

Weekly Strategy

Market View, News in Brief: Corporate, Economy, and Share Buybacks

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Market View *Volatility Likely to Persist in this Holiday-shortened Week*

The blue-chip benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) went through a roller coaster ride last week, dipping to a fresh five-week low triggered by spillover from the US stock market slump as major index averages slid more than 10 percent from record highs into correction territory. The selloff was sparked by worries that rising US bond yields and inflation may quicken the pace of interest rate increases.

For the week, the FBM KLCI sank 50.66 points, or 2.7 percent to 1,819.82, with most of the losses coming from Hong Leong Bank (-90sen), Petronas Gas (-80sen), Hap Seng (-71sen), Genting Berhad (-64sen) and Petronas Dagangan (-58sen). Average daily traded volume and value rose to 3.13 billion shares worth RM3.28 billion, compared to the 2.95 billion shares and RM2.88 billion respectively the previous week.

Market sentiment should remain weak in this holiday-shortened week (Bursa Malaysia is closed from Thursday afternoon session onwards for the week) due to external uncertainty and liquidation as some investors look forward to splurge their recent gains on upcoming Chinese New Year (CNY) celebrations this Friday and Saturday. In addition, the deteriorating crude oil price and corresponding weakness ringgit are additional dampeners that could induce net foreign outflows and exert pressure on the benchmark index, which could retest the 1,800-key support level this week.

While market sentiment usually improves post CNY, this year's high of 1,880 may not be revisited soon (in fact it could remain as the year's high for the rest of 2018!) as investors await the outcome of 4Q17 results reporting season, which ends this February, and external markets remain volatile until the next US Federal Reserve (Fed) meeting on 20th and 21st March. So far, the results season did not display anything outstanding that could lead to a potential upward adjustment in CY18 and CY19 earnings growth, which is at mid-single digit now. No positive surprises are expected. As for the Fed meeting, consensus expectations are for Jerome Powell, the new chairman of the US Federal Reserve, to raise rates by another 25 basis points in the March meeting.

As far as the US equity markets are concerned, the fear of a rate hike appears to be more potent than a rate hike itself! Conditions could improve after a rate hike in March, if the Fed can pacify investors about its gradualist monetary policy approach. However, that possibility is remote as benefits from President Trump's tax overhaul measures and fiscal spending should trickle down to exert inflationary pressure on an economy that is already operating at full employment level. The unemployment rate should trend lower to hit 3.5% by end-2018 from current 4.1%, pushing up wages, inflation and bond yields along the process. A greater fall (more than 20%) in the US equity market could nullify the wealth effect on consumption and private investment and induce Fed to apply brakes, otherwise great news for the economy is going to be bad news for equities this year due to a liquidity squeeze!

The shrinking gap between our 10-year Malaysia Government Securities and US 10-year Treasury yield will exert more pressure on foreign fund outflows and the ringgit. Buying support from local funds could mitigate the downside pressure on equities to some extent but as investors are widely expecting parliament to be dissolved in the near future, the selling pressure could increase. Thus, investors are advised to take profit on overvalued stocks (**Sell Petronas Dagangan TP: RM22.08, IOI Corp TP: RM4.12, MISC TP: RM7.13, Maxis TP: RM6.05, Malaysia Airport TP: RM3.83**) on rebound (probably post CNY) and await cheaper reentry, potentially in the second half of 2018. For exposure, the volatility in blue chips should be a good opportunity to trade especially in stocks related to banking (**Buy AmBank TP: RM5.50 and Public Bank TP: RM25.10**), construction (**Gamuda TP: RM6.00 & Gadang TP: RM1.69**), gaming (**Genting TP: RM11.53 and Genting Malaysia TP: RM6.51**) and utilities (**Tenaga TP RM:18.33**) sectors.

Figure 1: FBMKLCI Performance During Chinese New Year

No.	Year	CNY	Before CNY			After CNY		
			3 mth	1 mth	2 weeks	2 weeks	1 mth	3 mth
1	1991	15-Feb-91	-10.7%	-10.8%	-5.8%	6.0%	12.6%	11.3%
2	1992	04-Feb-92	-6.9%	-3.1%	0.0%	6.5%	4.3%	3.7%
3	1993	23-Jan-93	0.7%	3.3%	0.6%	3.0%	1.5%	10.5%
4	1994	10-Feb-94	-12.7%	2.8%	-3.1%	3.4%	-4.7%	-10.7%
5	1995	31-Jan-95	27.9%	11.6%	4.9%	10.2%	8.0%	7.8%
6	1996	19-Feb-96	-18.0%	-3.1%	-0.9%	1.5%	2.4%	6.0%
7	1997	07-Feb-97	-5.0%	-0.2%	0.2%	1.7%	0.6%	-12.2%
8	1998	28-Jan-98	-4.2%	-0.1%	-5.8%	29.9%	30.9%	9.0%
9	1999	16-Feb-99	-18.7%	4.9%	1.5%	-7.8%	-10.3%	33.6%
10	2000	05-Feb-00	-24.7%	-14.5%	-0.4%	5.8%	-1.0%	-5.3%
11	2001	24-Jan-01	12.0%	-2.1%	-4.4%	2.5%	0.2%	-19.4%
12	2002	12-Feb-02	-13.8%	-1.1%	-0.6%	-1.4%	7.0%	10.9%
13	2003	01-Feb-03	-1.1%	-4.9%	0.9%	-1.2%	-4.4%	1.0%
14	2004	22-Jan-04	-2.5%	-5.7%	-1.4%	-2.1%	4.5%	4.8%
15	2005	09-Feb-05	-3.6%	0.4%	0.9%	-1.7%	-1.9%	-1.5%
16	2006	29-Jan-06	-0.9%	-1.6%	-0.2%	0.7%	1.6%	3.9%
17	2007	18-Feb-07	-17.5%	-9.1%	-4.2%	-7.7%	-6.3%	7.5%
18	2008	07-Feb-08	-0.1%	5.2%	-2.3%	-1.5%	-8.2%	-9.9%
19	2009	26-Jan-09	-1.6%	-0.6%	5.8%	2.7%	2.7%	13.7%
20	2010	14-Feb-10	1.9%	3.6%	0.5%	1.4%	4.6%	7.5%
21	2011	03-Feb-11	-1.3%	1.3%	2.3%	-1.5%	-2.1%	1.5%
22	2012	23-Jan-12	-4.8%	-1.7%	-0.1%	1.1%	2.5%	4.5%
23	2013	09-Feb-13	-1.1%	-3.6%	-0.8%	-0.1%	1.9%	9.2%
24	2014	31-Jan-14	0.4%	3.5%	0.5%	0.7%	1.8%	3.7%
25	2015	19-Feb-15	0.9%	-3.0%	0.3%	1.0%	1.5%	0.2%
26	2016	08-Feb-16	1.4%	-0.3%	-1.9%	0.7%	1.8%	-0.8%
27	2017	28-Jan-17	-1.0%	-3.3%	-0.8%	0.7%	0.7%	4.9%

