PP 18233/07/2013 (033562)
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RHB

TOP MALAYSIA SMALL CAP COMPANIES

30 JEWELS
2013 EDITION

TOP MALAYSIA
SMALL CAP COMPANIES

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30 JEWELS

2013 Edition

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FOREWORD

Welcome back to the 2013 Edition of the RHB Top Malaysian Small Cap Companies book!

RHB and OSK Investment Bank have now merged under the enlarged RHB Investment Bank banner. However, we remain fully committed in our efforts to build and expand upon our successful small cap franchise, an endeavour that has been continuously built up over the past nine years.

Furthermore, this Malaysia Small Caps book in your hands complements the publication of other Small Cap books by our research teams in Singapore, Thailand and Indonesia. The compendium offers reports and ideas on 125 Asean small cap stocks that remain unmatched within the region.

A core element of our strategy is to identify and promote small cap companies that would otherwise fly under the radar of the investment community. RHB Research has been adept at finding these hidden gems as our team has the broadest coverage in Malaysia, with explicit research on 155 stocks. Nearly 60% of the Companies under our coverage universe have a market capitalisation of under MYR3bn, while another 22% have market values of between MYR3bn and MYR10bn.

This is very much in synch with the exhortation of Prime Minister YAB Datuk Seri Najib Razak – at the recent Invest Malaysia 2013 conference – for Government-linked investment companies, in particular, to look into good quality mid-cap stocks and, by doing so, increase the trading velocity and contribute to the vibrancy of the overall market. We believe our Small Cap Companies book can help with this process.

Finally, this foreword will not be complete without the expression of thanks to the Management teams of the featured Companies, who have taken the time to speak with our analysts and walk them through the varied aspects of their businesses.

Our thanks also goes out to the tireless efforts of entire RHB Research team, who have all worked very hard to crystallise their investment ideas and bring this book to fruition. Last, but certainly not least, we thank you, valued clients of RHB investment Bank, for your continued support and encouragement.

RHB Malaysia Small Caps Research Team
RHB Research Institute Sdn Bhd

30 July 2013

RHB Research

Introduction

This is the 9th year of publication of the RHB Top Malaysia Small Cap Companies book. As before, the Malaysia book is one of four publications by our research teams in Singapore, Thailand and Indonesia. These four books make up a Small Cap compendium, which continues to be the largest market-leading repository of small cap stock ideas in Asean. As with last year, we feature herein 30 Malaysian “jewels”, which we believe is an appropriate number to provide a reasonable cross representation of the broader market, counter-balanced against resources and time constraints.

Since our 2012 Edition was published, the FBM KLCI has advanced 12.9%, but this performance has been overshadowed by the FBM Small Cap Index, which posted a 21.7% gain over the same period. To reflect these gains in the equity market over the past 15 months, we have raised our market cap ceiling for this year’s edition to MYR3bn. However, we note that 87% of our selected stocks have market caps below MYR1.5bn. The combined market cap of the 30 stocks in this edition is MYR27.1bn, while the individual company average is MYR903m. In our endeavour to provide a good mix of companies across the entire spectrum, our selected stocks provide a broad representation of 13 sectors versus vs 12 last year. Other than spread and size considerations, the key screening variables include management credibility, industry fundamentals, earnings growth potential and track record. While liquidity concerns are almost always an issue among the smaller cap stocks, we are of the belief that as a stock grows in stature in the manner we expect, the issue of illiquidity should fade in due course.

Predictably, our small cap selection is influenced by our house view on the market, with our key OVERWEIGHT sectors being Banks, Oil & Gas (O&G) and Construction, while Telecommunications is an UNDERWEIGHT. As banking stocks are all large corporations, none are represented in the current edition, but we have five representatives from the O&G sector and five from Construction. Other sectors included are Consumer (four), Property (three) and Building Materials (three), these industries being typically made up of small companies. In terms of market cap, the largest stock in our selection is Media Prima (MYR2.9bn) while Brahim’s is the smallest at MYR204m. Our 2013 edition has “unearthed’’ 11 new jewels – Brahim’s (Consumer), Deleum (O&G), Hua Yang (Property), Instacom (Telecommunications), Integrax (Ports), Malton (Property), Protasco (Construction), Scientex (Consumer), TDM (Plantations), Uzma (O&G) and WellCall (Industrials). The rest of the companies, while familiar to those who follow our research, are still “jewels” as they are still endowed with strong growth potential and solid fundamentals. The average FY13 P/E of our 2013 Small Cap stocks is 11.7x, with a two-year net profit CAGR of 13.0%.

All said, we wish to caution investors on the risks associated with investing in small cap stocks, which typically possess higher betas as well as greater potential for share price volatility. Nonetheless, we are confident that the stocks profiled in this book will not disappoint investors, in keeping with our tradition of uncovering jewels that do not lose their shine.

Figure 1: Distribution by sector

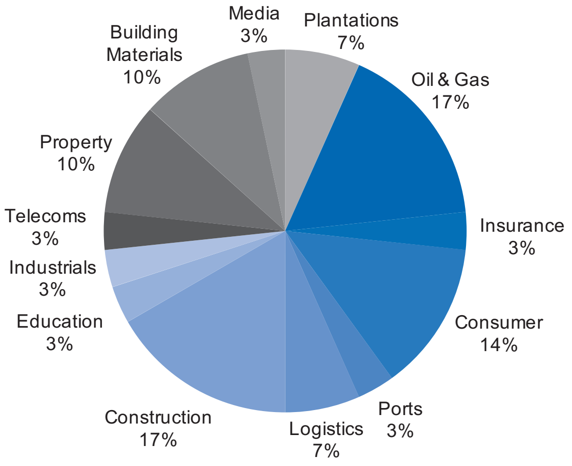
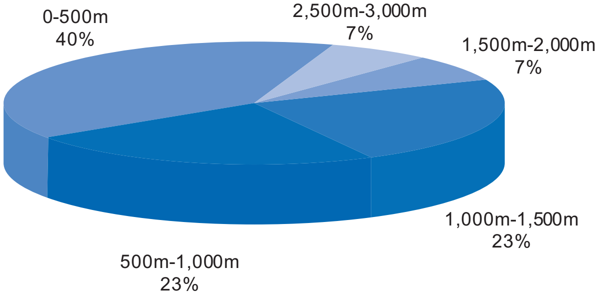


Figure 2: Distribution by market cap (MYRm)



Source: RHB

Figure 3: FBMSCI vs FBMKLCI

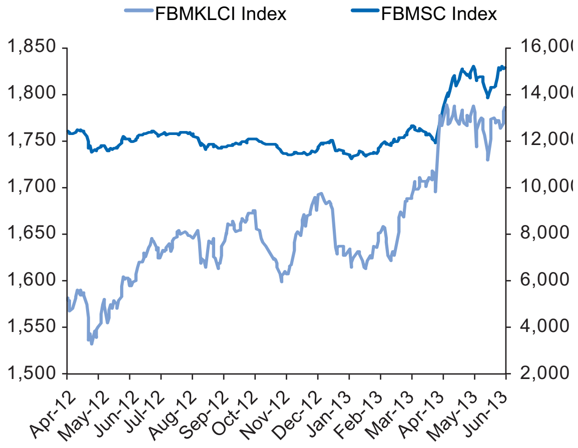


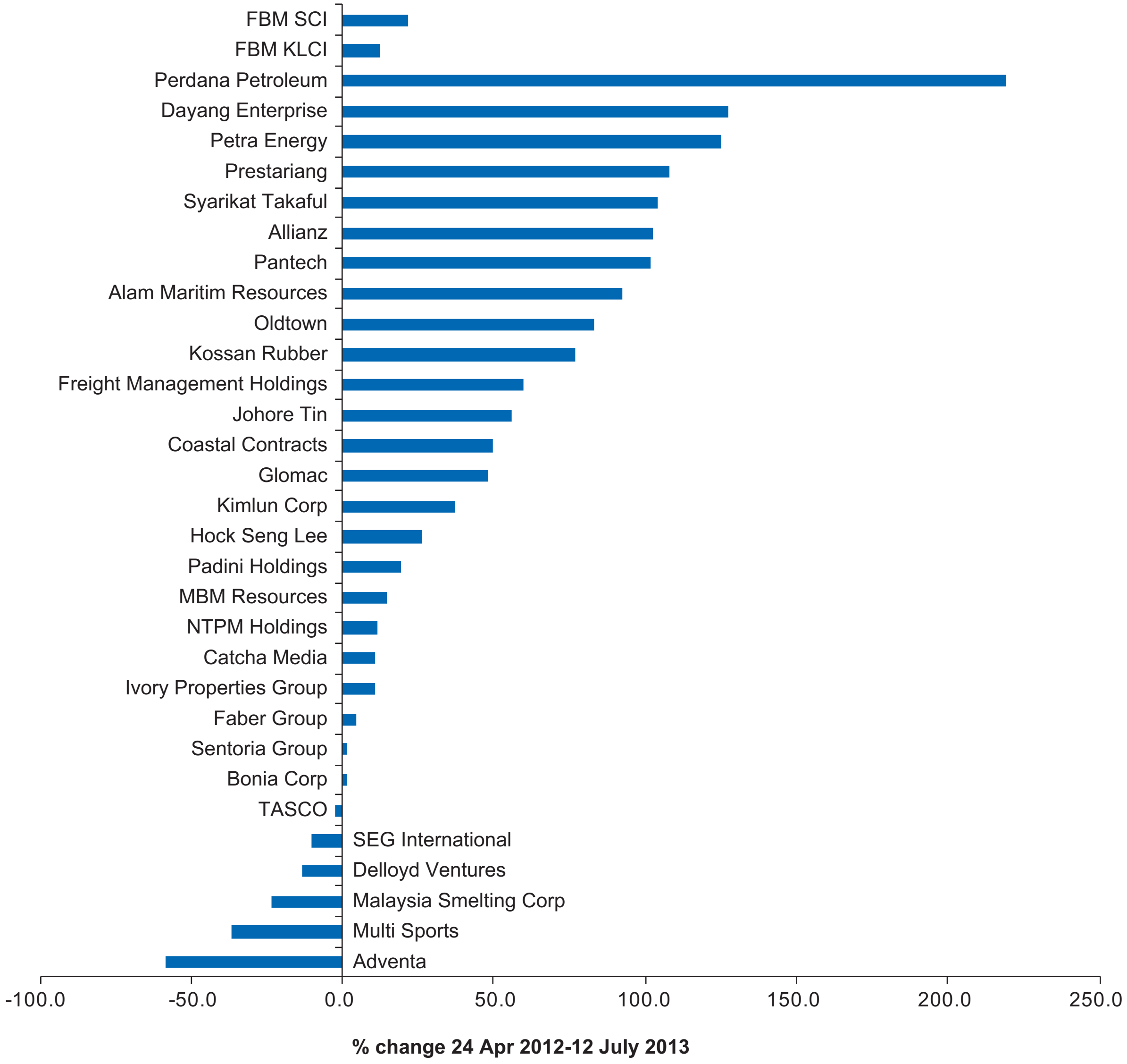
Figure 4: Number of stocks by sector

Sector	2013	2012	2011
Automotive	0	2	4
Building Materials	3	0	4
Conglomerate	0	0	1
Construction	5	2	6
Consumer	4	6	7
Education	1	2	2
Finance	0	0	2
Industrials	1	0	2
Insurance	1	2	0
Logistics	2	2	3
Media	1	1	0
Oil & Gas	5	5	5
Others	0	1	2
Plantations	2	0	2
Ports	1	0	0
Property	3	3	3
REIT	0	0	1
Rubber Gloves	0	2	2
Steel & Metals	0	2	2
Technology	0	0	2
Telecoms	1	0	0
Total	**30**	**30**	**50**

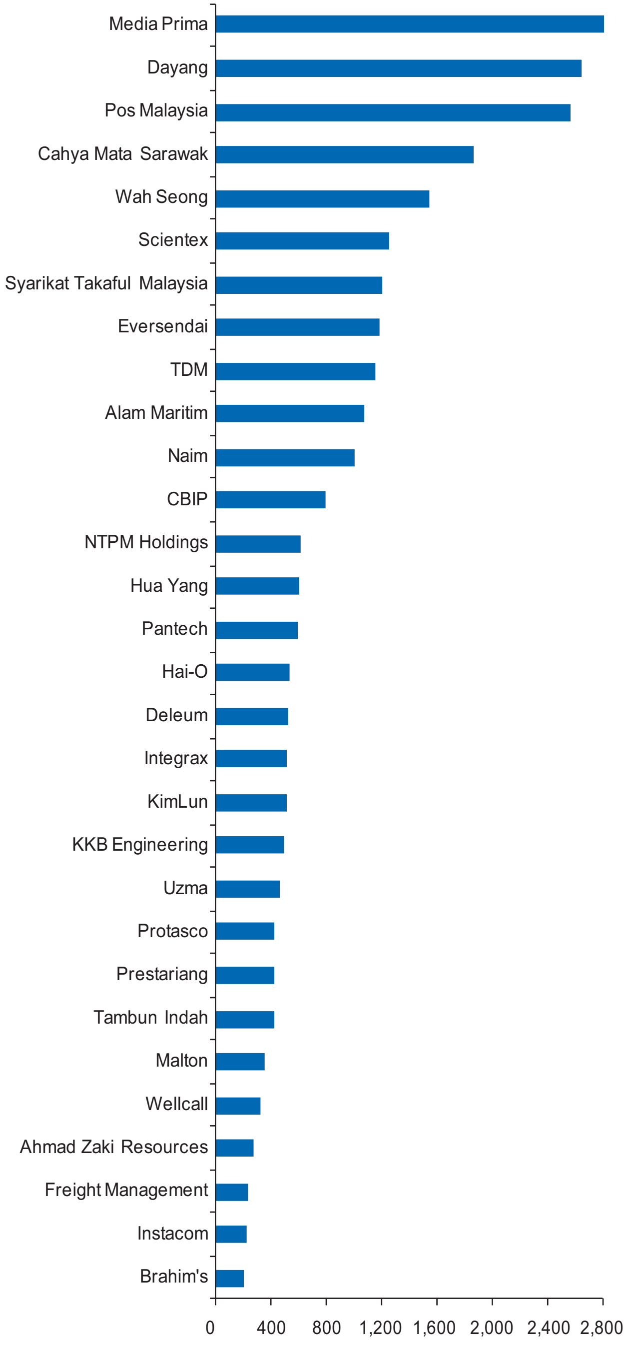
How our 2012 picks fared

The performance of our 2012 picks was decent, with 18 (average gain: +81.1%) outperforming the FBMKLCI (+12.9%) while 16 (average gain +89.0%) beat the FBMSCI (+21.7%) between the launch of the 2012 Small Cap Book on 24 April 2012 and the price close for the 2013 Book (12 July 2013). The top performer was Perdana Petroleum, which gained 219.3% during the period while the worst performing stock was Adventa (-57.9%). We note that there were extenuating circumstances in the case of Adventa, whose glove business was sold for RM320.9m to Aspion Sdn Bhd with a capital repayment of MYR1.70 per share completed in January. Adding back the capital distribution would have implied a 55% adjusted gain by Adventa.

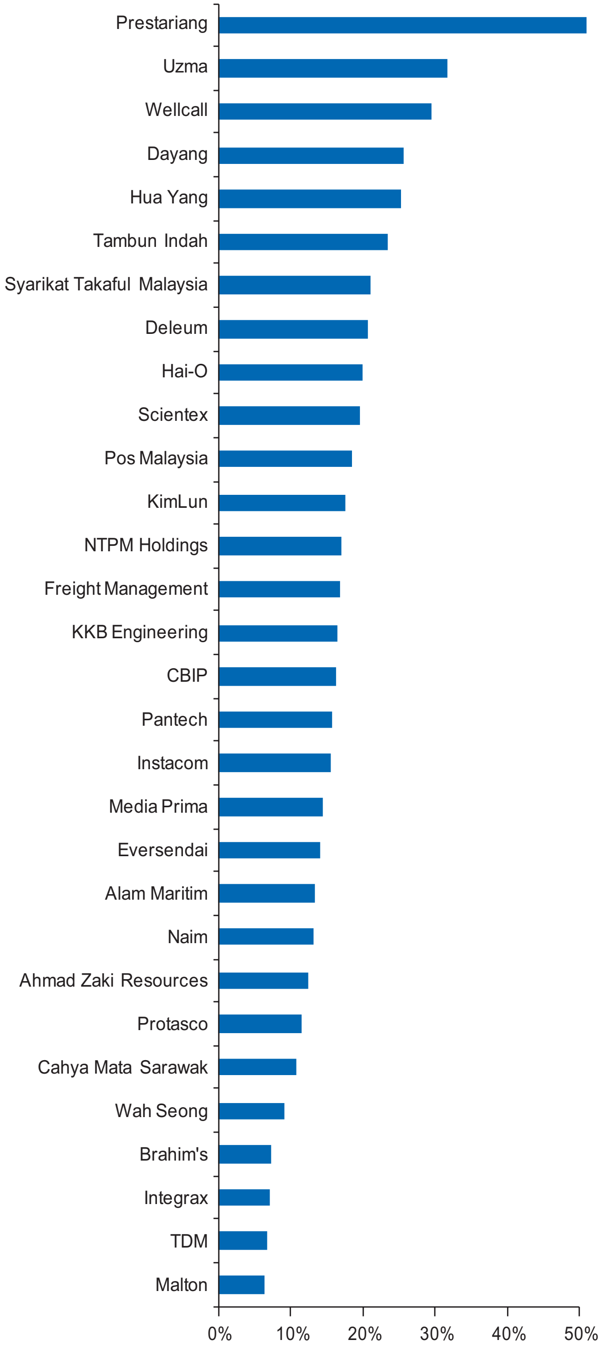
Figure 5: 2012's small caps relative share price performance



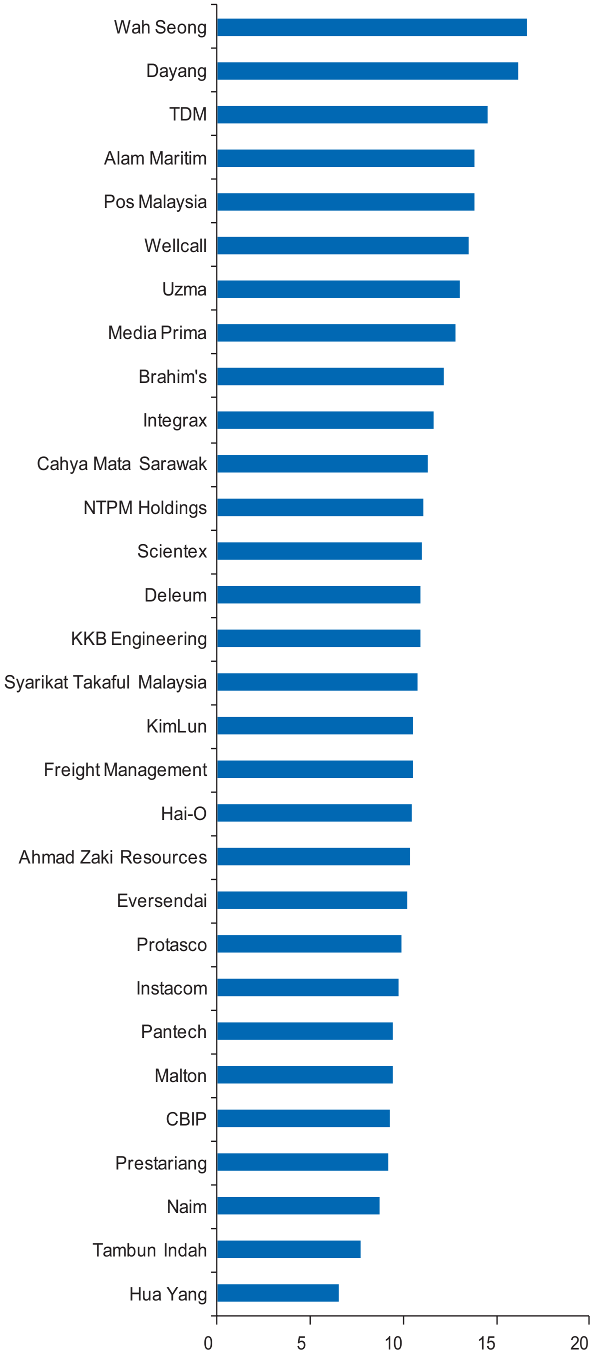
Market Capitalisation of the Top 30 (MYRm)



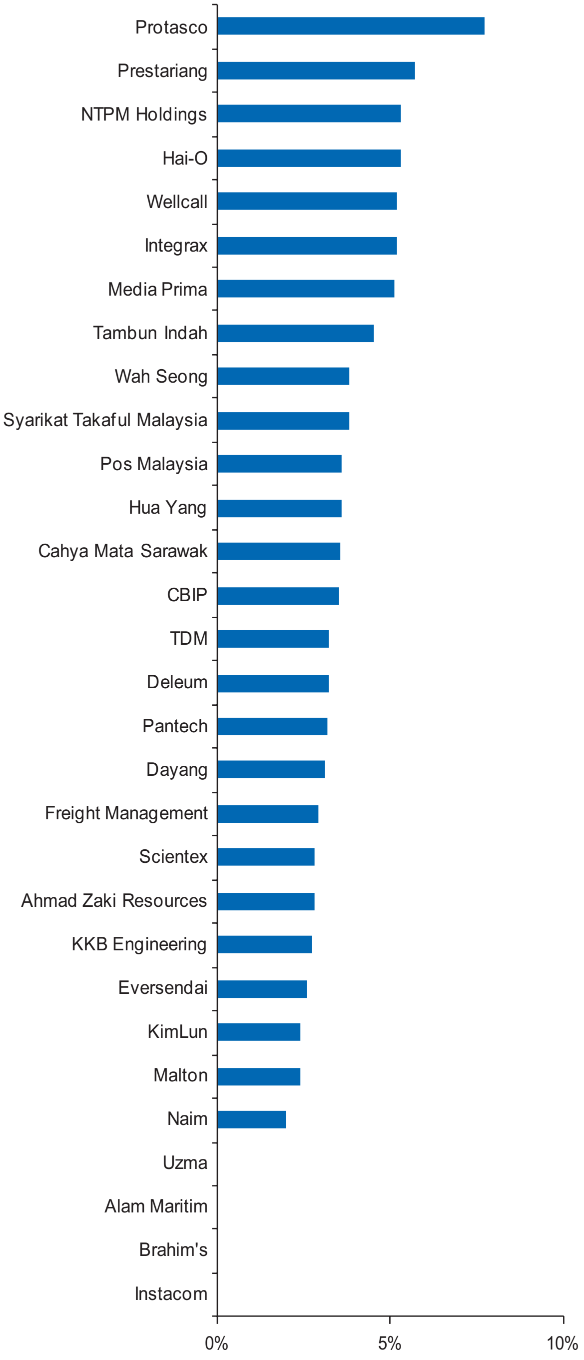
FY12 Return on Equity (ROE) of the Top 30 (%)



FY12 PER of the Top 30 (x)



FY12 Dividend Yields of the Top 30 (%)



The Screening Methodology

The selection of the 30 companies are guided by the following:-

- Market Capitalization* (<= RM3bn)
- Profit and management track record
- Price earnings ratio (PER)
- Price to NTA (P/NTA)
- Net gearing
- Return on Equity (ROE)
- Compounded Annual Growth Rate (CAGR) in earnings
- Dividend prospects
- Stock and industry related factors

**the actual market capitalisation of the stocks may differ slightly based on the closing stock prices used for the publication*

The companies are ranked on the following parameters

- Lowest FY13 PER
- Lowest FY13 Price/Book Value
- Highest FY13 Dividend Yield
- Highest FY13 ROE
- Highest 3 year EPS CAGR
- Lowest Price/Earnings Growth (PEG)
- Lowest Relative Sector PER

The sectors represented in the 2013 Edition are:

- Building Materials
- Construction
- Consumer
- Education
- Industrials
- Media
- Insurance
- Oil & Gas
- Plantations
- Property
- Telecommunications
- Transport- Ports
- Transport- Logistics

Ranking Based on Forward FY13 PER (x)

Stock		(X)
1	Hua Yang^	6.5
2	Tambun Indah Land	8.1
3	Naim Holdings	8.7
4	Prestariang	9.2
5	CB Industrial Product Holding	9.3
6	Malton	9.4
7	Pantech^	9.4
8	Instacom Group	9.7
9	Protasco	9.9
10	Eversendai Corp	10.2

Ranking Based on Forward FY13 P/BV (x)

Stock		(X)
1	Malton	0.6
2	Integrax	0.8
3	Brahim's	0.9
4	Naim Holdings	1.1
5	Protasco	1.1
6	Cahya Mata Sarawak	1.2
7	Ahmad Zaki Resources	1.2
8	Eversendai Corp	1.4
9	Instacom Group	1.4
10	Pantech^	1.4

Ranking Based on Highest FY13 Gross Dividend Yield (%)

Stock		(%)
1	Protasco	7.7%
2	Prestariang	5.7%
3	Hai-O^	5.5%
4	NTPM Holdings^	5.3%
5	Integrax	5.2%
6	Wellcall Holdings	5.2%
7	Media Prima	5.0%
8	Tambun Indah Land	4.1%
9	Syarikat Takaful Malaysia	3.8%
10	Wah Seong	3.7%

Ranking Based on Highest FY13 ROE (%)

Stock		(%)
1	Prestariang	51.1%
2	Uzma	31.7%
3	Wellcall Holdings	29.5%
4	Dayang Enterprise	25.6%
5	Hua Yang^	25.2%
6	Tambun Indah Land	23.4%
7	Syarikat Takaful Malaysia	21.0%
8	Deleum	20.7%
9	Hai-O^	20.0%
10	Scientex	19.6%

Ranking Based on Highest 3-Year CAGR (FY09-FY13) (%)

Stock		(%)
1	Instacom Group	87.7%
2	Hua Yang^	54.9%
3	Prestariang	45.4%
4	Syarikat Takaful Malaysia	44.6%
5	Brahim's	36.9%
6	Cahya Mata Sarawak	35.8%
7	Dayang Enterprise	34.2%
8	Pantech^	29.9%
9	Tambun Indah Land	29.6%
10	Deleum	27.2%

Ranking Based on Lowest PEG (x)

Stock		(X)
1	Instacom Group	0.11
2	Hua Yang^	0.12
3	Prestariang	0.20
4	Syarikat Takaful Malaysia	0.24
5	Tambun Indah Land	0.26
6	Pantech^	0.32
7	Cahya Mata Sarawak	0.32
8	Brahim's	0.33
9	Deleum	0.40
10	Scientex	0.47

^ FY12 & FY13 valuations refer to those of FY13 & FY14

TOP 5 Small Cap Companies (RHB Small Cap 2013 Edition)

Companies	Sector	FYE	Mkt Cap	Price	EPS (sen)			GDPS (sen)		BVPS (RM)		ROE		PER (X)		PBV (X)		GDivYld (%)		Target
			(RMm)^	(RM)^	FY11	FY12	FY13f	FY12	FY13f	FY11	FY12	FY11	FY12	FY12	FY13f	FY11	FY12	FY12	FY13f	Price (RM)
Brahim's Holdings	Consumer	Dec	204.0	0.95	4.4	4.1	7.8	0.0	0.0	0.8	1.1	5.7%	4.3%	23.4	12.1	1.2	0.9	0.0%	0.0%	1.41
Cahya Mata Sarawak	Building Materials	Dec	1,861.4	5.60	39.4	40.8	49.5	12.9	15.0	4.3	4.5	9.6%	9.4%	13.7	11.3	1.3	1.3	2.3%	2.6%	7.55
Instacom Group	Telecommunications	Dec	224.7	0.32	1.4	2.2	3.3	0.0	0.0	0.0	0.2	43.7%	19.8%	14.3	9.7	10.8	1.6	0.0%	0.0%	0.46
Tambun Indah Land	Property	Dec	424.3	1.33	7.3	12.8	16.0	4.7	6.0	0.5	0.7	17.0%	21.6%	10.1	8.1	2.7	1.9	3.5%	4.4%	1.71
Wellcall Holdings	Industrial	Sept	325.0	2.45	11.6	17.6	18.2	12.0	12.7	0.6	0.6	19.7%	29.4%	13.9	13.5	4.2	4.0	4.9%	5.2%	3.08

^ *closing share price as at July 12 2013*

Top Sector Picks (RHB Small Cap 2013 Edition)

Sector	Companies	FYE	Mkt Cap	Price	EPS (sen)			GDPS (sen)		BVPS (RM)		ROE		PER (X)		PBV (X)		GDivYld (%)		Target
			(RMm)^	(RM)^	FY11	FY12	FY13f	FY12	FY13f	FY11	FY12	FY11	FY12	FY12	FY13f	FY11	FY12	FY12	FY13f	Price (RM)
Building Materials	Cahya Mata Sarawak	Dec	1,861.4	5.60	39.4	40.8	49.5	13.0	15.0	4.3	4.5	9.6%	9.4%	13.7	11.3	1.3	1.3	2.3%	2.6%	7.55
Consumer	Brahim's Holdings	Dec	204.0	0.95	4.4	4.1	7.8	0.0	0.0	0.8	1.1	5.7%	4.3%	23.4	12.1	1.2	0.9	0.0%	0.0%	1.41
Construction	Ahmad Zaki Resources	Dec	276.8	1.00	2.0	7.3	9.7	2.2	2.9	0.7	0.8	2.9%	10.1%	13.7	10.4	1.4	1.3	2.2%	2.9%	1.47
Education	Prestariang	Dec	425.0	1.94	15.3	17.0	21.2	10.1	11.1	0.3	0.4	69.2%	50.7%	11.4	9.2	6.4	5.3	5.2%	5.7%	2.36
Industrials	Wellcall Holdings	Sept	325.0	2.45	11.6	17.6	18.2	12.0	12.7	0.6	0.6	19.7%	29.4%	13.9	13.5	4.2	4.0	4.9%	5.2%	3.08
Media	Media Prima	Dec	2,924.0	2.71	20.5	19.4	21.0	13.0	13.6	1.3	1.4	16.6%	14.0%	14.0	12.8	2.0	1.9	4.8%	5.0%	3.60
Non-Bank Financials	Syarikat Takaful Malaysia	Dec	1,203.3	7.50	35.4	60.1	69.7	24.8	28.5	2.8	3.1	13.4%	20.3%	12.5	10.8	2.7	2.4	3.3%	3.8%	11.00
Plantation	CB Industrial Product Holding]	Dec	795.1	2.89	38.0	47.0	31.1	15.0	10.1	1.4	1.8	31.3%	20.9%	6.1	9.3	2.1	1.6	5.2%	3.5%	3.50
Property	Tambun Indah Land	Dec	424.3	1.33	7.3	12.8	16.0	5.3	6.0	0.5	0.7	17.0%	21.6%	10.1	8.1	2.7	1.9	3.5%	4.4%	1.71
Telecommunications	Instacom Group	Dec	224.7	0.32	1.4	2.2	3.3	0.0	0.0	0.0	0.2	43.7%	19.8%	14.3	9.7	10.8	1.6	0.0%	0.0%	0.46
Transport- Logistics	Pos Malaysia^^	Mar	2,567.0	4.78	28.2	27.0	34.7	6.0	17.2	1.7	1.8	17.5%	15.7%	17.7	13.8	2.9	2.7	1.3%	3.6%	6.00
Transport- Ports	Integrax	Dec	520.4	1.73	13.7	13.6	14.9	3.0	9.0	2.0	2.2	7.0%	6.5%	12.7	11.6	0.8	0.8	1.8%	5.2%	2.23
Oil & Gas	Deleum	Dec	523.5	3.49	19.3	29.7	31.9	9.0	11.2	1.3	1.4	16.0%	22.0%	11.8	11.0	2.8	2.4	2.5%	3.2%	4.40

^ closing share price as at July 12 2013
^^ FY11,12 & FY13 valuations refer to those of FY12, 13 & FY14

