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8 APRIL 2015

MALAYSIA EQUITY

2Q15 OUTLOOK:
THE FED'S INTEREST RATE POSER

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EXECUTIVE SUMMARY

1Q15 REVIEW IN BRIEF

- Equity market succumbed to selling pressure during the opening weeks of 2015 driven by continued rout of the crude oil. The market soon rebounded as it reacted positively to ECB's 22 January decision to initiate quantitative easing. At €1.14 trillion, the actual amount was bigger than earlier speculated. The price of Brent crude started to rally from its lows in end January, chalking the biggest two-week gain since March 1998. In later weeks, Brent rallied further as the number of oil rigs declined which may portend to lower future output growth. At the FOMC meeting in mid-March, the US Fed acknowledged that the economic growth has moderated and made clear it will not raise interest rates until it is "reasonably confident". In other words, the start of rate hikes may be delayed. And when it comes, the pace will be gradual. On the local front, the benchmark FBM KLCI regained the 1,800 psychological level and closed the quarter on the high at 1,830.78 points.

2Q15 GROWTH SET TO EASE ON GST

- We expect real GDP growth to stay strong around 5.0 – 5.2% in 1Q 15 (4Q 14: 5.8%) despite the high base factor in 2014 to be driven by consumer spending, ahead of the GST which kicked off effective April 1. Our deduction pointed to the impact of GST and the likely persistently low oil prices causing growth to lose momentum and ease to 3.5 – 4.0% in the 2Q 15. The wild card remains on the consumer spending side. It is hard to portend the magnitude, given the lack of forward-looking indicators that can predict well consumption spending. Moreover, our own estimation showed that the impact of GST should put the CPI at around 2.5 – 3.0% assuming Brent crude price to rebound slightly to around US$60p.b. In addition, our estimates put Ringgit at 3.70 – 3.75 by end-June but to rebound slightly to 3.60 – 3.65 by end 2015. We maintain our expectation that BNM may keep the rate unchanged for the rest of the year.

FBM KLCI 2015 YEAR-END TARGET OF 1,900 POINTS

- Recall that the FBM KLCI forward earnings underwent almost incessant downward revisions since the first quarter of 2014. The bearish earnings sentiment may be attributable in no small part to falling CPO prices from March to August 2014 (from circa RM2,700pmt to RM2,100pmt; -22%) and followed by crude oil from July last year to January 2015 (from circa USD110pb to USD50pb; -55%). It is notable that both Plantation and Oil & Gas companies, the direct casualties of slumping commodities, represent approximately a quarter of the aggregate capitalization of FBM KLCI constituents. Thus in tandem with the recent stabilization of commodity prices, we expect earnings sentiment to improve going forward. This optimism is also premised on the still healthy domestic demand as well as improving external conditions. The external tailwinds could also mean better days ahead for the ringgit. And by extension, the local equity market may benefit from positive flows of foreign funds. Thus we reiterate our FBM KLCI 2015 year-end target of 1,900 points.

08 APRIL, 2015

KLCI (31 March 2015): 1,830.78
END-2015 TARGET : 1,900.00

SECTOR VIEW

POSITIVE	
Aviation	Oil & Gas
Construction	Technology
Glove	Utility (Power)
Healthcare	
NEUTRAL (with Positive bias)	
Telecom	Shipping
NEUTRAL	
Automotive	Property
Banking	REITs
Cement	Tobacco
Plantation	
NEUTRAL (with Negative bias)	
Consumer	Media
NEGATIVE	
Steel	

TOP BUYS

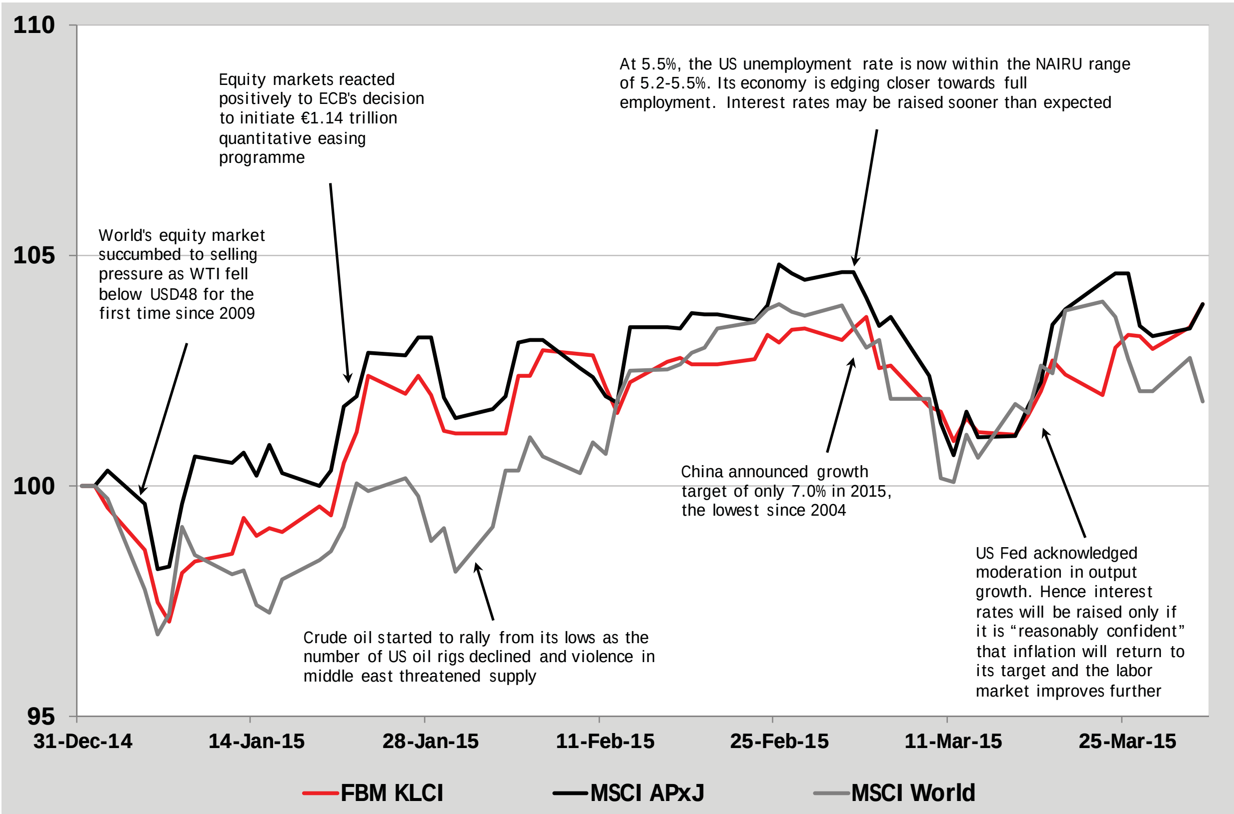
STOCK	Price (RM) 31 Mar	Target Price (RM)	Total Return
MRCB	1.25	2.24	81.6%
Dayang	2.33	3.82	67.4%
AirAsia	2.38	3.70	58.4%
MBM Resources	3.29	4.80	49.5%
SapuraKencana	2.36	3.39	45.6%
TNB	14.36	17.20	22.3%
Hong Leong Bk	14.26	16.10	15.6%
Hock Seng Lee	1.81	2.06	15.5%
Genting Plant	10.14	11.45	13.8%
Top Glove	5.47	5.95	11.9%

A. MARKET & EARNINGS REVIEW

I. MARKET PERFORMANCE

- **The year began on a soft note.** The FBM KLCI, together with most other world's major markets, succumbed to selling pressure during the opening weeks of 2015. It was driven by continued rout of the crude oil with the WTI price fell below USD48pb for the first time since 2009. The fear was that low oil price will drag capex in the industry, which will hurt corporate earnings. Furthermore, the market wariness in Europe was underlined by concerns over banks in Spain and Italy, as well as uncertainty over the fate of Greece in the Euro pact. However, the selloff was rather shallow as the market found support from a rumored European Central Bank (ECB)'s €500b bond-buying plan.

Chart 1: FBM KLCI vis-à-vis MSCI Asia-Pacific ex-Japan (APxJ) and MSCI World Index



Source: Bloomberg, MIDFR

- **Reaction to QE announcement by ECB was quite positive.** The market reacted positively to ECB's 22 January decision to initiate its own version of Quantitative Easing (QE). At €1.14 trillion, the QE actual amount was bigger than earlier anticipated. While the ECB's so-called "monetary bazooka" was directed at European bonds, nonetheless the fresh liquidity injection was seen as indirectly benefitting the other asset classes and regions, Asia included.

- **Crude oil staged a rebound.** The price of Brent crude started to rally from its lows in end January. It rose by 20% in mere ten trading days, the biggest two-week gain since March 1998. Accordingly, volatility spiked to its highest in almost six years. In the later weeks, Brent rallied further as the number of oil rigs declined and violence in Libya threatened supply. According to Baker Hughes, the number of oil drilling rigs worldwide fell by 7.3% or 261 in January, to 3,309. Another market catalyst was the better than expected US non-farm payroll figure for January. Nonetheless, as the US economy improving, there was an increasing expectation that the US Fed may begin to raise interest rate starting middle of the year.

- **The market hit speed bumps in early March...** The main cause for the reversal in fortune was the US employment report showing that the economy is edging closer towards full employment. The non-farm payroll in February was significantly higher than what forecasted by the market while the unemployment rate fell from 5.7% to only 5.5%, the lowest since May 2008. The low unemployment rate effectively neutralized the seemingly dovish Chairperson Janet Yellen address to the senate banking committee in February. At 5.5%, the unemployment rate is now within the range of 5.2-5.5% that the US Fed believed was consistent with stable inflation. The market interpreted the statistics as signaling that interest rates may start rising sooner than expected. Furthermore, markets also succumbed to selling pressure after China announced that it is targeting a growth rate of only around 7.0% in 2015, the lowest target since 2004. It is also noteworthy that China grew 7.4% in 2014, the lowest in 24 years.

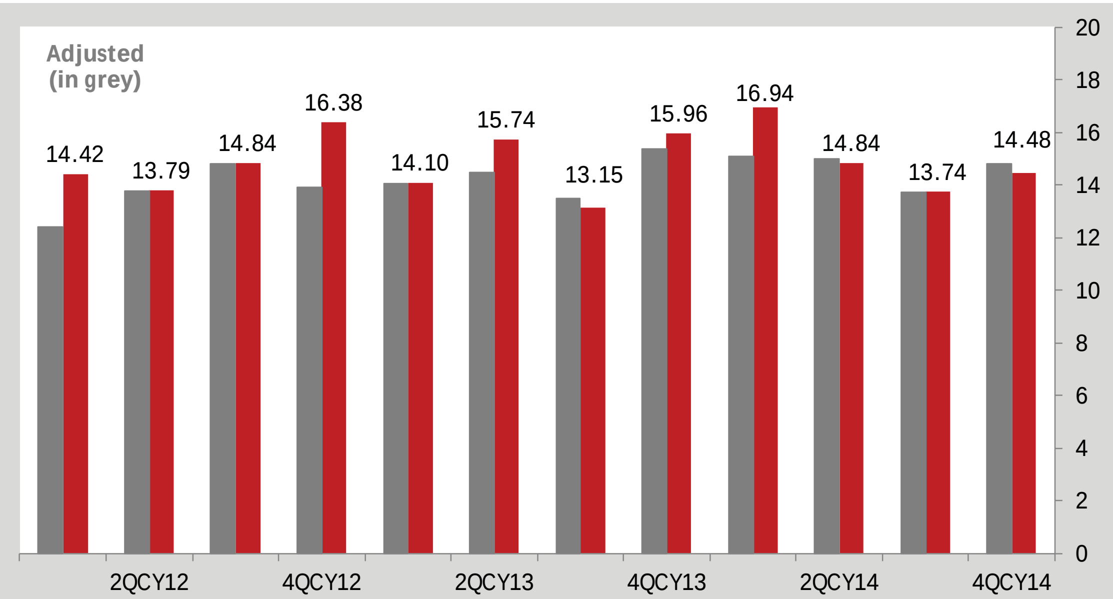
- **...before regaining pace to close on the highs in 1Q15.** At the FOMC meeting in mid-March, the US Fed acknowledged that the economic growth has moderated and made clear it will not raise interest rates until it is "reasonably confident" that inflation will return to its target and the labor market improves further. The biggest surprise at the meeting was the sharp downward revision to the projected Fed funds rate. The median rate projected in 2015 was 0.625%, lower than the 1.125% forecast in December 2014. Consequently, global equity markets turned around for the better. On the local front, the benchmark FBM KLCI regained the 1,800 psychological level and closed the quarter on the highs at 1,830.78 point.

II. CORPORATE EARNINGS

- The aggregate reported earnings of current 30 FBM KLCI constituents totalled RM14.48b in 4QCY14. The figure was sequentially higher yet lower on-year at +5.3%qoq and -9.3%yoy respectively. However, the sequential and on-year reported growth figures require some adjustments as they slightly dampened the fair earnings picture.

- The reported sequential growth number was slightly depressed by RM358.9m impairment provisions recorded by MISC in 4QCY14. Moreover, the on-year growth number was further weakened by the effect of RM581.4m gain on disposal of Gumusut-Kakap FPS in 4QCY13, also by MISC.

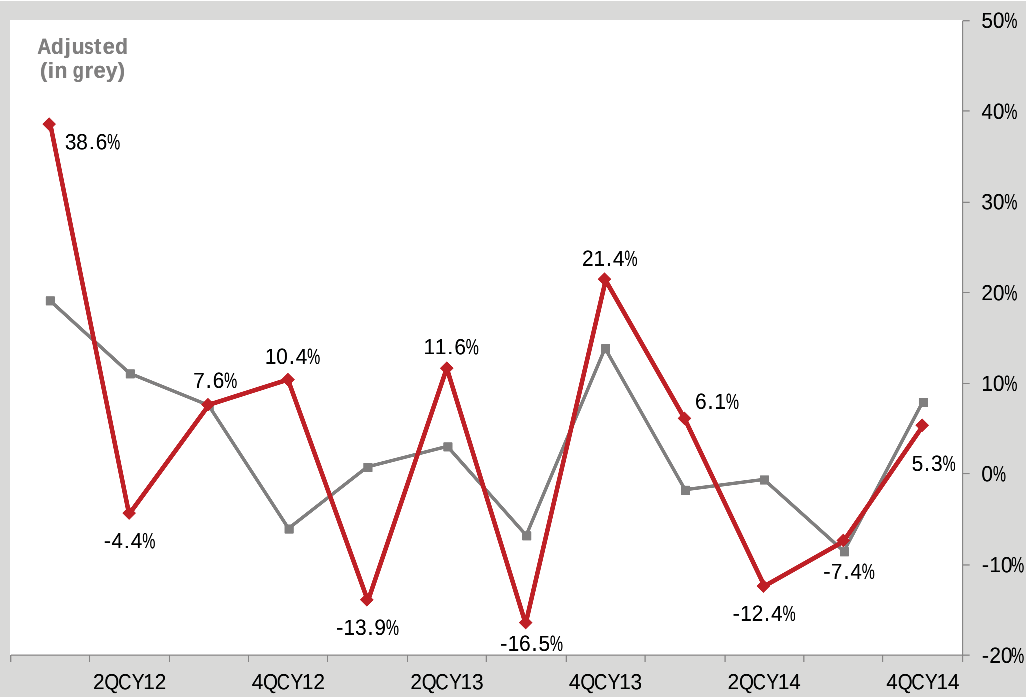
Chart 2: Quarterly aggregate earnings of FBM KLCI (RMb)



Source: Bloomberg, MIDFR

- After deducting the relevant exceptional items, the adjusted sequential growth figure in 4QCY14 showed a bigger growth of +8.0%qoq and the on-year growth figure recorded a smaller decline of -3.6%yoy.

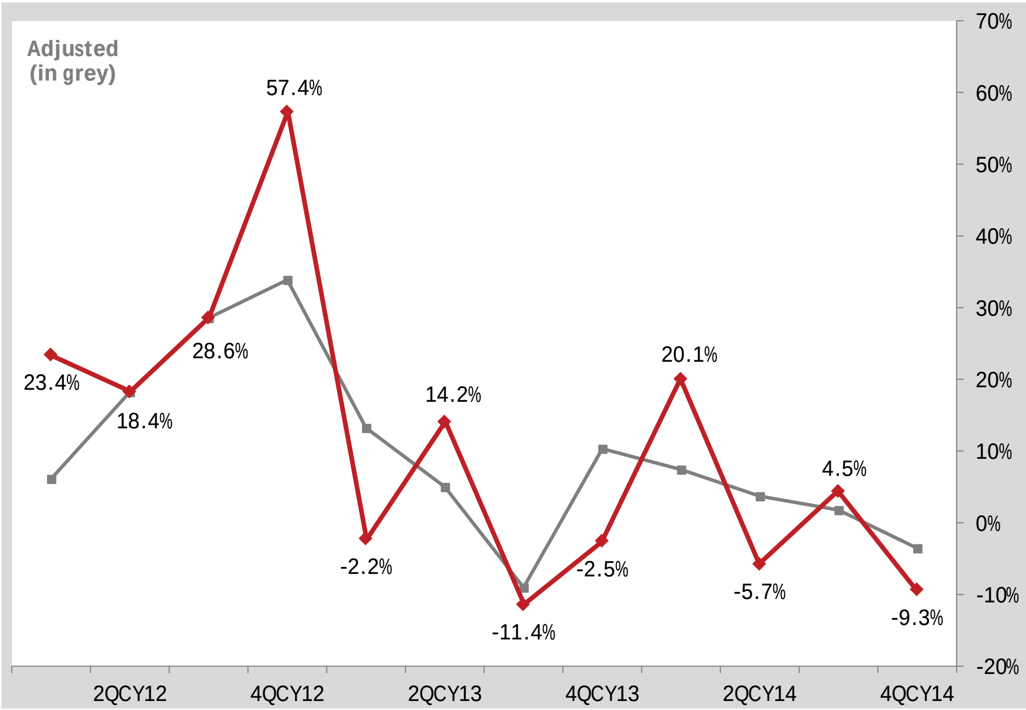
Chart 3: Quarterly aggregate earnings of FBM KLCI (QoQ % growth)



Source: Bloomberg, MIDFR

- Nonetheless, the adjusted aggregate earnings and growth figures for 4QCY14 still came in plainly below expectations. Recall our earnings preview Strategy report dated 9 February 2015 which anticipated (i) aggregate earnings of RM16.42b, (ii) sequential adjusted growth figures of +19.5%qoq, and (iii) on-year adjusted growth figures of +6.7%yoy.