No. of years gain	7	9	12	18	19	20
Total no. of years	27	27	27	27	27	27
Gain ratio	25.9%	33.3%	44.4%	66.7%	70.4%	74.1%
Avg gain	6.4%	4.1%	1.5%	4.4%	4.8%	7.8%

No. of years loss	20	18	15	9	8	7
Loss ratio	74.1%	66.7%	55.6%	33.3%	29.6%	25.9%
Avg loss	-7.5%	-3.8%	-2.2%	-2.8%	-4.9%	-8.5%

Total Avg Gain/ (Loss)	-3.9%	-1.2%	-0.5%	2.0%	1.9%	3.5%
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Source: Bloomberg, TA Securities

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(a) nil

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News in Brief *Corporate*

Malaysia Airports Holdings Bhd (MAHB) is expecting to see a near 40% rise to 180,000 in daily passenger numbers passing through the Kuala Lumpur International Airport (KLIA) and klia2 in Sepang during the Chinese New Year period from Feb 14 to 18. The airport operator is working closely with various authorities, including the police, to ensure passengers travelling through KLIA will experience a smooth journey during the upcoming festive season, it said. *(The Edge Markets)*

RHB Bank Bhd is acquiring the remaining 51% stake in Vietnam Securities Corp (VSEC) for VND121.6bn (RM21.3mn) cash. The banking group currently has a 49% stake in VSEC, which it acquired in November 2008. RHB Bank said its wholly-owned subsidiary RHB Investment Bank Bhd has entered into a conditional share purchase agreement with Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker JSC for the proposed stake acquisition. The proposed acquisition is subject to the approvals of Bank Negara Malaysia and the State Securities Commission of Vietnam. The proposed acquisition is expected to be completed by the second quarter of 2018. *(The Edge Markets / Bursa Malaysia)*

Kuantan Flour Mills Bhd has inked a Memorandum of Understanding with Shou Guang Chang Tai Economic And Trade Co Ltd (SGCT) to facilitate an expansion of the group's starch and premix flour trade in China. Based in Shouguang City, Shandong province, SGCT is principally involved in the trading and retailing of corn, tapioca and food-related products. It has a stable import and export business with trading partners within China and Southeast Asian countries. *(The Edge Markets / Bursa Malaysia)*

Bumi Armada Bhd executive director and head of offshore marine services (OMS) Shaharul Rezza Hassan is resigning from his role effective Feb 28, citing the pursuit of other interests outside the group as the reason. Bumi Armada said it has identified an internal successor, Megat Zariman Abdul Rahim, to take over the role of head of OMS. The offshore energy facilities and services provider said Rezza requested an early release from the group. Prior to his current role, Rezza, 46, was the chief financial officer of Bumi Armada. *(The Edge Markets / Bursa Malaysia)*

PUC Bhd announced that **Pictureworks (Hong Kong) Ltd** has inked a four-year exclusive partnership with Hong Kong's theme park operator Ocean Park Corp to provide the latter end-to-end photo imaging products, services and systems. Pictureworks HK is wholly-owned by Pictureworks Holdings Sdn Bhd. Last December, PUC proposed to acquire 33% of Pictureworks Holdings shareholdings from a group of individuals, including PUC managing director and chief executive officer Cheong Chia Chou. The RM52.8mn acquisition, to be satisfied via a combination of cash and new share issuance, is still pending authority and shareholders' approvals. *(The Edge Markets / Bursa Malaysia)*

The Inland Revenue Board of Malaysia has imposed additional tax liabilities, inclusive penalties, amounting to RM5.0mn on management services provider **DKLS Industries Bhd** and three of its subsidiaries, after 'technical adjustments'. The additional tax and penalties are for the years of assessment 2010 to 2016, and are expected to eat into the group's earnings and net assets for the financial year ended Dec 31, 2017 (FY17). *(The Edge Markets / Bursa Malaysia)*

Sunzen Biotech Bhd has announced that the proposed ratification of the diversification of the business into the trading of crude palm oil and derivative products will be approved by shareholders at an extraordinary general meeting. Chief Executive Officer, Hong Choon Hau said the management decided to continue growth in this business segment, which has been contributing significantly to the group's financials as it delivers improved shareholders' value. *(Bernama)*

