

PP14767/09/2012(030761)

Friday, November 20, 2015

Report of the Day

Results Review: AMMB 2Q16 – “Improving Operational Signs”

At a Glance

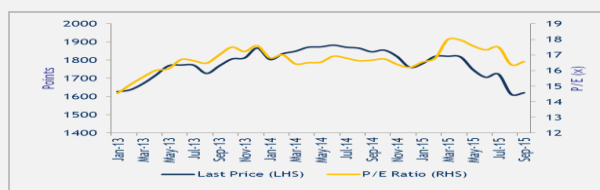
FBMKLCI surged 3.56 points to finish at 1,660.06 due to the positive regional market sentiment.....(See full report next page)

Corporate Highlights

- **AMMB, HOLD (TP: RM5.10):** Lower Q2 earnings for AMMB, but improvement on-quarter
- **Mah Sing, HOLD (TP: RM1.34):** Set to launch projects worth over RM1.2 billion in 2016
- **FGV, SELL (TP: RM1.30):** To finalise deal soon

Economic Update

- **China:** Central bank cuts borrowing costs, eyes market-based rates
- **Japan:** BoJ keeps policy steady even as Japan slips into recession
- **Indonesia:** To require pension funds hold minimum percentage of govt bonds



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
EU	16-Nov	6:00 PM	CPI MoM	-	0.2%
EU	16-Nov	6:00 PM	CPI YoY	-	0.0%
EU	16-Nov	6:00 PM	CPI Core YoY	-	1.0%
JP	16-Nov	7:50 AM	GDP SA QoQ	-0.1%	-0.3%
JP	16-Nov	7:50 AM	GDP Annualized SA QoQ	-0.3%	-1.2%
JP	16-Nov	7:50 AM	GDP Deflator YoY	1.7%	1.5%
US	16-Nov	9:30 PM	Empire Manufacturing	-5.0	-11.4
US	17-Nov	9:30 PM	CPI MoM	0.2%	-0.2%
US	17-Nov	9:30 PM	CPI Ex Food and Energy MoM	0.2%	0.2%
US	17-Nov	9:30 PM	CPI YoY	0.1%	0.0%
US	17-Nov	9:30 PM	CPI Ex Food and Energy YoY	1.8%	1.9%
US	17-Nov	10:15 PM	Industrial Production MoM	0.1%	-0.2%
CN	18-Nov	9:30 AM	China October Property Prices	-	-
US	18-Nov	8:00 PM	MBA Mortgage Applications	-	-
US	18-Nov	9:30 PM	Housing Starts	1157K	1206K
US	18-Nov	9:30 PM	Buildings Permits	1139K	1103K
JP	19-Nov	7:50 AM	Exports YoY	-	0.6
JP	19-Nov	7:50 AM	Imports YoY	-	-11.1
US	19-Nov	9:30 PM	Initial Jobless Claims	-	-
US	19-Nov	9:30 PM	Continuing Claims	-	-
US	19-Nov	10:45 PM	Bloomberg Consumer Comfort	-	-
US	19-Nov	11:00 PM	Leading Index	0.5%	-0.2%
EU	20-Nov	11:00 PM	Consumer Confidence	-	-7.7
CN	20-Nov	10:00 AM	Conference Board China October Leading Economic Index	-	-
MY	20-Nov	12:00 PM	CPI YoY	-	2.6%
MY	20-Nov	-	Foreign Reserves	-	\$94.0B

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,660.06	3.56	0.21
FBMEMAS	11,569.90	14.58	0.13
FBMEMAS SHA	12,507.66	17.00	0.14
FBM100	11,241.41	12.87	0.11
Volume (mn)	3,425.57	1,007.21	41.65
Value (RMmn)	2,121.08	95.29	4.70
FBMKLCI YTD Chg			-5.75

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	26.3	-11.6
Local Institution	51.9	-84.2
Foreign Investors	21.8	95.8

Top Gainers

	Close	Change+/-	(+/- %)
PETRONAS DAG	24.00	0.68	2.92
PPB GROUP	15.74	0.34	2.21
HAP SENG CONS	6.62	0.33	5.25

Top Losers

	Close	Change+/-	(+/- %)
HCK CAPITAL	3.10	-0.40	-11.43
BINTULU PORT	6.82	-0.31	-4.35
RHB CAPITAL	5.81	-0.09	-1.44

