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Tuesday, May 19, 2015

At a Glance

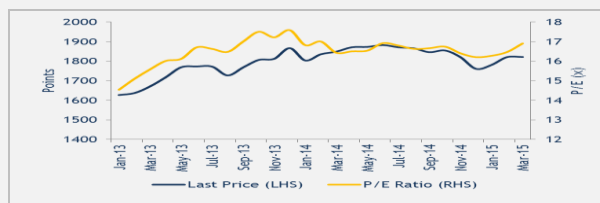
FBMKLCI gained 11.58 points to finish at 1,823.50 in line with mixed sentiment at most regional market.....(See full report next page)

Corporate Highlights

- **Public Bank, BUY (TP: RM22.20):** Launches Visa gold credit card, Visa debit card
- **Maybank, BUY (TP: RM10.70):** Sells ops in PNG for RM418mil
- **Star Publications, HOLD (TP: RM2.53):** To become Star Media Group

Economic Update

- **Singapore:** April exports better than expected
- **Thailand:** Govt to sell 2mil tonnes of stockpiled rice
- **China:** Approves \$40 bln of rail, subway projects to bolster economy



KEY ECONOMIC RELEASE					
Date	Local Time	Event	Survey	Prior	
JP	18-May 7:50 AM	Machine Orders MoM	-	-0.4%	
JP	18-May 7:50 AM	Machine Orders YoY	-	5.9%	
JP	18-May 12:30 PM	Industrial Production MoM	-	-0.3%	
JP	18-May 12:30 PM	Industrial Production YoY	-	-1.2%	
JP	18-May 12:30 PM	Capacity Utilization MoM	-	0.0%	
EU	19-May 5:00 PM	Trade Balance NSA	-	20.3B	
EU	19-May 5:00 PM	CPI MoM	-	1.1%	
EU	19-May 5:00 PM	CPI YoY	0.0%	0.0%	
EU	19-May 5:00 PM	CPI Core YoY	0.6%	0.6%	
US	19-May 8:30 PM	Housing Starts	1020K	926K	
US	19-May 8:30 PM	Building Permits	1063K	1039K	
US	20-May 7:00 PM	MBA Mortgage Applications	-	-3.5%	
JP	20-May 7:50 AM	GDP SA QoQ	0.4%	0.4%	
JP	20-May 7:50 AM	GDP Annualized SA QoQ	1.6%	1.5%	
JP	20-May 7:50 AM	GDP Deflator YoY	3.6%	2.4%	
JP	20-May 1:00 PM	Leading Index CI	-	105.5	
JP	20-May 1:00 PM	Coincident Index	-	109.5	
EU	21-May 4:00 PM	Markit Eurozone Manufacturing PMI	51.8	52.0	
EU	21-May 4:00 PM	Markit Eurozone Services PMI	53.8	54.1	
EU	21-May 4:00 PM	Markit Eurozone Composite PMI	53.6	53.9	
EU	21-May 10:00 PM	Consumer Confidence	-	-4.6	
US	21-May 8:30 PM	Initial Jobless Claims	-	-	
US	21-May 8:30 PM	Continuing Claims	-	-	
US	21-May 9:45 PM	Markit US Manufacturing PMI	54.4	54.1	
US	21-May 10:00 PM	Existing Home Sales	5.22M	5.19M	
US	21-May 10:00 PM	Existing Home Sales MoM	0.6%	6.1%	
US	21-May 10:00 PM	Leading Index	0.2%	0.2%	
CN	21-May 9:45 AM	HSBC China Manufacturing PMI	-	48.9	
US	22-May 8:30 PM	CPI MoM	0.1%	0.2%	
US	22-May 8:30 PM	CPI Ex Food and Energy MoM	0.2%	0.2%	
US	22-May 8:30 PM	CPI YoY	-0.2%	-0.1%	
US	22-May 8:30 PM	CPI Ex Food and Energy YoY	1.7%	1.8%	
JP	22-May -	Bank of Japan Monetary Policy Statement	-	-	
MY	22-May 12:00 PM	CPI YoY	-	0.9%	
MY	22-May -	Foreign Reserves	-	\$105.8B	

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,823.50	11.58	0.64
FBMEMAS	12,573.72	77.77	0.62
FBMEMAS SHA	13,112.88	116.03	0.89
FBM100	12,250.27	78.94	0.65
Volume (mn)	2,201.46	455.31	26.08
Value (RMmn)	1,777.62	-67.53	-3.66
FBMKLCI YTD Chg			3.53

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	21.1	-48.7
Local Institution	59.7	3.9
Foreign Investors	19.2	44.8