Thailand, the world's third largest palm oil producer, will cooperate with Malaysia and Indonesia to reject the European Union's (EU) executive decision to adopt trade barrier against palm oil as part of its official legislation. Minister of **Plantation** Industries and Commodities, Datuk Seri Mah Siew Keong, who had a bilateral meeting with Thailand Minister of Commerce, Sontirat Sontijirawong, said Thailand's keenness to respond also portrayed the agreement and firmness of major palm oil producing countries to fight against the continuous prejudice and oppression by the EU on the commodity. *(Bernama)*

Salutica Bhd's net profit for its second quarter ended Dec 31, 2017 (2QFY18) fell 43.3% YoY to RM6.0mn, due to a change in product mix, and higher costs. Quarterly revenue fell 3.6% YoY to RM87.6mn. Earnings per share stood at 1.55 sen compared with 2.73 sen in 2QFY17. It declared a third interim single-tier dividend of 0.6 sen per share, payable on March 15. In 1HFY18, Salutica turned in a net profit of RM12.5mn, down 22.7% YoY, due to the same reasons for its quarterly earnings decline. Cumulative revenue, however, was up 4.6% YoY to RM171.4mn, contributed mainly by the sale of bluetooth headsets. *(The Edge Markets / Bursa Malaysia)*

Amcorp Properties Bhd (AmProp) saw a near 19 times rise YoY in net profit for its third quarter ended Dec 31, 2017 (3QFY18) to RM75.2mn, driven by stronger contribution from its joint ventures. Revenue for the quarter under review, however, is 19% YoY lower at RM36.1mn, as it saw lower sales achieved by Kayangan Heights in the quarter. Its share of results from joint ventures, however, jumped to RM87.6mn, which the group attributed to profit recognition from progressive delivery of sold units in overseas projects. In the first nine months of FY18, AmProp's net profit stood at RM102.7mn, about 10 times higher YoY, despite revenue falling 25% YoY to RM106.3mn. *(The Edge Markets / Bursa Malaysia)*

KKB Engineering Bhd achieved a net profit of RM5.3mn in its fourth quarter ended Dec 31, 2017 (4QFY17), compared to a net loss of RM4.1mn, as it recorded higher revenue in the civil construction and steel pipe manufacturing divisions. It was the second profitable quarter the group posted in a row, after reporting four straight quarters of net losses. Quarterly revenue jumped 2.7 times YoY to RM70.2mn in 4QFY17. The group declared a first and final single tier dividend of 2 sen per share in respect of the financial year ended Dec 31, 2017 (FY17), payable on June 12. For the full FY17, the group returned to the black with a net profit of RM1.6mn versus a net loss of RM5.8mn in FY16, after revenue grew 103% YoY to RM209.3mn. *(The Edge Markets / Bursa Malaysia)*

IGB Corp Bhd posted earnings of RM86.7mn in its fourth quarter ended Dec 31, 2017, which was nearly double the earnings achieved in the previous corresponding quarter. This came on the back of revenue growing 16% YoY to RM329.4mn due to a turnover of RM61.9mn from the disposal of land by a subsidiary. The latest quarterly result brings the group's full year earnings to RM464.6mn, a 2% YoY improvement over earnings, despite total revenue slipping 5% YoY to RM1.1bn. No dividend was declared for the quarter under review, which brings total dividends paid out during the year to five sen per share. *(Starbiz / Bursa Malaysia)*

News In Brief *Economy*

Asia **Malaysia's Industrial Output Rose at Slower 2.9% Pace in December**

The country's industrial output in December rose at a much slower pace of 2.9%, weighed down by weakness in the mining sector, government data showed. It was below a Bloomberg survey of a 4.6% increase. The Statistics Department said the December factory output, in economic jargon the industrial production index (IPI), was below the 5% pace set in November. Industrial output had reached a two-and-a-half year-high of 6.8% in August. According to the Statistics Department data, manufacturing output rose 5.3% from a year earlier in December, but slowed from the 6.7% achieved in November. The electrical and electronics expanded only 4.1% from 6.9% in November. As for the mining output, it fell 4.1% in December from a 0.2% increase in November due to the decrease in the index of crude oil and natural gas. Electricity output was maintained at 3.9%, which was similar to November's growth. Malaysia's exports in December rose 4.7% from a year ago, sharply down from November's 14.4% growth as commodity prices and shipment volumes fell. (The Star)

Highest EPF Dividend in Two Decades

The Employees Provident Fund (EPF) has declared a dividend rate of 6.9% for conventional savings, the highest ever announced in the last two decades. For the estimated 6.8 million active contributors to EPF, this is no doubt delightful news as the dividend rate, which came this close, was in 1999 (6.84%). "We are very pleased with the overall performance in 2017, which is also a landmark year for the EPF as we are now managing two savings schemes and declaring two dividend rates," said EPF chairman Tan Sri Samsudin Osman. Aside from the conventional savings, he was referring to the shariah savings for which EPF declared a 6.4% dividend rate. The EPF would pay out RM44bil in dividend for conventional savings and another RM3.98bil for shariah savings. This would represent an almost 30% increase in payout compared to 2016. (The Star)

RBA Lowers Unemployment Forecast

Australia's unemployment rate is expected to drop more than previously projected, the Reserve Bank of Australia said in its Statement on Monetary Policy, released. The unemployment rate is forecast to fall to 5.25% for the year ending June 2018, instead of 5.5% estimated three months ago. The rate is expected to remain at 5.25% until June 2020. At the same time, estimates for economic growth and inflation were broadly unchanged from the November statement. GDP is forecast to expand 3.25% each in the year ending December 2018 and 2019. Inflation is seen at 2% in June 2018, before easing slightly to 2.25%. (RTT)

