# Maybank IB Research

Yes

# Sunway (SWB MK)

# Earnings in line

# Led by construction business

Sunway's 9M17 net profit is within expectations. While its construction outstanding orderbook (under Sunway Construction Group or SCG) is at an all-time high of MYR6.8b, Sunway's 9-month locked in property sales fell short at MYR533m due to the lack of new launches in 9M17. We maintain our earnings forecasts and MYR1.84 RNAV-TP (on an unchanged 0.7x P/RNAV peg). Maintain HOLD.

# 9M17 results in line

Sunway reported a core net profit of MYR151m (+2% YoY, +8% QoQ) which lifted 9M17 core net profit to MYR399m (+4% YoY, excluding fair value gain of MYR57m in 2Q17), accounting for 73%/72% of our/consensus fullyear estimates. Most businesses are growing except for property development and quarrying.

# Property sales to pick up in 4Q17

In 9M17, Sunway has locked in MYR533m in effective property sales, meeting just 59% of its 2017 target of MYR900m - below expectations due to the lack of new launches. Property sales should however pick up in 4Q17 with MYR865m worth of new projects to be launched from Aug 2017 onwards. Effective unbilled sales stood at MYR766m at end Sep 2017, 0.5x our FY18F revenue. Elsewhere, 54%-owned SCG's (SCGB MK; BUY; TP MYR2.63) YTD job wins were MYR4b - on track. YTD wins have lifted SCG's outstanding orderbook to a record MYR6.8b.

# More than just a developer

There is no change to our earnings forecasts. We value Sunway at MYR1.84/sh based on an unchanged 0.7x P/RNAV peg. Unlike the other big cap developers, Sunway has a more diversified earnings base with a 54% stake in SCG and 37.3% in SunREIT (SREIT MK; BUY; TP MYR1.90). The listing of its healthcare business will likely materialize in 2022. As at end-Sep 2017, Sunway's net gearing stood at 0.37x.

FYE Dec (MYR m)	FY15A	FY16A	FY17E	FY18E	FY19E
Revenue	4,448	4,656	5,398	7,008	6,731
EBITDA	427	1,596	788	1,085	1,013
Core net profit	591	547	544	662	671
Core EPS (sen)	14.4	12.6	11.2	13.6	13.8
Core EPS growth (%)	(1.6)	(12.5)	(11.3)	21.7	1.4
Net DPS (sen)	17.0	5.7	5.0	6.1	6.2
Core P/E (x)	11.4	13.0	14.6	12.0	11.9
P/BV (x)	1.1	1.0	1.0	1.0	0.9
Net dividend yield (%)	10.4	3.5	3.1	3.7	3.8
ROAA (%)	4.1	3.2	2.9	3.5	3.4
EV/EBITDA (x)	21.7	6.1	16.4	12.8	14.8
Net gearing (%) (incl perps)	45.2	40.5	48.7	57.8	67.2
Consensus net profit	-	-	558	606	671
MKE vs. Consensus (%)	-	-	6.0	9.2	0.1

Wong Wei Sum, CFA weisum@maybank-ib.com (603) 2297 8679

Share Price MYR 1.64 12m Price Target MYR 1.84 (+12%) MYR 1.84 Previous Price Taraet

### **Statistics**

Shariah status

52w high/low (MYR)	1.96/0.80
3m avg turnover (USDm)	2.2
Free float (%)	33.4
Issued shares (m)	4,918
Market capitalisation	MYR8.1B
	USD2.0B
Major shareholders:	
Sungei Way Corp. Sdn. Bhd.	49.8%

,	
Sungei Way Corp. Sdn. Bhd.	49.8%
Permodalan Nasional Bhd.	7.2%
Employees Provident Fund	5.3%

#### Price Performance



-1M	-3M	-12M
(3)	(13)	29
(1)	(10)	22
	(3)	(3) (13)

Source: FactSet

Table 1: Results summary table - Sunway

FY Dec		(	Quarterly				Cumulative		Comments
(MYRm)	3Q17	3Q16	%YoY	2Q17	%QoQ	9M17	9M16	%YoY	
Revenue	1,319.6	1,137.5	16.0	1,241.0	6.3	3,651.9	3,362.2	8.6	9M17: YoY improvement in all business divisions except for property development and quarry businesses.
- Property dev	162.2	247.6	(34.5)	271.1	(40.2)	576.6	796.7	(27.6)	Effective locked-in sales for 9M17 were MYR533m, or 59% of its 2017 sales target of MYR900m - below expectation. Sales should pic up in 4Q17 with more new launches.
- Property inv	225.4	189.9	18.7	207.4	8.7	619.7	519.2	19.4	14411611661
- Construction	416.6	287.9	44.7	310.9	34.0	1,044.4	848.7	23.1	9M17: YTD, job wins were MYR4.0b, lifting outstanding order book to MYR6.8b.
- Trading	292.9	206.7	41.7	226.0	29.6	764.1	618.2	23.6	er der zeek te minterez
- Quarry	50.3	54.0	(6.9)	58.7	(14.3)	149.2	153.3	(2.7)	
- Others	171.4	147.1	16.5	167.1	2.6	495.6	415.4	19.3	
EBIT	153.6	164.3	(6.6)	193.9	(20.8)	464.2	475.4	(2.3)	
- Property dev	20.8	45.3	(54.1)	65.8	(68.4)	94.5	154.0	(38.7)	
- Property inv	60.8	50.0	21.4	43.0	41.3	147.8	110.9	33.4	
- Construction	37.8	31.3	20.5	40.8	(7.4)	113.3	100.9	12.3	
- Trading	17.4	11.3	53.9	13.9	25.0	43.9	30.3	44.8	
- Quarry	3.1	7.2	(57.6)	4.2	(26.7)	8.1	25.3	(67.9)	
- Others	24.6	16.3	50.6	25.3	(2.7)	69.9	47.1	48.5	
Finance costs	(6.3)	(2.6)	>+100	(18.7)	(66.4)	(31.8)	(34.2)	(7.2)	9M17: Net gearing stood at 0.37x in end-Sep 2017, from 0.45x at end June 2017.
Other income	49.5	46.7	5.9	96.3	(48.6)	188.9	147.2	28.3	0.45% at end Julie 2017.
Pretax profit	196.7	208.5	(5.6)	271.4	(27.5)	621.3	588.4	5.6	
Pretax profit-El	196.7	213.0	(7.7)	214.6	(8.3)	564.5	573.9	(1.6)	
Taxation	(29.0)	(37.7)	(23.2)	(38.2)	(24.1)	(94.5)	(94.4)	0.0	
Minority interest	(16.9)	(27.2)	(37.8)	(36.3)	(53.4)	(71.1)	(93.9)	(24.2)	
Net profit	150.9	143.6	5.0	196.9	(23.4)	455.7	400.1	13.9	
Net profit ex-El	150.9	148.1	1.9	140.1	7.6	398.9	385.5	3.5	9M17: Within our and consensus full-year estimates
Exceptional item (pretax)	0.0	4.5	NA	(56.8)	NA	(56.8)	(14.5)	>+100	
EDIT (%)			+/- ppt		+/- ppt	40 =		+/- ppt	
EBIT margin (%)	11.6	14.4	(2.8)	15.6	(4.0)	12.7	14.1	(1.4)	
- Property dev	12.8	18.3	(5.5)	24.3	(11.4)	16.4	19.3	(2.9)	
- Property inv	26.9	26.4	0.6	20.7	6.2	23.9	21.3	2.5	
- Construction	9.1 4.0	10.9	(1.8)	13.1	(4.1)	10.8	11.9	(1.0)	
- Trading	6.0	5.5	0.5	6.2	(0.2)	5.7	4.9	0.8	
- Quarry	6.1	13.4	(7.3)	7.1 15.1	(1.0)	5.4	16.5	(11.0)	
- Others	14.4	11.1	3.2	15.1	(0.8)	14.1	11.3	2.8	
Tax rate (%)	14.7	17.7	(3.0)	14.1	0.7	16.7	16.5	0.3	

