

Automotive

A Perodua Bonanza

By Wan Mustaqim Bin Wan Ab Aziz | wanmustaqim@kenanga.com.my

OVERWEIGHT



For 2023, Perusahaan Otomobil Kedua Sdn Bhd (Perodua) is upbeat and guided for sales of 314k units (+11.3% YoY), ahead of our projection of 290k units (+4% YoY), to be boosted by a slew of new launches led by the all-new Perodua Axia which was launched yesterday. We raise our 2023 total industry volume (TIV) projection by 4.3% to 720k units (flat YoY) vs. the forecast of 650k (-9.8%) by the Malaysian Automotive Association (MAA). We believe the 2023 TIV will sustain at the record 2022 level underpinned by: (i) a pause in OPR hikes, (ii) stable new car prices, thanks to the deferment of new excise duty regulations (that could have resulted in prices of locally assembled vehicles increasing by 8-20%), and (iii) a healthy industry booking backlog of 350k units as at end-Jan 2023 (which is nearly half of our 2023 TIV projection of 720k units). Hence, we maintain OVERWEIGHT on the automotive sector. For our sector top picks namely MBMR and UMW, we raise our earnings forecasts by 2-7% and lift TP by 8% and 3% to RM4.80 and RM4.95, respectively.

All-new Perodua Axia 2023 igniting a good start for the year. The all-new Perodua Axia 2023 was officially launched yesterday spearheading a line-up of new launches this year. With modern sleek design and amped-up technological advancement, the new Axia has already attracted more than 20k orders on the first day (including pre-bookings/converted orders). Perodua is expecting this model to be the star of new launches this year, with a target up to 82k units (which if achieved, is a record delivery for a single car model in a year) - higher by 35% compared to the 2022 delivery for the outgoing Perodua Axia. The all-new Perodua Axia is expected to make up 25% of Perodua's total unit sales, above the 21% recorded in 2022, overtaking Perodua Myvi as the top selling car in Malaysia. Although Perodua has been steadfast in keeping the current generation vehicles' prices unchanged, the all-new Perodua Axia is priced higher by between 11% and 14% at RM38.6k and RM49k, for its bigger size and technological advancement. This echoes our view that all the new launches this year will be at higher prices, resulting in better margins for the auto players. See next page for visual comparison of the Axias old and new model.

MBMR and UMW's target prices raised by 8% and 3% to RM4.80, and RM4.95, respectively. Perodua ended 2022 at 280k units (+48%) sold, above our earlier expectation of 270k units. As such, we raise Perodua's unit sales assumptions by 4%. On the other hand, both MBMR and UMW echo Perodua's guidance for upbeat sales in 2023 at 314k units (+11.3%), against our assumption of 290k units (+4%). As such, we raised our assumption by 8% to match its upbeat forecast. However, Toyota has not revealed their official target for 2023 yet, but indicated that delivery will still be fairly strong driven by new launches which we estimated to be at 95k units (-5%). Consequentially, we raised MBMR and UMW's target prices by 8% and 3% to RM4.80 and RM4.95, respectively.

A preview of MBMR's 4QFY22 results. We expect MBMR's 4QFY22 results, due out by next week, to come in at between RM70m and RM80m at the core net profit level (up 16% to 33% sequentially), taking our cue from Perodua's sales in 4QCY22 of 85,665 units (+24% QoQ) that brought CY22 sales to 282,019 units (+49% YoY) as reported by Malaysian Automotive Association and assuming net profit margin being sustained at c.11%. See page 4 for more details.

A preview of UMW's 4QFY22 results. We expect UMW's 4QFY22 results, due for release by last week of February, to come in at between RM140m and RM150m at the core net profit level (up 50% to 60% sequentially), based on Toyota's sales in 4QCY22 of 29,909 units (+21% QoQ) that brought CY22 sales to 100,041 units (+40% YoY), as well as Perodua's sales in 4QCY22 of 85,665 units (+24% QoQ) that brought CY22 sales to 282,019 units (+49% YoY), as reported by Malaysian Automotive Association and assuming net profit margin sustained at c.3%. See page 6 for more details.

Looking forward, we raised our 2023 total industry volume (TIV) target by 4.3% to 720k units (+0%), which is more upbeat than the forecast of 650k (-9.8%) by MAA, premised on strong reception to new launches starting with the all-new Perodua Axia 2023 (at higher prices, resulting in better margins for auto players), a pause in the OPR hike and the deferment of new excise duty regulations (that could result in prices of locally assembled vehicles increasing by 8-20%). In comparison, MAA is more cautious on the industry outlook as a whole, especially for the low-end segment, (we believe) due to the impact of high inflation on the low-income group especially with the rising cost of basic necessities.

