Oil & Gas

Malaysia

Wah Seong (WSC MK)

FY15 results missed forecasts

SELL

Share Price	MYR 0.80
12m Price Target	MYR 0.56 (-30%)
Previous Price Target	*MYR 0.60*

Cut TP to MYR0.56 (-7%); SELL

Results came in below expectations on widening losses in 4Q15, which prompt a 6-32% cut in our FY16-17 earnings forecasts. We expect FY16 earnings to be weaker YoY amid a challenging market ahead. Depleting orders, replenishment risk and margin squeeze remain key concerns. Valuations continued to be demanding. Our revised TP is based on unchanged 10x 2017 PER.

Wider losses in 4Q15

WSC's headline net loss of MYR31m in 4Q15 comprised substantial one-off net losses of MYR21m, which came primarily from the impairment of its O&G assets (-MYR30m; compressor units). Excluding these one-offs, WSC remained loss making, with a core net loss of MYR10m (+13% QoQ). The widening QoQ loss in 4Q15 lowered its FY15 core earnings to MYR23m (-84% YoY). This accounted for just 74% of our full-year forecast.

O&G suffered, plantation continued to see red

The sub-par 4Q15 was mainly due to the lower pretax profit contribution from its O&G division. It suffered a substantial dip in its core pretax profit (-56% QoQ) on lower margins and flattish revenue, as the industry's cost cutting measures intensified due to the low oil price environment. Meanwhile, the plantation division continued to be in the red in 4Q15, for the 14th consecutive quarter. This was offset by earnings recovery at its industrial trading & services segment and higher pretax profit at its renewable energy division (+20% QoQ to MYR17m).

Challenging days ahead

We cut FY16/17 earnings forecasts by 6-32% to reflect lower margins/ workflows. WSC's orderbook continued to deplete (-8% QoQ) to MYR894m as at Dec 2015. Overall, we expect the adverse condition to persist as the industry continues to embark on cost reduction initiatives. The risk-reward outlook remains challenging with limited upside ahead. Valuations remain expensive post earnings revisions.

FYE Dec (MYR m)	FY14A	FY15A	FY16E	FY17E	FY18E
Revenue	2,439	1,840	1,605	1,750	1,805
EBITDA	297	143	126	167	168
Core net profit	145	23	20	44	45
Core EPS (sen)	18.8	2.9	2.6	5.6	5.8
Core EPS growth (%)	215.9	(84.4)	(10.4)	113.9	2.3
Net DPS (sen)	5.7	3.0	0.0	0.0	0.0
Core P/E (x)	4.2	27.2	30.4	14.2	13.9
P/BV (x)	0.6	0.6	0.5	0.5	0.5
Net dividend yield (%)	7.1	3.8	0.0	0.0	0.0
ROAE (%)	14.1	2.1	1.8	3.8	3.7
ROAA (%)	5.4	0.8	0.7	1.6	1.6
EV/EBITDA (x)	6.4	12.2	11.8	8.7	8.2
Net debt/equity (%)	71.7	80.4	67.1	60.1	52.0
Consensus net profit	-	-	66	78	na
MKE vs. Consensus (%)	-	-	(69.1)	(44.0)	na

Liaw Thong Jung
tjliaw@maybank-ib.com
(603) 2297 8688

Company description

An O&G company (pipe-coating, fabrication) with renewable energy, plantation and industrial trading & services complementing it

Statistics

Shariah status	Yes
52w high/low (MYR)	1.45/0.80
3m avg turnover (USDm)	0.1
Free float (%)	17.2
Issued shares (m)	779
Market capitalisation	MYR623.4M
	USD148M

Major shareholders:

TAN FAMILY	38.0%
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	32.8%
Employees Provident Fund	6.6%

Price Performance

	-1M	-3M	-12M
Absolute (%)	(5)	(25)	(41)
Relative to index (%)	(5)	(24)	(35)

