

20 January 2020

Power Root Bhd Looking into 3QFY20

We reaffirm our positive stance post-meeting, premised on the belief that the group's prospect remains sturdy on: (i) greater operational efficiency, (ii) better cost environment, and (iii) innovative offerings to propel growth, amidst new challenges in UAE and Saudi in the form of sugar taxes. We expect 3QFY20 CNP to come in at c.RM12-13m, bringing 9MFY20 CNP to c.RM36-38m (versus our full-year forecast of RM51.4m). Reiterate OUTPERFORM at TP of RM2.75.

3QFY20 results preview. Earmarked to be released during the last week of February, we are expecting the group's 3QFY20 CNP to come in at c.RM12-13m (QoQ -7%/0%, YoY +86%/+101%), bringing 9MFY20 CNP to c.RM36-38m (YoY +71%/+81%) versus our full-year forecast of RM51.4m and consensus' RM48.6m. While the home ground remains anchored by steady demand for its core brands and a seasonal CNY boost from its "Ah Huat" products range, we believe the quarter will likely be largely driven by its export business, especially from the MENA region, which takes up c. 43% of the group's total sales. We attribute this to stronger sales from the non-GCC region, riding on the back of a wider outreach through its new distributorships. An interim dividend payout of 2.0 sen is expected, whereas our FY20E total payout of 9.0 sen translates to a dividend yield of c.4%.

Sugar tax in the UAE and Saudi. As of 1st of December 2019, the UAE Cabinet has levied a 50% excise tax on sugar sweetened beverages, be it in the form of a beverage of a concentrate, powder or extract or any product that may be converted into a beverage. This is anticipated to put some pressure on the group's export business in the region as the imposed taxes will be passed on to consumers. In relation to this, management represented that certain measures are already in place to counter the price hike and keep demand intact. We reckon possible solutions could be in the form of more sugar free products or cheaper-priced alternatives to mainstream products. Leveraging on its brand-stickiness there, we believe the group's strategies to potentially release new products could be fruitful to counteracting changes in consumer spending. We estimate sales in the UAE and Saudi to make up c.55% of the group's exports (or c.29% of total sales).

Key positives remain intact. Despite the disturbance in the Middle East, we are still fairly optimistic on the group's prospect. This is premised on our belief that the group is en route towards greater operational efficiency, which is further backed by a better cost environment driven by: (i) prudent A&P spending focusing on ROI, (ii) favourable locked-in raw material prices, and (iii) potentially lower taxes from overseas tax shelter. Furthermore, sturdy top-line performances are expected to be further boosted by the group's innovative offerings to penetrate new markets, for example the upcoming "Frenché Roast" range (to be launched within 4QFY20) is targeted at the growing 3-in-1 and Latte markets.

Post-meeting, we made no changes to our numbers.

Maintain OUTPERFORM with TP of RM2.75. Our TP is based on an unchanged FY21E PER of 20.0x (in-line with its 3-year mean). All-in, we continue to favour the name for its attractive growth trajectory, driven by its sturdy fundamentals and fresh strategies. A decent yield of c.4% could also offer some degree of defence against the current market uncertainties.

Risks to our call include: (i) lower-than-expected sales, (ii) higherthan-expected commodity and marketing costs, and (iii) lower-thanexpected dividend payments.



