	812	(14)	249	201	17		294
RNAV (MYRm)		6,610	6,472	6,333			

Valuation	2014	2015	2015 2015 Scenario 1		2016	2016 2016 Scenario 2	
		MKE Est	**S1**	**S2**	**MKE Est**		**S3**
PER (x)	9.2	8.3	8.9	8.9	7.8		8.9
EV/EBITDA (x)	4.0	3.4	3.6	3.6	3.1		3.5
P/FCF (x)	NM	8.0	7.2	7.2	23.0		43.1
P/B (x)	1.38	1.00	1.01	1.01	0.93		0.95
Dividend yield (%)	4.3%	4.8%	4.5%	4.5%	5.1%		4.5%
P/RNAV (x)		0.47	0.48	0.49			

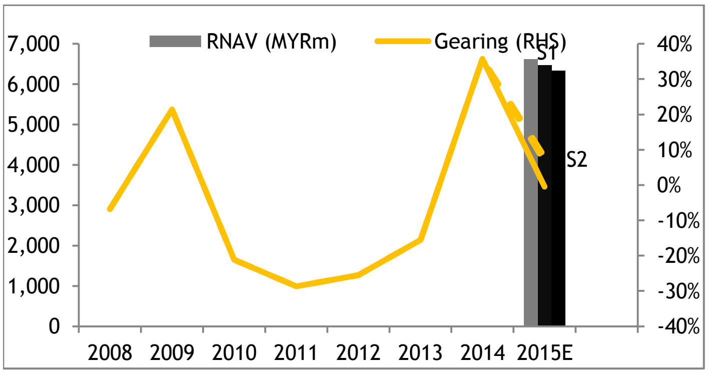
S1 denotes -5% revenue, -5% fx and +50 bps interest rate in 2015
S2 denotes -10% revenue, -10% fx and +100 bps interest rate in 2015
S3 denotes -10% revenue, -10% fx and +100 bps interest rate in 2016

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Malaysia Airports

(MAHB MK)

HOLD

Price	MYR 4.41
12m Price Target	MYR 5.45 (+24%)

VULNERABLE

- Biggest impact on earnings is from revenue as the business is a fixed cost structure. A 10% decline in revenue in FY16 will dwell the company into deep losses.
- The business is not affected by currency fluctuations as its revenue stream and cost components are MYR denominated.
- Not subjected to interest rate risk as all of its debts are fixed instruments (bonds and sukuks) and the company has no plans to raise fresh debt.
- No direct impact of strengthening USD and interest rate fluctuation. One can argue that a weak MYR against USD may lead to higher foreign tourist arrivals and ultimately benefit MAHB.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

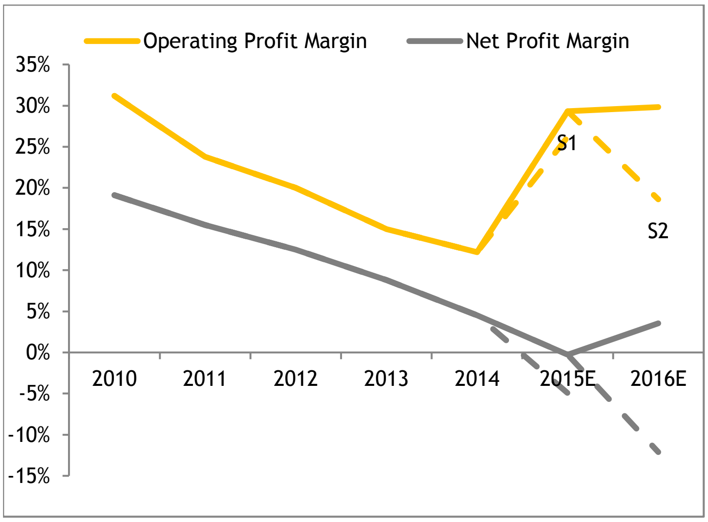
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	3,344	3,918	3,722	3,350	4,298	4,083	3,675
Operating profit	410	1,149	976	604	1,282	1,093	685
Net profit	149	(11)	(184)	(556)	153	(36)	(445)
Free cash flow	492	289	117	(255)	820	631	223
Net debt (net cash)	4,284	4,617	4,789	5,161	4,765	4,954	5,362
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.28	3.73	3.92	4.10	3.73	3.92	4.10
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	410	1,149	1,149	1,149	1,282	1,282	1,282
Net profit	149	(11)	(11)	(11)	153	153	153
Free cash flow	492	289	289	289	820	820	820
Net debt (net cash)	4,284	4,617	4,617	4,617	4,765	4,765	4,765
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		5.5%	6.0%	6.5%	5.5%	6.0%	6.5%
Operating profit	410	1,149	1,149	1,149	1,282	1,282	1,282
Net profit	149	(11)	(11)	(11)	153	153	153
Free cash flow	492	289	289	289	820	820	820
Net debt (net cash)	4,284	4,617	4,617	4,617	4,765	4,765	4,765

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	410	1,149	976	1,282	685
% Change			*-15%*		*-47%*
Net profit	149	(11)	(184)	153	(445)
% Change			*1526%*		*NM*
Free cash flow	492	289	117	820	223
% Change			*-60%*		*-73%*
Net debt (net cash)	4,284	4,617	4,789	4,765	5,362

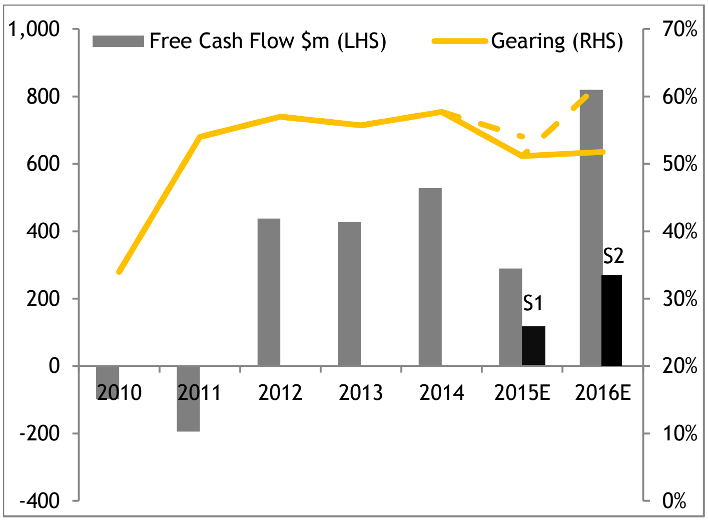
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	48.9	NM	NM	47.7	NM
EV/EBITDA (x)	14.6	6.0	6.6	6.5	9.7
P/FCF (x)	15	25.2	62.4	8.9	32.7
P/B (x)	1.0	0.8	0.8	0.8	0.8
Dividend yield (%)	-	-	-	-	-

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Malakoff Corporation

(MLK MK)

BUY

Price	MYR 1.51
12m Price Target	MYR 1.95 (+29%)

RESILIENT

- Biggest impact on earnings to come from revenue due to operating leverage; a 10% decline in revenue would reduce earnings by 31-34%.
- With the exception of a windfarm in Australia, Malakoff's subsidiaries are mostly in Malaysia, its main USD exposure comes from its associate stakes in various Middle Eastern power plants.
- Malakoff's FX debt is mainly AUD-denominated. Gearing levels are high, so a hike in interest rates could have an impact on earnings; the actual impact however is likely less severe given a sizable proportion of debt would have been on fixed rates.
- FCF would be affected as capex plans are not likely to change; the bulk of capex relates to the construction of the new 1,000MW Tanjung Bin Energy, which needs to come onstream by Mar 2016.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

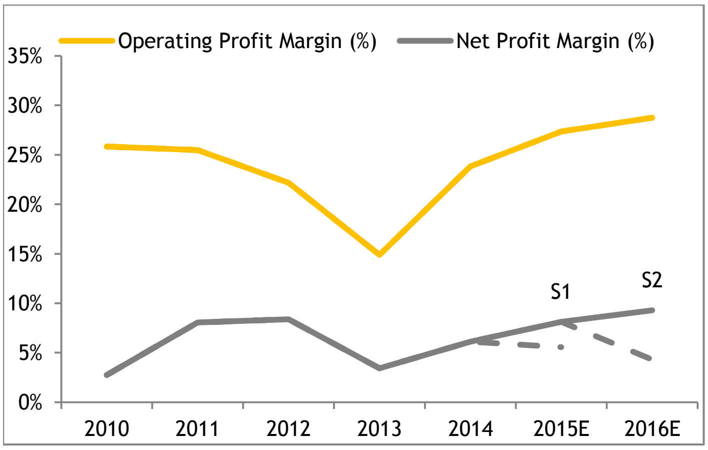
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	5,594	5,524	5,248	4,972	6,288	5,974	5,659
Operating profit	1,332	1,511	1,436	1,360	1,807	1,717	1,626
Net profit	342	449	374	298	585	495	404
Free cash flow	1,087	1,216	1,184	1,152	2,537	2,497	2,457
Net debt (net cash)	14,331	12,437	12,412	12,387	11,281	11,257	11,234
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.80	3.99	4.18
Size of FX debt (in USD)	650	650	650	650	650	650	650
Operating profit	1,332	1,511	1,511	1,511	1,807	1,807	1,807
Net profit	342	449	432	414	585	568	551
Free cash flow	1,087	1,216	1,216	1,216	2,537	2,537	2,537
Net debt (net cash)	14,331	12,437	12,457	12,478	11,281	11,301	11,322
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.9%	5.4%	5.9%	6.5%	7.0%	7.5%
Operating profit	1,332	1,511	1,511	1,511	1,807	1,807	1,807
Net profit	342	449	385	320	585	522	458
Free cash flow	1,087	1,216	1,216	1,216	2,537	2,537	2,537
Net debt (net cash)	14,331	12,437	12,479	12,522	11,281	11,322	11,363

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,332	1,511	1,436	1,807	1,626
% Change			*-5%*		*-10%*
Net profit	342	449	292	585	243
% Change			*-35%*		*-58%*
Free cash flow	1,087	1,216	1,184	2,537	2,457
% Change			*-3%*		*-3%*
Net debt (net cash)	14,331	12,437	12,475	11,281	11,358

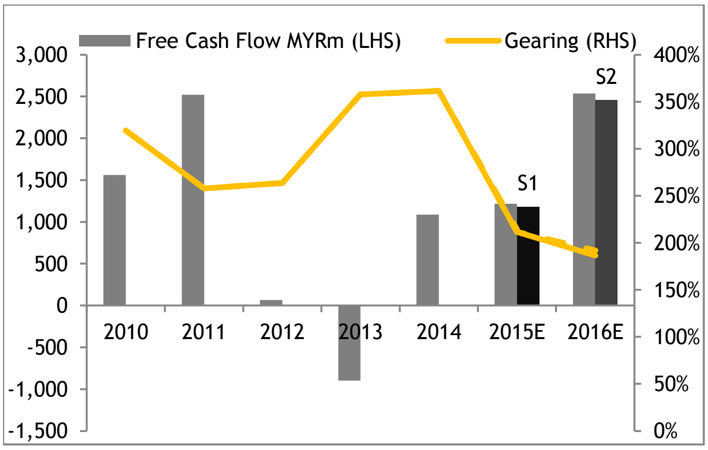
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	22.1	16.8	25.9	12.9	31.1
EV/EBITDA (x)	8.3	7.7	8.0	6.7	7.2
P/FCF (x)	7	6.2	6.4	3.0	3.1
P/B (x)	1.9	1.3	1.3	1.2	1.3
Dividend yield (%)	2.1%	4.5%	3.1%	5.4%	2.6%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Maxis Bhd
(MAXIS MK)

HOLD

Price	MYR 6.59
12m Price Target	MYR 7.00 (+6%)

RESILIENT

- Biggest impact on earnings to come from revenue; a 10% decline in revenue would reduce earnings by 16-17%.
- Revenue is wholly MYR-denominated, while USD-denominated expenses (mainly in the form of IDD termination) account for c.3% of total expenses.
- Maxis' FX debt is mainly USD-denominated (c.95%), and is fully hedged via currency swaps.
- FCF will be affected as capex plans are based on strategic coverage targets, and are unlikely to be revised on mild revenue softness.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

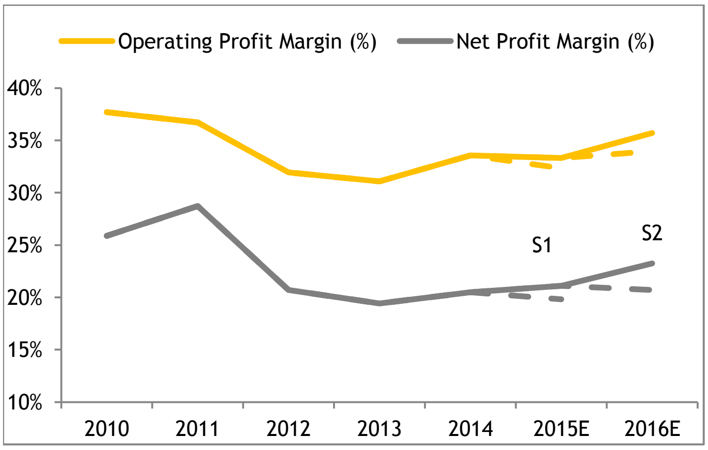
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	8,389	8,664	8,231	7,798	8,891	8,446	8,002
Operating profit	2,816	2,886	2,672	2,457	3,175	2,955	2,735
Net profit	1,718	1,829	1,670	1,511	2,068	1,903	1,738
Free cash flow	3,090	2,426	2,185	1,944	2,766	2,523	2,281
Net debt (net cash)	7,496	7,603	7,844	8,085	7,448	7,691	7,933
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.80	3.99	4.18
Size of FX debt (in USD)	950	700	700	700	450	450	450
Operating profit	2,816	2,886	2,877	2,869	3,175	3,166	3,158
Net profit	1,718	1,829	1,822	1,816	2,068	2,061	2,055
Free cash flow	3,090	2,426	2,428	2,430	2,766	2,768	2,769
Net debt (net cash)	7,496	7,603	7,601	7,599	7,448	7,446	7,445
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.0%	5.5%	6.0%	5.0%	5.5%	6.0%
Operating profit	2,816	2,886	2,886	2,886	3,175	3,175	3,175
Net profit	1,718	1,829	1,795	1,762	2,068	2,034	2,000
Free cash flow	3,090	2,426	2,438	2,450	2,766	2,778	2,789
Net debt (net cash)	7,496	7,603	7,636	7,670	7,448	7,482	7,515

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	2,816	2,886	2,663	3,175	2,718
% Change			*-8%*		*-14%*
Net profit	1,718	1,829	1,630	2,068	1,657
% Change			*-11%*		*-20%*
Free cash flow	3,090	2,426	2,198	2,766	2,306
% Change			*-9%*		*-17%*
Net debt (net cash)	7,496	7,603	7,876	7,448	7,998

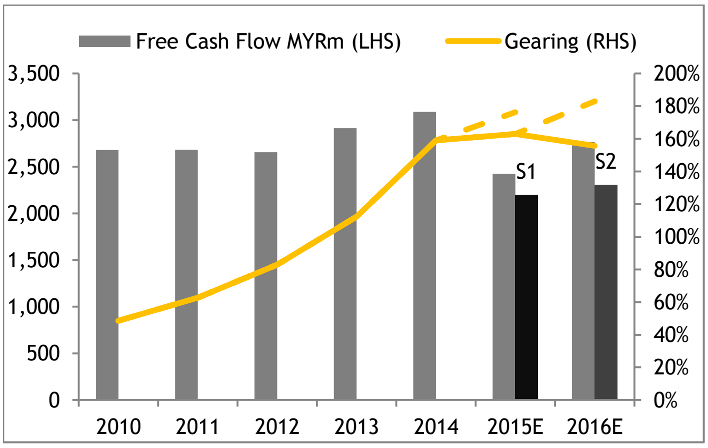
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	28.8	27.1	30.4	23.9	29.9
EV/EBITDA (x)	13.5	13.3	14.0	13.0	14.5
P/FCF (x)	16	20.4	22.5	17.9	21.5
P/B (x)	10.5	10.6	11.1	10.3	11.3
Dividend yield (%)	6.1%	3.8%	3.8%	3.9%	3.9%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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MBM Resources

(MBM MK)

BUY

Price	MYR 2.98
12m Price Target	MYR 3.50 (+17%)

RESILIENT

- Weak consumer sentiment amid rising cost of living could translate to a fall in consumer car purchases. Nevertheless, given MBM's diversified multi-brand dealership, its car sales are likely to prove more resilient.
- Biggest impact to earnings to come from FX. A 10% FX depreciation under S2 would reduce earnings by 15%. MBM's exposure in currency fluctuation is mainly at 22.6% owned Perodua. About 5-10% of Perodua's COGS is exposed to a mixture of USD and JPY against MYR.
- Interest rate hikes have a marginal impact to UMWH's whose net gearing is a very manageable 15%.
- MBM derives most of its earnings from Perodua, which continues to see resilient sales, as consumers downgrade to the economical A-segment market.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

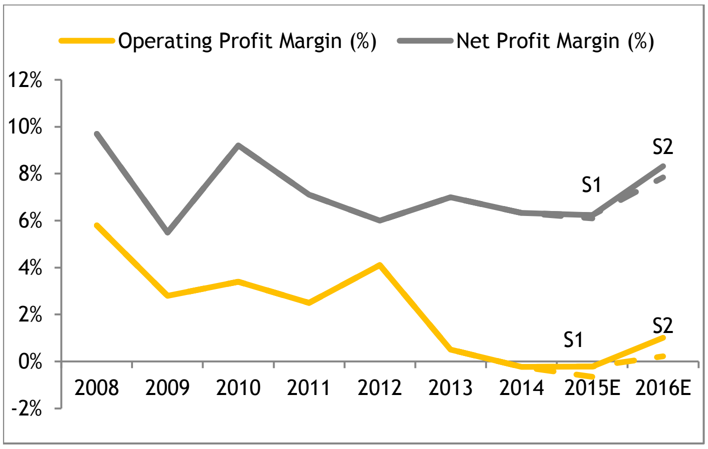
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,774	1,803	1,713	1,623	1,826	1,734	1,643
Operating profit	(4)	(4)	(5)	(6)	18	17	17
Net profit	112	112	112	111	152	151	150
Free cash flow	72	42	47	51	47	46	45
Net debt (net cash)	199	236	231	227	183	179	175
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.27	3.85	4.04	4.24	3.85	4.04	4.24
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	(4)	(4)	(11)	(17)	18	12	6
Net profit	112	112	106	100	152	142	132
Free cash flow	72	42	37	31	47	41	35
Net debt (net cash)	199	236	242	248	183	194	206
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		5.0%	5.5%	6.0%	5.0%	5.5%	6.0%
Operating profit	(4)	(4)	(4)	(4)	18	18	18
Net profit	112	112	111	111	152	151	150
Free cash flow	72	42	42	43	47	47	47
Net debt (net cash)	199	236	237	238	183	185	187

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	(4)	(4)	(11)	18	4
% Change			*183%*		*-80%*
Net profit	112	112	104	152	129
% Change			*-7%*		*-15%*
Free cash flow	72	42	41	47	34
% Change			*-4%*		*-29%*
Net debt (net cash)	199	236	238	183	203

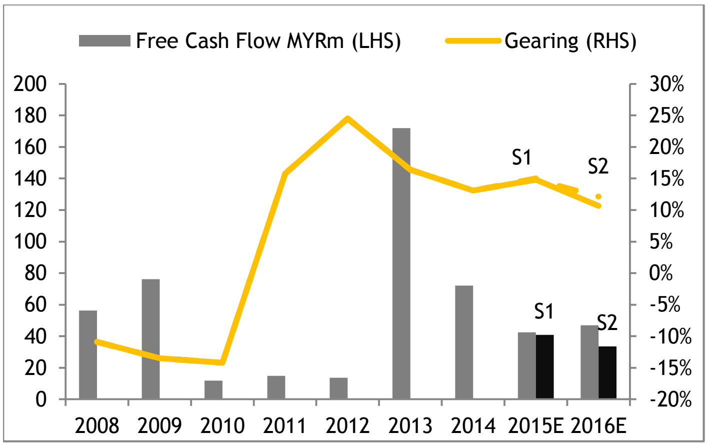
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	10.4	10.4	11.2	7.7	9.0
EV/EBITDA (x)	78.7	76.1	126.1	32.9	50.4
P/FCF (x)	16	27.5	28.5	24.8	34.8
P/B (x)	0.8	0.7	0.7	0.7	0.7
Dividend yield (%)	2.7%	3.7%	3.7%	2.7%	2.7%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH & GEARING



Source: Maybank Kim Eng

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Media Prima

(MPR MK)

BUY

Price	MYR 1.10
12m Price Target	MYR 1.45 (+31%)

VULNERABLE

- Biggest impact on earnings to come from revenue. A 10% decline in revenue in FY16 will reduce earnings by ~90%. Revenue declines would have a negative impact on earnings due to the fixed nature of its expenses. That said, there are opportunities to save cost via less newsprint consumption and lower agency commissions.
- The only major foreign currency exposure is via newsprint purchases which are USD denominated. Even then, newsprint prices in USD terms tend to be inversely related to the USDMYR exchange rate resulting in stable prices in MYR terms.
- Its borrowings are in the form of fixed interest rate MYR medium term notes and redeemable bonds. Even if the interest rates were raised by 100bps, our earnings estimates would be trimmed by <MYR3m only.
- Notwithstanding, we maintain our BUY call and MYR1.45 TP (based on 1x FY15 P/BV) on Media Prima. At current levels, it is offering >7% dividend yields and trading at only 0.8x P/BV.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

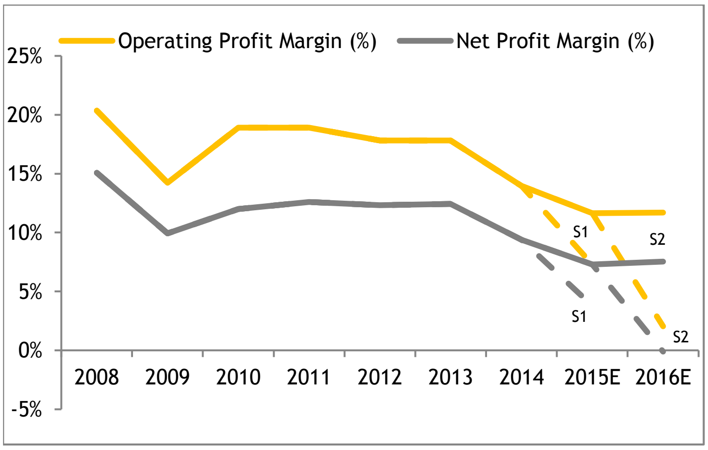
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,507	1,378	1,305	1,232	1,417	1,342	1,267
Operating profit	210	161	98	35	166	101	36
Net profit	142	100	53	5	107	58	9
Free cash flow	128	128	95	61	129	80	31
Net debt (net cash)	(113)	(137)	(148)	(159)	(163)	(158)	(164)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	210	161	158	156	166	161	155
Net profit	142	100	98	97	107	103	99
Free cash flow	128	128	127	126	129	125	122
Net debt (net cash)	(113)	(137)	(136)	(135)	(163)	(158)	(153)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.8%	5.3%	5.8%	4.8%	5.3%	5.8%
Operating profit	210	161	161	161	166	166	166
Net profit	142	100	99	97	107	106	105
Free cash flow	128	128	129	129	129	129	129
Net debt (net cash)	(113)	(137)	(136)	(134)	(163)	(160)	(158)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	210	161	95	166	26
% Change			*-41%*		*-84%*
Net profit	142	100	49	107	(2)
% Change			*-51%*		*NM*
Free cash flow	128	128	94	129	25
% Change			*-27%*		*-81%*
Net debt (net cash)	(113)	(137)	(145)	(163)	(150)

