

12 January 2023

NationGate Holdings

Optical Transceivers Powering Growth

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NationGate, an EMS provider to be listed on the ACE Market today, is riding on high-growth industries with the networking and telecommunication segments making up c.70% of group revenue. The demand for optical transceivers is expected to rise as data centres upgrade to 400G and 800G transceivers to cope with higher bandwidth requirements. NationGate differentiates itself by incorporating smart manufacturing platforms and offering value-enhancing services such as chip-on-board processes, allowing it to enhance customer stickiness and realise higher margins. We project strong earnings growth in FY23 (+29%) and FY24 (+21%) as its various products move into the mass production stage. We initiate coverage on the stock with an OUTPERFORM call and a TP of RM0.85.

Prepared for take-off. Despite a slowdown in the tech space, primarily among consumer electronics, NationGate is expected to buck the trend to record strong earnings growth for FY23 (+29%) and FY24 (+21%) premised on various products moving into the mass production stage starting this year until 2024 after going through qualification for the past two years. With the capacity and headcount that have already been accounted for, the increase in revenue is expected to contribute significantly to its bottom line.

Riding on high-growth industries. The group is riding on high-growth industries such as networking, telecommunication, supercomputers, industrial instruments and automotive while consumer electronics only make up <1% of group revenue. With c.70% of its revenue coming from networking and telecommunication, the group is sanguine on higher orders backed by robust forecasts from key customers for optical transceivers as data centres are seeing the need to upgrade to 400G and 800G transceivers in order to cope with the higher bandwidth requirements. In addition, there will be a trickle-down effect for edge data centres to adopt 100G transceivers, bringing low-latency experiences closer to end-users.

Value enhancing services. To differentiate itself from the traditional EMS player, NationGate incorporated ViTrox's V-ONE smart manufacturing platform to ensure its facilities are Industrial 4.0 ready. In addition, the group also offers added value services such chip-on-board (die attach, wire bonding and encapsulation) processes which is typically seen only among OSAT players. These initiatives have helped the group retain its customers and increase stickiness as well as realising higher margins of c.9% compared to typical EMS net margins of 4-5%.

Initiate with OUTPERFORM recommendation and target price of RM0.85. Our valuation is based on FY23F PER of 18x, representing a 25% premium to peers' forward mean. We believe the higher valuation is justified by the group's advanced capabilities which yield better margins. We like NationGate for its: (i) exposure into fast-growing industrial and commercial products catered for the networking and telecommunication sectors, (ii) 4IR-ready facilities that is able to take on higher complexity jobs, and (iii) added value services such as chip-on-board (COB) that is able to ensure customer stickiness and yield better margins. There is no adjustment to our target price based on ESG given a 3-star rating as appraised by us (see Page 13).

Risks to our call include: (i) heavy reliance on the networking segment which contributes c.70% of group revenue, (ii) competition from foreign EMS players that have presence in Malaysia, and (iii) adverse impact from component shortage which could delay delivery schedule.

OUTPERFORM

IPO Price : RM0.38
Target Price : RM0.85

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	NATGATE MK Equity
Market Cap (RM m)	788.1
Shares Outstanding	2,074.9
52-week range (H)	n.a.
52-week range (L)	n.a.
3-mth avg daily vol:	n.a.
Free Float	30%
Beta	n.a.

Major Shareholders

Ooi Eng Leong	57.8%
Tan Ah Geok	7.2%

Summary Earnings Table

FYE Dec (RM m)	2021A	2022F	2023F
Turnover	760.9	904.1	1,093.4
EBITDA	95.7	125.8	154.6
PBT	62.7	89.0	118.9
Net Profit	59.5	75.6	97.5
Consensus	n.a.	n.a.	n.a.
Earnings Revision	n.a.	0%	0%
EPS (sen)	2.9	3.6	4.7
EPS growth (%)	94.2	27.0	28.9
NDPS (sen)	0.0	0.0	0.0
BVPS (RM)	0.08	0.14	0.19
Price/BV (x)	5.1	2.7	2.0
PER (x)	13.2	10.4	8.1
Gearing (x)	1.5	0.8	0.3
ROA (%)	9.8	8.4	8.4
ROE (%)	38.2	26.3	25.3
Dividend Yield (%)	0.0	0.0	0.0