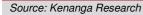
Price	:	RM2.30	1
Target Price:	:	RM2.75	\leftrightarrow
Expected Capital Gain			+19.6%
Expected Divd. Yield Expected Total Return		RM0.09 RM0.54) +3.9% +23.5%
KLCI Index		1,	595.81
Stock Information			
Bloomberg Ticker	F	WRT MK	
Bursa Code Listing Market		Main	7237 Market
Shariah Compliant		Main	Yes
Shares Outstanding			409.1
Market Cap (RM m) Par value per share (R	M)		940.9 0.20
52-week range (H)	,		2.45
52-week range (L) Free Float			1.26 51%
Beta			1.2
3-mth avg daily vol:		5	03,375
Major Shareholders			
Dato' How Say Swee			19.5% 19.5%
Dato' Wong Fuei Boon Dato' Low Chee Yen			19.5%
Summary Earnings T	able		
FY Mar (RM m)	2019A	2020E	2021E
Turnover EBIT	338.0 36.6	383.1 58.9	423.4 67.5
PBT	36.6 37.1	58.9 60.0	69.0
Net Profit	28.1	51.6	58.0
Core PATAMI Consensus (NP)	33.4	51.4 48.6	57.7 55.0
Earnings Revision	-	-	-
Core EPS (sen) Core EPS growth (%)	8.5 37.4%	12.6 49.1%	13.7 8.8%
NDPS (sen)	37.4% 8.0	49.1% 9.0	10.5
BVPS (RM)	0.56	0.62	0.68
PER (x) PBV (x)	27.2 4.1	18.2 3.7	16.7 3.4
Net Gearing (x)	(0.1)	(0.2)	(0.2)
Net Div. Yield (%)	3.5%	3.9%	4.6%
Share Price Performa	ince		c 1850
2.40 - 2.30 -		n n	1800
2.20 - 2.10 -		when	- 1750
2.00 - 1.90 - 1.80 -	wh. (- 1700
1.70 m M	N. V.		- 1650
1.50 1.40 mm mm halo	- Junan	.01	M 1600
		Jul Mu	1550
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		mths	12 mths
. ,		7.9% 6.6%	58.2% 63.4%

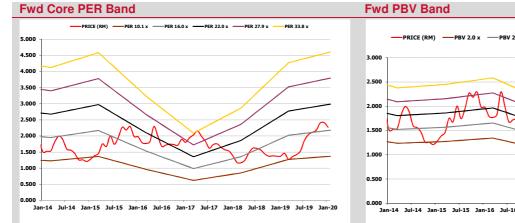
Nikki Thang <u>nikkithang@kenanga.com.my</u> +603-2172 2636

