

30 September 2019

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## Research Highlights

### SINGAPORE NEWS HIGHLIGHTS

- Singapore banks' South, South-east Asia exposure raises risks: Fitch Ratings
- Cash management is king for DBS

### INDONESIA NEWS HIGHLIGHTS

- Indonesian, Malaysian c.banks sign \$2 bln local currency swap agreement
- Wildfires in Indonesia Pose Economic Risk, Central Bank Says

### THAILAND NEWS HIGHLIGHTS

- Bankers address credit risk alarm
- MCOT asks for USD1.6bn compensation for 2.6GHz airwaves

#### Currency Exchange

Currency	Today	1-Week Chg (%)
USD/IDR	14,173.0	0.84%
USD/SGD	1.38	0.37%
USD/THB	30.64	0.50%

#### Singapore

Indices	Today	1-Week Chg (%)
FSSTI	3,125.6	-1.08%
FSTFN	997.54	-0.65%
FSTCG	479.52	-1.12%
FSTTC	781.8	-1.53%

#### Indonesia

Indices	Today	1-Week Chg (%)
JCI	6,196.9	-0.55%
JAKFIN	1,255.9	-0.01%
JAKAGRI	1,355.7	-1.29%
JAKINFR	1,231.2	0.22%

#### Thailand

Indices	Today	1-Week Chg (%)
SET	1,643.8	0.46%
SETBANK	461.6	-1.00%
SETAGRI	176.3	0.50%
SETCOMUN	175.4	-0.79%

## Singapore's Corporate News

- **Singapore banks' South, South-east Asia exposure raises risks: Fitch Ratings**

When it comes to risks from markets outside Singapore, the Republic's three major banks DBS, UOB and OCBC experienced more asset-quality issues in South and South-east Asia. This is compared with other regions like China or the rest of the world, a new Fitch Ratings report has found. The global credit rating agency on Monday added that this is "not surprising" as these regions felt more volatility than other regions in the past decade. (Source: *The Straits Times*)

- **Cash management is king for DBS**

DBS looks to hit a five-year target to quadruple its cash management business by 2020 - a year ahead - and will expand its transaction banking business in growth markets such as Vietnam and China's Greater Bay Area, said John Laurens, DBS group head of global transaction services (GTS). With the uncertainties from the US-China trade war, the bank is starting to see the re-plumbing of trade flows within Asia, Mr Laurens told *The Business Times*. Vietnam is frequently brought up as one of the key benefactors within the region. With that, DBS is increasing the size of its overall transaction banking business in Vietnam, with plans to grow GTS revenue by 30 per cent over the next five years. It also targets to triple the tech investments in cash management solutions there to support growing trade financing and cash needs. (Source: *The Business Times*)

## Indonesia's Corporate News

- **Indonesian, Malaysian c.banks sign \$2 bln local currency swap agreement**

The central banks of Indonesia and Malaysia signed on Friday a \$2 billion-equivalent of local currency bilateral swap agreement to encourage and facilitate use of those currencies in economic exchanges, Bank Indonesia (BI) said in a statement on Friday. The agreement is applicable for three years and can be renewed, BI said. The two central banks also signed an agreement to cooperate in developing payment systems and digital finance innovation. BI has similar agreements with Thailand, China, Japan, Singapore, Australia, and South Korea. (Source: *Reuters*)

- **Wildfires in Indonesia Pose Economic Risk, Central Bank Says**

Wildfires that have been raging in Indonesia may hurt economic growth if the problem persists, Bank Indonesia Deputy Governor Dody Budi Waluyo said. Waluyo said the central bank is sticking to its forecast for growth to be in the lower half of the 5%-5.4% range in 2019, before picking up toward the midpoint of the 5.1%-5.5% range in 2020. While it's still too early to measure the effect on growth, a World Bank report published after deadly wildfires in 2015 put the cost of that haze crisis at \$16 billion. That price tag was at the time equivalent to 1.9% of GDP and twice the amount it took to rebuild the country after a tsunami devastated parts of Indonesia back in 2004. (Source: *Bloomberg*)

