

PP14767/09/2012(030761)

Wednesday, November 25, 2015

Report of the Day

Results Review: Parkson 1Q16

At a Glance

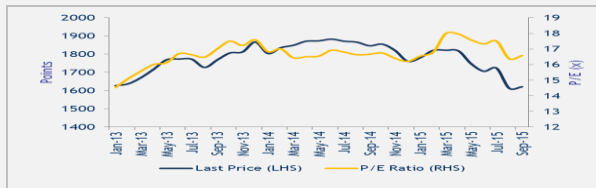
FBMKLCI raised 6.13 points to finish at 1,977.03 lifted by the gain in selected heavyweight counters.....(See full report next page)

Corporate Highlights

- **IJM Corp (TP: TBA):** Net profit up 40% to RM156mil
- **Sunway Construction (TP: TBA):** Group Q3 driven by local projects
- **WCT (TP: TBA):** Q3 net profit triples on forex gain
- **UMW-OG (TP: TBA):** 3Q net profit plunges 99.7% y-o-y

Economic Update

- **Malaysia:** Retains lead in outstanding global sukuk, says RAM Ratings
- **Europe:** Bad loans at Europe's banks still double US level
- **China:** On track to hit 7 percent GDP growth target this 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/CS Composite-20 YoY	-	5.1%
US	24-Nov	10:00 PM	S&P/CasShiller 20-City Index NSA	-	182.5
US	24-Nov	11:00 PM	Consumer Confidence Index	99.2	97.6
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	Natl CPI YoY	-	0.0%
JP	27-Nov	7:30 AM	Natl CPI Ex Fresh Food YoY	-	-0.1%
JP	27-Nov	7:30 AM	Natl 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	1,677.03	6.13	0.37
FBMEMAS	11,667.85	25.55	0.22
FBMEMAS SHA	12,613.56	39.83	0.32
FBM100	11,339.64	28.29	0.25
Volume (mn)	2,671.41	-277.72	-9.42
Value (RMmn)	2,393.70	461.66	23.89
FBMKLCI YTD Chg			-4.78

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	21.8	-8.3
Local Institution	55.9	-116.0
Foreign Investors	22.3	124.3

Top Gainers

	Close	Change+/-	(+/- %)
DAIBOCHI PLASTIC	5.75	0.40	7.48
ANALABS RES BHD	2.77	0.32	13.06
UPA CORP BHD	2.16	0.31	16.76

Top Losers

	Close	Change+/-	(+/- %)
NESTLE (MALAY)	73.32	-1.88	-2.50
KESM INDUS BHD	5.01	-0.41	-7.57
SIGNATURE INTL	2.18	-0.40	-15.50

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,812.19	19.51	0.11
NASDAQ	5,102.81	0.33	0.01
S&P 500	2,089.14	2.55	0.12
FTSE 100	6,277.23	-28.26	-0.45
DAX	10,933.99	-158.32	-1.43
Nikkei 225	19,924.89	45.08	0.23
HSI	22,587.63	-78.27	-0.35
KOSPI	2,016.29	12.59	0.63
STI	2,924.33	20.84	0.72
KLCI Futures	1645.5	0	0.0
USDMYR 3M	13.6	0.005	0.0
USDMYR 6M	13.6	0.0	0.0
USDMYR 12M	13.49	(0.01)	(0.00)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	43	-0.1	-0.3%
Brent (USD/bbl)	46.1	1.3	2.9%
Gold(USD/ounce)	1,076	-0.1	0.0%
Coal (USD/mt)	53.1	0.4	0.8%
CPO (RM/mt)	2,275	0.0	0.0%
Rubber	1,436	-11.5	-0.8%
RM/USD	122	1.5	1.3%
EUR/USD	115	0.2	0.2%
YEN/USD	528	12.0	2.3%

