Consumer

Holding Ground

NEUTRAL

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We reiterate our NEUTRAL rating on the consumer sector. Going forward, consumer sentiment is expected to remain resilient, riding on (i) strengthened consumer spending power following Bank Negara's rate cut, and (ii) sticky demand for consumer staples as evidenced by minimal negative impact to sales amid passive government policies. Nonetheless, we also note that discretionary spending may take a step back from effects of the weaker Ringgit. For 3Q19, we choose MYNEWS (OP; TP: RM1.55) as the top pick for the sector for its (i) double-digit earnings growth (c.20% vs SEM's at c.7%), and (ii) above-industry earnings margin (c.7% vs SEM's at c.2%). In the F&B space, PWROOT (OP; TP: RM1.75) is chosen for its anticipated delivery of strong growth numbers, driven by (i) rationalisation strategy, which could yield better profitability, and (ii) better hedged commodity positions. Solid dividend yield of c.6-7% could also act as the cherry on top.

Going Steady. Despite rising global uncertainties of late, we expect consumer sentiment to remain resilient going forward, premised on: (i) strengthened consumers spending power following an overnight policy rate cut by Bank Negara Malaysia to 3%, and (ii) relatively sticky demand for our consumer staples, which was evidenced by minimal negative impact to sales amid passive government policies (i.e. SST, smoking ban). We also note that discretionary spending may take a step back from effects of the weaker Ringgit. The upcoming excise sugar tax on beverages effective Jul'19 looks likely to raise prices across most packaged beverage products as most manufacturers look to pass down the tax. However, we suspect it would not be overly detrimental to demand given the low quantum of increase on the affected products (i.e. 40.0sen/litre or 10.0sen/250ml can serving).

Opportunity to Buy into 3Q Retailers weakness to position for a better 4Q and Visit Malaysia 2020. Most retailers are expected to do better in 2Q19 from Hari Raya Aidilfitri festive season sales. However, retailers usually fare the worst in 3Q19 due to the absence of festivities that typically spur consumer spending. We believe that investors could use this opportunity to buy into 3Q weakness while expecting better growth in 4Q19 from year-end and Christmas festive season sales, as well as Visit Malaysia 2020 *(refer to AEON and PADINI's Quarterly net profit vs. share price table).* This is in line with the RGM's targeted sales growth for 2QCY19 at 5.5%, which is higher than the whole year targeted sales growth of 4.9%, as well as higher than 3QCY19 targeted sales growth of 3.9%. We believe the strong growth was as expected from Hari Raya festive season sales being the largest festival in Malaysia, while, supported by gradual improvement in consumer sentiment as we move away from last year's historic event and further powered by gradual sales price re-structuring exercise to mitigate the new SST impact. On-going PH government measures to lessen the financial burden of B40 group such as the BSH, minimum wages and targeted fuel subsidies are expected to continue supporting consumer spending on basic necessity items, which in turn will benefit affordable apparel retailers (PADINI) and supermarket/department stores operator (AEON).

Visit Malaysia 2020 goodies. 2020 could be a better year for F&B players and Retailers with the launch of Visit Malaysia 2020. The Tourism, Arts and Culture Ministry is working towards achieving the target of 30m tourist arrivals that will generate around RM100b in income under the Visit Malaysia 2020 campaign. Note that, Malaysia already registered 6.7m visitor arrivals in 1QCY19 (+2.7% YoY). Government has allocated RM1b through the Tourism Infrastructure Fund, which available up to 31st Dec, 2020 or until depleted. The fund is available to all tourism infrastructure projects such as projects that contribute to the development of the tourism industry and not just limited to hotel, convention centre, facilities related to education, medical or agro-tourism. Retailers could tap into the fund to build around their existing infrastructure to cater for tourism activities, which may increase footfalls into their stores/malls.

For our 3Q19 top pick, we highlight **MYNEWS (OP; TP: RM1.55)** for its (i) double-digit earnings growth (c.20% vs. SEM's at c.7%), and (ii) above-industry earnings margin (c.7% vs. SEM's at c.2%). While new store openings will drive growth, it will be enhanced further with the introduction of ready-to-eat food and the new Maru Café offerings. In the F&B space, we pick **PWROOT (OP; TP: RM1.75)** for its anticipated delivery of strong growth numbers, driven by (i) rationalisation strategy, which could yield better profitability, and (ii) better hedged commodity positions. Solid dividend yield of (c.6-7%) could also act as the cherry on top.