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,732.75	-4.41	-0.02
NASDAQ	5,073.64	-1.56	-0.03
S&P 500	2,081.24	-2.34	-0.11
FTSE 100	6,329.93	50.96	0.81
DAX	11,085.44	125.49	1.14
Nikkei 225	19,859.81	210.63	1.07
HSI	22,500.22	311.96	1.41
KOSPI	1,988.91	26.03	1.33
STI	2,925.05	38.97	1.35
KLCI Futures	1619.5	0	0.0
USDMYR 3M	14.4	-0.085	0.0
USDMYR 6M	14.3	0.0	0.0
USDMYR 12M	14.18	0.02	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	41	0.1	0.2%
Brent (USD/bbl)	44.2	0.0	0.1%
Gold(USD/ounce)	1,082	-0.6	-0.1%
Coal (USD/mt)	52.8	0.0	0.0%
CPO (RM/mt)	2,298	-1.0	0.0%
Rubber	122	0.8	0.7%
RM/USD	4.34	-0.0465	1.07%
EUR/USD	0.93	0.0009	0.10%
YEN/USD	122.92	0.05	-0.04%

What To Expect

U.S. Market

- The Dow Jones Industrials Average dropped 4.41 points to 17,732.75 points, S&P 500 declined 1.56 points to 2,081.24. Nasdaq fell by 1.56 points to 5,073.64. Stocks struggled to add to the biggest rally in nearly a month as a profit warning from UnitedHealth Group Inc. jolted the health-care sector while energy producers followed oil lower a day after the Federal Reserve eased concern that higher interest rates would derail economic growth.
- Minutes from the Federal Reserve's October meeting released Wednesday indicated that policy makers believe the economy is strong enough to withstand higher rates as early as next month, while stressing that the pace of any tightening will be gradual. That message yesterday helped unleash a rally that sent the S&P 500 to within 2.3 percent of its May all-time.

The Local Market

- FBMKLCI surged 3.56 points to finish at 1,660.06 due to the positive regional market sentiment. There were 502 gainers and 425 decliners in total value traded of RM2.12 billion.
- Among the gainers on Bursa Malaysia were Petronas Dagangan rose 68 cent to RM24.00, PPB Group jumped 34 cent to RM15.74, Hap Seng Consolidated up 33 cent to RM6.62, Panasonic Manufacturing grew 30 cent to RM22.50.

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

AMMB, HOLD (TP: RM5.10): Lower Q2 earnings for AMMB, but improvement on-quarter

AMMB Holdings Bhd posted lower earnings of RM382.52mil in the second quarter ended Sept 30, 2015, due to lower contribution from other income, but its performance was much better when compared with the first quarter. The banking group announced on Thursday the Q2 earnings were down 14.2% compared with the RM445.82mil a year ago. It declared an interim dividend of five sen a share or 12 sen a year ago. AMMB reported other operating income declined to RM198.32mil from RM268.87mil a year ago. Its revenue was also lower at RM2.088bil compared with RM2.21bil. Earnings per share were lower at 12.73 sen compared with 14.81 sen. (Source: The Star)

Mah Sing, HOLD (TP: RM1.34): Set to launch projects worth over RM1.2 billion In 2016

Property developer Mah Sing Group Bhd is set to launch over RM1.2 billion worth of projects in Penang next year. Mah Sing (North) Senior General

Manager Daniel Law Wei Keong said the upcoming launches include the RM735 million Ferringhi Residence 2, the RM350 million Icon Residence at Lebu Pykett, and an unnamed RM150 million project in Southbay City, Batu Maung. He said the group also expects the Penang properties to contribute between 10 to 12 per cent to the group's total sales for the 2015 fiscal year ending Dec 31. (source: Bernama)

FGV, SELL (TP: RM1.30): To finalise deal soon

Plantation giant Felda Global Ventures Holdings Bhd, (FGV) which has yet to place any deposit for its proposed acquisition of Indonesia-based PT Eagle High Plantations Tbk, gave an indication of seeing the deal being finalised by the end of this year. FGV chairman Tan Sri Isa Abdul Samad said the group had not placed the deposit because the negotiations were still ongoing. "We expect to complete the due diligence by the end of the month and hope to finalise the deal before the end of the year," Isa said. Isa, who is also group chairman of the Federal Land Development Authority or Felda, which, in turn, is the holding company of FGV, noted that negotiations of the terms and conditions for the deal were still ongoing and that the group was not at liberty to disclose further information. (Source: The Star)

Tan Chong Motor, SELL (TP: RM2.47): To distribute Nissan vehicles in Myanmar next year