Top Gainers

	Close	Change+/-	(+/- %)
PETRONAS GAS	23.48	1.56	7.12
PPB GROUP BERH	16.06	0.58	3.75
UNITED PLANT	26.00	0.42	1.64

Top Losers

	Close	Change+/-	(+/- %)
BAT	64.50	-0.42	-0.65
ORIENTAL HOLDIN	7.80	-0.15	-1.89
LAFARGE MALAY	9.69	-0.12	-1.22

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,298.88	26.32	0.14
NASDAQ	5,078.44	30.15	0.60
S&P 500	2,129.20	6.47	0.30
FTSE 100	6,968.87	8.38	0.12
DAX	11,594.28	147.25	1.29
Nikkei 225	19,890.27	157.35	0.80
HSI	27,591.25	-231.03	-0.83
KOSPI	2,113.72	7.22	0.34
STI	3,459.57	-3.53	-0.10
KLCI Futures	1,817.00	17.50	0.01
USDMYR 3M	9.85	0.03	0.00
USDMYR 6M	9.88	0.02	0.00
USDMYR 12M	10.02	0.03	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	59	0.0	0.1%
Brent (USD/bbl)	66.3	-0.5	-0.8%
Gold(USD/ounce)	1,225	-0.7	-0.1%
Coal (USD/mt)	60.7	-0.6	-1.1%
CPO (RM/mt)	2,182	-6.0	-0.3%
Rubber	185	2.4	1.3%
RM/USD	3.57	0.0042	-0.12%
EUR/USD	0.88	-0.0005	-0.06%
YEN/USD	119.96	-0.03	0.03%

What To Expect

U.S. Market

- The Dow Jones Industrials Average gained 26.32 points to 18,298.88; S&P 500 grew by 6.47 points to 2,129.20. Nasdaq up by 30.15 points to 5,078.44. Stocks closed higher Monday, with the Dow Jones industrial Average and the S&P 500 ending at records, as investors shook off earlier concerns about Greek debt and a renewed rise in bond yields.
- Speaking early Monday at the Swedish capital, Chicago Fed President Charles Evans said the U.S. Federal Reserve could look at a rate hike in June if the economy is strong enough, Reuters said. His speech argued for rates to start rising in early 2016.

The Local Market

- FBMKLCI gained 11.58 points to finish at 1,823.50 in line with mixed sentiment at most regional market. There were 459 gainers and 348 decliners in total value traded of RM1.77 billion.
- Among the gainers on Bursa Malaysia were PetGas rose RM1.56 to RM23.48, PPB Group increased 58 cent to RM16.06, United Plantation surge 42 cent to RM26.00 and Tahps Group up 35 cent to RM7.20.

Strategy

- Our 1H15 year-end target is 1,840 based on PER of 16.0x and hence, FBMKLCI is poised to record a gain of 4.5% against 2014 closing of 1,761. We have an **OVERWEIGHT** call on auto, construction, rubber gloves and telco respectively. We predict Malaysia to grow by 5.0% in 2015 against the projection of 5.9% in 2014.

CORPORATE HIGHLIGHTS

Public Bank, BUY (TP: RM22.20): Launches Visa gold credit card, Visa debit card

Public Bank Bhd's tie-up with Petron Malaysia has launched two new co-brand cards namely, PB-Petron Visa Gold Credit Card and PB-Petron Visa Debit Card, which offer rewarding payment options to Petron customers. Public Bank said on Monday that the co-brand cards offers payment options to Petron customers with up to 5% cash rebate on fuel purchases at more than 560 Petron stations nationwide. The new PB-Petron Visa Gold Credit Card extends unlimited 0.5% cash MegaBonus on other retail purchases and complementary Personal Accident Insurance on top of the up to 5% cash rebates on fuel purchases at Petron stations. (Source: The Star)

Maybank, BUY (TP: RM10.70): Sells ops in PNG for RM418mil

Malayan Banking Bhd (Maybank) is selling its operations in Papua New Guinea (PNG) for RM418mil, as the country's biggest bank focuses its efforts and resources to expand in Asean and Greater China. Maybank said in a filing with

Bursa Malaysia that it had entered into a share sale agreement (SSA) with Kina Ventures Ltd and Kina Securities Ltd of PNG, for the proposed disposal of Maybank's entire equity interest in Maybank (PNG) Ltd (MPNG) and Maybank Property (PNG) Ltd (MPPNG) to Kina Ventures. The proposed disposal involves the sale of Maybank's entire equity interest in MPNG and MPPNG to Kina Ventures for about Kina 319 million (about RM418mil), plus the difference in the value of the net assets of MPNG as at the completion of the proposed disposal compared with Dec 31, 2014.

