

08 July 2019

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## Research Highlights

### SINGAPORE NEWS HIGHLIGHTS

- Virtual banks could be bad news for small lenders in Singapore, Moody's says
- Singapore's SME Financing Platform Validus Capital Applying for Digital Banking Licence

### INDONESIA NEWS HIGHLIGHTS

- LINE aims expansion into digital banking in Indonesia
- Depositing export earnings in foreign banks now legal violation

### THAILAND NEWS HIGHLIGHTS

- Thailand wants to restrain surging baht
- Hong Kong group FWD buys Thai bank Siam's insurance business

#### Currency Exchange

Currency	Today	1-Week Chg (%)
USD/IDR	14,083.0	-0.30%
USD/SGD	1.36	0.49%
USD/THB	30.79	0.36%

#### Singapore

Indices	Today	1-Week Chg (%)
FSSTI	3,366.8	1.36%
FSTFN	1,029.19	1.12%
FSTCG	499.98	3.08%
FSTTC	892.9	1.68%

#### Indonesia

Indices	Today	1-Week Chg (%)
JCI	6,373.5	0.23%
JAKFIN	1,301.5	-0.34%
JAKAGRI	1,395.3	-0.81%
JAKINFR	1,238.6	1.98%

#### Thailand

Indices	Today	1-Week Chg (%)
SET	1,731.2	0.05%
SETBANK	518.8	-0.32%
SETAGRI	191.8	-0.34%
SETCOMUN	172.9	-0.88%



## Singapore's Corporate News

- **Virtual banks could be bad news for small lenders in Singapore, Moody's says**

Singapore's decision to issue new digital bank licenses to non-banking companies will adversely affect smaller banks in the sector, said ratings agency Moody's. Last week, the Monetary Authority of Singapore, said it will issue up to five new digital bank licenses to non-banks. The central bank and regulator said it will distribute up to two digital full bank licenses, allowing non-banking firms to take deposits from retail customers. It will also issue up to three digital wholesale bank licenses for companies to serve small and medium-sized enterprises and other non-retail segments. (Source: CNBC)

- **Singapore's SME Financing Platform Validus Capital Applying for Digital Banking Licence**

Singapore's leading small and medium-sized enterprises (SMEs) financing platform Validus Capital (Validus) has announced that it is applying for a digital banking licence with the Monetary Authority of Singapore (MAS) when applications open, to help meet the unmet financing needs of SMEs. This follows MAS' recent announcement to offer five digital banking licences. Validus is determined to be Singapore's first digital bank to tackle unmet financing gap faced by SMEs in Singapore and empower Singapore's economy; an issue that affects the SME growth with the McKinsey Global Institute reporting that 39 million Southeast Asian SMEs (or 51 per cent) lack access to credit. (Source: International Business Times)

## Indonesia's Corporate News

- **LINE aims expansion into digital banking in Indonesia**

Japan-based technology firm LINE Corporation plans to expand into fintech services in Indonesia in a bid to more tightly integrate into its users lives under the company's recently announced mission to provide more services to fit its users' lifestyle needs, a company executive has said. LINE has been preparing to provide digital banking services in four of its key markets, namely Japan, Taiwan, Thailand and Indonesia, said the company's CEO, Takeshi Idezawa, during LINE's annual conference at the Maihama Amphitheater in Tokyo, Japan on June 27. (Source: The Jakarta Post)

- **Depositing export earnings in foreign banks now legal violation**

The government is to start fining people who violate a new regulation intended to force exporters to keep their foreign exchange earnings from natural resources in the Indonesian financial system. Finance Ministerial Regulation (PMK) No. 98/2019 on tariffs and administrative punishment imposes fines and outlines the procedures for imposing levies. Under the regulation, an exporter of natural resources who does not deposit export earnings in a special bank account within a certain period of time is required to pay 0.5 percent of the total foreign exchange earned as a fine, according to the regulation. (Source: The Jakarta Post)



