

2 September 2015

MALAYSIA EQUITY

EARNINGS WRAP

Review of corporate earnings

Quarter Ended June 2015

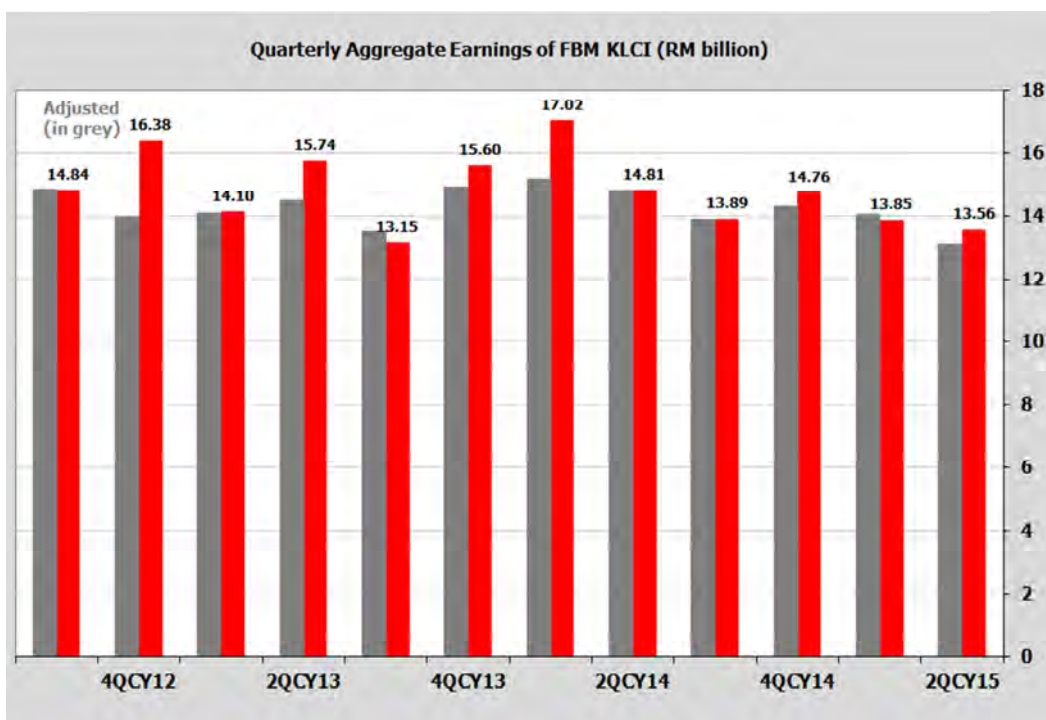
2 September 2015 | Earnings Wrap

The weaker-than-expected streak continues

- The aggregate reported earnings of current 30 FBM KLCI companies totalled RM13.56b in 2QCY15, lower both sequentially and on-year at -2.1%qoq and -8.5%yoy respectively.
- However, the aggregate normalized growth figures were even lower at -6.6%qoq and -11.4%yoy respectively.
- The 2QCY15 growth figures came in below expectations.
- Hence, the weaker-than-expected streak which began in 1QCY14 continues on for the 6th consecutive reporting seasons.
- Overall, 33% of stocks under MIDFR Universe coverage reported lower-than-expected earnings. Of the rest, 12% posted earnings that were better than expected versus 55% which came within expectations.
- Target price changes involved 16 upward adjustments and 41 downward adjustments.
- We made 20 changes to our stock recommendations with 14 upgrades and 6 downgrades.
- We added Sunway Construction to our coverage universe.
- Revised our year-end 2015 FBM KLCI baseline target to 1,650 points with upper and lower range of 1,700 and 1,600 points respectively

