

16 November 2020

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Research Highlights

SINGAPORE NEWS HIGHLIGHTS

- MAS proposes stricter ways to verify customers' identity as impersonation scams rise
- Singtel faces challenges in Singapore's 5G era with new CEO

INDONESIA NEWS HIGHLIGHTS

- Jokowi calls on FinTechs to adopt good governance for enhanced cybersecurity, services
- BRI sees 43% contraction in Q3 profits, pins hope on MSMEs for recovery

THAILAND NEWS HIGHLIGHTS

- Thailand allows banks to resume dividend payment after tests
- Thailand asks Central Bank to manage currency to aid exports

Currency Exchange

Currency	Today	1-Week Chg (%)
USD/IDR	14,170.0	-0.28%
USD/SGD	1.3	-0.05%
USD/THB	30.2	-1.40%

Singapore

Indices	Today	1-Week Chg (%)
FSSTI	2,711.4	5.15%
FSTFN	886.2	4.07%
FSTCG	432.1	1.53%
FSTTC	581.9	6.93%

Indonesia

Indices	Today	1-Week Chg (%)
JCI	5,461.1	2.35%
JAKFIN	1,255.1	4.42%
JAKAGRI	1,243.7	3.76%
JAKINFR	876.0	3.27%

Thailand

Indices	Today	1-Week Chg (%)
SET	1,346.5	6.86%
SETBANK	297.5	12.29%
SETAGRI	230.0	-11.44%
SETCOMUN	132.7	0.98%



Singapore's Corporate News

- **MAS proposes stricter ways to verify customers' identity as impersonation scams rise**

Banks, insurers and other financial institutions may have to implement more stringent ways of verifying customers' identity in non-face-to-face situations such as phone or online banking. The Monetary Authority of Singapore (MAS) on Tuesday (Nov 10) issued a consultation paper on the types of information required for such verification of an individual's identity. The proposed requirements come against the backdrop of rising impersonation scam cases, and seek to address risks arising from theft and misuse of a person's personal particulars, MAS said. (*The Straits Times*)

- **Singtel faces challenges in Singapore's 5G era with new CEO**

Singtel faces the challenge of making its 5G business viable under new leadership as the city-state rolls out the next-generation mobile network. But the rise of rivals and the coronavirus pandemic are chipping away at the telecommunications group's standing. Singapore will begin introducing 5G services in January, aiming to cover the entire country by the end of 2025. Singtel, Southeast Asia's largest telecom operator by market capitalization, has one of the two licenses for the new network in Singapore, with local rivals StarHub and M1 jointly holding the other. While 5G promises internet browsing speeds that are 20 times faster than 4G, what is unclear is whether a legacy telecom operator like Singtel, which is majority-owned by Singapore state investor Temasek, will be able to engineer a similar leap in making money out of the new network. (*Nikkei Asia*)

Indonesia's Corporate News

- **Jokowi calls on FinTechs to adopt good governance for enhanced cybersecurity, services**

President Joko "Jokowi" Widodo has called on financial technology (fintech) companies to practice good governance and accountability to mitigate the risks that come with rapid technological developments in the financial sector. In his pre-recorded remarks to open the Indonesia Fintech Summit 2020 on Wednesday, Jokowi said that fintech services providers should remain wary of certain security risks such as cybercrime, misinformation, transactional errors and data misuse that could harm the quality of their services. "Fintech players should implement good governance and accountability to mitigate those risks," the President said, particularly as the nonbank sector was not regulated as strictly as the banking sector. (*The Jakarta Post*)

- **BRI sees 43% contraction in Q3 profits, pins hope on MSMEs for recovery**

State-owned Bank Rakyat Indonesia (BRI) recorded a deep drop in its net profits as of September due to slowing loan growth and a deterioration in its asset quality, leading it to further pin its hopes on micro, small and medium enterprises (MSMEs) for this year's recovery. The publicly listed company booked Rp14.2t (US\$1b) in net profits as of September, a contraction of 42.9% year-on-year (yoy) as its net interest income shrank 7.5% yoy to Rp56.1t, according to the bank's presentation material. Its loan disbursement only grew 4.9% yoy to Rp934.4t during the first nine months of the year compared to more than 11% in annual growth recorded in the same period last year. (*The Jakarta Post*)

