Research by **kenanga** 

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# **UMW Holdings**

# **Below Expectations**

## By Desmond Chong I <u>cwchong@kenanga.com.my</u>

Period	•	3Q15/9M15	S
Actual vs. Expectations	•	Below expectations. The group reported 3Q15 normalised PATAMI of RM81.7m (+54% QoQ and -61% YoY), bringing 9M15 core PATAMI to RM307.1m (-53%) which made up only 66%/59% of our/consensus' full-year earnings estimates.	1
	•	Note that the 9M15 normalised PATAMI has been adjusted by excluding the non-core items totalling RM60.0m which consists of: (i) impairment losses of receivables amounting to RM3.7m, (ii) provision for write-down of inventories amounting of RM17.3m, and (iii) provision for impairment losses of assets amounting to RM39.2, as well as others non-core items amounting to RM0.2m.	к
	•	The negative deviations were lower-than-expected earnings mainly from: (i) the Automotive segment (weaker margins from higher CKD costs and aggressive A&P activities), (ii) its 38%-associate Perodua (which we believe might have been dragged by start-up losses in Perodua's new engine plant on top of the adverse currency fluctuations), and (ii) its Oil & Gas segment (discounted charter rates and lower rig utilisation in the 3Q2015).	Y Y SI BI M
Dividends	•	As expected, no dividend was declared for the quarter under review.	ls 52
Key Result Highlights	•	<b>YoY</b> , 9M15 revenue decreased by 9% owing to lower revenue contributions from the Automotive, M&E segment and other segment (which we believe to be non-core O&G). Compounded by lower EBIT margins of 5.1% (-5.6ppts) which was dragged mainly by higher costs arising from unfavourable forex in Automotive segments and discounts on time charter rates and additional OpEX (of uncontracted	52 3- Fi Bi
	•	NAGA 7) in Oil & Gas segment, EBIT declined by 56%. <b>QoQ</b> , despite sales weakness seen in the lion's share contributor- Automotive segment (-5%), the group's revenue still inched up by 1% compensated by better sales in all other segments. Positively, core PATAMI rebounded 54% which we believe was helped mainly by better operational efficiency in Equipment segment. Notably, headline PBT of Equipment segment jumped 91% in tandem with higher revenue of equipment, parts and services from Myanmar and Papua New Guinea.	SI EI PI <b>S</b> F` TI EI P
	•	<b>YoY, Automotive:</b> 9M15 revenue decreased by 11% as Toyota's prime position in the passenger vehicle segment lost ground to Honda due to the latter's attractive model launches, particularly in the B segment. Meanwhile, segmental PBT dropped steeper by 47% with PBT margin corroded by 5.8ppts which we believe was mainly due to: (i) higher A&P costs amidst ongoing aggressive sales promotion activities, and (ii) higher imported CKD costs on unfavourable forex.	C C E E D B
	•	<b>YoY, Equipment:</b> 9M15 revenue jumped by 12% boosted by the resumption of jade mining activities in Myanmar as well as higher parts and services revenue in Papua New Guinea. With better operational efficiency coupled with a tax incentive given by the authority to purchase equipment in Singapore, PBT soared by 42%.	P P G D
	•	<b>YoY, Oil &amp; gas:</b> 3Q15 revenue decreased by 16% owing to lower time charter rates and rig utilisation amid the sluggish Oil & Gas segment in the low oil price environment. Coupled with the lower operational efficiency, PBT dropped by 85%.	
	•	YoY, M&E. 9M15 revenue decreased 6% owing to its weaker auto components business in Malaysia. Coupled with higher raw materials costs which are mainly in USD	

with higher raw materials costs, which are mainly in USD, segmental PBT decreased by 85%.

#### **UNDERPERFORM** Price: RM8.28 **RM6.73**

**Target Price:** 

#### Share Price Performance 12.00 11.00 10.00 9.00 8.00 7.00 Nov- Dec. Jan- Feb- Mar- Apr- May- Jun- Jul-15 Aug- Sep-14 14 15 15 15 15 15 15 15 15 15 15 Oct- Nov-15 15 (LCI 1683.09



## Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	UMWH MK Equity
Market Cap (RM m)	9,673.5
Issued shares	1,168.3
52-week range (H)	11.44
52-week range (L)	7.41
3-mth avg daily vol:	1,760,408
Free Float	39%
Beta	1.0

