THEMATIC REPORT

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Positive Real Wage Growth to Continue Fueling Strong Consumer Spending

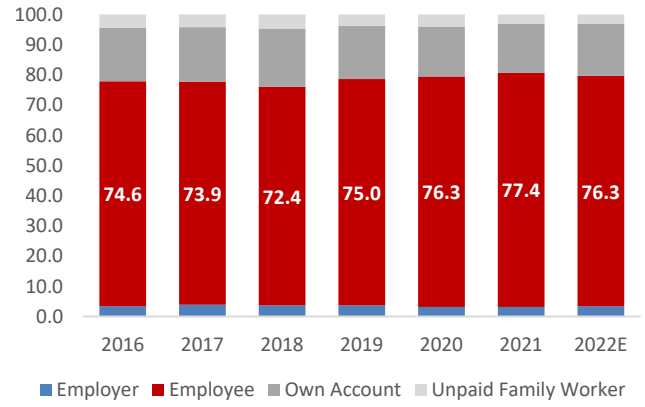
KEY HIGHLIGHTS

- **Employee's share remained strong despite pandemic crisis. Malaysia's labour market stayed resilient despite pandemic-led crisis in 2020. Total employment only fell by -0.1% during the year, mainly dragged by declines in employers and own-account workers.**
- **Wage recipients to employment ratio reached new peak in 2021. Based on the latest salaries & wages 2021 survey, we found that wage recipients to employment ratio hit new record high at 64.5% last year. The ratio hit bottom point in 2013 and gradually picked up since then.**
- **Household debt to GDP ratio declined closer to pre-pandemic level. Despite the increased borrowings, the ratio of household debt to GDP has been on a decline. As of 1HCY22, the ratio improved further and fell to 84.5% of GDP, still higher than but closer to the pre-pandemic level (2019: 82.8%).**
- **Moving into 2023. Considering external headwinds and tightening monetary policy in many economies, we foresee Malaysia's GDP growth to moderate to +4.2% for next year.**
- **Supply-push inflation factors to soften next year. Moving into 2023, supply-push factors on inflation are expected to soften among others underpinned by appreciation of USDMYR, moderation in food prices, further easing in global supply chain pressure and relatively lower commodity prices.**
- **We forecast private consumption to expand by +6.6% in 2023. Malaysia's consumer spending is expanding strongly as reflected in retail trade sales growth of +23.2%yoy in 8MCY22. Underpinned by positive real wage growth, improving labour market, stable inflationary pressure and fiscal incentives, private consumption is projected to grow by +6.6% for 2023.**

ECONOMICS & POLICY

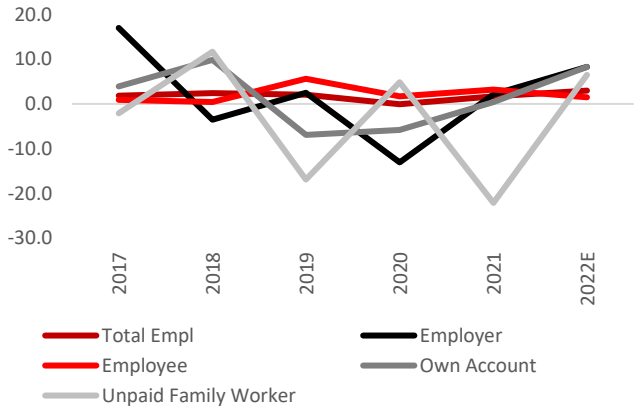
Employee's share remained strong despite pandemic crisis. Malaysia's labour market stayed resilient despite pandemic-led crisis in 2020. Total employment only fell by -0.1% during the year, mainly dragged by declines in employers (-13.1%) and own-account workers (-5.8%). On the other hand, employees, which make up about 76% of total employment, grew by +1.7%, and unpaid-family workers increased by +4.9%. By structure, employee's share continued to strengthen hitting new peak at 77.4% of total employment in 2021. The employers' share was however maintained at the range of 3~4%; whereas the share for own-account and unpaid-family workers descended to new lows at 16.4% and 3%, respectively, last year. Based on this trend, we conclude the strong labour demand in the post-pandemic recovery led to more people securing jobs as employees when they returned and entered the job market. As the economy continues to recover from the pandemic, all segments registered improving trends especially those with low base effects. Consequently, employees, the backbone of the economy, expanded steadily, dominating more than three-thirds of the workforce. We opine the strong employee's share is supporting the robust domestic demand and further solidify Malaysia's consumer spending.

