CONSUMER

Maintain NEUTRAL

Heightened Operating Costs Loom Ahead

KEY INVESTMENT HIGHLIGHTS

- **Retail: Optimistic retail trade outlook for staple**
- **F&B: Global agricultural commodities remain elevated, tight supplies key factor**
- **Poultry: Retail prices remain elevated, feed costs expected to stay low in 2024**
- **Depreciation of USD/MYR exchange rate in February 2023**
- **Stronger USD likely to drive up raw material costs**
- **4QCY23 earnings mostly within expectation**
- **Maintain NEUTRAL on the consumer sector**

Retail: Optimistic Retail Trade Outlook for Staple

Organic Retail Trade Growth in FY23. Based on DOSM, retail trade continued to rise by +5%yoy to RM62.4b. Non-specialised, F&B and Tobacco, Household and equipment, and other stores recorded growth (both year-on-year and month-on-month basis), mainly attributed to the year-end holiday and festive season celebrations that boosted spending on retail products. Cumulatively, retail trade growth normalized to an organic growth of +9%yoy to RM720b in FY23 as opposed to a double-digit growth of +23.9%yoy to RM661b in FY22. This shows the resilient retail trade in Malaysia, with organic growth despite higher base effects and rising inflationary pressures.

Table 1: Malaysia's monthly key statistics for Dec 2023

Data	Monthly Data				
	Dec-23	Nov-23	Dec-22	YoY	MoM
Retail Trade (RM'b)	**62.4**	**61.3**	**59.5**	**5.0%**	**1.8%**
Non-specialized Stores	23.8	23.4	22.4	6.3%	1.8%
F&B and Tobacco	3.9	3.8	3.5	9.9%	1.8%
Household Equipment	7.4	7.3	7.0	5.9%	1.3%
Others in Specialized Stores	13.2	12.8	12.5	5.8%	3.2%
Unemployment rate (%)	3.3	3.3	3.6	(0.3) ppt	(0.1) ppt

Sources: Department of Statistics Malaysia (DOSM), BNM, MIDFR
**Non-specialized Stores = supermarkets, hypermarkets, and convenience stores.*
**F&B and Tobacco = restaurant, food-related & tobacco related stores.*
**Household Equipment = textiles, hardware, carpets, electrical appliances, or furniture.*
**Others in Specialized Stores = clothing, footwear, pharmaceuticals, watches, souvenirs, and others.*

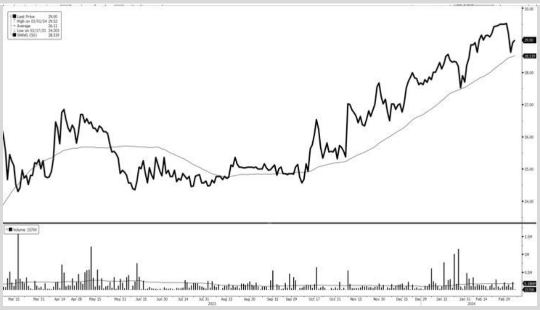
F&B and tobacco stores remain top performers in 2024 due to inelastic demand. Moving forward, we are positive about solid domestic retail consumption for F&B and tobacco in 2024. This is underpinned by (1) resilient out-of-home F&B consumption due to strong domestic consumer preference for OOH, coupled with an influx of both business and leisure tourist arrivals, with international passenger movement in Malaysia returning to 78% of the pre-pandemic level, (2) steady job market prospects, with an unemployment rate remaining low at 3.3% in Dec 2023, as well as (3) various cash assistance and initiatives introduced in Budget 2024 that could fuel spending on staple food. This aligns with MIDF Economists' upbeat retail trade outlook: Economic Review: Dec 2023 Distributive Trade.

COMPANY IN FOCUS

Fraser & Neave Holdings Berhad
Maintain **BUY** | Unchanged Target Price: RM33.50
Price @ 7th Mar 2024: RM29.02

- Gain from the growing OOH beverage consumption.
- Benefit from the hot weather and influx of tourists.
- Obtain additional revenue from the integration of Cocoaland.

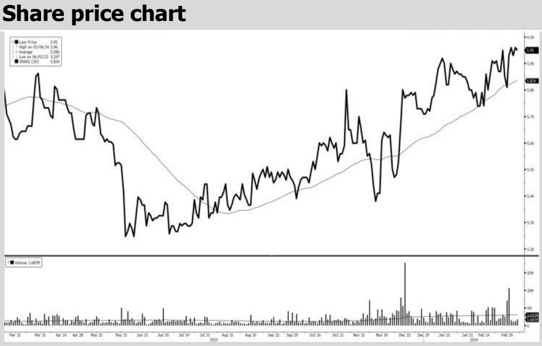
Share price chart



QL Resources Berhad
Maintain **BUY** | Unchanged Target price: RM6.50
Price @ 7th Mar 2024: RM5.96

- Solid demand for marine and livestock products.
- Growing contribution from supplying in-flight hot food to MAS Awana.
- Diversified revenue base.