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Sector	Sector Snapshot	Featured Stocks
Building Materials	We are heartened by the number of construction projects currently in progress vs those nearing completion or have been recently handed over. Barisan Nasional (BN)'s renewed mandate in the recently concluded 13th General Election may accelerate the implementation of additional construction projects and, hence, boost demand for basic materials. That said, we are mindful of the actual financial implications, which are still very much dependent on selling prices that are closely benchmarked to the East Asia market (particularly China's), especially for steel products. The valuation of cement companies in West Malaysia also appear to be rich. Hence, we prefer the niche players, especially those with exposure to Sarawak, as we think that the Sarawak Corridor of Renewable Energy (SCORE) is set to take the State's economy to new heights. We also like materials players whose products are supplied mainly to the oil & gas industry, primarily due to the burgeoning demand and the better margins such products can commandeer. We remain OVERWEIGHT on the sector.	Cahya Mata Sarawak KKB Engineering Pantech
Construction	The construction sector's fundamentals are strongly backed by on-going mega works, such as: i) the MYR23bn Sg Buloh-Kajang (SBK) MRT Line, ii) the MYR60bn Refinery and Petrochemical Integrated Development (RAPID) project, and the MYR383bn Iskandar Malaysia and MYR334bn Sarawak Corridor of Renewable Energy (SCORE) development corridors. In addition, there is a long list of shovel-ready mega infrastructure projects, including the MYR25bn Sg Buloh-Serdang-Putrajaya (SBSP) MRT Line, MYR8bn Gemas-Johor Bahru double tracking project, and MYR7bn West Coast Expressway in the pipeline. The near-term price catalysts for construction stocks include: i) Cabinet approval for the SBSP railway line, ii) a new wave of contract awards (potentially from the MYR1.5bn Langat 2 water treatment plant, the Gemas-Johor Bahru double tracking project and various mega property projects), iii) increased talks and media coverage on the Kuala Lumpur-Singapore high-speed rail project, and iv) revived talks on the nationalisation of the toll road and water concessions. Maintain OVERWEIGHT on the constructions sector.	Ahmad Zaki Resources Eversendai Corp Kimlun Corp Naim Holdings Protasco
Consumer	We think that, while the domestic consumer spending levels can be sustained, growth will be at a more moderate pace in 2013 due to rising inflation and household debt. We see consumers spending more prudently, as they attempt to keep within their household budgets. We are NEUTRAL on the overall consumer sector due to lofty sector valuations, and we advise investors to look for stocks that offer good dividends and are undervalued. Our Top Picks within the consumer space are QL Resources and NTPM. With stable raw material prices and improving egg prices, we believe QL is poised to deliver better results going forward. We also recommend NTPM for its solid fundamentals and decent dividend yield.	Brahim's Holdings Hai-O NTPM Holdings Scientex
Education	We remain cautious on the medium-term outlook for the education sector, as student enrolment remains slow due to rising competition. Delays in foreign student visa approvals, which could potentially turn away prospective students, can also crimp industry growth. Thus, we maintain our NEUTRAL call on this industry. However, we remain positive on Prestariang's prospects in providing ICT training for the oil & gas industry – as well as its appealing valuation – to drive future earnings.	Prestariang

RHB SMALL CAP JEWELS 2013

Sector	Sector Snapshot	Featured Stocks
Industrials	The outlook for the industrial sector remains modest throughout 2013, driven by the projected GDP growth of 5.1% for 2013 (rising to 5.4% in 2014), and helped by the anticipated strengthening of the global economy and robust domestic demand. We particularly like the industrial rubber hose sector, given that it is in a “replacement market” that enjoys continuous demand, given that such products constantly need to be replaced. We also believe global demand for industrial rubber hoses will grow by 4%-5% annually, given that such products will continue to be outsourced by the various assemblers, OEM manufacturers and end-users. Our preferred pick for the sector is WellCall, which exports 90% of its products and sells them to disparate market segments, such as: i) air and water, ii) welding and gas, iii) oil and fuel, and iv) food and beverage, among others.	Wellcall Holdings
Insurance	Insurance sector premiums are only at 4.1% of GNI. The life insurance segment remains under-penetrated at 2.8%, far from the national 2020 target of 4% (or 75% of the total number of policies over the size of the population). The takaful segment, on the other hand, has been even far more under-penetrated at only 0.7% to GNI, with the family takaful market penetration at a mere 0.6% vs its life insurance counterpart. That said, we still like the takaful industry, as Malaysia’s family takaful market is amongst the most sophisticated in the region and accounts for about 70% of the global market. Furthermore, the industry's relatively small asset base justifies its continued growth projections of 20%-25%. While we maintain our NEUTRAL call on the insurance sector, Syarikat Takaful Malaysia, being a Top 2 local takaful player, is our Top Pick for a direct proxy to the industry's growth.	Syarikat Takaful Malaysia
Media	After a disappointing 2012, we expect Malaysia’s advertisement expenditure (adex) to recover this year, especially after the removal of the political uncertainties post the 13th General Election. Moving into the second half of the year, we expect stronger adex growth given that this is a traditionally stronger timeframe, given the various festive seasons and year-end sales. This is also the time when advertisers exhaust their budgets before the New Year. Media Prima (MPR) is our top pick for this sector, as the Group has a clear direction on how to differentiate itself from its peers while sustaining its leadership in the industry. We maintain our OVERWEIGHT stance on this sector.	Media Prima
Oil & Gas	We are near the mid-point of Petronas’ MYR300bn capex program and have seen billion-ringgit contract awards in 1H13. Despite the strong YTD run-up in oil & gas stocks, we believe that the party is still far from over, with more contracts expected to be dished out by end-2013. With oil prices staying strong above USD100 per barrel, we expect further positive news flow to drive share price performance and earnings of the companies under our coverage. Malaysian firms are also making international headlines with SAKP’s JV with Seadrill winning a USD2.7bn contract from Brazil’s Petrobras for the provision of three pipe-laying vessels and Yinson proposing a takeover of Fred. Olsen Production. We see robust earnings growth across most of the stocks under our coverage with greater values within the small- and/or mid-cap space. We reiterate our OVERWEIGHT recommendation on the sector.	Alam Maritim Dayang Enterprise Deleum Uzma Wah Seong

Sector	Sector Snapshot	Featured Stocks
Plantation	The plantation industry has not been an exciting one this year, plagued as it is with concerns of strong palm oil supply growth and a recovery in soybean supply. Although demand has continued to grow, supply has also been rather healthy. Hence, we believe CPO prices will remain flattish for the rest of 2013 with a price assumption of MYR2,400 per tonne. The commodity will be supported by Brent crude, against which it is trading at a discount. We expect some improvement in CPO prices next year, averaging around MYR2,600 per tonne, as the global economy improves, albeit marginally. There will also be some additional demand coming from the next stage of mandatory biodiesel rollout in Malaysia. When full rollout is achieved by mid-2014, this will use up 0.5m tonnes of CPO annually. On a longer-term basis, demand will continue to grow, as the urbanisation process continues to take place globally. Note that the 20 most populous countries in the world (accounting for 72% of the global population) are mostly developing economies and have urbanisation rates of below 50%. As the global economy turns the corner and improves in the coming years, this rate has room to grow and will drive consumption per capita to higher levels. We are NEUTRAL on this sector.	CB Industrial Product Holding TDM
Property	We downgraded the property sector to NEUTRAL in our 3Q market strategy, due to the reversal of liquidity and rising bond yields, as well as policy risks. We are, therefore, quite selective in our stock picks. The property stocks included in our small cap jewels either have solid fundamentals or deep value. We like developers that are well positioned at strategic locations, such as mainland Penang, which is seeing more genuine demand for properties due to the opening of the Penang Second Bridge, as well as the setting up of more factories and plants at the Batu Kawan Industrial Park. Developers with landbanks at strategic spots within the Klang Valley selling mid- and mid- to high-end housing will also do well, as the working population within this locale will sustain demand. Although we are positive on Iskandar Malaysia over the longer-term, as the relocation of SMEs from Singapore makes for economic sense, we are concerned that the region may see some oversupply over the short-term. Room for further significant price growth from the current level could be limited, especially considering the sharp spike in prices seen within a short span of time.	Hua Yang Malton Tambun Indah Land
Telecommunications	We have an UNDERWEIGHT rating on the telecom sector, due to heightening risk of valuations becoming stretched at this juncture. While the industry still offers above-average dividend yields relative to other sectors generally, we think valuations may potentially face downward pressure should bond yields continue to expand. Higher yields will translate into a higher risk-free rate (against which our DCF valuations are benchmarked), which can lead to lower valuations. However, we believe the sector's fundamentals still remain sound. The valuations for the stocks under our coverage are quite stretched, hovering at one to two standard deviations (SD) above their three-year average forward P/Es. This implies some vulnerability, but we think there is still some degree of defensiveness left, as telecom stocks usually have well-articulated dividend policies and are index-linked. Additionally, they also offer unexciting but steady earnings growth.	Instacom Group

RHB SMALL CAP JEWELS 2013

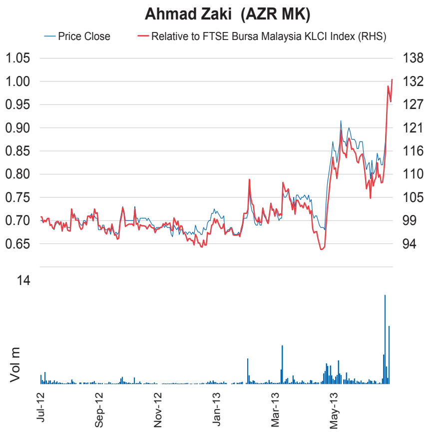
Sector	Sector Snapshot	Featured Stocks
Transport – Ports	Decelerating trade activities have affected import-export volumes and curbed container throughput at major ports. Although the global economy remains soft, recent industry studies have pointed towards a brighter 2014 ahead. We think that the time is right to refocus on port operators again, as the rebound in economic activities will keep the ports busy and drive recurring cash flows for such counters. We think that Integrax is poised to benefit from the upswing in economic activities. The Company enjoys a stable business with recurring income from the importation of coal throughput to Tenaga Nasional's power plant in Manjung, Perak. There is also potential for Integrax to further expand its logistics business. We are NEUTRAL on the ports sub-sector.	Integrax
Transport – Logistics	According to recent surveys and empirical studies, trade activities are expected to stabilise in 2013 and pick up momentum in 2014. This should catalyse the prospects of the logistics sector, as the fortunes of freight forwarders are strongly correlated with trade activities. Among such operators, we see Freight Management (FMH) as one that conveys deep value. We also see POS Malaysia (POSM) expanding aggressively to emerge as a regional postal/logistics services provider. We are OVERWEIGHT on the logistics sub-sector.	Freight Management Pos Malaysia

AZRB

Ahmad Zaki Resources

Target:	**MYR1.47**
Price:	**MYR1.00**

Hidden Value In Bunkering, Plantation & Concessions



Source: Bloomberg

Stock Profile

Bloomberg Ticker	AZR MK
Avg Turnover (MYR/USD)	1.13m/0.36m
Net Gearing (%)	9.4
Market Cap (MYRm)	277m
Beta (x)	1.12
BVPS (MYR)	0.81
52-wk Price low/high (MYR)	0.67 - 1.09
Free float (%)	40

Major Shareholders (%)

Zaki Holdings (M) SB	58.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	14.9	32.5	38.9	42.9
Relative	14.3	27.4	32.8	33.0

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Investment Merits

- A small-cap proxy to public infrastructure spending in Malaysia
- Good construction earnings visibility backed by MYR2bn outstanding construction orderbook, MYR1.5bn EKVE internal works and potential new contract wins
- Tremendous value in non-construction businesses, ie bunkering operation, plantation and concessions

Company Profile

Ahmad Zaki is a construction company which is also engaged in non-construction businesses. These include: i) a bunkering operation at Kemaman Supply Base, Terengganu; ii) an oil palm plantation in West Kalimantan, Indonesia; and iii) the design, build, lease, maintain and transfer (DBLMT) of a teaching hospital for the International Islamic University Malaysia (IIUM) in Kuantan, Pahang, under the Private Finance Initiative (PFI).

Highlights

More sustained interest in small-cap contractors. Given improving sentiment post the 13th General Election, we expect more sustained interest in small-cap construction stocks, in addition to big-cap ones.

Strong sector fundamentals. The fundamentals of the construction sector are strong on good earnings visibility backed by ongoing mega projects, such as the: i) MYR23bn Line 1 (Sg Buloh-Kajang Line) of the Klang Valley MRT project, ii) MYR60bn Refinery and Petrochemical Integrated Development (RAPID) in Pegerang, Johor, iii) MYR383bn Iskandar Malaysia, and iv) MYR334bn Sarawak Corridor of Renewable Energy (SCORE).

In addition, there is a long list of shovel-ready mega infrastructure projects, including the: i) MYR25bn Line 2 (Sg Buloh-Serdang-Putrajaya Line) of the Klang Valley MRT project, ii) MYR8bn Gemas-Johor Bahru double tracking project, iii) MYR7bn West Coast Expressway, and iv) MYR10bn Pan Borneo Highway. Meanwhile, shovel-ready mega property projects include the: i) MYR26bn Tun Razak Exchange (TRX), ii) MYR15bn Bandar Malaysia, iii) MYR10bn Kwasa Damansara, and iv) MYR5bn Warisan Merdeka Tower.

Steep discount to break-up value. We also like Ahmad Zaki for the steep discount it is trading at to its break-up value. While its market capitalisation now stands at about MYR277m, its bunkering operation alone is worth MYR150m (assuming 10x recurring annual net profit of MYR15m) while its plantations in East Kalimantan have a market value of MYR250m. Net gearing is manageable at only 0.4x.

Strong orderbook and concession assets under construction. Ahmad Zaki has a construction orderbook of MYR2bn and two lucrative concessions with a minimum projected IRR of 8%, ie the MYR413m IIUM works in Kuantan (under construction) and MYR1.55bn East Klang Valley Expressway (EKVE) (pending financial closure). Upon achieving financial closure, EKVE will generate about MYR1.5bn worth of internal construction works for the Group, substantially boosting its outstanding construction orderbook to MYR3.5bn from MYR2bn currently.

Company Report Card

Latest results. FY12 net profit surged 70% thanks largely to significant improvements in construction billings and margins, as key construction jobs achieved major billing milestones, while its bunkering operation posted single-digit organic growth.

Balance sheet / Cashflow. As at 31 Dec 2012, Ahmad Zaki's net debt and gearing were manageable at MYR87.2m and 0.4x respectively. The Group registered a negative free cashflow of MYR42.6m in FY12, mainly fuelled by increased construction receivables and substantial capital expenditure incurred on purchases of plant and equipment, as well as oil palm planting costs.

ROE. ROE of 10.1% in FY12 (up substantially from 6.4% in FY11) was fairly consistent with industry average of 11%. We project Ahmad Zaki's ROE to rise above 12% in FY13-FY14 on improved earnings.

Dividend. The Group's FY12 dividend amounted to 2 sen per share less tax, which translated into a net yield of 1.5%.

Management. At the helm of Ahmad Zaki is founder and executive vice chairman Dato' Sri Haji Wan Zaki. Prior to starting the Company in 1984, he had a professional career spanning about 14 years working for State-owned companies like Pesama Timber Corporation, Pesaka Terengganu and Syarikat Permodalan Pahang.

Recommendation

Apart from good construction earnings visibility, backed by MYR2bn outstanding construction orderbook, MYR1.5bn internal works from EKVE and potential new contract wins, we also like Ahmad Zaki for its defensive non-construction businesses such as bunkering and plantation. Our MYR1.47 valuation is based on a "sum-of-parts" methodology.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	676	851	855
Reported net profit (MYRm)	20	27	28
Recurring net profit (MYRm)	20	27	28
Recurring net profit growth (%)	70.3	32.3	6.0
Core EPS (MYR)	0.07	0.10	0.10
DPS (MYR)	0.02	0.03	0.03
Dividend Yield (%)	2.2	2.9	3.1
Core P/E (x)	13.71	10.36	9.76
Return on average equity (%)	10.1	12.3	12.1
P/B (x)	1.32	1.23	1.13
P/CF (x)	4.73	3.46	6.63

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-12	Dec-13F	Dec-14F
Total current assets	458	507	488
Total assets	723	808	831
Total current liabilities	355	454	456
Total non-current liabilities	153	124	125
Total liabilities	509	578	581
Shareholders' equity	209	224	244
Minority interests	6	6	6
Other equity	-	(0)	-
Total equity	215	230	250
Total liabilities & equity	723	808	831
Total debt	185	154	155
Net debt	87	22	43

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-12	Dec-13F	Dec-14F
Cash flow from operations	59	80	42
Cash flow from investing activities	(50)	(55)	(55)
Cash flow from financing activities	(6)	(7)	(8)
Cash at beginning of period	116	98	133
Total cash generated	3	18	(21)
Implied cash at end of period	119	116	112

Source: Company data, RHB estimates

"Sum-Of-Parts" Valuation

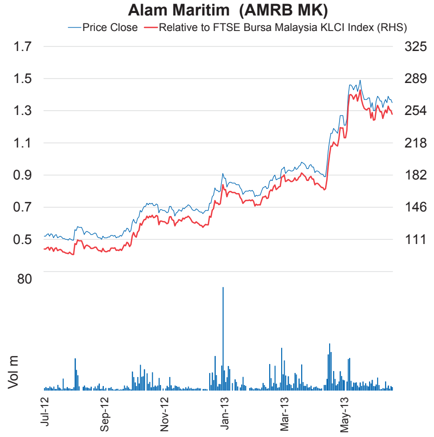
Business	Valuation (MYRm)	Basis And Remarks
Construction & bunkering	283.5	10x FY14 net profit, in line with our 1-year forward target PER of 10-16x for the construction sector, and at a discount to our 1-year forward target PER of 12-17x for the oil & gas sector.
Plantation	124.1	At 1x book value of MYR124.1m. We believe we are taking an extremely conservative stance here given that the plantation, on an "as is where is" basis, could be worth as much as MYR250m or MYR0.90 per Ahmad Zaki share based on the market valuations of US$12,000-15,000/ha for planted area and US$1,000-1,250/ha for unplanted area in West Kalimantan.
Total	**407.6**	
FV (MYR/shr)	**1.47**	

Source: RHB estimates

Alam Maritim

Target:	**MYR1.65**
Price:	**MYR1.35**

Board This Boat Now



Source: Bloomberg

Stock Profile

Bloomberg Ticker	AMRB MK
Avg Turnover (MYR/USD)	8.32m/2.70m
Net Gearing (%)	73.3
Market Cap (MYRm)	1,074m
Beta (x)	1.90
BVPS (MYR)	0.77
52-wk Price low/high (MYR)	0.50 - 1.58
Free float (%)	40

Major Shareholders (%)

Sar Venture Holdings	44.7
Lembaga Tabung Haji	9.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	(3.6)	40.6	69.8	159.6
Relative	(4.2)	35.5	63.7	149.7

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Investment Merits

- Its offshore support vessel (OSV) business is set to have an 80%-85% utilization rate over the next two years
- Potential winner for the upcoming transportation & installation (T&I) tenders in the Pan-Malaysia field worth MYR2bn-MYR3bn
- Potential winner for the upcoming inspection, repair and maintenance (IRM) tenders worth MYR1bn-MYR2bn

Company Profile

Alam Maritim (AMRB)'s principal activities are in the provision of offshore marine support services. It also provides transportation & installation (T&I) and subsea services.

Highlights

OSV business doing well. Some 80%-85% of AMRB's OSVs are currently on long-term charters spanning one to five years. We believe that this business division will be AMRB's cash cow over the next two years. Potential earnings upside could come from AMRB winning new T&I tenders for its offshore, installation and construction (OIC) division as well as IRM tenders for its subsea division.

More IRM jobs in the making. Production-sharing contractors such as Shell, ExxonMobil, Carigali Hess and Murphy will likely call for IRM tenders this year. Having secured a MYR180m IRM contract from Talisman earlier this year, AMRB is a key contender for these jobs, which are valued at a combined MYR1bn-MYR2bn spanning over three to four years.

T&I potential. Petronas has already issued tender documents for the next round of Pan Malaysia T&I umbrella contracts worth some MYR3bn. Of the five contracts being awarded, AMRB may tender for two of them. Despite facing stiff competition, we believe AMRB has the chances of winning as its pipelay barge meets the technical requirements for the tender. In the worst case scenario, AMRB will still benefit as a sub-contractor, albeit the deal may be less lucrative.

Company Report Card

Latest results. AMRB's 1QFY13 results came in above our expectations. We keep our earnings forecasts unchanged as we expect activities to slow down in 4QFY13 due to the seasonal monsoon season.

Balance sheet / Cashflow. AMRB's net gearing ratio stood at 1x as at end-1QFY13. While the Group's balance sheet will likely remain stretched in the near term due to its inability to add new assets, this is not a major concern as AMRB is currently generating positive operating cashflows.

ROE. We expect ROEs to come in at 13.4%-16.1% for FY13-FY15.

Dividend. We are not projecting any dividends for now in view of the Group's tighter cashflow to meet near-term debt obligations.

Management. Led by En Azmi bin Ahmad and Dato' Captain Ahmad Sufian, both veterans in the OSV business and played a critical role in growing the company to what is it today. We believe that under their leadership, AMRB will likely secure more contracts in the upcoming tendering of T&I and IRM jobs.

Recommendation

BUY. We have a BUY recommendation on AMRB. We like its earnings visibility, which is strongly supported by its OSV division and a three-year contract from Talisman for its subsea division. We see more upside to its earnings visibility if it secures more contracts for its OIC and subsea division. Our MYR1.65 valuation is pegged to 14x FY14 EPS.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	502	509	585
Reported net profit (MYRm)	60	77	90
Recurring net profit (MYRm)	60	77	90
Recurring net profit growth (%)	341.3	28.1	17.4
Core EPS (MYR)	0.08	0.10	0.11
Core P/E (x)	17.72	13.83	11.77
Return on average equity (%)	11.9	13.5	13.8
P/B (x)	2.02	1.74	1.52
P/CF (x)	25.36	11.95	10.07

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-11	Dec-12	Dec-13F
Total current assets	493	509	598
Total assets	1,290	1,299	1,348
Total current liabilities	278	331	242
Total non-current liabilities	522	439	487
Total liabilities	800	770	729
Shareholders' equity	482	527	609
Minority interests	8	2	10
Other equity	-	0	0
Total equity	490	529	619
Total liabilities & equity	1,290	1,299	1,348
Total debt	612	560	586
Net debt	481	431	454

Source: Company data, RHB estimates

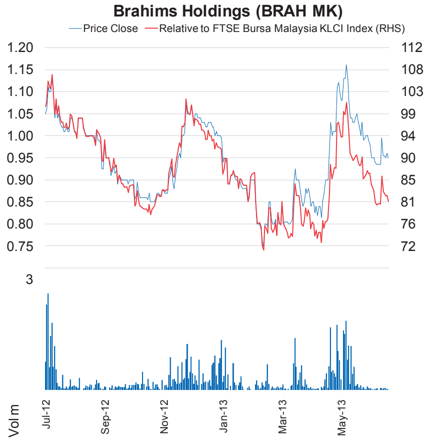
Cash flow (MYRm)	Dec-11	Dec-12	Dec-13F
Cash flow from operations	(12)	42	89
Cash flow from investing activities	30	(3)	(20)
Cash flow from financing activities	(47)	(74)	(5)
Cash at beginning of period	158	129	129
Total cash generated	(30)	(36)	64
Forex effects	0	36	(61)
Implied cash at end of period	129	129	132

Source: Company data, RHB estimates

Brahim's Holdings

Target: MYR1.41
Price: MYR0.95

A Billion Dollar Deal



Source: Bloomberg

Stock Profile

Bloomberg Ticker	BRAH MK
Avg Turnover (MYR/USD)	0.27m/0.09m
Net Gearing (%)	9.0
Market Cap (MYRm)	204m
Beta (x)	0.84
BVPS (MYR)	1.01
52-wk Price low/high (MYR)	0.75 - 1.16
Free float (%)	40

Major Shareholders (%)

Brahim's Intl Franchises	43.3
IBH Capital (Labuan)	11.6
Lembaga Tabung Haji	9.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	(6.9)	13.1	(5.0)	(9.5)
Relative	(7.5)	8.0	(11.1)	(19.4)

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Investment Merits

- Operator of the world's largest *halal* flight kitchen
- Riding on the growth of passenger traffic from the upcoming KLIA2
- Potential M&As to grow the Group into a global *halal* food player with billion-ringgit revenue

Company Profile

Brahim's Holdings (Brahim's) is Malaysia's leading *halal* in-flight catering company through wholly-owned Brahim's-LSG Sky Chefs (BLSG), which in turn owns 70% of LSG Sky Chefs-Brahim's (LSGB). In Feb 2013, BLSG and LSGB were renamed Brahim's Airline Catering Holdings (BACH) and Brahim's Airline Catering SB respectively.

Highlights

Global *halal* F&B giant in the making. Brahim's has a 70% stake in LSGB, which is mainly involved in the provision of in-flight catering and related services such as cabin handling. The Group holds the exclusive rights to provide in-flight catering and cabin handing services to Malaysia Airlines (MAS) at Kuala Lumpur International Airport (KLIA) and Penang International Airport for 25 years beginning 2003.

KLIA 2 will spur growth. The Group also owns a 51% stake in Dewina Host SB, which it acquired in July 2011 from Dewina Holdings SB for MYR20m in cash. Dewina Host operates restaurants and cafes in KLIA and LCCT including *Burger King*, *Taste of Asia* and *Café Barbera* outlets. We believe this segment has huge growth potential when the hybrid airport KLIA2 commences operations in mid-2014, which would lead to more such outlets to be opened.

More M&As in the pipeline? As it continues to expand, we believe there could be more potential asset injections ahead. The potential candidates are: i) Dewina Food Industries SB, which manufactures Brahim's sauces and ready-to-eat meals, and ii) Desatera SB, which has a 15-year military catering contract expiring in 2026. Both companies are under Dewina Holdings, which is privately-owned by Brahim's major shareholder Datuk Ibrahim bin Haji Ahmad. We believe the potential deal will enlarge the market of its *halal* food empire.

Company Report Card

Latest results. Its 1Q13 revenue surged 95% y-o-y, as a result of its enlarged stake from 51% to 100% in BACH. Brahim's completed the acquisition of the remaining 49% stake in BACH to make the company its wholly-owned subsidiary in Jan 2013. Similarly, group core earnings improved from MYR0.7m to MYR3.8m y-o-y (excluding a one-off MYR5.6m acquisition cost) for the quarter.

Balance sheet. As at March 2013, the Group's net gearing had stretched to 69.5% due to borrowings incurred to acquire a 49% stake in BACH during the quarter.

ROE. We expect ROE to improve from the mid single-digits to high single-digits in the next two years on the back of steady earnings.

Dividend. In view of better profitability, Brahim's is considering paying out dividends in the future to reward its shareholders. However, we believe the payout will not be significant as the Group is still expanding aggressively.

Management. Executive chairman Datuk Ibrahim bin Haji Ahmad is a specialist in food and agricultural consulting. Since taking over, he has injected food-related businesses into the Company, transforming it into an F&B player.

Recommendation

We are optimistic that with BACH now being a wholly-owned subsidiary, the Group will likely achieve our FY13 core net profit forecast of MYR17m. Our FV of MYR1.41 is based on 18x (the F&B industry's average P/E) FY13 core EPS. We believe Brahim's is on the road to hit the MYR1bn revenue target by 2017, as it rides on the: i) potentially better contribution from airport F&B outlets upon the opening of KLIA2, ii) stronger performance from its in-flight catering business due to higher passenger traffic, and iii) accretive M&As in the pipeline,

Profit & Loss	Dec-11	Dec-12	Dec-13F
Total turnover (MYRm)	186	197	380
Reported net profit (MYRm)	10	9	12
Recurring net profit (MYRm)	10	9	17
Recurring net profit growth (%)	43.9	(8.4)	93.1
Core EPS (MYR)	0.05	0.04	0.08
Core P/E (x)	17.90	21.50	12.15
Return on average equity (%)	5.7	4.5	5.9
P/B (x)	0.99	0.94	na
P/CF (x)	5.86	13.46	na

**FY13 core earnings forecast is MYR17m, excluding a MYR5.6m one-off acquisition cost occurred in 1Q13*

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-10	Dec-11	Dec-12
Total current assets	64	79	93
Total assets	270	304	340
Total current liabilities	82	99	86
Total non-current liabilities	24	25	24
Total liabilities	106	124	110
Shareholders' equity	161	172	217
Minority interests	3	8	13
Other equity	0	-	-
Total equity	164	180	230
Total liabilities & equity	270	304	340
Total debt	57	68	54
Net debt	38	39	19

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-10	Dec-11	Dec-12
Cash flow from operations	28	29	14
Cash flow from investing activities	(4)	(23)	(11)
Cash flow from financing activities	(18)	3	4
Cash at beginning of period	8	13	23
Total cash generated	5	9	7
Implied cash at end of period	13	23	29

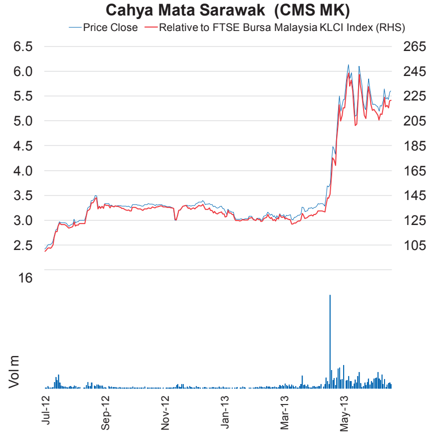
Source: Company data, RHB estimates

CAHYA MATA SARAWAK

Cahya Mata Sarawak

Target:	**MYR7.55**
Price:	**MYR5.60**

Excellent Proxy To SCORE



Source: Bloomberg

Stock Profile

Bloomberg Ticker	CMS MK
Avg Turnover (MYR/USD)	5.75m/1.87m
Net Gearing (%)	-31.8
Market Cap (MYRm)	1,897m
Beta (x)	0.85
BVPS (MYR)	4.64
52-wk Price low/high (MYR)	2.53 - 6.13
Free float (%)	45

Major Shareholders (%)

Majaharta Sdn Bhd	13.6
Lejla Taib	11.2
YB Dato Sri Sulaiman Abd Rahman Taib	8.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	(1.8)	76.7	72.3	131.4
Relative	(2.4)	71.6	66.2	121.5

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Investment Merits

- CMS is a Sarawak-centric conglomerate regarded as the best proxy to SCORE, which is set to propel the state's development
- The Group has a tight grip on the fast-growing cement industry in Sarawak while its other core divisions are set to ride on the state's growth story
- Participating in turning SIP into a reality via its 51% and 20% equity stakes respectively in SPD and ferro alloy smelter
- We reiterate our BUY rating on CMS with an SOP-based valuation of MYR7.55, implying 1.2x P/BV and a 11.3x P/E on FY14F estimates (ex-cash)

Company Profile

Cahya Mata Sarawak (CMS) is a conglomerate with most of its businesses located in the state of the hornbills. It has evolved from being a single-product manufacturer of cement back at its inception in 1974 into a corporation focused on becoming "the pride of Sarawak". Today, the CMS Group comprises over 40 companies and employs 2,000 people. As the Sarawak Corridor of Renewable Energy (SCORE) is set to take the state economy to new heights, it will bolster CMS' cement, building materials, construction, property and road maintenance divisions.

Highlights

Tight grip on fast-growing cement industry. Cement demand in Sarawak grew at a robust >9% annually between 2010 and 2012. The Group's local expertise enables it to distribute this relatively low-value and bulky material at competitive prices within Sarawak and thus reinforces its strategic monopoly of the state's cement market. In our recent visit to CMS' clinker plant in Mambong, Kuching, we gather that its upgraded plant has been operating smoothly since March 2013. The Group is on track to return to the black after incurring a loss of MYR29m in FY12 due to the plant's prolonged shutdown. We expect the plant's efficiency to improve and its production to grow from FY14.

