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Friday, November 27, 2015

Report of the Day

Results Review: Maybank 3Q15 – “All On Track”**Results Review: TM 3Q15 – “Hampered by Forex Translation Loss”****Results Review: UMW Holding 3Q15 – “Shifting Into Low gear”****Results Review: Padini 1Q16 – “A Good Start to the Year”**

At a Glance

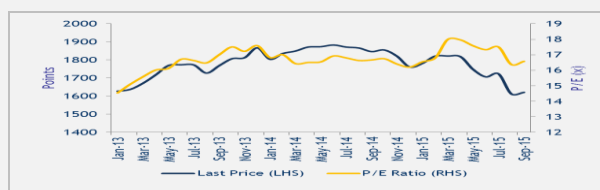
FBMKLCI declined 1.33 points to finish at 1,683.09 due to profit taking activities.....(See full report next page)

Corporate Highlights

- **TM, HOLD (TP: RM6.87):** Net profit down 11% to RM166.8m on weak ringgit, higher tax charges
- **Maybank, BUY (TP: RM9.92):** Posts higher quarterly earnings at RM1.89b
- **UMW, HOLD (TP: RM7.70):** 3Q profit falls 93% on higher operating costs
- **FGV, HOLD (TP: RM1.30):** Sees 3Q net loss widen, pays 2 sen dividend

Economic Update

- **Malaysia:** ECER draws RM84b private investments
- **Europe:** Europe's central banks in quandary as Fed tightening nears
- **Japan:** Inflation continues slide, spending slumps
- **Philippine:** Economy grows 6% year-on-year



KEY ECONOMIC RELEASE					
Date	Local Time	Event	Survey	Prior	
EU	23-Nov	5:00 PM	Markit Eurozone Manufacturing PMI	-	52.3
EU	23-Nov	5:00 PM	Markit Eurozone Services PMI	-	54.1
EU	23-Nov	5:00 PM	Markit Eurozone Composite PMI	-	53.9
US	23-Nov	10:45 PM	Markit US Manufacturing PMI	54.0	54.1
US	23-Nov	11:00 PM	Existing Home Sales	5.41M	5.55M
US	24-Nov	9:30 PM	GDP Annualized QoQ	2.0%	1.5%
US	24-Nov	9:30 PM	Personal Consumption	-	3.2%
US	24-Nov	9:30 PM	Core PCE QoQ	-	1.3%
US	24-Nov	10:00 PM	S&P/CaseShiller 20-City Index NSA	-	5.1%
US	24-Nov	11:00 PM	Consumer Confidence Index	99.2	97.4
US	24-Nov	11:00 PM	Richmond Fed Manufact. Index	0.0	-1.0
JP	24-Nov	9:35 AM	Nikkei Japan PMI Mfg	-	52.4
US	25-Nov	8:00 PM	MBA Mortgage Applications	-	6.2%
US	25-Nov	9:30 PM	Personal Income	0.4%	0.1%
US	25-Nov	9:30 PM	Personal Spending	0.3%	0.1%
US	25-Nov	9:30 PM	Durable Goods Orders	1.5%	-1.2%
US	25-Nov	9:30 PM	Durable Ex Transportation	0.4%	-0.4%
US	25-Nov	9:30 PM	Initial Jobless Claims	-	-
US	25-Nov	9:30 PM	Continuing Claims	-	-
US	25-Nov	10:45 PM	Markit US Composite PMI	-	55.0
US	25-Nov	10:45 PM	Markit US Services PMI	-	54.8
US	25-Nov	11:00 PM	New Home Sales	500K	468K
US	25-Nov	11:00 PM	New Home Sales MoM	6.8%	-11.5%
US	25-Nov	11:00 PM	U. of Mich. Sentiment	93.1	93.1
EU	26-Nov	5:00 PM	M3 Money Supply YoY	-	4.9%
EU	27-Nov	6:00 PM	Economic Confidence	-	105.9
EU	27-Nov	6:00 PM	Consumer Confidence	-	-
JP	27-Nov	7:30 AM	Jobless Rate	-	3.4%
JP	27-Nov	7:30 AM	Next CPI YoY	-	0.0%
JP	27-Nov	7:30 AM	Nat'l CPI Ex Fresh Food YoY	-	-0.1%
JP	27-Nov	7:30 AM	Nat'l CPI Ex Food, Energy YoY	-	0.9%
JP	27-Nov	7:30 AM		-	802.6%
JP	27-Nov	7:30 AM		-	902.6%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,683.09	-1.33	-0.08
FBMEMAS	11,693.32	-0.09	0.00
FBMEMAS SHA	12,632.51	7.85	0.06
FBM100	11,374.46	-2.69	-0.02
Volume (mn)	2,332.20	-435.99	-15.75
Value (RMmn)	1,966.91	-402.33	-16.98
FBMKLCI YTD Chg			-4.44