The exceptional items relate to fair value gain, loss on derivatives, fair value of ESOS, disposal gain and listing expenses Source: Company, Maybank KE

November 28, 2017

# Cautiousness prevails, cut new launches target

Sunway remains cautious on the property market and has cut its new launches target by 42% to MYR865m for FY17. New launches for 4Q 2017 include: 1) *The Grid* at Sunway Iskandar (launched in Nov 2017; MYR300m in GDV; 501 units of apartment, retail and offices; 50%-booked at MYR650 psf ASP with size ranging from 584-772 sq.ft.; mostly local buyers), 2) *Sunway Iskandar* (MYR90m; 127 units of townhouse and linked-clusters; 99%-booked at MYR709k/unit ASP), 3) Sunway Wellesley (Bukit Mertajam; MYR15m in GDV; 10 units of shop; 30%-booked) and 4) Tianjin Eco City (to be launched in Dec 2017; in China; MYR200m in GDV; condominium).

Despite delaying some of the new launches to 2018, management is keeping its effective sales target of MYR900m for FY17 in view of good bookings/take-ups received so far.

# Sunway Bhd's RNAV estimates

	Suriway blid's kivav estillates					
Summay Sementy	1. Landbank - MARKET VALUE	Stake	Acres	MV	BV	Surplus
Suncify Spon				(MYR m)	(MYR m)	(MYR m)
Suncify Spon	Sunway Semenyih	70%	398.1	346.8	128.0	153.2
Survey   Integrated Resort   1008						
Survivay   Towar RL   100%   1.0   5.6   6.8   7.8		100%	14.9			1.1
Sg Lom Sg Blatkong	, ,	100%	1.0			28.3
Sq Long Balakong   80%   111   140.2   21.8   74.8	Sunway JB, Bukit Lenang	80%	64.8	50.8	134.5	
Sumosy   Skandar - Pendas, freehold   50%   50	Sg Long Balakong	80%	111	140.2	21.8	94.8
Sub-tofals	Mont Putra Rawang	100%	163	49.7	35.1	14.6
South Cury	Sunway Iskandar - Pendas, freehold	60%	1079	705.1	596.6	65.1
Suth Duay         Slake         (MYR m)           Sunvay Cheras         100%         131.4           Sunway Cheras         100%         20.1           Sunway Kayangan         100%         6.6           Sunway Kayangan         100%         6.6           Sunway Kayangan         100%         6.6           Sunway Melawati         100%         6.6           Sunway Melawati         80%         14.7           Casa Kiara III         80%         14.7           Sunway Melawati         50%         16.7           Sunway Melawati         50%         14.7           Sunway Melawati         50%         16.7           Sunway Melawati         50%         14.7           Sunway Melawati         100%         9.7           Sunway Melawati         30%         9.7           Sunway Melawati         30%         9.7           Sunway Selandar-Jasanda         30%         9.7           Sungapore Senbawang         100%         9.7           Sunway Selandar-Jeasehold (Medini)         51%         4.8           Sunway Selandar-Jeasehold (Medini)         50%         9.7           Sunway Selandar-Jeasehold (Medini)         50%         9.7	Sub-total:					301.8
Suth Duay         Slake         (MYR m)           Sunvay Cheras         100%         131.4           Sunway Cheras         100%         20.1           Sunway Kayangan         100%         6.6           Sunway Kayangan         100%         6.6           Sunway Kayangan         100%         6.6           Sunway Melawati         100%         6.6           Sunway Melawati         80%         14.7           Casa Kiara III         80%         14.7           Sunway Melawati         50%         16.7           Sunway Melawati         50%         14.7           Sunway Melawati         50%         16.7           Sunway Melawati         50%         14.7           Sunway Melawati         100%         9.7           Sunway Melawati         30%         9.7           Sunway Melawati         30%         9.7           Sunway Selandar-Jasanda         30%         9.7           Sungapore Senbawang         100%         9.7           Sunway Selandar-Jeasehold (Medini)         51%         4.8           Sunway Selandar-Jeasehold (Medini)         50%         9.7           Sunway Selandar-Jeasehold (Medini)         50%         9.7						
Suth Duay         Sake         (MVPR m)           Sunway Cheras         100%         131.4           Sunway Cheras         100%         20.1           Sunway Kayangan         100%         6.6           Sunway Kayangan         100%         6.6           Sunway Kayangan         100%         6.6           Sunway Melawati         100%         6.6           Sunway Melawati         80%         14.1           Casa Kiara III         80%         14.7           Sunway Velocity         85%         10.2           Perang projects         100%         6.5           Sunway Velocity         85%         10.2           Perang projects         100%         6.5           Sunway Velocity         85%         10.2           Wonderfand Bulbers Park, Australia         30%         6.5           Wonderfand Sunway Velocity         50%         6.5           Sunway Velocity Mal         6.0	2. Active developments - WACC: 10.5-13.1%					
South Clary	'	Stake				(MYR m)
Sunway Cheras	South Ouav					,
Sunway Damansara						
Sumway Kayangan						
Sunway Dufa   60%   6.4						
Bang						
Sumway Melawati						
Gas Iar III         80%         1.17           Sunway Velocity         55%         1.21           Penang projects         100%         49.4           Wonderland Business Park, Australia         31%         5.5           Singapore Shawang         100%         4.8           Singapore Sembawang         100%         4.4           Homson/Irrawady         30%         45.5           Mount Sophia         30%         40.3           Sunway Iskandar -leasehold (Medini)         51%         40.3           Kelana Jaya         100%         2.7         119.8           Industrial projects at Kelana Jaya and Subang         100%         2.7         5.5           Sunway Velocity extension         50%         2.7         5.5           Beiffeld         100%         2.7         7.5           Kajang         100%         2.7         7.5           Subang         100%         3.0         3.5           Sub-total:         100%         8.0         3.7           Wangsamaju         50         M.         W.         8.0           Sunway University Carmus         50         M.         1.0         1.0           Sunway University Carmus         <						
Sunway Alam Suria	,					
Sumway Velocity						
Penang projects						
Wonderland Business Park, Australia         31%         5.5           Singapore Sembawang         100%         4.4           A Loman Singapore Sembawang         100%         4.5           Mount Sophia         30%         4.5           Mount Sophia         30%         4.0.3           Sunway Iskandar-leasehold (Medini)         51%         4.0.3           Sunway Iskandar-leasehold (Medini)         100%         2.2.1           Sunway Velocity extension         50%         5.3.4           Belfield         100%         2.7.1           Sunway Velocity extension         100%         2.7.1           Sungagonaju         100%         3.7.5           Vangsamaju         100%         3.9.5           Sungary Velocity Mall         5.5         4.0         Myr m         (Myr m)	,					
Singapore Ni Shun						
Singapore Sembawang						
Thomson/Irrawady         30%         45.5           Mount Sophia         30%         45.3           Sunway Iskandar -leasehold (Medini)         51%         443.7           Kelana Jaya         100%         119.8           Industrial projects at Kelana Jaya and Subang         100%         52.5           Sunway Velocity extension         50%         53.4           Belifield         100%         27.7           Kajang         100%         27.1           Subang         100%         37.5           Wangsamaju         100%         80         39.5           Sub-total:         100%         80         39.5           3. Investment properties - MV         Stake         MV         BV         Suprlus           Sub-total:         (MYR m)         (MYR m)         (MYR m)         (MYR m)           Sunway Univeristy Campus         100%         481         481         0.0           Sunway Dinnacle         100%         481         481         0.0           Monash Univeristy Campus         100%         303         303         0.0           Sunway Dinnacle         100%         303         303         0.0           Monash Univeristy         100% <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Mount Sophia   30%   40.3   443.7						
Sunway İskandar - leasehold (Medini)         51%         443.7           Kelana Jaya         100%         25.1           Industrial projects at Kelana Jaya and Subang         100%         25.1           Sunway Velocity extension         50%         75.2           Kajang         100%         27.1           Subang         100%         37.5           Wangsamaju         100%         39.5           Sub-total:         8         MV         BV         Surplus           3. Investment properties - MV         Stake         MV         BV         Surplus           Sunway Velocity Mall         59%         1,600         1,172         252.3           Sunway Velocity Mall         59%         1,600         1,172         252.3           Sunway Univeristy Campus         100%         481         481         0.0           Sunway Jinacle         100%         351         551         0.0           Sunway Gloza         60%         60         60         0.0           Sunway Gloza         60%         60         60         0.0           Sub-total:         2         252.3           4. Other businesses or assets         2         2         252.3						
Kelaná Jaya         100%         119.8           Industrial projects at Kelana Jaya and Subang         100%         25.1           Sumway Velocity extension         50%         75.2           Kajang         100%         27.1           Subang         100%         37.5           Wangsamaju         100%         39.5           Sub-total:         100%         8W         39.5           Sub-total:         (MYR m)         (MYR m)         (MYR m)           Sumway Velocity Mall         59%         1,600         1,172         252.3           Sunway Jelac         100%         481         481         0.0           Sunway Glaz         60%         60         60         0.0           Sunway Glaz         60%         60         60         0.0           Sunway Glaz         60%         60         60         0.0           Sunway Glaz         60%         60         60 <td< td=""><td>·</td><td></td><td></td><td></td><td></td><td></td></td<>	·					
Industrial projects at Kelana Jaya and Subang         100%         ≤ 5.1           Sunway Velocity extension         50%         ≤ 3.4           Belfield         100%         ≤ 75.2           Kajang         100%         ≤ 27.1           Subang         100%         ≤ 39.5           Wangsamaju         100%         ≤ 39.5           Sub-total:         *** *** *** *** *** *** *** *** *** **						
Sunway Velocity extension   50%   75.2   7						
Belfield         100%         75.2           Kajang         100%         27.1           Subang         100%         37.5           Wangsamaju         100%         39.5           Sub-total:         100%         BV         39.5           Sub-total:         1,330.3         3.9.5           Sub-total:         1,000         MVR m)         MVR m)           Sunway Velocity Mall         59%         1,600         1,172         252.3           Sunway Univeristy Campus         100%         481         481         0.0           Sunway Jimpacle         100%         481         481         0.0           Monash University         100%         351         351         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:         100%         303         303         0.0           Sub-total:         100%         60%         60         60         0.0 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Rajang						