Our new target is in line with Perodua's conviction to deliver another record delivery of 314k units (+11.3%) with significant backlogs at 220k units to be cleared this year driven by new launches (Axia 2023 and two more face-lifted models) and sustained demand for its existing models (i.e. Alza, Bezza), while other automakers are optimistic of their new launches. An encouraging sign to note that the backlogs booking raced up to the tune of 350k units (as at end-Jan 2023) which is higher than 300k units from three months ago, indicating that deliveries have been replenished with strong new bookings especially

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for attractive new models (see page 8) even in the absence the SST exemption. Additionally, vehicle sales will be supported by launches of new battery electric vehicles (BEVs) which will enjoy SST exemption and other EV facilities incentives up to 2023 for CBU and 2025 for CKD.

Gradual transition towards electrification. Both UMW and Perusahaan Otomobil Kedua Sdn Bhd are committed to gradual transition to electric vehicles. UMW shared that their Corolla Cross hybrid launched last year has received overwhelming response from the market, and together with Perusahaan Otomobil Kedua Sdn Bhd, it will gradually enhance the localisation and ecosystem of hybrid and electric vehicles, making them more affordable in the local market. UMW plan to introduce Toyota BZ4X EV in 2023/2024, while Perodua plans to introduce Perodua Atega hybrid in 2024/2025.

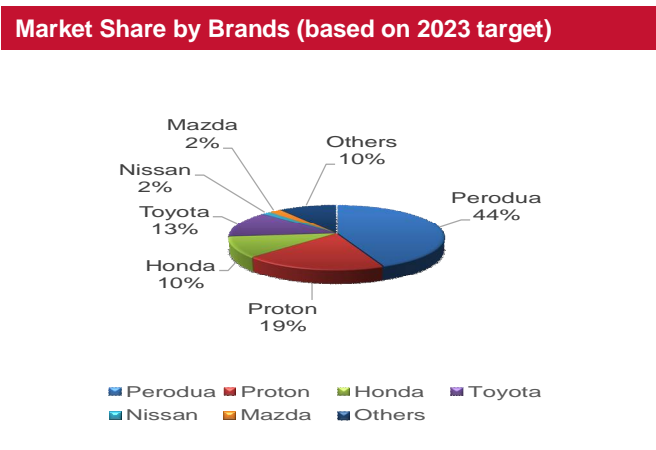
Our sector top picks are:

- i. **MBMR** for: (i) its strong earnings visibility backed by an order backlog of Perodua vehicles of 220k units, (ii) it being a good proxy to the mass-market Perodua brand given that it is the largest dealer of Perodua vehicles in Malaysia as well as its 22.58% stake in Perusahaan Otomobil Kedua Sdn Bhd, the producer of Perodua vehicles, and (iii) its Tier-1 OEM auto parts manufacturing certification.
- ii. **UMW** for: (i) the mass-market marques under its vehicle dealership business, i.e. Toyota and Perodua, but not without high-margin models such as Perodua Alza and Toyota Veloz, (ii) strong earnings visibility at its vehicle dealership business backed by order backlogs of >250k units of vehicles, and (iii) it being a reopening play, given the pick-up seen in its heavy/industrial equipment business and manufacturing of aero-engine fan cases.

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Actual 2022 vs Targeted 2023 TIV sales		
	2022	2023f
Perodua	282,019	314,000
Proton	136,026	140,000
Honda	80,288	75,000
Toyota	100,041	95,000
Nissan	13,785	10,372
Mazda	14,644	14,978
Others	93,855	71,063
Total	720,658	720,413

Source: MAA, Kenanga



Source: MAA, Kenanga

All-new Perodua Axia 2023



Source: Paultan.org

Older Generation Perodua Axia 2022



Source: Paultan.org

2023 Toyota Vios – coming soon



Source: Paultan.org

UMW Toyota to Launch Five New Cars* on 17 Feb 2023



*GR Corolla, GR86, Supra MT, Hilux GR Sport and Corolla Cross GR-S

Source: Company

MBM Resources

Buoyed by Strong Perodua Sales

By Wan Mustaqim Bin Wan Ab Aziz | wanmustaqim@kenanga.com.my

MBMR continues to enjoy overwhelming bookings for its Perodua-line of vehicles, especially, the new Perodua Alza (with the waiting period now extending beyond one year) and Perodua Axia. MBMR echoes the record sales guidance for 2023 by Perusahaan Otomobil Kedua Sdn Bhd (Perodua) of 314k units. We raise our FY22-23F net profit forecasts by 5-7%, lift our TP by 8% to RM4.80 (from RM4.45) and maintain our OUTPERFORM call.