Share price chart



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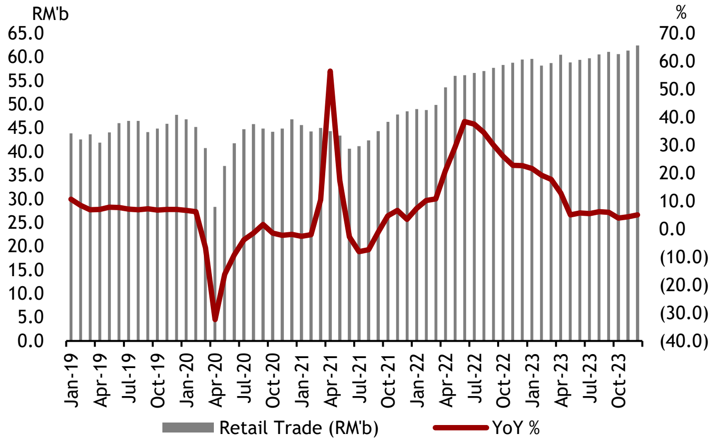
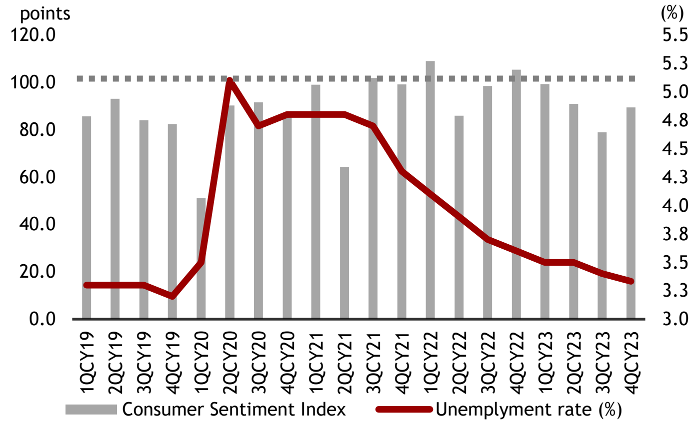
Discretionary demand remains subdued amidst various economic headwinds and inflationary pressures. Looking forward, we anticipate that price-sensitive consumers will be more cautious in their discretionary and major durable spending in 2024. This is mainly due to the global economic slowdown, as well as potentially higher inflationary pressure in 2024, possibly from some of the fiscal measures. We also notice that consumers are now looking for cheaper alternatives like private label brand products, and, to a certain extent, consumers defer purchases or even prefer purchases with instalment options rather than cash or credit. Hence, we expect a spillover impact on retailers like **Aeon Co (NEUTRAL, TP: RM1.14).**

Chart 1: Malaysia's Monthly Retail Trade



Sources: DOSM, MIDFR

Chart 2: Malaysia's Consumer Sentiment Index



Sources: DOSM, MIER, MIDFR

F&B: Global Agricultural Commodities Remain Elevated, Tight Supplies Key Factor

Most global agricultural commodities remained elevated, with global tight supplies being the key factors. Average 3-month futures global commodity prices for key raw ingredients in F&B production, such as raw sugar, white sugar, cocoa, robusta, arabica, and PET resin, all remained elevated in February 2024. This was primarily attributed to tight global supplies caused by extreme weather that reduced production output. Brazilian port congestion and traffic at the Panama Canal eased in February 2024. Meanwhile, the PET resin price turned higher mainly due to elevated Brent crude oil following the Red Sea crisis and OPEC+ cuts supporting oil prices.

Looking ahead for remainder of 2024, we are cautious that fluctuations in certain global commodities prices (sugar, cocoa, arabica, robusta) for F&B manufacturers will likely continue in the near term. This is primarily due to anticipated tight supplies persisting into 2024, caused by adverse weather in major producing countries. Additionally, we opine that there is a possibility that the higher services tax and the expected rationalization of fuel prices in Malaysia will influence logistics cost of agricultural commodities to F&B producers' manufacturing plants from the port. This is given that the cost-plus-margin business of logistics providers.

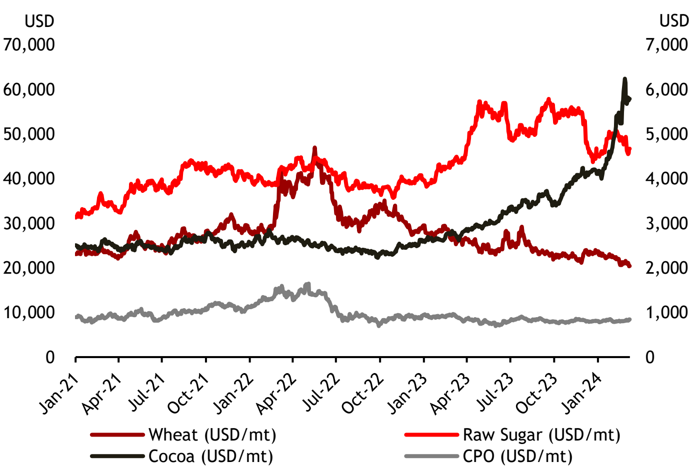
We anticipate that **Nestle Malaysia (NEUTRAL, TP: RM127.00), Fraser & Neave (BUY, TP: RM33.50), Hup Seng Industries (BUY, TP: RM0.99),** and **Spritzer (BUY, TP: RM2.08)** will be impacted, primarily due to the significant contribution of raw material costs to its production expenses and likely affected by the delivery of raw materials to the production facilities. On the other hand, we expect PET resin prices to remain low in 2024 compared to 2022, in tandem with our in-house analyst's expectation that Brent crude oil will remain at USD84 per barrel on average in 2024, as well as concerns about weaker demand from China pressuring the price lower.

