

Malaysia Strategy

A shot in the arm

- Repatriation of overseas profits and capital, and reactivation of ValueCap are positive lifts.
- But, issues leading to the weakened fundamentals are still there; we would like to see some addressed in Budget 2016.
- We continue to adopt a defensive strategy but will pick up on undervalued stocks to ride on the liquidity boost.

What's New

PM Najib yesterday announced several measures to boost the economy. Directly related to the capital market are:

- Urging Malaysia companies (including GLCs, GLICs) to repatriate their overseas profits and to reinvest domestically,
- Reactivating ValueCap with a MYR20b injection to boost underperforming shares.

Additional measures will be announced in Budget 2016 on 23 Oct. Also, the government remains committed to achieving a lower 3.2% fiscal deficit of GDP this year, and no capital control imposition.

What's Our View

The announcement is timely, as sentiment has obviously taken another hit of late. The repatriation of profits and capital can potentially be “a stone that kills a few birds” via (i) mitigating the outflow pressures on the external reserves and MYR, (ii) improving the USD liquidity in the domestic FX market, and (iii) enhancing MYR liquidity as the repatriated capital and investment income will benefit from strong currency gains, which can be deployed for domestic investment in the real economy and the capital markets.

The reactivation of ValueCap could be positive in two aspects: (i) it could help cushion further sell-down in equities by foreign investors, and (ii) it could help boost undervalued stocks, which have been unjustifiably sold down. Top in our sold-down BUY list are AirAsia and Tenaga. Others are Axiata and HLFG.

The measures, especially that relating to the capital market, are definitely a lift to sentiment. While they will, to an extent, help the MYR and provide liquidity to equities, one should remain mindful of the issues leading to the weakened fundamentals which are still there. Domestically, we are hopeful that Budget 2016 will address some of our macro concerns, especially a new scenario of crude oil price at USD50-55/bbl (11MP assumes USD70/bbl).

On the above premise, we would continue to adopt a defensive strategy but will pick up on undervalued stocks to ride on the boost in domestic liquidity. Significant underperformers in our BUY list are AirAsia, Media Prima, MCIL, Gas M'sia, Ecoworld, SOP, GENT, WCT, Bumi Armada, HLFG, Tenaga, Axiata, BAUTO and Malakoff. Our top fundamental BUYs are largely unchanged.

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Current KLCI: 1,639.6 (14 Sep)
2015 YE target: 1,610 (unchanged)
2016 YE target: 1,750 (tent)

M'sia equities growth & valuation

		2014A	2015E	2016E
KLCI @ 1,639.6	PE (x)	17.7	16.1	14.8
Earnings Growth	(%)	-0.1%	1.9%	8.1%
Research Universe	PE (x)	16.9	16.6	15.1
Earnings Growth	(%)	0.6%	1.8%	9.4%

Key takeaways from PM Najib's announcement

Prime Minister Najib yesterday announced several measures to boost the economy. Directly related to the capital market are:

- Urging Malaysia companies (including GLCs, GLICs) to repatriate their overseas profits and to reinvest domestically,
- Reactivating ValueCap with a MYR20b injection to boost underperforming shares.

Other measures include:

- Restructuring and rescheduling of SME loans,
- Beefing up the working capital guarantee scheme with an additional MYR2b to the other sectors, besides the MYR5b for the services sector,
- Import duty exemption for another 90 tariff lines covering considerable spare parts and research apparatus, in addition to the existing 319 tariff lines already enjoying import duty exemption.

Specifically to address the rising cost of living:

- Increasing the number of fair price shops - 25/12 more 1Malaysia People's Shop (KR1M), 1Malaysia Textile Shop, 1Malaysia Book Shop and eateries offering the 1Malaysia Menu in 2015/2016 (existing 169), 16/33 more 1Malaysia Clinics in 2015/2016 (existing 326).
- Expediting the construction of affordable homes.

Additional measures will be announced in Budget 2016 on 23 Oct 2015, which will include measures to curb the dependence on foreign workers, and to raise the income and welfare of the bottom 40% of households.

"Even with the implementation of the proactive measures, the government remains committed to implementing fiscal consolidation to lower the fiscal deficit to 3.2% of GDP this year from 3.4% last year". PM Najib also reiterated that Malaysia will not impose capital controls.

(Sources: Bernama, Star Online, NST)

Announcement is timely

The announcement is timely, as sentiment has obviously taken another hit of late, with the continuous weakening of global commodity prices with Malaysia being a net commodity exporter, uncertainties in the US rate hike which continues to induce volatility in the FX, bond and equity markets, a slowing Chinese economy which will affect its trading partners and global growth, and unsettling political noises/governance issues at the domestic front which has further exacerbated the MYR's weakness. This is the second time this year that the government has reacted fast to weakening fundamentals, the first was the Budget 2015 Reset on 20 January.

Repatriation can be “a stone that kills a few birds”

The repatriation of profits and capital by Malaysia companies could potentially be “a stone that kills a few birds” via:

- 1) Mitigating the outflow pressures on the central bank’s external reserves and MYR (our economics team’s regression analysis shows that a 1% rise in the external reserves can raise MYR vs USD by 0.27%, *ceteris paribus*).
- 2) Improving USD liquidity in the domestic FX market amid the observed supply-demand mismatch that have caused big intra-day swings and wide bid-ask spreads. The mismatch in large part reflects a situation where exporters are hoarding their USD receipts while importers and residents are rushing to buy USD as a “hedge” against further downside risk to the MYR. This exacerbates the claims on USD from portfolio capital outflows due to foreign selloffs in equities and bonds.
- 3) Enhancing MYR liquidity as the repatriated profits and capital will benefit from strong currency gains, which can be deployed for domestic investment in the real economy and the capital markets.

Based on the MYR522b Malaysia companies’ overseas investment figure quoted by PM Najib yesterday, we estimate that the impact of repatriation could be sizeable - every 5% translates into USD6b of potential inflows, which is about 6% of the central bank’s external reserves of USD94.7b as at end-Aug 2015. The questions at this juncture are timing (how fast can these overseas investments be liquidated/realised), and the extent (how much can be repatriated).

Reactivation of ValueCap is positive for equities

Meanwhile, the reactivation of ValueCap with an allocation of MYR20b could be positive in two aspects:

- 1) It could help cushion further sell-down in equities by foreign investors which have net sold a sizeable MYR17.3b in 2015 YTD (as at 11 Sep 2015), in addition to the MYR6.9b of net sell in 2014. We estimate that the cumulative foreign net buy in equities since early-2010 (when US QE started) has tapered to just about MYR9.7b as at now.
- 2) It could help boost undervalued stocks, which have been unjustifiably sold down. Top in our sold-down BUY list are AirAsia and Tenaga. Other big caps in our BUY list are Axiata and HLFM.

The MYR20b allocation is about 20% higher than the almost MYR17b back in 2010 when ValueCap’s fund size hit a high. As a percentage of the total current market capitalisation of equities in Bursa Malaysia (MYR1.596tr as at yesterday), it is about 1.2% compared to 1.0% back in 2010. Again, the question here is timing, but we think the allocation could be almost immediate. As with ValueCap’s operations back in 2003-2011, the allocations could come from its shareholders (Khazanah 1/3, KWAP 1/3, PNB 1/3, totaling MYR5.1b in 2003) and EPF (MYR5b in 2009).

