

Company Guide

UMW Holdings



Version 10 | Bloomberg: UMWK MK | Reuters: UMWS.KL

Refer to important disclosures at the end of this report

AllianceDBS Research, Malaysia Equity

30 Aug 2018

HOLD (Upgrade from Fully Valued)

Last Traded Price (29 Aug 2018): RM6.05 (KLCI : 1,820.64)

Price Target 12-mth: RM6.19 (2% upside) (Prev RM5.29)

Shariah Compliant: Yes

Analyst

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What's New

- 1HFY18 earnings beat estimates
- Auto segment boost from GST-free tax holiday period
- Upgrade earnings by c.18% for FY18F-20F
- Upgrade to HOLD with higher TP of RM6.19

Price Relative



Forecasts and Valuation

FY Dec (RMm)	2017A	2018F	2019F	2020F
Revenue	11,067	11,198	11,231	11,266
EBITDA	389	1,046	1,170	1,248
Pre-tax Profit	(539)	738	802	811
Net Profit	(641)	497	549	556
Net Pft (Pre Ex.)	165	497	549	556
Net Pft Gth (Pre-ex) (%)	(16.0)	201.6	10.4	1.3
EPS (sen)	(54.8)	42.5	47.0	47.6
EPS Pre Ex. (sen)	14.1	42.5	47.0	47.6
EPS Gth Pre Ex (%)	(16)	202	10	1
Diluted EPS (sen)	14.1	42.5	47.0	47.6
Net DPS (sen)	0.0	5.00	5.52	5.59
BV Per Share (sen)	261	298	340	382
PE (X)	nm	14.2	12.9	12.7
PE Pre Ex. (X)	42.9	14.2	12.9	12.7
P/Cash Flow (X)	6.3	7.3	7.1	6.7
EV/EBITDA (X)	25.2	9.6	8.9	8.5
Net Div Yield (%)	0.0	0.8	0.9	0.9
P/Book Value (X)	2.3	2.0	1.8	1.6
Net Debt/Equity (X)	0.4	0.4	0.4	0.3
ROAE (%)	(16.5)	15.2	14.7	13.2
Earnings Rev (%):		18	18	18
Consensus EPS (sen):		30.3	38.8	44.1
Other Broker Recs:		B: 2	S: 5	H: 9

Source of all data on this page: Company, AllianceDBS, Bloomberg Finance L.P

Stronger auto earnings

Upgrade to Hold. We increased our FY18F-20F forecast by c.18% to account for stronger auto segment earnings. Following our earnings upgrade, our revised SOP-based TP is RM6.19. New launches such as the all-new Toyota Harrier, two new variants for Toyota Hilux, Alphard and Toyota Velfire (which were introduced in 1Q18) will help support volume in the coming quarters. The all new Toyota CH-R started delivery since end-March with high orders, posting 1,500 bookings as of March 2018. Given the improved earnings visibility, we upgrade our Fully Valued call to Hold.

Where we differ: Relatively slower sales volumes. We believe earnings should be sustainable going into 3Q18 as the Goods and Services Tax (GST) free period ends on 31st August. We expect the implementation of Sales and Services Tax (SST) to result in relatively slower sales volumes. In our view, the heavy equipment segment may face some pressure from ongoing review of mega infrastructure projects in the country.

Potential catalyst: Higher than expected auto sales. Exciting launches (Toyota CH-R), improved customer sentiment and margins could boost auto sales and earnings. In addition, stronger contributions from the aerospace segment as well as the successful acquisition of MBM Resources will lift earnings.

Valuation:

Successful MBM Resources acquisition to lift TP. Our TP of RM6.19 is SOP-based. Our proforma TP upon completion of the proposed MBM Resources acquisition is RM6.60.

Key Risks to Our View:

Slower auto sales; weaker margins. Significantly slower Toyota vehicle unit sales and higher manufacturing costs could depress earnings.