Thailand's Corporate News

- **Thailand allows banks to resume dividend payment after tests**

Thailand's Central Bank lifted a ban on dividend payment by lenders imposed in the wake of the coronavirus outbreak, citing adequate capital buffer to withstand any future shocks. The approval for dividend this year is based on banks' capital plans and results of stress tests for the 2020-2022 period, which showed that financial institutions have adequate levels of capital and loan-loss provision to withstand the impact of COVID-19, Bank of Thailand said in a statement. But the Central Bank retained a ban on share buyback by lenders imposed in June, citing potential strain on capital from such measures. The dividend payout for this year must not exceed last year's payout ratio and 50% of net income in 2020 given the high uncertainty stemming from the pandemic, the Central Bank said. (*The Edge*)

- **Thailand asks Central Bank to manage currency to aid exports**

Thailand's government wants the central bank to temper a rally in the nation's currency, which is threatening efforts to boost exports to balance a slump in tourism revenue, according to Finance Minister Arkhom Termpittayapaisith. Bank of Thailand is "taking care" of the baht, Arkhom told reporters in Bangkok on Wednesday, after the currency rallied to a 10-month high against the U.S. dollar. The baht has surged 4.7% this quarter as foreign inflows into the nation's stocks and bonds resumed and emerging market currencies rallied on optimism over the global economic outlook. With the international borders closed to most visitors, Thailand is betting on a revival in trade to minimize the hit to the economy from the coronavirus pandemic. As exports have shown signs of revival, the government will focus on supporting its only source of external revenue, Arkhom said. (*Bloomberg*)

