

26 August 2019

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Research Highlights

SINGAPORE NEWS HIGHLIGHTS

- OCBC in talks with Singtel about virtual bank licence, say sources
- UOB expands to northern Vietnam with opening of first Hanoi branch

INDONESIA NEWS HIGHLIGHTS

- WhatsApp in talks to launch mobile payments in Indonesia: sources
- Indonesia announces surprise rate to offset tepid global growth

THAILAND NEWS HIGHLIGHTS

- BoT sees small stimulus impact
- Thai Central Bank remains worried about high household debt - meeting minutes

Currency Exchange

Currency	Today	1-Week Chg (%)
USD/IDR	14,215.0	-0.18%
USD/SGD	1.39	0.18%
USD/THB	30.64	-0.96%

Singapore

Indices	Today	1-Week Chg (%)
FSSTI	3,110.4	-0.15%
FSTFN	973.97	-0.26%
FSTCG	511.89	2.96%
FSTTC	814.3	1.23%

Indonesia

Indices	Today	1-Week Chg (%)
JCI	6,255.6	-0.49%
JAKFIN	1,253.0	-1.14%
JAKAGRI	1,369.0	-1.18%
JAKINFR	1,216.3	0.78%

Thailand

Indices	Today	1-Week Chg (%)
SET	1,646.7	0.94%
SETBANK	461.9	-0.37%
SETAGRI	184.5	2.56%
SETCOMUN	185.7	3.87%

Singapore's Corporate News

- **OCBC in talks with Singtel about virtual bank licence, say sources**

Oversea-Chinese Banking Corp (OCBC) is in talks with companies, including Singapore Telecommunications, about seeking one of the city-state's planned virtual bank licences, according to people familiar with the matter. Singapore's second-largest bank would take a minority stake in any virtual-banking joint venture and sees it as a way to tap new customers and markets, the people said, requesting anonymity because the talks are confidential. (Source: *The Straits Times*)

- **UOB expands to northern Vietnam with opening of first Hanoi branch**

United Overseas Bank (UOB) continues to deepen its presence in Vietnam with the opening of its Hanoi branch on Thursday (Aug 22) - the bank's first beyond Ho Chi Minh City. The expansion comes a year after the incorporation of UOB's fully-owned subsidiary in Vietnam, reflecting the bank's commitment to providing its financial services and solutions to more customers across the country, said UOB in a statement. The Hanoi branch was opened by UOB chief executive officer Wee Ee Cheong and Catherine Wong, Singapore's Ambassador to Vietnam, on Thursday. (Source: *The Straits Times*)

Indonesia's Corporate News

- **WhatsApp in talks to launch mobile payments in Indonesia: sources**

Facebook Inc's messaging service WhatsApp is in talks with multiple Indonesian digital payment firms to offer their mobile transaction services, in a bid to tap the nation's fast growing e-commerce sector, people familiar with the matter said. Indonesia could become the second country worldwide where WhatsApp introduces such services, as it awaits regulatory approval from India, its biggest market by users that has been delayed due to local data storage rules. But unlike in India where it plans to offer direct peer-to-peer payment services, WhatsApp will simply serve as a platform in Indonesia supporting payments via local digital wallets due to tough licensing regulations, the sources told Reuters. (Source: *The Business Times*)

- **Indonesia announces surprise rate to offset tepid global growth**

Indonesia's central bank announced a surprise interest rate cut Thursday (Aug 22) as it looks to offset tepid global growth, after Southeast Asia's biggest economy posted its slowest quarterly expansion in two years. Bank Indonesia (BI) trimmed its key lending rate by 25 basis points to 5.5% - the second rate reduction in as many months - and signalled more cuts could be in store. "This is a pre-emptive measure to boost momentum," said bank governor Perry Warjiyo. "Indonesia is fortunate that its economy continues to expand, but we must anticipate the risks of a slowdown in the global economy." (Source: *Channel News Asia*)

Thailand's Corporate News

- **BoT sees small stimulus impact**

The Bank of Thailand's initial estimation has the government's new economic measures contributing less than half a percentage point of economic growth. The planned stimulus is worth THB316.0b and focuses on cash giveaways, but the economic bump will not be significant, said Don Nakornthab, senior director of the economic and policy department at the central bank. The Finance Ministry has forecast the new stimulus package to provide a boost of 0.5% for the economy in 2019. The central bank is likely to cut its forecast next month for economic growth this year from 3.3%, Mr Don said, following disappointing GDP figures in the second quarter. The Bank of Thailand cut its GDP growth view for 2019 in June to 3.3% from 3.8% and its export growth forecast to zero from 3.0%. (*Bangkok Post*)

- **Thai Central Bank remains worried about high household debt - meeting minutes**