Star Publications, HOLD (TP: RM2.53): To become Star Media Group

Shareholders of Star Publications (M) Bhd have passed a resolution to change the name of the company to Star Media Group Bhd. The change is to reflect the transformation in an era of digital media and the variety of different assets under the group. The company had on Monday announced five strategies that focus on improving corporate governance, efficiencies and cost controls. The strategies also highlighted a digital road map where the use of new technologies to drive advertising revenue would be implemented in June. *(Source: The Star)*

SKP Resources (CP: RM0.98): Bags new contract from Dyson

Manufacturer of plastic products, SKP Resources Bhd, has secured a contract from its existing customer, Dyson Ltd, to manufacture cordless vacuum cleaners. In a filing to Bursa, SKP said the contract, which would commence in October 2015 was expected to contribute positively to the group's revenue and earnings for the financial years ending March 31, 2016 and 2017. However, it did not reveal the value of the contract. *(Source: The Star)*

I-Bhd (CP: RM0.64): Earnings surge past RM10m in first quarter

I-Bhd's earnings surged to RM10.23mil in the first quarter, boosted by its property development segment on higher percentage of recognition from completed projects and sales of on-going projects. It said on Monday its earnings were 67.7% higher in the first quarter ended March 31, 2015 from RM6.10mil a year ago. Its pre-tax profit rose 63% to RM13.63mil from RM8.36mil. I-Bhd's revenue rose 67.8% to RM75.34mil from RM44.91mil. Earnings per share were 0.96 sen compared with 1.27 sen. I-Bhd is the master developer of the i-City ultrapolis. Its property development segment recorded a 86.3% and 46.3% increase in revenue and pre-tax profit, respectively. *(Source: The Star)*

PJ Bumi (CP: RM0.40): Secures RM44m shipbuilding jobs

PJBumi Bhd has secured three shipbuilding contracts valued at RM44.46mil from Fast Boat Industries Sdn Bhd. It said on Monday its unit PJBumi Construction Sdn Bhd had signed the contracts to build the three 30.8 metres 50 tonnes tugs. It had on April 23, received the conditional letter of acceptance. PJBumi said the shipbuilding period was 14 months from the effective date of the respective contracts. *(Source: The Star)*

Perduren (CP: RM2.13): Eyes supply bases for oil and gas biz

Property and property Investments Company Perduren (M) Bhd is looking to venture into several niches in the oil and gas related real estate development such as supply bases. "We are looking to grow the supply bases or grow its

acreage as the oil fields are getting further and further away," its director Datuk Mazlin Md Junid, former president and CEO of Daya Materials Bhd, told reporters after its EGM on Monday on proposed disposals of several properties in Johor. Mazlin said the group was looking to reduce its revenue dependence on its hotel and car park segment. *(Source: The Star)*

Landmarks (CP: RM1.37): Treasure Bay Bintan to have a Mercure and ibis Budget hotel

Resort and property developer Landmarks Bhd has teamed up with Singapore-based ML Hotel Investments Pte Ltd to develop, own and operate two international hotel chains at its flagship Treasure Bay Bintan development in Bintan, Indonesia. In a statement yesterday, Landmarks said its wholly-owned subsidiary PT Bintan Hotel Utama has signed a joint venture (JV) agreement with ML Hotel Investments for the proposed projects. Both hotels, Mercure and ibis Budget, are expected to open in 2017 and will be managed by Accor Group. Mercure will be a mid-scale hotel with its personality rooted in the local culture, while ibis Budget will provide essential comfort at a budget price. When completed, Mercure will be the island's tallest landmark at 10-storey high. It will offer 182 new rooms to Treasure Bay Bintan, of which 114 long-term leases will be made available for sale. *(Source: The Edge)*

Petronas: To delay RAPID's refinery start-up to mid-2019

Malaysia's state-owned oil and gas company Petronas is delaying the start-up of its \$16 billion RAPID refining and petrochemical complex in the southern state of Johor until mid-2019, pushing it back from early that year, its top executive said on Monday. For the refinery, the startup will be middle of 2019. That is the current schedule," President and Group Chief Executive Officer Wan Zulkiflee Wan Ariffin said on the sidelines of the Asia Oil and Gas Conference in Kuala Lumpur. The slide in oil prices over the past year forced Petronas to review and re-bid some of its engineering, procurement and construction contracts (EPC), Wan Zulkiflee said. Global oil prices have climbed more than 40% from six-year lows hit earlier this year to touch 2015 highs in early May. Prices, though, are still well-down from the peaks of June 2014, when growing evidence of a worldwide glut sent crude markets into free fall. *(Source: The Star)*