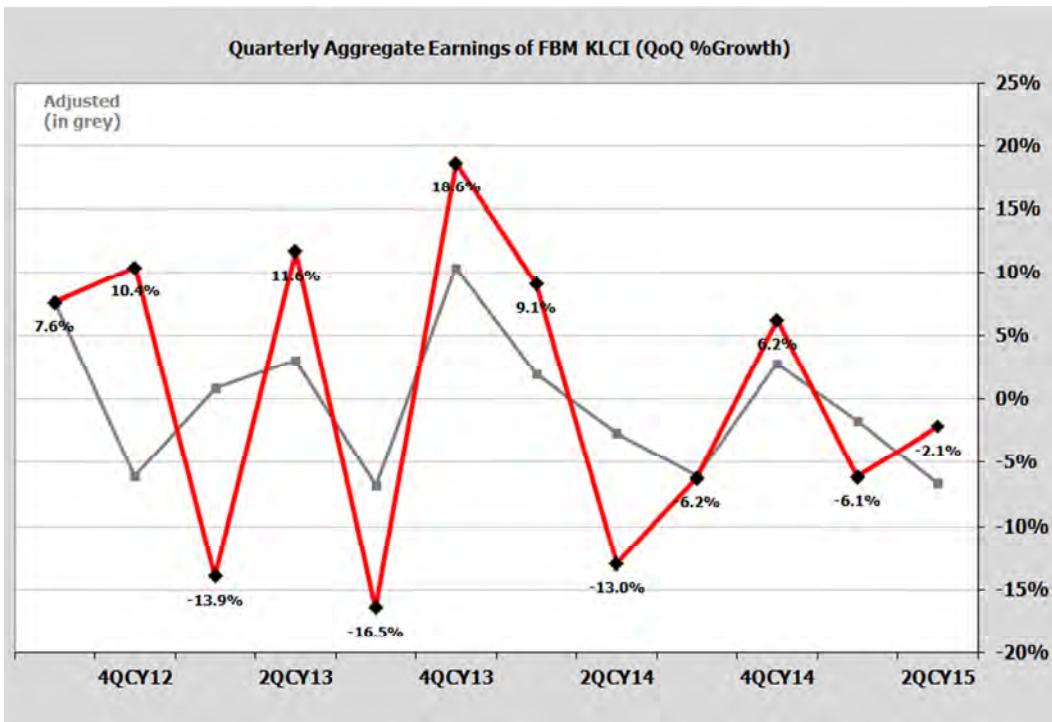
FBM KLCI

The aggregate reported earnings of current 30 FBM KLCI constituents totalled RM13.56b in 2QCY15. The figure was lower both sequentially and on-year at -2.1%qoq and -8.5%yoy respectively. However, the sequential and on-year reported growth figures require some adjustments to reflect a fairer earnings picture.



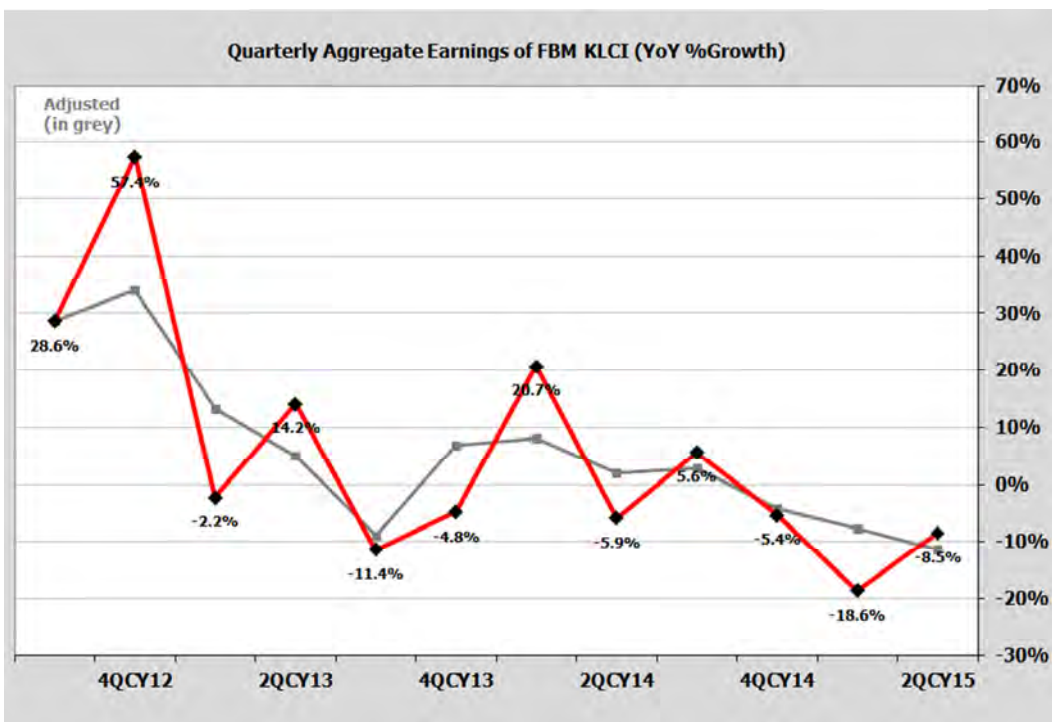
Source: Bloomberg, MIDFR

The reported growth numbers were boosted by RM407m tax allowance for Petronas Gas in 2QCY15. On the other hand, the reported sequential growth number was dampened by a one-off restructuring expense totalling RM202m recorded by CIMB as well as exceptional items of various companies in 1QCY15. Additionally, the reported on-year growth number was slightly depressed by the combo effect of RM208m divestment gain by AMMB and RM182m forex loss by Axiata in 2QCY14.