At A Glance

Issued Capital (m shrs)	1,168
Mkt. Cap (RMm/US\$m)	7,068 / 1,722
Major Shareholders (%)	
Skim Amanah Saham Bumiputera	43.4
Permodalan Nasional Bhd	12.6
Employees Provident Fund	6.7
Free Float (%)	37.3
3m Avg. Daily Val (US\$m)	0.80

ICB Industry : Consumer Goods / Automobiles & Parts



WHAT'S NEW

Boosted by tax holiday

- UMWH recorded headline net profit of RM124.4m in 2QFY18. Stripping out RM104.7m net losses from discontinued oil & gas operations brings 2Q18 core net profit to RM229.0m. 1HFY18 earnings of RM320.2m was above our and consensus expectations.
- As for the discontinued operations which include losses from the unlisted oil & gas business, net losses of RM104.7m narrowed from RM198.2m in 2QFY17 as more operations have ceased and scaled down in line with the exit strategy of the group. Management targets to sell the unlisted oil & gas business by end 2018.
- New launches by UMW such as the all-new Toyota Harrier, 2 new variants for Toyota Hilux and upgraded accessories for Toyota Sienta and upgraded 2018 Alphard and Toyota Velfire which were introduced in 1Q18 will help support volume in the coming quarters. The all new Toyota CH-R started delivery since end-March with high orders, posting 1,500 bookings as of March 2018.
- The aerospace business with Rolls-Royce is progressing as scheduled with delivery of the first fan case in 4Q17. Going forward, UMWH expects to deliver 80 units and 160 units for FY18F and FY19F respectively. This business is expected to be profitable in FY2020.

Core business improving

- Auto segment revenue came in at RM2,260.3m (+5.4% y-o-y; +26.9% q-o-q). This is in line with higher sales volume for Toyota (+10.5% y-o-y; +50.0% q-o-q) backed by strong demand from the tax holiday (GST-free) which started in June 18.
- In line with higher revenue, PBT came in at RM142.4m (+43.9% y-o-y; 13.1% q-o-q). This was mainly contributed by better performance from Perodua and the strengthening of the Ringgit. Perodua also benefited from stronger sales volumes (+24.5% y-o-y; +10.7% q-o-q).
- The equipment segment recorded revenue of RM365.9m (+4.2% y-o-y; -1.9% q-o-q) due to higher export sales and increased demand in the construction industry. Profit before tax was at RM37.8m (+17.4% y-o-y; -15.9% q-o-q) in line with revenue.
- Manufacturing and engineering segment however posted net losses of RM0.6m in 2Q18 which is lower than net losses of RM9.6m in 2Q17. This is due to the increase in revenue of RM178.3m (+15.9% y-o-y, +5.8% q-o-q) from the aerospace business as well as better margins arising from the stronger Ringgit.

Outlook

Core business to drive earnings

- YTD July 2018 industry numbers for auto sales were up y-o-y with a total industry volume (TIV) of 358,179 units (+7.6% y-o-y). This captures the stronger sales from the "tax holiday" period. The Malaysian Automotive Association expects the full year sales to normalise and TIV for 2018 to improve by 1.5% y-o-y to 585,000 units.

SST to lift car prices

- The SST is expected to come into effect in Sept 2018 and lead to higher purchase prices for cars. UMWH has no plans to absorb the SST for bookings made prior to Sept 2018. We expect to see a dip in sales volume post SST. However, this may rebound slightly during the year-end promotional period.

Offer period for MBMR takeover extended

- The offer period for the proposed takeover of MBM-Resources (MBMR) has been extended to 31 October 2018. This is to enable parties to deliberate on the offers. We understand that 52.07% of Med-Bumikar Mara Sdn Bhd's shareholders have voted to sell its 50.07% stake in MBM-Resources. They have also recommended that the board set up a task force committee to negotiate with UMWH, acting in the best interest of the company.
- We expect the acquisition of MBMR together with the additional 10% stake in Perodua from PNB Equity Resources Corp Sdn Bhd (PERC) to result in EPS accretion of 5% in FY19 under the full cash scenario. In the full shares scenario, the proposed acquisition will add 7% to FY19 EPS.

Increase earnings by c.18% for FY18F-20F

We increased our earnings by c.18% for FY18F-20F to mainly account for stronger auto segment earnings.

Valuation

Following our earnings upgrade, our SOP-based TP increases to RM6.19. We believe its earnings are on the right recovery track. With this, we upgrade our Fully Valued call to Hold.

Quarterly / Interim Income Statement (RMm)

FY Dec	2Q2017	1Q2018	2Q2018	% chg yoy	% chg qoq
Revenue	2,758	2,415	2,919	5.9	20.9
Other Oper. (Exp)/Inc	(2,747)	(2,324)	(2,678)	(2.5)	15.2
Operating Profit	10.6	91.7	241	2,171.2	163.4
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	nm	nm
Associates & JV Inc	31.9	57.6	54.4	70.4	(5.6)
Net Interest (Exp)/Inc	5.79	(2.0)	5.48	(5.3)	nm
Exceptional Gain/(Loss)	(198)	(17.1)	(105)	47.2	513.4
Pre-tax Profit	(150)	130	197	nm	51.0
Tax	(35.2)	(29.6)	(39.6)	12.6	33.7
Minority Interest	(24.3)	(26.6)	(32.7)	(34.4)	23.2
Net Profit	(209)	74.1	124	nm	67.9
Net profit bef Except.	(11.1)	91.2	229	nm	151.3
EBITDA	122	142	291	138.4	104.1
Margins (%)					
Opg Profit Margins	0.4	3.8	8.3		
Net Profit Margins	(7.6)	3.1	4.3		

Source of all data: Company, AllianceDBS

SOP valuation

Division	Stake	Valuation	Value (RM m)	Per share
Automotive				
Toyota	51.0%	PE 13x	2,446.33	2.09
Perodua	38.0%	PE 13x	2,504.49	2.14
Equipment	100.0%	PE 12x	1,631.44	1.40
Manufacturing & engineering	100.0%	PE 12x	382.50	0.33
Serendah Land		50% discount to market value	271.16	0.23
Total			7,235.92	6.19

Source of all data: AllianceDBS

Proforma SOP Valuation Post Acquisition – Assuming 100% stake in MBM Resources

Division	Stake	Valuation	Value (RM m)	Per share
Automotive				
Toyota	51.0%	PE 13x	2,446.33	1.71
Perodua	70.6%	PE 13x	4,653.07	3.26
Equipment	100.0%	PE 12x	1,631.44	1.14
Manufacturing & engineering	100.0%	PE 12x	382.50	0.27
Serendah Land		50% discount to market value	271.16	0.19
MBM – other business			57.00	0.04
Total			9,384.51	6.60

Source of all data: AllianceDBS

CRITICAL DATA POINTS TO WATCH

Toyota sales volume to sustain. UMWH’s assembly and distribution operations for Toyota and Lexus cars contributed 81.6% of group revenue in FY17. UMWH recorded sales of 70,445 units (+8.0% y-o-y) in FY17 backed by new launches in 4Q17 such as the Toyota Camry, Corolla Altis, Hilux, Fortuner, Innova and the Toyota Harrier. FY17 Toyota’s market share came in at 12.3%, making it the second bestselling non-national car marque after Honda with a 19.0% market share. Overall, we expect Toyota sales volume to improve marginally in FY18F-20F, backed by attractive launches. New launches for FY18 include the highly anticipated Toyota CH-R.

Resilient Perodua volume. UMWH has a 38% stake in Perodua which has done well in the past few quarters with impressive sales of new models. Perodua’s 35.4% market share in FY17 was above Proton’s 12.3%. Perodua is attracting buyers by offering a solid value proposition with reasonable pricing for the Myvi and Axia models. We forecast Perodua’s sales at 209k/213k units for FY18F/19F.

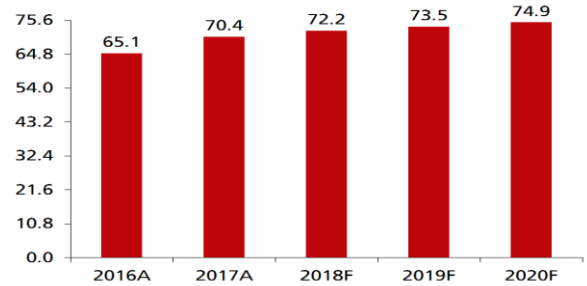
Expansion of manufacturing plant. UMWH Toyota is in the midst of expanding its manufacturing plant located in Bukit Raja Industrial Estate, Klang. The plant is expected to start operations in early 2019 with an annual capacity of 50k units. With an investment of up to RM2bn, this plant will focus more on the production of passenger vehicles, namely the Vios and Camry.

Margins to improve. We believe auto margins should improve going forward as we see the Ringgit strengthening against USD at RM4.10/USD currently vs RM4.30/USD in FY17. However, the group has to manage promotions during festive seasons as these could pressure margins.

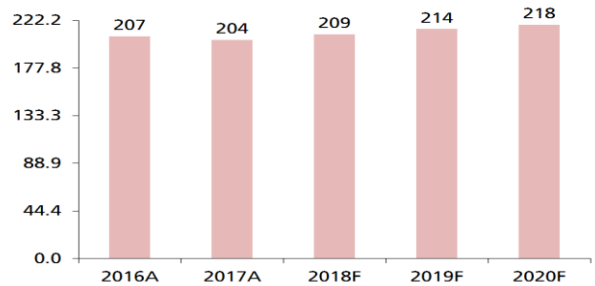
New aerospace venture. UMWH has entered into an agreement with Rolls Royce to manufacture and assemble fan cases for Trent 1000 engines. This potential new earnings stream is conceptually positive and allows the group to reduce its dependence on the auto businesses. We expect the business to contribute materially in FY18F. It recently completed the Rolls-Royce plant in Serendah, Selangor. The group has allocated RM750m capital expenditure (capex) for the next 2.5 years. It expects to deliver 80 units and 160 units for FY18F and FY19F respectively.

Unlocking value from Serendah Land. UMWH has 830 acres of land remaining in Serendah, excluding the aerospace plant. They have plans to lease or dispose the land to other manufacturing players to create a high value manufacturing park. However, future plans may take time to realise as management guided that it may take 15-20 years to fully dispose the land. Based on the market value of RM15/sqft for industrial land in the vicinity, UMWH’s Serendah land is estimated to be worth RM542m vs its cost of RM74m.

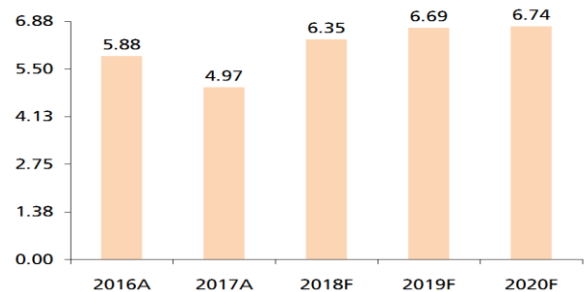
Toyota sales (k units)



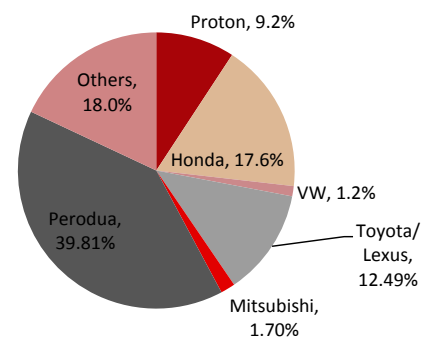
Perodua sales (k units)



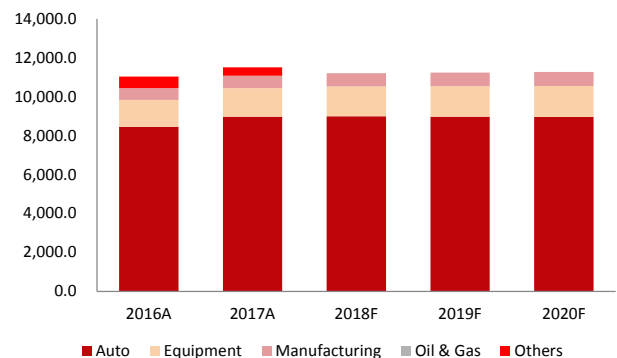
Auto PBT margin %



Market share 2Q18

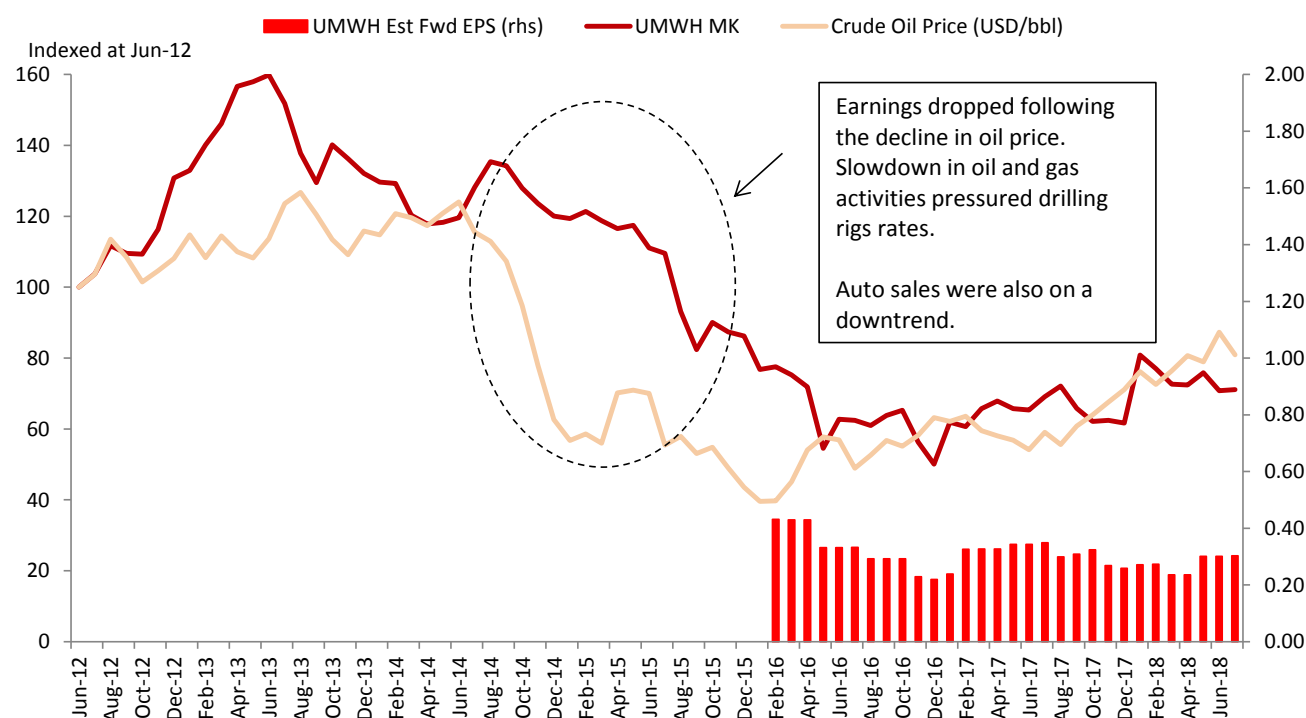


Revenue breakdown by segment



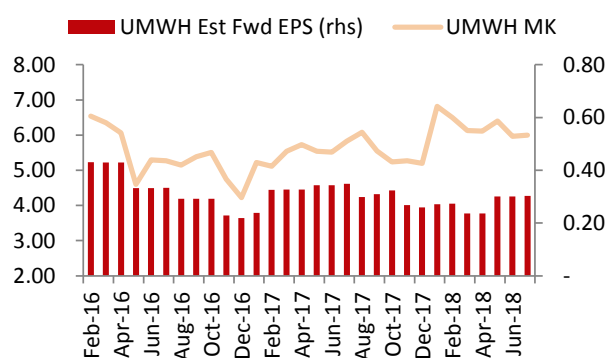
Source: Company, AllianceDBS

Appendix 1: Factors driving historical share price performance



*UMWH forward EPS is based on consensus
 Source: Company, AllianceDBS, Bloomberg Finance L.P

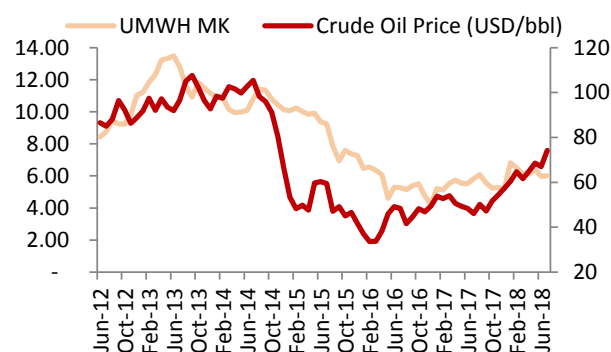
UMWH's share price versus forward EPS



Remarks

In the past, share price had a high correlation of 0.76 with forward EPS. This shows that share price is driven by earnings, which is backed by sales volume from Toyota and Perodua as the auto segment contributes c.80% of total earnings.

UMWH's share price versus crude oil price



Remarks

From Jun 2012 to Dec 2016, UMWH's share price had a high correlation of 0.77 with the crude oil price trend, as it owns 55% of UMW Oil and Gas. However, post announcement on the demerger of its listed oil & gas business, the correlation between UMWH's share price and crude oil price trend dropped to 0.51 from Jan 2017 to July 2018.

Source: Company, AllianceDBS, Bloomberg Finance L.P

UMW Holdings

Balance Sheet:

Lighter without oil & gas. Net debt to total equity stood at 0.38x as at end-FY17. Total debt amounted to RM2.8bn and was mostly denominated in USD. Capex was RM935m in FY17. As the demerger from UMW Oil & Gas is now completed, net gearing has improved significantly as borrowings from the listed oil & gas unit are expunged.

Share Price Drivers:

Stronger auto sales and margins. In the past, the stock price has fallen along with slower auto sales and a more competitive auto industry. A recovery in Toyota unit sales and margins would be a key earnings and share price driver.

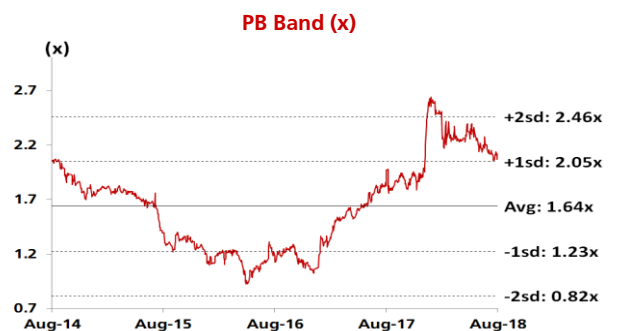
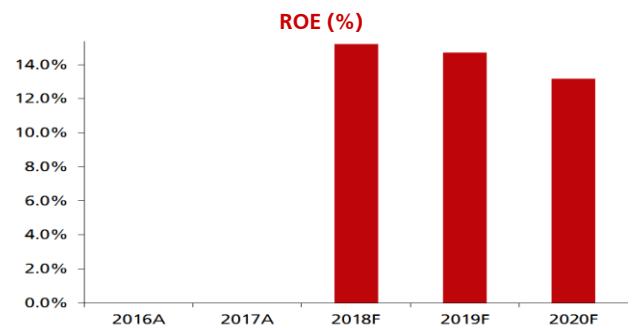
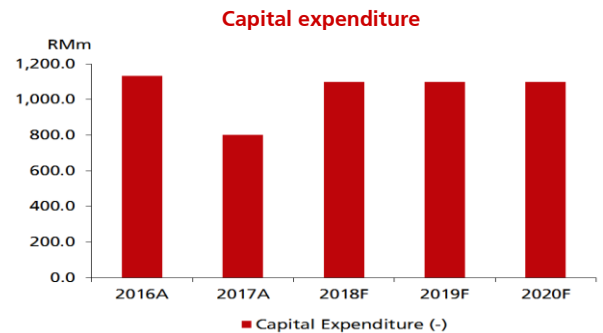
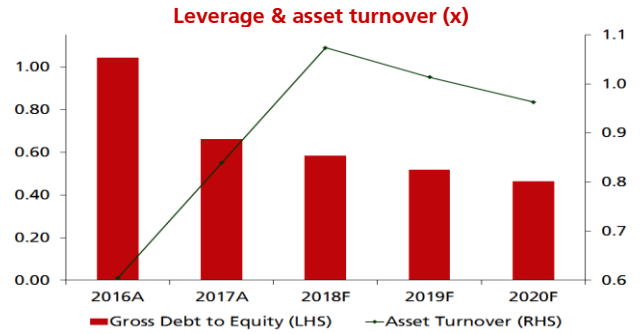
Key Risks:

Slower auto sales, weaker margins. Significantly slower Toyota vehicle unit sales and higher manufacturing costs could depress earnings.

Ringgit depreciation. The increase in car prices will help manufacturers cover part of the increase in import costs (arising from the Ringgit's depreciation). However, further weakening of the Ringgit would be a risk for manufacturers.

Company Background

UMWH is the sole assembler and distributor of Toyota and Lexus vehicles in Malaysia. Its role includes marketing, sales services and auto parts trading. It is also the single largest shareholder in Perodua with a 38% stake. Its other business segments are Equipment (trading of industrial heavy equipment) and Manufacturing & Engineering (trading of lubricants).



Source: Company, AllianceDBS

Key Assumptions

FY Dec	2016A	2017A	2018F	2019F	2020F
Toyota sales (k units)	65.1	70.5	72.2	73.5	74.9
Perodua sales (k units)	207	204	209	214	218
Auto PBT Margin %	5.88	4.97	6.35	6.69	6.74

Segmental Breakdown

FY Dec	2016A	2017A	2018F	2019F	2020F
Revenues (RMm)					
Auto	8,451	8,972	8,990	8,973	8,956
Equipment	1,383	1,459	1,529	1,560	1,591
Manufacturing	601	645	678	698	719
Others	0.57	(9.5)	0.0	0.0	0.0
Total	10,436	11,067	11,198	11,231	11,266

Income Statement (RMm)

FY Dec	2016A	2017A	2018F	2019F	2020F
Revenue	10,437	11,067	11,198	11,231	11,266
Cost of Goods Sold	(8,417)	(8,965)	(9,072)	(9,099)	(9,127)
Gross Profit	2,019	2,101	2,126	2,132	2,139
Other Opng (Exp)/Inc	(2,603)	(2,106)	(2,131)	(2,137)	(2,144)
Operating Profit	(485)	124	559	611	626
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	184	182	218	244	248
Net Interest (Exp)/Inc	18.8	(39.1)	(39.1)	(52.0)	(63.7)
Exceptional Gain/(Loss)	(1,854)	(805)	0.0	0.0	0.0
Pre-tax Profit	(2,136)	(539)	738	802	811
Tax	(134)	(122)	(126)	(136)	(138)
Minority Interest	612	19.8	(116)	(117)	(117)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	(1,658)	(641)	497	549	556
Net Profit before Except.	196	165	497	549	556
EBITDA	(255)	389	1,046	1,170	1,248
Growth					
Revenue Gth (%)	(27.7)	6.0	1.2	0.3	0.3
EBITDA Gth (%)	nm	nm	169.0	11.8	6.7
Opg Profit Gth (%)	(351.8)	(125.5)	352.0	9.2	2.5
Net Profit Gth (Pre-ex) (%)	897.2	(16.0)	201.6	10.4	1.3
Margins & Ratio					
Gross Margins (%)	19.3	19.0	19.0	19.0	19.0
Opg Profit Margin (%)	(4.6)	1.1	5.0	5.4	5.6
Net Profit Margin (%)	(15.9)	(5.8)	4.4	4.9	4.9
ROAE (%)	(29.3)	(16.5)	15.2	14.7	13.2
ROA (%)	(9.6)	(4.9)	4.8	5.0	4.8
ROCE (%)	(3.3)	1.2	6.3	6.3	6.0
Div Payout Ratio (%)	N/A	N/A	11.8	11.8	11.8
Net Interest Cover (x)	NM	3.2	14.3	11.7	9.8

Source: Company, AllianceDBS

Quarterly / Interim Income Statement (RMm)

FY Dec	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018
Revenue	2,758	2,671	2,955	2,415	2,919
Other Oper. (Exp)/Inc	(2,747)	(2,682)	(2,939)	(2,324)	(2,678)
Operating Profit	10.6	(10.8)	16.1	91.7	241
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	31.9	29.7	58.3	57.6	54.4
Net Interest (Exp)/Inc	5.79	1.13	(56.8)	(2.0)	5.48
Exceptional Gain/(Loss)	(198)	0.0	(382)	(17.1)	(105)
Pre-tax Profit	(150)	19.9	(365)	130	197
Tax	(35.2)	(29.8)	(33.0)	(29.6)	(39.6)
Minority Interest	(24.3)	(19.5)	(34.7)	(26.6)	(32.7)
Net Profit	(209)	(29.4)	(433)	74.1	124
Net profit bef Except.	(11.1)	(29.4)	204	91.2	229
EBITDA	122	37.3	80.7	142	291

Growth

Revenue Gth (%)	2.3	(3.1)	10.6	(18.3)	20.9
EBITDA Gth (%)	(41.8)	(69.4)	116.4	76.4	104.1
Opg Profit Gth (%)	(89.1)	(202.0)	(248.5)	469.3	163.4
Net Profit Gth (Pre-ex) (%)	(112.0)	163.6	(793.9)	(55.3)	151.3

Margins

Opg Profit Margins (%)	0.4	(0.4)	0.5	3.8	8.3
Net Profit Margins (%)	(7.6)	(1.1)	(14.6)	3.1	4.3

Balance Sheet (RMm)

FY Dec	2016A	2017A	2018F	2019F	2020F
Net Fixed Assets	7,679	2,658	3,271	3,812	4,289
Invt in Associates & JVs	2,008	1,713	1,932	2,175	2,424
Other LT Assets	815	462	462	462	462
Cash & ST Invt	1,857	1,170	981	810	694
Inventory	1,931	1,411	1,427	1,432	1,436
Debtors	988	1,021	1,033	1,036	1,040
Other Current Assets	1,008	1,660	1,660	1,660	1,660
Total Assets	16,286	10,096	10,767	11,388	12,005
ST Debt	2,639	692	692	692	692
Creditor	1,879	2,796	2,829	2,837	2,846
Other Current Liab	234	165	249	260	261
LT Debt	4,520	2,070	2,070	2,070	2,070
Other LT Liabilities	151	195	195	195	195
Shareholder's Equity	4,719	3,047	3,486	3,970	4,460
Minority Interests	2,146	1,131	1,247	1,364	1,481
Total Cap. & Liab.	16,286	10,096	10,767	11,388	12,005
Non-Cash Wkg. Capital	1,815	1,131	1,043	1,031	1,029
Net Cash/(Debt)	(5,301)	(1,592)	(1,781)	(1,952)	(2,068)
Debtors Turn (avg days)	49.3	33.1	33.5	33.6	33.6
Creditors Turn (avg days)	91.8	98.0	119.6	121.1	122.0
Inventory Turn (avg days)	85.2	70.1	60.3	61.1	61.5
Asset Turnover (x)	0.6	0.8	1.1	1.0	1.0
Current Ratio (x)	1.2	1.4	1.4	1.3	1.3
Quick Ratio (x)	0.6	0.6	0.5	0.5	0.5
Net Debt/Equity (X)	0.8	0.4	0.4	0.4	0.3
Net Debt/Equity ex MI (X)	1.1	0.5	0.5	0.5	0.5
Capex to Debt (%)	15.8	29.0	39.8	39.8	39.8
Z-Score (X)	1.2	2.2	2.3	2.2	2.2

Source: Company, AllianceDBS

Cash Flow Statement (RMm)

FY Dec	2016A	2017A	2018F	2019F	2020F
Pre-Tax Profit	(2,130)	267	738	802	811
Dep. & Amort.	552	406	487	559	623
Tax Paid	(210)	(132)	(41.9)	(126)	(136)
Assoc. & JV Inc/(loss)	(156)	(151)	(218)	(244)	(248)
Chg in Wkg.Cap.	201	1,099	4.30	1.11	1.15
Other Operating CF	2,034	(359)	0.0	0.0	0.0
Net Operating CF	291	1,129	970	993	1,049
Capital Exp.(net)	(1,134)	(801)	(1,100)	(1,100)	(1,100)
Other Invt.(net)	196	(299)	0.0	0.0	0.0
Invt in Assoc. & JV	(4.2)	0.0	0.0	0.0	0.0
Div from Assoc & JV	83.8	97.9	0.0	0.0	0.0
Other Investing CF	86.5	(849)	0.0	0.0	0.0
Net Investing CF	(772)	(1,851)	(1,100)	(1,100)	(1,100)
Div Paid	0.0	0.0	(58.4)	(64.5)	(65.3)
Chg in Gross Debt	1,014	195	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(1,405)	(75.9)	0.0	0.0	0.0
Net Financing CF	(391)	119	(58.4)	(64.5)	(65.3)
Currency Adjustments	(141)	177	0.0	0.0	0.0
Chg in Cash	(1,014)	(426)	(189)	(171)	(116)
Opg CFPS (sen)	7.70	2.57	82.6	84.9	89.7
Free CFPS (sen)	(72.2)	28.1	(11.2)	(9.1)	(4.3)

Source: Company, AllianceDBS

Target Price & Ratings History

Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	29 Nov 17	5.23	4.49	FULLY VALUED
2:	28 Feb 18	6.50	4.49	FULLY VALUED
3:	01 Mar 18	6.02	4.49	FULLY VALUED
4:	12 Mar 18	6.35	4.82	FULLY VALUED
5:	13 Mar 18	6.49	4.82	FULLY VALUED
6:	14 Mar 18	5.90	4.82	FULLY VALUED
7:	27 Mar 18	6.19	4.82	FULLY VALUED
8:	18 May 18	6.27	4.82	FULLY VALUED
9:	23 May 18	6.40	5.29	FULLY VALUED

Source: AllianceDBS

Analyst: Siti Ruzanna Mohd Faruk

DISCLOSURE

Stock rating definitions

STRONG BUY	-	> 20% total return over the next 3 months, with identifiable share price catalysts within this time frame
BUY	-	> 15% total return over the next 12 months for small caps, >10% for large caps
HOLD	-	-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps
FULLY VALUED	-	negative total return > -10% over the next 12 months
SELL	-	negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame

Commonly used abbreviations

Adex = advertising expenditure	EPS = earnings per share	PBT = profit before tax
bn = billion	EV = enterprise value	P/B = price / book ratio
BV = book value	FCF = free cash flow	P/E = price / earnings ratio
CF = cash flow	FV = fair value	PEG = P/E ratio to growth ratio
CAGR = compounded annual growth rate	FY = financial year	q-o-q = quarter-on-quarter
Capex = capital expenditure	m = million	RM = Ringgit
CY = calendar year	M-o-m = month-on-month	ROA = return on assets
Div yld = dividend yield	NAV = net assets value	ROE = return on equity
DCF = discounted cash flow	NM = not meaningful	TP = target price
DDM = dividend discount model	NTA = net tangible assets	trn = trillion
DPS = dividend per share	NR = not rated	WACC = weighted average cost of capital
EBIT = earnings before interest & tax	p.a. = per annum	y-o-y = year-on-year
EBITDA = EBIT before depreciation and amortisation	PAT = profit after tax	YTD = year-to-date

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