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At a Glance

FBMKLCI shed marginally 0.39 points to finish at 1,734.37 dragged by selected heavyweights' counters.....(See full report next page)

Strategy**"Greece Debt Negotiations Fails Over the Weekend; Market Could Shake"**

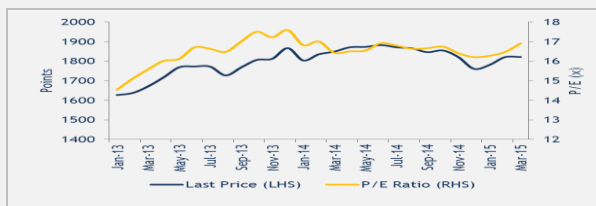
We opine market could shake and rattle due to rising risk averseness.....(See full reports next page)

Corporate Highlights

- **FGV, BUY (TP: RM2.15):** Buys Indonesia planter for US\$680m cash, shares
- **FGV, BUY (TP: RM2.15):** Defends Indonesia deal
- **Alam Maritim, HOLD (TP: RM0.56):** To up vessel utilisation

Economic Update

- **Indonesia:** Trade seen in surplus for 6th straight month in May
- **China:** Economy showing signs of recovery
- **India:** Economic data brings cheer as monsoon worries mount

**KEY ECONOMIC RELEASE**

	Date	Local Time	Event	Survey	Prior
US	15-Jun	9:15 PM	Industrial Production MoM	0.3%	-0.3%
US	15-Jun	9:15 PM	Capacity Utilization	78.3%	78.2%
CN	10-15 Jun	-	Money Supply M1 YoY	4.0%	3.7%
CN	10-15 Jun	-	Money Supply M2 YoY	10.4%	10.1%
US	16-Jun	8:30 PM	Housing Starts	1100K	1135K
US	16-Jun	8:30 PM	Building Permits	1100K	1143K
EU	17-Jun	5:00 PM	CPI MoM	-	0.2%
EU	17-Jun	5:00 PM	CPI YoY	-	0.3%
EU	17-Jun	5:00 PM	CPI Core YoY	-	0.9%
JP	17-Jun	7:50 AM	Trade Balance	-	¥-53.4B
JP	17-Jun	7:50 AM	Trade Balance Adjusted	-	¥-208.7B
JP	17-Jun	7:50 AM	Export YoY	-	8.0
JP	17-Jun	7:50 AM	Import YoY	-	-4.2
MY	17-Jun	12:00 PM	CPI YoY	-	1.8%
US	17-Jun	7:00 PM	MBA Mortgage Application	-	8.4%
US	18-Jun	2:00 AM	FOMC Rate Decision (Upper Bound)	0.3%	0.3%
US	18-Jun	8:30 PM	Current Account Balance	\$-116.4B	\$-113.5B
US	18-Jun	8:30 PM	CPI MoM	0.5%	0.1%
US	18-Jun	8:30 PM	CPI Ex Food and Energy MoM	0.2%	0.3%
US	18-Jun	8:30 PM	CPI YoY	0.0%	-0.2%
US	18-Jun	8:30 PM	Initial Jobless Claims	-	-
US	18-Jun	8:30 PM	Continuing Claims	-	-
US	18-Jun	8:30 PM	Leading Index	0.4%	0.7%
JP	19-Jun	1:00 PM	Leading Index CI	-	107.2
JP	19-Jun	1:00 PM	Coincident Index	-	111.1

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,734.37	-0.39	-0.02
FBMEMAS	12,022.47	6.73	0.06
FBMEMAS SHA	12,547.22	21.50	0.17
FBM100	11,707.04	8.75	0.07
Volume (mn)	1,143.97	-273.03	-19.27
Value (RMmn)	1,190.03	-516.90	-30.28
FBMKLCI YTD Chg			-1.53

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	18.9	4.6
Local Institution	52.3	95.0
Foreign Investors	28.8	-99.6

Top Gainers

	Close	Change+/-	(+/- %)
PETRONAS DAGA	20.44	0.34	1.69
BERJAYA AUTO BH	3.75	0.20	5.63
UNITED U-LI CORP	3.63	0.19	5.52

Top Losers

	Close	Change+/-	(+/- %)
NESTLE (MALAY)	71.06	-1.24	-1.72
BAT	59.84	-0.28	-0.47
HUAT LAI RESOUR	3.10	-0.15	-4.62

