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Research Highlights

SINGAPORE NEWS HIGHLIGHTS

- Singapore banks brace for rate impact
- Singapore's OCBC, UOB eye regional expansion as profits grow

INDONESIA NEWS HIGHLIGHTS

- Indonesia to Relax Bank Merger Rule in Push for Efficiency
- Indonesian thermal coal output stable as miners face tax probe

THAILAND NEWS HIGHLIGHTS

- Thai baht expected to survive central bank's push to restrain it: forecasters
- Thai c.bank cuts bond supply again in August as baht stays strong

Currency Exchange

Currency	Today	1-Week Chg (%)
USD/IDR	14,185.0	1.26%
USD/SGD	1.38	0.56%
USD/THB	30.77	-0.36%

Singapore

Indices	Today	1-Week Chg (%)
FSSTI	3,261.1	-3.05%
FSTFN	1,010.76	-2.60%
FSTCG	495.77	-1.85%
FSTTC	840.8	1.39%

Indonesia

Indices	Today	1-Week Chg (%)
JCI	6,340.2	0.24%
JAKFIN	1,307.4	-0.16%
JAKAGRI	1,338.9	-1.08%
JAKINFR	1,197.0	1.20%

Thailand

Indices	Today	1-Week Chg (%)
SET	1,684.7	-1.94%
SETBANK	504.4	-1.18%
SETAGRI	186.4	-6.32%
SETCOMUN	174.7	-1.42%



Singapore's Corporate News

- **Singapore banks brace for rate impact**

Singapore banks have flagged muted loan demand amid dour sentiment as they head into the second half of this year, with flattish rates also set to weigh on lending margins. To be clear, all three banks (DBS, OCBC and UOB) rose to hit record earnings in the first half, and beat out market estimates in the second quarter, according to respective Bloomberg polls of analysts. All three banks are broadly seeing higher contributions from wealth management. Gains in net interest income for the three months ended June 30, 2019 from a year ago reflect the lag in pass-through of higher borrowing rates, with firmer Singapore benchmark rates trailing the earlier upward drift in Fed rates. Singapore benchmark rates tends to move in tandem with the US Federal Reserve funds rate. (Source: *The Business Times*)

- **Singapore's OCBC, UOB eye regional expansion as profits grow**

Singapore lenders Oversea-Chinese Banking Corp and United Overseas Bank are focusing on different parts of Asia as they look to increase their regional presence in an environment that both described as "challenging." OCBC, Singapore's second-largest lender after DBS Group Holdings, said it has been conserving capital as it waits for details of China's plans to relax the cap on foreign ownership in local banks. OCBC already owns 20% of Bank of Ningbo, a regional bank in China's Zhejiang province, which is near Shanghai. OCBC and UOB have grown their regional presence in an effort to cater to the region's growing middle class. OCBC bought Hong Kong-based Wing Hang Bank in 2014, and the Hong Kong and Singapore-based wealth and investment management businesses of Barclays in 2016. UOB, the smallest of the three, also said it is keen to grow regionally although its emphasis will be on Southeast Asia. (Source: *Nikkei Asian Review*)

Indonesia's Corporate News

- **Indonesia to Relax Bank Merger Rule in Push for Efficiency**

Indonesia is planning further steps to make it easier for foreign banks to invest in local lenders as well as encourage domestic mergers, as it tries to strengthen the sector against growing competition from financial technology firms. The Financial Services Authority, known as OJK, expects to amend the so-called single presence policy later this year, according to the commissioner for banking supervision at the regulator. The revised rule, which will make no distinction between foreign and local lenders, would relax the longstanding requirement that the acquiring banks have to merge all their local operations into one entity. "The single presence policy will be flexible so that there's consolidation and our banks become more efficient," Kristiyana said in a recent interview in his Jakarta office. "Foreign banks are still interested in coming to Indonesia because the net interest margin is still high at around 5%." (Source: *Bloomberg*)

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- **Indonesian thermal coal output stable as miners face tax probe**

