

LAGENDA PROPERTIES BHD (LAGENDA MK)

A Rising Champion in Affordable Housing

- We like Lagenda Properties Berhad (Lagenda) for its specialization in niche market of affordable landed housing projects, which garnered higher demand and benefit significantly from government initiatives.
- We are optimistic on the company's earnings outlook with an estimated 3-year earnings CAGR of 21.7% to RM276mn in FY26F. This is driven by 1) strong demand from B40 and M40 income brackets for affordable landed housing projects, 2) expansion of the territorial footprint to other second-tier cities, 3) aggressively ramp up its new launches to 8,257 units in FY24F, which is almost double new launches in FY23, and 4) the total remaining GDV for the remaining landbank and future launches is at RM13bn.
- Lagenda has a dividend policy of 25% payout. However, it has consistently rewarded its shareholders with higher payouts ranging from 27-36% of PAT, resulting in dividend yield of 4.2%.
- We initiate coverage on Lagenda with a BUY recommendation and TP of RM1.71, pegged at 7.1x PER to fully diluted FY24F EPS of 24 sen. At our TP, we think the stock is still cheap as it represents a 35% discount compared to its peers.

Company Background

LAGENDA Properties Berhad (formerly known as DBE Gurney Berhad) transitioned its core business from the poultry industry to property development and completed the full divestment of its remaining equity in the poultry business on September 28, 2020. The Group embarked on its affordable housing development journey in early 2018. They are focused on their core expertise of developing self-sustainable townships, prioritizing community-based facilities and public amenities tailored to the needs of most Malaysian home buyers, particularly those in the B40 and M40 income groups. Despite being priced affordably, all of their homes are landed properties and Lagenda's townships provides quality affordable homes with premium facilities such as swimming pool, exclusive club house, fitness facilities, badminton courts and futsal court that would benefit and enhance the residents' lifestyle.

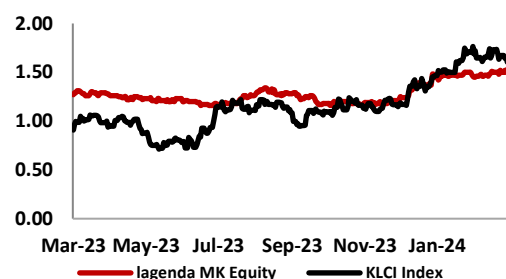
Overview – Business and Operations

The Group primarily operates in property development, with a niche on creating affordable townships. The company also has other segments including construction activities, trading of building materials and hardware, and property investment division. They have initiated the process of becoming a developer of affordable townships on a national level and reshaping the idea of affordable homes by turning around the perception that quality homes must come at a high cost. While their existing townships are all located in the state of Perak, they strive to serve the underserved segment across all states in Malaysia targeting mainly the B40 and M40 household income groups particularly civil servants, military, and police personnel.

BUY

Share Price RM1.53
Target Price RM1.71 +11.8%

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	5.5	22.4	26.6
vs FBM KLCI	6.6	16.5	10.9

Stock Data

ESG		Good
Mkt Cap (RM mn)		1,281.1
Free float (%)		50
Issued shares (mn)		837.3
Adj. Beta		0.9
52w H/L (RM)		1.55/ 1.15
3m avg daily volume		839,965

Major Shareholders (%)

Lagenda Land Sdn Bhd	52%
Etiqa Life Insurance Berhad	1.5%
Doh Properties Holdings Sdn Bhd	1.1%

FYE Dec (RM mn)	2022	2023	2024F	2025F	2026F
Turnover	868	843	1,280	1,406	1,521
EBITDA	269	238	357	388	417
Pretax Profit	251	217	330	362	392
Core Profit	178	153	232	255	276
EPS (sen)	21.2	15.9	24.1	26.4	28.6
PER (x)	7.2	9.6	6.3	5.8	5.3
DPS (sen)	6.5	6.5	7.4	8.1	8.8
D. Yield (%)	4.33	4.33	4.92	5.40	5.84
BVPS	1.2	1.1	1.3	1.5	1.7
P/B (x)	1.3	1.3	1.2	1.0	0.9

Key Ratios (%)