Source: FactSet

Wah Seong: Summary results

	Quarterly results					Cumulative results		
FY Dec (MYR m)	**4Q15**	**4Q14**	***% YoY***	**3Q15**	***% QoQ***	**12M15**	**12M14**	***% YoY***
Turnover	448.1	711.5	*(37.0)*	407.6	*9.9*	1,839.5	2,438.6	*(24.6)*
Gross profit	58.2	165.7	*(64.9)*	68.4	*(14.9)*	262.7	485.7	*(45.9)*
EBIT	6.6	75.7	*(91.2)*	1.3	*424.1*	55.1	238.5	*(76.9)*
Interest expense	(7.1)	(5.7)	*25.2*	(7.0)	*0.8*	(25.1)	(20.9)	*20.1*
Associates	4.5	0.5	*NM*	7.9	*(42.8)*	19.0	0.7	*NM*
Exceptional item	(21.1)	(13.9)	*51.8*	12.0	*NM*	(13.3)	(19.8)	*(33.0)*
Pretax profit	**(17.0)**	**56.6**	***NM***	**14.2**	***NM***	**35.7**	**198.5**	***(82.0)***
Tax	(17.7)	(16.3)	*8.7*	(12.0)	*47.4*	(47.6)	(51.4)	*(7.4)*
Minority interest	3.4	(5.7)	*NM*	0.8	*330.6*	21.3	(21.5)	*NM*
Net profit	**(31.3)**	**34.6**	***NM***	**3.0**	***NM***	**9.5**	**125.6**	***(92.5)***
Net profit Ex EI	**(10.2)**	**48.5**	***NM***	**(9.0)**	***12.6***	**22.7**	**145.4**	***(84.4)***
	4Q15	**4Q14**	***+/-ppts***	**3Q15**	***+/-ppts***	**12M15**	**12M14**	***% YoY***
Gross margin (%)	13.0	23.3	*(10.3)*	16.8	*(3.8)*	14.3	19.9	*(5.6)*
EBIT margin (%)	1.5	10.6	*(9.2)*	0.3	*1.2*	3.0	9.8	*(6.8)*
Tax rate (%)	*(103.9)*	*28.8*	*(132.7)*	*84.7*	*(188.6)*	*133.2*	*25.9*	*107.4*
SEGMENTAL	**4Q15**	**4Q14**	***% YoY***	**3Q15**	***% QoQ***	**12M15**	**12M14**	***% YoY***
Turnover	**448.1**	**711.5**	***(37.0)***	**407.6**	***9.9***	**1,839.5**	**2,438.6**	***(24.6)***
- O&G	185.7	432.1	*(57.0)*	185.8	*(0.0)*	881.2	1,384.1	*(36.3)*
- Renewable Energy	110.4	96.4	*14.5*	88.3	*25.0*	360.7	342.5	*5.3*
- Industrial Trading & Svcs	131.3	151.3	*(13.2)*	119.2	*10.2*	534.3	594.4	*(10.1)*
- Others	20.6	31.8	*(35.2)*	14.3	*43.8*	63.3	117.7	*(46.2)*
Pretax profit	**(17.0)**	**56.6**	***(130.1)***	**14.2**	***NM***	**35.7**	**198.5**	***(82.0)***
- O&G	(38.6)	51.1	*NM*	39.4	*NM*	36.5	181.9	*(80.0)*
- Renewable Energy	17.1	19.1	*(10.6)*	14.3	*19.7*	55.7	62.0	*(10.1)*
- Industrial Trading & Svcs	2.2	0.1	*NM*	(2.0)	*NM*	2.5	6.6	*(62.9)*
- Plantation	(2.9)	(8.0)	*(64.3)*	(3.2)	*(10.0)*	(17.0)	(20.3)	*(16.1)*
- Others	5.2	(5.7)	*NM*	(42.4)	*NM*	(41.9)	(31.7)	*32.1*
	4Q15	**4Q14**	***+/-ppts***	**3Q15**	***+/-ppts***	**12M15**	**12M14**	***% YoY***
Pretax margin (%)	**(3.8)**	**7.9**	**(11.7)**	**3.5**	***(7.3)***	**1.9**	**8.1**	***(6.2)***
- O&G	(20.8)	11.8	(32.6)	21.2	(42.0)	4.1	13.1	(9.0)
- Renewable Energy	15.5	19.8	(4.3)	16.2	(0.7)	15.4	18.1	(2.7)
- Industrial Trading & Svcs	1.6	0.1	1.6	(1.7)	3.3	0.5	1.1	(0.7)