Australia's Big Banks Focus on Job Cuts as Inquiry Looms

Australia's big banks are responding to a revenue crunch by cutting jobs and other costs, prompting fears on the eve of an inquiry into their businesses that the industry's tarnished reputation is about to take another hit. Regulators' demands that banks hold more capital and their scrutiny into internal operations have made cost-cuts the in-vogue metric at the so-called Big Four banks, Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corp, to boost profits. But the strategic change will come at a cost for the banks. "If you can be the most successful at bringing your staff numbers down the quickest, that's going to give you the quickest cost advantage," said one senior bank insider with direct knowledge of the cost-cutting strategy. But, added the insider, who requested anonymity because he was not authorised to speak to the media, as jobs cuts mount, "society and the community will push back, won't accept it." Cost cuts are not limited to jobs, with banks preparing to make use of improved technology to reengineer back office functions, and reduce the number and physical size of their branches. (The Star)

Japan Tertiary Activity Index Falls Unexpectedly

Japan's tertiary activity index decreased unexpectedly at the end of the year, though slightly, data published by the Ministry of Economy, Trade and Industry showed. The tertiary activity index dropped 0.2% month-over-month in December, reversing a 1.1% rise in November. Meanwhile, economists had expected a 0.2% increase for the month. Among the individual components of the survey, activity was down for information and communications, finance and insurance, transport and postal activities, living and amusement-related services, retail trade and real estate. At the same time, activity was up for wholesale trade, business-related services, medical, health care and welfare, electricity, gas, heat supply and water, goods rental and leasing. On a yearly basis, the tertiary activity index rose at a slower rate of 1.1% in December, following a 1.6% gain in November. (RTT)

United States U.S. Wholesale Inventories for December Revised Higher

U.S. wholesale inventories rose more than initially estimated in December, helped by a sturdy rise in auto stocks. The Commerce Department said that wholesale inventories rose 0.4% after a revised 0.6% rise in November. The department reported last month that wholesale inventories rose 0.2% in December. Auto inventories rose 1.7% after increasing 0.9% in November. The component of wholesale inventories that goes into the calculation of gross domestic product - wholesale inventories excluding auto stocks - rose 0.2% in December. U.S. financial markets were little moved by the data. Inventory investment cut 0.67-percentage point from GDP growth in the fourth quarter, according to the government's advance estimate released last month. GDP grew 2.6% in the October-December quarter. Sales at wholesalers rose 1.2% in December after gaining 1.9% in November. Inventories in December were up 3.4% from the year-earlier period, while sales jumped 9.1%. At December's sales pace it would take wholesalers 1.22 months to deplete stocks, compared with 1.23 in November. The inventories-to-sales ratio for motor vehicles rose to 1.72 in December from 1.69 in the prior month. (Reuters)

Europe and United Kingdom Oil Pipeline Shutdown Hits UK Industry but Manufacturing and Construction Grow

British industry suffered its biggest fall since 2012 in December due to the temporary shutdown of a major oil pipeline, but growth in manufacturing confirmed the broader picture of solid economic expansion at the end of 2017. Construction also showed a surprise surge in December. Britain's economic growth slowed slightly in 2017 as higher inflation caused by the fall in sterling after the Brexit vote hurt consumers, but some exporters have gained from the weaker pound and the stronger global economy. Industrial output fell by 1.3% month-on-month in December, the biggest drop since September 2012 after a 0.3% rise in November, the Office for National Statistics (ONS) said. Economists taking part in a Reuters poll had expected to see output fall 0.9% as a shutdown in the damaged Forties North Sea oil pipeline looked certain drag on the sector. While the figures showed the hit was bigger than thought, the pipeline is back online so a rebound in production looks likely in January. (Reuters)

UK GDP to Log Steady Growth: NIESR

The UK economy is likely to log steady growth in three months to January, the National Institute of Economic and Social Research said. According to monthly estimates of GDP, output grew 0.5% in three months to January, unchanged from the preliminary estimate of the Office for National Statistics for the fourth quarter of 2017. "We are forecasting GDP growth of close to 2% this year assuming a soft Brexit scenario," Amit Kara, head of UK macroeconomic forecasting at NIESR, said. At this speed the economy could start to overheat unless the Bank of England withdraws some of the stimulus that it has injected by raising the policy rate, Kara noted. (RTT)

Share Buy-Back: 09 February 2018

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
FIAMMA	90,000	0.50	0.50/0.49	23,280,000
FIMACOR	10,000	2.00	2.00	4,182,500
GENM	2,275,000	5.26/5.23	5.27/5.20	279,207,400
HEVEA	100,000	0.90	0.925/0.90	1,222,000
KFIMA	30,000	1.47/1.45	1.48/1.45	30,000
KOMARK	77,800	0.195/0.19	0.195/0.17	5,325,700
KPJ	50,000	0.95/0.90	0.925/0.90	63,747,000
MALAKOF	800,000	0.91/0.90	0.92/0.89	11,076,800
MMSV	149,000	1.52/1.49	1.52/1.45	2,384,500
NYLEX	35,000	0.80/0.77	0.80/0.77	5,823,324
PECCA	20,000	1.35	1.37/1.32	3,240,800
SAUDEE	31,000	0.47/0.46	0.47/0.455	64,000
SIGN	69,000	0.60/0.58	0.60/0.58	11,407,100
SNTORIA	230,000	0.605/0.59	0.605/0.585	3,031,000
UNIMECH	16,100	1.02/1.01	1.02/1.00	6,710,210
YILAI	133,100	0.75/0.745	0.75/0.745	8,662,108