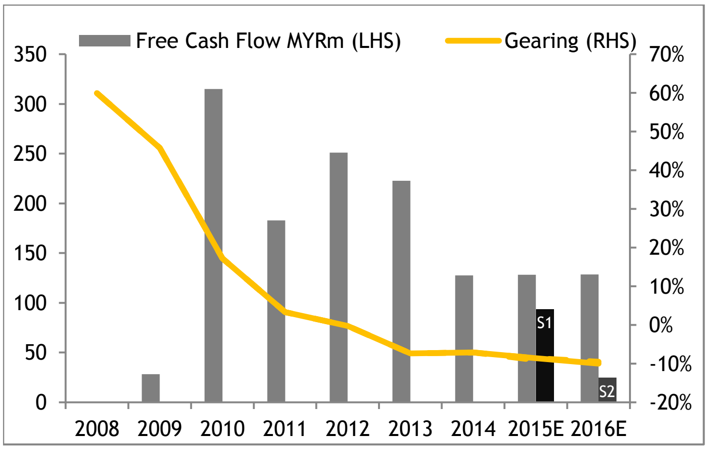
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	8.6	12.2	24.8	11.4	NM
EV/EBITDA (x)	3.5	4.1	5.5	4.1	8.6
P/FCF (x)	10	9.5	13.0	9.5	48.9
P/B (x)	0.8	0.8	0.8	0.8	0.8
Dividend yield (%)	10.0%	7.3%	3.6%	7.3%	0.9%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

Yin Shao Yang, (603) 2297 8916 , samuel.y@maybank-ib.com

Media Chinese International

(MCIL MK)

BUY

Price	MYR 0.52
12m Price Target	MYR 0.65 (+26%)

VULNERABLE

- The biggest impact on earnings to come from revenue. A 10% decline in revenue in FY16 will reduce earnings by 53%. Revenue decline of 5%/ 10% would have a significant impact on earnings as most of MCIL's costs are fixed. However, MCIL has put through cost management efforts recently through less newsprint consumption and lower media agency commissions which will help mitigate any earnings downside.
- MCIL's major exposure to USD is through newsprint purchases which are USD denominated and to a lesser extent, its North American and Hong Kong operations. Newsprint prices have fallen recently but with the strengthening of the USD against MYR, this resulted in somewhat stable prices in MYR terms.
- Most of MCIL's borrowings are in the form of MYR denominated short-term bank borrowings and medium term notes. The impact on earnings estimates would be minimal. A 100bps increase in interest rates will reduce earnings estimates by <MYR5m only.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

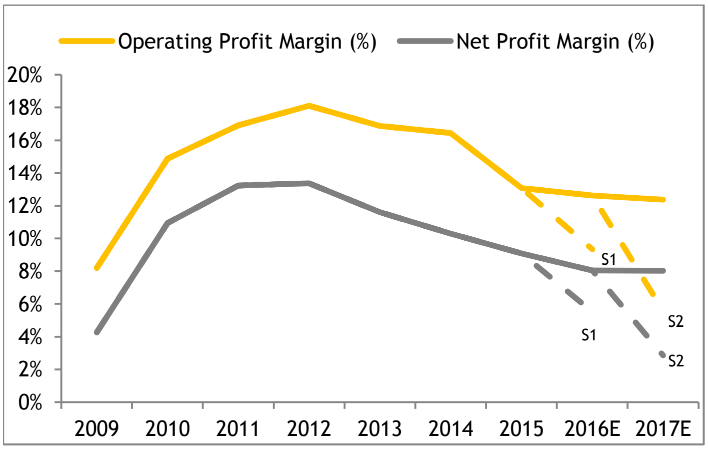
FY Mar MYR m	2015	2016			2017		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,589	1,450	1,377	1,305	1,511	1,435	1,360
Operating profit	208	183	140	96	187	142	96
Net profit	144	117	86	55	121	89	57
Free cash flow	169	160	137	114	122	98	74
Net debt (net cash)	46	(73)	(62)	(51)	(158)	(147)	(136)
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.70	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	208	183	175	167	187	179	170
Net profit	144	117	111	104	121	115	109
Free cash flow	169	160	159	157	122	118	114
Net debt (net cash)	46	(73)	(71)	(70)	(158)	(161)	(164)
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		4.7%	5.2%	5.7%	4.7%	5.2%	5.7%
Operating profit	208	183	183	183	187	187	187
Net profit	144	117	115	113	121	120	118
Free cash flow	169	160	159	157	122	120	119
Net debt (net cash)	46	(73)	(71)	(70)	(158)	(157)	(156)

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	208	183	132	187	80
% Change			*-28%*		*-57%*
Net profit	144	117	78	121	41
% Change			*-33%*		*-66%*
Free cash flow	169	160	134	122	63
% Change			*-16%*		*-48%*
Net debt (net cash)	46	(73)	(60)	(158)	(140)

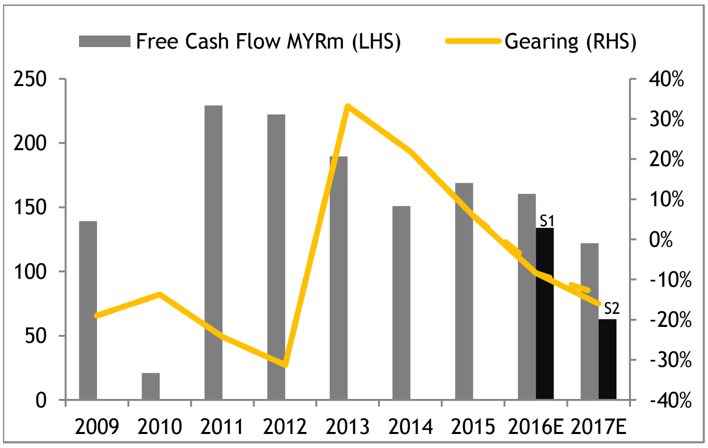
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	6.1	7.5	11.2	7.2	21.4
EV/EBITDA (x)	3.0	3.6	4.7	3.5	6.7
P/FCF (x)	5	5.5	6.5	7.2	13.9
P/B (x)	1.1	1.0	1.0	0.9	0.9
Dividend yield (%)	6.6%	5.3%	3.6%	5.5%	1.9%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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MISC Bhd

(MISC MK)

BUY

Price MYR 8.19

12m Price Target MYR 9.10 (+11%)

RESILIENT

- Revenue declines of 5% /10% would reduce its net profit by just 4-10% and lead to a lower free cashflow. However, MISC's balance sheet would still be healthy with a FY16 net gearing of just 12% under S2.
- MISC is a net beneficiary of a stronger USD/MYR as the bulk of its sales is denominated in USD while about half of its costs (i.e. bunker) is in USD. It had a USD term loan of USD1.55b as at Dec 2014.
- Interest rate changes should not affect MISC much, due to minimal bank financing and a strong net cash position.
- MISC is well-positioned to benefit from the current high demand for petroleum tankers, which has resulted in double-digit growth in the tanker rates. Additionally, given that its functional currency is USD, its earnings in reporting MYR currency will be higher in the current rising USD/MYR environment.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

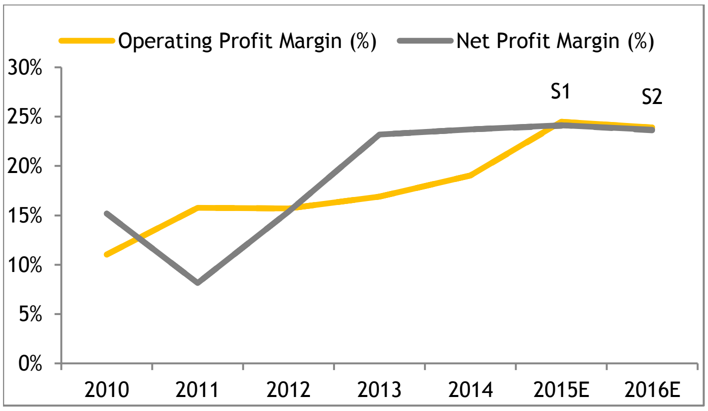
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	9,296	10,053	9,689	9,179	9,657	9,299	8,771
Operating profit	1,771	2,462	2,369	2,235	2,309	2,222	2,066
Net profit	2,204	2,426	2,337	2,214	2,286	2,202	2,057
Free cash flow	1,179	1,138	1,059	943	737	653	503
Net debt (net cash)	3,900	3,622	3,678	3,764	3,707	3,826	4,026
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.60	3.70	3.89	4.07	3.70	3.89	4.07
Size of FX debt (in USD)	1,550	1,374	1,374	1,374	1,129	1,129	1,129
Operating profit	1,771	2,462	2,568	2,674	2,309	2,410	2,510
Net profit	2,204	2,426	2,528	2,631	2,286	2,383	2,481
Free cash flow	1,179	1,138	1,230	1,323	737	834	931
Net debt (net cash)	3,900	3,622	3,554	3,487	3,707	3,566	3,425
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.4%	3.9%	4.4%	3.4%	3.9%	4.4%
Operating profit	1,771	2,462	2,437	2,417	2,309	2,284	2,303
Net profit	2,204	2,426	2,403	2,383	2,286	2,266	2,266
Free cash flow	1,179	1,138	1,103	1,082	737	660	678
Net debt (net cash)	3,900	3,622	3,642	3,651	3,707	3,727	3,741

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,771	2,462	2,451	2,309	2,261
% Change			*0%*		*-2%*
Net profit	2,204	2,426	2,417	2,286	2,232
% Change			*0%*		*-2%*
Free cash flow	1,179	1,138	1,136	737	697
% Change			*0%*		*-5%*
Net debt (net cash)	3,900	3,622	3,631	3,707	3,778

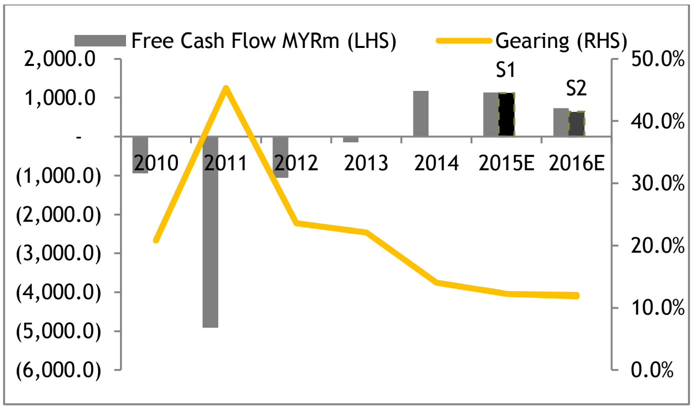
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	16.6	15.1	15.1	16.0	16.4
EV/EBITDA (x)	10.9	8.7	8.7	8.9	9.0
P/FCF (x)	31	32.1	32.2	49.6	52.5
P/B (x)	1.3	1.2	1.2	1.2	1.2
Dividend yield (%)	1.2%	1.7%	1.6%	1.6%	1.5%

OPERATING MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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MSM Malaysia

(MSM MK)

HOLD

Price	MYR 4.81
12m Price Target	MYR 5.50 (+14%)

RESILIENT

- MSM's sugar business is a fairly resilient and stable one. The biggest impact on earnings to come from decline in revenue. A 10% decline in revenue under S2 would reduce earnings by 10%/11% for FY15/16.
- MSM's FX exposure would mainly come from exports (18-20% of total sales) and purchase of raw materials (~80% of COGS)
- Our base case assumption of sugar prices for FY15 and FY16 are USD0.15/lbs and USD0.14/lbs, respectively. With the inverse relationship between sugar costs and USD, we expect the effect of a higher USD to be offset by weaker sugar prices.
- Interest rate changes have minimal impact on earnings, given the company's strong balance sheet and highly cash generative business.
- We expect resilience to earnings, supported by a new sugar refinery plant that is to come online in 3QCY17.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

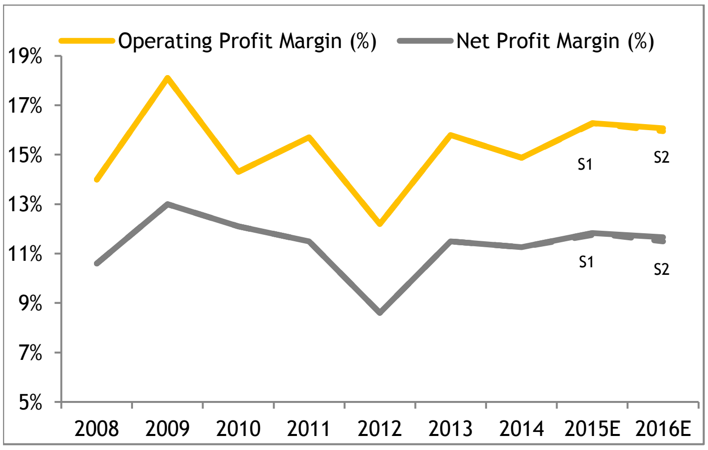
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	2,281	2,326	2,209	2,093	2,371	2,252	2133
Operating profit	339	379	359	339	381	360	341
Net profit	257	275	261	246	277	262	247
Free cash flow	311	509	526	544	445	431	417
Net debt (net cash)	(646)	(588)	(615)	(642)	(615)	(637)	(661)
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.15	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	339	379	379	376	381	385	381
Net profit	257	275	275	273	277	280	276
Free cash flow	311	509	509	506	445	449	445
Net debt (net cash)	(646)	(588)	(588)	(586)	(615)	(617)	(614)
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		3.2%	3.7%	4.2%	3.2%	3.7%	4.2%
Operating profit	339	379	379	379	381	381	381
Net profit	257	275	274	273	277	276	275
Free cash flow	311	509	509	509	445	445	446
Net debt (net cash)	(646)	(588)	(589)	(590)	(615)	(617)	(619)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	339	379	359	381	340
% Change			*-5%*		*-11%*
Net profit	257	275	260	277	245
% Change			*-6%*		*-11%*
Free cash flow	311	509	526	445	418
% Change			*3%*		*-6%*
Net debt (net cash)	(646)	(588)	(616)	(615)	(664)

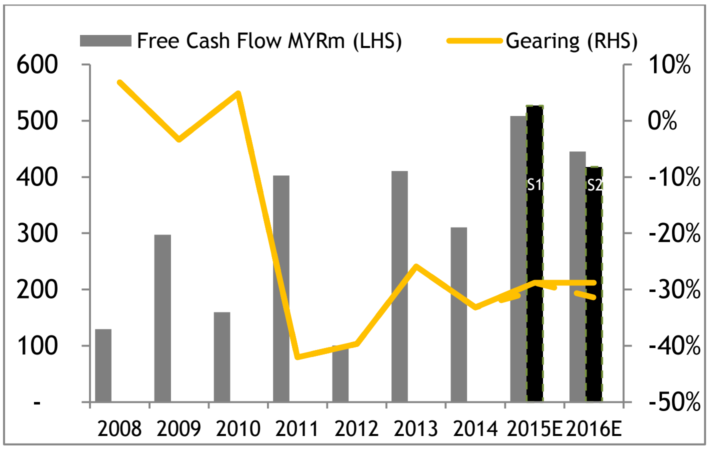
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	13.2	12.3	13.0	12.2	13.8
EV/EBITDA (x)	7.3	6.6	6.9	6.3	7.0
P/FCF (x)	11	6.6	6.4	7.6	8.1
P/B (x)	1.7	1.7	1.7	1.6	1.6
Dividend yield (%)	5.0%	5.3%	5.0%	5.4%	4.8%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Nestle Malaysia

(NESZ MK)

HOLD

Price	MYR 72.00
12m Price Target	MYR 68.00 (-6%)

RESILIENT

- Biggest impact to earnings to come from revenue decline. Nevertheless, a 10% decline in revenue under S2 would reduce earnings by a still manageable 12% for FY15/16.
- About 20% of total sales is exported and about 50% of its raw material requirements are mainly denominated in USD. The company does, as such, have a fairly natural FX hedge.
- Interest rate risk is not apparent due to fairly low gearing levels. Even if we assume a 100bps hike interest rates, the impact to earnings estimates would be less than 1%.
- Nestle's mass-market product offerings provide much inelasticity to demand and translates to a very cash-generative and resilient business model for the company.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

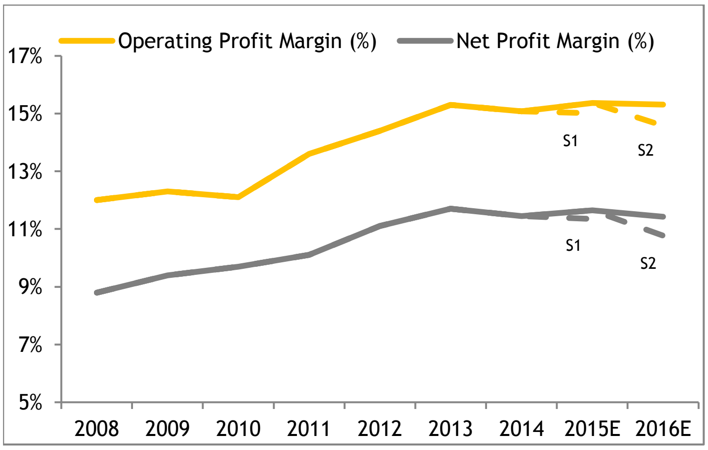
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	4,809	4,977	4,728	4,480	5,351	5,083	4815
Operating profit	725	765	720	674	819	771	723
Net profit	550	580	545	509	611	573	535
Free cash flow	496	483	446	410	708	674	640
Net debt (net cash)	159	265	267	269	191	190	189
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	725	765	763	761	819	817	814
Net profit	550	580	578	577	611	610	608
Free cash flow	496	483	486	490	708	706	704
Net debt (net cash)	159	265	260	255	191	186	181
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		16.0%	16.5%	17.0%	16.0%	16.5%	17.0%
Operating profit	725	765	765	765	819	819	819
Net profit	550	580	579	579	611	610	610
Free cash flow	496	483	483	483	708	708	709
Net debt (net cash)	159	265	265	265	191	191	191

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	725	765	718	819	718
% Change			*-6%*		*-12%*
Net profit	550	580	542	611	531
% Change			*-6%*		*-13%*
Free cash flow	496	483	450	708	637
% Change			*-7%*		*-10%*
Net debt (net cash)	159	265	262	191	180

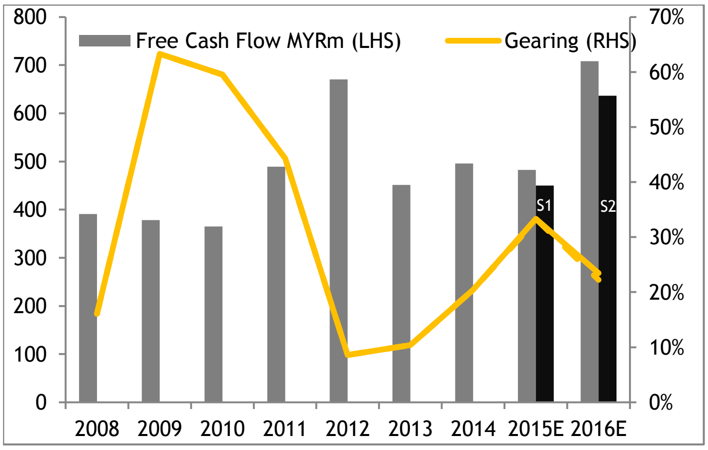
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	30.7	29.1	31.1	27.6	31.8
EV/EBITDA (x)	20.5	18.8	19.8	17.6	19.7
P/FCF (x)	34	35.0	37.5	23.8	26.5
P/B (x)	21.7	21.3	21.3	20.8	20.9
Dividend yield (%)	3.3%	3.3%	3.1%	3.5%	3.0%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Oldtown
(OTB MK)

HOLD

Price	MYR 1.30
12m Price Target	MYR 1.45 (+12%)

RESILIENT

- Biggest impact on earnings to come from decline in revenue. A 10% decline in revenue under S2 would reduce earnings by 13% for FY16/17.
- Oldtown purchases its raw materials locally, but they are indirectly affected by higher USD. Nevertheless, we understand that is exports serve as a natural hedge (mainly in USD; about 30% of total sales).
- The company is in a healthy net cash position. Even if we assume a 100bps hike interest rates, the impact to earnings estimates would be less than 1%
- Oldtown's FMCG business is likely to remain fairly resilient, but its café operations are susceptible to weakness in consumption demand.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

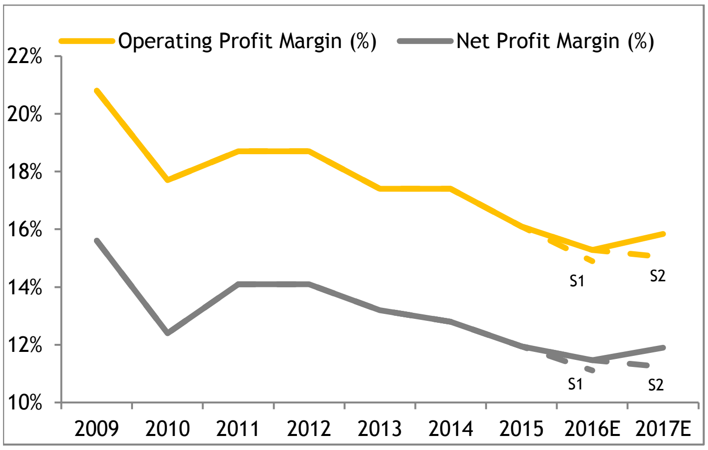
FY Mar MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	398	421	400	379	457	434	411.4
Operating profit	64	64	60	56	72	68	63.2
Net profit	48	48	45	42	54	51	47.5
Free cash flow	52	42	41	39	59	55	51.9
Net debt (net cash)	(116)	(132)	(131)	(131)	(160)	(159)	(157)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	64	64	65	65	72	73	73
Net profit	48	48	48	49	54	55	55
Free cash flow	52	42	42	42	59	59	59
Net debt (net cash)	(116)	(132)	(131)	(131)	(160)	(160)	(160)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.6%	5.1%	5.6%	4.6%	5.1%	5.6%
Operating profit	64	64	64	64	72	72	72
Net profit	48	48	48	48	54	54	54
Free cash flow	52	42	42	42	59	59	59
Net debt (net cash)	(116)	(132)	(131)	(131)	(160)	(160)	(160)