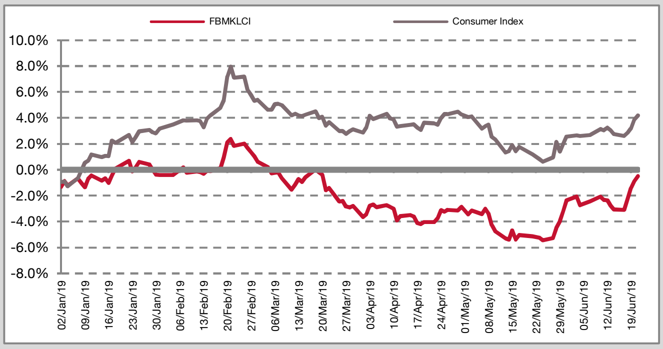
We maintain our NEUTRAL view on the consumer sector. Top-line expectations may be held back by a weaker domestic currency which could otherwise, play well with net exporters whose markets are independent of our local developments. Nonetheless, recovery in margins for food manufacturers could come in the way of better commodity trends. While Retailers with high import content may see a dampening impact from sales taxes, as well as from weaker forex exposure against CY18, gradual sales price re-structuring exercise could potentially offset the higher tax component in their respective pricing models. Meanwhile, the emerging US-China trade war could potentially affect retailers business conditions as their suppliers are largely from US and China. As such, we **downgrade AMWAY to MP from OP with a lower TP of RM5.90 from RM7.25** based on lower targeted PER of 16.4x on FY19E EPS (-2.0SD of its 5-year historical mean PER), to reflect the earnings risks on the weaker forex exposure (its principal is US-based). We **downgrade PARKSON to UP from MP, with an unchanged TP of RM0.240** based on SoP Valuation (implied PER of 30x based on FY20 EPS, above regional PER of 27x) as we believe the company could be affected by the weaker business condition in China. We also **cut PADINI TP to RM3.75 from RM4.00**, based on lower 13x FY20E EPS (from PER of 14x), inline with 5-year mean Fwd. PER, to reflect the earnings risks from higher products costs from its largest suppliers (70% of products from China).

Sin Sector Upgraded to NEUTRAL. Post 1Q19 results release, HEIM and CARLSBG both registered commendable YoY earnings growth (+8% and +15%, respectively) which we view as a further affirmation on the breweries's defensive earnings nature, in the midst of the current market uncertainty and passive government policies. Nevertheless, we keep both our MP calls on CARLSBG (MP, TP:RM23.00) and HEIM (MP, TP: RM23.25) as we believe they are fairly valued at this juncture. Meanwhile, we upgraded BAT to a MP call following its share price correction in lieu of weaker 1Q19 results but cut its TP to RM28.10 (from previously RM29.55). This is arising from lower applied valuations (i.e. 19.0x PER from 20.0x PER) stemmed from heightened concerns over the seemingly contracting tobacco market, which could be due to (i) higher post-SST prices impairing affordability, and (ii) shift in demand towards electronic cigarettes.

Consumer Sentiment Index fell QoQ due to muted demand post-zero tax holiday/year-end sales. The Malaysian Institute of Economic Research's (MIER), Consumer Sentiment Index (CSI) scored 85.6 pts (-11.2pts QoQ, -5.4pts YoY) in 1Q19. The fall, QoQ, was due to muted growth post zero-rated tax holiday as well as post year-end sales, as expected. It is possible that this retracement was due to softened expectations following the 2019 Budget presentation. Additionally, the implementation of sales and service taxes together with the announcement of value-added sugar taxes could have dampened consumer spending decisions. Prolonged weakness in our domestic currency could have also contributed to the decline without any sign of improvement, especially with US-China trade issues persisting. There is also some concern that business trading restrictions on certain items under the US-China trade war could spark increases in prices for certain items.

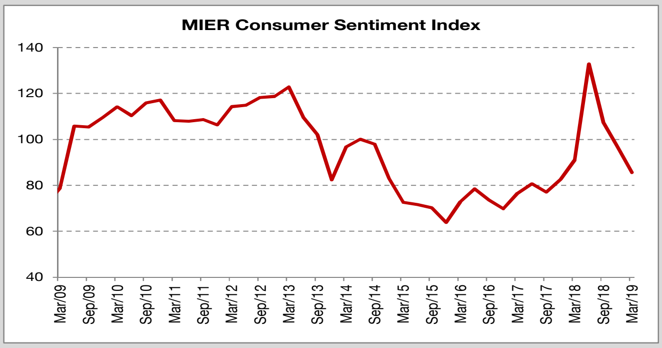
KL Consumer Index still ahead. From January 2019 till 21 June 2019, the KL Consumer Index (KLCSU) maintained a solid gap above the FBMKLCI benchmark. While the market experienced a consolidation during the 2Q period owing to sentiment being bruised by US-China trade war tariffs, the consumer sector managed to stay in the positive thanks to the resiliency of these stocks against macroeconomic headwinds. As of our cut-off, the KLCSU closed with a 4.5% YTD gain ahead of the FBMKLCI's decline of 0.5%. Among the members of the KLCSU, PPB and CARLSBG were the primary leaders, likely due to investors' óptimism that their stellar 4Q18 results (released in Feb'19), will follow through into subsequent quarters. On the flipside, BAT was the biggest loser as stubborn illicit trade continues to undermine its earnings. Going forward, **we anticipate the consumer stocks to continue to be favoured for its defensiveness** as compared to other sectors. This is premised on the resiliency of consumer demand, which is not expected to be significantly impacted by political and economical challenges in a short-term.