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,898.84	-140.53	-0.78
NASDAQ	5,051.10	-31.41	-0.62
S&P 500	2,094.11	-14.75	-0.70
FTSE 100	6,784.92	-61.82	-0.90
DAX	11,196.49	-136.29	-1.20
Nikkei 225	20,407.08	24.11	0.12
HSI	27,280.54	372.69	1.39
KOSPI	2,052.17	-4.44	-0.22
STI	3,353.85	6.18	0.18
KLCI Futures	1,724.50	(4.00)	(0.00)
USDMYR 3M	10.34	0.03	0.00
USDMYR 6M	10.27	0.03	0.00
USDMYR 12M	10.27	0.02	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	60	-0.2	-0.3%
Brent (USD/bbl)	63.3	-0.5	-0.9%
Gold(USD/ounce)	1,185	3.1	0.3%
Coal (USD/mt)	60.0	-0.4	-0.7%
CPO (RM/mt)	2,276	-16.0	-0.7%
Rubber	185	-4.1	-2.2%
RM/USD	3.76	0.0165	-0.44%
EUR/USD	0.89	0.004	0.45%
YEN/USD	123.32	-0.07	0.06%

What To Expect

U.S. Market

- The Dow Jones Industrials Average shed 140.53 points to 17,898.84, S&P 500 down 14.75 points to 2,094.11. Nasdaq decline by 31.41 points to 5,051.10. U.S. stocks fell on Friday as Greek debt talks hit a stalemate and as concern over how soon the Federal Reserve might raise interest rates kept investors cautious.
- Upbeat consumer sentiment and other data added to views the economy may be regaining momentum, which increased anxiety for investors ahead of next week's Federal Open Market Committee meeting, the U.S. central bank's last meeting before September.

The Local Market

- FBMKLCI shed marginally 0.39 points to finish at 1,734.37 dragged by selected heavyweights' counters. There were 310 gainers and 422 decliners in total value traded of RM1.19 billion.
- Among the losers on Bursa Malaysia were Nestle declined RM1.24 to RM71.06, BAT dropped 28 cent to RM59.84, Huat Lai Resources and Tasek Corp plunged 15 cent and 12 cent to RM3.10 and RM16.08 respectively.

Strategy

- **"Greece Debt Negotiations Fails Over the Weekend; Market Could Shake"**
Wall Street was rattled last Friday shaken by Greece on going debt negotiation which failed over the weekend. S&P 500 and DJIA lost 14.75 (0.70%) and 140.53 (0.78%) points to end at 2,094.11 and 17,898.54 respectively. It will be another shaky week for global equity market weighs by 2 factors namely the failure of Greece to reach debt reprieve and also the upcoming FOMC monetary policy meeting this week. Greece over the weekend reached a deadlock with its creditors as Greece refused for another pension and wage cuts at the back of Athens owing Euro1.6 billion by the end of the month. Hence, the nervousness will continue with German and France along with Cyprus will bear most of the brunt if Greece fails to meet the debt deadline. Note that these 3 countries had taken up sizeable amount of Greece debt. Failure means rising systematic risk as European banks would have to be recapitalised quite significantly and making Greece booting out of Eurozone more reality. Along with FOMC meeting this week, we opine market could shake and rattle due to rising risk averseness.
- 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

FGV, BUY (TP: RM2.15): Buys Indonesia planter for US\$680m cash, shares

Felda Global Ventures Holdings Bhd (FGV) is buying a 37% stake in Indonesian plantation company PT Eagle High Plantations for US\$680mil in cash and shares. The stake is being purchased from major shareholder Rajawali Group, confirming a StarBiz report. "The deal includes 95% of conglomerate Rajawali's sugar plantations," Bloomberg quoted the company's statement in Jakarta on Friday. Sources told StarBiz that FGV was proposing to purchase a substantial stake in Jakarta Stock Exchange-listed Eagle High Plantations Tbk at 800 rupiah a share. The transaction values the Indonesian planter nearly twice as much as its current market capitalisation of 13.9 trillion rupiah (US\$1.04bil or RM3.89bil). (Source: The Star)

FGV, BUY (TP: RM2.15): Defends Indonesia deal

Felda Global Ventures Holdings Bhd (FGV), which came under scrutiny for the proposed purchase of plantation assets from Peter Sondakh's Rajawali Group in Indonesia, has defended the deal, saying that it was being transacted at one of the lowest valuations in three years. FGV is buying a 37% stake in PT Eagle High Plantations Tbk for US\$680mil (RM2.5bil). However, the entire company has a market capitalisation of US\$1.04bil, indicating a hefty premium. After the proposed transaction, FGV will be the single largest shareholder of Eagle High Plantations while Rajawali's stake will be reduced from 68.6% to 31.6%. But the Indonesian group, which emerged into Eagle High Plantations in a reverse takeover exercise proposed in September and completed early this year, will continue to manage the plantations. (Source: The Star)