Chart 4: Quarterly aggregate earnings of FBM KLCI (YoY % growth)

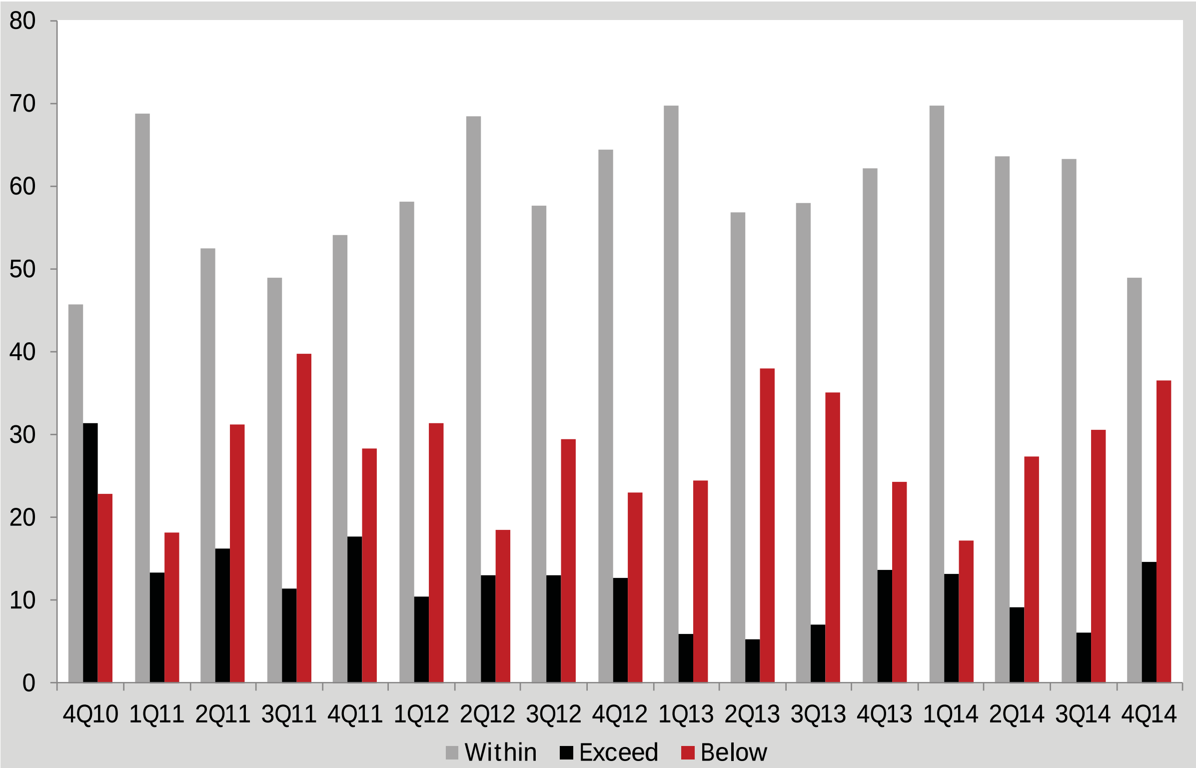


Source: Bloomberg, MIDFR

- Under the MIDFR Universe, we made 11 changes to our stock recommendations with 0 upgrade and 11 downgrades. In addition, target price changes involved 11 upward adjustments against 30 downward adjustments. We ceased coverage of Malaysian Airline System but added Perdana Petroleum, Berjaya Auto, Tune Insurance and LPI Capital to our coverage universe.

- The percentage of companies within the MIDFR Universe which reported earnings that came below our expectations rose further to 36% (highest since second quarter 2013) in 4QCY14 from 31% in the preceding quarter. However, it is noteworthy that the proportion of positive surprises also increased to 15% (highest since fourth quarter 2011) during the quarter under review vis-à-vis 6% recorded in 3QCY14.

Chart 5: MIDFR Universe - Earnings surprises (%)



Source: Bloomberg, MIDFR

- Accordingly, companies with results that were in line with expectations declined to 49% in 4QCY14 from 63% in the prior quarter.

- Healthcare, Consumer, Finance, REIT and Utility were the sectors which recorded higher total earnings (as reported) in 4QCY14 when compared to both the preceding quarter and corresponding period last year.

- On the other hand, major sectors such as Telecommunication, Plantation and Banking were among those that showed negative sequential as well as on-year earnings (as reported) growth percentage in 4QCY14.

- As in prior reporting season, the disappointing earnings streak continued into 4QCY14 with the aggregate numbers came in plainly below expectations. This is attested by (i) the apparent negative variances between the overall earnings of both MIDFR Universe stocks and FBM KLCI constituents against their earlier estimates prior to the just concluded reporting season, and (ii) the continued rise to 35% in the percentage of earnings underperformers among our coverage universe.

- Furthermore, among the FBM KLCI constituents under our coverage, Tenaga Nasional, Telekom Malaysia, MISC and Maybank were the only four companies that reported better than expected earnings. On the contrary, there were nine earnings underperformers, namely AMMB, Astro, Axiata, CIMB, FGV, IHH Healthcare, IOI Corp, KL Kepong and Sime Darby.

- Consequently, the respective aggregate earnings result and estimate for FY2014 and FY2015 of the 23 FBM KLCI stocks under our coverage were lowered by -0.7% and -1.5% to RM52.53b and RM53.03b respectively vis-à-vis their earlier estimates prior to the just concluded reporting season. Concomitantly, the respective aggregate earnings result and estimate for FY2014 and FY2015 of stocks under MIDFR Universe were also adjusted lower by -0.6% and -2.8% to RM68.87b and RM70.66b respectively.

Table 1: Sectorial valuation

KLCI: 1,830.78	Earnings Growth (%)					PER (x) 1/					Recom-mendation
	FY13	FY14		FY15		FY13	FY14		FY15		
		Previous	Actual	Previous	Revised		Previous	Actual	Previous	Revised	
AVIATION	(51.9)	(7.2)	(52.1)	116.9	364.0	14.2	29.6	29.6	31.9	61.8	Positive
CONSTRUCTION	(4.8)	31.7	42.4	4.8	(7.2)	18.8	19.8	19.8	15.0	13.9	Positive
GLOVE	11.8	(1.8)	(1.6)	20.3	13.7	27.5	24.6	24.6	25.1	25.0	Positive
HEALTHCARE	(23.1)	33.8	32.1	17.4	25.7	54.8	71.2	71.2	53.2	53.9	Positive
OIL & GAS	10.1	0.1	(6.9)	10.9	14.2	20.2	18.3	18.3	18.3	19.7	Positive
POWER	13.6	19.6	19.6	(12.1)	2.3	16.2	14.3	14.3	11.9	11.9	Positive
TECHNOLOGY	(683.6)	(345.7)	(351.8)	37.3	30.3	0.0	0.0	0.0	0.0	0.0	Positive
SHIPPING	154.7	(16.3)	4.1	5.2	(15.8)	46.8	18.4	18.4	21.9	17.6	Neutral+
TELECOMMUNICATION	2.8	0.9	(1.5)	10.3	11.2	27.9	27.1	27.1	26.9	27.5	Neutral+
AUTOMOTIVE	(19.7)	32.4	(9.3)	(1.7)	48.2	12.3	15.3	15.3	11.5	16.9	Neutral
BANKING	7.9	0.3	(1.0)	9.1	7.3	14.8	13.7	13.7	13.7	13.9	Neutral
CEMENT	5.1	(12.3)	(30.2)	36.6	71.6	24.0	22.8	22.8	26.0	32.7	Neutral
FINANCE	28.8	8.5	57.4	8.2	(26.7)	17.6	13.7	13.7	12.6	8.7	Neutral
PLANTATION	(3.2)	5.4	3.5	(13.8)	(31.0)	15.6	16.1	16.1	15.3	15.5	Neutral
PORT & LOGISTICS	(4.0)	8.8	12.8	6.7	2.2	28.5	29.7	29.7	27.3	26.3	Neutral
PROPERTY	61.5	(16.8)	(15.1)	6.9	(10.1)	16.8	10.4	10.4	12.5	12.2	Neutral
TOBACCO	3.2	3.5	9.5	2.0	11.4	24.6	23.8	23.8	23.0	21.7	Neutral
TOLL	57.3	2.5	2.5	6.8	6.8	23.2	14.7	14.7	14.4	14.4	Neutral
WATER	(15.8)	15.9	23.9	(78.5)	(79.9)	4.6	5.5	5.5	4.8	4.5	Neutral
CONSUMER	(1.6)	(6.6)	(6.9)	7.8	8.1	20.9	21.3	21.3	22.8	22.8	Neutral-
MEDIA	(25.6)	(4.7)	(18.1)	17.2	30.3	19.5	26.2	26.2	27.5	32.0	Neutral-
STEEL	(61.5)	1,999.3	2,071.1	(106.6)	(91.0)	(14.6)	(37.9)	(37.9)	(1.8)	(1.7)	Negative
MIDFR Universe	6.3	2.1	1.5	4.9	2.6	9.4	8.8	8.8	8.7	8.7	
FBM KLCI 2/	7.4	4.2	2.5	1.7	0.9	19.4	18.0	18.0	17.3	17.6	

Source: MIDFR
1/ As at 31 March 2015
2/ Only 23 FBM KLCI component stocks covered under the MIDFR Universe

III. MACRO ECONOMICS PERFORMANCE AND OUTLOOK

External conditions remained less favourable but Fed would still tighten, albeit less aggressively

- Latest data coming from the US showed that the economy had moderated partly due to the cold winter season as well as some downward corrections following a strong surge in the 4Q 14. Earlier on, there were concerns over the sustainability of the US recovery, leading to many in the market to pare down their bullish forecast on US GDP growth this year. As we have not been as bullish before, we perceive the current economic trends are within our expectation. We have been projecting a 2.8% growth for the US in 2015 despite the IMF in its latest World Economic Outlook update in January stated that "growth is projected to exceed 3% in 2015–16."

- The Federal Open Market Committee (FOMC) now projects the economy to be slower at 2.3 – 2.7% this year from its earlier forecast of 2.6 – 3.0% published in December 2014. The Committee consensus forecast for unemployment rate is now lower at 5.0 – 5.2% by the end of 2015 (Dec' 14: 5.2 – 5.3%) and while the call for Personal Consumption Expenditure (PCE) deflator - its inflation gauge is now expected to come in even lower, at 0.6 – 0.8% yoy (December projections: 1.0 – 1.6%), it is "reasonably" confident it will move back to its 2% target over the medium-term. With inflation target expected to only be reached over the "medium-term", that implies the first tightening move can take place before inflation reaches the 2% target. We expect the first cut to be in July.

- Even if the economy proves to weaken even further, that first rate hike would still be executed, in our view, though the magnitude of tightening could be much smaller. That first hike in July is important as a sign of rate normalization to ensure credibility is in place. Thereafter, the decision to hike or not to hike again would then be referred to as hinging on future economic developments.

- USD may face downward correction given that the high expectations for the US economic growth had largely been scaled down. That is good news for American businesses that got hurt by the too strong dollar. We have always hold on to our forecast of 2.8% for the US economy in 2015 – it might have appeared too bearish few months ago when most were very bullish – and we continue to expect the Fed to start raising the Fed Fund target rate in July. This tightening move, however, would ensure the USD weakening may soon see some support.

- The euro-region may stage a slight recovery on the back of the newly introduced QE but Japan may face many obstacles. Businesses and investors alike remain skeptical on the ability of the latest round of indefinite QE to push down yen and most businesses are looking for a debasement rather than a mere weakening to convince them to invest more. At the same time, they are facing tough completion from rivals South Korea and Taiwan, which proved to be more nimble and the recent move by South Korea to weaken their currencies would put them in a better position to take advantage given its already big share of the global markets for the E&E sector.

Gr*owth set to fizzle off on GST and continued pullback from commodity-related exports and production*

- We expect real GDP growth to ease but stay strong around 5 – 5.2% in 1Q 14 (4Q 14: 5.8%) despite the high base factor in 2014 to be driven by consumer spending, ahead of the GST which will kick off effective April 1.

- Looking at the growing importance in the mining sector in contributing to the production side of growth, we could deduce that, growth is certain to slow down considerably. The output from the mining sector in the best case scenario would turn flattish – if volume and prices remain at the 4Q 14 levels. The volume seen in the 4Q was the highest since 2Q 10 when Tapis was at RM77p.b.

- On the gross capital formation (GFCF) side, the performance in the 4Q 14 was mainly driven by non-residential properties. Infrastructure works have moderated as reflected in the Construction indicators tracked by BNM. With oil and gas investments likely to pull back sharply in 2015 on the back of lower oil prices, GFCF in turn will see growth moderating unless other types of GFCF rebound on the back of low oil prices.

- The wild card remains on the consumer spending side. It is hard to portend the magnitude (while the trend most of time is likely to show an uptrend), given the lack of forward-looking indicators that can predict well consumption spending. Our deduction pointed to the impact of GST and the likely persistently low oil prices causing growth to lose momentum significantly to 3.5 – 4.0% in the 2Q 15.

- Our forecast of 4.7% real GDP growth for 2015 assumes a much more moderate domestic demand and much weaker exports growth, compared to the Bank Negara's (BNM) projections in its recently released Annual Report which expects a bigger pullback in net exports but stronger domestic demand. But the much lower imports as a result of the greater easing in domestic demand would relieve the pressure on net exports. BNM projections revealed domestic demand excluding imports to continue to post strong growth of 6% yoy in 2015.

• **The impact of GST to add on about 2.0 - 2.5 p.p. to the current level of CPI.** We believe, given the resilient domestic demand, the upward pressure on prices should be significant. We are not projecting a situation of businesses trying to charge GST without having pre-registered; it is more of less likelihood of business trying to cut their original prices pre-GST after GST kicked in, seeing demand was still holding up well. Our own estimation showed that the impact of GST should put the CPI at around 2.5 – 3.0% assuming Brent crude price to rebound slightly to around US$60p.b.

• **We maintain our call on the current account balance at 4.0% of GNI,** as we expect GFCF to slow rather than to pick up. The rate is already a deterioration from the ratio of 4.8% of GNI in 2014 although higher than BNM's call of 2 – 3%. Our prognosis is not solely based on the expectation of the pullback in oil and gas investments, rather, we have to bear in mind that the manufacturing sector is also moderating in line with China's slowdown and that would affect investments too. The weaker Ringgit and the GST could also act as the dampener.

• **Financial stability still vulnerable and may continue to compound MYR weakness.** The latest Financial Stability report published by BNM showed that household debt soared higher despite the much faster real GDP growth, to 87.9% from 86.7% in 2014. That was due to the fact that household debt growth, while had been trending lower, was still faster at 9.9% than that of nominal GDP growth at 8.4%. On the other hand, the household financial assets to debt ratio went down to 2.1x from 2.2x. More notably, the household liquid financial asset to debt ratio stood at 1.5x; down from 1.59x in 2013. Foreign exchange reserves on the other hand, also edged lower to RM381.5bn or USD109.2bn as at March 13 (end-Feb: RM386bn; USD110.5bn), sufficient to cover 1.1x short-term debt (debt computed using the new classification by BNM).

• **We maintain our expectation that BNM may keep the rate unchanged for the rest of the year,** despite the cutting waves across Asia and some other EM countries. In its statement issued after the Monetary policy Committee meeting last month, the central bank stated that it expects inflation to decline in 1Q and to edge up thereafter for the rest of 2015 but at below trend which should underpin sustained strong contribution from domestic demand to ensure economic growth not deviating too far off from its steady path. We rule out a rate cut because 1) While growth is set to cool off significantly in 2015, consumer spending likely to stay resilient 2) Inflation may be lower-than-expected with lower fuel prices but set to trend higher 3) While domestic stability risk contained, the weak ringgit likely to persist, pushing up external stability risks. A rate hike however can be too risky, but we do not rule this possibility if Ringgit dips further beyond 3.80, as that implies negative repercussions on Ringgit and investment flows. Hence rate may have to increase. But in such event of market losing confidence, the magnitude of tightening has to be really big to have an impact. Having said that, the impact on Ringgit however is not guaranteed to be as intended.

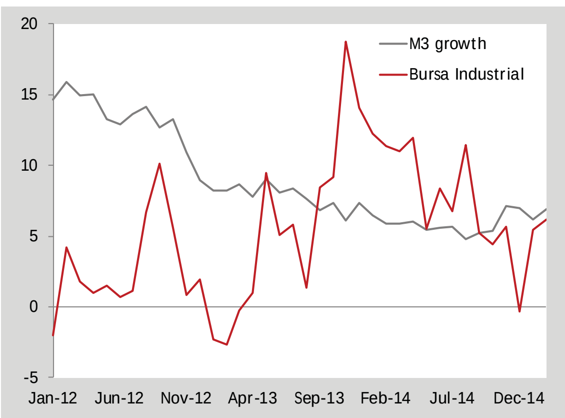
- **Ringgit to trade at 3.70 - 3.75 by end-June but to rebound slightly to 3.60 - 3.65 by end 2015.** The weaker fundamentals - although not as negative but implies huge downward assessment on previously bullish expectations - together with the persistent weakness in the commodity prices would see Ringgit to continue to face downward pressure. Forward market is now expecting Ringgit to weaken further close to RM 3.80 by year-end. If the current account surplus would indeed narrow to more than half of the 2015 level as projected by BNM, Ringgit may even dip further and as we have highlighted earlier, that would warrant a rate hike – instead of a cut – by the central bank.

Table 2: MIDFR macroeconomics projection

(YoY% unless otherwise stated)	2013	2014	2015e	
			MIDF	BNM
Real GDP	4.7	6.0	4.7	4.5 – 5.5
Government Expenditure	6.3	4.4	2.5	2.7
Private Consumption Expenditure	7.2	7.1	5.5	6.0
Gross Fixed Capital Formation	8.5	4.7	4.0	7.6
Exports of Goods & Services	0.6	5.1	2.5	3.0
Imports of Goods & Services	2.0	3.9	3.0	4.1
Net Exports	-12.6	19.7	-3.7	-7.8
Consumer Price Index	2.1	3.0	2.5 – 3.0	2.0 – 3.0
Current Account Balance - % of GNI	4.2	4.8	3.5	2.0 – 3.0
Fiscal Balance -% of GDP	-3.9	-3.5	-3.2	-3.2

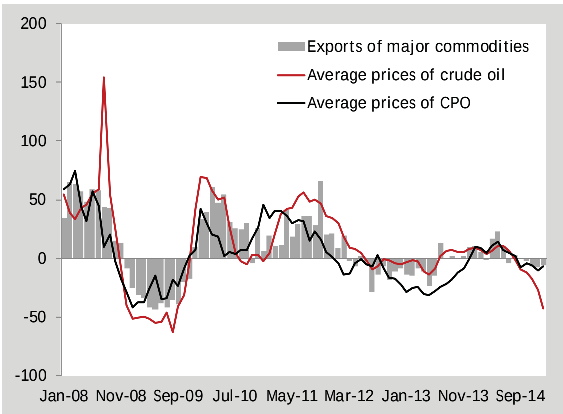
Source: Bloomberg, MIDFR

Chart 6: Domestic demand still relatively strong (YoY%)



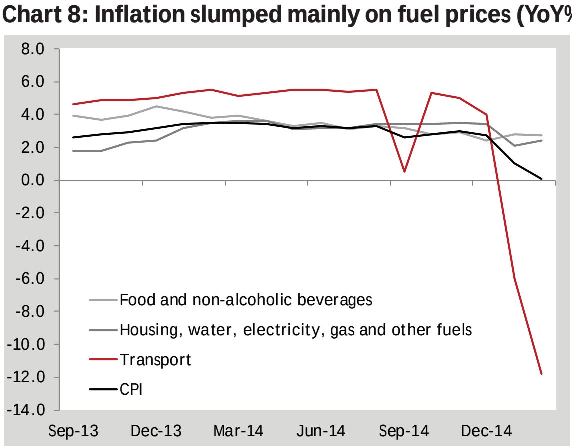
Source: BNM, Bloomberg, MIDFR

Chart 7: Pullback in net exports, led by commodities (YoY%)



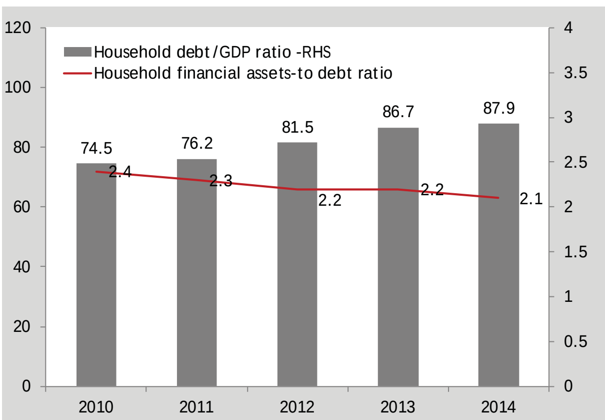
Source: BNM, Bloomberg, MIDFR

Chart 8: Inflation slumped mainly on fuel prices (YoY%)



Source: BNM, Bloomberg, MIDFR

Chart 9: Household debt and financial cover worsened



Source: BNM, Bloomberg, MIDFR

IV. MARKET VALUATION AND STOCK SELECTION

- **FBM KLCI valuation is relatively stretched vis-à-vis some of its regional peers…** As at week ended 27 March, the current year PER of FBM KLCI stood to 16.6x. With a standard deviation (SD) to the PER of +0.83, the valuation of FBM KLCI is relatively stretched in comparison to some of its regional peers.

Table 3: FBM KLCI - Valuations against regional markets (as at week ended 27 March)

	FBM KLCI	FSSTI	JCI	SET	MSCI-APxJ
SD	0.83	0.09	0.78	1.15	-0.05
PER	16.6	14.3	15.9	14.7	13.4
PER (+1SD)	16.8	15.7	16.4	14.3	15.4
PER (Mean)	15.2	14.1	14.1	12.0	13.5
PER (-1SD)	13.6	12.5	11.8	9.7	11.6

Source: Bloomberg, MIDFR
Note: Data for the purpose of Mean and SD calculations are from Jan 2006 to present

- **…but comparatively cheap against international markets.** Nonetheless, against other international markets, the FBM KLCI fared relatively well in valuation term. It must however be noted that these international markets are at different phases of the economic cycle. As their economies are either recovering or are only beginning to recuperate, it is not unusual for the equity valuation yardstick, e.g. SD to the PER, to hover at around or even beyond the 1.0 mark. But in contrast, most of the emerging economies are arguably at between midway to advanced stage of the growth phase.

Table 4: FBM KLCI - Valuations against international markets (as at week ended 27 March)

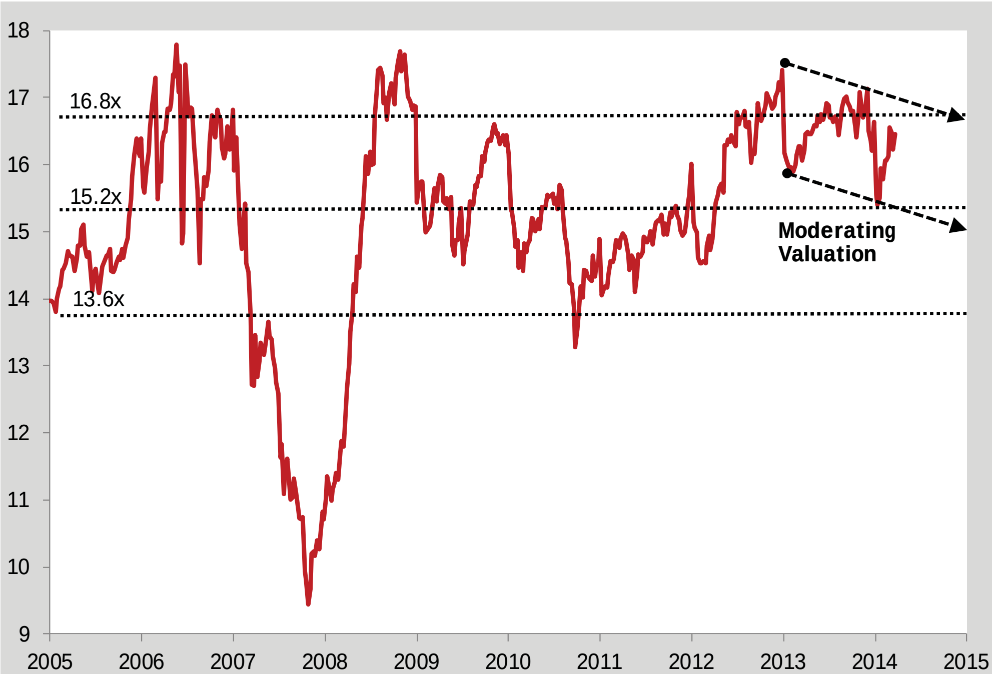
	FBM KLCI	DJIA	S&P500	Euro Stoxx	MSCI-World
SD	0.83	0.96	1.76	2.29	1.91
PER	16.6	16.1	17.4	15.9	17.4
PER (+1SD)	16.8	16.2	16.2	13.5	15.8
PER (Mean)	15.2	14.2	14.7	11.6	14.2
PER (-1SD)	13.6	12.3	13.2	9.7	12.5

Source: Bloomberg, MIDFR
Note: Data for the purpose of Mean and SD calculations are from Jan 2006 to present

- **Trend-wise, valuation is gradually moderating against its historical levels.** But a consolation is that the current year PER of FBM KLCI has begun to exhibit a downward trend, albeit gradually, towards its long-term mean. Going forward, we expect the gradual moderation in PER multiple of FBM KLCI to persist. Having said that, we may nevertheless see intermittent spikes and troughs as the multiple makes its way towards the mean levels of 15.0x. In other words, the mean reverting process may (i) take a couple of years to complete, and (ii) see PER oscillations in between.

- **Expect improving earnings sentiment after 5 straight quarters of disappointment.** Recall that the FBM KLCI forward earnings underwent almost incessant downward revisions since the first quarter of 2014. The bearish earnings sentiment may be attributable in no small part to falling crude palm oil (CPO) prices from March to August 2014 and followed by slumping Crude oil from July last year to January 2015. But in tandem with the recent stabilization of commodity prices, we expect earnings sentiment to improve going forward. Furthermore, this optimism is also premised on the still healthy domestic demand conditions.

Chart 10: PE Ratio of FBM KLCI (with Mean and +/- 1-Std dev lines)

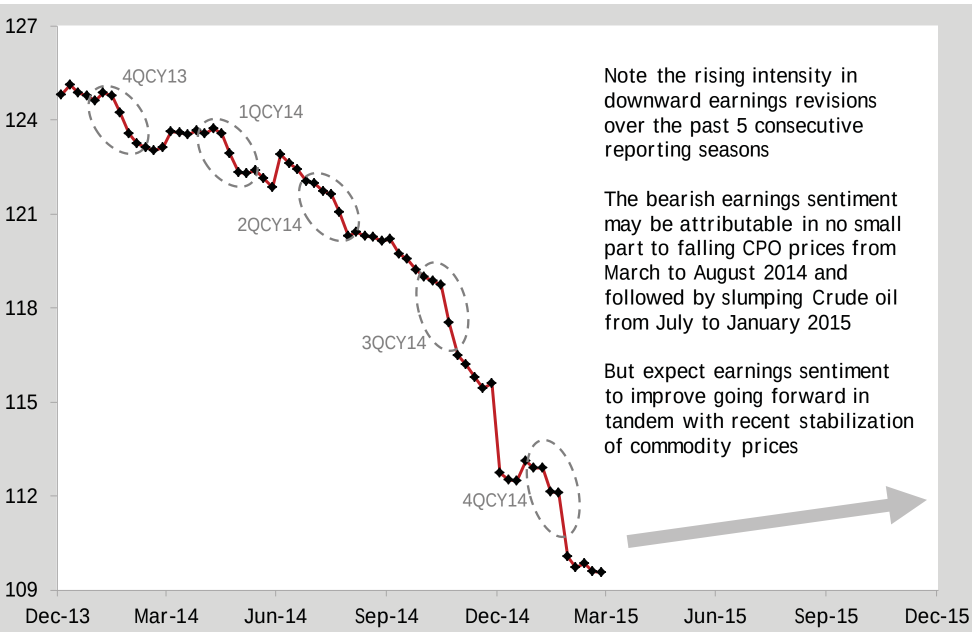


Source: Bloomberg, MIDFR

Note: Data for the purpose of Mean and SD calculations are from Jan 2006 to present

- **FBM KLCI may also be supported by favorable external tailwinds.** The People's Bank of China has cut interest rates twice during the past half year. It may deliver more monetary easing in coming quarters as the government is bent on keeping economic growth at or above its 7.0% target for this year. In the US, Chair Janet Yellen statement on 27 March signaled that the Fed will be cautious about its policy deliberations. While she expects interest rates to rise this year, subsequent increases shall be gradual. Moreover, European economic sentiment continued to recover on improving data. This is exemplified by Euro-area economic sentiment which rose in March to the highest level since the third quarter of 2011 or near the onset of Euro debt crisis.

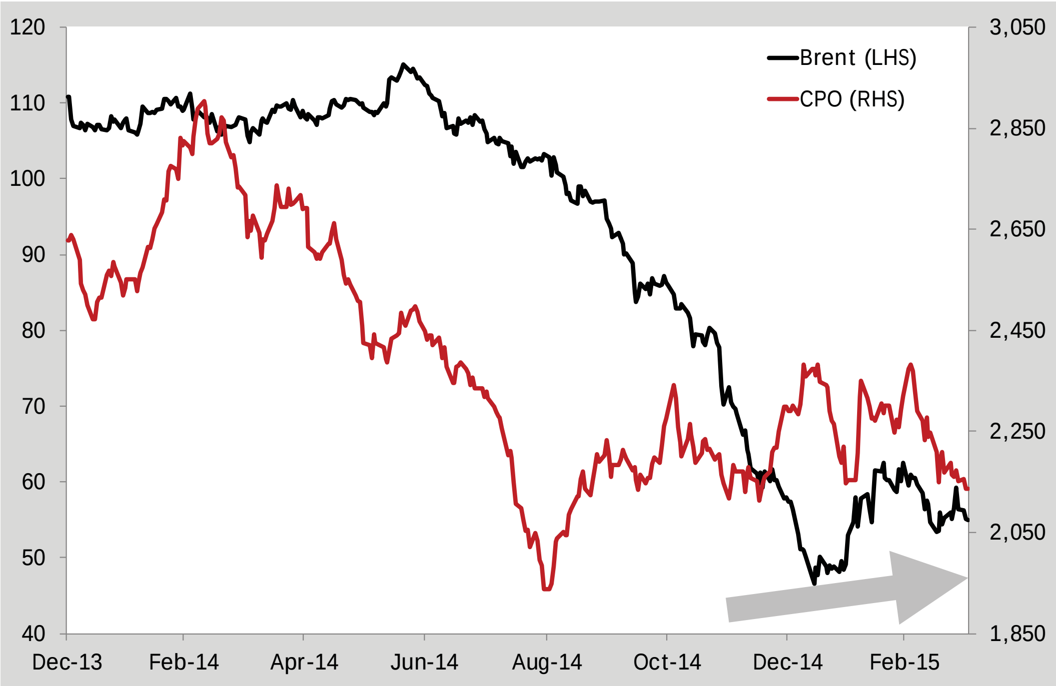
Chart 11: FBM KLCI - Revisions in Consensus 2015 Earnings Estimates



Source: Bloomberg, MIDFR

- **Crude oil may have found its bottom** in January this year with subsequent price rise which corresponded with the monetary easing by major economies of Eurozone and China. It was further buoyed by the events in Middle East, most notably the direct involvement of Saudi Arabia, world's top oil producer, as well as other Arab Sunni states in a cross border conflict with neighboring Yemen. The bottoming commodity prices may arguably soften the pressures on Malaysia's fiscal position. In addition, the favorable external tailwinds could also mean better days ahead for the ringgit. And by extension, the local equity market may benefit from positive flows of foreign funds.

Chart 12: Commodity prices may have found its bottom



Source: Bloomberg, MIDFR

- **Reiterate FBM KLCI 2015 year-end target at 1,900 points.** Thus we reiterate our FBM KLCI 2015 year-end target of 1,900 points, which is equivalent to (i) mere 3.8% gain from end-1Q15 level, and (ii) 17.3x PER multiple of 2015 earnings. However, as we expect the 2015 earnings revisions going forward to be generally flat or even upward-biased, the resultant PER valuation of our 2015 year-end target may turn out to be lower than 17.3x.

Stock Selection

- **Change to Top 10 list.** We made two changes to our current list of Top 10 stock picks (refer to our *2015 Outlook: Adjusting to the New Normal* dated 10 December 2014).

- Globetronics Berhad has consistently delivering steady earnings growth by keeping pace with market demands. However, in the immediate term, we are expecting its earnings growth to be muted. Moreover, note that on a year-to-date basis, the stock has advanced by more than 22%. As such, we are relegating the stock from our Top 10 list.

- Gamuda Berhad is relegated due to a confluence of factors. Pursuant to softer-than-expected property demand, Gamuda's earnings might come in lower than our earlier forecast. Moreover, the slight delay in the award of MRT Line 2 contracts could result in an earnings gap in FY16. As the construction works for MRT Line 2 may only begin in 2H2016, we expect no significant earnings contribution from this line while MRT Line 1 is scheduled to be at its tail-end. Accordingly, we have recently reduced our FY15-16 earnings projections by 4-7%.

- In place of the above relegated stocks, we introduce Tenaga Nasional Berhad and Hock Seng Lee Berhad to our Top 10 list.

• **MIDF stocks selection.** We continue to recommend a portfolio with combination of stocks that possess: (i) good earnings growth potential, (ii) inherent earnings quality, and/or (iii) attractive valuation. Below is a list of 10 stocks that fit the investment criteria and which we reckon are in good stead to outperform the broader market.

- **Malaysian Resources Corporation Berhad (BUY, TP: RM2.24).** We believe MRCB is rather unique as most of its property products are attached to or in the vicinity of transportation hubs. We expect potential drivers that will contribute to MRCB's earnings growth ahead to be coming from: (1) sustainable sales for its 329.8 acres of new property development (including massive 64.1 acres of RM8.0b Project MX-1) with an estimated GDV of RM23.1b spread over more than 20 years, (2) potential RM10.0b LRT 3 PDP role and a few of its construction packages, on top of outstanding construction order book of RM1.2b, (3) pre-qualified for RM800m incinerator concession project in Kepong, and (4) possible monetisation of another KL Sentral investment assets into REIT that will further pare down its gearing.

- **Dayang Enterprise Holdings Berhad (BUY, TP: RM3.82).** Dayang Enterprise's current order book is approximately RM4b which will last through to 2018. The company's tender book is approximately RM1b. The company has diversified its business into the engineering, procurement, construction, installation and commissioning. We are maintaining our BUY recommendation on DEHB with a revised target price of RM3.82 per share. Our TP is based on forward EPS15 of 23.9sen pegged to PER15 of 16x. Our target PER is premised on the company's average four-quarter rolling PER over five years.

- **AirAsia Berhad (BUY, TP: RM3.70).** We continue to like AirAsia as we expect earnings to recover from the confluence of favourable industry dynamics. The decline in jet fuel price, in-line with the drop in the price of crude oil, augurs well for its operations amidst a possible softening in travel demand due to rising living cost in the region. This has enabled AirAsia to price its fares competitively by removing fuel surcharges to spur travel demand. Furthermore, we expect yields to improve with the cutback in industry's capacity from (i) capacity rationalisation, and (ii) the deferment of AirAsia's fleet expansion plan with the delay in 4 aircraft deliveries while putting another 4 on sale.

- **MBM Resources Berhad (BUY, TP: RM4.80).** MBM has been one of the best performing stocks within the automotive sector with its share price up +13.4% over the year-to-March period and outpaced the KLCI by +9%. We believe this largely reflects (i) the encouraging sales of Perodua vehicle sales at +25%yoy to 34.7k units in the first two months of 2015, as well as (ii) the potential benefits from the depreciating Yen. We expect demand for Perodua's vehicles in 2015 to remain robust on full-year contribution of the Perodua Axia and the Perodua Myvi facelift which was launched in Jan 2015. We expect MBM's earnings to rebound strongly in FY15 to RM181m due to the absence of earnings drag from the Hino assembly plant in Sendayan, Negeri Sembilan, and Perodua's second manufacturing plant. Meanwhile, we are optimistic on the recovery of MBM's alloy-wheel business which should see losses narrowing as utilisation ramps up while contribution from Hirotako is expected to remain stable.

- **SapuraKencana Petroleum Berhad (BUY, TP: RM3.39).** The fundamentals of SapuraKencana Petroleum remain intact. Its current order book of approximately RM25.7b with more than RM11b worth of extension options are still solid. We believe that the recent slump in its price was an overreaction to the de-rating of local oil and gas stocks. Moving forward, we believe that investors would come to a realization that the valuation de-rating of SapuraKencana was overdone and that it should technically be valued higher than the current PER of 11x. As such, we are advocating SapuraKencana as one of our top picks with a target price of RM3.39. Our TP is premised on PER16 of 16x which is one standard deviation lower than its average four-quarter rolling PER since its listing. In addition, Management remains confident to be included in the SC's May 2015's Shariah compliant list.

- **Tenaga Nasional Berhad (BUY, TP: RM17.20).** We view the recent electricity tariff reduction for the period of 1 March 2015 until 30 June 2015 as highly positive. It is an indication that the Government is now fully committed to the implementation of the Fuel Cost Pass Through (FCPT) mechanism under the new Incentive Based Regulation (IBR) regime. TNB would be the main beneficiary from this as the full implementation of the FCPT mechanism would provide the much sought after visibility and stability to its earnings base. On this note, TNB would not be affected by any fluctuation in the global fuel prices in which its fuel mixes are dominated by coal and natural gas. Further, we also believe that the renewed stability and visibility to its earnings base should warrant a higher valuation. The stock is currently trading at 12x FY15 and 11x FY16 respectively which is cheaper than its global peers' median forward PE multiples of 15x. Meanwhile, our valuation for TNB is based on WACC of 7.8% and Terminal Term Growth Rate of 2.8% that implied 15x FY15 and 14x FY16 which is closer to its global peers' median forward PE multiples.

- **Hong Leong Bank Berhad (BUY, TP: RM16.10).** Our positive stance is based on the Group's: (i) strong asset quality with low provisions; (ii) liquid balance sheet with a Gross LDR of 80.3% as compared to some peers which are operating at much higher LDRs; (iii) strong profit contribution from Bank of Chengdu; (iv) cost efficiency with the Group focusing on new digital platforms to extract greater efficiency hence lowering its CI ratio moving forward; (v) strong focus on transaction banking services and digital banking to improve customer experience which can potentially lead to stronger CASA growth that will be beneficial to defend its NIM against pressures on asset yield; and (vi) low foreign shareholdings of 9.50% as at end-Dec 2014 hence a less volatile stock compared to peers.

- **Hock Seng Lee Berhad (BUY, TP: RM2.06).** Despite being a small construction player in terms of market cap size, Hock Seng Lee's earnings prospect is nonetheless bright. We deem its bottom line growth is on an upswing. Given that Hock Seng Lee is a Sarawak based company, we believe the Company is in the best position to benefit from the imminent implementation of mega infrastructure projects in the state. The prospective growth will be backed by the following: (1) subcontract works for RM13.0b Phase 1 of Pan-Borneo Highway project, (2) Phase 2 of the Kuching Central Wastewater project with an estimated contract value of RM800m this year, (3) basic infrastructure works worth RM2.4b for Sarawak Rural Development, and (4) strong job flow in key growth areas under SCORE development. Adding to this, the Company is in a net cash position, which will give them flexibility to undertake larger-scale projects.

- **Genting Plantations Berhad (BUY, TP: RM11.45).** We continue to like Genting Plantations as we expect its earnings prospect to remain intact underpinned by a stronger FFB production from its Indonesian operation. As at Dec 2013, the total planted area in Indonesia was at 57,400ha, almost the same size with the planted area in Malaysia. Out of this, 70% comprised of immature area which will drive GENP's earnings moving forward. We are maintaining our BUY call on GENP with a TP of RM11.45 per share.
- **Top Glove Corporation Berhad (BUY, TP: RM5.95).** Top Glove's 1HFY15 earnings surged by +14.1%yoy attributable to the higher profit margins of its rubber gloves. The natural rubber gloves margin has also increased to levels equivalent to its nitrile gloves margin which is approximately 19-20%. As the largest rubber glove manufacturer, an expansion in margins is favourable to the company's earnings. The increase in margins is attributable to the strengthening of the US Dollar against Ringgit. Further supporting Top Glove's bottom line are the (i) possible M&A in 2015 with RM200m capex spending has been allocated targeted towards existing glove factories; (ii) stable global demand growth for gloves at 6-8% p.a.; and (iii) robust expansion plans which will increase the group's capability to produce Nitrile gloves thus increasing its annual gloves capacity to 52.2b pieces by September 2016.

Table 5: Top 10 Stock Picks

STOCK	BETA	PRICE (RM) 31-Mar	TARGET PRICE (RM)	% PRICE RETURN	% DIV. YIELD	% TOTAL RETURN
MRCB	1.17	1.25	2.24	79.2%	2.4%	81.6%
Dayang	2.11	2.33	3.82	63.9%	3.4%	67.4%
AirAsia	0.97	2.38	3.70	55.5%	2.9%	58.4%
MBM Resources	0.79	3.29	4.80	45.9%	3.6%	49.5%
SapuraKencana	1.93	2.36	3.39	43.6%	1.9%	45.6%
Tenaga Nasional	1.13	14.36	17.20	19.8%	2.5%	22.3%
Hong Leong Bank	0.68	14.26	16.10	12.9%	2.7%	15.6%
Hock Seng Lee	1.41	1.81	2.06	13.8%	1.7%	15.5%
Genting Plant	1.06	10.14	11.45	12.9%	0.9%	13.8%
Top Glove	0.66	5.47	5.95	8.8%	3.1%	11.9%

Source: Bloomberg, MIDFR

B. SECTORS WE LIKE

I. AVIATION

Clearer skies for airlines .... Maintain POSITIVE

- **2014 was an underwhelming year.** The Malaysian aviation industry was dented last year by 3 tragic aviation incidents involving local airlines and a kidnapping on a popular island destination. To aggravate matters, some of the airlines had taken delivery of new aircraft, resulting in excess capacity which triggered price wars to stimulate travel demand. The triple whammy in FY14 was evident in the poor 4Q14 results reported by AirAsia, AAX and MAHB which were below expectations.

- **Less hostile operating environment in 2015.** Jet fuel prices have come down significantly, averaging US$68/bbl ytd which is -37.1% lower than the average FY14 price of US$127/bbl. While we expect 1Q15 results for the airline stocks under our coverage to be impacted by soft demand following the QZ8501 tragedy triggering a blackout in promotional activities, earnings should fare better for the rest of 2015 due to less hostile operating environment; chiefly being the depressed jet fuel prices. In addition, MAS which is embarking on its own turnaround could be less threatening to LCC's with possibly fewer encroachments in fare prices. In addition, we also expect MAS to rationalise some of its routes which could see AirAsia and/or AAX to secure/compete for existing demands.

- **Measures taken to spur travel demand.** AirAsia and AAX had removed all fuel surcharges effective Jan 2015 in response to the depressed jet fuel price and to spur travel demand amidst headwinds such as the GST imposition come Apr 2015 and waning interests from China tourists. In addition, the resumption of promotional and advertising activity toward the end of 1Q15 could translate to better demand for the rest of the year.

- **Slowdown in airport traffic growth to persist.** YTD passenger traffic growth has thus far been sluggish, decreasing -2.9% over the corresponding period in FY14. MAHB expects passenger traffic growth for FY15 to ease to +3.0%yoy (vs. FY14: +4.7%yoy) compared to our slightly more optimistic +3.5%. We believe the sluggish demand could persist, especially in the seasonally-weak 2Q period as well as slower capacity growth by local carriers. However, bright spots could come from increased presence of foreign carriers operating at MAHB airports. In addition, MAHB's recent acquisition of the Istanbul Sabiha Gokcen International Airport (ISGIA) could provide some reprieve for MAHB in terms of passenger numbers as it continues to grow by double digits.

- **Maintain POSITIVE.** We remain POSITIVE on the aviation sector. Despite the potentially softer travel demand, we believe the reprieve in fuel costs could provide an earnings kicker as well as other measures taken to mitigate the impact such as profit maximization (higher base fares, ancillary yield and focusing fleet deliveries on associates) and cost rationalisation (decreasing cabin crew, route rationalization and increasing efficiencies). Within our coverage, we have BUY calls on AirAsia (TP: RM3.70) and AAX (ex-rights TP: RM0.49) while we are NEUTRAL on MAHB (TP: RM7.53).

II. CONSTRUCTION

Healthy flow of insfrastructure project works to be rolled out .... Maintain POSITIVE

- **Public infrastructure to remain as the main driver for construction works.** In view that Government has retained the RM48.5b allocation for 2015's Development Expenditure in its revised Budget, we expect spending on railway and roads infrastructure to remain as the key driver for construction activities in 2015 and beyond. We expect Government to continue to push for infrastructure under country's 11th Master Plan (11MP) as it will be the final 5-years before 2020 deadline for Malaysia to achieve developed country status as targeted under its Economic Transformation Programme (ETP). We see long-term growth opportunities in local construction companies' earnings from the development of KVMRT Line 2 and 3, KL-Singapore High Speed Rail, LRT 3, East Coast Rail Link and Gemas-Johor Bharu Electrified Double Tracking.

- **Prospects in the Malaysia Economic Corridors to remain robust.** Additionally, the Government's further commitment to expenditure better targeted roads and highways will continue to support infrastructure development and provide fresh impetus for the country to reach its targets. In our opinion, mega projects such as Pan Borneo Highway, Penang Transport Master Plan and Klang Valley expressways (WCE, SUKE and DASH) will be important to improve the connectivity and traffic flow in the corridors. These projects will have spillover effects to the economic growth.

- **Lower building material costs.** We do not expect margins of construction companies' to be negatively affected by the implementation of GST as its impact on building materials cost can be pass through to the project owners. Besides, building material prices, in particularly steel bars have been declining since 2011. Meanwhile, cement producers have been under pressure to hold their prices for cement as oversupply continues to haunt the industry.

- **Overreacting to timing of roll-out.** Valuation-wise, KLCON Index is still trading at a discount to its historical 5 years rolling 4-quarter PER of 17x. The current KLCON Index's forward PER is trading at 12 times. This implies that the market is still valuing construction companies lower. We do not see contract awards drying up as yet and we expect construction stocks to offer good upside potential in anticipation of the award jobs for mega projects in the coming months.

- **Maintain POSITIVE.** Premised on above, we maintain our POSITIVE recommendation on construction sector. Our top picks for the sector now are: (i) IJM Corp (TP: RM7.50) and (ii) Protasco (TP: RM2.45). Having said that, we opine that Gamuda is a favourite to win large package of railway projects and its PDP role. On the other hand, construction companies particularly relisting of Sunway Construction (non-rated), WCT Holdings (TP: RM1.84), Muhibbah Engineering (TP: RM2.85), Hock Seng Lee (TP: RM2.06), Mitrajaya (non-rated), Gadang (non-rated), TRC Synergy (non-rated), AZRB (non-rated), Melati Ehsan (non-rated) are poised to be beneficiaries of jobs for the upcoming implementation of mega projects. Apart from abovementioned projects, we expect more developments coming on stream for the other larger-scale projects such as, RM26b Tun Razak Exchange, RM5b PNB Warisan Merdeka Tower, RM60b RAPID projects and power-intensive projects both in Peninsular Malaysia and Sarawak.

III. GLOVES

Rubber gloves demand supported by USD strengthening...................... Maintain POSITIVE

- **Glove outlook remain positive despite depressed rubber prices.** Rubber glove export volume growth is still expected to remain positive with the resilient global demand for gloves growing at an average of 6-8% per annum. In January 2015, rubber gloves export volume declined marginally by -0.28%yoy to 54.99 thousand tonnes. However, compared to the previous month, the export volume has increased +2.45%mom. This increase is mainly attributable to the stronger USD against MYR which has caused an increase of demand. As such, the export value increased by +16.42%yoy to a seven-year high of RM1.03bn pieces of gloves. Going forward, we expect teh demand for gloves to remain healthy.

- **Demand for nitrile to remain at its current level.** As the demand trend for rubber gloves has switched from latex gloves to nitrile gloves, we can expect the nitrile glove demand to remain at its current growth level of 20% per annum. This increase will lead the global glove demand further supported by the growth of latex gloves which is expected to remain healthy at a rate of 5-8% per annum.

- **As the worries from the Ebola virus fade away, the H7N9 avian flu is now in concern.** Recently, thw World Health Organization has reported several cases of the virus spreading without any contact with poultry. This suggests that the virus can now, though very limited, spread from human to human. If the H7N9 virus were to be a pandemic, it could increase the demand of rubber gloves significantly, as China's population makes up approximately 20% fo the world's population.

- **Maintain POSITIVE.** We reaffirm our POSITIVE call on the sector as we believe that the demand for rubber gloves is still strong.

IV. HEALTHCARE

Going strong at a price.. Maintain POSITIVE

- **Robust demand for private healthcare.** Despite growing concern on consumer spending amidst the imposition of the GST, we expect demand for quality private healthcare to remain robust. This is largely due to increasing payments via company and insurance scheme (70%), insulating consumer healthcare spending from inflation pressures. While the demand risk prevails for the remaining 30% which are satisfied by out-of-pocket payment (OPP), we expect the earnings impact to be mitigated by the price adjustments made by industry players.

- **Expect rich valuations to remain.** The sector continues to trade at rich valuations in excess of 50x FY15 PER due to strong support in IHH's share price. Apart from the robust demand amidst price increases seen in FY14 figures, we believe the appeal of strong FCF-generating stocks and/or defensive earnings quality would remain attractive to investors seeking 'shelter' from the global economic outlook uncertainty. We also expect KPJ's valuations to re-rate as earnings continue to strengthen on strong contribution from recently-opened hospitals in prior years.

- **Strong boost from Singapore operations.** Specific to IHH, we expect earnings growth to remain robust +25% in FY15 driven by the strong private healthcare demand in Singapore which augurs well for operations at the Mount Elizabeth Novena Hospital. Furthermore, the strong Singapore Dollar against the Ringgit would favour IHH's earnings and mitigate the impact of the weak Turkish Lira. Domestically, several of IHH's capacity expansion plans would be completed and opened up in the year namely, Pantai Hospital Kuala Lumpur and Gleneagles Kuala Lumpur Hospital which should add over 200-bed capacity for the Malaysia operation in 2015.

- **Contribution from recently-opened hospitals to drive KPJ's growth.** While KPJ lacks the earnings diversity that IHH possesses, earnings rebounded strongly in FY14. We expect the earnings growth momentum to sustain in FY15 due to strong performance and capacity expansions of existing hospitals. This should provide additional buffer against margin dilution from new hospital openings in the year. We expect 2 new hospital openings in FY15 namely, KPJ Pahang and Perlis Specialist Hospital. We also look forward to full year contribution from hospitals that were opened in FY14 namely, KPJ Rawang and KPJ Bandar Maharani in Muar, Johor.

- **Clarity on 1 Care could be positive for the sector.** We also look forward to further clarity on the government's plan to restructure Malaysia's Health System under the 1 Care plan sometime in 2015 as this could be positive for the sector and a possible share price catalyst for KPJ which has considerable exposure to the domestic market.

- **Maintain POSITIVE.** We reiterate our POSITIVE stance on the sector. While we have are NEUTRAL on both KPJ and IHH, we expect the sector's earnings growth to remain strong on robust demand for quality private healthcare.

V. OIL & GAS

Oil price expected to pan sideways .... Maintain POSITIVE

- **2015 oil price outlook maintained.** Year-to-date, the price of Brent crude oil has declined by -3.8% and has been trading sideways within a narrow band of USD46-63pb. The average price for the first quarter of the year is at USD55pb, in-line with our government's benchmark price for the nation's budgeting purposes. We however continue to be slightly more sanguine, expecting Brent crude price to average at approximately USD60pb in 2015. Moving forward, we are of the view that the price of Brent crude will continue to maintain its sideways trading within the aforementioned band, possibly trending slightly higher in 2Q15 during the U.S. driving season and in 4Q15 during the winter months.

- **Local activities to remain robust.** Despite the weakness in global crude oil prices, we are still expecting local oil and gas activities to remain robust, premised on the notion that our nation's oil production level target is above 600kbpd. As of 4Q14, Malaysia's has been above 600kbpd, reaching a multi-year high of 671kbpd in December 2014 with the ramp-up in production from Gumusut-Kakap field. Despite offshore support vessel charter rates have been experiencing downward pressure from field owners, PETRONAS has been actively awarding umbrella contracts to local service providers.

- **Advocating stocks with strong orderbooks.** Although we remain POSITIVE on the sector, we advise investors to be selective on oil and gas stocks. We are advocating stocks with (i) strong orderbooks, (ii) diversified sources of income and; (iii) long burn rates. Companies with strong orderbooks and long burn rates would be more resilient against violent fluctuations in industry sentiments, crude oil prices and during quiet periods of new contracts scarcity. In addition, due to the global nature of the oil and gas industry, geopolitical risks remain a concern. As such, we also favour service providers with well diversified sources of income and also companies with local contracts which are easier to monitor. Our top picks for the sector are SapuraKencana Petroleum (BUY; TP: RM3.39) and Dayang Enterprise Holdings (BUY; TP: RM3.82).

VI. TECHNOLOGY

Expecting stronger earnings in 2Q15 .... Maintain POSITIVE

- **Sales remain promising.** Global semiconductor sales (GSS) kicked off 2015 on a positive note. January 2015 sales came in at USD28.5b, a record high for January. This is in-line with World Semiconductor Trade Statistics 2015 monthly average sales of USD28.7m. Currently, global monthly sales have increased on a year-over-year basis for 21 consecutive months. On a regional basis, sales from Americas and Asia Pacific regions have been leading the growth in GSS.

- **Longer working days in 2Q15 as compared to 1Q15.** Historically, the first quarter of the calendar year has always been the quarter with the shortest working days as compared to the rest for the year. This is mainly due to festivities such as the New Year celebration, Chinese New Year and Thaipusam. It is also during this quarter that repair and maintenance and/or upgrade of machineries will be carried out.

- **Demand of wearable devices to gain momentum.** Year-to-date, numerous high profile wearable devices have been introduced, one of which is the much awaited Apple Watch. We expect sales of these wearable devices to gain momentum in 2H15. With the launch of these devices, we are expecting delivery of key components which have already been ordered with some Malaysian semiconductor and component companies.

- **Positive impact from weakening Ringgit.** The US Dollar has strengthened by +4.5% year-to-date against the Ringgit. We view that the local semiconductor industry is one of the main beneficiaries from the weakening of Ringgit. That being said, we do not view that these companies will enjoy significant benefit in terms of gains from forex translation. This is because part of the material procurement will be in US Dollar. Such environment will create a natural currency hedge. Also, we can expect minimal impact on GST as these businesses are export-oriented.

- **Maintain POSITIVE.** Apart from high smartphone penetration rate, we can expect more meaningful contribution from the wearable sub-segment. Coupled with longer working days and muted impact on GST, we can safely deduce that 2Q15 earnings will generally be higher as compared to 1Q15. We reiterate our POSITIVE stance on the sector.

VII. UTILITY: POWER

To continue benefitting from low fuel cost .... Maintain POSITIVE

- **Electricity demand growth to remain robust.** Tenaga Nasional reported a strong growth in electricity demand for 1QFY15 of 3.3%yoy as compared to 1QFY14 of 2.5%yoy. The growth in demand were driven primarily by the commercial and industrial segments. We expect electricity demand to grow further in 2QCY15, in tandem with the country's GDP growth with the commercial segment continuing to be the key growth driver after being pinpointed as one of the main key sectors to drive the Malaysian economy. Overall growth trajectory for 2015 is expected to continue to remain robust, backed by further investments in infrastructure projects under the Malaysia Economic Transformation Plan.

- **Fuel cost to remain largely favourable in 2Q15.** Persistent all year long weakness in coal prices over 2014 was due to an oversupply of coal in the global market in which the demand was slower than production. Meanwhile, the recent trend of declining crude oil prices had brought upon weaknesses in the price of LNG as most of the LNG contracts are usually indexed to the crude oil prices. We had observed that the Malaysia's January export price of LNG to Japan had been at its lowest point since June 2011. Nonetheless, we note that there is a recognition lag of up to six months before the lower LNG prices being reflected in the PETRONAS's LNG selling price to the local power players. At this point of time, we are of the view that both LNG and coal prices will remain to be flattish in 2015. As such, a lower power generation cost for the industry is expected to remain in 2Q15 on the back of the current subdued fuel cost environment.

- **Coal as the main energy mix in power production.** We expect an increase in the utilisation of coal-fired power plants with the commissioning of the 1,000MW Manjung 4 coal-fired power plant in 2Q15. Tenaga's coal procurement is also projected to increase by 33% in FY15 to cater for the new Manjung 4 power plant and higher utilisation of other coal-fired power plants. Also, it has been observed that daily average gas consumption has been declining as a result of higher utilisation of coal-fired power plant during the last quarter of 2014.

- **Implementation of FCPT mechanism.** The recent four months of tariff reduction that took effects in 1 March 2015 until 30 June 2015 in our view, reflects Government's commitment in undertaking the ongoing power sector reform. We are highly positive on this move as the implementation of FCPT mechanism is essential to the power sector reform since it would provide stability and visibility to the power players' earnings. With the implementation of FCPT mechanism, end consumers would enjoy any cost savings derived from lower fuel cost whilst the power players earnings would be safeguarded from fluctuations in fuel cost.

- **Maintain POSITIVE.** We remain POSITIVE on the long term outlook of the power sector driven mainly by further clarity brought upon by the on-going sectorial reforms. Further to that, we believe the impending listing of another pure power player, Malakoff Corporation Berhad this May will result in a more positive investor sentiment on the sector and the stocks within the power sector.

C. OUR NEUTRAL-VIEW SECTORS

I. SHIPPING AND PORTS

Dry bulk segment in doldrums, tanker segment resilient .. Maintain NEUTRAL (positive bias)

- **BDI hit a multi decade low in Jan 2015.** The Baltic Dry Index, which represents the rates for the transport of dry bulk goods, had hit a multi decade low of 509 on 18 Feb 2015 due to a combination of unfavorable industry dynamics. This included: i) a slowdown in China manufacturing and softer real estate prices putting pressure on iron ore imports; ii) China using alternative energy sources such as solar to substitute coal power plants; and iii) robust dry bulk newbuilding orders coming into the market. In the near term, we expect BDI to remain depressed prompting us to downgrade Maybulk in Feb 2015 to Neutral from Buy with a TP of RM1.28 given sizeable exposure to the dry bulk business.

- **Drop in oil prices a boon for dirty tankers.** The year-to-date average Brent Crude price of US$55/bbl is about -45%yoy lower than FY14 average of US$99/bbl. This spurred trading activity of the commodity with net importing countries such as China taking advantage of the depressed prices to build up its strategic reserves while onshore storage spaces are also depleting. In addition, the occurrence of Contango in the futures market has also triggered demand in chartering of tankers for storage use.

- **Consequently, tanker rates have improved as evident in the Baltic Dirty Tanker Index (BDTI) which spiked towards end FY14 following the drop in oil prices.** It has remained resilient at c.800 and we expect this to remain in 2015 as the supply-demand dynamics of the global oil market remains largely unchanged. The impact on MISC (Neutral, TP: RM6.80) which has a fleet of 75 petroleum tankers is neutral as all of its VLCCs are on time charters while the remaining vessels only have 50% exposure to the spot market.

- **Port expansions/enhancements to drive growth in TEUs.** Westports will likely see growth coming from: i) recently completed (Dec 2014) CT7 terminal with additional TEU capacity of 1.5mil; ii) higher trade activity particularly within the Intra-Asia segment; and iii) higher throughput volume contribution from the Ocean3 Alliance. For NCB, while the logistics division (Kontena Nasional) will likely continue to be in the red, increased throughput volume by its key customers such as Wan Hai and KTMC would be a positive for the company. We expect NCB would continue to focus on conducting upgrading/ expansion works for its Wharf 8 and Wharf 8A terminals to accommodate larger vessels and boost crane productivity to address its loss-making divisions. In addition, the recent 15.7% stake acquisition by MMC in NCB could potentially provide upside to the stock from customer sharing, port enhancements and/or other corporate exercises.

- **Maintain NEUTRAL (with positive bias).** We are NEUTRAL on the seaport sector with a positive bias. Under our coverage, we are neutral on both Westport (TP: RM3.11) and NCB (TP: RM2.60). We prefer Westports due to its competitive advantages such as deep berth, high crane efficiency and strong management team although we note that most of these positives have been reflected in its share price.

II. TELECOMMUNICATION

Competition to remain intense .... Maintain NEUTRAL (positive bias)

- **Impact of GST on prepaid.** The introduction of GST is expected to contribute positively to the earnings of mobile telecommunications operators. These operators would be able to pass on the sales tax on prepaid revenue to users. Based on current practice, operators have been absorbing the cost of sales tax. Thus, those with bigger prepaid customer base would gain the most. However, as prepaid users are generally cost-conscious, we do not discount the possibility that they would reduce the telecommunication expenses to offset the GST portion.

- **Awaiting announcement on the spectrum re-farming exercise.** The industry is currently awaiting the Malaysian Communication and Multimedia Commission (MCMC) to announce the re-farming of the low-frequency spectrum band. Any shift in existing spectrum allocation is expected to greatly change the competition landscape within the local telecommunication service providers. In this respect, Digi would be at a more advantageous position if more spectrums are being allocated. Currently, Digi has the least allocation of spectrum as compared to the other mobile service providers.

- **On a race to effectively monetize data.** In 2014, the voice and SMS revenues continue to slide further. On the contrary, data revenue continues to register strong revenue growth which is in-tandem with the growing number of smartphone ownership. This creates greater urgency for mobile service provider to monetise on the increase usage of data. Currently, Digi seems to have the upperhand in taking advantage of the demand in data. In FY14, the company has charted the fastest growth in data revenue as compared to its peers.

- **Maintain NEUTRAL (with positive bias).** Competition in the industry is expected to remain intense in the foreseeable term. The upcoming review of the 2G spectrum allocation could potentially change the industry landscape which are currently reigned by Celcom, Maxis and Digi. On another note, effective data monetisation is the main contributing factor to maintain a leading position as compared to the competitors. Despite intense competition, telecommunication service providers are being favored by investors for its stable and attractive dividend payment. All in, we reiterate our NEUTRAL stance on the sector.

III. AUTOMOTIVE

Taking a breather .... Maintain NEUTRAL

- **Marginal TIV growth.** We expect 2015 TIV to grow marginally by +0.5% to 670k units from our FY14 TIV of 667k units. The easing growth compared to prior years largely reflects the potential impact from consumer sentiment being cautious and the possible tightening of disposable income following the GST imposition. On the flipside, we seek comfort from Malaysia's still positive outlook on the economy which we feel might translate to decent demand for new models launches in 2015 as well as those that debuted in 2014.

- **Decent demand to sustain.** We expect demand for new vehicles to be sustained by full year sales contribution of models that were launched in 2014 as well as new model launches in 2015. Recall that some of the key models launched in 2014 and early 2015 were the: i) Mazda 2; ii) Perodua Myvi facelift; iii) Honda HR-V; iv) Nissan X-Trail; iii) Perodua Axia; iv) Proton Iriz; v) Nissan Sylphy; vi) Nissan Teana; vii) Toyota Altis; viii) Mazda 3 ix) Honda City and x) Honda Jazz. Some of the new model launches that we expect for the rest of 2015 are:

- Passenger car: Mazda 3 CKD, and Mazda 6 CKD and facelift.
- SUV/4WD: Mazda CX-3, Nissan Navara, Mitsubishi Triton, Toyota Vios facelift, and Toyota Camry facelift.

- **Stable fiscal bodes well for Ringgit.** The risk of depressed crude oil price towards the government's finances remain although this is partially-mitigated by the government bringing forth its subsidy rationalisation plan without penalising consumer sentiment or risk inflationary pressures. The stronger economic structure bodes well for the ringgit as the dollar continues to strengthen ahead of the Feds possible interest rate increase in 2HFY15.

- **Currency risk prevalent.** While we anticipate the ringgit to remain weak against the dollar 2015 given the US Feds possible interest rate increase and the volatile crude oil price. We estimate that for every

1% change in RM/USD rate would impact earnings of the automotive companies under our coverage by 2-5%. On the flipside, the depressed yen is positive for MBM Resources and Berjaya Auto.

- **Impact to companies.** Within our coverage, companies with huge exposure to the dollar are Tan Chong Motor (TCM) and UMW Holdings (UMW). Between the two, TCM is worse off as the bulk of its transactions with Nissan Motor are in dollar. While UMW also transacts with Toyota Motor in dollar, the exposure is partially hedged by its O&G unit which is a beneficiary of the dollar's strength while its associate, Perodua, benefits from the weakening Yen. The weak Yen would also benefit MBM Resources (MBM) and Berjaya Auto (BAuto).

- **Remain NEUTRAL.** We remain NEUTRAL on the sector given the inherent earnings headwind from the weak Ringgit against the dollar, especially for TCM and UMW, as well as the poor consumer sentiment which could results in consumers holding back purchase. Nevertheless, we believe the negatives are mostly priced in. Meanwhile, these negatives are partially offset by MBM and BAuto which are beneficiaries of the weak Yen.

IV. BANKING

Sector outlook remains challenging... Maintain NEUTRAL

- **Moderate loan growth for CY15 of 8-9% for the sector is maintained with slower domestic consumption and exports.** We maintain our loan growth expectation on the back of a slower domestic consumption and weaker exports. Slower economic growth, weaker domestic currency and commodity prices are likely to impact companies' CAPEX spending and hence business loan demand.

- **NIMs of banks are likely to be still compressed.** This is due to competition pressure on loans and deposits. COF pressure is expected to still impact banks' NIMs. Nevertheless, we expect milder NIM compression for the sector of 6bp in CY15 vs. 11bp contraction in CY14.

- We expect OPR to remain at 3.25% throughout CY15.

- **Focus on driving CI ratio down and efficiency of capital management will be among key priorities.** With top line growth continues to be seen as challenging, we expect banks to continue to focus on productivity improvement while managing its OPEX. Maximising return on risk weighted assets will be a key priority. Capital raising is a space to be on the lookout. Hong Leong Bank and RHB Capital have mulled capital raising plans.

- **Normalisation of credit cost is expected to continue.** Credit cost of banks will likely move towards normalized levels with lower recoveries of bad debts.

- Market volatility is likely to still pose challenges to bank's treasury and IB income.

- Lower ROE and loan growth guidance from banks for CY15 reflect softer market conditions.

- **Remain NEUTRAL on the sector.** Our BUY calls are on Maybank (TP: RM10.80), RHB Cap (TP: RM9.50) and Hong Leong Bank (TP: RM16.10). We are NEUTRAL on AFG (TP: RM4.70), AHB (TP: RM3.30), AMMB (TP: RM7.00), Public Bank (TP: RM19.50) and CIMB (TP: RM6.20). On BIMB, we are NEUTRAL on the stock with a TP of RM3.96.

V. BUILDING MATERIALS: CEMENT

Cement demand for various construction projects will emerge .... Maintain NEUTRAL

- **Mega infrastructure projects to support cement sales.** In line with our POSITIVE view on the construction sector, demand for cement products is expected to improve to support various on-going projects. We expect many contractors to lock-in their cement purchases for the implementation of public infrastructure projects in the coming months. Adding to this, demand for cement to construct affordable housing projects are also likely to pick up momentum despite of a slower overall property market. Affordable housing will remain a focus area as this one of the targeted segment for financing by banks.

- **Cement producers continue to face pressure on pricing.** At standstill, average selling price (ASP) of cement will continue to be impacted by production overcapacity. We opine that cement producers are finding themselves needing to sacrifice profit margins to boost sales, as the strong competition saddles them with bulging inventories and limited sales. The market leader, Lafarge Malaysia recorded a decline in revenue last year due to lower cement and concrete sales. Cement production for the Peninsular currently has a total current installed capacity of 29.8m MT/year while the average annual production of cement was 21.5m MT. We expect demand for cement to pick up pace from the execution of public infrastructure projects and the construction of affordable housing. This should improve the situation of overcapacity for the industry. Nevertheless, we expect pricing competition to remain intense for cement players.

- **Higher production cost.** The increased in electricity tariff by an average of about 14.89% in 2014 will continue to affect cement producers' production cost and impact theirs earnings. Fortunately, Newcastle coal price is likely to remain soft this year after trending lower by 25% to USD63pmt last year. Hence, we view that the decline will continue to provide a cushion to the production cost of cement players over the next 12 months.

- **Maintain NEUTRAL.** Overall, earnings prospect of cement players is expected to continue to register modest sales growth. We reiterate our NEUTRAL recommendation for both sector and the stock, Lafarge Malaysia with an unchanged TP of RM9.82. Near term catalyst for the stock will be possible merger with Holcim. It could expand its market share of cement production capacity in the industry and more sales going forward.

VI. PLANTATION

Lacking catalyst .... Maintain NEUTRAL

- **FFB production to recover.** Fresh fruit bunches (FFB) production in Malaysia expected to pick up in 2Q15. The anticipation of healthy production growth during 2Q15 will be supported by favorable weather conditions (normal dry weather condition). We do not foresee a likelihood of strong El Nino to happen in 2Q15 as most of the climate prediction models are expecting ENSO-neutral conditions to favour in April onwards.

- **Weakening Ringgit to stimulate demand.** Demand for Malaysia's palm oil is expected to improve marginally in 2Q15. We are expecting China to replenish their palm oil stocks in the coming months. Additionally, we anticipate a continous buying interest from India, taking advantage of the low CPO prices and the devaluation of Ringgit against USD.

- **But stiff competition from other commodities may limit the demand growth.** However, the anticipation of bumper soybean harvests in South America has exerted downward pressure on soy oil prices – closest substitute to palm oil. This has narrowing the price gap between soy oil and palm oil and consequently affects the demand for palm oil. Apart from this, we also anticipate demand for palm oil and other palm products to be affected by the low crude oil prices.

- **Maintain NEUTRAL.** Against this backdrop, we are expecting CPO price to hover between RM2,100-

2,300pmt in 2Q15. Year-to-date, CPO price has averaged at RM2270pmt. Hence, we reiterate our NEUTRAL view on plantation sector.

VII. PROPERTY

Still not out of the woods .... Maintain NEUTRAL

- **Latest quarterly results for developers were generally disappointing.** Out of the seven property companies under our coverage, four of them (or 57% of the stocks) reported earnings which were below expectations. These include UEM Sunrise, UOA Development, E&O and GLOMAC. Another three (SP Setia, Mah Sing and Sunway) earnings met expectation.

- **In terms of new sales, we noticed that launches of affordable houses (<RM600k) continue to receive better take up rates compared to higher end properties.** In our view, affordable housing will continue to be a focus area for developers as it is generally the preferred segment for financing by banks.

- **House Price Index (HPI) has slowed down to 7.0% as compared to 5-year average level of 9.6%.** This is also the lowest level in the past 4 years. We are not entirely surprised by the moderation in HPI growth as the Government has over the years imposed various measures to curb property speculation and price bubbles from occurring.

- Since the various measures have already taken effect to moderate the HPI growth, we do not expect Government to tighten the sector further with the introduction of more measures in Budget 2016.

- **Demand for loan to purchase property has been weak in 2014.** Bank Negara statistics have shown that total loan applications for purchase of properties have declined -10%yoy to RM327.2b in 2014. Over the last eight years, this is first time the growth rate has turned negative. For 2015, we continue to expect a subdue growth in loan applications for purchase of properties. This is in view of the slower economic growth, lower commodity prices and weaker consumer sentiment.

- **From our channel checks, most of the developers have guided for "flattish" growth in new property sales this year.** We expect new property sales in 2015 to slow down by between 5% to 10%. Banks are expected to stay stringent in financing of property. This coupled with the potentially weaker consumer sentiment post GST implementation in April 2015 are likely to cause new property sales to be lower this year.

- **Remain NEUTRAL on the sector.** Our Top Pick is Sunway (BUY; TP: RM3.72). We continue to like SUNWAY due to the potential listing of Sunway Construction Group (SCG) in June 2015 as SUNWAY shareholders stand to gain from the free distribution of SCG shares with the unlocking of SCG's value away from the holding company structure. We are NEUTRAL on SPSETIA (TP: RM3.33), MAHSING (TP: RM2.18), UEMS (TP: RM1.50), UOADEV (TP: RM2.05), E&O (TP: RM2.05) and GLOMAC (TP: RM1.06).

VIII. REIT

GST impact kicks in .... Maintain NEUTRAL

- **Latest quarterly results for REITs were generally in line with expectations.** Out of the five REIT stocks under our coverage, four of them (or 80% of the stocks) reported earnings which matched expectations. These include CMMT, IGBREIT, PAVREIT and SUNREIT. Only AXREIT earnings came in below expectation as Axis Business Campus (ABC) has yet to be tenanted out.

- **Overall, average CNI for 5 REIT stocks under our coverage grew by a marginal 1.2%yoy.** IGBREIT registered the strongest CNI growth of 5.9%yoy to RM56.2m. We believe that this was likely contributed by the positive rental reversions for Mid Valley Megamall and The Gardens Mall.

- **We expect MGS yield to be volatile in the near term due to global economic uncertainties.** This is likely the impact the stability of the spreads between REIT-MGS yield. On interest rates, our economist expects BNM to maintain OPR at 3.25% for the rest of the year. This should keep financing cost stable for all REIT players.