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	19.9	-2.3
Local Institution	55.7	-22.3
Foreign Investors	24.4	24.6

Top Gainers

	Close	Change+/-	(+/- %)
AJINOMOTO MAL	6.80	0.40	6.25
GOLDIS BHD	2.58	0.38	17.27
CHEE WAH CORP	1.25	0.26	26.26

Top Losers

	Close	Change+/-	(+/- %)
NESTLE (MALAY)	73.52	-1.48	-1.97
MALAYSIAN PAC	8.04	-0.16	-1.95
TSR CAPITAL BHD	0.61	-0.06	-8.96

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,813.39	1.20	0.01
NASDAQ	5,116.14	13.34	0.26
S&P 500	2,088.87	-0.27	-0.01
FTSE 100	6,393.13	55.49	0.88
DAX	11,320.77	151.23	1.35
Nikkei 225	19,944.41	96.83	0.49
HSI	22,488.94	-9.06	-0.04
KOSPI	2,030.68	21.26	1.06
STI	2,891.01	-0.57	-0.02
KLCI Futures	1643.0	0	0.0
USDMYR 3M	13.2	0.025	0.0
USDMYR 6M	13.1	-0.1	0.0
USDMYR 12M	13.11	0.05	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	43	-0.5	-1.1%
Brent (USD/bbl)	45.5	-0.7	-1.5%
Gold(USD/ounce)	1,072	-0.1	0.0%
Coal (USD/mt)	52.9	0.1	0.1%
CPO (RM/mt)	2,342	1.0	0.0%
Rubber	124	0.7	0.6%
RM/USD	4.22	0.012	-0.28%
EUR/USD	0.94	0.0005	0.05%
YEN/USD	122.64	0.07	-0.06%

What To Expect

U.S. Market

- U.S market closed for Thanks Giving Day on Thursday

The Local Market

- FBMKLCI declined 1.33 points to finish at 1,683.09 due to profit taking activities. There were 425 gainers and 439 decliners in total value traded of RM1.96 billion.
- Among the losers on Bursa Malaysia were Nestle (M) dropped RM1.48 to RM73.52, Malaysian Pac fell 16 cent to RM8.04, TSR Capital slid 6 cent to RM0.61 and Harbour-Link shed 7 cent to RM2.81.

Strategy

- Our 2015 year-end target is 1,660 based on PER of 15.6x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on construction and telco respectively. We predict Malaysia to grow by 5.0% in 2015.

CORPORATE HIGHLIGHTS

TM, HOLD (TP: RM6.87): Net profit down 11% to RM166.8m on weak ringgit, higher tax charges

Telekom Malaysia Bhd's (TM) net profit fell by 11% to RM166.87 mil in the third quarter ended Sept 30, 2015 from RM188.84mil a year ago. The telecommunications company said on Thursday that its revenue was up 10.8% to RM2.922bil from RM2.63bil a year ago. Earnings per share were 4.44 sen. TM said the weaker earnings were due to higher tax charges as well as foreign exchange losses due to the weakening of the ringgit against the dollar during the group' third quarter. For the nine-month period, its earnings fell 17.2% to RM507.85mil from RM613.51mil in the previous corresponding period. However, its revenue rose 5.7% to RM8.537bil from RM8.077mil. (Source: *The Star*)

Maybank, BUY (TP: RM9.92): Posts higher quarterly earnings at RM1.89b

Malayan Banking Bhd posted a strong set of earnings in the third quarter ended Sept 30, 2015 of RM1.898bil and for the nine months, the earnings rose to RM5.18bil. It said on Thursday its earnings were up 18% from the RM1.608bil a year ago on the back of a strong revenue growth where the top line rose to RM11.38bil from RM8.934bil. Earnings per share were 19.93 sen compared with 17.62 sen. For the nine-month period, its earnings of RM5.183bil were up 8.3% from RM4.785bil in the previous corresponding period. Its revenue rose 13.2% to RM29.50bil from RM26.05bil. (Source: *The Star*)