## **Najor Shareholders**

SKIM AMANAH SAHAM BU	36.9%
EMPLOYEES PROVIDENT	15.9%
PERMODALAN NASIONAL	8.3%

## Summary Earnings Table

FYE Dec (RM m)	2014A	2015E	2016E
Turnover	14959	12881	13367
EBITDA	1427	635	983
PBT	1621	863	1241
Core NP	792	376	568
Consensus (NP)	-	517	590
Earnings Revision (%)	-	-19%	-13%
EPS (sen)	67.7	32.2	48.7
EPS growth (%)	-7.1	-52.5	51.1
DPS (sen)	41.0	19.3	29.2
BVPS (RM)	5.6	5.8	6.0
PER	12.2	25.7	17.0
Price/BV (x)	1.5	1.4	1.4
Gearing (%)	0.1	0.1	0.1
Dividend Yield (%)	5.0	2.3	3.5

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27 November 2015

Outlook	On the Automotive segment, we are still keeping our conservative combined total sales (Perodua, UMW Toyota) of 293k units (-2% YoY), vs. management's forecast of 298k units in FY2015 with unchanged sales volume assumptions from Perodua (205k units, mainly driven by Perodua Axia and MyVi) and UMW Toyota (88k units) amidst the lack of new attractive models as well as the weaker sales performance in 1H15. Meanwhile, we believe margins will continue to be suppressed, dragged by higher operating costs from marketing and higher import cost on unfavourable currency fluctuations. For the Oil and Gas segment, we expect headwinds with oil prices expected to remain soft in the medium-term. With major oil companies implementing cost-cutting measures and delaying the capital expenditure, we expect continual downward pressure on the charter rates at least in the medium-term. Moreover, four rigs (Naga 2, 3, 5 and 6) have already run out of charter
	contracts, exerting further downward pressure on the Group's near-term earnings.
Change to Forecasts	Post-results, we have reduced our FY15E-FY16E PATAMI by 13%-19% to account mainly for: (i) lower EBITDA margin (to account for higher costs in FY15-FY16) for Automotive segment as well as its 38%-owned associate Perodua, (ii) earnings losses assumptions from Oil & Gas segment in FY15-FY16 (reduction on average rig utilisation to 44.0%/41.0% in FY15/FY16 from 50%/69% previously due to anticipation of non-renewal of expired drilling contracts by its major regional clients, i.e. PTTEP and PETROVIETNAM. Meanwhile, DCR assumption for our rigs are maintained at USD100,000/day which is consistent with the going rate in the market.
Rating	Downgrade to UNDERPERFORM
Valuation	Post-earnings revision, our SoP-derived TP has been reduced to RM6.73 from RM8.93 as we switched our PER valuation on its Oil & Gas segment (from previously 10.0x FY16 PER) to 0.5x PBV. Meanwhile for other segments, we ascribed a 12.0x PER which is -2SD below its 3-year PER mean to the total SoP.
Risks to Our Call	Higher-than-expected vehicle sales and margins. Earlier than expected recovery in Oil & Gas segment. Better than expected drilling margins.
Result Highlight	

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
FYE: Dec (RM 'm)	FY15	FY15	Chg	FY14	Chg	FY15	FY14	Chg
Turnover	3533.2	3485.3	1.4%	3702.5	-4.6%	10258.8	11252.8	-8.8%
EBIT	66.8	176.0	-62.0%	383.9	-82.6%	526.3	1200.2	-56.1%
PBT/(LBT)	72.2	207.6	-65.2%	430.3	-83.2%	599.9	1331.7	-55.0%
Taxation	-44.3	-74.3	40.3%	-100.6	55.9%	-202.6	-316.0	35.9%
PATAMI	13.5	68.4	-80.2%	197.0	<b>-9</b> 3.1%	247.1	574.5	-57.0%
Core PATAMI	81.7	53.2	53.8%	207.4	-60.6%	307.1	647.1	-52.5%
EPS (sen)	7.0	4.5	53.8%	17.8	-60.6%	26.3	55.4	-52.5%
DPS (sen)	0.0	10.0		15.0		10.0	25.0	
EBIT margin	1.9%	5.0%		10.4%		5.1%	10.7%	
Pretax margin	2.0%	6.0%		11.6%		5.8%	11.8%	
Core NP margin	2.3%	1.5%		5.6%		3.0%	5.8%	
Effective tax rate	-61.4%	-35.8%		-23.4%		-33.8%	-23.7%	