Source: Bursa Malaysia

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SNAPSHOT OF STOCKS UNDER COVERAGE

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	BETA	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
AUTOMOBILE																	
BAUTO	2.16	2.50	15.7%	Buy	2,503	0.48	14.3	19.9	15.1	10.9	5.3	5.6	2.47	-12.6	1.84	17.4	-1.8
MBMR	2.27	2.32	2.2%	Under Review	887	0.80	23.2	23.9	9.8	9.5	2.0	2.1	2.60	-12.7	2.01	12.9	3.2
PECCA	1.35	1.86	37.8%	Buy	249	0.41	11.1	12.5	12.1	10.8	4.1	4.5	1.70	-20.6	1.28	5.5	-12.9
SIME	2.72	1.97	-27.6%	Hold	18,498	1.56	12.0	12.7	22.7	21.5	1.1	1.2	3.06	-11.1	2.03	34.2	23.1
UMW	6.60	4.37	-33.8%	Sell	7,711	1.34	20.7	36.9	31.9	17.9	1.5	2.7	6.98	-5.4	4.70	40.4	26.9
BANKS & FINANCIAL SERVICES																	
ABMB	4.13	4.60	11.4%	Hold	6,394	1.32	30.6	35.6	13.5	11.6	3.9	3.9	4.49	-8.0	3.62	14.1	1.2
AFFIN	2.53	2.70	6.7%	Hold	4,916	0.93	24.2	28.1	10.4	9.0	3.2	3.2	2.98	-15.0	2.22	13.9	9.5
AMBANK	4.42	5.50	24.4%	Buy	13,323	1.40	48.6	52.0	9.1	8.5	4.1	4.1	5.70	-22.5	4.06	8.9	0.2
CIMB	6.86	7.50	9.3%	Hold	63,287	1.63	50.8	56.0	13.5	12.3	4.3	4.1	7.36	-6.8	4.91	39.7	4.9
HLBANK	17.90	19.30	7.8%	Hold	36,616	0.81	114.2	120.9	15.7	14.8	2.5	2.5	18.80	-4.8	13.26	35.0	5.3
MAYBANK	10.02	10.50	4.8%	Hold	108,434	1.01	70.6	77.4	14.2	12.9	5.0	5.0	10.24	-2.1	8.31	20.6	2.2
PBBANK	21.80	25.10	15.1%	Buy	84,181	0.66	142.4	149.8	15.3	14.6	2.7	2.8	22.62	-3.6	19.66	10.9	4.9
RHBBANK	5.17	5.70	10.3%	Hold	20,732	1.60	52.2	53.8	9.9	9.6	2.9	2.9	5.61	-7.8	4.71	9.8	3.4
BURSA	10.82	11.80	9.1%	Buy	5,816	0.92	43.9	45.0	24.7	24.0	3.3	3.3	11.30	-4.2	8.08	33.9	6.9
Note: BURSA proposed bonus issue of shares on the basis of 1 for 2. Ex-Target price RM7.04																	
BUILDING MATERIALS																	
ANNJOO	3.35	4.40	31.3%	Buy	1,731	1.25	45.1	48.9	7.4	6.8	6.6	7.8	3.98	-15.8	2.27	47.6	-13.2
CHINHIN	1.07	1.36	27.1%	Buy	595	1.09	12.4	12.0	8.6	8.9	4.7	5.6	1.49	-28.2	0.90	18.9	-11.6
ENGTEX	1.02	1.38	35.3%	Buy	434	0.80	14.2	16.1	7.2	6.3	4.1	5.4	1.52	-32.9	1.01	1.0	-7.3
CONSTRUCTION																	
GADANG	1.04	1.69	62.5%	Buy	686	1.14	14.2	18.1	7.3	5.7	2.9	2.9	1.37	-24.1	1.01	3.0	-6.3
GAMUDA	4.85	6.00	23.7%	Buy	11,913	0.90	34.5	35.7	14.1	13.6	2.5	2.5	5.52	-12.1	4.58	5.9	-2.2
IJM	2.71	2.89	6.6%	Sell	9,833	1.03	13.7	18.2	19.8	14.9	3.5	3.5	3.61	-24.9	2.71	0.0	-11.1
KAB	0.26	0.38	47.1%	Buy	8	na	31.4	37.3	0.8	0.7	3.9	47.1	0.33	-22.7	0.25	4.1	-15.0
PESONA	0.41	0.55	35.8%	Buy	281	1.08	5.8	4.8	7.0	8.5	3.7	3.7	0.74	-44.9	0.40	1.2	-10.0
SENDAI	0.80	0.55	-30.8%	Sell	621	1.26	9.1	8.5	8.8	9.4	1.3	1.3	1.39	-42.8	0.51	57.4	-8.1
SUNCON	2.50	2.65	6.0%	Buy	3,231	0.61	14.7	16.4	17.0	15.2	2.2	2.4	2.64	-5.3	1.70	47.1	-0.4
WCT	1.50	1.64	9.3%	Hold	2,110	0.90	12.6	11.2	11.9	13.4	2.0	2.0	2.48	-39.4	1.46	2.7	-7.4
LITRAK	5.75	6.26	8.9%	Hold	3,035	0.40	45.6	47.1	12.6	12.2	4.3	4.3	6.15	-6.5	5.40	6.5	3.6
CONSUMER																	
<i>Brewery</i>																	