UMW, HOLD (TP: RM7.70): 3Q profit falls 93% on higher operating costs

UMW Holdings Bhd's net profit nosedived 93.1% year-on-year (y-o-y) to RM13.5 million in the third quarter ended Sept 30, 2015 (3QFY15) from RM197 million, mainly due to the weaker performance of its automotive and oil and gas (O&G) segments, both of which were hit by higher operating costs. Revenue for 3QFY15, however, saw a softer drop of 4.6% to RM3.5 billion from last year's RM3.7 billion, its statement to Bursa Malaysia yesterday showed. Segmentally, its automotive segment saw its profit before tax (PBT) fall 67% y-o-y to RM113.93 million in 3QFY15 from RM343.94 million, due to the weakening of the ringgit, and higher campaign and promotion expenses. As for the segment's 1.8% drop in revenue to RM2.6 billion, UMW said it faced stiff competition following new model launches by other players, and weaker consumer sentiment. (Source: *The Edge*)

FGV, HOLD (TP: RM1.30): Sees 3Q net loss widen, pays 2 sen dividend

Felda Global Ventures Holdings Bhd (FGV) (saw its third-quarter net loss widen more than three times to RM33.92 million or 0.9 sen loss per share from RM9.33 million or 0.3 sen loss per share a year ago, on lower contribution from its palm plantation and trading, marketing and logistics (TML) segments. This was despite posting a higher revenue of RM4.51 billion for the three months ended Sept 30, 2015 (3QFY15), up 13.8% from RM3.96 billion in 3QFY14. Nevertheless, the group declared an interim dividend of 2 sen per share for the financial year ending Dec 31, 2015 (FY15), equivalent to a total dividend payout of RM72.96 million, payable on Dec 28. The weaker 3QFY15 earnings dragged FGV's net profit down by 94.5% to RM15.74 million or 0.4 sen a share for the cumulative nine-month period (9MFY15) from RM286.16 million or 7.8 sen a share in 9MFY14. (Source: *The Edge*)

Padini (TP: RM1.65): Revenues for the quarter under review have risen by 19% y-o-y

Year-on-year, revenues for the quarter under review have risen by 19% (RM42.8million), this increase was driven mainly by both our Padini Concept Stores and Brands Outlet Stores. Since the end of the previous year's corresponding quarter, 4 more Padini Concept Stores and 4 more Brands Outlet stores, covering a total gross floor area of about 117,000 square feet have been added to the Group's overall retail network, and these new stores have contributed significantly to the overall increase in revenues. Additionally, the Padini Concept Stores have also recorded very strong same stores sales growth for the quarter (23%), and together with the sales from the new stores mentioned earlier, drove the increase in revenues. The very much improved performance from the Padini Concept Stores can be attributed to a change in pricing policies and merchandising strategies employed which have resulted in driving better value and improved merchandise selections. This had in turn made our product offerings and prices more attractive, resulting therefore in better turnovers. (Source: *Bursa Malaysia*)

Sime Darby, HOLD (TP: RM7.43): Q1 earnings down on weak commodity prices

Sime Darby Bhd posted a pre-tax profit of RM471.0mil and a net profit of RM328.39mi for the first quarter ended Sept 30, 2015, down 30% and 34% from a year ago. The plantations-property conglomerate said on Thursday its earnings

were adversely impacted by weak commodity prices and volatile market conditions in the period under review. The plantation division achieved an improvement in overall crude palm oil (CPO) production and sales volume, with both increasing by 18%, boosted by contributions from NBPOL. Sime Darby's president and group chief executive Tan Sri Mohd Bakke Salleh said: "The group's financial results for the period under review reflects the difficult market environment faced across the divisions. (Source: *The Star*)

Supermax (CP: RM2.29): Sees 38.3% rise in September quarter on efficiency, forex gains

Supermax Corp Bhd the world's second largest glove-maker by volume, saw its net profit rise 38.3% to RM38.46 million or 5.65 sen for the three months ended Sept 30, 2015 from RM27.81 million or 4.09 sen per share a year ago. Revenue grew 11.3% to RM309.87 million from RM278.38 million. In a filing with Bursa Malaysia yesterday, Supermax attributed the strong performance to efficiency gains and the strong US dollar which had appreciated by 27% compared with a year ago. For the cumulative nine months period (9MFY16), Supermax posted a net profit of RM88.15 million or 12.96 sen per share on revenue of RM762.46 million. There is comparative figure as the group has changed its financial year end to June 30 from Dec 31. Thus, the current financial year will cover an 18 months period ending June 30, 2016 (FY16). (Source: *The Edge*)