FBM KLCI VS KL Consumer Index (YTD-22 Mar)



Source: Bloomberg, Kenanga Research

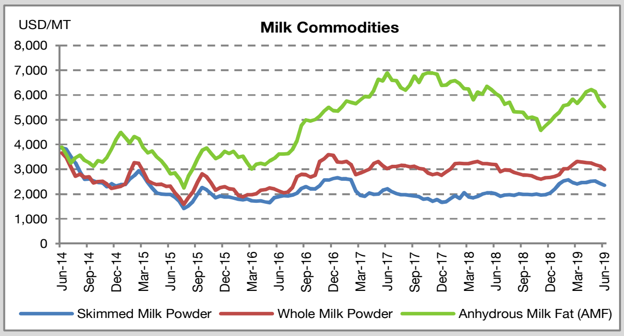
MIER Consumer Sentiment Index



Source: MIER, Kenanga Research

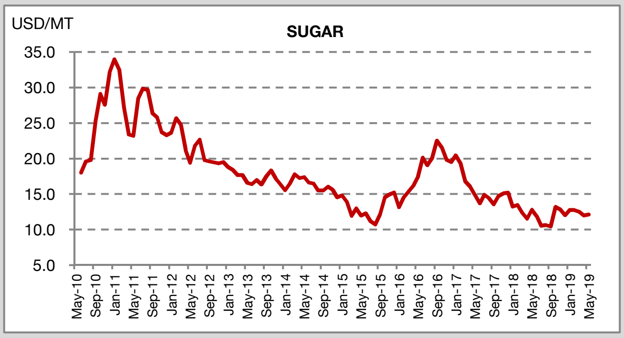
Enjoying the good times. Coffee prices continue to plunge from overproduction pressures by key producers (i.e. Brazil, Colombia) no thanks bumper crops and weaker domestic currencies. Local manufacturers may be able to benefit from the declining sugar prices if the government move to aggressively opens up to more sugar imports. Weaker global sugar prices could be credited to pro-export policies by India. Dairy prices saw some easing across its key commodities (i.e. skimmed milk, whole milk, AMF) with the easing of global consumption. The previous rise in prices was a result of global production being scaled down to normalise prices. Overall, we believe local manufacturers may not experience overly volatile swings to their commodity exposures thanks to their hedging practices.

Milk Powder Prices



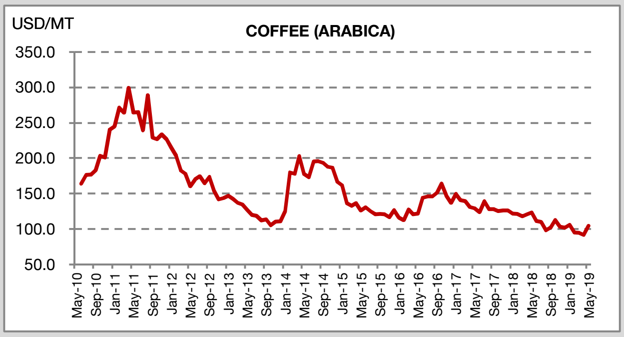
Source: Global Dairy Trade, Kenanga Research