Minutes of the latest Bank of Thailand policy meeting, where the benchmark rate was surprisingly cut, show that the central bank continues to feel financial system risks "pose vulnerabilities to financial stability". The bank's monetary policy committee (MPC) said the "share" of households sensitive to negative income shocks had increased, which could weigh on ability of households to service their debts, according to minutes of its Aug. 7 meeting released on Wednesday. Central bank data shows that at the end of March, total household debt was equivalent to 78.7% of gross domestic product, among the highest in Asia. (*Source: Reuters*)

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Regional Banking peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 23 August 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
Indonesia												
BANK CENTRAL ASIA TBK PT	29,975	51880.2	25.3	22.4	1039.6	1183.2	4.6	18.0	17.8	33912.1	1.1	1.1
BANK RAKYAT INDONESIA PERSER	4,080	35328.2	13.8	12.1	263.7	295.2	2.6	18.7	19.0	12678.8	3.1	3.2
BANK MANDIRI PERSERO TBK PT	7,175	23505.3	12.0	10.6	515.3	597.0	1.8	14.6	15.3	24094.0	3.4	3.4
BANK NEGARA INDONESIA PERSER	7,625	9982.2	8.8	7.6	821.2	867.8	1.2	14.1	14.7	24034.4	3.2	2.6
BANK DANAMON INDONESIA TBK	5,100	3499.1	12.0	11.2	431.6	424.8	1.2	10.7	9.7	13900.7	2.7	2.8
Simple Average			14.4	12.7				15.2	15.3			2.6
Singapore												
DBS GROUP HOLDINGS LTD	24.39	44802.8	10.0	9.8	2.2	2.4	1.3	12.9	12.6	123.3	5.1	4.9
OVERSEA-CHINESE BANKING CORP	10.63	32992.4	9.5	9.2	1.1	1.1	1.0	11.4	11.1	50.0	4.7	4.5
UNITED OVERSEAS BANK LTD	24.65	29562.4	9.8	9.5	2.4	2.5	1.1	11.4	11.1	124.9	5.1	5.1
Simple Average			9.8	9.5				11.9	11.6			4.8
Thailand												
SIAM COMMERCIAL BANK PUB CO	125.0	13827.8	10.1	9.6	12.7	12.4	1.1	10.8	10.6	589.7	4.7	4.4
BANGKOK BANK PUBLIC CO LTD	172.0	10696.2	8.9	8.2	18.9	19.4	0.8	8.7	8.9	695.0	4.0	3.8
KASIKORNBANK PCL	159.5	12436.1	9.6	8.5	16.1	16.6	1.0	10.2	10.3	450.6	2.8	2.5
KRUNG THAI BANK PUB CO LTD	17.4	7922.6	8.3	7.7	2.1	2.1	0.8	9.3	9.2	79.5	4.6	4.1
BANK OF AYUDHYA PCL	34.5	8267.6	7.8	8.3	3.4	4.4	1.0	11.9	10.7	113.4	3.3	2.5
Simple Average			8.9	8.5				10.2	9.9			3.5
Regional Average			11.2	10.3				12.5	12.4			3.5
Malaysia												
MALAYAN BANKING BHD	8.64	23172.0	11.8	11.3	0.7	0.7	1.2	10.6	10.5	58.5	6.8	6.6
CIMB GROUP HOLDINGS BHD	5.07	11766.2	9.9	9.2	0.5	0.5	0.9	9.1	9.3	26.3	5.2	4.9
PUBLIC BANK BERHAD	20.82	19283.3	14.5	14.0	1.5	1.4	1.9	13.2	12.8	70.0	3.4	3.3
HONG LEONG BANK BERHAD	16.98	8781.5	13.0	12.4	1.2	1.3	1.3	10.9	10.9	52.4	3.1	2.8
AMMB HOLDINGS BHD	4.13	2970.0	8.7	8.3	0.4	0.5	0.7	7.8	7.8	20.3	4.9	4.8
RHB BANK BHD	5.57	5328.9	9.3	8.8	0.6	0.6	0.9	9.9	9.9	22.7	4.1	3.7
ALLIANCE BANK MALAYSIA BHD	3.34	1233.6	8.9	8.2	0.3	0.4	0.9	9.9	10.2	18.1	5.4	5.0
Simple Average			10.9	10.3				10.2	10.2			4.5