Chart 1: Employment by Type (% of Total Employment)



Source: DOSM, MIDFR

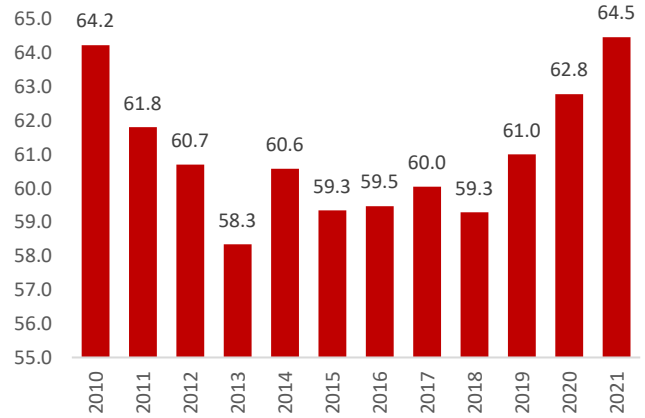
Chart 2: Employment by Type (YoY%)



Source: DOSM, MIDFR

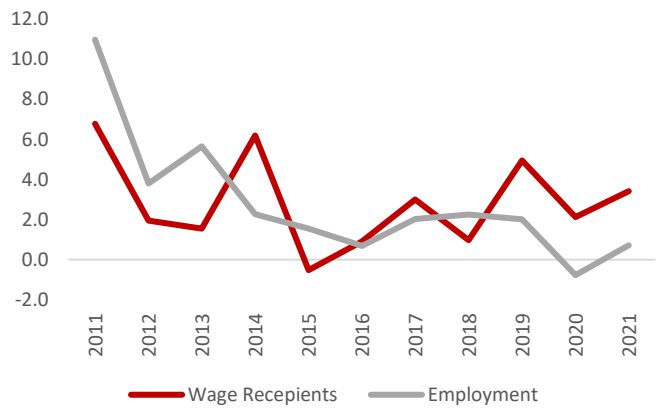
Wage recipients to employment ratio reached new peak in 2021. Based on the latest salaries & wages 2021 survey, we found that wage recipients to employment ratio hit new record high at 64.5% last year. The ratio hit bottom point in 2013 and gradually picked up since then. We believe the introduction of minimum wage in 2013 among others contributed towards the uptick in the ratio with more segments of the workforce being protected and paid properly. This is also in line with the employment structure changes as shares of unpaid-family workers fell to new low at 3% (record high 2018: 4.6%) and employee's portion surged to new high at 77.4% in 2021. We foresee the wage recipients to employment ratio to stay on uptrend this year underpinned by solid recovery in domestic economy and labour market. We found that wage recipients to employment ratio hit new record high at 64.5% last year. With this higher ratio, we believe this will support and translate into stronger consumer demand at least for 2HCY22 and 2023.

Chart 3: Wage Recipients to Employment Ratio (%)



Source: DOSM, MIDFR

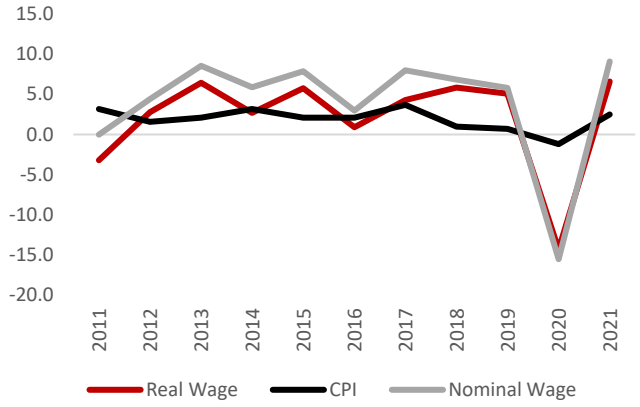
Chart 4: Wage Recipients vs. Employment (YoY%)



Source: DOSM, MIDFR

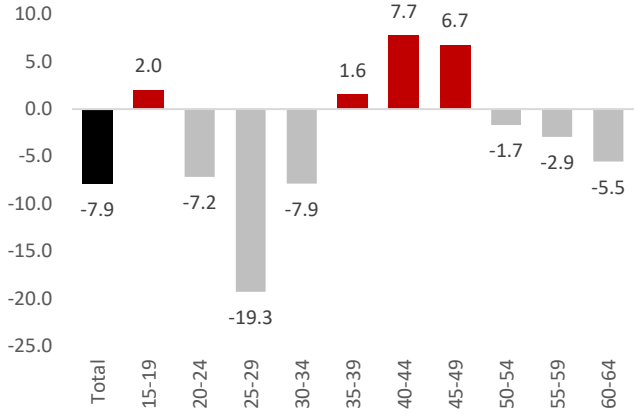
Median salary 2021 still lower than pre-pandemic. Median salary for 2021 rebounded to RM2,250 per month (2020: RM2,062). However, to measure post-pandemic recovery, the latest salary is still -7.9% lower than RM2,442 in 2019. Across different age groups, only four groups already surpassed the 2019's salary level; the 2021 median salary for age group 15~19 is at RM1,479 (2019: RM1,450), 35~39 at RM2,938 (2019: RM2,893), 40~44 at RM3,228 (2019: RM2,996) and 45~49 at RM3,069 (2019: RM2,875). On nominal term, the salary grew by +9.1% from previous year (2020: -15.6%), and +6.6%yoy (2020: -14.4%yoy) on real term. Looking ahead, we predict Malaysia's nominal wage growth to perform stronger this year amid stronger-than-expected macroeconomic recovery and imposition of higher minimum wage to RM1,500 per month starting in May-22. On inflation side, overall price growth is considered stable among others thanks to the fuel subsidy mechanism and we expect cost-push inflation shocks to soften swiftly moving into next year. Based on historical trend, with stable inflation, Malaysia recorded positive real wage growth since 2011 except 2020. Average nominal wage growth during 2011~2019 was +5.6% per annum vis-à-vis real wage growth at +3.4% and CPI inflation at +2.2%.