CARLSBG	16.28	18.06	10.9%	Buy	5,008	0.76	86.2	88.7	18.9	18.3	5.3	5.4	16.60	-1.9	13.98	16.5	6.4
HEIM	19.98	19.14	-4.2%	Buy	6,036	0.39	84.0	88.3	23.8	22.6	3.8	4.0	20.12	-0.7	15.86	26.0	5.7
<i>Retail</i>																	
AEON	1.59	1.97	23.9%	Sell	2,232	0.44	6.7	7.7	23.8	20.6	2.5	2.8	2.70	-41.1	1.55	2.6	-9.7
AMWAY	7.60	8.18	7.6%	Buy	1,249	0.49	43.9	45.2	17.3	16.8	5.0	5.3	8.18	-7.1	7.04	8.0	3.0
F&N	30.00	33.74	12.5%	Buy	10,996	0.23	122.7	145.8	24.5	20.6	2.7	3.2	30.30	-1.0	22.64	32.5	11.1
HUPSENG	1.10	1.25	13.6%	Hold	880	0.45	5.7	5.9	19.3	18.6	5.5	5.5	1.28	-14.1	1.05	4.8	0.9
JOHOTIN	1.20	1.75	45.8%	Buy	373	0.84	12.8	13.5	9.4	8.9	4.2	4.5	1.76	-31.8	1.16	3.4	-0.8
NESTLE	116.10	120.50	3.8%	Buy	27,225	0.47	325.4	368.7	35.7	31.5	2.5	2.9	117.00	-0.8	75.40	54.0	12.5
PADINI	4.94	4.67	-5.5%	Sell	3,250	0.81	28.0	30.4	17.7	16.3	2.5	2.6	5.50	-10.2	2.39	106.7	-6.4
POHUAT	1.51	2.01	33.1%	Buy	332	0.66	22.9	25.4	6.6	5.9	5.3	5.3	2.07	-27.0	1.45	4.1	-15.6
QL	4.75	3.26	-31.4%	Sell	7,707	0.48	12.8	14.7	37.0	32.2	0.9	1.0	4.84	-1.9	3.26	45.9	9.2
SIGN	0.60	0.92	53.3%	Buy	137	0.98	6.9	9.2	8.6	6.5	4.2	5.8	1.07	-43.9	0.58	3.4	-14.9
<i>Tobacco</i>																	
BAT	32.38	52.08	60.8%	Buy	9,245	1.37	187.4	175.4	17.3	18.5	6.2	6.2	51.04	-36.6	31.40	3.1	-19.1
GAMING																	
<i>Casino</i>																	
GENTING	8.78	11.53	31.3%	Buy	33,638	1.49	54.4	59.8	16.1	14.7	1.8	1.8	10.00	-12.2	8.48	3.5	-4.6
GENM	5.25	6.51	24.0%	Buy	29,721	1.49	27.0	30.6	19.4	17.1	1.7	1.9	6.38	-17.7	4.87	7.8	-6.7
<i>NFO</i>																	
BJTOTO	2.26	3.34	47.8%	Buy	3,044	0.72	21.5	26.0	10.5	8.7	7.1	8.0	3.00	-24.7	2.20	2.7	0.9
HEALTHCARE																	
<i>Hospitals/ Pharmaceutical</i>																	
CCMDBIO	2.80	2.70	-3.6%	Buy	781	0.82	15.0	16.1	18.6	17.4	3.5	3.7	3.03	-7.6	1.97	42.1	10.7
IHH	5.94	6.40	7.7%	Buy	48,943	0.75	11.9	15.0	50.0	39.7	0.5	0.6	6.34	-6.3	5.42	9.6	1.4
KPJ	0.92	1.12	22.4%	Buy	3,859	0.51	3.7	4.2	24.4	22.0	2.3	2.5	1.14	-19.7	0.90	1.7	-5.7
<i>Rubber Gloves</i>																	
HARTA	11.14	7.80	-30.0%	Sell	18,432	1.14	25.2	28.9	44.2	38.6	1.4	1.6	12.18	-8.5	4.67	138.5	4.3
KOSSAN	8.50	8.80	3.5%	Buy	5,435	0.51	38.3	43.0	22.2	19.8	2.3	2.5	8.79	-3.3	5.62	51.2	4.8
SUPERMX	2.19	1.80	-17.8%	Sell	1,436	0.61	15.3	17.9	14.3	12.2	2.4	2.8	2.50	-12.4	1.69	29.6	9.5
TOPGLOV	9.30	9.35	0.5%	Sell	11,678	0.55	41.6	50.8	22.4	18.3	1.5	1.9	10.00	-7.0	4.56	103.9	16.4
KAREX	1.07	1.00	-6.5%	Sell	1,073	0.70	2.8	5.2	38.7	20.5	0.6	1.2	2.41	-55.6	1.05	1.9	-17.7
INDUSTRIAL																	
SCIENTX	8.17	9.84	20.4%	Buy	3,995	0.77	67.5	74.1	12.1	11.0	2.2	2.3	9.85	-17.1	6.89	18.6	-5.7
SKPRES	1.75	2.20	25.7%	Buy	2,188	0.80	10.4	14.8	16.9	11.8	3.0	4.2	2.35	-25.5	1.24	41.1	-23.2
MEDIA																	
ASTRO	2.55	3.10	21.6%	Buy	13,295	0.89	14.0	13.7	18.3	18.6	5.1	5.3	2.94	-13.3	2.40	6.2	-3.8
MEDIA PRIMA	0.60	0.45	-24.4%	Sell	660	1.38	-3.8	-1.7	na	na	0.0	0.0	1.28	-53.5	0.58	2.6	-21.7
STAR	1.38	1.25	-9.4%	Sell	1,018	1.08	6.7	6.7	20.5	20.5	8.7	8.7	2.22	-37.8	1.31	5.3	-16.4

