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Wednesday, 13 Sep 2017

Sector: Plantation

Kumpulan Fima Berhad

A Yield-Play Story

TP: RM1.89 *(+10%)*

Last traded: RM1.70

Hold

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We are initiating coverage on Kumpulan Fima Berhad (KFima) with a Hold rating and a target price of RM1.89, based on DDM valuation methodology. The Group has been consistently paying substantial dividend yield of 4% - 5% in the past five years. We expect a lower profit contribution from the manufacturing division due to the expiry of travel documents contract and stiff competition. However, this could be partly offset by higher profit from the plantation and food divisions. We believe the share price is well supported by its good dividend yield and healthy balance sheet.

Core Business

KFima was listed on the Main Board of KLSE in 1996. It is a diversified group with businesses in manufacturing, plantation, bulking and food sectors. The Group's business geographical segments include Malaysia, Papua New Guinea and Indonesia.

Investment Case

- Manufacturing division hit by non-renewal of Malaysian passport contract
- Challenging bulking business
- The plantation's long-term story remains compelling
- Healthy balance sheet to look out for acquisition opportunities
- Awesome dividend yield

Key Risks

- Stiff competition in the manufacturing division
- Foreign currency risk
- Highly volatile crude palm oil (CPO) and palm Kernel (PK) price
- Foreign labour shortage
- Liquidity risk

Forecasts/assumptions

- FFB production growth to be in the range of 14% - 19% in FY18-FY20
- FY18/FY19/FY20 average CPO price of RM2,700/RM2,800/ RM2,800 per tonne.
- Estimated net profit stood at RM37.5mn/RM40.9mn/RM46.5mn for FY18/FY19/FY20.

FYE March 31 (RMmn)	FY16	FY17	FY18E	FY19F	FY20F
Revenue	541.1	547.2	522.0	559.8	607.0
Adjusted EBITDA	135.9	161.9	103.5	110.6	122.8
EBITDA margin	25.1	29.6	19.8	19.8	20.2
Adjusted Pretax profit	111.7	114.0	90.5	98.8	112.2
Reported Net Profit	56.7	29.8	37.5	40.9	46.5
Core Net Profit	56.7	56.1	37.5	40.9	46.5
Reported EPS	20.1	10.6	13.3	14.5	16.5
Core EPS (diluted)	20.1	19.9	13.3	14.5	16.5
Core EPS growth	(3.1)	(1.0)	(33.2)	9.2	13.5
PER	8.5	8.5	12.8	11.7	10.3
GDPS	9.0	9.0	9.0	9.0	9.0
Div yield	5.3	5.3	5.3	5.3	5.3
Core ROE	7.7	7.4	4.8	5.2	5.8

Stock Return Information	
KLCI	1789.86
Expected Share Price Return (%)	10.4
Expected Dividend Return (%)	5.3
Expected Total Return (%)	10.4

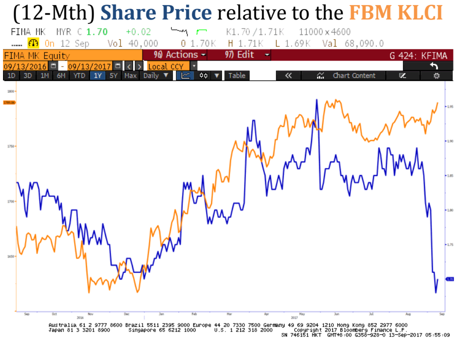
Share Information	
Bloomberg Code	FIMA MK
Stock Code	6491
Listing	Main Market
Issued Share (mn)	282
Market Cap (RMmn)	479.8
Par Value (RM)	1.00
52-wk Hi/Lo (RM)	1.96/1.68
Estimated Free Float (%)	36
Beta (x)	0.5
3-Month Average Volume ('000)	83.0

Top 3 Shareholders (%)	
BHR Enterprise	52.2
Subur Rahmat	7.02
Teo Tin Lun	3.01

Share Performance (%)		
Price Change	**KFIMA**	**FBM KLCI**
1 mth	(9.1)	1.3
3 mth	(9.1)	0.3
12 mth	(7.6)	6.7

Financial Info		
	FY18	**FY19**
Debt to Equity Ratio	Net Cash	Net Cash
ROA (%)	3.0	3.2
ROE (%)	4.8	5.2
NTA/Share (RM)	3.8	3.9
Price/NTA (x)	0.5	0.4

(12-Mth) **Share Price** relative to the **FBM KLCI**



Source: Bloomberg

BACKGROUND

Kumpulan Fima Berhad (KFima) was incorporated by the Malaysian Government in 1972 under the name Fima Sdn Bhd (FIMA is an acronym for "Food Industries of Malaysia"). Fima Sdn Bhd was entrusted with the role of developing the agro-based industries and its first business was canning of pineapples. Later, the Group converted to a public company in 1975 and changed its name to Kumpulan Fima Berhad. In 1981, KFima became the controlling shareholder of Fima Metal Box Berhad, now known as Fima Corporation Berhad (FimaCorp), a company listed on the Main Board of Kuala Lumpur Stock Exchange.

KFima underwent management buyout exercise in 1991 in line with privatisation policy of the government of Malaysia. It was listed on the Main Board of KLSE in 1996. The group has further expanded out to other market segments via joint ventures and acquisition of other companies. By 2008, KFima had principally involved in four core business divisions, namely; 1) manufacturing, 2) bulking, 3) plantation and 4) food (see Figure 1 and 2).

Revenue and Profit breakdown

For financial year ended March 2017, the group derived revenue mainly from manufacturing (42.6%), followed by plantation (26.8%), food (20.9%), bulking (8.7%) others (1.0%). Of this, 44% of group's revenue dominated in foreign currency, mainly Indonesia Rupiah and Papua New Guinea Kina (see Figure 3).

At operating level, manufacturing is the biggest contributor with RM59.6mn profit, followed by bulking (RM20mn), food (RM6.7mn) and others (RM3.7mn). Note that plantation incurred a loss of RM6.1mn, mainly due to impairment losses totalling RM29.37mn in the subsidiary, PT Nunukan Jaya Lestari (PTNJL). Exluding the impairmnent, the adjusted profit would be RM23.2mn.