Key takeaways from our recent engagement with the company are as follows:

- Perodua ended 2022 with sales of 280k units (+48%) which exceeded our assumption of 270k units. As such, we raise our sales forecast by 4%. MBMR echoed the record sales guidance in 2023 by Perodua of 314k units (+11.3%), against our assumption of 290k units (+4%). As such, we raise our sales forecast by 8%.
- Perodua updated that its order backlog remains high at 220k units, driven by monthly new bookings that have returned to pre-pandemic levels of 25k to 35k, despite the absence of tax waiver. The current bookings are ordered from the highest to the lowest are as follows: Bezza, Alza, Axia, Myvi, Ativa and Aruz. Perodua Alza's booking backlog now stands at 55k and the waiting period is the longest at more than one year based on a maximum production rate of 4k units per month, constrained by chip shortages.
- Perodua guided that almost all backlog booking for the older Axia 2022 (of a few thousands), will be converted to the newer higher price Axia 2023. Axia 2023 is touted to be the top selling Perodua model and will take up 25% of the 2023 total production, followed by the Bezza (23%), the Myvi (21%), the Ativa and Alza (11% each) and Aruz (6%), with other models accounting for 3% (the company also assembles the Toyota Rush and Veloz for the Malaysian market). Perodua Manufacturing (PMSB) and Perodua Global Manufacturing (PGMSB)'s plants current capacity are at 320,000 units on a two-shift cycle with further volume expansion, riding on improved productivity and overtime.
- Perodua shared that the feasibility study on the potential commercial production of hybrid and electric vehicles received overwhelming response. Hence, full scale roll-out of the official subscription program as well as the CKD model of Ativa hybrid is targeted by 2024/2025.

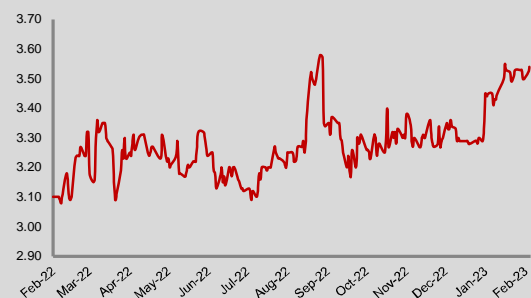
A preview of 4QFY22 results. Due next week, we expect 4QFY22 core net profit of RM70m-RM80m (up 16%-33% sequentially), taking our cue from Perodua's sales in 4QCY22 of 85,665 units (+24% QoQ) that brought CY22 sales to 282,019 units (+49% YoY) as reported by Malaysian Automotive Association and assuming net profit margin is sustained at c.11%.

Forecasts. We increased our FY22F and FY23F core net profit by 5% and 7%, respectively, and TP by 8% to RM4.80 (from RM4.45) based on 7x FY23F EPS which is at a discount to the auto sector's average forward PER of 11x given its smaller scale, and business model which is skewed toward auto dealerships compared to other players that are more involved in auto manufacturing.

OUTPERFORM ↔

Price: RM3.54
Target Price: RM4.80 ↑

Share Price Performance



KLCI	1,483.97
YTD KLCI chg	-0.8%
YTD stock price chg	7.9%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MBM MK Equity
Market Cap (RM m)	1,383.7
Shares Outstanding	390.9
52-week range (H)	3.59
52-week range (L)	2.88
3-mth avg daily vol:	282,690
Free Float	31%
Beta	0.7

Major Shareholders

Med-Bumikar Mara Sdn Bhd	49.5%
Employees Provident Fund	9.6%
Lembaga Tabung Haji	5.0%