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Regional Banking peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 13 November 2020	Market Cap (USDm)	CY20 P/E (x)	CY21 P/E (x)	Current EPS	CY21 EPS	PBV (x)	CY20 ROE	CY21 ROE	Est. DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
Indonesia												
BANK CENTRAL ASIA TBK PT	31,950	55493.3	33.4	26.7	1039.6	1160.3	4.4	13.3	15.4	42709.6	1.3	1.7
BANK RAKYAT INDONESIA PERSER	4,000	34757.5	24.8	16.0	263.7	283.0	2.6	9.8	14.6	11453.6	2.9	4.2
BANK MANDIRI PERSERO TBK PT	6,250	20547.1	17.3	11.8	515.2	586.1	1.6	8.8	12.6	26106.8	4.2	5.7
BANK NEGARA INDONESIA PERSER	5,650	7422.7	20.2	9.5	821.2	836.6	1.0	4.5	9.4	12487.5	2.2	3.7
BANK DANAMON INDONESIA TBK	2,590	1783.3	12.1	7.7	431.6	389.4	0.6	4.7	7.3	14237.6	5.5	7.2
Simple Average			21.6	14.3				8.2	11.9			4.5
Singapore												
DBS GROUP HOLDINGS LTD	23.88	45036.6	13.1	11.3	2.2	2.5	1.1	9.2	10.3	85.6	3.6	4.3
OVERSEA-CHINESE BANKING CORP	9.58	31799.9	13.0	10.3	1.1	1.1	0.9	7.0	8.5	32.2	3.4	4.6
UNITED OVERSEAS BANK LTD	21.47	26653.3	12.7	10.7	2.4	2.6	0.9	7.4	8.5	79.4	3.7	5.3
Simple Average			12.9	10.7				7.8	9.1			4.7
Thailand												
SIAM COMMERCIAL BANK PUB CO	82.0	9224.4	10.5	10.0	12.7	12.9	0.7	6.5	6.6	369.2	4.5	5.8
BANGKOK BANK PUBLIC CO LTD	116.5	7367.2	10.1	8.4	18.9	19.3	0.5	4.8	5.8	440.5	3.8	4.3
KASIKORNBANK PCL	94.3	7398.0	10.4	8.6	16.1	16.2	0.5	5.4	6.3	269.1	2.9	4.8
KRUNG THAI BANK PUB CO LTD	10.1	4676.4	8.3	8.0	2.1	2.1	0.4	5.0	5.1	42.6	4.2	7.5
BANK OF AYUDHYA PCL	22.6	5507.4	7.1	6.4	3.4	4.3	0.6	8.5	8.4	82.3	3.6	2.0
Simple Average			9.3	8.3				6.1	6.4			4.9
Regional Average			14.9	11.2				7.3	9.1			4.7
Malaysia												
MALAYAN BANKING BHD	7.93	21623.8	15.0	13.0	0.7	0.7	1.1	7.2	8.0	35.2	4.4	4.9
CIMB GROUP HOLDINGS BHD	3.44	8280.2	16.0	9.5	0.5	0.5	0.6	3.5	6.2	9.8	2.8	3.5
PUBLIC BANK BERHAD	17.76	16724.5	15.0	13.7	1.5	1.4	1.5	10.4	10.8	50.1	2.8	2.3
HONG LEONG BANK BERHAD	16.34	8592.0	12.7	11.5	1.2	1.3	1.2	9.5	9.8	44.4	2.7	2.2
AMMB HOLDINGS BHD	3.21	2343.4	8.4	7.4	0.4	0.5	0.5	6.3	6.6	13.6	4.2	4.1
RHB BANK BHD	4.94	4805.2	10.0	8.7	0.6	0.6	0.7	7.7	8.3	22.8	4.6	3.7
ALLIANCE BANK MALAYSIA BHD	2.42	908.8	9.8	8.4	0.3	0.4	0.6	6.5	7.3	7.8	3.2	2.5
Simple Average			12.4	10.3				7.3	8.1			3.3

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Regional Plantation peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 13 November 2020	Market Cap (USDm)	CY20 P/E (x)	CY21 P/E (x)	Current EPS	CY21 EPS	PBV (x)	CY20 ROE	CY21 ROE	Best DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
Indonesia												
ASTRA AGRO LESTARI TBK PT	11,150	1511.8	24.2	21.6	773.3	237.8	1.1	4.4	5.1	7134.3	0.6	0.8
	1,090	523.9	23.2	19.3	82.9	36.8	0.9	3.6	4.4	1497.4	1.4	1.4
PP LONDON SUMATRA INDONES PT												
SAMPOERNA AGRO TBK PT	1,500	199.7	10.9	10.3	109.3	66.0	0.7	5.8	5.9	1100.0	0.7	N/A
EAGLE HIGH PLANTATIONS TBK P	106	235.4	N/A	35.3	N/A	N/A	0.8	-16.7	2.1	N/A	N/A	N/A
BAKRIE SUMATERA PLANTATIO PT	86	15.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Simple Average			19.5	21.6				-0.7	4.4			1.1
Singapore												
WILMAR INTERNATIONAL LTD	4.27	20092.5	15.0	14.1	0.2	0.2	1.2	8.0	8.1	12.7	4.0	3.2
GOLDEN AGRI-RESOURCES LTD	0.14	1356.3	N/A	21.4	0.0	0.0	0.3	(1.0)	0.8	0.4	3.7	4.0
OLAM INTERNATIONAL LTD	1.37	3249.0	8.6	8.1	0.1	0.2	0.8	N/A	N/A	7.5	5.5	5.8
Simple Average			11.8	14.5				3.5	4.4			4.3
Regional Average			16.4	18.6				0.7	4.4			3.0
Malaysia												
SIME DARBY BERHAD	2.43	4009.1	15.1	14.3	0.1	0.1	1.1	7.3	7.2	10.2	4.2	4.1
IOI CORP BHD	4.55	6916.0	31.8	29.5	0.2	0.1	3.1	9.6	9.8	8.9	2.0	1.8
KUALA LUMPUR KEPONG BHD	23.14	6053.6	29.5	26.0	0.9	0.6	2.3	7.7	8.6	49.6	2.1	2.2
GENTING PLANTATIONS BHD	9.99	2174.2	38.0	31.1	0.3	0.2	1.8	4.5	5.2	13.8	1.4	1.6
IJM PLANTATIONS BHD	1.86	397.3	2.4	22.1	0.1	0.0	1.2	5.2	6.1	3.5	1.9	1.1
TA ANN HOLDINGS BERHAD	3.02	322.7	19.5	16.1	0.2	0.1	0.9	4.7	6.1	6.9	2.3	1.7
Simple Average			22.7	23.2				6.5	7.2			2.1