About ValueCap

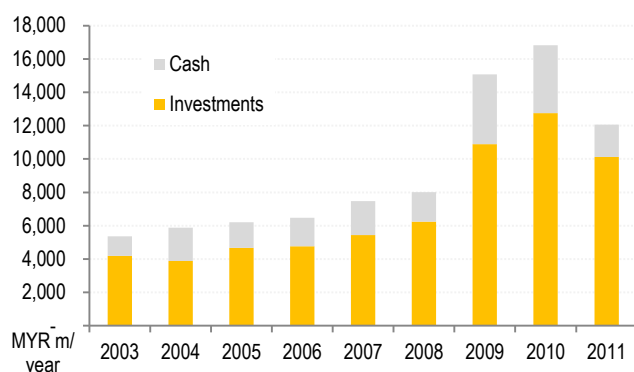
ValueCap started operations in 2003, conducting proprietary investments in marketable securities listed on Bursa Malaysia.

It was initially funded by a MYR5.1b borrowing from its shareholders (Khazanah 1/3, KWAP 1/3, PNB 1/3; fully redeemed in Dec 2011), and in 2009, it received a MYR5b term loan from EPF (fully repaid in Dec 2012).

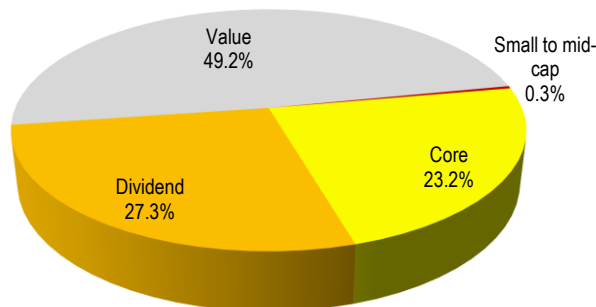
Its investments (plus cash) grew to almost MYR17b during its peak in 2010.

In 2007, its investments of MYR5.4b comprised 23% "core", 27% "dividends", 49% "value" and 0.3% "small-mid cap" stocks (it stopped disclosing its investment mix after 2007).

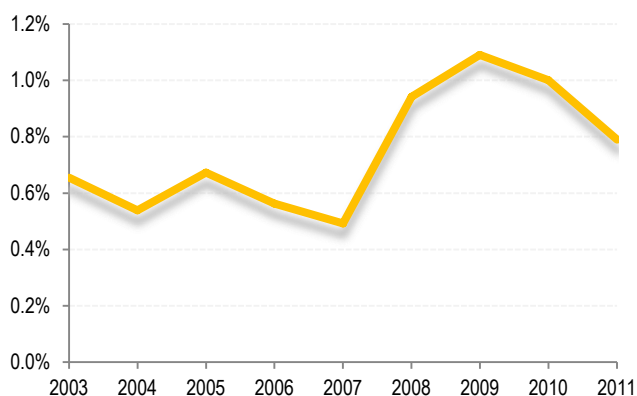
Investment & Cash



Investment mix, 2007



Investment value as a % of total equities market cap on Bursa Malaysia



Source: www.valuecap.com.my (source data), Maybank KE (analysis, compilation)

While the market cheers ...

The measures announced especially that relating to the repatriation of overseas profits and capital, and ValueCap's reactivation, are definitely a lift to sentiment as reflected in the KLCI's 2.2% (+36 pts) rise yesterday. Market capitalisation of equities rose MYR25b (+1.6%) which is slightly above the MYR20b allocation for ValueCap. While the measures will, to a certain extent, help the MYR and provide liquidity to equities, one should remain mindful of the issues leading to the weakened fundamentals which are still there - weak commodity prices especially that of crude oil, and global growth risk led by China's slowdown. In fact, fundamentals have changed if one is to accept crude oil price, at current levels, as the new "norm". Domestically, we are hopeful that Budget 2016 will address some of our macro concerns, especially a new scenario of crude oil price at USD50-55/bbl during the period of the 11th Malaysia Plan (2016-2020; it currently assumes USD70/bbl) and its impact on fiscal consolidation and deficit targets. Also, measures to boost the income of the bottom 40% households which will impact long-term private consumption.

Value stocks to consider

On the above premise, we would continue to adopt a defensive strategy but will pick up on undervalued stocks to ride on the boost in domestic liquidity. We would BUY stocks that have both underperformed and which offer values. The underperformers (whose share price has been down >10% based on yesterday's close) in our BUY list are AirAsia, Media Prima, MCIL, Sarawak Oil Palms, Gas Malaysia, Ecoworld, GENT, WCT, Bumi Armada, HLF, Tenaga, Axiata, Berjaya Auto and Malakoff (see chart in the following page). Our top fundamental BUYs (see table below) are unchanged except for GENM which we are removing as its share price has been closing in to our target.