Summary Earnings Table

FY Dec (RM m)	2021A	2022F	2023F
Revenue	1,531.9	2,236.1	2,511.0
EBIT	42.9	37.5	42.8
PBT	207.5	311.3	344.9
Net Profit	167.9	239.7	265.6
Core Net Profit	167.9	239.7	265.6
Consensus (NP)	-	224.9	221.3
Earnings Revision	-	+5%	+7%
Core EPS (sen)	43.0	61.3	67.9
Core EPS growth (%)	5.6	42.7	10.8
NDPS (sen)	20.0	22.0	24.0
BVPS (RM)	4.90	5.29	5.73
PER (x)	8.2	6.1	5.5
PBV (x)	0.7	0.7	0.6
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	5.6	6.2	6.8

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UMW Holdings

Twin Engine of Perodua and Toyota

Wan Mustaqim Bin Wan Ab Aziz | wanmustaqim@kenanga.com.my

UMW continues to ride on the overwhelming bookings for Perodua-line of vehicles and sustained demand for new Toyota models including the upcoming GR variation models. UMW echoes the record sales guidance for 2023 by Perusahaan Otomobil Kedua Sdn Bhd (Perodua) of 314k units. Similarly, Toyota is optimistic its sales will sustain at the 2022 record level driven by new models. We raise our FY22-23F net profit by 2-3%, lift our TP by 3% to RM4.95 (from RM4.80) and maintain our OUTPERFORM call.

Key takeaways from our recent engagement with the company are as follows:

1. Perodua ended 2022 with sales of 280k units (+48%) which exceeded our assumption of 270k units. As such, we raise our sales forecast by 4%. UMW echoed the record sales guidance for 2023 by Perodua of 314k units (+11.3%), against our assumption of 290k units (+4%). As such, we raise our sales assumption by 8%.

Pending the announcement of its official target for 2023, Toyota hints of strong number driven by new launches, which we predict at 95k units (-5%). Both Perodua and Toyota have strong bookings of 220k units and 60k units, respectively.

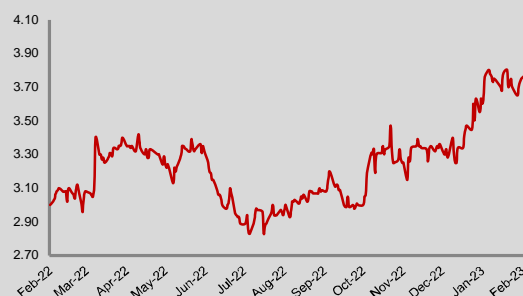
2. For 2023, UMW guided for five new model launches for Toyota (most probably the all-new Vios 2023, but excluding the five GR variation of existing models to be launched on the 17th February 2023), one new model for Perodua (the already launched all-new Perodua Axia 2023), and two facelift models from Perodua (one of which could be Perodua Bezza).
3. Both UMW and Perusahaan Otomobil Kedua Sdn Bhd are committed to a gradual transition towards electric vehicles. UMW shared that their Corolla Cross hybrid launched last year has received overwhelming response from the market, and together with Perusahaan Otomobil Kedua Sdn Bhd, it will gradually increase the localisation and ecosystem of hybrid and electric vehicles, making them more affordable in the local market. UMW plans to introduce Toyota BZ4X EV in 2023/2024, while Perodua plans to introduce Perodua Ativa hybrid in 2024/2025.
4. UMW has been focusing on their manufacturing & engineering (auto parts, lubricant and aero-engine fan casing) which are enjoying overwhelming orders due to reduced competition amidst supply constraints in the various industries. UMW guided that its new smart lubricant plant will start operating in the 1H of the year, adding 70% more capacity to 60m litres/year which could expand the profit contribution of the segment from the current 13%, to 20% of group profit. This will enable UMW to capture new markets (various climate market, other than focusing on tropical-based market) with improving margin on reduced costs and variation of products lines.

A preview of 4QFY22 results. We expect UMW's 4QFY22 results, due out by the last week of February, to post core net profit of RM140m-RM150m (up by 50%-60% sequentially), taking our cue from Toyota's sales in 4QCY22 of 29,909 units (+21% QoQ) which brought CY22 sales to 100,041 units (+40% YoY), as well as Perodua's sales in 4QCY22 of 85,665 units (+24% QoQ) that brought CY22 sales to 282,019 units (+49% YoY), as reported by Malaysian Automotive Association and assuming that net profit margin is sustained at c.3%.

