Ancom Nylex Berhad

A Proxy to Global Food Security Goal

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OUTPERFORM

Price : RM1.16
Target Price : RM1.80

We are initiating coverage on ANCOMNY with an OUTPERFORM call and a TP of RM1.80 based on FY24F PER of 15x, which is at a 30% discount to its larger international peers. We like ANCOMNY for it being: (i) the largest herbicide active ingredients (AI) producer in South-East Asia, (ii) a beneficiary of the widening ban on the paraquat use, and (iii) a proxy to global food production and food security goal.

Growing demand for paraquat alternatives. A long established and recognised manufacturer of AIs, ANCOMNY is well positioned to capture the demand for alternative products to paraquat which has been banned in many jurisdictions including Malaysia and Thailand since 2020. This was the key driver to its 58% YoY growth in FY22 exports (c.70% of total sales). Exports should continue expanding in FY23-24 as the phasing out of paraquat advances further. The group aims to capture about half the former paraquat market in Thailand by 2026 (from just 10% in 2020), or estimated sales of about RM150m/year.

New AIs, new crops and new markets. In FY22, ANCOMNY introduced two new AIs, (Bromacil and Ester) targeted at pineapples and cereal crops. The group hopes to capture around 10% of the market and potentially generate about RM50m a year on more favourable costs and competitive pricing. Over and above that, ANCOMNY plans to launch a new AI specifically for sugar cane, which should see demand from Brazil and South Africa followed by another new AI within the next year or so. Meanwhile, competition is also expected to stay manageable as ANCOMNY only targets selected products, many of which if not all are also strictly regulated products.

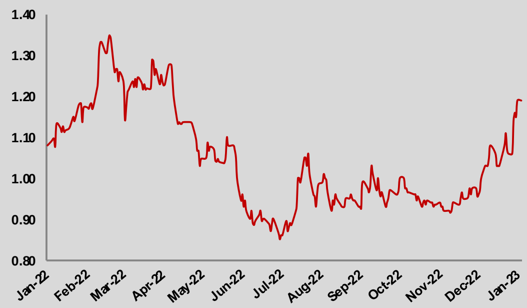
Timely expansion. With demand for paraquat replacement likely to increase, ANCOMNY is completing two new reactors in Shah Alam by Feb 2023. In March 2023, another AI production facility at Port Klang is also due to commence, allowing assemble of machines for the synthesis of two new AIs and expected to start contribute in FY24.

Broader, stronger income base. Since the group started restructuring around FY17 by refocusing on the higher margin agriculture chemical business and divestment of some loss-making ones, earnings have been less volatile. Moving ahead, earnings should strengthen, thanks to: (i) tailwind from paraquat bans, (ii) new AIs to serve different crops and markets, (iii) as an ex-China but Asia-based agriculture chemical suppler, and (iv) the long-term constant demand for food production.

Initiate coverage with OUTPERFORM rating with a TP of RM1.80 based on FY24F PER of 15x, which is at a 30% discount to the forward PER of its regional agriculture chemical peers of 22x. The discount reflects ANCOMNY's smaller market capitalisation and a high net gearing of 74%. ANCOMNY is well placed to capture new markets as: (i) barrier into the business is relatively high, (ii) the group is known to many regulators given its half century plus of history in agriculture chemical AIs, (iii) being based in SE Asia, its plants are in the heart the Asia Pacific market which is the most important for agriculture chemical, and (iv) the group is still busy expanding its portfolio of AIs. All in all, robust EPS growth of 43% CAGR is likely over FY23-24, not only from operations but also from ongoing restructuring to improve margins, lower interest costs and even taxation.

Risks to our call include: (i) downturn in crop production in key markets, (ii) changes in regulation for AI acceptance, and (iii) foreign exchange translation risk.

Share Price Performance



KLCI	1,495.50
YTD KLCI chg	0.0%
YTD stock price chg	12.6%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ANCOMNY MK Equity
Market Cap (RM m)	1,054.3
Shares Outstanding	908.9
52-week range (H)	1.35
52-week range (L)	0.85
3-mth avg daily vol:	1,918,580
Free Float	54%
Beta	0.8