Chart 5: Median Salary Performances (YoY%)



Source: DOSM, MIDFR

Chart 6: Median Salary 2021 vs. 2019 (% Difference)



Source: DOSM, MIDFR

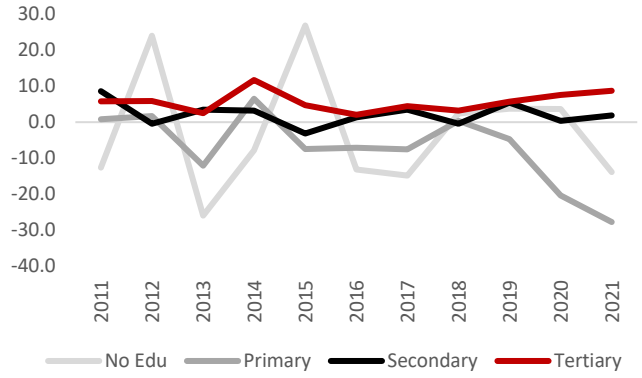
Table 1: Salaries & Wages by Age

By Age	% of Employment			Median Salary (RM)			Real Wage Growth (%)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total	61.0	62.8	64.5	2,442	2,062	2,250	5.1	(14.4)	6.6
15-19	52.0	53.3	37.1	1,450	1,211	1,479	1.2	(15.3)	19.6
20-24	60.2	65.3	65.2	1,577	1,289	1,464	(0.2)	(17.1)	11.1
25-29	63.8	63.8	65.9	2,206	1,817	1,781	3.8	(16.4)	(4.5)
30-34	65.3	65.6	70.5	2,672	2,410	2,462	7.3	(8.6)	(0.3)
35-39	65.5	68.5	70.4	2,893	2,862	2,938	9.2	0.1	0.2
40-44	63.3	68.5	71.2	2,996	3,028	3,228	8.7	2.3	4.1
45-49	61.2	64.3	68.8	2,875	2,757	3,069	9.2	(2.9)	8.8
50-54	56.4	57.8	60.8	3,095	2,712	3,043	8.1	(11.2)	9.7
55-59	51.2	49.6	52.2	3,096	2,645	3,005	1.6	(13.4)	11.1
60-64	32.6	29.4	30.4	2,272	1,608	2,146	7.6	(28.0)	31.0

Source: DOSM, MIDFR

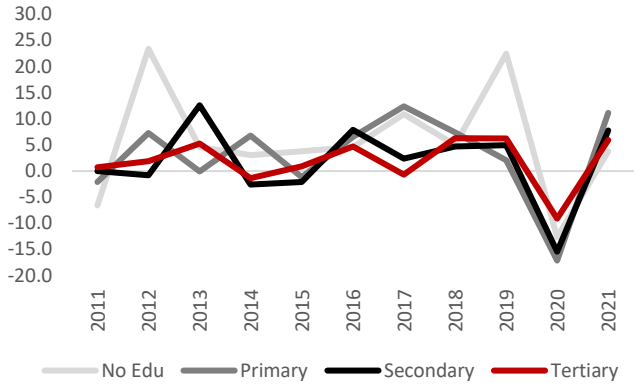
Job market shifts toward skilled occupations. Tertiary education holders collected 42.9% of total wage recipients in 2021, the highest ever recorded (2010: 31.9%). On a flip side, other education holders saw declining trends in terms of shares of wage recipients. In fact, no formal education, primary and secondary education holders hit the lowest point at 0.5%, 2.8% and 53.8% respectively last year. A decade ago, workers with secondary education constituted about 58% of wage recipients, while primary education was at 9%. We view the shift in job market as positive change for long-term economic development and cement for stronger consumer spending as employment growth for the secondary and tertiary education holders are more stable than the others. In addition, real wage growth for these two holders registered at strong positive rate and is expected to sustain in 2022 onwards.