Sugar Prices



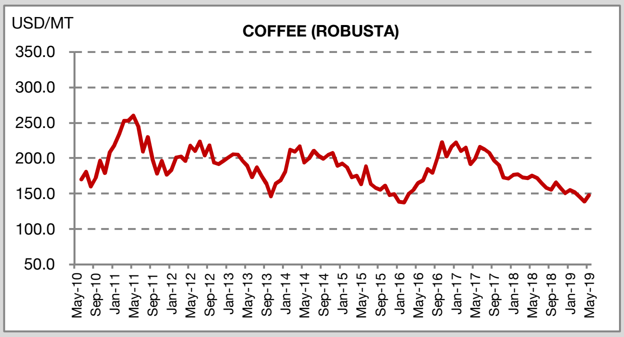
Source: Bloomberg, Kenanga Research

Coffee (Arabica) Prices



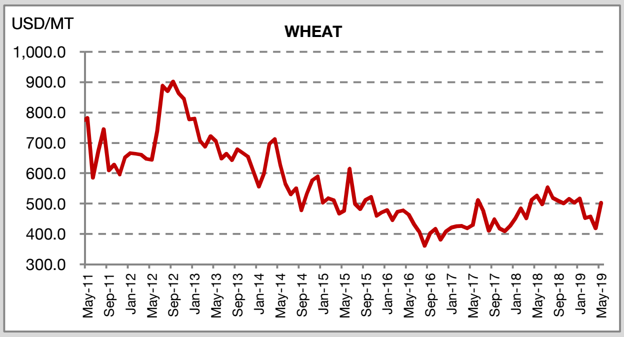
Source: Bloomberg, Kenanga Research

Coffee (Robusta) Prices



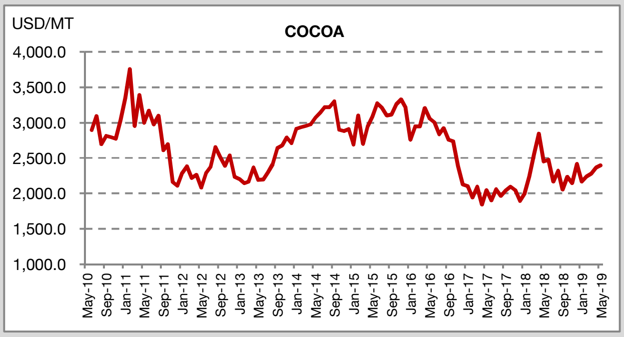
Source: Bloomberg, Kenanga Research

Wheat Prices



Source: Bloomberg, Kenanga Research

Cocoa Prices



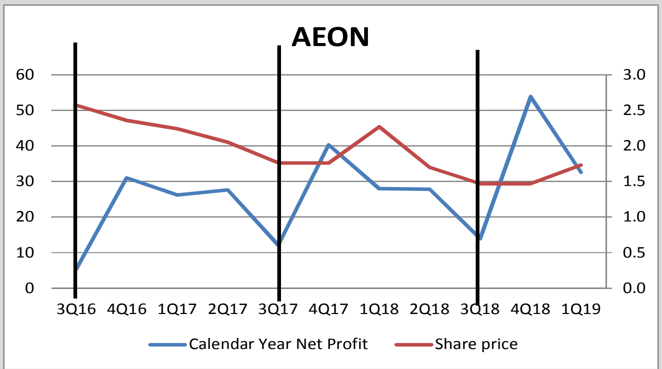
Source: Bloomberg, Kenanga Research

1QCY19 results mostly within expectation. Within our 16 stocks coverage, 2 stocks performed above expectations (PWROOT, SPRITZER), 9 stocks were within (AEON, AMWAY, CARLSBG, F&N, HEIM, MYNEWS, NESTLE, QL, SEM) while 5 stocks came below (BAT, DLADY, HAIO, PADINI, PARKSON).

Overall weaker performance seen for retailers, despite stronger CNY festivities sales. PADINI and PARKSON fared the worst this quarter from lower margin due to unfavourable merchandise mix and higher effective tax rate. Furthermore, the impact of the new government's regulatory uncertainty is still affecting AMWAY and HAIO new members' recruitments, which saw flat growth in their existing distributors' base. This is in line with Retail Group Malaysia (RGM)'s reported numbers of 3.8% - expected to be the weakest growth in the whole year. Based on RGM's reported numbers, the retail mix was leaning towards high value-added retail goods (such as luxury items, sporting goods, electrical goods, gadgets and furniture) compared to our stocks offerings of which skewed towards value-for-money goods and basic necessities. The Department Store sub-sector did not see improvement in its sale performance during the 1Q19 which increased by only 0.8% during first 3-month period of this year. Whereas, the Fashion and Fashion Accessories sub-sector continued to record slower growth rate (+1.9%). The strongest growth were from Pharmacy and Personal Care sub-sector (+11.8%) and the Other Specialty Stores sub-sector (including retailers selling photographic equipment with photo processing services, optical, sporting goods, fitness equipment, second-hand goods, toys, baking ingredients as well as TV shopping) which managed to sustain its growth at 5.3%.

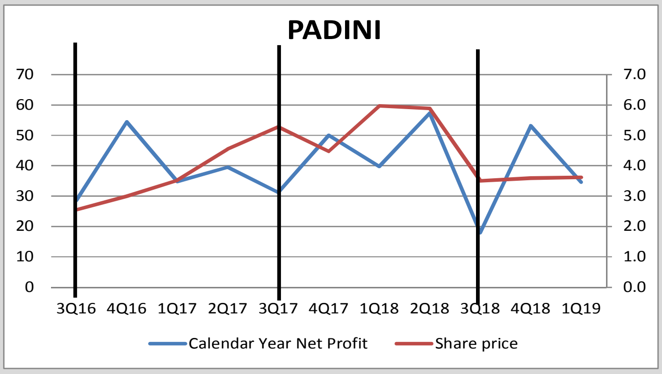
F&B players have been held by strong seasonal demand from the same CNY activities in the domestic market. Still, we saw some misses from DLADY as milk commodity pressures were wider-than-anticipated while BAT continues to operate in a hostile trading environment which is flooded by illicit products (i.e. 61% market share).