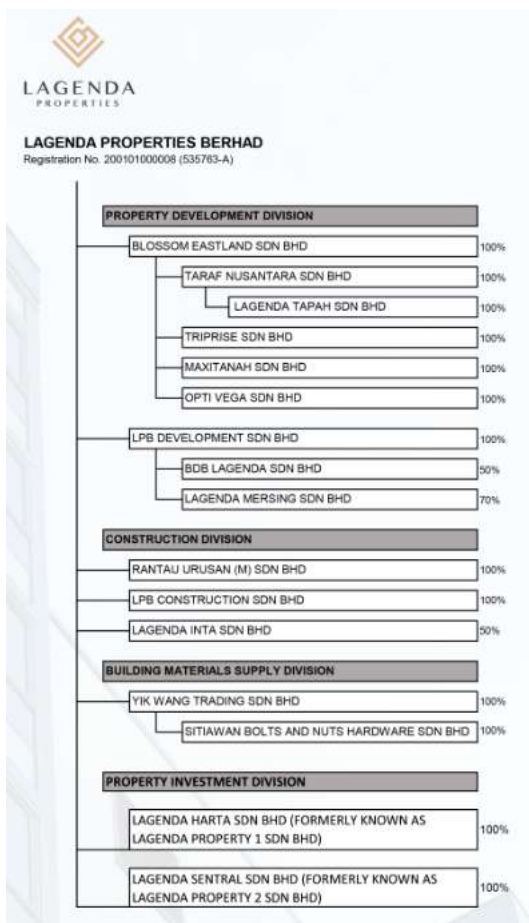
ROE	22.9	9.5	13.8	18.3	17.7
EBITDA margin	35.2	31.0	28.3	27.9	27.6
Pretax margin	33.4	28.9	25.8	25.8	25.8
Net margin	24.1	20.5	18.2	18.2	18.2

Source: Bloomberg, BIMB Securities

Research Team

fadzerin@bimbsec.com.my
(603) 2613 1738

Chart 1: Corporate Structure



Source: Company, BIMB Securities

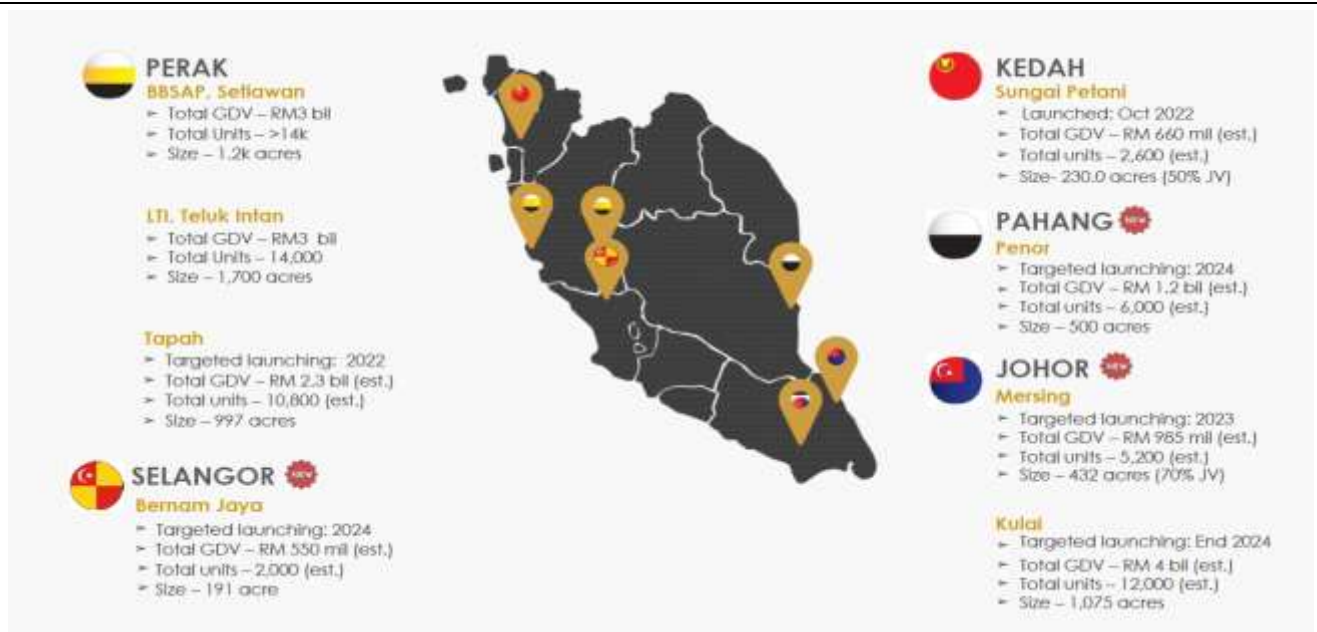
2023 Highlights: Growing the township portfolio

In 2023, Lagenda has embarked on a successful transition to Industrialised Building Systems (IBS) for its new projects in Teluk Intan and Kedah. As a result, Lagenda finds itself in a prime position for accelerated growth in the coming quarters, buoyed by the increasing momentum in construction activities. This strategic shift is expected to lead to a quicker conversion of sales into revenue and profits, driving Lagenda's growth trajectory forward.