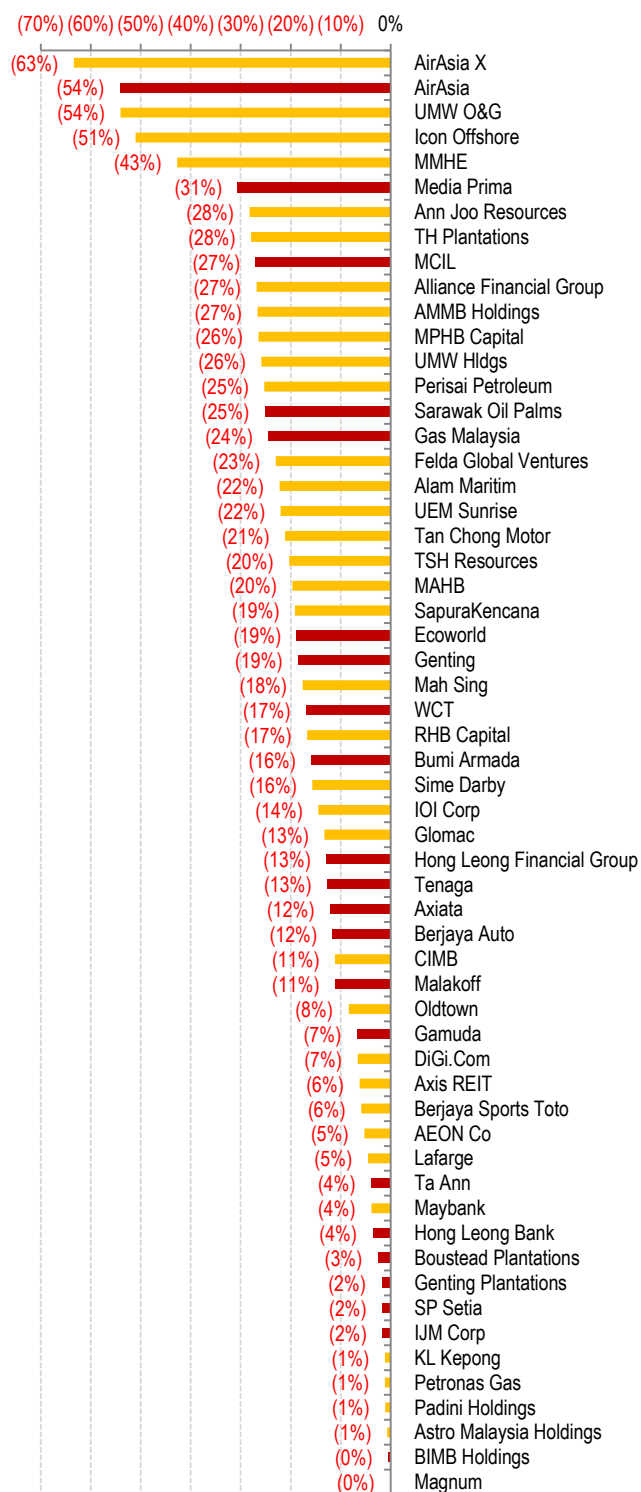
Our top BUYs

	Price	TP	Rec.	EPS (sen)		PE (x)		EPS Growth (%)		Div yld (%)	ROE (%)	P/B (x)	Px chg (%)
	14 Sep			CY15F	CY16F	CY15F	CY16F	CY15F	CY16F	CY15F	CY15F	CY14A	YTD
Large Cap													
Tenaga	11.96	16.00	Buy	117.4	123.9	10.2	9.7	14.8	5.5	2.8	13.4	1.5	(12.7)
Axiata	6.06	6.70	Buy	29.5	32.3	20.5	18.8	3.1	9.5	3.6	11.8	2.5	(12.1)
KLCC Prop	7.08	7.80	Buy	39.3	40.6	18.0	17.4	1.0	3.4	5.1	6.4	1.1	9.4
Gamuda	4.56	6.00	Buy	29.1	28.4	15.7	16.1	(4.2)	(2.3)	2.6	11.2	1.9	(6.7)
BIMB	4.05	4.80	Buy	36.7	38.9	11.0	10.4	3.1	5.8	3.7	16.0	2.1	(0.5)
Top Glove	7.98	9.10	Buy	40.8	45.5	19.6	17.5	25.8	11.5	2.6	16.2	3.4	82.2
Small-mid Cap													
Inari Amertron	3.32	4.35	Buy	23.5	27.3	14.1	12.2	36.2	15.8	2.9	29.4	6.2	41.0
NCB Holdings	4.41	5.50	Buy	8.7	17.7	50.7	24.9	47.0	103.4	1.6	2.9	1.5	97.7
MBM Resources	2.94	3.50	Buy	28.7	38.8	10.2	7.6	0.0	35.2	3.7	7.1	0.8	5.2

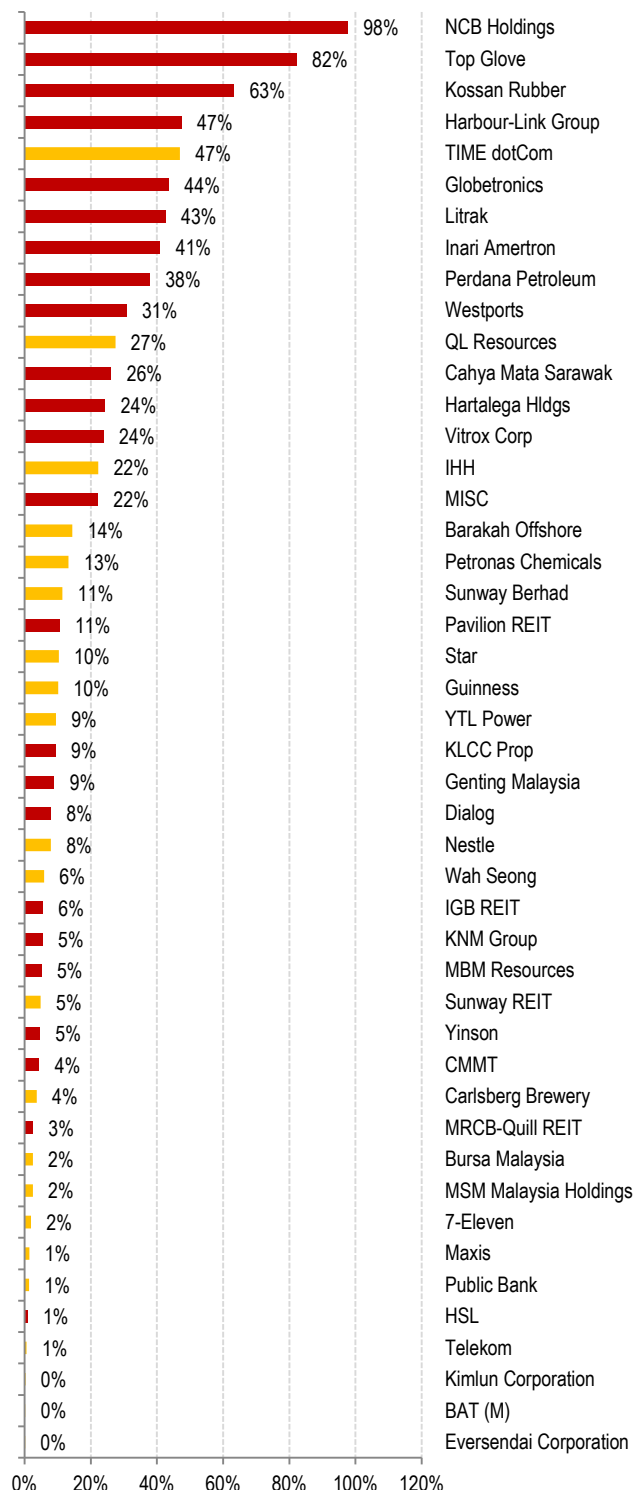
Source: Maybank KE

Values ... (stocks highlighted in RED are our BUYs)

Stock losses YTD



Stock gains YTD

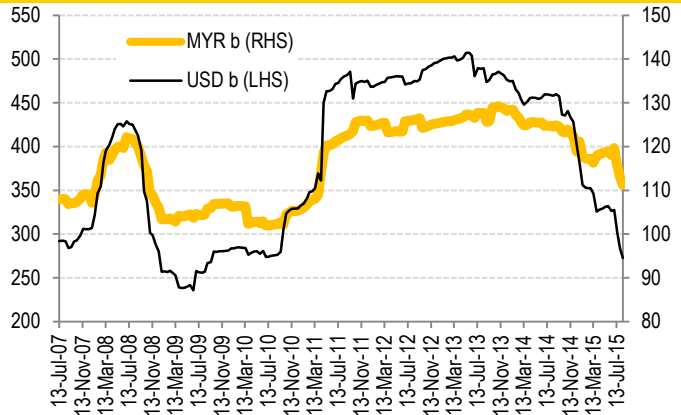


Source: Maybank KE

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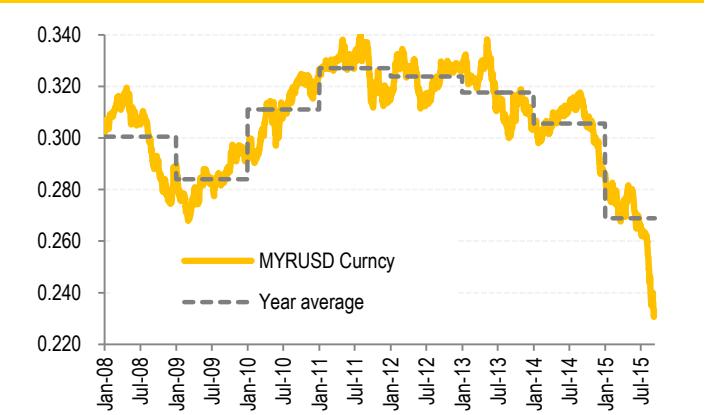
Key Key graphs that matter