Table 2: Feb 2024 Average Commodities Futures Prices for F&B Producers

Commodities	Feb-24	Jan-24	Feb-23	YoY (%)	MoM (%)	Remarks
Wheat (USD/mt)	21,607	22,779	28,253	(23.5)	(5.1)	Year-on-year: Lower prices were due to ample global supplies, with major exporters like Iran and Argentina expected to have higher production, as per USDA. Month-on-month: Reduced prices were due to sufficient global supplies of wheat, as mentioned on a yearly basis.
Cocoa (USD/mt)	5,460	4,323	2,696	102.5	26.3	Year-on-year: Continued higher prices are mainly attributed to an anticipated global cocoa deficit. Western Africa (70% market share), is severely affected by extreme rainfall, raising the risk of lost crops, as well as ongoing risks from the cocoa swollen shoot virus and a scarcity of fertilizers. Month-on-month: The higher price was due to similar reasons of limited global cocoa supply.
Raw Sugar (USD/mt)	49,233	47,439	42,634	15.5	3.8	Year-on-year: Higher price was due to the anticipation of lower global supplies following continuous extreme dry weather that caused drought in India and Thailand (the 2nd & 3rd largest exporters). Supplies remained scarce despite the fact that output in Centre-South Brazil (the top production region) is likely to continue high despite a minor decline in cane harvest, with mills preferring to produce the sweetener over biofuel ethanol. Month-on-month: Lower price was similar due to limited global supply amidst low production in Thailand and India.
CPO (USD/mt)	806	815	921	(12.5)	(1.2)	Year-on-year: Lower price was attributed to weaker export demand, with greater purchases shifted to soy oil and sunflower oil. Month-on-month: Price dropped following a similar trend as mentioned on a yearly basis.
White Sugar (USD/mt)	897	895	889	1.0	0.2	Year-on-year: Increased price was in line with rising raw sugar costs given the anticipations of a limited supply of sugar globally. Month-on-month: Prices increased in tandem with raw sugar prices.
Arabica (USD/mt)	3,822	3,786	3,719	2.7	0.9	Year-on-year: Higher price was due to concerns about global supply shortages in most exporting countries, shrinking inventories, and continuously strong demand for Arabica coffee beans. Month-on-month: Similar to the previous reason, the price increase was due to tight supplies from most global exporting countries, lower stockpiles, and persistently robust demand for Arabica coffee.
Robusta (USD/mt)	3,043	2,829	2,069	47.1	7.6	Year-on-year: Higher price was due to continuous high demand and the expectation of decreased output, in line with tight supplies of Arabica. MoM: Uptick of price was due to strong demand and weaker global supplies for coffee inventory.
PET Resin (USD/mt)	1,005	999	1,096	(8.3)	0.6	Year-on-year: Decreased price due to normalize Brent crude oil prices compared to previous year. Month-on-month: Price increased mainly due to higher Brent crude oil prices during the month, as geopolitical tensions in the Middle East, OPEC+ cuts support oil supply more than offset a forecast from the International Energy Agency for slowing demand.

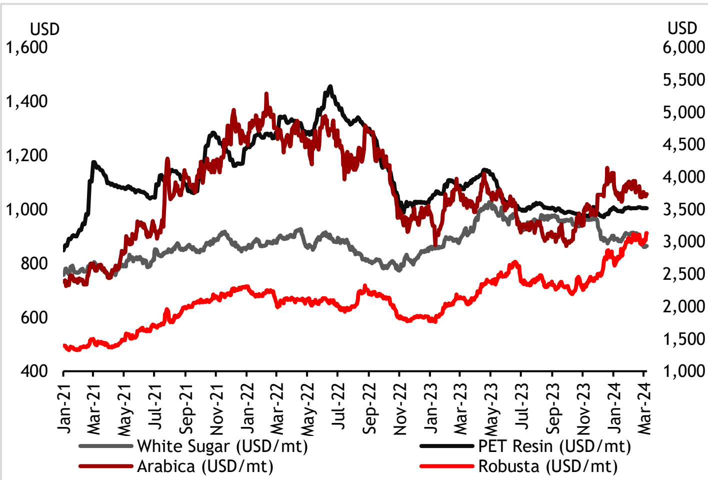
Sources: Bloomberg, USDA, MIDFR
****Pet resin = Polyethylene terephthalate*

Chart 3: Raw Material Futures Price Trend for Food Producers (USD/mt)



Sources: Bloomberg, MIDFR

Chart 4: Raw Material Futures Price Trend for Beverage Producers (USD/mt)



Sources: Bloomberg, MIDFR

Poultry: Retail Prices Remain Elevated, Feed Costs Expected to Stay Low in 2024

Food inflation Persists in Malaysia with Chicken and Grade A-C Egg Prices Increased in Jan 24. The average chicken price for the month stood at RM10.33/kg, up from RM10.18 in Dec 2023. This exceeded the previous national retail price control of RM9.40/kg. Only Kelantan, Negeri Sembilan, Putrajaya, and KL are selling retail chicken at or below the previous retail price control in Jan 2024. Meanwhile, the average prices for all Grade A-C hen's eggs in January 2024 exceeded the retail price controls set for eggs in various states across Malaysia. This increase is attributed to persistent egg shortages, driving prices higher. Recall that the government lifted price controls and subsidies for chicken effective 1 November 2023, while price controls and subsidies for chicken eggs remain in place.