Source: Company, Maybank KE

FYE 31 Dec	FY14A	FY15A	FY16E	FY17E	FY18E
Key Metrics					
P/E (reported) (x)	4.9	65.5	30.4	14.2	13.9
Core P/E (x)	4.2	27.2	30.4	14.2	13.9
P/BV (x)	0.6	0.6	0.5	0.5	0.5
P/NTA (x)	0.5	0.5	0.5	0.5	0.5
Net dividend yield (%)	7.1	3.8	0.0	0.0	0.0
FCF yield (%)	nm	13.6	25.0	8.7	11.5
EV/EBITDA (x)	6.4	12.2	11.8	8.7	8.2
EV/EBIT (x)	7.9	31.7	30.3	16.1	15.2
INCOME STATEMENT (MYR m)					
Revenue	2,438.6	1,839.5	1,605.0	1,750.0	1,804.6
Gross profit	485.7	262.7	205.4	229.3	245.4
EBITDA	296.6	143.3	126.1	166.7	168.3
Depreciation	(77.9)	(88.3)	(77.0)	(77.0)	(77.0)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	238.5	55.1	49.1	89.7	91.3
Net interest income /(exp)	(20.9)	(25.1)	(21.7)	(20.3)	(20.0)
Associates & JV	0.7	19.0	9.6	9.6	9.6
Exceptionals	(19.8)	(13.3)	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	198.5	35.7	36.9	79.0	80.8
Income tax	(51.4)	(47.6)	(11.1)	(23.7)	(24.2)
Minorities	(21.5)	21.3	(5.5)	(11.8)	(12.0)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	125.6	9.5	20.4	43.5	44.5
Core net profit	145.4	22.7	20.4	43.5	44.5
BALANCE SHEET (MYR m)					
Cash & Short Term Investments	245.1	320.8	226.0	216.5	275.2
Accounts receivable	750.9	629.9	494.2	538.9	555.7
Inventory	204.5	247.4	145.9	145.8	138.8
Property, Plant & Equip (net)	966.6	897.7	875.7	853.7	831.7
Intangible assets	129.0	150.3	150.3	150.3	150.3
Investment in Associates & JVs	301.0	516.2	525.8	535.3	544.9
Other assets	304.3	236.9	236.9	236.9	236.9
Total assets	**2,901.3**	**2,999.2**	**2,654.7**	**2,677.4**	**2,733.5**
ST interest bearing debt	879.5	906.5	850.0	800.0	800.0
Accounts payable	519.8	463.1	342.1	373.0	384.7
LT interest bearing debt	136.3	315.9	135.0	121.5	109.4
Other liabilities	97.0	88.0	88.0	88.0	88.0
Total Liabilities	**1,633.0**	**1,773.8**	**1,415.3**	**1,382.7**	**1,382.2**
Shareholders Equity	1,075.0	1,121.9	1,130.4	1,173.9	1,218.5
Minority Interest	193.3	103.5	109.0	120.8	132.8
Total shareholder equity	**1,268.3**	**1,225.4**	**1,239.4**	**1,294.7**	**1,351.3**
Total liabilities and equity	**2,901.3**	**2,999.2**	**2,654.7**	**2,677.4**	**2,733.5**
CASH FLOW (MYR m)					
Pretax profit	198.5	35.7	36.9	79.0	80.8
Depreciation & amortisation	77.9	88.3	77.0	77.0	77.0
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	(178.6)	(2.1)	116.1	(13.7)	1.8
Cash taxes paid	(51.4)	(47.6)	(11.1)	(23.7)	(24.2)
Other operating cash flow	(0.7)	(19.0)	(9.6)	(9.6)	(9.6)
Cash flow from operations	40.6	168.0	209.4	109.1	125.9
Capex	(129.7)	(83.6)	(55.0)	(55.0)	(55.0)
Free cash flow	(89.1)	84.5	154.4	54.1	70.9
Dividends paid	(20.2)	(22.4)	(11.9)	0.0	0.0
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	186.4	206.6	(237.4)	(63.5)	(12.2)
Other invest/financing cash flow	(213.2)	(192.9)	0.0	0.0	0.0
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	(136.0)	75.7	(94.8)	(9.4)	58.7