AEON Quarterly Profit Vs Share Price



Source: Bloomberg, Company, Kenanga Research

Padini Quarterly Profit Vs Share Price



Source: Bloomberg, Company, Kenanga Research

Valuation & Justification For Calls (Part 1 of 4)

Company	New TP (RM)	New Calls	Previous valuation basis	New Valuation Basis	TP Revision (%)	Calls Action	Comments
Retail Sector							
AEON	2.10	OP	21x FY20E EPS, (-1.0 SD of its 5-year historical mean PER	21x FY20E EPS, (-1.0 SD of its 5-year historical mean PER	0.0%	Maintain	Maintain Call and TP. We like AEON for its: (i) dual-income streams, which are less vulnerable to price changes during implementation of the new SST, and (ii) on-going operational restructuring, improving margin for retailing, and sustained property income. Management highlighted that for the retailing space, they would continue to refurbish selected stores and employ appropriate marketing and pricing strategies, merchandise assortment reformation, maintaining quality customer service and further expand its e-commerce presence. For property management services, they expect occupancy rate and rental rates to remain challenging
AMWAY	5.90	MP	19.5x FY20E EPS (-2.0 SD of its 5-year historical mean PER)	16.4x FY19E EPS (-2.0 SD of its 5-year historical mean PER)	-15.9%	Downgrade	Downgrade Call and Cut TP Given the prolong weakness in USDMYR forex rate, we believe that Amway is on unfavorable side during the hedging rate negotiation which should take place earlier in April/May. Noted that, Amway is using the Bloomberg 1-year fwd rate as a hedge rate base, which we believe was at USD/MYR 4.17, and will be effective for 3Q inventory. As such we ascribed lower targeted PER to reflect the earnings risks from unfavorable forex. The group's long-term focus to: (i) effectively manage operating costs to offset pressure on profitability, and (ii) implement various sales and marketing initiatives, as well as Amway Business Owners (ABO) experience-related infrastructure to support the ABO.
HAIO	1.95	UP	12.0x FY20E EPS (-0.5 SD of its 5-year historical mean PER)	12.0x FY20E EPS (-0.5 SD of its 5-year historical mean PER)	0.0%	Maintain	Maintain Call and TP. We expect to see further pressure from stagnant distributors' growth (average at 140k, plunging from the highest level in FY18 at 160k distributors) as well as from weakening MYR against RMB. The MLM division will develop more "small ticket" items with affordable prices to cater for market needs in view of lower spending power of its members and reinforcing the ongoing digitalization initiatives. The Wholesale division will focus on its core products, which include Chinese medicated tonic and other health and wellness products, and will continue to widen its product portfolio. The Retail division will strengthen its business collaboration with Chinese physicians to complement its business and will continue to develop more affordable house brand products to widen its product portfolio as well as improvement in its sales incentive scheme.
MYNEWS	1.55	OP	27.0x FY20E EPS (inline with average regional peers PER)	27.0x FY20E EPS (inline with average regional peers PER)	0.0%	Maintain	Maintain Call and TP. Competitively priced, fresh (shelf life ranges from 1 day to 3) and a range of food offering that fits the local palate to the tee are reasons why we think MyNews venture into convenience ready-to-eat food stands a good chance of succeeding. This new product range and revamping stores to increase sales are keys to raising the asset turnover and hence we are likely to see improvements in ROE going forward. There are plans to open at least 80 net new outlets in FY19, which is the same target as FY18 (total 456 outlets as of 31st April 2019). We like MYNEWS for its (i) double-digit earnings growth (c.20% vs SEM's at c.7%), and (ii) above-industry earnings margin (c.7% vs SEM's at c.2%).
PADINI	3.75	MP	14.0x FY20E EPS (5-year mean fwd PER)	13.0x FY20E EPS (5-year mean fwd PER)	-6.3%	Maintain	Maintain Call and Cut TP. We still believe that upcoming 4QFY19 sales will be boosted by Hari Raya Aidilfitri shopping to match our latest earnings expectation. Padini is looking for an improvement in SSSG and cost allocation, as for FY19, the group will not be opening more than 10 outlets for the local market to streamline cost allocation, while maintaining the status quo for its Cambodia operation. We understand that the new, slower expansion plan is to streamline the operational cost towards strategic locations, while expanding regionally by taking over franchisee of Vincci stores in Thailand (7 stores) to strategically control the stores value.