Major Shareholders

Dato' Siew Ka Wei	15.3%
Lee Cheun Wei	7.3%
Siew Nim Chee & Sons	5.4%

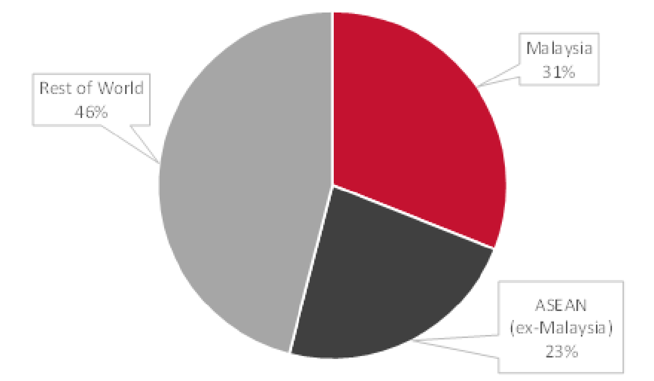
Summary Earnings Table

FY May (RM m)	2022A	2023F	2024F
Turnover	**2,013.1**	**2,168.8**	**2,367.3**
EBIT	90.2	136.1	190.6
PBT	78.2	115.6	170.9
Net Profit	**68.2**	**73.7**	**108.9**
Core Net Profit	**53.2**	**73.7**	**108.9**
Consensus (NP)	-	75.2	96.2
Earnings Revision	-	-	-
Core EPS (sen)	5.8	8.0	11.8
Core EPS growth (%)	-42.1%	38.5%	47.8%
NDPS (sen)	-	-	-
BVPS (RM)	0.4	0.5	0.6
PER (x)	20.1	14.5	9.8
PBV (x)	2.8	2.3	1.9
Net Gearing (x)	0.7	0.5	0.2
Net Div. Yield (%)	0.0%	0.0%	0.0%

INVESTMENT MERITS

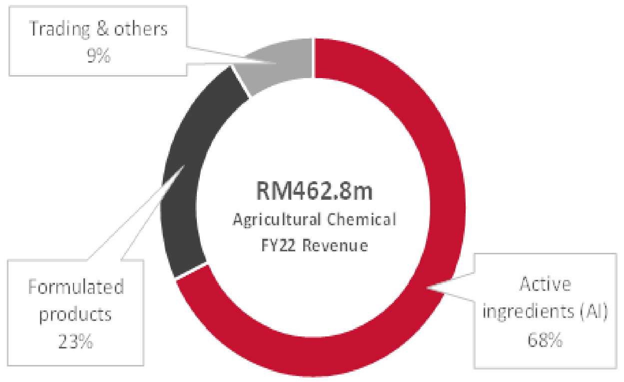
SE Asia's largest herbicide AI manufacturer. Established in 1969, ANCOMNY is an agriculture chemicals pioneer in SE Asia, Today, it has grown to become the largest herbicide AI producer in South East Asia, generating half a billion MYR in revenue. 70% of this revenue is from exports, a third of which is from ASEAN, excluding Malaysia. With robust demand for paraquat replacement coming from markets such as Thailand and Brazil, exports growth can be expected to stay strong. To accommodate such positive prospect, ANCOMNY is expanding its current annual capacity of 42,000 MT to 46,000 MT, which should be coming on-stream by 1HCY23.