## Thailand's Corporate News

- **Bankers address credit risk alarm**

The Thai Bankers Association's credit card club plans to discuss its concerns about credit risk from zero-rate marketing campaigns with the Bank of Thailand. Shoke Na Ranong, executive vice-president for Bangkok Bank's credit card division, said the club is in preparation to talk to officials about the central bank's criticism of zero-rate campaigns in the credit card business. The central bank has blamed zero-rate marketing campaigns for the country's swelling household debt, saying it could deter consumers' debt-servicing ability. "The Bank of Thailand has comprehensive information on the country's overall credit card market, and the regulator may see some risky areas pertaining to the loan segment," Mr Shoke said. (Source: *Bangkok Post*)

- **MCOT asks for USD1.6bn compensation for 2.6GHz airwaves**

Thailand's state-owned broadcaster MCOT is requesting THB50 billion (USD1.6 billion) as compensation for the handover of 144MHz of its unused 2600MHz spectrum to telecoms regulator the National Broadcasting and Telecommunications Commission (NBTC). MCOT president Kematat Paladesh told the Bangkok Post that the proposal had been sent to the watchdog in July, though NBTC commissioner Prawit Leesathapornwongsa was quoted as saying that an agreement on these terms 'seems impossible as the figure is too high'. TeleGeography notes that the NBTC is planning to auction 5G spectrum in the 2600MHz, 26GHz and 28GHz bands later this year, once it recovers some of the unused frequencies in the aforementioned bands. The 2600MHz band is currently occupied by MCOT, which has a total of 180MHz of spectrum bandwidth. Meanwhile, the 26GHz and 28GHz bands are partly occupied by satellite business provider Thaicom, though Takorn Tantasith, secretary-general of the NBTC, has previously suggested that the NBTC can reallocate 4GHz in the two bands for 5G use. (Source: *Telegeography*)

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## Regional Banking peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 27 Sep 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	30,350	52212.9	25.7	22.7	1039.6	1179.6	4.7	17.9	17.6	33912.1	1.1	1.1
BANK RAKYAT INDONESIA PERSER	4,180	36339.5	14.3	12.4	263.7	292.2	2.7	18.6	19.0	12695.2	3.0	3.2
BANK MANDIRI PERSERO TBK PT	6,975	22941.9	11.7	10.3	515.3	596.7	1.8	14.7	15.2	24093.8	3.5	3.5
BANK NEGARA INDONESIA PERSER	7,425	9759.4	8.6	7.5	821.2	858.4	1.2	14.0	14.6	23282.8	3.1	2.7
BANK DANAMON INDONESIA TBK	4,740	3265.2	11.2	10.2	431.6	423.3	1.1	11.9	9.9	13900.7	2.9	3.0
<b>Simple Average</b>			<b>14.3</b>	<b>12.6</b>				<b>15.4</b>	<b>15.3</b>			<b>2.7</b>
<b>Singapore</b>												
DBS GROUP HOLDINGS LTD	24.90	46054.2	10.3	10.0	2.2	2.4	1.3	12.8	12.6	123.3	5.0	4.8
OVERSEA-CHINESE BANKING CORP	10.82	33826.1	9.7	9.4	1.1	1.1	1.0	11.4	11.0	50.0	4.6	4.4
UNITED OVERSEAS BANK LTD	25.68	31016.9	10.1	10.0	2.4	2.5	1.2	11.4	11.2	124.9	4.9	4.9
<b>Simple Average</b>			<b>10.0</b>	<b>9.8</b>				<b>11.9</b>	<b>11.6</b>			<b>4.7</b>
<b>Thailand</b>												
SIAM COMMERCIAL BANK PUB CO	120.0	13304.6	9.8	9.5	12.7	12.2	1.0	10.6	10.5	601.9	5.0	4.6
BANGKOK BANK PUBLIC CO LTD	175.0	10907.3	9.1	8.5	18.9	19.2	0.8	8.7	8.8	697.8	4.0	3.7
KASIKORNBANK PCL	161.0	12581.3	9.8	8.8	16.1	16.5	1.0	10.1	10.1	441.3	2.7	2.5
KRUNG THAI BANK PUB CO LTD	17.4	7940.4	8.2	7.7	2.1	2.1	0.8	9.4	9.1	80.5	4.6	4.1
BANK OF AYUDHYA PCL	33.8	8106.1	7.9	8.5	3.4	4.3	1.0	11.8	10.5	114.3	3.4	2.5
<b>Simple Average</b>			<b>9.0</b>	<b>8.6</b>				<b>10.1</b>	<b>9.8</b>			<b>3.5</b>
<b>Regional Average</b>			<b>11.3</b>	<b>10.4</b>				<b>12.5</b>	<b>12.3</b>			<b>3.5</b>
<b>Malaysia</b>												
MALAYAN BANKING BHD	8.60	23056.5	12.0	11.6	0.7	0.7	1.2	10.4	10.3	56.6	6.6	6.6
CIMB GROUP HOLDINGS BHD	5.01	11622.8	9.8	9.3	0.5	0.5	0.9	9.2	9.2	26.3	5.2	5.0
PUBLIC BANK BERHAD	20.04	18554.3	13.9	13.5	1.5	1.4	1.8	13.3	12.8	69.8	3.5	3.5
HONG LEONG BANK BERHAD	16.26	8406.2	12.5	11.7	1.2	1.3	1.3	10.4	10.3	53.4	3.3	3.0
AMMB HOLDINGS BHD	4.11	2954.5	8.6	8.3	0.4	0.5	0.7	7.8	7.9	20.4	5.0	4.9
RHB BANK BHD	5.60	5355.7	9.3	8.8	0.6	0.6	0.9	9.9	9.9	24.4	4.4	4.6
ALLIANCE FINANCIAL GROUP BHD	2.92	1078.1	9.2	7.9	0.3	0.4	0.8	8.6	9.5	15.1	5.2	5.7
<b>Simple Average</b>			<b>10.8</b>	<b>10.1</b>				<b>9.9</b>	<b>10.0</b>			<b>4.7</b>