Chart 7: Wage Recipients by Edu. Attainment (YoY%)



Source: DOSM, MIDFR

Chart 8: Real Wage Growth by Edu. Attainment (YoY%)



Source: DOSM, MIDFR

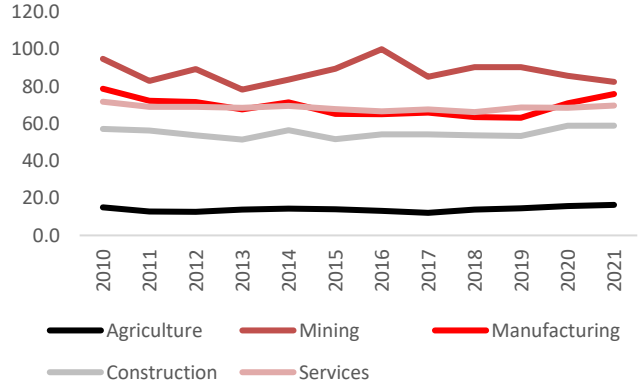
Table 2: Salaries & Wages by Education Attainment

By Edu. Attainment	% of Employment			Median Salary (RM)			Real Wage Growth (%)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total	61.0	62.8	64.5	2,442	2,062	2,250	5.1	(14.4)	6.6
No formal education	13.1	16.7	10.1	1,436	1,237	1,315	22.5	(12.7)	3.8
Primary	25.8	24.8	20.9	1,560	1,274	1,448	2.1	(17.1)	11.2
Secondary	61.0	61.7	63.2	1,955	1,630	1,797	5.0	(15.4)	7.7
Tertiary	80.3	80.1	83.5	3,901	3,499	3,794	6.2	(9.1)	5.9

Source: DOSM, MIDFR

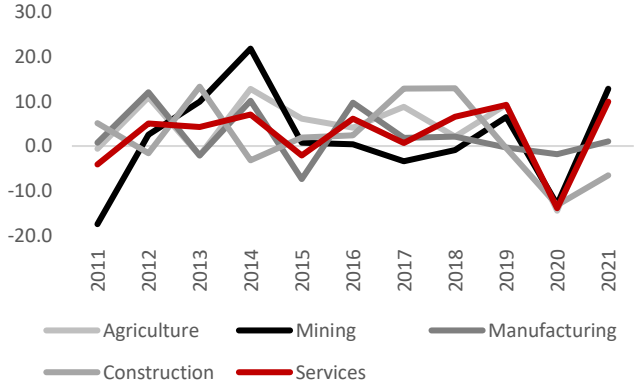
Less than 20% of agriculture employment receive salary & wage. Since 2010, wage recipients to employment in agriculture sector hovered between 12~16%. Even though the ratio on ascending trajectory, this reflects the sector in general depends on cheap and low-skilled labour. By salary level, median pay for agriculture worker is RM1,490 per month in 2021, the lowest among the major five sectors and well below the national median of RM2,250. As global commodity prices recovered in 2021, real wage growth for agriculture and mining sectors jumped by double-digit rate surpassing +12%. Due to long nationwide restrictive measures last year, construction output slumped and derailed real wage growth, falling by -6.5% and marking the third consecutive years of contraction for construction workers. Looking ahead, we foresee brighter prospect for construction as well as other sectors benefiting from domestic economic reopening, elevated global commodity prices, upbeat external demand and manageable inflationary pressure. We expect real wage growth for most sectors to still register positive growth in 2022 as well as 2023.

Chart 9: Wage Recipients to Employment Ratio by Sector (%)



Source: DOSM, MIDFR

Chart 10: Real Wage Growth by Sector (YoY%)



Source: DOSM, MIDFR

Table 3: Salaries & Wages by Sector

By Sector	% of Employment			Median Salary (RM)			Real Wage Growth (%)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total	61.0	62.8	64.5	2,442	2,062	2,250	5.1	(14.4)	6.6
Agriculture	14.5	15.7	16.4	1,531	1,291	1,490	9.3	(14.5)	12.9
Mining	90.4	85.8	82.4	3,968	3,402	3,921	6.5	(13.1)	12.8
Manufacturing	63.2	70.9	75.9	1,967	1,908	1,976	(0.3)	(1.8)	1.1
Construction	53.5	58.9	58.9	2,169	1,856	1,781	(0.5)	(13.2)	(6.5)
Services	68.7	68.6	69.7	2,672	2,268	2,550	9.2	(13.9)	9.9