Source: Bloomberg, MIDFR

After deducting the relevant exceptional items, the adjusted sequential growth figure in 2QCY15 showed a bigger decline of -6.6%qoq and the on-year growth figure was deeper in negative territory at -11.4%yoy.

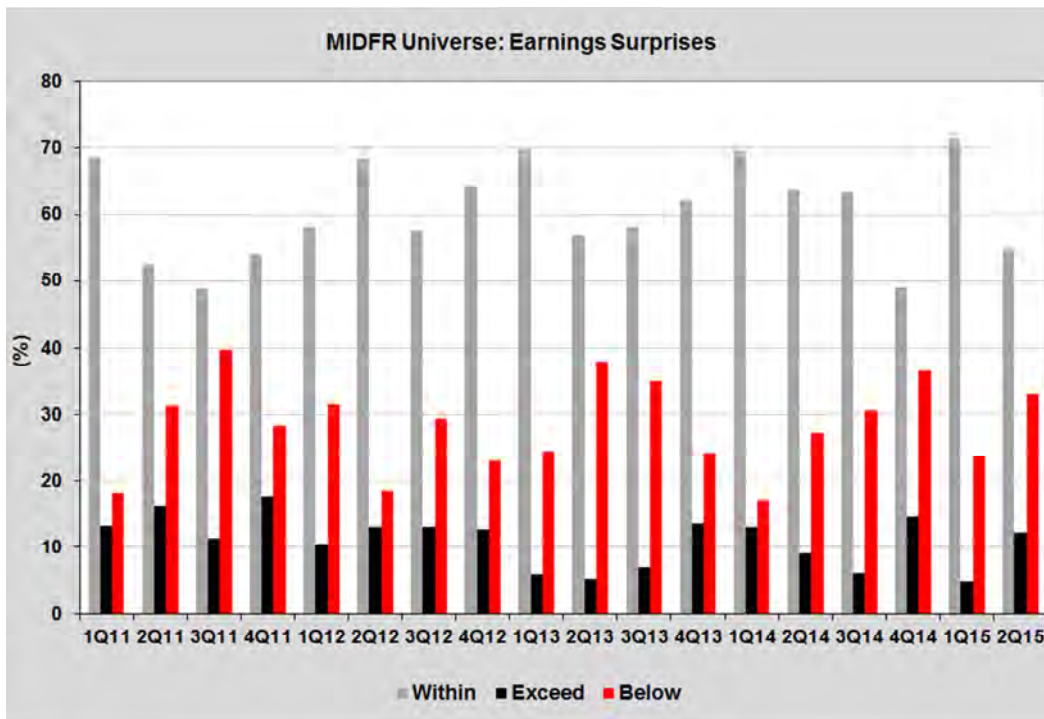


Source: Bloomberg, MIDFR

Needless to say, the adjusted aggregate earnings and growth figures for 2QCY15 still came in below expectations. This is reflected by the number of FBM KLCI constituents under our coverage which reported below expected earnings as well as the resultant negative changes in aggregate earnings estimates (see Sections below: "Results missed expectations" and "Changes to estimates").

MIDFR Universe

Under the MIDFR Universe, we made 20 changes to our stock recommendations with 14 upgrades and 6 downgrades. In addition, target price changes involved 16 upward adjustments against 41 downward adjustments. For the record, we added Sunway Construction to our coverage universe after the previous result season. Refer to [Appendix 1](#) for company-specific details with regard to changes in recommendations and target prices.



Source: MIDFR

The percentage of companies within the MIDFR Universe which reported earnings that came below our expectations jumped to 33% in 2QCY15 from 24% in the preceding quarter. However, it is noteworthy that the proportion of positive surprises also increased to 12% during the quarter under review vis-à-vis mere 5% recorded in 1QCY15.

MIDFR Universe: Earnings Surprises

| | Within | Exceed | Below |
|------------------------|------------|------------|------------|
| CONSTRUCTION | 0% | 38% | 63% |
| TELECOMMUNICATIONS | 75% | 0% | 25% |
| MEDIA | 100% | 0% | 0% |
| TECHNOLOGY | 100% | 0% | 0% |
| PLANTATION | 40% | 10% | 50% |
| TOBACCO | 100% | 0% | 0% |
| GLOVE | 67% | 33% | 0% |
| HEALTHCARE | 67% | 0% | 33% |
| CONSUMER (F&B, Retail) | 100% | 0% | 0% |
| BANKING | 80% | 0% | 20% |
| INSURANCE | 67% | 0% | 33% |
| FINANCE | 50% | 0% | 50% |
| OIL & GAS | 38% | 8% | 54% |
| PROPERTY | 33% | 33% | 33% |
| REIT | 83% | 17% | 0% |
| TRANSPORT | 38% | 25% | 38% |
| UTILITY | 0% | 0% | 100% |
| AUTOMOTIVE | 75% | 0% | 25% |
| GENERAL INDUSTRY | 50% | 50% | 0% |
| BUILDING MATERIAL | 33% | 0% | 67% |
| TOTAL | 55% | 12% | 33% |

Source: MIDFR

Accordingly, companies with results that were in line with expectations declined to 55% in 2QCY15 from 71% in the prior quarter. Refer to [Appendix 2](#) for company-specific details with regard to the earnings outperformers and underperformers.