## Thailand's Corporate News

- **Thailand wants to restrain surging baht**

Thailand's central bank is fretting over how to cool the world-beating surge in the baht just as the US keeps a watchful eye out for signs of unfair currency policies. Bank of Thailand officials intensified verbal intervention in the past week, with senior director Don Nakornthab saying on Wednesday the "worried" monetary authority is mulling how the baht can be restrained. He also flagged the possibility of an interest-rate cut. The baht has climbed 8.3% against the dollar in the past year, the best performer globally, according to Bloomberg-compiled data. It's viewed as a safe haven given Thailand's history of current-account surpluses and near-record foreign reserves. *(Source: The Star)*

- **Hong Kong group FWD buys Thai bank Siam's insurance business**

Siam Commercial Bank, Thailand's largest lender by assets, has agreed to sell its life insurance business to a Hong Kong-based FWD Group Financial Services after nearly four months of negotiations. SCB's chief executive Arthid Nanthawithaya said during the signing ceremony in Bangkok on Monday that the deal is worth 92.7 billion baht (\$3 billion), which makes it the biggest ever acquisition in Southeast Asia's insurance sector. *(Source: Nikkei Asian Review)*

08 July 2019

## Regional Banking peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 5 July 2019	Market Cap (USDm)	CY19 P/E (x)	CY20 P/E (x)	Current EPS	CY19 EPS	PBV (x)	CY19 ROE	CY20 ROE	Est. DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
<b>Indonesia</b>												
BANK CENTRAL ASIA TBK PT	29,850	51974.0	25.2	22.3	1039.6	1183.5	4.6	18.0	17.7	32897.2	1.1	1.1
BANK RAKYAT INDONESIA PERSER	4,400	38327.8	14.7	12.8	263.7	299.2	2.8	19.0	19.2	12342.2	2.8	3.0
BANK MANDIRI PERSERO TBK PT	7,825	25788.6	13.0	11.4	515.3	601.8	1.9	14.7	15.3	24297.8	3.1	3.1
BANK NEGARA INDONESIA PERSER	9,200	12116.4	10.2	8.8	821.2	905.6	1.5	14.9	15.3	25983.2	2.8	2.2
BANK DANAMON INDONESIA TBK	4,700	3244.0	10.3	9.7	431.6	454.8	1.1	10.9	10.0	16285.4	3.5	3.0
<b>Simple Average</b>			<b>14.7</b>	<b>13.0</b>				<b>15.5</b>	<b>15.5</b>			<b>2.5</b>
<b>Singapore</b>												
DBS GROUP HOLDINGS LTD	25.63	48132.5	10.7	10.1	2.2	2.4	1.3	12.5	12.5	123.1	4.8	4.7
OVERSEA-CHINESE BANKING CORP	11.39	36108.3	10.2	9.6	1.1	1.1	1.1	11.2	11.3	46.7	4.1	3.8
UNITED OVERSEAS BANK LTD	26.26	32196.8	10.5	10.0	2.4	2.5	1.2	11.1	11.2	123.7	4.7	4.6
<b>Simple Average</b>			<b>10.5</b>	<b>9.9</b>				<b>11.6</b>	<b>11.7</b>			<b>4.3</b>
<b>Thailand</b>												
SIAM COMMERCIAL BANK PUB CO	138.5	15281.7	11.3	10.4	12.7	12.3	1.2	10.7	10.8	569.4	4.1	4.0
BANGKOK BANK PUBLIC CO LTD	197.0	12219.5	9.8	8.9	18.9	20.1	0.9	9.0	9.2	718.3	3.6	3.3
KASIKORNBANK PCL	187.5	14581.7	11.0	10.0	16.1	17.0	1.1	10.5	10.7	465.3	2.5	2.1
KRUNG THAI BANK PUB CO LTD	19.3	8765.1	9.2	8.3	2.1	2.1	0.9	9.3	9.3	80.8	4.2	3.7
BANK OF AYUDHYA PCL	38.0	9083.0	8.6	8.5	3.4	4.4	1.1	11.7	10.9	112.6	3.0	2.2
<b>Simple Average</b>			<b>10.0</b>	<b>9.2</b>				<b>10.2</b>	<b>10.2</b>			<b>3.1</b>
<b>Regional Average</b>			<b>11.9</b>	<b>10.8</b>				<b>12.6</b>	<b>12.6</b>			<b>3.1</b>
<b>Malaysia</b>												
MALAYAN BANKING BHD	8.97	24362.2	12.1	11.6	0.7	0.7	1.3	10.6	10.6	58.5	6.5	6.4
CIMB GROUP HOLDINGS BHD	5.37	12620.5	10.5	9.7	0.5	0.5	1.0	9.2	9.4	26.5	4.9	4.7
PUBLIC BANK BERHAD	23.00	21572.6	15.6	15.1	1.5	1.5	2.2	13.5	13.2	71.0	3.1	3.0
HONG LEONG BANK BERHAD	19.02	9961.3	14.6	13.8	1.2	1.3	1.5	11.0	10.9	51.9	2.7	2.5
AMMB HOLDINGS BHD	4.35	3167.8	9.4	8.8	0.4	0.5	0.7	7.9	7.8	19.9	4.6	4.6
RHB BANK BHD	5.76	5580.5	9.6	9.0	0.6	0.6	0.9	9.9	9.9	22.6	3.9	3.6
ALLIANCE FINANCIAL GROUP BHD	3.81	1425.1	10.1	9.2	0.3	0.4	1.1	10.0	10.3	18.1	4.8	4.4
<b>Simple Average</b>			<b>11.7</b>	<b>11.0</b>				<b>10.3</b>	<b>10.3</b>			<b>4.2</b>