Source: Kenanga Research

(Cont'd)

Valuation & Justification For Calls (Part 2 of 4)

Company	New TP (RM)	New Calls	Previous valuation basis	New Valuation Basis	TP Revision (%)	Calls Action	Comments
Retail Sector (Cont'd)							
PARKSON	0.240	UP	SoP Valuation (implied PER of 30x based on FY20 EPS, above regional PER of 27x)	SoP Valuation (implied PER of 30x based on FY20 EPS, above regional PER of 27x)	0.0%	Downgrade	Downgrade Call and maintain TP. We believe that Parkson's strategy of optimising its retail format, expanding its product and services offerings are gradually paying off as it is minimising stores' losses via optimising store effectiveness and efficiency. However, South-East Asia continues to remain challenging. As of March 2019, the group's department stores network comprises of 44 stores in China and 64 stores in South-East Asia, including Malaysia (44 stores), Vietnam (5 stores), and Indonesia (15 stores). Note that, Parkson has ceased its Myanmar operation with the closure of its only store in 2Q19.
SEM	1.35	UP	27.0x FY19E EPS (inline with average regional peers PER)	27.0x FY19E EPS (inline with average regional peers PER)	0.0%	Maintain	Maintain Call and TP. The group noted that they have the capacity to open up to 200 new stores for FY19 (currently at 2,311 stores as at March 2019). Besides stores expansion, the group has been working towards an overhaul of its stores operation and end-to-end supply chain operations, which are showing results with improving margin, albeit at a slow pace. The group has been facing stiff competition from new players which are revolutionizing the high-margin fresh-food space, which is challenging its sales growth.
F& B Sector							
DLADY	62.90	MP	31.0x FY19 PER (+1.0 SD over 3-year mean PER)	31.0x FY19 PER (+1.0 SD over 3-year mean PER)	0.0%	Maintain	Maintain Call and TP. While the group's 6-month inventory planning could aid in minimising sudden fluctuations in cost exposure, constant upticks observed in average skimmed milk powders and anhydrous milk fats prices, which make up c.50% of the group's input costs, may depress margins going forward. Meanwhile, lower pricing strategies have enabled volume growth amidst tighter competition, with a new UHT line indicating potential to expand further.
F&N	36.60	MP	30.0x FY19 PER (+1.0 SD over 3-year mean PER)	30.0x FY19 PER (+1.0 SD over 3-year mean PER)	+0.0%	Maintain	Maintain Call and TP. While the group's Malaysian operations could still remain challenging amidst competitive beverage space, this could be cushioned by strong traction in F&B Thailand's dairy products range. Ahead of the sugar tax in July 2019, the group will reformulate up to 70% of its affected products. While doing so, management commented that R&D costs would be incurred to bring these new products to the market. We believe that although these new products' prices could potentially rise to levels close to the original products with the additional sugar tax, it could also potentially open up new market opportunities in the health cautious consumer market.
NESTLE	137.00	MP	42.0x FY19 PER (+1.0 SD over 3-year mean PER)	42.0x FY19 PER (+1.0 SD over 3-year mean PER)	+0.0%	Maintain	Maintain Call and TP. While the group's export numbers saw pressures from the phasing out of certain products, domestic numbers remain supported by a solid brand portfolio. Stable production cost was sustained by timely hedging policies while operating expenses eased from leaner distribution expenses from the group's new National Distribution Centre (NDC) and with marketing costs seeing more effective execution. In the near term, we believe that there could be further improvements in margins as downward commodity trends could spell lower input costs, on top of the recent NDC which was only recently commissioned in 2H18 to further drive cost savings.

Source: Kenanga Research

(Cont'd)

Valuation & Justification For Calls (Part 3 of 4)

Company	New TP (RM)	New Calls	Previous valuation basis	New Valuation Basis	TP Revision (%)	Calls Action	Comments
F& B Sector (Cont'd)							
PWROOT	**1.75**	**OP**	17.0x FY20 PER (implies -1SD over 3-year mean PER)	17.0x FY20 PER (implies -1SD over 3-year mean PER)	0.0%	Maintain	Maintain Call and TP. PWROOT looks to benefit from various tailwinds, mainly led by: (i) higher sales growth potential following the rationalisation of its distributor network locally and for exports, (ii) more favourably hedged commodity prices, and (iii) improving operational efficiency. The group's high export mix (i.e. +50% of total sales) also adds to the defensiveness of the stock against any weakness in the local market while also benefiting the group from the strong USD rates. Additionally, solid dividend yields of +6% could be of interest to yield-seeking investors. Our TP of RM1.75 is premised on a 17.0x FY20E PER, in-line with the stock's -1SD over 3 years mean. The valuation is at a discount of OLDTOWN's implied privatisation valuation of 19.0x Fwd. Per, which we think is not excessive given the return in confidence in earnings delivery by the new management of PWROOT.
QL	**6.05**	**UP**	40.0x FY20 PER (+1.5 SD over 3-year mean PER)	40.0x FY20 PER (+1.5 SD over 3-year mean PER)	+0.0%	Maintain	Maintain Call and TP. The group is continuing efforts to expand its key MPM segments. Upgrades to its Hutan Melintang facility and surimi plants, fleets and new aquaculture initiatives could be supplemented by more favorable weather and fish breeding conditions. Meanwhile, the palm oil segment should still be dampened by poor CPO prices. On the other hand, the FamilyMart convenience store chain is expected to generate profits by FY20, having already opened 109 stores as at June 2019.
SPRITZER	**2.40**	**MP**	16.0x FY20 PER (3-year mean PER)	16.0x FY20 PER (3-year mean PER)	+0.0%	Maintain	Maintain Call and TP. In the near-term, the group's resilient sales performance is expected to be buoyed by softer prices seen for its raw material (i.e. PET resin), at least for 1H19, which should keep its manufacturing segment's processing margins fairly stable. Furthermore, an expected commencement of its automated warehouse in Taiping by 1Q20 should also enhance the group's cost efficiency in the longer-term. However, we believe the group's trading segment in China will continue to act as a dampener, dragged by stiff competition and costly marketing expenses.