Source: DOSM, MIDFR

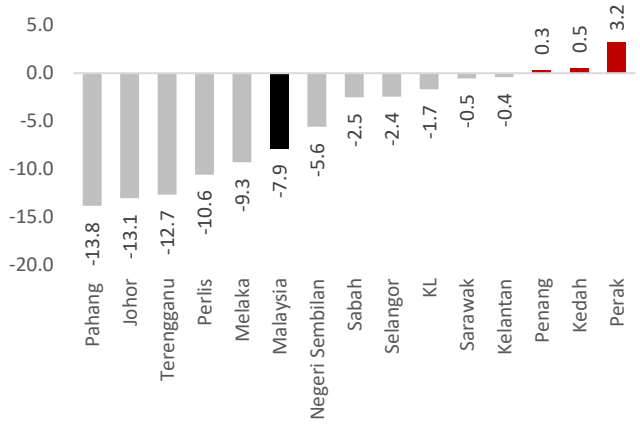
Only three states record higher than pre-pandemic median salary. Only Kedah, Penang and Perak made the cut in terms of median salary comparison 2021 against 2019. The income level recovered in 2021 higher than pre-pandemic level in 2019: RM1,918 in Perak (or +3.2% higher than RM1,858 in 2019), RM1,757 in Kedah (2019: RM1,748), and RM2,353 in Penang (2019: RM2,346). On the other hand, the 2021-2019 differential of median salary for states like Melaka (-9.3%), Perlis (-10.6%), Terengganu (-12.7%), Johor (-13.1%) and Pahang (-13.8%) are even bigger than national's -7.9%, indicating a much slower recovery in income level. By real wage growth, all states except Kuala Lumpur recorded positive rate ranging from +0.4~27.2%. It is concerning that real wage growth in KL declined further by -1.4% as KL houses about 5% of total national employment. We opine this is attributable to the higher pressure of living cost crisis, particularly spike in food inflation, resulting in negative real wage growth. In fact, real wage growth in Selangor which constitutes about 23.4% of total employment only grew by +3.1%, lower than +6.6% at national level. We view this situation as a downside risk to Malaysians' purchasing power and consumer spending as inflation and low real wage growth may derail the consumer demand particularly in the Klang Valley area which represent almost one-third of the Malaysia's population.

Table 4: Salaries & Wages by State

By State	% of Employment			Median Salary (RM)			Real Wage Growth (%)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Malaysia	61.0	62.8	64.5	2,442	2,062	2,250	5.1	(14.4)	6.6
Johor	64.6	65.4	66.3	2,512	2,124	2,184	3.3	(14.0)	0.4
Kedah	59.6	63.8	66.7	1,748	1,474	1,757	2.4	(13.9)	16.5
Kelantan	56.3	60.2	63.9	1,639	1,343	1,632	1.8	(16.6)	18.4
Melaka	69.9	76.8	79.5	2,415	2,120	2,190	3.5	(10.3)	0.9
Negeri Sembilan	65.3	70.2	69.9	2,433	2,062	2,297	2.9	(13.6)	8.8
Pahang	59.0	63.1	63.8	2,225	1,753	1,917	5.1	(20.0)	6.4
Penang	70.2	73.7	70.0	2,346	2,082	2,353	4.8	(10.5)	10.9
Perak	67.1	66.1	72.3	1,858	1,629	1,918	4.1	(11.0)	15.0
Perlis	64.0	66.7	70.3	2,010	1,571	1,797	0.9	(20.0)	11.7
Selangor	66.9	66.5	65.5	2,956	2,725	2,884	8.8	(7.2)	3.1
Terengganu	65.1	68.6	71.4	1,911	1,514	1,669	1.9	(19.5)	6.8
Sabah	36.1	37.8	40.6	1,980	1,716	1,930	1.3	(11.4)	10.9
Sarawak	59.5	63.4	66.8	2,070	1,593	2,059	1.7	(21.2)	27.2
KL	67.2	65.9	71.6	3,106	3,037	3,054	4.2	(1.6)	(1.4)

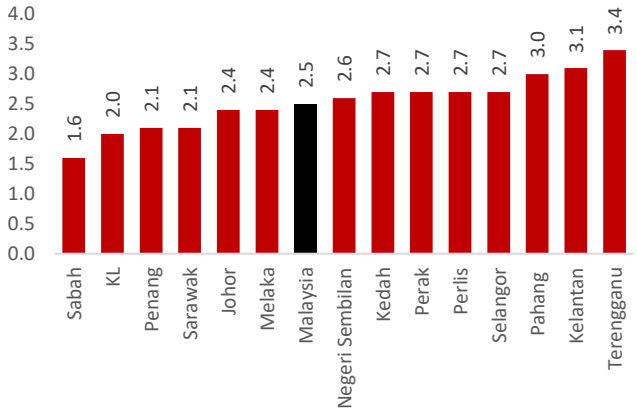
Source: DOSM, MIDFR

Chart 11: Median Salary 2021 vs. 2019 (% Difference)



Source: DOSM, MIDFR

Chart 12: Headline CPI by State 2021 (YoY%)