Khazanah: Issues RM1b SRI sukuk

Khazanah Nasional Bhd through a Malaysian-incorporated independent special purpose vehicle Ihsan Sukuk Bhd, will be issuing a RM1bil sustainable and responsible investment sukuk (SRI sukuk). The sukuk programme is the first of its kind to be approved under the Securities Commission Malaysia's SRI sukuk framework. The programme will be issued in tranches, starting with RM100mil. Proceeds from the issuance will be channeled to Yayasan AMIR, a non-profit organisation, and used to transform 20 schools under the Trust Schools Programme this year. *(Source: The Star)*

ECONOMIC UPDATES

Singapore: April exports better than expected

Singapore's annual exports unexpectedly rose in April from a year earlier on strong demand from Europe, but weakness in shipments to the United States and China underscored the uncertainties facing Asia's trade-reliant economies. Non-oil domestic exports (NODX) rose 2.2% in April from a year earlier, trade agency International Enterprise Singapore said on Monday in a statement. That compared with a 4.2% contraction forecast in a Reuters poll and a 18.5% jump in March, which was the highest growth since February 2012. On a month-on-month seasonally adjusted basis, non-oil domestic exports declined 8.7% in April, beating a forecast for a 13.3% slide. (Source: *The Star*)

Thailand: Govt to sell 2mil tonnes of stockpiled rice

Thailand's military government plans to sell 2 million tonnes of rice over the next two months from stockpiles built up under the previous administration's failed buying programme, the Commerce Ministry said on Monday. Thailand was the world's top rice exporter for decades until its grain became uncompetitive under the buying scheme brought in from 2011 by ousted Prime Minister Yingluck Shinawatra, which paid farmers above market rates for their crops. (Source: *The Star*)

China: Approves \$40 bln of rail, subway projects to bolster economy

China has approved close to 250 billion yuan (\$40.30 billion) of railway and subway projects, the country's top economic planner said on Monday, as Beijing ramps up efforts to support growth amid a wider slowdown in the world's second-largest economy. China's National Development and Reform Commission (NDRC) said on its website it had given the green light to six projects, including a 46.7 billion yuan subway system in Chengdu, the largest city in southwest China. The others include a 60 billion yuan railway line connecting the eastern cities of Qingdao and Jinan, and two new rail connections between cities in Inner Mongolia and the existing Beijing-Shenyang high-speed railway, which together will cost 42.5 billion yuan. (Source: *The Star*)

India: Seeks to speed up foreign deals with "one-stop shop"

India's finance ministry, seeking to speed up deals with outside investors, is set to take full control of the oversight of more than \$40 billion a year in foreign direct investments and share purchases, two government sources said. Hitherto, both the government and the Reserve Bank of India (RBI) had shared oversight of direct investment and indirect purchases through proxy instruments. Earlier this month parliament approved the annual finance bill containing the amendments to the Foreign Exchange Management Act (FEMA). While restrictions on foreign investment are unchanged, the sources said, the "new one-stop shop" will simplify and accelerate approvals for deals that are not debt financed. A provision in the FEMA that allowed the RBI to restrict or regulate cross-border transactions and acquisition or transfer of immovable property to foreigners has been deleted. (Source: *The Star*)

Greece: Seeks loan deal by end of May

With the country seemingly close to running out of cash, government spokesman Gabriel Sakellaridis said a deal was "required immediately". Greece has to make a payment of €1.5bn (£1.09bn) to the International Monetary Fund (IMF) on 5 June. Last week, the government raided its IMF reserves in order to pay €750m in debt interest on its existing loans. The Greek government, EU and IMF have been locked in negotiations for four months over economic reforms the IMF and EU say must be implemented before the latest €7.2bn tranche of the country's bailout fund is released. The deadlock has created fresh fears that Greece will run out of cash. *(Source: BBC News)*

U.S.: Home builder sentiment slips in May

U.S. homebuilder sentiment fell in May but still showed more builders view market conditions as favorable, the National Association of Home Builders said on Monday. The NAHB/Wells Fargo Housing Market index fell to 54 from 56 the month before, the group said in a statement. Economists polled by Reuters had predicted the index would rise to 57. Readings above 50 indicate more builders view market conditions as favorable than poor. The index has not been below 50 since June 2014. Consumers are exhibiting caution, and want to be on more stable financial footing before purchasing a home," NAHB Chief Economist David Crowe said in a statement. *(Source: Reuters)*

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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