FYE 31 Dec	FY14A	FY15A	FY16E	FY17E	FY18E
Key Ratios					
Growth ratios (%)					
Revenue growth	37.0	(24.6)	(12.7)	9.0	3.1
EBITDA growth	87.8	(51.7)	(12.1)	32.2	0.9
EBIT growth	142.1	(76.9)	(10.9)	82.9	1.7
Pretax growth	208.6	(82.0)	3.4	113.9	2.3
Reported net profit growth	288.5	(92.5)	115.3	113.9	2.3
Core net profit growth	219.8	(84.4)	(10.4)	113.9	2.3
Profitability ratios (%)					
EBITDA margin	12.2	7.8	7.9	9.5	9.3
EBIT margin	9.8	3.0	3.1	5.1	5.1
Pretax profit margin	8.1	1.9	2.3	4.5	4.5
Payout ratio	34.9	nm	0.0	0.0	0.0
DuPont analysis					
Net profit margin (%)	5.1	0.5	1.3	2.5	2.5
Revenue/Assets (x)	0.8	0.6	0.6	0.7	0.7
Assets/Equity (x)	2.7	2.7	2.3	2.3	2.2
ROAE (%)	14.1	2.1	1.8	3.8	3.7
ROAA (%)	5.4	0.8	0.7	1.6	1.6
Liquidity & Efficiency					
Cash conversion cycle	66.6	74.5	73.1	56.1	54.6
Days receivable outstanding	92.6	135.1	126.1	106.3	109.2
Days inventory outstanding	37.8	51.6	50.6	34.5	32.9
Days payables outstanding	63.7	112.2	103.6	84.6	87.5
Dividend cover (x)	2.9	0.4	nm	nm	nm
Current ratio (x)	0.9	1.0	0.8	0.9	0.9
Leverage & Expense Analysis					
Asset/Liability (x)	1.8	1.7	1.9	1.9	2.0
Net debt/equity (%)	71.7	80.4	67.1	60.1	52.0
Net interest cover (x)	11.4	2.2	2.3	4.4	4.6
Debt/EBITDA (x)	3.4	8.5	7.8	5.5	5.4
Capex/revenue (%)	5.3	4.5	3.4	3.1	3.0
Net debt/ (net cash)	770.7	901.6	759.0	705.0	634.1

Source: Company; Maybank

Research Offices

REGIONAL

Sadiq CURRIMBHOY
Regional Head, Research & Economics
(65) 6231 5836 sadiq@maybank-ke.com.sg

WONG Chew Hann, CA
Regional Head of Institutional Research
(603) 2297 8686 wchewh@maybank-ib.com

ONG Seng Yeow
Regional Head of Retail Research
(65) 6231 5839
ongsengyeow@maybank-ke.com.sg

TAN Sin Mui
Director of Research
(65) 6231 5849 sinmui@kimeng.com.hk

ECONOMICS

Suhaimi ILIAS
Chief Economist
Singapore | Malaysia
(603) 2297 8682 suhaimi_ilias@maybank-ib.com

Luz LORENZO
Philippines
(63) 2 849 8836
luz_lorenzo@maybank-atrke.com

Tim LEELAHAPHAN
Thailand
(66) 2658 6300 ext 1420
tim.l@maybank-ke.co.th

JUNIMAN
Chief Economist, BII
Indonesia
(62) 21 29228888 ext 29682
Juniman@bankbii.com