Tan Chong Motor Holdings Bhd's (TCM) Myanmar operations has been given the sole and exclusive rights to distribute and sell Nissan vehicles that it manufactures or assembles. The car and automotive parts maker said unit Tan Chong Motor (Myanmar) Co Ltd (TCM Myanmar) has also been given exclusive rights by Nissan Motor Co Ltd to provide after-sales service for the vehicles in the country. Myanmar is set to transition towards democracy following the recent election. This includes the rights to appoint any person as its dealers to sell the vehicles, and/or perform after-sales service operations on the vehicles. TCM, which is the exclusive distributor of Nissan passenger and light commercial vehicles in Malaysia, said the Myanmar distributorship appointment was for a period of five years, subject to renewal. (Source: The Star)

Axiata, BUY (TP: RM7.10): Unit eyes bigger telecom infrastructure market share

Edotco Group, a wholly-owned unit of Axiata Group Bhd, aims to grow its share of the telecommunications infrastructure market in Malaysia to 20% from about 16% to 17% now. In a statement on Thursday, chief executive officer Suresh Sidhu said edotco had about 3,600 towers in Malaysia. "Edotco has in its portfolio of over 15,000 towers in Malaysia, Sri Lanka, Bangladesh, Cambodia and Pakistan. He said that upon the completion of the Myanmar Tower Co deal, the company would have about 16,200 towers across the region. (Source: The Star)

UMW, HOLD (TP: RM7.80): Gets China's nod to turn piping associate into subsidiary

UMW Holdings Bhd has secured the approval of the Chinese authority to acquire a 35.6% equity stake in a Chinese associate that specialises in the manufacturing of industrial pipes for 2 yuan, effectively turning it into a 75.6%-owned unit of the conglomerate. UMW told Bursa Malaysia today that its

wholly-owned unit UMW Petropipe (L) Ltd has received a letter of approval on the same day from the Business Bureau in the People's Republic of China for it to purchase the stake in Sichuan Haihua Petroleum Steelpipe Co Ltd. Currently, UMW Petropipe has a 40% stake in Sichuan Haihua; Sichuan Jinyang Antisepsis Engineering Co Ltd holds another 40%, while Elite International Investment (HK) Ltd holds the remainder 20%. To make up the 35.6%, UMW Petropipe will purchase 23.7% of Sichuan Haihua's shares from Sichuan Jinyang, and 11.9% from Elite International Investment (HK) Ltd. Following the acquisition, Sichuan Jinyang will be left with 16.3%, while Elite will be left with 8.1%. *(Source: The Edge)*

Media Prima (CP: RM1.34): 3Q net profit up 5%, pays 2 sen dividend

Media Prima Bhd 's net profit came in 5% higher at RM44.16 million or 3.98 sen per share for the third quarter ended Sept 30, 2015 (3QFY15), mainly on lower operating expenses, and finance costs. Its net profit was RM42.18 million or 3.82 sen per share in the corresponding quarter last year. Its latest quarterly revenue, however, fell 4% to RM365.37 million from RM379.60 million, its filing to Bursa Malaysia today showed. The group declared a second interim single-tier dividend of 2 sen per share for FY15, payable on Dec 30. Meanwhile, its nine-month period ended Sept 30 (9MFY15)'s net profit was up 2% at RM106.99 million, from RM105.02 million, even though revenue declined 5% to RM1.06 billion from RM1.12 billion. Media Prima said its performance for the cumulative period was affected by lower advertising expenditure (adex) and subdued market sentiment. *(Source: The Edge)*

Kossan (CP: RM8.90): 3Q profit jumps 60% on higher sales, pays 5.5 sen dividend

Higher gloves sales, a better product mix and improved operational efficiency have sent latex gloves manufacturer Kossan Rubber Industries Bhd 's net profit surging 60.35% to RM55.17 million or 8.6 sen per share in its third quarter ended Sept 30, 2015 (3QFY15). Its earnings in the same quarter last year came in at RM34.4 million or 5.38 sen per share; its latest quarterly revenue, meanwhile, was 34.53% higher at RM441.74 million from RM328.35 million a year ago. With the improved earnings, the group declared a dividend of 5.5 sen per share, payable on Jan 12 next year, its filing to Bursa Malaysia today showed. As for its nine-month period (9MFY15), net profit rose 39.9% to RM148.06 million from RM105.83 million a year ago, while revenue grew 27.54% to RM1.2 billion from RM938.36 million in 9MFY14. *(Source: The Edge)*

MRCB (CP: RM1.37): Net profit for Q3 slides 79% to RM5.64m

Malaysian Resources Corp Bhd's (MRCB) net profit for the third quarter ended Sept 30, 2015 (Q3) plunged almost 79.4% to RM5.64 million from RM27.39 million a year ago due to lower contribution from other operating income and higher tax expenses. Other operating income in Q3 fell 64.68% to RM11.61 million from RM32.86 million a year ago while income tax expense was higher at RM18.75 million compared with RM9.30 million a year ago. Revenue for the quarter fell 24.78% to RM374.06 million from RM497.26 million a year ago.