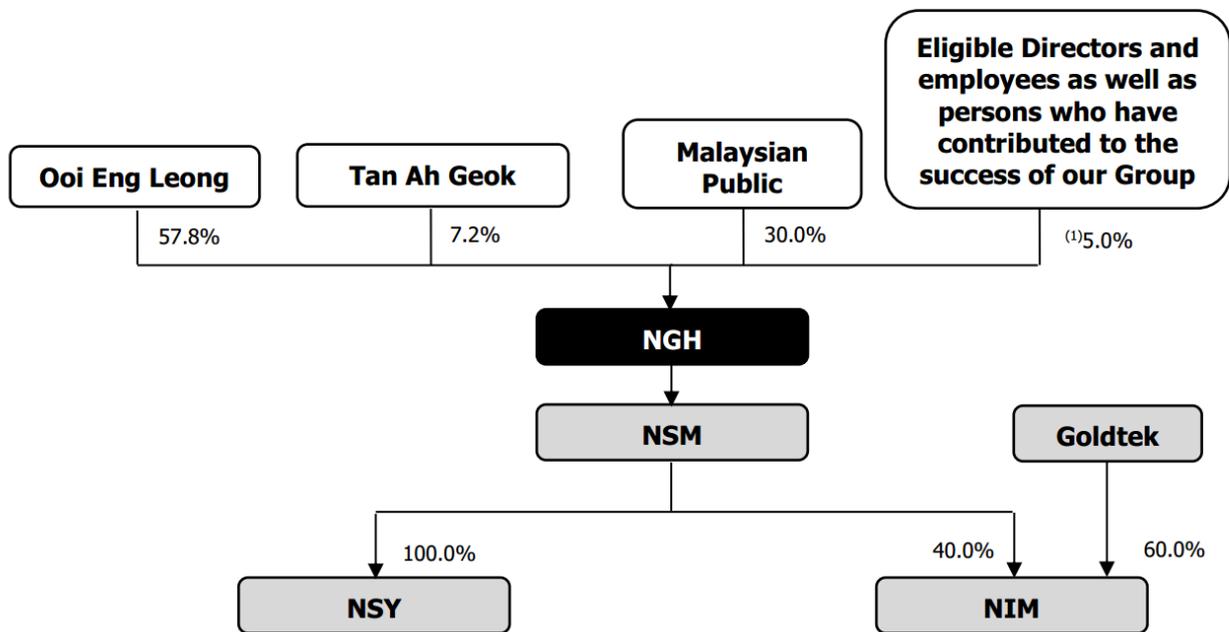
COMPANY BACKGROUND

NationGate is principally involved in the electronic manufacturing services (EMS) business with its history dating back to 1999 when it started with a single surface mount technology (SMT) assembly line in a rented factory in Seberang Perai, Penang. Fast forward to 2023, the group now has 6 manufacturing plants with a total floor space of c.623k sq ft (excluding Plant 3 that is being rented out) housing 131 SMT machines across 31 SMT assembly lines. The group’s principal activities revolve around the assembly and testing of electronic components and products to produce completed printed circuit board (PCB), semi-finished sub-assemblies, fully assembled electronic products as well as semiconductor devices. Thanks to its extensive capabilities and proven track record in terms of product quality and prompt delivery schedule, the group is not only able to attract MNCs as its customers but also retain them with its added value services and innovations provided by its in-house technical team consisting of 367 engineers. These include services such as precision plastic injection moulding, prototyping for manufacturability, supply chain management and packaging. After accumulating more than 20 years of experience, the group is well prepared to further its growth and has decided to go public. NationGate will begin trading on Bursa Malaysia’s ACE Market today (12 January 2023).

The group operates primarily with two business models:

- **Turnkey basis (83% of group revenue):** NationGate is responsible for the procurement, assembly, testing and product support. The group will oversee the inventories, purchase of raw materials and input components from approved suppliers which could also include the turnkey customer itself for key raw materials. Customers are charged on a cost-plus pricing model, adding a markup to the unit cost of products which includes expenses for raw materials and input components.
- **Consignment basis (17% of group revenue):** Customers are responsible for acquiring and supplying raw materials and input components for assembly and testing services. The company charges customers based on the type and complexity of the services provided. Customers retain certain control over the manufacturing and supply chain processes and may prefer this arrangement to protect intellectual property in the PCB or if they have very specific input components required. This model allows the company to serve multiple customers at once by adjusting manufacturing configurations as required without needing to allocate large capacity or resources.

Exhibit 1: Corporate Structure



NGH: NationGate Holdings Berhad
 NSM: NationGate Holdings Solution (M) Sdn Bhd
 NSY: NationGate System Sdn Bhd
 NIM: NationGate Integration (M) Sdn Bhd
 Goldtek: Goldtek Technology Co. Ltd