MIDFR Universe: Sectorial Quarterly Net Profit (as reported, RM Million)

| | YoY % | QoQ % | 2Q15 | 1Q15 | 4Q14 | 3Q14 | 2Q14 | 1Q14 | 4Q13 | 3Q13 | 2Q13 | 1Q13 | 4Q12 | 3Q12 |
|----------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| CONSTRUCTION | 26.3 | 3.5 | 703 | 679 | 446 | 385 | 556 | 384 | 961 | 301 | 382 | 379 | 441 | 468 |
| TELECOM | 7.6 | 7.8 | 1,728 | 1,603 | 1,712 | 1,756 | 1,607 | 1,855 | 1,758 | 1,877 | 1,767 | 1,631 | 1,558 | 1,769 |
| MEDIA | 20.6 | 32.4 | 245 | 185 | 105 | 214 | 204 | 155 | 231 | 206 | 203 | 136 | 288 | 93 |
| TECHNOLOGY | 75.3 | 21.2 | 49 | 41 | 37 | 45 | 28 | 23 | -78 | 15 | 10 | 0 | -8 | 23 |
| PLANTATION | (31.0) | (17.9) | 1,549 | 1,887 | 924 | 1,033 | 2,245 | 3,765 | 2,336 | 1,259 | 2,250 | 2,044 | 657 | 2,523 |
| TOBACCO | (13.2) | (11.5) | 215 | 243 | 187 | 241 | 248 | 225 | 189 | 219 | 211 | 204 | 197 | 186 |
| GLOVE | 36.1 | 16.6 | 182 | 156 | 136 | 128 | 134 | 128 | 147 | 146 | 137 | 146 | 148 | 151 |
| HEALTHCARE | 27.2 | 33.1 | 323 | 243 | 359 | 185 | 254 | 197 | 292 | 151 | 189 | 164 | 287 | 128 |
| CONSUMER | (16.7) | (32.9) | 450 | 671 | 759 | 699 | 541 | 601 | 638 | 721 | 596 | 711 | 713 | 654 |
| BANKING | (4.9) | 2.7 | 5,738 | 5,589 | 5,753 | 6,068 | 6,035 | 5,938 | 6,019 | 6,210 | 5,696 | 5,762 | 5,636 | 5,700 |
| FINANCE | (51.7) | (21.2) | 135 | 171 | 446 | 245 | 280 | 242 | 167 | 179 | 220 | 204 | 219 | 127 |
| OIL & GAS | (13.7) | 3.6 | 1,774 | 1,713 | 1,572 | 2,068 | 2,054 | 1,940 | 1,606 | 1,962 | 2,519 | 2,144 | 1,879 | 1,781 |
| PROPERTY | 41.6 | 26.3 | 761 | 603 | 914 | 549 | 537 | 464 | 1,562 | 566 | 580 | 647 | 725 | 475 |
| REIT | 24.1 | 114.0 | 668 | 312 | 806 | 405 | 539 | 304 | 653 | 301 | 583 | 303 | 881 | 1,332 |
| TRANSPORT | 46.1 | 43.0 | 958 | 670 | 1,188 | 437 | 656 | 918 | 1,425 | 750 | 469 | 609 | 1,207 | 504 |
| UTILITY | (53.2) | (57.5) | 1,038 | 2,445 | 2,679 | 1,660 | 2,219 | 1,972 | 2,005 | 510 | 2,076 | 1,589 | 1,684 | 1,339 |
| AUTOMOTIVE | (39.3) | (38.8) | 167 | 273 | 183 | 280 | 275 | 331 | 211 | 168 | 355 | 337 | 287 | 367 |
| BUILD MATERIAL | (81.9) | (258.7) | -60 | 38 | -24 | 36 | -334 | 95 | 99 | 56 | 40 | 105 | 109 | 47 |
| TOTAL | (7.9) | (4.5) | 17,089 | 17,891 | 18,707 | 16,791 | 18,559 | 20,018 | 20,748 | 16,057 | 18,765 | 17,516 | 17,152 | 18,137 |

Source: MIDFR

Construction, Telecom, Media, Technology, Glove, Healthcare, Property, REIT and Transport were the sectors which recorded higher total earnings (as reported) in 2QCY15 when compared to both the preceding quarter and corresponding period last year.