Research Team

research@mna.com.my

03-22877228/03-22825373

REFER TO DISCLAIMER & DISCLOSURES AT THE END OF THIS PUBLICATION

What To Expect

U.S. Market

- The Dow Jones Industrials Average rose 19.51 points to 17,812.19 points, S&P 500 up 2.55 points to 2,089.14. Nasdaq grew by 0.33 points to 5,102.81. U.S. shares closed higher on Tuesday as energy stocks rose along with oil prices after Turkey shot down a Russian warplane near the Syrian border.
- The three major U.S. indexes recovered from a morning selloff that was triggered by the overseas news despite some strong U.S. economic data. Oil prices were up more than 2 percent after a spike in Middle East tensions.

The Local Market

- FBMKLCI raised 6.13 points to finish at 1,977.03 lifted by the gain in selected heavyweight counters. There were 373 gainers and 573 decliners in total value traded of RM2.39 billion.
- Among the gainers on Bursa Malaysia were Daibochi Plastic gained 40 cent to RM5.75, Analabs grew 32 cent to RM2.77, Upa Corp increased 31 cent to RM2.16 and Asia File surged 24 cent to RM5.10.

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

IJM Corp (TP: TBA): Net profit up 40% to RM156mil

IJM Corp Bhd's net profit for its second quarter ended Sept 30, rose 40% to RM156.38mil from RM111.49mil in the previous corresponding period, while revenue during the quarter increased to RM1.34bil from RM1.29bil a year earlier. In a filing with Bursa Malaysia, the company said the improved earnings was mainly due to higher revenues contributed by the group's construction, industry and infrastructure divisions. For the six-months ended Sept 30, the company's net profit increased to RM493.25mil from RM244.87mil in the previous corresponding period, while revenue however dipped to RM2.52bil from RM2.67bil a year earlier. The company attributed the lower revenue during the six-months period to decreases in revenue from its property and plantation divisions. (Source: The Star)

Sunway Construction (TP: TBA): Group Q3 driven by local projects

Sunway Construction Group Bhd posted a net profit of RM25.66 million and revenue of RM450.30 million for the third quarter ended Sept 30, 2015 (Q3). In a filing with Bursa Malaysia yesterday, the group said its construction segment reported a revenue of RM394 million and pre-tax profit of RM9.6 million in Q3

while the precast segment reported revenue of RM56.3 million and pre-tax profit of RM20.5 million. "The revenue and profit before taxation for the current quarter were mainly contributed by our on-going local construction projects and our supplies of precast concrete products to projects in Singapore," it said. For the nine months ended Sept 30, 2015, net profit stood at RM97.82 million while revenue stood at RM1.45 billion. (Source: *The SUNDAILY*)

WCT (TP: TBA): Q3 net profit triples on forex gain

WCT Holdings Bhd's net profit for the third quarter ended Sept 30, 2015 (Q3) more than tripled to RM85.91 million from RM25.85 million a year ago due to foreign exchange gains. The group's currency translation differences arising from consolidation was RM22.44 million in Q3, compared with RM343,000 a year ago. Revenue for the quarter however, fell 21.08% to RM371.80 million from RM471.11 million a year ago mainly due to lower contribution from the construction segment. In a filing with Bursa Malaysia yesterday, the group said its engineering and construction segment recorded revenue a lower revenue of RM827 million compared with RM949 million a year ago while operational profit was higher at RM159 million compared with RM87 million a year ago. (Source: *The SUNDAILY*)

UMW-OG (TP: TBA): 3Q net profit plunges 99.7% y-o-y

UMW Oil & Gas Corp Bhd (UMW-OG) saw its net profit plunge 99.7% to RM218,000 or 0.01 sen a share for the third financial quarter ended Sept 30, 2015 (3QFY15) from RM66.06 million or 3.06 sen a share a year ago on lower profit from its oilfield services segment coupled with loss registered by the drilling services segment. In a filing with Bursa Malaysia today, UMW-OG said that this profit shortfall was, however, partly mitigated by the foreign exchange gains from the favourable US dollar exchange rate on cash reserve denominated in US dollar held by the company. Revenue for 3QFY15 also fell by 16.4% to RM212.7 million, from RM254.32 million in 3QFY14 as a result of lower revenue contributions from both the drilling services segment and the oilfield services segment. (Source: *The Edge*)

