HongLeong Investment Bank

HLIB Research

PP 9484/12/2012 (031413)

Sunway (BUY ←→; EPS ↑)

INDUSTRY: NEUTRAL

COMPANY INSIGHT

15 June 2017

Price Target: RM5.01 (↑)

Share price: RM3.73

Re-rating a conglomerate

Highlights

- **Proposed bonus issue with sweetener** of 4 bonus shares for 3 existing shares and 3 bonus warrants (with step-down exercise pricing mechanism) for 10 existing shares to improve liquidity and create value to shareholders. The bonus warrant is estimated to yield at least RM0.22 or 6% based on current share price.
- **Misperception as a pure property counter**. Sunway (P/E of 13x) should be rerated as a conglomerate and trade closer to Gamuda (P/E of 19x) and IJM (P/E of 20x) given its diversified income base from various business segments as well as the recent reclassification to trading & service from property sector.
- **Hidden healthcare gem could potentially worth RM3.6bn.** Sunway is focusing to grow its healthcare business and is targeting 5 new medical centres to house a total 1.7k beds within the next 5 years. The healthcare segment could potential worth RM1.8bn by FY18 (23% of current market capitalization) and double to RM3.6bn by 2021.
- **Active capital management.** Aside from the corporate exercise to reward shareholders and potential spin-off of healthcare segment as it grows bigger, the possible value unlocking exercise of its mature investment assets worth some RM1.4bn cannot be ruled out.
- **Cheaper proxy for booming construction.** Via its 54.4%-owned SunCon (**BUY**, TP: **RM2.25**), Sunway is the cheaper alternative to ride on the booming of construction sector given the ongoing mega infrastructure projects and catalytic development.
- **HSR will be the longer term catalyst.** Sunway, who owns 1,770 acres via its Sunway Iskandar township (GDV:RM30bn) is set to reap the benefits from The KL-Singapore High Speed Rail (HSR) in the longer run given the close proximity to the Iskandar Puteri station in Johor.

Risks

- Prolonged downturn in Johor's property market;
- Execution risk.

Forecasts

- We incorporate latest financial data and fine-tune our model and resulting 0.5% and 0.3% increases in our FY17 and FY18 bottom lines.

Rating

BUY ←→, TP: RM5.01 ↑

- Sunway should be rerated and compared to its closest peers, Gamuda and IJM. Its active capital management will continue to reward shareholders with its deeply valued assets and growing healthcare business which are currently being ignored by most investors.

Valuation

- We raise our TP from RM3.86 to **RM5.01** (with 10% holding discount) after we revisit the SOP valuation for respective business segments as depicted in Figure #10.

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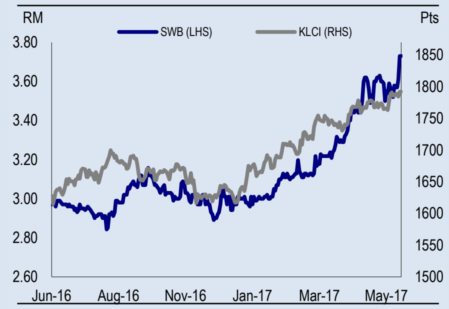
KLCI	1792.4
Expected share price return	33.2%
Expected dividend return	2.7%
Expected total return	35.9%

Share price



Information

Bloomberg Ticker	SWB MK
Bursa Code	5211
Issued Shares (m)	2,037
Market cap (RM m)	7,600
3-mth avg. volume ('000)	2,643
SC Shariah compliant	Yes

Price Performance	1M	3M	12M
Absolute	6.9	19.6	25.6
Relative	6.1	14.6	14.1

Major shareholders

Sungei Way Corp Sdn Bhd	56.7%
Skim Amanah Saham Bumiputera	6.6%
EPF	5.7%

Summary Earnings Table

FYE Dec (RM m)	2016A	2017E	2018F	2019F
Revenue	4,656	4,799	5,175	5,381
EBITDA	852	965	1,058	1,112
EBIT	715	719	788	819
PATAMI	586	586	631	662
Core PATAMI	547	586	631	662
Core EPS (sen)	26.5	28.4	30.6	32.1
DPS (sen)	9.0	9.9	10.7	11.2
DY (%)	2.4	2.7	2.9	3.0
P/E (x)	14.1	13.1	12.2	11.6
BV / share	3.6	3.8	4.0	4.2
P/BV (x)	1.0	1.0	0.9	0.9
Net Gearing	47.5	39.5	35.1	31.1
ROA (%)	2.9	3.0	3.1	3.1
ROE (%)	6.6	6.7	6.8	6.7