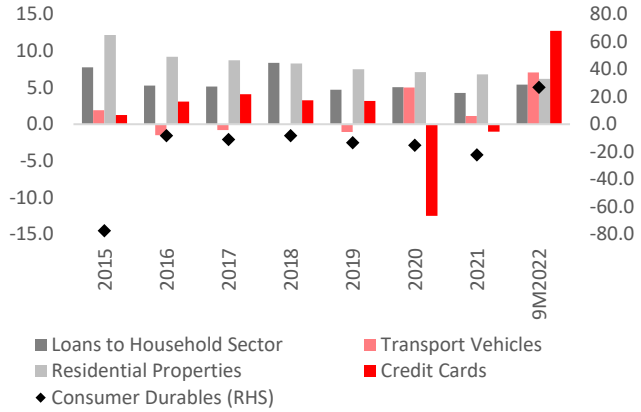
Source: DOSM, MIDFR

Household debt

Household borrowing continued to grow. When pandemic hit Malaysia's economy, loans to household sector continued to grow robustly at +5.0% in 2020 (2019: +4.7%). This strong loan growth was however masked by the repayment moratorium, keeping the outstanding loans at high levels. As Malaysia's economic recovery stunted by the nationwide lockdown, we see loan growth to the household sector moderated to +4.3% in 2021. Going into 2022, as growth momentum strengthened following reopening of the economy, Malaysia's household sector increased borrowing (9M2022: +5.4%yoy) mainly to finance purchases of big-ticket items, i.e. residential properties (9M2022: +6.2%yoy; 2021: +6.8%) and motor vehicles (9M2022: +7.0%yoy; 2021: +1.1%). Latest banking data statistics as of Sep-22, personal loans for purchases of consumer durables rebounded (9M2022: +26.9%yoy; 2021: -22.2%) and credit card loans surged (Sep-22: +12.7%yoy; 2021: -1.0%) as households increased their spending and mobility. Overall, the continued credit growth to the household sector was also driven by incentives provided by the government as part of the stimulus programmes (e.g. homeownership campaign and SST exemption for passenger cars) to revive the economy. As borrowing increased further, the level of household indebtedness among Malaysians remains a concern, being one of the highest in the region.

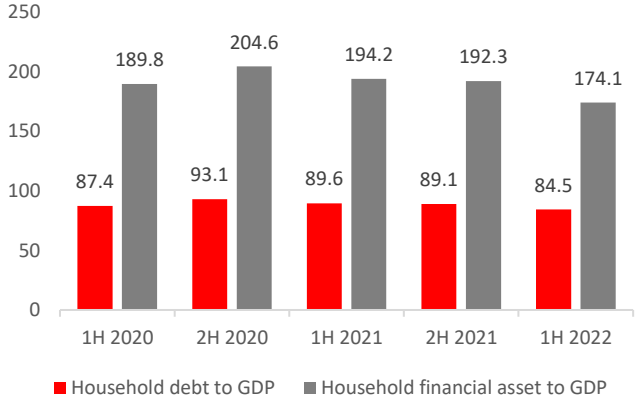
Household debt to GDP ratio declined closer to pre-pandemic level. Despite the increased borrowings, the ratio of household debt to GDP has been on a decline. As of 1HCY22, the ratio improved further and fell to 84.5% of GDP after declining to 89.1% in 2021 (2020: 93.1%). Nevertheless, the latest ratio is still higher than but closer to the pre-pandemic level (2019: 82.8%). The lower debt-to-GDP ratio indicates Malaysia's economic growth has been more robust, growing faster than the increase in household debts. To a certain extent, the growth was achieved with less dependence on household debts. This being an exceptional development during the post-pandemic recovery was partly explained by income growth in the recent years coming from special transfers and cash assistance (especially for low-income groups) under the government's fiscal stimulus measures as well as other factors such as extra savings from loan repayment moratorium and series of EPF withdrawals. Going forward, we foresee lending to household sector to continue growing on the back of positive income growth in line with sustained macroeconomic growth. On the other hand, rising borrowing costs would limit household borrowing and keep household debt to GDP in check.

Chart 13: Loans to Household Sector (YoY%)



Source: DOSM, MIDFR

Chart 14: Ratios for Household Sector (%)



Source: BNM, MIDFR

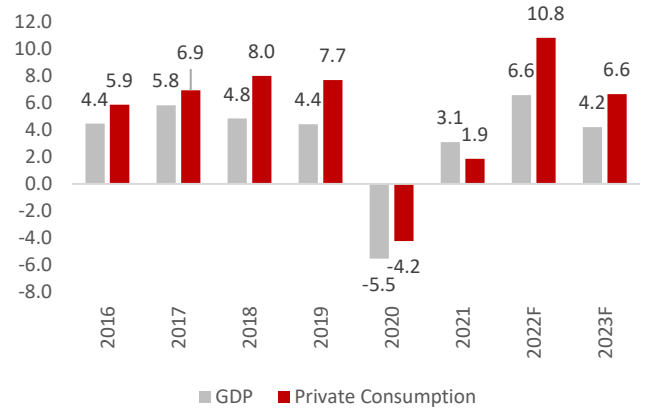
Inflation & Domestic Demand Outlook

Moving into 2023. Considering external headwinds and tightening monetary policy in many economies, we foresee Malaysia's GDP growth to moderate to +4.2% for next year. The softening growth is mainly due to deceleration in external trade performance as slower global demand is highly anticipated. The normalized GDP growth next year is also attributable to the absence of low base effect, which also boosted growth this year. On the other hand, we are optimistic that domestic economy to be fueled by continuous upbeat consumer spending, further improvement in tourism-related activities and revival of infra projects.