IHH (CP: RM6.56): Earnings hit by unrealised forex losses

IHH Healthcare Bhd posted earnings of RM118.49mil for the third quarter ended Sept 30, down 19.3% from a year earlier due to unrealised foreign exchange (forex) losses from its Turkish operations. The premium healthcare provider told Bursa Malaysia that the unrealised forex losses of RM217.1mil stemmed from the translation of non-Turkish lira denominated borrowings by Acibadem Holdings in Q3 into the group's financial statements. It said headline revenue and earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (Ebitda) grew 16% and 12% respectively year-on-year (y-o-y) to RM2.1bil and RM476.4mil. (Source: *The Star*)

Tropicana (CP: RM0.955): Net profit soars on disposal gain

Property developer Tropicana Corp Bhd posted more than three-fold increase in net profit to RM151.8mil in the third quarter ended Sept 30 compared with a year ago on gain from the disposal of a subsidiary. The company said in a filing with Bursa Malaysia that revenue decreased 18.7% to RM244.6mil compared with the same quarter a year ago due to lower work in progress in its property development segment, as a number of the projects were in the early stages of construction. For the nine-month period, net profit jumped 53.1% to RM194.2mil compared with the same period last year, while revenue rose by 10.9% to RM947.8mil. The company said cash proceeds received totalled RM1.07bil year-to-date, arising from the strategic disposal of non-core assets and investment properties undertaken over the past year. (Source: *The Star*)

Aeon (CP: RM2.75): 3Q net profit falls 31.2% to RM30m

Aeon Co (M) Bhd's net profit for the third quarter ended Sept 30, 2015 (3QFY15) fell 31.22% year-on-year to RM30.03 million from RM43.66 million a year ago, on higher operating costs, higher interest expenses and initial costs

associated with new store openings. Revenue for the quarter, however, gained 1.1% to RM940.79 million from RM930.59 million in 3QFY14, despite weaker consumer sentiments, Aeon told Bursa Malaysia this evening. No dividend was declared for the current quarter under review. For the nine-month period (9MFY15), the Japanese hypermarket and supermarket chain operator saw its net profit shrink 30.84% to RM95.09 million from RM137.5 million in the previous year, for the same reason that affected its quarterly earnings. Revenue for 9MFY15 was, however, up 4.76% at RM2.86 billion from RM2.73 billion in 9MFY14, as turnover from its retail business segment and property management services segment recorded a 4.2% and 6.8% increase, respectively. (Source: *The Edge*)

Hock Seng Lee (CP: RM1.93): Q3 PBT down to RM23.7mil

Third quarter results for Hock Seng Lee Berhad (HSL) have seen the Sarawak-based marine engineering and infrastructure specialist record net profit before tax of RM23.66 million on the back of revenue of RM158.44 million. For the nine months period ended 30 September 2015, cumulative figures show pre-tax earnings at RM72.82 million from revenue of RM494.50 million. Overall these results exceed those of the preceding quarter of 2015 and show sound gains in revenue against the corresponding periods of 2014. For the third quarter of 2014 pre-tax earnings of RM28.66 million were achieved on the back of revenue of RM155.36 million. (Source: *Bursa Malaysia*)

Iris Corporation (CP: RM0.23): Q2 PBT decline to RM7.5 mil

For the three (3) months financial period ended 30th September 2015, the Group recorded a revenue and profit before taxation of RM144.7 million and RM7.5 million, representing a decrease of 8.1% and 2.6% from RM157.5 million and RM7.7 million respectively recorded in the previous comparable quarter ended 30th September 2014. For the current financial quarter which ended 30th September 2015, the Group recorded revenue of RM144.7 million, representing an increase of 31.9% (or RM35.0 million) from RM109.7 million recorded in the preceding quarter ended 30th June 2015. (Source: *Bursa Malaysia*)

MK Land (CP: RM0.42): To focus on affordable housing developments in northern M'sia

MK Land Holdings Bhd said it will be focusing on affordable housing developments in the northern part of Malaysia as opposed to premium developments, because the property developer sees more demand for cheaper houses. MK Land group chief executive officer Lau Shu Chuan said the group will be focusing on its northern developments, namely its Klebang Putra and Meru Perdana projects in Perak. Meanwhile, the group is reserving some of its land bank in the Klang Valley for premium developments in the future. (Source: *The Edge*)

Carimin (CP: RM0.71): To consolidate resources

Carimin Petroleum Bhd plans to take advantage of the uncertain economic climate to consolidate its resources and identify cost-cutting measures to streamline its operations. Chairman, Tan Sri Kamaruzzaman Shariff, said this was to increase the company's efficiency and prepare for the next uptrend in the

sector. "We also want to enhance our technical capabilities to expand our range of services in maintaining our competitive edge," he said in the annual report for financial year ended June 30, here yesterday. *(Source: The Star)*