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	64	64	61	72	64
% Change			*-6%*		*-12%*
Net profit	48	48	45	54	48
% Change			*-6%*		*-12%*
Free cash flow	52	42	40	59	52
% Change			*-5%*		*-11%*
Net debt (net cash)	(116)	(132)	(131)	(160)	(157)

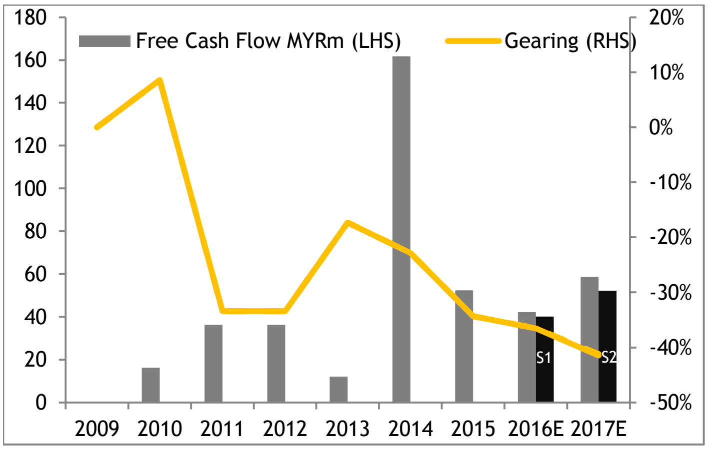
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	12.7	12.5	13.3	11.1	12.6
EV/EBITDA (x)	5.7	5.6	5.9	5.1	5.6
P/FCF (x)	11	14.2	15.0	10.3	11.5
P/B (x)	1.8	1.7	1.7	1.6	1.6
Dividend yield (%)	4.5%	4.4%	4.2%	5.0%	4.4%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Padini

(PAD MK)

HOLD

Price	MYR 1.40
12m Price Target	MYR 1.35 (-4%)

RESILIENT

- Earnings are sensitive to changes in revenue whereby a 5% decrease in revenue would result in a 6% decrease in net profit. Similarly, a 10% decrease in revenue would lower net profit by 13%.
- The bulk of Padini's finished/produced goods are sourced from China, while sales are predominantly in MYR. Hence, our forex assumptions are based on the estimation of a 1% increase in COGs for every 5% depreciation of MYR against CNY.
- With a strong net cash balance sheet, Padini's financials remain very resilient to any changes in interest rates and would be able to withstand the impact of both a decline in sales and forex volatility.
- The key risk, nevertheless, is of further moderation in consumer demand following the rise in living costs and a slowdown in the broader economy.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

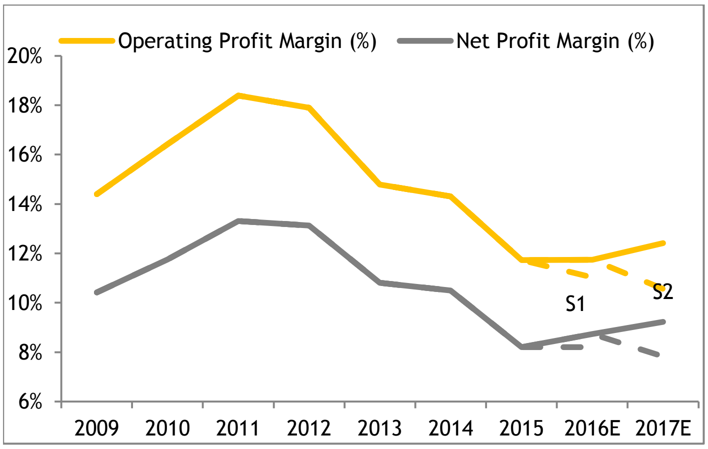
FY Jun MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	978	1,029	978	927	1,120	1,064	1,008
Operating profit	115	121	113	105	139	130	121
Net profit	80	90	84	78	103	97	90
Free cash flow	149	69	67	66	79	73	67
Net debt (net cash)	(98)	(104)	(102)	(101)	(120)	(113)	(105)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New CNYMYR assumption	1.61	1.71	1.80	1.88	1.71	1.80	1.88
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	115	121	116	106	139	134	124
Net profit	80	90	86	79	103	99	92
Free cash flow	149	69	65	58	79	75	68
Net debt (net cash)	(98)	(104)	(100)	(93)	(120)	(113)	(98)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.8%	5.3%	5.8%	4.8%	5.3%	5.8%
Operating profit	115	121	121	121	139	139	139
Net profit	80	90	90	90	103	103	103
Free cash flow	149	69	69	69	79	79	79
Net debt (net cash)	(98)	(104)	(104)	(104)	(120)	(120)	(120)

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	115	121	108	139	106
% Change			*-11%*		*-23%*
Net profit	80	90	80	103	79
% Change			*-11%*		*-24%*
Free cash flow	149	69	63	79	55
% Change			*-8%*		*-30%*
Net debt (net cash)	(98)	(104)	(98)	(120)	(81)

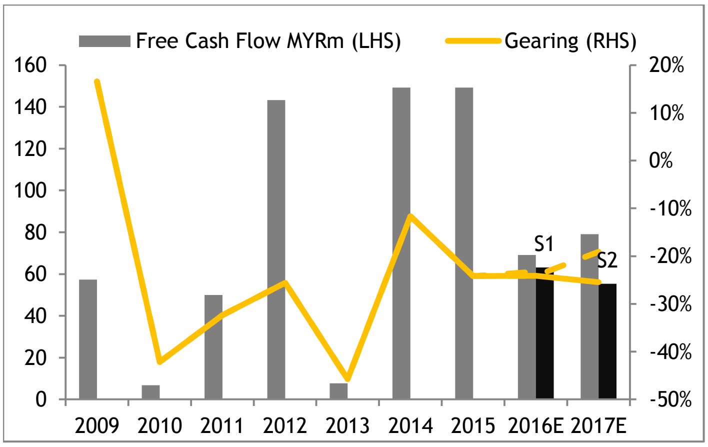
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	11.5	10.3	11.5	8.9	11.7
EV/EBITDA (x)	5.7	5.4	5.9	4.7	5.8
P/FCF (x)	6	13.3	14.6	11.6	16.7
P/B (x)	2.3	2.1	2.2	1.9	2.2
Dividend yield (%)	7.1%	7.1%	7.1%	7.1%	7.1%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Perisai Petroleum

(PPT MK)

SELL

Price MYR 0.31

12m Price Target MYR 0.22 (-29%)

VULNERABLE

- Revenue declines for its offshore operations (OSV, pipelay barge, MOPU, FPSO, rig) would directly impact earnings as opex/ unit is relatively fixed. As it stands, we already project losses in 2015/16 due to the fall in DCR and off-hire impact.
- Currency movements have little impact on earnings. Its business is USD-based. Its revenue and costs are much aligned and work as a natural hedge to its operations.
- Net gearing is relatively high, which is the nature of this industry and thus interest rate changes would have a meaningful impact to earnings.
- Perisai is financially vulnerable during the downturn due to the low utilisation but high opex effect. Its idle assets (MOPU and pipelay barge since Sep 2013) are a drag to its financials. In addition, DCR for its rig has recently been revised down by >30%.
- Preserving cashflow is key in 2015-16. It could further delay delivery of its 2 rigs due in 2016/2017 should cashflow continue to weaken and no contract is forthcoming.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

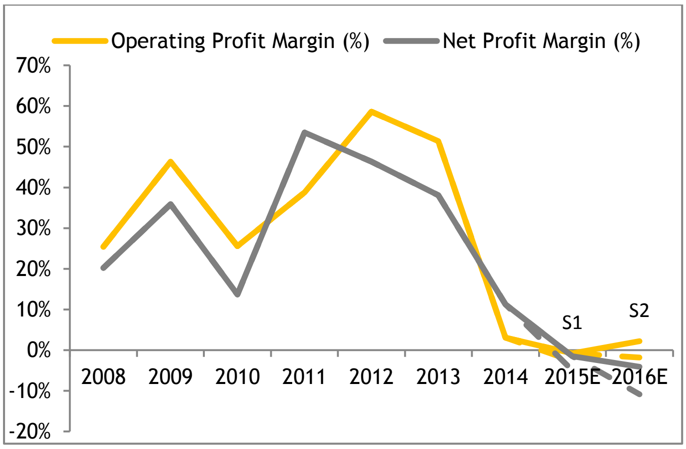
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	122	192	182	172	334	318	301
Operating profit	4	(2)	(10)	(19)	7	(9)	(25)
Net profit	14	(3)	(11)	(19)	(14)	(29)	(44)
Free cash flow	(863)	(8)	(14)	(20)	(611)	(625)	(638)
Net debt (net cash)	1,064	1,042	1,048	1,054	1,573	1,593	1,593
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	-	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	252	210	210	210	356	356	356
Operating profit	4	(2)	4	9	7	17	26
Net profit	14	(3)	2	8	(14)	(4)	5
Free cash flow	(863)	(8)	(6)	(3)	(611)	(603)	(596)
Net debt (net cash)	1,064	1,042	1,040	1,037	1,573	1,563	1,553
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	4	(2)	(2)	(2)	7	7	7
Net profit	14	(3)	(7)	(11)	(14)	(19)	(25)
Free cash flow	(863)	(8)	(12)	(16)	(611)	(616)	(622)
Net debt (net cash)	1,064	1,042	1,046	1,050	1,573	1,582	1,591

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	4	(2)	(5)	7	(6)
% Change			*225%*		*NM*
Net profit	14	(3)	(10)	(14)	(36)
% Change			*228%*		*164%*
Free cash flow	(863)	(8)	(15)	(611)	(635)
% Change			*89%*		*4%*
Net debt (net cash)	1,064	1,042	1,050	1,573	1,592

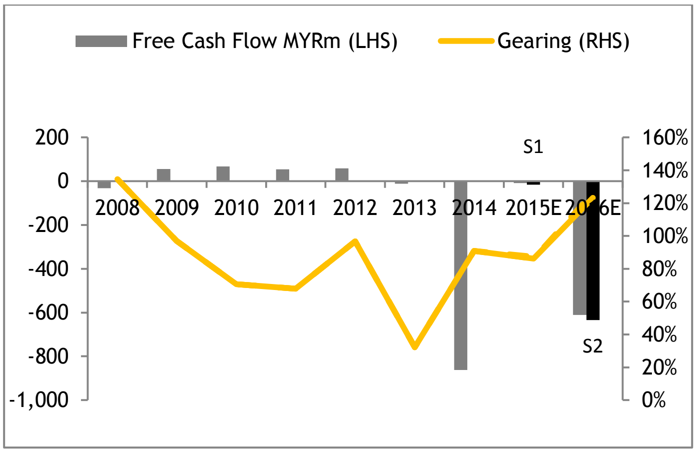
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r) MKE Est	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	27.9	NM	NM	NM	NM
EV/EBITDA (x)	28.1	20.8	22.0	12.1	13.7
P/FCF (x)	NM	NM	NM	NM	NM
P/B (x)	0.3	0.3	0.3	0.3	0.3
Dividend yield (%)	-	-	-	-	-

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Petronas Gas

(PTG MK)

HOLD

Price	MYR 21.32
12m Price Target	MYR 24.00 (+13%)

RESILIENT

- Biggest impact on earnings to come from revenue; a 10% decline in revenue would reduce earnings by a moderate 10%.
- Petronas Gas' revenue is entirely MYR-denominated. It however incurs USD-expenses via the chartering of floating storage units (from parent PETRONAS) which is recognised as a finance lease under borrowings.
- Petronas Gas has no tangible borrowings and has a strong balance sheet.
- FCF would be affected as capex plans are not likely to shift as they revolve mainly around maintenance and committed projects.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

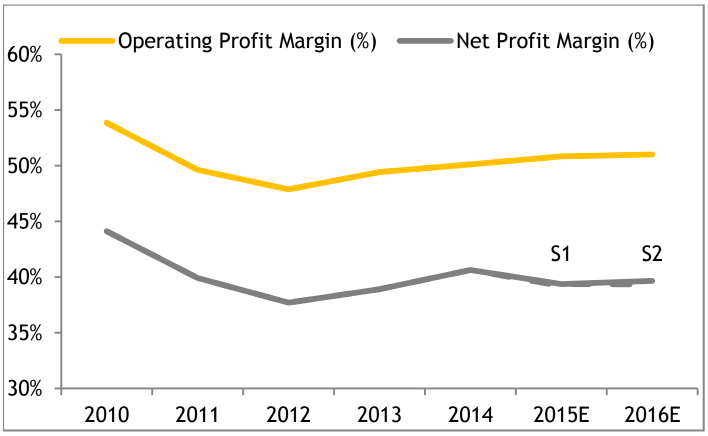
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	4,392	4,515	4,289	4,063	4,544	4,316	4,089
Operating profit	2,201	2,296	2,181	2,066	2,318	2,202	2,086
Net profit	1,785	1,777	1,688	1,599	1,802	1,712	1,622
Free cash flow	1,286	1,003	916	829	1,229	1,139	1,048
Net debt (net cash)	245	541	565	590	626	654	682
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.80	3.99	4.18
Size of FX debt (in USD)	250	250	250	250	250	250	250
Operating profit	2,201	2,296	2,296	2,296	2,318	2,318	2,318
Net profit	1,785	1,777	1,774	1,771	1,802	1,799	1,795
Free cash flow	1,286	1,003	1,004	1,005	1,229	1,230	1,231
Net debt (net cash)	245	541	541	542	626	627	628
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		9.1%	9.6%	10.1%	9.1%	9.6%	10.1%
Operating profit	2,201	2,296	2,296	2,296	2,318	2,318	2,318
Net profit	1,785	1,777	1,774	1,770	1,802	1,798	1,795
Free cash flow	1,286	1,003	1,004	1,005	1,229	1,230	1,231
Net debt (net cash)	245	541	541	542	626	627	628

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	2,201	2,296	2,181	2,318	2,086
% Change			*-5%*		*-10%*
Net profit	1,785	1,777	1,682	1,802	1,609
% Change			*-5%*		*-11%*
Free cash flow	1,286	1,003	918	1,229	1,052
% Change			*-8%*		*-14%*
Net debt (net cash)	245	541	567	626	686

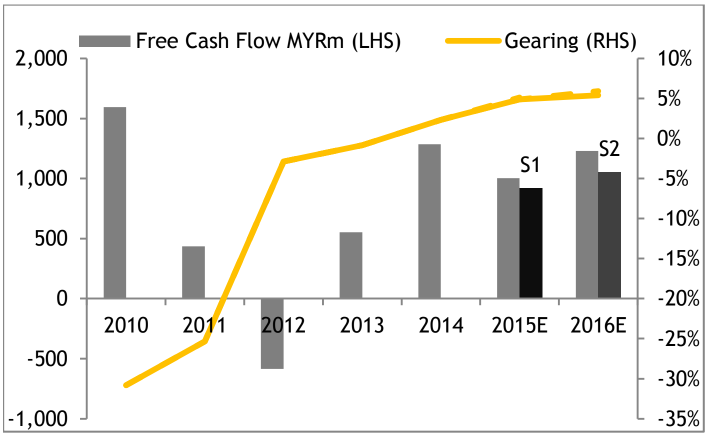
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	23.6	23.7	25.1	23.4	26.2
EV/EBITDA (x)	14.3	14.0	14.5	13.7	14.7
P/FCF (x)	33	42.1	46.0	34.3	40.1
P/B (x)	4.0	3.8	3.8	3.6	3.7
Dividend yield (%)	3.8%	2.9%	2.8%	3.0%	2.7%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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QL Resources
(QLG MK)

HOLD

Price	MYR 4.00
12m Price Target	MYR 4.00 (+0%)

RESILIENT

- Biggest impact on earnings to come from decline in revenue. A 10% decline in revenue will reduce earnings by 9% for FY16/17.
- Serving partly as a FX natural hedge would be its export sales from its Marine division (60% of marine sales; 16% of total sales), which mitigate USD costs (mainly corn and soybean for its Livestock division)
- Nevertheless, with the inverse relationship between USD and commodity prices as we are witnessing now, the effect of higher USD will likely be offset by weaker commodity prices.
- Interest rate risk is not apparent even if we assume a 100bp hike interest rates, given the group's low gearing. The impact to earnings estimates would be about 3%, which is still manageable.
- With QL's staple product offerings, we believe that demand, and thus earnings, will stay resilient going forward.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

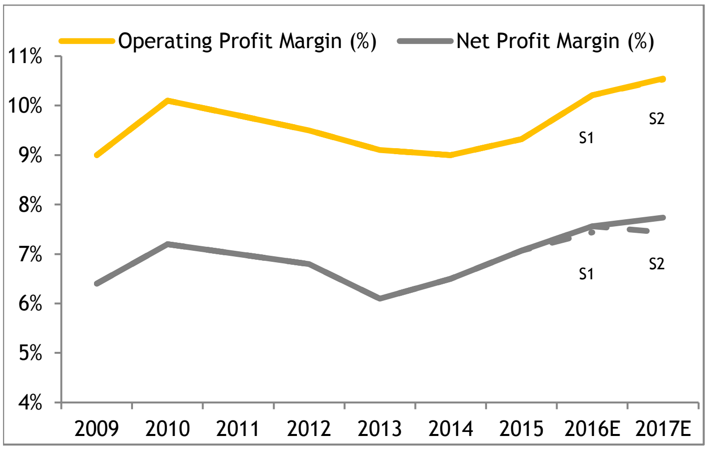
FY Mar MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	2,708	2,807	2,667	2,527	3,003	2,853	2,703
Operating profit	252	287	275	263	317	304	291
Net profit	191	212	203	194	232	222	212
Free cash flow	(20)	(29)	(18)	(6)	84	75	66
Net debt (net cash)	556	638	627	615	617	614	612
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	252	287	286	286	317	317	316
Net profit	191	212	212	212	232	232	232
Free cash flow	(20)	(29)	(33)	(36)	84	83	82
Net debt (net cash)	556	638	642	646	617	621	626
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.4%	5.9%	6.4%	5.4%	5.9%	6.4%
Operating profit	252	287	287	287	317	317	317
Net profit	191	212	210	207	232	229	226
Free cash flow	(20)	(29)	(32)	(35)	84	80	77
Net debt (net cash)	556	638	641	644	617	623	630

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	252	287	275	317	290
% Change			*-4%*		*-9%*
Net profit	191	212	200	232	205
% Change			*-6%*		*-12%*
Free cash flow	(20)	(29)	(24)	84	58
% Change			*-17%*		*-31%*
Net debt (net cash)	556	638	633	617	633

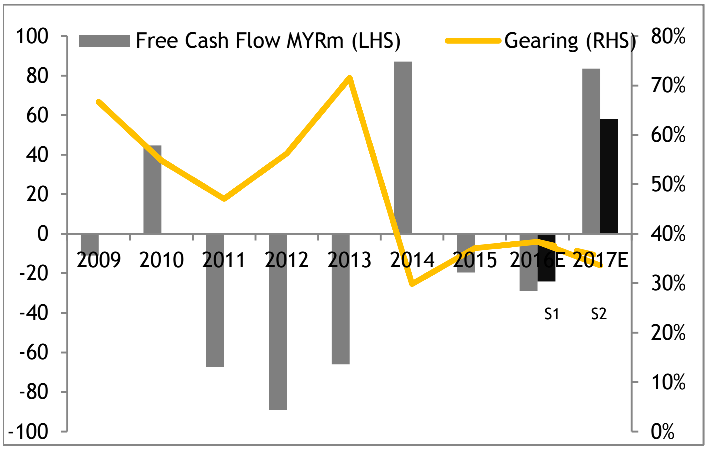
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	26.1	23.5	25.0	21.5	24.4
EV/EBITDA (x)	16.7	14.8	15.3	13.4	14.3
P/FCF (x)	NM	NM	NM	59.7	86.2
P/B (x)	3.3	3.0	3.0	2.7	2.8
Dividend yield (%)	1.1%	1.3%	1.3%	1.5%	1.5%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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SapuraKencana Petroleum

(SAKP MK)

HOLD

Price MYR 1.75

12m Price Target MYR 2.80 (+60%)

RESILIENT

- Offshore E&P and services businesses are directly affected by oil price/capex volatility. The former's operations will be hit by weak oil price. The latter is subject to lower daily charter rates and utilisation in a downcycle.
- Currency movements have minimal impact to its financials. SAKP's USD exposures in revenue and costs are relatively aligned, thus providing a natural hedge.
- Interest rate movements should have a material effect on SAKP in the short to medium term. Interest coverage is 2x while gearing is relatively high. A prolonged period of E&P gestation/ declining productivity in a low oil price environment would affect cashflows.
- Cashflow preservation and optimising asset utilisation are critical to overriding depressed daily charter rates and margin pressure.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

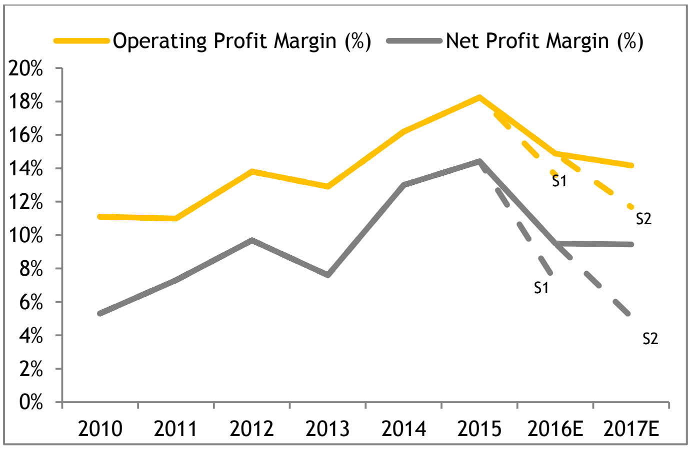
FY Jan MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	9,943	9,462	8,989	8,516	9,922	9,426	8,930
Operating profit	1,814	1,408	1,265	1,123	1,406	1,256	1,107
Net profit	1,433	899	758	616	936	787	638
Free cash flow	(13)	1,600	1,486	1,373	1,238	1,118	999
Net debt (net cash)	15,697	14,358	14,471	14,585	13,120	13,239	13,359
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	3823	3750	3750	3750	3620	3620	3620
Operating profit	1,814	1,408	1,410	1,413	1,406	1,416	1,426
Net profit	1,433	899	902	904	936	946	956
Free cash flow	(13)	1,600	1,582	1,565	1,238	1,246	1,254
Net debt (net cash)	15,697	14,358	14,375	14,393	13,120	13,129	13,138
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	1,814	1,408	1,408	1,408	1,406	1,406	1,406
Net profit	1,433	899	815	730	936	853	771
Free cash flow	(13)	1,600	1,515	1,430	1,238	1,155	1,072
Net debt (net cash)	15,697	14,358	14,442	14,527	13,120	13,288	13,455