Source: Company

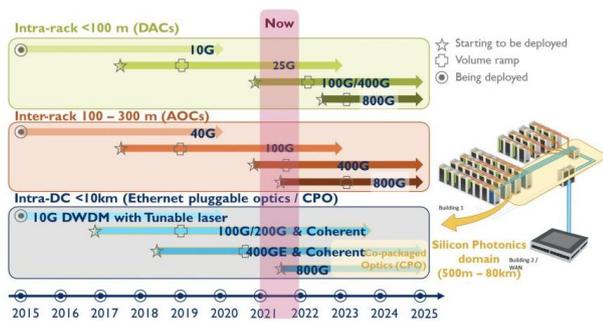
KEY MANAGEMENT PROFILE

1. **Ooi Eng Leong** is the managing director and one of the co-founders of the company, he is in charge of the group’s overall strategy and business direction. Ooi was awarded the Certificate of Electrical Engineering Technician from City and Guilds of London Institute in 1998. Ooi has over 34 years of working experience in the electrical and electronic (E&E) industry and EMS market in Malaysia with his last held position as the manufacturing manager in Solectron Technology (M) Sdn Bhd where he was in charge of the manufacturing process in a high volume production environment. He later co-founded NationGate’s EMS business in 1999. Ooi is the spouse of Tan Ah Geok who owns 7.2% of the company. Tan’s last position held at the company was as an Administrative Manager. She resigned in April 2021 to focus on family matters.
2. **Lee Kim San** is the executive director cum chief operating officer (COO) of the company with more than 35 years of experience in the EMS business. Upon completing his Sijil Tinggi Pelajaran Malaysia in 1985, Lee started his first job in Robert Bosch as a test technician. Throughout his career, he accumulated a vast experience in the industry from the likes of Advantec Electronic as a production supervisor; Kenmec Technology as a production manager; and Flairis Sdn Bhd as an operations manager. He later joined NationGate in 2003 as a factory manager and worked up the ranks to senior general manager in 2012 before being appointed as the COO in 2015.
3. **Lee Aik Kun** serves as the chief technical officer (CTO) of the group, overseeing the group’s engineering team with regards to development and implementation of the manufacturing processes. In 2014, Lee obtained his Certified Six Sigma Black Belt from the certification board of ASQ - a qualification well recognised in the manufacturing industry - to complement his extensive experience of over 28 years in the E&E and EMS industry. Before joining NationGate in 2019 as the CTO, his last held position was as a senior manufacturing manager in Jabil (one of the top 5 EMS companies in the world) where he has accumulated over 12 years of experience.

INVESTMENT MERITS

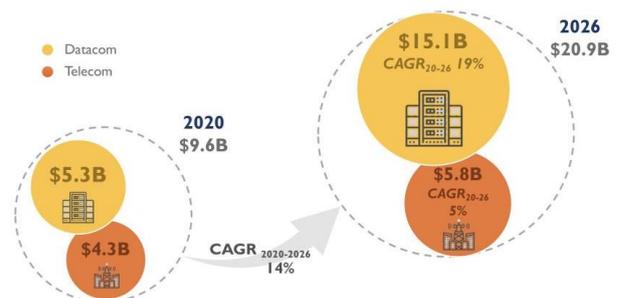
Operating in a strong growth segment. In the current tech scene where demand for consumer electronics has declined significantly and is expected to remain lacklustre in the medium term due to inventory correction, NationGate is expected to buck the trend given its healthy product portfolio that is mainly catered to the commercial and industrial segment which is still seeing promising demand. This is supported by the group’s exposure to various high-growing industries such as networking, telecommunication, supercomputers, industrial instruments and automotive. NationGate’s network and telecommunications business has seen exceptional growth, with revenue rising from RM198.6m in FY19 to RM473.9m in FY21, for a compound annual growth rate (CAGR) of 54%. This business segment now accounts for a significant portion of the company’s overall revenue, rising from around 60% in FY19 to approximately 67% in FY21. The main customer, a US-listed firm specialising in optical transceivers, alone accounts for c.82% of the segment’s revenue which equates to c.51% of the entire group’s revenue.

Exhibit 2: Status of Migration to Higher Speed



Source: Yole Développement

Exhibit 3: Global Optical Transceiver Growth by Segment



Source: Yole Développement

NationGate expects its growth to be driven by the growing demand for optical transceivers in response to increasing bandwidth requirements, resulting in a trend of upgrades to higher-end optical transceivers. In order to meet this demand, there is ongoing development of better signal-to-noise ratios and higher baud rates to not only increase speed but also to maintain that speed over a longer distance. Urban networks, driven by the growing interconnection in data centres, are currently the most attractive market for applications. According to Yole Développement, a renowned market research firm focusing on technology, many cloud data centres are transitioning to 400G and 800G, with this trend set to accelerate in the next three years. Additionally, Yole Développement anticipates that 100G optical transceivers will be deployed in lower level data centres and enterprise network architectures, and this practice will also filter into edge data centres, bringing low-latency experiences closer to end-users, creating new applications and driving demand for optical transceivers with a CAGR of 14% from 2022 to 2026.

Ramping up new products. NationGate is currently utilising its floor space at an efficient rate of around 70%, with the remaining 30% dedicated to the critical stage of product development and qualification which could take up to two years. Although this process does not yield any revenue for the group, it has been essential for the development and testing of new products (including 400G and 800G optical transceivers). In FY23 and FY24, the group anticipates many of these products will be moving into mass production in phases. The transition is expected to bring about a significant increase in the group's bottom line, as it leverages the capacity that has already been expensed to drive growth and profitability. This explains the small allocation of RM5.93m or 3.5% of its IPO proceeds towards the purchase of additional machinery and equipment (for additional 4 SMT assembly lines) as the group has already completed a major capital expenditure cycle in the past few years, and as a result, the group is well-equipped to take on new orders and handle increased production demands. Meanwhile, the group has also planned for another new facility (Plant 8) that is expected to be ready by early 2024. This will add on another c.250k sq ft of production space for potential new customers.