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1. Proposed bonus issue with sweetener of 4 bonus shares for every 3 existing shares and 3 free warrants for every 10 existing shares to improve liquidity and create value to shareholders. The exercise price of warrants will be determined using VWAMP prior to price-fixing date. Besides, a step-down pricing mechanism is incorporated into the free warrant in which the exercise price will be adjusted lower per annum by a predetermined quantum to encourage long-term holding and deters immediate dilution to the equity shareholdings arising from the exercise of warrants. For illustration purpose, we are assuming a three scenarios with premium ranging from 15% - 25% without imputing the step-down pricing mechanism to estimate the value of warrant.

The bonus warrant is expected to yield at least RM0.22 or 6%.

Figure #1 Estimated Value for Free Warrant

	Premium on current price of RM3.73		
Estimated Value for Free Warrant (Exercise Ratio 1 for 1)	Sce. A	Sce. B	Sce. C
	15%	**20%**	25%
Estimated warrant price	RM 0.56	**RM 0.75**	RM 0.93
Estimated value from free warrant (3 for 10)	RM 0.17	**RM 0.22**	RM 0.28
The yield of free warrant to the shareholders (without step-down)	4.5%	**6.0%**	7.5%

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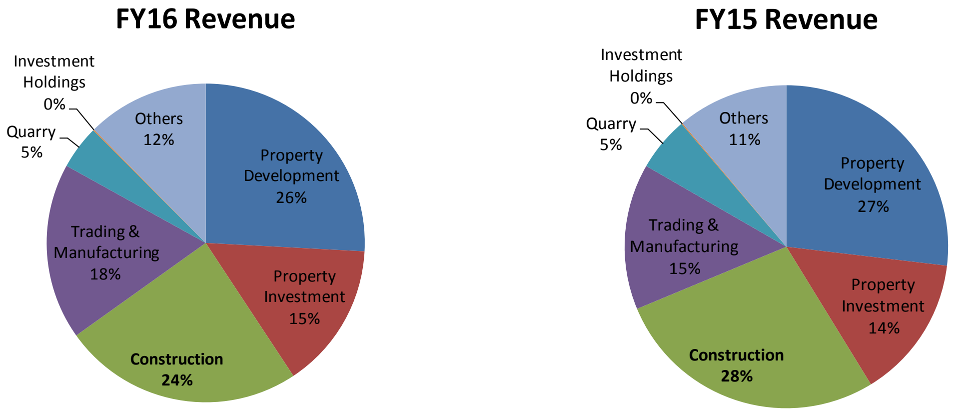
2. Misperception as a pure property counter. Sunway Berhad with significant footprints in diversified businesses in property, investment properties & REIT, construction, healthcare, trading & manufacturing and quarry should no longer be rated as a property pure play counter. We opine that market has been ignoring the deep value in other businesses in Sunway due to the overall lacklustre property market sentiment. In fact, Sunway should be rerated (deep value with P/E of 13x) as a conglomerate and compared to Gamuda (P/E of 19x) and IJM (P/E of 20x) given its property development merely contribute about 26-27% of its total revenue with significant contributions from recurring income division in construction, healthcare, REIT, trading & manufacturing and quarry. Recently, Sunway has successfully reclassified itself under the trading & services sector from property sector.