Source: Kenanga Research

(Cont'd)

Valuation & Justification For Calls (Part 4 of 4)

Company	New TP (RM)	New Calls	Previous valuation basis	New Valuation Basis	TP Revision (%)	Calls Action	Comments
Sin Sector							
BAT	28.10	MP	20.0x FY20 PER (implies -1.0 SD over 3-year mean PER)	19.0x FY20 PER (implies -1.5 SD over 3-year mean PER)	-4.9%	Maintain	Upgrade Call and cut TP. We upgraded our call from UP to MP as we believe the recent share price weakness has already priced in the weaker 1Q19 results. At the same time, we cut our TP to RM28.10 (from previously RM29.55) as we lowered our ascribed valuations to 19x FY20E (implying -1.5 SD over 3 year average PER) due to rising concerns over the seemingly contracting tobacco market, which could be due to (i) higher post-SST prices impairs affordability, and (ii) shift in demand towards electronic cigarettes. While regulators believe that clamping down on illicit trade channels could channel purchases to legal duty-paid products, we are not on board with this point of view as affordability was the key reason for the spurt in its market share. In the meantime, management is still in the process of obtaining the pricing approval from regulators for its "heat-not-burn" products to be introduced to the market.
CARLSBG	23.00	MP	23.0x FY20 PER (implies +1SD over 3-year mean PER)	23.0x FY20 PER (implies +1SD over 3-year mean PER)	+0.0%	Maintain	Maintain Call but upgrade TP. Moving forward, earnings are expected to be largely driven by its Malaysia operations as i) Singapore market is poised to remain challenging in anticipation of the introduction of European Free Trade Agreement in 4Q19; which could likely shift the already-weakening consumer demand towards the cheaper imports from Europe, and (ii) Passive earnings growth expected from Lion Brewery as we believe that the Sri Lanka associates' performances are likely to be peaked at this juncture with the business taking up c.80% of the market share, in tandem with the country's uninspiring GDP growth of low single-digit. Locally, on-trade sales could continue to be supported by the growing presence of premium products with more sticky demand, amidst post SST prices. Less premium segments could continue to lean towards the off-trade markets (i.e. retails, supermarkets).
HEIM	23.25	MP	23.0x FY20 PER (+1SD 3-year mean PER)	23.0x FY19 PER (+1SD 3-year mean PER)	+0.0%	Maintain	Maintain Call and TP. Commencing April 2019, brewers raised prices by up to 6% to support the higher production costs between their products. Recall that there were two rounds of price increases in 2018; (i) in April similarly for the above, and (ii) September 2018 due to SST. While this could lead to some pricing pressures on consumer spending, we believe that this may not be overly detrimental to the group given their market-leading position in the brewery space and sticky consumer demand. Additionally, plans to expand its capabilities are poised to improve overall efficiency and economies of scale, which could bring about savings in cost.