Strong growth prospects for other core divisions too. CMS supplies about half of Sarawak's high-quality asphaltic concrete (premix) and bitumen emulsion requirements. It is also a substantial player in stone aggregates and a trader of various types of construction materials within Sarawak. With the Government setting its sights on the state's infrastructure development to support the SCORE ambition, we expect the demand for construction-related materials to be well-supported. Separately, the Group maintains approximately 4,800km of state and 680km of federal roads via two separate concession agreements expiring in Dec 2017 and Aug 2018 respectively. We foresee its road maintenance division to be a solid cash cow up to 2018 at the least.

Unlocking value of vast landbank. CMS' property development division owns large landbank in and around Kuching, the capital of Sarawak. Of this, the two major assets are: i) the remaining 4,211-acre of land in Petra Jaya, which is currently being developed into a riverine township called Bandar Baru Samariang, and ii) a 275-acre landbank in Muara Tebas, currently being developed into Kuching's new iconic Central Business District named *The Isthmus*. Plans are in the pipeline to develop other smaller parcels around Kuching as well. With the masterplan well in place – given that various strategic partners had recently sealed their land sales or development deals with the Group amid a booming property market – this division is set to soar.

Cashing in on Samalaju. Samalaju Industrial Park (SIP), which started as a mere 'dream' in 2008, is rapidly emerging as a major growth engine for CMS. The Group is participating directly and indirectly in SCORE via its 51% ownership in Samalaju Property Development (SPD), whose first undertaking is the development of an international-class temporary workers camp at SIP. Our recent trip to SIP was a fruitful one and we were excited to uncover further upside as the occupancy rate of the workers' lodge is expected to reach its peak level soon, while the development of the hotel, amenities and residential and commercial properties may be larger than our earlier projections. We also learnt that the commissioning of Phase 1 of a ferro alloy smelting project by 20%-owned OM Materials (Sarawak) SB (OMS) may take place in 2Q14, earlier than our mid-2015 estimate. Though it only holds an associate stake in OMS, we expect this unit to generate rich returns for the Group, thanks to 20 years of cheap power.

Company Report Card

Latest result. We are unperturbed by CMS' slow start in 1QFY13 as we expect its clinker plant, now being commissioned, to lead the Group's earnings growth for the next two years.

Balance sheet / Cashflow. CMS' solid balance sheet, further supported by its net cash position, allows the Group to take on any attractive investment opportunities, particularly in SCORE.

ROE. CMS' robust growth pipelines ensure that it churns double-digit ROEs from 2013 onwards.

Dividend. CMS' strong cash-generating capacity provides scope to reward shareholders via a 30% payout commitment.

Management. The Group is a professionally-run conglomerate led by its Group MD Dato' Richard Curtis and a team of highly experienced managers.

Recommendation

We like CMS for its solid fundamentals and our recent visit reaffirmed our bullish view on the Group. We maintain our BUY rating on this stock, with an SOP-based valuation of MYR7.55, implying 1.2x P/BV and a 10.3x P/E on FY14 estimate (ex-cash). Our conservative valuation has yet to include the value of its 20% stake in OMS, which is projected at MYR421m, or MYR1.27 per CMS share, based on our DCF valuation.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	1,203	1,350	1,576
Reported net profit (MYRm)	137	165	194
Recurring net profit (MYRm)	137	165	194
Recurring net profit growth (%)	4.3	20.4	17.9
Core EPS (MYR)	0.41	0.49	0.57
DPS (MYR)	0.13	0.15	0.17
Dividend Yield (%)	2.3	2.6	3.1
Core P/E (x)	13.55	11.41	9.77
Return on average equity (%)	9.4	10.8	11.8
P/B (x)	1.26	1.21	1.11
P/CF (x)	8.47	8.80	7.55

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-12	Dec-13F	Dec-14F
Total current assets	1,142	1,215	1,372
Total assets	2,140	2,275	2,486
Total current liabilities	372	385	424
Total non-current liabilities	82	72	62
Total liabilities	453	457	486
Shareholders' equity	1,481	1,572	1,708
Minority interests	206	246	291
Total equity	1,687	1,818	1,999
Total liabilities & equity	2,140	2,275	2,486
Total debt	90	89	80
Net debt	(542)	(577)	(678)

Source: Company data, RHB estimates

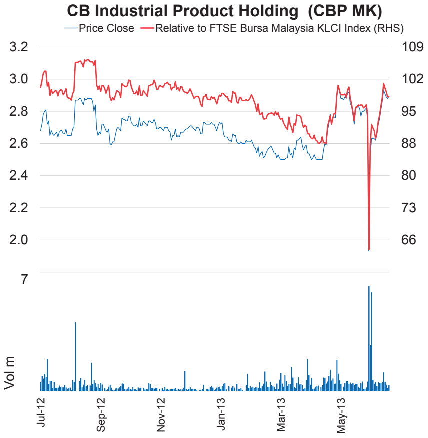
Cash flow (MYRm)	Dec-12	Dec-13F	Dec-14F
Cash flow from operations	219	214	251
Cash flow from investing activities	(143)	(98)	(86)
Cash flow from financing activities	(202)	(81)	(74)
Cash at beginning of period	650	524	559
Total cash generated	(126)	35	91
Implied cash at end of period	524	559	650

Source: Company data, RHB estimates

CB Industrial Product Holding

Target:	MYR3.50
Price:	MYR2.89

Robust Contract Flows



Source: Bloomberg

Stock Profile

Bloomberg Ticker	CBP MK
Avg Turnover (MYR/USD)	1.92m/0.62m
Net Gearing (%)	-31.6
Market Cap (MYRm)	795m
Beta (x)	0.87
BVPS (MYR)	2.02
52-wk Price low/high (MYR)	1.93 - 2.96
Free float (%)	60

Major Shareholders (%)

Lim Chai Beng & family	31.7
Lembaga Tabung Haji	9.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	2.5	11.6	7.0	7.8
Relative	1.9	6.5	0.9	(2.1)

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Investment Merits

- Proxy to the plantation sector, but shielded from CPO price volatilities. Even in low CPO price periods, ongoing capex spending by plantation companies, in preparation for the upcoming maturity of their estates, will drive CBIP's short-term earnings growth.
- The Group's new zero discharge mill and the recently proposed acquisition of the Vickers Hoskins boiler factory will help to expand its market reach even further and ensure medium-term growth.
- Trading at undemanding valuations of 9-9.5x P/E for FY13F-FY14F, at a significant discount to the plantation sector's 17x-19x.

Company Profile

CBIP manufactures and markets its patented palm oil mills and related products. It is also involved in retrofitting special vehicles and cultivation of palm oil plantations. CBIP has Tax Pioneer status for its modipalm mill operations, which expires in 2015. It is currently awaiting patent approval for its new Zero Discharge Modipalm Oil Mill technology which, if obtained, will result in the Company being granted a new Tax Pioneer status, thus extending its tax-free status for another 10 years past 2015.

Highlights

Growing orderbook. CBIP's unbilled orderbook for its oil mill engineering division has been growing and stood at MYR389.5m at end-March (vs MYR329m at end-Dec 2012). Contracts secured in 1HFY13 alone, amounting to MYR300m, have already surpassed the whole of FY12's MYR280m. Additionally, management expects to be able to secure additional MYR150m-MYR200m worth of jobs in 2HFY13, based on its ongoing negotiations.

In 2HFY12, CBIP expanded its modipalm factory capacity and now has the capacity to produce about 16-18 palm oil mills per year. This is a significant improvement from its previous capacity of 10-12 palm oil mills a year. With this expanded capacity, CBIP should not have any problem meeting the robust demand for its products, which it continues to see.

Strong potential to further grow market share. CBIP's potential to grow its market share is enormous, as mature oil palm acreage in Indonesia is projected to increase by 400,000 ha this year alone, which will need to be serviced by some additional 40-50 mills. In addition, based on the existing matured oil palm area of 14.2m ha, there are an estimated 1,400 palm oil mills in existence, which will need replacing every 20 years. As such, CBIP should have no problem in expanding its global oil mill manufacturing market share from the estimated 15%-20% currently.

Other subdivisions have promising prospects. CBIP's recent proposal to acquire boiler competitor, Vickers Hoskins (M) SB's (VHSB) factories and land (10 acres) in Kapar, Selangor, for MYR36m will enable the Company to manufacture 60 boilers per year (from 20 previously), This will enable CBIP to not only produce boilers for its existing modipalm mill customers, but also expand its market reach to other industries that require boilers, such as the power and oil and gas (O&G) industries. We have not yet imputed any additional revenues from this acquisition into our forecasts, given the uncertainty over the length of the transition period required. However, as an indication, we understand that the boiler division recorded a net profit (ex-EI) of MYR5m-MYR6m in FY12. Assuming that this profit was obtained from manufacturing 20 boilers, a tripling of capacity to 60 boilers a year could mean profits of MYR15m-MYR18m a year from the Company's boiler operations. This could potentially add an additional 11%-14% per annum to its net profit. Besides boilers, CBIP's special purpose vehicle sub-division is also growing, with orderbook at MYR301m at beginning of July (up from MYR100m at end-FY12).

Company Report Card

Latest results. CBIP's 1QFY13 core net profit was in line with our and consensus FY13 estimates. It accounted for 20%-22% of FY13 forecast, which we consider this to be in line as 1Q is typically the weakest quarter for CBIP, given the timing of its progress bills to its customers. We expect stronger profits to come in 3Q and 4Q.

Balance sheet / Cashflow. As at end-1QFY13, CBIP had net cash of MYR66.8m. We expect it to remain in the net cash position for the next few years.

ROE. We expect ROE to remain stable at 15%-20% over the next few years.

Management. Led by co-founder and managing director Mr Lim Chai Beng. He had been the driving force behind CBIP's growth and is responsible for the Company's overall management, strategic plans and policies. He also has vast experience in the engineering industry.

Dividend. CBIP's dividend policy is to pay out at least 30% of its net profit annually. Based on this assumption, annual net dividend yield should be at a decent 3%-4%.

Recommendation

Our forecasts are fairly conservative as we have only projected CBIP to grow its oil mill engineering revenue by 5%-10% per year, vs management's target of 10%-20%, from FY14 onwards. Even at conservative assumptions, valuations are undemanding at 9-9.5x P/E for FY13F-FY14F. As such, we reiterate our BUY recommendation on the stock with a SOP-based TP of MYR3.50. Our SOP valuation is based on an 11x CY14 P/E for its oil mill engineering division and an 8x CY14 P/E for its plantation division.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	540	449	473
Reported net profit (MYRm)	240	85	88
Recurring net profit (MYRm)	98	85	88
Recurring net profit growth (%)	(6.4)	(12.7)	2.5
Core EPS (MYR)	0.47	0.31	0.32
DPS (MYR)	0.15	0.10	0.10
Dividend Yield (%)	5.2	3.5	3.5
Core P/E (x)	6.09	9.31	9.08
Return on average equity (%)	54.6	16.2	14.9
P/B (x)	1.60	1.43	1.29
P/CF (x)	15.46	7.56	7.48

Source: Company data, ny data, RHB estimates

Balance Sheet (MYRm)	Dec-12	Dec-13F	Dec-14F
Total current assets	367	464	473
Total assets	607	766	828
Total current liabilities	94	119	116
Total non-current liabilities	1	70	70
Total liabilities	95	190	187
Shareholders' equity	498	556	616
Minority interests	14	20	25
Other equity	0	0	0
Total equity	512	576	641
Total liabilities & equity	607	766	828
Total debt	18	130	130
Net debt	(174)	(182)	(201)

Source: Company data, ny data, RHB estimates

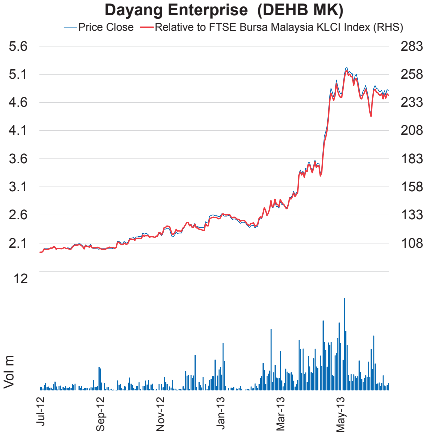
Cash flow (MYRm)	Dec-12	Dec-13F	Dec-14F
Cash flow from operations	39	105	106
Cash flow from investing activities	219	(80)	(60)
Cash flow from financing activities	(124)	85	(28)
Cash at beginning of period	61	191	312
Total cash generated	134	110	19
Forex effects	(3)	11	-
Implied cash at end of period	191	312	331

Source: Company data, RHB estimates

Dayang Enterprise

Target: MYR6.50
Price: MYR4.81

Solid Orderbook To Bolster Earnings Growth



Source: Bloomberg

Stock Profile

Bloomberg Ticker	DEHB MK
Avg Turnover (MYR/USD)	11.9m/3.89m
Net Gearing (%)	-12.3
Market Cap (MYRm)	2,644m
Beta (x)	1.54
BVPS (MYR)	1.23
52-wk Price low/high (MYR)	1.99 - 5.22
Free float (%)	29

Major Shareholders (%)

Naim Cendera Holdings	33.7
Ahmad Shahruddin	10.1
Ling Suk Kiong	10.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	(1.0)	44.0	85.7	149.2
Relative	(1.6)	38.9	79.6	139.3

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Investment Merits

- ♦ MYR5bn orderbook in the bag
- ♦ Solid execution track record
- ♦ Strategic alliance with Perdana Petroleum via a 26.1% stake invested in the offshore vessels firm

Company Profile

Dayang Enterprise (Dayang) is primarily involved in the provision of hook-up and commissioning (HUC), maintenance services as well as minor fabrication jobs for the oil and gas (O&G) industry.

Highlights

Clear winner of Pan Malaysia HUC tender. Dayang recently secured some MYR3.8bn worth of HUC and topside maintenance jobs over five years in the Pan Malaysian fields. We view the huge win as a testament to Dayang's solid execution track record. Coupled with an existing orderbook of MYR1.2bn as at end-2012, the Group's total orderbook stands at a whopping MYR5bn as at end-June 2013, spanning till 2018.

Solid execution track record. Since 2008, Dayang had delivered net profit margins of around 22%-24%. We believe that its cost control measures, coupled with its actively managed log book, which tracks its activities, contributed to the higher margins. We also saw its balance sheet gaining strength from year to year and as at end-March 2013, the Company has a net cash position of MYR79m.

Strategic investment in Perdana Petroleum (PETR MK). Dayang invested in a 26.1% stake in Perdana Petroleum, which provides offshore vessel chartering services in the O&G industry. We view this investment as a synergistic one, as the availability of Perdana's work barges will eliminate the need for Dayang to purchase new vessels, which could stretch its balance sheet. At the same time, Perdana Petroleum will benefit from securing guaranteed charters from Dayang over the next five years. The synergies from this investment could surprise our FY13F and FY14F estimates on the upside, as we have factored in lower net profit margin assumptions for now.

Company Report Card

Latest results. Though its 1QFY13 results were below our expectations, we remain confident that the Company will likely register strong earnings in 2HFY13 with contributions from its newly secured contracts.

Balance sheet / Cashflow. Dayang has a solid balance sheet with a net cash position of MYR79m as at end March 2013. Operating cashflow going forward is likely to remain strong.

ROE. We are projecting an increasing ROE due to its large contract win recently.

Dividends. Dividend yields are expected to remain above 3% in FY13F and above 4% in FY14F, based on a 50% dividend payout assumption, which is in line with its historical payout ratio.

Management. The same Management team, which has a solid record in driving profit, is expected to drive the company's earnings profile upwards.

Recommendation

BUY. We have a BUY rating on Dayang with a FV of MYR6.50, pegged to 15x FY14F EPS. We see more upside to our valuations if the Company is able to harness full synergies from its partnership with Perdana Petroleum, which will enhance our current net profit margin assumption from 18% to 20%-22% for its recent contract wins. We continue to like the stock for its excellent track record and strategic investment in Perdana Petroleum, coupled with decent earnings growth projected over the next three years.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	401	670	1,055
Reported net profit (MYRm)	101	164	239
Recurring net profit (MYRm)	101	164	239
Recurring net profit growth (%)	21.8	61.6	45.8
Core EPS (MYR)	0.18	0.30	0.43
DPS (MYR)	0.10	0.15	0.22
Dividend Yield (%)	2.1	3.1	4.5
Core P/E (x)	26.13	16.17	11.09
Return on average equity (%)	18.1	25.6	32.3
P/B (x)	4.43	3.90	3.31
P/CF (x)	26.97	20.26	14.81

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-11	Dec-12	Dec-13F
Total current assets	399	357	450
Total assets	691	738	869
Total current liabilities	109	93	142
Total non-current liabilities	59	48	48
Total liabilities	168	141	190
Shareholders' equity	523	597	679
Total equity	523	597	679
Total liabilities & equity	691	738	869
Total debt	82	68	68
Net debt	(136)	(86)	(83)

Source: Company data, RHB estimates

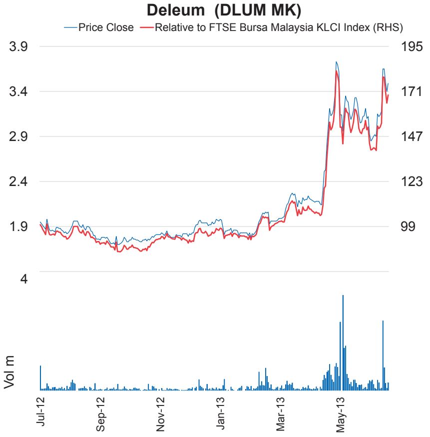
Cash flow (MYRm)	Dec-11	Dec-12	Dec-13F
Cash flow from operations	99	98	131
Cash flow from investing activities	19	(90)	(50)
Cash flow from financing activities	24	(68)	(82)
Cash at beginning of period	69	218	154
Total cash generated	143	(59)	(1)
Forex effects	6	(5)	(1)
Implied cash at end of period	218	153	151

Source: Company data, RHB estimates

Deleum

Target:	**MYR4.40**
Price:	**MYR3.49**

More Contracts Coming



Source: Bloomberg

Stock Profile

Bloomberg Ticker	DLUM MK
Avg Turnover (MYR/USD)	1.41m/0.46m
Net Gearing (%)	-28.9
Market Cap (MYRm)	524m
Beta (x)	1.51
BVPS (MYR)	1.63
52-wk Price low/high (MYR)	1.70 - 3.80
Free float (%)	18

Major Shareholders (%)

Lantas Mutiara SB	20.4
Hartapac SB	12.0
Datuk Vivekananthan	10.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	11.5	62.3	79.9	79.0
Relative	10.9	57.2	73.8	69.1

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Investment Merits

- Key beneficiary of the national oil company's enhanced oil recovery (EOR) programme
- Key beneficiary of Petronas' marginal oilfield initiative
- Strong balance sheet to fund further growth

Company Profile

Deleum is a provider of specialised products and services to the oil & gas (O&G) industry, particularly in the exploration and production (E&P) segment. The Group also provides services in power and machinery.

Highlights

Recurring income from power and machinery business. Deleum supplies a range of specialised equipment and technical services, comprising: i) gas turbine packages, ii) subsea production systems, and iii) umbilical solutions. The Company has the capability to be involved in the entire gas turbine solution chain, from initial consultation to commissioning. Post-commissioning, Deleum offers technical support and maintenance throughout the lifespan of a gas turbine, which provides recurring income for the Company. Among Deleum's O&G customers are Petronas, ExxonMobil, Shell, and Talisman.

Key beneficiary of marginal oilfield initiative. We believe that Deleum will likely benefit from Petronas' marginal oilfield initiative, as it can provide services to the consortiums developing the marginal oilfields. These include wireline services, production and drilling equipment, and specialty chemicals.

Strong management team. Deleum's primary O&G experience lies with Datuk Vivekananthan, who co-founded the Company in 1982 and has over 45 years of experience in the industry. Outgoing group managing director Chandran Aloysius Rajadurai has been with Deleum since 1992 and has over 24 years of experience in the O&G sector. Mr Nan Yusri, who was appointed as new Group MD with effect from 1 March 2011, has been with the Company since 1996.

Company Report Card

Latest results. 1QFY13 results came in weak, due mainly to lower services rendered within its O&G division. We anticipate better results from 2QFY13F onwards, as activities in the O&G market are expected to pick up.

Balance sheet / Cashflow. Deleum is in a net cash position. Given its healthy balance sheet, we believe our forecast dividend payout ratio of 40.0% is sustainable.

ROE. ROE is expected to come in at 20.8% in FY13F.

Dividend. Given its healthy balance sheet, we project a dividend payout ratio of 40% moving forward, which represents a dividend per share in FY13F of 13 sen per share.

Management. The incumbent MD Mr Nan Yusri has been with Deleum since 1996 and has had ample on-the-ground experience in the Group's day-to-day operations. Since his promotion in 2011, he has managed to revamp Deleum's business model into one that incorporates more recurring income streams.

Recommendation

We value the stock at MYR4.40, pegged to 11x FY14F EPS. Key catalysts for the Company include: i) securing more oilfield services contracts, and ii) better-than-expected sales in its power and machinery business, which will ultimately lead to more recurring income from its after-sales services.

Profit & Loss	Dec-11	Dec-12	Dec-13F
Total turnover (MYRm)	396	473	568
Reported net profit (MYRm)	29	44	48
Recurring net profit (MYRm)	29	44	48
Recurring net profit growth (%)	-	53.1	7.5
Core EPS (MYR)	0.19	0.30	0.32
DPS (MYR)	0.09	0.11	0.13
Dividend Yield (%)	2.5	3.2	3.7
Core P/E (x)	18.03	11.78	10.95
Return on average equity (%)	-	22.0	20.8
P/B (x)	2.77	2.42	2.14
P/CF (x)	14.77	10.12	8.52

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-11	Dec-12	Dec-13F
Total current assets	193	266	311
Total assets	338	414	464
Total current liabilities	108	157	173
Total non-current liabilities	16	11	11
Total liabilities	123	168	184
Shareholders' equity	189	216	245
Minority interests	25	30	36
Total equity	214	246	280
Total liabilities & equity	338	414	464
Total debt	27	19	21
Net debt	(44)	(62)	(81)

Source: Company data, RHB estimates

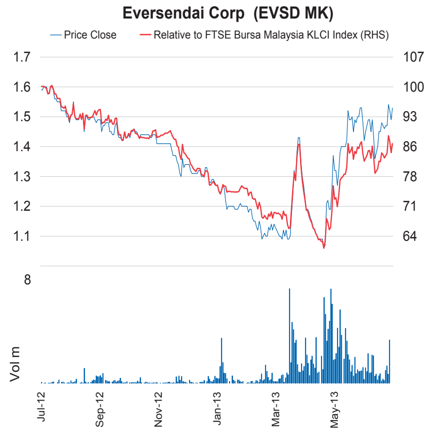
Cash flow (MYRm)	Dec-11	Dec-12	Dec-13F
Cash flow from operations	35	52	61
Cash flow from investing activities	(6)	(11)	(15)
Cash flow from financing activities	(17)	(29)	(25)
Cash at beginning of period	57	71	81
Total cash generated	13	11	22
Forex effects	1	(1)	(1)
Implied cash at end of period	71	81	102

Source: Company data, RHB estimates

Eversendai Corp

Target: MYR2.09
Price: MYR1.53

A World-Class Structural Steel Contractor



Source: Bloomberg

Stock Profile

Bloomberg Ticker	EVSD MK
Avg Turnover (MYR/USD)	2.92m/0.95m
Net Gearing (%)	-12.8
Market Cap (MYRm)	1,184m
Beta (x)	0.69
BVPS (MYR)	1.16
52-wk Price low/high (MYR)	1.06 - 1.69
Free float (%)	18

Major Shareholders (%)

Dato' Nathan Eumalay	70.0
EPF	7.7
Lembaga Tabung Haji	5.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	3.4	24.4	20.5	(3.8)
Relative	2.8	19.3	14.4	(13.7)

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Investment Merits

- Proxy to oil wealth, or more precisely, the indulgence of oil-rich countries in constructing new iconic buildings that require highly complex steel structures
- A trusted structural steel specialist subcontractor to international contractors, having completed structural steel packages of many iconic projects in the Middle East including *Burj Khalifa*
- An up-and-coming oil and gas (O&G) play, leveraging on its newly acquired topside fabricator Technics Oil & Gas

Company Profile

Eversendai is a structural steel specialist with operations predominantly in the Middle East, Malaysia and India. It is venturing into topside fabrication, leveraging on a newly acquired 20.1% stake in SGX-listed topside fabricator Technics Oil & Gas (TGH SI; SELL, FV: SGD0.64).

Highlights

Structural steel specialist. Eversendai operates predominantly in the Middle East, Malaysia and India. It owns four fabrication plants with a combined annual capacity of 119,000 tonnes in Rawang (Malaysia), Hamriyah (Sharjah), Doha (Qatar) and Al Qusais (Dubai).

Home-grown international contractor. We consider Eversendai a "rare breed" among Malaysian construction companies as its "home turf" has been the international market right from the very start, being a specialist contractor to international contractors. It is almost indifferent to the construction cycle in Malaysia. Having participated and completed structural steel packages of many iconic projects in the Middle East including *Burj Al Arab Hotel*, *Burj Khalifa* and *Ski Dubai* for international contractors such as Samsung Corp, Taisei Corp and Hyundai Engineering & Construction, Eversendai is well regarded in the international construction sector.

Collaboration with TGH shifts to higher gear. Eversendai expects to complete the MYR50m Phase 1 of the fabrication yard in the Middle East – a 70:30 JV with 20.1%-owned TGH – four to six months from now. The JV has secured a 25+25 year lease (at a lease rental rate of about MYR8m p.a.) for a piece of sea-fronting land measuring 200,000 sq m in Ras al-Khaimah, one of the seven emirates of the UAE about two-hour drive from Dubai. Already, the JV has embarked on a recruitment drive and has thus far submitted bids for at least three contracts worth a total MYR700m-MYR800m, predominantly for topside modules and mechanical installations in the Middle East.

Strong earnings visibility. Eversendai's earnings visibility is strong, underpinned by an outstanding orderbook worth about MYR1.5bn. We like Eversendai due to the following: i) it is a truly global construction company, carrying with it the ability, skill set and track record to compete, survive and prosper in the international structural steel market, ii) it is a good proxy to oil wealth, or more precisely, indulgence of oil-rich countries (in the Middle East, and increasingly, the former Soviet states) in coming out with new iconic buildings, which require highly complex steel structures, and iii) it is also an up-and-coming O&G play, leveraging on its newly acquired topside fabricator TGH.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	1,021	944	1,091
Reported net profit (MYRm)	115	116	135
Recurring net profit (MYRm)	115	116	135
Recurring net profit growth (%)	(3.4)	0.6	16.1
Core EPS (MYR)	0.15	0.15	0.17
DPS (MYR)	0.04	0.02	0.02
Dividend Yield (%)	2.5	1.4	1.4
Core P/E (x)	10.27	10.20	8.79
Return on average equity (%)	15.4	13.8	14.1
P/B (x)	1.51	1.31	1.16
P/CF (x)	12.25	7.84	6.87

Source: Company data, RHB estimates

Company Report Card

Latest results. FY12 net profit eased 3% as some newly secured contracts had yet to hit significant billing milestones, while slight delays in account closing of certain completed projects deferred profit recognition to the subsequent quarter.

Balance sheet / Cashflow. As at 31 Dec 2012, Eversendai had net cash of MYR18.8m. The company still registered a free cashflow of MYR76.2m in FY12 even after incurring a substantial capex of MYR41m.

ROE. ROE of 15.4% in FY12 was above the industry average of 11%.

Dividend. The company declared a single-tier dividend of 4 sen per share in FY12, which translated into a net yield of 2.6%.

Management. At the helm of the company is founder, executive chairman and group managing director Tan Sri Nathan a/l Elumalay, who has had about 30 years of experience in the structural steel sector.

Balance Sheet (MYRm)	Dec-12	Dec-13F	Dec-14F
Total current assets	1,230	1,239	1,352
Total assets	1,483	1,516	1,645
Total current liabilities	634	552	564
Total non-current liabilities	60	58	58
Total liabilities	694	610	622
Shareholders' equity	783	901	1,017
Minority interests	6	6	6
Other equity	(0)	(0)	(0)
Total equity	789	906	1,022
Total liabilities & equity	1,483	1,516	1,645
Total debt	248	160	160
Net debt	(19)	(116)	(230)

Source: Company data, RHB estimates

Recommendation

Our valuation is MYR2.09 based on 12x FY14 EPS, in line with our one-year forward target P/E of 10-16x for the construction sector. BUY.

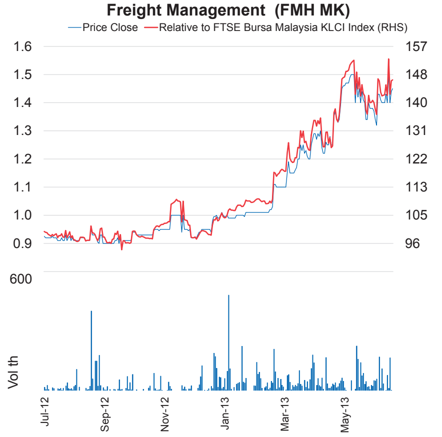
Cash flow (MYRm)	Dec-12	Dec-13F	Dec-14F
Cash flow from operations	97	151	172
Cash flow from investing activities	(20)	(125)	(42)
Cash flow from financing activities	(88)	(17)	(17)
Cash at beginning of period	199	145	154
Total cash generated	(11)	9	114
Forex effects	(21)	-	-
Implied cash at end of period	166	154	268

Source: Company data, RHB estimates

Freight Management

Target:	**MYR1.71**
Price:	**MYR1.45**

An Undervalued Gem



Source: Bloomberg

Stock Profile

Bloomberg Ticker	FMH MK
Avg Turnover (MYR/USD)	0.06m/0.02m
Net Gearing (%)	-3.1
Market Cap (MYRm)	243m
Beta (x)	0.82
BVPS (MYR)	0.85
52-wk Price low/high (MYR)	0.88 - 1.50
Free float (%)	30

Major Shareholders (%)

Chew Chong Keat	26.7
Singapore Enterprise	22.3
Yang Heng Lam	17.7

Share Performance (%)

	1m	3m	6m	12m
Absolute	2.8	17.9	45.0	56.8
Relative	2.7	13.6	39.1	47.5

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Investment Merits

- Focusing on its most profitable business segment
- Making further inroads into the O&G sector
- Solid foundation with a proven business model
- BUY, with MYR1.71 FV, based on a 11x FY14 P/E

Company Profile

Freight Management (FMH) is an integrated logistics provider. The company's asset-light business strategy has enabled it to outperform its peers and sustain an earnings streak of more than nine years.

Highlights

Outperforming peers. We like FMH for its asset-light business model, which has helped it to outperform its peers during the challenging 1QCY13. While we expect earnings to grow at an unexciting 7.3% this year, we believe the company is poised for stronger growth next year, in line with the global economic recovery.

Positive trend continues. Since FY03, FMH has recorded commendable nine-year revenue and net profit CAGR of 12.7% and 16.9% respectively. While FY13 earnings growth is expected to be slow, at 7.3% y-o-y, amid a tepid macro outlook, we believe the economy may start to pick up in FY14, which could potentially benefit freight forwarders like FMH. All in, we are positive on the company's future development.

Strengthening its foundation. FMH is well-known for its business model of focusing on the Less-Than-A-Container-Load (LCL) segment, which fetches higher profit margins. Besides its core business, the company is also expanding its tug & barge segment, which has contributed considerably to Group revenue and earnings. FMH has recently signed a memorandum of understanding (MOU) with Scomi Energy Services to further expand into the tug & barge segment. We view this development positively as it will allow FMH to tap further into the lucrative oil and gas (O&G) sector.