The company's robust performance was also evident in its confirmed sales, which have surged to RM1.04bn in FY23, marking an impressive 32% increase YoY from RM788mn in FY22. This figure not only exceeds the total confirmed sales for the entire financial year 2022 but also demonstrates Lagenda's strong market presence and appeal.

Moreover, Lagenda's unbilled sales as of December 31, 2023, stand at RM732.4mn, supported by bookings of RM268.3mn, providing revenue visibility for FY24F. The recent launch of Lagenda's latest township in Mersing, Johor, highlights its expansion into three states, further strengthening its market position. The overwhelming demand witnessed in Mersing speaks volumes about the enduring appeal of Lagenda's townships and the effectiveness of its strategic approach. With its unique value proposition and unwavering confidence in its ability to deliver value, Lagenda remains well-poised for sustained growth. Its substantial vacant land bank, spanning almost 4,700 acres and with an estimated remaining Gross Development Value (GDV) exceeding RM13bn, serves as a testament to the company's long-term success potential.

Figure 1: Legenda’s Existing & New Townships – West Malaysia



Source: Company, BIMB Securities

Figure 2: LAGENDA's Flagship Development



Bandar Baru Setia Awan Perdana ("BBSAP")

- Single Storey Terraced (up to 1,300 sqft land area)
- Semi-Detached (up to 1,980 sqft land area);
- Selling price started from **RM135k**;
- Facilities include:
 - a) 24/7 security
 - b) Swimming pool;
 - c) Community Garden
 - d) Badminton hall;
 - e) Clubhouse;
 - f) Mini golf range;
 - g) Others.



Legenda Teluk Intan ("LTI")

- Single Storey Terraced (up to 1,300 sqft land area)
- Semi-Detached (up to 1,980 sqft land area);
- Selling price started from **RM149k**;
- Facilities include:
 - a) 24/7 security;
 - b) Swimming pool;
 - c) Tropical garden;
 - d) Water themed playground;
 - e) Bicycle & jogging tracks;
 - f) Others.

Source: Company, BIMB Securities

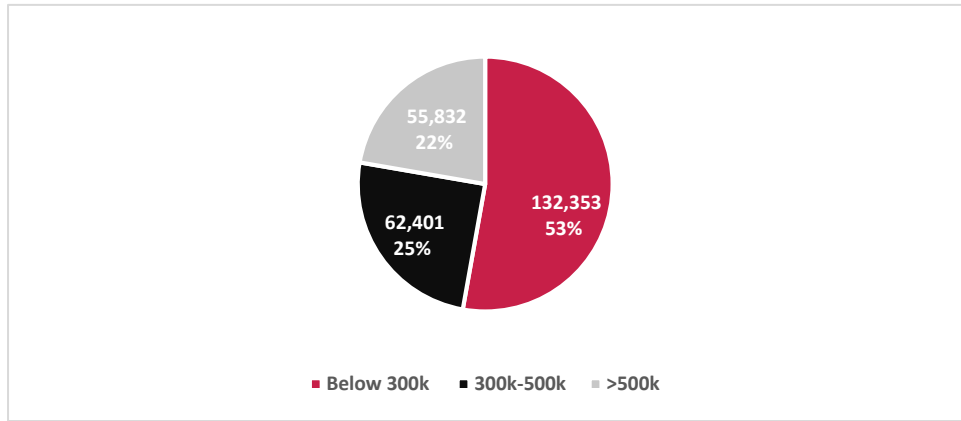
Good Proxy to Affordable Housing Initiatives

As per NAPIC, there was a marginal decrease of 4% in the number of unsold residential properties in Malaysia, declining from 27,746 units in 2022 to 25,816 units in 2023. Furthermore, the total value of residential property overhang saw a YoY decline of 3.9%, falling from RM18.41bn in 2022 to RM17.68bn in 2023.