Major Shareholders

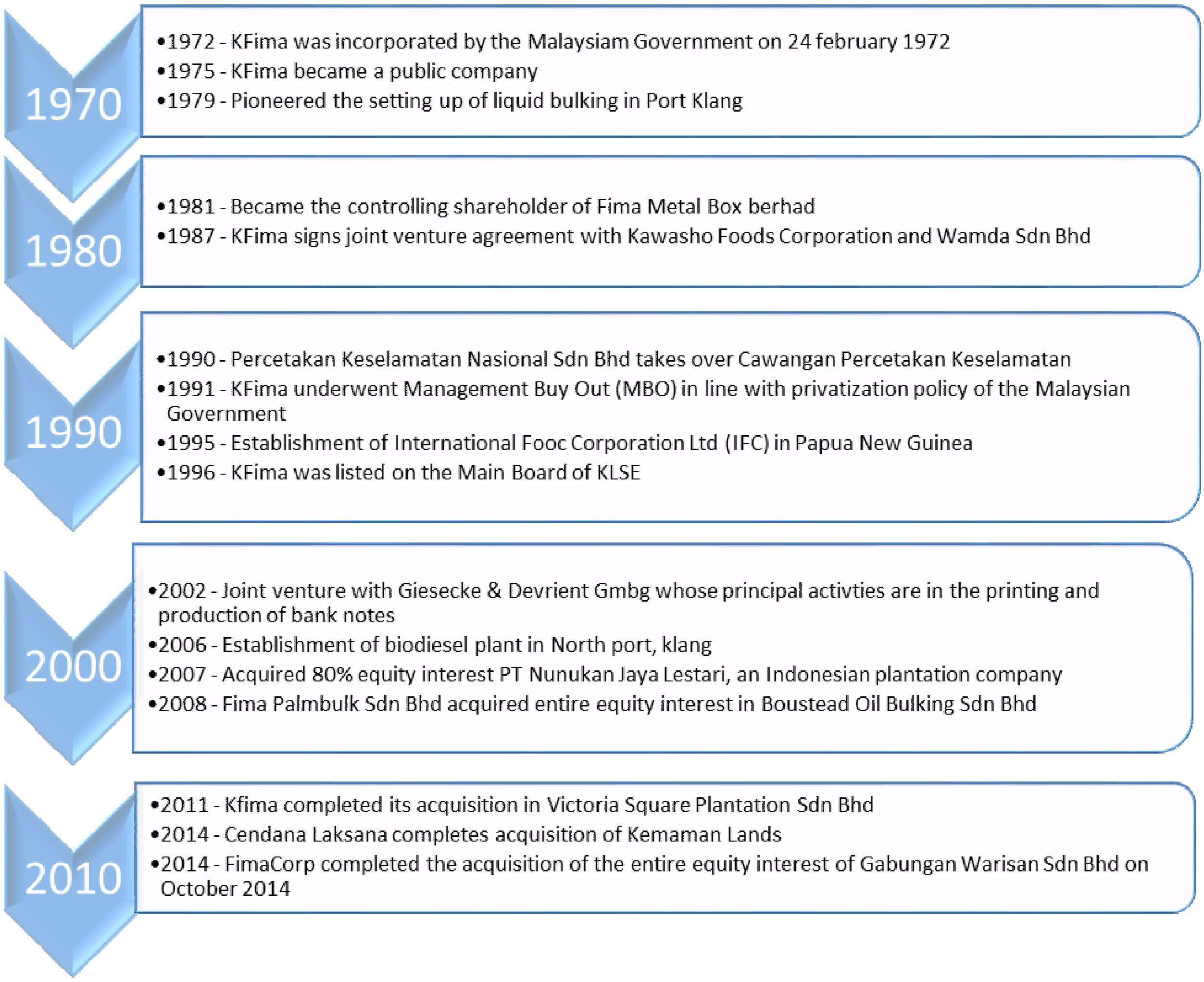
KFima was largely owned by BHR Enterprise Sdn Bhd (52.17%), the private vehicle of the family of the late Tan Sri Basir Ismail, who was the former Malaysian Palm Oil Board chairman. His daughters, Rozilawati binti Basir and Rozana Seti binti Basir are the Non-Independent Non-Executive Director of KFima and also the directors of BHF Enterprise Sdn Bhd.

Key Management Profile

Dato' Roslan Bin Hamir (50 years old), serves as the Group Managing Director and Non-Independent Executive Director of Kumpulan Fima since 2009. Dato' Roslan is an ACCA graduate with a Bachelor of Arts (Honours) in Accounting and Finance. He began his career with Messrs. Enrst & Young in 1993 until 1998 as an auditor. He later joined Corporate Services, Kumpulan Fima Berhad as Senior Vice President in 1998. Currently, he is the Managing Director of Fima Corporation Berhad, Chairman and Director of Narborough Plantation Plc, as well as Director of Fima Bulking Services Berhad.