However, for the nine months ended Sept 30, 2015, net profit almost doubled to RM303.60 million from RM157.91 million a year ago while revenue rose 27.34% to RM1.31 billion from RM1.03 billion a year ago. *(Source: The Sun)*

Boustead Plantations (CP: RM1.47): Profit rises on land disposal gains

Boustead Plantations Bhd saw a higher profit after tax for its third quarter ended Sept 30 and the first nine months of the year, despite tough conditions in the plantation sector. In a filing with Bursa Malaysia, the upstream oil palm plantation firm attributed the profit improvement to gains from the disposal of land amounting to RM57.2mil. The company, a 59% owned subsidiary of Boustead Holdings Bhd, reported that its third-quarter profit after tax rose by 32% to RM22.5mil compared to a year ago. Revenue, it said, grew 2.3% to RM166.6mil for the quarter. For the first nine months, the group posted a higher profit after tax of RM75.1mil, a 30.38% jump compared with RM57.6mil in the previous corresponding period. Vice chairman Tan Sri Lodin Wok Kamaruddin said market conditions remained tough for the plantation sector. *(Source: The Star)*

Paramount (CP: RM1.61): 3Q earnings 6% higher

Paramount Corp Bhd posted a 6% increase in net profit to RM15.53mil for the third quarter ended Sept 30, 2015 against RM14.64mil it recorded a year ago. Revenue was 23% higher at RM147.72mil compared with RM120.37mil in the same quarter last year due to higher contribution from the property and education divisions. Paramount's EPS was 3.68 sen during the quarter, higher than 3.64 sen a year ago. In its filing with Bursa Malaysia on Thursday, the company said pre-tax profit for the property division grew 16% to RM18.6mil, as a result of higher revenue of RM111.4mil due to higher sales and progressive billings from the Utropolis in Glenmarie, Shah Alam and Sekitar26 Business in Shah Alam developments. *(Source: The Star)*

Bina Darulaman (CP: RM0.75): Wins RM51.7m Kedah water treatment plant deal

Bina Darulaman Bhd's (BDB) wholly-owned subsidiary, BDB Synergy Sdn Bhd, has clinched a RM51.7 million contract from the Kedah government to build a water treatment plant in Pokok Sena. BDB Synergy was given a two-year contract to complete the water treatment project by November 2017. The water treatment facility will be built in Sungai Santap, Jabi, which is located in the district of Pokok Sena. BDB Synergy will be working with Syarikat Air Darul Aman Sdn Bhd to ensure all specifications in developing the treatment plant are in compliance with the Industrial Water Services Act 2006. *(Source: The Sun)*

Lion Diversified (CP: RM0.08): Defaults, unable to fulfill loan obligations

A company under Malaysia's largest steel group – Lion Diversified Holdings Bhd (Lion Div) – has defaulted on loans totalling RM35.75mil by three wholly-owned subsidiaries, triggering a cross default of other facilities amounting to RM116.9mil. This is the second major default by the Lion Group. In September Megasteel, which is 21% owned by Lion Div, announced a default of its facilities. Tan Sri William Cheng has a direct and indirect stake of 49% in Lion Diversified while Megasteel is largely owned by Lion Corp Bhd, another of his company. Lion Div blamed the defaults by the units – Excel Step Investments Ltd for its

bonds, Graimpi Sdn Bhd under a letter of credit facility and Lion DRI Sdn Bhd on payment for working capital facilities – on the challenging steel operating environment as a result of rampant importation of steel products into the country at dumping prices. The group said this caused Lion Div to suffer losses for several years now, resulting in its inability to meet the payment of the bonds and facilities. (Source: The Star)

Boustead (CP: RM4.03): Boustead, Transport Ministry yet to decide on AES

Boustead Holdings Bhd and the Transport Ministry have yet to decide on the implementation of the Automated Enforcement System (AES) as both parties are still in discussions. Boustead deputy chairman/group managing director Tan Sri Lodin Wok Kamaruddin said the decision on the AES has not been finalised. On Monday, Transport Minister Datuk Seri Liow Tiong Lai said the Government paid about RM60 million in contract service fees to two service providers of the AES until Aug 25, 2015. The Government was also expected to conduct a comprehensive review of the implementation of the AES, which would be announced in early next year, he said. (Source: The Star)