Nonetheless, we expect demand for housing, to remain robust particularly in the affordable housing segment. The residential subsector continues to support the overall

real estate market activity in 2023 with a 62.8% share, recording 250,586 (vs total: 399,008) transactions worth over RM100bn. Residential properties in the price range of RM300,000 and below dominates the market activity, accounting for 132,353 (53%) transactions, followed by the price range of RM300,001 to RM500,000 with 62,401 (25%) transactions, and RM500,001 and above with 55,832 (22%) transactions.

Chart 2: 2023 Residential Property Transactions in Malaysia



Source: NAPIC, BIMB Securities

During the mid-term review of the 12th Malaysia Plan (12MP), Prime Minister Datuk Seri Anwar Ibrahim announced Malaysia’s goal to construct 500,000 affordable homes by the end of 2025. He highlighted those 108,373 affordable homes had been finished by the end of 2022. Developers who engage in the construction of affordable housing projects in Malaysia stand to gain various benefits, including incentives such as cement subsidies (Simen Rahmah) provided by the Cement & Concrete Association Malaysia to encourage and support affordable housing development.

The recent 2024 budget unveiled a substantial initiative designed to enhance the accessibility of homeownership, especially for first-time buyers and those with fluctuating income. The government earmarked RM10bn for the Housing Credit Guarantee Scheme, which will assist 40,000 borrowers. This program is intended to tackle the financial obstacles encountered by individuals with unpredictable earnings, including gig workers, freelancers, independent business proprietors, small traders, and entrepreneurs, who may encounter difficulties in meeting the requirements for conventional mortgage funding. The government’s current incentive, offering a 100% waiver on stamp duty for the transfer instrument and loan agreement for properties valued at RM500,000 and below until the end of 2025, promotes first-time home ownership and residential real estate growth. This incentive has the potential to save homebuyers around RM11,500 for properties priced at RM500,000. This policy is expected to drive sales of new properties priced at RM500,000 and below, especially given the impact of rising lending rates.

Expand the geographical coverage

Lagenda has a vision to become Malaysia’s preferred affordable home developer, with plans to develop over 35,000 affordable homes over the next 5-10 years, in addition to the 25,000 homes already launched. The Group has a unique focus compared to other property developers, prioritizing the construction of affordable and budget-friendly homes with an average sales price of below RM200,000. Lagenda Properties aims to broaden the accessibility of landed homes to a wider range of Malaysians by expanding into new states, thanks to their scalable business model and dedication to affordability. The Group recently announced the acquisition of 1,075 acres of land in Kulai, Johor, increasing their landbank by 30% to nearly 4,700 acres across four states in Peninsular Malaysia. To ensure the sustainability of their business, they plan to leverage their previous development

frameworks, market insights, and acquired knowledge to increase efficiency as they continue to grow. In 2023, the company achieved a notable milestone by launching a new property development project, introducing a total of 3,488 units. This initiative not only marked a substantial expansion in the company's townships portfolio but also contributed to a gross development value (GDV) of RM722mn. One of these launches include their debut in Johor, with a size of 600 units in Mersing. In 2024, the company intends to increase the launch volume to approximately 8,257 units, with a GDV of RM1.9bn. The total remaining GDV for the remaining landbank and future launches is at RM13bn.

Table 1: Lagenda's Target Launches in 2024

2024 PLANNED LAUNCHES

1H 2024: 3,146 units (GDV: RM783m)



PERAK

Tapah and others: 648 units



JOHOR

Mersing: 359 units
Kota Tinggi: 639 units



SELANGOR

Ulu Bernam: 1,500 units

2H 2024: 5,111 units (GDV: RM1,161m)



PERAK

BBSAP: 524 units
LTI: 490 units
Tapah: 408 units



PAHANG

Kuantan: 1,000 units



JOHOR

Mersing: 689 units
Kulai: 2,000 units

2024: 8,257 units (GDV: RM1,944m)

2023: 3,488 units (GDV: RM722m)

Source: Lagenda Properties

Solid buyers' profile

The company's housing products are designed to cater specifically to basic housing needs of first-time homebuyers in the B40 income bracket. These products are particularly suited for those who reside in second-tier cities and work in the public sector, as they prioritize homeownership. Lagenda's properties are highly sought after by public sector employees, who make up the majority of their clientele. The properties developed by Lagenda have proven to be in high demand, with a booking conversion rate of over 90%. This can be attributed to the fact that eligible clients have access to LPPSA financing, which provides full financing up to RM200k. Moreover, Lagenda's products are viewed as more robust against economic volatility due to the public sector's low retrenchment probability.