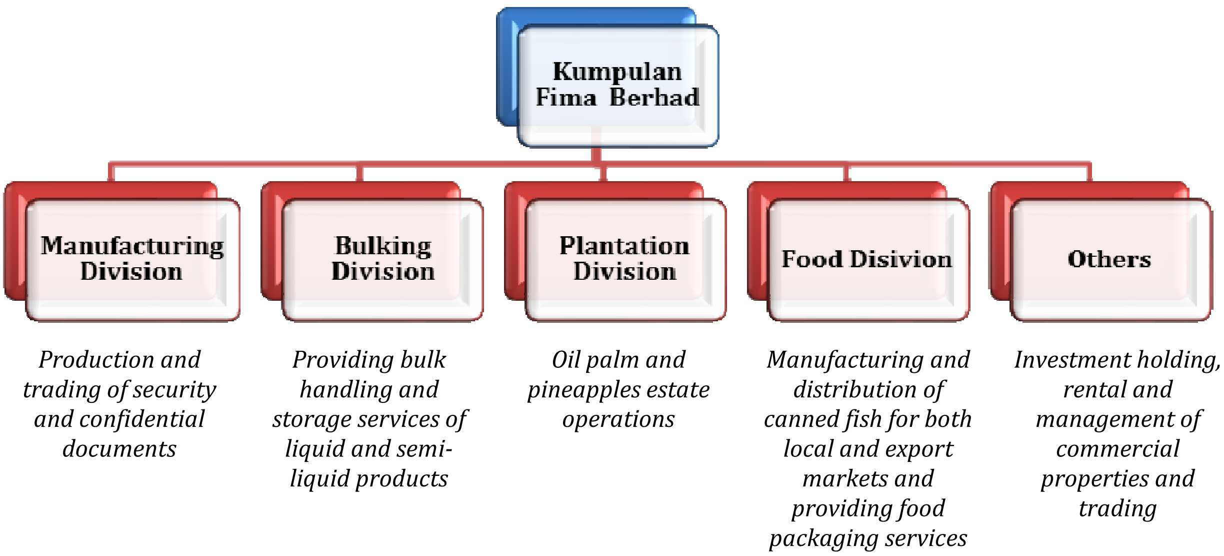
Mohd Yusof Bin Pandak Yatim (63 years old), is the Group Chief Financial Officer and Secretary of KFima. He was appointed as KFima's CFO on June 2001. He graduated with a Bachelor in Accounting from University of Malaya and holds a master's degree in Finance from University of Strarthclyde, Scotland. He is also a member of Malaysian Institute of Accountants. He started his career as an Accountant in Accountant General's Office from 1979 until 1993 during which he held various senior positions such as Government Accountant in Federal and State governments, including Chief Accountant of Selangor Waterworks. He presently serves as a Board member of Fima Bulking Services Berhad, Malaysian Transnational Trading Corporation Berhad (MATTRA) and several other Group subsidiaries.

Figure 1: Company milestone



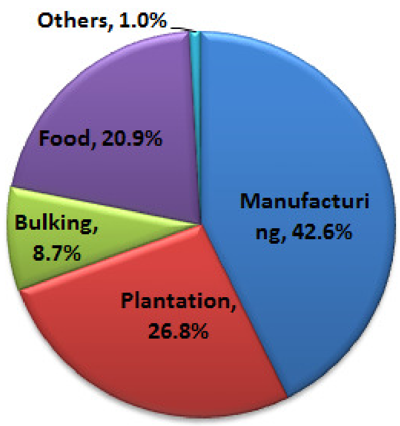
Source: Company, TA Research

Figure 2: Company's Division



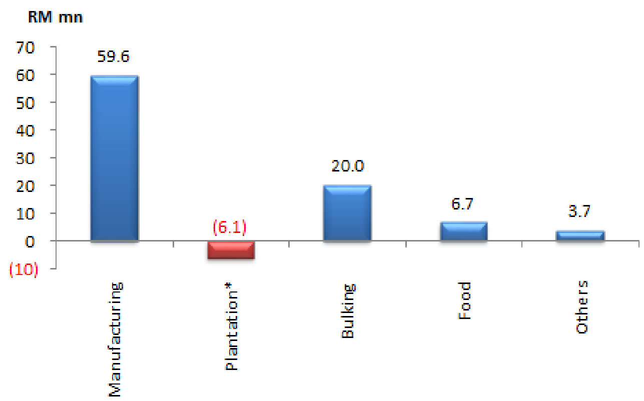
Source: Company, TA Research

Figure 3. Revenue Breakdown (FY17)



Source: Company, TA Research

Figure 4. Operating Profit Breakdown (FY17)



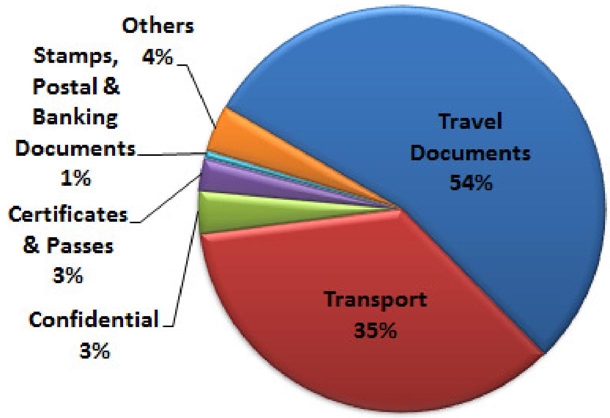
**impairment losses totalling RM29.37mn in the subsidiary, PTNJL*
Source: Company, TA Research

BUSINESS DESCRIPTION

i) Manufacturing

This division is the core driver of the Group's revenue with Percetakan Keselamatan Nasional Sdn Bhd (PKN) as the main manufacturing arm. PKN is the subsidiary of Fima Corporation Berhad and is the largest domestic security in Malaysia. They offer a wide range of products and services such as printing and transport of travel documents, licenses, stamps, postal and banking documents and other security and confidential documents. Travel documents contributed to the most of manufacturing revenue for FY17 (see Figure 5). However, the future manufacturing revenue is expected to reduce due to non-renewal of Malaysian passpost printing contract (see page 8).