Exhibit 4: Manufacturing Facility (exterior)



Source: Company

Exhibit 5: Floor Space

Manufacturing Facilities	Built up (sq ft)	Location
Plant 1	41,494	Seberang Perai, Penang
Plant 2	63,922	Seberang Perai, Penang
Plant 3 (rented out)	104,093	Seberang Perai, Penang
Plant 5	215,833	Seberang Perai, Penang
Plant 6	74,283	Taiping, Perak
Plant 7	227,654	Seberang Perai, Penang

Source: Company

4IR-ready facilities. Traditional EMS facilities typically encounter limitations when it comes to monitoring machine performance which was done manually by collecting data of each machine due to a lack of centralized system. This often leads to high wastage and low yield rates as evidenced by the lean profit margins in Malaysia's EMS industry. Recognising the need for an efficient platform to manage manufacturing processes, NationGate decided to incorporate ViTrox's V-ONE smart manufacturing platform back in 2017. While the implementation and calibration process required time for to train the machine learning and frequent adjustments to the parameters in the initial stage, it was well worth the effort as the group is now able to have real-time monitoring of machine health, status, process trends, yield trends, and defects correlation all accessible via a convenient touch screen monitor. Additionally, the V-ONE platform links the ticketing systems for a close loop monitoring, detection, and prevention process, resulting in an overall improvement of the group's manufacturing efficiency as downtime was reduced by 30%. This is one of the main reasons why the MNCs have stuck along with NationGate for many years. Customers are able to monitor the progress status of their products via the V-ONE platform remotely, providing confidence and assurance that their orders are meeting the predetermined timeline and quality expectation.

Exhibit 6: Centralised System Monitoring



Source: Company

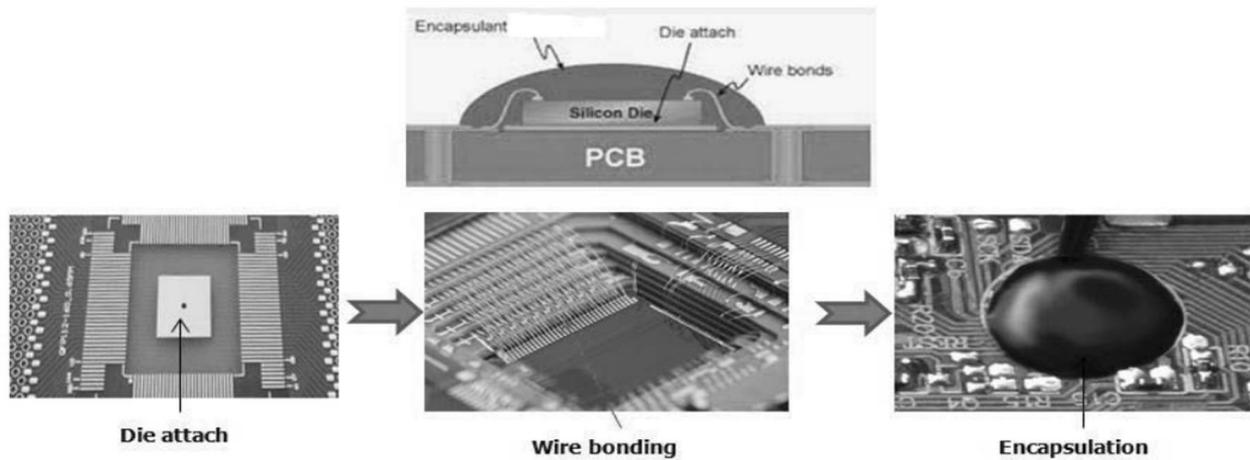
Exhibit 7: Incorporation of ViTrox's V-One Smart Manufacturing Platform



Source: Company

Offering value added services. NationGate has implemented another strategy to increase margins through the use of chip-on-board (COB) process, where a bare chip is mounted directly onto the printed circuit board (PCB). This process includes die attach, wire bonding and encapsulation and is typically found only among outsourced semiconductor assembly and test (OSAT) companies. By adding these capabilities to its portfolio, NationGate becomes more attractive as an EMS vendor and takes a step closer to being vertically integrated. The company has also incorporated the COB process into its networking products, which further increases customer dependency and stickiness to NationGate.