Penny-wise on construction cost and land acquisition via JV and partnership.

Lagenda actively seeks out different types of partnerships and joint ventures to reach its business objectives, continuously exploring additional methods to enhance the value of its affordable townships. Furthermore, Lagenda has strategically formed alliances through joint ventures (JVs) to secure cost-effective land options and reduce initial capital outlay. In January 2024, Sime Darby Property Bhd, through its wholly owned subsidiary Seed

Homes Sdn Bhd, entered into a shareholders agreement (SHA) with Lagenda Properties Bhd to establish Seed Homes Lagenda. This 50:50 joint venture (JV) aims to develop affordable homes that will capitalize on Sime Darby Property's extensive and strategic land bank, alongside Lagenda Properties' highly scalable approach to developing self-sustainable affordable townships.

Lagenda's remarkable ability to maintain a high-profit margin of over 18% while offering affordable products priced below RM300k is underpinned by a series of strategic advantages. These include the acquisition of sizable land at low costs, typically ranging from RM2-9 per square foot in less prominent areas, accounting for 5-10% of the GDV. Besides that, it entered into a JV with Inta Bina Group Berhad to leverage their proficiency in the industrialized building system (IBS).

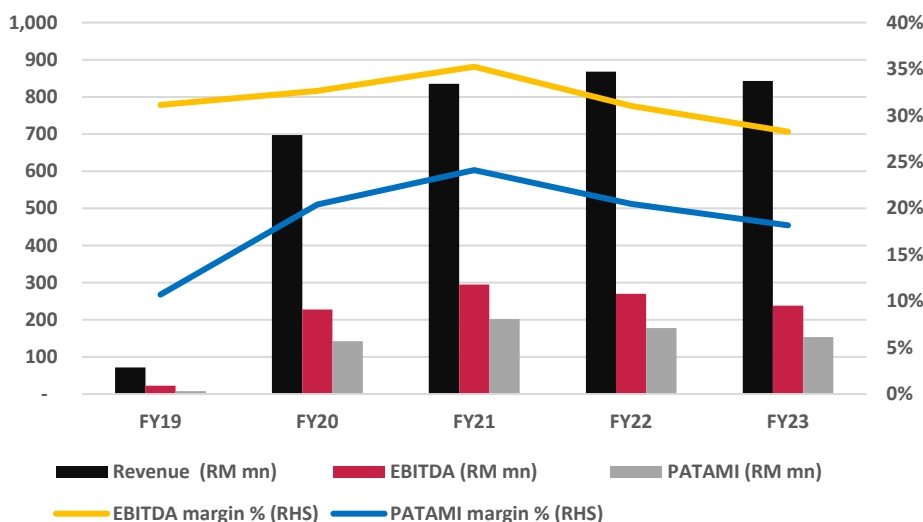
Beneficiaries From the Simen Rahmah Scheme.

Based on our assessment, we believe that companies like Lagenda Properties Berhad would benefit from the Simen Rahmah Scheme. Currently, a bag of cement is sold at RM22.50 in the market, but with this scheme, the price drops to RM17.50, indicating a reduction of 22.2% or RM5.00 per bag. In addition to the subsidised cement, Lagenda Properties Berhad also benefits from having an internal construction arm and a building materials supply subsidiary, which ensures effective cost control. By having their own construction arm, they are able to handle a portion of their construction works internally, reducing reliance on external subcontractors. This not only provides greater control over the construction process but also helps in cost management. Furthermore, their building materials supply division directly purchases construction materials from manufacturers or wholesalers, eliminating intermediaries and improving cost efficiency. This integrated approach allows Lagenda Properties Berhad to maintain affordability while ensuring healthy profit margins for the company.

Encouraging Revenue Growth

Lagenda properties achieved a 3-year revenue CAGR of 6.5%, increasing to RM843.3mn in 2023 from RM697.6mn in 2020. The company's expansion in revenue and market share is in line with its 5-10 year vision of increasing growth by focusing on the development of economical townships and acquiring new land. The Group also maintained a healthy net profit margin of 18% for FY2023 that underpinned a 3-year net profit CAGR of 2.4%.