Alam Maritim, HOLD (TP: RM0.56): To up vessel utilisation

Alam Maritim Resources Bhd, which is bidding for RM2.5 billion to RM3 billion worth of projects, is confident of increasing its vessel utilisation rate to 73% to 75% this year from 71% in 2014. It's a marginal increase because our utilisation rate in 2014 was affected by the dry docking (overhaul) of 10 vessels and this year we have seven vessels to go so that would be another year of impact on our bottom-line," group managing director and CEO Datuk Azmi Ahmad told a press conference after its AGM here. Last year, oil and gas majors cut back on exploration and production activities resulting in lower demand for support services such as offshore support vessels (OSVs) and thus saw reduced vessel utilisation for all players, including Alam Maritim. In the financial year ended Dec 31, 2014 (FY14), the group's OSV division was impacted due to higher docking activities, which resulted in a decrease in the group's vessel utilisation rate. OSV is Alam Maritim's biggest contributor, accounting for 80% of the group's overall business. (Source: The Sun Daily)

TNB, BUY (TP: RM15.20): To buy RE from Comintel

Tenaga Nasional Bhd's (TNB) has entered into a renewable energy power purchase agreement with Comintel Corp Bhd that will convert biomass (solid waste) into renewable energy and supply back to TNB for 16 years from May 31, 2015. TNB and Comintel's sub-subsidiary, Comintel Green Technologies Sdn Bhd (CGT), signed the agreement last Friday. Barring any unforeseen circumstances, starting from the feed-in tariff commencement date, the annual revenue

contribution is approximately RM6.67 million, Comintel told Bursa Malaysia last Friday. CGT was granted a feed-in approval on July 9, 2014 by the Sustainable Energy Development Authority (Seda) to convert biomass into renewable energy and supply it to TNB at 42.31 sen kWh for a 16-year period. *(Source: The Sun Daily)*

UEM (TBA): Eyes more highway jobs in Indonesia

UEM Group Bhd, the construction arm of Khazanah Nasional Bhd, plans to expand its highway concession business in Indonesia after winning President Joko "Jokowi" Widodo approval for completing the country's longest toll road project ahead of schedule. The 116.8km Cikopo-Palimanan stretch was open to traffic at midnight on Sunday. PT Lintas Marga Sedaya, in which UEM Group has 55% stake, is the concession holder for 35 years. The RM3.53bil project was awarded in 2006, but it took more than six years to complete land acquisitions and the required approvals before construction works started in 2013. In his speech at the opening ceremony, Jokowi pledged to speed up project awards and implementation as Indonesia sought to attract fresh foreign investment into the country's infrastructure sector. He commended the highway concessionaire for finishing the project in just two-and-a-half years. *(Source: The Star)*

Transocean (CP: RM0.42): To eyes expansion opportunities

Transocean Holdings Bhd, a transport and logistics company, will continue to explore expansion opportunities to expand its capital base and improve its earning capacities. Executive chairman/managing director, Tan Sri Mohd Nadzmi Mohd Salleh, said the group has taken steps to improve its tyre division's sales revenue and profit via the penetration into government-linked companies and government's agencies which would start to order new and retread tyres. For the financial year ended Dec 31, 2014, Transocean's revenue fell to RM21.99 million from RM27.96 million in 2013 on lower revenue contribution from the tyre division. *(Source: Bernama)*

Vsolar Group (CP: RM0.17): Gets 100% ownership in renewable energy unit

Vsolar Group Bhd announced that Vsolar Engineering Sdn Bhd is now a wholly-owned subsidiary of the company. In a filing to Bursa Malaysia, Vsolar said Vsolar Engineering director Chieng Siong Kuong had transferred one share in Vsolar Engineering to Vsolar yesterday (June 11). The share represents 50% of Vsolar Engineering, which will be involved in engineering, procurement and construction work for the renewable energy industry. Last week, Vsolar said the company and Chieng held one share each in Vsolar Engineering. *(Source: The Edge)*

7-Eleven (CP: RM1.70): To ramp up e-commerce platform

7-Eleven Malaysia Sdn Bhd is planning to push its e-commerce platform to become even more convenient to consumers, as part of its strategy to maintain market leadership in the convenience store industry. We're going to ramp up our e-commerce platform whereby you'll be able to buy online and pay in 7-Eleven for your shopping because there are a lot of people who don't trust necessarily payments online but they want to buy online, its CEO Gary Brown told *SunBiz* in an interview recently. He said the platform already exists and the service is already available with a number of merchants but the

company is in the midst of adding more merchants and planning an expanded marketing campaign that will highlight the merchants. (Source: *The Sun Daily*)