Table 3: Malaysia Monthly Hen's egg and chicken statistics for Jan 2024

Data	Average monthly data					vs. 2021		
	Jan-24	Dec-23	Jan-23	YoY (%)	MoM (%)	Jan-24	Jan-21	chg (%)
Hen's Egg Grade A (each)	0.48	0.47	0.47	2.3	3.2	0.48	0.39	25.4
Hen's Egg Grade B (each)	0.46	0.45	0.46	0.7	2.2	0.46	0.37	26.3
Hen's Egg Grade C (each)	0.44	0.44	0.43	1.8	1.6	0.44	0.34	30.0
Chicken (per kg)	10.33	10.18	10.30	0.3	1.5	10.33	8.40	23.0

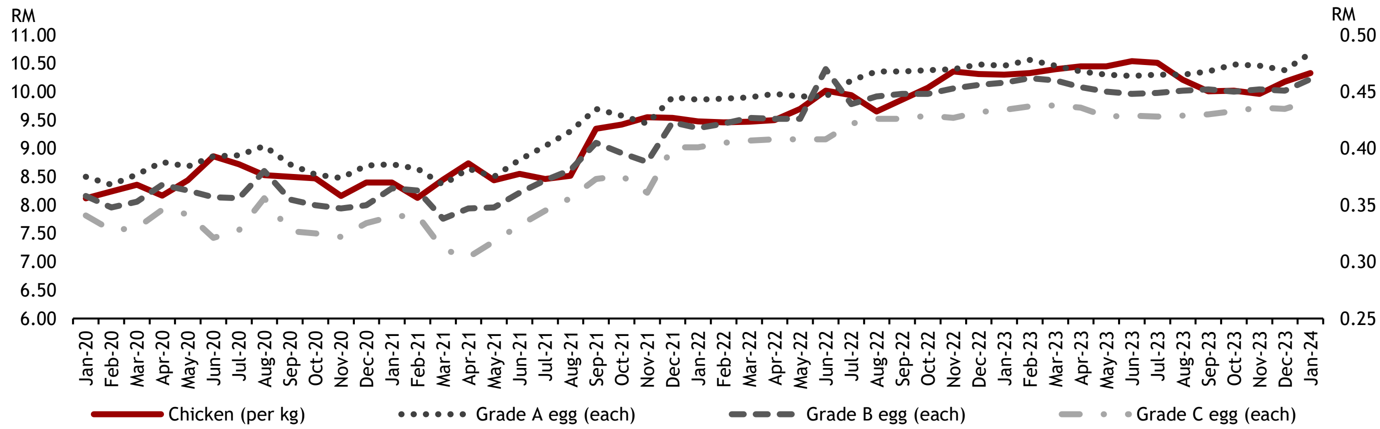
Sources: MIDFR

Table 4: Dec 2023 Egg and Chicken Statistics by State

	Grade A egg (each)	Grade B egg (each)	Grade C egg (each)	Chicken (per kg)
Malaysia	0.484	0.461	0.442	10.33
Johor	0.455	0.430	0.412	9.51
Kedah	0.470	0.444	0.423	9.60
Kelantan	0.458	0.451	0.420	9.20
Melaka	0.450	0.430	0.410	9.93
Negeri Sembilan	0.457	0.427	0.410	9.26
Pahang	0.451	0.427	0.412	10.25
Perak	0.461	0.435	0.420	9.52
Perlis	0.450	0.430	0.430	9.58
Pulau Pinang	0.466	0.438	0.418	9.59
Terengganu	0.537	0.466	0.418	9.53
Putrajaya				9.21
Selangor	0.458	0.438	0.416	9.85
Kuala Lumpur	0.450	0.423	0.410	9.49
Sabah	0.549	0.532	0.519	12.69
Sarawak	0.634	0.568	0.541	13.02
Labuan				12.00

Sources: MIDFR
Red: Above Retail Price Ceilings
Green: Below Retail Price Ceilings
Note: Sabah, Sarawak, and Labuan are not subject to standard retail price ceilings, as price ceilings vary across cities.
Note: Retail price control for chicken ended on 30 Oct 2023; price controls for chicken eggs still ongoing

Chart 5: Malaysia's Average Price Trend for Chicken and Eggs



Sources: MIDFR

Lower feed costs are ahead in 2024, given the declining corn and soybean meal prices. The falling corn and soybean meal prices could indicate low animal feed input costs ahead, which benefits poultry farm producers to have lower production costs and better margins ahead. Note that the raw material cost of chicken feed contributes 65-75% of the total production cost, with soybean meal constituting only 19-32% of the total chicken feed, while corn contributes 55-69% to the total chicken feed.