Exhibit 8: Chip-on-board Process



Source: Company

Tapping into Foxconn’s prospects. NationGate had on 1 March 2022 signed a business collaboration agreement with Taipei Exchange listed GoldTek (6638:TT) — an affiliate of Foxconn that specialises in ODM and OEM of artificial intelligence of things (AIoT) devices — to further expand its EMS business. Under the collaboration, NationGate will own a 40% associate stake of the new entity (NationGate Integration (M) Sdn Bhd) while GoldTek owns the remaining 60%. This allows the group to tap into the design capabilities and marketing strengths of GoldTek to expand its product offerings to include portable and low-powered IoT electronic devices to their portfolio. In exchange, NationGate will allocate approximately 108k sq ft of dedicated area in Plant 7 to allow GoldTek to leverage on NationGate’s manufacturing capabilities and technologies without the need for significant capital investment to set up their own manufacturing facilities in Malaysia. The new entity has commenced operations this year and is expected to contribute positively to FY23 earnings, albeit a small sum. More importantly, this marks a significant strategic collaboration as the group is optimistic this move will strengthen the relationships between both parties and potentially open up more opportunities for future collaborations with affiliates of Hon Hai Precision Industry Co. Ltd. (Hon Hai or known as Foxconn internationally) and potentially Foxconn itself.

VALUATION

We initiate coverage on NationGate with an **OUTPERFORM** recommendation and a **target price of RM0.85** based on FY23F PER of 18x, representing a c.25% premium to peers’ forward mean. We believe the higher valuation is justified by the group’s advance capabilities in die attach and wire bonding (which is typically seen only among OSAT players) that allows the group to realise higher margins at c.9% compared to 4-5% of traditional EMS player, as well as its promising earnings growth trajectory of 27% in FY22 and 29% in FY23, which translate to an undemanding PEG ratio to 0.6x. We like NationGate for its: (i) exposure to fast-growing industrial and commercial products catered for the networking and telecommunication sector, (ii) 4IR-ready facilities that is able to take on higher complexity jobs, and (iii) added value services such as chip-on-board (COB) that is able to ensure customer stickiness and yield better margins. There is no adjustment to our target price based on ESG given a 3-star rating as appraised by us (see Page 13).

Exhibit 9: Peer Comparison

Company	Market Cap (RM)	Fwd PER (x)	
		CY23	CY24
V.S. Industry	3,492.4	13.3	12.1
JHM Consolidation	472.7	13.1	9.1
SKP Resources	2,531.0	12.5	10.5
PIE Industrial	1,029.2	16.9	11.5
Cnergengz	408.4	21.6	18.8
Aurelius Technologies	773.7	9.8	8.6
Simple Avg.		14.5	11.7

Source: Bloomberg, Kenanga. Prices as at 09 Jan 2023

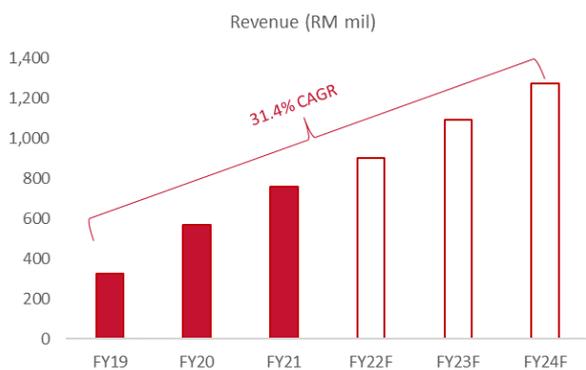
FINANCIAL PERFORMANCE

NationGate recorded an impressive revenue growth recording a CAGR of 52.8% for the past three years from FY19 to FY21, albeit from a low base, on the back of higher sales contribution from major customers in the networking and telecommunication segment. In addition, the group secured a new China-based customer for the assembly of ASIC-based supercomputers on a consignment basis where the group is only responsible for labour cost while the customer provides all the necessary raw materials and logistics. This arrangement has propelled the group’s gross profit margins from 6.6% in FY19 to 12.7% in FY22.

Going forward, we expect revenue for FY22F, FY23F and FY24F to achieve RM904m (+18.8% YoY), RM1,093m (+20.9% YoY) and RM1,275 (+16.6% YoY) with net profit to reach RM75.6m (+27.0% YoY), RM97.5m (+28.9% YoY) and RM118.2 (+21.2% YoY) for the respective years. While *Protégé Associates* has forecasted for the Malaysian EMS industry grow by 10.3% CAGR from 2019-2027, we are optimistic for NationGate to chalk higher growth owing to: (i) 4IR-ready facilities which improve efficiencies and reduce downtime, (ii) its ability to command better margin by offering value added services, and (iii) aggressive growth forecast from key customers in the networking, industrial and automotive segments.

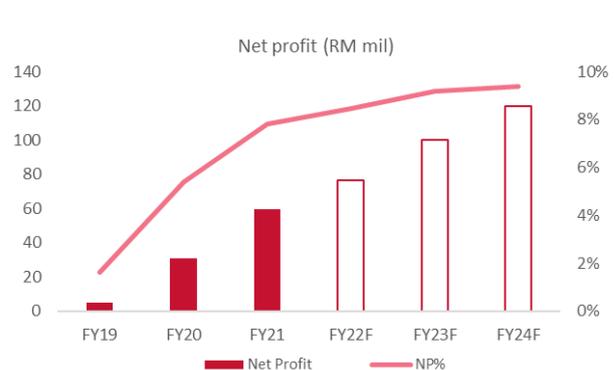
The RM165.5m raised in the IPO will be for repayment of bank borrowings (63.7%), working capital requirements (29.2%), purchase of machinery (3.6%) and listing expenses (3.5%). This will pare down the group’s net gearing from 1.5x to 0.8x. We expect its net gearing to further reduce to 0.3x in FY23 as the group’s revenue continues to grow strongly with minimal capex as its current facilities are sufficient for growth over the next 2-3 years. NationGate has not adopted a formal dividend policy and we expect this to remain in the near future as the group focuses on utilising the additional proceeds for business expansions.