On the other hand, sectors such as Plantation, Tobacco, Consumer, Finance, Utility, Auto and Building Material were those that showed negative sequential as well as on-year earnings (as reported) growth percentage in 2QCY15.

Results missed expectations

As in prior reporting season, the disappointing earnings streak continued yet again into 2QCY15 with the aggregate numbers came in below expectations. This is attested by the apparent negative variance between the overall earnings of FBM KLCI constituents against its earlier estimate pursuant to the previous reporting season. Hence, the weaker-than-expected streak which began in 1QCY14 continues on for the 6th consecutive reporting seasons.

Furthermore, among the 28 FBM KLCI constituents under our coverage, only 4 (1QCY15: 0 cos.) of the companies reported better than expected earnings. On the contrary, there were 9 (1QCY15: 10 cos.) earnings underperformers, namely CIMB, IHH Health, IOI Corp, Maxis, Petronas Chemicals, Telekom Malaysia, Tenaga Nasional, UMW Holdings and YTL Corp. Nonetheless, there were slight improvements in both the number of outperformers and underperformers as compared to the preceding quarter.

Changes to estimates

Consequently, the aggregate earnings estimate for FY2015 of the 28 FBM KLCI stocks under our coverage was lowered by -6.1% to RM53.27b vis-à-vis its earlier estimate pursuant to the prior reporting season. Moreover, the aggregate earnings estimate for FY2015 of all 106 stocks under MIDFR Universe was cut by -8.0% to RM68.91b. Refer to [Appendix 3](#) with regard to changes in aggregate earnings estimates.

Revision to FBM KLCI year-end target

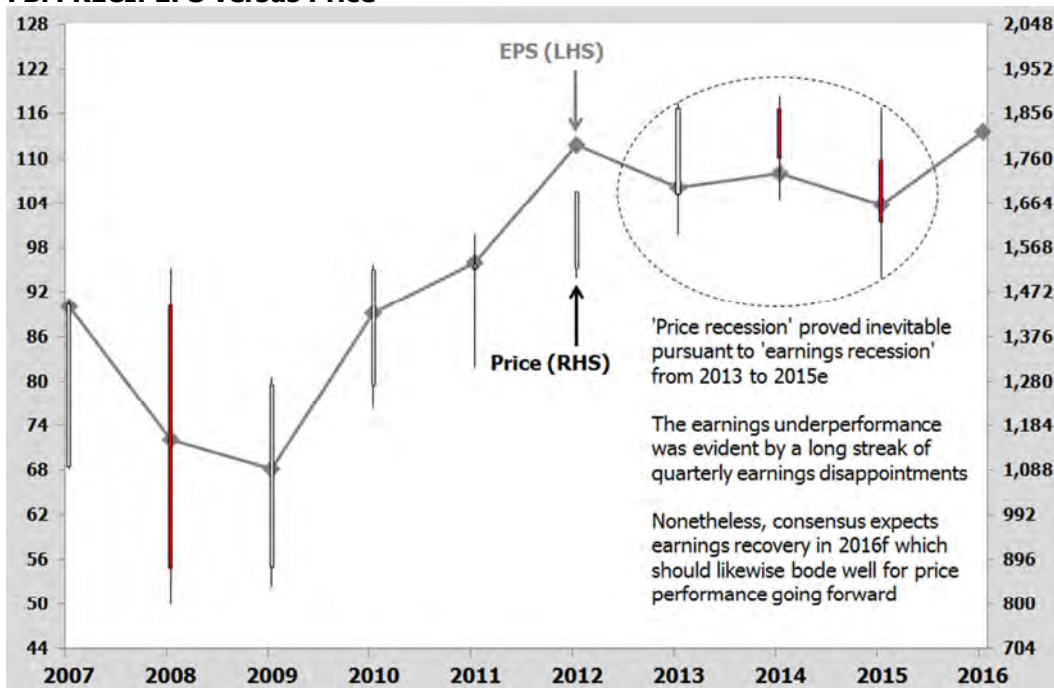
Firstly, let's remind ourselves of one of the basic investing strategies which is to "follow the money". In the longer-term, the word 'money' may mean the underlying corporate earnings, while in the short-term it is almost invariably refers to the flow of market liquidity.

In the longer-term, we reiterate our assertion that empirical observations between earnings and price are conclusive with regard to the nature of their secular direct relationship. This is despite the ever present 'noises' from short-term price volatility which is influenced by market sentiment and other situational issues.

Hence our assessment on the likely secular trend path of the FBM KLCI is highly dependent on the expected earnings growth performance during the next 12 to 18 months. At this juncture, despite the disappointing 2QCY15 reporting season, the (Bloomberg) consensus 2016 FBM KLCI earnings still points toward a recovery (see Chart below). This is supported by the still sanguine macro expectations whereby the (Bloomberg) consensus GDP growth for this year and next continue to be healthy at 4.9% and 5.0% respectively.

