

Financial Year End	31/12/2012
Reporting Period Ending	30/09/2012
Reporting Quarter	3Q-2012

<b>Recommendation</b>	<b>HOLD</b>
Target Price (MYR)	0.18
Current Price (MYR)	0.14

<b>Industry Group</b>	Housewares
<b>Industry Sub Group</b>	Housewares

<b>Key Company Statistics</b>	
Bloomberg Ticker	NHR MK
Bursa Stock Code	7215
Issued Capital (mn shares)	236.6
Market Capitalisation (MYR mn)	31.9
52 week High (MYR)	0.20
52 week Low (MYR)	0.11
Average Volume (3 month) '000	34.8
1 Yr Return (%)	27.6

<b>Major Shareholders (%)</b>	
Hsiao Family	59.1
Ng Shw u Ching	0.3
Yiew Kiang Chong	0.0

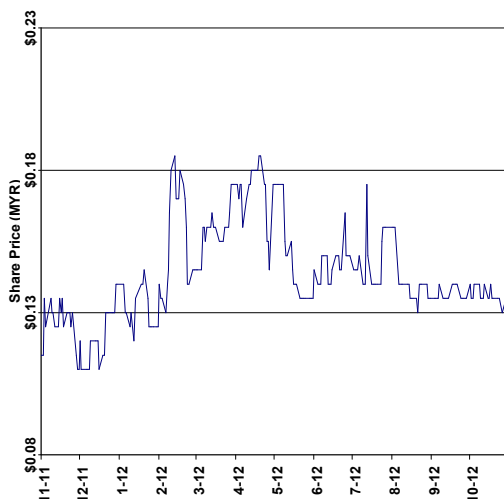
#### FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

#### REPORT INDEX

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#### SHARE PRICE LAST 12 MONTHS (MYR)



## MALAYSIA EQUITY NI HSIN RESOURCES BHD

### RESULTS REPORT

YTD 3Q FY12 revenue rose 30.3% vs YTD 3Q FY11. Sales in Japan fell slightly but sales in Malaysia and Taiwan are growing very strongly and now account for more than 48% of total cookware sales. Malaysia is now NHR's most important market offsetting slow growth in Japan. Meanwhile NHR is making good progress in Taiwan and China/HK. Convex mirror sales and margins also improved YTD. However, we expect broadly slower growth in all the major economies, and thus have turned more cautious on our outlook. NHR continues to make good progress in revenue growth, now the challenge is to lift its very small margins; 3Q FY 12 operating margins came in below 3% and need to head higher.

### INVESTMENT RISKS

Risks to our recommendation and target price include: i) increases in the MYR exchange rate, ii) rising promotional costs, iii) a sharp slowdown in the general level of economic activity in the economies of the company's trading partners, e.g. Japan, Taiwan, Singapore and South Korea, and iv) continued rises in stainless steel prices would be an additional concern.

### RECOMMENDATION

Ni Hsin Resources Bhd continues to make good progress in its marketing efforts, relying more on its own efforts rather than other channels. In addition, management has put in place a number of initiatives that are likely to result in improved sales and higher factory utilisation. However, the global outlook appears to be weakening. We rate the shares a HOLD with a fair value of MYR 0.18.

The company's up to date manufacturing assets alone are worth some MYR 0.15 per share. Thus there is not a great deal of downside for the shares at current levels. The balance sheet is very clean, and management should be able to maintain dividends at the current level. Moreover, should stainless steel prices come off, or capacity utilisation increase further in the quarters ahead, net margins could trend toward levels of 5-6%.

### COMPANY PROFILE

Ni Hsin Resources Bhd ("NHR") is one of the leading cookware manufacturers listed in Malaysia. The company has its roots in Taiwan, and was incorporated in Malaysia in 1989 and listed in 2005. About 26% of total revenue is realised in Malaysia, with Japan and Taiwan accounting for the lion's share of the company's substantial export revenue. Group YTD 3Q FY12 revenue comprised 66% cookware products, 18% convex mirrors, 13% clad metals and 3% other.

### ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2010	2011	2012F	2013F
Revenue	36.0	39.3	49.7	60.0
Revenue g (%)	-24.0	9.3	26.2	20.8
Net Profit	-0.3	0.1	0.5	1.7
Net Profit g (%)	na	na	>100	>100
Dividends Paid	1.2	2.3	1.0	1.5
Owners' Equity	57.4	59.5	59.0	59.2
Total Liabilities	8.1	11.8	12.5	12.6
Debt/Equity (%)	14.1	19.9	21.2	21.4
EPS (sen)	-0.1	0.1	0.2	0.7
P-S (x)	1.2	0.7	0.6	0.5
P-E (x)	na	>100	69.6	19.0
P-BV (x)	0.8	0.5	0.5	0.5
ROE %	-0.6	0.2	0.8	2.8