Exhibit 10: Revenue



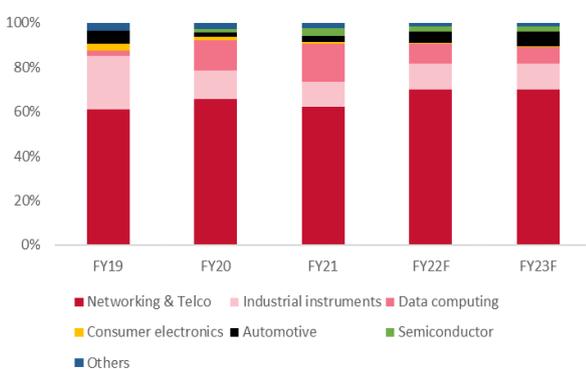
Source: Company, Kenanga

Exhibit 11: Net Profit



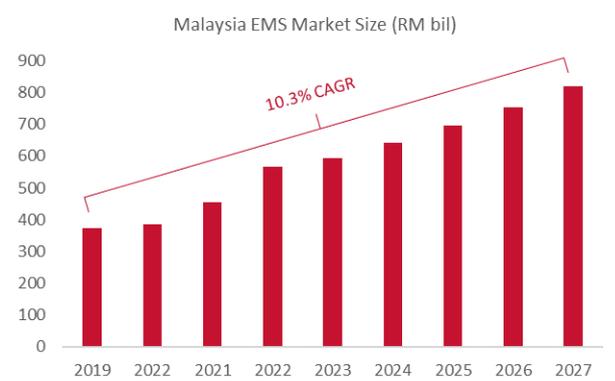
Source: Company, Kenanga

Exhibit 12: Revenue % by Segment



Source: Company, Kenanga

Exhibit 13: Malaysia EMS Market (RM bil)



Source: Protégé Associates

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RISKS

Key risks include:

- (i) Heavily dependent on the US networking customer, which provides c.55% of the group's overall revenue. As such, NationGate also depends on the same customer for supply of materials which makes up at c.40% of the group's purchases.
- (ii) Competition from foreign EMS players that have a presence in Malaysia. In order to maintain a competitive advantage in the EMS industry, it is crucial for the group to quickly adapt to market developments and meet the changing requirements of customers.
- (iii) Adverse impact from component shortage given its heavy reliance of input materials (e.g. capacitors, transistors, diodes and inductors) for its turnkey business.
- (iv) As an EMS business, which is labour-intensive by nature, the group may experience unexpected worker shortages. About 60% of its workforce is foreign workers and any issues related to their availability could affect operations.

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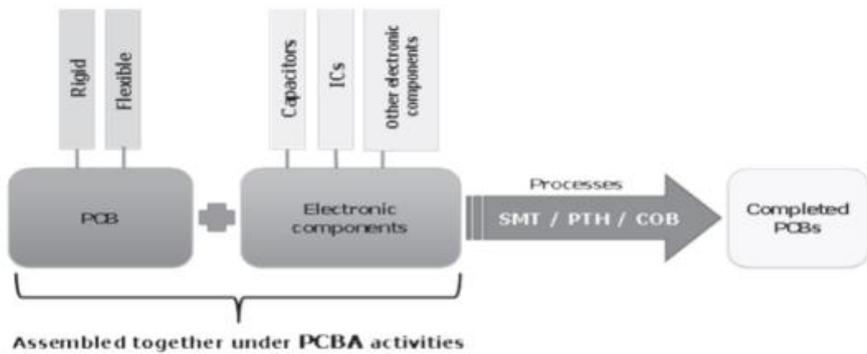
APPENDIX

Exhibit 14: Product Categories

Segment	Completed PCBs	Semi-finished sub-assemblies	Fully-assembled electronic products
Networking and telecommunications			
• Optical telecommunications devices and modules			✓
• Computing capable embedded processors	✓		
• Two-way walkie-talkies			✓
Data computing			
• Supercomputers			✓
• Computing devices	✓		✓
Industrial instruments			
• Electrical actuators			✓
• Supercapacitors			✓
• Water meter			✓
• Radio frequency wireless heat cost allocator			✓
• Power tools	✓		
• Measurement tools	✓		
Consumer electronics			
• Smart workout machines		✓	
• Audio systems		✓	
• Lighting products/devices	✓		
• Electronic display	✓		
• Low voltage devices	✓		
Automotive			
• In-vehicle multimedia systems	✓		
Semiconductor			
• LED light components			✓
• Solid-state lighting products			✓
Others			
• Medical devices		✓	
• IoT			✓
• Household electronic products		✓	
• Analytical instrumentation devices		✓	