Chart 3: Lagenda's Annual Performance, 2019 – 2023

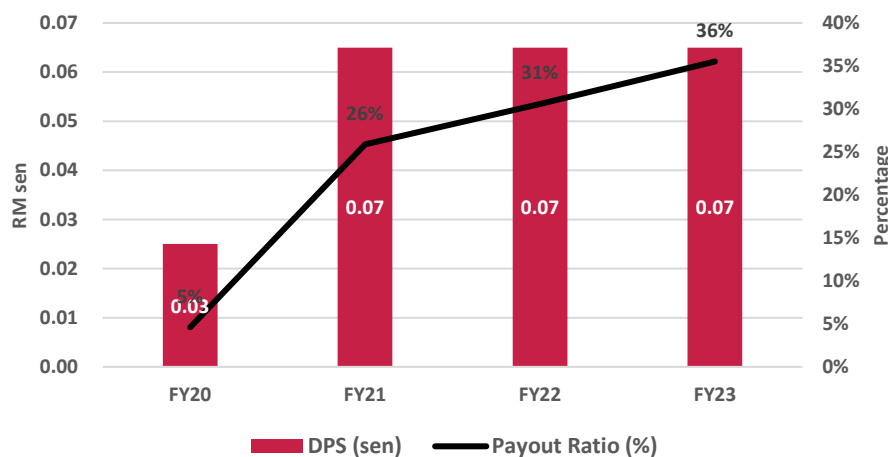


Source: Company, BIMB Securities

Maintain Dividend Policy of 25% Payout

Lagenda Properties implemented a dividend policy of 25% of PAT. However, in 2023, the company distributed a higher payout of 36% of PAT, equivalent to DPS of 6.5 sen to its shareholders. This implies dividend yield of 4.3% based on the current share price.

Chart 4: Lagenda Properties's Dividend Payout, 2020 - 2023



Source: Company, BIMB Securities

Latest quarterly result. In 4QFY23, the company experienced a remarkable 5.1% YoY revenue growth, reaching RM248mn from RM236mn in 4QFY22. These encouraging results can be attributed to improvement and contribution from its property development segment as sales conversion improved primarily in the newly launched projects namely Darulaman Lagenda Phases 1, 2 and 3, Taman Mulia Phase 3, Bandar Baru Setia Awan Perdana (BBSAP) Fasa 4B and Lagenda Teluk Intan Fasa 3B. Nevertheless, net profit experienced a marginal decline to RM42mn from RM44.8mn in 4QFY22, attributable to elevated sales and marketing expenses resulting from commission recognition upon completion of BBSAP 3A and 3C, as well as increased administrative expenditure for talent acquisitions to support the group's expansion into multi-state project launching plan.

For full year 2023, Lagenda's revenue fell slightly by 2.9% YoY, mainly due to lower revenue recognition from its newly-launched projects in Lagenda Teluk Intan (LTI) and Kedah Darulaman, which are still in the early stages of construction progress. Additionally, the slower revenue recognition in FY23 was due to a temporarily slower construction pace amidst the transition from traditional construction methods to an industrial building system (IBS).

Table 2: Lagenda's Quarterly Figures

Lagenda FYE 31 Dec (RM m)	Quarterly			Change (%)		Cumulative		YTD (%)
	4Q22	3Q23	4Q23	QoQ	YoY	2022	2023	
Revenue	236.1	217.9	248.1	13.9	5.1	868.1	843.3	-2.9
EBITDA	71.8	53.2	62.9	18.2	-12.4	270.4	239.6	-11.4
EBIT	68.5	62.8	57.9	-7.7	-15.4	262.5	227.6	-13.3
PBT	65.4	57.9	59.2	2.4	-9.5	250.8	217.3	-13.3
Taxation	(20.7)	(19.3)	(17.2)	-11.0	-16.8	(73.1)	(64.4)	-11.9
PAT	44.8	38.6	42.0	9.0	-6.1	177.7	152.9	-14.0
Core Net Profit	44.8	38.6	41.9	8.5	-6.5	177.7	152.7	-14.1
Core EPS (sen)	44.8	38.6	41.9	8.5	-6.5	177.7	152.7	-14.1
				Chg (ppts)				Chg (ppts)
EBITDA margin (%)	30.4	24.4	25.4	0.9	-5.1	31.1	28.4	-2.7
EBIT margin (%)	29.0	28.8	23.3	-5.5	-5.7	30.2	27.0	-3.3
PBT margin (%)	27.7	26.6	23.9	-2.7	-3.8	28.9	25.8	-3.1
Core Net Profit margin (%)	19.0	17.7	16.9	-0.8	-2.1	20.5	18.1	-2.4
Effective tax rate (%)	31.6	33.4	29.0	-4.4	-2.6	29.1	29.6	0.5

Source: Bloomberg, Companies, BIMB Securities

Earnings forecast. We expect Lagenda's revenue to grow at a Compound Annual Growth Rate (CAGR) of 21.7% from FY24-26F, reaching RM1.52bn. This growth will be primarily fueled by income from the affordable residential landed property segment, supported by a significant landbank across 5 states for developing new township. As a result, core net profit is also projected to grow by an impressive 21.7% CAGR to RM276mn in FY26F.