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Regional Plantation peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 23 August 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
Indonesia												
ASTRA AGRO LESTARI TBK PT	10,650	1439.0	20.2	15.1	773.3	528.5	1.1	4.9	6.7	21642.0	2.0	3.2
PP LONDON SUMATRA INDONES PT	1,185	567.6	22.6	15.4	75.4	52.5	1.0	3.8	5.9	1817.8	1.5	1.6
SAMPOERNA AGRO TBK PT	2,340	310.5	33.8	15.6	109.3	69.3	1.1	3.1	6.6	513.0	0.2	N.A.
EAGLE HIGH PLANTATIONS TBK P	138	305.4	N.A.	N.A.	N.A.	N.A.	0.8	N.A.	N.A.	N.A.	N.A.	N.A.
BAKRIE SUMATERA PLANTATIO PT	102	17.9	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Simple Average			25.5	15.4				3.9	6.4			2.4
Singapore												
WILMAR INTERNATIONAL LTD	3.81	17346.4	14.9	13.1	0.2	0.2	1.1	6.9	7.5	7.5	2.7	2.6
GOLDEN AGRI-RESOURCES LTD	0.29	2609.0	51.2	20.5	0.0	0.0	0.6	1.1	3.0	0.4	2.0	2.0
OLAM INTERNATIONAL LTD	1.88	4306.1	12.5	11.8	0.1	0.2	1.1	N.A.	N.A.	7.6	4.0	4.0
Simple Average			26.2	15.1				4.0	5.3			2.9
Regional Average			25.9	15.3				4.0	5.9			2.7
Malaysia												
SIME DARBY BERHAD	2.14	3472.2	15.7	14.8	0.1	0.1	1.0	6.4	6.4	8.4	3.9	3.7
IOI CORP BHD	4.38	6567.3	31.1	28.8	0.2	0.1	3.0	9.0	9.3	9.2	2.1	1.8
KUALA LUMPUR KEPONG BHD	23.80	6047.0	38.3	30.7	0.9	0.6	2.4	6.1	7.3	43.2	1.8	1.9
GENTING PLANTATIONS BHD	9.98	2136.2	36.4	27.5	0.3	0.3	1.9	4.8	5.6	15.2	1.5	1.3
IJM PLANTATIONS BHD	1.50	315.1	48.4	24.6	0.1	0.0	1.0	2.1	3.7	3.6	2.4	1.3
TA ANN HOLDINGS BERHAD	2.18	229.1	14.1	10.1	0.2	0.2	0.7	5.4	6.4	9.4	4.3	2.3
Simple Average			30.7	22.7				5.6	6.5			2.1

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Regional Telco peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 23 August 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
Indonesia														
TELEKOMUNIKASI INDONESIA PER	4,380	30459.3	20.0	17.8	198.0	218.9	7.4	6.7	4.6	20.2	21.2	16137.4	3.7	3.7
XL AXIATA TBK PT	3,330	2498.5	64.7	32.6	3.6	51.5	6.0	5.4	1.9	3.0	5.5	2823.3	0.8	N.A.
INDOSAT TBK PT	3,270	1247.4	N.A.	N.A.	-345.6	-370.7	5.4	4.8	1.6	-20.0	-22.9	898.3	0.3	N.A.
Simple Average			42.4	25.2			6.3	5.6		1.1	1.3			3.7
Singapore														
SINGAPORE TELECOMMUNICATIONS	3.25	38152.2	17.8	16.2	0.2	0.2	13.8	12.7	1.8	10.0	10.9	18.0	5.5	5.4
STARHUB LTD	1.37	1705.5	12.9	14.7	0.1	0.1	6.6	6.9	8.5	38.3	33.3	9.9	7.2	9.1
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.
Simple Average			15.3	15.5			10.2	9.8		23.6	21.0			7.3
Thailand														
ADVANCED INFO SERVICE PCL	232.0	22472.0	22.2	20.8	10.2	10.5	10.1	9.6	10.7	49.8	46.3	743.7	3.2	3.1
TOTAL ACCESS COMMUNICATION	63.25	4879.1	24.4	23.3	0.6	2.6	7.6	7.2	5.9	27.9	25.4	174.2	2.8	2.0
Simple Average			23.3	22.1			8.8	8.4		38.8	35.9			2.5
Regional Average			27.0	20.9			8.1	7.6		19.0	17.3			4.7
Malaysia														
MAXIS BHD	5.40	10075.3	26.2	25.2	0.3	0.2	13.7	13.3	5.9	22.6	23.0	19.7	3.6	3.7
AXIATA GROUP BERHAD	5.00	10889.5	38.8	32.5	0.1	0.1	7.7	7.3	2.7	6.5	7.5	10.4	2.1	1.9
DIGI.COM BHD	5.01	9293.3	26.0	25.3	0.2	0.2	14.2	13.9	55.7	233.0	229.4	19.3	3.9	3.8
TELEKOM MALAYSIA BHD	4.05	3637.6	16.7	16.8	0.1	0.2	5.8	5.8	2.2	11.5	11.1	12.3	3.0	0.5
Simple Average			26.9	25.0			10.3	10.1		68.4	67.8			2.5

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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