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,814	1,408	1,268	1,406	1,126
% Change			*-10%*		*-20%*
Net profit	1,433	899	675	936	492
% Change			*-25%*		*-47%*
Free cash flow	(13)	1,600	1,384	1,238	850
% Change			*-13%*		*-31%*
Net debt (net cash)	15,697	14,358	14,573	13,120	13,712

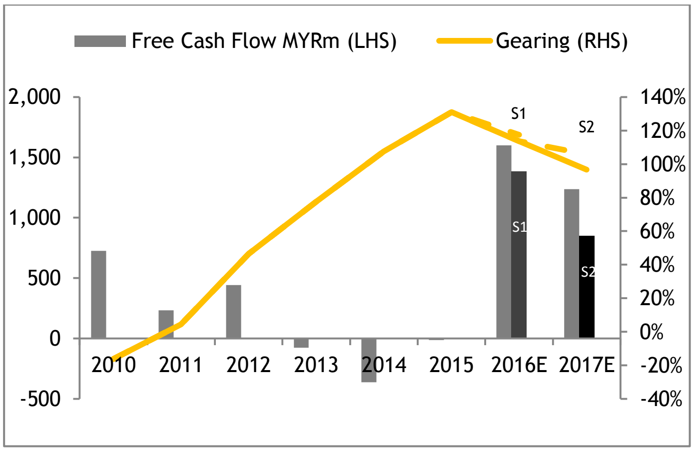
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	7.3	11.6	15.7	11.2	21.2
EV/EBITDA (x)	7.9	8.7	9.2	8.3	9.2
P/FCF (x)	NM	6.5	7.5	8.4	12.3
P/B (x)	0.9	0.8	0.8	0.8	0.8
Dividend yield (%)	2.5%	-	-	-	-

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Sarawak Oil Palms
(SOP MK)

BUY

Price	MYR 3.76
12m Price Target	MYR 5.23 (+39%)

RESILIENT

- Profitability is only sensitive to a decline in CPO ASP. A 10% decline in CPO ASP would result in a 25-38% decline in pretax profit.
- SOP has no USD debt exposure and hence there is no forex translation risk.
- Interest rate risk is manageable with its net gearing of 31% (2014).
- We continue to like SOP for its long-term growth prospects with 11% 2014-17 CAGR in FFB output & ~12,000 acres of estates located on the fringe of Miri city with property development potential.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

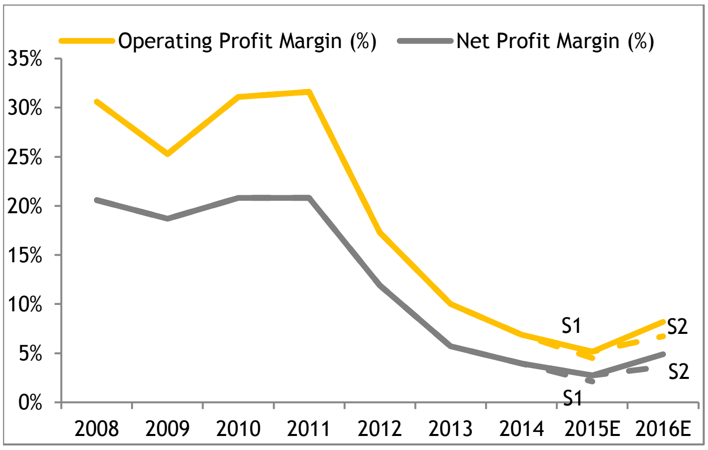
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	2,853	2,924	2,872	2,820	3,125	3,067	3,010
Operating profit	196	151	129	108	256	229	202
Net profit	113	80	64	49	153	134	115
Free cash flow	(48)	(31)	(44)	(57)	41	24	7
Net debt (net cash)	444	485	496	507	461	475	490
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	196	151	151	151	256	256	256
Net profit	113	80	80	80	153	153	153
Free cash flow	(48)	(31)	(31)	(31)	41	41	41
Net debt (net cash)	444	485	485	485	461	461	461
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.2%	4.7%	5.2%	4.2%	4.7%	5.2%
Operating profit	196	151	151	151	256	256	256
Net profit	113	80	76	73	153	150	147
Free cash flow	(48)	(31)	(29)	(28)	41	42	43
Net debt (net cash)	444	485	483	482	461	459	458

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	196	151	129	256	202
% Change			*-14%*		*-21%*
Net profit	113	80	61	153	109
% Change			*-23%*		*-29%*
Free cash flow	(48)	(31)	(43)	41	10
% Change			*39%*		*-77%*
Net debt (net cash)	444	485	494	461	487

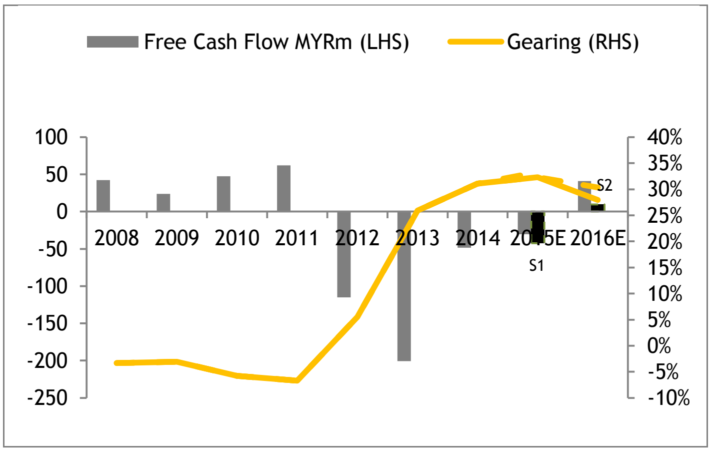
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	14.7	20.8	27.1	10.8	15.2
EV/EBITDA (x)	7.4	8.9	9.8	6.2	7.3
P/FCF (x)	NM	NM	NM	40.4	172.3
P/B (x)	1.2	1.1	1.1	1.0	1.0
Dividend yield (%)	1.3%	0.6%	0.5%	1.0%	0.7%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Sime Darby

(SIME MK)

HOLD

Price MYR 7.55

12m Price Target MYR 7.98 (+6%)

RESILIENT

- Profitability is most sensitive to a decline in revenue. A 10% decline in revenue results in a 20-25% drop in pretax profits.
- A weak MYR vs USD is not negative for Sime as ~46% of its FY14 non-current assets are located outside Malaysia, which generated ~54% of PBIT.
- A weaker MYR results in higher translation of foreign source earnings for Sime.
- Sime has 58% of its MYR18b debt in foreign currencies (namely USD). But these are well matched against revenue in foreign subsidiaries and hence we expect immaterial unrealised forex translation gains or losses.
- Low near-term interest-rate risk. Of its MYR18b debt, approximately 65% is not payable over the next 12 months and its interest rates are fixed.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

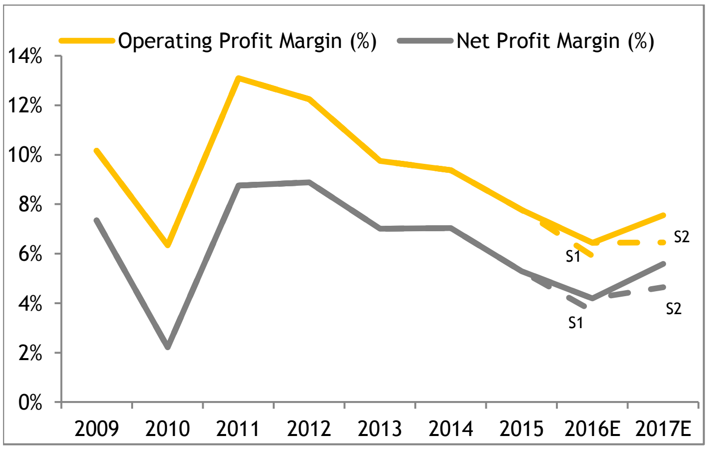
FY Jun MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	43,729	46,252	44,262	42,272	49,320	47,208	45,096
Operating profit	3,400	2,980	2,649	2,317	3,727	3,357	2,987
Net profit	2,313	1,937	1,685	1,434	2,755	2,474	2,193
Free cash flow	(4,247)	1,194	1,313	1,433	928	1,052	1,175
Net debt (net cash)	14,008	14,451	14,167	13,884	15,705	15,398	15,092
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.46	3.90	4.10	4.29	3.85	4.04	4.24
Size of FX debt (in USD)	2,775	2,775	2,775	2,775	2,775	2,775	2,775
Operating profit	3,400	2,980	3,020	3,060	3,727	3,774	3,821
Net profit	2,313	1,937	1,955	1,985	2,755	2,804	2,827
Free cash flow	(4,247)	1,194	1,199	996	928	923	711
Net debt (net cash)	14,008	14,451	14,678	14,902	15,705	15,966	16,211
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.2%	3.7%	4.2%	3.2%	3.7%	4.2%
Operating profit	3,400	2,980	2,980	2,980	3,727	3,727	3,727
Net profit	2,313	1,937	1,913	1,888	2,755	2,730	2,705
Free cash flow	(4,247)	1,194	1,406	1,414	928	1,144	1,152
Net debt (net cash)	14,008	14,451	14,459	14,468	15,705	15,713	15,722

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	3,400	2,980	2,689	3,727	3,081
% Change			*-10%*		*-17%*
Net profit	2,313	1,937	1,679	2,755	2,215
% Change			*-13%*		*-20%*
Free cash flow	(4,247)	1,194	1,531	928	1,182
% Change			*28%*		*27%*
Net debt (net cash)	14,008	14,451	14,402	15,705	15,616

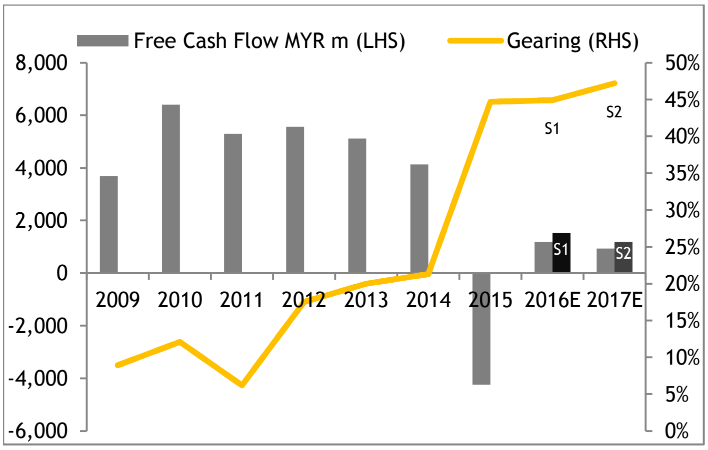
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	20.3	24.2	27.9	17.0	21.2
EV/EBITDA (x)	13.4	14.5	15.6	12.3	14.2
P/FCF (x)	NM	39.3	30.6	50.5	39.7
P/B (x)	1.5	1.5	1.5	1.4	1.4
Dividend yield (%)	3.3%	2.7%	2.3%	3.8%	3.1%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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SP Setia

(SPSB MK)

BUY

Price MYR 3.15

12m Price Target MYR 4.07 (+29%)

RESILIENT

- Decline in sales would have moderate impact on earnings. Short-term earnings visibility should be supported by unbilled sales of MYR11b as at May 2015 (2x our revenue forecast). Overseas earnings to start featuring, boosting SPSB's medium-term outlook.
- Most earnings and debts are denominated in MYR. Foreign currency denominated-debts are normally related to its overseas projects [SGD (6%), AUD (10%) and 0.4% (USD)] but all these overseas projects are funded in local currencies, hence, providing a natural hedge.
- Net gearing remained healthy at 0.36x as at Apr 2015. SP Setia has strong backing from PNB (68.2% stake).
- Strong unbilled sales provide for near-term earnings defensiveness while its relatively lower land costs would provide pricing and product flexibility, if price cuts are required.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

FY Oct MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	3,810	5,931	5,650	5,369	5,642	5,372	5,102
Operating profit	860	1,044	993	942	1,214	1,154	1,094
Net profit	406	647	612	578	829	786	744
Free cash flow	(746)	84	45	7	252	206	161
Net debt (net cash)	2,045	2,207	2,245	2,284	2,343	2,406	2,469
RNAV (MYR)		14,119	13,658	13,173	14,119	13,658	13,173
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	860	1,044	1,044	1,044	1,214	1,214	1,214
Net profit	406	647	647	647	829	829	829
Free cash flow	(746)	84	84	84	252	252	252
Net debt (net cash)	2,045	2,207	2,207	2,207	2,343	2,343	2,343
RNAV (MYR)		14,119	14,119	14,119	14,119	14,119	14,119
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		1.0%	1.5%	2.0%	1.0%	1.5%	2.0%
Operating profit	860	1,044	1,044	1,044	1,214	1,214	1,214
Net profit	406	647	639	630	829	820	810
Free cash flow	(746)	84	64	44	252	231	209
Net debt (net cash)	2,045	2,207	2,226	2,246	2,343	2,379	2,415
RNAV (MYR)		14,119	14,119	14,119	14,119	14,119	14,119

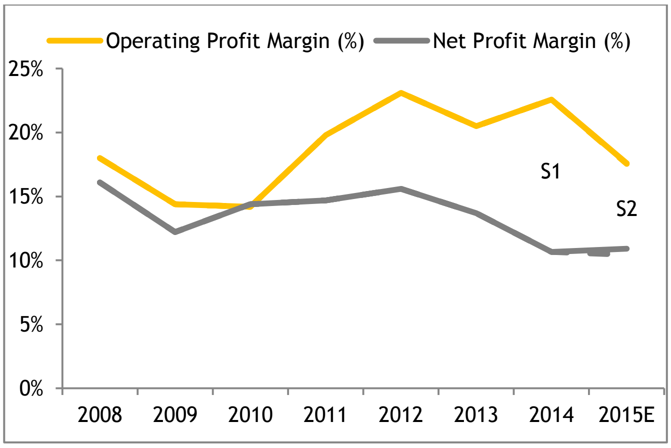
SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1		2016	2016 Scenario 2
MYR m		MKE Est	S1	S2	MKE Est	S3
Operating profit	860	1,044	993	942	1,214	1,094
Net profit	406	647	604	561	829	725
Free cash flow	(746)	84	26	(33)	252	118
Net debt (net cash)	2,045	2,207	2,265	2,323	2,343	2,542
RNAV (MYR m)		14,119	13,658	13,173		

Valuation	2014	2015	2015 Scenario 1		2016	2016 Scenario 2
		MKE Est	S1	S2	MKE Est	S3
PER (x)	20.2	12.6	13.5	13.5	9.9	11.3
EV/EBITDA (x)	9.4	8.0	8.4	8.4	8.4	9.2
P/FCF (x)	NM	97.7	NM	NM	32.5	69.3
P/B (x)	1.40	1.34	1.34	1.34	1.27	1.28
Dividend yield (%)	3.0%	4.7%	4.4%	4.4%	6.1%	5.3%
P/RNAV (x)		0.58	0.60	0.62		

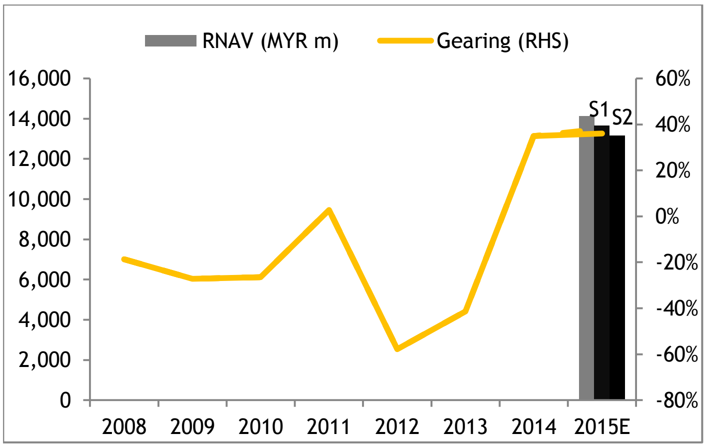
S1 denotes -5% revenue, -5% fx and +50 bps interest rate in 2016
S2 denotes -10% revenue, -10% fx and +100 bps interest rate in 2016
S3 denotes -10% revenue, -10% fx and +100 bps interest rate in 2017

OPERATING MARGIN NET MARGIN



Source: Maybank Kim Eng

RNAV & GEARING



Source: Maybank Kim Eng

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Star Media Group Bhd

(STAR MK)

HOLD

Price MYR 2.45

12m Price Target MYR 2.30 (-6%)

VULNERABLE

- Biggest impact on earnings to come from revenue. A 10% decline in revenue in FY16 will reduce earnings by 48%. Revenue declines would have a negative impact on earnings due to the fixed nature of its expenses. That said, there are opportunities to save costs via less newsprint consumption and lower media agency commissions.
- Only major foreign currency exposure is via newsprint purchases which are USD denominated. Even then, newsprint prices in USD terms tend to be inversely related to the USDMYR exchange rate resulting in stable prices in MYR terms.
- Its debts are in the form of hire purchase and finance leases, bank loans and medium term notes. Even if interest rates were raised by 100bps, our earnings estimates would be trimmed by <MYR2m only.
- What stands out for Star is its solid net cash position of >MYR0.50/share which should enable it to maintain dividends at 15-18sen p.a. and/or embark on mergers and acquisitions.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

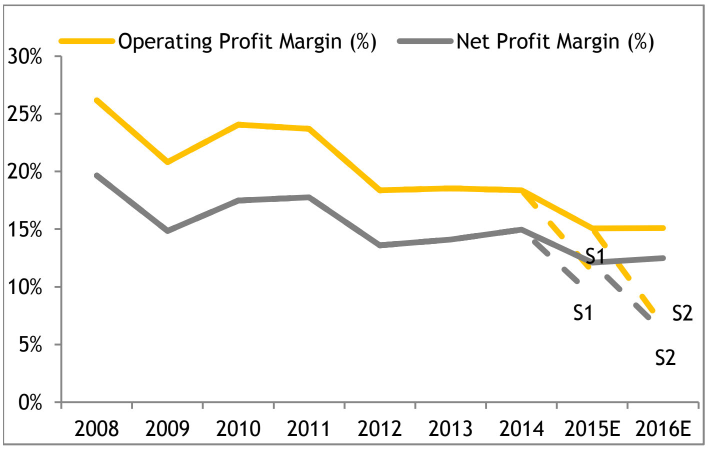
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,014	938	887	839	954	903	855
Operating profit	186	141	104	66	144	106	69
Net profit	151	113	85	57	119	91	63
Free cash flow	205	131	109	88	121	93	65
Net debt (net cash)	(352)	(382)	(390)	(398)	(399)	(409)	(419)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	186	141	138	135	144	138	132
Net profit	151	113	111	109	119	115	110
Free cash flow	205	131	129	127	121	117	113
Net debt (net cash)	(352)	(382)	(380)	(385)	(399)	(400)	(409)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		3.8%	4.3%	4.8%	3.8%	4.3%	4.8%
Operating profit	186	141	141	141	144	144	144
Net profit	151	113	113	112	119	119	118
Free cash flow	205	131	131	131	121	122	122
Net debt (net cash)	(352)	(382)	(381)	(380)	(399)	(398)	(396)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	186	141	101	144	57
% Change			*-29%*		*-60%*
Net profit	151	113	82	119	52
% Change			*-28%*		*-56%*
Free cash flow	205	131	108	121	57
% Change			*-18%*		*-53%*
Net debt (net cash)	(352)	(382)	(387)	(399)	(425)

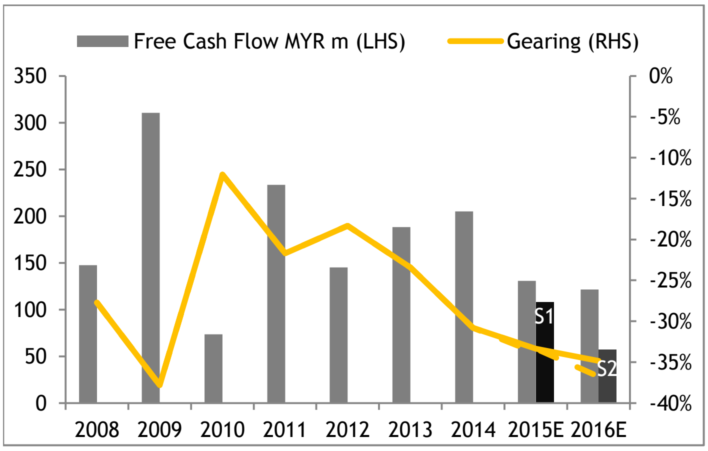
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	11.9	15.9	22.0	15.2	34.6
EV/EBITDA (x)	5.9	7.5	9.5	7.4	13.5
P/FCF (x)	9	13.8	16.8	14.9	31.6
P/B (x)	1.6	1.6	1.6	1.6	1.6
Dividend yield (%)	7.3%	6.1%	4.5%	6.5%	2.4%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Sunway

(SWB MK)

HOLD

Price	MYR 3.39
12m Price Target	MYR 3.48 (+3%)

RESILIENT

- A cut in revenue would have minimal impact on profits. Short-term earnings visibility will be supported by unbilled sales of MYR1.7b as at June 2015 (1.1x our revenue forecast).
- All foreign currency denominated debt (46% in USD, 6% in SGD, 1.4% in CNY, 0.1% in AUD) is fully hedged, hence we expect limited impact to earnings.
- Net gearing remained healthy at 0.35x as at June 2015, thus there is minimal impact to earnings from the potential interest hikes.
- We like Sunway's diversified earnings base. The slowdown in its property development business (especially for its Sunway Iskandar project) would be partially cushioned by steady dividend income from 36%-owned SunREIT and earnings from the listing of its construction unit.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	4,842	6,034	5,966	5,898	6,525	6,485	6,444
Operating profit	769	768	755	743	775	764	752
Net profit	592	564	595	544	577	566	554
Free cash flow	(8)	(244)	(256)	(269)	(659)	(672)	(685)
Net debt (net cash)	1,806	2,102	2,111	2,120	2,120	2,142	2,164
RNAV (MYR m)		11,859	11,694	11,529	11,859	11,694	11,529
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	769	768	768	768	775	775	775
Net profit	592	564	564	564	577	577	577
Free cash flow	(8)	(244)	(244)	(244)	(659)	(659)	(659)
Net debt (net cash)	1,806	2,102	2,102	2,102	2,120	2,120	2,120
RNAV (MYR m)		11,859	11,859	11,859	11,859	11,859	11,859
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.5%	6.0%	6.5%	5.5%	6.0%	6.5%
Operating profit	769	768	768	768	775	775	775
Net profit	592	564	563	563	577	576	575
Free cash flow	(8)	(244)	(246)	(248)	(659)	(661)	(664)
Net debt (net cash)	1,806	2,102	2,103	2,105	2,120	2,124	2,128
RNAV (MYR m)		11,859	11,859	11,859	11,859	11,859	11,859