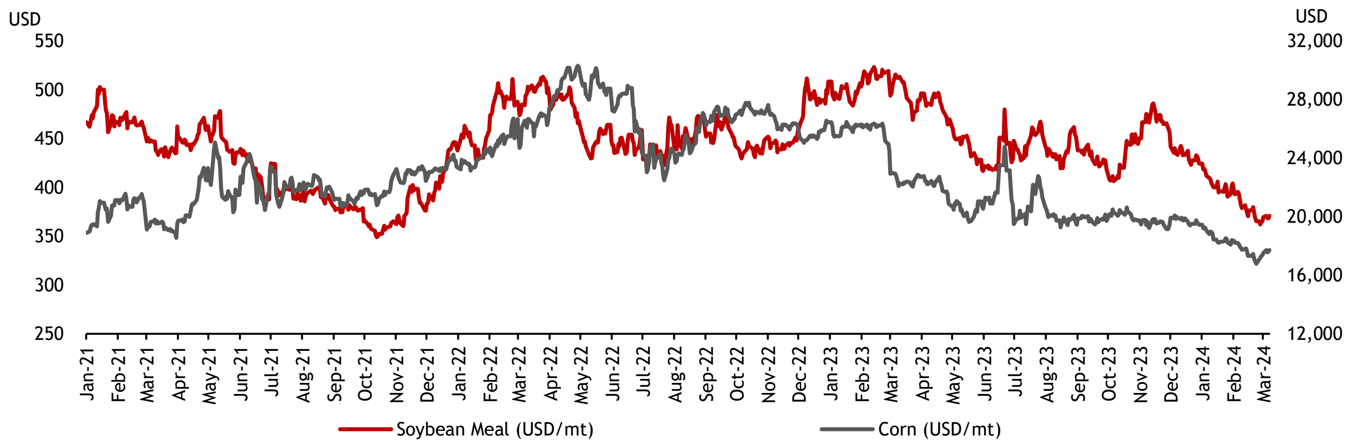
Going forward, we are optimistic that the global corn and soybean meal prices will stay low in 2024. This is mainly owing to the ample global export supply from the key producing countries, which will benefits poultry farm players to have lower feed costs and greater margins. However, on the flip side, the feed mill business and/or animal feed raw material traders could record lower revenue given that the business operates on a cost-plus margin basis. The continuous government subsidies given to egg producers will continue to benefit the producer by reducing higher costs and hence potentially sustaining the profit margin. Hence, **QL Resources (BUY, TP: RM6.50)** and **Leong Hup International (BUY, TP: RM0.70)** stand to benefit and/or be affected by any developments for poultry players. Given that Prabowo Subianto will be the next president of Indonesia who is known as the successor of the previous President Joko Widodo, we are not expecting any key changes to the Indonesian poultry industry for now.

Table 5: Average Monthly Soybean meal, and corn futures prices for Feb 2024

Commodities	Feb-24	Jan-24	Feb-23	YoY (%)	MoM (%)	Remarks
Soybean Meal (USD/mt)	378	404	514	(26.6)	(6.6)	Year-on-year: Prices reversed downward in tandem with lower soybean prices. This can be attributed largely to the anticipation of greater global soybean supplies ahead, with increased yields expected from Argentina, the US, and China. Month-on-month: Lower price was in tandem with reduced soybean prices, primarily due to the anticipated improvement in supplies from some of the major producing countries in 2024.
Corn (USD/mt)	17,567	18,624	25,967	(32.3)	(5.7)	Year-on-year: Lower price was mainly due to expected greater world corn production, with higher output from the US, China, the European Union, and Ukraine. This will offset the lower production forecast for Brazilian production. Note that corn crops were not as adversely affected by hot and dry weather, and it is a less water-intensive crop. Month-on-month: Prices decreased in tandem with the lower yearly basis, mainly attributed to expected greater global supply ahead.

Sources: Bloomberg, USDA, MIDFR

Chart 6: Raw Material Futures Price Trend for Poultry Producer (USD/mt)