Subang         100%         37.5           Wangsamaju         100%         39.5           Sub-total:         39.5           Sub-total:         \$39.5           Sub-total:         \$1,330.3           3. Investment properties - MV         \$2 take         MV         BV         Surplus (MYR m)           \$1.00         \$1.00         (MYR m)         (MYR m)         (MYR m)         \$2.23           \$2.00         \$1.00         \$1.172         \$2.52.3         \$2.23         \$3.00         \$3.00         \$3.01         \$3.01         \$3.00						
Wangsamaju         100%         39.5           Sub-total:         39.5           3. Investment properties - MV         Stake         MV         BV         Surplus           Sunway businesses of Mall         59%         1,600         1,72         252.3           Sunway Univeristy Campus         100%         481         481         0.0           Sunway Pinnacle         100%         351         351         0.0           Monash University         100%         351         351         0.0           Monash University         60%         60         60         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:         2         252.3           4. Other businesses or assets         37.3% stake in SunkEIT based on Maybank IB's MYR1.90 TP         5         626.1           54. 4% stake in SCG based on Maybank IB's MYR2.63 TP         5         1,699.9           Healthcare (20x 2017 PER)         5         72.0           Building material (10x 2017 PER)         5         72.0           Briagh (10x 2017 PER)         5         74.5           Shareholders fund (MYR m) - Dec 2016         5         74.9           Shareholders fund (MYR M) - Dec 2016 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Sub-iotal:   1,330.3   3   3   3   3   3   3   3   3   3						
3. Investment properties - MV         Stake         MV         BV         Surplus (MYR m)           Sunway Velocity Mall         59%         1,600         1,172         252.3           Sunway Pinnacle         100%         481         481         0.0           Sunway Dinnacle         100%         351         351         0.0           Monash University         100%         303         303         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:         59%         1,60%         60         0.0           Sub-total:         60%         60         60         0.0           Sub-total:         59%         1,60%         60         0.0           Sub-total:         60%         60         60         0.0           Sub-total:         59         5         1         6         6         0         0         0         0         0         0         0         0         0		100%				
Sunway Velocity Mall         (MYR m)         (MYR m)         (MYR m)           Sunway Velocity Mall         59%         1,600         1,172         252.3           Sunway University Campus         100%         481         481         0.0           Sunway Pinnacle         100%         351         351         0.0           Monash University         100%         303         303         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:         59%         100%         303         303         0.0           Sub-total:         60%         60         60         0.0 </td <td>Sub-total:</td> <td></td> <td></td> <td></td> <td></td> <td>1,330.3</td>	Sub-total:					1,330.3
Sunway Velocity Mall         (MYR m)         (MYR m)         (MYR m)           Sunway Velocity Mall         59%         1,600         1,172         252.3           Sunway University Campus         100%         481         481         0.0           Sunway Pinnacle         100%         351         351         0.0           Monash University         100%         303         303         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:         59%         100%         303         303         0.0           Sub-total:         60%         60         60         0.0 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Sunway Velocity Mall         59%         1,600         1,172         252.3           Sunway University Campus         100%         481         481         0.0           Sunway Pinnacle         100%         351         351         0.0           Monash University         100%         303         303         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:	3. Investment properties - MV	Stake		MV	BV	Surplus
Sunway Univeristy Campus         100%         481         481         0.0           Sunway Pinnacle         100%         351         351         0.0           Monash University         100%         303         303         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:				(MYR m)	(MYR m)	(MYR m)
Sunway Univeristy Campus         100%         481         481         0.0           Sunway Pinnacle         100%         351         351         0.0           Monash University         100%         303         303         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:	Sunway Velocity Mall	59%		1.600	1.172	252.3
Sunway Pinnacle         100%         351         351         0.0           Monash University         100%         303         303         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:         60%         60         60         0.0           4. Other businesses or assets         37.3% stake in SunREIT based on Maybank IB's MYR1.90 TP         54.4% stake in SunREIT based on Maybank IB's MYR2.63 TP         626.1         626.1           54.4% stake in SCG based on Maybank IB's MYR2.63 TP         1,699.9 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Monash University         100%         303         303         0.0           Sunway Giza         60%         60         60         0.0           Sub-total:         60%         60         60         0.0           4. Other businesses or assets         37.3% stake in SunREIT based on Maybank IB's MYR1.90 TP         50         50         626.1         50         626.1         54.4% stake in SCG based on Maybank IB's MYR2.63 TP         626.1         54.4% stake in SCG based on Maybank IB's MYR2.63 TP         626.1         54.69.9         9						
Sunway Giza       60%       60       60       0.0         Sub-total:       60%       60       60       0.0         Sub-total:       252.3         4. Other businesses or assets         37.3% stake in SunREIT based on Maybank IB's MYR1.90 TP       626.1         54.4% stake in SCG based on Maybank IB's MYR2.63 TP       1,699.9         Healthcare (20x 2017 PER)       720.0         Building material (10x 2017PER)       1       437.5         Disposal gain       47.0       437.5         Disposal gain       47.0       47.0         Grand total:       5,774.5       5         Shareholders fund (MYR m) - Dec 2016       7,469.7       7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7       17.7         RNAV (MYR m)       14,416.0       4,852.5         Number of shares (m)       4,852.5       30.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84						
Sub-rotal:       252.3         4. Other businesses or assets       37.3% stake in SunREIT based on Maybank IB's MYR1.90 TP       626.1         54. 4% stake in SCG based on Maybank IB's MYR2.63 TP       1,699.9         Healthcare (20x 2017 PER)       720.0         Building material (10x 2017PER)       359.5         Trading (10x 2017 PER)       437.5         Disposal gain       47.0         Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84	•					
4. Other businesses or assets         37.3% stake in SunREIT based on Maybank IB's MYR1.90 TP       626.1         54.4% stake in SCG based on Maybank IB's MYR2.63 TP       1,699.9         Healthcare (20x 2017 PER)       720.0         Building material (10x 2017PER)       359.5         Trading (10x 2017 PER)       437.5         Disposal gain       47.0         Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84		0070		00	00	
37.3% stake in SunREIT based on Maybank IB's MYR1.90 TP       626. 1         54.4% stake in SCG based on Maybank IB's MYR2.63 TP       1,699.9         Healthcare (20x 2017 PER)       720.0         Building material (10x 2017PER)       359.5         Trading (10x 2017 PER)       437.5         Disposal gain       47.0         Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84	our total.					202.0
37.3% stake in SunREIT based on Maybank IB's MYR1.90 TP       626.1         54.4% stake in SCG based on Maybank IB's MYR2.63 TP       1,699.9         Healthcare (20x 2017 PER)       720.0         Building material (10x 2017PER)       359.5         Trading (10x 2017 PER)       437.5         Disposal gain       47.0         Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84	1 Other husinesses or assets					
54.4% stake in SCG based on Maybank IB's MYR2.63 TP       1,699.9         Healthcare (20x 2017 PER)       720.0         Building material (10x 2017PER)       359.5         Trading (10x 2017 PER)       437.5         Disposal gain       47.0         Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84						/2/ 1
Healthcare (20x 2017 PER)       720.0         Building material (10x 2017PER)       359.5         Trading (10x 2017 PER)       437.5         Disposal gain       47.0         Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84						
Building material (10x 2017PER)       359.5         Trading (10x 2017 PER)       437.5         Disposal gain       47.0         Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84						
Trading (10x 2017 PER)       437.5         Disposal gain       47.0         Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84						
Disposal gain       47.0         Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84						
Grand total:       5,774.5         Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84						
Shareholders fund (MYR m) - Dec 2016       7,469.7         Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84	. •					
Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84	Grand total:					5,774.5
Proceeds from warrants (MYR1.86 exercise price; expired in Oct 2024)       1,171.7         RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84	Shareholders fund (MYR m) - Dec 2016					7,469.7
RNAV (MYR m)       14,416.0         Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84	, ,					
Number of shares (m)       4,852.5         Number of warrants (m)       630.0         FD RNAV/share (MYR)       2.63         Target price (MYR) - based on 0.7x RNAV       1.84						
Number of warrants (m)         630.0           FD RNAV/share (MYR)         2.63           Target price (MYR) - based on 0.7x RNAV         1.84						•
FD RNAV/share (MYR) 2.63 Target price (MYR) - based on 0.7x RNAV 1.84	• •					
Target price (MYR) - based on 0.7x RNAV	Number of warrants (m)					630.0
Target price (MYR) - based on 0.7x RNAV	FD RNAV/share (MYR)					2.63
	Target price (MYR) - based on 0.7x RNAV					1.84