On that score, we believe the secular trend path of the FBM KLCI should remain upward sloping.

FBM KLCI: EPS versus Price



Source: Bloomberg, MIDFR

In the short-term, it would be difficult to predict the timing of an eventual subsidence of the foreign liquidity outflows which began in earnest since early May this year and further intensified during the past month. Nonetheless, as explained in our Strategy note titled "Whither the FBM KLCI" dated 11 August 2015, we may take cue from the fact that:

"...empirical evidences from the immediate past suggest foreigners tended to sell on rumor (Taper Tantrum) but turned buyer/neutral on fact (Actual Taper). As the foreigners are now selling on yet another rumor (Countdown to Rate Liftoff) hence, they may similarly turn buyer/neutral upon the fact (Actual Rate Liftoff). On this score, assuming the actual rate liftoff will take place in September [or October], a repeat of past behavior may result in fairly supported equity market during the final quarter of 2015."

However, despite the expectation of a more positive foreign liquidity flows in the final quarter of this year, the prevailing headwinds such as (i) the risk of a larger than expected slowdown in China's economy, and (ii) potential escalation in the domestic political rows, may subdue the pace of short-term market recovery.

FBM KLCI: Probable short-term trajectory



Source: Bloomberg, MIDFR

We thereby revised lower our year-end 2015 FBM KLCI baseline target to 1,650 points with upper and lower range of 1,700 and 1,600 points respectively (from baseline: 1,800 points; upper/lower range: 1,850/1,750 points).



APPENDIX 1

MIDFR Universe: Changes in Recommendations & Target Prices

| STOCK | SECTOR | RECOMMENDATION | | TARGET PRICE (RM) | |
|--------------------|--------------|----------------|---------|-------------------|-------|
| | | Old | New | Old | New |
| Affin | Banking | Neutral | Neutral | 2.95 | 2.30 |
| AFG | Banking | Neutral | Neutral | 4.70 | 4.10 |
| AirAsia X | Transport | Buy | BUY | 0.49 | 0.22 |
| AMMB | Banking | Neutral | Neutral | 6.20 | 5.50 |
| BAT | Tobacco | Buy | Neutral | 72.82 | 69.62 |
| Bumi Armada | Oil and Gas | Neutral | Neutral | 1.20 | 0.94 |
| Bursa Malaysia | Financial | BUY | BUY | 9.04 | 9.45 |
| CIMB | Banking | Neutral | Neutral | 6.10 | 5.50 |
| CMMT | REIT | Neutral | Buy | 1.66 | 1.66 |
| Dayang Enteprise | Oil and Gas | Buy | Buy | 2.18 | 1.97 |
| E&O | Property | Neutral | Neutral | 2.02 | 1.66 |
| Eversendai | Construction | Neutral | Buy | 1.25 | 1.28 |
| Favelle Favco | Oil and Gas | Buy | Buy | 3.30 | 3.20 |
| FGV | Plantation | Neutral | Neutral | 1.60 | 1.30 |
| Gas Malaysia | Oil and Gas | Neutral | Buy | 2.87 | 2.87 |
| Genting Plant | Plantation | Neutral | Neutral | 9.06 | 9.00 |
| Glomac | Property | Neutral | Buy | 1.06 | 1.06 |
| Hartalega | Gloves | Sell | Neutral | 7.06 | 8.90 |
| Hong Leong Fin. | Financial | Buy | Buy | 18.30 | 17.80 |
| IHH Health | Healthcare | Neutral | Neutral | 6.50 | 5.96 |
| IJM | Construction | Neutral | Buy | 7.30 | 7.14 |
| IOI Corp | Plantation | Neutral | Neutral | 4.45 | 4.00 |
| KLCCP | REIT | Neutral | Neutral | 6.88 | 6.93 |
| KNM | Oil and Gas | Buy | Buy | 1.04 | 0.62 |
| Kossan | Gloves | Neutral | Neutral | 6.77 | 7.84 |
| KPJ | Healthcare | Neutral | Neutral | 4.05 | 4.27 |
| Litrak | Transport | Buy | Buy | 4.56 | 5.07 |
| Mah Sing | Property | Neutral | Neutral | 1.74 | 1.40 |
| MAHB | Transport | Neutral | Neutral | 7.26 | 6.35 |
| Maxis | Telecom | Neutral | Neutral | 7.12 | 6.80 |
| Maybank | Banking | Buy | Buy | 10.30 | 9.80 |
| Maybulk | Transport | Neutral | Neutral | 1.28 | 0.77 |
| MBSB | Financial | Neutral | Neutral | 1.88 | 1.44 |
| Media Prima | Media | Neutral | Buy | 1.69 | 1.69 |
| MISC | Transport | Neutral | Buy | 8.75 | 9.45 |
| MRCB | Construction | Buy | Buy | 2.24 | 2.16 |
| NCB | Transport | Neutral | Neutral | 2.70 | 3.45 |
| Petronas Chemicals | Oil and Gas | Neutral | Sell | 5.04 | 4.77 |
| Petronas Dagangan | Oil and Gas | Neutral | Neutral | 17.47 | 18.89 |
| Public Bank | Banking | Neutral | Neutral | 19.50 | 19.80 |
| Puncak Niaga | Oil and Gas | Neutral | Neutral | 3.76 | 3.16 |

