

PP14767/09/2012(030761)

Thursday, January 14, 2016

## Report of the Day

**Company Visit Notes: Top Glove - "Grow Even Bigger and Stronger"**

## At a Glance

FBMKLCI gained 1.17 points and closed at 1,642.54 lifted by the gain in selected heavyweight counters.....(See full report next page)

## Strategy

## "Another Tumble in Wall Street"

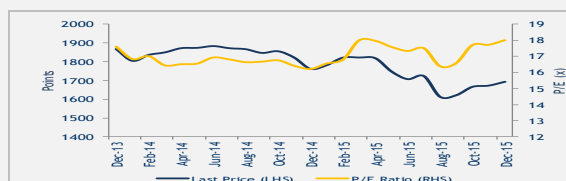
Lack of catalysts that could weigh on risk taking may likely to push investors to the sideline today.....(See full report next page)

## Corporate Highlights

- **CIMB, HOLD (TP: RM4.90):** Tengku Zafrul to take on additional role of CIMB Bank CEO
- **Bina Puri (CP: RM0.455):** MAHB finalising talks on LAD
- **Astral Supreme (CP: RM0.125):** Sees turnaround in FY16

## Economic Update

- **Malaysia:** TPPA concerns are being addressed
- **China:** Trade volume falls 7% in 2015
- **U.S.:** Economy mostly growing, some areas flat



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
MY	11-Jan	12:00 PM	Industrial Production YoY	-	4.2%
JP	12-Jan	7:50 AM	BoP Current Account Balance	-	¥1458.4B
JP	12-Jan	7:50 AM	Trade Balance BoP Basis	-	¥200.2B
EU	13-Jan	6:00 PM	Industrial Production SA MoM	-	0.6%
EU	13-Jan	6:00 PM	Industrial Production WDA YoY	-	1.9%
CN	13-Jan	-	Trade Balance	\$52.00B	\$54.10B
CN	13-Jan	-	Exports YoY	-0.8%	-6.8%
CN	13-Jan	-	Imports YoY	-10.3%	-8.7%
US	13-Jan	8:00 PM	MBA Mortgage Applications	-	-11.6%
JP	14-Jan	7:50 AM	Machine Orders MoM	-	10.7%
JP	14-Jan	7:50 AM	Machine Orders YoY	-	10.3%
JP	14-Jan	7:50 AM	PPI MoM	-	-0.1%
JP	14-Jan	7:50 AM	PPI YoY	-	-3.6%
JP	14-Jan	2:00 PM	Machine Tool Orders YoY	-	-17.7%
US	14-Jan	9:30 PM	Initial Jobless Claims	-	-
US	14-Jan	9:30 PM	Continue Claims	-	-
US	14-Jan	10:45 PM	Bloomberg Consumer Comfort	-	-
US	15-Jan	9:30 PM	Retail Sales Advance MoM	0.1%	0.2%
US	15-Jan	9:30 PM	Retail Sales Ex Auto and Gas	-	0.5%
US	15-Jan	9:30 PM	PPI Final Demand MoM	-0.1%	0.3%
US	15-Jan	9:30 PM	PPI Ex Food and Energy MoM	0.1%	0.3%
US	15-Jan	9:30 PM	PPI Final Demand YoY	-	-1.1%
US	15-Jan	9:30 PM	PPI Ex Food and Energy YoY	-	0.5%
US	15-Jan	9:30 PM	Empire Manufacturing	-4.0	4.6
US	15-Jan	10:15 PM	Capacity Utilization	76.9%	77.0%
US	15-Jan	10:15 PM	Industrial Production MoM	-0.1%	-0.6%
US	15-Jan	11:00 PM	U. of Mich. Sentiment	93.0	92.6
CN	10-15 Jan	-	New Yuan Loans CNY	700.0B	708.9B
CN	10-15 Jan	-	Money Supply M2 YoY	13.6%	13.7%

## Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,642.54	1.17	0.07
FBMEMAS	11,521.02	10.29	0.09
FBMEMAS SHA	12,488.75	-3.31	-0.03
FBM100	11,186.01	8.90	0.08
Volume (mn)	1,932.98	130.84	7.26
Value (RMmn)	1,888.91	-227.59	-10.75
FBMKLCI YTD Chg			-2.95

## Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	24.6	7.5
Local Institution	52.5	63.5
Foreign Investors	22.9	-71.0