**QUARTERLY RESULTS TABLE (All figures in MYR mn unless otherwise indicated)**[illegible]**COMPETITOR'S METRICS (All figures in MYR mn unless otherwise indicated)**

\*Consensus data used for peers where available

MALAYSIA EQUITY  
NI HSIN RESOURCES BHD**PROFIT & LOSS (All figures in MYR mn unless otherwise indicated)**

FY Dec	2010	2011	2012F	2013F
Revenue	36.0	39.3	49.7	60.0
Operating Profit	0.0	0.8	1.5	2.4
Other Income	0.1	0.0	0.0	0.0
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-3.0	-3.1	-2.9	-3.2
Finance Costs	-0.1	-0.1	-0.2	-0.2
Pre Tax Profit	0.0	0.7	1.3	2.2
Tax	-0.3	-0.9	-0.9	-0.6
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	-0.3	0.1	0.5	1.7
Operating Margin (%)	0.1	2.0	3.1	4.1
PBT Margin (%)	0.0	1.9	2.7	3.7
Net Margin (%)	-0.9	0.3	0.9	2.8
Effective Tax Rate (%)	na	na	65.5	25.0

**BALANCE SHEET (All figures in MYR mn unless otherwise indicated)**

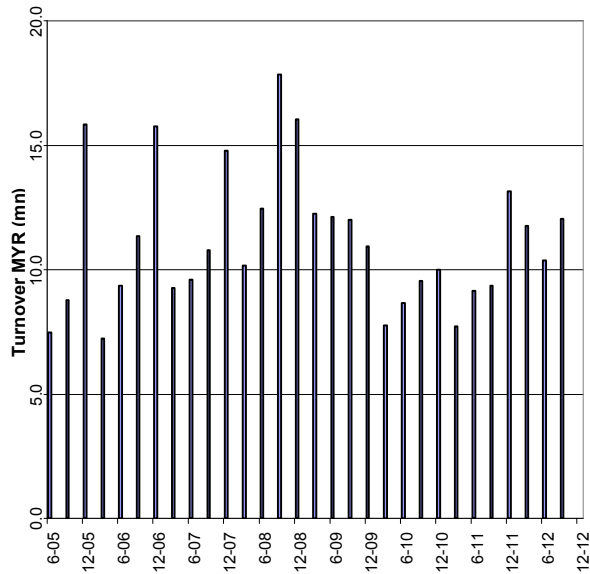
FY Dec	2010	2011	2012F	2013F
Total Assets	65.5	71.3	71.5	71.8
Fixed Assets	34.3	36.6	35.7	37.1
Current Assets	26.1	29.6	30.7	29.6
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	5.9	9.6	10.1	10.2
LT Liabilities	2.2	2.3	2.4	2.4
Total Liabilities	8.1	11.8	12.5	12.6
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	57.4	59.5	59.0	59.2
Total Equity	57.4	59.5	59.0	59.2
Total Liabilities & Equity	65.5	71.3	71.5	71.8

**PER SHARE DATA (All figures in sen unless otherwise indicated)**

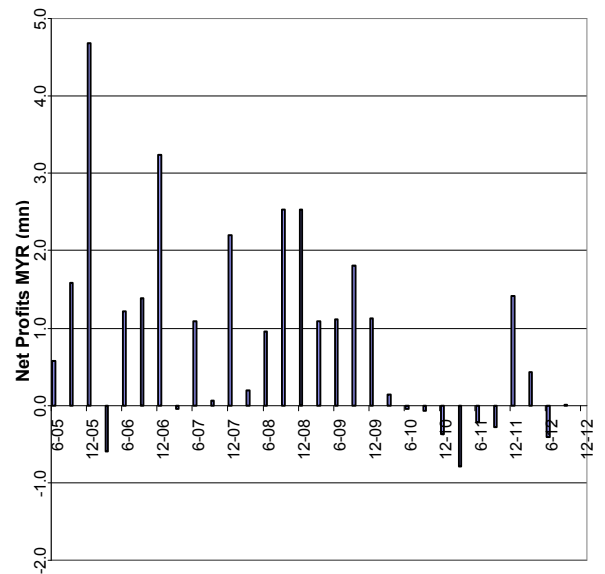
FY Dec	2010	2011	2012F	2013F
Revenue	15.2	16.6	21.0	25.4
Cash Flow	1.1	1.4	1.4	2.1
Earnings	-0.1	0.1	0.2	0.7
Dividends	0.5	1.0	0.4	0.6
Book Value	24.3	25.1	24.9	25.0
Payout (%)	na	na	217.9	89.4
P-S (x)	1.2	0.7	0.6	0.5
P-CF (x)	16.8	8.9	9.4	6.5
P-E (x)	na	>100	69.6	19.0
P-BV (x)	0.8	0.5	0.5	0.5
Dividend Yield (%)	2.6	8.1	3.1	4.7
ROE (%)	-0.6	0.2	0.8	2.8
Total Debt/Equity (%)	14.1	19.9	21.2	21.4