Sources: Bloomberg, MIDFR

Stronger USD Likely to Drive Up Raw Material Costs

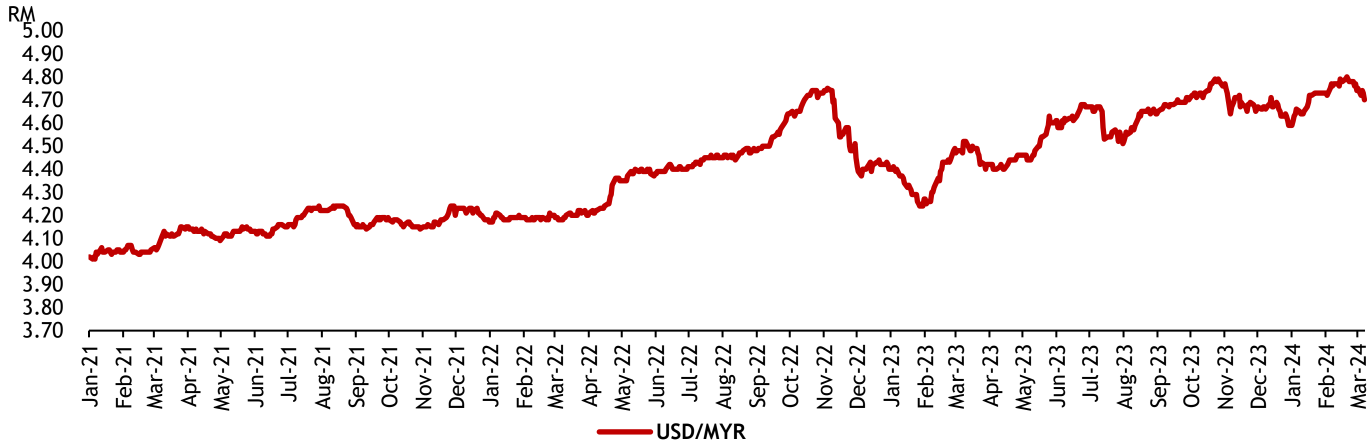
Stronger USD against MYR. The average exchange rate of USD/MYR for Feb 2024 was USD 1.00: RM4.77. This indicates a stronger USD compared to Jan 2024 (USD 1.00: RM 4.68). The appreciation in USD will benefit export-oriented companies such as **Asia File (NEUTRAL, TP: RM 1.85)** and **Rhong Khen International (NEUTRAL, TP: RM 1.22),** which could offset the continuous weakening demand for their products. On the other hand, the stronger USD will increase the raw material cost for F&B and livestock producers, given that agricultural raw materials are sourced in USD.

Table 6: USD/MYR Monthly statistics for Feb 2024

Data	Average monthly data					vs. 2-year peak		
	Feb-24	Jan-24	Feb-23	YoY (%)	MoM (%)	Feb-24	Max	chg. (%)
USD/MYR	4.77	4.68	4.37	(8.4)	(1.8)	4.77	4.80	0.7

Sources: Bloomberg, MIDFR

Chart 7: Price Trend of USD/MYR



Sources: Bloomberg, MIDFR

4QCY23 Earnings Mostly Within Expectation

Consumer staple 4QCY23 earnings were mostly a mixed bag. Among the 6 consumer staples we cover, **Nestle Malaysia (NEUTRAL, TP: RM127.00)** and **Fraser & Neave (BUY, TP: RM33.50)** reported 4QCY23 earnings that came in within our projections. Meanwhile, 2 companies exceeded our earnings estimation, and the remaining 2 came in below expectations. **QL Resources (BUY, TP:RM6.50)** outperformed mainly due to higher project progress in the clean energy segment, along with lower feed costs, egg subsidies received, and additional contribution from the recently acquired layer farm. **Hup Seng Industries (BUY, TP:RM0.99)'s** result came in above expectation mainly driven by reduced input costs for certain major ingredients, in particular CPO and wheat, which improved the profit margin. The underperformance of **Leong Hup International (BUY, TP:RM0.70)** and **Spritzer (Neutral, TP:RM2.08)** was mainly due to higher operating costs during the quarter.

Consumer discretionary 4QCY23 earnings were all within expectation. All 4 consumer discretionary companies under our coverage reported earnings within expectation. We observed continuous cautious consumer spending on discretionary products given the ongoing higher inflationary pressure, cost of living, and concerns about potential economic slowdown that dampened consumer sentiment. The companies are also cautious about potential greater logistic expenses ahead considering the higher services tax and rationalization of fuel prices, mainly due to the cost pass-through from logistics providers. The spillover effect of this could also cause other suppliers to pass on higher operating costs to the discretionary companies, however, the exact impact is uncertain for now.

TABLE 7: 4QCY23 Revenue & Earnings Overview

Companies	Dividend (sen/share)	4QCY23 Revenue Overview			4QCY23 Core PATANCI Overview		
		YoY (%)	QoQ (%)	Ytd (%)	YoY (%)	QoQ (%)	Ytd (%)
Consumer Staples:							
Fraser & Neave Holdings	N/A	9.4	7.1	9.4	49.7	26.5	49.7
Leong Hup International	N/A	3.9	(4.1)	5.5	(61.9)	(74.0)	11.7
QL Resources	3.0	5.1	1.3	4.4	27.2	0.8	24.0
Spritzer	N/A	15.0	(5.7)	13.2	(17.6)	(17.7)	19.1
Hup Seng Industries	1.5	0.2	1.0	12.3	11.5	4.0	73.5
Nestle Malaysia	128.0	2.3	(4.9)	5.8	32.5	9.1	15.4
Consumer discretionary:							
Aeon Co M	4.0	(2.7)	8.1	(0.3)	31.5	140.9	2.0
Padini Holdings	2.5	(1.8)	28.8	(0.0)	(26.3)	111.1	(32.3)
Asia File Corp	3.5	(12.3)	(14.6)	(7.2)	3.1	(0.3)	10.8
Rhong Khen International	1.0	(16.2)	29.4	(34.2)	(66.6)	16.0	(69.5)