08 July 2019

## Regional Plantation peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 5 July 2019	Market Cap (USDm)	CY19 P/E (x)	CY20 P/E (x)	Current EPS	CY19 EPS	PBV (x)	CY19 ROE	CY20 ROE	Best DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
<b>Indonesia</b>												
ASTRA AGRO LESTARI TBK PT	10,375	1410.2	14.0	11.9	773.3	740.6	1.1	7.0	8.2	28101.6	2.7	3.2
PP LONDON SUMATRA INDONES PT	1,150	554.1	16.7	12.4	75.4	68.7	0.9	5.1	7.3	2314.3	2.0	1.7
SAMPOERNA AGRO TBK PT	2,260	301.7	29.9	25.8	109.3	75.5	1.1	3.4	3.7	513.0	0.2	N.A.
EAGLE HIGH PLANTATIONS TBK P	160	356.2	N.A.	N.A.	N.A.	N.A.	0.9	N.A.	N.A.	N.A.	N.A.	N.A.
BAKRIE SUMATERA PLANTATIO PT	94	16.6	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Simple Average</b>			<b>20.2</b>	<b>16.7</b>				<b>5.2</b>	<b>6.4</b>			<b>2.4</b>
<b>Singapore</b>												
WILMAR INTERNATIONAL LTD	3.81	17726.1	14.2	13.0	0.2	0.2	1.1	7.4	7.7	8.0	2.9	2.8
GOLDEN AGRI-RESOURCES LTD	0.30	2761.1	27.1	18.1	0.0	0.0	0.7	2.0	3.4	0.5	2.3	2.0
OLAM INTERNATIONAL LTD	1.98	4638.5	13.2	12.4	0.1	0.2	1.2	N.A.	N.A.	7.6	3.8	3.8
<b>Simple Average</b>			<b>18.2</b>	<b>14.5</b>				<b>4.7</b>	<b>5.6</b>			<b>2.8</b>
<b>Regional Average</b>			<b>19.2</b>	<b>15.6</b>				<b>5.0</b>	<b>6.1</b>			<b>2.7</b>
<b>Malaysia</b>												
SIME DARBY BERHAD	2.33	3828.5	17.1	16.1	0.1	0.1	1.1	6.4	6.4	8.4	3.6	3.4
IOI CORP BHD	4.29	6513.9	32.5	27.5	0.2	0.1	2.8	8.4	9.8	9.5	2.2	1.9
KUALA LUMPUR KEPONG BHD	24.56	6319.3	32.4	27.3	0.9	0.8	2.5	7.0	8.2	45.2	1.8	1.8
GENTING PLANTATIONS BHD	10.10	2189.3	35.3	26.4	0.3	0.3	1.9	5.3	5.9	14.9	1.5	1.3
IJM PLANTATIONS BHD	1.55	329.8	33.7	17.6	0.1	0.0	1.0	2.5	3.8	3.6	2.3	1.3
TA ANN HOLDINGS BERHAD	2.29	243.9	14.8	10.7	0.2	0.2	0.7	5.4	6.6	9.4	4.1	4.4
<b>Simple Average</b>			<b>27.6</b>	<b>20.9</b>				<b>5.9</b>	<b>6.8</b>			<b>2.3</b>