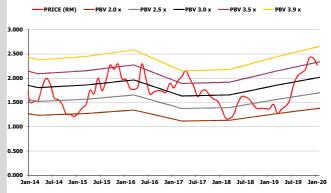
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FY Mar (RM m) 2017A 2018A 2019A 2020E 2021E Revenue 399.3 424.3 338.0 383.1 423.4 Growth Growth Growth Growth Growth Growth Growth Turnover 8.6 6.3 -20.3 13.3 10.5 Growth Growth Growth Turnover 8.6 6.3 -20.3 13.3 10.5 Growth Turnover 8.6 6.3 -20.3 13.3 10.5 Growth Growth Growth Turnover 8.6 6.3 -20.3 13.3 10.5 Growth Growth Growth 7.5 -6.6 -6.2 -6.6 Operating Profit 24.1 -81.8 273.7 61.2 14.5 15.0 Core PATAMI -29.4 -35.6 42.1 54.0 12.3 13.3 10.5 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.0												
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Net Profit Core PATAMI 47.2 9.7 28.1 51.6 58.0 Profitability (%) Core PATAMI 36.4 23.5 33.4 51.4 57.7 EBITDA Margin* 13.3 7.2 14.1 17.0 17.5 Balance Sheet				-			Core PATAMI	-29.4	-35.6	42.1	54.0	12.3
Core PATAMI 36.4 23.5 33.4 51.4 57.7 EBITDA Margin 13.3 7.2 14.1 17.0 17.5 Balance Sheet FY Mar (RM m) 2017A 2018A 2019A 2020E 2021E FY Mar (RM m) 2017A 2018A 2019A 2020E 2021E Core Net Margin 13.7 2.4 11.0 17.5 16.3 FY Mar (RM m) 2017A 2018A 2019A 2020E 2021E Core Net Margin 13.7 2.4 11.0 15.5 9.9 13.4 13.6 Intangible Assets 0.1 0.0 0.0 0.0 0.0 ROA 12.7 2.5 8.1 14.5 14.5 Receivables 153.8 140.2 11.8 136.1 146.2 14.1 13.1 21.7 21.3 Cash 68.2 51.4 56.8 83.6 100.5 Net Margin (%) 9.1 5.5 9.9 13.4 13.6 Cash 68.2 <th< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>												
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FY Mar (RM m)2017A2018A2019A2020E2021ECore Net Margin9.15.59.913.413.6Fixed Assets77.975.378.482.285.6Effective Tax Rate13.85.624.114.016.0Intangible Assets0.10.00.00.00.0ROA12.72.58.114.514.5Other Fixed Assets6.29.43.33.33.3ROE17.84.013.121.721.3Inventories49.369.666.261.773.5ROE17.84.013.121.721.3Receivables153.8140.2118.4136.1146.274.475.59.913.413.6Cash68.251.456.883.6100.5Net Margin (%)9.15.59.913.413.6Total Assets360.1355.9332.1376.0418.2Net Margin (%)9.15.59.913.413.6Payables96.1107.087.696.6104.9Net Margin (%)9.15.59.913.413.6ST Borrowings11.131.718.618.618.614.514.514.514.5Cher ST Liability0.28.16.76.76.76.71.41.71.51.5Net Assets251.8208.8219.2254.1287.9Net (Cash)/Debt(56.2)(19.4)									2.3	10.8	15.4	15.9
Fixed Assets 77.9 75.3 78.4 82.2 85.6 Effective Tax Rate 13.8 5.6 24.1 14.0 16.0 Intangible Assets 0.1 0.0 0.0 0.0 0.0 ROA 12.7 2.5 8.1 14.5 14.5 14.5 Other Fixed Assets 6.2 9.4 3.3 3.3 3.3 ROE 17.8 4.0 13.1 21.7 21.3 Inventories 49.3 69.6 66.2 61.7 73.5 *Adjusted for write-offs and impairments 7.0 7.0 *Adjusted for write-offs and impairments 7.0 7.0 *Adjusted for write-offs and impairments 7.0 7.0 7.0 7.0 7.0 7.0 *Adjusted for write-offs and impairments 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 7							-	13.7	2.4	11.0	15.7	16.3