## Top Gainers

	Close	Change+/-	(+/- %)
BAT	56.70	0.80	1.43
SCIENTEX BHD	10.78	0.60	5.89
LAY HONG BHD	7.70	0.44	6.06

## Top Losers

	Close	Change+/-	(+/- %)
PANASONIC MAN	24.02	-0.44	-1.80
MALAYSIAN PAC	10.02	-0.38	-3.65
ONLY WORLD GR	2.55	0.12	4.81

## World Indices

	Close	Change+/-	(+/- %)
DJIA	16,151.41	-364.81	-2.21
NASDAQ	4,526.06	-159.86	-3.41
S&P 500	1,890.28	-48.40	-2.50
FTSE 100	5,960.97	31.73	0.54
DAX	9,960.96	-24.47	-0.25
Nikkei 225	17,715.63	496.67	2.88
HSI	19,934.88	223.12	1.13
KOSPI	1,916.28	25.42	1.34
STI	2,696.50	4.72	0.18
KLCI Futures	1599.0	9.5	0.0
USDMYR 3M	13.1	-0.04	0.0
USDMYR 6M	13.1	0.0	0.0
USDMYR 12M	13.10	0.02	0.00

## Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	30.67	0.19	0.62336
Brent (USD/bbl)	30.31	-0.55	-1.78224
Gold(USD/ounce)	1095.1	1.51	0.1381
Coal (USD/mt)	48.85	-0.25	-0.50916
CPO (RM/mt)	2411	29	1.217464
Rubber	123.3	6.8	5.83691
RM/USD	4.3012	-0.0255	0.5929
EUR/USD	0.91	-0.0002	-0.02%
YEN/USD	121.69	0.01	-0.01%

## What To Expect

### U.S. Market

- The Dow Jones Industrials Average slumped -364.81 points to 16,151.41 points, S&P 500 declined 48.40 points to 1,890.28 points. Nasdaq dropped 159.86 points to 4,526.06. Stocks closed sharply lower Wednesday, pressured by low oil prices, as concerns about global economic slowdown weighed ahead of major earnings reports.
- The selling was persistent, unyielding and powerful Wednesday, as U.S. equities melted even lower. There was no specific catalyst for the decline, only a growing sense of fear that policymakers both here and overseas have lost control of the situation: energy prices are weakening, currency volatility is increasing and economic data continues to crumble.

### The Local Market

- FBMKLCI gained 1.17 points and closed at 1,642.54 lifted by the gain in selected heavyweight counters. There were 459 gainers and 371 decliners in total value traded of RM1.88 billion.
- Among the gainers on Bursa Malaysia were BAT surged 80 cent to RM56.70, Scientex rose 60 cent to RM10.78, Lay Hong gained 44 cent to RM7.70 and Southern Acids up 1 cent to RM3.96.

### Strategy

- **“Another Tumble in Wall Street”**  
Wall Street gave up major points on Wednesday, decimated by nervousness over oil price outlook, uncertain global growth and risks over less-than-upbeat US upcoming results season. **S&P 500** and **DJIA** lost 48.40 (-2.50%) and 364.81 (-2.21%) points to end at **1,890.28** and **16,151.41** respectively. Oil price ended at USD30 per barrel and with over supply issue, many predict it could go lower and test USD20++ per barrel range. This, if turned out to be reality, will weigh on global commodity producer economy including big names like Indonesia (ASEAN’s biggest economy), Canada, Australia, Russia, Middle Eastern countries and many more, paving the way for shaky global growth. Additionally, investors in the US were less-than-sanguine over corporate earnings profile in this upcoming results season, pushing many to unload risky holdings. In sum, the murky global outlook and added with lack of catalysts that could weigh on risk taking may likely to push investors to the sideline today.
- Our 1H16 FBMKLCI target is 1,720 based on PER of 16.5x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on construction, telco and oil and gas respectively. We predict Malaysia to grow by 4.5% in 2016.