Source: Kenanga Research

Peer Comparison

Name	Price @ 21/6/2019 (RM)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Revenue Growth		Core Earnings Growth		PER (x) - Core Earnings			PBV (x)		ROE (%)	Net Div Yld (%)	Target Price (RM)	Rating
					1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.		
F&B AND RETAIL																	
7-ELEVEN MALAYSIA HOLDINGS BHD	1.48	1,757.2	N	12/2019	12.4%	4.9%	13.6%	5.5%	35.6	31.3	29.7	24.6	23.9	77.5%	2.7%	1.35	UP
AEON CO (M) BHD	1.68	2,372.8	Y	12/2019	3.1%	3.0%	9.2%	3.6%	19.0	17.4	16.8	1.2	1.1	6.6%	2.4%	2.10	OP
AMWAY MALAYSIA HOLDINGS BHD	6.01	1,015.9	Y	12/2019	2.2%	2.0%	5.5%	6.3%	18.1	17.2	16.2	4.2	4.0	23.8%	4.6%	5.90	MP
DUTCH LADY MILK INDUSTRIES BHD	63.30	4,064.0	Y	12/2019	1.0%	2.0%	-2.2%	7.0%	32.7	33.4	31.2	38.4	38.5	115.2%	3.0%	62.90	MP
FRASER & NEAVE HOLDINGS BHD	34.54	12,573.2	Y	09/2019	5.9%	7.0%	9.4%	2.9%	31.9	29.2	28.3	5.5	5.1	18.0%	1.9%	36.60	MP
HAI-O ENTERPRISE BHD	2.23	650.4	N	04/2020	1.7%	2.3%	0.1%	1.8%	13.7	13.7	13.4	2.0	2.1	15.1%	5.8%	1.95	UP
MYNEWS HOLDINGS BHD	1.37	948.2	N	10/2019	27.3%	14.2%	21.0%	20.7%	35.3	29.1	24.1	3.0	2.9	10.2%	0.7%	1.55	OP
NESTLE (MALAYSIA) BHD	149.00	34,799.8	Y	12/2019	2.3%	3.8%	12.8%	4.3%	53.8	47.7	45.7	53.4	53.4	114.7%	2.1%	137.00	MP
PADINI HOLDINGS BHD	3.70	2,375.1	Y	06/2019	2.0%	2.4%	-13.2%	21.8%	13.7	15.7	12.9	3.7	3.3	22.3%	3.1%	3.75	MP
PARKSON HOLDINGS BHD	0.25	266.8	Y	06/2019	1.2%	0.2%	-50.4%	718.1%	N.A.	N.A.	32.2	0.1	0.1	-1.7%	0.0%	0.24	UP
POWER ROOT BHD	1.55	641.3	Y	03/2020	6.3%	8.6%	26.3%	16.8%	18.5	15.2	13.4	2.8	2.6	18.0%	5.8%	1.75	OP
QL RESOURCES BHD	6.85	11,065.0	Y	03/2020	10.9%	4.5%	13.0%	4.2%	51.3	45.4	43.5	5.5	5.1	12.1%	0.8%	6.05	UP
SPRITZER BHD	2.20	474.5	Y	12/2019	5.1%	1.2%	14.6%	13.0%	19.1	16.6	14.7	1.2	1.1	7.0%	1.8%	2.40	MP
Simple Average					**6.3%**	**4.3%**	**4.6%**	**63.5%**	**28.5**	**26.0**	**24.8**	**11.2**	**11.0**	**33.8%**	**2.7%**		
SIN																	
BRITISH AMERICAN TOBACCO (M) BHD	27.50	8,171.9	N	12/2019	-6.1%	2.7%	-11.5%	1.8%	16.8	18.9	18.6	18.6	17.7	96.0%	5.0%	28.10	MP
CARLSBERG BREWERY MALAYSIA BHD	25.68	7,838.2	N	12/2019	11.4%	4.6%	6.9%	4.8%	28.8	27.0	25.7	43.7	47.5	173.9%	3.9%	23.00	MP
HEINEKEN MALAYSIA BHD	24.08	7,105.3	N	12/2019	6.1%	5.0%	2.8%	5.1%	25.7	25.0	23.8	19.6	19.4	77.9%	3.9%	23.25	MP
Simple Average					**3.8%**	**4.1%**	**-0.6%**	**3.9%**	**23.8**	**23.6**	**22.7**	**27.3**	**28.2**	**115.9%**	**4.3%**		
CONSENSUS ESTIMATES																	
BERJAYA FOOD BHD	1.63	580.9	N	06/2019	10.1%	8.8%	22.4%	11.1%	22.1	18.0	16.2	N.A.	1.5	7.8%	3.3%	2.06	BUY
BONIA CORPORATION BHD	0.34	264.6	Y	06/2019	-4.9%	1.3%	-29.7%	2.9%	13.4	19.0	18.5	0.7	0.6	2.8%	2.1%	0.25	SELL
COCOALAND BHD	1.82	418.7	Y	12/2019	7.0%	5.2%	1.1%	7.6%	13.5	13.4	12.4	1.7	1.5	11.8%	3.3%	2.12	NEUTRAL
KAWAN FOOD BHD	1.35	485.4	Y	12/2019	16.5%	19.9%	11.7%	27.0%	21.3	19.1	15.0	1.5	1.4	5.2%	2.8%	0.98	SELL
MAGNI-TECH INDUSTRIES BHD	5.10	808.4	Y	04/2020	18.8%	4.5%	13.0%	5.2%	7.9	7.0	6.6	1.5	N.A.	20.3%	N.A.	6.60	BUY

Source: Bloomberg, Kenanga Research

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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