Reclassification to Trading & Services

Figure #2 Revenue Breakdown for Sunway Berhad

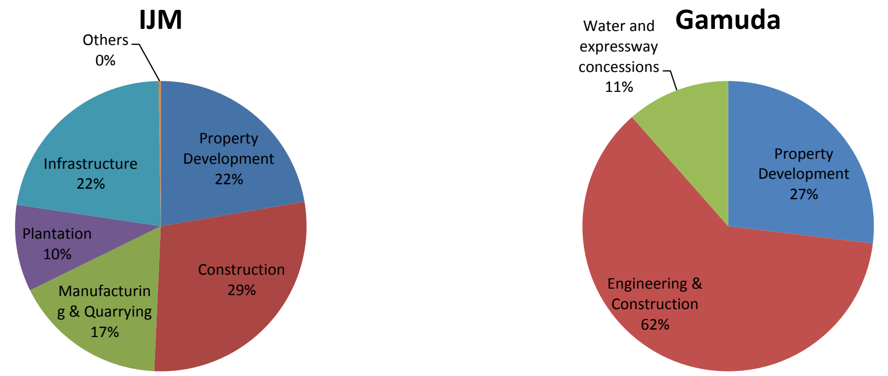


Company, HLIB estimates

Both IJM and Gamuda are trading at a higher P/E band due both companies are classified under construction sector rather than property sector. In the case of IJM, revenue from property development segment is currently on par with revenue from construction segment at 27% should not be so indifferent to Sunway, given its similarity being a property-construction company. To note, Sunway now has a growing construction arm in SunCon that is contributing about 24% of its total revenue. One could argue that both Gamuda and IJM are trading at a higher multiple could be down to the fact that they own a number of concession assets, which gives them a stable recurring income over a long-term period. In our view, Sunway is not indifferent as its vast investment properties ranging from theme park, malls, hotels, universities, office tower and REIT are consistently generating healthy recurring income.

Should be valued closer to peers in IJM and Gamuda.

Figure #3 FY16 Revenue Breakdown for IJM Berhad and Gamuda Berhad



Company, HLIB estimates

Housing two public listed entities in SunCon (**BUY**, TP: **RM2.25**) and SREIT (**HOLD**, TP: **RM1.70**), both the combined effective market capitalization already made up 45% of Sunway Berhad's market capitalization of RM7.7bn. This is essentially implying a price tag of merely RM4.3bn for the rest of the businesses. Put things into perspective, the book value for property segment in FY16 is already worth RM7.7bn without even factor in the total GDV of RM50.5bn and total landbank of 3,301 acres. Bear in mind that, these are ignoring the billion worth of value in other businesses (etc. healthcare business) that contribute circa 35% the group revenue.

Deep value.

Figure #4 Market Value of Sunway Group of Listed Entities

Division	Stake	Value (RM m)	RM/share	Methodology
Sunway Berhad		7,743	3.73	Closing price
Construction (SunCon)	54.4%	1,582	0.77	Based on TP of RM 2.25
Sunway REIT	37.3%	1,869	0.91	Based on TP of RM 1.70
Residual		**4,292**	**2.05**	For the rest of the businesses

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3. Hidden healthcare gem could potentially worth RM1.8bn by 2018 and double to RM3.6bn by 2021. Sunway is focusing to grow its healthcare business for the next 5 years. Sunway currently owned a medical centre located at Bandar Sunway that has 373 beds and 130 specialist consultation suites. The expansion plan that Sunway is undertaking now includes the new Cancer & Radiosurgery and Nuclear Medicine Centres which have commenced operations on the Basement and Lower Ground floors of the 10-storey Tower C building. The second phase is scheduled to begin operations in mid 2017. Upon completion, the addition of the new tower will set Sunway Medical Centre as one of the foremost private medical centres in Southeast Asia with a total of 618 beds, 200 consultation suites and 1,450 parking bays. By 2018, we could expect the number of beds to increase to 858 once Sunway Velocity Medical Centre commences operation within its Sunway Velocity integrated development in Cheras. Next, further expansion in Seberang Perai, Ipoh, Damansara and Johor are expected to fetch further 850 beds, which will effectively boast the number of beds to 1958.

Total number of beds to reach 618 by year end…

…will further increase to 1708 of beds.

Figure #5 Pipelines of Sunway Medical Centre

	No. of Beds	Estimated Completion
Sunway Medical Centre Sunway City	618	End-2017
Sunway Medical Centre Velocity	240	End-2018
Sunway Medical Centre Seberang Jaya	180	Mid-2019
Phase 2	170	
Sunway Medical Centre Ipoh	250	End-2019
Sunway Medical Centre Damansara	250	End-2020
Sunway Medical Iskandar	TBD	TBD
	1,708	

Company

Currently worth RM1bn.

While a new start up medical centre in Sunway Velocity may be subjected to one-off opening expenses, the current expansion of Sunway Medical Centre at Bandar Sunway could potentially contribute instantly given its strong presence and customer base. Based on FY16 PAT of circa. RM40m and using a conservative price multiple of 25x, the healthcare division is currently fetching a valuation of RM1bn and could worth circa RM1.3bn when the expansion at Sunway Medical Centre at Sunway City is ready by the end of FY17.