FYE 31 Dec	FY15A	FY16A	FY17E	FY18E	FY19E
Key Metrics					
P/E (reported) (x)	8.0	9.5	13.5	12.0	11.9
Core P/E (x)	11.4	13.0	14.6	12.0	11.9
P/BV (x)	1.1	1.0	1.0	1.0	0.9
P/NTA (x)	1.0	0.9	1.0	0.9	0.9
Net dividend yield (%)	10.4	3.5	3.1	3.7	3.8
FCF yield (%)	14.0	9.4	nm	nm	nm
EV/EBITDA (x)	21.7	6.1	16.4	12.8	14.8
EV/EBIT (x)	13.5	13.5	17.2	13.3	15.5
INCOME STATEMENT (MYR m)					
Revenue	4,448.4	4,655.6	5,398.2	7,007.9	6,730.6
Gross profit	427.2	1,596.1	787.8	1,085.2	1,013.1
EBITDA	427.2	1,596.1	787.8	1,085.2	1,013.1
Depreciation	0.0	0.0	0.0	0.0	0.0
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	687.0	715.1	749.1	1,042.3	966.0
Net interest income /(exp)	(26.6)	(48.0)	(137.0)	(156.8)	(178.6)
Associates & JV	269.9	191.9	221.9	202.0	263.1
Exceptionals	147.4	55.4	47.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	930.4	859.0	880.9	1,087.6	1,050.5
ncome tax	(130.9)	(140.4)	(211.4)	(261.0)	(252.1)
Minorities	(67.0)	(132.7)	(78.5)	(164.6)	(127.1)
Perpetual securities	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	732.4	585.9	591.0	662.0	671.3
Core net profit	590.7	547.4	544.0	662.0	671.3
BALANCE SHEET (MYR m)					
Cash & Short Term Investments	2,631.0	4,080.1	2,965.9	1,977.0	889.3
Accounts receivable	2,326.3	1,891.5	1,551.0	1,551.0	1,551.0
nventory	693.1	670.0	666.5	865.2	831.0
Property, Plant & Equip (net)	1,333.6	1,879.9	1,411.9	1,554.2	1,700.8
ntangible assets	320.1	344.7	344.7	344.7	344.7
Investment in Associates & JVs	3,181.2	3,229.9	3,229.9	3,229.9	3,229.9
Other assets	5,515.7	6,655.9	8,112.4	9,846.4	11,066.5
Total assets	16,000.9	18,752.0	18,282.2	19,368.4	19,613.2
ST interest bearing debt	3,070.9	4,860.0	4,583.2	4,583.2	4,583.2
Accounts payable	2,450.9	2,438.2	2,421.4	3,143.5	3,019.1
LT interest bearing debt	2,818.2	2,556.8	2,561.5	2,561.5	2,561.5
Other liabilities	448.0	664.0	137.0	137.0	137.0
Total Liabilities	8,787.6	10,518.7	9,702.8	10,424.9	10,300.5
Shareholders Equity	6,562.7	7,469.7	7,815.9	8,180.0	8,549.2
Minority Interest	650.6	763.5	763.5	763.5	763.5
Total shareholder equity	7,213.3	8,233.2	8,579.4	8,943.5	9,312.7
Perpetual securities  Total liabilities and equity	0.0 <b>16,000.9</b>	0.0 18,752.0	0.0 18,282.2	0.0 <b>19,368.4</b>	0.0 <b>19,613</b> .2
CASH FLOW (MYR m)	020.4	050.0	000.0	1 007 /	1 050 5
Pretax profit	930.4	859.0	880.9	1,087.6	1,050.5
Depreciation & amortisation	0.0	0.0	0.0	0.0	(170.()
Adj net interest (income)/exp	235.8	282.1	(137.0)	(156.8)	(178.6)
Change in working capital	152.9	(251.2)	(900.0)	(900.0)	(900.0)
Cash taxes paid	(143.7)	(108.7)	(211.4)	(261.0)	(252.1)
Other operating cash flow	(235.8) 939.6	(250.3) 668.1	(47.0)	(197.0)	(222.6)
Cash flow from operations	939.6	668.1	(376.3) (376.3)	(187.9) (187.9)	(233.6)
Fron cash flow	737.0	(260.8)	(376.3)	(187.9) (244.8)	(233.6)
	(672.2)		(246.4)	(244.8)	(297.9)
Dividends paid	(673.2) 145.8		0.0	Λ Λ	0.0
Dividends paid Equity raised / (purchased)	145.8	538.1	0.0	0.0	
Dividends paid Equity raised / (purchased) Perpetual securities	145.8 0.0	538.1 0.0	0.0	0.0	0.0
Dividends paid Equity raised / (purchased) Perpetual securities Change in Debt	145.8 0.0 1,763.8	538.1 0.0 1,427.4	0.0 0.0	0.0 0.0	0.0 0.0
Dividends paid Equity raised / (purchased) Perpetual securities Change in Debt Perpetual securities distribution	145.8 0.0 1,763.8 0.0	538.1 0.0 1,427.4 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0
Free cash flow Dividends paid Equity raised / (purchased) Perpetual securities Change in Debt Perpetual securities distribution Other invest/financing cash flow Effect of exch rate changes	145.8 0.0 1,763.8	538.1 0.0 1,427.4	0.0 0.0	0.0 0.0	0.0 0.0 0.0 0.0 (556.2)