Figure 5: Contribution by Products (FY17)

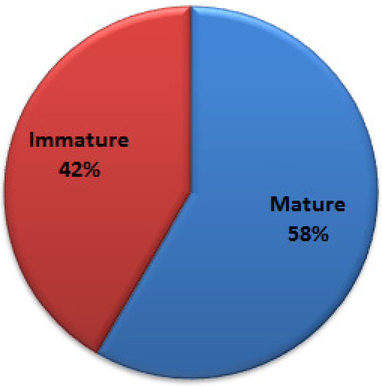


Source: Company, TA Research

ii) Plantation

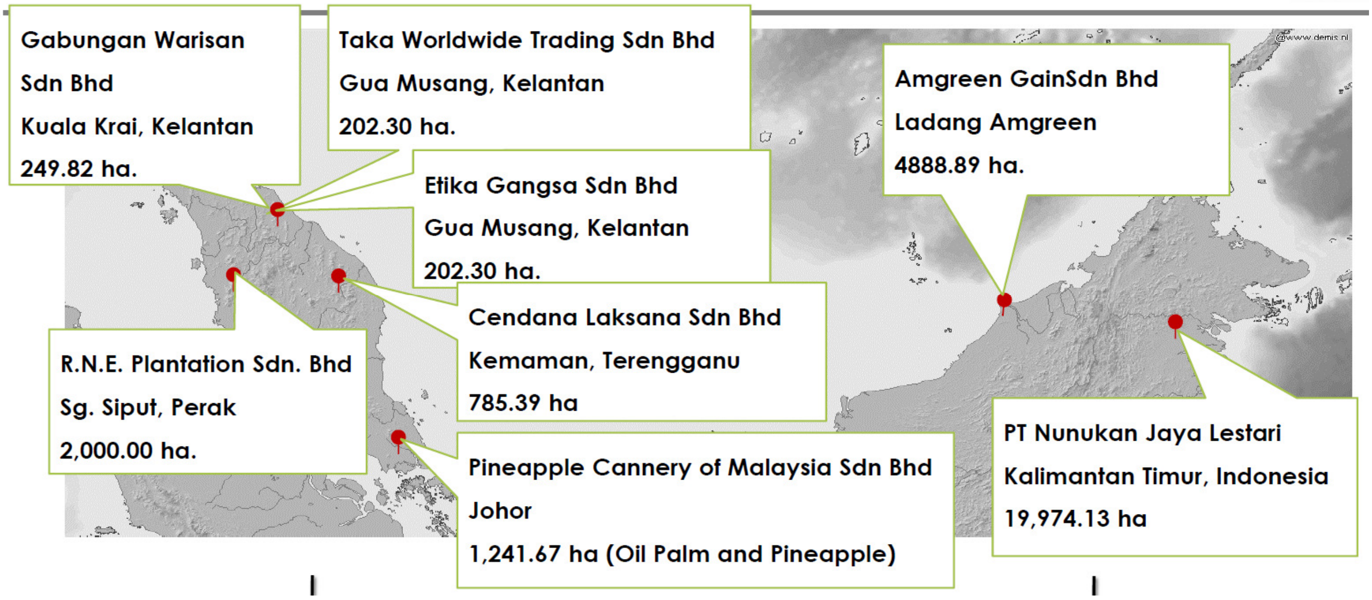
The company is engaged in the development, cultivation and management of oil palm and pineapple estates as well as the production of CPO and PK. As of March 2017, KFima owned and operated 13 estates with a total land bank of 29,567.2 hectares. Of these, 13,207.52 hectares have been planted with palm oil. Indonesia has the largest planted area of 47%, followed by Sarawak and Peninsular Malaysia with 35% and 18% respectively (see Figure 6. 7 and 8).

Figure 6: Mature vs. Immature (FY17)



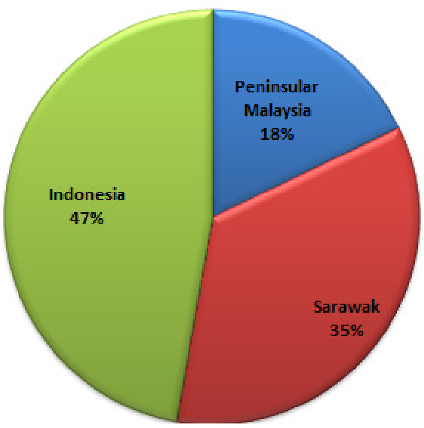
Source: Company, TA Research

Figure 7:: Location of Plantation Area



Source: Company, TA Research

Figure 8: Oil Palm Planted Area (FY17)

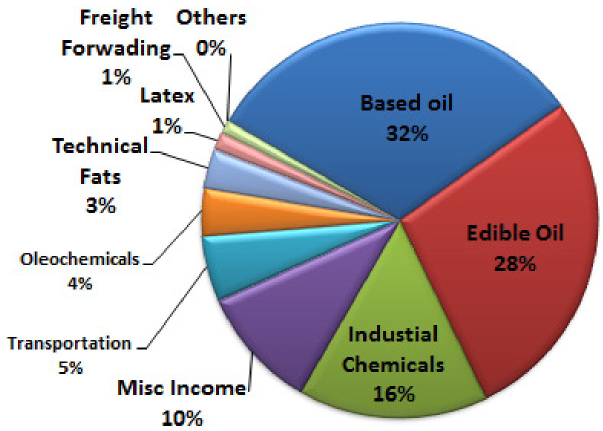


Source: Company, TA Research

iii) Bulking

This division operates five liquid bulk terminals of which three are located in Port Klang and two in Butterworth. These terminals provide storage facilities for both imports and exports and other services such as nitrogen blanketing, drumming, freight forwarding, etc. Presently, these terminals manage 272 tanks with a combined storage capacity of 275,190MT and handle a broad range of liquid cargoes. Fima bulking group also has various types of tanks that can cater to nearly all liquid products in the market ranging from palm oil products, latex concentrates, oleochemicals to specialty oils, as well as industrial chemicals and technical fats (see Figure 9).

Figure 9: Contribution by Products (FY17)

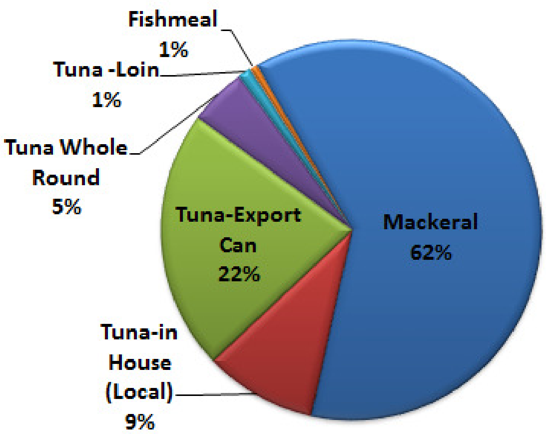


Source: Company, TA Research

iv) Food

This business segment is further divided into two activities; 1) manufacturing and distribution of canned fish, and 2) food packaging. KFima's subsidiary, International Food Corporation (IFC) Limited, which based in Papua New Guinea (PNG), manufactures and markets canned mackerel, canned tuna and frozen tuna loins. IFC's canned fish brands - 'Besta', 'Besta Mcflakes' and 'Bestachoice' are produced mainly for the domestic market, while the frozen tuna loins are exported to the European region. Marushin Canneries is the Malaysia manufacturer for canned Sardines and Mackerels in tomato sauce, under brand name 'King Cup'. 'King Cup' is local top seller brand and has about 30% market share.