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Regional Telco peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 13 November 2020	Market Cap (USDm)	CY20 P/E (x)	CY21 P/E (x)	Current EPS	CY21 EPS	CY20 EV/EBITDA	CY21 EV/EBITDA	PB V (x)	CY20 ROE	CY21 ROE	Best DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
Indonesia														
TELEKOMUNIKASI INDONESIA PER	2,990	20866.2	14.4	13.6	198.0	207.9	5.1	4.8	2.9	19.4	19.6	16363.2	5.5	5.2
XL AXIATA TBK PT	2,290	1727.1	15.2	18.6	3.6	61.3	4.3	4.0	1.2	7.8	5.1	3489.8	1.5	0.9
INDOSAT TBK PT	2,200	842.2	N/A	N/A	-345.6	-242.4	3.3	3.1	1.0	-7.1	-5.9	0.0	0.0	N/A
Simple Average			14.8	16.1			4.2	4.0		6.7	6.3			3.0
Singapore														
SINGAPORE TELECOMMUNICATIONS	2.30	27871.7	18.1	14.7	0.2	0.2	12.9	12.4	N/A	7.3	9.4	11.2	4.9	5.3
STARHUB LTD	1.27	1632.1	15.5	15.7	0.1	0.1	6.6	6.5	7.1	31.5	29.0	6.3	5.0	5.5
M1 LTD	N/A	N/A	N/A	N/A	0.1	0.1	N/A	N/A	N/A	22.6	N/A	9.3	N/A	N/A
Simple Average			16.8	15.2			9.7	9.5		20.5	19.2			5.4
Thailand														
ADVANCED INFO SERVICE PCL	174.5	17190.2	18.6	18.1	10.2	10.8	8.0	7.7	7.6	37.7	35.4	672.3	3.9	3.9
TOTAL ACCESS COMMUNICATION	33.5	2627.9	14.3	17.0	0.6	2.7	4.8	4.8	3.3	21.8	16.8	170.3	5.1	5.2
Simple Average			16.4	17.5			6.4	6.2		29.8	26.1			4.5
Regional Average			16.0	16.3			6.4	6.2		17.6	15.6			4.3
Malaysia														
MAXIS BHD	5.20	9867.7	28.0	26.0	0.3	0.2	13.3	12.7	5.7	20.3	21.6	16.8	3.2	3.5
AXIATA GROUP BERHAD	3.35	7451.3	45.9	33.2	0.1	0.1	5.6	5.4	1.9	4.0	5.5	6.7	2.0	1.9
DIGI.COM BHD	4.17	7864.6	25.3	24.1	0.2	0.2	12.1	11.8	50.3	198.5	206.1	16.3	3.9	4.0
TELEKOM MALAYSIA BHD	4.40	4027.7	18.3	18.2	0.1	0.3	5.7	5.6	2.2	11.9	11.7	12.2	2.8	3.8
Simple Average			29.4	25.4			9.2	8.9		58.7	61.2			3.3

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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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Published and printed by:

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