FYE 31 Dec	FY15A	FY16A	FY17E	FY18E	FY19E
Key Ratios					
Growth ratios (%)					
Revenue growth	(8.1)	4.7	16.0	29.8	(4.0)
EBITDA growth	(15.3)	273.6	(50.6)	37.7	(6.6)
EBIT growth	(10.6)	4.1	4.8	39.1	(7.3)
Pretax growth	(4.0)	(7.7)	2.6	23.5	(3.4)
Reported net profit growth	(1.5)	(20.0)	0.9	12.0	1.4
Core net profit growth	(0.2)	(7.3)	(0.6)	21.7	1.4
Profitability ratios (%)					
EBITDA margin	9.6	34.3	14.6	15.5	15.1
EBIT margin	15.4	15.4	13.9	14.9	14.4
Pretax profit margin	20.9	18.5	16.3	15.5	15.6
Payout ratio	94.9	42.0	41.4	45.0	45.0
DuPont analysis					
Net profit margin (%)	16.5	12.6	10.9	9.4	10.0
Revenue/Assets (x)	0.3	0.2	0.3	0.4	0.3
Assets/Equity (x)	2.4	2.5	2.3	2.4	2.3
ROAE (%)	na	na	na	na	na
ROAA (%)	4.1	3.2	2.9	3.5	3.4
Leverage & Expense Analysis					
Asset/Liability (x)	1.8	1.8	1.9	1.9	1.9
Net gearing (%) (incl perps)	45.2	40.5	48.7	57.8	67.2
Net gearing (%) (excl. perps)	45.2	40.5	48.7	57.8	67.2
Net interest cover (x)	25.8	14.9	5.5	6.6	5.4
Debt/EBITDA (x)	13.8	4.6	9.1	6.6	7.1
Capex/revenue (%)	na	na	na	na	na
Net debt/ (net cash)	3,258.2	3,336.8	4,178.8	5,167.7	6,255.4