Figure 10: Contribution by Products (FY17)



Source: Company, TA Research

Figure 11: Some of KFIMA's In-House Brand and Product Under Contract Manufacturing

Frozen Pre-cooked Loin

Canned Tuna

Fishmeal

Source: Company, TA Research

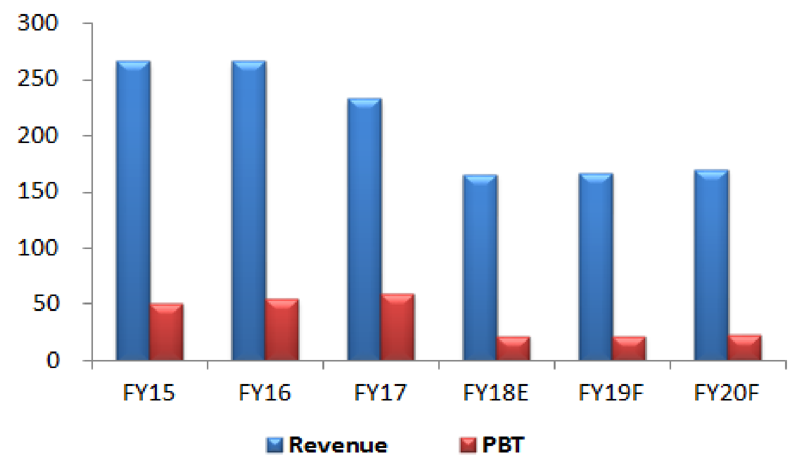
INVESTMENT THESIS

1) Manufacturing Division Hit by Expiry and Non-renewal of Passport Contract

This division is the biggest contributor to the Group in FY17 as explained above. However, we expect the future outlook for this division to be affected due to lower sales volume of travel documents resulted from the expiry of a supply contract in 3QFY17 ended Dec-16 (which was subsequently extended until 1QCY17). Prior to this, KFima subsidiary, PKN has been the supplier of the Malaysian passport booklets for almost two decades. The contract to print the passport booklets expired in 3QFY17 and the jobs was awarded to Datasonic Group Bhd.

In FY17, the travel documents segment contributed about RM126.7mn and RM59.6mn to its total revenue and PBT respectively. Management guided that approximately 85% of its revenue for this division was derived from Government, 10% from Industrial and 5% from others. Due to intense competition and the expiry of the contract mentioned, we expect FY18 PBT of this division to be lower at RM21.5mn (RM59.6mn in FY17) on the back of a 29.2% drop in revenue.

Figure 12: Revenue vs. PBT (RM mn)



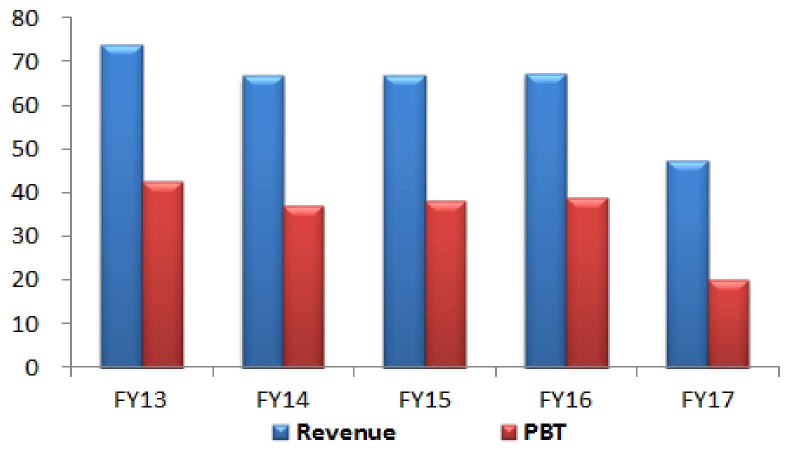
Source: Company, TA Research

2) Challenging Bulking Business

We observed that the revenue contribution from the bulking business has been reduced substantially over the past five years from RM 74.0mn in FY13 to RM47.5mn in FY17 (-35.9% YoY). PBT was also halved from RM42.8mn in FY13 to RM20mn in FY17. We believe the lacklustre performance was due to competition, resulting in increase in unutilized capacity. Note that the average occupancy rate was lower at 52.0% in FY17 compared to 83.2% in FY16.

Giving the challenging operating environment, the group has decided to put on hold the planned capacity expansion project at North Port. Despite a slight improvement in the demand for palm oil storage, management expects the average occupany rate to remain at 52% as the Malaysia Derivatives Exchange's (MDEX) Edible Oil tender and transshipment businesses are expected to remain low. Going forward, we expect revenue for this division to be flat at RM44mn to 45mn for the next three years.