STRATEGY

Sadiq CURRIMBHOY
Global Strategist
(65) 6231 5836 sadiq@maybank-ke.com.sg

Willie CHAN
Hong Kong / Regional
(852) 2268 0631 williechan@kimeng.com.hk

MALAYSIA

WONG Chew Hann, CA *Head of Research*
(603) 2297 8686 wchewh@maybank-ib.com
• Strategy

Desmond CH'NG, ACA
(603) 2297 8680
desmond.chng@maybank-ib.com
• Banking & Finance

LIAW Thong Jung
(603) 2297 8688 tjliaw@maybank-ib.com
• Oil & Gas Services- Regional

ONG Chee Ting, CA
(603) 2297 8678 ct.ong@maybank-ib.com
• Plantations - Regional

Mohshin AZIZ
(603) 2297 8692 mohshin.aziz@maybank-ib.com
• Aviation - Regional • Petrochem

YIN Shao Yang, CPA
(603) 2297 8916 samuel.y@maybank-ib.com
• Gaming - Regional • Media

TAN Chi Wei, CFA
(603) 2297 8690 chiwei.t@maybank-ib.com
• Power • Telcos

WONG Wei Sum, CFA
(603) 2297 8679 weisum@maybank-ib.com
• Property

LEE Yen Ling
(603) 2297 8691 lee.yl@maybank-ib.com
• Building Materials • Glove • Ports • Shipping

CHAI Li Shin, CFA
(603) 2297 8684 lishin.c@maybank-ib.com
• Plantation • Construction & Infrastructure

Ivan YAP
(603) 2297 8612 ivan.yap@maybank-ib.com
• Automotive • Semiconductor • Technology

Kevin WONG
(603) 2082 6824 kevin.wong@maybank-ib.com
• REITs • Consumer Discretionary

LIEW Wei Han
(603) 2297 8676 weihan.l@maybank-ib.com
• Consumer Staples

LEE Cheng Hooi *Regional Chartist*
(603) 2297 8694
chenghooi.lee@maybank-ib.com

Tee Sze Chiah *Head of Retail Research*
(603) 2297 6858 szechiah.t@maybank-ib.com

Cheah Chong Ling
(603) 2297 8767 chongling.c@maybank-ib.com

HONG KONG / CHINA

Howard WONG *Head of Research*
(852) 2268 0648
howardwong@kimeng.com.hk
• Oil & Gas - *Regional*

Benjamin HO
(852) 2268 0632 benjaminho@kimeng.com.hk
• Consumer & Auto

Jacqueline KO, CFA
(852) 2268 0633 jacquelineko@kimeng.com.hk
• Consumer Staples & Durables

Ka Leong LO, CFA
(852) 2268 0630 kllo@kimeng.com.hk
• Consumer Discretionary & Auto

Mitchell KIM
(852) 2268 0634 mitchellkim@kimeng.com.hk
• Internet & Telcos

Stefan CHANG, CFA
(852) 2268 0675
stefanchang@kimeng.com.hk
• Technology

Warren LAU
(852) 2268 0644
warrenlau@kimeng.com.hk
• Technology - *Regional*

INDIA

Jigar SHAH *Head of Research*
(91) 22 6623 2632 jigar@maybank-ke.co.in
• Oil & Gas • Automobile • Cement

Anubhav GUPTA
(91) 22 6623 2605 anubhav@maybank-ke.co.in
• Metal & Mining • Capital Goods • Property

Vishal MODI
(91) 22 6623 2607 vishal@maybank-ke.co.in
• Banking & Financials

Abhijeet KUNDU
(91) 22 6623 2628 abhijeet@maybank-ke.co.in
• Consumer

Neerav DALAL
(91) 22 6623 2606 neerav@maybank-ke.co.in
• Software Technology • Telcos

SINGAPORE

Gregory YAP
(65) 6231 5848 gyap@maybank-ke.com.sg
• SMID Caps
• Technology & Manufacturing • Telcos

YEAK Chee Keong, CFA
(65) 6231 5842
yeakcheekeong@maybank-ke.com.sg
• Offshore & Marine

Derrick HENG, CFA
(65) 6231 5843 derrickheng@maybank-ke.com.sg
• Transport • Property • REITs (Office)