Agriculture Chemicals FY22 Revenue by Region



Source: Company

Agriculture Chemicals FY22 Revenue by Product

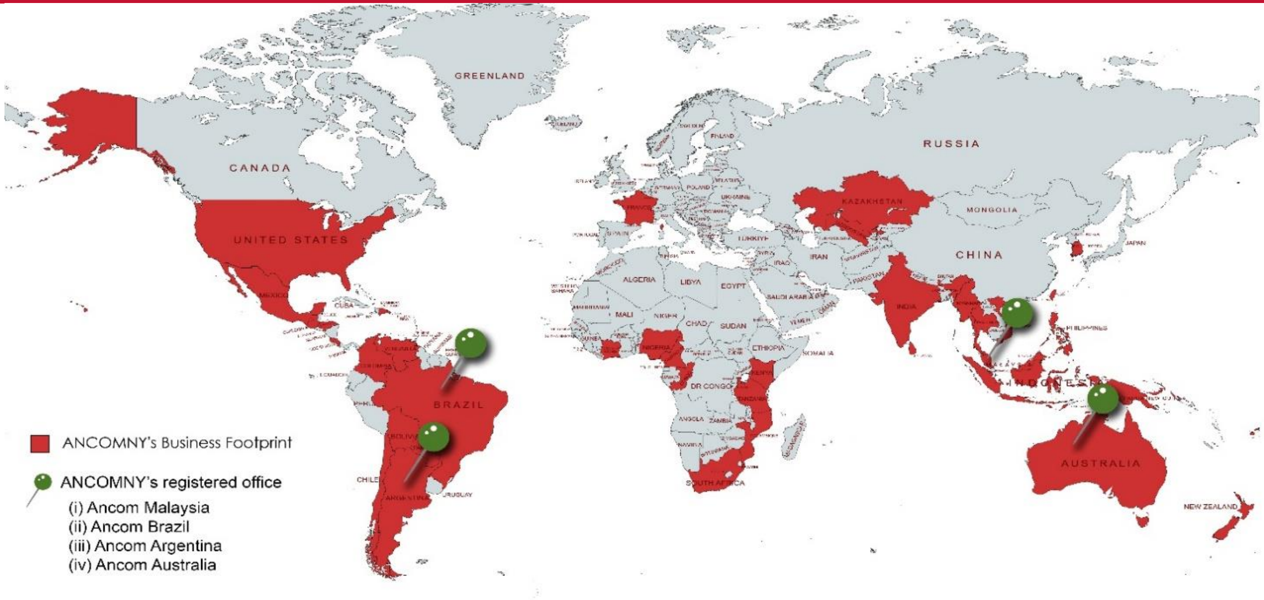


Source: Company

Technical, legal and commercial entry barriers. Many agriculture chemical products are closely regulated for safety reasons as well as to minimize misuse. With over half a century of history in the business and presence in over 40 countries, more than 50 of the group's products are already registered in jurisdictions spanning from the Americas to Australasia, Africa and Asia. Besides synthesising AIs in-house, ANCOMNY also uses AIs to formulate new products. Revenue breakdown from the group's agriculture chemical revenue is about 70% in-house manufactured AIs, 15% formulation with the rest from trading of various agriculture chemicals.

Therefore, as much as 85% of the group's agriculture chemical business (in-house AIs along with their derived formulation) enjoy quite high barrier of entry. As unfavourable reactions to new products could lead to disastrous ramifications on human, livestock, crops and/or the environment, considerable time and capital are needed to research and develop a new product. Stringent tests and trials are then needed to support the various approvals process before even qualifying for registration which is required by each individual jurisdiction. Thereafter, and only then, can a product be commercialised which in turn require scaling up, marketing and distribution. Altogether, 5 to 10 years (or more) is not an unusual time taken by a new product to hit a regulated agriculture chemical market. Consequently, established players often have considerable technical, legal and commercial advantages over new entrants.

Over 50 Registered Products Across More Than 40 Countries



Source: Company

Profitable, diverse and growing portfolio. ANCOMNY carefully selects AIs to commercialise, taking in account not only the competition from other players but also their earnings and growth potentials. How a prospective AI fits with the others in the portfolio is another key consideration. For example, the recent launch of Bromacil and Ester allows ANCOMNY to target two new crops, the fruit & vegetable and cereal segments which are the two most valuable crop types in the agriculture chemical business. Geographically, Bromacil and Ester enable the group to further broaden its offerings in India and Australia, both ranked among the world's ten largest agriculture chemical markets. Incidentally, Brazil is the top agriculture chemical market followed by US, in which ANCOMNY already has long standing presence.

Expanding Portfolio of AIs & formulated products

	AIs									Formulated Products	
Application	**MSMA**	**Diuron**	**Monex HC**	**Timber Preservative**	**Bromacil**	**Ester**	**"T"**	**"S"**	**"C"**	**2,4-D**	**Gly-phosate**
Cereal						√				√	√
Cotton	√	√			√						
Sugarcane	√	√	√				√			√	√
Pineapple		√			√						
Palm oil/Rubber	√	√	√							√	√
Corn								TBD		√	
Citrus		√									√
Tea/Coffee/Cocoa											√
Turf	√		√				√			√	√
Forestry		√	√								√
Timber Preservative				√							
Availability	√	√	√	√	√	√	**2023**	**2023**	**TBD**	√	√
No. of player(s) including ANCOMNY worldwide	**2**	**7**	**1**	**4**	**3**	**N.A.**	**3**	**5**	**N.A.**	**N.A.**	**N.A.**

Source: Company

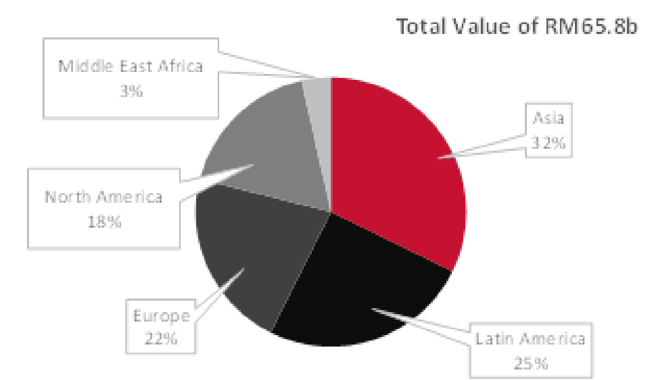
New AIs and Those in the Pipeline

AI Product	**Bromacil**	**Ester**	**T***	**S***	**C***
Crop	Pineapple, non-crop	Cereal	Sugarcane, non-crop		
Markets	US, Mexico, Japan, Indonesia	Australia	Brazil, S. Africa, Australia, US		
Estimated Market Size	1,000-1,500MT	4,000MT	5,000MT	TBD	TBD
Annual Target by ANCOMNY	400MT	1,000MT	1,000MT		
Sales Potential	RM26m	RM21m	RM92m		
Target GP Margin	>15%	>15%	>15%		