Indonesia's thermal coal prices and production remained largely unaffected even as the country's anti-corruption watchdog investigates certain major coal producers for alleged tax avoidance, sources said Thursday. The country's Corruption Eradication Commission, or KPK, has launched investigations into several Indonesian coal producers allegedly using the practice of "transfer pricing" to avoid tax liabilities, according to local media reports this week. Transfer pricing is the price at which departments within a company transact with each other. The reports added 51 coal contract mining holders were requested to submit coal sales documents between 2017 and 2019 for audit. Despite ongoing investigations, sources noted that mining businesses are still in operation with no immediate impact on prices and production. (Source: *Hellenic Shipping News*)

Thailand's Corporate News

- **Thai baht expected to survive central bank's push to restrain it: forecasters**

Thailand's central bank knocked the baht from its perch, but the weakness could be short-lived, according to the currency's top forecasters. The Bank of Thailand took steps this month to curb short-term inflows after the currency surged to a six-year high. Those measures are hurting the baht, which is headed for a loss in July and is the worst-performing emerging-market currency in Asia after South Korea's won. While "the market will continue to worry about further measures against the baht's strength," the currency will probably recover over the medium term, said a Singapore-based currency strategist at Scotiabank, the most-accurate forecaster for the currency in the second quarter based on Bloomberg rankings. Thailand's solid economic fundamentals will help lure fund inflows amid a global easing cycle and negative interest rates, he said. (*The Business Times*)

- **Thai c.bank cuts bond supply again in August as baht stays strong**

Thailand's central bank has cut the amount of short-term bonds it will sell via auction in August to help slow fund inflows amid a strong baht, while traders said yields continue to fall on expectations of an interest rate cut. The supply of three-and six-month bonds was cut by a combined 20 billion baht (USD649m) in August, compared with July's amount, the Bank of Thailand (BOT) said in a statement on Friday. The baht has gained about 5.6% against this year, becoming the best performing currency in Asia, driven by fund inflows. "The BOT's measures haven't made the baht weaken as fast as they expected," said an executive vice president of Krungthai Asset Management.