Halex (CP: RM0.56): To supply rice to Govt Food Bank project under RM184m deal

Halex Holdings Bhd has been awarded a contract of up to RM184mil to supply and package white rice under the Food Bank Project launched by the Malaysian Government. The company said in its filing with Bursa Malaysia on Thursday that its trading subsidiary Halex (M) Sdn Bhd accepted the offer from Koperasi Majlis Belia Felda Malaysia Bhd (KMBFM) to procure and package rice for the project, known as Project Gedung Makanan Negara (GMN). “The estimated total contract value is up to RM184mil or 80,000 tonnes of white rice per annum,” Halex said. (Source: The Star)

ECONOMIC UPDATES

China: Central bank cuts borrowing costs, eyes market-based rates

China will lower lending rates for loans made under the standing lending facility (SLF), a policy tool to inject cash into the banking system, in the latest step to support the slowing economy. The overnight rate would be cut to 2.75% and the seven-day rate to 3.25%, effective Friday, the People’s Bank of China (PBOC) said in its official microblog on Thursday. The rates are now at 4.5% and 5.5%, respectively. The fresh move to lower borrowing costs for businesses is in line with recent policy easing to support the slowing economy and as Chinese banks face a surge in troubled loans. (Source: The Star)

Japan: BoJ keeps policy steady even as Japan slips into recession

The Bank of Japan (BoJ) maintained its current pace of monetary stimulus on Thursday, clinging to hopes that an economic recovery is in sight despite soft domestic capital expenditure and challenging global business conditions. The central bank also kept intact its assessment that while exports and output were feeling the pain from weak emerging market demand, Japan’s economy has continued to recover moderately. But it offered a slightly more cautious view than last month on inflation expectations - or how the public perceives future

price moves - underscoring its concern over a lack of success in nudging companies into boosting wages and investment. (Source: Reuters)

Indonesia: To require pension funds hold minimum percentage of govt bonds

Indonesia plans to require domestic pension funds and insurers to keep a minimum percentage of government bonds in their portfolios to help provide stability to the debt market, the country's financial services authority (OJK) said on Thursday. Pension funds and insurers invest around 18% of their funds in government bonds, OJK chairman Muliaman D. Hadad said, declining to specify a minimum percentage. "This is good as a back-up, so that bonds are not too volatile, and so the domestic investor base becomes stronger," Hadad told reporters on the sidelines of a conference. Domestic pension funds and insurers owned 15.3% of government bonds as of Nov 13, finance ministry data showed. Foreign investors held 37.4%. (Source: Reuters)

U.K: Retail sales hit by drop at food stores

The Office for National Statistics (ONS) said sales volumes fell 0.6%, which followed a 1.7% rise in September when sales were helped by the Rugby World Cup. The monthly fall in food store sales was the biggest drop since May 2014. Retail sales volumes rose 3.8% compared with a year ago, compared with a 6.2% annual rise in September. Average shop prices, including petrol stations, were 3.3% lower in October than a year earlier. The ONS said department stores and clothing also dragged on retail sales growth last month. (Source: BBC)

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.

DISCLOSURES AND DISCLAIMER

This report has been prepared by M&A SECURITIES SDN BHD. Readers should be fully aware that this report is for informational purposes only and no representation or warranty, expressed or implied is made as to the accuracy, completeness or reliability of the information or opinion contained herein. The recommendation and opinion are based on information obtained or derived from sources believed to be reliable.

This report contains financial forecast/projection based on our assumptions which may defer from the actual financial results announced by the companies under coverage. All opinions, estimates and assumptions are subject to change without notice. Analysts will initiate, update and cease coverage solely at the discretion of M&A SECURITIES SDN BHD.

Investors are to be cautioned that value of any securities invested may fluctuate from time to time. We advise investors to seek financial, legal and other advice for investing based on the recommendation of our report as we have not taken into account each investors' specific investment objectives, risk tolerance and financial position.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. M&A SECURITIES SDN BHD can accept no liability for any consequential loss or damage whether direct or indirect. Investment should be made at investors' own risks.

M&A SECURITIES SDN BHD and INSAS GROUP of companies, their respective directors, officers, employees and connected parties may have interest in any of the securities mentioned and may benefit from the information herein. M&A SECURITIES SDN BHD and INSAS GROUP of companies and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This report may not be reproduced, distributed or published in any form or for any purpose.

M & A Securities Sdn Bhd (15017-H)
(A wholly-owned subsidiary of INSAS BERHAD)
A Participating Organisation of Bursa Malaysia Securities Berhad

Level 1,2,3 No.45-47 & 43-6
The Boulevard, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel: +603 – 2282 1820 Fax: +603 – 2283 1893
Website: www.mnaonline.com.my

Head Of Research



Rosnani Rasul
M&A Securities