**Subject to completion of a new factory in Klang*
Source: Company

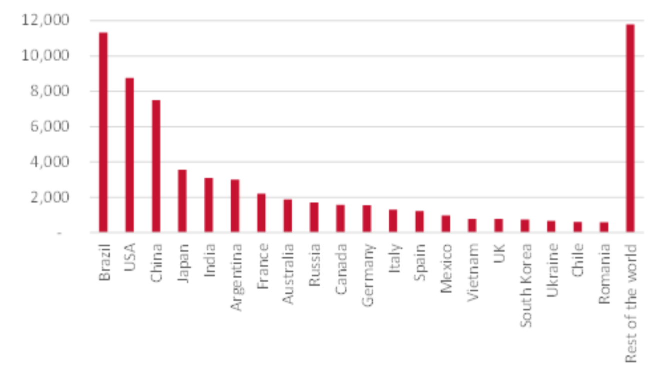
China+1 opportunities. Asia Pacific is the largest agriculture chemical market globally. In the region, China is the main market but it is also among the world's largest agriculture chemical producers and exporters. Whilst China is a major agriculture chemical hub, recent Covid lockdowns, European energy crisis and logistical disruption have highlighted the need for more diverse sources and resilient supply chain, especially for players wanting to produce or trade with or within Asia Pacific. Having a back-up or establishing an alternative supplier is increasingly common among long-term players, thus the "China+1" strategy. SE Asia is well placed given its (i) proximity to China, India and Australia – the top 3, 5 and 8 agriculture chemical markets, respectively, (ii) accessibility to the Straits of Malacca among the world's busiest shipping lane, (iii) cost advantages over Europe and US, and (iv) growing demand within SE Asia itself. Being the largest herbicide AI producer in SE Asia and with over 50 years of track record, ANCOMNY is a key beneficiary from this shift.

Global Agriculture Chemical Markets by Region, 2021



Source: IHS Markit

Global Agriculture Chemical Markets by Country, 2021



Source: IHS Markit

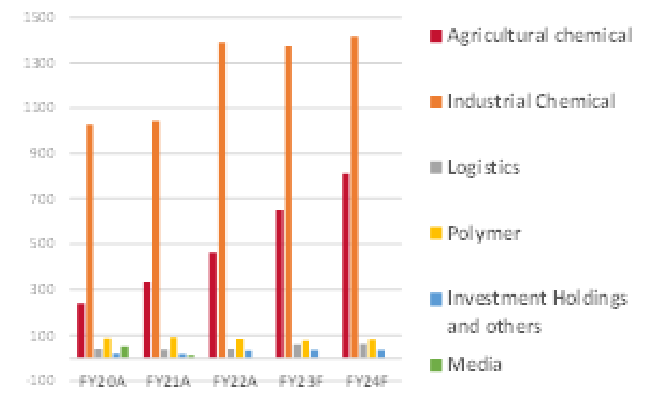
RESTRUCTURE, CONSOLIDATE AND REFOCUS

ANCOMNY's profitability used to suffer from volatility and losses, notably from media advertising owing to high advertising billboards costs. Higher taxes and interest expenses due to expensive unsecured working capital borrowings also further eroded profits.

As a result, a restructuring exercise was initiated in 2018. The group was streamlined and costs consolidated. Loss making media businesses were disposed while all the industrial chemical businesses that held under its 50%-subsidiary, Nylex Berhad, were consolidated under the group with 100% ownership to reinforce its industrial chemical business before it renamed to Ancom Nylex Berhad. In October 2022, its stake in the logistics-cum-chemical tank farm business (Ancom-Chemquest Terminals Sdn Bhd) was raised to 66% from 17%. ANCOMNY then entered the livestock chemical business by acquiring 80% of Shennong Group for RM24m in December 2021. Going forward, we believe the group would have greater operational flexibility, stronger earnings with more sustainable cash flows. Effective tax rate should also fall to more normal level over the next few financial years.

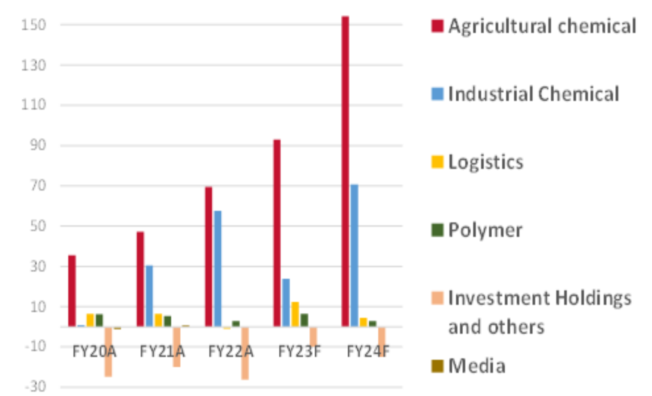
As of FY22, the agriculture chemical division was the main earnings driver but revenue was predominantly from the industrial chemical segment where ANCOMNY is one of only two ethanol producers in Malaysia. As industrial chemicals performance often correlates with underlying economic activities, earnings should nudge along following the country's economic reopening. The group also manages a logistics division which complements the industrial chemicals business by providing storage and distribution solutions while a remnant polymers business is looking increasingly non-core due to stagnant sales. Longer term, ANCOMNY aims to focus on strengthening and integrating the core agrichemical operations further.