Asset-light business model. Although its third party logistics (3PL) /warehousing business is seeing stronger demand, FMH is taking the expansion route more cautiously by offering warehousing as part of an integrated package. The company's preference is still the core LCL business as it integrates other 3PL services. By adopting an asset-light strategy, FMH is avoiding the pressure of constantly scouting for clients to fill up its warehouse space as well as the risk of being saddled with high rental payments when the market is weak and the occupancy rate low.

Company Report Card

Latest results. FMH managed to post a 5.3% y-o-y growth in 3QFY13 net income, outperforming its peers despite 3QFY13 being a seasonally weaker quarter as trade activities typically slow down during the Chinese New Year.

Balance sheet / Cashflow. FMH has a solid balance sheet and a net cash position.

ROE. In tandem with our expectation of a slow FY13 earnings growth, we expect FY13 ROE to be around 16.9%, a slight decline y-o-y.

Dividend. FMH has maintained a dividend payout ratio of about 30% and we believe it would maintain the ratio moving forward.

Management. At the helm are managing director Mr Yang Heng Lam and his fellow co-founders, the husband and wife team of Mr Chew Chong Keat and Ms Gan Siew Yong. FMH undoubtedly has a solid management line-up with vast experience in freight forwarding.

Recommendation

We have a BUY recommendation on FMH with a MYR1.71 valuation, derived from a 11x FY14F P/E. We like the company for its solid foundation and business model, coupled with expected stronger earnings growth in FY14F, in tandem with our view that the economy may pick up from FY14 onwards.

Profit & Loss	Jun-11	Jun-12	Jun-13F
Total turnover (MYRm)	295	327	361
Reported net profit (MYRm)	20	21	22
Recurring net profit (MYRm)	20	21	22
Recurring net profit growth (%)	19.9	5.9	7.3
Core EPS (MYR)	0.12	0.13	0.14
DPS (MYR)	0.04	0.04	0.04
Dividend Yield (%)	2.6	2.8	2.9
Core P/E (x)	11.94	11.27	10.51
Return on average equity (%)	19.1	17.5	16.9
P/B (x)	2.12	1.84	1.71
P/CF (x)	10.48	7.40	8.96

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Jun-11	Jun-12	Jun-13F
Total current assets	93	107	106
Total assets	201	222	231
Total current liabilities	53	52	49
Total non-current liabilities	28	33	33
Total liabilities	80	84	82
Shareholders' equity	111	128	138
Minority interests	9	11	11
Total equity	120	138	148
Total liabilities & equity	201	222	231
Total debt	25	30	30
Net debt	(2)	(7)	(5)

Source: Company data, RHB estimates

Cash flow (MYRm)	Jun-11	Jun-12	Jun-13F
Cash flow from operations	22	32	26
Cash flow from investing activities	(13)	(15)	(20)
Cash flow from financing activities	(4)	(7)	(8)
Cash at beginning of period	22	27	37
Total cash generated	5	10	(1)
Implied cash at end of period	27	37	35

Source: Company data, RHB estimates

Hai-O

Target: MYR3.28
Price: MYR2.71

Ready For Takeoff Again

Source: Bloomberg

Stock Profile

Bloomberg Ticker	HAIO MK
Avg Turnover (MYR/USD)	0.57m/0.19m
Net Gearing (%)	-26.1
Market Cap (MYRm)	534m
Beta (x)	0.97
BVPS (MYR)	1.33
52-wk Price low/high (MYR)	1.98 - 2.72
Free float (%)	50

Major Shareholders (%)

Tan Kai Hee	9.6
Akintan SB	7.3
Excellent Communications	5.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	1.1	15.3	9.3	28.4
Relative	0.5	10.2	3.2	18.5

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Investment Merits

- Riding on the recovery of its multi-level marketing (MLM) division
- Healthy balance sheet with a net cash position
- Offers a decent dividend yield of >5%

Company Profile

Hai-O Enterprise (HAIO) is a household name that has been providing a wide range of Chinese medicine, medicated wines and healthcare products since 1975. The well-diversified group has principal businesses in wholesaling, retailing and MLM. It also operates a pharmaceutical factory and modern Chinese medicinal clinics. Over the past three decades, HAIO has honed its expertise by developing an extensive and efficient distribution network, and strong marketing strategies. The Company was listed on the Second Board of Bursa Malaysia in 1996 and was transferred to the Main Board in October 2007, making it the first traditional healthcare company to be listed on the stock exchange.

Highlights

Back in action. After suffering a hefty fall in earnings in FY11, due to poor showing from its MLM division, the Group has picked itself up and has slowly regained its earnings momentum. The huge drop in MLM sales and profitability was mainly attributed to slower membership growth after the company tightened its rules and procedures – relating to purchasing and other documentation – to comply with new regulations introduced in 2010. Learning from the past, HAIO turned to more proactive strategies to attract new members/distributors and improve its performance. The Company also shifted its focus from big-ticket items, such as water filters, to consumer-centric products, such as beauty and health products, for which sales have been largely consistent and repeated.

MLM bounces back. The MLM division, which contributes >60% of the total revenue and ~50% of the group's PBT, has been picking up gradually over the last two financial years. Y-o-y, the MLM segment recorded solid revenue and EBIT growth of 18.4% and 24.7% respectively in FY13. This was largely driven by: i) aggressive strategies to recruit new members and distributors, ii) introduction of new products, and iii) better sales from its health food and personal care products. The division now has around 140,000 registered members, with around 2,500 new members coming on board each month. We believe that this division's growth momentum is sustainable in view of the company's improved marketing strategy and its more balanced product mix.

New businesses to drive earnings. In April 2012, HAIO signed a global distributorship agreement with South Korea's KAEAM Food Corp, the pioneer manufacturer of "bamboo salt". The Company brought in KAEAM bamboo salt four years ago via an exclusive collaboration, which proved to be timely because the product is gaining a strong following. This has allowed it to expand into new markets. Meanwhile, HAIO's new subsidiary, Yan Ou Holdings SB (Yan Ou), will be tasked with sourcing, processing, trading and distributing bird's nest. Once it obtains the licence to export this delicacy, this will provide a good revenue stream – given the popularity of bird's nest in Asia, especially China. We are unable to quantify the contribution from these two new businesses at this juncture, as they are still in the early stages.

Company Report Card

Latest results. HAIO's FY13 revenue and core earnings expanded by 11.9% and 31% y-o-y respectively, largely bolstered by better performance of its MLM and wholesale divisions.

Balance sheet / Cashflow. The Group's balance sheet is solid with a net cash pile of MYR52m as of April 2013.

ROE. HAIO's ROE has been improving steadily, from 13.4% in FY11 to 20.5% in FY13. We believe the ROE is sustainable at ~20% for FY14F with stable earnings.

Dividend. The Company is committed to an at-least 50% payout ratio and has, in fact, been paying more than 50% of its net profit as dividends over the last five years. Management said the group does not see any reason to reduce the payout going forward unless major capital needs for expansion arise.

Management. Managing director Mr Tan Kai Hee, one of HAIO's founders, has over 38 years of commercial experience in the traditional health food business. Under his leadership, the Company has won numerous awards. One of the most notable awards is the *Forbes Asia Under USD1 Billion List* for consistent growth in sales and profits over three years, which HAIO has won four times in a row between 2007 and 2010.

Recommendation

Maintain BUY. In view of the strong recovery in its MLM segment, coupled with its lucrative dividend yield of >5%, we maintain our BUY call on HAIO, with a MYR3.28 valuation, based on 12x CY14 EPS.

Profit & Loss	Apr-13	Apr-14F	Apr-15F
Total turnover (MYRm)	268	297	325
Reported net profit (MYRm)	47	51	57
Recurring net profit (MYRm)	43	51	57
Recurring net profit growth (%)	30.1	16.8	11.9
Core EPS (MYR)	0.21	0.25	0.28
DPS (MYR)	0.14	0.15	0.17
Dividend Yield (%)	5.2	5.5	6.3
Core P/E (x)	12.64	10.83	9.67
Return on average equity (%)	20.5	19.9	20.2
P/B (x)	2.29	2.04	1.88
P/CF (x)	15.44	11.29	12.47

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Apr-12	Apr-13	Apr-14F
Total current assets	177	189	220
Total assets	290	306	329
Total current liabilities	50	50	38
Total non-current liabilities	8	6	10
Total liabilities	58	56	48
Shareholders' equity	222	240	270
Minority interests	10	11	11
Total equity	231	251	281
Total liabilities & equity	290	306	329
Total debt	13	13	17
Net debt	(41)	(52)	(73)

Source: Company data, RHB estimates

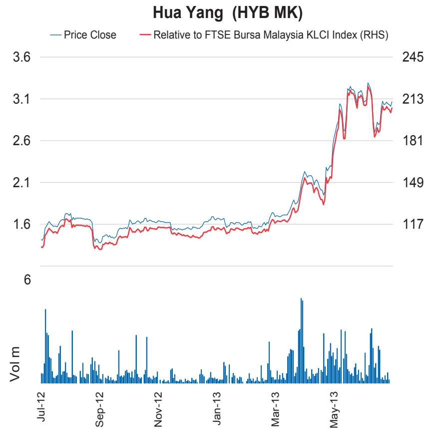
Cash flow (MYRm)	Apr-12	Apr-13	Apr-14F
Cash flow from operations	50	36	49
Cash flow from investing activities	(21)	4	(5)
Cash flow from financing activities	(21)	(30)	(17)
Cash at beginning of period	46	54	65
Total cash generated	8	10	26
Implied cash at end of period	54	65	91

Source: Company data, RHB estimates

Hua Yang

Target: MYR3.68
Price: MYR3.07

Affordability Still The Way To Go



Source: Bloomberg

Stock Profile

Bloomberg Ticker	HYB MK
Avg Turnover (MYR/USD)	2.74m/0.89m
Net Gearing (%)	15.9
Market Cap (MYRm)	608m
Beta (x)	1.42
BVPS (MYR)	2.05
52-wk Price low/high (MYR)	1.38 - 3.29
Free float (%)	63

Major Shareholders (%)

Heng Holdings S/B	27.9
Cham Poh Meng	6.7

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.9)	37.7	83.8	116.8
Relative	(3.5)	32.6	77.7	106.9

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Investment Merits

- Mid-cap property developer concentrating on the affordable housing segment (≤MYR500k)
- Strong growth potential ahead given its total outstanding GDV of MYR3.77bn, including MYR1bn planned for FY14 launches
- Major launches lined up include high-rise projects in Desa Pandan (total GDV: MYR213m) and Shah Alam (GDV: MYR156m)
- Value Hua Yang at MYR3.68, based on a 20% discount to RNAV; TP post 1-for-3 bonus issue is adjusted to MYR2.76

Company Profile

Hua Yang is a mid-cap property developer, with a niche in the affordable housing segment. Its landbank is strategically located in property hotspots such as the Klang Valley, Johor and Perak. It currently has an outstanding total gross development value (GDV) of about MYR4.12bn in its portfolio, including MYR1bn for planned FY14 launches.

Highlights

Targeting local first-time home-buyers. The local first-time home buyers, especially those between 25 and 40 years old, are Hua Yang's key target market for its projects. Currently, 60% of the Group's buyers are within this age group. Going forward, it will continue to concentrate on developing houses mainly within the MYR400k-MYR500k price range. As such, Hua Yang's market position in this segment is well-entrenched.

Attractive new launches in FY14. Hua Yang is set for a good year ahead, given several new project launches and total unbilled sales of MYR530m, which are expected to drive FY14 earnings. About MYR690m, or 64.5% of its total GDV due for launch in FY14, will be from its new projects. These include the highly anticipated Desa Pandan and Shah Alam high-rise projects in Kuala Lumpur and Selangor, respectively. Other notable launches in FY14 will be its new township in Johor Bahru, with total GDV of about MYR208m.

There were minimal launches in 1QFY14, mainly due to the uncertainties leading up to the 13th general election. Therefore, these few new projects/phases are slated for launch only from end-2QFY14 onwards (after the Hari Raya festivities). Among the major launches lined up for 2QFY14 will be the Shah Alam high-rise project (total GDV: MYR156m), which has already received good presales response.

Management believes that despite the lack of activity in 1QFY14, Hua Yang is still on track to achieve its FY14 new sales target of MYR600m (vs FY13's MYR401.5m). Management has also guided for a double-digit net profit growth for FY14, in line with the 33% y-o-y net profit growth recorded in FY13.

Bonus issue announced. Hua Yang recently rewarded its shareholders again by proposing a 1-for-3 bonus issue, which will enlarge its share base to 264m shares (from 198m currently). We view this corporate exercise positively, as the enlarged share base will help improve the stock's liquidity. To sustain longer-term growth, Management could be considering a possible cash call to part-fund its expansion plans, particularly for the acquisition of a sizeable landbank.

Company Report Card

Latest results. Hua Yang has recently announced its 1QFY14 results. PBT was 27% y-o-y lower, largely due to slower progress billings and minimum launches recognition in 1QFY14. We do, however, expect earnings to pick up in later quarters, as more projects will be rolled out later in the year.

Balance sheet / Cashflow. The Group's balance sheet, as at 1QFY14, remained healthy, although net gearing has increased to 0.49x (4QFY13: 0.26x), due to higher borrowings incurred from the acquisition of a new land in Puchong. Nonetheless, we believe that this is still manageable, given that it has not breached Management's internal gearing target of 0.6x.

ROE. We expect ROE to be higher in FY14, underpinned by its MYR1bn worth of launches and unbilled sales.

Dividend. Although Hua Yang does not have a fixed dividend payout ratio, Management indicated that it will resume a payout ratio of 25%-30% of its income, as per its historical practice.

Management. Hua Yang's Management is spearheaded by Mr Ho Wen Yan, who has been with the company for nearly 10 years. Mr Ho is an architect by training and started off in Hua Yang as a project coordinator at its Johor branch before moving up the ranks. He was eventually appointed Group CEO in Aug 2010.

Recommendation

We value Hua Yang at MYR3.68, based on a 20% discount to RNAV. Our indicative target price ex-bonus issue will be adjusted to MYR2.76. The Group's double-digit earnings growth over the next one to two years will be sustainable, given the type of projects that are scheduled for release, as well as the strategic location of its Puchong land. Despite the strong re-rating earlier, Hua Yang's valuations are still undemanding at 6.5x FY14F P/E, given its positive earnings prospects. We also expect the demand for affordable housing to remain firm going forward.

Profit & Loss	**Mar-12**	**Mar-13**	**Mar-14F**
Total turnover (MYRm)	306	409	565
Reported net profit (MYRm)	53	70	93
Recurring net profit (MYRm)	53	70	93
Recurring net profit growth (%)	110.6	33.1	32.6
Core EPS (MYR)	0.29	0.37	0.47
DPS (MYR)	0.11	0.06	0.08
Dividend Yield (%)	3.7	2.1	2.7
Core P/E (x)	10.64	8.39	6.51
Return on average equity (%)	21.8	23.5	25.2
P/B (x)	2.12	1.77	1.50
P/CF (x)	7.41	3.12	43.02

Source: Company data, RHB estimates

Balance Sheet (MYRm)	**Mar-11**	**Mar-12**	**Mar-13**
Total current assets	170	204	223
Total assets	356	447	634
Total current liabilities	78	70	169
Total non-current liabilities	57	109	130
Total liabilities	135	179	299
Shareholders' equity	219	266	334
Minority interests	2	2	-
Other equity	0	0	-
Total equity	221	268	334
Total liabilities & equity	356	447	634
Total debt	73	97	115
Net debt	67	72	86

Source: Company data, RHB estimates

Cash flow (MYRm)	**Mar-11**	**Mar-12**	**Mar-13**
Cash flow from operations	11	76	190
Cash flow from investing activities	(23)	(75)	(202)
Cash flow from financing activities	16	22	17
Cash at beginning of period	4	6	25
Total cash generated	4	23	5
Implied cash at end of period	8	29	30

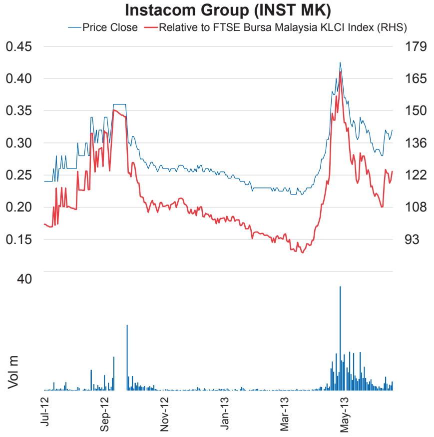
Source: Company data, RHB estimates

Instacom Group

Target: MYR0.46

Price: MYR0.32

Towering Ambitions



Source: Bloomberg

Stock Profile

Bloomberg Ticker	INST MK
Avg Turnover (MYR/USD)	1.53m/0.50m
Net Gearing (%)	61.5
Market Cap (MYRm)	225m
Beta (x)	2.18
BVPS (MYR)	0.23
52-wk Price low/high (MYR)	0.22 - 0.43
Free float (%)	35

Major Shareholders (%)

Chan Chuck Yan	21.8
Anne Kung Soo Ching	14.5
Ngu Sing Hieng	14.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	(4.5)	42.2	28.0	33.3
Relative	(5.1)	37.1	21.9	23.4

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Investment Merits

- A strong end-to-end telecommunications network service provider in East Malaysia
- Potential beneficiary from the rollout of LTE services and USP fund projects in Sabah and Sarawak
- Looking to venture further into the telecommunications infrastructure leasing market
- Robust revenue and earnings outlook for the next few years
- Buy, with TP MYR0.46, based on 13x FY14F EPS

Company Profile

Instacom Group (INST) is an end-to-end solutions provider for the telecommunications industry with more than 10 years of experience. It debuted on the ACE Market of Bursa Malaysia in Oct 2012 via the reverse takeover (RTO) of I-Power. Notably, the Company has a strong foothold in East Malaysia and its core competencies revolve around network planning, design, optimisation, deployment and maintenance. Instacom aims to venture further into the telecommunications infrastructure leasing market to create a significant recurring revenue stream as well as for portfolio diversification.

Highlights

Riding the 4G wave. The Malaysian Communications & Multimedia Commission (MCMC) had in Dec 2012 awarded the 2,600MHz 4G spectrum to eight companies. We believe Instacom is well poised to benefit from the rollout of LTE (Long-Term Evolution) services as each operator is looking at investing between RM400m-RM500m over the next three years. We believe the Company's key customer, Maxis (Sell, FV: MYR5.90), is likely to expand its network quickly and upsell more 4G services to its premium customers in a bid to better monetise data. Given that Instacom is one of three companies under the Maxis' Smart Partner Program, the relationship may result in more contract wins from the incumbent mobile operator.

Milking the USP reserve fund. The Universal Service Provision (USP) fund may also provide an avenue of growth for Instacom, as the Government, through MCMC, looks to narrow the digital divide gap between the urban and rural communities. Sabah and Sarawak are two key states that are currently underserved. We believe that with its strong footing and leading position in East Malaysia, Instacom has an advantage over its competitors in securing more projects. As of 31 Dec 2011, the USP reserve fund stood at MYR7.3bn, a massive amount to be tapped upon.

Turning into a telecommunications infrastructure service provider. To expand its business, Instacom is looking to penetrate further into the building and leasing of telecommunications infrastructure, such as transmission towers and fibre-optic lines. We view this move positively, as it creates an additional and long-term recurring revenue stream for the Company. As a third party manager of these assets, Instacom is poised to benefit from multiple tenancy agreements while simultaneously helping its telco customers lower their overall capex and opex. We think that the tower business is a compelling business model, as it establishes a symbiotic win-win relationship between the telcos and the Company.

Sizeable orderbook of MYR300m. Recently, Instacom was awarded a MYR205m three-year job from 1M Utama SB to supply, install, test and commission a telecommunications network, complete with infrastructure works, in Sarawak. With this contract in hand, we estimate the Company's current orderbook at approximately MYR300m.

Profit & Loss	Dec-11	Dec-12	Dec-13F
Total turnover (MYRm)	88	93	117
Reported net profit (MYRm)	10	16	23
Recurring net profit (MYRm)	10	16	23
Recurring net profit growth (%)	186.4	57.6	47.7
Core EPS (MYR)	0.01	0.02	0.03
Core P/E (x)	22.59	14.33	9.71
Return on average equity (%)	62.7	19.8	15.5
P/B (x)	10.78	1.63	1.40
P/CF (x)	23.09	na	65.84

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-10	Dec-11	Dec-12
Total current assets	122	124	117
Total assets	149	158	253
Total current liabilities	82	97	89
Total non-current liabilities	56	40	26
Total liabilities	138	137	115
Shareholders' equity	11	21	138
Total equity	11	21	138
Total liabilities & equity	149	158	253
Total debt	121	111	98
Net debt	118	111	88

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-10	Dec-11	Dec-12
Cash flow from operations	21	10	(10)
Cash flow from investing activities	2	10	5
Cash flow from financing activities	(30)	(18)	13
Cash at beginning of period	4	3	1
Total cash generated	(8)	2	8
Forex effects	7	(4)	0
Implied cash at end of period	3	1	10

Source: Company data, RHB estimates

Company Report Card

Latest results. Given the recent completion of the RTO of I-Power, q-o-q and y-o-y financial comparisons will not be meaningful. That said, we are encouraged by Instacom's 1QFY13 results, as revenue and core profit for the quarter have already made up 33% and 44% of its respectively FY12 numbers. As 2H is typically stronger, we expect its FY13 results to potentially surprise on the upside. As part of the RTO exercise, the Company's vendors have a FY13 profit guarantee of MYR15m.

Balance sheet / Cashflow. Instacom's net gearing is manageable at 0.6x and supported by its strong operating cashflow generation, which had been in positive territory for the past four years. Moreover, the fact that telcos are good paymasters is a plus point.

ROE. ROE is expected to be in the region of 13% to 15%.

Dividend. Given that Instacom is still at a growth stage, we do not expect any dividends for the next few years.

Management. Led by two major shareholders, Anne Kung and Thomas Ngu, who collectively own a 29% stake in the Company.

Recommendation

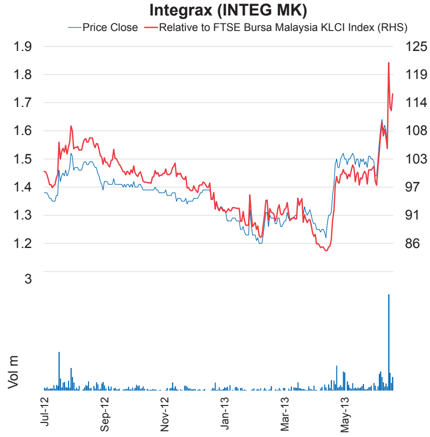
Our fair value for Instacom is MYR0.46, based on a P/E multiple of 13x on FY14F earnings. This implies a forward EV/EBITDA of 12x. We think the valuation is fair, given that local mobile operators are trading at about 20x forward P/E while regional/global tower-related companies are trading at an average forward EV/EBITDA of 11x.

All in all, we like the company for: i) its strong growth prospects within the telecommunications space, ii) its pool of recurring earnings, which provide earnings certainty, and iii) its attractive valuations based on the stock's current price.

Integrax

Target:	**MYR2.23**
Price:	**MYR1.73**

An Emerging Port With Vast Potential



Source: Bloomberg

Stock Profile

Bloomberg Ticker	INTEG MK
Avg Turnover (MYR/USD)	0.37m/0.12m
Net Gearing (%)	-21.8
Market Cap (MYRm)	520m
Beta (x)	1.21
BVPS (MYR)	2.07
52-wk Price low/high (MYR)	1.20 - 1.87
Free float (%)	30

Major Shareholders (%)

TNB	22.1
PKNB	15.7
Golden Initiative	13.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	15.3	32.1	31.1	25.4
Relative	14.7	27.0	25.0	15.5

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Investment Merits

- Stable earnings stream from the coal import-handling concession for Tenaga Nasional (TNB; BUY, FV: MYR10.58)
- Strong balance sheet with zero debt and net cash in excess of MYR120m.
- Room for expansion on further industrial development. The port is also in active negotiation with Brazilian miner Vale SA for potential transshipment handling.

Company Profile

Integrax is the operator of two ports: i) 80%-owned Lekir Bulk Terminal (LBT), a dry bulk terminal located in Pulau Lekir currently handling coal imports for TNB's power plant, and ii) 50%-owned Lumut Maritime Terminal (LMT), a multi-purpose terminal located in Lumut.

Highlights

Riding on TNB expansion. Integrax handled approximately 7m tonnes of coal throughput in 2012 at its Lekit Bulk Terminal. It expects to see volume increasing by an additional 3m tonnes per annum from 2016 onwards once the new *Manjung 4* coal-powered plant is operational on 1 June 2015. The rise in volume is expected to boost earnings by at least 20% y-o-y for the port operator in 2015. Another 3m tonnes of volume will also come on stream on 1 Oct 2017 from one of TNB's 1,000MW coal-fired power plant developments, which the Group recently won in a bidding war against 1 Malaysia Development (1MDB). Capex for these two will not be too substantial as an additional unloader will be required only for every 3m increase in annual tonnage capacity. We gather that an unloader will be installed in 1QFY14 and another in 2015.

In serious negotiation with Vale. Integrax is also hopeful of resealing a deal with Vale, which involves the construction of a coal-palletising transshipment plant in Manjung neighbouring its Lekir Bulk Terminal. This follows its unsuccessful attempt earlier as one of Integrax's founding shareholders, who had since exited the company, had regarded Vale tie-up as not feasible. If successful, this could be another key earnings boost for the Group. Negotiations with other parties are also ongoing to secure new customers for LBT and LMT.

Room for expansion at LMT too. As LMT has vast plantation acreage near it, the port targets to handle more palm oil moving forward. Currently, it handles mostly cargoes related to fabrication, notably for the oil and gas (O&G) sector.

Landbank almost sold out. Integrax's associate company Lumut Port Industrial Park is engaged in the sale of industrial land. Of the company's initial 1,000 acres of land for sale, 90% had been sold. Management is likely to reserve the remaining 10% to capture higher sales value.

Company Report Card

Latest results. Revenue for 1QFY13 was lower by 2.4% y-o-y due to lower coal throughput at LBT. However earnings improved by 13% y-o-y due to the substantially lower financing costs, after the Group fully repaid its borrowing last year, coupled with higher contributions from LMT as cargo throughput improved by 23% y-o-y.

Balance sheet / Cashflow. Integrax has a solid balance sheet with strong cashflow generation. It is debt free with RM130m in cash. However, to optimise its capital structure, the Group's future expansion will mostly be funded by debt. We understand that the port operator has secured a MYR90m borrowing facility available for drawdown.

ROE. ROE currently stands at 7.4% but given its more optimised capital structure with the borrowings drawdown, we expect ROEs to improve from FY14 onwards.

Dividend. At its current price, dividend yield is attractive at 5.2% (tax exempt). We expect DPS of 9 sen to be sustained moving forward as the Group's capex will be funded by debt to optimise its capital structure.

Management. As a port operator with a stable business, we think Management's ability to drive new business plays a very important role. CEO En Azman Shah Mohd Yusof, who has recently joined the Company, has varied experiences in the corporate sector along with an entrepreneurial track record. Integrax co-founder En Amin Halim Rasip has been involved in various business sectors as an entrepreneur for more than 27 years, starting out as a ship owner and later entering the O&G industry.

Recommendation

We do not foresee earnings growth to be particularly exciting for FY13 and FY14 as we only anticipate a 9.4% and 7% y-o-y growth respectively. However, we project FY15 earnings to jump by at least 20% y-o-y, driven by the higher throughput volume from *Manjung 4*. There is also further scope for an earnings upside as we have only inputted earnings growth from its existing customer base. Vale and other new customers, with whom Management is currently in active discussions, are the wild cards for further earnings boosts.

We value the Group at MYR2.23 based on a P/E multiple of 14x, which is on the low side compared to the 15-22x range implied on our other port coverage. The stock is currently trading at a FY14 P/E multiple of 11.6x, slightly lower than NCB Holdings (NCB; BUY, FY: MYR5.38), which we think is unjustifiable given its potential earnings upside as the Company secures more customers.

Profit & Loss	Dec-11	Dec-12	Dec-13F
Total turnover (MYRm)	88	91	101
Reported net profit (MYRm)	44	42	45
Recurring net profit (MYRm)	41	41	45
Recurring net profit growth (%)	na	(0.4)	9.4
Core EPS (MYR)	0.14	0.14	0.15
DPS (MYR)	0.12	0.03	0.09
Dividend Yield (%)	6.9	1.8	5.2
Core P/E (x)	12.64	12.69	11.61
Return on average equity (%)	15.7	7.2	7.4
P/B (x)	0.93	0.88	0.84
P/CF (x)	23.83	10.40	8.37

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-11	Dec-12	Dec-13F
Total current assets	171	136	148
Total assets	747	721	748
Total current liabilities	74	13	10
Total non-current liabilities	57	56	55
Total liabilities	130	70	65
Shareholders' equity	560	591	622
Other equity	57	60	60
Total equity	616	651	682
Total liabilities & equity	747	721	748
Net debt	(147)	(124)	(149)

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-11	Dec-12	Dec-13F
Cash flow from operations	22	50	62
Cash flow from investing activities	54	1	(30)
Cash flow from financing activities	(60)	(74)	(7)
Cash at beginning of period	132	147	124
Total cash generated	15	(23)	25
Implied cash at end of period	147	124	149

Source: Company data, RHB estimates

KimLun Corp

Target: MYR2.61
Price: MYR2.16

An Alternative MRT Play With Recurring Building Jobs

Source: Bloomberg

Stock Profile

Bloomberg Ticker	KICB MK
Avg Turnover (MYR/USD)	3.77m/1.21m
Net Gearing (%)	26.3
Market Cap (MYRm)	519m
Beta (x)	2.37
BVPS (MYR)	1.30
52-wk Price low/high (MYR)	1.28 - 2.48
Free float (%)	49

Major Shareholders (%)

Pang Tin & family	40.4
Phang Khang Hau	5.8
Phang Piow	4.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	(8.1)	37.6	51.0	45.0
Relative	(8.7)	32.5	44.9	35.1

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Investment Merits

- Kimlun is a must-own stock given its involvement via the production of precast segments for the Klang Valley MRT pubic infrastructure project
- We also like its bread-and-butter construction business, which mainly depends on building jobs from property developers, and thus generates recurring and less cyclical income
- It also gets an additional earnings kicker from "opportunistic" property development projects

Company Profile

Kimlun is a construction company with a strong base in Johor. It also manufactures concrete products including tunnel lining segments (TLS) supplied to the Klang Valley MRT project, as well as the MRT extension project in Singapore. The company is also engaged in property development in Malaysia.

Highlights

- **Concrete products.** We like Kimlun's involvement in the production of segmental box girders (SBG) and TLS for the Klang Valley MRT project, making it a must-own stock that rides along the value chain of this mega public infrastructure project. The growth story of Kimlun's building material division – wherein its "X-factor" lies – is solid given the expansion plans that have been duly executed. More importantly, its key investment – a MYR60m greenfield project in Seremban, Negri Sembilan – is backed by MYR271.7m worth of orders secured from the Sg Buloh-Kajang (SBK) MRT Line project.

- **Construction.** We also like its bread-and-butter construction business, which largely depends on recurring building jobs from the private sector, ie property developers such as SP Setia (SPSB MK; Neutral, FV: MYR3.54), Mah Sing (MSGB MK; Neutral, FV: MYR2.75) and Keck Seng Malaysia (KS MK). These projects are less cyclical compared to public infrastructure jobs.

- **Property development.** Kimlun does not aspire to become a major property developer. Its underlying guiding principles for this business are "opportunistic" and "fast turnaround". Its recently launched maiden property project – *Hyve Soho Suite* in Cyberjaya with an estimated gross development value (GDV) of MYR240m – has been a runaway success with an 80% take-up for Tower A. Given the overwhelming response to Tower A, priced at an average MYR530-MYR540 per sq ft (psf), Kimlun plans to open for sale Tower B, which also boasts a better view and a higher average price of about MYR570 psf.