Parkson, (TP: TBA): Earnings up to RM63.29mil in Q1

Parkson Holdings Bhd made an operating loss of RM25mil in the first quarter of its new financial year, but a RM136.33mil gain from a partial disposal of a former subsidiary more than tripled its earnings. Its earnings grew to RM63.29mil in the quarter ended Sept 30 from RM20.21mil achieved a year earlier on a 10% higher revenue of RM933.39mil, the company said in its latest quarterly report to Bursa Malaysia. The Lion Group member said its retailing division posted an operating loss of RM25mil despite an 8% revenue growth due to weak consumer sentiment. Its "property and others" division, meanwhile, made a negligible contribution of RM270,000 to profit. (Source: *The Star*)

Hap Seng Plantations (CP: RM2.41): 3Q earnings down

Hap Seng Plantations posted a 7.9% decline in net profit to RM21.62mil for the third quarter ended Sept 30, 2015, from RM23.47mil a year ago. Revenue was also lower at RM102.81mil, a 17% drop from RM123.41mil in the same quarter last year. Hap Seng told Bursa Malaysia on Tuesday that its performance was affected by lower sales volume and lower average price realisation of crude

palm oil (CPO). This was offset by lower production costs due to lower manuring cost. "CPO sales volume at 41,057 tonnes was 14% below the preceding year corresponding quarter whilst palm kernel sales volume was 3% higher at 9,239 tonnes," it said. *(Source: The Star)*

Kumpulan Perangsang (CP: RM1.23): Water concession disposal fair and reasonable - independent adviser

Kumpulan Perangsang Selangor Bhd's proposed disposal of its 90.83%-owned subsidiary, Titisan Modal (M) Sdn Bhd, to Pengurusan Air Selangor Sdn Bhd for RM78.05 million is fair and reasonable, according to Crowe Horwath Advisory Sdn Bhd. In Kumpulan Perangsang's statement to Bursa Malaysia today, Crowe Horwath said it considered various factors including the transaction's rationale and valuations. Titisan Modal owns 100% in Konsortium Abass Sdn Bhd, which owns a 30-year concession under the Sungai Semenyih water supply scheme. Crowe Horwath said from the price-to-book ratio perspective, the Titisan Modal transaction was valued at 1.05 times. The ratio is higher than the valuation accorded by Pengurusan Aset Air Bhd and Air Selangor for other water concessions at 0.94 times to one time. *(Source: The Edge)*

JCY International (CP: RM0.86): In talks to extend tax-free status for another 10 years

JCY International Bhd, whose net profit nearly doubled for the year just ended to RM209.5 million, is seeking approval from the Malaysia Investment Development Authority (Mida) to extend its tax-exempt status for another 10 years. He pointed out that the special status, which allows the hard disk drive (HDD) component maker to enjoy tax-free status, will be expiring in April next year. Tax savings from 2002 to 2012 amounted to RM600 million. For the financial year ended Sept 30, 2015 (FY15), the tax savings were about RM50 million. *(Source: The Edge)*

MBSB (CP: RM1.59): Merger talks with MBSB going smoothly, says Bank Muamalat chairman

The merger negotiations between Bank Muamalat and Malaysia Building Society Bhd (MBSB) is going very well and smoothly, says Bank Muamalat chairman Tan Sri Dr Munir Majid. He said there was no conclusion yet but the progress, thus far, was good. "We will still have to report to Bank Negara on what we have achieved by year-end, after which we will proceed to the next stage," he said at a "Charity Free Market - Back to School" programme, organised by the bank in Kuala Lumpur on Tuesday. Bank Negara gave its approval to Bank Muamalat and MBSB to begin merger talks on Sept 30, a move that could pave the way for the creation of the country's biggest standalone Islamic bank. The central bank required the merger negotiations to be finalised within three months from the date of the approval. *(Source: The Star)*

