

Financial Year End	31/12/2015
Reporting Period Ending	30/09/2015
Reporting Quarter	3Q-2015

Recommendation	BUY
Target Price (MYR)	0.30
Current Price (MYR)	0.36

Industry Group	Housewares
Industry Sub Group	Housewares

Key Company Statistics

Bloomberg Ticker	NHR MK
Bursa Stock Code	7215
Issued Capital (mn shares)	236.6
Market Capitalisation (MYR mn)	85.2
52 week High (MYR)	0.49
52 week Low (MYR)	0.22
Average Volume (3 month) '000	2,811.0
1 Yr Return (%)	-24.1

Major Shareholders (%)

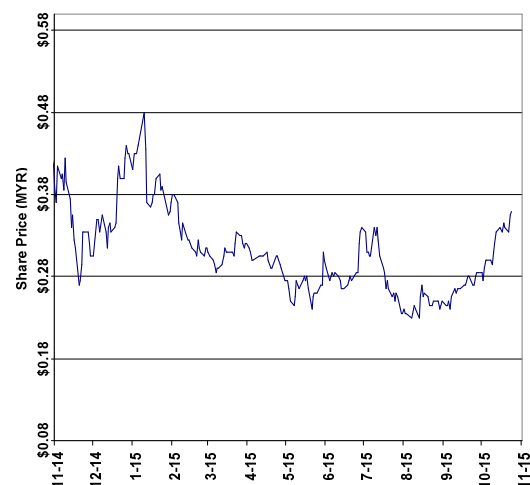
Hsiao Family	16.1
Ng Shw u Ching	0.3

FTSE-BURSA INDEX MEMBERSHIP

FBM KLCI	FBM 70	FBM EMAS	FBM HIJRAH
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 FY15 revenue rose 19.8% vs YTD 3Q FY14. Cookware sales were much improved, as were clad metal sales. Sales momentum continues to build for both cookware and clad metals. NHR recently signed a JV agreement with MyAngkasa Holdings Sdn Bhd, a unit of National Cooperative Bhd. This venture has the potential to add another MYR 10mn in local (e.g. non export) sales over the next six quarters. Meanwhile, NHR is making very good headway in Japan, elsewhere in Asia Pacific, and even USA/Canada. The low value of the MYR is visibly helping drive demand for NHR's products.

INVESTMENT RISKS

Risks to our recommendation and target price include: i) significant strengthening in the MYR exchange rate, ii) rising promotional costs, iii) a sharp slowdown in the general level of economic activity in Malaysia, Japan, elsewhere in Asia Pacific, and North America, and iv) a rise in stainless steel prices would be an additional concern. Also, the sales mix may be shifting from 90% exports to about 80% over the next six quarters.

RECOMMENDATION

NHR has made very good progress in its marketing efforts; even with weak consumer markets around the region, sales have been growing impressively. We maintain our BUY recommendation whilst upgrading our fair value to MYR 0.30. At prices below MYR 0.28 value investors will want to accumulate this name.

NHR has regained its focus on its core business of cookware manufacturing. It is useful to note that growth in unit sales of cookware and clad metals are both in high double digits. Capacity utilisation is likely to increase further in the quarters ahead, and thus net margins may rise above our indicated level of 5% for FY 2016. Finally, sales growth for both FY 2015 and FY 2016 will likely exceed 15%; few other companies listed on Bursa Malaysia currently offer this quantum of growth.

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 10% of total revenue is currently realised in Malaysia, with Japan and Asia Pacific accounting for the lion's share of the company's substantial export revenue. Group YTD 3Q FY15 revenue comprised 57% cookware products, 26% clad metal and 17% convex mirrors. (see page five)

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2013	2014	2015F	2016F
Revenue	55.2	40.7	48.3	60.3
Revenue g (%)	10.4	-26.2	18.5	24.9
Net Profit	2.4	0.1	3.0	3.2
Net Profit g (%)	>100	-97.6	>100	8.6
Dividends Paid	2.3	1.2	1.2	1.2
Owners' Equity	60.1	59.3	61.0	63.1
Total Liabilities	15.4	10.9	11.0	11.1
Debt/Equity (%)	25.6	18.4	18.0	17.7
EPS (sen)	1.0	0.0	1.3	1.4
P-S (x)	0.7	1.9	1.8	1.4
P-E (x)	16.4	>100	28.7	26.5
P-BV (x)	0.6	1.3	1.4	1.4
ROE %	4.0	0.1	4.9	5.1