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## Regional Plantation peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 27 Sep 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	10,550	1431.2	21.6	15.3	773.3	487.4	1.1	4.0	6.4	24777.9	2.3	3.2
PP LONDON SUMATRA INDONES PT	1,190	572.3	23.8	16.6	75.4	49.9	1.0	3.6	5.4	1913.4	1.6	1.6
SAMPOERNA AGRO TBK PT	2,180	290.4	31.5	14.5	109.3	69.3	1.0	3.1	6.6	513.0	0.2	N.A.
EAGLE HIGH PLANTATIONS TBK P	126	280.0	N.A.	N.A.	N.A.	N.A.	0.8	N.A.	N.A.	N.A.	N.A.	N.A.
BAKRIE SUMATERA PLANTATIO PT	93	16.4	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>25.6</b>	<b>15.5</b>				<b>3.5</b>	<b>6.1</b>			<b>2.4</b>
<b>Singapore</b>												
WILMAR INTERNATIONAL LTD	3.72	17061.5	14.6	12.9	0.2	0.2	1.1	6.9	7.5	7.5	2.8	2.7
GOLDEN AGRI-RESOURCES LTD	0.23	2120.6	83.3	16.7	0.0	0.0	0.5	0.5	2.7	0.3	1.8	2.5
OLAM INTERNATIONAL LTD	1.82	4198.6	12.1	11.4	0.1	0.2	1.1	N.A.	N.A.	7.6	4.2	4.1
<b>Simple Average</b>			<b>36.7</b>	<b>13.6</b>				<b>3.7</b>	<b>5.1</b>			<b>3.1</b>
<b>Regional Average</b>			<b>31.2</b>	<b>14.6</b>				<b>3.6</b>	<b>5.7</b>			<b>2.8</b>
<b>Malaysia</b>												
SIME DARBY BERHAD	2.30	3746.7	15.8	14.7	0.1	0.1	1.1	6.4	6.6	9.2	4.0	4.3
IOI CORP BHD	4.39	6579.9	31.1	28.9	0.2	0.1	3.0	9.0	9.3	9.2	2.1	1.8
KUALA LUMPUR KEPONG BHD	22.98	5836.6	37.0	29.7	0.9	0.6	2.3	5.9	7.1	43.2	1.9	2.0
GENTING PLANTATIONS BHD	9.79	2094.8	44.5	31.5	0.3	0.2	1.8	3.8	5.4	13.3	1.4	1.2
IJM PLANTATIONS BHD	1.53	321.3	69.5	31.9	0.1	0.0	1.0	1.5	2.6	3.1	2.0	1.3
TA ANN HOLDINGS BERHAD	2.22	233.2	17.1	11.0	0.2	0.1	0.7	4.0	6.4	8.8	4.0	2.3
<b>Simple Average</b>			<b>35.8</b>	<b>24.6</b>				<b>5.1</b>	<b>6.2</b>			<b>2.1</b>