Company Report Card

Latest results. FY12 net profit grew 16%, driven largely by increased capacity at both the construction and concrete product manufacturing divisions.

Balance sheet / Cashflow. As at 31 Dec 2012, Kimlun's net debt and gearing were manageable at MYR125.1m and 0.46x respectively. The company registered a negative free cashflow of MYR136.1m in FY12 on the back of substantial capex and increased working capital requirements for business expansion.

ROE. Its ROE of 20.1% in FY12 was double the industry average of 11%.

Dividend. The company declared a single-tier dividend of 4.8 sen per share in FY12, which translated into a net yield of 2.2%.

Management. The company is headed by co-founder and executive chairman Mr Pang Tin @ Pang Yon Tin, who has more than 30 years of experience in the construction, quarrying, property, manufacturing and hotel industries.

Recommendation

Our MYR2.61 valuation is based on 10x FY14 EPS, in line with our benchmark one-year forward target P/E of 10-16x for the construction sector. BUY.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	897	879	1,051
Reported net profit (MYRm)	49	49	63
Recurring net profit (MYRm)	49	49	63
Recurring net profit growth (%)	15.6	(0.1)	27.5
Core EPS (MYR)	0.21	0.21	0.26
DPS (MYR)	0.05	0.05	0.07
Dividend Yield (%)	2.4	2.4	3.0
Core P/E (x)	10.28	10.53	8.26
Return on average equity (%)	20.1	16.8	18.7
P/B (x)	1.89	1.67	1.45
P/CF (x)	na	5.93	8.43

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-12	Dec-13F	Dec-14F
Total current assets	593	608	689
Total assets	722	764	861
Total current liabilities	381	385	436
Total non-current liabilities	67	67	67
Total liabilities	447	452	502
Shareholders' equity	275	312	359
Total equity	275	312	359
Total liabilities & equity	722	764	861
Total debt	161	161	161
Net debt	125	82	60

Source: Company data, RHB estimates

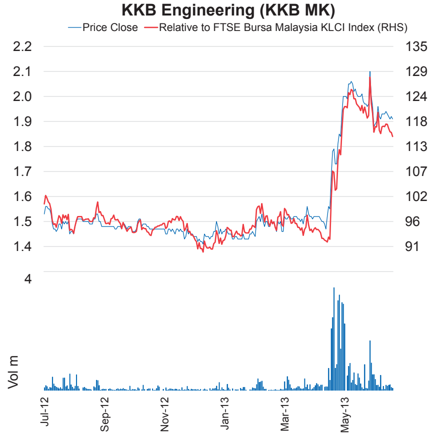
Cash flow (MYRm)	Dec-12	Dec-13F	Dec-14F
Cash flow from operations	(60)	88	62
Cash flow from investing activities	(76)	(40)	(30)
Cash flow from financing activities	92	(4)	(10)
Cash at beginning of period	82	36	80
Total cash generated	(44)	43	22
Forex effects	0	-	-
Implied cash at end of period	38	80	101

Source: Company data, RHB estimates

KKB Engineering

Target: MYR2.28
Price: MYR1.91

Fueled By The Sarawak Heat



Source: Bloomberg

Stock Profile

Bloomberg Ticker	KKB MK
Avg Turnover (MYR/USD)	1.11m/0.37m
Net Gearing (%)	-26.5
Market Cap (MYRm)	492m
Beta (x)	0.88
BVPS (MYR)	1.13
52-wk Price low/high (MYR)	1.41 - 2.10
Free float (%)	32

Major Shareholders (%)

Kho Kak Beng Holding	40.1
CMS	20.1
Laman Sutria SB	5.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	(3.5)	25.7	31.7	24.8
Relative	(4.1)	20.6	25.6	14.9

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Investment Merits

- Riding on the strong growth wave in Sarawak, particularly in the SCORE region
- Solid balance sheet with net cash position
- Good prospects ahead, possible re-rating from oil & gas (O&G) related contracts
- Maintain BUY, valuation at MYR2.28, based on 10x FY14F P/E

Company Profile

KKB Engineering (KKB) is primarily involved in steel fabrication, and the maintenance of steel pipes and liquefied petroleum gas (LPG) cylinders. It plans to venture into the O&G sector via associate company OceanMight SB, which holds a Petronas supplier license.

Highlights

The Sarawak Heat. Sarawak has been identified as a strong growth State in Malaysia, with the Sarawak Corridor of Renewable Energy (SCORE) poised to replicate the success of Johor's Iskandar Malaysia in attracting investors. In our recent investors' visit to Samalaju, we noted the promising outlook of SCORE, which reaffirms our view that Sarawak is poised for strong growth in the near future. We expect KKB, with its strong presence and established track record in the Sarawak structural steel and civil engineering industry, to benefit from this.

Structural steel the main core. KKB's structural steel division remains the main core business segment, as its profit margin is higher than that of steel pipes and LPG cylinders. KKB has a good track record of completing quality structural steel works in fast track projects, which provide a higher profit margin than normal structural steel works. This has given the Group the competitive edge to remain among Sarawak's largest fabricators.

O&G dream. OceanMight SB has been licensed by Petronas back in March 2013 to undertake major fabrication works under the category of "Offshore Facilities Const-Major Onshore Fabrication" and this is seen as a key driver for KKB to venture into the O&G sector, as well as a re-rating catalyst for the company.

Business outlook still bright. We learnt that KKB is currently pre-qualified for five major O&G projects, which we are hopeful it will be able to secure by 1QFY14. The company also highlighted that its current unbilled sales amounted to MYR310m, as at March 2013, which should keep it busy for the next 18 months. KKB is currently bidding for MYR226m worth of contracts for structural steel and manufacturing works in Sarawak and Sabah. Apart from that, we also learnt that it is bidding for O&G contracts worth MYR100m-MYR150m.

Company Report Card

Latest results. KKB's 1QFY13 net profit of MYR11.4m (+47.6% y-o-y, +55.5% q-o-q) was well within our estimates. Its core business of steel fabrication has recovered strongly in 1QFY13 (+291.1% y-o-y), mainly on contribution from: i) major structural steel projects undertaken in Samalaju Industrial Park, Bintulu and Sibu, ii) the supply of steel pipe piles for a bridge project in Sarawak, and iii) the supply of low and high tension poles in Sabah. However, manufacturing revenue declined 50.6%, but this is not a major concern as the strong recovery in high margin fabrication works was more than enough to offset the decline in manufacturing.

Balance sheet / Cashflow. KKB possess a solid balance sheet with net cash position and its operations are generating positive cashflow.

ROE. We expect KKB to deliver ROE of 16.5% in FY13F, backed by strong growth in Sarawak.

Dividend. Based on dividend payout ratio of 30%, we expect KKB to pay a gross dividend of 7.0 sen in FY13F.

Management. The Company was founded in 1962 by its present chairman and Group managing director, Dato' Kho Kak Beng, who has more than 45 years' in the industry. He is assisted by his son William Kho and daughter Kho Poh Lin, both of whom also sit on the board of directors. We are confident that KKB is in good hands.

Recommendation

As Petronas is expected to ramp up its capex in the near-term, we see good potential for KKB to secure some O&G-related contracts. In view of its strong presence in Sarawak, coupled with our bullish view on Sarawak's developments, especially in SCORE, we are keeping our BUY recommendation on KKB, with our valuation unchanged at MYR2.28, pegged to a 10x FY14 P/E.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	167	240	311
Reported net profit (MYRm)	20	45	59
Recurring net profit (MYRm)	20	45	59
Recurring net profit growth (%)	(58.1)	131.6	30.1
Core EPS (MYR)	0.08	0.18	0.23
DPS (MYR)	0.05	0.07	0.09
Dividend Yield (%)	2.6	3.7	4.8
Core P/E (x)	25.24	10.89	8.38
Return on average equity (%)	7.7	16.5	18.9
P/B (x)	1.90	1.69	1.48
P/CF (x)	17.19	12.38	13.74

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-12	Dec-13F	Dec-14F
Total current assets	174	235	307
Total assets	299	357	426
Total current liabilities	29	49	72
Total non-current liabilities	5	11	16
Total liabilities	34	60	88
Shareholders' equity	259	291	332
Minority interests	6	6	6
Other equity	(0)	(0)	(0)
Total equity	265	297	338
Total liabilities & equity	299	357	426
Total debt	11	22	36
Net debt	(59)	(78)	(90)

Source: Company data, RHB estimates

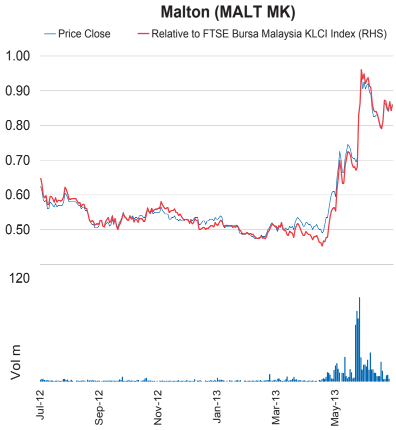
Cash flow (MYRm)	Dec-12	Dec-13F	Dec-14F
Cash flow from operations	29	40	36
Cash flow from investing activities	(6)	(7)	(7)
Cash flow from financing activities	(28)	(1)	(2)
Cash at beginning of period	75	69	100
Total cash generated	(6)	31	26
Forex effects	0	-	-
Implied cash at end of period	70	101	127

Source: Company data, RHB estimates

Malton

Target: **MYR1.80**
Price: **MYR0.845**

A Perfect Mix



Source: Bloomberg

Stock Profile

Bloomberg Ticker	MALT MK
Avg Turnover (MYR/USD)	10.3m/3.30m
Net Gearing (%)	-6.2
Market Cap (MYRm)	353m
Beta (x)	1.45
BVPS (MYR)	1.48
52-wk Price low/high (MYR)	0.48 - 0.94
Free float (%)	60

Major Shareholders (%)

Datuk Desmond Lim	37.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	(7.0)	68.6	62.3	39.8
Relative	(8.4)	63.4	56.3	29.9

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Investment Merits

- Management refocusing on property development after sorting out legal tussles over a few big projects
- Stands to play a bigger role in the *Pusat Bandar Damansara (PBD)* redevelopment project, which is now effectively held by Malton's 38% major shareholder Datuk Desmond Lim
- We value the Group at MYR1.80, based on a 50% discount to RNAV

Company Profile

Malton has a landbank of over 700 acres, carrying a gross development value (GDV) of MYR11bn. It is well-positioned at all the right locations within the West Malaysia property market, including Bukit Jalil, Kuala Lumpur; Batu Kawan, Penang; and Pengerang, Johor.

Highlights

Raring to go. Trading at just 0.59x P/BV (NTA per share: MYR1.43), the market has largely underestimated the fundamental value and prospects of the Company. Following a two-year lull and after sorting out a few big projects (including Bukit Jalil and *PBD*), Management is now refocusing on its property development business, with a few sizeable projects lined up at strategic locations.

***Pavilion 2* at Bukit Jalil worth MYR3.5bn.** Malton plans to put up a mall as sizeable as *Pavilion Kuala Lumpur* at Bukit Jalil. We believe that other commercial and residential components will be easily sold, given: i) the mature surrounding residential areas, ii) a 5.3m population catchment, and iii) buyer confidence, as reflected by the success of the *Pavilion* and *Banyan Tree Signature* projects in the city centre.

A mainland Penang play. Malton holds 300 acres (GDV: MYR3.88bn) in Batu Kawan, right off the *Penang Second Bridge (PSB)*. The launch of Phase 1 (shop offices and superlink homes worth MYR440m) is targeted for mid-2014 – just after the opening of the *PSB*, when the growth visibility is substantiated. In our view, proper commercial developments on the mainland are scarce. Therefore, Malton's project will be designed to complement the business activities within the Seberang Prai Selatan area.

Well-positioned in Johor. Malton is also well-positioned in Pengerang, holding 200 acres in Malaysia's next mega oil & gas (O&G) hub. Its project is at the southern tip and has a GDV of MYR480m. We believe that the market may not be aware of this land in the Group's portfolio. We also expect the project to take off in one to two years' time when the O&G hub is more developed, and as the working population increases.

Involvement in *PBD* a wild card. Datuk Desmond Lim now effectively controls the *PBD* land, following the recent settlement with Johor Corp. Given that he is also a 38% major shareholder in Malton, we do not rule out the possibility that the Group may be the contractor for the redevelopment project. It may even become the joint developer, with Datuk Desmond providing the land. The commercial redevelopment of *PBD* alone could be worth MYR2bn-MYR3bn, given that two MRT stations will be located within the vicinity and that prime land is scarce within the affluent Bukit Damansara area. If our expectation materialises, this project could trigger a re-rating, as RNAV will be substantial.

Company Report Card

Latest results. Malton's 3QFY13 earnings were weak, and we expect the same trend in the upcoming 4Q results. Current earnings are mainly underpinned by MYR205m in unbilled sales from *Amaya Maluri*, *The Cantonment* and *Nova Saujana*, as well as a MYR505m contract from its construction division. We expect a boost in FY14F earnings, due to the disposal of its commercial building at *VSQ PJ* via the *PBD* transactions. Apart from this en bloc deal, earnings from FY14 onwards will also be supported by the pipeline project launches at Bukit Jalil, Pantai Dalam, Jalan Ipoh, Ukay Spring and Seri Kembangan – all in the Klang Valley.

Balance sheet / Cashflow. Malton currently has a net gearing of just 3%. We expect the Group to take on some borrowings for the development of the mall. However, we are only likely to see the impact on its balance sheet in 2-3 years' time, as the construction of the mall will only commence in 2015.

ROE. ROE is expected to pick up gradually from FY14 onwards, as more earnings from property projects kick in.

Dividend. Malton does not have a fixed dividend policy. Its payout ratio over the past two years was 12%-17%. We estimate a DPS of MYR0.02 and MYR0.03 for FY13F-FY14F (DPS was MYR0.03 in FY12).

Management. Malton is managed by a group of professionals. As its major shareholder Datuk Desmond also has other property businesses in his personal capacity, some human resources and back office operations are shared. Nonetheless, the property development division is led by an experienced team, which includes the leader of the Bukit Jalil project, Mr Wee Seng Fatt.

Recommendation

We value Malton at MYR1.80, based on a conservative 50% discount to RNAV. The potential involvement in the *PBD* project could likely spur some upside to our RNAV estimate due to its scale.

The backing of Datuk Desmond should not be underestimated, considering his testimony in *Pavilion Kuala Lumpur* and *Banyan Tree Signatures*. Malton's current valuation of 0.59x P/BV and P/E of 5.8x for FY14 are undemanding.

Profit & Loss	Jun-12	Jun-13F	Jun-14F
Total turnover (MYRm)	340	324	452
Reported net profit (MYRm)	62	38	61
Recurring net profit (MYRm)	62	38	61
Recurring net profit growth (%)	(14.7)	(39.0)	61.9
Core EPS (MYR)	0.15	0.09	0.15
DPS (MYR)	0.03	0.02	0.03
Dividend Yield (%)	2.9	2.3	3.5
Core P/E (x)	5.80	9.51	5.87
Return on average equity (%)	11.3	6.3	9.6
P/B (x)	0.61	0.58	0.54
P/CF (x)	6.49	5.69	na

Source: Company data, , RHB estimates

Balance Sheet (MYRm)	Jun-12	Jun-13F	Jun-14F
Total current assets	597	600	706
Total assets	900	933	1,024
Total current liabilities	150	150	172
Total non-current liabilities	163	166	186
Total liabilities	313	316	358
Shareholders' equity	587	617	665
Total equity	587	617	665
Total liabilities & equity	900	933	1,024
Total debt	159	65	85
Net debt	(72)	(38)	13

Source: Company data, , RHB estimates

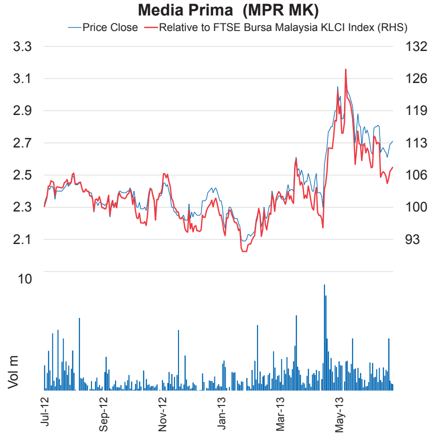
Cash flow (MYRm)	Jun-12	Jun-13F	Jun-14F
Cash flow from operations	55	63	(79)
Cash flow from investing activities	(142)	(146)	14
Cash flow from financing activities	61	42	50
Cash at beginning of period	224	81	103
Total cash generated	(26)	(41)	(16)
Implied cash at end of period	198	40	87

Source: Company data, RHB estimates

Media Prima

Target:	**MYR3.60**
Price:	**MYR2.71**

The Giant Grows Still



Source: Bloomberg

Stock Profile

Bloomberg Ticker	MPR MK
Avg Turnover (MYR/USD)	4.93m/1.61m
Net Gearing (%)	1.0
Market Cap (MYRm)	2,968m
Beta (x)	1.08
BVPS (MYR)	1.50
52-wk Price low/high (MYR)	2.09 - 3.15
Free float (%)	65

Major Shareholders (%)

EPF	17.6
Amanah Raya	11.2
Kumpulan Wang Persaraan	5.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.5)	10.2	15.8	15.8
Relative	(3.9)	5.2	9.7	6.6

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Investment Merits

- The only fully-integrated media company in Malaysia
- Nation's adex expected to recover in 2HFY13
- The Company is expanding its content creation and digital media business arm to sustain its growth
- BUY with valuation of MYR3.60, pegged to 15x FY14F P/E.

Company Profile

Media Prima (MPR) is the only integrated media player in Malaysia with the exposure across all media platforms, including free-to-air (FTA) TV, radio, print media, outdoor media, content creation and digital media. Management has guided that the next growth phase will be mainly coming from the new media, which comprises content creation and digital media.

Highlights

Adex recovery benefits MPR. We expect the adex to recover strongly in 2HFY13, as the election uncertainties have been lifted. Factor in the fact that 2H is a seasonally stronger period for adex due to the various festive seasons and year-end sales, as well as advertisers needing to exhaust their budgets before the New Year. As such, we think that MPR could be the main beneficiary, as its integrated media business gives its exposure across all media platforms.

Expanding on a solid foundation. Currently MPR's strategy is to maintain its market leadership in the four traditional business arms – FTA TV, radio, print media and outdoor media – to serve as a strong foundation and to expand from there. To keep up with the intense competition in the broadcasting business, MPR is transforming into content producer as well, focusing on producing high quality content that will lure in advertisers. It could also market its content to third parties, diversifying its income stream and minimising its overreliance on adex revenue. Apart from that, the Company is also aggressively scouting for non-traditional advertisers in order to grow its adex income.

Healthier balance sheet. MPR has cleared all its accumulated losses in FY12 and started off with a healthier balance sheet in FY13. With that, we are projecting a higher dividend payout from the Company. Nonetheless, Management has yet to revise its current dividend policy.

Ready for digital. Digital space is the next wave in media and MPR is ready to embark onto the bandwagon when the market is ready. The company has spent almost MYR70m in the last two to three years to digitalise its content and equipment to get ready for the digital era.

Company Report Card

Latest results. MPR's 1QFY13 net earnings of MYR27.1m (+30.3% y-o-y) were well within expectations. In light of the positive growth trend in Malaysia's adex, which grew a healthy 19.2% y-o-y in 1Q, we are positive that MPR will be able to meet our FY13 earnings forecast.

Balance sheet / Cashflow. As highlighted earlier, MPR started FY13 on the back of a much healthier balance sheet with no more accumulated losses and a MYR533.3m cash pile (net cash position) as at end-1QFY13.

ROE. Based on our earnings forecasts, we are expecting MPR to record an ROE of 14.4% in FY13.

Dividend. Given a relatively a stronger balance sheet now, we expect MPR to revise its 25%-75% dividend payout policy. Based on our assumption of a 65% payout ratio, we are expecting MPR to pay out 13.6 sen of dividend in FY13F.

Management. Led by its Group MD Dato' Amrin Awaluddin and a team of experienced professionals, MPR charted commendable growth in FY12 despite the weak adex growth. We are confident that the current Management team can lift MPR to a new level going forward.

Recommendation

MPR is our top pick in the media sector, as we continue to believe that its business model as a fully-integrated media company should be able to benefit from the expected recovery in adex. Our valuation of MYR3.60 is derived from 15x FY14F P/E, which is +0.5 SD from the mean of its five-year historical trading band. **BUY**.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	1,698	1,783	1,872
Reported net profit (MYRm)	209	228	265
Recurring net profit (MYRm)	209	228	265
Recurring net profit growth (%)	(5.7)	9.1	16.3
Core EPS (MYR)	0.20	0.21	0.24
DPS (MYR)	0.13	0.14	0.16
Dividend Yield (%)	4.8	5.0	5.9
Core P/E (x)	13.79	12.86	11.11
Return on average equity (%)	14.0	14.4	15.8
P/B (x)	1.89	1.81	1.71
P/CF (x)	8.28	9.60	6.36

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-12	Dec-13F	Dec-14F
Total current assets	1,217	1,215	1,317
Total assets	2,668	2,704	2,820
Total current liabilities	579	563	613
Total non-current liabilities	523	493	463
Total liabilities	1,101	1,056	1,076
Shareholders' equity	1,547	1,627	1,720
Minority interests	19	21	23
Other equity	0	0	0
Total equity	1,567	1,649	1,743
Total liabilities & equity	2,668	2,704	2,820
Total debt	674	648	622
Net debt	(8)	16	(150)

Source: Company data, RHB estimates

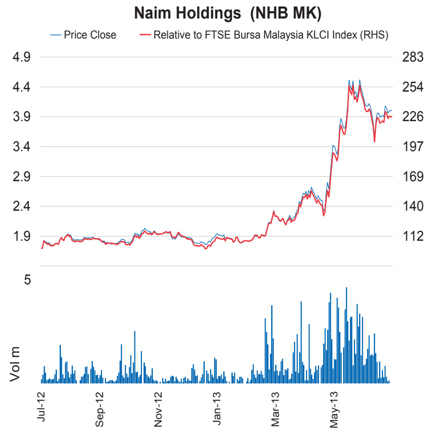
Cash flow (MYRm)	Dec-12	Dec-13F	Dec-14F
Cash flow from operations	348	305	463
Cash flow from investing activities	(82)	(121)	(91)
Cash flow from financing activities	(34)	(281)	(234)
Cash at beginning of period	450	682	632
Total cash generated	232	(96)	139
Implied cash at end of period	682	586	771

Source: Company data, RHB estimates

Naim Holdings

Target: MYR6.11
Price: MYR4.01

Cashing In On SCORE & Bintulu Property Boom



Source: Bloomberg

Stock Profile

Bloomberg Ticker	NHB MK
Avg Turnover (MYR/USD)	5.93m/1.93m
Net Gearing (%)	16.3
Market Cap (MYRm)	950m
Beta (x)	1.84
BVPS (MYR)	3.70
52-wk Price low/high (MYR)	1.75 - 4.52
Free float (%)	67

Major Shareholders (%)

Datuk Hasmi bin Hasnan	22.9
Lembaga Tabung Haji	10.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	(6.8)	54.2	106.7	135.9
Relative	(7.4)	49.1	100.6	126.0

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Investment Merits

- Its 33.6% stake in Dayang is worth ~MYR1bn (equivalent to Naim's market capitalisation), which means that zero value is being ascribed to the group's construction and property businesses
- Property development business on track for another record year, underpinned by new launches from MYR2bn *Bintulu Paragon*
- Bintulu now the hottest and fastest-growing property market in Sarawak, propelled by massive industrial development in Samalaju

Company Profile

Naim Holdings (Naim) is a Sarawak-based construction and property development company. It also owns a 33.6% stake in oil & gas (O&G) company Dayang Enterprise (BUY, DEHB MK, FV: MYR6.50).

Highlights

Sustained interest in small-cap contractors. We expect sustained interest in small-cap construction stocks due to improved sentiment after the 13th general elections, in addition to big-cap ones.

Strong sector fundamentals. The construction sector's fundamentals are strong owing to good earnings visibility boosted by ongoing mega projects such as the: i) MYR23bn Line 1 (Sg Buloh-Kajang Line) of the Klang Valley MRT project, ii) MYR60bn Refinery and Petrochemical Integrated Development (RAPID) in Pengerang, Johor, iii) MYR383bn Iskandar Malaysia, and iv) MYR334bn Sarawak Corridor of Renewable Energy (SCORE). In addition, there is a long list of shovel-ready mega infrastructure projects, including the: i) MYR25bn Line 2 (Sg Buloh-Serdang-Putrajaya Line) of the Klang Valley MRT project, ii) the MYR8bn Gemas-Johor Bahru double tracking project, iii) MYR7bn West Coast Expressway, and iv) MYR10bn Pan Borneo Highway. Also ready to take off are mega property projects such as: i) the MYR26bn Tun Razak Exchange (TRX), ii) MYR15bn Bandar Malaysia, iii) MYR10bn Kwasa Damansara, and iv) MYR5bn Warisan Merdeka Tower.

Steep discount to break-up value. We also find Naim interesting as it is trading at a glaring discount to its break-up value. Its 33.6% stake in Dayang is already worth about MYR1bn, which is about equal to its own market capitalisation. This means a zero value is being ascribed to its core construction and property businesses, which is grossly unjustified.

Key SCORE beneficiary. The prospects of Naim's construction unit are strong, buoyed by SCORE projects. Similarly, its property development business is on track for another record year following record property sales of MYR328m in FY12, boosted by new launches at its RM2bn integrated development *Bintulu Paragon* in Bintulu and its bread-and-butter residential units and shops in Miri and Kuching. Bintulu is now the hottest and fastest-growing property market in Sarawak, backed by the massive industrial development in Samalaju.

Strong take-up for *Bintulu Paragon*. It has already registered about 50% take-up for its *Street Mall* despite the premium pricing of about MYR680 per sq ft (psf) vis-à-vis MYR300-MYR400 psf for conventional shop units in Bintulu – at this pricing, conventional shop units in the city are already on par with those in Kuching. Launched in February with a total gross development value (GDV) of about MYR180m, *Street Mall* is the first component of Phase 1 of the MYR2bn integrated development *Bintulu Paragon*. Also, the recently launched small versatile office (SOVO) with a GDV of about MYR30m – the second component of Phase 1 of *Bintulu Paragon* – has also already clocked up 30%-40% take-up. Naim plans to put onto the market the third component of Phase 1 of *Bintulu Paragon*, comprising two condominium blocks (37- and 39-storey each) with a total GDV of MYR170m by year-end.

Company Report Card

Latest results. FY12 net profit surged 88% y-o-y thanks largely to higher property sales, improved construction margins and strong earnings growth of 33.6%-owned associate Dayang.

Balance sheet / Cashflow. As at 31 Dec 2012, Naim's net debt and gearing stood at a manageable MYR142.6m and 0.17x respectively. The Company registered a free cashflow of MYR17.4m in FY12 despite substantial property development costs of MYR24.6m and purchases of plant and equipment amounting to MYR13.4m.

ROE. The FY12 ROE of 11.1% was consistent with the industry average of 11%.

Dividend. Dividend declared in FY12 amounted to 8 sen per share (single-tier), translating to a net yield of 2%.

Management. At the helm of the company is founder and managing director Datuk Hasmi Hasnan, who has had more than 30 years' experience in the construction, property development, trading and manufacturing businesses.

Recommendation

Our valuation is MYR6.11, based on 12x FY14F EPS, which is in line with our one-year forward target 10x-16x P/Es for the construction sector. BUY.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	493	526	605
Reported net profit (MYRm)	88	115	153
Recurring net profit (MYRm)	85	115	153
Recurring net profit growth (%)	81.2	35.3	32.4
Core EPS (MYR)	0.34	0.46	0.61
Core P/E (x)	11.75	8.69	6.56
Return on average equity (%)	11.1	13.1	15.4
P/B (x)	1.21	1.08	0.95
P/CF (x)	na	42.63	33.70

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-12	Dec-13F	Dec-14F
Total current assets	834	862	897
Total assets	1,397	1,500	1,644
Total current liabilities	154	154	154
Total non-current liabilities	390	399	410
Total liabilities	544	552	564
Shareholders' equity	830	926	1,058
Minority interests	22	22	22
Other equity	-	-	(0)
Total equity	852	948	1,081
Total liabilities & equity	1,397	1,500	1,644
Total debt	352	352	352
Net debt	143	154	159

Source: Company data, RHB estimates

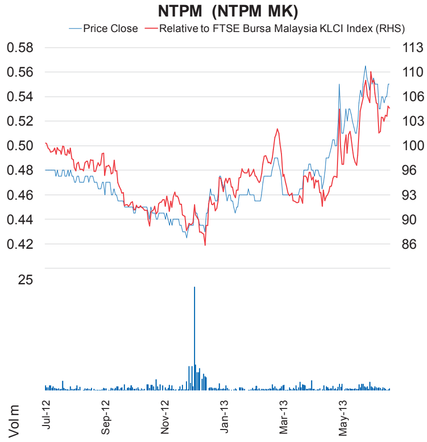
Cash flow (MYRm)	Dec-12	Dec-13F	Dec-14F
Cash flow from operations	(19)	24	30
Cash flow from investing activities	22	(15)	(15)
Cash flow from financing activities	(9)	(20)	(20)
Cash at beginning of period	213	209	198
Total cash generated	(7)	(11)	(5)
Forex effects	(0)	-	-
Implied cash at end of period	207	198	192

Source: Company data, RHB estimates

Target:	**MYR0.69**
Price:	**MYR0.55**

NTPM Holdings

Getting Exciting



Source: Bloomberg

Stock Profile

Bloomberg Ticker	NTPM MK
Avg Turnover (MYR/USD)	0.26m/0.08m
Net Gearing (%)	16.0
Market Cap (MYRm)	611m
Beta (x)	0.53
BVPS (MYR)	0.30
52-wk Price low/high (MYR)	0.43 - 0.57
Free float (%)	30

Major Shareholders (%)

Lee See Jin	30.2
Teoh Boon Beng	18.3
Lee Chong Choon	11.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	0.9	14.6	19.6	14.6
Relative	0.3	9.5	13.5	4.7

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Investment Merits

- Malaysia's largest tissue paper manufacturer
- A defensive business as its products are basic necessities
- Decent ROE and dividend yield

Company Profile

NTPM, incorporated in 1979, has blossomed into Malaysia's biggest tissue paper manufacturer, caterting to some 60% of the nation's tissue paper needs via well-known brands such as *Premier*, *Cutie*, *Royal Gold*, and *ConV*. It also exports to more than 27 countries, with Singapore as its largest export market, accounting for ~20% of total revenue. NTPM currently has an annual production capacity of 100,000 tonnes, with utilisation at ~70%.

Highlights

Defensive business model. NTPM manufactures tissue paper and personal care products that are deemed necessities and thus recession-proof. Demand for its products is inelastic. While consumers may cut down on non-discretionary items when necessary, they are not able to dispense with necessities like tissue paper. Although some may opt for cheaper products, the Group is in a good position to withstand any product switching because it has different products at varied pricing targeting different market segments.

Venturing further into personal care. NTPM has a strong market presence, commanding ~50% of Malaysia's tissue paper market via renowned brands such as *Premier*, *Cutie*, *Royal Gold* and *ConV*. Meanwhile, its personal care division – consisting of products like baby diapers, napkins and facial cotton under the *Diapex*, *Intimate* and *Premier* brands – is slowly gaining traction. Since venturing into the diaper business in 2009, the Group has managed to grab about 10% market share. It is also involved in the recycling business, producing compressed boards from its paper waste and plastic products from plastic waste/tetra packs. Going forward, NTPM intends to sharpen its focus in the growing personal care market segment. All in, we expect earnings to improve on higher revenue from its personal care division, with the Group targeting a 20% to 30% topline contribution in the medium-term.