Source: Kenanga Research

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
FYE Dec (RM'm)	FY15	FY15	Chg	FY14	Chg	FY15	FY14	Chg
Revenue								
Automotive	2596.1	2732.7	-5.0%	2,643.4	-1.8%	7334.4	8,204.2	-10.6%
Equipment	474.8	353.6	34.3%	434.8	9.2%	1481.4	1323.4	11.9%
O&G	212.7	183.4	16.0%	254.3	-16.4%	708.6	688.7	2.9%
M&E	183.8	165.4	11.1%	180.2	2.0%	520.3	551.0	-5.6%
Other segment	65.7	50.2	31.0%	189.9	-65.4%	214.2	485.4	-55.9%
Segment PBT								
Automotive	113.4	263.4	-56.9%	343.9	-67.0%	610.3	1159.1	-47.3%
Equipment	64.4	33.7	91.2%	44.4	45.0%	197.4	138.6	42.4%
O&G	11.5	8.0	43.3%	75.8	-84.9%	61.9	200.4	-69.1%
M&E	0.8	0.4	88.0%	-1.5	150.7%	3.0	20.1	-85.3%
Other segment	-117.7	-97.8	-20.4%	-32.4	-263.1%	-272.6	-186.4	-46.3%
Segment PBT margin								
Automotive	4.4%	9.6%		13.0%		8.3%	14.1%	
Equipment	13.6%	9.5%		10.2%		13.3%	10.5%	
O&G	5.4%	4.4%		29.8%		8.7%	29.1%	
M&E	0.4%	0.2%		-0.8%		0.6%	3.6%	
Other segment	-179.1%	-194.8%		-17.1%		-127.3%	-38.4%	

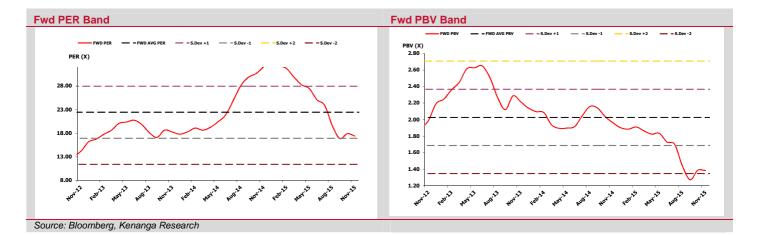
Source: Company, Kenanga Research

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## **Results Note**

### 27 November 2015



#### Sum-of-Parts Valuation of UMW

	FY16	
(x)	Value (RMm)	Remarks
12.0	6978.7	Based on 12.0x FY16 PER (excluding UMWOG contribution)
0.5	884.3	Based on 0.5x FY16 PBV with effective stake of 55.72%
	7863.05	
	1168.3	
	6.73	
	12.0	(x)     Value (RMm)       12.0     6978.7       0.5     884.3       7863.05       1168.3