Revenue by Segment



Source: Company

Operating Profit by Segment



Source: Company

Core Businesses		
Segment	**Description**	**Operating Unit**
Agricultural chemicals	The key net profit contributor by manufacturing AIs, formulates and distributes herbicides, pesticides, fungicides and insecticides etc that provide weed treatment for crop care.	Ancom Agrichem Sdn. Bhd.
Industrial chemicals	Produces and distribution of industrial chemical products such as ethanol but also vinyl-coated fabrics, calendar film and sheeting as well as plastic products such as PVC and polyurethane synthetic leather. It also involved in trading methanol for industrial use.	Nylex Holdings Sdn. Bhd.
Polymer	This division manufactures and sell PVC and PU leather cloth, films and sheets, pre-fabricated drains, bulk chemical containers, road barriers and other custom moulding.	Nylex Holdings Sdn. Bhd.
Chemical logistics	Mainly involved in transportation of liquid chemical and provide chemical tank farm service for warehousing in Malaysia and Singapore.	Ancom Logistics Bhd.

Source: Company

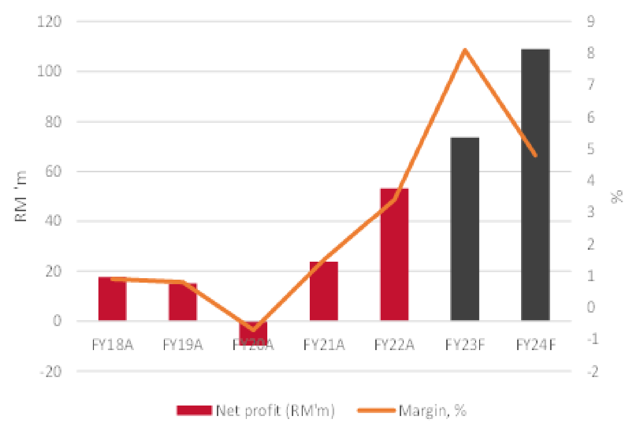
EARNINGS FORECAST

Strong 2-year EPS CAGR of 43% is expected from ANCOMNY over FY23-24 thanks to: (i) robust demand from the paraquat-replacement markets, (ii) launches of new AIs such as Bromacil and Ester in FY22 and three more over FY23-24 which open opportunities into new crops and markets, and (iii) commissioning of additional AI reactor capacity ahead by end FY23. Diversion of some business due to agriculture chemical players wanting a presence in Asia but seeking a China+1 supply chain strategy is another earnings driver. Lastly, the megatrend driver remains the need to produce food to feed the world's growing population. We are also expecting better margin from larger economies of scale as well as further trimming down of low margin or loss-making media units. Cost inflation is an issue and raw material prices can be volatile but competition is contained and cost increments are usually passed down to customers eventually. Lower effective tax rates are also likely but interest cost is expected to inch up first in FY23 before stabilising in FY24 and beyond.

ANCOMNY's Revenue

Source: Company

ANCOMNY's Net Profit and Margin



Note: FY22 core net profit excludes RM15m disposal gains
Source: Company

RECOMMENDATION AND VALUATION RATIONALE

Initiate coverage with OUTPERFORM rating with a TP of RM1.80 based on FY24F PER of 15x, at a 30% discount to the forward PER of its regional agriculture chemical peers of 22x. The discount reflects ANCOMNY's smaller market capitalisation, priority to trim net gearing of 74% means negligible dividend and some investors might prefer to wait till the restructuring is more settled and hence more visible outlook. However, the redevelopment of the better-margin herbicide AI business holds a lot of potentials. ANCOMNY is well placed to capture new markets as: (i) barrier into the business is relatively high, (ii) the group is known to many regulators given its half century plus of history in agriculture chemical AIs, (iii) based in SE Asia, its plants are in the heart Asia Pacific market which is the most important for agriculture chemical, and (iv) the group is still busy expanding its portfolio of AIs. All in all, robust EPS CAGR of 43% is likely over FY23-24, not only from operations but also from ongoing restructuring to improve margins, lower interest costs and even taxation.