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Regional Banking peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 2 August 2019	Market Cap (USDm)	CY19 P/E (x)	CY20 P/E (x)	Current EPS	CY19 EPS	PBV (x)	CY19 ROE	CY20 ROE	Est. DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
Indonesia												
BANK CENTRAL ASIA TBK PT	30,825	53482.8	26.0	23.0	1039.6	1183.6	4.8	17.9	17.7	33874.4	1.1	1.1
BANK RAKYAT INDONESIA PERSER	4,450	38626.9	14.9	13.0	263.7	299.1	2.8	18.8	19.1	12613.3	2.8	3.0
BANK MANDIRI PERSERO TBK PT	7,675	25205.3	12.8	11.2	515.3	599.6	1.9	14.7	15.3	24120.6	3.1	3.1
BANK NEGARA INDONESIA PERSER	8,100	10630.1	9.2	7.9	821.2	878.9	1.3	14.4	14.9	24604.4	3.0	2.5
BANK DANAMON INDONESIA TBK	4,900	3370.2	11.5	10.6	431.6	424.8	1.1	10.9	9.9	13900.7	2.8	2.9
Simple Average			14.9	13.1				15.4	15.4			2.5
Singapore												
DBS GROUP HOLDINGS LTD	26.25	48702.6	10.9	10.5	2.2	2.4	1.4	12.8	12.5	122.8	4.7	4.6
OVERSEA-CHINESE BANKING CORP	11.21	35143.4	10.0	9.5	1.1	1.1	1.1	11.3	11.3	47.9	4.3	3.8
UNITED OVERSEAS BANK LTD	26.00	31493.9	10.3	10.0	2.4	2.5	1.2	11.4	11.3	122.0	4.7	4.6
Simple Average			10.4	10.0				11.9	11.7			4.3
Thailand												
SIAM COMMERCIAL BANK PUB CO	138.5	15287.8	11.2	10.5	12.7	12.4	1.2	10.8	10.7	588.3	4.2	4.0
BANGKOK BANK PUBLIC CO LTD	177.5	11014.2	8.9	8.3	18.9	19.8	0.8	8.8	9.1	710.1	4.0	3.7
KASIKORNBANK PCL	176.0	13692.7	10.4	9.2	16.1	16.9	1.1	10.3	10.5	462.4	2.6	2.3
KRUNG THAI BANK PUB CO LTD	19.3	8768.5	9.2	8.3	2.1	2.1	0.8	9.3	9.4	80.0	4.1	3.7
BANK OF AYUDHYA PCL	38.5	9206.1	8.9	9.3	3.4	4.3	1.1	12.0	10.8	115.3	3.0	2.2
Simple Average			9.7	9.1				10.3	10.1			3.2
Regional Average			11.9	10.9				12.6	12.5			3.2
Malaysia												
MALAYAN BANKING BHD	8.65	23393.0	11.8	11.3	0.7	0.7	1.2	10.6	10.6	58.5	6.8	6.6
CIMB GROUP HOLDINGS BHD	5.08	11888.1	9.9	9.2	0.5	0.5	0.9	9.1	9.4	26.3	5.2	4.9
PUBLIC BANK BERHAD	21.78	20341.4	14.8	14.2	1.5	1.5	2.1	13.5	13.1	70.7	3.2	3.2
HONG LEONG BANK BERHAD	17.74	9251.4	13.6	12.9	1.2	1.3	1.4	10.9	10.9	52.4	3.0	2.7
AMMB HOLDINGS BHD	4.13	2994.8	8.9	8.3	0.4	0.5	0.7	7.7	7.9	19.9	4.8	4.8
RHB BANK BHD	5.50	5306.0	9.2	8.6	0.6	0.6	0.9	9.9	9.9	22.7	4.1	3.7
ALLIANCE FINANCIAL GROUP BHD	3.59	1337.0	9.4	8.7	0.3	0.4	1.0	10.1	10.4	18.1	5.0	4.7
Simple Average			11.1	10.5				10.3	10.3			4.4

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Regional Plantation peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 2 August 2019	Market Cap (USDm)	CY19 P/E (x)	CY20 P/E (x)	Current EPS	CY19 EPS	PBV (x)	CY19 ROE	CY20 ROE	Best DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
Indonesia												
ASTRA AGRO LESTARI TBK PT	9,800	1327.4	16.6	13.0	773.3	589.2	1.0	5.6	7.1	23262.5	2.4	3.4
PP LONDON SUMATRA INDONES PT	1,055	506.6	17.8	12.8	75.4	59.4	0.9	4.5	6.3	2180.4	2.1	1.8
SAMPOERNA AGRO TBK PT	2,280	303.3	30.2	26.1	109.3	75.5	1.1	3.4	3.7	513.0	0.2	N.A.
EAGLE HIGH PLANTATIONS TBK P	140	310.6	N.A.	N.A.	N.A.	N.A.	0.8	N.A.	N.A.	N.A.	N.A.	N.A.
BAKRIE SUMATERA PLANTATIO PT	105	18.5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Simple Average			21.5	17.3				4.5	5.7			2.6
Singapore												
WILMAR INTERNATIONAL LTD	3.98	18302.0	14.3	13.0	0.2	0.2	1.1	7.4	7.8	8.2	2.8	2.6
GOLDEN AGRI-RESOURCES LTD	0.30	2727.8	30.6	17.9	0.0	0.0	0.7	1.8	3.4	0.4	1.9	2.0
OLAM INTERNATIONAL LTD	1.90	4395.9	12.7	11.9	0.1	0.2	1.1	N.A.	N.A.	7.6	4.0	3.9
Simple Average			19.2	14.2				4.6	5.6			2.9
Regional Average			20.4	15.8				4.5	5.7			2.8
Malaysia												
SIME DARBY BERHAD	2.14	3501.3	15.7	14.7	0.1	0.1	1.0	6.4	6.4	8.4	3.9	3.7
IOI CORP BHD	4.17	6304.8	32.6	27.3	0.2	0.1	2.8	8.4	9.8	8.8	2.1	1.9
KUALA LUMPUR KEPONG BHD	23.76	6087.4	33.3	27.8	0.9	0.7	2.4	6.5	7.7	43.5	1.8	1.9
GENTING PLANTATIONS BHD	9.55	2061.3	34.9	26.1	0.3	0.3	1.8	5.1	6.0	15.3	1.6	1.4
IJM PLANTATIONS BHD	1.42	300.8	33.8	20.3	0.1	0.0	0.9	2.1	3.7	3.6	2.5	1.4
TA ANN HOLDINGS BERHAD	2.19	232.1	14.1	10.2	0.2	0.2	0.7	5.4	6.4	9.4	4.3	2.3
Simple Average			27.4	21.0				5.6	6.6			2.1