Macro: Bank Negara's international reserves, USD94.7b at 28 Aug 2015 which is 1.0x short-term external debt



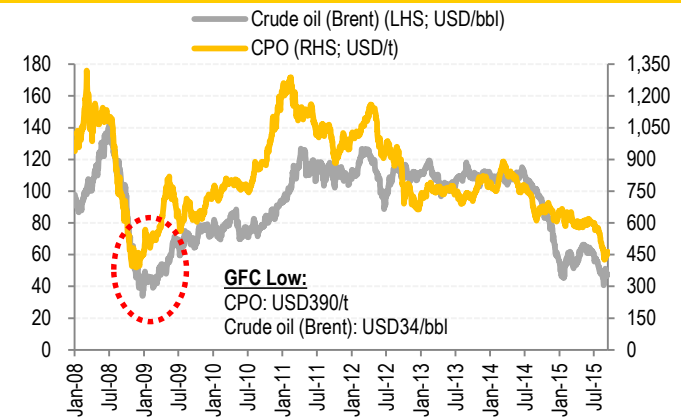
Source: CEIC, Maybank KE (chart)

MYR: At MYRUSD 0.233 on 11 Sep 2015, the MYR is down 31% from a high of 0.338 on 8 May 2013



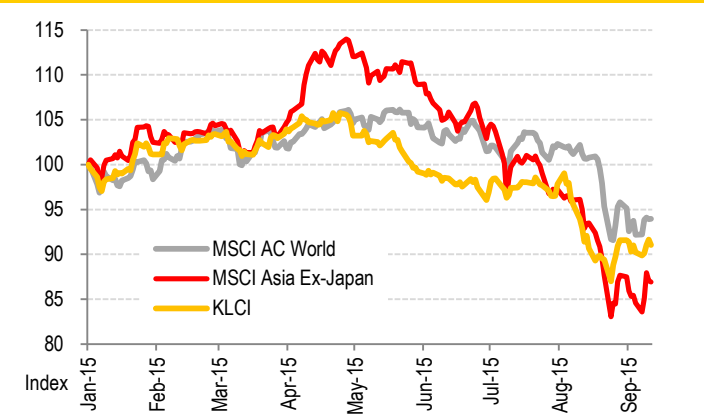
Source: Bloomberg, Maybank KE (chart)

Commodities: Both crude oil and palm oil prices have moved back to / closing in to their GFC lows



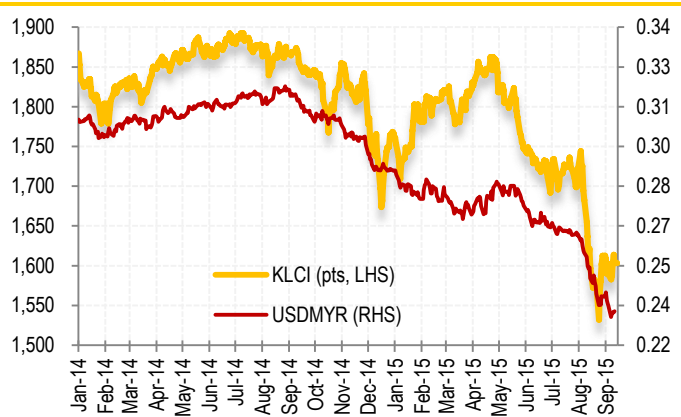
Source: Bloomberg, Maybank KE (chart)

Equities: KLCI is in the red, down 9.0% in MYR terms, and down 26% in USD terms as at 11 Sep 2015



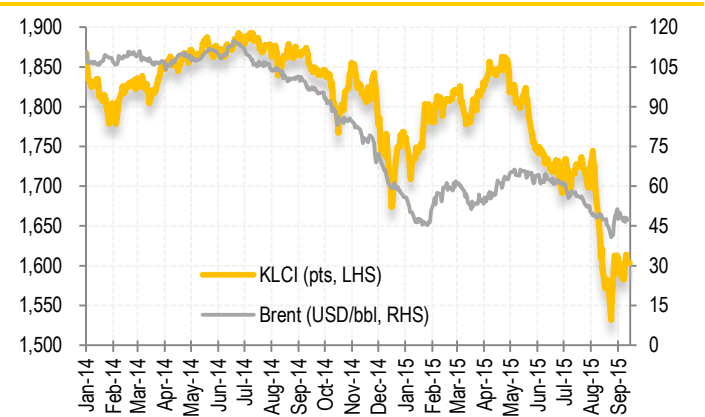
Source: Bloomberg, Maybank KE (chart)

KLCI vs. MYR (dated Brent)



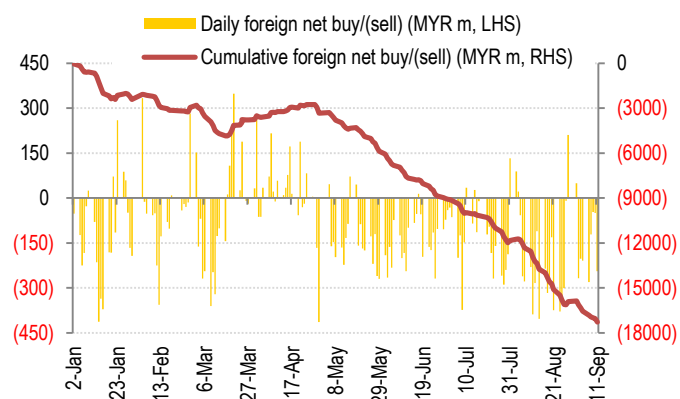
Source: Bloomberg, Maybank KE (chart)

KLCI vs. crude oil price (dated Brent)



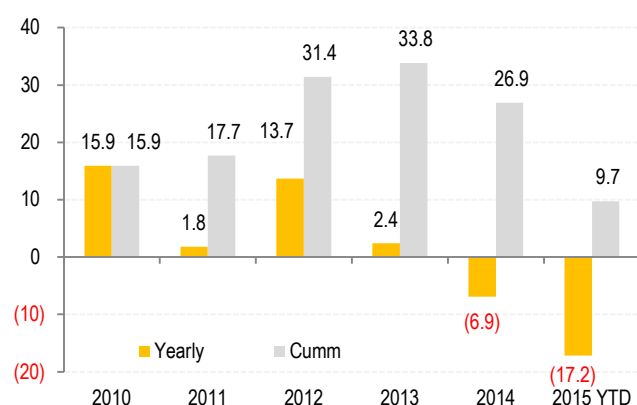
Source: Bloomberg, Maybank KE (chart)