Joshua TAN
(65) 6231 5850 joshuatan@maybank-ke.com.sg
• REITs (Retail, Industrial)

John CHEONG, CFA
(65) 6231 5845 johncheong@maybank-ke.com.sg
• Small & Mid Caps • Healthcare

Ng Li Hiang
(65) 6231 5840 nglihiang@maybank-ke.com.sg
• Banks

INDONESIA

Isnaputra ISKANDAR *Head of Research*
(62) 21 2557 1129
isnaputra.iskandar@maybank-ke.co.id
• Strategy • Metals & Mining • Cement

Rahmi MARINA
(62) 21 2557 1128
rahmi.marina@maybank-ke.co.id
• Banking & Finance

Aurellia SETIABUDI
(62) 21 2953 0785
aurellia.setiabudi@maybank-ke.co.id
• Property

Pandu ANUGRAH
(62) 21 2557 1137
pandu.anugrah@maybank-ke.co.id
• Infra • Construction • Transport• Telcos

Janni ASMAN
(62) 21 2953 0784
janni.asman@maybank-ke.co.id
• Cigarette • Healthcare • Retail

Adhi TASMIN
(62) 21 2557 1209
adhi.tasmin@maybank-ke.co.id
• Plantations

Anthony LUKMAWIJAYA
(62) 21 2557 1126
anthony.lukmawijaya@maybank-ke.co.id
• Aviation

PHILIPPINES

Luz LORENZO *Head of Research*
(63) 2 849 8836
luz_lorenzo@maybank-atrke.com
• Strategy
• Utilities • Conglomerates • Telcos

Lovell SARREAL
(63) 2 849 8841
lovell_sarreal@maybank-atrke.com
• Consumer • Media • Cement

Rommel RODRIGO
(63) 2 849 8839
rommel_rodrigo@maybank-atrke.com
• Conglomerates • Property • Gaming
• Ports/ Logistics

Katherine TAN
(63) 2 849 8843
kat_tan@maybank-atrke.com
• Banks • Construction

Michael BENGSON
(63) 2 849 8840
michael_bengson@maybank-atrke.com
• Conglomerates

Jaclyn JIMENEZ
(63) 2 849 8842
jaclyn_jimenez@maybank-atrke.com
• Consumer

Arabelle MAGHIRANG
(63) 2 849 8838
arabelle_maghirang@maybank-atrke.com
• Banks

THAILAND

Maria LAPIZ *Head of Institutional Research*
Dir (66) 2257 0250 | (66) 2658 6300 ext 1399
Maria.L@maybank-ke.co.th
• Consumer • Materials • Ind. Estates

Sittichai DUANGRATTANACHAYA
(66) 2658 6300 ext 1393
Sittichai.D@maybank-ke.co.th
• Services Sector • Transport

Yupapan POLPORNPRASERT
(66) 2658 6300 ext 1394
yupapan.p@maybank-ke.co.th
• Oil & Gas

Tanawat RUENBANTERNG
(66) 2658 6300 ext 1395
Tanawat.R@maybank-ke.co.th
• Banks & Diversified Financials

Sukit UDOMSIRIKUL *Head of Retail Research*
(66) 2658 6300 ext 5090
Sukit.u@maybank-ke.co.th

Mayuree CHOWVIKRAN
(66) 2658 6300 ext 1440
mayuree.c@maybank-ke.co.th
• Strategy

Padon VANNARAT
(66) 2658 6300 ext 1450
Padon.v@maybank-ke.co.th
• Strategy

Surachai PRAMUALCHAROENKIT
(66) 2658 6300 ext 1470
Surachai.p@maybank-ke.co.th
• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB
(66) 2658 6300 ext 1430
suttatip.p@maybank-ke.co.th
• Media • Commerce

Sutthichai KUMWORACHAI
(66) 2658 6300 ext 1400
sutthichai.k@maybank-ke.co.th
• Energy • Petrochem

Termporn TANTIVIVAT
(66) 2658 6300 ext 1520
termporn.t@maybank-ke.co.th
• Property