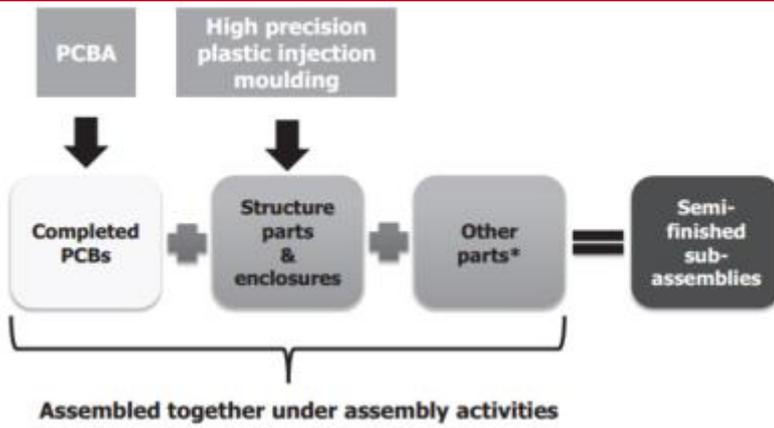
Source: Company

Exhibit 15: Completed PCBs



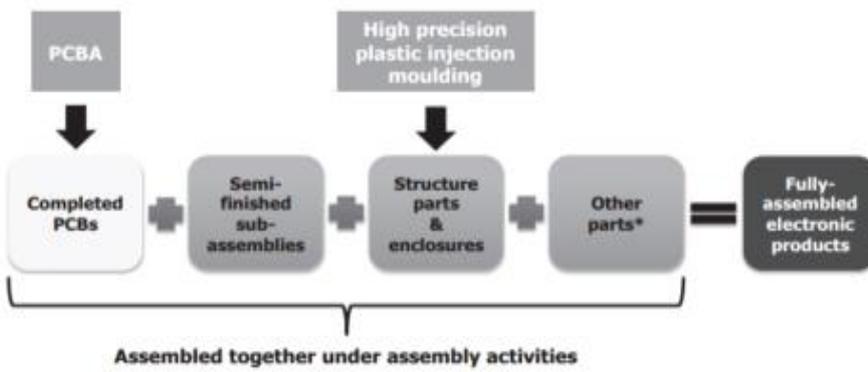
Source: Company

Exhibit 16: Semi-Finished Sub-Assemblies



Source: Company

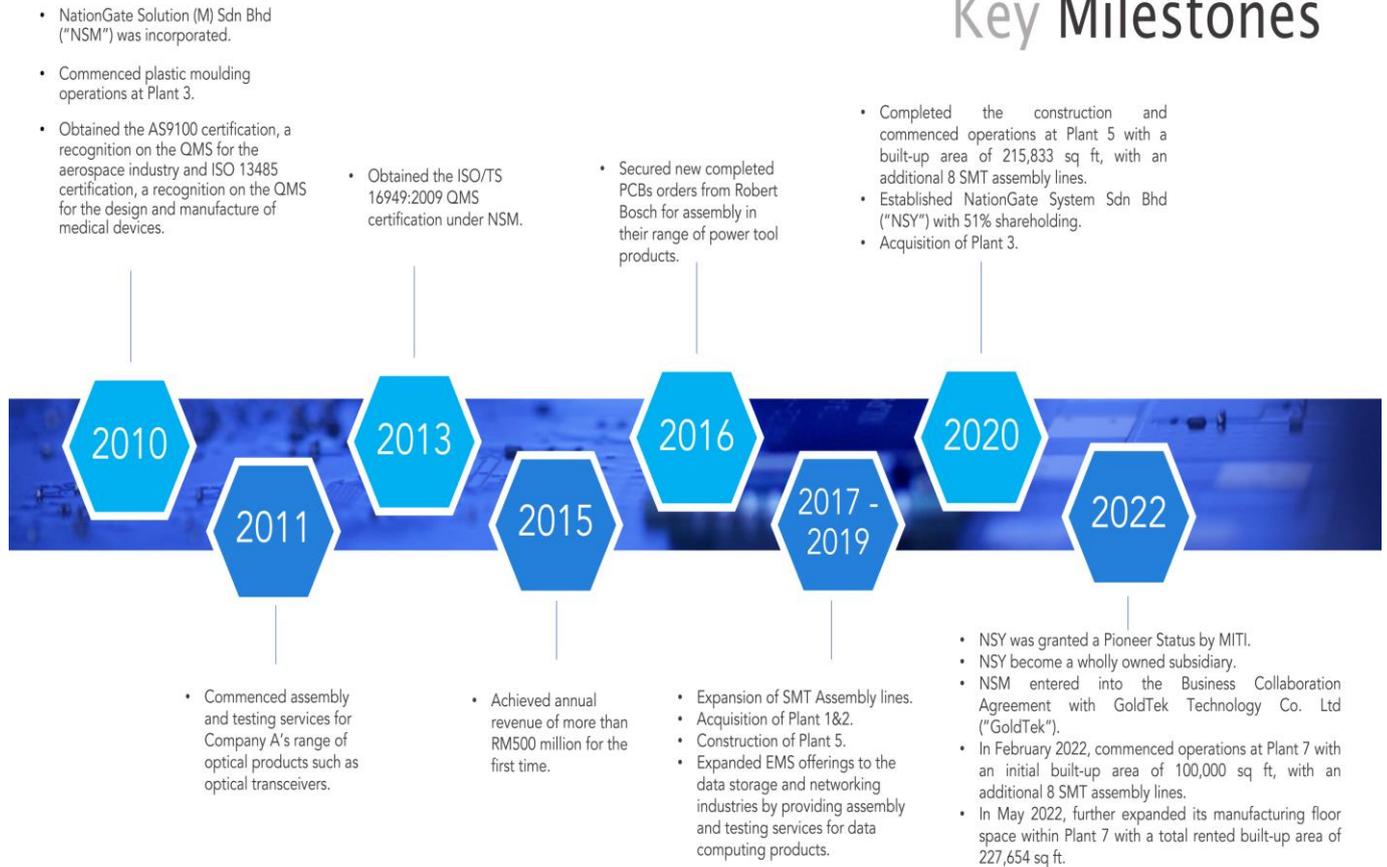
Exhibit 17: Fully-Assembled Electronic Products