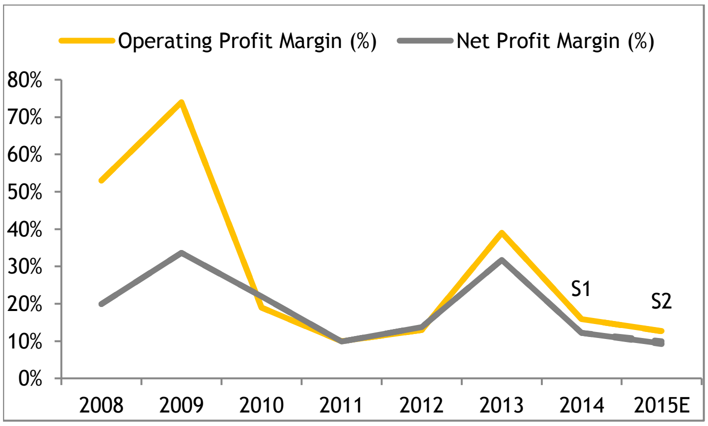
SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1		2016	2016 Scenario 2
MYR m		MKE Est	S1	S2	MKE Est	S3
Operating profit	769	768	755	743	775	752
Net profit	592	564	595	542	577	552
Free cash flow	(8)	(244)	(258)	(273)	(659)	(689)
Net debt (net cash)	1,806	2,102	2,113	2,124	2,120	2,172
RNAV (MYRm)		11,859	11,694	11,529		

Valuation	2014	2015	2015 Scenario 1		2016	2016 Scenario 2
		MKE Est	S1	S2	MKE Est	S3
PER (x)	10.1	10.6	10.0	10.0	10.4	10.8
EV/EBITDA (x)	16.0	10.1	10.3	10.3	10.0	10.3
P/FCF (x)	NM	NM	NM	NM	NM	NM
P/B (x)	1.00	1.00	1.00	1.00	0.84	0.85
Dividend yield (%)	3.2%	10.1%	10.0%	10.0%	2.9%	2.8%
P/RNAV (x)		0.00	0.00	0.00		

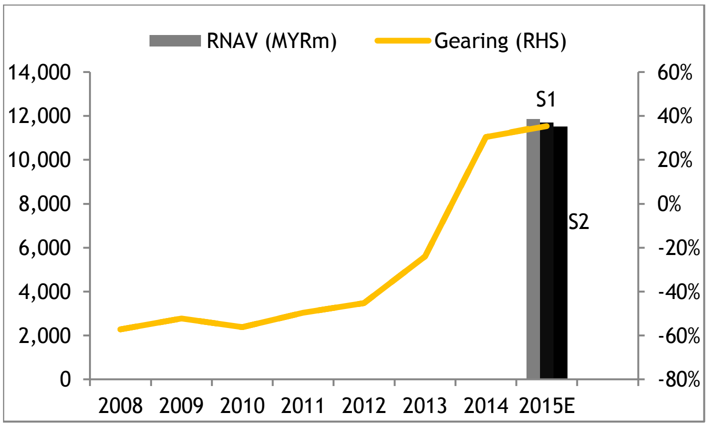
S1 denotes -5% revenue, -5% fx and +50 bps interest rate in 2016
S2 denotes -10% revenue, -10% fx and +100 bps interest rate in 2016
S3 denotes -10% revenue, -10% fx and +100 bps interest rate in 2017

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

RNAV & GEARING



Source: Maybank Kim Eng

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Ta Ann

(TAH MK)

BUY [Prior:Buy]

Price MYR 3.55

12m Price Target MYR 5.55 (+56%)

RESILIENT

- Biggest impact on earnings/FCF to come from revenue. A 10% decline in revenue in 2015 will reduce earnings/FCF by 49/61%.
- Ta Ann's earnings are sensitive to changes in CPO price, logs export price and plywood ASP. However, the overall negative impact is buffered by benefits of a strong USD.
- On the forex impact on plantation, we have assumed that the depreciation in Ringgit (vs USD) is offset by the decline in CPO price quoted in USD globally as observed over past 12 months.
- For its timber division, its ASP is in USD but the majority of its costs is in MYR, which makes Ta Ann a net beneficiary of the MYR weakness.
- Interest rate impact should be smaller as we assume 100% floating rate while 31% of its borrowings are at fixed interest rates.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

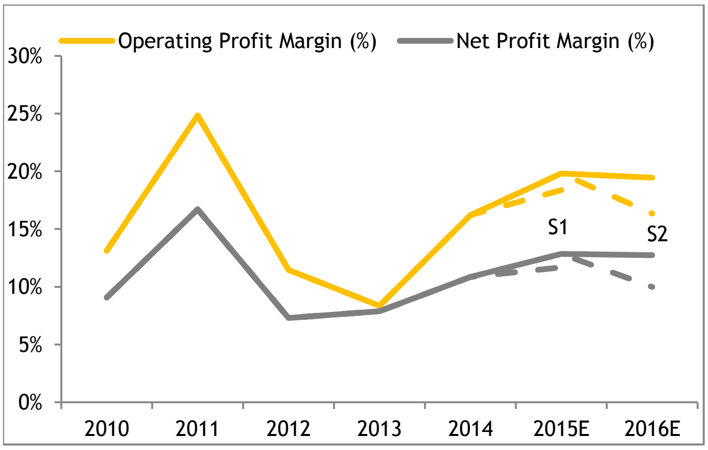
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,021	965	918	872	1,074	1,022	969
Operating profit	165	191	148	105	209	162	114
Net profit	111	124	94	64	137	102	68
Free cash flow	117	100	70	39	99	62	25
Net debt (net cash)	197	141	158	174	122	159	196
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	-	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	165	191	217	243	209	236	263
Net profit	111	124	142	160	137	156	175
Free cash flow	117	100	118	136	99	120	140
Net debt (net cash)	197	141	132	122	122	100	78
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		3.3%	3.8%	4.3%	3.4%	3.9%	4.4%
Operating profit	165	191	191	191	209	209	209
Net profit	111	124	123	121	137	135	133
Free cash flow	117	100	101	101	99	100	100
Net debt (net cash)	197	141	142	143	122	124	125

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	165	191	174	209	168
% Change			*-9%*		*-20%*
Net profit	111	124	110	137	103
% Change			*-11%*		*-25%*
Free cash flow	117	100	88	99	68
% Change			*-12%*		*-31%*
Net debt (net cash)	197	141	149	122	157

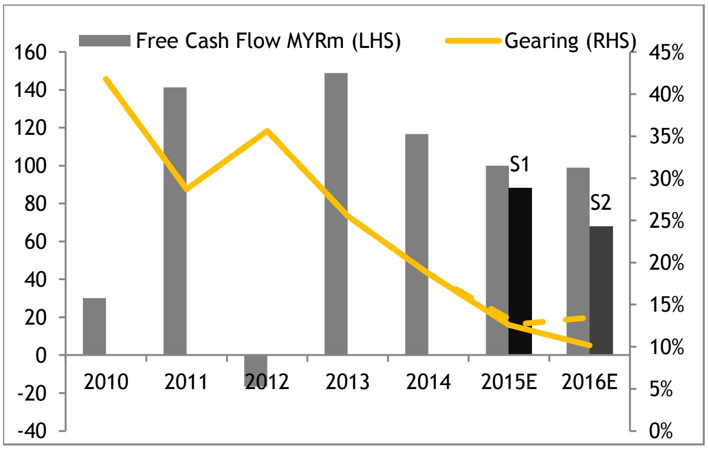
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	11.9	10.6	11.9	9.6	12.8
EV/EBITDA (x)	6.0	5.5	5.9	5.0	5.9
P/FCF (x)	11	13.2	14.9	13.3	19.3
P/B (x)	1.2	1.2	1.2	1.1	1.1
Dividend yield (%)	5.6%	4.2%	3.8%	4.7%	3.5%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Tan Chong Motor

(TCM MK)

HOLD

Price	MYR 2.33
12m Price Target	MYR 2.55 (+9%)

VULNERABLE

- A 10% decline in revenue would negatively impact earnings by 24% in FY16. Weak consumer sentiment amid rising cost of living could translate to a fall in consumer purchases of big ticket item - cars.
- Biggest impact to earnings to come from FX. A 10% FX depreciation in FY16 would reduce earnings by 42%. Most of TCM's sales are in MYR, but ~30-45% of its COGS are mostly USD-denominated CKD kit costs. Historically, auto companies in Malaysia do not reprice their cars due to currency fluctuation.
- Interest rate hikes affect TCM negatively, whose net gearing is almost at the 40% level. While interest rate hikes also translate to more expensive HP loans, we think that a 50/100 bps hike is not significant enough to deter consumer purchases.
- A weak MYR and stiffer competition will impair margins. Nissan's best seller is in the B-segment where competition is most intense and margins are thin.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

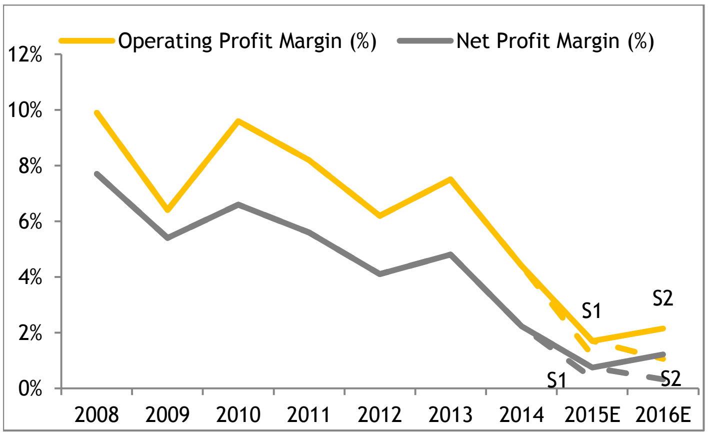
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	4,761	5,844	5,552	5,260	6,436	6,111	5,786
Operating profit	210	99	87	74	138	122	107
Net profit	106	43	36	28	78	68	59
Free cash flow	94	54	113	171	(12)	(13)	(14)
Net debt (net cash)	1,071	1,056	998	939	1,107	1,050	992
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.27	3.85	4.04	4.24	3.85	4.04	4.24
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	210	99	78	57	138	116	93
Net profit	106	43	31	18	78	62	45
Free cash flow	94	54	38	22	(12)	(26)	(40)
Net debt (net cash)	1,071	1,056	1,072	1,089	1,107	1,138	1,168
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	210	99	99	99	138	138	138
Net profit	106	43	40	38	78	75	71
Free cash flow	94	54	51	48	(12)	(15)	(18)
Net debt (net cash)	1,071	1,056	1,059	1,062	1,107	1,113	1,119

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	210	99	66	138	61
% Change			*-34%*		*-56%*
Net profit	106	43	20	78	19
% Change			*-53%*		*-76%*
Free cash flow	94	54	94	(12)	(48)
% Change			*73%*		*315%*
Net debt (net cash)	1,071	1,056	1,017	1,107	1,065

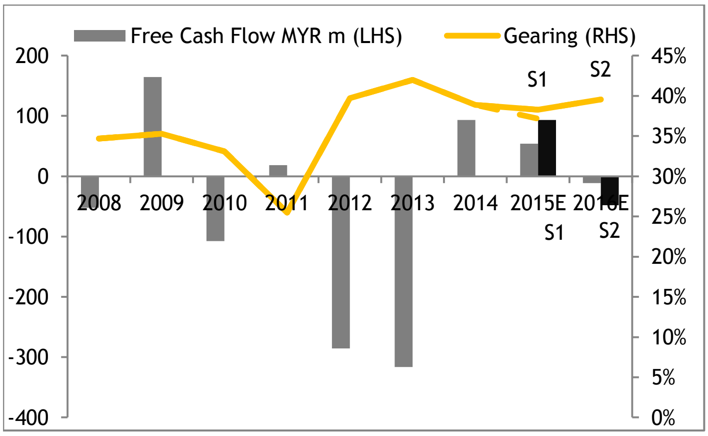
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	14.4	35.1	75.3	19.4	82.2
EV/EBITDA (x)	7.8	10.8	12.5	9.4	13.1
P/FCF (x)	16	28.1	16.3	NM	NM
P/B (x)	0.6	0.6	0.6	0.5	0.6
Dividend yield (%)	3.9%	2.6%	2.6%	2.6%	2.6%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Tenaga Nasional

(TNB MK)

BUY

Price MYR 11.08

12m Price Target MYR 16.00 (+44%)

RESILIENT

- Biggest impact on earnings to come from revenue; a 10% decline in revenue (assuming the generation shortfall is equally spilt between LNG and coal), would reduce earnings by 19-20%.
- Tenaga has no USD revenue. While coal is denominated in USD, any variance between Tenaga's actual and budgeted MYR coal costs is meant to be clawed back by a pass-through mechanism.
- Tenaga's FX debt is mainly JPY and USD-denominated, but the overall impact to earnings from FX movements is moderate.
- FCF would be affected as capex plans are not likely to shift as they revolve around maintenance capex and new power plants with late completion penalties.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

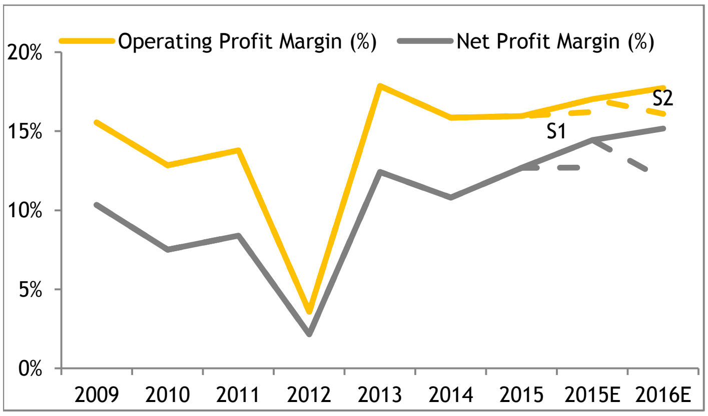
FY Aug MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	42,792	44,681	42,447	40,213	46,001	43,701	41,401
Operating profit	6,831	7,609	6,886	6,163	8,156	7,411	6,667
Net profit	5,428	6,453	5,803	5,152	6,976	6,306	5,636
Free cash flow	431	3,798	3,190	2,582	3,671	3,051	2,432
Net debt (net cash)	13,697	12,350	12,681	13,011	11,050	11,397	11,744
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption		3.80	3.99	4.18	3.80	3.99	4.18
Size of FX debt (in USD)	1,890	1,282	1,282	1,282	1,174	1,174	1,174
Operating profit	6,831	7,609	7,609	7,609	8,156	8,156	8,156
Net profit	5,428	6,453	6,158	5,863	6,976	6,751	6,526
Free cash flow	431	3,798	3,798	3,798	3,671	3,671	3,671
Net debt (net cash)	13,697	12,350	12,645	12,940	11,050	11,275	11,500
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		3.5%	4.0%	4.5%	3.5%	4.0%	4.5%
Operating profit	6,831	7,609	7,609	7,609	8,156	8,156	8,156
Net profit	5,428	6,453	6,339	6,224	6,976	6,861	6,747
Free cash flow	431	3,798	3,811	3,824	3,671	3,684	3,696
Net debt (net cash)	13,697	12,350	12,422	12,493	11,050	11,121	11,192

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	6,831	7,609	6,886	8,156	6,667
% Change			*-10%*		*-18%*
Net profit	5,428	6,453	5,393	6,976	4,957
% Change			*-16%*		*-29%*
Free cash flow	431	3,798	3,203	3,671	2,457
% Change			*-16%*		*-33%*
Net debt (net cash)	13,697	12,350	13,047	11,050	12,336

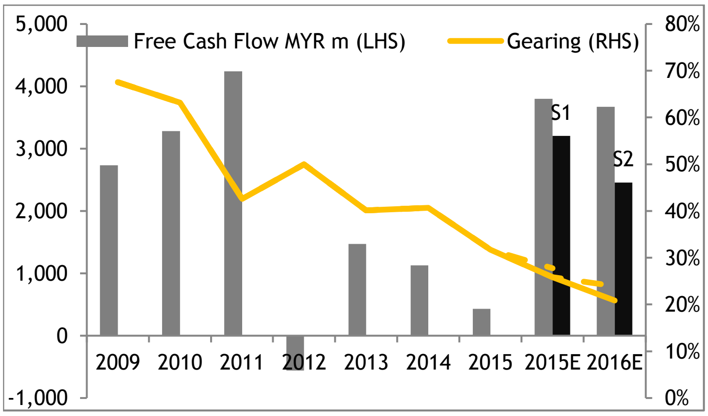
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	11.5	9.7	11.6	9.0	12.6
EV/EBITDA (x)	6.4	5.8	6.2	5.5	6.2
P/FCF (x)	145	16.5	19.5	17.0	25.5
P/B (x)	1.4	1.3	1.3	1.2	1.2
Dividend yield (%)	2.3%	3.0%	2.5%	3.0%	1.9%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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TH Plantations

(THP MK)

HOLD

Price	MYR 1.18
12m Price Target	MYR 1.30 (+10%)

VULNERABLE

- Biggest impact on earnings/FCF to come from revenue. A 10% decline in CPO price will reduce 2016 earnings/FCF by 62/61%.
- In the plantation business, the upstream business gives higher operating margin. Profitability is sensitive to changes in CPO ASP.
- THP has no USD debt exposure and hence there is no forex translation risk.
- For forex impact on operational performance, we have assumed that the depreciation in MYR (vs USD) is offset by the decline in CPO price quoted in USD globally as observed over past 12 months.
- Earnings are highly leveraged to CPO prices and also sensitive to interest rate change due to its high gearing.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

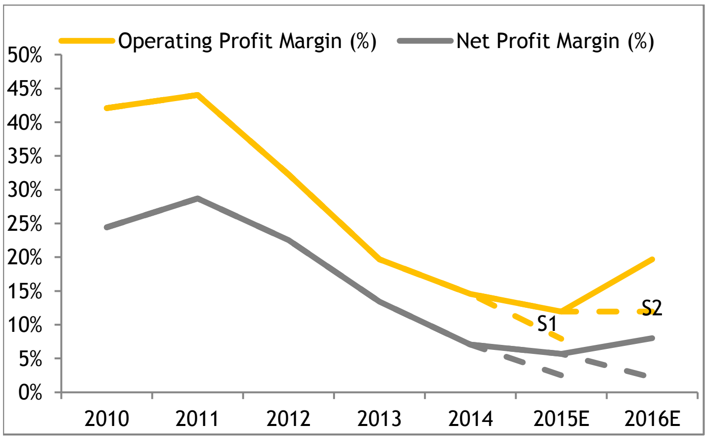
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	489	423	402	381	543	516	489
Operating profit	71	50	32	13	107	83	58
Net profit	34	24	14	4	43	30	16
Free cash flow	190	(263)	(274)	(286)	58	40	22
Net debt (net cash)	735	1,011	1,018	1,024	977	994	1,012
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.30	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	71	50	50	50	107	107	107
Net profit	34	24	24	24	43	43	43
Free cash flow	190	(263)	(263)	(263)	58	58	58
Net debt (net cash)	735	1,011	1,011	1,011	977	977	977
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		2.8%	3.3%	3.8%	2.8%	3.3%	3.8%
Operating profit	71	50	50	50	107	107	107
Net profit	34	24	20	16	43	40	38
Free cash flow	190	(263)	(262)	(262)	58	60	62
Net debt (net cash)	735	1,011	1,013	1,015	977	980	984

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	71	50	32	107	58
% Change			*-37%*		*-45%*
Net profit	34	24	10	43	11
% Change			*-58%*		*-76%*
Free cash flow	190	(263)	(274)	58	27
% Change			*4%*		*-53%*
Net debt (net cash)	735	1,011	1,020	977	1,018

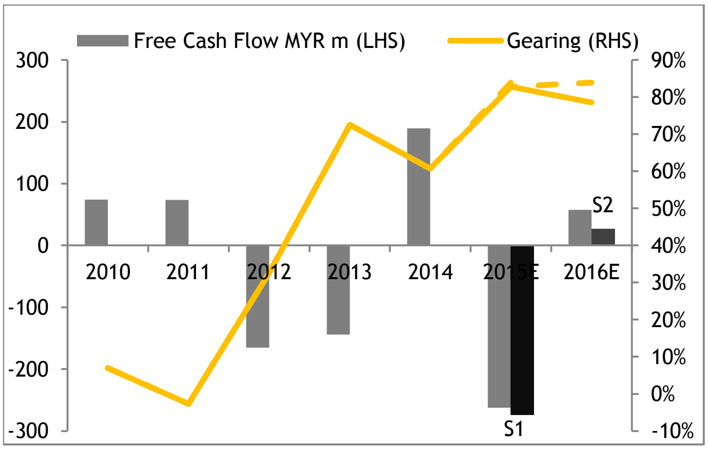
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	30.3	43.5	NM	24.0	98.5
EV/EBITDA (x)	13.1	14.8	17.1	10.4	13.8
P/FCF (x)	6	NM	NM	18.1	38.6
P/B (x)	0.9	0.9	0.9	0.8	0.9
Dividend yield (%)	5.3%	1.1%	0.5%	2.1%	0.5%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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TIME dotCom

(TDC MK)

HOLD

Price MYR 6.00

12m Price Target MYR 5.50 (-8%)

RESILIENT

- Biggest impact on earnings to come from revenue; a 10% decline in revenue will reduce earnings by 15%-16%.
- Operationally, TDC is a slight net beneficiary of the USD strength as data bandwidth is sold and procured in USD.
- TDC's FX debt is small and mainly USD-denominated, in the form of term loans.
- FCF would be affected as capex plans are mainly for the construction of submarine cables and are unlikely to be revised on mild revenue softness.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