## CORPORATE HIGHLIGHTS

**CIMB, HOLD (TP: RM4.90): Tengku Zafrul to take on additional role of CIMB Bank CEO**

CIMB Group Holdings Bhd chief executive Tengku Datuk Seri Zafrul Aziz will take on an additional role of chief executive officer (CEO) of CIMB Bank Bhd effective Jan 20. In a statement today, CIMB Group said Zafrul will step down from his position as CEO of CIMB Investment Bank Bhd with effect from the same date. In the interim, the board of directors of CIMB Group has elected Datuk Kong Sooi Lin, who is now the deputy CEO of CIMB Investment Bank, as the person in charge," the group added. *(Source: The Edge)*

**Bina Puri (CP: RM0.455): MAHB finalising talks on LAD**

Bina Puri Holdings Bhd, one of the main contractors of KLIA2, is still finalising discussions with Malaysia Airports Holdings Bhd (MAHB) on the liquidated and ascertained damages (LAD) imposed for the delay in completing the KLIA2 terminal in Sepang. Joint venture (JV) partners Bina Puri Sdn Bhd and UEM Construction Sdn Bhd were awarded the work package worth RM997 million that makes up KLIA2's main terminal building, satellite building, sky bridge and piers. The LAD was imposed when it did not meet the June 15, 2013 deadline. It was reported previously that the LAD is at RM199,445.40 per day. He said it has been 1½ years since the airport opened and there have been no major hiccups. At the moment, it's still premature to mention the amount," We said when asked about the LAD. *(Source: The Sun)*

**Astral Supreme (CP: RM0.125): Sees turnaround in FY16**

Loss-making electronic and electrical product maker Astral Supreme Bhd (ASB) expects to return to the black for the financial year ending May 31, 2016 (FY16), with the help of its diversification into construction, property development and property investment activities. Its newly appointed managing director and executive director Datuk Ng Aun Hooi told reporters at its EGM yesterday, the group intends to cease its electronic manufacturing services (EMS) division and focus on its new business going forward. Manufacturing is a sunset business and has actually become a liability to ASB. We are now waiting for the answer from the authority and expect to complete the process within three to four months," said Ng. He noted that the group's order book currently stands at RM110 million, comprising 80% of the construction contracts with the government, that will keep it busy until 2017. *(Source: The Sun)*

**Scanwolf (CP: RM0.37): Sells Kampar land for RM1.62 million**

Scanwolf Corp Bhd proposes to dispose of two parcels of commercial land in Kampar, Perak, measuring 3.72ha to The Combined Bus Services Sdn. Bhd (TCBS), for RM1.62 million. In a filing with Bursa Malaysia, Scanwolf said it consists of a disposal consideration of RM1.3 million together with an infrastructure contribution of RM324,086 to build an integrated bus terminal complex. TCBS has developed and is currently operating the integrated bus terminal complex in Ipoh, Perak. Scanwolf's remaining land in Kampar has a net buildable area of 12.22ha. *(Source: The Sun)*

**Pintaras Jaya (CP: RM3.51): Nets RM27.5mil piling contract**

Pintaras Jaya Bhd has clinched a RM27.5mil contract for the construction and completion of piling and pilecap works for a mixed development project in Bandar Bestari, Klang. In a filing with Bursa Malaysia, the foundations and piling specialist said its unit Pintaras Geotechnics Sdn Bhd had received a letter of award from Khoo Soon Lee Realty Sdn Bhd to undertake the works. The works are scheduled to start on Feb 1 with a completion period of 10 months. (Source: *The Star*)

**PUC Founder (CP: RM0.105): In JV with Greentech for renewable energy jobs**

PUC Founder (MSC) Bhd has teamed up with Greentech Malaysia Alliances (GTMA) to bid for renewable energy projects in government or government linked corporations (GLCs). PUCF said on Wednesday both parties had inked a joint venture (JV) agreement to manage the JV company. "The proposed JV seeks to leverage upon PUCF's strength and capability in project management and to utilise GTMA's expertise in developing green technology in Malaysia," it said. It added the JV would be a project vehicle to bid for renewable energy projects in government or GLCs. (Source: *The Star*)

**AirAsia X (CP: RM0.20): Says taking carrier private is an option on valuation**

AirAsia X Bhd said taking the company private is an option, after shares of the long-haul budget carrier in Tan Sri Tony Fernandes's AirAsia group plunged 65%t in the past year to become the worst-performing airline in Asia. Sister company budget carrier AirAsia Bhd. also is looking at the same option, AirAsia X Chief Executive Officer Benyamin Ismail said in an interview in New Delhi on Wednesday. Cheap valuations make taking the airlines private a "very good" option, although finding investors to do so would be a challenge and there are no current plans to do so, Benyamin said. (Source: *Bloomberg*)