Intangible Assets 0.1 0.0 0.0 0.0 0.0 ROA 12.7 2.5 8.1 14.5 14.5 Other Fixed Assets 6.2 9.4 3.3 3.3 3.3 3.3 ROA 12.7 2.5 8.1 14.5 14.5 Other Fixed Assets 6.2 9.4 3.3 3.3 3.3 3.3 ROE 17.8 4.0 13.1 21.7 21.3 Inventories 49.3 69.6 66.2 61.7 73.5 ROE 17.8 4.0 13.1 21.7 21.3 Inventories 49.3 69.6 66.2 61.7 73.5 ROE 14.6 14.5 Cash 68.2 51.4 56.8 83.6 100.5 Net Margin (%) 9.1 5.5 9.9 13.4 13.6 Total Assets 360.1 107.0 87.6 96.6 104.9 ROE (%) 17.8 4.0 15.6 21.7 21.3 ST Borrowings 11.1 31.7 18.6 18.6 18.6 18.6 14.5 <	FY Mar (RM m)	2017A	2018A	2019A	2020E	2021E	Core Net Margin	9.1	5.5	9.9	13.4	13.6
Other Fixed Assets 6.2 9.4 3.3 3.3 3.3 3.3 3.3 3.3 3.3 3.3 1000000000000000000000000000000000000	Fixed Assets	77.9	75.3	78.4	82.2	85.6	Effective Tax Rate	13.8	5.6	24.1	14.0	16.0
Inventories 49.3 69.6 66.2 61.7 73.5 * Adjusted for write-offs and impairments Receivables 153.8 140.2 118.4 136.1 146.2 Other Current Assets 4.6 9.9 9.1 9.1 9.1 0.1 Cash 68.2 51.4 56.8 83.6 100.5 Net Margin (%) 9.1 5.5 9.9 13.4 13.6 Total Assets 360.1 355.9 332.1 376.0 418.2 Net Margin (%) 9.1 1.1 1.2 1.0 1.0 1.0 Payables 96.1 107.0 87.6 96.6 104.9 ROE (%) 17.8 4.0 15.6 21.7 21.3 ST Borrowings 11.1 31.7 18.6 18.6 18.6 18.6 18.6 16.7 6.7 6.7 7.7 1.5 <t< td=""><td>Intangible Assets</td><td>0.1</td><td>0.0</td><td>0.0</td><td>0.0</td><td>0.0</td><td>ROA</td><td>12.7</td><td>2.5</td><td>8.1</td><td>14.5</td><td>14.5</td></t<>	Intangible Assets	0.1	0.0	0.0	0.0	0.0	ROA	12.7	2.5	8.1	14.5	14.5
Receivables 153.8 140.2 118.4 136.1 146.2 Other Current Assets 4.6 9.9 9.1 9.1 9.1 9.1 Cash 68.2 51.4 56.8 83.6 100.5 Net Margin (%) 9.1 5.5 9.9 13.4 13.6 Total Assets 360.1 355.9 332.1 376.0 418.2 Net Margin (%) 9.1 5.5 9.9 13.4 13.6 Payables 96.1 107.0 87.6 96.6 104.9 ROE (%) 17.8 4.0 15.6 21.7 21.3 ST Borrowings 11.1 31.7 18.6 18.6 18.6 18.6 18.6 18.6 15.5 9.9 1.1 0.0 0.0 Other ST Liability 0.2 8.1 6.7 6.7 6.7 Leverage 20.1 0.1 0.0 0.0 Other LT Liability 0.0 0.0 0.0 0.0 0.0 Debt/Equity (x) 0.0	Other Fixed Assets	6.2	9.4	3.3	3.3	3.3	ROE	17.8	4.0	13.1	21.7	21.3
Other Current Assets 4.6 9.9 9.1 9.1 9.1 9.1 DuPont Analysis Cash 68.2 51.4 56.8 83.6 100.5 Net Margin (%) 9.1 5.5 9.9 13.4 13.6 Total Assets 360.1 355.9 332.1 376.0 418.2 Assets Turnover (x) 1.1 1.2 1.0 1.0 1.0 Payables 96.1 107.0 87.6 96.6 104.9 ROE (%) 17.8 4.0 15.6 21.7 21.3 ST Borrowings 11.1 31.7 18.6 18.6 18.6 18.6 18.6 18.6 19.4 11.1 0.1 0.0 21.7 21.3 Other ST Liability 0.2 8.1 6.7 6.7 6.7 Everage 0.0 0.1 0.1 0.0 0.0 Other ST Liability 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 <td>Inventories</td> <td>49.3</td> <td>69.6</td> <td>66.2</td> <td>61.7</td> <td>73.5</td> <td colspan="6">* Adjusted for write-offs and impairments</td>	Inventories	49.3	69.6	66.2	61.7	73.5	* Adjusted for write-offs and impairments					