Supply-push inflation factors to soften next year. Moving into 2023, supply-push factors on inflation are expected to soften among others underpinned by appreciation of USDMYR, moderation in food prices, further easing in global supply chain pressure and relatively lower commodity prices. However, Malaysia's inflation outlook remains cloudy for next year, awaiting the post-GE15 government's approach on fuel-subsidy mechanism. If the new Government keeps status quo on the fuel subsidy, hence headline inflation is expected to hover between +2.3~2.5% for 2023. If the subsidy mechanism abolished entirely, headline inflation could touch +10%, while gradual increase in domestic retail fuel prices would result into +4~5% for next year.

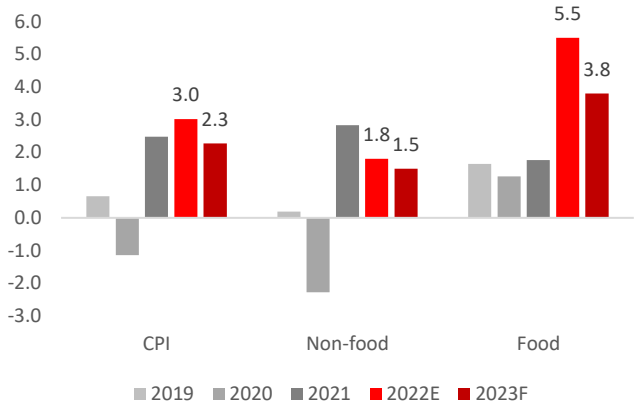
We forecast private consumption to expand by +6.6% in 2023. Malaysia's consumer spending is expanding strongly as reflected in retail trade sales growth of +23.2%yoy in 8MCY22. Underpinned by positive real wage growth, improving labour market, stable inflationary pressure and fiscal incentives, private consumption is projected to grow by +6.6% for 2023. We believe the pent-up demand will continue provided that no significant change in overall inflationary pressure which could erode purchasing power. With the reopening of international borders, tourism activity will improve modestly yet still below pre-pandemic levels. Consumer spending in Malaysia to stay steady amid stable inflation and jobless rate is set to decline further to 3.5% next year, among others thanks to sustained economic recovery in post-pandemic period as well as the return of non-citizen workers to Malaysia's job market. In addition, we anticipate that BNM's OPR will be fully normalized at 3.00% in the early part of 2023, creating a monetary space for the central bank in the event of worse-than-expected global economic slowdown.

Chart 15: GDP vs Private Consumption (YoY%)



Source: Macrobond, MIDFR

Chart 16: Inflation Forecast (YoY%)



Source: Macrobond, MIDFR

EQUITY

CONSUMER.....Maintain POSITIVE

Strong employee share in 2021 which encourages consumer spending. The Department of Statistics Malaysia ("DOSM") reported that the employee's share expanded to 77.4% in 2021. In 2021, the salary beneficiaries to employment ratio set a new high at 64.5%. The greater proportion of employees than own-account (self-employed) workers in Malaysia's labor market implies that a substantial workforce receives guaranteed income. Thus, the consistent amount of money that is deposited into bank accounts on a weekly or monthly basis provides financial security for the workers and their family. When more people are earning a consistent income and anticipating continuing to do so, more people are likely to engage in discretionary spending. In our view, this will sustain the domestic demand and further strengthen Malaysia's consumer spending. As such, this could benefit some of the consumer discretionary companies we cover, primarily retailers. **Aeon (BUY, TP: RM1.87)** and **Padini (NEUTRAL, TP: RM3.00)** might experience better foot traffic and sales because of improving consumer spending. This is because their products are priced moderately, enabling individuals who have steady employment to spend more on the products.

Improved median monthly salary ahead supported by the increased minimum wage to RM1,500 per month. DOSM stated that the median monthly salary and wage for 2021 improved +9.1%yoy to RM2,250, but was still below the pre-pandemic (2019) level of RM2,442. In 2021, Malaysia's real wage growth expanded by +6.6%yoy while CPI increased by +2.5%yoy. Going forward, our in-house economist predicts that Malaysia's nominal wage growth will perform better in 2022. This is supported by a stronger-than-anticipated macroeconomic recovery and the implementation of a higher minimum wage of RM1,500 per month beginning in May-22. When real wages growth expanded, consumers have more income available for spending on both necessities and discretionary products. As a result, we think that an increase in consumer spending on products will lead to an increase in product demand and ultimately higher corporate sales. All local-focused staple foods producers and retailers that fall within our coverage will benefit from this.