- **GST implementation is expected to slow down consumer spending and limit REITs FY15 CNI growth.** We opine that REIT players will be affected indirectly by GST as it may limit the potential rental reversion growth for shopping mall owners. As consumer spending is expected to be dampened with the implementation of GST, tenants' business revenue will be impacted, hence affecting their ability to afford higher rental rates. To verify the recent media news that GST will be exempted for commercial unit rentals below RM500k, our check with retail mall owners clarified that this does not apply to tenants in the shopping mall.

- **Remain NEUTRAL on the sector.** Our Top Pick is IGBREIT (BUY; TP: RM1.46). We like IGBREIT due to: (i) expected net dividend growth of 4.3%yoy in FY15 which is higher than peers average of 0% growth, (ii) its strong ability to contain cost and expenses which will be positive to its bottom line, and (iii) minimal risk to interest rate increase as 98% of its loans are in fixed rate. We are NEUTRAL on AXREIT (TP: RM3.50), CMMT (TP: RM1.66), PAVREIT (TP: RM1.57) and SUNREIT (TP: RM1.70).

IX. TOBACCO

Cigarette price hike to affect legal volumes .... Maintain NEUTRAL

- **TIV improving after year-low fall.** Total industry volume (TIV) increased to 961mn sticks in December 2014 after the year-low fall of 870mn sticks in November. Despite the price hike in November 2014, TIV still improved attributable to the nationwide crackdown intiated by the Royal Malaysian Custom (RMC) in March 2014. However, compared to the preceeding year, the TIV for 2014 has declined by -4.5%.

- **Illegal cigarette level to be a concern in 2015.** The price hike in November 2014 and April 2015 could cause a slight uptick to the illegal cigarette level despite the strong enforcement by the RMC. For the past two waves in 2014 (Wave 1:Mar-May 2014 and Wave 2:Jun-Aug 2014) the illegal cigarette level has decreased to 32.3%, the lowest level since 2010. To recall, back in September 2013 when the selling prices were last increased, the illegal cigarette level for Wave 3 2013 (Oct-Dec 2013) increased by +4.5ppts.

- **Maintain NEUTRAL.** We support the strict enforcement carried out by the RMC to battle illicit cigarettes as this has shown positive results on the illegal cigarette level. Moving in 2Q15, we are expecting consumers will face monetary pressure from the increased price of cigarettes and the increased cost of living. Due to this, there is a high possibility that the consumer will be more skewed towards switching to illicit cigarettes which are sold lower than RM7. We are expecting RMC's continuous effort to reduce the illegal cigarette level or at most to retain at the current level.

X. CONSUMER

Margin pressures could set in .... Maintain NEUTRAL (negative bias)

- **Expect further deterioration in consumer sentiment for CY15.** As of 4Q14, the Malaysian Institute of Economic Research's (MIER) consumer confidence survey declined -15.3%qoq to 83.0 from 98.0 in 3Q14 although consumer sentiment mildly increased by +0.7%yoy from 82.4 in 4Q13. As such, we believe consumer sentiment to remain fairly weak in 2015 as consumers continue to harbour concerns over higher goods prices. However, the decline could be less severe going forward as consumers adjust to the new tax structure while several initiatives introduced by the government could stimulate consumer spending.

- **Anticipate moderating impact on consumer spending from government initiatives.** We believe that the recently-announced government initiatives such as "Buy Malaysia" products, higher frequency and longer shopping hours for nationwide mega sales would bode well for consumer spending. Furthermore, the government remains committed with its cash handout program, the Bantuan Rakyat 1Malaysia (BR1M), to ease inflationary pressures on the lower income group.

- **Margin pressures could set in.** Nevertheless, we believe intensifying discounts could lead to margin pressures for consumer-related stocks such as Padini, Aeon, and Parkson although we argue that the softening fuel pump price and the temporary suspension of the electricity tariff hike would be able to mitigate the impact.

- **Maintain NEUTRAL (with negative bias).** We are NEUTRAL on the sector as well as on the consumer-related stocks under our coverage such as Padini, Aeon Co., Parkson, Nestlé, F&N and MSM. While intensifying promotion and discounting measures could see margins being impacted, we believe consumer sentiment could see a mild respite towards end 2015 following the aforementioned government initiatives.

XI. MEDIA

Bearish consumer sentiment to persist .... Maintain NEUTRAL (negative bias)

- **Consumer sentiment index (CSI) to remain below the benchmark in the immediate term.** In 4Q14 the CSI came in 15 points below the benchmark at 83. The index has been below the benchmark for the past five quarters since 4Q13. This is mainly caused by overhanging concerns on the possible impact of GST. To partly mitigate the uncertainty surrounding GST, there has been uptrend revision in prices of goods and services. We would not discount the possibility of further price hikes. However, such move will adversely impact the purchasing power of consumers.

- **Adex to take a hit from 2Q15 onwards.** In view of the weak consumer sentiment, we believe that advertisers will also minimize their advertising budgets. They may remain on the sideline and adopt a wait-and-see approach until there are visible signs that consumer sentiments are improving. Based on our channel check with the media industry stakeholders, it may take up to one year for consumers to be accustomed to the GST system.

- **No reprieve in the print segment. I**n 4Q14, the performance of Star and Media Prima's print segment continue to be discouraging. This is mainly due to lower advertising and newspaper sales revenue. Despite various measures taken by media companies to improve the contribution from the print segment, we remain pessimistic as there is an apparent shift in advertising medium preference to the digital platform. This is mainly caused by the higher take-up rate of smart devices which are becoming more affordable to the masses.

- **Maintain NEUTRAL (with negative bias).** Given the lackluster environment, we believe that consumers will be more prudent in their spending. This will have negative implications on the adex, which will in-turn affect the earnings capability of media companies. However, listed media companies such as Media Prima Bhd and Star Publications (M) Bhd have been generous in the distribution of dividend. Based on current price weakness, dividend yield could be as high as 7%. All in, we reiterate our NEUTRAL stance on the sector.

D. SECTORS TO BE CAUTIOUS OF

I. STEEL

Weak steel price and production overcapacity to persist .... Maintain NEGATIVE

- **Overcapacity in steel production worldwide will continue to haunt the industry as China's overcapacity will be persistent.** Moreover, raw material prices are likely to stay low due to softer demand from China mills.

- **Steel prices are likely to continue to remain depressed.** This is on the back of continuation of dumping activities by exporters, particularly from China mills of cheap steel concrete rebars and wire rods in the domestic market.

- **Petition submitted by local steel company to MITI for trade remedies to counter the influx of cheap steel bar imports was unsuccessful.** It was found to be no causal link the injury to the domestic steel mill from the alleged dumping activities.

- **VAT rebate for China exports of boron added steel has been cancelled and China mills are now shifting focus to export chromium added steels product which will enable them to enjoy VAT rebate and circumvent export duty in China.** The chromium added steel products are expected to be dumped into our local market effective Mar'15. Hence, dumping of China's mills steel products will continue and is likely to put downward pressure of the selling prices of steel products. Moving forward, margins of steel players are likely to be further narrowed.

- **Remain NEGATIVE on steel sector.** The sector continues to encounter challenges from China's dumping of cheap steel products consequently eroding margins of local steel mills.

APPENDIX

Table i: Performance of various markets in Local Currency (% change)

In Local Currency	Index point	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15*
Shanghai Composite	3,234.68	-6.7%	-3.9%	0.7%	15.4%	36.8%	52.9%	15.9%
Nikkei 225	17,450.77	56.7%	-9.0%	2.3%	6.7%	7.9%	7.1%	10.1%
Philippines Composite	7,230.57	1.3%	9.1%	6.5%	6.4%	-0.7%	22.8%	9.8%
KOSPI	1,915.59	0.7%	-1.3%	0.8%	0.9%	-5.2%	-4.8%	6.5%
Jakarta Composite	5,226.95	-1.0%	11.6%	2.3%	5.3%	1.7%	22.3%	5.6%
Hang Seng	23,605.04	2.9%	-5.0%	4.7%	-1.1%	2.9%	1.3%	5.5%
FBM KLCI	**1,761.25**	**10.5%**	**-1.0%**	**1.8%**	**-1.9%**	**-4.6%**	**-5.7%**	**3.9%**
Taiwan Weighted	9,307.26	11.8%	2.8%	6.1%	-4.5%	3.8%	8.1%	3.0%
Straits Times	3,365.15	0.0%	0.7%	2.1%	0.6%	2.7%	6.2%	2.4%
Mumbai Sensex 30	27,499.42	9.0%	5.7%	13.5%	4.8%	3.3%	29.9%	1.7%
SET Index	1,497.67	-6.7%	6.0%	8.0%	6.7%	-5.5%	15.3%	0.6%
Dow Jones	17,823.07	26.5%	-0.7%	2.2%	1.3%	4.6%	7.5%	-0.3%

Source: Bloomberg (*as at 31 March 2015)

Table ii: Performance of various markets in US dollar (% change)

In US Dollar	Index point	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15*
Shanghai Composite	521.10	-3.9%	-6.5%	1.0%	16.6%	35.3%	49.1%	16.0%
Philippines Composite	161.67	-6.3%	8.1%	9.3%	3.4%	-0.2%	21.8%	9.9%
Nikkei 225	146.08	28.4%	-7.2%	4.1%	-1.5%	-1.0%	-5.8%	9.6%
Hang Seng	3,044.28	2.8%	-5.0%	4.8%	-1.3%	3.1%	1.3%	5.5%
KOSPI	1.75	1.9%	-1.9%	5.9%	-3.5%	-8.5%	-8.4%	5.4%
Taiwan Weighted	294.36	9.1%	0.6%	8.2%	-6.3%	-0.1%	1.9%	4.2%
Mumbai Sensex 30	434.95	-3.5%	9.2%	13.2%	1.6%	1.1%	27.1%	3.2%
SET Index	45.56	-13.1%	7.4%	7.9%	6.7%	-6.8%	15.3%	1.5%
Jakarta Composite	0.42	-22.0%	19.6%	-1.6%	2.5%	-0.2%	20.5%	0.2%
Dow Jones	17,823.07	26.5%	-0.7%	2.2%	1.3%	4.6%	7.5%	-0.3%
Straits Times	2,540.31	-3.2%	1.0%	3.0%	-1.6%	-1.1%	1.2%	-1.2%
FBM KLCI	**503.00**	**2.8%**	**-0.2%**	**3.3%**	**-4.1%**	**-10.6%**	**-11.6%**	**-1.8%**

Source: Bloomberg (*as at 31 March 2015)

Table iii: Performance by sector (% change)

	Index point	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15*
Finance	17,172.35	10.4%	-1.9%	3.3%	0.3%	-8.9%	-7.4%	3.4%
Consumer	588.00	11.0%	-2.0%	1.5%	1.2%	-6.4%	-5.8%	7.5%
Property	1,428.15	22.7%	5.4%	4.8%	4.5%	-13.9%	-0.6%	2.3%
Services & Trading	243.56	16.5%	0.0%	1.0%	-0.4%	-5.3%	-4.8%	5.2%
Plantation	9,230.91	7.6%	0.2%	3.0%	-9.4%	-5.7%	-11.8%	-1.1%
Industrial	3,243.85	14.0%	0.1%	1.6%	-1.4%	-0.7%	-0.3%	5.5%
Construction	301.80	17.4%	3.4%	5.3%	0.4%	-8.2%	0.4%	6.6%
Technology	18.54	25.3%	7.5%	14.1%	6.3%	-15.2%	10.4%	27.7%
FBM KLCI	1,882.71	10.5%	-1.0%	1.8%	-1.9%	-4.6%	-5.7%	3.9%
FBM 100	12,678.32	11.4%	-1.0%	1.8%	-1.4%	-5.5%	-6.2%	3.8%
FBM Emas	13,049.79	12.4%	-0.4%	2.0%	-1.0%	-6.6%	-6.1%	4.1%
FBM Small Cap	17,931.86	36.7%	9.1%	4.7%	4.1%	-19.4%	-4.2%	8.3%

Source: Bloomberg (as at 31 March 2015)

Table iv: Regional earnings and valuation

	EPS Growth (% change)					PER				
	2014	2015 (est as of)		2016 (f'cast as of)		2014	2015 (est as of)		2016 (f'cast as of)	
		Dec-14	Mar-15	Dec-14	Mar-15		Dec-14	Mar-15	Dec-14	Mar-15
Nikkei 225	20.0%	3.9%	5.3%	12.9%	14.4%	21.8	19.1	20.7	16.9	18.1
Taiwan Weighted	28.6%	-0.9%	12.5%	10.1%	8.0%	15.0	14.7	13.3	13.3	12.3
Hang Seng	11.4%	-11.2%	-12.5%	5.9%	10.4%	10.4	11.1	11.9	10.5	10.8
FBM KLCI	1.9%	-1.9%	1.2%	9.0%	8.1%	16.9	16.6	16.7	15.2	15.5
Jakarta Comp.	12.9%	22.4%	39.2%	18.3%	17.7%	22.8	17.6	16.4	14.9	13.9
SET Index	-14.4%	21.9%	33.2%	17.2%	14.3%	19.7	16.1	14.8	13.7	12.9
Philippines Comp.	6.0%	-3.0%	9.1%	15.7%	13.8%	22.0	20.7	20.2	17.9	17.7
Shanghai Comp.	0.0%	14.8%	22.0%	11.1%	14.8%	18.2	13.7	15.0	12.3	13.0
Straits Times	5.5%	-6.3%	-1.3%	8.0%	10.0%	14.1	14.7	14.3	13.6	13.0
Mumbai Sensex 30	12.2%	9.5%	6.9%	20.7%	17.6%	19.6	17.6	18.4	14.6	15.6
DJIA	4.3%	2.9%	0.2%	3.3%	10.6%	16.2	15.8	16.1	15.3	14.6

Source: Bloomberg (as at 31 March 2015)

Table v: Performance of MIDFR's stocks under coverage

OUT-PERFORMERS	Share price (RM)		% change	TP	UNDER-PERFORMERS	Share price (RM)		% change	TP
	3/12/14	30/09/14				3/12/14	30/09/14		
KNM Group	0.65	0.47	36.1%	1.15	MMHE	1.21	1.78	-32.0%	1.19
Kossan	5.67	4.47	26.8%	6.02	AirAsia X	0.46	0.65	-28.7%	0.49
Panasonic	23.20	18.50	25.4%	26.58	Dayang	2.33	2.90	-19.7%	3.82
LPI Capital	15.08	12.04	25.2%	13.18	Gas Malaysia	2.59	3.22	-19.6%	3.40
IHH Healthcare	6.01	4.82	24.7%	5.05	AirAsia	2.38	2.72	-12.5%	3.70
Hartalega	8.67	7.03	23.3%	7.24	Naim Holdings	2.64	2.98	-11.4%	4.42
Unisem	2.18	1.78	22.5%	2.37	Puncak Niaga	2.66	2.96	-10.1%	3.76
Globetronics	5.26	4.30	22.3%	5.45	MBSB	2.19	2.43	-9.9%	1.88
Top Glove	5.47	4.52	21.0%	5.95	Kulim	2.74	3.00	-8.7%	2.40
Faber	3.30	2.73	20.9%	3.35	Parkson	2.19	2.38	-8.0%	2.44
Westport	4.02	3.36	19.6%	3.11	KKB Engineering	1.38	1.50	-8.0%	1.80
Muhibbah	2.20	1.87	17.6%	2.85	Tan Chong	3.03	3.28	-7.6%	3.20
Tune Ins	2.00	1.70	17.6%	2.12	IJM Plant	3.36	3.62	-7.2%	3.54
MISC	8.49	7.22	17.6%	6.80	Lion Industries	0.47	0.51	-6.9%	0.46
KPJ	4.26	3.70	15.1%	4.05	TH Plantation	1.59	1.70	-6.5%	1.39
Sykt Takaful	12.96	11.28	14.9%	13.84	AEON Co.	2.96	3.15	-6.0%	3.60
Berjaya Auto	3.78	3.30	14.5%	4.70	Ann Joo Res.	1.01	1.07	-5.6%	1.27
MBM Resources	3.29	2.90	13.4%	4.80	Bumi Armada	1.03	1.09	-5.5%	1.12
Protasco	1.60	1.42	12.7%	2.45	IOI Corp	4.59	4.80	-4.4%	4.38
CIMB	6.22	5.56	11.9%	6.20	AMMB	6.36	6.60	-3.6%	7.00
Perdana Pet.	1.24	1.11	11.7%	1.26	Media Prima	1.70	1.76	-3.4%	1.84
Sunway	3.65	3.29	10.9%	3.72	WCT	1.54	1.59	-3.1%	1.84
IJM Corp	7.20	6.57	9.6%	7.50	Axis REIT	3.53	3.62	-2.5%	3.50
MAHB	7.00	6.43	8.8%	7.53	E&O	2.00	2.05	-2.2%	2.05
NCB	2.47	2.28	8.3%	2.60	UEM Sunrise	1.38	1.41	-2.1%	1.50
Nestle	73.70	68.50	7.6%	70.55	TSH Resources	2.27	2.31	-1.7%	2.16
Hock Seng Lee	1.81	1.70	6.5%	2.06	UMW Holdings	10.84	10.96	-1.1%	12.00
Star	2.45	2.31	6.1%	2.50	Felda Global	2.17	2.18	-0.5%	2.44
Bursa Malaysia	8.58	8.10	5.9%	9.04	Mah Sing	2.06	2.07	-0.4%	2.18
TM	7.27	6.88	5.7%	7.43	KL Kepong	22.78	22.80	-0.1%	20.92
Astro	3.20	3.03	5.6%	3.53	Maybulk	1.21	1.21	0.0%	1.28
BAT	68.66	65.10	5.5%	71.85	Padini	1.46	1.46	0.0%	2.19
Dialog Group	1.58	1.50	5.3%	1.57	Axiata	7.08	7.05	0.4%	6.15
Maxis	7.19	6.85	5.0%	6.41	Ta Ann	3.90	3.88	0.5%	5.07
SP Setia	3.46	3.30	4.8%	3.33	Bank Islam	4.10	4.07	0.7%	3.96
Pavilion	1.53	1.46	4.8%	1.57	Sime Darby	9.27	9.19	0.9%	10.24
UOA Dev't	2.21	2.11	4.7%	2.05	Lafarge Malaysia	9.85	9.76	0.9%	9.82
Daibochi	4.45	4.26	4.5%	3.71	Glomac	0.99	0.98	1.0%	1.06
F&N	18.16	17.44	4.1%	16.73	LITRAK	3.74	3.70	1.1%	4.56
TNB	14.36	13.80	4.1%	17.20	Eversendai	0.79	0.78	1.3%	0.78
					YTL Power	1.50	1.48	1.4%	1.83
					Genting Plant	10.14	10.00	1.4%	11.45
					Favelle	2.79	2.75	1.5%	4.51
					IGB REIT	1.33	1.31	1.5%	1.46
					SapuraKencana	2.36	2.32	1.7%	3.39
					Affin Holdings	2.95	2.90	1.7%	3.15
					Maybank	9.33	9.17	1.7%	10.80
					Gamuda	5.10	5.01	1.8%	4.83
					Alliance	4.79	4.70	1.9%	4.80
					Hong Leong	14.26	13.98	2.0%	16.10
					Capitamalls	1.46	1.43	2.1%	1.66
					DiGi	6.30	6.17	2.1%	6.50
					MRCB	1.25	1.22	2.5%	2.24
					MSM	5.10	4.95	3.0%	5.13
					Wah Seong	1.24	1.20	3.1%	1.88
					Public Bank	18.88	18.30	3.2%	19.50
					Sunreit	1.57	1.52	3.3%	1.70
					Petronas Chem.	5.64	5.45	3.5%	5.01
					Petronas Gas	23.02	22.16	3.9%	19.09
					RHB Capital	7.92	7.62	3.9%	9.50
					FBM KLCI	**1,830.78**	**1,761.25**	**3.9%**	**1,900.00**