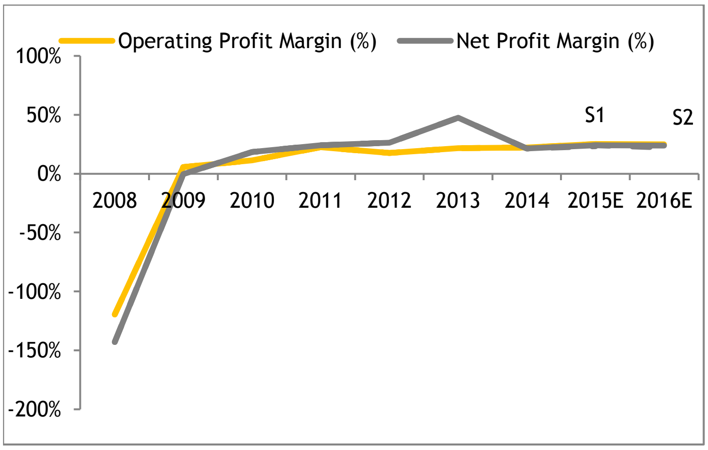
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	596	658	625	593	717	682	646
Operating profit	133	165	152	139	179	165	151
Net profit	127	159	147	135	172	158	145
Free cash flow	69	(9)	(20)	(32)	33	21	9
Net debt (net cash)	(177)	(154)	(146)	(138)	(159)	(151)	(142)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.80	3.99	4.18
Size of FX debt (in USD)	13	13	13	13	13	13	13
Operating profit	133	165	166	168	179	180	182
Net profit	127	159	160	162	172	173	174
Free cash flow	69	(9)	(8)	(6)	33	35	37
Net debt (net cash)	(177)	(154)	(156)	(157)	(159)	(161)	(163)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.0%	5.5%	6.0%	5.0%	5.5%	6.0%
Operating profit	133	165	165	165	179	179	179
Net profit	127	159	159	158	172	171	170
Free cash flow	69	(9)	(9)	(9)	33	33	33
Net debt (net cash)	(177)	(154)	(154)	(153)	(159)	(159)	(158)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	133	165	154	179	154
% Change			*-7%*		*-14%*
Net profit	127	159	148	172	146
% Change			*-7%*		*-15%*
Free cash flow	69	(9)	(19)	33	13
% Change			*101%*		*-61%*
Net debt (net cash)	(177)	(154)	(147)	(159)	(144)

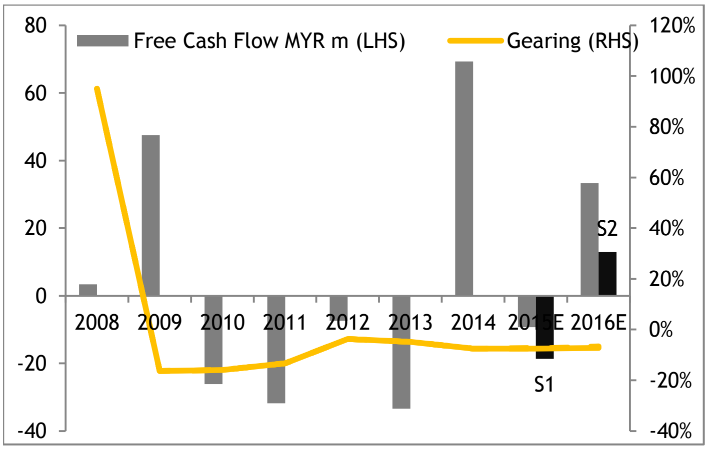
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	27.1	21.7	23.4	20.1	23.6
EV/EBITDA (x)	15.2	12.8	13.5	11.8	13.0
P/FCF (x)	50	NM	NM	NM	NM
P/B (x)	1.5	1.7	1.7	1.6	1.6
Dividend yield (%)	0.0%	13.4%	13.3%	1.4%	1.2%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Telekom Malaysia

(T MK)

HOLD

Price MYR 6.55

12m Price Target MYR 7.30 (+11%)

RESILIENT

- Biggest impact on earnings to come from revenue due to operating leverage; a 10% decline in revenue will reduce earnings by 30-31%. Balance sheet, however, remains relatively healthy under stress.
- Operationally, TM is a slight net beneficiary of the USD strength as data bandwidth is sold and procured in USD. The impact to net profit is however offset by translational losses from FX debt.
- TM's FX debt is mainly USD-denominated (c.86%), and is partially hedged.
- FCF would be affected as capex plans are based on strategic coverage targets, and are unlikely to be revised on mild revenue softness.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

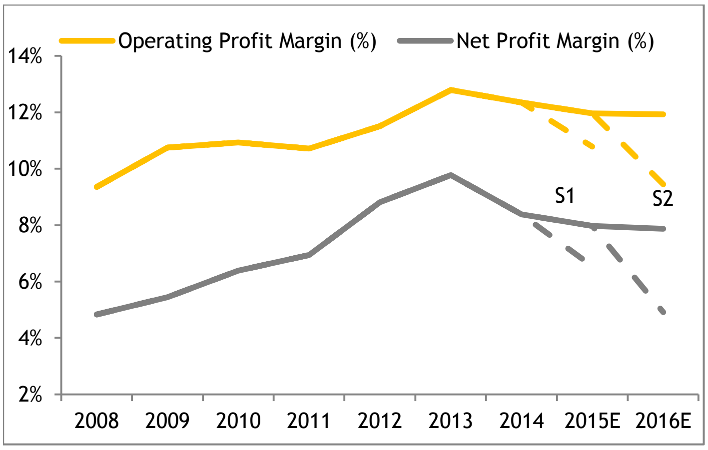
FY Dec	2014	2015			2016		
MYR m							
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	11,235	12,123	11,517	10,911	12,762	12,124	11,486
Operating profit	1,387	1,450	1,256	1,061	1,523	1,316	1,108
Net profit	941	967	821	675	1,005	849	694
Free cash flow	1,304	378	190	2	717	532	347
Net debt (net cash)	2,993	3,797	3,853	3,910	4,234	4,279	4,324
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.80	3.99	4.18	3.80	3.99	4.18
Size of FX debt (in USD)	465	465	465	465	465	465	465
Operating profit	1,387	1,450	1,452	1,453	1,523	1,526	1,527
Net profit	941	967	933	898	1,005	972	938
Free cash flow	1,304	378	404	429	717	743	769
Net debt (net cash)	2,993	3,797	3,807	3,817	4,234	4,245	4,255
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.0%	5.5%	6.0%	5.0%	5.5%	6.0%
Operating profit	1,387	1,450	1,450	1,450	1,523	1,523	1,523
Net profit	941	967	942	918	1,005	981	956
Free cash flow	1,304	378	383	387	717	723	730
Net debt (net cash)	2,993	3,797	3,803	3,808	4,234	4,238	4,242

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,387	1,450	1,257	1,523	1,113
% Change			*-13%*		*-27%*
Net profit	941	967	763	1,005	579
% Change			*-21%*		*-42%*
Free cash flow	1,304	378	221	717	413
% Change			*-42%*		*-42%*
Net debt (net cash)	2,993	3,797	3,869	4,234	4,353

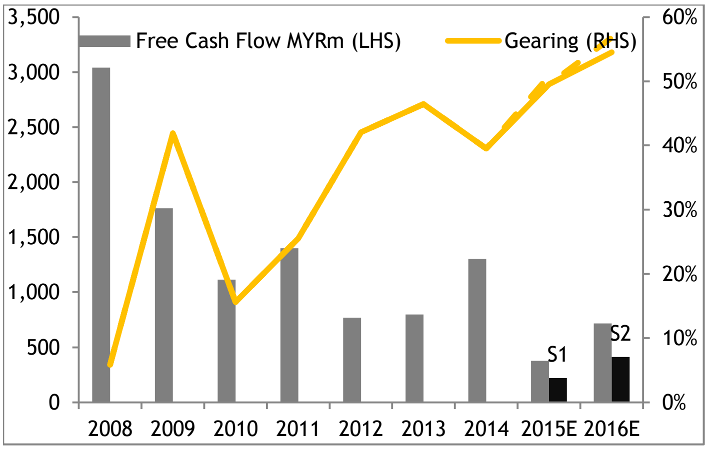
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	26.2	25.5	32.3	24.5	42.5
EV/EBITDA (x)	7.6	7.3	7.7	6.9	7.6
P/FCF (x)	19	65.2	111.5	34.3	59.7
P/B (x)	3.3	3.2	3.2	3.2	3.2
Dividend yield (%)	3.8%	3.5%	2.9%	3.7%	2.4%

OPERATING MARGIN & NET MARGIN



Source: *Maybank Kim Eng*

FREE CASH FLOW & GEARING



Source: *Maybank Kim Eng*

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Top Glove

(TOPG MK)

BUY

Price	MYR 7.76
12m Price Target	MYR 9.10 (+17%)

RESILIENT

- Revenue declines of 5% /10% could negatively impact net profit by 11-19%. This will subsequently lead to lower free cashflow, but Top Glove's balance sheet would still be healthy with minimal debt and a high cash pile.
- Top Glove is a net beneficiary of a stronger USD/MYR as almost all of its sales are denominated in USD while about half of its cost (for raw materials) is denominated in USD. It does not have any foreign debt.
- Interest rate changes should not affect the company much due to conservative balance sheet management. The company has minimal bank financing and is in a net cash position.
- Top Glove stands to benefit from structural demand growth for rubber gloves and the current rising USD/MYR environment. Additionally, there is much room for improved margins on the back of higher operational efficiency.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

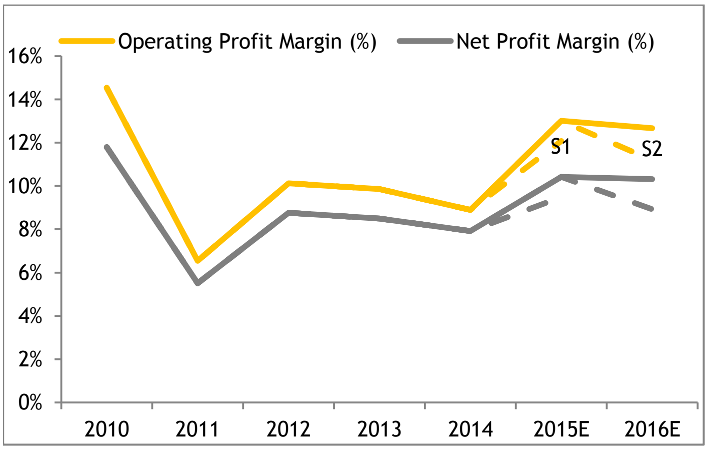
FY Aug MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	2,276	2,357	2,239	2,121	2,675	2,541	2,408
Operating profit	203	306	275	251	339	304	277
Net profit	180	246	219	200	276	245	225
Free cash flow	150	133	121	114	151	126	107
Net debt (net cash)	(158)	(181)	(179)	(182)	(210)	(195)	(188)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.24	3.50	3.68	3.85	3.60	3.78	3.96
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	203	306	316	326	339	350	361
Net profit	180	246	250	258	276	281	290
Free cash flow	150	133	130	126	151	159	166
Net debt (net cash)	(158)	(181)	(172)	(164)	(210)	(202)	(197)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.7%	6.2%	6.7%	5.7%	6.2%	6.7%
Operating profit	203	306	306	306	339	339	339
Net profit	180	246	246	246	276	277	277
Free cash flow	150	133	133	133	151	151	151
Net debt (net cash)	(158)	(181)	(181)	(182)	(210)	(211)	(211)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	203	306	285	339	299
% Change			*-7%*		*-12%*
Net profit	180	246	224	276	239
% Change			*-9%*		*-13%*
Free cash flow	150	133	118	151	122
% Change			*-11%*		*-19%*
Net debt (net cash)	(158)	(181)	(170)	(210)	(175)

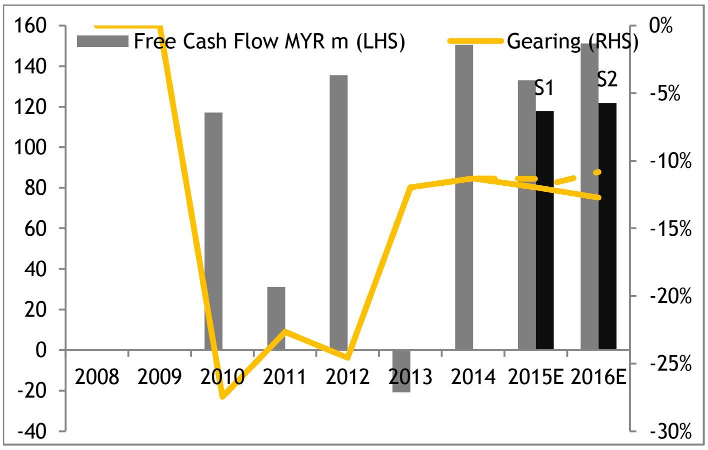
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	33.5	24.5	26.9	21.8	25.2
EV/EBITDA (x)	19.9	14.8	15.6	13.2	14.6
P/FCF (x)	40	45.3	51.1	39.9	49.4
P/B (x)	4.3	4.0	4.0	3.6	3.7
Dividend yield (%)	1.6%	2.0%	1.9%	2.3%	2.0%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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TSH Resources

(TSH MK)

HOLD

Price	MYR 1.81
12m Price Target	MYR 1.80 (-1%)

VULNERABLE

- Biggest impact on earnings to come from FX. A 10% FX depreciation in 2016 will reduce earnings by 34%.
- TSH's earnings are sensitive to changes in CPO price and thus the decline in selling prices would have a material impact on earnings.
- TSH has MYR366m (USD96m) USD debt that is 37% of total debts. As such, forex movements would have some impact in terms of translation gains/losses.
- On the forex impact on operational performance, we have assumed that the depreciation in MYR (vs USD) is offset by the decline in CPO price quoted in USD globally as observed over the past 12 months.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

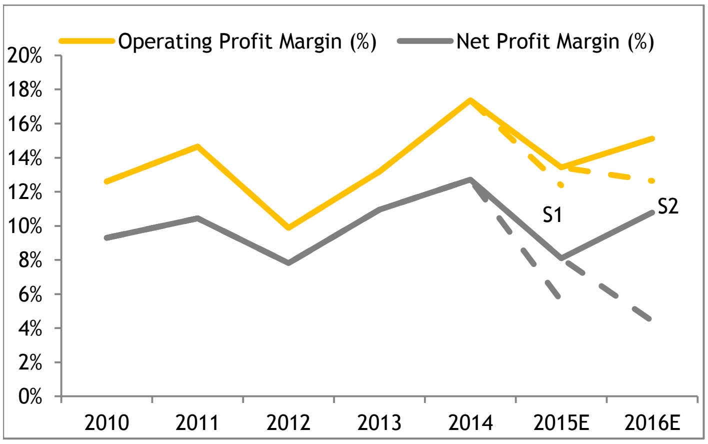
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,080	1,069	1,033	996	1,176	1,133	1,091
Operating profit	188	144	128	112	178	158	138
Net profit	137	87	75	64	127	112	98
Free cash flow	(148)	12	10	7	22	8	(6)
Net debt (net cash)	976	991	990	989	1,008	1,017	1,025
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.30	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	117	96	96	96	94	94	94
Operating profit	188	144	144	144	178	178	178
Net profit	137	87	73	44	127	113	84
Free cash flow	(148)	12	12	12	22	22	22
Net debt (net cash)	976	991	1,005	1,033	1,008	1,022	1,051
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		3.5%	4.0%	4.5%	3.5%	4.0%	4.5%
Operating profit	188	144	144	144	178	178	178
Net profit	137	87	83	79	127	123	120
Free cash flow	(148)	12	14	15	22	23	24
Net debt (net cash)	976	991	993	996	1,008	1,013	1,018

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	188	144	128	178	138
% Change			*-11%*		*-22%*
Net profit	137	87	58	127	48
% Change			*-33%*		*-62%*
Free cash flow	(148)	12	11	22	(3)
% Change			*-8%*		*NM*
Net debt (net cash)	976	991	1,006	1,008	1,077

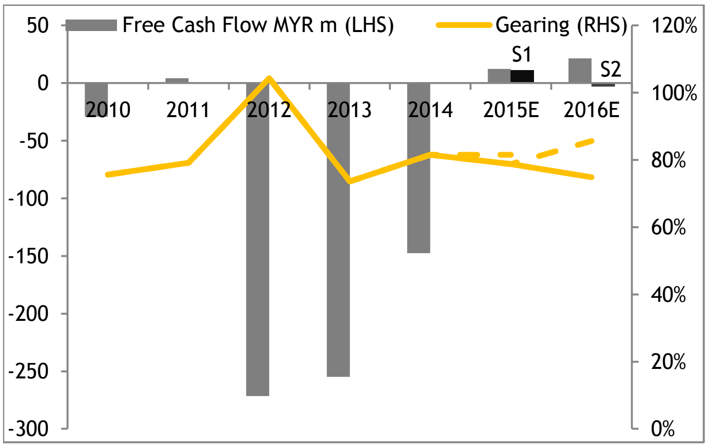
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	17.9	28.3	42.5	19.4	51.0
EV/EBITDA (x)	15.0	18.6	20.3	15.7	19.1
P/FCF (x)	NM	NM	NM	NM	NM
P/B (x)	2.0	2.0	2.0	1.8	2.0
Dividend yield (%)	1.3%	1.1%	0.9%	1.6%	1.1%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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UEM Sunrise

(UEMS MK)

HOLD

Price MYR 0.87

12m Price Target MYR 0.99 (+14%)

RESILIENT

- Biggest impact on earnings/FCF to come from revenue. A 10% decline in revenue in FY16 will reduce earnings/FCF by 9%/9%.
- A cut in revenue would have a moderate impact on UEMS' bottomline. Short-term earnings visibility will be supported by unbilled sales of MYR3.8b as at June 2015 (2.6x of our FY10/15 revenue).
- Most earnings and debts are denominated in MYR except for its Melbourne and Canadian projects, which are financed in local currencies, thus providing a natural hedge.
- Net gearing remained healthy at 0.285x at end-2Q15. The company has strong backing from Khazanah (which owns a 66.1% stake).
- We remain cautious on UEMS' large exposure to Iskandar Malaysia (>70% of its total GDV) though we are positive on its landbank there which was acquired at low valuations, thus providing it with pricing and product flexibility.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	2,662	2,254	2,181	2,107	2,587	2,480	2,373
Operating profit	528	571	556	541	628	604	580
Net profit	480	399	385	371	454	432	411
Free cash flow	(1,013)	406	388	370	482	459	436
Net debt (net cash)	1,619	1,596	1,614	1,633	1,359	1,396	1,432
RNAV (MYR)		12,811	12,156	11,501	12,811	12,156	11,501
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.50	3.80	3.99	4.18	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	528	571	571	571	628	628	628
Net profit	480	399	399	399	454	454	454
Free cash flow	(1,013)	406	406	406	482	482	482
Net debt (net cash)	1,619	1,596	1,596	1,596	1,359	1,359	1,359
RNAV (MYR)		12,811	12,811	12,811	12,811	12,811	12,811
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		5.5%	6.0%	6.5%	5.5%	6.0%	6.5%
Operating profit	528	571	571	571	628	628	628
Net profit	480	399	393	387	454	449	444
Free cash flow	(1,013)	406	406	406	482	484	486
Net debt (net cash)	1,619	1,596	1,596	1,596	1,359	1,355	1,351
RNAV (MYR)		12,811	12,811	12,811	12,811	12,811	12,811

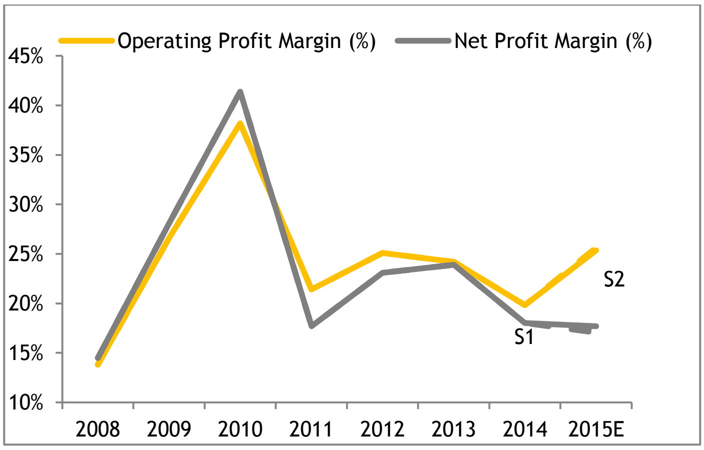
SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1		2016	2016 Scenario 2
MYR m		MKE Est	S1	S2	MKE Est	S3
Operating profit	528	571	556	541	628	580
Net profit	480	399	379	359	454	401
Free cash flow	(1,013)	406	388	370	482	440
Net debt (net cash)	1,619	1,596	1,614	1,633	1,359	1,425
RNAV (MYRm)		12,811	12,156	11,501		

Valuation	2014	2015	2015 Scenario 1		2016	2016 Scenario 2
		MKE Est	S1	S2	MKE Est	S3
PER (x)	8.2	9.9	10.4	10.4	8.7	9.8
EV/EBITDA (x)	6.7	6.1	6.4	6.4	5.4	5.8
P/FCF (x)	NM	9.7	10.2	10.2	8.2	9.0
P/B (x)	0.62	0.54	0.54	0.54	0.51	0.52
Dividend yield (%)	3.4%	3.2%	3.1%	3.1%	3.7%	3.3%
P/RNAV (x)		0.31	0.32	0.34		

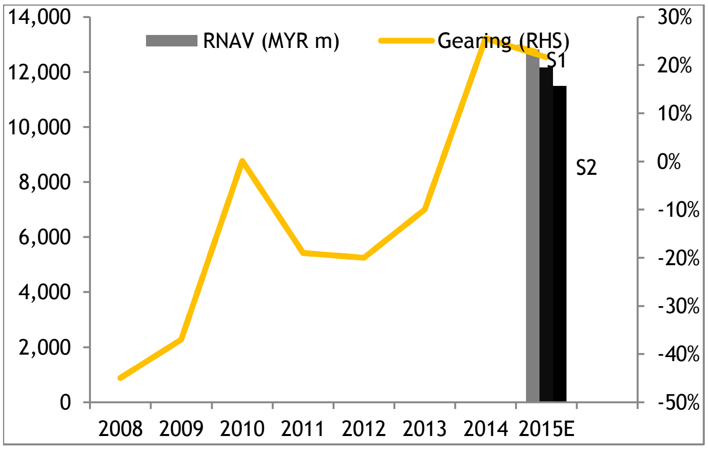
S1 denotes -5% revenue, -5% fx and +50 bps interest rate in 2015
S2 denotes -10% revenue, -10% fx and +100 bps interest rate in 2015
S3 denotes -10% revenue, -10% fx and +100 bps interest rate in 2016

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

RNAV & GEARING



Source: Maybank Kim Eng

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UMW Holdings

(UMWH MK)

HOLD

Price	MYR 8.00
12m Price Target	MYR 7.80 (-2%)

VULNERABLE

- Biggest impact on earnings from revenue cuts. A 10% cut in revenue under S2 would reduce earnings by 13%. UMWH's earnings however are susceptible to weak consumer purchasing power and fluctuations in oil prices.
- UMWH's biggest revenue contributor is the automotive division (70% of revenue) and sales are in MYR. Meanwhile, about 35% of its COGS are USD-denominated costs (mainly Toyota CKD kits). Historically, auto companies in Malaysia do not reprice their cars due to currency fluctuations.
- Interest rate hikes are marginally negative to UMWH whose net gearing is a decent 25%.
- While total TIV only contracted by 3% YoY, Toyota's 7M15 vehicle sales fell 22% YoY from stiff competition in the B and pick-up truck segments where its best-selling models are facing intense competition. Also, its O&G division is facing risk of fleet immobilisation due to the recent weakness in oil prices.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