Figure #6 Sensitivity Analysis (Valuation for Healthcare)

	(FY16)	(FY17)	(FY18)	(FY19 & beyond)
P/E / No of Beds	**373**	**618**	**858**	**1708**
20	0.39	0.51	0.71	1.42
25	**0.48**	**0.64**	**0.89**	**1.78**
30	0.58	0.77	1.07	2.13
35	0.68	0.90	1.25	2.49
40	0.78	1.03	1.43	2.84

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Valuation could reach RM3.6bn.

Referring to Figure #6, using a conservative measure of 20% discount on FY16 income per bed, we estimate the value for healthcare sector to reach RM1.8bn in FY18 when the medical centre in Sunway Velocity coming on stream. In longer term, the valuation could further climb to RM3.6bn or RM1.78 per share where Sunway will have a total of 1708 beds when the expansion in Seberang Perai, Ipoh and Damansara are ready. Furthermore, the possibility of another value unlocking exercise on healthcare business like SunCon should not be ruled out.

Figure #7 Peer Comparisons

Peer Comparisons	**Sunway**	**IHH**	**KPJ**
Market Cap (RM bn)	7252	50818	4353
EV/EBITDA (x)	10.5	20.0	14.2
P/E (x)	13.1	46.0	29.0
Key Metrics (FY16)			
Effective Beds	373	2385	2,762
EBITDA per bed (RM m)	-	0.182	0.153
PAT per bed (RM m)	0.107	-	-

Company, HLIB

Potential exercises to unlock its asset value.

3. Active capital management. Sunway has always been actively managing its capital efficiently to optimize the gearing; we foresee potential corporate exercise to unlock its asset value. The planned capex in FY17 is estimated to be circa. RM600 including the expansion of its property development and healthcare business. As such, we do not discount the possibility for asset unlocking exercise such as injecting its maturing assets as depicted in Figure #8, which could potentially fetch a combined value of RM1.5bn.

Figure #8 Book Value for Selected Investment Properties

Selected Investment Properties	Book Value as at 31 Dec 2016
Sunway Pyramid Phase 3	RM 300m
The Pinnacle	RM 340m
Sunway University	RM 480m
Monash University	RM 310m
Total	**RM 1.43bn**

Company, HLIB

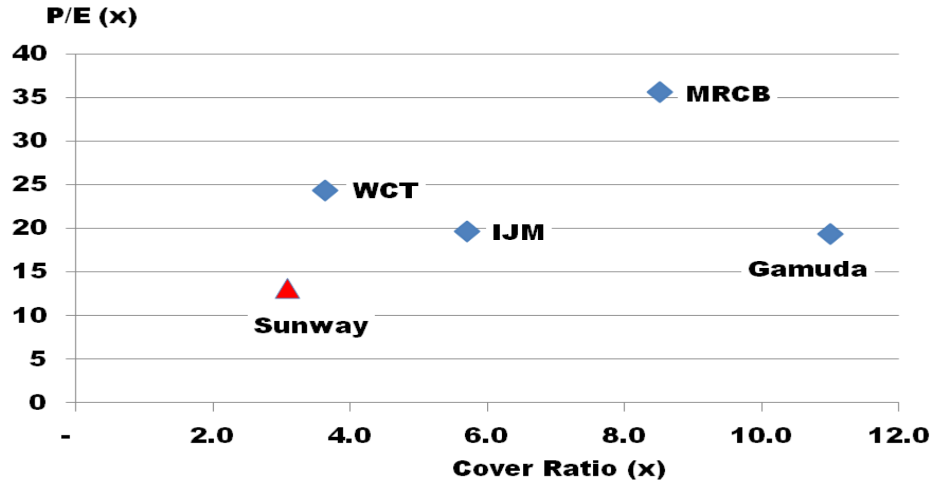
4. Cheaper proxy for booming construction. SunCon, being a 54.4%-owned subsidiary has an outstanding order book of RM4.6bn currently. MRT Sungai Buloh line, Putrajaya Parcel F and KLCC package 2&2A are among the projects won. We opine that Sunway, being the parent company would serve as a cheaper proxy to ride on the construction boom. Currently, it has a healthy external outstanding orderbook cover ratio of 2.6x and commendable execution capability across a wide array of project types. Given that SunCon is set to benefit from the booming of sector and is currently trading at the higher echelon of P/E band of 20x, Sunway trading at a relatively cheap at only 13x would serve as a cheaper proxy.