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

QUARTERLY RESULTS TABLE (All figures in MYR mn unless otherwise indicated)

FY Dec	3Q-15	3Q-14	Q-o-Q %chg	YTD FY15	YTD FY14	Y-o-Y %chg
Revenue	12.0	10.2	17.3	36.1	30.1	19.8
Operating Profit	1.8	0.1	>100	2.6	0.1	>100
Other Income	0.0	0.0	na	0.0	0.0	na
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-0.7	-0.7	13.3	-2.0	-2.0	-1.3
Finance Costs	0.0	-0.1	-61.3	-0.1	-0.2	-58.2
Pre Tax Profit	1.8	0.0	>100	2.5	0.0	na
Tax	-0.3	-0.2	64.4	-0.5	-0.5	-6.0
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	1.5	-0.2	na	2.1	-0.6	na
Dividends	0.0	0.0	na	0.0	0.0	na
EPS (sen)	0.7	-0.1	na	0.9	-0.2	na
DPS (sen)	0.0	0.0	na	0.0	0.0	na
Operating Margin (%)	15.2	0.6	>100	7.2	0.3	>100
Net Margin (%)	12.8	-1.6	na	5.7	-1.8	na
Effective Tax Rate (%)	14.6	na	na	18.6	na	na
NTA/share (RM)				0.24	0.25	-2.6

Comments

Revenue up 19.8% YTD 3Q 2015 vs YTD 3Q 2014. Cookware sales improved nicely, led by better sales in Japan and Asia Pacific. Clad metal sales were also up over 20% YTD 3Q 2015.

Operating margins are stabilising; we expect them to remain above 5% for some time to come as capacity utilisation improves.

COMPETITOR'S METRICS (All figures in MYR mn unless otherwise indicated)

Current FY Ending	Ni Hsin Resources Bhd Dec-15	Cam Resources Dec-15
Revenue	48.3	209.1
Net Profit	3.0	3.0
Owners' Equity	61.0	103.0
Dividends	1.2	0.0
Market Cap	85.2	63.0
P-S (x)	1.8	0.3
P-E (x)	28.7	20.9
P-BV (x)	1.4	0.6
Div Yield (%)	1.4	0.0
Net Margins (%)	6.1	1.4
ROE (%)	4.9	2.9
Payout Ratio (%)	39.0	0.0
Debt/Equity (%)	18.0	68.0

*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	2013	2014	2015F	2016F
Revenue	55.2	40.7	48.3	60.3
Operating Profit	3.9	0.8	3.9	4.5
Other Income	0.0	0.0	0.0	0.0
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-2.7	-2.6	-2.8	-3.2
Finance Costs	-0.3	-0.2	-0.1	-0.2
Pre Tax Profit	3.6	0.6	3.7	4.3
Tax	-1.4	-0.5	-0.8	-1.1
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	2.4	0.1	3.0	3.2
Operating Margin (%)	7.2	1.9	8.0	7.4
PBT Margin (%)	6.6	1.4	7.7	7.1
Net Margin (%)	4.3	0.1	6.1	5.3
Effective Tax Rate (%)	37.4	90.0	20.6	25.0

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

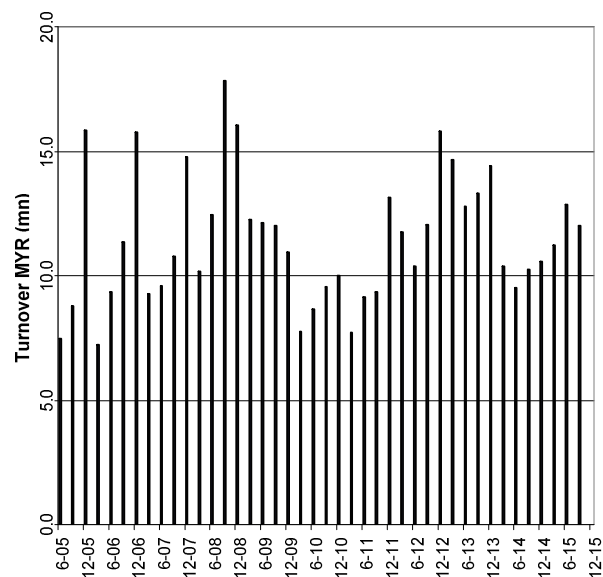
FY Dec	2013	2014	2015F	2016F
Total Assets	75.5	70.2	72.0	74.2
Fixed Assets	34.1	32.5	32.1	33.4
Current Assets	36.3	32.5	33.6	34.5
Other LT Assets	5.1	5.1	6.4	6.4
Current Liabilities	13.2	8.8	9.0	9.1
LT Liabilities	2.2	2.1	2.0	2.1
Total Liabilities	15.4	10.9	11.0	11.1
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	60.1	59.3	61.0	63.1
Total Equity	60.1	59.3	61.0	63.1
Total Liabilities & Equity	75.5	70.2	72.0	74.2