Equities: Foreign net sell amounted to MYR17.3b 2015 YTD as at 11 Sep 2015



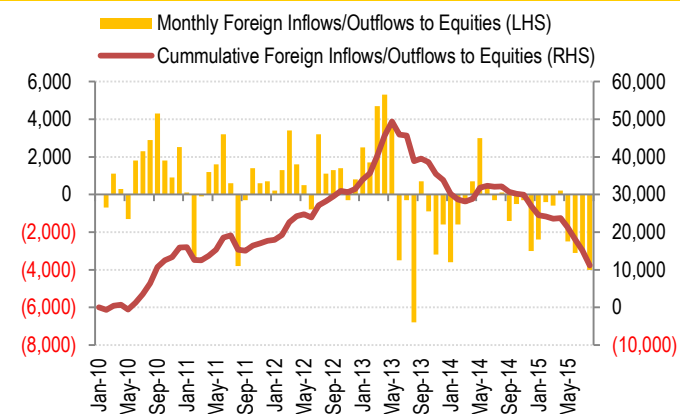
Source: Bursa Malaysia, Maybank KE (chart)

Equities: Cumulative foreign net buy since Jan 2010 has tapered to MYR9.7b as at 11 Sep 2015



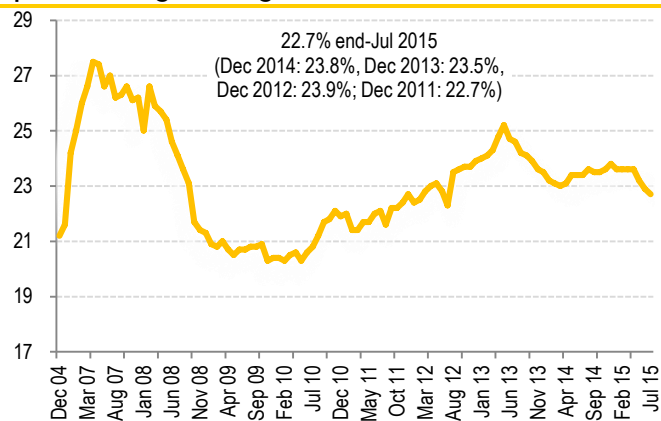
Source: Bursa Malaysia, Maybank KE (chart)

Equities: Cumulative foreign net buy since 2010 (MYR b)



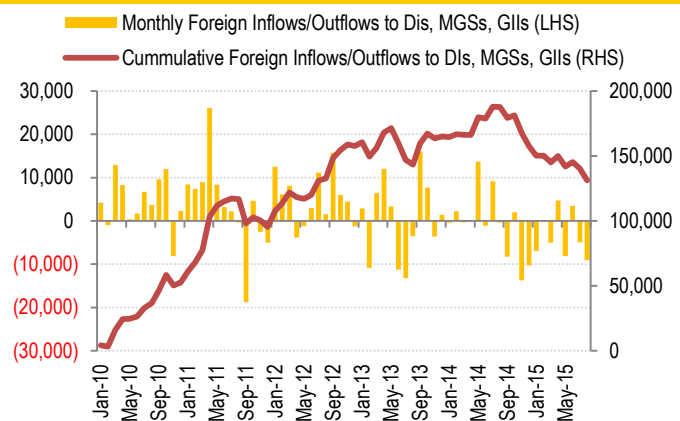
Source: Bursa Malaysia, Maybank KE (chart)

Equities: Foreign holdings down to 22.7% end-Jul 2015



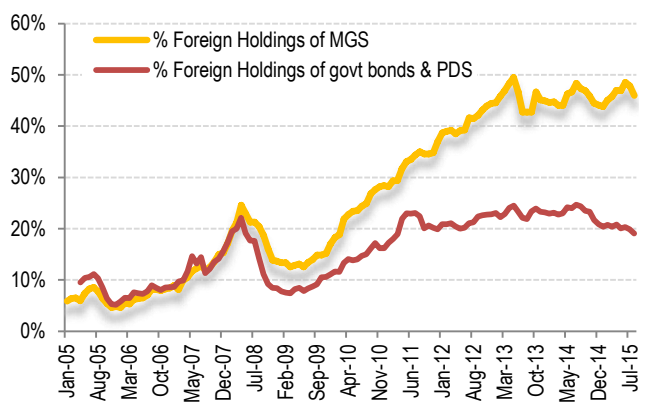
Source: Bursa Malaysia, Maybank KE (chart)

Government bonds: Cumulative foreign net buy since 2010 (MYR b)



Source: Bloomberg, Bursa Malaysia, Maybank KE (chart)

Bonds: Foreign holdings at 46% for MGS, 19.1% for total government bonds and PDS, end-Aug 2015



Source: Bursa Malaysia, Maybank KE (chart)