08 July 2019

## Regional Telco peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 5 July 2019	Market Cap (USDm)	CY19 P/E (x)	CY20 P/E (x)	Current EPS	CY19 EPS	CY19 EV/EBITDA	CY20 EV/EBITDA	PBV (x)	CY19 ROE	CY20 ROE	Best DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
<b>Indonesia</b>														
TELEKOMUNIKASI INDONESIA PER	4,280	29942.5	19.6	17.8	198.0	218.9	7.0	6.4	4.0	20.1	21.0	16077.1	3.8	3.8
XL AXIATA TBK PT	2,900	2188.9	61.7	31.5	3.6	47.0	5.6	5.1	1.7	2.4	4.4	2399.4	0.8	N.A.
INDOSAT TBK PT	2,710	1040.0	N.A.	N.A.	-345.6	-394.2	5.1	4.6	1.4	-20.8	-24.6	898.3	0.3	N.A.
<b>Simple Average</b>			<b>40.6</b>	<b>24.6</b>			<b>5.9</b>	<b>5.4</b>		<b>0.6</b>	<b>0.2</b>			<b>3.8</b>
<b>Singapore</b>														
SINGAPORE TELECOMMUNICATIONS	3.56	42725.1	18.6	17.3	0.2	0.2	14.6	14.4	1.9	10.4	11.1	18.0	5.1	4.9
STARHUB LTD	1.55	1972.5	14.5	16.0	0.1	0.1	7.0	7.1	7.1	50.8	44.7	9.1	5.9	9.2
M1 LTD	N.A.	N.A.	N.A.	N.A.	0.1	0.1	N.A.	N.A.	N.A.	22.6	18.8	9.3	N.A.	N.A.
<b>Simple Average</b>			<b>16.6</b>	<b>16.6</b>			<b>10.8</b>	<b>10.8</b>		<b>27.9</b>	<b>24.9</b>			<b>7.1</b>
<b>Thailand</b>														
ADVANCED INFO SERVICE PCL	211.0	20385.4	20.4	19.3	10.2	10.3	9.3	8.8	11.1	48.5	44.6	737.2	3.5	3.4
TOTAL ACCESS COMMUNICATION	53.25	4097.2	22.2	21.1	0.6	2.4	6.3	5.9	5.3	26.0	23.3	122.4	2.3	1.9
<b>Simple Average</b>			<b>21.3</b>	<b>20.2</b>			<b>7.8</b>	<b>7.4</b>		<b>37.3</b>	<b>33.9</b>			<b>2.6</b>
<b>Regional Average</b>			<b>26.2</b>	<b>20.5</b>			<b>7.8</b>	<b>7.5</b>		<b>20.0</b>	<b>17.9</b>			<b>4.6</b>
<b>Malaysia</b>														
MAXIS BHD	5.69	10751.0	26.8	26.1	0.3	0.2	14.3	13.9	6.2	23.0	23.0	19.6	3.4	3.5
AXIATA GROUP BERHAD	5.20	11468.7	40.9	34.2	0.1	0.1	7.9	7.5	2.8	6.4	7.5	10.1	1.9	1.8
DIGI.COM BHD	5.07	9523.9	26.0	25.4	0.2	0.2	14.3	14.0	61.4	234.8	226.4	19.1	3.8	3.7
TELEKOM MALAYSIA BHD	4.28	3886.0	18.4	18.3	0.1	0.2	6.0	6.0	2.3	11.4	10.9	11.9	2.8	0.5
<b>Simple Average</b>			<b>28.1</b>	<b>26.0</b>			<b>10.6</b>	<b>10.3</b>		<b>68.9</b>	<b>67.0</b>			<b>2.4</b>

**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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