There is no change to our TP based on ESG given a 3-star rating as appraised by us (see Page 6).

Peer Valuation Comparison											
Company	**Country**	**Market Cap (USD'm)**	**EPS (USD)**			**EPS Growth (%)**		**PE (x)**		**ROE (%)**	**Div. Yield (%)**
			1-Yr Hist	**1 Yr Fwd**	**2 Yr Fwd**	**1 Yr Fwd**	**2 Yr Fwd**	**1 Yr Fwd**	**2 Yr Fwd**		
UPL Limited	India	6,480.0	0.62	0.76	0.90	22.6	18.4	13.1	11.4	16.9	1.4
Adama Ltd	China	2,928.1	0.01	0.06	0.07	N.M.	16.7	6.9	5.7	0.82	0.2
Hextar Global Bhd	Malaysia	706.4	0.01	0.01	0.01	0.0	0.0	44.0	43.2	30.4	0.9
Bayer Cropscience Ltd	India	2,631.1	1.8	1.9	2.2	5.6	15.8	31.2	26.6	23.6	2.1
FMC Corp	US	15,735.7	6.9	7.4	8.3	7.2	12.2	16.9	15.0	31.2	1.8
Lonza Group AG	Switzerland	36,922.1	13.8	15.9	18.5	15.2	16.4	31.3	27.0	10.8	0.7
Average						**10.1**	**13.2**	**23.9**	**21.5**	**19.0**	**1.2**

Source: Bloomberg

KEY RISKS RELATING TO THE BUSINESS AND INDUSTRY

Downturn in crop production in key markets. Given the nature of agricultural business, any extreme weather phenomena could cause destruction on crops and impact production yield. In the event of floods, wildfires and droughts in the regions where ANCOMNY's clients operate in, it may diminish the demand for agrichemicals products for crop care.

Changes in regulations. The production and application of agricultural chemicals are highly regulated by stringent regulations to mitigate the risk of pollution and contamination. Therefore, any changes in regulations across regions might affect the product's registration status or impose higher compliance cost.

Foreign exchange translation risk. As more than half of ANCOMNY's profit derived from exports, the company is exposed to forex volatility, which will affect profit should the USD depreciate against MYR.

STOCK ESG RATINGS

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	☆		
	Community Investment	★	★			
	Workers Safety & Wellbeing	★	★	☆		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★			
SPECIFIC	Product Quality & Safety	★	★	★		
	Effluent/Waste Management	★	★			
	Digitalisation & Innovation	★	★			
	Material/Resource Management	★	★	★		
	Supply Chain Management	★	★	★		
	Energy Efficiency	★	★	☆		
	OVERALL	★	★	★		

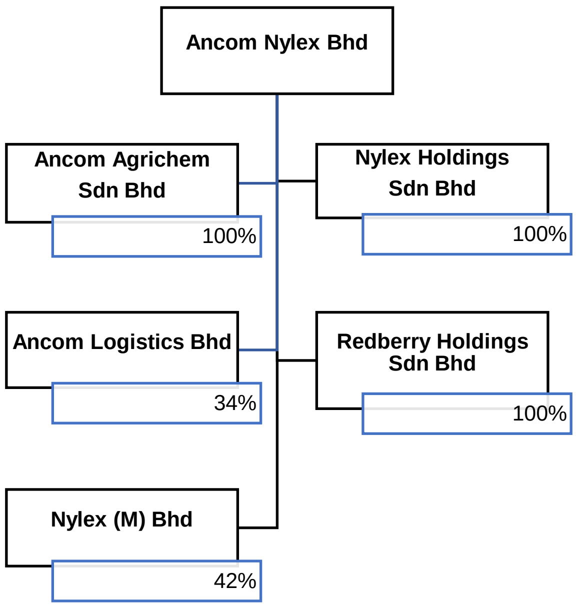
☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

APPENDIX

Key Personnel		
Dato Siew Ka Wei, *Executive Chairman*	- -	Graduated as Bachelor of Science (Hons) in Chemical Engineering and Master of Science ("MSc") degree in Operational research at Imperial college in 1978. Possess more than 30 years of experience in local and international sectors, specifically in the field of petrochemicals.
Lee Cheun Wei, *Managing Director / Group CEO*	- - -	Graduated with a Bachelor of Arts (Hons) in Accounting and Finance from Lancaster University, UK and holds a Master of Science in Finance (Distinction) from Cass Business School, London. He has extensive experience in corporate finance and management role over 26 years in power plant and chemical industry. Cheun Wei is also a member of the ACCA and the Malaysian Institute of Accountants.
Lim Chang Meng, *CFO of ANB and ALB*	- - -	Commenced career as an auditor with a Big Four audit firm in Malaysia in 1992 before he joined a construction company and stock broking company as a Finance Manager. His serviced with ANCOMNY began with TAMCO Corporate Holdings Bhd (now known as ALB) as Corporate Accounting manager in 2005, subsequently became Head of Corporate Finance in 2010. He was promoted to CFO of ALB in 2011 and the company in 2014. Chang Meng s also a member of the Malaysia Institute of Accountants.