Foray into Vietnam. NTPM's recent foray into the Vietnam Singapore Industrial Park is part of its long-term plan to target the Indochina market while taking advantage of Vietnam's cheaper costs and abundant labour to expand its production capacity. The Group will invest USD19.1m on a 25-acre plant, funding it via internally generated funds and borrowings. This should increase its gearing by around 2%.

NTPM's Vietnam operation will be rolled out in two phases: i) the manufacturing of toilet paper and facial tissue from semi-finished paper rolls from 2014 onwards, and ii) the production of semi-finished paper rolls, toilet paper and facial tissue from paper pulp and recycled paper pulp from 2015. There might be potential upside to our FV once the plant comes on stream. We have not factored in the contribution from this new plant as it will only be completed mid-next year, and thus contributions from it would be hard to quantify just yet.

Company Report Card

Latest results. NTPM's FY13 revenue and earnings expanded by 6.8% and 9.6% y-o-y respectively to MYR480.6m and MYR49.1m. Sales were boosted by a 37.9% y-o-y jump in revenue growth from its personal care segment, especially due to higher domestic baby diaper sales, which mitigated a 1.1% y-o-y dip in turnover from its paper products division.

Balance sheet / Cashflow. The net gearing is still at a relatively low level of 27.1% as at end-FY13.

ROE. NTPM's ROE has been trending lower, from >20% to mid-double digits over the past two years due to persistently high raw material prices previously. Moving forward, we expect ROE to improve to 17%, in view of the Group's steady earnings momentum.

Dividend. NTPM does not have a formal dividend policy, but has been paying out >50% of its earnings since FY09, except in FY12 due to the weaker profitability that year. We believe management is likely to maintain payout at this level, which offers >5% dividend yield.

Management. The Group's managing director and founder, Mr Lee See Jin, has more than 26 years of experience in the paper industry. His son, Mr Lee Chong Choon, joined NTPM's board of directors in 1999 to help steer the Company

Recommendation

We expect NTPM's earnings to be on track to meet our FY14 forecast, given its leading domestic market share, regional footprint and expansion into the personal care segment. Maintain BUY, with a valuation of RM0.69, based on 13x CY14 EPS.

Profit & Loss	Apr-13	Apr-14F	Apr-15F
Total turnover (MYRm)	481	551	585
Reported net profit (MYRm)	49	55	60
Recurring net profit (MYRm)	49	55	60
Recurring net profit growth (%)	9.5	12.7	9.0
Core EPS (MYR)	0.04	0.05	0.05
DPS (MYR)	0.03	0.03	0.03
Dividend Yield (%)	5.3	5.3	5.5
Core P/E (x)	12.59	11.18	10.26
Return on average equity (%)	16.5	17.0	17.1
P/B (x)	1.99	1.82	1.69
P/CF (x)	7.80	9.84	6.72

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Apr-11	Apr-12	Apr-13
Total current assets	192	212	224
Total assets	400	464	518
Total current liabilities	123	124	162
Total non-current liabilities	28	56	45
Total liabilities	152	181	207
Shareholders' equity	249	283	310
Total equity	249	283	310
Total liabilities & equity	400	464	518
Total debt	77	101	116
Net debt	50	76	84

Source: Company data, RHB estimates

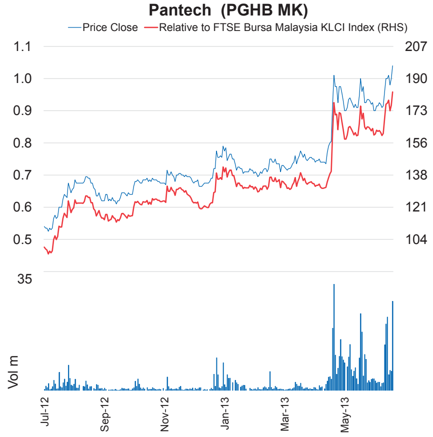
Cash flow (MYRm)	Apr-11	Apr-12	Apr-13
Cash flow from operations	47	44	79
Cash flow from investing activities	(38)	(41)	(65)
Cash flow from financing activities	8	(5)	(7)
Cash at beginning of period	12	27	25
Total cash generated	16	(2)	7
Implied cash at end of period	27	25	32

Source: Company data, RHB estimates

Pantech

Target:	**MYR1.43**
Price:	**MYR1.04**

The Jewel Continues To Shine



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PGHB MK
Avg Turnover (MYR/USD)	6.88m/2.18m
Net Gearing (%)	12.0
Market Cap (MYRm)	557m
Beta (x)	1.25
BVPS (MYR)	0.75
52-wk Price low/high (MYR)	0.53 - 1.11
Free float (%)	34

Major Shareholders (%)

CTL Capital Holding	21.1
GL Management Agency SB	16.6
Koperasi Permodalan Felda	7.7

Share Performance (%)

	1m	3m	6m	12m
Absolute	6.7	38.7	37.7	92.6
Relative	6.1	33.6	31.6	82.7

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Investment Merits

- Strong growth potential with exposure to the booming O&G sector
- Solid foundation and established business relationship with globally renowned oil majors
- Oil majors continuing capex spending amid favourable oil prices
- BUY, with MYR1.43 FV, based on a 13x FY14F P/E.

Company Profile

Pantech is primarily involved in the manufacturing and trading of pipes, fittings and flow controls (PFF). It also manufactures carbon steel fittings, stainless pipes and fittings, induction long bend and copper nickel fittings.

Highlights

Strong growth potential. Pantech's growth potential remains intact and its outlook is bright. The Group's trading and carbon steel fittings manufacturing divisions will continue to provide a strong foundation while its subsidiaries – Nautic Steel Ltd and stainless steel arm Pantech Stainless & Alloy Industries SB – would be its main growth drivers.

Solid foundation. Pantech has established itself as the industry's one-stop provider of pipes, fittings and flanges. Its products cater to industries that deal with flowing liquid or gas, including the oil and gas (O&G), chemicals, and palm oil sectors. The Group is currently focusing on expanding its clientele in the O&G sector, as it believes the sector has strong growth potential, both locally and abroad.

Nautic a successful investment. Pantech started to see significant growth in FY13 following its acquisition of UK-based Nautic Steel. This subsidiary is able to manufacture exotic products such as copper nickel, duplex and super duplex fittings. Furthermore, with Nautic Steel on board, its business network now has access to most of the global oil majors, which should facilitate Pantech's cross-selling efforts.

Local O&G sector looks bright. Petronas' 2011-2016 capex budget of MYR300bn is expected to boost the local O&G sector. The high capex should lead to rising demand for Pantech's products, which should support local sales growth.

Expanding overseas. The Group plans to capitalise on the approvals Nautic Steel has obtained from the international oil majors to expand its client base. We gather that it is targeting Brazil as the main growth market for Nautic Steel's products, with the country's state-owned O&G corporation Petrobras among its clients. The Group, via Nautic Steel, has also made inroads by supplying its products to Saudi Arabia's state-owned corporation Saudi Aramco. Pantech's recently secured contract with Pertamina in Indonesia for the supply of induction long bend, shows that the company is expanding aggressively overseas to boost its profitability.

Company Report Card

Latest results. Pantech's FY13 results were largely in line with our estimates, with a net profit at MYR55.0m (+59.4% y-o-y). Its trading division recorded stronger sales of MYR384.1m (+25% y-o-y) and PBT of MYR59.8m (+39% y-o-y), mainly buoyed by robust demand from O&G companies for their ongoing projects. It is encouraging to note that the sales and PBT of Pantech's manufacturing division soared by 100% y-o-y and 247% y-o-y respectively, fuelled by strong contribution from Nautic Steel and a better product mix at its carbon steel fittings manufacturing unit.

Balance sheet / Cashflow. At first glance, Pantech may seem highly geared. However, most of its borrowings are actually trade facilities, which are very short-term in nature and facilitate its trading business. Stripping out such borrowings, it has a very low gearing and a solid balance sheet.

ROE. Based on our forecast, Pantech is still able to deliver a 15.8% ROE in FY14F.

Dividend. Although Pantech is still in a growth stage, the Group has been very generous in paying out good dividends to its shareholders. For the past three financial years, the payout ratio has been greater than 40% and its yield was around 6%-7%. Our assumptions are based on a conservative 30% dividend payout in FY14F, which could translate into a dividend yield of 3.2% based on 12 July's price of MYR1.04. We deem the yield attractive for a growing company.

Management. Pantech is led by an experienced management team comprising chairman/Group MD Dato' Jimmy Chew, who has more than 30 years' experience in the PFF industry, deputy MD Dato' Goh Teoh Kean, with 20 years' experience in PFF solutions, and executive director Arian Tan, who is also the MD of subsidiary Pantech Steel Industries SB. Collectively, the trio is a formidable driving force behind Pantech's success.

Recommendation

Reiterate BUY. We remain bullish on Pantech for its solid foundation and attractive growth potential. We think that the stock rightly justifies our 13x target P/E as its O&G customers are global majors such as Petronas, Petrobras and Saudi Aramco. Note that almost 80% of its earnings come from the O&G sector and as such the stock provides a cheap exposure to the O&G play. All said, we are reiterating our BUY call and MYR1.43 valuation.

Profit & Loss	Feb-12	Feb-13	Feb-14F
Total turnover (MYRm)	435	637	733
Reported net profit (MYRm)	34	55	63
Recurring net profit (MYRm)	34	55	63
Recurring net profit growth (%)	18.1	60.7	15.5
Core EPS (MYR)	0.08	0.11	0.11
DPS (MYR)	0.04	0.04	0.03
Dividend Yield (%)	3.4	4.0	3.2
Core P/E (x)	13.75	9.61	9.41
Return on average equity (%)	10.5	15.4	15.8
P/B (x)	1.40	1.40	1.40
P/CF (x)	32.12	13.80	24.31

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Feb-12	Feb-13	Feb-14F
Total current assets	431	487	562
Total assets	597	696	754
Total current liabilities	188	232	242
Total non-current liabilities	72	87	84
Total liabilities	259	319	326
Shareholders' equity	337	377	428
Minority interests	0	0	0
Other equity	0	0	0
Total equity	337	377	428
Total liabilities & equity	597	696	754
Total debt	98	138	142
Net debt	(4)	58	52

Source: Company data, RHB estimates

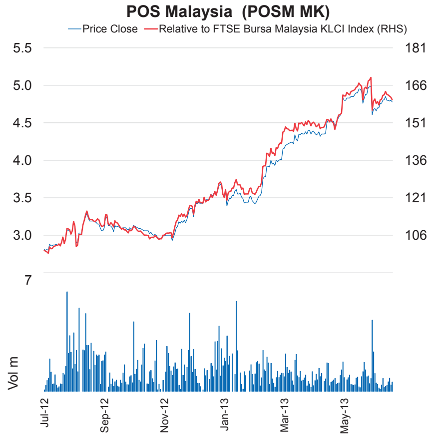
Cash flow (MYRm)	Feb-12	Feb-13	Feb-14F
Cash flow from operations	15	38	25
Cash flow from investing activities	(34)	(84)	(22)
Cash flow from financing activities	(17)	23	9
Cash at beginning of period	138	102	79
Total cash generated	(36)	(23)	11
Forex effects	(0)	(0)	-
Implied cash at end of period	102	79	90

Source: Company data, RHB estimates

POS Malaysia

Target: MYR6.00
Price: MYR4.78

Eyeing Regional Opportunities



Source: Bloomberg

Stock Profile

Bloomberg Ticker	POSM MK
Avg Turnover (MYR/USD)	3.81m/1.24m
Net Gearing (%)	-38.2
Market Cap (MYRm)	2,567m
Beta (x)	1.11
BVPS (MYR)	2.00
52-wk Price low/high (MYR)	2.86 - 4.99
Free float (%)	55

Major Shareholders (%)

DRB HICOM	32.2
Aberdeen	13.2
EPF	8.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	0.4	9.1	30.6	70.1
Relative	(0.2)	4.0	24.5	60.2

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Investment Merits

- Strong growth expected from all its business segments
- *Five-Year Strategic Plan* aims to propel POSM to become a regional postal/logistics service provider
- Buy, with FV MYR6.00 derived from 17x FY14F P/E.

Company Profile

POS Malaysia (POSM) is Malaysia's exclusive mail services provider. The Company has undergone a massive restructuring since 2011 after DRB-HICOM (DRB MK; BUY, FV: MYR3.30) emerged as its controlling shareholder. The *Five-Year Strategic Plan*, which was released in late-2011, aims to propel POSM to the next level of growth, with the ultimate goal of making it a regional postal/logistic service provider.

Highlights

Solid business units. POSM has been restructured and reorganised to cope with the decline in traditional postal volume, which has plagued most postal services companies in the world. Its mail segment has seen a drastic halt in volume reduction in FY13, thanks to the introduction of direct mail services. Its courier arm, *POS Laju* has chartered strong growth in FY13 due to the proliferation of online SME businesses and resulting increase in the demand for its services. This segment has also embarked on logistics services for POSM's sister company Proton earlier this year as the first step to expand further into the logistics services business. Meanwhile, the main growth driver for its retail segment is its Islamic pawn broking unit *Ar Rahnu*. There are currently 46 *Ar Rahnu* outlets and POSM aims to grow that number to 100 by end-FY14.

Expansion on track. POSM is currently in the second phase of its transformation plan to expand into new businesses, particularly in the logistics and digital space. The first phase of the plan has proven to be successful as its courier arm has grown strongly while its mail segment has stopped bleeding with increased contributions from direct mail services.

Second phase of transformation. POSM named the second phase of its transformation *New Business Quantum Leap Phase,* whereby the Company will focus mainly on diversifying the income stream of its supply chain solution services (logistics), creating innovative solutions across channels, expand its digital business and provide services beyond postal.

Various growth catalysts. Apart from the strong growth expected from its business operations, we see various growth catalyst that could materialise in the future: i) there may be some interesting M&As in the offing, considering M&A is the fastest way to expand, ii) it may monetise a valuable asset – its strategically located landbank. Although Management did not guide for any land development, we see potential surprises as POSM has indicated that it plans to monetise its assets.

Company Report Card

Latest results. POSM posted a core net profit of MYR144.9m in FY13, a commendable growth of 24.1% y-o-y. This reaffirmed Management's restructuring efforts.

Balance sheet / Cashflow. POSM has a solid balance sheet with a huge cash pile of MYR479m and no debt. However, the Company may be looking at *sukuk* facilities to fund its ongoing expansion plans.

ROE. We expect strong ROE of 18.4% for FY14F, derived mainly from its strong earnings growth.

Dividend. The Group has been paying 16.5 sen gross dividend in the last three financial years, which translate into an annual payout of about 50%. Management did not guide on any possible increase in the dividend payout but we are of the view that it may want to retain cash for expansion.

Management. Since DRB-HICOM came on board in 2011 and introduced a new transformation plan, POSM's financial health has improved. As such, we believe the company would continue to grow positively under the helm of the current management team, led by its newly appointed CEO Datuk Iskandar Mizal Mahmood.

Recommendation

BUY. We continue to recommend a BUY for POSM for its solid business growth and potential positive surprises from landbank developments. Our valuation of MYR6.00 is pegged to 17x FY14F P/E, which is on par with Singapore Post (SPOST SP), as we believe that POSM is on the right track to be an established regional postal/logistics player.

Profit & Loss	Mar-13	Mar-14F	Mar-15F
Total turnover (MYRm)	1,270	1,397	1,527
Reported net profit (MYRm)	151	186	210
Recurring net profit (MYRm)	145	186	210
Recurring net profit growth (%)	(4.3)	28.5	13.0
Core EPS (MYR)	0.27	0.35	0.39
DPS (MYR)	0.06	0.17	0.20
Dividend Yield (%)	1.3	3.6	4.1
Core P/E (x)	17.71	13.78	12.20
Return on average equity (%)	16.4	18.4	18.7
P/B (x)	2.71	2.39	2.17
P/CF (x)	10.67	21.80	9.46

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Mar-13	Mar-14F	Mar-15F
Total current assets	862	672	672
Total assets	1,615	1,771	1,859
Total current liabilities	631	678	661
Total non-current liabilities	37	18	18
Total liabilities	668	696	679
Shareholders' equity	947	1,075	1,181
Minority interests	1	-	-
Other equity	(0)	-	-
Total equity	948	1,075	1,181
Total liabilities & equity	1,615	1,771	1,859
Total debt	18	-	-
Net debt	(649)	(411)	(395)

Source: Company data, RHB estimates

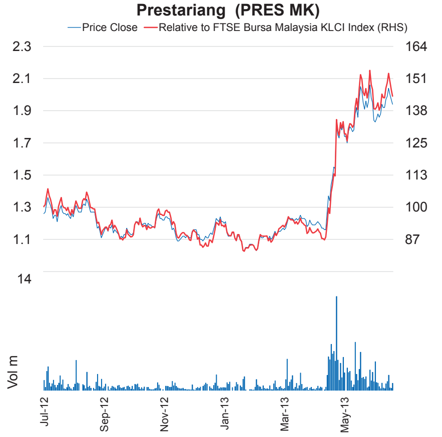
Cash flow (MYRm)	Mar-13	Mar-14F	Mar-15F
Cash flow from operations	241	118	271
Cash flow from investing activities	(33)	(281)	(182)
Cash flow from financing activities	(85)	(93)	(105)
Cash at beginning of period	544	666	411
Total cash generated	122	(256)	(16)
Implied cash at end of period	666	411	395

Source: Company data, RHB estimates

Prestariang

Target: MYR2.36
Price: MYR1.94

Shining Bright



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PRES MK
Avg Turnover (MYR/USD)	3.32m/1.08m
Net Gearing (%)	-75.7
Market Cap (MYRm)	425m
Beta (x)	1.60
BVPS (MYR)	0.46
52-wk Price low/high (MYR)	1.03 - 2.20
Free float (%)	45

Major Shareholders (%)

Dr Abu Hasan Ismail	36.5
Kumpulan Modal Perdana	6.3
Employees Provident Fund	5.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	(0.5)	59.0	60.3	54.0
Relative	(1.1)	53.9	54.2	44.1

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Investment Merits

- The largest provider for ICT training, certification and software license management and distribution in Malaysia
- Appealing dividend yield of 5%-6% p.a.
- Solid presence in a niche segment
- BUY, FV of MYR2.36, based on a P/E of 10x FY14

Company Profile

Prestariang (Pres) provides ICT services specialising in professional training and certification and software licence management and distribution. It also offers more than 50 certification courses from several technology and software providers and organisations including Microsoft, IBM, Oracle, Autodesk, EC-Council and Adobe.

Highlights

Malaysia's first ICT boutique university. In 2012, Pres established Malaysia's first boutique university, University Malaysia of Computer Science and Engineering (UniMy), through a Government-led initiative. Under the initiative, UniMy is dedicated to provide specialised computer science and engineering education to meet the country's demand for ICT-related professions. UniMy will also be working closely with industry partners such as Microsoft, IBM, Autodesk, EC Council and Huawei to provide an industry-relevant curriculum as well as exposure for the students. The university is targeting an enrolment of 300 students for its foundation and undergraduate course in 2013. Assuming an average fee of MYR30k per student, we believe that this would translate into recurring earnings of MYR15m-MYR20m annually for the Group when UniMy reaches its full capacity of 3,000 students.

More development on its in-house programmes. Currently, most of Pres' revenue comes from its external partners, ie for the provision of professional training and certification. It aims to reduce this dependency by developing new and innovative in-house training and certification programmes, such as the IC CITIZEN (ICC), SmartGreen (SG), and Proficiency in Enterprise Communications (PEC). The Group had earlier this year also launched its Green IT Certification and Training Programme. Moving forward, we believe that Management may consider developing *ICC@2.0*, following the success of its first ICC programme in 2010. We are positive on Pres' focus on developing in-house products, which could boost its earnings through patented rights and serve as a platform for regional expansion.

Great potential in ICT training for O&G sector. Besides having developed an acknowledged oil and gas (O&G)-centric ICT training and certification programme, Pres revealed that it is collaborating with Autodesk to provide software management services to the O&G industry. In addition, the Group secured a MYR4.8m contract in Dec 2012 and another contract worth MYR2m in April this year to provide training and certification for university graduates. Although the contract values are relatively small, we view this as part of the Group's efforts to tap into the lucrative O&G sector. Going forward, we see further growth potential in the industry, with Pres working closely with the Government and industry players to offer more training and certification programmes.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	110	146	170
Reported net profit (MYRm)	37	46	52
Recurring net profit (MYRm)	37	46	52
Recurring net profit growth (%)	12.1	24.7	11.8
Core EPS (MYR)	0.17	0.21	0.24
DPS (MYR)	0.10	0.11	0.12
Dividend Yield (%)	5.2	5.7	6.2
Core P/E (x)	11.51	9.23	8.25
Return on average equity (%)	50.7	50.9	45.1
P/B (x)	5.35	4.19	3.35
P/CF (x)	10.04	9.62	8.28

Source: Company data, RHB estimates

Company Report Card

Latest results. Pres delivered commendable 1QFY13 core earnings of MYR9.0m, in line with our expectations.

Balance sheet / Cashflow. With a net cash balance of MYR61m, which translates into MYR0.28/share, we deem the Group's balance sheet relatively robust vs that of its peers. Moreover, expect its balance sheet to strengthen in tandem with its growth trajectory.

ROE. As Pres has been posting double-digit ROEs historically, we expect it to continue delivering strong ROEs going forward, buoyed by minimal capex requirements and low overhead costs.

Dividend. Given the Group's strong net cash balance sheet and asset-light business model, management has set a dividend policy of 50%. It paid out a DPS of 10 sen in FY12, which translated into a 59% dividend payout ratio. We expect the company to distribute a dividend of 11 sen for FY13, which will translate into an attractive yield of more than 5%.

Management. Pres' management team is led by its founder, Dr Abu Hasan Ismail, who is also the company's single largest shareholder with a 36.5% effective stake. Starting out as an academician, Dr Abu rose to professorship before being appointed as the first Dean of the Faculty of Creative Multimedia at Multimedia University. He joined the ICT industry in 2000 while continued being involved in academic advisory work.

Balance Sheet (MYRm)	Dec-11	Dec-12	Dec-13F
Total current assets	75	89	113
Total assets	87	103	130
Total current liabilities	19	22	26
Total non-current liabilities	2	1	1
Total liabilities	21	23	28
Shareholders' equity	67	80	102
Total equity	67	80	102
Total liabilities & equity	87	103	130
Total debt	2	2	2
Net debt	(46)	(61)	(77)

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-11	Dec-12	Dec-13F
Cash flow from operations	24	43	44
Cash flow from investing activities	(4)	(3)	(4)
Cash flow from financing activities	(1)	(25)	(24)
Cash at beginning of period	26	47	61
Total cash generated	20	15	16
Forex effects	1	-	-
Implied cash at end of period	46	62	77

Source: Company data, RHB estimates

Recommendation

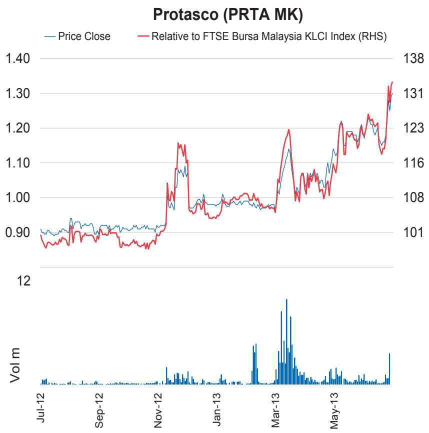
BUY. We see growth potential for the company to provide ICT training in the lucrative O&G sector. In addition, UniMy is expected to contribute to the Group's recurring income – making up 60% of its total income – which would in turn boost its future margins. All in, Pres remains the cheapest proxy to the education sector. We like the company for its strong net cash balance sheet and attractive dividend payout. We value the stock at MYR2.36 based on a target P/E of 10x FY14 earnings.

Target: **MYR1.60**
Price: **MYR1.30**

PROTASCO BERHAD

Protasco

Riding On Hot Sectors: Construction, Property & Oil & Gas



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PRTA MK
Avg Turnover (MYR/USD)	0.67m/0.22m
Net Gearing (%)	0.0
Market Cap (MYRm)	395m
Beta (x)	0.54
BVPS (MYR)	1.21
52-wk Price low/high (MYR)	0.89 - 1.30
Free float (%)	50

Major Shareholders (%)

Dato' Ir Chong Ket Pen	25.5
Tey Por Yee	15.4
Lembaga Tabung Haji	9.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	9.2	25.0	32.7	42.9
Relative	8.6	19.9	26.6	33.0

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Investment Merits

- Strong earnings visibility, 60%-70% of Group profits come from road maintenance under concessions
- Property business to become sizeable, driven by launches from MYR6.6bn *De Centrum* edu-city in Bangi, Selangor
- Venturing into oil & gas (O&G) following the USD55m acquisition of a brownfield oil field in Aceh, Indonesia

Company Profile

Protasco's core business is the maintenance of State and Federal roads under various concessions (60%-70% of total profits). The remaining profits come from straight construction contracts, education (Infrastructure University Kuala Lumpur) and property development.

Highlights

Road concessions pending renewal. We consider the risk of non-renewal of Protasco's road maintenance concessions (MYR1.6bn outstanding currently, expiring between 2015 and 2019) to be low. Having commenced discussions with the Government, the Company believes that it is in a strong position to secure the renewals, as it has done a good job thus far. Over the years, it has also attained economies of scale and built up a fleet of equipment that give it a strong defense against potential newcomers.

Meanwhile, Prostasco is also developing its non-concession construction business to broaden its construction earnings base. However, at MYR88m currently, its non-concession construction orderbook is still not substantial. It is not keen to bid for MRT job packages, citing unattractive margins.

Sitting on a goldmine. While relatively small now, Protasco's property development business could potentially become very sizable given the prime location of its key landbank, ie the 100-acre land in Bangi, Selangor, where Infrastructure University Kuala Lumpur sits on. The land has a double frontage, ie KL-Seremban Highway near the Kajang toll exit, as well as the trunk road connecting Kajang to Putrajaya. Protasco intends to redevelop the site into an edu-city called *De Centrum* that will boast a new Infrastructure University Kuala Lumpur campus, coupled with residential, commercial, retail and recreational areas with a gross development value (GDV) of MYR6.6bn over 15 years. The soft launch of its MYR250m Phase 1 (official launch still pending) has seen a good take-up, ie small office home office (SOHO, 41%) and apartments (60%-70%). Key buyers are Government servants working in/commuting to Putrajaya), shop lots (100%) and a shopping mall (held for investment).

Foray into O&G. Protasco is making a major investment in the O&G sector. It is currently performing due diligence on a proposed acquisition of a 76% stake in PT Anglo Slavic Indonesia (PT ASI) for USD55m (MYR176m). PT ASI owns an effective 66.5% stake in a brownfield oil field in Aceh, Indonesia, with 30 onshore wells that are no longer in commercial production, given that oil reserves in Layer 1 (1km-1.2km depth) have been depleted. Protasco's game plan is to invest in technology to further extract oil from Layers 2 & 3, as well as to drill another 15 new wells. The acquisition comes with a total profit guarantee of USD50m (MYR160m) at PT ASI over the next four years.

Company Report Card

Latest results. FY12 net profit grew 18% y-o-y, largely bolstered by increased road maintenance work orders in East Malaysia and an upward revision in road maintenance rates.

Balance sheet / Cashflow. Protasco is currently in MYR121.8m net cash, or 41 sen per share (after paying MYR50m deposit for the PT ASI acquisition). Should the acquisition of PT ASI materialise, it will still have net cash of MYR19.8m (assuming the acquisition is partly settled with 20m new shares at an assumed issue price of MYR1.20 per share). The Company's FY12 free cashflow stood at MYR23.1m, despite substantial capex amounting to MYR23.3m, coupled with a MYR50m deposit payment relating to the proposed PT ASI acquisition.

ROE. ROE of 10.5% in FY12 was in line with the industry average of 11%.

Dividend. Protasco declared a single-tier total dividend of 14 sen per share (including 6 sen special dividend) in FY12, which translated into a net yield of 10.8%.

Management. The Company is led by founder, executive vice chairman and group managing director Dato' Ir Chong Ket Pen. An engineer by profession, he has more than 30 years of experience in the construction sector, specialising in road pavements.

Recommendation

Our valuation of MYR1.60 is based on 10x FY1F4 EPS of 16 sen, in line with our benchmark 1-year forward target P/E of 10x-16x for the construction sector.

Profit & Loss	Dec-11	Dec-12	Dec-13F
Total turnover (MYRm)	696	794	913
Reported net profit (MYRm)	32	37	43
DPS (MYR)	0.08	0.14	0.10
Dividend Yield (%)	6.1	11.0	7.7
Core P/E (x)	na	na	na
Return on average equity (%)	8.9	10.5	11.5
P/B (x)	1.09	1.10	1.08
P/CF (x)	5.47	20.11	na

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-10	Dec-11	Dec-12
Total current assets	476	468	518
Total assets	675	660	699
Total current liabilities	275	262	287
Total non-current liabilities	11	12	12
Total liabilities	285	274	299
Shareholders' equity	354	358	354
Minority interests	36	27	47
Total equity	390	386	401
Total liabilities & equity	675	660	699
Total debt	35	38	42
Net debt	(174)	(183)	(114)

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-10	Dec-11	Dec-12
Cash flow from operations	81	71	19
Cash flow from investing activities	(14)	(11)	5
Cash flow from financing activities	(49)	(53)	(63)
Cash at beginning of period	163	181	190
Total cash generated	17	7	(39)
Forex effects	(1)	(0)	0
Implied cash at end of period	180	188	151

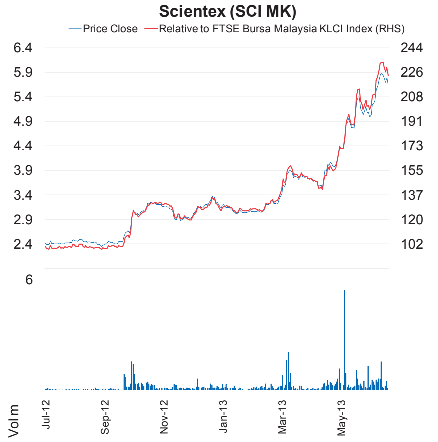
Source: Company data, RHB estimates

Scientex

Target: MYR6.80

Price: MYR5.66

Capacity Growth Boosts Earnings



Source: Bloomberg

Stock Profile

Bloomberg Ticker	SCI MK
Avg Turnover (MYR/USD)	1.90m/0.61m
Net Gearing (%)	4.0
Market Cap (MYRm)	1,252m
Beta (x)	1.00
BVPS (MYR)	2.39
52-wk Price low/high (MYR)	2.35 - 5.87
Free float (%)	40

Major Shareholders (%)

Scientex Holding SB	19.0
Scientex Leasing SB	10.5
Lim Teck Meng SB	6.3

Share Performance (%)

	1m	3m	6m	12m
Absolute	4.8	50.1	74.7	133.9
Relative	4.2	45.0	68.6	124.0

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Investment Merits

- Among the world's top five largest stretch film producers
- Also a reputable mid- to high-end property developer in South Johor and Melaka
- Aggressive capacity expansion and ongoing property development will boost earnings

Company Profile

Scientex was incorporated in 1968 as Scientex Textiles Industries SB, a polyvinyl chloride (PVC) leather cloth and sheeting manufacturer. Listed in 1990, Scientex has a market capitalisation of more than MYR230m and total combined assets of approximately MYR600m. Currently, Scientex is the leading stretch film producer in Asia and one of the top five largest producers of stretch film globally. Its two core businesses are the manufacturing of packaging and polymer products and property development.