**MALAYSIA EQUITY**  
**NI HSIN RESOURCES BHD**

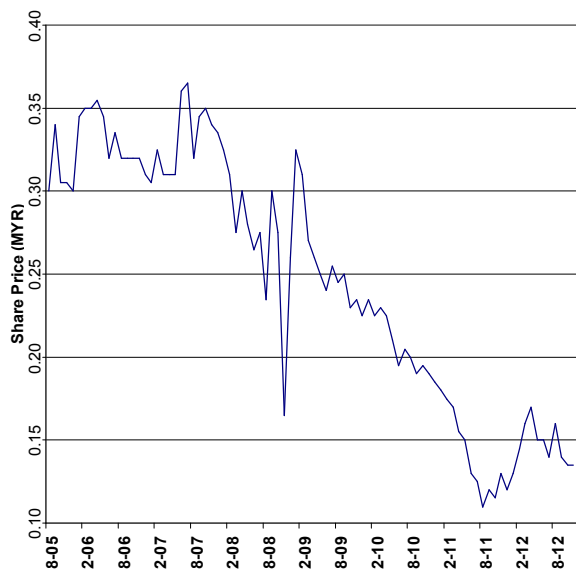
**REVENUE - QUARTERLY LAST 7 YEARS (MYR mn)**



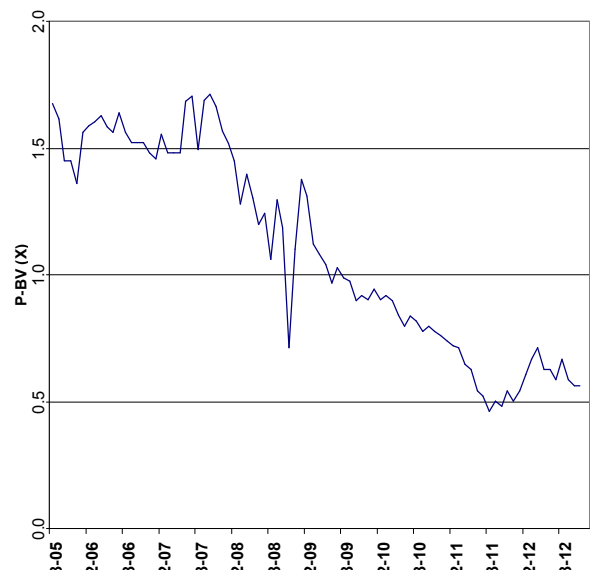
**NET PROFIT - Q'TERLY LAST 7 YRS (MYR mn)**



**SHARE PRICE - MONTHLY - LAST 7 YEARS (MYR)**



**P-BV (X) - MONTHLY - LAST 7 YEARS**



**MALAYSIA EQUITY**  
**NI HSIN RESOURCES BHD**
**RECENT COMPANY NEWS**

Cookware orders by Ni Hsin's distributors in Malaysia, Greater China and Taiwan improved due to the introduction of a new product- "SmartPan" which is a double sided stainless steel pan during the third quarter, and more promotional efforts to market the "Buffalo" brand of cookware. The 'SmartPan' was launched in Malaysia, Singapore and Australia during the third quarter.

Convex mirror sales and margins are also improving as penetration into the European market increases.

**ANALYST'S RECOMMENDATION RECORD**

Ticker	Date	Recommendation	FairValue	Price At Recommendation Date	% Price Change Since Prior Recommendation
NHR MK Equity	24-Feb-11	HOLD	0.17	0.17	
NHR MK Equity	11-Apr-11	BUY	0.27	0.15	-11.8%
NHR MK Equity	19-May-11	BUY	0.23	0.15	0.0%
NHR MK Equity	16-Aug-11	BUY	0.23	0.12	-23.3%
NHR MK Equity	21-Nov-11	BUY	0.23	0.12	0.0%
NHR MK Equity	27-Feb-12	BUY	0.23	0.13	13.0%
NHR MK Equity	23-May-12	HOLD	0.20	0.18	34.6%
NHR MK Equity	24-Aug-12	HOLD	0.18	0.16	-8.6%
NHR MK Equity	20-Nov-12	HOLD	0.18	0.14	-15.6%
<b>Return Since Inception of Coverage</b>					<b>-11.6%</b>



**MALAYSIA EQUITY  
NI HSIN RESOURCES BHD**

## ANALYST'S DISCLOSURE

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**BUY:** Share price may exceed 10% over 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. Look to accumulate at lower levels

**SELL:** Share price may fall by more than 10% over the next 12 months

**NOT RATED (NR):** Stock is not within regular research coverage

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Head of Research

## QUESTIONS?

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