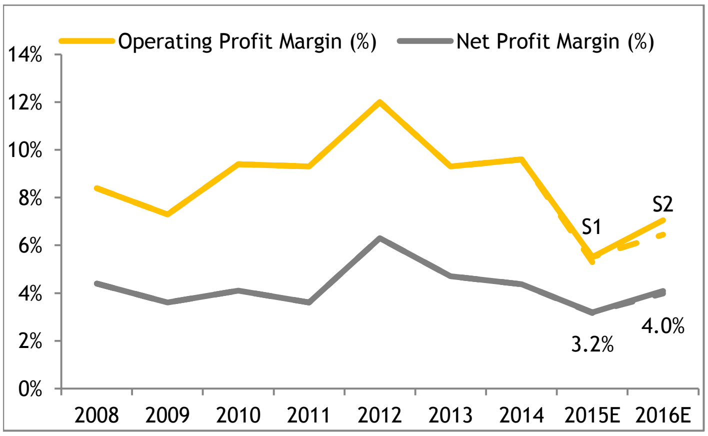
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	14,933	12,761	12,126	11,491	14,418	13,701	12,984
Operating profit	1,433	703	672	642	1,017	963	910
Net profit	652	407	396	385	590	568	546
Free cash flow	(714)	(783)	(754)	(726)	853	822	790
Net debt (net cash)	819	1,684	1,648	1,611	1,070	1,047	1,023
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.85	4.04	4.24	3.85	4.04	4.24
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	1,433	759	729	698	1,063	1,027	991
Net profit	652	407	396	386	590	577	564
Free cash flow	(714)	(751)	(771)	(790)	881	856	830
Net debt (net cash)	819	1,687	1,698	1,709	1,072	1,099	1,126
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption	2.0%	2.0%	2.5%	3.0%	2.0%	2.5%	3.0%
Operating profit	1,433	759	759	759	1,063	1,063	1,063
Net profit	652	407	405	403	590	589	587
Free cash flow	(714)	(751)	(755)	(758)	881	877	874
Net debt (net cash)	819	1,687	1,689	1,691	1,072	1,076	1,080

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,433	703	642	1,017	837
% Change			*-9%*		*-18%*
Net profit	652	407	384	590	516
% Change			*-6%*		*-13%*
Free cash flow	(714)	(783)	(777)	853	733
% Change			*-1%*		*-14%*
Net debt (net cash)	819	1,687	1,663	1,070	1,085

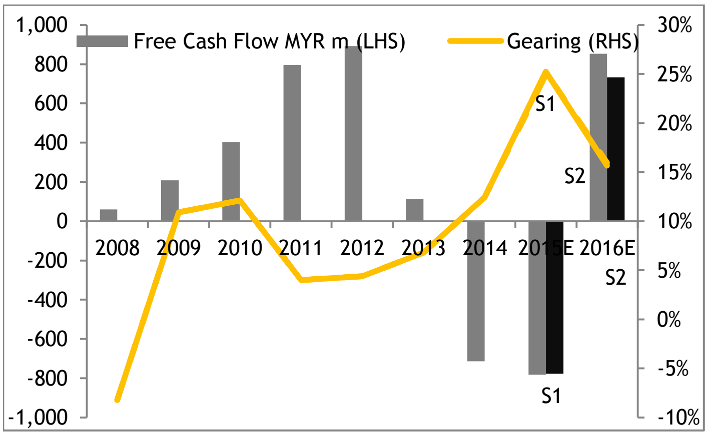
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	14.3	23.0	24.4	15.8	18.1
EV/EBITDA (x)	6.1	8.7	9.1	6.4	7.1
P/FCF (x)	NM	NM	NM	11.0	12.8
P/B (x)	1.4	1.4	1.4	1.4	1.4
Dividend yield (%)	5.1%	3.3%	3.1%	4.7%	4.1%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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UMW Oil & Gas

(UMWOG MK)

SELL

Price MYR 1.06

12m Price Target MYR 0.80 (-25%)

VULNERABLE

- The offshore drilling business is sensitive to capex cuts in a volatile oil market. UMWOG currently suffers from weakness in utilisation and daily charter rates but while it is P&L -ve, the company is still cashflow +ve at this stage.
- Currency movements have minimal impact on its financials. Its USD exposures in revenue/ costs are relatively aligned, thus providing a natural hedge.
- Interest rate movements of 5-10% would affect UMWOG's P&L but cashflows would still remain positive, which is of greater importance to servicing opex and interest costs.
- UMWOG is vulnerable in our analysis. A further cut in daily charter rates/ utilisation would cause concern as this would further impede cash flows. Moreover, only 2 out of UMWOG's total fleet of 7 rigs are on long-term contracts. As such, off-hire risk is apparent.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

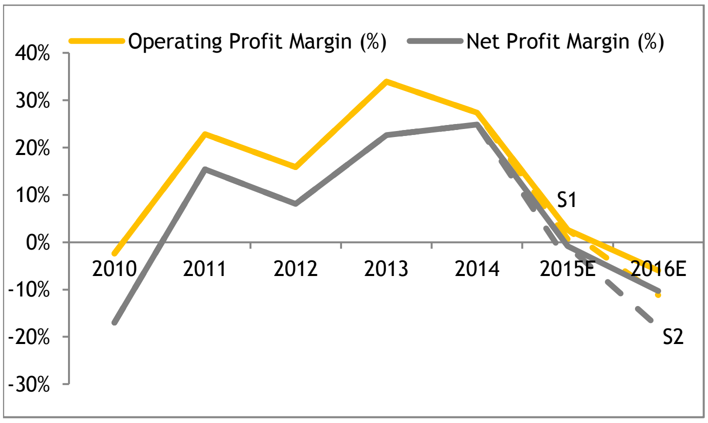
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	1,015	1,064	1,011	958	998	948	898
Operating profit	278	28	(5)	(38)	(59)	(92)	(124)
Net profit	252	(9)	(38)	(67)	(103)	(131)	(160)
Free cash flow	(1,487)	(1,396)	(1,404)	(1,412)	81	53	24
Net debt (net cash)	1,077	2,461	2,469	2,477	2,375	2,411	2,448
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.85	4.04	4.24	4.00	4.20	4.40
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	278	28	40	52	(59)	(52)	(45)
Net profit	252	(9)	1	12	(103)	(97)	(91)
Free cash flow	(1,487)	(1,396)	(1,406)	(1,415)	81	90	100
Net debt (net cash)	1,077	2,461	2,470	2,479	2,375	2,375	2,375
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		1.3%	1.8%	2.3%	1.7%	2.2%	2.7%
Operating profit	278	28	28	28	(59)	(59)	(59)
Net profit	252	(9)	(23)	(37)	(103)	(116)	(130)
Free cash flow	(1,487)	(1,396)	(1,399)	(1,402)	81	78	75
Net debt (net cash)	1,077	2,461	2,464	2,467	2,375	2,378	2,381

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	278	28	7	(59)	(110)
% Change			*-74%*		*85%*
Net profit	252	(9)	(42)	(103)	(176)
% Change			*351%*		*72%*
Free cash flow	(1,487)	(1,396)	(1,417)	81	37
% Change			*1%*		*-55%*
Net debt (net cash)	1,077	2,461	2,481	2,375	2,454

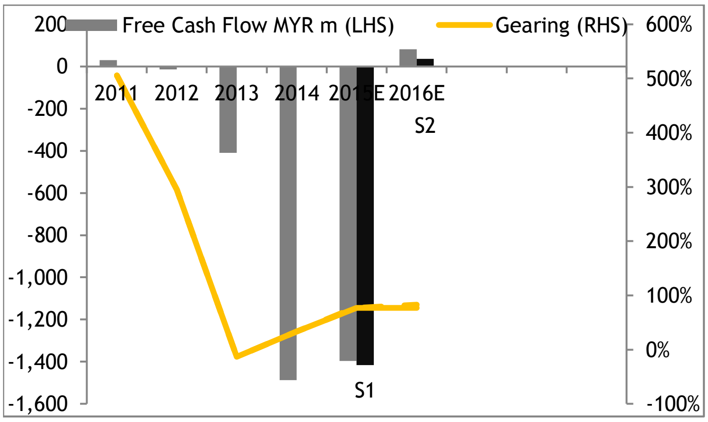
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	9.0	NM	NM	NM	NM
EV/EBITDA (x)	11.5	20.5	22.4	33.6	50.7
P/FCF (x)	NM	NM	NM	28.0	62.0
P/B (x)	0.7	0.7	0.7	0.7	0.8
Dividend yield (%)	1.0%	0.0%	0.0%	0.0%	0.0%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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ViTrox Corp

(VITRO MK)

BUY

Price	MYR 2.83
12m Price Target	MYR 3.65 (+29%)

RESILIENT

- Biggest impact on earnings comes from revenue cuts. A 10% cut in revenue would reduce earnings by 10-11%. A slowdown in regional semiconductor production could lead to capex cuts which would hurt demand for ViTrox's equipment.
- 85%/30% of ViTrox' revenue/COGS are denominated in USD. As such, the weakening of MYR against USD is net positive to ViTrox' earnings.
- Interest rate hikes are positive to ViTrox; given its substantial net cash war chest of MYR72m as at end-Jun 2015.
- Capex allocations by semiconductor players in the region have slowed down in 2015, reducing the demand for capital equipment supplied by ViTrox. On the flipside, a replacement cycle is underway with about 400 units of automated x-ray inspection (AXI) equipment due for upgrade/ replacement over the next 3 years; providing some earnings visibility.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

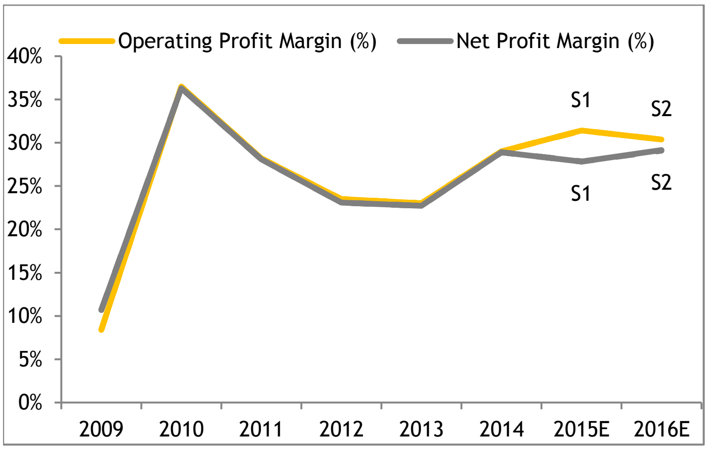
FY Dec MYR m	2014	2015			2016		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	170	184	175	166	219	208	197
Operating profit	49	58	55	52	66	63	60
Net profit	49	51	49	46	64	60	57
Free cash flow	28	2	5	8	(12)	(14)	(16)
Net debt (net cash)	(56)	(43)	(47)	(50)	(11)	(13)	(16)
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.27	3.85	4.04	4.24	3.85	4.04	4.24
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	49	58	60	63	66	69	72
Net profit	49	51	54	56	64	67	69
Free cash flow	28	2	(0)	(2)	(12)	(10)	(8)
Net debt (net cash)	(56)	(43)	(40)	(37)	(11)	(9)	(7)
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.0%	4.5%	5.0%	4.0%	4.5%	5.0%
Operating profit	49	58	58	58	66	66	66
Net profit	49	51	51	52	64	64	64
Free cash flow	28	2	2	2	(12)	(12)	(12)
Net debt (net cash)	(56)	(43)	(43)	(43)	(11)	(11)	(11)

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	49	58	57	66	65
% Change			*-1%*		*-2%*
Net profit	49	51	51	64	63
% Change			*-1%*		*-2%*
Free cash flow	28	2	3	(12)	(13)
% Change			*23%*		*9%*
Net debt (net cash)	(56)	(43)	(44)	(11)	(12)

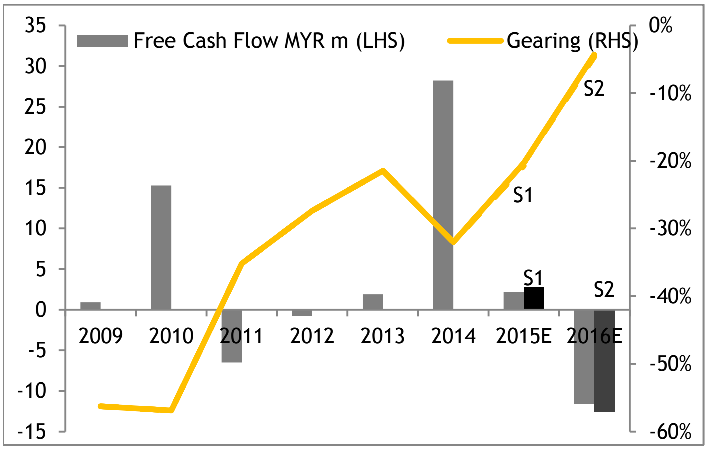
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	13.6	13.0	13.1	10.5	10.7
EV/EBITDA (x)	11.7	10.0	10.1	8.3	8.5
P/FCF (x)	24	NM	NM	NM	NM
P/B (x)	3.8	3.2	3.2	2.6	2.6
Dividend yield (%)	2.1%	2.2%	2.2%	2.7%	2.7%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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WCT Holdings

(WCTHG MK)

BUY

Price	MYR 1.17
12m Price Target	MYR 2.20 (+88%)

RESILIENT

- Biggest impact on earnings to come from revenue. A 10% decline in revenue in FY16 will reduce earnings by 14%.
- Any revenue downturn would be buffered by its solid outstanding orderbook of MYR2.5b (2.1x trailing annual revenue) which provides support to WCT's construction earnings.
- One third of its construction orderbook is from Middle East and it has no foreign debt, so FX movements have negligible impact on earnings.
- We assume 100% debt to be at floating rate. Interest rate impact should minor since 95% of its borrowings are at fixed interest rates.
- WCT's solid orderbook provides visibility to medium term earnings. Stable earnings from construction and property investment should cushion slower property development earnings.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

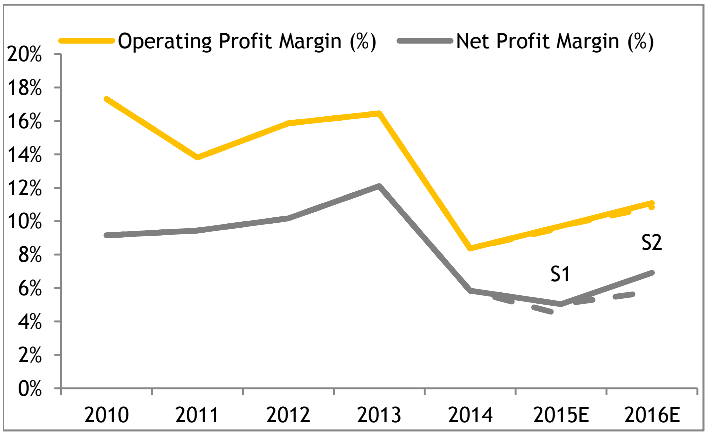
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,662	1,800	1,710	1,620	1,992	1,892	1,793
Operating profit	139	175	166	157	221	210	199
Net profit	97	91	84	78	138	130	121
Free cash flow	(500)	191	188	184	203	195	187
Net debt (net cash)	1,480	1,460	1,464	1,467	1,425	1,436	1,448
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.30	3.80	3.99	4.18	3.90	4.10	4.29
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	139	175	177	179	221	223	225
Net profit	97	91	92	94	138	140	141
Free cash flow	(500)	191	192	193	203	205	206
Net debt (net cash)	1,480	1,460	1,460	1,459	1,425	1,422	1,420
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		3.0%	3.5%	4.0%	3.0%	3.5%	4.0%
Operating profit	139	175	175	175	221	221	221
Net profit	97	91	82	74	138	130	122
Free cash flow	(500)	191	194	196	203	206	208
Net debt (net cash)	1,480	1,460	1,469	1,477	1,425	1,441	1,457

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		**MKE Est**	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
Operating profit	139	175	168	221	203
% Change			*-4%*		*-8%*
Net profit	97	91	78	138	109
% Change			*-14%*		*-21%*
Free cash flow	(500)	191	191	203	195
% Change			*0%*		*-4%*
Net debt (net cash)	1,480	1,460	1,471	1,425	1,475

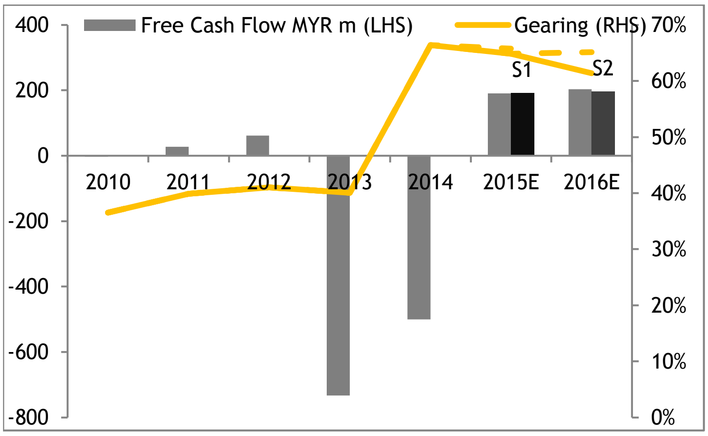
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	**(-5% rev, -5% fx, +50 bps i/r)**	**MKE Est**	**(-10% rev, -10% fx, +100bps i/r)**
PER (x)	14.5	15.5	18.1	10.2	12.9
EV/EBITDA (x)	19.4	15.6	16.2	12.5	13.5
P/FCF (x)	NM	7.3	7.3	6.9	7.2
P/B (x)	0.6	0.6	0.6	0.6	0.6
Dividend yield (%)	3.5%	4.8%	4.8%	4.8%	4.8%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Westports Holdings

(WPRTS MK)

BUY

Price MYR 4.21

12m Price Target MYR 4.80 (+14%)

RESILIENT

- Revenue declines of 5% /10% would lead to a 10-20% reduction in net profit. On the back of lower free cashflows, this could result in a higher, but still manageable FY16 net gearing of 35% under S2.
- Currency movements will not affect Westports much as both its sales and costs are in domestic currency. It does not has any foreign debt.
- Interest rate changes would have minimal impact on its earnings given the company's low gearing levels - net interest cost accounts for around 15% of its net profit.
- Westports' earnings are susceptible to a slowdown in regional seaborne trade. However, we think the soon-to-be implemented container tariff hike will partially mitigate the prospect of softer throughput ahead.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

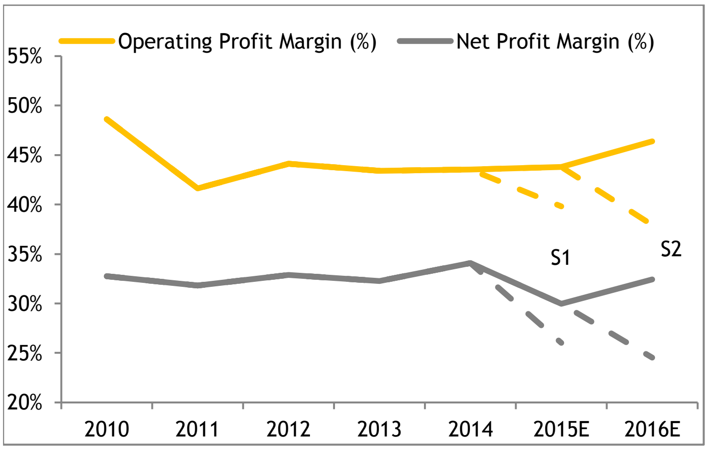
FY Dec MYR m	2014	2015			2016		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,503	1,643	1,560	1,478	1,803	1,713	1,623
Operating profit	654	719	654	589	836	764	692
Net profit	512	492	443	393	585	529	474
Free cash flow	293	547	498	449	691	637	582
Net debt (net cash)	705	626	638	649	469	495	520
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.60	3.70	3.89	4.07	3.70	3.89	4.07
Size of FX debt (in USD)	-	-	-	-	-	-	-
Operating profit	654	719	719	719	836	836	836
Net profit	512	492	492	492	585	585	585
Free cash flow	293	547	547	547	691	691	691
Net debt (net cash)	705	626	638	649	469	495	520
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		6.5%	7.0%	7.5%	6.5%	7.0%	7.5%
Operating profit	654	719	719	719	836	836	836
Net profit	512	492	484	481	585	578	575
Free cash flow	293	547	548	548	691	692	693
Net debt (net cash)	705	626	631	634	469	474	476

SUMMARY & VALUATION

Aggregated Impact	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	654	719	589	836	547
% Change			*-18%*		*-35%*
Net profit	512	492	385	585	354
% Change			*-22%*		*-39%*
Free cash flow	293	547	450	691	474
% Change			*-18%*		*-31%*
Net debt (net cash)	705	626	654	469	578

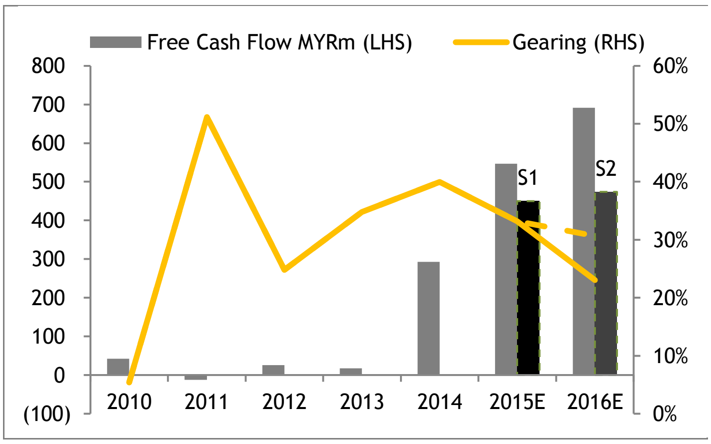
Valuation	2014	2015	2015 Scenario 1	2016	2016 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	28.0	29.2	37.3	24.5	40.6
EV/EBITDA (x)	17.1	15.6	18.3	13.7	19.2
P/FCF (x)	49	26.3	31.9	20.8	30.3
P/B (x)	8.1	7.6	7.8	7.1	7.6
Dividend yield (%)	2.7%	2.6%	2.0%	3.1%	1.8%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Yinson Holdings

(YNS MK)

BUY

Price	MYR 2.73
12m Price Target	MYR 4.35 (+59%)

RESILIENT

- Revenue declines would have an adverse impact to earnings considering that offshore opex (OSV, FPSO) is predominantly fixed. Revenue cuts could take the form of lower day rates or utilisation. The trading and transport businesses are high revenue but low margin in nature.
- Currency movements have minimal impact on Yinson's earnings. Its OSV/ FPSO revenues are USD-based and costs are much aligned to provide a natural hedge. Its trading/ transport operations are MYR-denominated.
- Interest rate changes would have a moderate impact to its earnings due to low gearing. Its interest cover averaged 3x, decent in our view.
- Yinson's business is resilient, in our view. Its FPSO business is bankable, generates resilient cash flows, and offers decent project IRRs.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