SNAPSHOT OF STOCKS UNDER COVERAGE

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	BETA	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
OIL & GAS																	
DNEX	0.44	0.72	65.5%	Buy	764	1.51	4.2	4.5	10.4	9.6	2.3	2.3	0.69	-37.0	0.29	52.6	-10.3
LCTITAN	5.17	6.10	18.0%	Buy	11,751	na	56.3	60.9	9.2	8.5	4.8	5.2	6.53	-20.8	4.14	24.9	10.0
MHB	0.84	0.81	-3.6%	Sell	1,344	1.58	0.5	1.7	174.5	50.3	0.0	0.0	1.16	-27.6	0.63	34.4	1.8
MISC	7.13	6.48	-9.1%	Sell	31,827	1.20	46.3	51.7	15.4	13.8	4.2	4.2	7.90	-9.7	6.89	3.5	-3.9
PANTECH	0.60	0.69	16.0%	Buy	443	1.25	6.1	6.8	9.8	8.8	4.6	5.2	0.74	-19.6	0.47	28.0	-7.8
PCHEM	8.00	7.96	-0.5%	Hold	64,000	0.90	49.8	52.6	16.1	15.2	2.8	2.9	8.28	-3.4	6.80	17.6	3.9
SAPNRG	0.69	1.25	82.5%	Buy	4,105	2.08	-6.5	-5.0	na	na	0.0	0.0	2.10	-67.4	0.67	3.0	-3.5
SERBADK	3.41	4.16	22.0%	Buy	5,008	na	27.7	32.7	12.3	10.4	2.3	2.9	3.66	-6.8	1.52	124.3	5.2
UMWOG	0.31	0.51	67.2%	Buy	2,506	1.78	0.4	1.2	75.5	24.6	0.0	0.0	0.70	-56.3	0.27	13.0	0.0
UZMA	1.35	1.56	15.6%	Sell	432	1.04	13.1	14.2	10.3	9.5	0.0	0.0	1.98	-31.8	1.26	7.1	5.5
PLANTATIONS																	
FGV	1.87	2.01	7.5%	Sell	6,822	1.51	3.7	4.5	50.5	41.1	2.7	2.7	2.18	-14.2	1.51	23.8	10.7
IJMLNT	2.30	2.69	17.0%	Sell	2,025	0.26	9.1	12.5	25.2	18.3	3.5	3.9	3.50	-34.3	2.30	0.0	-16.1
IOICORP	4.68	4.12	-12.0%	Sell	29,408	0.89	21.0	21.7	22.2	21.6	3.4	6.4	4.81	-2.7	4.31	8.6	3.1
KFIMA	1.45	1.89	30.3%	Buy	409	0.65	13.3	14.5	10.9	10.0	6.2	6.2	1.96	-26.0	1.45	0.0	-7.6
KLK	25.22	26.18	3.8%	Hold	26,858	0.67	120.7	126.3	20.9	20.0	2.4	2.5	25.40	-0.7	23.66	6.6	0.9
SIMEPLT	5.50	6.25	13.6%	Buy	37,405	na	21.0	22.1	26.1	24.9	2.5	2.7	6.00	-8.3	4.58	20.1	-8.3
TSH	1.63	2.10	28.8%	Buy	2,251	0.63	9.3	9.6	17.5	17.0	1.5	1.5	1.93	-15.5	1.56	4.5	-1.2
UMCCA	6.28	6.73	7.2%	Sell	1,317	0.39	22.7	34.8	27.6	18.0	2.7	2.9	7.08	-11.3	5.76	9.0	-3.5
PROPERTY																	
GLOMAC	0.52	0.46	-11.5%	Sell	413	0.62	3.0	4.4	17.6	11.8	3.8	3.8	0.67	-22.7	0.50	5.1	-6.2
HUAYANG	0.59	0.58	-0.9%	Sell	206	0.91	0.7	3.4	89.5	17.2	0.9	0.9	1.21	-51.7	0.58	1.7	-4.1
IBRACO	0.77	0.92	20.3%	Hold	380	na	9.1	12.4	8.4	6.1	5.2	6.5	0.98	-21.5	0.50	53.0	-6.1
IOIPG	1.96	2.02	3.1%	Hold	10,792	0.85	16.5	16.3	11.8	12.0	3.1	3.1	2.22	-11.7	1.79	9.5	5.9
MAHSING	1.33	1.69	27.1%	Buy	3,229	0.98	13.0	12.6	10.2	10.6	4.9	4.9	1.64	-18.9	1.30	2.3	-8.3
SIMEPROP	1.44	1.61	11.8%	Sell	9,793	na	9.2	9.1	15.7	15.8	1.4	1.4	1.78	-19.1	1.04	38.5	-19.1
SNTORIA	0.61	0.76	25.6%	Buy	342	0.22	8.3	8.6	7.3	7.0	1.7	1.7	0.91	-33.5	0.57	7.1	-12.9
SPB	4.79	5.28	10.2%	Hold	1,646	0.66	21.2	26.1	22.6	18.3	2.5	2.5	5.50	-12.9	4.39	9.1	-2.2
SPSETIA	3.25	3.77	16.0%	Buy	12,198	0.94	21.3	21.9	15.2	14.9	3.7	3.7	4.38	-25.9	3.07	5.9	-18.8
SUNWAY REIT	1.65	1.74	5.5%	Hold	8,078	0.91	11.9	12.6	13.9	13.1	3.0	3.6	1.96	-15.8	1.31	25.8	1.2
SUNREIT	1.69	1.87	10.7%	Hold	4,977	0.89	10.0	10.7	16.8	15.8	5.9	6.3	1.90	-11.1	1.64	3.0	-11.1
CMMT	1.30	1.64	26.2%	Buy	2,649	0.77	7.9	8.6	16.4	15.0	6.3	6.8	1.83	-29.0	1.25	4.0	-29.0
POWER & UTILITIES																	
MALAKOF	0.91	1.16	27.5%	Buy	4,535	0.84	6.0	6.8	15.1	13.4	7.7	7.7	1.32	-31.1	0.86	5.8	-7.1
PETDAG	24.90	22.08	-11.3%	Sell	24,737	0.41	105.1	105.7	23.7	23.6	3.1	3.2	26.20	-5.0	21.00	18.6	2.6
PETGAS	17.48	19.10	9.3%	Buy	34,588	0.87	98.8	99.5	17.7	17.6	3.9	4.0	21.04	-16.9	15.82	10.5	0.0
TENAGA	15.72	18.33	16.6%	Buy	89,069	0.57	131.3	127.5	12.0	12.3	4.3	4.1	16.12	-2.5	13.44	17.0	3.0
YTLPOWR	1.19	1.17	-1.7%	Sell	9,251	0.82	9.8	10.3	12.1	11.6	4.2	4.2	1.50	-20.7	1.11	7.2	-7.8
TELECOMMUNICATIONS																	
AXIATA	5.42	6.50	19.9%	Buy	49,041	1.60	15.9	19.5	34.0	27.9	1.5	2.9	5.82	-6.9	4.24	27.8	-1.3
DIGI	4.80	5.15	7.3%	Hold	37,320	0.96	19.7	20.4	24.4	23.6	4.1	4.2	5.19	-7.5	4.36	10.1	-5.9
MAXIS	5.88	6.05	2.9%	Sell	45,926	1.06	25.2	25.0	23.3	23.5	3.3	3.3	6.60	-10.9	5.48	7.3	-2.2
TM	5.91	7.20	21.8%	Buy	22,209	0.63	23.2	24.9	25.5	23.8	3.5	3.8	6.69	-11.7	5.85	1.0	-6.2
TECHNOLOGY																	
<i>Semiconductor & Electronics</i>																	
ELSOFT	2.54	2.70	6.3%	Hold	699	0.81	13.4	15.3	19.0	16.6	3.7	4.2	2.95	-13.9	1.54	64.7	-5.9
IRIS	0.19	0.25	35.1%	Buy	457	2.34	0.6	0.7	33.4	27.7	0.0	0.0	0.25	-24.5	0.12	60.9	0.0
INARI	3.34	3.35	0.3%	Under Review	6,886	0.74	14.0	15.7	23.8	21.3	3.0	3.4	3.82	-12.6	1.83	82.9	-1.8
<i>Note: INARI proposed bonus issue shares on the basis of 1 for 2. For more detail please refer to 30.01.18 report.</i>																	
MPI	9.16	10.70	16.8%	Hold	1,822	0.77	73.9	86.9	12.4	10.5	3.5	3.5	14.52	-36.9	8.91	2.8	-27.4
UNISEM	2.89	3.25	12.5%	Under Review	2,121	1.19	19.0	20.3	15.2	14.2	4.2	4.2	4.25	-32.0	2.65	9.1	-20.8
TRANSPORTATION																	
<i>Airlines</i>																	
AIRASIA	4.13	3.83	-7.3%	Buy	13,802	1.28	38.3	39.8	10.8	10.4	1.2	1.5	4.34	-4.8	2.57	60.7	23.3
AIRPORT	9.07	8.64	-4.7%	Sell	15,049	1.37	19.7	20.1	45.9	45.0	1.1	1.3	9.45	-4.0	6.35	42.8	3.2
<i>Freight & Tankers</i>																	
PTRANS	0.27	0.46	70.4%	Buy	339	na	2.4	3.8	11.3	7.1	2.6	4.0	0.38	-29.3	0.15	85.6	-3.6
TNLOGIS	1.16	1.80	55.2%	Buy	530	1.12	13.6	14.0	8.5	8.3	4.3	4.3	1.83	-36.7	1.13	2.7	-13.4
WPRTS	3.62	4.06	12.2%	Buy	12,344	0.49	15.6	20.0	23.2	18.1	1.0	1.4	4.19	-13.6	3.12	16.0	-2.2