Source: MIDFR, Bloomberg

MIDF RESEARCH STOCK UNIVERSE as at 31 March 2015

	FYE	Rec.	Price (RM)	Target Price	Net Profit (RM m)			EPS (sen)			EPS (% chg)			PER		
					FY13	FY14F	FY15F	FY13	FY14F	FY15F	FY13	FY14F	FY15F	FY13	FY14F	FY15F
CONSTRUCTION																
Gamuda	Jul	NEUTRAL	5.10	4.83	719.4	735.5	707.4	31.3	31.3	30.1	23.4	0.1	-3.8	16.3	16.3	16.9
Eversendai	Dec	NEUTRAL	0.79	0.78	37.4	48.4	51.8	4.8	6.3	6.7	15.0	29.5	7.0	16.4	12.6	11.8
WCT	Dec	BUY	1.54	1.84	120.5	150.7	165.1	11.1	14.0	15.4	-39.4	26.9	9.6	13.9	11.0	10.0
Hock Seng Lee	Dec	BUY	1.81	2.06	76.9	88.1	100.5	14.0	16.0	18.3	-9.2	14.6	14.1	12.9	11.3	9.9
IJM Corp	Mar	BUY	7.20	7.50	829.6	595.6	762.6	59.1	39.7	50.8	93.9	-32.8	28.0	12.2	18.1	14.2
Muhibbah	Dec	BUY	2.20	2.85	81.6	102.7	106.4	19.2	23.8	24.6	-8.3	23.6	3.6	11.4	9.3	8.9
Protasco	Dec	BUY	1.60	2.45	-47.9	78.9	81.4	-14.4	23.6	24.3	-191.9	-264.2	3.2	n.a.	6.8	6.6
TELECOMMUNICATIONS																
DiGi	Dec	NEUTRAL	6.30	6.50	2,031.1	2,079.0	2,182.0	26.1	26.7	28.1	19.3	2.4	5.0	24.1	23.6	22.4
Axiata	Dec	NEUTRAL	7.08	6.15	2,348.7	2,534.7	2,704.0	27.4	29.5	31.5	-8.4	7.7	6.7	25.8	24.0	22.5
Maxis	Dec	NEUTRAL	7.19	6.41	1,718.0	2,093.0	2,141.0	22.9	27.9	28.5	-2.7	21.7	2.3	31.4	25.8	25.2
TM	Dec	NEUTRAL	7.27	7.43	831.8	996.9	1,041.0	22.9	26.8	28.0	-19.1	17.0	4.4	31.7	27.1	26.0
MEDIA																
Astro	Jan	NEUTRAL	3.20	3.53	448.0	519.4	595.9	8.6	10.0	11.5	-60.9	16.3	14.6	37.2	32.0	27.9
Media Prima	Dec	NEUTRAL	1.70	1.84	75.5	164.6	178.0	6.8	14.8	16.0	-65.2	117.3	8.1	24.9	11.5	10.6
Star	Dec	NEUTRAL	2.45	2.50	111.4	140.9	147.0	15.1	19.1	19.9	-22.0	26.4	4.3	16.2	12.8	12.3
SEMICONDUCTOR																
Unisem	Dec	BUY	2.18	2.37	68.4	94.0	108.3	10.2	13.9	16.1	-164.9	37.4	15.2	21.5	15.6	13.6
Globetronics	Dec	NEUTRAL	5.26	5.45	64.4	79.1	88.2	22.9	28.1	31.4	20.6	22.7	11.5	22.9	18.7	16.8
PLANTATION																
Sime Darby	Jun	NEUTRAL	9.27	10.24	3,352.7	2,258.9	2,816.0	55.6	36.4	45.3	-9.7	-34.6	24.7	16.7	25.5	20.4
Felda Global	Dec	NEUTRAL	2.17	2.44	306.4	479.3	509.9	8.4	13.1	14.0	-68.8	56.4	6.4	25.8	16.5	15.5
Genting Plant	Dec	BUY	10.14	11.45	377.2	396.1	464.7	49.3	51.4	60.3	64.3	4.2	17.3	20.6	19.7	16.8
IJM Plant	Mar	NEUTRAL	3.36	3.54	88.6	119.1	122.6	11.1	13.5	13.9	-25.9	22.4	2.9	30.4	24.8	24.1
IOI Corp	Jun	NEUTRAL	4.59	4.38	3,373.0	1,232.1	1,394.1	52.9	19.4	21.9	71.7	-63.4	13.1	8.7	23.7	20.9
TSH Resources	Dec	NEUTRAL	2.27	2.16	125.5	146.7	165.3	9.3	10.8	12.2	-20.7	15.9	12.7	24.3	21.0	18.6
TH Plantation	Dec	NEUTRAL	1.59	1.39	48.3	57.8	63.7	5.5	6.5	7.2	-23.7	19.4	10.3	29.1	24.3	22.1
KL Kepong	Sep	NEUTRAL	22.78	20.92	991.7	1,101.5	1,190.4	93.1	103.4	111.8	8.0	11.1	8.1	24.5	22.0	20.4
Kulim	Dec	SELL	2.74	2.40	177.3	70.8	84.5	13.6	5.4	6.4	-59.9	-60.4	19.4	20.2	51.1	42.8
TOBACCO																
BAT	Dec	NEUTRAL	68.66	71.85	902.0	1,004.7	1,032.4	315.9	351.9	361.6	9.5	11.4	2.8	21.7	19.5	19.0
GLOVE																
Kossan	Dec	NEUTRAL	5.67	6.02	143.8	202.5	230.6	22.5	31.7	36.1	5.4	40.9	13.9	25.2	17.9	15.7
Hartalega	Mar	NEUTRAL	8.67	7.24	232.8	215.6	268.9	31.4	27.0	33.6	-1.5	-14.1	24.7	27.6	32.2	25.8
Top Glove	Aug	BUY	5.47	5.95	180.5	215.6	237.1	29.1	34.9	38.4	-8.3	20.0	10.0	18.8	15.7	14.2
HEALTHCARE																
KPJ	Dec	NEUTRAL	4.26	4.05	139.7	133.0	147.0	13.6	12.8	14.2	29.0	-5.3	10.5	31.4	33.2	30.0
IHH	Dec	NEUTRAL	6.01	5.05	754.3	903.0	1,071.0	9.2	11.0	13.1	18.8	19.4	18.6	65.0	54.5	45.9
Faber	Dec	NEUTRAL	3.30	3.35	202.4	239.0	253.0	24.9	29.4	31.1	45.5	18.1	5.9	13.3	11.2	10.6
CONSUMER (F&B, Retail)																
Padini	Jun	BUY	1.46	2.19	90.9	108.3	117.3	13.8	16.5	17.8	6.5	19.1	8.3	10.6	8.9	8.2
Daibochi	Dec	SELL	4.45	3.71	23.7	27.1	28.3	20.9	23.8	24.9	-13.6	14.0	4.4	21.3	18.7	17.9
Panasonic	Mar	BUY	23.20	26.58	80.8	92.8	100.9	133.0	152.8	166.1	7.3	14.9	8.7	17.4	15.2	14.0
Nestle	Dec	NEUTRAL	73.70	70.55	550.4	608.9	644.7	234.7	259.7	274.9	-2.2	10.6	5.9	31.4	28.4	26.8
MSM	Dec	NEUTRAL	5.10	5.13	257.0	250.0	282.3	36.6	35.6	40.2	0.9	-2.7	12.9	13.9	14.3	12.7
Parkson	Jun	NEUTRAL	2.19	2.44	139.0	127.3	139.8	11.8	12.1	13.2	-36.8	2.6	9.8	18.6	18.2	16.5
F&N	Sep	NEUTRAL	18.16	16.73	259.4	290.1	321.0	71.0	79.2	87.7	-0.6	11.6	10.7	25.6	22.9	20.7
AEON Co.	Dec	NEUTRAL	2.96	3.60	212.7	240.7	244.6	15.2	17.1	17.4	-7.9	13.2	1.6	19.5	17.3	17.0
BANKING																
Hong Leong	Jun	BUY	14.26	16.10	2,102.3	2,157.1	2,323.3	119.4	119.9	129.2	12.9	0.4	7.7	11.9	11.9	11.0
RHB Capital	Dec	BUY	7.92	9.50	2,038.0	2,205.0	2,437.0	79.7	85.7	94.7	9.3	7.5	10.5	9.9	9.2	8.4
Affin Holdings	Dec	NEUTRAL	2.95	3.15	605.3	637.0	684.0	35.3	32.8	35.2	-14.3	-7.0	7.4	8.4	9.0	8.4
Maybank	Dec	BUY	9.33	10.80	6,716.5	6,963.0	7,665.0	74.2	74.7	82.2	-2.1	0.7	10.1	12.6	12.5	11.3
Alliance	Mar	NEUTRAL	4.79	4.80	563.5	574.0	613.1	37.2	37.1	39.6	5.4	-0.3	6.8	12.9	12.9	12.1
CIMB	Dec	NEUTRAL	6.22	6.20	3,106.8	4,228.0	4,454.0	37.5	50.2	52.9	-37.5	33.8	5.3	16.6	12.4	11.8
AMMB	Mar	NEUTRAL	6.36	7.00	1,782.4	1,660.0	1,748.5	59.3	55.1	58.0	9.7	-7.1	5.3	10.7	11.5	11.0
Public Bank	Dec	NEUTRAL	18.88	19.50	4,518.8	4,691.8	5,104.6	123.7	121.5	132.2	9.9	-1.8	8.8	15.3	15.5	14.3
Bank Islam	Dec	NEUTRAL	4.10	3.96	532.3	560.8	600.1	35.6	36.4	38.9	37.9	2.0	7.0	11.5	11.3	10.5

Source: Company, MIDFR

DPS			Yield (%)			PBV	BV / share (RM)	Net margin (%)	ROA (%)	ROE (%)	No of shares (m)	Market cap (RM m)	52-week Price	
FY13	FY14F	FY15F	FY13	FY14F	FY15F	FY13							High (RM)	Low (RM)
12.0	13.0	13.0	2.4	2.5	2.5	2.01	2.54	32.99	7.10	11.94	2,349.3	11,981.6	5.36	4.40
1.3	1.9	2.0	1.6	2.4	2.5	0.67	1.18	4.83	2.43	5.32	773.9	611.4	1.14	0.49
1.3	4.0	4.5	0.8	2.6	2.9	0.74	2.07	9.07	2.43	6.61	1,075.0	1,655.4	2.35	1.38
1.2	3.0	4.0	0.7	1.7	2.2	1.67	1.08	14.57	10.92	14.78	549.5	994.6	2.06	1.62
15.0	16.0	20.0	2.1	2.2	2.8	1.53	4.71	9.92	3.24	6.65	1,499.8	10,798.8	7.30	6.00
4.0	5.0	5.0	1.8	2.3	2.3	1.47	1.50	6.07	3.24	11.93	432.2	950.8	3.52	1.51
5.0	10.0	10.0	3.1	6.3	6.3	1.53	1.04	7.57	8.43	18.52	334.3	534.9	2.13	1.29
26.0	27.0	28.0	4.1	4.3	4.4	71.39	0.09	29.62	48.26	303.00	7,775.0	48,982.5	6.65	5.18
22.0	24.0	26.0	3.1	3.4	3.7	2.93	2.42	13.55	5.16	11.24	8,592.0	60,831.1	7.29	6.50
40.0	22.0	23.0	5.6	3.1	3.2	11.45	0.63	24.95	11.56	44.17	7,507.4	53,978.0	7.30	6.21
22.9	24.7	25.8	3.1	3.4	3.5	3.57	2.04	8.87	4.41	12.52	3,719.4	27,039.8	7.60	5.78
6.0	11.0	11.0	1.9	3.4	3.4	23.99	0.13	9.93	7.72	72.71	5,201.7	16,645.5	3.70	2.83
11.0	12.0	13.0	6.5	7.1	7.6	1.18	1.44	10.92	6.64	10.20	1,109.2	1,885.6	2.64	1.61
6.0	18.0	19.0	2.4	7.3	7.8	1.58	1.55	13.90	8.44	11.98	738.0	1,808.0	2.76	2.17
4.0	8.5	9.5	1.8	3.9	4.4	1.43	1.52	9.05	6.33	9.11	674.2	1,469.8	2.24	1.02
5.0	23.0	25.0	1.0	4.4	4.8	5.19	1.01	22.28	22.09	27.80	281.0	1,478.3	5.61	3.37
36.0	20.0	30.0	3.9	2.2	3.2	2.03	4.57	5.14	4.43	7.67	6,211.2	57,577.4	9.80	8.78
4.0	10.0	9.5	1.8	4.6	4.4	1.24	1.74	2.92	2.31	5.44	3,648.2	7,916.5	4.68	2.02
3.0	9.0	12.0	0.3	0.9	1.2	2.00	5.06	24.11	7.09	9.54	770.9	7,816.7	11.75	8.97
7.0	8.0	10.0	2.1	2.4	3.0	1.86	1.81	18.41	5.35	8.62	880.6	2,958.8	4.03	3.12
20.5	10.0	11.4	4.5	2.2	2.5	5.32	0.86	10.34	8.04	19.77	6,362.0	29,201.6	5.36	4.36
2.5	4.0	6.5	1.1	1.8	2.9	2.55	0.89	13.58	5.65	11.19	1,355.7	3,077.5	2.67	2.05
2.0	2.4	2.7	1.3	1.5	1.7	1.16	1.37	11.81	1.62	3.58	883.9	1,405.3	2.18	1.40
55.0	60.0	65.0	2.4	2.6	2.9	2.94	7.75	9.97	8.55	13.46	1,065.0	24,259.9	25.14	19.60
9.5	37.7	2.2	3.5	13.7	0.8	0.90	3.04	6.46	0.79	1.26	1,320.1	3,617.1	3.17	2.56
309.0	317.0	325.0	4.5	4.6	4.7	37.40	1.84	20.95	78.24	191.67	285.5	19,604.5	74.40	58.60
3.5	9.0	10.0	0.6	1.6	1.8	4.51	1.26	15.59	15.81	24.54	639.5	3,625.8	5.84	3.63
14.5	14.5	15.0	1.7	1.7	1.7	5.73	1.51	19.47	19.39	22.85	799.8	6,933.9	8.69	5.72
16.0	17.0	17.0	2.9	3.1	3.1	2.33	2.35	9.48	11.15	15.43	617.4	3,377.3	5.69	4.21
7.5	6.5	7.2	1.8	1.5	1.7	3.45	1.24	5.04	3.95	9.84	1,036.1	4,413.8	4.27	2.97
0.0	4.0	5.0	0.0	0.7	0.8	2.53	2.38	12.30	3.15	4.24	8,182.0	49,174.0	6.12	3.75
5.0	18.0	18.0	1.5	5.5	5.5	2.32	1.43	7.74	9.03	17.56	813.5	2,684.6	3.48	1.98
10.0	12.0	12.5	6.8	8.2	8.6	2.45	0.60	12.50	19.04	27.94	657.9	960.5	2.13	1.35
9.5	14.0	15.0	2.1	3.1	3.4	3.00	1.49	7.87	9.22	16.10	113.8	506.4	4.68	4.12
50.0	76.0	83.0	2.2	3.3	3.6	2.00	11.58	10.32	11.17	13.99	60.7	1,409.3	23.50	18.16
235.0	251.5	265.0	3.2	3.4	3.6	25.37	2.91	12.66	26.44	78.35	234.5	17,282.7	75.20	63.50
10.0	23.1	25.7	2.0	4.5	5.0	1.84	2.77	10.96	9.93	12.86	703.0	3,585.2	5.20	4.66
0.0	0.0	8.3	0.0	0.0	3.8	0.86	2.54	3.58	1.50	3.04	1,055.4	2,311.4	3.02	1.90
55.0	60.0	67.3	3.0	3.3	3.7	3.72	4.88	7.60	10.61	17.18	366.2	6,649.8	19.12	15.42
5.0	4.5	5.6	1.7	1.5	1.9	1.17	2.52	6.50	7.16	13.50	1,404.0	4,155.8	4.33	2.64
41.0	38.0	41.0	2.9	2.7	2.9	1.68	8.50	30.82	1.27	14.85	1,798.8	25,651.0	14.96	13.70
6.0	11.0	12.0	0.8	1.4	1.5	1.08	7.31	21.23	1.01	11.67	2,572.5	20,373.9	9.70	7.05
15.0	16.0	18.0	5.1	5.4	6.1	0.72	4.09	19.36	0.96	7.98	1,942.9	5,731.7	3.71	2.68
57.0	45.0	49.0	6.1	4.8	5.3	1.64	5.68	26.24	1.09	12.72	9,321.3	86,967.8	10.20	8.25
19.0	22.0	24.0	4.0	4.6	5.0	1.71	2.80	25.22	1.19	13.78	1,548.1	7,415.4	5.23	4.23
15.0	20.0	21.0	2.4	3.2	3.4	1.40	4.44	20.01	1.02	11.01	8,423.7	52,395.7	7.56	5.05
24.1	22.0	23.0	3.8	3.5	3.6	1.38	4.60	23.35	1.25	11.78	3,014.2	19,170.2	7.35	5.97
54.0	56.0	60.0	2.9	3.0	3.2	2.60	7.26	30.52	1.36	16.25	3,861.5	72,905.0	20.93	17.40
14.7	15.0	16.1	3.6	3.7	3.9	2.08	1.97	18.89	1.06	17.58	1,542.2	6,323.1	4.44	3.70