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

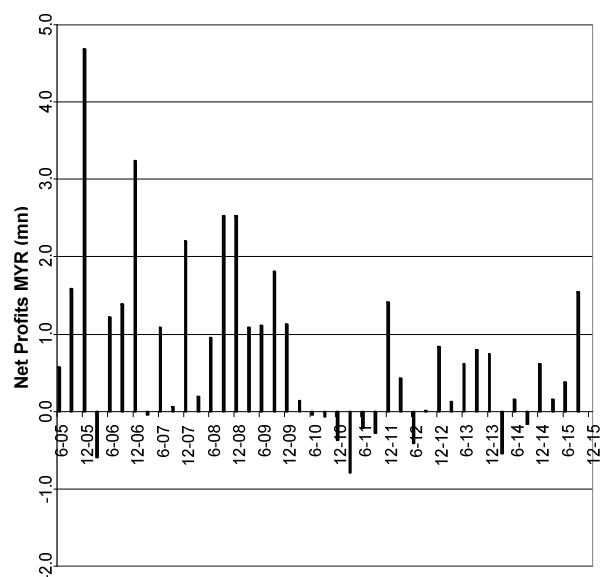
FY Dec	2013	2014	2015F	2016F
Revenue	23.3	17.2	20.4	25.5
Cash Flow	2.1	1.1	2.4	2.7
Earnings	1.0	0.0	1.3	1.4
Dividends	1.0	0.5	0.5	0.5
Book Value	25.4	25.0	25.8	26.7
Payout (%)	97.1	>100	39.0	35.9
P-S (x)	0.7	1.9	1.8	1.4
P-CF (x)	7.8	29.9	14.9	13.3
P-E (x)	16.4	>100	28.7	26.5
P-BV (x)	0.6	1.3	1.4	1.4
Dividend Yield (%)	5.9	1.5	1.4	1.4
ROE (%)	4.0	0.1	4.9	5.1
Total Debt/Equity (%)	25.6	18.4	18.0	17.7

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

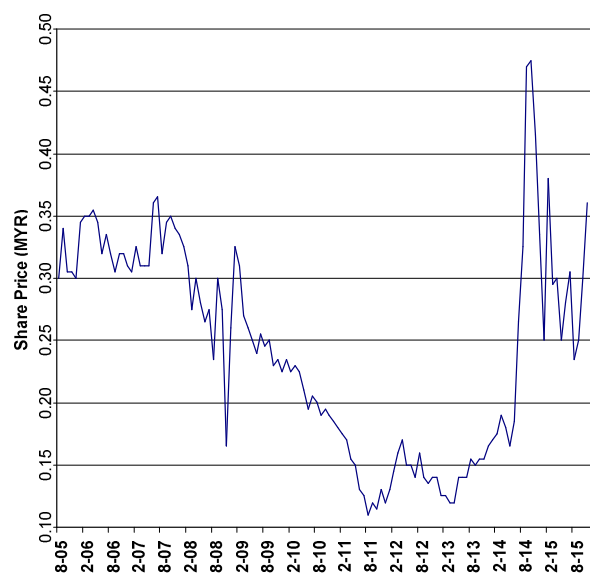
REVENUE - QUARTERLY LAST 10 YEARS (MYR mn)