Source: Company; Maybank

## **Research Offices**

#### REGIONAL

#### Sadiq CURRIMBHOY

Regional Head, Research & Economics (65) 6231 5836 sadiq@maybank-ke.com.sg

#### WONG Chew Hann, CA

Regional Head of Institutional Research (603) 2297 8686 wchewh@maybank-ib.com

Regional Head of Retail Research (65) 6231 5839 ongsengyeow@maybank-ke.com.sg

#### TAN Sin Mui

Director of Research (65) 6231 5849 sinmui@kimeng.com.hk

#### **ECONOMICS**

#### Suhaimi ILIAS

Chief Economist Malaysia | Philippines | China (603) 2297 8682 suhaimi\_ilias@maybank-ib.com

#### CHIIA Hak Rin

Regional Thematic Macroeconomist (65) 6231 5830 chuahb@maybank-ke.com.sg

#### LEE Ju Ye Singapore (65) 6231 5844

leejuye@maybank-ke.com.sg

#### Dr Zamros DZULKAFLI (603) 2082 6818

zamros.d@maybank-ib.com

# Ramesh LANKANATHAN (603) 2297 8685

ramesh@maybank-ib.com

### FX

## Saktiandi SUPAAT

Head, FX Research (65) 6320 1379 saktiandi@maybank.com.sg

Christopher WONG (65) 6320 1347 wongkl@maybank.com.sg

### Leslie TANG

(65) 6320 1378 leslietang@maybank.com.sg

### Fiona I IM

(65) 6320 1374 fionalim@maybank.com.sg

### STRATEGY

### Sadiq CURRIMBHOY

Global Strategist (65) 6231 5836 sadiq@maybank-ke.com.sg

### Willie CHAN

Hong Kong / Regional (852) 2268 0631 williechan@kimeng.com.hk

### FIXED INCOME

# Winson Phoon, ACA (603) 2074 7176

winsonphoon@maybank-ib.com

Se Tho Mun Yi (603) 2074 7606 munyi.st@maybank-ib.com

#### MALAYSIA

WONG Chew Hann, CA Head of Research (603) 2297 8686 wchewh@maybank-ib.com Strategy

### Desmond CH'NG, ACA

(603) 2297 8680 desmond.chng@maybank-ib.com

Banking & Finance

LIAW Thong Jung (603) 2297 8688 tjliaw@maybank-ib.com • Oil & Gas Services- Regional

ONG Chee Ting, CA (603) 2297 8678 ct.ong@maybank-ib.com Plantations - Regional

Mohshin AZIZ (603) 2297 8692 mohshin.aziz@maybank-ib.com · Aviation - Regional · Petrochem

YIN Shao Yang, CPA (603) 2297 8916 samuel.y@maybank-ib.com Gaming - Regional • Media

TAN Chi Wei, CFA (603) 2297 8690 chiwei.t@maybank-ib.com • Power • Telcos

WONG Wei Sum, CFA (603) 2297 8679 weisum@maybank-ib.com Property

LEE Yen Ling (603) 2297 8691 lee.yl@maybank-ib.com • Building Materials • Glove • Ports • Shipping

(603) 2297 8612 ivan.yap@maybank-ib.com
• Automotive • Semiconductor • Technology