Cash 68.2 51.4 56.8 83.6 100.5 Net Margin (%) 9.1 5.5 9.9 13.4 13.6 Total Assets 360.1 355.9 332.1 376.0 418.2 Assets Turnover (x) 1.1 1.2 1.0 1.0 1.0 Payables 96.1 107.0 87.6 96.6 104.9 Corrage Factor (x) 1.4 1.7 1.5 1.5 1.5 Payables 96.1 107.0 87.6 96.6 104.9 Corrage Factor (x) 1.4 1.7 1.5 1.5 1.5 ST Borrowings 11.1 31.7 18.6 18.6 18.6 Other ST Liability 0.2 8.1 6.7 6.7 6.7 Leverage Corrage 0.1 0.1 0.0 0.0 0.0 Debt/Equity (x) 0.0 0.2 0.1 0.1 0.1 0.1	Receivables	153.8		118.4	136.1	146.2						
Total Assets 360.1 355.9 332.1 376.0 418.2 Assets Turnover (x) 1.1 1.2 1.0 1.0 1.0 Payables 96.1 107.0 87.6 96.6 104.9 ROE (%) 1.4 1.7 1.5 1.5 1.5 Payables 96.1 107.0 87.6 96.6 104.9 ROE (%) 17.8 4.0 15.6 21.7 21.3 ST Borrowings 11.1 31.7 18.6 18.6 18.6 18.6 17.8 4.0 15.6 21.7 21.3 LT Borrowings 0.9 0.3 0.0 0.0 0.0 Debt/Asset (x) 0.0 0.1 0.1 0.0 0.0 Other LT Liability 0.0 0.0 0.0 0.0 Debt/Asset (x) 0.0 0.2 0.1 0.1 0.1 0.1 Net Assets 251.8 208.8 219.2 254.1 287.9 Net (Cash)/Debt (56.2) (19.4) (38.2) (65.0) (81.9) Shareholders' Equity 250.9 208.6 218.8 253.8	Other Current Assets	4.6	9.9	9.1	9.1	9.1	DuPont Analysis					
Payables 96.1 107.0 87.6 96.6 104.9 ROE (%) 1.4 1.7 1.5 1.5 1.5 ST Borrowings 11.1 31.7 18.6 18.6 18.6 18.6 18.6 18.6 18.6 17.8 4.0 15.6 21.7 21.3 Other ST Liability 0.2 8.1 6.7 6.7 6.7 6.7 1.6<	Cash	68.2	51.4	56.8	83.6	100.5	Net Margin (%)	9.1	5.5	9.9	13.4	13.6
Payables 96.1 107.0 87.6 96.6 104.9 ROE (%) 17.8 4.0 15.6 21.7 21.3 ST Borrowings 11.1 31.7 18.6 16.7 6.7 6.7 6.7 6.7 6.7 6.7 6.7 6.7 6.7 6.7 6.7 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.6 0.2 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.	Total Assets	360.1	355.9	332.1	376.0	418.2	Assets Turnover (x)	1.1	1.2	1.0	1.0	1.0
ST Borrowings 11.1 31.7 18.6 18.6 18.6 18.6 18.6 18.6 Other ST Liability 0.2 8.1 6.7 6.7 6.7 Leverage 5 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Leverage Factor (x)</td> <td>1.4</td> <td>1.7</td> <td>1.5</td> <td>1.5</td> <td>1.5</td>							Leverage Factor (x)	1.4	1.7	1.5	1.5	1.5
Other ST Liability 0.2 8.1 6.7 6.7 6.7 Leverage LT Borrowings 0.9 0.3 0.0 0.0 0.0 Debt/Asset (x) 0.0 0.1 0.1 0.0 0.0 Other LT Liability 0.0 0.0 0.0 0.0 0.0 Debt/Asset (x) 0.0 0.2 0.1 <td>Payables</td> <td>96.1</td> <td>107.0</td> <td>87.6</td> <td>96.6</td> <td>104.9</td> <td>ROE (%)</td> <td>17.8</td> <td>4.0</td> <td>15.6</td> <td>21.7</td> <td>21.3</td>	Payables	96.1	107.0	87.6	96.6	104.9	ROE (%)	17.8	4.0	15.6	21.7	21.3
LT Borrowings 0.9 0.3 0.0 0.1 0.1 0.1 0.0 0.0 Net Assets 251.8 208.8 219.2 254.1 287.9 287.9 Net (Cash)/Debt (56.2) (19.4) (38.2) (65.0) (81.9) Net Debt/Equity (x) (0.2) (0.1) (0.2) (0.3) <td>ST Borrowings</td> <td>11.1</td> <td>31.7</td> <td>18.6</td> <td>18.6</td> <td>18.6</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	ST Borrowings	11.1	31.7	18.6	18.6	18.6						