Source: MIDFR, Company

TABLE 8: 4QCY23 Forecast Revisions Summary

Companies	FYE	4QCY23 Results Overview		Revisions		
		Ours	Streets'	Recommendation	Target Price	Earnings Forecast
Consumer Staples:						
Fraser & Neave Holdings	SEPT (1QFY24)	**Within** 29.8%	**Within** 33%	**Unchanged** BUY	**Unchanged** RM33.50	**Unchanged**
Leong Hup International	DEC (4QFY23)	**Below** 89.1%	**Below** 91.9%	**Unchanged** BUY	**Lower** RM0.70	**Revised Downward** FY23F = -16% FY24F = -6.2%
QL Resources	MAR (3QFY24)	**Above** 83.5%	**Above** 82.7%	**Unchanged** BUY	**Higher** RM6.50	**Revised Upward** FY24F= +5.5% FY25F = +6.8% FY26F = +8.1%
Spritzer	DEC (4QFY23)	**Below** 91.3%	**Within** 100.5%	**Downgraded** NEUTRAL	**Lower** RM2.08	**Revised Downward** FY24F = -12.2% FY25F = -14.3%
Hup Seng Industries	DEC (4QFY23)	**Above** 107%	**Above** 109%	**Unchanged** BUY	**Higher** RM0.99	**Revised Upward** FY23F = +5.8% FY24F = +2.2%
Nestle Malaysia	DEC (4QFY23)	**Within** 103.6%	**Above** 108.7%	**Unchanged** NEUTRAL	**Lower** RM127.00	**Revised Downward** FY23F = -5.6% FY24F = -13.9%
Consumer discretionary:						
Aeon Co M	DEC (4QFY23)	**Within** 102.7%	**Within** 104.8%	**Unchanged** NEUTRAL	**Unchanged** RM1.14	**Unchanged**
Padini Holdings	JUN (2QFY24)	**Within** 53%	**Within** 49.6%	**Unchanged** NEUTRAL	**Unchanged** RM3.50	**Unchanged**
Asia File Corp	MAR (3QFY24)	**Within** 71.0%	N/A	**Unchanged** NEUTRAL	**Unchanged** RM1.85	**Unchanged**
Rhong Khen International	JUN (2QFY24)	**Within** 102.7%	N/A	**Unchanged** NEUTRAL	**Unchanged** RM1.22	**Unchanged**

Source: MIDFR, Company

Attractive valuation for a consumer staple. Valuation for QL Resources and F&N currently appears appealing in our view. QL Resources boasts a PER of 31.1x for CY24, while F&N's PER stands at 18x for the same year. These valuations are notably lower than their 2-year historical average PERs of 43x and 20x, respectively. Moreover, the PER compares favorably to the consumer staple sector's 3-year forward average PER of 38x. This implies that these stocks may be undervalued, given their strong fundamentals.

Maintain NEUTRAL on the consumer sector. Moving forward, we remain optimistic about the 2024 outlook for consumer staples, underpinned by (1) its inelastic demand due to the defensive nature, (2) a solid domestic consumption outlook supported by continuous positive retail trade for staples, better job market prospects, and higher tourist arrivals, and (3) better margin for poultry players ahead, driven by the expectation of lower chicken feed input costs.

On the flip side, we expect certain raw material input costs to remain high due to the rising prices of cocoa, sugar, Arabica, Robusta, and PET resin. This is largely due to extreme weather conditions in major producing countries tightening global supplies. We also anticipate sluggish demand for consumer discretionary items in 2024, primarily due to possible inflationary pressures. This is expected not only to weaken consumer sentiment on durable items but could also potentially increase the operating costs of companies in Malaysia (due to cost pass-through from other service providers or suppliers). Hence, we maintain a **NEUTRAL** stance on the consumer sector primarily due to the cautious outlook.

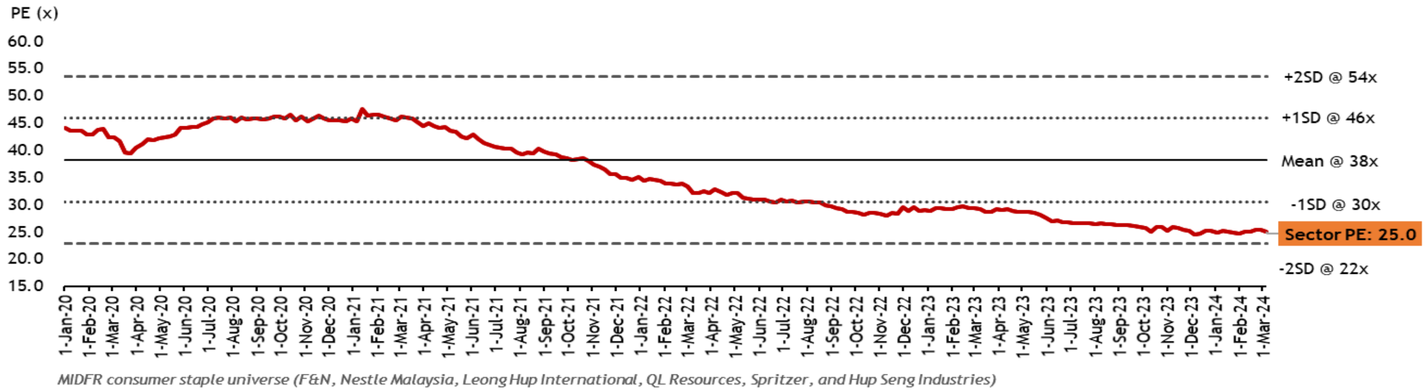
We prefer consumer staples with steady demand as our top picks. We like **QL Resources (BUY, TP: RM6.50)** due to the sustained demand for marine and livestock products. Additionally, we favor the company's strategic move to enter new markets by providing in-flight hot food to MAS Awana. This allows QL to capitalize on its central kitchen and potentially lead to an expansion of the company's revenue. Meanwhile, we like **Fraser & Neave Holdings (BUY, TP: RM33.50)** because the company is likely to benefit from the rising demand for RTD beverages, driven by increasing tourist traffic and the hot weather (at least in 1H24). We also appreciate F&N's initiative to continue growing via recently integrated Sri Nona, followed by Cocoaland and the upcoming integrated dairy farm that could ensure the self-sufficiency of dairy and potentially expand the revenue base.