| | | | | | |
|-----------------|--------------|-------------|---------|-------|-------|
| SapuraKencana | Oil and Gas | Buy | Buy | 3.55 | 3.39 |
| Sime Darby | Plantation | Neutral | Buy | 8.80 | 8.80 |
| SP Setia | Property | Neutral | Buy | 3.35 | 3.60 |
| Star | Media | Trading Buy | Neutral | 2.82 | 2.46 |
| Suncon | Construction | Neutral | Neutral | 1.38 | 1.14 |
| Sunreit | REIT | Neutral | Neutral | 1.70 | 1.62 |
| Sunway | Property | Trading Buy | Neutral | 3.86 | 3.66 |
| Ta Ann | Plantation | Neutral | Buy | 4.00 | 4.30 |
| Takaful | Insurance | Buy | Neutral | 3.25 | 3.42 |
| Tenaga | Utility | Buy | Buy | 17.20 | 15.20 |
| TM | Telecom | Neutral | Neutral | 7.80 | 7.10 |
| Top Glove | Gloves | Buy | Buy | 5.95 | 6.79 |
| TSH Res | Plantation | Neutral | Neutral | 2.33 | 2.00 |
| Tune Ins | Insurance | Buy | Buy | 2.12 | 1.86 |
| UEM Sunrise | Property | Buy | Buy | 1.20 | 1.13 |
| UMW | Auto | Neutral | Neutral | 9.73 | 8.60 |
| UOA Development | Property | Neutral | Buy | 2.05 | 2.05 |
| Wah Seong | Oil and Gas | Buy | Neutral | 1.91 | 1.13 |
| WCT | Construction | Neutral | Buy | 1.84 | 1.66 |
| Westports | Transport | Neutral | Buy | 4.40 | 4.77 |
| YTL Corp | Utility | Neutral | Neutral | 1.62 | 1.58 |
| YTL Power | Utility | Neutral | Neutral | 1.66 | 1.60 |

Source: MIDFR

APPENDIX 2

MIDFR Universe: Outperformers and Underperformers

| STOCK | SECTOR | EXPECTATION (Above/Below) | COMMENT |
|-----------------|--------------|---------------------------|--|
| Eversendai | Construction | Above | Driven by fabrication, erection and commissioning for oil and gas related projects in Middle East and favourable USD rates |
| Glomac | Property | Above | Higher than expected margin of its property division |
| KKB | General Ind. | Above | Catalyst from SCORE projects for piping and higher orders from gas cylinders |
| KLCCP | REIT | Above | Better than expected performance from office and retail segments which represent >90% of earnings due to rental reversion of 5-10% (versus our estimate of 5%) |
| Litrak | Transport | Above | 50% subsidiary SPRINT swinging into the black from increased toll rates and traffic volume |
| MISC | Transport | Above | Petroleum tanker segment swinging into profitability from higher charter rates |
| MRCB | Property | Above | Positive numbers buoyed by Transit Oriented and Proximate Developments (ToD and TpD) such as KL, Penang and PJ Sentral Developments |
| Muhibbah | Construction | Above | Lower than expected result influenced by oil and gas related infrastructure jobs progress billing and profit recognition, but airport concessions and favourable USD rates will help to uplift earnings momentum |
| Petronas Dagang | Oil and Gas | Above | Aggressive cost cutting measures (including reduction in manpower costs) led to lower operating expenditure |
| SP Setia | Property | Above | Margin for Fulton Lane project in Australia was stronger than expected |
| Ta Ann | Plantation | Above | Higher than expected USD rate |
| Top Glove | Gloves | Above | Increase in sales volume, lower operating expenses, lower minority interest and stronger USD against Ringgit |
| WCT | Construction | Above | Lacklustre results due to lower overseas construction project progress billings and profit recognition |
| Affin | Banking | Below | Significant rise in provisions for loan impairment in 1Q15 and lower than expected NOII |
| AirAsia X | Transport | Below | Low load factor of 71% resulting from freeze in marketing, MERS outbreak and Nepal earthquake |
| Ann Joo | B. Material | Below | Write down in inventory value, margin squeeze and depressed selling prices |
| Bumi Armada | Oil and Gas | Below | Massive impairment charges of RM385.8m made on its OSV and T&I assets |
| CIMB | Banking | Below | Provisioning for loan impairment remain high |
| E&O | Property | Below | Lower than expected margin of its property division |
| Favelle Favco | Oil and Gas | Below | Profit offset by forward hedging contracts |
| FGV | Plantation | Below | 1H15 FFB volume came was lower than expected as it declined 9%yoy to 2.15m MT |
| Gamuda | Construction | Below | Expected higher earnings driven by railway related |