OUTPERFORM ↔

Price: **RM3.90**
Target Price: **RM4.95** ↑

Share Price Performance



KLCI	1,483.97
YTD KLCI chg	-0.8%
YTD stock price chg	12.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	UMWH MK Equity
Market Cap (RM m)	4,556.3
Shares Outstanding	1,168.3
52-week range (H)	4.04
52-week range (L)	2.77
3-mth avg daily vol:	716,480
Free Float	29%
Beta	0.9

Major Shareholders

Amanah Saham Nasional	55.2%
Employees Provident Fund	10.6%
KWAP	9.2%

Summary Earnings Table

FY Dec (RM m)	2021A	2022F	2023F
Revenue	11,060.8	15,260.1	16,057.0
EBIT	934.4	1,028.8	1,171.0
PBT	482.8	772.5	816.0
PATAMI	268.2	434.6	446.1
Core net profit	223.2	434.6	446.1
Consensus NP	-	437.6	377.5
Earnings Revision	-	+2%	+3%
Core EPS (sen)	19.1	37.2	38.2
C.EPS growth (%)	-2.9	94.7	2.6
NDPS (sen)	5.8	6.0	6.0
BVPS (RM)	3.52	3.84	4.16
Core PER (x)	20.4	9.4	9.2
PBV (x)	1.1	0.9	0.8
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	1.5	1.5	1.5

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Forecasts. We increased our FY22F and FY23F core net profit by 2% and 3%, respectively, and increased TP by 3% to RM4.95 (from RM4.80) based on an ascribed 13x FY23F PER, which is at a premium to the auto sector's average forward PER of 11x to reflect its dominant position in the auto industry with an aggregate (including those under its associates) market share of >50%.

We like UMW for: (i) the mass-market marques under its vehicle dealership business, i.e. Toyota and Perodua, but not without high-margin models such as Perodua Alza and Toyota Veloz, (ii) the strong earnings visibility at its vehicle dealership business backed by order backlogs of >300k units of vehicles, and (iii) it being a reopening play, given the pickup seen in its heavy/industrial equipment business and manufacturing of aero-engine fan cases.

There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 9). **Maintain OUTPERFORM.**

Risks to our call include: (i) consumers cutting back on discretionary spending (particularly big-ticket items like new cars) amidst high inflation, (ii) supply chain disruptions, (iii) escalating input costs, and (iv) a global recession hurting demand for industrial/heavy equipment.

Income Statement						Financial Data & Ratios					
FY Dec (RM m)	2019A	2020A	2021A	2022F	2023F	FY Dec	2019A	2020A	2021A	2022F	2023F
Revenue	11,739	9,555	11,061	15,260	16,057	Growth (%)					
EBITDA	881	890	934	1,029	1,171	Turnover	3.9	-18.6	15.8	38.0	5.2
Depreciation	(346)	(374)	(344)	(336)	(428)	EBITDA	3.9	-18.6	15.8	38.0	5.2
Interest Inc/(Exp)	(126)	(116)	(108)	(107)	(107)	Op Profit	-533.0	-249.1	-258.0	17.2	7.3
Associate	292	204	268	471	552	PBT	-5.7	-46.9	20.5	60.0	5.6
PBT	755	401	483	773	816	CNP	-23.5	-9.8	-2.9	94.7	2.6
Taxation	(109)	(78)	33	(152)	(179)	Profitability (%)					
Minority Interest	(192)	(118)	(247)	(186)	(191)	Op. Margin	7.5	5.4	5.3	4.5	4.6
Net Profit	454	205	268	435	446	PBT Margin	6.4	4.2	4.4	5.1	5.1
Core Net Profit	255	230	223	435	446	CNP Margin	2.2	2.4	2.0	2.8	2.8
						ROA	4.3	1.8	2.3	3.4	3.1
						ROE	13.7	5.7	6.7	10.1	9.6
Balance Sheet											
FY Dec (RM m)	2019A	2020A	2021A	2022F	2023F	DuPont Analysis					
F. Assets	2,312	2,016	2,171	2,683	3,170	Net Margin (%)	2.2	2.4	2.0	2.8	2.8
Intangible Assets	0	0	0	0	0	Assets T/O (x)	1.1	0.8	0.9	1.1	1.1
Other F. Assets	3,193	3,439	3,622	3,622	3,622	Lev. Factor (x)	3.2	3.0	3.0	3.1	3.1
Inventories	1,532	1,439	1,752	2,425	2,552	ROE (%)	7.7	6.4	5.6	10.1	9.6
Receivables	881	1,059	904	1,254	1,320	Leverage					
Other C. Assets	1,460	1,443	782	782	782	Debt/Asset (x)	0.3	0.2	0.2	0.2	0.2
Cash	1,312	2,051	2,941	2,901	3,523	Debt/Equity (x)	0.9	0.6	0.7	0.6	0.6
Total Assets	10,691	11,447	12,173	13,668	14,969	N. (Cash)/Debt	1,521	415	(208)	(168)	(790)
Payables	1,104	683	648	878	924	N. Debt/Eqty (x)	0.5	0.1	(0.1)	(0.0)	(0.2)
ST Borrowings	534	524	638	638	638	Valuations					
Other ST Liability	871	1,590	1,734	1,734	1,734	Core EPS (sen)	21.8	19.7	19.1	37.2	38.2
LT Borrowings	2,298	1,942	2,095	2,095	2,095	NDPS (sen)	6.0	4.0	5.8	6.0	6.0
Other LT Liability	188	291	295	295	295	BV/sh (RM)	2.85	3.31	3.52	3.84	4.16
Net Assets	5,696	6,417	6,763	8,027	9,283	PER (x)	17.9	19.8	20.4	9.4	9.2
S. Equity	3,327	3,868	4,116	4,481	4,857	Div. Yield (%)	1.5	1.0	1.5	1.5	1.5
Minority Interests	2,369	2,549	2,646	3,481	4,316	PBV (x)	1.4	1.2	1.1	0.9	0.8
Total Equity	5,696	6,417	6,763	8,027	9,283	EV/EBITDA (x)	3.7	6.5	7.0	7.1	7.5
Cashflow Statement											
FY Dec (RM m)	2019A	2020A	2021A	2022F	2023F						
Operating CF	446	946	262	-14	664						
Investing CF	-1,980	-110	474	-360	-362						
Financing CF	100	-238	39	-177	-177						
Change In Cash	-1,435	598	775	-551	125						
Free CF	-310	190	-494	-846	-251						