ECONOMIC UPDATES

Indonesia: Trade seen in surplus for 6th straight month in May

Indonesia is expected to have posted a sixth straight trade surplus in May, a Reuters poll showed, as imports are seen declining more sharply than exports. The median forecast for May's surplus is \$410 million, compared with April's \$454 million. All 12 analysts in the poll forecast a fall in exports and imports from a year earlier, with median declines of 8.61 percent and 12.75 percent respectively. That compares with April's 8.46 percent fall for exports and 22.31 percent tumble for imports. Barclays said demand for imports in May probably rose on a month-on-month basis, contributing to a slightly narrower trade surplus. (Source: *The Edge*)

China: Economy showing signs of recovery

China's economy grew at a reasonable pace in May as some indicators showed signs of a recovery, a senior official at the National Bureau of Statistics (NBS) said on Friday. Zhang Zhibin, a senior statistician at population and employment statistics division, was quoted as saying on the NBS website that China's survey-based urban jobless rate had eased slightly to around 5.1 percent in May. (Source: *The Edge*)

India: Economic data brings cheer as monsoon worries mount

India's industrial production output grew more than expected in April, reaching a two-month high, and retail inflation edged up in May, easing concern over an economy facing the worst drought since 2009. Output at factories, mines and utilities grew at an annual rate of 4.1 percent in April, the fastest pace since February. That was higher than March's 2.5 percent growth and the 1.6 percent economists forecast in a Reuters poll. Consumer inflation in May rose to 5.01 percent from 4.87 percent in the previous month on higher energy costs. Economists polled by Reuters had expected retail prices to rise 5 percent year-on-year. The output data comes days after GDP data showed India outpaced China by growing 7.5 percent in the March quarter. (Source: Reuters)

Greece: PM seeks debt relief as Greeks take offer to Brussels

Greek Prime Minister Alexis Tsipras said he was willing to accept unpalatable compromises to secure a deal with international creditors provided he gets debt relief in return, something that Germany refuses to countenance. With Greece heading towards possible default and bankruptcy, he told his negotiating team before it took a counter-proposal to Brussels that without debt relief he would reject any settlement that isolates his country from the rest of Europe. In little more than a fortnight, Athens must repay 1.6 billion euros (\$1.8 billion) to the International Monetary Fund with money it does not have. Greek ministers arrived in Brussels on Saturday to resume negotiations on a cash-for-reforms deal with the EU and IMF creditors that ended in stalemate on Thursday. (Source: *The Star*)

Greece: Greece and creditors fail in 'last attempt' to reach deal

Talks on ending a deadlock between Greece and its international creditors broke up in failure on Sunday, with European leaders venting their frustration as Athens stumbled closer toward a debt default that threatens its future in the euro. European Union officials blamed the collapse on Athens, saying it had failed to offer anything new to secure the funding it needs to repay 1.6 billion euros (\$1.8 billion) to the International Monetary Fund by the end of this month. Greece retorted it was still ready to talk, but that EU and IMF officials had said they were not authorized to negotiate further. Athens insists it will never give in to demands for more pension and wage cuts. (Source: Reuters)

U.S.: Consumer sentiment climbs in June

U.S. consumer sentiment rose more than expected in June, a survey released on Friday showed. The University of Michigan's preliminary June reading on the overall index on consumer sentiment came in at 94.6, up from the final reading of 90.7 the month before. It was above the median forecast of 91.5 among economists polled by Reuters. The survey's barometer of current economic conditions climbed to 106.8 from 100.8 and above a forecast of 96.5. The survey's gauge of consumer expectations rose to 86.8 from the final May reading of 84.2 and an expected 85. The survey's one-year inflation expectation slipped to 2.7 percent from 2.8 percent. (Source: The Edge)

U.S.: Producer prices post largest gain since 2012

U.S. producer prices in May recorded their biggest increase in more than 2-1/2 years, as the cost of gasoline and food rose, suggesting that an oil-driven downward drift in prices was nearing an end. The stabilization in producer prices should support views that the Federal Reserve will raise interest rates this year. While the labor market has tightened, there have been few clear signs that inflation was poised to rise back toward the Fed's 2 percent target. The Labor Department said on Friday its producer price index for final demand increased 0.5 percent last month, the largest gain since September 2012. That followed a 0.4 percent decline in April. (Source: The Edge)

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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