Maybank KE Equity Research Stock Universe

Ticker	Company	FYE	Price 14 Sep	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS			CAGR 14-16 (%)	PER CY14A	PER CY15F (x)	PER CY16F	ROE CY15F (%)	Div Yld CY15F (%)	PBV CY15F (x)	Price chg YTD (%)	
							CY14A	CY15F MYR m	CY16F	CY14A	CY15F MYR sen	CY16F									
<u>Autos</u>																					
BAUTO MK	Berjaya Auto	*	4	2.00	2,279	2.70	Buy	196	219	246	17.2	19.2	21.6	12.1	11.6	10.4	9.3	39.9	5.2	4.2	(11.6)
MBM MK	MBM Resources	*	12	2.94	1,149	3.50	Buy	112	112	152	28.7	28.7	38.8	16.3	10.2	10.2	7.6	7.1	3.7	0.7	5.2
TCM MK	Tan Chong	*	12	2.56	1,671	2.55	Hold	69	51	79	10.5	7.8	12.0	6.9	24.4	32.8	21.3	1.8	2.3	0.6	(21.1)
UMWH MK	UMW Hldgs	*	12	7.90	9,230	7.80	Hold	757	406	591	64.8	34.8	50.6	(11.6)	12.2	22.7	15.6	6.1	3.3	1.4	(25.9)
<u>Banking</u>																					
MAY MK	Maybank		12	8.51	81,179	NR	NR	6,716	6,885	7,041	74.2	72.2	70.7	(2.4)	11.5	11.8	12.0	11.5	6.7	1.4	(3.9)
AMM MK	AMMB Holdings		3	4.68	14,106	5.50	Hold	1,650	1,575	1,560	54.9	52.3	51.8	(2.9)	8.5	9.0	9.0	10.6	5.6	0.9	(26.6)
BIMB MK	BIMB Holdings	*	12	4.05	6,246	4.80	Buy	532	549	580	35.6	36.7	38.9	4.4	11.4	11.0	10.4	16.0	3.7	1.8	(0.5)
AFG MK	AFG		3	3.39	5,248	4.00	Hold	538	532	546	35.3	34.9	35.9	0.7	9.6	9.7	9.5	11.3	4.6	1.1	(26.8)
CIMB MK	CIMB		12	4.90	41,600	5.60	Hold	3,159	3,386	4,199	38.1	40.2	49.8	14.3	12.9	12.2	9.8	8.7	3.3	1.1	(11.2)
HLBK MK	Hong Leong Bk		6	13.34	23,996	15.20	Buy	2,168	2,262	2,331	122.9	126.9	129.6	2.7	10.9	10.5	10.3	13.1	3.1	1.4	(3.6)
HLFG MK	HL Financial		6	14.16	14,907	16.90	Buy	1,664	1,658	1,713	160.0	159.5	164.8	1.5	8.8	8.9	8.6	12.5	2.7	1.1	(12.9)
PBK MK	Public Bank		12	18.00	69,507	19.50	Hold	4,519	4,806	5,150	117.0	124.5	133.4	6.8	15.4	14.5	13.5	16.6	3.2	2.4	1.3
RHBC MK	RHB Capital		12	6.30	16,307	6.80	Hold	1,926	1,766	1,857	75.3	68.0	70.8	(3.0)	8.4	9.3	8.9	8.3	1.0	0.8	(16.7)
<u>Building Materials</u>																					
AJR MK	Ann Joo		12	0.76	380	0.40	Sell	23	21	44	4.5	4.1	8.4	36.6	16.9	18.5	9.0	2.0	1.2	0.4	(28.2)
<u>Construction / Infra</u>																					
EVSD MK	Eversendai	*	12	0.77	596	1.00	Buy	37	57	65	4.8	7.3	8.4	32.3	16.0	10.5	9.2	5.9	1.9	0.6	0.1
GAM MK	Gamuda	*	7	4.56	10,971	6.00	Buy	700	675	659	30.3	29.1	28.4	(3.3)	15.0	15.7	16.1	11.2	2.6	1.8	(6.7)
HSL MK	HSL	*	12	1.70	934	2.15	Buy	77	77	94	14.0	14.0	17.0	10.2	12.1	12.1	10.0	11.9	1.9	1.4	0.9
IJM MK	IJM Corp	*	3	3.18	11,361	3.90	Buy	537	647	739	36.9	37.8	41.4	5.9	8.6	8.4	7.7	7.3	4.7	0.5	(1.6)
LTK MK	Litrak	*	3	4.99	2,599	4.90	Buy	137	164	238	26.6	31.9	46.3	31.8	18.7	15.6	10.8	27.9	4.0	4.4	42.6
WCT MK	WCT	*	12	1.24	1,502	2.20	Buy	97	91	138	8.9	8.3	12.6	19.0	13.9	14.9	9.8	4.0	5.0	0.6	(16.9)
CMS MK	CMS	*	12	4.93	5,297	5.35	Buy	221	233	288	21.7	22.8	28.2	14.0	22.7	21.6	17.5	11.9	1.8	2.6	26.2
SCG MK	Sunway Const	*	12	1.12	1,448	1.30	Buy	114	118	129	8.8	9.2	9.9	6.1	12.7	12.2	11.3	32.8	1.4	4.0	(6.7)
KICB MK	Kimlun Corp	*	12	1.16	349	1.20	Hold	34	49	36	11.3	16.3	12.1	3.5	10.3	7.1	9.6	11.2	3.8	0.8	0.3
<u>Consumer</u>																					
AEON MK	AEON Co	*	12	2.94	4,128	2.85	Hold	228	165	201	16.2	11.8	14.3	(6.0)	18.1	24.9	20.6	8.8	1.3	2.2	(5.3)
ROTH MK	BAT (M)		12	62.94	17,971	63.00	Hold	902	937	936	315.9	328.1	327.6	1.8	19.9	19.2	19.2	171.9	5.1	33.0	0.2
CAB MK	Carlsberg		12	11.60	3,568	12.20	Hold	212	206	216	69.2	67.5	70.6	1.0	16.8	17.2	16.4	67.3	5.8	11.6	3.7
GUIN MK	Guinness		6	13.36	4,036	14.00	Hold	206	216	221	68.3	71.5	73.2	3.5	19.6	18.7	18.3	57.0	5.4	10.6	10.1
PAD MK	Padini Holdings	@	6	1.37	901	1.35	Hold	86	85	97	13.0	13.0	14.7	6.3	10.5	10.6	9.3	20.3	7.3	2.1	(1.1)
NESZ MK	Nestle	*	12	71.54	16,776	68.00	Hold	550	580	611	234.7	247.3	260.7	5.4	30.5	28.9	27.4	73.0	3.4	21.1	7.9
QLG MK	QL Resources	*	3	4.16	5,192	4.00	Hold	177	204	227	14.2	16.4	18.2	13.4	29.4	25.4	22.9	13.2	1.2	3.4	27.5
MSM MK	MSM Malaysia	*	12	4.94	3,473	5.50	Hold	257	275	277	36.6	39.2	39.3	3.6	13.5	12.6	12.6	13.5	5.2	1.7	2.5
OTB MK	Oldtown	*	3	1.35	610	1.45	Hold	49	48	53	10.8	10.7	11.7	3.9	12.5	12.7	11.6	13.7	4.4	1.7	(8.4)
SEM MK	7 - Eleven		12	1.48	1,804	1.50	Hold	58	59	73	4.7	4.8	5.9	12.0	31.5	30.8	25.1	22.3	1.6	6.7	1.9
IHH MK	IHH	*	12	5.86	48,188	6.35	Hold	755	965	1,169	9.2	11.7	14.1	23.8	63.7	50.1	41.6	4.8	0.5	2.4	22.2

* Shariah compliant (under Securities Commission's new Shariah compliant list), # No longer Shariah compliant, @ Newly Shariah compliant; Source: Maybank KE