Sunway being the cheaper proxy…

With construction sector currently undergoing an up cycle on the back of massive government infrastructure spending and investment, we opine that Sunway will also continue to benefit from the boom. Just to note, among expected mega projects for 2017 include remaining packages of the MRT2 (RM5bn), MRT3 (RM50bn), LRT3 (RM9bn), ECRL (RM55bn), KL-Singapore High Speed Rail (HSR) (RM57bn). Besides, several catalytic developments in Greater KL which include TRX, Warisan Merdeka, BBCC, Bandar M'sia, Kwasa D'sara and Cyberjaya City Centre that houses a combined GDV of at least RM275bn and could potentially generate RM138bn worth of works for contractors to undertake.

…to ride on booming construction cycle.

Figure #9 Orderbook Cover Ratio (%)



Bloomberg, HLIB

5. HSR will be the longer term catalyst. Sunway, who owns 1,770 acres via its Sunway Iskandar township with a potential combined GDV of RM30bn over 15 years. We opine that Sunway is set to reap the benefits from The KL-Singapore High Speed Rail (HSR) in the longer run given the close proximity to the Iskandar Puteri station in Johor. Besides, there has been plan to co-locate the customs, immigration and quarantine (CIQ) checkpoints of both nations at Singapore, Puteri Iskandar and Bandar Malaysia to facilitate seamless travel. Being close proximity to second link to Singapore, we believe the Sunway Iskandar would also benefits from the Coastal Highway Southern Link (CSHL) which connects the Coastal Highway to the Second Link Expressway, when it is completed this year. While the subdue Johor property market remains, the long-term catalyst of HSR are there to realize in the long-run when the property market recovers.

HSR will be the longer term catalyst for Sunway Iskandar.

Valuation

Upgrade our TP to RM5.01 after re-rating Sunway as a conglomerate

Upgrade TP to RM5.01 from RM3.86.

Our upgraded TP of RM5.01 (upside of 34%) implies a forward P/E of 16.3x on FY18 earnings, which is broadly in line with FBMKLCI average of 16x-17x. The implied P/E is lower than its closest peers in IJM and Gamuda of circa. 20x given that Sunway is smaller in terms of market capitalization. We advocate a strong **BUY** on Sunway with a target price of **RM5.01** (up from RM3.86) for its deep valued underpinned by our thesis above.

Property segment is derived using a 35% discount on RNAV.

Based on Figure #10, our target price is derived based on a SOP-derived value from all its major business segments. Both the value for SunCon (**BUY**, TP: **RM2.25**) and SREIT (**HOLD**, TP: **RM1.70**) are based on our in-house target prices. Whereas for property segment, the discounted RNAV of RM6.5bn is derived from a 35% discount on RNAV of RM10bn. The applied discount rate on property RNAV is fair and consistent with the average discount rate for stocks under our coverage.

Modest assumptions on healthcare business with further upside.

For healthcare segment, we applied only a modest P/E of 25x despite undergoing a major expansions as compared to its peers in IHH (**HOLD**, TP: **RM6.20**) and KPJ, who are trading at a P/E of 46x and 29x, respectively. Note that our valuation has only accounted for the expansion in existing Sunway Medical Centre at Sunway City and Sunway Velocity using a total bed of 858, while excluding the further 750 beds from the planned expansions in Seberang Jaya, Ipoh and Damansara. Further upside of RM1.8bn or RM0.88 per share could be drawn from these pipelines within the next 5 years. Next, we pegged the value for the other two segments in trading and manufacturing as well as quarry on a trailing P/E of 10x, which is on par with most peers in the building materials business.

Figure #10 SOP valuation

Division	Stake	Value (RM m)	RM/share	Methodology
Construction (SunCon)	54.4%	1,582	0.77	Based on TP of RM 2.25
Sunway REIT	37.3%	1,869	0.91	Based on TP of RM 1.70
Property Development & Property Investment	100%	6,533	3.17	35% discount on estimated RNAV
Healthcare	100%	1,840	0.89	25X forward P/E
Trading/Manufacturing	100%	250	0.12	10X trailing P/E
Quarry	100%	191	0.09	10X trailing P/E
		12,265	5.95	
Holding Company Net Debt		(779)	(0.38)	
		11,487	5.57	
10% Holding Company Discount		(1,149)	(0.56)	
Equity Value (RM)		11,487	**5.01**	

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Figure #11 HLIB vs Consensus