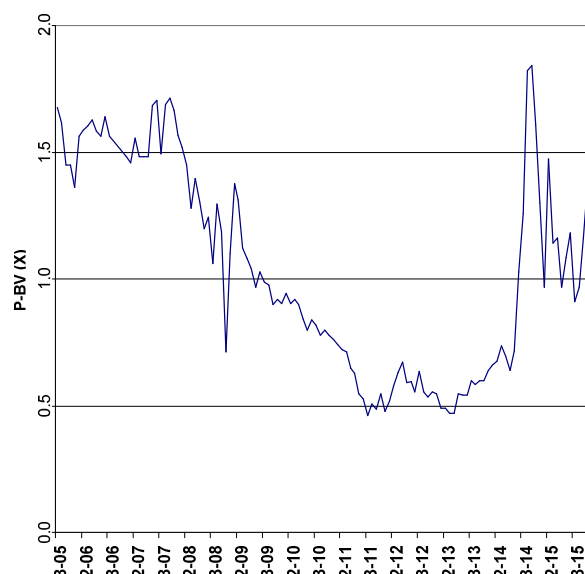
NET PROFIT - Q'TERLY LAST 10 YRS (MYR mn)



SHARE PRICE - MONTHLY - LAST 10 YEARS (MYR)



P-BV (X) - MONTHLY - LAST 10 YEARS



MALAYSIA EQUITY
NI HSIN RESOURCES BHD

SEGMENT RESULTS AND RECENT COMPANY NEWS

Sales By Segment

Cookware sales in all of NHR's major markets - Japan, Asia Pacific ex-Japan - have seen much better sales results YTD 3Q 2015 owing to the lower value of the MYR. Clad metal sales have also grown substantially, with only convex mirror sales dropping slightly.

Re-focusing on core competency in cookware manufacturing

On 23 November 2015 NHR signed a shareholders agreement with MyAngkasa Holdings Sdn Bhd to set up a joint-venture company (JVC) to market and distribute stainless steel cookware. NHR has a 70% stake and MyAngkasa Holdings 30% in the JVC called MyAngkasa Ni Hsin Sdn Bhd, which will market and distribute stainless steel cookware under the brand name of "Pentoli". The partners are eyeing RM10 million sales for the JVC by the end of 2016. MyAngkasa Holdings is a unit of National Cooperative Bhd (Angkasa), the apex body of the cooperative movement in Malaysia, which represents about 12,000 cooperatives nationwide. MyAngkasa Ni Hsin managing director Datin Ida Suzaini said the new brand has the potential to enter foreign markets, adding the company has targeted to make its debut in China by January next year. NHR managing director Chen Shien Yee believes the JVC will provide NHR with the opportunity to leverage on the customer network of Angkasa and help widen its reach to other markets. In line with this, he expects local sales to increase to 20% of the company's total sales by the end of next year, from 11% currently. At present, exports contribute about 89% to the company's sales.

MYR (000s)	FY 2012	FY 2013	FY 2014	FY 2015 E	FY 2016 E
Cookware	31,181	33,699	21,614	27,251	38,000
Convex Mirror	9,427	8,496	9,883	9,423	9,000
Clad Metal	15,505	22,366	17,853	24,216	29,059
Other	3,366	1,092	589	0	0
Rev. Including Inter-segment	59,479	65,653	49,939	60,890	76,059
Eliminations	-9,546	-10,503	-9,212	-12,765	-15,212
Total Revenue	49,933	55,150	40,727	48,125	60,847
Annual Change	25.5%	10.4%	-26.2%	18.2%	26.4%

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	Price At Recommendation	% 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%
NHR MK Equity	20-Feb-13	BUY	0.18	0.12	-11.1%
NHR MK Equity	22-May-13	HOLD	0.18	0.15	25.0%
NHR MK Equity	19-Aug-13	BUY	0.18	0.14	-10.0%
NHR MK Equity	18-Nov-13	BUY	0.19	0.16	14.8%
NHR MK Equity	26-Feb-14	BUY	0.21	0.18	16.1%
NHR MK Equity	21-May-14	HOLD	0.18	0.17	-5.6%
NHR MK Equity	21-Aug-14	HOLD	0.22	0.33	91.2%
NHR MK Equity	19-Nov-14	HOLD	0.22	0.45	38.5%
NHR MK Equity	16-Feb-15	HOLD	0.22	0.41	-10.0%
NHR MK Equity	21-May-15	HOLD	0.22	0.30	-27.2%
NHR MK Equity	19-Aug-15	BUY	0.22	0.26	-11.9%
NHR MK Equity	18-Nov-15	BUY	0.30	0.36	38.5%
Return Since Inception of Coverage					136.7%

**MALAYSIA EQUITY
NI HSIN RESOURCES BHD****ANALYST'S DISCLOSURE**

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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