... continued

Ticker	Company	FYE	Price 14 Sep	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS CY15F MYR sen	CAGRC 14-16 (%)	PER CY14A	PER CY15F (x)	PER CY16F	ROE CY15F (%)	Div Yld CY15F (%)	PBV CY15F (x)	Price YTD (%)			
							CY14A	CY15F	CY16F												
<u>Gaming</u>																					
BST MK	BToto	4	3.15	4,222	3.22	Hold	342	328	342	25.5	24.4	24.4	(2.2)	12.4	12.9	12.9	45.7	6.5	5.9	(5.9)	
MAG MK	Magnum	12	2.58	3,672	2.75	Hold	255	260	262	17.9	18.3	18.4	1.4	14.4	14.1	14.0	10.5	5.8	1.5	(0.0)	
GENT MK	Genting Bhd	12	7.20	26,763	9.35	Buy	1,777	1,812	2,097	46.2	43.9	50.3	4.3	15.6	16.4	14.3	6.4	0.5	0.9	(18.5)	
GENM MK	Genting Msia	12	4.40	24,948	4.55	Buy	1,358	1,329	1,413	23.9	23.4	24.9	2.1	18.4	18.8	17.7	7.7	1.5	1.4	9.0	
<u>Manufacturing</u>																					
HART MK	Hartalega Hldgs	*	3	4.32	7,089	8.50	Hold	216	259	314	27.7	32.7	39.5	19.6	15.6	13.2	10.9	18.0	3.4	2.3	24.4
KRI MK	Kossan Rubber	*	12	7.25	4,636	8.30	Buy	144	207	230	22.5	32.4	35.9	26.3	32.2	22.4	20.2	22.0	1.6	4.9	63.3
TOPG MK	Top Glove	*	8	7.98	4,954	9.10	Buy	201	253	282	32.4	40.8	45.5	18.5	24.6	19.6	17.5	16.2	2.6	3.2	82.2
<u>Media</u>																					
ASTRO MK	Astro Malaysia		1	2.94	15,293	3.26	Hold	513	683	801	9.9	13.1	15.3	24.5	29.7	22.4	19.2	95.7	4.4	21.1	(0.7)
MCIL MK	MCIL	@	3	0.53	894	0.65	Buy	148	124	120	8.8	7.3	7.1	(9.9)	6.0	7.2	7.4	14.6	5.5	1.1	(27.0)
MPR MK	Media Prima		12	1.15	1,276	1.45	Buy	142	100	107	12.6	9.0	9.6	(12.8)	9.1	12.8	12.0	6.3	7.0	0.8	(30.6)
STAR MK	Star	*	12	2.46	1,815	2.30	Hold	152	114	119	20.5	15.4	16.1	(11.3)	12.0	16.0	15.2	9.9	6.1	1.6	10.3
<u>Oil & Gas</u>																					
AMRB MK	Alam Maritim	*	12	0.49	453	0.35	Sell	57	35	36	6.1	3.7	3.9	(20.0)	8.0	13.2	12.6	4.0	-	0.5	(22.2)
DLG MK	Dialog	*	6	1.61	8,193	1.90	Buy	246	272	270	5.0	5.5	5.5	4.4	32.2	29.3	29.5	13.2	1.3	3.9	8.0
PETR MK	Perdana Petro	#	12	1.53	1,145	1.70	Buy	87	58	122	12.0	8.0	16.7	18.0	12.8	19.1	9.2	8.3	-	1.7	37.8
ICON MK	Icon Offshore	#	12	0.37	430	0.25	Sell	59	8	28	5.0	0.7	2.3	(32.2)	7.3	52.1	15.9	0.8	-	0.4	(51.0)
WSC MK	Wah Seong	*	12	1.23	947	0.90	Sell	140	73	69	18.1	9.4	8.9	(29.9)	6.8	13.1	13.8	6.4	4.1	0.8	5.9
MMHE MK	MMHE	*	12	1.02	1,632	1.32	Hold	173	139	119	10.8	8.7	7.4	(17.2)	9.4	11.7	13.8	5.0	-	0.6	(42.7)
BAB MK	Bumi Armada		12	0.91	5,309	1.20	Buy	400	206	230	7.9	3.4	3.8	(30.6)	11.5	26.6	23.8	3.2	-	0.8	(15.8)
YNS MK	Yinson		1	2.80	3,060	4.35	Buy	136	159	169	13.2	15.5	16.3	11.3	21.2	18.1	17.1	10.1	0.7	1.8	4.7
BARAKAH MK	Barakah	*	12	0.89	732	0.75	Hold	85	25	65	9.8	2.9	7.5	(12.5)	9.1	30.7	11.9	6.6	-	1.8	14.4
KNMG MK	KNMG	*	12	0.50	969	1.00	Buy	37	112	133	2.4	7.0	8.3	86.0	20.8	7.1	6.0	5.0	-	0.4	5.5
PPT MK	Perisai	*	12	0.34	406	0.22	Sell	12	(3)	20	1.0	(0.2)	1.7	30.4	34.0	n.a.	20.0	-0.2	-	0.3	(25.3)
SAKP MK	SapuraKencana	#	1	1.85	11,085	2.80	Hold	1,201	926	933	20.1	15.4	15.6	(12.0)	9.2	12.0	11.9	7.4	0.2	0.9	(19.1)
UMWOG MK	UMW O&G	*	12	1.08	2,335	0.80	Sell	249	(9)	-102	11.5	(0.4)	(4.7)	n.a.	9.4	n.a.	n.a.	-0.3	-	0.7	(54.0)
<u>Plantation</u>																					
GENP MK	Genting Plant	*	12	9.75	7,564	10.55	Buy	380	267	369	49.3	34.6	48.0	(1.4)	19.8	28.2	20.3	6.5	0.7	1.8	(1.8)
IOI MK	IOI Corp	*	6	4.02	25,335	3.97	Hold	1,205	894	999	18.7	13.8	15.5	(9.0)	21.6	29.1	26.0	16.9	2.0	4.9	(14.4)
KLK MK	KL Kepong	*	9	22.00	23,429	22.24	Hold	940	821	909	88.1	76.9	85.2	(1.7)	25.0	28.6	25.8	10.0	2.2	2.9	(1.2)
SIME MK	Sime Darby	*	6	7.70	47,826	7.98	Hold	2,701	2,125	2,346	44.1	34.2	37.8	(7.4)	17.5	22.5	20.4	6.9	2.9	1.6	(15.7)
FGV MK	Felda Global	*	12	1.64	5,983	1.30	Hold	96	138	296	2.6	3.8	8.1	76.6	63.1	43.4	20.2	2.1	1.5	0.9	(23.0)
BPLANT MK	Boustead Plant	*	12	1.32	2,112	1.56	Buy	63	20	65	3.9	1.2	4.1	2.0	33.8	108.2	32.5	0.8	5.3	0.9	(2.5)
SOP MK	SOP	*	12	3.82	1,680	5.23	Buy	113	80	153	25.7	18.1	34.9	16.5	14.9	21.1	11.0	5.7	0.6	1.2	(25.2)
TSH MK	TSH Resources	*	12	1.82	2,467	1.80	Hold	137	87	127	10.2	6.4	9.4	(3.8)	17.9	28.3	19.3	6.9	1.1	2.0	(20.3)
THP MK	TH Plantations	*	12	1.21	1,069	1.30	Hold	34	24	43	3.9	2.7	4.9	12.2	31.0	44.6	24.6	2.0	1.1	0.9	(27.9)
TAH MK	Ta Ann	*	12	3.63	1,345	5.55	Buy	111	124	137	29.8	33.5	36.9	11.2	12.2	10.8	9.8	11.0	4.1	1.2	(3.9)