Table 9: Peer comparison table

Stocks	Rec.	Price @ 7-Mar-24	TP	Mkt. Cap (RM'm)	Core EPS (sen)		PER (x)		Div. Yield (%)		Net Gearing
					CY24F	CY25F	CY24F	CY25F	CY24F	CY25F	
Consumer Staples:											
Fraser & Neave Holdings	Buy	RM29.02	RM33.50	10,662	161.1	181.5	18.0	16.0	2.5	2.6	Net Cash
Leong Hup International	Buy	RM0.60	RM0.70	2,172	8.3	10.1	7.2	5.9	5.0	5.1	0.6
QL Resources	Buy	RM5.96	RM6.50	14,511	19.1	21.4	31.1	27.9	1.6	1.6	0.3
Spritzer	Neutral	RM2.06	RM2.08	651	17.1	18.2	12.0	11.3	2.5	2.6	0.0
Hup Seng Industries	Buy	RM0.85	RM0.99	676	6.7	7.8	12.7	10.9	7.9	7.9	Net Cash
Nestle Malaysia	Neutral	RM122.30	RM127.00	28,679	339.1	368.9	36.1	33.2	2.6	2.8	1.0
Weighted Avg.					**205.0**	**224.3**	**29.8**	**27.1**	**2.5**	**2.6**	
Consumer Discretionary:											
Aeon Co M	Neutral	RM1.12	RM1.14	1,574	8.2	7.8	13.7	14.3	3.6	3.5	0.2
Padini Holdings	Neutral	RM3.38	RM3.50	2,224	26.4	29.9	12.8	11.3	3.0	3.0	Net Cash
Asia File Corp	Neutral	RM2.16	RM1.85	421	20.7	21.3	10.4	10.1	3.4	3.5	Net Cash
Rhong Khen International	Neutral	RM1.28	RM1.22	249	7.0	9.2	18.4	14.0	1.6	2.1	Net Cash
Weighted Avg.					**18.3**	**20.2**	**13.2**	**12.4**	**3.2**	**3.1**	

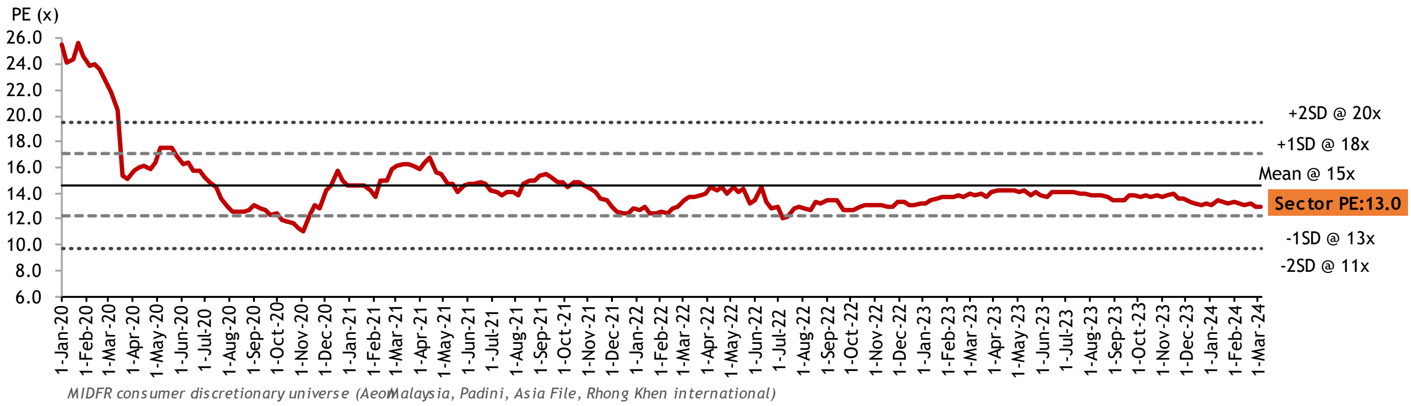
Sources: Bloomberg, MIDFR

Chart 8: 3-Year Forward P/E Band – Consumer Staple



Source: MIDFR

Chart 9: 3-Year Forward P/E Band – Consumer Discretionary



Source: MIDFR

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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 news flow.
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