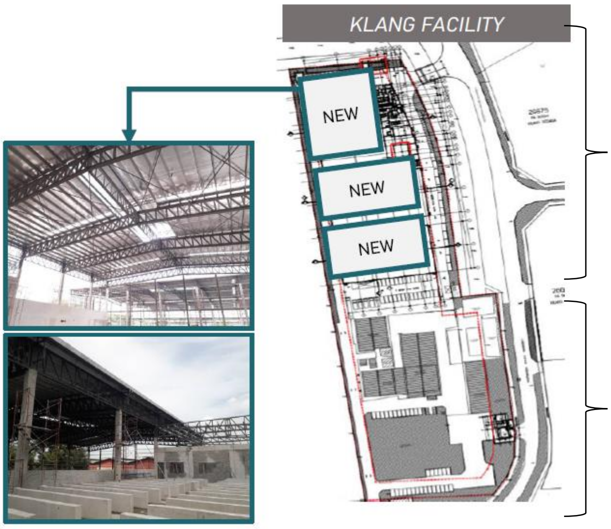
Source: Company

Company Structure



Source: Bloomberg, Company, Kenanga Research

New facility expansion in Klang



New

- Build-up area of 70k sqft
- Annual capacity of 4,000 MT
- Specifically dedicated for new product of “T” and “S”
- Partly machines are in place and the remaining will be moved in by end of January 2023
- Expected to commence operation in March this year

Existing *(including Shah Alam’s facility which is not shown)*

- Operation hub for manufacturing of 6 Ais and other formulation products
- Total annual capacity up to 42,000 MT

Source: Company

Income Statement

FY May (RM m)	2020A	2021A	2022A	2023F	2024F
Revenue	1,472.3	1,538.5	2,013.1	2,168.8	2,367.3
Operating Profit	**19.8**	**67.8**	**90.2**	**136.1**	**190.6**
Depreciation	-55.1	-41.7	-40.8	-46.2	-48.1
Interest Inc/(Exp)	-17.9	-12.0	-12.7	-19.0	-18.1
Profit Before Tax	**-0.8**	**53.4**	**78.2**	**115.6**	**170.9**
Taxation	-18.1	-18.4	-49.1	-34.7	-51.3
Minority interest	9.2	-8.8	39.1	-7.3	-10.8
Net Profit	**-9.7**	**23.8**	**68.2**	**73.7**	**108.9**
Core Net Profit	**-9.7**	**23.8**	**53.2**	**73.7**	**108.9**

Balance Sheet

FY May (RM m)	2020A	2021A	2022A	2023F	2024F
Fixed Assets	200.7	189.7	216.7	190.4	162.4
Intangible Assets	90.3	75.9	77.1	77.1	77.1
Other Fixed Assets	139.0	141.9	119.8	119.8	119.8
Inventories	128.9	175.0	179.1	201.1	229.8
Receivables	287.3	355.2	393.3	438.8	492.1
Other Current Assets	12.8	15.0	11.8	11.8	11.8
Cash	100.4	108.8	126.1	190.7	290.7
Asset Held For Sale	0	6.68	0	0	0
Total Assets	**959.3**	**1,068.3**	**1,123.8**	**1,229.8**	**1,383.6**
Payables	154.1	218.0	225.6	257.9	302.8
ST Borrowings	251.2	250.1	332.5	332.5	332.5
Other ST Liability	33.2	26.7	23.6	23.6	23.6
LT Borrowings	70.8	50.7	78.9	78.9	78.9
Other LT Liability	26.4	40.4	35.0	35.0	35.0
Net Assets	**423.6**	**482.4**	**428.3**	**501.9**	**610.8**
Shareholders' Equity	311.7	362.2	387.6	461.3	570.1
Minority Interests	111.9	120.2	40.7	40.7	40.7
Total Equity	**423.6**	**482.4**	**428.3**	**501.9**	**610.8**

Cashflow Statement

FY May (RM m)	2020A	2021A	2022A	2023F	2024F
Operating CF	126.1	31.5	23.7	105.1	139.6
Investing CF	-18.5	13.3	-68.4	-21.5	-21.5
Financing CF	-97.5	-24.1	58.6	-19.0	-18.1
Change In Cash	10.1	20.7	13.9	64.7	100.0
Free CF	110.8	17.4	-12.1	85.1	119.6