Source: Kenanga Research

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## 27 November 2015

Revenue   15,     EBITDA   2,     Depre. &   Amort     Amort   -     Operating   1,     Other Income   Interest Exp     Associate   PBT     PBT   2,     Taxation   -     Core Net   Profit     Profit   2     Fixed Assets   2,     Int. Assets   0     Other FA   2,     Inventories   1,     Receivables   1,     Other CA   -	2012A 5,816.9 2,197.2 -298.2 1,899.0 78.5 -83.4 126.2 2,020.3 -431.5 -594.5 997.2 2012A 2,997.3 138.3 2,051.8 1,768.8 1,542.7	2013A 13,951.5 1,621.7 -325.3 1,296.5 80.8 -99.2 157.5 1,435.7 -351.5 -431.3 852.3 852.3 2013A 3,898.9 37.9 2,131.1 1,754.2	2014A 14,958.9 1,806.2 -379.4 1,426.8 136.6 -82.0 139.5 1,620.8 -409.1 -554.1 657.7 2014A 5,646.0 37.9 2,221.4 1,834.6	2015E 12,881.1 1,146.7 -511.9 634.8 122.9 -81.3 186.1 862.6 -297.2 -189.1 376.3 2015E 6,134.1 37.9 2,221.4	2016E 13,367.2 1,523.4 -540.9 982.5 124.1 -71.2 205.8 1,241.3 -389.8 -283.1 568.4 2016E 6,593.2 37.9 2,221.4	FY Dec (RM m) Growth Turnover EBITDA Operating Profit PBT Adj Net Profit Profitability (%) EBITDA Margin Operating Margin PBT Margin Core Net Margin Eff. Tax Rate ROA ROE	2011A 16.9 41.3 51.1 48.0 105.3 13.9 12.0 12.8 6.3 21.4 9.0 15.8	2012A -11.8 -26.2 -31.7 -28.9 -14.5 11.6 9.3 10.3 6.1 24.5 5.0 9.5	2013A 7.2 11.4 10.1 12.9 -7.1 12.1 9.5 10.8 5.3 25.2 4.2 8.4	2014E -13.9 -36.5 -55.5 -46.8 -52.5 8.9 4.9 6.7 2.9 34.5 2.3 3.8	20155 3.3 32.9 54.4 43.9 51.7 11.4 7.4 9.3 4.1 31.4 3.4 5.5
EBITDA 2, Depre. & Amort 0 Operating Profit 1, Other Income Interest Exp Associate PBT 2, Taxation 0 Core Net Profit 2 Fixed Assets 2, Int. Assets 0 Other FA 2, Inventories 1, Receivables 1, Other CA	2,197.2 -298.2 1,899.0 78.5 -83.4 126.2 2,020.3 -431.5 -594.5 997.2 2012A 2,997.3 138.3 2,051.8 1,768.8	1,621.7 -325.3 1,296.5 80.8 -99.2 157.5 1,435.7 -351.5 -431.3 852.3 <b>2013A</b> 3,898.9 37.9 2,131.1	1,806.2 -379.4 1,426.8 136.6 -82.0 139.5 1,620.8 -409.1 -554.1 657.7 <b>2014A</b> 5,646.0 37.9 2,221.4	1,146.7 -511.9 634.8 122.9 -81.3 186.1 862.6 -297.2 -189.1 376.3 <b>2015E</b> 6,134.1 37.9 2,221.4	1,523.4 -540.9 982.5 124.1 -71.2 205.8 1,241.3 -389.8 -283.1 568.4 <b>2016E</b> 6,593.2 37.9	Turnover EBITDA Operating Profit PBT Adj Net Profit Profitability (%) EBITDA Margin Operating Margin PBT Margin Core Net Margin Eff. Tax Rate ROA ROE	41.3 51.1 48.0 105.3 13.9 12.0 12.8 6.3 21.4 9.0	-26.2 -31.7 -28.9 -14.5 11.6 9.3 10.3 6.1 24.5 5.0	11.4 10.1 12.9 -7.1 12.1 9.5 10.8 5.3 25.2 4.2	-36.5 -55.5 -46.8 -52.5 8.9 4.9 6.7 2.9 34.5 2.3	32.3 54.4 43.9 51.1 11.4 9.3 4.3 31.4 3.4
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Taxation	-431.5 -594.5 997.2 <b>2012A</b> 2,997.3 138.3 2,051.8 1,768.8	-351.5 -431.3 852.3 <b>2013A</b> 3,898.9 37.9 2,131.1	-409.1 -554.1 657.7 <b>2014A</b> 5,646.0 37.9 2,221.4	-297.2 -189.1 376.3 <b>2015E</b> 6,134.1 37.9 2,221.4	-389.8 -283.1 568.4 <b>2016E</b> 6,593.2 37.9	EBITDA Margin Operating Margin PBT Margin Core Net Margin Eff. Tax Rate ROA ROE	12.0 12.8 6.3 21.4 9.0	9.3 10.3 6.1 24.5 5.0	9.5 10.8 5.3 25.2 4.2	4.9 6.7 2.9 34.5 2.3	7 9 4 31 3
Al Core Net Profit 3 Salance Sheet 5 FY Dec (RM m) 2 Fixed Assets 2, nt. Assets 2, nt. Assets 2, nt. Assets 2, nt. Assets 1, Receivables 1, 2, nt. Assets 1, 2, nt. Assets 1, 2, nt. Assets 1, 2, 1, 1	-594.5 997.2 <b>2012A</b> 2,997.3 138.3 2,051.8 1,768.8	-431.3 852.3 <b>2013A</b> 3,898.9 37.9 2,131.1	-554.1 657.7 <b>2014A</b> 5,646.0 37.9 2,221.4	-189.1 376.3 <b>2015E</b> 6,134.1 37.9 2,221.4	-283.1 568.4 <b>2016E</b> 6,593.2 37.9	Operating Margin PBT Margin Core Net Margin Eff. Tax Rate ROA ROE	12.0 12.8 6.3 21.4 9.0	9.3 10.3 6.1 24.5 5.0	9.5 10.8 5.3 25.2 4.2	4.9 6.7 2.9 34.5 2.3	7 9 4 31 3