Source: Kenanga Research

Exciting New Launches



Perodua Ativa (plans for hybrid model)



All-new Perodua Alza



All-new Toyota Veloz



All-new Toyota Vios in 2023



All-new Perodua Axia 2023



All-New Kia Carnival 8-seater



Proton SUV 7-seater in early 2023



Proton SMART#1 EV in 4Q23



Mazda CX-30 CKD by 1Q23



2022 Honda City Hatchback



All-new 2022 Honda HR-V



All-new Honda BR-V -2023

Source: Paultan.org

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market 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.				
Stocks Under Coverage																	
BERMAZ AUTO BHD	OP	2.11	2.65	25.59%	2,449.7	Y	04/2023	16.7	18.3	24.7%	9.4%	12.6	11.5	3.1	26.2%	11.7	5.5%
DRB-HICOM BHD	OP	1.75	1.70	-2.86%	3,382.8	Y	12/2022	15.7	20.6	44.4%	30.9%	11.1	8.5	0.4	3.3%	2.0	1.1%
MBM RESOURCES BHD	OP	3.54	4.80	35.59%	1,383.8	Y	12/2022	61.3	67.9	42.8%	10.8%	5.8	5.2	0.7	12.0%	22.0	6.2%
SIME DARBY BHD	OP	2.32	2.60	12.07%	15,778.3	Y	06/2023	17.3	19.0	-1.8%	10.1%	13.4	12.2	1.0	7.3%	12.0	5.2%
TAN CHONG MOTOR HOLDINGS BHD	UP	1.15	0.850	-26.09%	772.8	N	12/2022	(3.6)	(1.0)	-233.0%	-128.1%	N.A.	N.A.	0.3	-0.9%	3.0	2.6%
UMW HOLDINGS BHD	OP	3.90	4.95	26.92%	4,556.4	Y	12/2022	37.2	38.2	95.1%	2.5%	10.5	10.2	1.0	10.1%	6.0	1.5%
SECTOR AGGREGATE					28,323.7					53.5%	12.3%	12.2	10.9	0.8	6.4%		3.7%

Source: Kenanga Research

MBMR Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Electric & Hybrid Vehicles Availability	★	★	★		
	Supply Chain Management	★	★	★	★	
	Energy Efficiency	★	★	★		
	Effluent & Water Management	★	★	★		
	Training & Education	★	★	★	★	
OVERALL		★	★	★		

UMW Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Electric & Hybrid Vehicles Availability	★	★	★		
	Supply Chain Management	★	★	★	★	
	Energy Efficiency	★	★	★		
	Effluent & Water Management	★	★	★		
	Training & Education	★	★	★	★	
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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KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my