Table 3: Lagenda's Earning Outlook

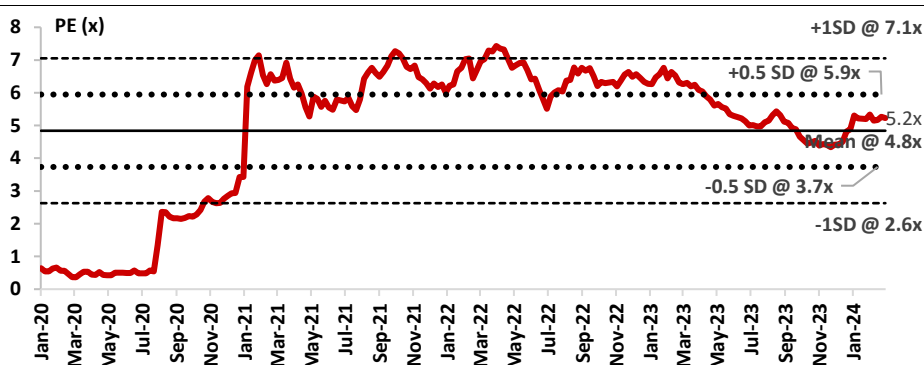
FYE Dec (RM mn)	FY22	FY23	FY24F	FY25F	FY26F
Revenue	868.1	843.3	1,280.3	1,406.1	1,521.2
EBITDA	269.5	238.3	357.1	388.0	417.4
EBIT	266.1	233.3	344.9	376.7	406.7
PBT	250.8	217.3	330.0	362.4	392.1
Net Profit	177.7	152.9	232.2	255.0	275.9
Core Net Profit	177.8	153.1	232.4	255.2	276.1

Source: Bloomberg, Companies, BIMB Securities

Initiate Coverage with a BUY; TP of RM1.71

We initiate coverage on Lagenda with a **BUY** recommendation and **TP of RM1.71**, pegged at 7.1x PER to fully diluted FY24F EPS of 24 sen; implying +1 SD above its 4-years historical average forward PER of 4.8x. We believe our TP is justified given our anticipated accelerate earnings improvement. Besides that, this represents a discount of 35% against its peers average PER of 11.1x which we believe would provide an additional margin of safety to investors.

Chart 5: Lagenda's 4-Year Historical Forward P/E



Source: Company, BIMB Securities

Table 4: Peer comparisons

Company	Rec.	RM		Mkt cap (RM m)	EPS (sen)		PER (x)		PB (x)		ROE (%)		EBITDA margin (%)		Dividend yield (%)	
		TP	Price ^A		CY23	CY24	CY23	CY24	CY23	CY24	CY23	CY24	CY23	CY24	CY23	CY24
Lagenda	BUY	1.71	1.53	1,281	18.3	27.8	8.4	5.5	1.2	1.0	13.8	18.3	28.3	27.9	4.2	4.8
Mah Sing	HOLD	1.11	1.24	3,010	8.2	9.8	15.1	12.6	0.8	0.8	5.4	6.3	13.2	13.7	2.4	2.4
Matrix	HOLD	1.81	1.80	2,252	16.8	19.1	10.7	9.4	1.1	1.1	10.4	11.2	23.6	26.1	5.2	5.6
Simeprop	HOLD	0.86	0.92	6,257	6.5	6.5	14.2	14.1	0.6	0.6	4.4	4.4	20.0	18.4	2.7	3.0
Eco World	n.a	n.a	1.52	4,475	8.8	10.0	17.3	15.2	0.9	0.9	5.3	6.0	14.8	15.3	4.0	4.1
Sector				3,455	11.7	14.6	13.1	11.4	0.9	0.9	7.9	9.2	20.0	20.3	3.7	4.0

Source: Bloomberg, Companies, BIMB Securities

Key risks

- **Strict financing requirements.** This has impacted the overall propensity among Malaysians to buy properties.
- **General economic stagnation.** Income levels continued to come under pressure with more Malaysians sliding into the B40 segment. Issues such as unemployment continued to impact Malaysians including prospective homeowners.
- **Rising cost of raw materials.** Rising material costs may compress profit margins on existing property projects, while also leading to higher prices for future project launches.
- **Labour shortages.** Lack of labour supply leads to increased labour costs, disruption to construction works and other impacts.