Solid demand and greater pricing ability for manufacturers of basic foods. The demand for staple foods is particularly inelastic and resilient as consumers typically considered staple items as primary and essential for life and are unwilling to delete them from their budget. Among the Malaysian consumer companies, we saw strong demand for staple food producers with well-known brands. This includes **Nestle (NEUTRAL, TP: RM137.80)**, **QL Resources (BUY, TP: RM5.62)**, **F&N (BUY, TP: RM29.70),** and **Spritzer (BUY, TP: RM2.54).** We gather that the topline of these major players has constantly increased despite multiple price changes to pass on costs, reflecting that sales volume and consumer

sentiment are still robust. In contrast, the demand for **Leong Hup International (NEUTRAL, TP: RM0.47)** is constrained due to the prolonged export ban for chicken in Malaysia. This has an impact on the company's earnings because it exports most its chicken to other countries.

Minimal impact on consumer durable and export-oriented companies. Based on a recent study by the Malaysian Institute of Economic Research (MIER), consumers are becoming more cautious when making big purchases of durable goods due to the current inflationary environment. Hence, we are cautious that the demand will remain weak for major durables such as furniture and consumer electronics — including **Panasonic Manufacturing Malaysia (SELL, TP: RM21.20)**, that offers limited number of household electrical products. Nevertheless, we believe that the positive real wage growth in Malaysia will have little impact on export-oriented companies like **Rhong Khen International (NEUTRAL, TP: RM1.23)** and **Asia File (BUY, TP: RM1.96).**

Maintain POSITIVE. We are **positive** about the sector's outlook supported by the: (1) strengthening labor market which could boosts consumer spending, (2) stable commodity prices, and (3) upcoming festive season which could increase sales. Our positive calls remain selective. **QL Resources (BUY, TP: RM5.62)** is our top pick, underpinned by its diversified revenue base across four divisions, which protects against any downside risk. We also favor **F&N (BUY, RM29.70)** for its consistent product innovation to satisfy consumer demand and taste as well as the recent proposed acquisition of Permai Damai and Cocoaland (which could support its future earnings growth). We have a BUY for **AEON (BUY, TP: RM1.87)** due to its seamless adoption of the online-merge-offline (OMO) strategy and its initiative to offer private label products to consumers at a lower price compared to brand names.

Downside risks are: (1) a sharp increase in commodity prices, which compressed the margin, (2) weaker-than-expected consumer sentiments for both staple and discretionary products, and (3) stronger-than-expected USD that increased the production cost, because most of the commodities were bought in USD.

TABLE 1: VALUATION MATRIX

Name	Recc.	Price @ 2/11	TP	Upside (%)	Mkt Cap (RM'm)	PER (x)	EPS (sen)		Div.Yield (%)		Cash/Mkt Cap	Total Debt - to - Equity
							CY22	CY23	CY22	CY23		
Consumer staples:												
Fraser & Neave Holdings	BUY	RM20.10	RM29.70	47.8%	7,372.2	18.7	107.4	121.3	3.0	3.3	7.5	2.3
Nestle Malaysia	NEUTRAL	RM133.00	RM137.80	3.6%	31,188.5	50.1	265.7	314.5	2.2	2.3	0.0	88.2
Leong Hup International	NEUTRAL	RM0.46	RM0.47	2.2%	1,679.0	14.4	3.2	2.8	2.0	1.7	45.5	139.7
QL Resources	BUY	RM5.12	RM5.62	9.8%	12,460.3	15.3	33.4	15.4	3.8	1.8	3.9	56.6
Spritzer	BUY	RM2.00	RM2.54	27.0%	418.7	14.4	13.9	15.8	2.5	2.8	25.7	1.3
Hup Seng Industries	BUY	RM0.66	RM0.79	19.7%	528.0	24.7	2.7	4.1	3.0	4.5	12.6	0.4
Simple mean					**16.5**	**22.9**	**71.0**	**79.0**	**2.7**	**2.8**	**15.9**	**48.1**
Weighted Avg.						**36.0**	**177.2**	**203.3**	**2.7**	**2.4**	**3.7**	**69.1**
						16.6						
Consumer discretionary:												
Aeon Co M	BUY	RM1.35	RM1.87	38.5%	1,895.4	13.8	9.8	10.7	4.1	4.5	10.2	160.3
Padini Holdings	NEUTRAL	RM3.39	RM3.00	-11.5%	2,230.3	21.5	15.8	20.3	1.8	2.7	36.3	43.9
Asia File Corp	BUY	RM1.72	RM1.96	14.0%	335.0	7.3	23.7	24.7	1.3	1.4	64.0	1.0
Panasonic Manufacturing Malaysia	SELL	RM23.10	RM21.20	-8.2%	1,403.2	28.7	80.5	110.5	3.2	4.3	31.5	0.0
Rhong Khen International	NEUTRAL	RM1.40	RM1.23	-12.1%	271.6	8.1	17.3	17.4	4.1	4.1	98.5	20.5
Simple mean						**15.9**	**29.4**	**36.7**	**2.9**	**3.4**	**48.1**	**45.1**
Weighted Avg.						**19.4**	**29.2**	**38.1**	**2.9**	**3.6**	**31.4**	**66.4**

Source: MIDFR, Bloomberg

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% 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.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology