Equity | Malaysia | Autos

06 Mar 2018

UMW Holdings

2018 earnings recovery from low base

Hold

Price
RM5.84

Target Price
RM6.30

Following major provisions made in 4Q, management does not foresee further major impact on earnings this year from its O&G division. After the kitchen-sinking moves, we expect earnings to improve this year from a low base, helped by narrowing losses at the aerospace division and improved margins. We deem UMW to be fairly valued with the auto division recovery fairly reflected at residual 12x PE. Maintain Hold.

Market Data

Bloomberg Code	UMWH MK
No. of shares (m)	1,168.3
Market cap (RMm)	7,009.8
52-week high/low (RM)	6.98 / 4.70
Avg daily turnover (RMm)	9.2
KLCI (pts)	1,848.37

Source: Bloomberg, KAF

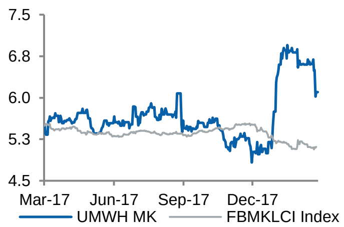
Major Shareholder (%)

Skim Amanah Saham Bumiputera	(40.7%)
EPF	(9.1%)
KWAP	(8.0%)
Free Float	25.2

Source: Bloomberg, KAF

Performance

	3M	6M	12M
Absolute (%)	17.2	8.9	13.9
Rel Market (%)	9.7	4.6	5.6



Source: Bloomberg, KAF

Financial Highlights

FYE Dec	2016	2017	2018F	2019F	2020F
Revenue (RMm)	10,959	11,391	11,918	12,300	12,736
Core net profit (RMm)	(369)	12	382	439	502
Core EPS (Sen)	(31.6)	1.0	32.7	37.6	43.0
EPS growth (%)	nm	nm	>100	14.8	14.3
DPS (Sen)	0.0	0.0	20.0	25.0	25.0
Core PE (x)	nm	608.6	17.8	15.5	13.5
Div yield (%)	0.0	0.0	3.4	4.2	4.2
ROE (%)	(40.2)	(17.3)	11.7	11.9	12.1
Net Gearing (%)	88.2	51.6	2.0	Net Cash	Net Cash
PBV(x)	1.0	1.7	1.5	1.3	1.2

Source: Company, KAF

No more provisions ahead. At an analyst briefing last week, management said it does not expect any more provisions ahead for its non-listed O&G business. UMW made provisions of RM286m write-down of fair value for assets, RM113m write-down of pipe inventories, and RM254m settlement of provision as part of its exit strategy. Also, recall that UMW recognised a loss of demerger of RM127m.

Minimal P&L impact from unlisted O&G. Following the provisions made, management said the unlisted O&G subsidiary has a carrying value of RM68m (while the JV & associates have a carrying value of RM87m). Management said the consolidated unlisted O&G will not have any impact on P&L unless the disposal is less than book value. On this note, we are hopeful that there will be minimal impact from the O&G division this year. There are also remaining nine companies (out of 16) to be sold.

Expecting breakeven for M&E this year. Management is expecting aerospace losses to narrow to ~RM20m (from RM60m last year) on targeted delivery of 80 fan cases this year. All in, management expects the M&E division to break even; last year M&E would have reported profit of RM44m. The aerospace is expected to return to the black next year on 160 deliveries before reaching 250 fan cases in 2020.

Bukit Raja plant to commence in 1Q18. UMW's new Bukit Raja plant is on track to begin commercial production in 1Q18 with a few CKD models slated for production. According to management, a majority of the RM1.8b capex has been spent. We believe key initial models to come out of the plant are Vios and Camry.

Capex of RM600m. Management is allocating RM600m capex for this year – RM198m for automotive, RM191m for equipment, RM108m for M&E, and RM103m. Management noted that capex for the Bukit Raja plant has been spent earlier and is not part of this year's allocation.

Flattish Toyota and Lexus sales. Management is forecasting 68.8k Toyota (vs. 69.5k last year) and 1.2k Lexus sales (vs. 953) for 2018. We expect this to be mainly sustained on new launches such as the C-HR (expected launch this month), Harrier, as well as Lexus NX 300 and RX 350L. We have a similar forecast of 70k Toyota sales and 1K Lexus sales for 2018.

Maintain Hold. We maintain our Hold recommendation. Following the kitchen sinking moves last quarter and UMWOG demerger, we expect earnings to improve this year from a low base, helped by narrowing losses at the aerospace division and improved margins (from a stronger MYR). We forecast auto PBT margins to improve to 8% (from 5% last year) on USD assumption of 3.90 (vs average of 4.30 last year). Nevertheless, we deem the auto division to be fairly valued at 12x residual PE. We believe 2019 will be a stronger year on commencement of Bukit Raja plant and profit contribution from aerospace.

Analyst

Max Koh
(603) 2171 0505
maxkoh@kaf.com.my

Dealership reforms to improve costs and productivity

Reforms of UMW Toyota network to increase productivity. Management said the transfer of majority of UMW Toyota's outlets to its dealers this year is expected to result in cost savings (e.g. from transfer of staff), as well as improved productivity. Nevertheless, UMW Toyota would continue to retain nine of its key outlets (e.g. those located in PJ, Shah Alam).

Exhibit 1: UMW Toyota 3S centre in Section 19, PJ

Source: Google, KAF

Monetisation of Serendah land

Monetisation of land assets in Serendah a long-term plan. The monetisation of its 861 acres land (including 30 acres occupied by UMW Aerospace) in Serendah is a long-term plan for the group as it looks to gradually divest/develop the area.

Exhibit 2: UMW's Serendah land

Source: Company, KAF

Sells 0.8ha land in Serendah. To this end, the group had sold 0.8ha (2 acres) land to T7 Kilgour Sdn Bhd last month. At an estimated price of RM40psf, the land would have transacted at RM3.4m. T7 Kilgour – a 60:40 JV company between TP Aero Sdn Bhd and KOV Ltd – is spending RM200m to build a specialised metal treatment plant for the aerospace industry.

We view the transaction positively for UMW to crystallise the value of the land, but we deem the monetisation as a long-term plan given management's aspiration to develop a township with commercial and residential sections. Based on its latest 2016 annual reports, about 732 acres of land in Serendah have a book value of RM75m (RM2.34/sq ft).

Forecast 13% earnings growth for Perodua

Perodua contributed RM157m last year. Management also shared that Perodua had contributed RM157m (vs. FY16's RM176m) to UMW last year. Based on its 38% stake in Perodua, we believe Perodua would have reported earnings of RM413m last year (vs. FY16's RM463m).

Forecasting 13% earnings growth. We forecast Perodua earnings to grow 13% to RM461m this year as net margin improves to 5% (vs. 4.6% last year) on improving MYR and 2% sales unit growth to 210k (from 205k a year earlier). This should be supported by continued strong demand for the new Myvi and potential new SUV to come out later this year.

Exhibit 3: Perodua historical trend

	2013	2014	2015	2016	2017F	2018F	2019F
Vehicle sales	195,273	192,889	214,931	207,110	204,887	210,000	215,000
Revenue (RM m)	8,665	8,671	9,195	9,046	8,906	9,234	9,454
Net margin (%)	6.1%	5.9%	4.6%	5.1%	4.6%	5.0%	5.0%
Net earnings (RM m)	526	511	427	463	410	462	473
UMW's 38% share (RM m)	198	194	164	176	157	175	180
Dividends received (RM m)	117	119	100	79	70	79	80

Source: Company, KAF

Exhibit 4: Perodua's 2017 sales

PERODUA	2017 (units)	2017 Target (units)	% achieved above target for 2017	2016 (units)
PERODUA	**204,887**	202,000	1.4	207,110

Source: Company, KAF

PBT margin improvement on stronger MYR

Forex impact on auto division. According to management, the average MYR cost against USD last year was ~4.30. Based on its sensitivity test, every 1 sen change against in USD would result in RM5-6m earnings change for UMW Toyota and Perodua.

This is similar to our sensitivity test, which shows that every 1 sen change in MYR results in RM8m change in net profit for FY18F. See table below for our sensitivity test. We estimate that 40% of its auto costs are denominated in USD.

Exhibit 5: FY18 sensitivity test from USD movement

Sensitivity test								
USD:MYR assumption	**4.20**	**4.10**	**4.00**	**3.90**	**3.80**	**3.70**	**3.60**	**3.50**
COGS	**8,845**	**8,744**	**8,643**	**8,542**	**8,442**	**8,341**	**8,240**	**8,140**
% chg	4%	2%	1%		-1%	-2%	-4%	-5%
EBITDA	**595**	**695**	**796**	**897**	**998**	**1,099**	**1,199**	**1,300**
% chg	-34%	-23%	-11%		11%	23%	34%	45%
Net profit	**153**	**229**	**306**	**382**	**459**	**536**	**612**	**689**
% chg	-60%	-40%	-20%		20%	40%	60%	80%
EBITDA margin (%)	5%	6%	7%	**8%**	8%	9%	10%	11%

Source: Company, KAF

Assuming MYR:USD assumption of 3.90 to result auto PBT margin of 8%. For FY18F, we have imputed MYR:USD assumption of 3.90 – which results in the auto division's PBT margin improving to 8% (from 5% last year).

We believe this is reasonable as the auto division reported PBT margin of 8% in 2015 when the MYR traded at 3.90.

Exhibit 6: Auto division's margins

	FY13	FY14	FY15	FY16	FY17	FY18F	FY19F
Revenue (RM m)	10,021	10,764	10,722	8,459	8,954	9,599	9,832
PBT (RM m)	1,413	1,475	861	493	434	768	787
PATAMI (RM m)	665.84	682.02	431.00	301.00	261.56	441.55	452.28
PBT margin (%)	14%	14%	8%	6%	5%	8%	8%
Net margin (%)	7%	6%	4%	4%	3%	5%	5%
Average MYR:USD	3.15	3.27	3.907	4.14	4.35	3.9	3.9

Source: Company, KAF

Sales forecast and new models

Flattish Toyota and Lexus sales. Management is forecasting 68.8k Toyota (vs. 69.5k last year) and 1.2k Lexus sales (vs. 953) for 2018. We expect this to be mainly sustained on new launches such as the C-HR, Harrier, as well as Lexus NX 300 and RX 350L. We have a similar forecast of 70k Toyota sales and 1K Lexus sales for 2018.

C-HR to be launched this month. The Thai-import C-HR is expected to be launched this month with a price tag of RM145k. This is at a premium to its main rivals – the locally-assembled Honda HRV priced at RM98k-117k currently, as well as the Japan-import Mazda CX-3 (RM134k).

While the model had registered strong interest from prospective buyers, we believe sales would be modest given its higher price tag vs. those of rivals'. To this end, we have forecasted modest sales of 700 units for this year (vs. the 5k sales target for the Honda HRV facelift to be launched soon).

We only expect a more meaningful sales growth for the C-HR if the principal decides to locally-assemble the model at the Bukit Raja plant next year, which could result in selling price reduction for the model.

Strong bookings for the Harrier. The all-new Harrier was also launched in Jan this year and has received significant bookings with a waiting period of 6 months. The Japan-import is currently priced at RM238k-260k.

Exhibit 7: Toyota and Lexus sales unit

	2012	2013	2014	2015	2016	2017	2018F	2019F
Toyota sales (unit)	105,151	91,185	102,035	93,760	63,757	69,492	70,000	71,000
YoY growth (%)		-13%	12%	-8%	-32%	9%	1%	1%
TIV	**627,753**	**655,793**	**666,487**	**666,677**	**580,124**	**576,635**		
Lexus sales (unit)	1,471	1,336	1,601	2,101	1,353	953	1,000	1,020
YoY growth (%)		-9%	20%	31%	-36%	-30%	5%	2%
Perodua sales (unit)	189,137	196,071	195,579	213,307	207,110	204,887	210,000	215,000
YoY growth (%)		4%	0%	9%	-3%	-1%	2%	2%

Source: MAA,, KAF

Exhibit 8: Toyota CH-R

Source: Company, KAF

Exhibit 9: All-new Toyota Harrier

Source: Company, KAF

Exhibit 10: Lexus NX300 & RX350L

Source: Company, KAF

Unlisted O&G exit progress

Remaining nine unlisted O&G companies to be sold. Out of the 16 unlisted O&G firms, management had completed the rationalisation/disposal/ceased operations of seven companies last year. Management is currently in active negotiations to dispose the remaining nine companies.

Exhibit 11: Remainder of unlisted O&G companies to be sold

- **LISTED**

Exit of the listed Oil & Gas assets - Completed as planned on 27th June 2017

- **UNLISTED**

Status as follows:-

No	Company	Status
1 2 3	UMW Synergistic Generation Sdn Bhd Sichuan Haihua Petroleum Steelpipe Co. Ltd-Sub PFP Holdings Pty Ltd	✓ COMPLETED rationalisation ✓ COMPLETED ✓ Completed disposal of PFP Taiwan
4 5	UMW Fabritech Sdn Bhd UMW Coating Technologies (Tianjin) Co. Ltd	✓ Executed SPA, awaiting authorities approval ✓ Executed SPA, awaiting authorities approval
6	Arabian Drilling Services	✓ Ceased operations, finalisation of disposal of assets
7	United Seamless Tubulaar Pvt Ltd	✓ Ceased operations, under receivership and to proceed with disposal of assets
8 9 10 11 12 13 14 15 16	Jaybee Drilling Pvt Ltd UMW Sher (L) Ltd Shanghai BSW Petro-pipe Co. Ltd Zhongyou BSS(Qinhuangdoa) Petropipe Co. Ltd Oil Country Tubular Limited Tubulars International Pte Ltd UMW Oilfield International (M) Sdn Bhd / UMW Oilfield International (L) Ltd Jiangshu Tube-Cote Shuguang Coating Ltd Shanghai Tube-Cote Petroleum Pipe Coating	Active negotiations

Source: Company, KAF

Write-down of RM791m last year. Last year, the group made provisions amounting to RM791m. The provisions comprise RM286m write-down of assets to FV, RM654m write-down of its pipe inventories, as well as RM254m provisions for remeasurement of financial guaranteed contracts. In addition, there was also a write-down of RM10.9m for inventories at its equipment division.

Also recall that UMW also recognise losses of RM127m last year for the demerger of UMWOG that was completed in June.

Exhibit 12: Write-down and provisions in 2017

	RM m
Continuing business	
Write-down for equipment	10.9
Provision for financial guarantee	253.9
Discontinued business	
Write-down for unlisted O&G (assets to FV and inventories)	399.6
Total	**664.4**
Loss on demerger	126.9
Total	**791.3**

Source: Company, KAF

No more losses expected from the unlisted O&G division. On a positive note, management guided that it does not expect any more provisions for its unlisted O&G division given the significant write-down and provisions made. In addition, the subsidiaries for the division now has a carrying value of RM68m, while its associates and JVs have a remaining carrying value of RM87m.

As such, management does not expect the O&G division to have any impact on UMW's P&L, aside from a disposal less than book value.

We are hopeful that there will be no more significant provisions and impact from this division moving forward.

Exhibit 13: Remaining carrying value for unlisted O&G division

RM 87m

Associates & JVs

- Remaining carrying value for investments in associates and joint ventures
- We do not expect any further material impact to the Group

RM 68m

Subsidiaries

- Remaining carrying value for subsidiaries
- We do not expect any further material impact to the Group

Source: Company, KAF

Maintain Hold

2018 a year of recovery. We maintain our view that 2018 is a year of recovery following the consolidation moves last year to divest its O&G businesses.

Following the kitchen sinking moves and UMWOG demerger last year, we expect earnings to improve on a low base, helped by narrowing losses at the aerospace division and better margins (from a stronger MYR).

Narrowing losses at aerospace. We expect the M&E division to break even this year on narrowing losses from aerospace (estimated loss of RM20m vs. last year's RM60m) before returning to profit next year.

Auto division fairly valued. While the auto margin improvement is a boon, Toyota and Lexus sales are expected to remain flattish, while Perodua sales is expected to improve 2%. As such, we believe the auto sales recovery is fairly reflected at a residual PE of 12x.

2019 a key catalyst for Toyota. We foresee 2019 to be a stronger year for the auto division with the commencement of Bukit Raja plant, which could help Toyota regain its market leader position for the non-national segment from Honda.

Dividends to resume. As we do not expect any more losses this year, we expect MW to resume its dividend payments this year with a DPS of 20 sen (premised on 60% payout) – translating into 3% yield at the current price.

Exhibit 14: Capex allocation

Segment	2017	2018
Automotive	373	198
Equipment	271	191
Manufacturing & Engineering	69	108
Others	43	103
Total	**756**	**600**

Source: Company, KAF

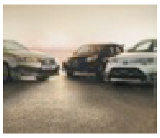
Exhibit 15: SOP value

Division	RM m	RM/share	%	Remarks
Non-listed O&G BV, investment and JV	214.7	0.18	3%	FY16A UMW O&G division
Equipment division	1525	1.30	21%	12x FY18F PE
M&E division	436	0.37	6%	1x 2016A book value
Auto division	6,155	5.27	84%	14x FY18F PE
Serendah land	319	0.27	4%	RNAV (732 acres at RM10psf)
Company net cash/(debt)	(1286)	-1.10	-17%	FY16A
	7363		100%	
UMWH share base	1168			
Fair value	**6.30**			

Source: Company, KAF

Exhibit 16: 2018 prospects and strategy

Automotive



New models for 2018

- UMW Toyota to launch new car models to boost market share (target sales of more than 70k units)
- Strengthening ringgit would lead to better margins
- Perodua contribution sustainable with continued strong demand in entry level segment (target 209k)

Equipment

Product and market expansion

- Leveraging on Partner's (KOMATSU & TICO) strength to boost product range and market penetration
- Expanding value added services – total solutions provider

M&E

Growth area

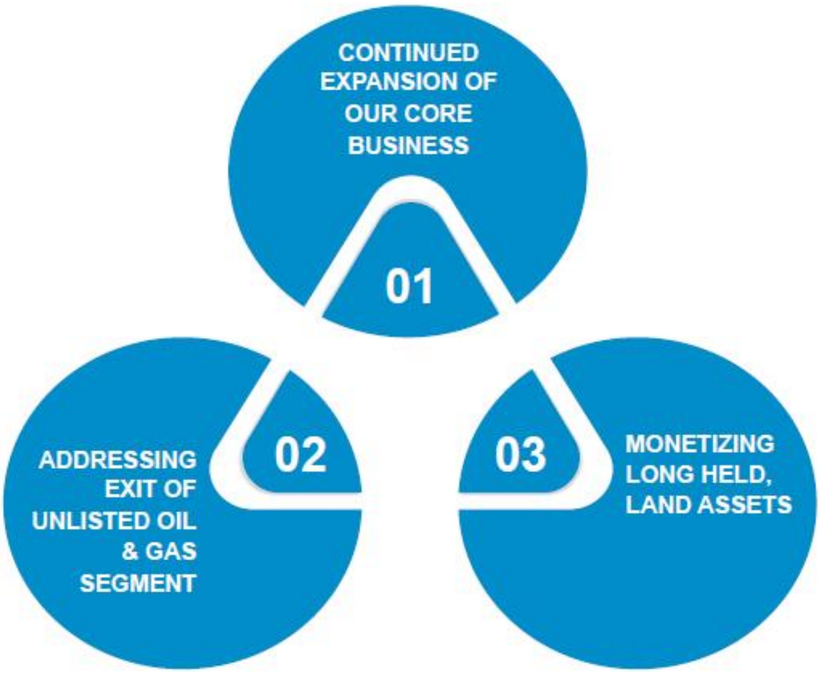
- Increasing market share for lubricants business in existing markets (Malaysia, China Indonesia)
- Aerospace plant commence full operations and ramp up production

Oil & Gas

Focus on divestment of unlisted Oil & Gas assets

- UMW is actively implementing action plans towards exit from this segment
- Target complete disposal by 2018
- Possible write-backs if industry improves

The broad strategic framework towards managing Group's challenges and future needs

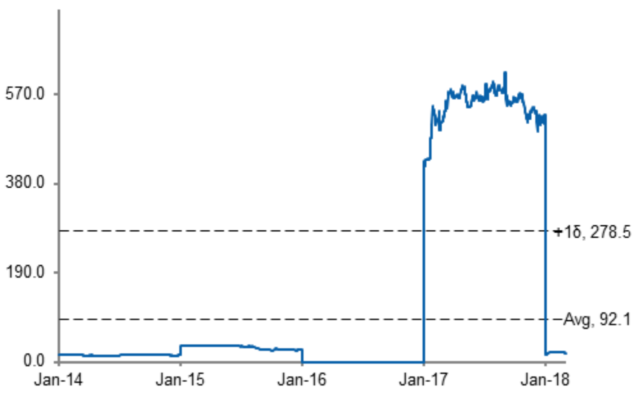


Source: Company, KAF

Exhibit 17: PB Band chart

Source: Company, KAF, Bloomberg

Exhibit 18: PE Band chart



Source: Company, KAF, Bloomberg

Income Statement

FYE Dec (RMm)	2016	2017	2018F	2019F	2020F
Revenue	**10,958.5**	**11,390.6**	**11,917.7**	**12,300.4**	**12,736.1**
EBITDA	**(1,612.0)**	**(328.6)**	**897.0**	**1,044.3**	**1,165.2**
Depreciation/Amortisation	(569.5)	(336.3)	(289.5)	(314.0)	(338.5)
Operating income (EBIT)	(2,181.5)	(664.8)	607.4	730.3	826.7
Other income & associates	156.4	171.7	155.7	159.8	183.8
Net interest	(105.1)	(56.8)	(32.6)	(79.6)	(111.7)
Exceptional items	0.0	0.0	0.0	0.0	0.0
Pretax profit	**(2,130.2)**	**(549.9)**	**730.5**	**810.5**	**899.8**
Taxation	(139.6)	(124.0)	(175.3)	(194.5)	(216.0)
Minorities/pref dividends	611.7	22.8	(172.8)	(177.0)	(181.9)
Net profit	**(2,269.8)**	**(674.0)**	**382.4**	**439.0**	**501.9**
Core net profit	**(369.3)**	**11.5**	**382.4**	**439.0**	**501.9**

Balance Sheet

FYE Dec (RMm)	2016	2017	2018F	2019F	2020F
Fixed assets	7,678.5	2,660.6	3,418.7	3,804.7	4,166.1
Intangible assets	0.0	0.0	0.0	0.0	0.0
Other long-term assets	791.3	451.4	451.4	451.4	451.4
Total non-current assets	**10,478.0**	**4,820.3**	**5,578.4**	**5,964.3**	**6,325.8**
Cash & equivalent	2,193.9	1,163.4	4,686.3	6,815.6	8,219.5
Stock	1,931.2	1,342.7	1,404.2	1,182.8	1,198.0
Trade debtors	988.5	993.6	815.6	823.2	832.2
Other current assets	671.5	1,298.2	204.0	28.8	0.0
Total current assets	**5,785.1**	**4,798.0**	**7,110.1**	**8,850.3**	**10,249.7**
Trade creditors	1,878.6	2,662.1	3,037.7	3,411.4	3,460.8
Short-term borrowings	2,639.3	685.3	3,716.5	4,534.2	5,381.0
Other current liabilities	234.0	205.7	140.5	140.5	140.5
Total current liabilities	**4,752.0**	**3,553.2**	**6,894.7**	**8,086.1**	**8,982.4**
Long-term borrowings	3,715.8	2,069.7	1,037.8	1,356.5	1,509.5
Other long-term liabilities	931.0	143.2	34.0	34.0	61.7
Total long-term liabilities	**4,646.7**	**2,213.0**	**1,071.8**	**1,390.5**	**1,571.2**
Shareholders' funds	**4,718.6**	**3,082.4**	**3,455.8**	**3,894.8**	**4,396.8**
Minority interests	2,145.7	1,093.4	1,266.2	1,443.2	1,625.1

Cash flow Statement

FYE Dec (RMm)	2016	2017	2018F	2019F	2020F
Pretax profit	(2,130.2)	(549.9)	730.5	810.5	899.8
Depreciation/Amortisation	569.5	336.3	289.5	314.0	338.5
Net change in working capital	441.2	528.9	492.1	587.5	25.2
Others	1,410.3	130.4	302.8	326.4	313.1
Cash flow from operations	**290.7**	**445.6**	**1,814.9**	**2,038.5**	**1,576.7**
Capital expenditure	(1,181.6)	(1,003.8)	(700.0)	(700.0)	(700.0)
Net investments & sale of fixed assets	(1,844.2)	(230.2)	(298.6)	(298.6)	(298.6)
Others	2,253.3	(746.5)	1,557.5	262.5	194.0
Cash flow from investing	**(772.5)**	**(1,980.5)**	**559.0**	**(736.1)**	**(804.6)**
Debt raised/(repaid)	380.1	176.0	1,231.5	1,136.4	999.8
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Dividends paid	(116.8)	0.0	0.0	(233.7)	(292.1)
Others	(654.1)	(75.9)	(75.9)	(75.9)	(75.9)
Cash flow from financing	**(390.8)**	**100.1**	**1,155.6**	**826.8**	**631.9**
Net cash flow	**(872.6)**	**(1,434.8)**	**3,529.4**	**2,129.2**	**1,404.0**
Cash b/f	**2,621.1**	**2,171.2**	**1,156.9**	**4,686.3**	**6,815.6**
Cash c/f	**1,607.3**	**1,156.9**	**4,686.3**	**6,815.6**	**8,219.5**

Key Ratios

FYE Dec	2016	2017	2018F	2019F	2020F
Revenue growth (%)	(24.1)	3.9	4.6	3.2	3.5
EBITDA growth (%)	nm	(79.6)	nm	16.4	11.6
Pretax margins (%)	(19.4)	(4.8)	6.1	6.6	7.1
Net profit margins (%)	(20.7)	(5.9)	3.2	3.6	3.9
Interest cover (x)	(20.8)	(11.7)	18.6	9.2	7.4
Effective tax rate (%)	0.0	35.4	29.6	0.0	0.0
Net dividend payout (%)	nm	nm	0.0	0.0	0.0
Debtors turnover (days)	47	32	28	24	24
Stock turnover (days)	64	52	42	38	34
Creditors turnover (days)	69	73	87	96	98

Source: Bloomberg, KAF

Disclosure Appendix

Recommendation structure

Absolute performance, long term (fundamental) recommendation: The recommendation is based on implied upside/downside for the stock from the target price and only reflects capital appreciation. A Buy/Sell implies upside/downside of 10% or more and a Hold less than 10%.

Performance parameters and horizon: Given the volatility of share prices and our pre-disposition not to change recommendations frequently, these performance parameters should be interpreted flexibly. Performance in this context only reflects capital appreciation and the horizon is 12 months.

Market or sector view: This view is the responsibility of the strategy team and a relative call on the performance of the market/sector relative to the region. Overweight/Underweight implies upside/downside of 10% or more and Neutral implies less than 10% upside/downside.

Target price: The target price is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon. In this way, therefore, the target price abstracts from the need to take a view on the market or sector. If it is felt that the catalysts are not fully in place to effect a re-rating of the stock to its warranted value, the target price will differ from 'fair' value.

Disclaimer

The information and opinions contained in this report have been compiled and arrived at based on information obtained from sources believed to be reliable and made in good faith. Such information has not been independently verified and no guarantee, representation or warranty, express or implied, is made by KAF-Seagroatt & Campbell Securities Sdn Bhd as to the accuracy, completeness or correctness of such information and opinion.

Any recommendations referred to herein may involve significant risk and may not be suitable for all investors, who are expected to make their own investment decisions at their own risk. Descriptions of any company or companies or their securities are not intended to be complete and this report is not, and should not, be construed as an offer, or a solicitation of an offer, to buy or sell any securities or any other financial instruments. KAF-Seagroatt & Campbell Securities Sdn Bhd, their Directors, Representatives or Officers may have positions or an interest in any of the securities or any other financial instruments mentioned in this report. All opinions are solely of the author, and subject to change without notice.

Dato' Ahmad Bin Kadis
Managing Director
KAF-Seagroatt & Campbell Securities Sdn Bhd (134631-U)