EA Technique (CP: RM1.34): Posts 15% increase in 3Q earnings

E.A. Technique (M) Bhd recorded a 15% increase in net profit to RM5.5mil in the third quarter ending Sept 30, 2015, against RM4.78mil in posted in the same period last year. Revenue improved to RM119mil compared with RM37.83mil recorded in the same corresponding quarter in the preceding year. In its filing with Bursa Malaysia on Tuesday, the better performance was due to the

recognition of revenue from the engineering, procurement, construction, installation and commissioning (EPCIC) project it secured at the end of last year. Nine-month net profit stood at RM26.19mil, a 140% gain against RM10.91mil EA Technique recorded last year. Revenue for the period was RM401.17mil compared with RM113.48mil. Earnings per share for the third quarter was 1.09 sen against 1.23 sen a year ago. (Source: *The Star*)

ECONOMIC UPDATES

Malaysia: Retains lead in outstanding global sukuk, says RAM Ratings

Malaysia's total outstanding value of sukuk stood at US\$154.5 billion or 52.9% of the global share as at end September, retaining its lead in the total outstanding global value of the Islamic debt paper, said RAM Ratings. Citing data from RAM Ratings' latest edition of *Sukuk Snapshot*, the statement said the value of outstanding Malaysian sukuk was up 0.24% month-on-month to RM583.4 billion at the end of September 2015. In August, there was RM582 billion worth of outstanding sukuk. "Sukuk continues to account for the bulk of the domestic debt capital market, with 53.1% of the outstanding value," said RAM's head of Islamic finance Ruslena Ramli in the statement. Meanwhile, between January and September of this year, sukuk made up 43% of the RM60.7 billion issuance of corporate debt securities. (Source: *The Edge*)

Europe: Bad loans at Europe's banks still double US level

The scale of bad loans held by banks in the European Union is "a major concern" and more than double the level in the United States, despite an improvement in recent years, the EU's banking regulator said on Tuesday. Non-performing loans (NPL) across Europe's major banks averaged 5.6% at the end of June, down from 6.1% at the start of the year. But that compares with an average of less than 3% in the United States and even lower in Asia, according to the European Banking Authority (EBA). The total of NPLs across Europe is about 1 trillion euros (RM4.5 trillion), equivalent to the size of Spain's annual gross domestic product (GDP) and 7.3% of the EU's GDP. (Source: *The Star*)

China: On track to hit 7 percent GDP growth target this year

Chinese Premier Li Keqiang said on Tuesday China was on track to reach its economic growth target of about 7 percent this year, and the economy was going through adjustments to maintain reasonable medium- to long-term growth. Li made the comments during a summit in the city of Suzhou with leaders of 16 Central and Eastern European countries. China was studying the possibility of establishing of a multilateral financial institution with Central and Eastern European countries, as well as a joint fund denominated in Chinese yuan, Li said in a speech. (Source: *Reuters*)

Japan: To finalise wage increase plan to boost domestic demand

Japan's government is expected to finalise plans later on Tuesday to raise the minimum wage, and encourage companies to increase annual pay as part of a package of policies aimed at strengthening consumer spending and stoking economic growth. The government is also likely to offer cash handouts to some pensioners in an attempt to lessen the burden of rising food costs and do more

to support the household sector. Prime Minister Shinzo Abe and his cabinet are expected to decide the details on wages at a meeting later on Tuesday as the government tries to breathe new life into an economy that has struggled with patchy domestic demand. Raising wages is an urgent task for policymakers as Tokyo is keen to ramp up consumer spending, which is seen as crucial to boosting domestic demand and pulling the economy out of 15 years of deflation. *(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.

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