Other LT Liability 0.0 0.2 0.1 0.1 0.1 Net Assets 251.8 208.8 219.2 254.1 287.9 Net (Cash)/Debt (56.2) (19.4) (38.2) (65.0) (81.9) Shareholders' Equity 250.9 208.6 218.8 253.8 287.6 Net Debt/Equity (x) (0.2) (0.1) (0.2) (0.3) (0.3) (0.3) Shareholders' Equity 0.8 0.2 0.4 0.4 0.4 Valuations Valuations Valuations Valuations Valuations Valuations 12.6 13.7 Total Equity 251.8 208.8 219.2 254.1 287.9 Core EPS (sen) 9.6 6.2 8.5 12.6 13.7	Other ST Liability	0.2	8.1	6.7	6.7	6.7	Leverage					
Net Assets 251.8 208.8 219.2 254.1 287.9 Net (Cash)/Debt Net Debt/Equity (x) (56.2) (19.4) (38.2) (65.0) (81.9) Shareholders' Equity 250.9 208.6 218.8 253.8 287.6 Net (Cash)/Debt Net Debt/Equity (x) (0.2) (0.1) (0.2) (0.3) (0.3) (0.3) Shareholders' Equity 0.8 0.2 0.4 0.4 0.4 0.4 Valuations Valuations <td>LT Borrowings</td> <td>0.9</td> <td>0.3</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>Debt/Asset (x)</td> <td>0.0</td> <td>0.1</td> <td>0.1</td> <td>0.0</td> <td>0.0</td>	LT Borrowings	0.9	0.3	0.0	0.0	0.0	Debt/Asset (x)	0.0	0.1	0.1	0.0	0.0
Shareholders' Equity 250.9 208.6 218.8 253.8 287.6 Minority Interests 0.8 0.2 0.4 <	Other LT Liability	0.0	0.0	0.0	0.0	0.0	Debt/Equity (x)	0.0	0.2	0.1	0.1	0.1
Shareholders' Equity 250.9 208.6 218.8 253.8 287.6 Minority Interests 0.8 0.2 0.4 0.4 0.4 Valuations Total Equity 251.8 208.8 219.2 254.1 287.9 Core EPS (sen) 9.6 6.2 8.5 12.6 13.7 NDPS (sen) 9.5 9.5 8.0 9.0 10.5	Net Assets	251.8	208.8	219.2	254.1	287.9	Net (Cash)/Debt	(56.2)	(19.4)	(38.2)	(65.0)	(81.9)
Shareholders' Equity 250.9 208.6 218.8 253.8 287.6 Minority Interests 0.8 0.2 0.4 0.4 0.4 Valuations Total Equity 251.8 208.8 219.2 254.1 287.9 Core EPS (sen) 9.6 6.2 8.5 12.6 13.7 NDPS (sen) 9.5 9.5 8.0 9.0 10.5							Net Debt/Equity (x)	(0.2)	(0.1)	(0.2)	(0.3)	(0.3)
Total Equity 251.8 208.8 219.2 254.1 287.9 Core EPS (sen) 9.6 6.2 8.5 12.6 13.7 NDPS (sen) 9.5 9.5 8.0 9.0 10.5	Shareholders' Equity	250.9	208.6	218.8	253.8	287.6		~ /	. ,	· · /	· · /	· · /
NDPS (sen) 9.5 9.5 8.0 9.0 10.5	Minority Interests	0.8	0.2	0.4	0.4	0.4	Valuations					
	Total Equity	251.8	208.8	219.2	254.1	287.9	Core EPS (sen)	9.6	6.2	8.5	12.6	13.7
							NDPS (sen)	9.5	9.5	8.0	9.0	10.5
	Cashflow Statement						BV/sh (RM)	0.7	0.5	0.6	0.6	0.7
FY Mar (RM m) 2017A 2018A 2019A 2020E 2021E PER (x) 24.1 37.3 27.2 18.2 16.7	FY Mar (RM m)	2017A	2018A	2019A	2020E	2021E	PER (x)				18.2	
Operating CF 44.4 16.9 41.6 52.1 49.2 Div. Yield (%) 4.1% 4.1% 3.5% 3.9% 4.6%	· · ·	44.4		41.6	52.1	49.2	· · /					
Investing CF -10.8 -18.1 -2.2 -10.0 -10.0 PBV (x) 3.5 4.2 4.1 3.7 3.4	• •	-10.8	-18.1	-2.2	-10.0	-10.0	. ,					
Financing CF -37.0 -15.5 -34.0 -15.4 -22.4 EV/EBITDA (x) 15.7 34.4 12.7 12.5 12.5	•		-									
Change In Cash -3.4 -16.7 5.4 26.8 16.9	Ū								01	,	0	
Free CF 38.7 9.7 32.9 42.1 39.2	Ŭ		9.7	32.9	42.1	39.2						