Highlights

Expanding manufacturing capacity. Following the successful acquisition of GW Plastic Holdings' core businesses, namely Great Wall Plastic Industries and GW Packaging SB, in Jan 2013, Scientex's stretch film annual capacity increased by 28.4% to 154k tonnes from 120k tonnes, making it among the top five stretch films producers in the world. The Group will also leverage on the acquisition to tap into the consumer packaging business, which will facilitate its entry into the burgeoning food and beverage (F&B) and fast-moving consumer goods (FMCG) sectors. The current capacity of the consumer packaging business is 34k tonnes p.a. It plans to expand its stretch film capacity by another 40k tonnes to 194k tonnes p.a. and boost its consumer packaging capacity by 50% to 51k tonnes p.a. by FY14.

Riding on Iskandar's growth. Scientex ventured into property development in 1993 to develop its flagship projects in Pasir Gudang and Kulai, known as *Scientex Pasir Gudang* and *Scientex Kulai*. Although the property segment only accounts for ~30% of Group revenue, the unit has been its main earnings driver. Currently, the Group has a total gross development value (GDV) of MYR4.7bn, of which MYR767m is for ongoing projects and MYR3.9bn for future developments. It will recognise its unbilled sales of MYR311m (as of April 2013) over the next two to three years, while its existing landbank is capable of sustaining its growth for another 10 years. Tapping into the Iskandar region's growth, the Group launched its maiden commercial development in Senai, Johor in June 2013 with a total GDV of MYR100m. It will also launch a high-end project in Taman Muzaffar Heights, Melaka in early-2014 with a GDV of MYR300m.

Company Report Card

Latest results. Scientex's 9MFY13 revenue and net profit leaped 31% and 32.2% y-o-y respectively, underpinned by the additional contribution from the newly-acquired GW Plastics and GW Packaging SB.

Balance sheet. As at April 2013, its net gearing stood at 0.43x vs 0.04x in FY12 due to borrowings incurred for acquisitions. We believe the net gearing ratio is still at a comfortable level and should not be of concern.

ROE. We expect Scientex's ROE to improve in FY13 to 22.9% from 16.9% in FY12 on the back of stronger earnings.

Dividend. Scientex has a dividend policy of paying out a minimum 30% of its earnings to shareholders. The dividend payout has been fairly consistent at 30%-35% for the past three years. Thus, we expect it to dish out 16 sen DPS in FY13, which translates into a 31% payout ratio and a net yield of 2.8%.

Management. Scientex is in the good hands of its founder, Mr Lim Teck Meng, who has more than 40 years of experience in the polymer industry and vast experience in trading and property development. Mr Lim Peng Jin, the founder's son, is currently the managing director of Scientex. He has local and international working experience in the field of polymer and chemicals for >20 years.

Recommendation

We are optimistic that the Group will deliver high double-digit top- and bottom-line growth for FY13/FY14, supported by its ongoing manufacturing capacity expansion as well as strategic landbank acquisition and development. We derive a sum-of-parts valuation of MYR6.80, pegged to a P/E of 12.5x for the manufacturing segment and a P/E of 8x for the property division.

Profit & Loss	Jul-12	Jul-13F	Jul-14F
Total turnover (MYRm)	881	1,216	1,530
Reported net profit (MYRm)	84	114	144
Recurring net profit (MYRm)	84	114	144
Recurring net profit growth (%)	8.7	35.8	26.4
Core EPS (MYR)	0.38	0.52	0.65
DPS (MYR)	0.13	0.16	0.20
Dividend Yield (%)	2.3	2.8	3.5
Core P/E (x)	14.84	10.93	8.65
Return on average equity (%)	16.9	22.9	-
P/B (x)	2.37	na	na
P/CF (x)	9.62	na	na

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Jul-10	Jul-11	Jul-12
Total current assets	239	281	296
Total assets	675	725	809
Total current liabilities	171	182	213
Total non-current liabilities	53	37	36
Total liabilities	224	219	249
Shareholders' equity	414	467	526
Minority interests	36	39	34
Total equity	451	506	560
Total liabilities & equity	675	725	809
Total debt	68	48	56
Net debt	45	7	19

Source: Company data, RHB estimates

Cash flow (MYRm)	Jul-10	Jul-11	Jul-12
Cash flow from operations	78	111	129
Cash flow from investing activities	(90)	(40)	(112)
Cash flow from financing activities	20	(54)	(22)
Cash at beginning of period	15	23	41
Total cash generated	8	18	(4)
Implied cash at end of period	23	41	37

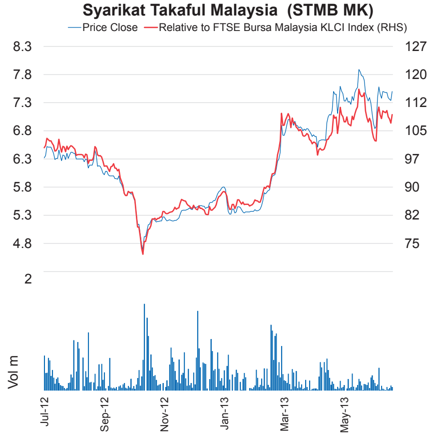
Source: Company data, RHB estimates

Syarikat Takaful Malaysia

Target: MYR11.00

Price: MYR7.50

A Premium Shariah Compliant Stock



Source: Bloomberg

Stock Profile

Bloomberg Ticker	STMB MK
Avg Turnover (MYR/USD)	0.87m/0.28m
Net Gearing (%)	-157.2
Market Cap (MYRm)	1,221m
Beta (x)	0.94
BVPS (MYR)	3.47
52-wk Price low/high (MYR)	4.69 - 7.89
Free float (%)	30

Major Shareholders (%)

BIMB	60.9
EPF	8.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	(3.5)	10.1	31.1	18.7
Relative	(4.1)	5.0	25.0	8.8

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Investment Merits

- Long-standing history in operating *takaful,* with No.2 market share
- Industry-beating double-digit sales growth
- Most improved ROEs among listed local insurers
- The only *takaful* player offering a unique "15% No Claim Rebate"
- Ample surplus reserves provide a buffer against regulatory risks

Company Profile

Syarikat Takaful Malaysia (STMB) is in the business of providing *shariah* compliant general and family insurance, whereby the risk is voluntarily and collectively shared by a group of participants.

Highlights

***Wakalah* model the way forward.** Under the *takaful* concept, a group of people (participants) provide guarantees for mutual financial aid on a reciprocal basis, with emphasis on the virtues of cooperation and profit sharing (*mudharabah*). Previously, the Company adopted the *mudharabah* model, which dictated how surplus profit is to be shared between the participants as the providers of capital and the *takaful* operator as the entrepreneur. Most *takaful* players, including Syarikat Takaful Malaysia, now adopt a modified *wakalah* model, which is essentially an agency fee-based system that is most prevalent in the Middle East. This model allows the Company to act as the agent on behalf of the participants. In return, it is entitled to a recurring *wakalah* fee, which is usually paid up-front. Compared to the *mudharabah* model, *wakalah* is deemed to have less uncertainty (*gharar*) – an element prohibited under Islamic principles – and also gives a *takaful* player greater control over earnings volatility. Due to this change in its business model, STMB recorded a near two-fold surge in *wakalah* income from FY11 to FY12.

Direct proxy to industry's strong growth potential. The Company is poised to grow in line with the industry's anticipated 20%-25% growth to maintain its market share. According to Bank Negara statistics, the *takaful* industry's income from net contributions jumped 21.1% in 2012 (2011: 10.0%), surpassing the conventional industry's premium income growth (2012: 8.9%; 2011: 5.4%). This was partly due to the *takaful* sector's significantly lower penetration rate, which contributed only 0.7% of gross national income (GNI) vs the conventional insurance industry's 4.1% share in 2012. Despite the industry's relatively smaller size, the Malaysian family *takaful* market (the equivalent of life insurance) is valued at MYR4bn and is relatively sophisticated, accounting for a staggering 73% of the global family *takaful* market.

Unique proposition. Given the low industry penetration rate of *takaful*, STMB has invested in advertisements wisely portraying itself as a leading "insurance" provider that caters to all customer segments, and not just *bumiputera* customers alone. We believe it is the only local *takaful* player that offers a unique “15% No Claim Rebate’’ (NCR) to customers since it has ample surplus in its general and family takaful funds. This year, the Company stepped up its competitive offering with an additional 5% NCR (on top of the existing 15%) on all its non-motor policies maturing in 2013.

FY12 earnings breach MYR100m. STMB's net profit hit the MYR100m mark for the first time in FY12, with its core reported earnings coming in at MYR96.5m. The topline contribution of the family *takaful* segment surged 44.5% y-o-y, making up 68.4% of the Group’s total gross contributions, while the contributions from general *takaful*, which saw a 13.8% y-o-y growth, made up the remaining portion.

Company Report Card

Latest results. STMB's 1QFY13 core earnings improved 22.5% y-o-y, due to increasing recognition of *wakalah* income, while the topline contributions of the family *takaful* segment rose 14.6%, bolstered by strong sales from its agents and *bancatakaful* channels.

ROE. The Group’s ROE has been improving tremendously since 2007, rising from 13.4% in FY11 to 20.3% in FY12. Going forward, we expect STMB to register ROEs of 21.0% and 21.5% for FY13 and FY14 respectively.

Dividend. While the Company has no official dividend policy, it has been consistently raising its payout from 20% in FY09 to >40% in FY12. Due to its outstanding profitability, STMB’s YTD dividend per share has gone up by 47% y-o-y. Although YTD dividend yields have been compressed due to the share price appreciation, we think there may be an upside surprise to STMB’s dividend on top of our forecast of a 40% payout ratio, given the Company's ample surplus reserves and above-industry profit.

Management. Group Managing Director Dato’ Mohamed Hassan Md Kamil has vast experience in both the insurance and *takaful* industries, and has been recognised with numerous awards. He has repositioned STMB by establishing competitive standards. Under his leadership, the Company has launched successful rebranding campaigns and has grown in strength. His ultimate goal is to firmly establish STMB as the preferred choice for all insurance products and not merely a *takaful* provider.

Recommendation

Top BUY for insurance and NBFIs sector. We believe the stock deserves a higher P/E than the 11x it is currently trading at, given its high earnings growth vs those of domestic conventional insurers, as well as its niche in the promising *takaful* industry. We roll over our TP to 14x FY14F EPS, in line with the 14x-20x P/E valuations of the larger insurance stocks in Malaysia. While our MYR11.00 valuation implies a FY14F P/BV of 2.8x, we deem it fair given STMB's superior ROE vs the insurance stocks under our coverage.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total operating income (MYRm)	1,924.3	2,216.3	2,566.0
Reported net profit (MYRm)	97	112	129
Recurring net profit (MYRm)	96	112	129
Recurring net profit growth (%)	70.0	16.0	15.7
Core EPS (MYR)	0.59	0.69	0.79
DPS (MYR)	0.25	0.28	0.33
Dividend Yield (%)	3.3	3.8	4.3
Core P/E (x)	12.66	10.92	9.44
Return on average equity (%)	20.3	21.0	21.5
P/B (x)	2.45	2.16	1.92

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-11	Dec-12	Dec-13F
Total current assets	387	454	489
Total assets	5,846	6,266	7,179
Total current liabilities	305	356	335
Total non-current liabilities	(89)	(127)	26
Total liabilities	5,332.0	5,835.6	6,585.2
Shareholders' equity	451	499	565
Minority interests	27	26	29
Total equity	478	525	594
Total liabilities & equity	5,810	6,361	7,179

Source: Company data, RHB estimates

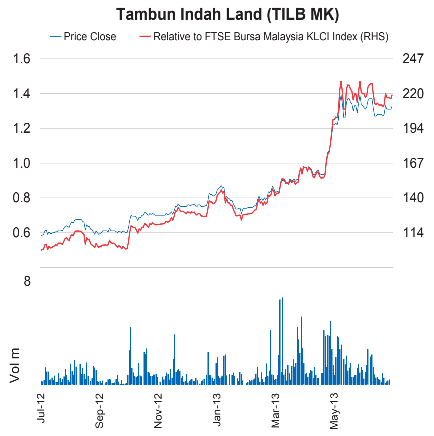
Key Ratios	Dec-11	Dec-12	Dec-13F
Reinsurance ratio (%)	13.1	11.7	11.4
Retention ratio (%)	86.9	88.3	88.6
Claims ratio (%)	68.4	51.7	61.3
Commission ratio (%)	26.6	31.0	33.8
Expense ratio (%)	20.7	22.5	22.7
Combined ratio (%)	115.7	105.1	117.8
Underwriting margin (%)	42.7	46.9	33.8
Investment yield (%)	7.9	7.7	7.3
Liquidity ratio (%)	126.9	127.6	146.2

Source: Company data, RHB estimates

Target: MYR1.71
Price: MYR1.33

Tambun Indah Land

Penang Mainland A Solid Place



Source: Bloomberg

Stock Profile

Bloomberg Ticker	TILB MK
Avg Turnover (MYR/USD)	1.70m/0.55m
Net Gearing (%)	14.9
Market Cap (MYRm)	424m
Beta (x)	0.94
BVPS (MYR)	0.73
52-wk Price low/high (MYR)	0.59 - 1.39
Free float (%)	53

Major Shareholders (%)

Ir. Teh Kiak Seng	47.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	0.0	36.4	57.4	129.3
Relative	(0.6)	31.3	51.3	119.4

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Investment Merits

- Capable management team
- The key Penang mainland property play
- Further expansion in GDV to drive upside in RNAV

Company Profile

Tambun Indah Land Bhd (TILB) is a developer based in Penang's mainland. Its flagship project, the Pearl City township, is located at Seberang Perai Selatan, just 15 minutes away from the Penang Second Bridge.

Highlights

TILB's value is underpinned by its strategic anchor landbank, capable management, quality products, solid balance sheet and attractive dividend yield. It has 600 acres of land at Pearl City, a growing township that is just 50% developed. Being close to many established industrial parks, the growing working population creates a natural demand for properties, particularly in a proper residential community. TILB is a quality Penang mainland play. Other competitors in the area, such as Wing Tai and Asas Dunia are either not a pure play or have a weaker earnings track record.

Potential for further GDV expansion. Although we recently raised our GDV estimate for Pearl City (to MYR3.1bn), we still see further upside over the intermediate term. Penang's mainland (the Batu Kawan area) will be very busy in the coming years. Apart from the growing industrial zone at Batu Kawan, the state government also plans to set up a premium outlet, golf course/theme park in the area. Malton will also develop a commercial cluster close to the Penang Second Bridge interchange. For residential purposes, TILB's Pearl City would provide an ideal place for the working population. Its terrace houses have been enjoying a 10%-15% annual price appreciation over the past few years, and its current price is still at a fairly affordable MYR438k/unit. TILB's property sales are underpinned by genuine demand, as buyers purchase the properties mainly for owner occupancy. Hence, the sensitivity to policy risks is very minimal.

EPS, DPS and RNAV enhancement from recent corporate exercise. We are impressed with the management's ability to buy out the minority stake in Pearl City from Nadayu. TILB now claims the full ownership of its crown jewel, which is a big source of motivation for the management. Upon completion of the transaction in September, its EPS and DPS will see immediate enhancement, as the minority interest in P/L will be largely wiped out. The Nadayu shareholders (13%-14% post-exercise) will be passive in TILB's operations, despite being set to be long-term investors in the company. Their entry cost at MYR1.30/share also signals their positive view on TILB.

Company Report Card

Latest results. 1Q13 net earnings saw a y-o-y growth of 28%. We expect TILB's bottomline to grow at 35% and 56% for FY13-FY14 (after factoring the impact of the recent corporate exercise) respectively. Unbilled sales have risen to MYR500m in May from MYR425m in 1Q13.

Balance sheet / Cashflow. TILB's balance sheet is solid, with a net gearing of only 4%. The gearing level is expected to rise slightly due to some new borrowings to fund the acquisition from Nadayu.

ROE. TILB's ROE is on an expansionary trend. Its ROE was at 17% in FY11 and is expected to rise to 25%-30% over the next two years.

Dividend. The dividend yield for TILB is attractive at about 5%. The company has a dividend payout policy of 40%-60%.

Management. Ir. Teh Kiak Seng, with a shareholding of 47%, is the founder and currently the MD of the company. Ir. Teh is a civil engineer, and has more than 30 years of experience in the housing industry. The company is well-managed by a group of architects, engineers and finance professionals. Mr. Steve Neoh is its financial controller, joining TILB in 2008 after working in Tejari Technologies. His cumulative experience includes providing assurance and consulting services to public-listed and local corporations involved in the property development, construction, manufacturing and trading services sectors.

Recommendation

We value TILB at MYR1.71, based on a 20% discount to RNAV. In our opinion, a lower discount is deserved due to the limited quality Penang mainland plays in the market, as the other smaller players are either not pure mainland plays or lack a solid track record. We see long-term growth potential in TILB. Based on the current price, its FY14 P/E of 6x is undemanding, considering its above-sector average earnings growth and dividend yield.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	297	376	475
Reported net profit (MYRm)	41	55	86
Recurring net profit (MYRm)	41	55	86
Recurring net profit growth (%)	74.6	34.5	55.7
Core EPS (MYR)	0.13	0.16	0.21
DPS (MYR)	0.05	0.06	0.08
Dividend Yield (%)	3.5	4.4	5.7
Core P/E (x)	10.13	8.11	6.21
Return on average equity (%)	21.6	23.4	29.6
P/B (x)	1.85	1.81	1.60
P/CF (x)	4.92	na	10.97

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-11	Dec-12	Dec-13F
Total current assets	222	297	331
Total assets	322	444	497
Total current liabilities	60	103	144
Total non-current liabilities	75	79	99
Total liabilities	135	182	243
Shareholders' equity	155	223	246
Minority interests	32	39	8
Other equity	-	-	0
Total equity	187	262	254
Total liabilities & equity	322	444	497
Total debt	78	84	114
Net debt	39	(12)	38

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-11	Dec-12	Dec-13F
Cash flow from operations	(45)	84	(359)
Cash flow from investing activities	(6)	(53)	(20)
Cash flow from financing activities	63	26	359
Cash at beginning of period	27	39	96
Total cash generated	12	57	(20)
Implied cash at end of period	39	96	76

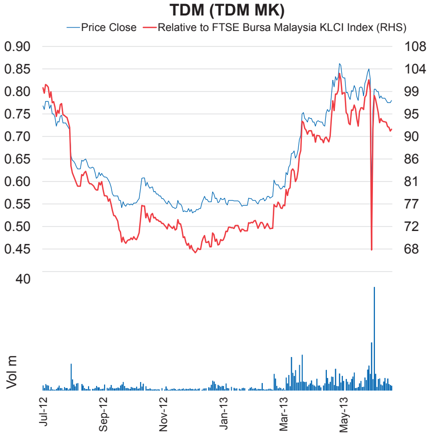
Source: Company data, RHB estimates

TDM

Target: MYR1.05

Price: MYR0.78

Undervalued Plantation Gem



Source: Bloomberg

Stock Profile

Bloomberg Ticker	TDM MK
Avg Turnover (MYR/USD)	3.97m/1.27m
Net Gearing (%)	Net cash
Market Cap (MYRm)	1,156m
Beta (x)	1.38
BVPS (MYR)	0.87
52-wk Price low/high (MYR)	0.53 - 0.87
Free float (%)	40

Major Shareholders (%)

Terengganu Incorporated SB	47.4
Perbadanan Memajukan Iktisad Negeri Terengganu	13.3

Share Performance (%)

	1m	3m	6m	12m
Absolute	(3.5)	5.4	41.0	1.6
Relative	(4.1)	0.3	34.9	(8.3)

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Investment Merits

- Indonesian plantation land to come into maturity in FY13 onwards.
- Number of beds in its private hospitals set to double over the next three years
- Trading at inexpensive valuations relative to peers, with an attractive dividend payout track record

Company Profile

TDM has two main divisions – palm oil plantations and healthcare. It has a total landbank of 70,000 ha in Malaysia and Indonesia, of which close to 50,000 ha has been planted and about 30,000 ha is mature. The Group also operates four medium-sized specialist hospitals in Malaysia.

Highlights

Indonesian plantation land to come into maturity from FY13. TDM's 70,000 ha plantation landbank is in Terengganu (32,437 ha) and West Kalimantan (37,856 ha). Planted area, as at end-FY12, is 40,518 ha, of which 30,574 ha is mature. The Group has been steadily planting up its Indonesian landbank since 2009, and 2013 is the maiden year of maturity for some 400 ha of land. Going forward, Management expects another 1,000 ha of land to come into maturity every year from FY14 onwards, which will drive earnings growth for the plantation division. TDM intends to fully plant up its Indonesian landbank by 2018.

Malaysian estates seeing improving CPO yields. TDM has been rehabilitating its plantation estates in Malaysia and implementing best practices since 2004. This involved consistent replanting of older areas with better planting materials, improving inventory management, as well as timely delivery of products to ensure high quality of oil, among others. The positive effects of the Group's efforts have started to come through, as indicated by the improved crude palm oil (CPO) yield of 0.74 tonne per ha in 1QFY13, up 10% y-o-y from 0.67 tonne per ha in 1QFY12.

Number of beds in private hospital to double over next three years. As for the healthcare division, TDM is in the midst of expanding capacity for three of its existing private hospitals, aiming to double its bed capacity over the next three years to 430 beds (from 204 currently). The first expansion to come onstream will be the Taman Desa Medical Centre in 2013, followed by the Kuantan Medical Centre in 2014 and the Kuala Terengganu Specialist Hospital in 2015. We expect profit from the healthcare division to double up in FY13, on the back of the expanded capacity as well as a profitability turnaround at its Taman Desa Medical Centre. Contribution from the healthcare division is projected at 15% of FY13 PBT (up from 6%-7% in FY12).

Company Report Card

Latest results. TDM's 1QFY13 results made up 17% of our FY13 forecasts (FY12: 17%-18%). We consider this to be in line with expectations, as the Group typically records stronger earnings in the 2H, due to the seasonal peak production period.

Balance sheet / Cashflow. As at end-FY12, TDM had a net cash of MYR182m. While we expect this to reverse to a net debt position by end-FY13, due to capex requirements for its new planting and healthcare expansions, we expect its net gearing to remain manageable at less than 30% over the next few years. Its operating cashflow remains healthy at MYR100m-MYR200m per year.

ROE. We expect ROE to improve in FY13F from FY12's 8.6%, as TDM makes better use of its cash and gears up in order to reduce the cash drag on earnings.

Dividend. Although TDM's dividend policy is to pay out a minimum 30% of net earnings every year, it paid out >50% of earnings in FY12 and 30%-50% in the previous years. We have thus projected a net dividend payout of 40%-45%, which will translate into decent dividend yields of 3%-4% per annum.

Management. TDM is managed by a team of professional managers, led by CEO Badrul Hisham Mahari, who was promoted from Group general manager to CEO in 2008. Badrul has many years of experience in the corporate sector. The CEO of the plantations division, Haji Abdul Halim, has >35 years of experience in estate management, while the CEO of the healthcare division, Bryan Lim, has >20 years' experience in the health care industry in the US and Malaysia.

Profit & Loss	Dec-11	Dec-12	Dec-13F
Total turnover (MYRm)	516	455	399
Reported net profit (MYRm)	160	102	85
Recurring net profit (MYRm)	160	92	85
Recurring net profit growth (%)	60.5	(42.8)	(6.8)
Core EPS (MYR)	0.11	0.06	0.06
Core P/E (x)	7.22	12.61	13.53
Return on average equity (%)	17.3	8.6	6.8
P/B (x)	1.01	0.94	0.90
P/CF (x)	6.45	11.30	na

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-10	Dec-11	Dec-12
Total current assets	258	341	314
Total assets	929	1,449	1,515
Total current liabilities	157	183	136
Total non-current liabilities	45	91	120
Total liabilities	201	274	256
Shareholders' equity	709	1,150	1,234
Minority interests	18	25	25
Other equity	0	(0)	0
Total equity	727	1,175	1,260
Total liabilities & equity	929	1,449	1,515
Total debt	5	1	30
Net debt	(172)	(223)	(182)

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-10	Dec-11	Dec-12
Cash flow from operations	141	179	102
Cash flow from investing activities	(55)	(101)	(119)
Cash flow from financing activities	176	230	219
Cash at beginning of period	107	177	225
Total cash generated	262	308	203
Implied cash at end of period	369	485	427

Source: Company data, RHB estimates

Recommendation

Inexpensive valuations relative to peers. TDM is considered a mid-sized plantation stock, based on its landbank size. However, it is still trading at relatively inexpensive P/E valuations of 13.5x FY13F and 11.2x FY14F, compared to its peers' 15x-16x P/E one-year forward.

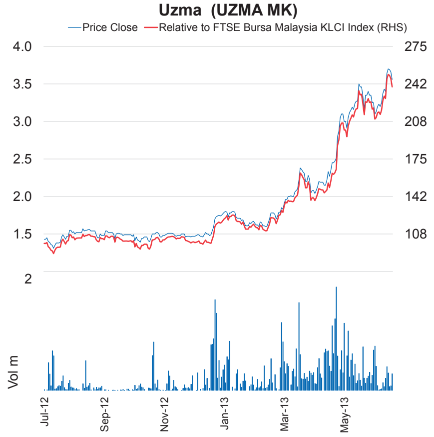
It is also worth noting that TDM is also trading at inexpensive valuations on an EV per planted ha basis, of just MYR23,000-MYR25,000 per ha (USD7,000-USD8,000 per ha), compared with its Indonesian peers' USD18,000-USD22,000 per ha.

We are attributing a P/E of 15x to TDM to obtain our valuation of MYR1.05.

Target: **MYR4.10**
Price: **MYR3.56**

Uzma

Homegrown O&G Service Provider Comes Of Age



Source: Bloomberg

Stock Profile

Bloomberg Ticker	UZMA MK
Avg Turnover (MYR/USD)	1.11m/0.36m
Net Gearing (%)	-8.9
Market Cap (MYRm)	470m
Beta (x)	1.13
BVPS (MYR)	0.98
52-wk Price low/high (MYR)	1.31 - 3.70
Free float (%)	37

Major Shareholders (%)

Muhamed Kamarul Redzua	44.1
Shah Rozita Binti M	9.6
Lembaga Tabung Haji	8.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	6.6	61.8	103.4	149.0
Relative	6.0	56.7	97.3	139.1

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Investment Merits

- Key beneficiary of Petronas' enhanced oil recovery (EOR) programme
- Key beneficiary of Petronas' marginal oilfield initiative
- Owns a proprietary technology called the *Uzmapres*

Company Profile

Uzma is an international oil and gas (O&G) service company providing an array of services to the upstream sector across the exploration, development and production phases and to the downstream sector for facilities and plant construction, operations and maintenance.

Highlights

Key beneficiary of marginal oilfield initiative. Uzma's local knowledge serves it well in understanding local geological characteristics used in basin and reservoir studies. It studied most of the marginal oilfields in Malaysia and would likely bid for the ones it believes to have the largest oil reserves. Given that Petronas will likely award 10 marginal oilfields in the next wave of awards, we believe Uzma will likely be awarded with at least one.

Flagship *Uzmapres* off to good start. Uzma's flagship product, the *Uzmapres,* has been tested and proven after vigorous pilot tests with Petronas. It currently has eight units chartered to clients at a rate of MYR1m per month with a net margin of 18%-20%. We like this product for its recurring income nature and expect two new charters annually moving forward.

MECAS offering further upside. Uzma owns a 70% stake in Malaysia Energy Chemical & Services SB (MECAS), which has principal activities in manufacturing, marketing, distribution and supply of oilfield chemicals, equipment and services to the global petroleum and natural gas industry. We see more sales opportunities for MECAS as its products solve issues related to deepwater development, depleting reservoir and aging facilities.

Company Report Card

Latest results. Uzma's 1QFY13 results were strong and the momentum should continue into 2HFY13, supported by full-year contributions from *Uzmapres* and its other oilfield services.

Balance sheet / Cashflow. Uzma is in a net cash position. We are projecting a net cash of MYR12m in FY13 but believe that a fundraising exercise may be needed to fuel its growth should it secure a large job, such as a marginal oilfield project.

ROE. We expect ROE to remain strong at 31.8% in FY13, fuelled by full-year contributions from the *Uzmapres* and additional services across its other business divisions.

Dividend. We are projecting a 15% dividend payout in FY13, which translates into 4 sen per share. Uzma paid an interim dividend of 2 sen per share in June.

Management. Uzma is led by Dato Kamarul Redzuan. Graduated with a Bachelor's Degree in petroleum engineering from Colarado School of Mines, the US, Dato Kamarul Redzuan has ample experience in the oil & gas industry. He worked with companies such as ESSO and Schlumberger before joining Uzma.

Recommendation

We value the stock at MYR4.10, pegged to 12x FY14 EPS. Key catalysts for the company include: i) winning a marginal oilfield project, ii) mobilisation of additional units of *Uzmapres*, and iii) securing more oilfield services contracts.

Profit & Loss	Dec-11	Dec-12	Dec-13F
Total turnover (MYRm)	193	289	381
Reported net profit (MYRm)	12	22	36
Recurring net profit (MYRm)	12	22	36
Recurring net profit growth (%)	na	86.1	60.9
Core EPS (MYR)	0.09	0.17	0.27
DPS (MYR)	-	-	0.04
Dividend Yield (%)	-	-	1.2
Core P/E (x)	38.96	20.94	13.01
Return on average equity (%)	22.4	28.4	31.8
P/B (x)	7.84	4.78	3.64
P/CF (x)	55.54	23.43	41.53

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-10	Dec-11	Dec-12
Total current assets	62	104	160
Total assets	89	139	211
Total current liabilities	27	61	88
Total non-current liabilities	10	14	19
Total liabilities	37	75	107
Shareholders' equity	48	60	98
Minority interests	4	4	5
Other equity	-	-	0
Total equity	52	64	104
Total liabilities & equity	89	139	211
Total debt	11	26	22
Net debt	(0)	3	(16)

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-10	Dec-11	Dec-12
Cash flow from operations	7	8	20
Cash flow from investing activities	(7)	(11)	(16)
Cash flow from financing activities	4	13	11
Cash at beginning of period	8	12	23
Total cash generated	3	11	16
Forex effects	0	0	(4)
Implied cash at end of period	12	23	34

Source: Company data, RHB estimates

Target: MYR2.50

Price: MYR2.00

Wah Seong

The Comeback Kid

Source: Bloomberg

Stock Profile

Bloomberg Ticker	WSC MK
Avg Turnover (MYR/USD)	2.26m/0.74m
Net Gearing (%)	36.5
Market Cap (MYRm)	1,543m
Beta (x)	0.88
BVPS (MYR)	1.34
52-wk Price low/high (MYR)	1.59 - 2.10
Free float (%)	34

Major Shareholders (%)

Wah Seong (M) Trading Co	33.1
EPF	6.5
Midvest Asia	5.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	4.2	22.7	15.6	3.1
Relative	3.6	17.6	9.5	(6.8)

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Investment Merits

- Benefiting from the consolidation of Brodero Shaw and Socotherm, since oil majors have less preference for a monopolised market
- Recently awarded with a MYR611m contract by Statoil
- Investment in Petra Energy could surprise on the upside

Company Profile

Wah Seong (WSC)'s principal activities are in coating for pipes used in the oil and gas (O&G) sector. It also owns businesses in the renewable energy segment and has a plantation concession in Congo, Africa.

Highlights

Significant entry into Europe. We note that winning the Statoil project was a major breakthrough for WSC given that penetration into the European market is indeed a challenge. As European clients have less preference for a monopolised market, we believe that WSC would be an alternative service provider besides Brodero Shaw. Hence, we anticipate more project wins for WSC in the Europe over the next few years, if it executes the existing project well and proves its worthiness.

North Malay Basin could be another catalyst. On the domestic front, we believe that only WSC and Brodero Shaw would likely be the key beneficiaries of the pipe-coating works in the North Malay Basin project. Our channel checks suggest that there could be more than 230km of pipelines to be coated, and according to some industry sources, the total pipe-coating project could cost up to MYR600m. Assuming WSC and Brodero Shaw are allocated equal share of 50% each for the pipe-coating works, this would boost WSC's revenue by some MYR300m.