FYE Dec (RM m)	FY17E			FY18F		
	HLIB	Consensus	(%)	HLIB	Consensus	(%)
Revenue	4,798.8	5,096.9	(5.8)	5,175.2	5,411.5	(4.4)
PATAMI	585.9	561.6	4.3	630.9	599.3	5.3

Bloomberg, HLIB

Figure #12 Peer Comparison

Company	Current Px	Recomm	TP	Upside	Mkt Cap (m)	Discount to RNAV	P/E (x)		P/B (x)		Dividend Yield	
							CY17	CY18	CY17	CY18	CY17	CY18
IOI PROPERTIES	2.12	Buy	2.54	20%	11,673.0	(45.6)	13.2	12.8	0.7	0.7	1.9	1.9
SP SETIA BHD	3.82	Buy	4.00	5%	10,905.6	(33.1)	14.4	10.6	1.2	1.2	4.5	4.7
SUNWAY BHD	3.73	Buy	5.01	34%	7,599.6		13.1	12.2	1.0	0.9	2.7	2.9
UEM SUNRISE BHD	1.27	Hold	1.18	-7%	5,762.5	(56.8)	25.9	23.5	0.8	0.8	0.8	0.8
MAH SING GROUP	1.58	Hold	1.56	-1%	3,806.9	(34.4)	10.3	8.7	1.1	1.0	3.9	4.9
MATRIX CONCEPTS	2.78	Buy	2.98	7%	1,616.1	(25.3)	6.3	5.2	1.3	1.2	5.5	6.7
TAMBUN	1.45	Hold	1.40	-4%	628.1	(37.8)	7.8	6.8	1.4	1.5	4.9	4.9
IBRACO BHD	0.90	Buy	0.97	8%	446.8	(39.6)	12.9	9.1	1.4	1.5	3.9	3.9
ECO WORLD DEVELO	1.62	NR			4,769.9	(29.6)	36.5	18.9	1.1	1.0	-	-
Average						(37.8)	**15.6**	**12.0**	**1.1**	**1.1**	**3.1**	**3.4**

Bloomberg, HLIB

Financial Projections for Sunway (BUY; TP: RM4.97)

Income statement

FYE 31 Dec (RM m)	2015A	2016A	2017E	2018F	2019F
Revenue	**4,448**	**4,656**	**4,799**	**5,175**	**5,381**
Operating cost	(3,644)	(3,803)	(3,834)	(4,117)	(4,269)
EBITDA	**804**	**852**	**965**	**1,058**	**1,112**
D&A	(117)	(137)	(245)	(270)	(293)
Net Interest	(27)	(48)	(46)	(46)	(37)
Associates	202	125	127	133	140
Jointly controlled entities	68	67	67	67	67
Exceptionals	142	39	-	-	-
Pretax profit	**930**	**859**	**867**	**942**	**989**
Taxation	(131)	(140)	(162)	(178)	(188)
Minority Interest	(67)	(133)	(120)	(133)	(139)
PATAMI	732	586	586	631	662
Core Earning	**591**	**547**	**586**	**631**	**662**
Basic shares (m)	1,800	2,063	2,063	2,063	2,063
Core EPS (sen)	**32.8**	**26.5**	**28.4**	**30.6**	**32.1**

Cashflow

FYE 31 Dec (RM m)	2015A	2016A	2017E	2018F	2019F
EBIT	687	715	719	788	819
D&A	117	137	245	270	293
Working capital changes	78	(143)	413	(181)	(135)
Taxation	(144)	(109)	(162)	(178)	(188)
Others	(166)	(240)	(67)	(67)	(67)
Operating cashflow	**940**	**668**	**1,484**	**973**	**1,078**
Capex & acquisitions	(1,396)	(737)	(500)	(500)	(500)
Free cashflow	**(456)**	**(69)**	**984**	**473**	**578**
Others	(692)	(898)	-	-	-
Investing cashflow	**(2,088)**	**(1,635)**	**(500)**	**(500)**	**(500)**
Equity Raised	180	595	-	-	-
Others	(30)	(57)	-	-	-
Net Borrowing	1,764	1,427		-	-
Financing cashflow	**1,116**	**1,537**	**(373)**	**(392)**	**(408)**
Net cashflow	**(32)**	**570**	**611**	**81**	**170**