Iris (CP: RM0.23): Wins RM92.6mil job from Solomon Islands

Smartcard solutions provider Iris Corp Bhd has bagged a RM92.6mil contract for the set-up of an electronic passport and border control system from the Solomon Islands government. The company said in a filing with Bursa Malaysia that the contract would last 20 years with the Solomon Islands government agreeing to make payment for a minimum order of 10,000 e-passports per year at a price of US\$110 per passport. The company said the job would contribute positively to its earnings and earnings per share for the next financial year. *(Source: The Star)*

CSL (CP: RM0.14): Exits PN17 status from today

Plastic stationery supplier China Stationery Ltd (CSL) has exited its PN17 status effective today. In a filing to Bursa Malaysia yesterday, the company said it had posted three consecutive quarters of net profit up to the quarter ended Sept 30, 2015, of which the results for these quarters had been subjected to a limited review by an external auditor. Therefore, Bursa Securities had decided to grant CSL a waiver from complying with a requirement that a PN17 company has to submit a regularisation plan to the relevant authority. *(Source: The Star)*

ECONOMIC UPDATES

Malaysia: ECER draws RM84b private investments

The East Coast Economic Region (ECER) has attracted RM84 billion in private investments as of November this year, said the East Coast Economic Region Development Council (ECERDC). The investments, representing a return of 14 times to the government and 76% of ECER's target of RM110 billion worth of investments by 2020, are expected to create 92,313 jobs, ECERDC said in a statement on Thursday. "The manufacturing cluster is the biggest contributor with investments valued at RM46.3 billion, followed by tourism (RM14.1 billion), bio-economy (RM7.4 billion) and oil, gas and petro-chemicals (RM5.2 billion," it said. *(Source: The Star)*

Europe: Europe's central banks in quandary as Fed tightening nears

Europe's central banks are struggling with divergent quandaries over how to revive inflation and sustain economic growth as the US Federal Reserve prepares to start raising interest rates for the first time since the collapse of Lehman Brothers. The world's major economies are recovering at very varying paces from seven years of economic and financial crisis, with Japan tipping back into recession and China trying to surmount a severe wobble this year. While the Fed is widely expected to pull the trigger on a slow but steady tightening from December in response to solid US growth and employment figures, the European Central Bank is likely to ease monetary policy further on Dec 3. *(Source: Reuters)*

Japan: Inflation continues slide, spending slumps

Japan's core consumer prices fell for the third straight month and household spending slumped in October, underscoring the fragile nature of the economy and keeping policymakers under pressure to take further steps to jump-start growth. The core consumer price index (CPI), which excludes volatile fresh food but includes oil costs, fell 0.1 percent in the year to October, government data showed on Friday, matching a median market forecast. The decline was, however, predominantly due to the effect of falling energy costs, which the Bank of Japan has said it will look through in determining whether additional monetary easing is necessary to achieve the inflation target. (Source: Reuters)

Philippine: Economy grows 6% year-on-year

The Philippine economy grew 6% year-on-year in the three months to September, slightly below forecasts but still leaving it on track to be one of Asia's fastest growing economies this year. Arsenio Balisacan, the country's economic planning secretary, said the numbers were an encouraging sign of a steadily growing economy. The Philippines is Southeast Asia's fifth largest economy. The economy grew by 1.1% in the quarter from the previous three-month period. That was also below expectations, and marked a slowdown from the 2% growth recorded in the three months to June. (Source: BBC)

U.K.: Swings austerity axe but spares key welfare scheme, police

Britain announced a fresh round of deep cuts to public spending on Wednesday, but dropped a plan to reduce welfare payments for the poorest and spared the police from savings after the Paris attacks. Unveiling a budget update, Finance Minister George Osborne said the government, which is borrowing 73.5 billion pounds (US\$110 billion) this year, is on track to balance its books by 2019-20. This will be achieved through the most significant belt-tightening in a generation, which includes reducing welfare by 12 billion pounds and the cutting budgets of some government departments by up to 37%. (Source: The Star)

M&A Securities

STOCK RECOMMENDATIONS

BUY	Share price is expected to be $\geq +10\%$ over the next 12 months.
TRADING BUY	Share price is expected to be $\geq +10\%$ within 3-months due to positive newsflow.
HOLD	Share price is expected to be between -10% and $+10\%$ over the next 12 months.
SELL	Share price is expected to be $\geq -10\%$ over the next 12 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT	The sector is expected to outperform the FBM KLCI over the next 12 months.
NEUTRAL	The sector is expected to perform in line with the FBM KLCI over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform the FBM KLCI over the next 12 months.

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