**UEM Sunrise (CP: RM1.06): UEM Edgenta unit forms JV with Township Management Services**

UEM Sunrise Edgenta TMS Sdn Bhd (UEMSET), a joint venture (JV) between UEM Sunrise Bhd and Edgenta Township Management Services Sdn Bhd (ETMSSB) has formed a 70:30 JV shareholders' agreement with Township Management Services Sdn Bhd (TMS). UEMSET is 70% owned by ETMSSB, which in turn is a wholly-owned subsidiary of UEM Edgenta, and 30% owned by UEM Sunrise. UEM Edgenta said the JV company shall have an eventual issued and paid-up share capital of RM5.5mil. UEMSET will owned 70% in the JV company while the balance will be owned by TMS. (Source: *The Star*)

**Bina Puri (CP: RM0.45): Targets RM1 bil worth of project wins in 2016**

Bina Puri Holdings Bhd targets to secure construction projects worth RM1 billion this year, from both overseas and domestic market. "We are confident of securing RM1 billion worth of construction projects, based on our previous track record," its group executive director Matthew Tee told pressmen in a media briefing yesterday, adding that the group secures projects in excess of RM1 billion on a yearly basis. He said that currently, Bina Puri has ongoing projects worth RM3.4 billion and an outstanding orderbook of RM1.89 billion. Out of this, he said 87% of these ongoing projects are from Malaysia, while the remaining are from overseas. (Source: *The Edge*)

**SEGi (CP: RM1.36): Appoints Datuk Azahari Kamil as group president**

SEGi University & Colleges, the largest private listed university in Malaysia, announced the appointment of Datuk Mohamed Azahari Kamil as its president. The appointment is effective Jan 4, 2016. Prior to his appointment as president, Datuk Mohamed Azahari was chief executive officer (CEO) at Asian Finance Bank, holding the post for the last eight years. He is a board member of Universiti Sains Islam Malaysia (USIM) and Universiti Teknologi MARA (UiTM), and is also appointed by the Ministry of Higher Education as the CEO Faculty Program adjunct professor and Distinguished Fellow for Public Universities. (Source: The Edge)

**Khazanah: Assets slightly higher at RM150.2bil in 2015**

Khazanah Nasional Bhd's portfolio realisable asset value (RAV) increased 3.2% to RM150.2bil in 2015 amid a challenging year on with volatility on both the domestic and global fronts and it expects this to continue this year. The sovereign wealth fund said on Wednesday the RAV was slightly higher than the RM145.5bil in 2014. "While portfolio net worth adjusted (NWA) decreased slightly by 1.6% to RM109.0bil in 2015 (RM110.7bil in 2014), it was in line with FBM KLCI's 1.0% decline (in total shareholder return) and outperformed six of seven reference market indices. "Long-term uptrend remains intact as NWA grew at a compounded annual growth rate (CAGR) of 10.7% for the period from May 2004 to Dec 31, 2015," it said. (Source: The Star)

**ECONOMIC UPDATES****Malaysia: TPPA concerns are being addressed**

Khazanah Nasional Bhd has expressed its concerns on the Trans-Pacific Partnership Agreement (TPPA) and they are being addressed, said its managing director Tan Sri Azman Mokhtar. When a major proposed agreement or trade treaty like this happens, there will be effects, plus and minus. Certain safeguards have been put in place. There are still things to work on as we touch on preparedness. Azman said Khazanah is supportive of trade agreements but it also has the responsibility to highlight concerns, one of which is the impact on state-owned enterprises (SOE). In the Ad Ref it says they are giving two extra years for Khazanah companies and some SOEs pending the enactment of SOE legislative reform. This is already in the text in the TPPA," he said. (Source: The Sun)

**Malaysia: PM to present recalibrated Budget 2016 on Jan 28**

Prime Minister Datuk Seri Najib Tun Razak, who is also finance minister, will present the recalibrated Budget 2016 on Jan 28, Treasury Secretary-General Tan Sri Mohd Irwan Serigar Abdullah said. Mohd Irwan said as crude oil price continued to slide, touching US\$29 a barrel on Wednesday and affecting the local currency, the Government would announce the new estimate of the average oil price that the budget would be based on. He said the Government would also revise the gross domestic product for this year which would not compromise the government delivery mechanism and would ensure pro-growth projects to continue. (Source: The Star)