SNAPSHOT OF FOREIGN STOCKS UNDER COVERAGE

Company	Share Price (\$S)	Target Price (\$S)	% upside	Recom	Market Cap. (\$Sm)	Beta	EPS (cent)		PER (X)		Div Yield (%)		52week		52week		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
BANKS & FINANCIAL SERVICES																	
DBS	26.71	23.30	-12.8%	Sell	68,481	1.17	189.1	214.6	14.1	12.4	2.2	2.2	27.4	-2.5	18.12	47.4	7.5
OCBC	12.19	13.50	10.7%	Buy	51,024	1.21	104.1	110.6	11.7	11.0	6.7	7.7	13.3	-8.5	9.38	30.0	-1.6
UOB	26.24	26.90	2.5%	Hold	43,639	1.09	215.4	229.3	12.2	12.2	2.7	2.7	28.5	-7.8	20.63	27.2	-0.8
PLANTATIONS																	
WILMAR	3.00	3.63	21.0%	Hold	19,196	0.87	29.9	31.8	10.0	9.4	2.7	3.0	4.0	-24.2	2.97	1.0	-2.9
IFAR	0.37	0.53	45.2%	Hold	524	1.05	5.2	5.7	7.0	6.4	3.5	3.8	0.6	-37.1	0.36	2.8	-6.4

BUY : Total return within the next 12 months exceeds required rate of return by 5%-point.

HOLD : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.

SELL : Total return is lower than the required rate of return.

Total Return is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.
Required Rate of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.