Figure 13: Revenue vs. PBT (RM mn)



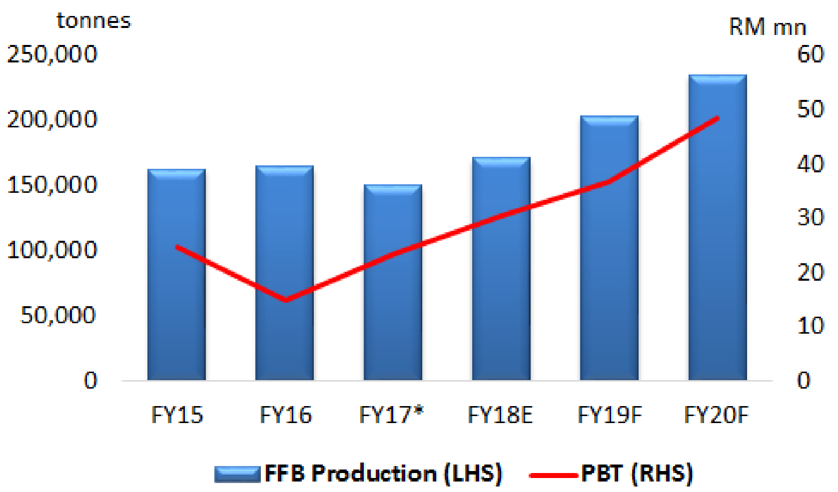
Source: Company, TA Research

3) The Plantation's Long-Term Story Remains Compelling

Despite hiccups (refer to page 10) from its operation in Indonesia, we are still positive on the long-term growth for the plantation division due to FFB production growth. We expect FFB production growth to accelerate over the next three years, mainly due to new areas coming into maturity from its estates located in Sarawak and Peninsular. Note that Sarawak and Peninsular Malaysia formed 35% and 18% respectively of total planted area in FY17. We gathered from management that its estate in Miri, Sarawak has been fully planted (4,714 ha) with 473.8 ha already matured in FY17.

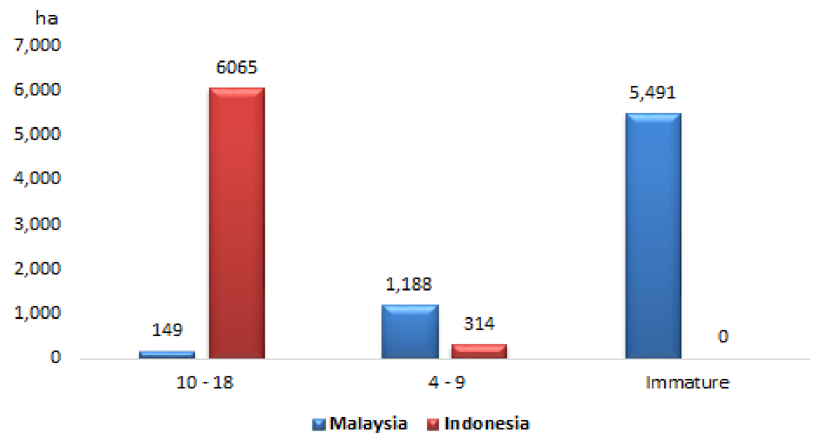
Management guided that the mature hectarage for FY18 is expected to increase by almost threefold to 1,345 ha. Meanwhile, the group also undertook its maiden harvesting of FFB in its estate in Kemaman, Terengganu (760.1 ha planted). Greenfield estates in Kuala Krai and Gua Musang, Kelantan have been progressing well with 341 ha planted with palm oil. All in, we expect FFB production growth to be in the range of 14% - 19% in FY18-FY20 and PBT to grow at a 3-year CAGR of 28%. Management guided that no re-planting is required for the next ten years as all of its mature palm oil trees are less than 19 years old.

Figure 14: FFB Production vs. PBT



** exclude the impairment charge of RM29.4mn from PTNJL*
Source: Company, TA Research

Figure 15: FFB Production vs. PBT (FY17)



Source: Company, TA Research

4) Healthy Balance Sheet to Look Out for Acquisition Opportunities

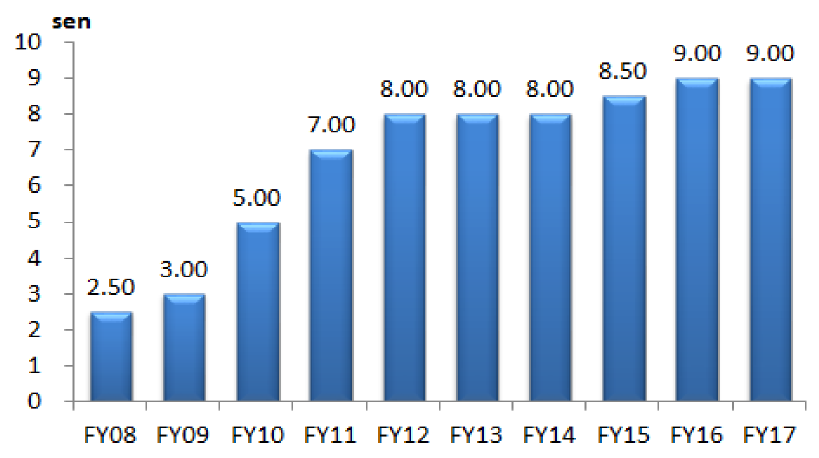
KFIMA has a healthy balance sheet with RM282.1mn net cash as at 30 June 2017. Thus, we believe the group is well-positioned to build a M&A war chest to accelerate its revenue growth in the future. The free cash flow is expected to increase further, swelling the war chest of the Group for acquisitions, due to stable capex requirement.

Indeed, management revealed that the Group is willing to spend up to RM300mn on a single deal to acquire plantation land, to accelerate its plantation's revenue contribution. Management guided that there are a number of oil palm estates owned by inefficient small plantation companies in Malaysia that could be put up for sale. This is especially in Kelantan and Terengganu states. Assuming plantation land bank price of RM70k/ha and debt-equity financing of 70:30, the group could expand its total land bank by another 45% or 13k ha.

5) Awesome Dividend Yield

KFIMA does not have a 'formal' dividend policy. However, the group has been paying substantial dividend yield of 4% - 5% over the past five years. We expect the group to pay out DPS of 9 sen for FY18 - FY20, which is equivalent to a payout ratio of 40-50%. These dividends translate to a yield of 5%.

Figure 16: Dividend Per Share



Source: Company, TA Research

FINANCIAL HIGHLIGHTS

KFIMA's revenue for the past five years has been sustained steadily above RM500mn. However, PBT margins have been narrowing from 27% to 21% between FY13-FY17. The group's reported profit dropped substantially by 47.4% in FY17 despite a flattish revenue growth. The reduction was mainly due to an impairment loss on property, plant and equipment and biological assets in the Group's subsidiary, PTNJL totaling RM29.4mn. Excluding this impairment, the core net profit should amount to RM56.1mn (-1% YoY).