Source: Company

Exhibit 18: Corporate Milestone

Key Milestones



Source: Company

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Malaysian Technology Peers Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Mkt Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) – Core Earnings		PBV (x)	ROE (%)	Net Div. (sen)	Net Div. Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
								D&O GREEN TECHNOLOGIES BHD	MP	4.40	3.51	-20.23%	5,444.3	Y	12/2022	8.8	11.3
GHL SYSTEMS BHD	MP	0.93	0.80	-13.98%	1,055.9	Y	12/2022	2.1	2.7	-16.4%	30.2%	45.1	34.7	2.0	4.5%	0.0	0.0%
INARI AMERTRON BHD	MP	2.65	2.85	7.55%	9,891.9	Y	06/2024	10.2	11.5	-3.2%	12.7%	26.0	23.0	3.9	15.0%	9.7	3.7%
JHM CONSOLIDATION BHD	MP	0.810	0.900	11.11%	487.8	Y	12/2022	3.1	6.7	-37.7%	118.8%	26.6	12.1	1.6	9.8%	0.5	0.6%
KELINGTON GROUP BHD	OP	1.48	1.80	21.62%	951.7	Y	12/2022	7.8	8.1	57.9%	4.0%	19.0	18.2	4.1	23.4%	2.0	1.2%
KESM INDUSTRIES BHD	MP	6.82	6.60	-3.23%	293.4	Y	07/2023	2.8	8.6	500.0%	208.3%	244.7	80.1	0.8	0.3%	7.5	1.1%
LGMS BHD	OP	1.09	1.50	37.61%	497.0	Y	12/2022	2.7	3.5	20.4%	29.0%	40.1	31.0	5.9	22.0%	0.0	0.0%
MALAYSIAN PACIFIC INDUSTRIES BHD	MP	31.60	25.00	-20.89%	6,285.1	Y	06/2024	118.5	146.4	-28.7%	23.5%	26.7	21.6	2.9	11.3%	35.0	1.1%
NATIONGATE HOLDINGS BHD	OP	0.38	0.85	123.68%	788.1	Y	12/2023	3.6	4.7	27.1%	29.0%	10.4	8.1	2.7	33.9%	0.0	0.0%
P.I.E. INDUSTRIAL BHD	OP	2.70	3.15	16.67%	1,036.9	Y	12/2022	16.6	19.7	6.0%	18.5%	16.3	13.7	1.8	11.6%	7.0	2.6%
SKP RESOURCES BHD	OP	1.65	2.10	27.27%	2,577.9	Y	03/2024	11.6	12.4	6.3%	7.7%	14.2	13.3	2.9	21.1%	5.8	3.5%
UNISEM (M) BHD	MP	2.81	2.75	-2.14%	4,532.8	Y	12/2022	14.4	15.3	17.7%	6.2%	19.5	18.3	2.0	10.4%	6.0	2.1%
Simple Average					33,842.8					-2.6%	16.8%	24.6	21.0	3.1	14.7%		1.4%

Source: Kenanga Research

Stock ESG Ratings:

	Criterion	Rating			
GENERAL	Earnings Sustainability & Quality	★	★	★	☆
	Community Investment	★	★	☆	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	★	
SPECIFIC	Technology & Innovation	★	★	★	☆
	Supply Chain Management	★	★	★	
	Energy Efficiency	★	★	★	
	Effluent/Water Management	★	★	★	
	Waste Management	★	★	★	
	Ethical Practices	★	★	★	☆
OVERALL		★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

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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