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							CY14A	CY15F MYR m	CY16F	CY14A	CY15F MYR sen	CY16F									
<u>Non-Banking Finance</u>																					
BURSA MK	Bursa Malaysia		12	7.96	4,256	8.20	Hold	198	187	211	37.2	35.0	39.5	3.0	21.4	22.7	20.2	24.7	4.3	5.6	2.5
MPHB MK	MPHB Capital		12	1.50	1,073	1.90	Hold	54	45	40	7.6	6.3	5.6	(14.2)	19.7	23.8	26.8	2.9	-	0.7	(26.5)
<u>Technology</u>																					
INARI MK	Inari Amertron	*	6	3.32	2,425	4.35	Buy	129	175	203	17.3	23.5	27.3	25.6	19.2	14.1	12.2	29.4	2.9	4.1	41.0
VITRO MK	Vitrox Corp	*	12	2.78	649	3.65	Buy	49	51	64	20.8	21.8	27.1	14.1	13.4	12.8	10.3	24.3	2.2	3.1	23.9
GTB MK	Globetronics	*		6.03	1,698	7.00	Buy	64	73	116	22.9	26.0	41.2	34.1	26.3	23.2	14.6	25.0	3.9	5.8	43.7
<u>Petrochemicals</u>																					
PCHEM MK	Petronas Chem	*	12	6.00	48,000	6.60	Hold	2,724	2,749	3,297	34.0	34.4	41.2	10.1	17.6	17.4	14.6	11.1	2.9	1.9	13.3
<u>Property</u>																					
AXRB MK	Axis REIT	*	12	1.65	1,808	1.65	Hold	81	105	113	14.9	14.4	10.3	(16.8)	11.1	11.4	16.0	7.7	5.0	1.3	(6.2)
KLCC MK	KLCC Prop	*	12	7.08	12,782	7.80	Buy	702	709	733	38.9	39.3	40.6	2.2	18.2	18.0	17.4	6.4	5.1	1.2	9.4
MSGB MK	Mah Sing	*	12	1.30	3,132	1.39	Hold	339	376	401	18.4	19.2	20.5	5.6	7.1	6.8	6.3	12.0	5.9	1.0	(17.6)
MQREIT MK	MRCB-Quill REIT		12	1.12	741	1.17	Buy	40	58	60	10.3	8.8	9.1	(6.2)	10.9	12.8	12.4	6.4	6.7	0.8	2.6
SPSB MK	SP Setia	*	10	3.15	8,279	4.07	Buy	421	677	830	16.7	26.8	32.8	40.1	18.9	11.8	9.6	11.0	5.1	1.0	(1.7)
ULHB MK	UEM Sunrise	*	12	1.07	4,855	0.99	Hold	480	399	454	10.6	7.9	9.0	(8.1)	10.1	13.5	11.9	5.4	2.3	0.7	(22.0)
SWB MK	Sunway Berhad	*	12	3.50	6,162	3.48	Hold	592	564	577	32.5	31.0	28.6	(6.2)	10.8	11.3	12.2	9.5	9.9	1.0	11.4
ECW MK	Ecoworld	*	10	1.40	3,310	1.95	Buy	17	77	162	2.8	3.6	7.7	64.3	49.4	38.5	18.3	2.4	0.1	0.9	(18.8)
GLMC MK	Glomac	*	4	0.83	603	1.03	Hold	89	101	116	12.3	13.9	16.0	14.2	6.7	6.0	5.2	10.3	5.3	0.6	(13.3)
CMMT MK	CMMT		12	1.40	2,835	1.55	Buy	158	166	187	8.4	9.1	9.2	4.2	16.6	15.4	15.3	6.6	6.6	1.1	4.5
SREIT MK	Sunway REIT		6	1.53	4,498	1.55	Hold	237	268	303	8.1	9.1	10.3	13.1	19.0	16.7	14.8	6.6	5.3	1.1	4.9
IGBREIT MK	IGB REIT		12	1.30	4,505	1.50	Buy	233	255	253	6.8	7.4	7.7	6.4	19.2	17.7	17.0	6.9	5.9	1.2	5.6
PREIT MK	Pavilion REIT		12	1.53	4,617	1.70	Buy	232	236	253	7.7	7.8	8.4	4.3	19.9	19.6	18.3	6.0	4.6	1.2	10.5
<u>Telecommunications</u>																					
DIGI MK	DiGi.Com	*	12	5.58	43,384	5.80	Hold	2,031	2,007	2,034	26.1	25.8	26.2	0.2	21.4	21.6	21.3	292.5	4.6	62.0	(6.6)
T MK	Telekom	*	12	6.70	25,178	7.30	Hold	941	967	1,005	25.9	26.1	27.1	2.3	25.9	25.7	24.7	12.6	3.5	3.2	0.6
AXIATA MK	Axiata	*	12	6.06	52,748	6.70	Buy	2,446	2,531	2,775	28.6	29.5	32.3	6.3	21.2	20.5	18.8	11.8	3.6	2.4	(12.1)
MAXIS MK	Maxis	*	12	6.69	50,238	7.00	Hold	1,718	1,829	2,068	22.9	24.4	27.5	9.6	29.2	27.4	24.3	39.2	3.7	10.8	1.4
TDC MK	Time dotCom	*	12	6.38	3,672	5.50	Hold	127	159	172	22.2	27.7	29.9	16.1	28.7	23.0	21.3	7.8	12.6	1.8	47.0
<u>Transport</u>																					
AIRA MK	AirAsia		12	1.23	3,423	2.05	Buy	405	711	725	14.6	25.5	26.0	33.4	8.4	4.8	4.7	13.6	-	0.7	(54.2)
AAX MK	AirAsia X		12	0.19	788	0.22	Hold	(406)	(65)	22	(17.1)	(1.7)	0.5	n.a.	n.a.	n.a.	38.0	-7.2	-	0.8	(63.4)
MAHB MK	MAHB		12	5.10	8,462	5.45	Hold	149	(11)	153	11.1	(0.7)	10.0	(5.1)	45.9	n.a.	51.0	-0.1	-	0.9	(19.6)
WPRTS MK	Westports	*	12	4.26	14,527	4.80	Buy	512	485	587	15.0	14.2	17.2	7.1	28.4	30.0	24.8	25.7	2.5	7.7	30.8
NCB MK	NCB Holdings	*	12	4.41	2,074	5.50	Buy	28	41	83	5.9	8.7	17.7	72.9	74.5	50.7	24.9	2.9	1.6	1.5	97.7
HALG MK	Harbour-Link	*	6	2.33	424	3.65	Buy	41	53	56	22.4	29.2	30.8	17.3	10.4	8.0	7.6	18.2	2.6	1.5	47.5
MISC MK	MISC	*	12	8.67	38,701	9.10	Buy	1,943	2,458	2,351	43.5	55.1	52.7	10.1	19.9	15.7	16.5	8.3	1.6	1.3	22.2

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Ticker	Company	FYE	Price 03 Sep	Market Cap MYR m	TP MYR	Rec	Core Net Profit				EPS		CAGRC 14-16 (%)	PER CY14A	PER CY15A (x)	PER CY16F	ROE CY15F (%)	Div Yld CY15F (%)	PBV CY15F (x)	Price YTD (%)	
							CY14A	CY15F MYR m	CY16F	CY14A	CY15F MYR sen	CY16F									
<u>Utilities</u>																					
TNB MK	Tenaga	*	8	11.96	67,498	16.00	Buy	5,770	6,628	6,991	102.2	117.4	123.9	10.1	11.7	10.2	9.7	13.4	2.8	1.4	(12.7)
PTG MK	Petronas Gas	*	12	21.48	42,503	24.00	Hold	1,785	1,809	1,827	90.2	91.4	92.4	1.2	23.8	23.5	23.2	16.3	3.0	3.8	(1.2)
GMB MK	Gas Msia	*	12	2.32	2,979	2.65	Buy	168	123	124	13.1	9.6	9.6	(14.4)	17.7	24.2	24.2	12.2	4.1	2.9	(24.5)
MLK MK	Malakoff Corp	*	12	1.62	11,408	1.58	Hold	1,080	872	920	16.1	12.4	13.1	(9.8)	10.1	13.1	12.4	7.6	6.2	1.0	9.5
YTLP MK	YTL Power		6	1.60	8,000	1.95	Buy	342	449	585	9.7	9.0	11.7	9.8	16.5	17.8	13.7	7.6	4.2	1.4	(11.1)

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