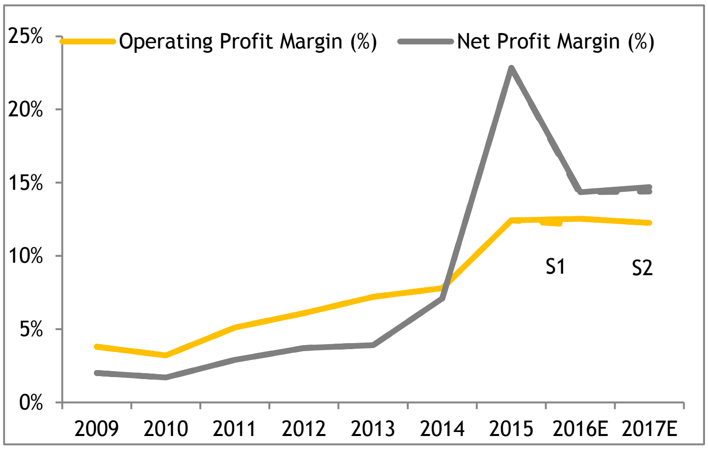
FY Jan MYR m	2015	2016			2017		
Change in Revenue		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
Revenue	1,083	1,121	972	921	1,153	1,096	1,038
Operating profit	135	141	119	111	141	133	125
Net profit	248	161	142	135	170	162	155
Free cash flow	(66)	43	72	82	54	33	13
Net debt (net cash)	459	431	402	392	396	394	383
Change in Exchange Rate		**Base**	**-5%**	**-10%**	**Base**	**-5%**	**-10%**
New USDMYR assumption	3.30	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	152	147	147	147	140	140	140
Operating profit	135	141	149	157	141	150	158
Net profit	248	161	168	175	170	177	184
Free cash flow	(66)	43	32	22	54	61	67
Net debt (net cash)	459	431	442	452	393	397	401
Change in Interest Rate		**Base**	**+50 bps**	**+100 bps**	**Base**	**+50 bps**	**+100 bps**
New interest rate assumption		4.9%	5.4%	5.9%	4.9%	5.4%	5.9%
Operating profit	135	141	126	126	141	141	141
Net profit	248	161	144	139	170	166	166
Free cash flow	(66)	43	58	53	54	19	19
Net debt (net cash)	459	431	417	421	393	413	413

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	135	141	113	141	141
% Change			*-20%*		*0%*
Net profit	248	161	132	170	166
% Change			*-18%*		*-2%*
Free cash flow	(66)	43	75	54	-8
% Change			*74%*		*NM*
Net debt (net cash)	459	431	399	393	411

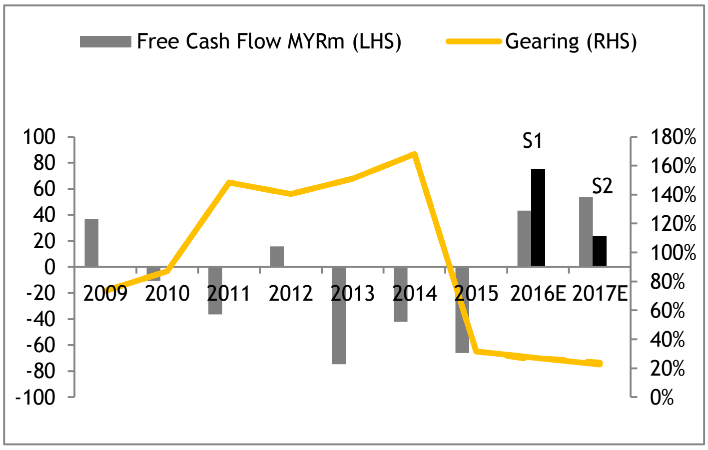
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	11.4	17.5	21.3	16.6	16.9
EV/EBITDA (x)	14.3	14.1	16.0	14.0	14.0
P/FCF (x)	NM	64.9	37.3	52.3	NM
P/B (x)	1.9	1.8	1.8	1.6	1.6
Dividend yield (%)	0.6%	0.6%	0.6%	0.6%	0.6%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH & GEARING



Source: Maybank Kim Eng

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YTL Power

(YTLP MK)

HOLD

Price	MYR 1.59
12m Price Target	MYR 1.58 (-0%)

RESILIENT

- Biggest impact on earnings to come from revenue due to operating leverage; a 10% decline in revenue would reduce earnings by 15-17%.
- YTLP's main subsidiaries are in Malaysia, Singapore and the UK; its main USD exposure is via associate Jawa Power, whose earnings are denominated in USD.
- YTL Power's FX debt is mainly SGD and GBP-denominated, with the debt residing at the respective local operating entities, thus there is little translational impact to earnings from FX movements.
- Interest rate risk is likely not as severe as a sizable portion of borrowings would have been on fixed rates.

SENSITIVITY TO CHANGES IN REVENUE, FOREX & INTEREST RATES

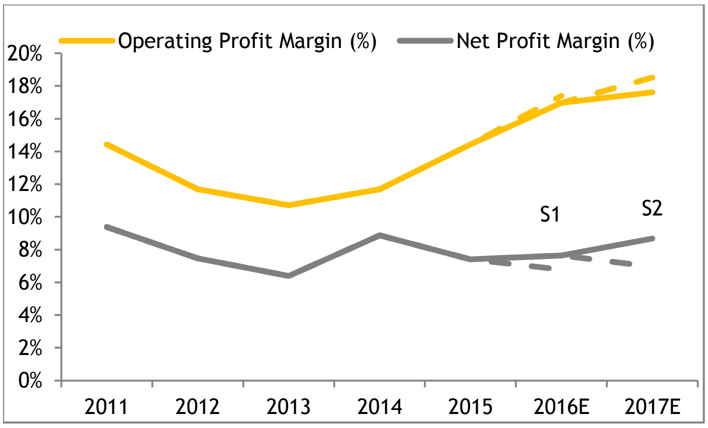
FY Jun MYR m	2015	2016			2017		
Change in Revenue		Base	-5%	-10%	Base	-5%	-10%
Revenue	11,926	11,257	10,694	10,131	11,281	10,717	10,153
Operating profit	1,720	1,910	1,814	1,719	1,987	1,888	1,788
Net profit	883	860	789	717	979	905	830
Free cash flow	907	1,738	1,682	1,626	1,616	1,557	1,499
Net debt (net cash)	15,725	15,678	15,735	15,791	15,631	15,689	15,747
Change in Exchange Rate		Base	-5%	-10%	Base	-5%	-10%
New USDMYR assumption	3.42	4.00	4.20	4.40	4.00	4.20	4.40
Size of FX debt (in USD)	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Operating profit	1,720	1,910	1,989	2,068	1,987	2,068	2,149
Net profit	883	860	905	949	979	1,025	1,071
Free cash flow	907	1,738	1,773	1,808	1,616	1,652	1,689
Net debt (net cash)	15,725	15,678	15,667	15,655	15,631	15,617	15,604
Change in Interest Rate		Base	+50 bps	+100 bps	Base	+50 bps	+100 bps
New interest rate assumption		4.7%	5.2%	5.7%	4.2%	4.7%	5.2%
Operating profit	1,720	1,910	1,910	1,910	1,987	1,987	1,987
Net profit	883	860	766	671	979	885	790
Free cash flow	907	1,738	1,770	1,801	1,616	1,647	1,679
Net debt (net cash)	15,725	15,678	15,773	15,868	15,631	15,726	15,820

SUMMARY & VALUATION

Aggregated Impact	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
MYR m		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
Operating profit	1,720	1,910	1,893	1,987	1,951
% Change			*-1%*		*-2%*
Net profit	883	860	738	979	732
% Change			*-14%*		*-25%*
Free cash flow	907	1,738	1,748	1,616	1,636
% Change			*1%*		*1%*
Net debt (net cash)	15,725	15,678	15,818	15,631	15,910

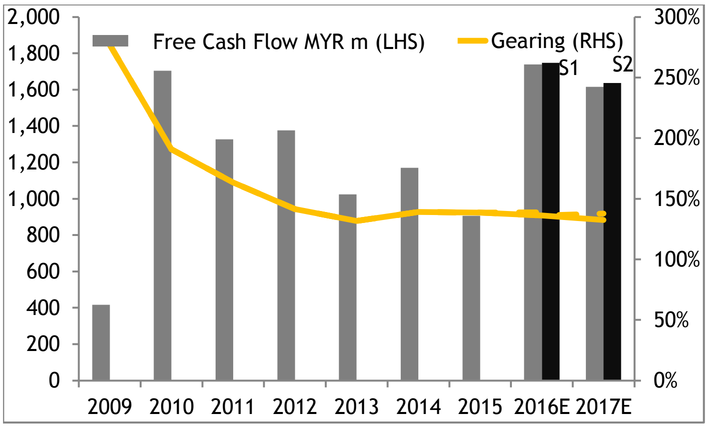
Valuation	2015	2016	2016 Scenario 1	2017	2017 Scenario 2
		MKE Est	(-5% rev, -5% fx, +50 bps i/r)	MKE Est	(-10% rev, -10% fx, +100bps i/r)
PER (x)	12.7	13.0	15.2	11.4	15.3
EV/EBITDA (x)	8.7	8.1	8.0	8.2	8.0
P/FCF (x)	12.0	6.4	6.4	6.9	6.8
P/B (x)	1.0	1.0	1.0	0.9	1.0
Dividend yield (%)	6.3%	6.3%	6.3%	6.3%	6.3%

OPERATING MARGIN & NET MARGIN



Source: Maybank Kim Eng

FREE CASH FLOW & GEARING



Source: Maybank Kim Eng

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Appendix:

Company	Rating	TP (MYR)	Mkt cap (MYR m)	Sector	Stress test result	Reporting Currcy	2016: -10% revenue Op Profit (% Chg)	2016: -10% revenue Net Profit (% Chg)	2016: -10% revenue FCF (m)	2016: -10% revenue D/E (%)	2016: -10% forex Op Profit (% Chg)	2016: -10% forex Net Profit (% Chg)	2016: -10% forex FCF (m)	2016: -10% forex D/E (%)	2016: +100bps inerest rate Net Profit (% Chg)	2016: +100bps inerest rate FCF (m)	2016: +100bps inerest rate D/E (%)
711	Hold	1.5	1,838	Cons Staples	Resilient	MYR	(16)	(15)	21	(81)	0	0	60	(91)	0	60	(90)
Aeon	Hold	2.9	3,917	Cons Disc.	Resilient	MYR	(18)	(19)	106	10	0	0	146	10	(1)	147	10
AirAsia	Buy	2.1	2,602	Airlines	Vulnerable	MYR	(72)	(111)	(389)	188	(15)	(23)	140	156	(12)	384	151
AnnJoo	Sell	0.4	375	Industrials	Vulnerable	MYR	(27)	(38)	7	99	(31)	(50)	(0)	105	(22)	20	108
AlamMarit	Sell	0.4	421	Oil & Gas	Resilient	MYR	(18)	(17)	40	(3)	(1)	(1)	46	(4)	(8)	44	(4)
Astro	Hold	3.3	15,085	Broadcasting	Resilient	MYR	(26)	(30)	1,403	384	(1)	(3)	1,615	352	(1)	1,624	339
Axiata	Buy	6.7	50,871	Telcos	Resilient	MYR	(19)	(17)	2,047	42	1	(20)	3,129	42	(4)	3,065	39
BAT	Hold	63.0	17,423	Cons Staples	Resilient	MYR	(11)	(11)	843.3	50	(2)	(2)	926	55	(0)	942	54
Barakah	Hold	0.8	705	Oil & Gas	Resilient	MYR	(6)	(7)	62	(26)	0	0	62	(24)	(3)	53	(24)
Bplant	Buy	1.6	1,984	Plantations	Vulnerable	MYR	(52)	(64)	(57)	15	0	0	28	13	(5)	22	13
BToto	Hold	3.2	4,154	Gaming	Resilient	MYR	(12)	(12)	319	32	1	1	363	15	(1)	362	17
BumiArm	Buy	1.2	4,752	Oil & Gas	Resilient	MYR	(15)	(31)	(580)	66	(3)	(6)	(534)	65	(40)	(612)	69
BAuto	Buy	2.7	2,597	Automotive	Vulnerable	MYR	(10)	(10)	161	(53)	(27)	(28)	109	(39)	1	177	(52)
Carlsberg	Hold	12.2	3,663	Cons Disc.	Resilient	MYR	(12)	(12)	188.3	4	1	1	213	(8)	(0)	211	(7)
CMS	Buy	5.4	5,198	Construction	Resilient	MYR	(10)	(8)	85	(30)	(2)	(2)	108	(32)	(0)	114	(32)
Dialog	Buy	1.9	7,823	Oil & Gas	Resilient	MYR	(11)	(9)	104	23	(1)	(1)	105	23	(2)	103	24
Digi	Hold	5.8	39,886	Telcos	Resilient	MYR	(12)	(13)	1,487	163	(1)	(1)	1,905	135	(0)	1,898	140
Eversendai	Buy	1.0	538	Construction	Resilient	MYR	(8)	(10)	46	41	6	(82)	58	48	(6)	54	47
FGV	Hold	1.9	4,414	Plantations	Vulnerable	MYR	(43)	(51)	721	14	0	0	788	14	(4)	793	14
Gamuda	Buy	6.0	10,703	Construction	Resilient	MYR	(10)	(11)	195	17	0	(18)	357	18	(3)	365	17
GasMsia	Buy	2.7	2,748	Utilities	Resilient	MYR	(9)	(9)	12	(5)	0	0	48	(8)	(0)	48	(8)
GentingBhd	Buy	9.4	25,692	Gaming	Resilient	MYR	(14)	(19)	741	11	0	11	1,673	6	(4)	1,438	8
GentingMsia	Buy	4.6	23,020	Gaming	Resilient	MYR	(15)	(16)	(135)	2	2	1	134	(1)	(2)	107	(0)
GentingPln	Buy	11.3	7,710	Plantations	Vulnerable	MYR	(23)	(20)	(120)	7	0	(35)	(61)	8	0	(61)	6
Globetronics	Buy	7.0	1,661	Technology	Resilient	MYR	(12)	(10)	75	(48)	8	8	90	(43)	1	83	(45)
Glomac	Hold	1.0	611	Real Estate	Resilient	MYR	(10)	(11)	21	36	0	0	32	36	(3)	29	37
Guinness	Hold	14.0	4,018	Cons Disc.	Resilient	MYR	(11)	(11)	214.6	17	(2)	(2)	235	10	(0)	238	8
HarbourLink	Buy	3.7	388	Logistics	Resilient	MYR	(16)	(19)	52	(25)	0	0	62	(28)	1	62	(28)
Hartalega	Hold	8.5	6,883	Industrials	Resilient	MYR	(16)	(16)	72	0	6	6	123	(2)	0	108	(2)
HSL	Buy	2.2	929	Construction	Resilient	MYR	(11)	(11)	89	(58)	0	0	102	(61)	3	101	(61)
Icon	Sell	0.2	371	Oil & Gas	Vulnerable	MYR	(53)	(107)	35	50	0	0	(13)	62	(24)	(16)	66
IJMCorp	Buy	3.9	22,256	Construction	Resilient	MYR	(12)	(13)	658	34	0	(31)	757	35	(2)	765	32
Inari	Buy	4.4	2,379	Technology	Resilient	MYR	(10)	(9)	208	(36)	8	8	244	(32)	1	228	(34)
IoICorp	Hold	3.9	24,653	Plantations	Vulnerable	MYR	(17)	(18)	1,095	65	0	(39)	949	74	(2)	957	68
Kimlun	Hold	1.2	346	Construction	Resilient	MYR	(14)	(17)	61	(12)	3	(10)	72	(8)	(4)	72	(9)
Kossan	Buy	8.3	4,655	Industrials	Resilient	MYR	(20)	(20)	126	7	7	7	177	4	(2)	159	5
KLKepong	Hold	21.4	22,279	Plantations	Resilient	MYR	(19)	(21)	814	16	0	0	707	18	(1)	709	18
KNM	Buy	1.0	911	Oil & Gas	Resilient	MYR	(21)	(25)	121	13	(7)	(8)	129	12	(4)	132	13
Litrak	Buy	4.9	2,671	Construction	Resilient	MYR	(10)	(12)	343	117	0	0	387	110	(3)	390	112
Magnum	Hold	2.7	3,718	Gaming	Resilient	MYR	(11)	(13)	267	21	0	0	300	17	(3)	302	17
MahSing	Hold	1.4	3,132	Real Estate	Resilient	MYR	(10)	(12)	101	2	0	0	136	1	(1)	108	7
MAHB	Hold	5.5	7,317	Transport	Resilient	MYR	(47)	(391)	223	62	0	0	820	52	0	820	52
Malakoff	Buy	1.9	7,550	Utilities	Resilient	MYR	(10)	(31)	2,457	187	0	(6)	2,537	188	(22)	2,537	189
Maxis	Hold	7.0	49,484	Telcos	Resilient	MYR	(14)	(16)	2,281	178	(1)	(1)	2,769	156	(3)	2,789	159
MBM	Buy	3.5	1,164	Automotive	Resilient	MYR	(10)	(1)	45	10	(70)	(13)	35	12	(1)	47	11
MediaPrima	Buy	1.6	1,220	Services	Vulnerable	MYR	(78)	(92)	31	(10)	(6)	(7)	122	(10)	(2)	129	(10)
MCIL	Buy	0.7	869	Services	Vulnerable	MYR	(48)	(53)	74	(14)	(9)	(10)	114	(15)	(3)	119	(16)
MISC	Buy	9.1	36,558	Transport	Resilient	MYR	(11)	(10)	503	(13)	9	9	931	(11)	(1)	736	(12)
MSM	Hold	5.5	3,381	Plantations	Resilient	MYR	(11)	(11)	417.1	(31)	(0)	(0)	445	(29)	(1)	446	(29)
Nestle	Hold	68.0	16,884	Cons Staples	Resilient	MYR	(12)	(12)	640.2	23	(1)	(0)	704	22	(0)	709	23
Oldtown	Hold	1.5	575	Cons Staples	Resilient	MYR	(13)	(13)	51.9	(41)	1	1	59	(41)	(0)	59	(41)
Padini	Hold	1.4	921	Cons Disc.	Resilient	MYR	(13)	(13)	67	(23)	(11)	(11)	68	(22)	(0)	79	(25)
Perisai	Sell	0.3	370	Oil & Gas	Vulnerable	MYR	(443)	220	(638)	127	(64)	33	(614)	124	81	(622)	127
PetGas	Hold	24.0	42,187	Utilities	Resilient	MYR	(10)	(10)	1,048	6	0	(0)	1,231	5	(0)	1,231	5
QL	Hold	4.0	4,992	Cons Staples	Resilient	MYR	(8)	(9)	66.0	34	(0)	(0)	82	34	(3)	77	34
SapuraKen	Hold	2.8	10,451	Oil & Gas	Resilient	MYR	(21)	(32)	999	101	(2)	(3)	1,206	98	(18)	1,072	102
SarawakOP	Buy	6.7	1,654	Plantations	Resilient	MYR	(21)	(25)	7	30	0	0	41	28	(4)	43	28
SimeDarby	Hold	8.9	46,894	Cons Disc.	Resilient	MYR	(20)	(20)	1,175	46	3	3	711	49	(2)	1,152	47
SPSetia	Buy	4.1	8,008	Real Estate	Vulnerable	MYR	(10)	(10)	161	39	0	0	252	36	(2)	209	38
StarM	Hold	2.5	1,808	Cons Disc.	Vulnerable	MYR	(52)	(48)	65	(36)	(8)	(8)	113	(35)	(1)	122	(35)
Sunway	Hold	3.5	5,948	Real Estate	Resilient	MYR	(3)	(4)	(685)	31	0	0	(659)	30	(0)	(664)	30
TaAnn	Buy	5.9	1,315	Materials	Resilient	MYR	(45)	(50)	25	17	26	28	140	6	(3)	100	10
TanChong	Hold	2.6	1,521	Cons Disc.	Vulnerable	MYR	(23)	(25)	(14)	36	(33)	(42)	(40)	43	(9)	(18)	40
Tenaga	Buy	16.0	62,531	Utilities	Resilient	MYR	(18)	(19)	2,432	23	0	(6)	3,671	22	(3)	3,696	21
THPlant	Hold	1.4	1,043	Plantations	Vulnerable	MYR	(45)	(62)	22	83	0	0	58	79	(13)	62	80
TimeDC	Hold	5.5	3,443	Telcos	Resilient	MYR	(16)	(15)	9	(7)	2	2	37	(7)	(1)	33	(7)
TM	Hold	7.3	24,614	Telcos	Resilient	MYR	(27)	(31)	347	56	0	(7)	769	55	(5)	730	55
TopGlove	Buy	7.1	4,792	Industrials	Resilient	MYR	(18)	(19)	107	(12)	7	5	166	(12)	0	151	(13)
TSH	Hold	2.3	2,435	Plantations	Vulnerable	MYR	(22)	(23)	(6)	78	0	(34)	22	81	(6)	24	76
UEMS	Hold	1.0	3,925	Real Estate	Resilient	MYR	(8)	(9)	436	19	0	0	482	18	(2)	486	18
UMWH	Hold	7.8	9,346	Cons Disc.	Vulnerable	MYR	(11)	(8)	790	15	(7)	(4)	830	17	(1)	874	16
UMWOG	Sell	0.8	2,292	Oil & Gas	Vulnerable	MYR	109	56	24	82	(24)	(11)	100	76	27	75	78
Vitrox	Buy	3.7	660	Technology	Resilient	MYR	(10)	(11)	(16)	(6)	9	9	(8)	(3)	(0)	(12)	(4)
WCT	Buy	2.2	1,301	Construction	Resilient	MYR	(10)	(12)	187	63	2	2	206	61	(12)	208	64

Company	Rating	TP (MYR)	Mkt cap (MYR m)	Sector	Stress test result	Reporting Currcy	2016: -10% revenue				2016: -10% forex				2016: +100bps inerest rate		
							Op Profit (% Chg)	Net Profit (% Chg)	FCF (m)	D/E (%)	Op Profit (% Chg)	Net Profit (% Chg)	FCF (m)	D/E (%)	Net Profit (% Chg)	FCF (m)	D/E (%)
Westports	Buy	4.8	14,356	Logistics	Resilient	MYR	(17)	(19)	582	(26)	(17)	(19)	582	(26)	(2)	693	(24)
Yinson	Buy	4.4	2,820	Oil & Gas	Resilient	MYR	(12)	(9)	45	22	(1)	(3)	48	23	(2)	19	24
YTLPower	Hold	1.6	11,189	Utilities	Resilient	MYR	(10)	(15)	1,499	135	8	(1)	1,689	133	(19)	1,679	136

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