MIDF RESEARCH STOCK UNIVERSE as at 31 March 2015 (cont'd)

	FYE	Rec.	Price (RM)	Target Price	Net Profit (RM m)			EPS (sen)			EPS (% chg)			PER		
					FY13	FY14F	FY15F	FY13	FY14F	FY15F	FY13	FY14F	FY15F	FY13	FY14F	FY15F
FINANCE																
MBSB	Dec	NEUTRAL	2.19	1.88	1,015.0	685.5	695.5	39.2	25.3	25.6	5.6	-35.5	1.5	5.6	8.7	8.5
Bursa Malaysia	Dec	BUY	8.58	9.04	198.2	204.3	219.1	37.2	38.3	41.1	14.5	2.9	7.2	23.1	22.4	20.9
LPI Capital	Dec	NEUTRAL	15.08	13.18	283.0	229.2	237.3	85.5	69.0	71.5	40.4	-19.3	3.5	17.6	21.8	21.1
Syarikat Takaful	Dec	BUY	12.96	13.84	140.5	165.7	n.a.	86.3	101.7	n.a.	1.1	17.8	n.a.	15.0	12.7	n.a.
Tune Ins	Dec	BUY	2.00	2.12	72.6	79.6	88.8	9.7	10.6	11.8	4.0	9.6	11.6	20.7	18.9	16.9
OIL & GAS																
SapuraKencana	Jan	BUY	2.36	3.39	1,086.9	1,432.8	1,267.8	18.9	23.9	21.2	80.5	26.5	-11.6	12.5	9.9	11.2
Petronas Chem.	Dec	NEUTRAL	5.64	5.01	2,465.0	2,862.0	2,878.0	31.0	35.8	36.0	-20.5	15.4	0.6	18.2	15.8	15.7
Wah Seong	Dec	BUY	1.24	1.88	125.6	121.4	123.0	16.2	15.8	16.0	289.6	-2.6	1.3	7.7	7.9	7.8
Bumi Armada	Dec	NEUTRAL	1.03	1.12	218.7	414.4	442.8	4.3	7.1	7.5	-52.0	63.5	6.9	23.8	14.6	13.6
KNM Group	Dec	BUY	0.65	1.15	45.7	115.4	118.2	2.8	7.1	7.3	83.2	151.5	2.4	22.7	9.0	8.8
Petronas Gas	Dec	NEUTRAL	23.02	19.09	1,843.2	1,783.5	1,798.1	93.2	90.1	90.9	-11.4	-3.2	0.8	24.7	25.5	25.3
Dialog Group	Jun	NEUTRAL	1.58	1.57	215.9	236.1	249.8	2.2	4.7	4.9	-45.3	113.4	5.8	72.1	33.8	32.0
Gas Malaysia	Dec	NEUTRAL	2.59	3.40	167.6	182.4	188.3	13.1	14.2	14.7	0.5	8.8	3.2	19.8	18.2	17.7
Dayang	Dec	BUY	2.33	3.82	178.6	216.5	221.4	21.3	24.7	25.3	17.6	15.9	2.3	10.9	9.4	9.2
MMHE	Dec	SELL	1.21	1.19	129.9	135.4	146.1	8.1	8.5	9.1	-45.2	4.5	7.9	14.9	14.3	13.3
Perdana Pet.	Dec	NEUTRAL	1.24	1.26	88.0	103.2	105.3	12.0	13.8	14.1	38.2	15.8	2.0	10.4	9.0	8.8
PROPERTY & REITS																
Naim Holdings	Dec	BUY	2.64	4.42	220.3	112.9	128.1	93.0	47.6	54.1	-6.5	-48.8	13.5	2.8	5.5	4.9
MRCB	Dec	BUY	1.25	2.24	152.6	90.6	115.6	8.9	5.1	6.5	-221.0	-43.2	27.6	14.0	24.6	19.3
SP Setia	Oct	NEUTRAL	3.46	3.33	405.7	569.0	682.0	16.3	22.4	26.8	-9.4	37.3	19.9	21.2	15.5	12.9
UEM Sunrise	Dec	NEUTRAL	1.38	1.50	479.9	491.0	522.0	10.6	10.8	11.5	-20.5	2.3	6.3	13.0	12.8	12.0
Sunway	Dec	BUY	3.65	3.72	743.2	558.0	590.0	43.1	32.2	34.1	-54.4	-25.2	5.7	8.5	11.3	10.7
UOA Dev't	Dec	NEUTRAL	2.21	2.05	316.1	321.0	407.0	22.9	22.4	28.4	-18.3	-2.0	26.8	9.7	9.9	7.8
E&O	Mar	NEUTRAL	2.00	2.05	113.2	110.0	133.0	9.3	9.0	10.9	-12.6	-3.1	20.9	21.5	22.2	18.3
Mah Sing	Dec	NEUTRAL	2.06	2.18	339.2	406.0	448.0	21.5	21.1	23.3	8.9	-1.4	10.3	9.6	9.7	8.8
Axis REIT	Dec	NEUTRAL	3.53	3.50	110.5	94.6	99.3	25.9	17.3	18.1	-2.3	-33.2	5.0	13.6	20.4	19.5
IGB REIT	Dec	BUY	1.33	1.46	317.6	245.0	248.0	9.2	7.1	7.2	1.1	-23.1	1.2	14.4	18.7	18.5
Sunreit	Jun	NEUTRAL	1.57	1.70	411.1	244.3	273.3	14.1	8.3	9.3	-0.4	-40.8	11.9	11.2	18.9	16.9
Pavilion	Dec	NEUTRAL	1.53	1.57	510.5	241.0	254.0	16.9	8.0	8.4	55.7	-52.8	5.4	9.0	19.1	18.2
Capitamalls	Dec	NEUTRAL	1.46	1.66	236.4	147.5	154.8	13.3	8.3	8.7	2.5	-37.7	4.9	11.0	17.6	16.8
Glomac	Apr	NEUTRAL	0.99	1.06	108.4	55.0	85.0	15.0	7.6	11.7	0.9	-49.5	54.5	6.6	13.1	8.5
TRANSPORT																
- Aviation																
AirAsia	Dec	BUY	2.38	3.70	82.8	1,054.7	1,123.0	3.0	37.9	40.4	-76.9	1,163.3	6.5	79.3	6.3	5.9
AirAsia X	Dec	BUY	0.46	0.49	-519.3	12.3	119.0	-21.9	0.5	5.0	226.9	-102.4	867.5	n.a.	88.6	9.2
MAHB	Dec	NEUTRAL	7.00	7.53	748.5	328.4	399.1	52.4	19.9	24.2	80.0	-62.1	21.5	13.4	35.2	29.0
- Ports & Logistics																
NCB	Dec	NEUTRAL	2.47	2.60	29.3	30.9	47.8	6.2	6.6	10.2	-43.6	6.0	54.7	39.8	37.6	24.3
Westport	Dec	NEUTRAL	4.02	3.11	512.2	535.2	589.0	15.0	15.7	17.3	8.4	4.5	10.1	26.8	25.6	23.3
- Shipping																
Maybulk	Dec	NEUTRAL	1.21	1.28	12.2	45.2	47.2	1.2	4.5	4.7	-72.6	270.5	4.4	99.2	26.8	25.6
MISC	Dec	NEUTRAL	8.49	6.80	2,204.3	1,822.0	1,901.6	49.4	40.8	42.6	5.8	-17.4	4.4	17.2	20.8	19.9
TOLL																
LITRAK	Mar	BUY	3.74	4.56	134.1	143.2	157.2	26.1	27.8	30.5	1.6	6.5	9.8	14.3	13.5	12.3
UTILITIES																
Tenaga Nasional	Aug	BUY	14.36	17.20	6,467.0	6,601.7	6,826.8	114.6	117.0	121.0	19.2	2.1	3.4	12.5	12.3	11.9
YTL Power	Jun	NEUTRAL	1.50	1.83	1,202.4	1,244.3	946.5	18.3	17.7	13.5	32.1	-3.3	-23.9	8.2	8.5	11.1
AUTO																
Berjaya Auto	Apr	BUY	3.78	4.70	130.6	225.0	269.2	17.2	27.7	33.1	n.a.	60.8	19.6	22.0	13.7	11.4
UMW Holdings	Dec	NEUTRAL	10.84	12.00	657.7	970.0	990.6	56.3	83.0	84.8	0.7	47.5	2.1	19.3	13.1	12.8
Tan Chong	Dec	NEUTRAL	3.03	3.20	105.9	233.0	328.0	16.2	35.7	50.2	-57.8	120.1	40.8	18.7	8.5	6.0
MBM Resources	Dec	BUY	3.29	4.80	114.2	181.0	197.0	29.2	46.3	50.4	-17.0	58.5	8.8	11.3	7.1	6.5
GENERAL INDUSTRIES																
Favelle	Dec	BUY	2.79	4.51	87.6	88.3	91.4	40.6	40.5	42.0	28.3	0.0	3.5	6.9	6.9	6.6
KKB Eng.	Dec	TRADING BUY	1.38	1.80	21.0	24.2	34.7	8.1	9.4	13.5	-37.4	15.5	43.4	17.0	14.7	10.3
BUILDING MATERIAL																
- Steel																
Ann Joo Res.	Dec	NEUTRAL	1.01	1.27	23.3	12.1	54.8	4.7	2.4	10.9	90.2	-48.1	352.9	21.7	41.8	9.2
Lion Industries	Jun	NEUTRAL	0.47	0.46	-505.9	-55.5	41.3	-70.6	-7.8	5.8	1,366.9	-89.0	-174.4	n.a.	n.a.	8.1
- Cement																
Lafarge M'sia	Dec	NEUTRAL	9.85	9.82	256.0	439.4	360.0	30.1	51.7	42.4	-30.2	71.8	-18.1	32.7	19.0	23.2
- Timber																
Ta Ann	Dec	BUY	3.90	5.07	122.5	122.3	138.3	33.1	33.0	37.3	31.8	-0.1	13.1	11.8	11.8	10.4
WATER																
Puncak Niaga	Dec	NEUTRAL	2.66	3.76	248.4	50.0	63.3	60.5	12.0	15.2	23.4	-80.1	26.6	4.4	22.1	17.5

Source: Company, MIDFR

DPS			Yield (%)			PBV	BV / share (RM)	Net margin (%)	ROA (%)	ROE (%)	No of shares (m)	Market cap (RM m)	52-week Price	
FY13	FY14F	FY15F	FY13	FY14F	FY15F	FY13							High (RM)	Low (RM)
5.0	7.6	7.7	2.3	3.5	3.5	1.27	1.73	41.82	1.82	14.64	2,713.1	5,941.7	2.68	2.04
18.0	36.4	39.0	2.1	4.2	4.5	6.11	1.40	43.35	12.33	26.79	533.5	4,577.6	8.63	7.21
50.0	50.0	50.0	3.3	3.3	3.3	3.03	4.98	25.91	6.79	13.87	332.0	5,006.3	15.30	10.93
40.0	50.9	n.a.	3.1	3.9	n.a.	3.62	3.58	10.82	2.31	27.78	163.0	2,112.6	13.60	10.30
0.0	4.5	5.1	0.0	2.3	2.6	3.73	0.54	24.49	7.26	18.05	751.8	1,503.5	2.57	1.52
0.0	3.4	4.5	0.0	1.4	1.9	1.18	2.00	14.41	4.15	11.95	5,992.2	14,141.5	4.80	2.02
16.0	22.0	23.0	2.8	3.9	4.1	1.99	2.84	19.61	10.06	11.69	8,000.0	45,120.0	7.01	4.65
5.0	5.0	5.0	4.0	4.0	4.0	0.89	1.39	4.98	4.18	9.57	770.6	955.5	2.09	1.17
1.6	0.2	0.2	1.6	0.2	0.2	0.90	1.14	17.29	2.87	6.17	5,866.3	6,042.3	2.49	0.98
0.0	0.7	0.7	0.0	1.1	1.1	0.47	1.37	6.19	2.93	5.34	1,615.8	1,042.2	1.10	0.38
95.0	55.0	55.0	4.1	2.4	2.4	4.32	5.32	40.61	13.45	16.87	1,978.7	45,550.4	24.96	20.60
1.1	2.1	2.2	0.7	1.3	1.4	4.58	0.34	9.25	7.26	14.66	5,052.6	7,983.2	1.96	1.19
12.4	14.2	14.7	4.8	5.5	5.7	3.28	0.79	6.58	10.18	18.01	1,284.0	3,325.6	3.82	2.44
7.0	8.0	8.0	3.0	3.4	3.4	2.12	1.10	24.69	16.42	22.48	876.8	2,042.9	3.87	2.12
5.0	0.0	0.0	4.1	0.0	0.0	0.74	1.65	5.01	3.03	5.14	1,600.0	1,936.0	4.16	1.06
0.0	2.0	2.0	0.0	1.6	1.6	1.40	0.89	29.72	7.45	15.78	745.9	925.0	1.95	0.99
3.5	4.3	4.9	1.3	1.6	1.9	0.50	5.32	17.20	6.06	8.86	236.9	625.5	4.42	2.60
2.5	3.0	3.6	2.0	2.4	2.9	1.11	1.13	5.98	1.29	4.39	1,786.6	2,233.2	1.79	1.05
9.7	13.5	16.2	2.8	3.9	4.7	1.46	2.37	14.93	4.34	8.38	2,541.7	8,794.3	3.65	2.88
3.0	3.2	3.3	2.2	2.3	2.4	0.99	1.40	18.45	4.47	7.20	4,537.4	6,261.7	2.42	1.23
5.0	11.3	12.0	1.4	3.1	3.3	1.06	3.45	11.52	4.32	8.81	1,730.7	6,317.0	3.69	2.90
13.0	13.1	14.0	5.9	5.9	6.3	1.15	1.92	29.78	9.31	11.30	1,431.0	3,162.5	2.42	1.96
2.7	2.5	3.0	1.4	1.3	1.5	1.63	1.23	22.13	4.45	7.25	1,219.7	2,439.4	2.92	1.85
6.0	8.0	8.6	2.9	3.9	4.2	1.47	1.41	13.98	7.65	17.82	1,920.5	3,956.2	2.38	1.85
19.8	16.9	16.7	5.6	4.8	4.7	1.46	2.42	66.97	4.54	7.13	547.8	1,933.6	3.70	3.22
7.8	7.3	7.4	5.9	5.5	5.6	1.25	1.06	53.06	4.75	6.69	3,453.2	4,592.8	1.37	1.13
8.4	7.9	8.8	5.3	5.0	5.6	1.25	1.26	56.81	4.36	6.62	2,935.6	4,608.8	1.68	1.30
8.0	7.4	7.8	5.2	4.8	5.1	1.21	1.26	59.94	5.18	6.32	3,015.9	4,614.4	1.63	1.29
8.9	7.9	8.3	6.1	5.4	5.7	1.14	1.29	46.77	4.33	6.45	1,779.0	2,597.3	1.66	1.34
4.9	3.5	3.9	4.9	3.6	3.9	0.78	1.27	8.13	3.21	5.87	726.8	719.5	1.21	0.90
0.0	7.0	8.0	0.0	2.9	3.4	1.45	1.64	19.47	5.16	23.14	2,783.0	6,623.5	2.94	2.18
0.0	0.0	0.0	0.0	0.0	0.0	1.56	0.29	0.42	0.33	1.76	2,370.4	1,090.4	0.90	0.46
1.9	17.0	18.0	0.3	2.4	2.6	1.37	5.11	9.82	1.50	4.42	1,651.9	11,563.0	8.18	5.96
2.0	4.0	4.0	0.8	1.6	1.6	0.83	2.99	3.68	1.34	2.20	470.3	1,161.5	3.24	2.11
0.0	11.6	13.0	0.0	2.9	3.2	7.77	0.52	34.26	13.92	30.34	3,410.0	13,708.2	4.02	2.45
1.0	1.0	3.0	0.8	0.8	2.5	0.62	1.95	17.68	1.80	2.24	1,000.0	1,210.0	2.24	1.05
10.0	18.0	21.0	1.2	2.1	2.5	1.37	6.22	19.60	4.38	6.32	4,463.8	37,897.6	8.56	6.01
17.0	20.0	20.0	4.5	5.3	5.3	3.47	1.08	38.30	6.30	28.68	515.5	1,928.1	3.98	3.39
29.0	35.8	37.0	2.0	2.5	2.6	1.78	8.08	15.43	5.97	15.19	5,643.6	81,042.3	16.96	11.22
10.0	0.0	4.2	6.7	0.0	2.8	1.07	1.40	8.62	3.10	11.65	7,034.4	10,551.6	1.70	1.42
5.3	0.0	0.0	1.4	0.0	0.0	8.87	0.43	15.51	36.63	63.49	813.2	3,074.0	3.87	1.84
26.0	45.7	49.2	2.4	4.2	4.5	1.92	5.64	6.48	5.90	10.27	1,168.3	12,664.3	12.68	10.00
6.0	6.1	9.5	2.0	2.0	3.1	0.72	4.22	4.89	4.65	8.44	652.8	1,977.9	5.70	2.98
4.0	12.0	12.0	1.2	3.6	3.6	0.84	3.91	10.17	7.43	10.17	390.7	1,285.4	3.39	2.60
12.0	13.1	13.6	4.3	4.7	4.9	1.32	2.12	11.07	7.84	19.21	217.8	607.7	3.99	2.30
5.0	4.2	5.4	3.6	3.0	3.9	1.25	1.11	11.98	7.10	8.19	257.8	355.8	2.63	1.20
2.0	0.0	2.4	2.0	0.0	2.4	0.48	2.12	0.53	0.45	1.14	500.6	505.6	1.49	1.00
0.0	1.0	1.5	0.0	2.1	3.2	0.13	3.57	-1.24	-1.13	-1.88	715.0	336.1	0.84	0.45
34.0	46.5	38.5	3.5	4.7	3.9	2.68	3.67	16.02	11.01	14.06	849.7	8,369.5	10.68	8.24
10.0	12.0	12.0	2.6	3.1	3.1	1.37	2.85	11.99	6.49	11.24	370.5	1,445.1	4.50	3.20
0.0	100.0	4.5	0.0	37.6	1.7	0.53	5.02	8.24	1.03	2.41	416.0	1,106.5	3.76	2.29

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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 *rise* 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	*Negative* total return is expected to be -15% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* 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.

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