**U.S.: Economy mostly growing, some areas flat**

The US economy grew in most parts of the country, while the New York and Kansas City regions reported essentially flat growth, a closely-watched Federal Reserve report showed on Wednesday (Jan 13). The Beige Book report said that nine of the Fed's 12 districts had reported increased economic activity that was either "moderate" or "modest" and the outlook for future growth from persons surveyed was "mostly positive" in six districts. The latest Beige Book, tracking recent economic conditions through Jan 4, comes two weeks before the Federal Reserve holds its first monetary policy of 2016, after making a landmark decision last month to raise interest rates for the first time in more than nine years. (Source: BBC)

**China: Trade volume falls 7% in 2015**

China's total trade volume fell 7% year-on-year to 24.59 trillion yuan (around US\$3.74 trillion) in 2015, Customs said on Wednesday, hit by slowing growth in the world's second-largest economy and plunging commodity prices. The figure was far below the government's target of 6% and marks the fourth year in a row that external commerce had missed its goal. China's imports slumped 13.2% on the previous year to 10.45 trillion yuan, Customs said, while exports were down 1.8% to 14.14 trillion yuan. Imports have been hit by low prices for commodities such as oil and iron ore and the slowdown in China's infrastructure boom, while exports have had to struggle with weakness in partner economies. The figures put in doubt China's title as the world's biggest trader in goods. (Source: The Star)

**Thailand: Foreign investment plummets in junta ruled Thailand**

Foreign investment in Thailand plummeted last year, official data showed, the latest sign that the kingdom's once-vibrant economy continues to falter under prolonged military rule. Total investment applied for by foreign companies between January and November 2015 plunged 78% from a year earlier to 93.8 billion baht (US\$2.62 billion), according to figures from Thailand's state-run Board of Investment (BoI) sent to AFP late Tuesday. The figures will do little to cheer junta leader Prayut Chan-O-Cha, who seized power in a May 2014 coup vowing to restore stability but who has struggled to kick-start the country's lacklustre economy. (Source: AFP)

# M&A Securities

## STOCK RECOMMENDATIONS

BUY	Share price is expected to be $\geq +10\%$ over the next 12 months.
TRADING BUY	Share price is expected to be $\geq +10\%$ within 3-months due to positive newsflow.
HOLD	Share price is expected to be between $-10\%$ and $+10\%$ over the next 12 months.
SELL	Share price is expected to be $\geq -10\%$ over the next 12 months.

## SECTOR RECOMMENDATIONS

OVERWEIGHT	The sector is expected to outperform the FBM KLCI over the next 12 months.
NEUTRAL	The sector is expected to perform in line with the FBM KLCI over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform the FBM KLCI over the next 12 months.

## DISCLOSURES AND DISCLAIMER

This report has been prepared by M&A SECURITIES SDN BHD. Readers should be fully aware that this report is for informational purposes only and no representation or warranty, expressed or implied is made as to the accuracy, completeness or reliability of the information or opinion contained herein. The recommendation and opinion are based on information obtained or derived from sources believed to be reliable.

This report contains financial forecast/projection based on our assumptions which may defer from the actual financial results announced by the companies under coverage. All opinions, estimates and assumptions are subject to change without notice. Analysts will initiate, update and cease coverage solely at the discretion of M&A SECURITIES SDN BHD.

Investors are to be cautioned that value of any securities invested may fluctuate from time to time. We advise investors to seek financial, legal and other advice for investing based on the recommendation of our report as we have not taken into account each investors' specific investment objectives, risk tolerance and financial position.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. M&A SECURITIES SDN BHD can accept no liability for any consequential loss or damage whether direct or indirect. Investment should be made at investors' own risks.

M&A SECURITIES SDN BHD and INSAS GROUP of companies, their respective directors, officers, employees and connected parties may have interest in any of the securities mentioned and may benefit from the information herein. M&A SECURITIES SDN BHD and INSAS GROUP of companies and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This report may not be reproduced, distributed or published in any form or for any purpose.

M & A Securities Sdn Bhd (15017-H)  
(A wholly-owned subsidiary of INSAS BERHAD)  
A Participating Organisation of Bursa Malaysia Securities Berhad

Level 1,2,3 No.45-47 & 43-6  
The Boulevard, Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur  
Tel: +603 – 2282 1820 Fax: +603 – 2283 1893  
Website: [www.mnaonline.com.my](http://www.mnaonline.com.my)

Head Of Research



Rosnani Rasul  
M&A Securities