Financial Data & Ratios

FY May	2020A	2021A	2022A	2023F	2024F
Growth					
Turnover	-25.9%	4.5%	30.9%	7.7%	9.2%
EBITDA	-25.9%	4.5%	30.9%	7.7%	9.2%
Operating Profit	-51.6%	242.2%	33.0%	50.9%	40.0%
PBT	-103.9%	-6514.2%	46.5%	47.9%	47.8%
Net profit	-164.1%	-345.0%	123.9%	38.5%	47.8%
Profitability					
Operating Margin	1.3%	4.4%	4.5%	6.3%	8.1%
PBT Margin	-0.1%	3.5%	3.9%	5.3%	7.2%
Core Net Margin	-0.7%	1.5%	2.6%	3.4%	4.6%
Effective Tax Rate	-2170.7%	34.5%	62.8%	30.0%	30.0%
ROA	-0.9%	2.3%	6.2%	6.3%	8.3%
ROE	-3.1%	7.0%	18.2%	17.4%	21.1%
					DuPont Analysis
Net Margin (%)	-0.7%	1.5%	2.6%	3.4%	4.6%
Assets Turnover (x)	1.5	1.4	1.8	1.8	1.7
Leverage Factor (x)	3.1	2.9	2.9	2.7	2.4
ROE (%)	-3.1%	7.0%	18.2%	17.4%	21.1%
Leverage					
Debt/Asset (x)	0.3	0.3	0.4	0.3	0.3
Debt/Equity (x)	1.0	0.8	1.1	0.9	0.7
Net (Cash)/Debt	221.7	192.0	285.3	220.7	120.7
Net Debt/Equity (x)	0.7	0.5	0.7	0.5	0.2
Valuations					
Core EPS (sen)	(4.3)	10.0	5.8	8.0	11.8
NDPS (sen)	-	-	-	-	-
BV/sh (RM)	1.4	1.5	0.4	0.5	0.6
PER (x)	(26.9)	11.6	20.1	14.5	9.8
Div. Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
PBV (x)	0.8	0.8	2.8	2.3	1.9
EV/EBITDA (x)	(0.4)	1.6	1.8	1.9	2.8

Source: Kenanga Research

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen) 1-Yr. Fwd.	Core EPS (sen) 2-Yr. Fwd.	Core EPS Growth 1-Yr. Fwd.	Core EPS Growth 2-Yr. Fwd.	PER (x) - Core Earnings 1-Yr. Fwd.	PER (x) - Core Earnings 2-Yr. Fwd.	PBV (x) 1-Yr. Fwd.	ROE (%) 1-Yr. Fwd.	Net. Div. (sen) 1-Yr. Fwd.	Net Div Yld (%) 1-Yr. Fwd.
Stocks Under Coverage																	
ANCOM NYLEX BHD	OP	1.16	1.80	55.17%	1,054.3	Y	05/2023	8.0	11.8	38.5%	47.8%	14.5	9.8	2.3	15.8%	0.0	0.0%
BOILERMECH HOLDINGS BHD	OP	0.785	0.830	5.73%	405.1	Y	03/2023	3.5	5.2	7.6%	45.9%	22.1	15.2	1.5	7.1%	1.8	2.3%
BP PLASTICS HOLDINGS BHD	OP	1.30	1.63	25.38%	365.9	Y	12/2022	11.3	13.6	-31.7%	21.1%	11.5	9.5	1.4	13.0%	6.0	4.6%
HIL INDUSTRIES BHD	OP	0.990	1.13	14.14%	328.6	Y	12/2022	8.8	11.8	-2.3%	34.6%	11.3	8.4	0.8	7.2%	2.0	2.0%
HPP HOLDINGS BHD	OP	0.415	0.530	27.71%	161.2	Y	05/2023	3.2	4.1	48.8%	28.0%	12.9	10.1	1.2	10.2%	2.0	4.8%
KUMPULAN PERANGSANG SELANGOR BHD	OP	0.690	0.850	23.19%	370.8	Y	12/2022	6.7	8.5	-13.2%	26.9%	10.3	8.1	0.3	3.4%	6.5	9.4%
SCIENTEX BHD	MP	3.35	2.99	-10.75%	5,196.1	Y	07/2023	30.6	35.5	15.0%	16.0%	10.9	9.4	1.6	15.5%	7.4	2.2%
SLP RESOURCES BHD	MP	0.945	1.09	15.34%	299.5	Y	12/2022	6.2	7.2	11.4%	16.4%	15.4	13.2	1.6	10.4%	5.5	5.8%
THONG GUAN INDUSTRIES BHD	OP	2.39	3.28	37.24%	933.2	Y	12/2022	28.6	30.3	16.5%	5.9%	8.4	7.9	1.1	13.6%	5.5	2.3%
SECTOR AGGREGATE					**9,114.8**					**20.6%**	**19.8%**	**11.3**	**9.4**	**1.3**	**11.6%**		**3.7%**

Source: Kenanga Research

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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