Kevin WONG

(603) 2082 6824 kevin.wong@maybank-ib.com
• REITs • Consumer Discretionary

### LIEW Wei Han

(603) 2297 8676 weihan.l@maybank-ib.com Consumer Staples

### Adrian WONG

(603) 2297 8675 adrian.wkj@maybank-ib.com • Constructions • Healthcare

### Jade TAM

(603) 2297 8687 jade.tam@maybank-ib.com • Media • Building Materials

Mohd Hafiz Hassan (603) 2082 6819 mohdhafiz.ha@maybank-ib.com • Small & Mid Caps

TEE Sze Chiah Head of Retail Research (603) 2082 6858 szechiah.t@maybank-ib.com

#### Nik Ihsan Raja Abdullah, MSTA, CFTe (603) 2297 8694

nikmohdihsan.ra@maybank-ib.com

### Neel SINHA Head of Research

(65) 6231 5838 neelsinha@maybank-ke.com.sg • Strategy

SINGAPORE

SMID Caps - Regional

CHUA Su Tye (65) 6231 5842 chuasutye@maybank-ke.com.sg • REITs

Derrick HENG, CFA (65) 6231 5843 derrickheng@maybank-ke.com.sg • Property • REITs (Office)

# Luis HILADO

(65) 6231 5848 luishilado@maybank-ke.com.sg Telcos

### John CHEONG, CFA

(65) 6231 5845 johncheong@maybank-ke.com.sg • Small & Mid Caps • Healthcare • Transport

NG Li Hiang (65) 6231 5840 nglihiang@maybank-ke.com.sg • Banks

#### HONG KONG / CHINA

Christopher WONG (852) 2268 0652

christopherwong@kimeng.com.hk HK & China Properties

Jacqueline KO, CFA (852) 2268 0633 jacquelineko@kimeng.com.hk • Consumer Staples & Durables

#### Ka Leong LO, CFA

(852) 2268 0630 kllo@kimeng.com.hk Consumer Discretionary & Auto

Mitchell KIM (852) 2268 0634 mitchellkim@kimeng.com.hk • Internet & Telcos

### Ning MA, CFA

(852) 2268 0672 ningma@kimeng.com.hk
• Insurance

Ricky NG, CFA (852) 2268 0689 rickyng@kimeng.com.hk

Regional RenewablesHK & China Properties

Sonija LI, CFA, FRM (852) 2268 0641 sonijali@kimeng.com.hk Gaming

#### Stefan CHANG CFA

(852) 2268 0675 stefanchang@kimeng.com.hk
• Technology - Regional

Bonny WENG (852) 2268 0644 bonnyweng@kimeng.com.hk • Technology - *Regional* 

Tony REN, CFA (852) 2268 0640 tonyren@kimeng.com.hk • Healthcare & Pharmaceutical

#### INDIA

#### Jigar SHAH Head of Research

(91) 22 6623 2632 ijgar@maybank-ke.co.in • Strategy • Oil & Gas • Automobile • Cement

### Vishal MODI

(91) 22 6623 2607 vishal@maybank-ke.co.in

Banking & Financials

### Neerav DALAL

(91) 22 6623 2606 neerav@maybank-ke.co.in
• Software Technology • Telcos

### Vishal PERIWAL

(91) 22 6623 2605 vishalperiwa@maybankke.co.in

Infrastructure

# INDONESIA

# Isnaputra ISKANDAR Head of Research (62) 21 8066 8680

isnaputra.iskandar@maybank-ke.co.id
• Strategy • Metals & Mining • Cement

# Rahmi MARINA

(62) 21 8066 8689

rahmi.marina@maybank-ke.co.id

Banking & Finance

Aurellia SETIABUDI

(62) 21 8066 8691 aurellia.setiabudi@maybank-ke.co.id • Property

# Janni ASMAN

(62) 21 8066 8687 janni.asman@maybank-ke.co.id • Cigarette • Healthcare • Retail

### Adhi TASMIN

(62) 21 8066 8694 adhi.tasmin@mavbank-ke.co.id

Plantations

PHILIPPINES Minda OLONAN Head of Research

#### (63) 2 849 8840 nda\_olonan@maybank-atrke.com Strategy

Katherine TAN

(63) 2 849 8843 kat\_tan@maybank-atrke.com • Banks • Construction

# Luis HILADO

(65) 6231 5848 luishilado@maybank-ke.com.sg

#### THAILAND

Maria LAPIZ Head of Institutional Research Dir (66) 2257 0250 | (66) 2658 6300 ext 1399 Maria.L@maybank-ke.co.th

Strategy • Consumer • Materials • Ind. Estates
 Oil & Gas • Telcos

Sittichai DUANGRATTANACHAYA (66) 2658 6300 ext 1393

Sittichai. D@maybank-ke.co.th
• Services Sector • Transport • Property • Telcos

### Tanawat RUENBANTERNG (66) 2658 6300 ext 1394 Tanawat.R@maybank-ke.co.th

Banks & Diversified Financials

Ornmongkol TANTITANATORN (66) 2658 6300 ext 1395 ornmongkol.t@maybank-ke.co.th

 Oil & Gas Sukit UDOMSIRIKUL Head of Retail Research

(66) 2658 5000 ext 5090 Sukit.u@maybank-ke.co.th

### Ekachai TARAPORNTIP Deputy Head 66) 2658 5000 ext 1530 Fkachai.t@maybank-ke.co.th Surachai PRAMUALCHAROENKIT

(66) 2658 5000 ext 1470 Surachai.p@maybank-ke.co.th • Auto • Conmat • Contractor • Steel

Suttatip PEERASUB (66) 2658 5000 ext 1430 suttatip.p@maybank-ke.co.th
• Media • Commerce

# Sutthichai KUMWORACHAI (66) 2658 5000 ext 1400

sutthichai.k@maybank-ke.co.th • Energy • Petrochem

Termporn TANTIVIVAT (66) 2658 5000 ext 1520 termpornt.t@maybank-ke.co.th

Property

# Jaroonpan WATTANAWONG (66) 2658 5000 ext 1404 jaroonpan.w@maybank-ke.co.th • Transportation • Small cap

Poonpat CHAIKUMHAN, CFA (66) 2658 5000 ext 1511 poonpat.c@maybank-ke.co.th • Electronics • ICT

# Sorrabhol VIRAMETEEKUL

Head of Digital Research (66) 2658 5000 ext 1550 sorrabhol.V@maybank-ke.co.th • Food, Transportation