Core Net     Profit     Balance Sheet     FY Dec (RM m)   2     Fixed Assets   2,     nt. Assets   2,     Dther FA   2,     nventories   1,     Receivables   1,     Other CA   2	997.2 2012A 2,997.3 138.3 2,051.8 1,768.8	852.3 <b>2013A</b> 3,898.9 37.9 2,131.1	657.7 <b>2014A</b> 5,646.0 37.9 2,221.4	376.3 <b>2015E</b> 6,134.1 37.9 2,221.4	568.4 <b>2016E</b> 6,593.2 37.9	Margin PBT Margin Core Net Margin Eff. Tax Rate ROA ROE	12.8 6.3 21.4 9.0	10.3 6.1 24.5 5.0	10.8 5.3 25.2 4.2	6.7 2.9 34.5 2.3	9 4 31 3
Profit   Balance Sheet   FY Dec (RM m) 2   Fixed Assets 2   rixed Assets 2   Dther FA 2   nventories 1   Receivables 1   Other CA 2	<b>2012A</b> 2,997.3 138.3 2,051.8 1,768.8	<b>2013A</b> 3,898.9 37.9 2,131.1	<b>2014A</b> 5,646.0 37.9 2,221.4	<b>2015E</b> 6,134.1 37.9 2,221.4	<b>2016E</b> 6,593.2 37.9	Core Net Margin Eff. Tax Rate ROA ROE	6.3 21.4 9.0	6.1 24.5 5.0	5.3 25.2 4.2	2.9 34.5 2.3	4 31 3
Balance Sheet     FY Dec (RM m)   2     Fixed Assets   2     nt. Assets   2     Dther FA   2     nventories   1     Receivables   1     Dther CA   2	<b>2012A</b> 2,997.3 138.3 2,051.8 1,768.8	<b>2013A</b> 3,898.9 37.9 2,131.1	<b>2014A</b> 5,646.0 37.9 2,221.4	<b>2015E</b> 6,134.1 37.9 2,221.4	<b>2016E</b> 6,593.2 37.9	Core Net Margin Eff. Tax Rate ROA ROE	6.3 21.4 9.0	6.1 24.5 5.0	5.3 25.2 4.2	2.9 34.5 2.3	4 31 3
FY Dec (RM m) 2   Fixed Assets 2   nt. Assets 2   Dther FA 2   nventories 1   Receivables 1   Dther CA 2	2,997.3 138.3 2,051.8 1,768.8	3,898.9 37.9 2,131.1	5,646.0 37.9 2,221.4	6,134.1 37.9 2,221.4	6,593.2 37.9	Eff. Tax Rate ROA ROE	21.4 9.0	24.5 5.0	25.2 4.2	34.5 2.3	31 3
FY Dec (RM m) 2   Fixed Assets 2   nt. Assets 2   Dther FA 2   nventories 1   Receivables 1   Dther CA 2	2,997.3 138.3 2,051.8 1,768.8	3,898.9 37.9 2,131.1	5,646.0 37.9 2,221.4	6,134.1 37.9 2,221.4	6,593.2 37.9	ROA ROE	9.0	5.0	4.2	2.3	3
Tixed Assets 2, nt. Assets 2, Dther FA 2, nventories 1, Receivables 1, Dther CA	2,997.3 138.3 2,051.8 1,768.8	3,898.9 37.9 2,131.1	5,646.0 37.9 2,221.4	6,134.1 37.9 2,221.4	6,593.2 37.9	ROE					
nt. Assets Dther FA 2, nventories 1, Receivables 1, Dther CA	138.3 2,051.8 1,768.8	37.9 2,131.1	37.9 2,221.4	37.9 2,221.4	37.9		15.8	9.5	8.4	3.8	5
Other FA 2,   nventories 1,   Receivables 1,   Other CA 1,	2,051.8 1,768.8	2,131.1	2,221.4	2,221.4							
nventories 1, Receivables 1, Other CA	1,768.8		- ' -	· ·	2,221.4						
Receivables 1, Dther CA		1,754.2	1,834.6			DuPont Analysis					-
Other CA	1,542.7	1 0 0 0 0		1,600.9	1,615.8	Net Margin (%) Assets Turnover	6.3	6.1	5.3	2.9	4
		1,209.6	1,326.0	1,091.7	1,132.9	(x) Leverage Factor	1.4	1.0	0.9	0.8	0
	14.1	674.4	815.2	815.2	815.2	(x)	1.8	1.6	1.7	1.7	1
Cash 2,	2,492.6	2,557.7	3,376.4	3,745.9	3,507.7	ROE (%)	15.8	9.5	8.4	3.8	5
Total Assets 1	11,495	14,595	16,439	16,829	17,106	Leverage					
Payables 2,	2,045.8	2,070.1	2,118.7	1,868.6	1,886.0	Debt/Asset (x)	0.2	0.2	0.2	0.2	0
	1,013.9	1,389.2	2,177.5	2,177.5	2,177.5	Debt/Equity (x)	0.2	0.2	0.4	0.2	0
Other ST	223.7	234.6	415.0	677.0	463.9	Net Cash/(Debt)	-155.3	-355.7	-715.2	-345.7	-584
	1,633.9	1,524.2	1,914.2	1,914.2	1,914.2	Net Debt/Equity (x)	0.0	0.06	0.1	0.1	001
Other LT	279.6	444.5	371.2	371.2	371.2	(^)	0.0	0.00	0.1	0.1	0
,	6,298.4	8,932.5	9,442.7	9,820.4	10,293.0	Valuations					
	0,200.4	0,002.0	5,442.1	3,020.4	10,200.0	Core EPS (sen)	85.4	73.0	67.7	32.2	48
	4,848.3	6,290.4	6,590.1	6,740.6	6,968.0	NDPS (sen)	50.0	44.0	41.0	19.3	29
/linority nterest 1,	1,450.2	2,642.2	2,852.6	3,079.8	3,325.0	BVPS (RM)	4.15	5.38	5.64	5.77	5.9
	6,298.4	2,042.2 8,932.5	<b>9,442.7</b>	9,820.4	10,293.0	PER (x)	9.7	11.3	12.2	25.7	17
	0,230.4	0,332.5	3,442.7	3,020.4	10,235.0	Net Div. Yield					
						(%)	6.0	5.3	5.0	2.3	3
Cashflow Statement						PBV (x)	2.0	1.5	1.5	1.4	1
	2012A	2013A	2014A	2015E	2016E	EV/EBITDA (x)	5.1	7.8	7.3	11.4	8
Operating CF 1,	1,192.8	947.6	1,284.0	1,876.8	1,390.1						
nvesting CF	-428.0	-95.3	-723.3	-1,000.0	-1,000.0						
	-470.1	-811.0	235.6	-416.0	-628.4						
Change In Cash	294.7	41.3	796.4	460.8	-238.3						
Free CF	773.7	-52.4	-892.1	876.8	390.1						