Source: Bloomberg, Kenanga Research



20 January 2020

Peer Comparison

Name	Last Price Market Cap	Shariah	Current	Revenue Growth		Core Earnings Growth		PER (x) - Core Earnings			PBV (x)		ROE (%)	Net Div Yld (%)	Target Price		
	(RM)	(RM'm)	Compliant	FYE	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	(RM)	Rating
F&B AND RETAIL																	
7-ELEVEN MALAYSIA HOLDINGS BHD	1.40	1,610.3	Ν	12/2019	12.4%	4.9%	13.6%	5.5%	33.6	29.6	28.1	23.3	22.6	77.5%	2.9%	1.35	MP
AEON CO (M) BHD	1.38	1,937.5	Y	12/2019	5.5%	5.4%	-26.5%	16.4%	15.6	21.2	18.2	1.0	0.9	4.5%	2.9%	1.60	OP
AMWAY MALAYSIA HOLDINGS BHD	5.80	953.4	Y	12/2019	2.2%	2.0%	5.5%	6.3%	17.5	16.6	15.6	4.1	3.9	23.8%	4.7%	5.90	MP
DUTCH LADY MILK INDUSTRIES BHD	45.10	2,886.4	Y	12/2019	-3.0%	2.0%	-17.4%	10.0%	23.3	28.2	25.6	27.4	27.0	97.9%	3.5%	49.30	MP
FRASER & NEAVE HOLDINGS BHD	33.32	12,221.1	Y	09/2020	2.7%	2.4%	2.5%	5.7%	29.2	28.4	26.9	4.8	4.5	16.5%	2.0%	35.15	MP
HAI-O ENTERPRISE BHD	2.03	589.4	Ν	04/2020	1.7%	2.3%	-25.0%	8.7%	12.4	16.6	15.3	1.9	1.9	11.4%	4.9%	1.50	UP
MYNEWS HOLDINGS BHD	0.93	634.4	Ν	10/2020	24.2%	17.0%	11.3%	20.8%	23.7	21.3	17.6	2.1	2.0	9.5%	1.1%	1.10	MP
NESTLE (MALAYSIA) BHD	145.60	34,143.2	Y	12/2019	2.5%	3.8%	3.5%	7.2%	52.6	50.8	47.4	52.2	51.4	104.6%	2.0%	128.00	UP
PADINI HOLDINGS BHD	3.42	2,250.1	Y	06/2020	0.5%	4.7%	12.8%	5.3%	14.4	12.8	12.1	3.4	2.9	24.5%	3.4%	4.00	OP
PARKSON HOLDINGS BHD	0.22	229.4	Y	06/2020	0.4%	0.5%	749.5%	16.0%	N.A.	27.6	23.8	0.1	0.1	0.3%	0.0%	0.22	MP
POWER ROOT BHD	2.30	940.9	Y	03/2020	13.3%	10.5%	54.0%	12.3%	27.2	18.2	16.7	4.1	3.7	21.8%	3.9%	2.75	OP
QL RESOURCES BHD	8.15	13,222.9	Y	03/2020	10.9%	4.5%	13.0%	4.2%	61.0	54.0	51.8	6.5	6.1	12.1%	0.7%	6.60	UP
SPRITZER BHD	2.22	466.1	Y	12/2019	8.0%	1.2%	27.6%	6.4%	19.2	15.1	14.2	1.2	1.1	7.7%	1.8%	2.50	OP
Simple Average					6.3%	4.7%	63.4%	9.6%	27.5	26.2	24.1	10.2	9.8	31.7%	2.6%		
SIN																	
BRITISH AMERICAN TOBACCO (M) BHD	13.70	3,911.8	Ν	12/2019	-18.2%	-3.4%	-28.9%	-2.0%	8.3	11.7	12.0	9.3	9.1	78.1%	8.2%	16.00	OP
CARLSBERG BREWERY MALAYSIA BHD	30.20	9,233.6	Ν	12/2019	16.0%	7.3%	13.6%	9.0%	33.9	31.7	30.2	51.4	50.4	175.6%	3.3%	30.00	OP
HEINEKEN MALAYSIA BHD	27.26	8,235.2	Ν	12/2019	22.4%	4.0%	21.3%	5.1%	29.1	28.3	27.0	22.2	19.3	85.9%	3.5%	28.60	OP
Simple Average					6.7%	2.7%	2.0%	4.0%	23.8	23.9	23.1	27.6	26.2	113.2%	5.0%		
Source: Bloomberg, Kenanga Research																	

Source: Bloomberg, Kenanga Research



20 January 2020

Stock Ratings are defined as follows:

Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

** The Expected Total Return might contain rounding discrepancy

***Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.

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