Investment in Petra Energy could surprise on the upside. While we currently have a NEUTRAL call on Petra Energy (PENB MK, FV: MYR2.34), the company's improving operations and accelerated development in its marginal oilfield projects could be positive catalysts to our earnings forecasts for WSC. PENB, which has marginal oilfield projects in Kapal, Banang and Meranti, has recently secured some MYR2.5bn worth of orders from its Pan-Malaysia hook-up commissioning (HUC) tender, which would provide earnings visibility for the company over the next five years.

Company Report Card

Latest results. WSC's recently announced 1QFY13 results were below our and consensus expectations. We anticipate better 2QFY13 numbers but believe that strong earnings will only kick in come 3QFY13 once the Statoil project in Norway begins.

Balance sheet / Cashflow. The company's net gearing ratio stood at 0.42x as at end-1QFY13. However, given its positive operating cashflow, we are not concerned about its cash-generating abilities.

ROE. We expect FY13 ROE to be at 9.2% but believe that it should pick up to 12.6% in FY14, supported by the Statoil project and works in the North Malay Basin.

Dividend. For FY12, the company paid out one treasury share for every 110 shares held and a net dividend of 5.2 sen per share. For FY13, we are anticipating a dividend of 6 sen per share.

Management. WSC is led by MD and Group CEO Mr Chan Cheu Leong. Graduated with a Bachelor of Science Degree in engineering production from the University of Birmingham, Mr Chan had worked in many other companies including ESSO before joining WSC. Under his leadership, and backed by the company's recent contract win with Statoil in Norway, we believe that WSC's prospects could turn around from 2H13.

Recommendation

BUY. While its 1HFY13 results will likely to remain weak, we believe WSC's earnings will turn around from 3QFY13 onwards. We like the company's position in the market as it is a key beneficiary of Brodero Shaw's acquisition of Socotherm, given that oil majors do not favour monopolistic markets. We value the company at MYR2.50 per share, pegged to 14x FY14 EPS, which is a discount to its seven-year average P/E of 19x.

Profit & Loss	Dec-12	Dec-13F	Dec-14F
Total turnover (MYRm)	1,952	2,108	2,374
Reported net profit (MYRm)	53	93	137
Recurring net profit (MYRm)	53	93	137
Recurring net profit growth (%)	(52.4)	76.7	47.2
Core EPS (MYR)	0.07	0.12	0.18
DPS (MYR)	0.05	0.06	0.06
Dividend Yield (%)	2.4	2.8	2.8
Core P/E (x)	29.50	16.69	11.34
Return on average equity (%)	5.3	9.2	12.6
P/B (x)	1.57	1.50	1.37
P/CF (x)	16.30	12.63	8.17

Source: Company data, RHB estimates

Balance Sheet (MYRm)	Dec-11	Dec-12	Dec-13F
Total current assets	1,536	1,280	1,452
Total assets	2,296	2,175	2,346
Total current liabilities	809	856	946
Total non-current liabilities	389	230	260
Total liabilities	1,198	1,085	1,206
Shareholders' equity	1,004	985	1,035
Minority interests	94	105	105
Total equity	1,098	1,089	1,140
Total liabilities & equity	2,296	2,175	2,346
Total debt	771	684	684
Net debt	187	371	416

Source: Company data, RHB estimates

Cash flow (MYRm)	Dec-11	Dec-12	Dec-13F
Cash flow from operations	137	95	123
Cash flow from investing activities	(11)	(188)	(50)
Cash flow from financing activities	86	(174)	(137)
Cash at beginning of period	364	584	314
Total cash generated	211	(267)	(64)
Forex effects	9	(4)	2
Implied cash at end of period	584	314	251

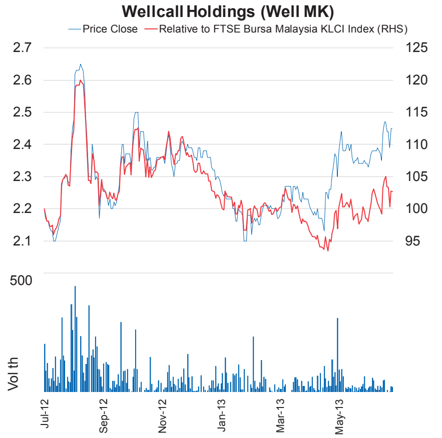
Source: Company data, RHB estimates

WELLCALL HOLDINGS BERHAD
(Company No: 707346-W)

Wellcall Holdings

Target:	**MYR3.08**
Price:	**MYR2.45**

Well-Positioned For Growth



Source: Bloomberg

Stock Profile

Bloomberg Ticker	Well MK
Avg Turnover (MYR/USD)	0.09m/0.03m
Net Gearing (%)	-55.4
Market Cap (MYRm)	325m
Beta (x)	0.95
BVPS (MYR)	0.62
52-wk Price low/high (MYR)	2.10 - 2.65
Free float (%)	74

Major Shareholders (%)

Maximum Perspective SB	11.0
Chee Chek Chew	8.2
Sha Huang	3.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	4.3	9.9	7.0	11.9
Relative	2.9	4.7	1.0	2.0

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Investment Merits

- Nation's largest manufacturer/exporter of industrial rubber hoses
- Demand for the Group's products to remain intact over the next few years, especially from the oil & gas (O&G) sector
- Attractive dividend yield of 6%-7% per annum

Company Profile

Wellcall Holdings Bhd is involved in the manufacturing of industrial rubber hoses for customers who are primarily in the business of distributing such products to original equipment manufacturers (OEMs). Wellcall has two product types, mandrel and extrusion, which are sold to six major application markets, namely: i) air and water, ii) welding and gas, iii) oil and fuel, iv) automobile, v) shipbuilding, and vi) food and beverage (F&B). The Group exports more than 90% of its products to markets like Europe, the US, Canada, Australia and New Zealand.

Highlights

Capacity expansion to boost future earnings. WellCall is expected to soon finalise the land acquisition for a new factory in Lahat, Perak. The Group's expansion plans will be divided into two phases: i) Phase 1 – increasing overall production capacity by 40% to 46,000 tonnes (33,000 tonnes currently) by June 2014, and ii) Phase 2 – increasing overall production by another 10,000 tonnes, but only after Phase 1 reaches maximum capacity. This new factory will focus solely on manufacturing mandrel type hoses, which make up more than 60% of Wellcall's revenue and commands higher margins than extrusion hoses, owing to the former's value-added process. The demand for mandrel hoses remains intact (with industry growth of 4%-5% per annum), especially from markets like Europe and the US, as manufacturers there continue to outsource their requirements.

In addition, given that industrial hoses have a shelf life of five weeks to six months, Wellcall benefits from consistent demand for new hoses to replace ones that have gone past their use-by date. As such, we are positive that the Group will be able to gradually utilise its new production capacity when it comes online, which should boost earnings growth in the foreseeable future. We also see potential costs synergies by locating its plants in close proximity to each other.

Higher margins from the O&G sector. Unlike its rubber glove peers or companies that supply to the mass market, Wellcall is distinct in that its products are tailored for a niche segment. In particular, we are referring to the O&G sector, one of the fastest-growing industries currently. Management has stated that the Group will concentrate on its research and development (R&D) to create high-value products to tap into the opportunities in the O&G and mining sectors. Moving forward, we believe that Wellcall will focus more on expanding and tailoring its products for the O&G segment, as it fetches higher profit margins of ~30%-40%. It will also stand to gain from the replacement market for O&G hoses that have exceeded their use-by date.

Cheaper alternative to rubber sector. As Wellcall has no direct competition in the industry, we are pegging it against the Bursa Malaysia Industrial Index (BBMI), as well as rubber gloves market leader Hartalega (NEUTRAL, HART MK, FV: MYR6.26). The Group is currently trading at an undemanding valuation of less than 11x P/E for CY14, which is almost at a ~33% discount to the BBMI average of 16x and Hartalega's P/E of 16.3x for CY14. We believe that the discount is unwarranted, given Wellcall's solid earnings track record and exciting growth prospects.

Company Report Card

Latest results. Wellcall recorded revenue of MYR62.2m (-20% y-o-y) and PBT of MYR13.6m (-9.4% y-o-y) in 1HFY13, owing to lower sales volume and a decline in raw material prices since Oct 2012.

Balance sheet / Cashflow. The Group has a net cash balance of MYR19m as at 2HFY13, which translates into MYR0.14 per share. With its free cashflow of around MYR28m in FY12, we foresee Wellcall's net cash balance to grow in tandem with its earnings base.

ROE. Wellcall has been delivering strong ROE growth, which improved from 19.38% in 2011 to 28.55% in 2012. Going forward, we expect the Group to continue to deliver double-digit ROEs, as we see its capacity expansion gradually kicking in by FY14-FY15.

Dividend. Over the past three years, Wellcall has maintained a payout ratio of at least 90%, and we expect the Group to pay out a dividend of 17.0 sen for FY13F, which translates into an attractive dividend yield of 7%. Management has indicated that it will maintain a minimum dividend payout policy of 50% moving forward.

Management. Managing Director Mr Huang Sha leads Wellcall's management team and carries with him more than 30 years of skills and knowledge in all aspects of rubber hose manufacturing.

Recommendation

Our MYR3.08 valuation is pegged to a 14.1x FY14F P/E, which is derived from adding two standard deviations of the Group's five-year historical trading band, assuming Wellcall's capacity more than double in the upcoming two years. We also like its attractive dividend yield of 6%-7% per annum. Our target P/E multiple of 14.1x is a 13% discount to the BBMI.

Profit & Loss	Sep-11	Sep-12	Sep-13F
Total turnover (MYRm)	137	154	133
Reported net profit (MYRm)	15	23	24
Recurring net profit (MYRm)	15	23	24
Recurring net profit growth (%)	4.8	52.3	3.2
Core EPS (MYR)	0.12	0.18	0.18
DPS (MYR)	0.09	0.12	0.13
Dividend Yield (%)	3.7	4.9	5.2
Core P/E (x)	21.16	13.92	13.49
Return on average equity (%)	19.7	29.4	29.5
P/B (x)	4.16	4.01	3.94
P/CF (x)	29.18	10.61	10.98

Source: Company data, Source: Company data, RHB estimates

Balance Sheet (MYRm)	Sep-10	Sep-11	Sep-12
Total current assets	56	62	65
Total assets	86	91	94
Total current liabilities	8	11	10
Total non-current liabilities	1	3	3
Total liabilities	9	13	13
Shareholders' equity	77	78	81
Total equity	77	78	81
Total liabilities & equity	86	91	94
Net debt	(40)	(33)	(42)

Source: Company data, Source: Company data, RHB estimates

Cash flow (MYRm)	Sep-10	Sep-11	Sep-12
Cash flow from operations	18	11	31
Cash flow from investing activities	(2)	(3)	(3)
Cash flow from financing activities	(18)	(15)	(19)
Cash at beginning of period	13	11	7
Total cash generated	(2)	(7)	8
Implied cash at end of period	11	4	15

Source: Company data, RHB estimates

APPENDICES

Appendix 1

Ranking Based on Market Cap & FY13 ROE (%)

Ranking	Company	Mkt Cap (MYRm)	FY12 ROE	PAGE
1	Media Prima	2,924.0	14.4%	49
2	Dayang Enterprise	2,644.1	25.6%	27
3	Pos Malaysia^	2,567.0	18.4%	57
4	Cahya Mata Sarawak	1,861.4	10.8%	23
5	Wah Seong	1,543.0	9.2%	73
6	Scientex	1,252.0	19.6%	63
7	Syarikat Takaful Malaysia	1,203.3	21.0%	65
8	Eversendai Corp	1,184.2	14.0%	31
9	TDM	1,155.7	6.8%	69
10	Alam Maritim	1,074.0	13.4%	19
11	Naim Holdings	1,002.5	13.1%	51
12	CB Industrial Product Holding	795.1	16.2%	25
13	NTPM Holdings^	611.0	16.9%	53
14	Hua Yang^	607.9	25.2%	37
15	Pantech^	597.6	15.8%	55
16	Hai-O^	534.1	20.0%	35
17	Deleum	523.5	20.7%	29
18	Integrax	520.4	7.0%	41
19	Kimlun Corp	519.4	17.5%	43
20	KKB Engineering	492.4	16.5%	45
21	Uzma	469.9	31.7%	71
22	Protasco	426.7	11.5%	61
23	Prestariang	425.0	51.1%	59
24	Tambun Indah Land	424.3	23.4%	67
25	Malton	355.3	6.3%	47
26	Wellcall Holdings	325.0	29.5%	75
27	Ahmad Zaki Resources	276.8	12.3%	17
28	Freight Management	235.3	16.9%	33
29	Instacom Group	224.7	15.5%	39
30	Brahim's Holdings	204.0	7.3%	21

^ FY12 valuations refer to those of FY13

Appendix 2

Ranking Based on FY13 Gross Dividend Yield (%) & FY13 Gross DPS (sen)

Ranking	Company	FY13 GDY	FY13DPS (sen)	PAGE
1	Protasco	7.7%	13.91	61
2	Prestariang	5.7%	11.06	59
3	Hai-O^	5.5%	14.90	35
4	NTPM Holdings^	5.3%	2.92	53
5	Integrax	5.2%	9.00	41
6	Wellcall Holdings	5.2%	12.74	75
7	Media Prima	5.0%	13.72	49
8	Tambun Indah Land	4.1%	5.99	67
9	Syarikat Takaful Malaysia	3.8%	28.50	65
10	KKB Engineering	3.7%	7.06	45
11	Pos Malaysia^	3.6%	17.21	57
12	CB Industrial Product Holding	3.5%	10.12	25
13	Deleum	3.2%	11.17	29
14	TDM	3.2%	2.50	69
15	Pantech^	3.2%	3.32	55
16	Dayang Enterprise	3.1%	14.91	27
17	Ahmad Zaki Resources	2.9%	2.90	17
18	Freight Management	2.9%	4.21	33
19	Scientex	2.8%	15.85	63
20	Wah Seong	2.8%	5.60	73
21	Hua Yang^	2.7%	8.28	37
22	Cahya Mata Sarawak	2.6%	15.00	23
23	KimLun	2.4%	4.75	43
24	Malton	2.3%	1.94	47
25	Naim Holdings	2.0%	8.02	51
26	Eversendai Corp	1.4%	2.14	31
27	Instacom Group	0.0%	0.00	39
28	Brahim’s Holdings	0.0%	0.00	21
29	Uzma	0.0%	0.00	71
30	Alam Maritim	0.0%	0.00	19

^ FY13 valuations refer to those of FY14

Appendix 3

Ranking Based on FY13 PER (x) & FY13 EPS (sen)

Ranking	Company	FY13 PER	FY13 EPS	PAGE
1	Hua Yang^	6.5	47.2	37
2	Tambun Indah Land	8.1	16.0	67
3	Naim Holdings	8.7	46.2	51
4	Prestariang	9.2	21.2	59
5	CB Industrial Product Holding	9.3	31.1	25
6	Malton	9.4	9.0	47
7	Pantech^	9.4	11.1	55
8	Instacom Group	9.7	3.3	39
9	Protasco	9.9	13.1	61
10	Eversendai Corp	10.2	15.0	31
11	Ahmad Zaki Resources	10.4	9.7	17
12	Hai-O^	10.5	25.9	35
13	Freight Management	10.5	13.8	33
14	KimLun	10.5	9.5	43
15	Syarikat Takaful Malaysia	10.8	69.7	65
16	KKB Engineering	10.9	17.5	45
17	Deleum	11.0	31.9	29
18	Scientex	11.0	51.5	63
19	NTPM Holdings^	11.1	5.0	53
20	Cahya Mata Sarawak	11.3	49.5	23
21	Integrax	11.61	14.9	41
22	Brahim's Holdings	12.1	7.8	21
23	Media Prima	12.8	21.0	49
24	Uzma	13.1	27.3	71
25	Wellcall Holdings	13.5	18.2	75
26	Pos Malaysia^	13.8	34.7	57
27	Alam Maritim	13.8	9.8	19
28	TDM	14.5	5.4	69
29	Dayang Enterprise	16.2	29.8	27
30	Wah Seong	16.6	12.0	73

^ FY13 valuations refer to those of FY14

Appendix 4

Ranking Based on FY13 PBV (x) & FY13 BPS

Ranking	Company	FY13 PBV	FY13 BPS	PAGE
1	Malton	0.6	1.4	47
2	Integrax	0.8	2.2	41
3	Brahim's Holdings	0.9	1.1	21
4	Naim Holdings	1.1	3.6	51
5	Protasco	1.1	1.2	61
6	Cahya Mata Sarawak	1.2	4.7	23
7	Ahmad Zaki Resources	1.2	0.8	17
8	Eversendai Corp	1.4	1.1	31
9	Instacom Group	1.4	0.2	39
10	Pantech^	1.4	0.7	55
11	CB Industrial Product Holding	1.4	2.1	25
12	Wah Seong	1.5	1.3	73
13	Hua Yang^	1.5	2.0	37
14	KKB Engineering	1.7	1.1	45
15	Freight Management	1.7	0.9	33
16	Tambun Indah Land	1.7	0.8	67
17	Alam Maritim	1.7	0.8	19
18	Kimlun Corp	1.8	1.2	43
19	Media Prima	1.8	1.5	49
20	NTPM Holdings^	1.8	0.3	53
21	Hai-O^	2.0	1.4	35
22	TDM	2.0	0.4	69
23	Scientex	2.1	2.7	63
24	Syarikat Takaful Malaysia	2.1	3.6	65
25	Deleum	2.1	1.7	29
26	Pos Malaysia^	2.4	2.0	57
27	Uzma	3.6	1.0	71
28	Dayang Enterprise	3.9	1.2	27
29	Wellcall Holdings	3.9	0.6	75
30	Prestariang	4.2	0.5	59

^ FY12 valuations refer to those of FY13

Appendix 5

Earnings Summary Table- Master

Company / Sector	FYE	Mkt Cap	Revenue (RMm)			Net Profit (RMm)				Shareholders Fund (RMm)				Net Margin			ROE			PER (x)		PBV (x)			Gross Div Yield		FV
	Month	(RMm)	FY11	FY12	FY13f	FY10	FY11	FY12	FY13f	FY10	FY11	FY12	FY13	FY11	FY12	FY13f	FY11	FY12	FY13	FY12	FY13f	FY11	FY12	FY13	FY12	FY13f	(RM)
Cahya Mata Sarawak	Dec	1,861.4	1,013.0	1,203.3	1,350.2	65.8	131.0	135.7	164.7	1,312.7	1,415.0	1,480.9	1,566.2	12.9%	11.3%	12.2%	9.6%	9.4%	10.8%	13.7	11.3	1.3	1.3	1.2	2.3%	2.6%	7.55
KKB Engineering	Dec	492.4	234.5	166.7	239.5	76.9	46.6	19.5	45.2	235.0	248.1	258.9	291.0	19.9%	11.7%	18.9%	19.3%	7.7%	16.5%	25.3	10.9	2.0	1.9	1.7	2.6%	3.7%	2.28
Pantech^	Feb	597.6	434.6	637.2	732.9	29.0	34.2	55.0	63.5	232.3	337.2	376.7	428.3	7.9%	8.6%	8.7%	12.0%	15.4%	15.8%	10.9	9.4	1.8	1.6	1.4	4.0%	3.2%	1.43
Building Materials		2,951.4	1,682.1	2,007.2	2,322.6	171.7	211.8	210.2	273.4	1,780.0	2,000.2	2,116.5	2,285.5	12.6%	10.5%	11.8%	11.2%	10.2%	12.4%	14.0	10.8	1.5	1.4	1.3	3.2%	3.1%	
Ahmad Zaki Resources	Dec	276.8	534.9	676.3	850.9	(61.6)	5.5	20.2	26.7	181.5	191.4	209.2	224.2	1.0%	3.0%	3.1%	2.9%	10.1%	12.3%	13.7	10.4	1.4	1.3	1.2	2.2%	2.9%	1.47
Eversendai Corp	Dec	1,184.2	1,033.7	1,021.3	943.5	116.7	119.5	115.4	116.1	318.0	719.7	783.3	876.1	11.6%	11.3%	12.3%	23.0%	15.4%	14.0%	10.3	10.2	1.6	1.5	1.4	2.5%	1.4%	2.09
Kimlun Corp	Dec	519.4	652.1	897.3	879.0	36.6	42.7	49.3	49.3	184.4	216.1	274.8	289.4	6.6%	5.5%	5.6%	21.3%	20.1%	17.5%	10.5	10.5	2.4	1.9	1.8	2.4%	2.4%	2.61
Naim Holdings	Dec	1,002.5	411.9	492.8	525.6	97.8	53.0	87.7	115.4	724.0	747.0	830.1	930.5	12.9%	17.8%	22.0%	7.2%	11.1%	13.1%	11.4	8.7	1.3	1.2	1.1	2.0%	2.0%	6.11
Protasco	Dec	426.7	696.0	793.9	913.0	47.1	31.8	37.5	43.1	353.7	358.3	354.0	395.6	4.6%	4.7%	4.7%	8.9%	10.5%	11.5%	11.4	9.9	1.2	1.2	1.1	10.8%	7.7%	1.60
Construction		3,409.6	3,328.6	3,881.6	4,112.0	236.5	252.5	310.1	350.6	1,761.6	2,232.5	2,451.3	2,715.9	7.6%	8.0%	8.5%	12.6%	13.2%	13.6%	11.0	9.7	1.5	1.4	1.3	2.3%	2.4%	
Brahim's Holdings	Dec	204.0	186.1	196.6	380.0	6.6	9.5	8.7	16.8	161.0	172.0	230.0	229.0	5.1%	4.4%	4.4%	5.7%	4.3%	7.3%	23.4	12.1	1.2	0.9	0.9	0.0%	0.0%	1.41
Hai-O^	Apr	534.1	239.4	268.0	297.0	28.8	33.0	43.5	51.0	204.0	222.0	240.0	270.0	13.8%	16.2%	17.2%	15.5%	18.8%	20.0%	12.3	10.5	2.4	2.2	2.0	5.2%	5.5%	3.28
NTPM Holdings^	Apr	611.0	449.8	481.0	551.0	52.1	44.8	49.1	55.0	248.7	283.2	310.4	339.0	10.0%	10.2%	10.0%	16.8%	16.5%	16.9%	12.4	11.1	2.2	2.0	1.8	5.3%	5.3%	0.69
Scientex	July	1,252.0	804.0	881.0	1,216.4	60.3	77.2	83.9	113.9	451.0	506.0	560.0	604.0	9.6%	9.5%	9.4%	16.1%	15.7%	19.6%	14.9	11.0	2.5	2.2	2.1	2.3%	2.8%	6.80
Consumer		2,601.1	1,679.3	1,826.6	2,444.4	147.8	164.5	185.2	236.7	1,064.7	1,183.2	1,340.4	1,442.0	9.8%	10.1%	9.7%	14.6%	14.7%	17.0%	14.0	11.0	2.2	1.9	1.8	2.7%	3.4%	
Prestariang	Dec	425.0	111.8	110.1	146.3	15.1	33.6	37.3	46.4	29.0	66.7	79.8	102.0	30.1%	33.8%	31.7%	69.2%	50.7%	51.1%	11.4	9.2	6.4	5.3	4.2	5.2%	5.7%	2.36
Education Sector		425.0	111.8	110.1	146.3	15.1	33.6	37.3	46.4	29.0	66.7	79.8	102.0	30.1%	33.8%	31.7%	70.3%	50.9%	51.1%	11.4	9.2	6.4	5.3	4.2	5.2%	5.7%	
Wellcall Holdings	Sept	325.0	136.8	154.2	133.4	14.6	15.3	23.3	24.1	77.4	78.0	81.0	82.5	11.2%	15.1%	18.1%	19.7%	29.4%	29.5%	13.9	13.5	4.2	4.0	3.9	4.9%	5.2%	3.08
Industrial		325.0	136.8	154.2	133.4	14.6	15.3	23.3	24.1	77.4	78.0	81.0	82.5	11.2%	15.1%	18.1%	19.7%	29.4%	29.5%	13.9	13.5	4.2	4.0	3.9	4.9%	5.2%	
Media Prima	Dec	2,924.0	1,622.1	1,697.8	1,783.4	184.3	221.5	208.9	228.0	1,227.1	1,443.5	1,547.3	1,627.1	13.7%	12.3%	12.8%	16.6%	14.0%	14.4%	14.0	12.8	2.0	1.9	1.8	4.8%	5.0%	3.60
Media Sector		2,924.0	1,622.1	1,697.8	1,783.4	184.3	221.5	208.9	228.0	1,227.1	1,443.5	1,547.3	1,627.1	13.7%	12.3%	12.8%	16.6%	14.0%	14.4%	14.0	12.8	2.0	1.9	1.8	4.8%	5.1%	
Syarikat Takaful Malaysia	Dec	1,203.3	1,345.5	1,607.5	1,912.0	37.0	56.7	96.5	111.9	394.0	450.6	499.3	565.3	4.2%	6.0%	5.9%	13.4%	20.3%	21.0%	12.5	10.8	2.7	2.4	2.1	3.3%	3.8%	11.00
Non-Bank Financials		1,203.3	1,345.5	1,607.5	1,912.0	37.0	56.7	96.5	111.9	394.0	450.6	499.3	565.3	4.2%	6.0%	5.9%	13.4%	20.3%	21.0%	12.5	10.8	2.7	2.4	2.1	3.4%	3.8%	
CB Industrial Product Holding	Dec	795.1	455.3	539.9	449.4	70.3	104.6	91.6	85.4	288.1	380.9	497.9	555.8	23.0%	17.0%	19.0%	31.3%	20.9%	16.2%	6.1	9.3	2.1	1.6	1.4	5.2%	3.5%	3.50
TDM	Dec	1,155.7	515.5	455.3	399.4	91.7	160.3	102.3	85.4	708.9	1,149.7	1,234.5	1,282.8	31.1	22.5	21.4	17.2%	8.6%	6.8%	12.1	14.5	1.1	1.0	2.0	5.6%	3.2%	1.05
Plantation		1,950.8	970.8	995.2	848.8	162.1	264.9	193.9	170.8	997.0	1,530.7	1,732.4	1,838.7	27.3%	19.5%	20.1%	21.0%	11.9%	9.6%	10.1	11.4	1.3	1.1	1.1	4.1%	3.4%	
Hua Yang^	Mar	607.9	306.4	408.7	565.3	25.1	53.0	70.5	93.4	219.3	266.1	334.5	406.3	17.3%	17.2%	16.5%	21.8%	23.5%	25.2%	8.6	6.5	2.3	1.8	1.5	2.1%	2.7%	3.68
Malton	Jun	355.3	462.4	340.4	323.6	72.7	72.7	62.0	37.8	439.9	509.1	587.3	616.7	15.7%	18.2%	11.7%	15.3%	11.3%	6.3%	5.7	9.4	0.7	0.6	0.6	2.9%	2.3%	1.80
Tambun Indah Land	Dec	424.3	191.8	296.9	376.4	25.2	23.4	40.8	54.9	119.7	155.3	223.2	246.1	12.2%	13.7%	14.6%	17.0%	21.6%	23.4%	10.1	8.1	2.7	1.9	1.7	3.5%	4.1%	1.71
Property		1,387.5	960.6	1,046.1	1,265.3	123.1	149.0	173.3	186.2	778.9	930.5	1,145.0	1,269.0	15.5%	16.6%	14.7%	17.4%	16.7%	15.4%	8.0	7.5	1.5	1.2	1.1	1.9%	2.0%	
Instacom Group	Dec	224.7	87.7	92.6	116.9	3.5	9.9	15.7	23.2	24.7	20.8	137.9	161.1	11.4%	16.9%	19.8%	43.7%	19.8%	15.5%	14.3	9.7	10.8	1.6	1.4	0.0%	0.0%	0.46
Telecommunications		224.7	87.7	92.6	116.9	3.5	9.9	15.7	23.2	24.7	20.8	137.9	161.1	11.4%	16.9%	19.8%	43.7%	19.8%	15.5%	14.3	9.7	10.8	1.6	1.4	0.0%	0.0%	
Freight Management	Jun	235.3	295.5	327.1	361.4	16.4	19.7	20.9	22.4	95.3	111.2	127.5	138.0	6.7%	6.4%	6.2%	19.1%	17.5%	16.9%	11.3	10.5	2.1	1.8	1.7	2.8%	2.9%	1.71
Pos Malaysia^	Mar	2,567.0	1,481.7	1,269.5	1,396.6	103.0	151.4	144.9	186.3	828.6	898.1	947.1	1,075.0	10.2%	11.4%	13.3%	17.5%	15.7%	18.4%	17.7	13.8	2.9	2.7	2.4	1.3%	3.6%	6.00
Transport- Logistics		2,802.3	1,777.1	1,596.6	1,758.1	119.4	171.1	165.8	208.7	923.9	1,009.2	1,074.7	1,213.0	9.6%	10.4%	11.9%	17.7%	15.9%	18.2%	16.9	13.4	2.8	2.6	2.3	2.1%	3.3%	
Integrax	Dec	520.4	87.9	90.7	101.3	50.3	41.2	41.0	44.8	554.6	616.5	650.9	622.0	47%	45%	44%	7.0%	6.5%	7.0%	12.69	11.61	0.84	0.80	0.8	1.8%	5.2%	2.23
Transport- Ports		520.4	87.9	90.7	101.3	50.3	41.2	41.0	44.8	554.6	616.5	650.9	622.0	46.8%	45.2%	44.3%	7.0%	6.5%	7.0%	12.7	11.6	0.8	0.8	0.8	4.5%	5.2%	
Alam Maritim	Dec	1,074.0	308.0	502.0	508.7	(13.9)	13.6	60.0	76.9	465.0	481.9	527.3	619.3	4.4%	12.0%	15.1%	2.9%	11.9%	13.4%	17.7	13.8	2.2	2.0	1.7	0.0%	0.0%	1.65
Deleum	Dec	523.5	396.3	473.2	567.9	23.2	29.0	44.5	47.8	172.6	188.9	215.9	245.0	7.3%	9.4%	8.4%	16.0%	22.0%	20.7%	11.8	11.0	2.8	2.4	2.1	2.5%	3.2%	4.40
Uzma	Dec	469.9	192.6	289.5	381.4	(2.0)	12.1	22.4	36.0	48.0	60.0	98.3	129.0	6.3%	7.8%	9.4%	22.3%	28.4%	31.7%	20.9	13.1	7.8	4.8	3.6	0.0%	0.0%	4.10
Wah Seong	Dec	1,543.0	1,889.1	1,951.6	2,107.8	56.0	110.3	52.5	92.8	936.0	1,004.0	985.3	1,035.1	5.8%	2.7%	4.4%	11.4%	5.3%	9.2%	29.4	16.6	1.5	1.6	1.5	2.4%	2.8%	2.50
Dayang Enterprise	Dec	2,644.1	382.3	401.2	670.0	67.7	83.9	101.2	163.6	372.7	522.9	597.3	679.1	21.9%	25.2%	24.4%	18.7%	18.1%	25.6%	26.1	16.2	5.1	4.4	3.9	2.1%	3.1%	6.50
Oil & Gas		6,254.5	3,168.3	3,617.4	4,235.9	131.0	248.9	280.8	417.1	1,994.3	2,257.7	2,424.2	2,707.6	7.9%	7.8%	9.8%	11.0%	11.6%	15.4%	22.3	15.0	2.8	2.6	2.3	1.4%	2.5%	
TOP 30 SMALL CAP EARNINGS UNIVERSE		26,979.7	16,958.6	18,723.6	21,180.2		1,841.0	1,941.9	2,321.8		13,820.2	15,280.6		10.9%	10.4%	11.0%	13.3%	12.7%		13.9	11.6	2.0	1.8		3.3%	3.6%	

^ FY11, 12 & FY13 valuations refer to those of FY12, 13 & FY14

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