To recap, in August 2016, PTNJL was served with an order from the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional to revoke its subsidiary's land cultivation rights (Hak Guna Usaha or HGU) due to overlap issue with forestry areas. PTNJL has instituted legal appeal to challenge the revocation. While the appeal is pending, PTNJL had decided to recognize the impairment losses of the assets affected.

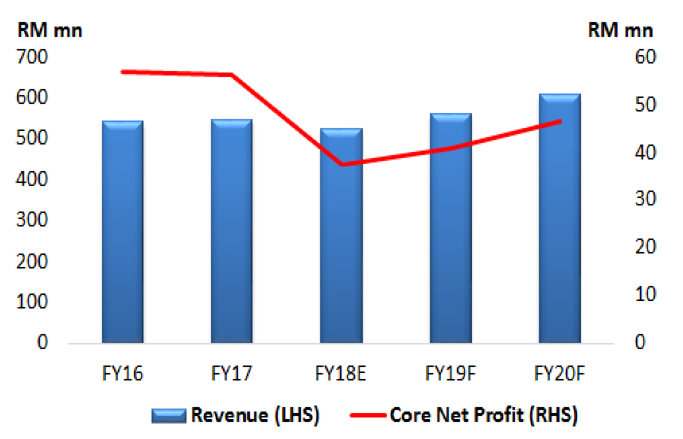
In 1QFY18, KFima's revenue has declined by 2.9% YoY, mainly due to lower contribution from manufacturing and bulking divisions. Meanwhile, net profit declined by 58.7% YoY to RM4.9mn, dragged by decrease in sales volume for certain travel documents (which we believe is the passport printing contract), lower contribution from bulking business and higher tax expenses. The plantation division posted a PBT of RM8.2mn (>100% YoY), spurred by higher CPO sales and lower cost of FFB produced.

Looking forward, we expect a lower profit contribution from the manufacturing division due to the expiry of travel documents contract and stiff competition. However, this will be partly offset by higher profit from the plantation and food division.

As mentioned above, we expect FFB production growth to be in the range of 14% - 19% in FY18-FY20. Naturally, most of the growth will come from its young estates in Miri. We assumed FY18/FY19/FY20 average CPO price of RM2,700/RM2,800/ RM2,800 per tonne for KFima.

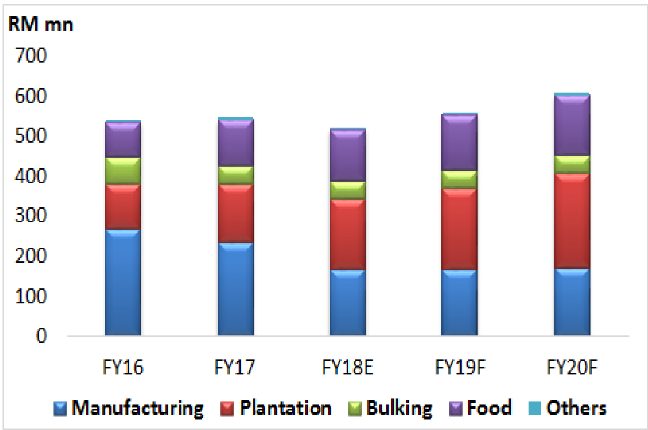
Correspondingly, we expect KFima's group FY18 revenue to decrease by 4.6% to RM522mn. While for FY19 and FY20, the revenue is expected to be RM559.8mn and RM607.0mn respectively. Estimated net profit stood at RM37.5mn/RM40.9mn/RM46.5mn for FY18/FY19/FY20.

Figure 17. Revenue vs. Core Net Profit



Source: Company, TA Research

Figure 18. Breakdown Segmental Breakdown (FY17)



Source: Company, TA Research

INVESTMENT RISKS

Stiff Competition for Manufacturing Division

Manufacturing's revenue is mainly derived from Government contracts. As such, there could be adverse impact to the group's earnings should the Government decided to discontinue its service with KFima. Besides, security printing is also facing competition from the new digital technologies where many organisations are adopting digital document strategies to tighten access control and user restrictions. Besides, banks are becoming more and more digital centric and shifting towards information technology to automate their operations process. All these transition phases could affect KFima's bottom line.

Highly Volatile CPO and PK Price

KFima's earnings are highly sensitive to fluctuations in CPO price. A sustained depressed CPO price will adversely affect the bottom line. CPO is closely correlated to economic activity, RM and crude oil price.

Unpredictable Weather Pattern

Upstream players are highly sensitive to weather conditions as it is one of the factors that will affect the production of FFB. Drought decreases FFB yield while extremely wet condition will affect the application of fertilizer and lower the quality of the fruits. This will negatively impact OER.

Foreign Currency Risk

The group's business is exposed to the risk of fluctuation in Indonesia Rupiah and Papua New Guinea Kina through sales and purchase. A strengthening in Indonesia Rupiah and Papua New Guinea Kina will adversely impact KFima's operating and financial performance.

Foreign Labour Shortage

The palm oil industry is heavily dependent on the supply of foreign labour, especially from Indonesia. Government restrictions on the work permits may cause the shortage of foreign labours and adversely affect the operations.

Liquidity Risk

We see trading liquidity risk as BHR Enterprise (the private vehicle of the family of the late Tan Sri Basir Ismail) already owned 52.17% of KFima's shares. On top of that, Subur Rahmat Sdn Bhd (SRSD) holds another 6.62% of the total shares. Note that SRSD is owned by late Tan Sri Basir Ismail's son, Ahmad Riza bin Basir and his wife, Zailini binti Zainal Abidin).