Balance sheet

FYE 31 Dec (RM m)	2015A	2016A	2017E	2018F	2019F
Fixed assets	5,296	5,910	6,164	6,394	6,602
Other long-term assets	3,966	3,827	3,845	3,912	3,979
Other short-term assets	2,740	4,503	4,322	4,449	4,554
Working capital	**4,775**	**5,000**	**5,977**	**6,333**	**6,529**
Receivables	1,823	1,892	1,971	2,099	2,169
Payables	2,258	2,438	3,018	3,169	3,252
Inventory	693	670	988	1,066	1,108
Net cash / (debt)	**-4,404**	**-5,461**	**-4,852**	**-4,771**	**-4,600**
Cash	1,483	1,950	2,561	2,642	2,813
ST debt	3,069	4,858	7,413	7,413	7,413
LT debt	2,818	2,553	0	0	0
Shareholders' funds	**7,213**	**8,233**	**8,753**	**9,312**	**9,892**
Share capital	1,800	2,063	2,063	2,063	2,063
Reserves	3,195	3,549	3,949	4,375	4,816
Minorities	651	764	883	1,016	1,156
Other liabilities	5,159	5,545	6,703	7,005	7,171

Valuation ratios

	2015A	2016A	2017E	2018F	2019F
Net DPS (sen)	37.0	9.0	9.9	10.7	11.2
FCF/ share (sen)	-25.3	-3.3	47.7	22.9	28.0
FCF yield (%)	-6.8%	-0.9%	12.8%	6.2%	7.5%
Market capitalization (m	6,713	7,695	7,695	7,695	7,695
Net cash (m)	-4,404	-5,461	-4,852	-4,771	-4,600
Enterprise value	11,117	13,156	12,547	12,466	12,296
EV/ EBITDA (x)	13.8	15.4	13.0	11.8	11.1

Growth margins ratios

Growth (%)	2015A	2016A	2017E	2018F	2019F
Sales Growth	-2.4	4.7	3.1	7.8	4.0
Operating expenses	-1.1	4.4	0.8	7.4	3.7
EBITDA Growth	-8.1	5.9	13.2	9.7	5.1
PBT Growth	-3.1	-7.7	0.9	8.7	4.9
PATMI	1.4	-7.3	7.0	7.7	4.9
Basic EPS Growth	-2.5	-19.2	7.0	7.7	4.9

Summary Earnings Table

	2015A	2016A	2017E	2018F	2019F
Revenue	4,448	4,656	4,799	5,175	5,381
EBITDA	804	852	965	1,058	1,112
Core PATAMI	591	547	586	631	662
P/E (x)	11.4	14.1	13.1	12.2	11.6
BV / share	3.6	3.6	3.8	4.0	4.2
P/BV (x)	1.0	1.0	1.0	0.9	0.9
ROA (%)	3.7	2.9	3.0	3.1	3.1
ROE (%)	8.2	6.6	6.7	6.8	6.7

Assumption Metrics

	2015A	2016A	2017E	2018F	2019F
Revenue	4448	4656	4799	5175	5381
Property	1196	1203	1109	1251	1369
Property Investment	639	692	758	777	788
Construction	1222	1137	1271	1405	1405
Trading/Manufacture	650	833	858	901	946
Quarry	242	207	207	218	218
Others	495	577	595	624	656
EBIT margin	15%	15%	15%	15%	15%

Disclaimer

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1. As of 15 June 2017, Hong Leong Investment Bank Berhad has proprietary interest in the following securities covered in this report:
(a) -.

2. As of 15 June 2017, the analyst, Lee Meng Horng, who prepared this report, has interest in the following securities covered in this report:
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Published & Printed by
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Equity rating definitions

BUY	Positive recommendation of stock under coverage. Expected absolute return of more than +10% over 12-months, with low risk of sustained downside.
TRADING BUY	Positive recommendation of stock not under coverage. Expected absolute return of more than +10% over 6-months. Situational or arbitrage trading opportunity.
HOLD	Neutral recommendation of stock under coverage. Expected absolute return between -10% and +10% over 12-months, with low risk of sustained downside.
TRADING SELL	Negative recommendation of stock not under coverage. Expected absolute return of less than -10% over 6-months. Situational or arbitrage trading opportunity.
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NOT RATED	No research coverage and report is intended purely for informational purposes.

Industry rating definitions

OVERWEIGHT	The sector, based on weighted market capitalization, is expected to have absolute return of more than +5% over 12-months.
NEUTRAL	The sector, based on weighted market capitalization, is expected to have absolute return between –5% and +5% over 12-months.
UNDERWEIGHT	The sector, based on weighted market capitalization, is expected to have absolute return of less than –5% over 12-months.