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Regional Telco peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 2 August 2019	Market Cap (USDm)	CY19 P/E (x)	CY20 P/E (x)	Current EPS	CY19 EPS	CY19 EV/EBITDA	CY20 EV/EBITDA	PBV (x)	CY19 ROE	CY20 ROE	Best DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
Indonesia														
TELEKOMUNIKASI INDONESIA PER	4,280	29837.2	19.7	17.6	198.0	217.4	7.2	6.5	4.5	20.3	21.3	16191.5	3.8	3.8
XL AXIATA TBK PT	3,260	2452.0	64.7	32.7	3.6	50.4	5.9	5.4	1.9	2.7	5.4	2535.7	0.8	N.A.
INDOSAT TBK PT	3,260	1246.6	N.A.	N.A.	-345.6	-400.4	5.5	4.9	1.6	-21.3	-23.8	898.3	0.3	N.A.
Simple Average			42.2	25.1			6.2	5.6		0.6	1.0			3.8
Singapore														
SINGAPORE TELECOMMUNICATIONS	3.35	39720.2	17.5	16.2	0.2	0.2	13.8	13.6	1.8	10.4	11.1	18.0	5.4	5.2
STARHUB LTD	1.49	1873.4	14.2	15.9	0.1	0.1	6.8	6.9	6.8	51.8	45.4	9.1	6.1	9.6
M1 LTD	N.A.	N.A.	N.A.	N.A.	0.1	0.1	N.A.	N.A.	N.A.	22.6	18.8	9.3	N.A.	N.A.
Simple Average			15.9	16.0			10.3	10.3		28.3	25.1			7.4
Thailand														
ADVANCED INFO SERVICE PCL	212.0	20490.0	20.5	19.4	10.2	10.3	9.3	8.9	11.1	49.6	45.6	736.8	3.5	3.3
TOTAL ACCESS COMMUNICATION	57.75	4445.1	22.4	21.4	0.6	2.6	7.1	6.7	5.4	27.7	25.1	172.4	3.0	2.2
Simple Average			21.4	20.4			8.2	7.8		38.7	35.3			2.8
Regional Average			26.5	20.5			8.0	7.6		20.5	18.6			4.8
Malaysia														
MAXIS BHD	5.44	10234.9	26.3	25.3	0.3	0.2	13.8	13.3	6.0	22.9	23.1	19.7	3.6	3.7
AXIATA GROUP BERHAD	5.00	10980.6	39.1	32.7	0.1	0.1	7.7	7.3	2.7	6.5	7.5	10.3	2.1	1.9
DIGI.COM BHD	5.00	9352.4	25.9	25.3	0.2	0.2	14.2	13.9	55.6	231.0	228.2	19.2	3.8	3.8
TELEKOM MALAYSIA BHD	3.99	3607.2	16.5	16.6	0.1	0.2	5.7	5.7	2.1	11.5	11.0	12.3	3.1	0.5
Simple Average			26.9	25.0			10.3	10.1		68.0	67.5			2.5

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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%

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

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