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## Regional Telco peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 27 Sep 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	4,310	30092.9	19.9	17.7	198.0	216.9	7.3	6.6	4.5	20.0	21.0	16154.0	3.7	3.8
XL AXIATA TBK PT	3,500	2636.6	67.3	32.6	3.6	52.0	6.1	5.5	2.0	3.0	5.7	2809.0	0.8	N.A.
INDOSAT TBK PT	2,980	1141.3	N.A.	N.A.	-345.6	-348.8	5.2	4.6	1.5	-18.2	-21.8	898.3	0.3	N.A.
<b>Simple Average</b>			<b>43.6</b>	<b>25.2</b>			<b>6.2</b>	<b>5.5</b>		<b>1.6</b>	<b>1.6</b>			<b>3.8</b>
<b>Singapore</b>														
SINGAPORE TELECOMMUNICATIONS	3.12	36888.7	17.0	15.6	0.2	0.2	13.4	12.3	1.7	10.0	10.8	18.0	5.8	5.6
STARHUB LTD	1.32	1654.9	12.8	14.3	0.1	0.1	6.5	6.7	8.2	38.7	34.2	9.9	7.5	9.5
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>14.9</b>	<b>15.0</b>			<b>9.9</b>	<b>9.5</b>		<b>23.7</b>	<b>21.3</b>			<b>7.5</b>
<b>Thailand</b>														
ADVANCED INFO SERVICE PCL	221.0	21454.7	20.6	19.2	10.2	10.7	9.5	9.0	10.2	50.4	46.9	762.4	3.4	3.2
TOTAL ACCESS COMMUNICATION	58	4484.2	22.7	21.7	0.6	2.6	7.1	6.7	5.4	24.8	22.8	176.3	3.0	2.2
<b>Simple Average</b>			<b>21.6</b>	<b>20.4</b>			<b>8.3</b>	<b>7.9</b>		<b>37.6</b>	<b>34.8</b>			<b>2.7</b>
<b>Regional Average</b>			<b>26.7</b>	<b>20.2</b>			<b>7.9</b>	<b>7.3</b>		<b>18.9</b>	<b>17.3</b>			<b>4.9</b>
<b>Malaysia</b>														
MAXIS BHD	5.44	10146.3	26.5	25.5	0.3	0.2	13.9	13.5	6.0	22.4	22.8	19.7	3.6	3.7
AXIATA GROUP BERHAD	4.33	9426.9	35.5	28.9	0.1	0.1	6.9	6.6	2.3	6.3	7.4	10.4	2.4	2.2
DIGI.COM BHD	4.74	8789.3	24.6	24.1	0.2	0.2	13.5	13.3	52.7	227.4	225.9	19.2	4.1	4.0
TELEKOM MALAYSIA BHD	3.61	3241.9	14.4	14.9	0.1	0.3	5.1	5.2	1.9	12.0	11.4	12.4	3.4	0.6
<b>Simple Average</b>			<b>25.3</b>	<b>23.3</b>			<b>9.9</b>	<b>9.6</b>		<b>67.0</b>	<b>66.9</b>			<b>2.6</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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