| | | | infrastructure projects |
|---------------|--------------|-------|---|
| Genting Plant | Plantation | Below | 1H15 FFB volume came was lower than expected |
| HSL | Construction | Below | Maintain positive due to expected strong job flows from Pan Borneo Highway and SCORE |
| IHH Health | Healthcare | Below | Earnings dragged down by the decrease in Malaysian and Turkish inpatient admissions, and the provision at the Turkish subsidiary amounting to RM14.0m |
| IJM | Construction | Below | Higher earnings contributed by infrastructure and constructions materials' supply |
| IOI Corp | Plantation | Below | Downstream division margin came in lower than expected |
| KNM Group | Oil and Gas | Below | Recognition of deferred taxes |
| Lafarge | B. Material | Below | Sluggish result pricing and product competition and industrial demand |
| MAHB | Transport | Below | Higher depreciation & amortisation and finance costs from klia2 and ISG |
| Maybulk | Transport | Below | Depressed dry bulk tanker rates due to slower demand for commodities in China |
| MBSB | Financial | Below | Higher allowance for impairment losses on loans, advances and financing of RM235.4m (>100%yoy) |
| Naim | Property | Below | Reaffirm positive earnings estimates due to Sarawak infrastructure demand |
| Perdana Petro | Oil and Gas | Below | Lower vessel utilisation, lower day rates and more idle vessels |
| Petronas Chem | Oil and Gas | Below | Low product prices despite achieving higher product volume sold and plant utilisation rates |
| Protasco | Construction | Below | Earnings mainly attributable to road maintenance with lesser earnings visibility for construction |
| Puncak Niaga | Oil and Gas | Below | Lack of revenue generating activities in the O&G segment |
| Sime Darby | Plantation | Below | 4QFY15 FFB volume came in stronger than expected |
| Suncon | Construction | Below | Positive results contributed by outstanding construction orderbook and precast concrete sales |
| Tenaga | Utility | Below | Lower than expected unit electricity sold |
| TM | Telecom | Below | Higher operating cost & cost related to consolidation of P1 |
| TSH Res | Plantation | Below | 1H15 FFB volume came was lower than expected |
| Tune Ins | Insurance | Below | Higher fee and commission and management expenses |
| UEM Sunrise | Property | Below | Higher than expected interest cost. Note that 1HFY15 interest cost has surged 92%yoy to RM34.9m due to higher debts |
| UMW | Auto | Below | Poor contribution from Auto and O&G division |
| Wah Seong | Oil and Gas | Below | Low activity levels coupled with execution of low margin jobs |
| YTL Corp | Utility | Below | Higher than expected effective tax rate |
| YTL Power | Utility | Below | Higher than expected effective tax rate |

Source: MIDFR

APPENDIX 3**MIDFR Universe: Changes in Aggregate Earnings Estimates**

| | EARNINGS (RM mn) | | EARNINGS (% Chg) |
|-------------------------------|------------------|--------------|------------------|
| | FY2015 (E) | | FY2015 |
| | Old | New | |
| TOTAL (MIDFR Universe) | 74,876.2 | 68,909.0 | <i>(8.0)</i> |
| <i>Annual % Change</i> | <i>0.3</i> | <i>(7.7)</i> | |
| TOTAL (FBM KLCI) * | 56,724.2 | 53,270.9 | <i>(6.1)</i> |
| <i>Annual % Change</i> | <i>(0.8)</i> | <i>(6.9)</i> | |

Source: MIDFR; (E) – estimate; * Aggregate non-weighted earnings of 28 FBM KLCI constituents under MIDFR coverage

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

| | |
|--------------|--|
| BUY | Total return is expected to be >15% over the next 12 months. |
| TRADING BUY | Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow. |
| NEUTRAL | Total return is expected to be between -15% and +15% over the next 12 months. |
| SELL | Total return is expected to be <-15% over the next 12 months. |
| TRADING SELL | Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow. |

SECTOR RECOMMENDATIONS

| | |
|----------|--|
| POSITIVE | The sector is expected to outperform the overall market over the next 12 months. |
| NEUTRAL | The sector is to perform in line with the overall market over the next 12 months. |
| NEGATIVE | The sector is expected to underperform the overall market over the next 12 months. |