VALUATION

The Group has been paying a consistent dividend in the last seven years and we opine that this stock is very much a yield-play stock. This has prompted us to use Dividend Discount Model (DDM) valuation approach to better reflect the market's expectation on the stock. We derive a target price of **RM1.89** per share for KFIMA, based on cost of equity of 8.5% and the terminal growth rate of 4.0%. The TP translates into CY18 implied PER of 13x. With total potential upside of 10.4%, we initiate coverage on KFima with a **HOLD** recommendation.

Earnings Summary

P&L						
FYE Mar 31 (RMmn)		**FY16**	**FY17**	**FY18E**	**FY19F**	**FY20F**
Revenue		541	547	522	560	607
Adjusted EBITDA		72	78	62	72	86
Dep. & amortisation		38	34	26	25	24
Finance cost		(1)	(1)	(1)	(1)	(1)
Associate + JV		2	3	3	3	3
Forex & EI		0	(26)	0	0	0
Adjusted PBT		112	114	91	99	112
Taxation		(32)	(34)	(27)	(30)	(34)
MI		(23)	(21)	(26)	(28)	(32)
Net profit		57	30	37	41	46
Core net profit		57	56	37	41	46
Reported EPS (diluted)	(sen)	20.1	10.6	13.3	14.5	16.5
Core EPS (diluted)	(sen)	20.1	19.9	13.3	14.5	16.5
GDPS	(sen)	9.0	9.0	9.0	9.0	9.0

RATIOS						
FYE Mar 31 (RMmn)		**FY16**	**FY17**	**FY18E**	**FY19F**	**FY20F**
Valuations						
Reported PER	(x)	8.5	16.1	12.8	11.7	10.3
Core PER	(x)	8.5	8.5	12.8	11.7	10.3
Div. Yield	(%)	5.3	5.3	5.3	5.3	5.3
P/BV	(x)	0.5	0.5	0.5	0.4	0.4
EV/EBITDA	(x)	4.5	2.8	4.5	4.3	4.0
EV/EBIT	(x)	6.3	3.6	6.0	5.6	5.0
EV/Sales	(x)	1.1	0.8	0.9	0.9	0.8
FCF yield	(%)	19.8	49.7	20.9	20.3	22.9
Profitability ratios						
Core ROAE	(%)	7.7	7.4	4.8	5.2	5.8
Core ROAA	(%)	4.8	4.7	3.0	3.2	3.5
Adjusted EBITDA margin	(%)	13.4	14.3	11.9	12.8	14.1
Adjusted PBT margin	(%)	20.6	20.8	17.3	17.7	18.5
Liquidity ratios						
Current ratio	(x)	4.5	4.2	4.4	4.4	4.3
Quick ratio	(x)	3.8	3.6	3.9	3.8	3.8
Net current assets	(RMmn)	429	467	483	504	533
Leverage ratios						
Equity/total liabilities	(x)	1.2	1.2	1.2	1.2	1.2
Net debt / equity	(x)	Net cash	Net cash	Net cash	Net cash	Net cash
Int. coverage ratio	(x)	189.7	171.2	133.2	141.4	162.9
Growth ratios						
Sales	(%)	(0.7)	1.1	(4.6)	7.2	8.4
Pretax	(%)	(8.7)	2.1	(20.6)	9.2	13.5
Core earnings	(%)	(3.1)	(1.0)	(33.2)	9.2	13.5
Total assets	(%)	(0.3)	3.3	2.7	4.1	4.8

BALANCE SHEET					
FYE Mar 31 (RMmn)	**FY16**	**FY17**	**FY18E**	**FY19F**	**FY20F**
Fixed assets	344	319	308	298	289
Associates + JV	47	47	49	52	55
Others	245	244	275	305	335
LT assets	636	610	632	655	679
Inventories	91	83	79	85	92
Trade receivables	212	141	134	144	156
Cash	248	391	412	425	444
Current assets	550	614	625	653	692
Total Assets	**1,186**	**1,224**	**1,257**	**1,309**	**1,371**
Trade payables	85	112	107	115	125
ST borrowings	16	15	15	15	15
Others	20	19	19	19	19
Current liabilities	121	147	142	150	159
LT borrowings	17	16	16	16	16
Others	48	35	35	35	35
LT liabilities	65	51	51	51	51
Share capital	277	312	312	312	312
Share premium	25	25	25	25	25
Other reserves	138	117	117	117	117
Retained earnings	309	315	327	343	364
Shareholders fund	748	769	781	796	817
MI	251	258	284	312	344
Total Equity	**999**	**1026**	**1064**	**1108**	**1161**
Total Liabilities	**1,186**	**1,224**	**1,257**	**1,309**	**1,371**

CASH FLOW					
FYE Mar 31 (RMmn)	**FY16**	**FY17**	**FY18E**	**FY19F**	**FY20F**
PBT	112	114	91	99	112
Dep. & amortisation	(38)	(34)	(26)	(25)	(24)
Net interest	1	1	(9)	(9)	(9)
Other non-cash	84	45	48	47	45
Changes in WC	(19)	106	5	(8)	(10)
Tax paid & others	(31)	(38)	(27)	(30)	(34)
Operational cash flow	**108**	**193**	**82**	**74**	**80**
Capex	(24)	(14)	(15)	(15)	(15)
Others	(25)	(21)	(21)	(21)	(20)
Investing cash flow	**(49)**	**(35)**	**(36)**	**(36)**	**(35)**
Net share issue	0	0	0	0	0
Dividend paid	(24)	(25)	(25)	(25)	(25)
Others	(9)	(3)	0	0	0
Financial cash flow	**(33)**	**(28)**	**(25)**	**(25)**	**(25)**
Net cash flow	**26**	**129**	**21**	**13**	**20**
Opening cash flow	237	248	391	412	425
Forex & others	(15)	14	0	0	0
Closing cash flow	**248**	**391**	**412**	**425**	**444**

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Stock Recommendation Guideline

BUY : Total return within the next 12 months exceeds required rate of return by 5%-point.
HOLD : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.
SELL : Total return is lower than the required rate of return.
Not Rated: The company is not under coverage. The report is for information only.

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

As of Wednesday, September 13, 2017, the analyst, Angeline Chin, who prepared this report,
has interest in the following securities covered in this report:
(a) nil

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