# Wijit ARAYAPISIT

(66) 2658 5000 ext 1450 wijit.a@maybank-ke.co.th • Strategist

# VIETNAM

LE Hong Lien, ACCA Head of Institutional Research (84) 8 44 555 888 x 8181 lien.le@maybank-kimeng.com.vn
• Strategy • Consumer • Diversified

# THAI Quang Trung, CFA, Deputy Head, Institutional Research (84) 8 44 555 888 x 8180

trung.thai@maybank-kimeng.com.vn
• Real Estate • Construction • Materials LE Nguyen Nhat Chuyen (84) 8 44 555 888 x 8082 chuyen.le@maybank-kimeng.com.vn

# · Oil & Gas NGUYEN Thi Ngan Tuyen, Head of Retail Research

# (84) 8 44 555 888 x 8081 tuyen.nguyen@maybank-kimeng.com.vn • Food & Beverage • Oil&Gas • Banking TRUONG Quang Binh, Deputy Head, Retail Research (84) 4 44 555 888 x 8087

# binh.truong@maybank-kimeng.com.vn • Rubber Plantation • Tyres and Tubes • Oil&Gas TRINH Thi Ngoc Diep (84) 4 44 555 888 x 8208

# diep.trinh@maybank-kimeng.com.vn • Technology • Utilities • Construction NGUYEN Thi Sony Tra Mi (84) 8 44 555 888 x 8084 mi.nguyen@maybank-kimeng.com.vn • Port Operation • Pharmaceutical

· Food & Beverage NGUYEN Thanh Lam (84) 4 44 555 888 x 8086 thanhlam.nguyen@maybank-kimeng.com.vn
• Technical Analysis

November 28, 2017 7

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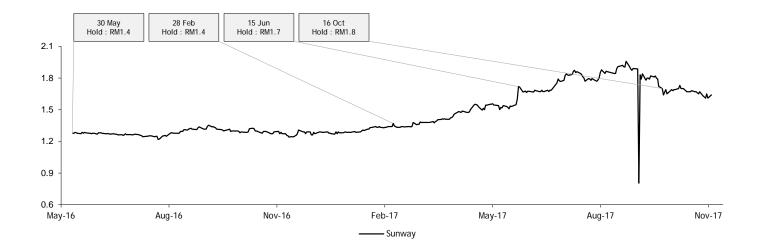
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# Malaysia

Maybank Investment Bank Berhad (A Participating Organisation of Bursa Malaysia Securities Berhad) 33rd Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur Tel: (603) 2059 1888;

Tel: (603) 2059 1888; Fax: (603) 2078 4194

Stockbroking Business: Level 8, Tower C, Dataran Maybank, No.1, Jalan Maarof 59000 Kuala Lumpur Tel: (603) 2297 8888 Fax: (603) 2282 5136

# Philippines

Maybank ATR Kim Eng Securities Inc. 17/F, Tower One & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City, Philippines 1200

Tel: (63) 2 849 8888 Fax: (63) 2 848 5738

# South Asia Sales Trading

Kevin Foy Regional Head Sales Trading kevinfoy@maybank-ke.com.sg Tel: (65) 6636-3620 US Toll Free: 1-866-406-7447

Malaysia Joann Lim joann.lim@maybank-ib.com

Joann.lim@maybank-ib.com Tel: (603) 2717 5166

Harianto Liong harianto.liong@maybank-ke.co.id Tel: (62) 21 2557 1177

New York James Lynch jlynch@maybank-keusa.com Tel: (212) 688 8886

Vietnam Patrick Mitchell patrick.mitchell@maybank-kimeng.com.vn Tel: (84)-8-44-555-888 x8080

# Singapore

Maybank Kim Eng Securities Pte Ltd Maybank Kim Eng Research Pte Ltd 50 North Canal Road Singapore 059304

Tel: (65) 6336 9090

# Hong Kong

Kim Eng Securities (HK) Ltd Level 30, Three Pacific Place, 1 Queen's Road East, Hong Kong

Tel: (852) 2268 0800 Fax: (852) 2877 0104

### Thailand

Maybank Kim Eng Securities (Thailand) Public Company Limited 999/9 The Offices at Central World, 20<sup>th</sup> - 21<sup>st</sup> Floor, Rama 1 Road Pathumwan, Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales) Tel: (66) 2 658 6801 (research)

## North Asia Sales Trading

Andrew Lee andrewlee@kimeng.com.hk Tel: (852) 2268 0283 US Toll Free: 1 877 837 7635

Thailand Tanasak Krishnasreni Tanasak.K@maybank-ke.co.th Tel: (66)2 658 6820

London Mark Howe mhowe@maybank-ke.co.uk Tel: (44) 207-332-0221

India Sanjay Makhija sanjaymakhija@maybank-ke.co.in Tel: (91)-22-6623-2629

Philippines Keith Roy keith\_roy@maybank-atrke.com Tel: (63) 2 848-5288

# London

Maybank Kim Eng Securities (London) Ltd PNB House 77 Queen Victoria Street London EC4V 4AY, UK

Tel: (44) 20 7332 0221 Fax: (44) 20 7332 0302

# Indonesia

PT Maybank Kim Eng Securities Sentral Senayan III, 22<sup>nd</sup> Floor JI. Asia Afrika No. 8 Gelora Bung Karno, Senayan Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188 Fax: (62) 21 2557 1189

### Vietnam

Maybank Kim Eng Securities Limited 4A-15+16 Floor Vincom Center Dong Khoi, 72 Le Thanh Ton St. District 1 Ho Chi Minh City, Vietnam

Tel: (84) 844 555 888 Fax: (84) 8 38 271 030

# New York

Maybank Kim Eng Securities USA Inc 777 Third Avenue, 21st Floor New York, NY 10017, U.S.A.

Tel: (212) 688 8886 Fax: (212) 688 3500

# India

Kim Eng Securities India Pvt Ltd 2nd Floor, The International, 16, Maharishi Karve Road, Churchgate Station, Mumbai City - 400 020, India

Tel: (91) 22 6623 2600 Fax: (91) 22 6623 2604

### Saudi Arabia

In association with Anfaal Capital Villa 47, Tujjar Jeddah Prince Mohammed bin Abdulaziz Street P.O. Box 126575 Jeddah 21352

Tel: (966) 2 6068686 Fax: (966) 26068787

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