## **Results Note**

## 27 November 2015

#### Malaysian Automotive Peers Comparison

NAME	Price @ 26/11/15	Mkt Cap	F	PER (x)		Est. Div. Yld.	Hist. ROE	1	Net Profit (RM	m)	1 Yr Fwd NP Growth	2 Yr Fwd NP Growth	Target Price	Rating
	(RM)	(RMm)	Actual	1 Yr Fwd	2 Yr Fwd	_(%)	_(%)	Actual	1 Yr Fwd	2 Yr Fwd	(%)	_(%)	(RM)	
DRB-HICOM BHD	1.26	2435.8	9.5	12.0	11.6	4.8%	6.3%	255.4	202.8	211.2	-20.6%	4.1%	1.40	MP
MBM RESOURCES BERHAD	2.79	1090.1	9.5	12.6	9.6	3.9%	7.7%	114.2	86.3	114.0	-24.4%	32.1%	2.92	MP
TAN CHONG MOTOR HOLDINGS BHD	2.83	1847.4	27.3	33.5	27.7	1.4%	2.5%	67.6	55.1	66.7	-18.5%	21.1%	2.15	UP
UMW HOLDINGS BHD	8.28	9673.5	12.2	25.7	17.0	2.3%	10.2%	791.5	376.3	568.4	-52.5%	51.1%	6.73	UP
BERJAYA AUTO BHD	2.18	2484.5	11.6	11.8	10.3	5.4%	43.5%	215.4	213.2	244.1	-1.0%	14.5%	2.63	OP



#### Stock Ratings are defined as follows:

#### **Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10% (an approximation to the
	5-year annualised Total Return of FBMKLCI of 10.2%).
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than 3% (an approximation to the
	12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

#### Sector Recommendations\*\*\*

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10% (an approximation to the
	5-year annualised Total Return of FBMKLCI of 10.2%).
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of 3% to 10%.
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than 3% (an approximation to the
	12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

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

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Published and printed by:

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