Key catalysts

- **Infrastructure Development.** The government's commitment to infrastructure development plays a significant role in boosting the property market. The construction of new highways, public transportation systems and other key infrastructure projects can spur property development and increase property values in surrounding areas.
- **Government initiatives and Incentives for the property sector.** The extension of government incentives like 100% waiver on stamp duty and Housing Credit Guarantee Scheme, provided much needed stimulus to the property sector, driving buyer's demand for properties.
- **Economic Growth.** A robust and growing economy provides a favourable environment for property development. Economic expansion leads to increased business activities, job creation, rising income levels, and higher demand for housing and commercial spaces.
- **Expanded Market Opportunities.** Foreign investment can stimulate demand in the property market, particularly in urban centers or tourist hotspots. With greater inflows of foreign investment, there is an increased likelihood of infrastructure development, business expansions, and job creation, which can fuel demand for residential and commercial properties.

ESG Exposure and Score

We have assessed Legenda ESG's initiatives based on our framework which evaluate its overall ESG risk. Our final ESG rating score summarizes how well a company's ESG risks are being managed.

We have assigned Legenda an overall ESG rating of **3.6** of **5** which falls in the rating band of **"GOOD"**.

Legenda's ESG Rating

	Weight (%)	ESG Rating
Environment	33.33	1.25
Social	33.33	1.11
Governance	33.33	1.22
SUM	100.0	3.6

Source: Company, BIMB Securities

BIMB's ESG Rating Guide

Ratings	
4.5 - 5.0	Excellent
4.0 - 4.4	Best
3.0 - 3.9	Good
2.0 - 2.9	Fair
1.0 - 1.9	Poor

Source: Company, BIMB Securities

Income Statement

FYE Dec (RM mn)	2022	2023	2024F	2025F	2026F
Turnover	868	843	1,280	1,406	1,521
Operating cost	-549	-541	-810	-889	-962
EBITDA	269	238	357	388	417
Depreciation & amortisation	-3	-5	-12	-11	-11
EBIT	266	233	345	377	407
Interest income	4	6	6	6	6
Interest expense	-15	-18	-16	-16	-16
Associate/JV	0	2	1	2	1
Exceptional item	0	0	0	0	0
PBT	251	217	330	362	392
Tax expense	-73	-64	-98	-107	-116
PAT	178	153	232	255	276
Minority interest	0	0	0	0	0
Core PATAMI	178	153	232	255	276

Balance Sheet

FYE Dec (RM mn)	2022	2023	2024F	2025F	2026F
Non-Current Asset	270.8	687.2	683.6	682.1	681.6
Current Asset	1,505.7	1,560.2	2,127.6	2,425.1	2,726.0
Total Asset	1,776.5	2,247.4	2,811.2	3,107.2	3,407.6
Non-Current Liabilities	194.2	144.2	144.2	144.2	144.2
Current Liabilities	566.2	996.5	1,399.4	1,518.7	1,627.9
Total Liabilities	760.4	1,140.7	1,543.6	1,662.9	1,772.1
Total Equity	1,016.2	1,106.7	1,267.6	1,444.3	1,635.6
Total liabilities & equity	1,776.5	2,247.4	2,811.2	3,107.2	3,407.6

Cash Flow

FYE Dec (RM mn)	2022	2023	2024F	2025F	2026F
Cash flow from operating activities (CFO)	117.8	112.6	183.5	258.3	280.3
Cash flow from investing activities (CFI)	-42.5	-79.4	-7.4	-8.1	-8.7
Cash flow from financing activities (CFF)	108.5	-193.2	-81.8	-88.8	-95.2
Net change in cash & cash equivalent	183.9	-160.0	94.3	161.3	176.3

Source: Company, BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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A Participating Organisation of Bursa Malaysia Securities Berhad
Level 34, Menara Bank Islam

No. 22, Jalan Perak,
50450 Kuala Lumpur

Tel: 03-2613 1600 Fax: 03-2613 1799

<http://www.bimbsec.com.my>



Noorhayati Maamor
Head of Research