Jaroonpan WATTANAWONG
(66) 2658 6300 ext 1404
jaroonpan.w@maybank-ke.co.th
• Transportation • Small cap

VIETNAM

LE Hong Lien, ACCA
Head of Institutional Research
(84) 8 44 555 888 x 8181
lien.le@maybank-kimeng.com.vn
• Strategy • Consumer • Diversified • Utilities

THAI Quang Trung, CFA, Deputy Manager, Institutional Research
(84) 8 44 555 888 x 8180
trung.thai@maybank-kimeng.com.vn
• Real Estate • Construction • Materials

Le Nguyen Nhat Chuyen
(84) 8 44 555 888 x 8082
chuyen.le@maybank-kimeng.com.vn
• Oil & Gas

NGUYEN Thi Ngan Tuyen, *Head of Retail Research*
(84) 8 44 555 888 x 8081
tuyen.nguyen@maybank-kimeng.com.vn
• Food & Beverage • Oil&Gas • Banking

TRINH Thi Ngoc Diep
(84) 4 44 555 888 x 8208
diep.trinh@maybank-kimeng.com.vn
• Technology • Utilities • Construction

PHAM Nhat Bich
(84) 8 44 555 888 x 8083
bich.pham@maybank-kimeng.com.vn
• Consumer • Manufacturing • Fishery

NGUYEN Thi Sony Tra Mi
(84) 8 44 555 888 x 8084
mi.nguyen@maybank-kimeng.com.vn
• Port operation • Pharmaceutical
• Food & Beverage

TRUONG Quang Binh
(84) 4 44 555 888 x 8087
binh.truong@maybank-kimeng.com.vn
• Rubber plantation • Tyres and Tubes • Oil&Gas

APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "MKE") and consequently no representation is made as to the accuracy or completeness of this report by MKE and it should not be relied upon as such. Accordingly, MKE and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. MKE expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

MKE and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. MKE may, to the extent permitted by law, act upon or use the information presented herein, or the research or analysis on which they are based, before the material is published. One or more directors, officers and/or employees of MKE may be a director of the issuers of the securities mentioned in this report.

This report is prepared for the use of MKE's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MKE and MKE and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Kim Eng Research Pte. Ltd. ("Maybank KERPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact Maybank KERPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), Maybank KERPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

Thailand

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. Maybank Kim Eng Securities (Thailand) Public Company Limited ("MBKET") does not confirm nor certify the accuracy of such survey result.

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of MBKET. MBKET accepts no liability whatsoever for the actions of third parties in this respect.

US

This research report prepared by MKE is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Maybank Kim Eng Securities USA Inc ("Maybank KESUSA"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Maybank KESUSA in the US shall be borne by Maybank KESUSA. All resulting transactions by a US person or entity should be effected through a registered broker-dealer in the US. This report is not directed at you if MKE is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Maybank KESUSA is permitted to provide research material concerning investments to you under relevant legislation and regulations.

UK

This document is being distributed by Maybank Kim Eng Securities (London) Ltd ("Maybank KESL") which is authorized and regulated, by the Financial Services Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES

Legal Entities Disclosures

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938-H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This material is issued and distributed in Singapore by Maybank KERPL (Co. Reg No 197201256N) which is regulated by the Monetary Authority of Singapore. **Indonesia**: PT Kim Eng Securities ("PTKES") (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the BAPEPAM LK. **Thailand:** MBKET (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank ATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Kim Eng Securities JSC (License Number: 71/UBCK-GP) is licensed under the State Securities Commission of Vietnam.**Hong Kong**: KESHK (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** Kim Eng Securities India Private Limited ("KESI") is a participant of the National Stock Exchange of India Limited (Reg No: INF/INB 231452435) and the Bombay Stock Exchange (Reg. No. INF/INB 011452431) and is regulated by Securities and Exchange Board of India. KESI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) **US:** Maybank KESUSA is a member of/ and is authorized and regulated by the FINRA – Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Services Authority.

Disclosure of Interest

Malaysia: MKE and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 1 March 2016, Maybank KERPL and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MBKET may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MBKET, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: KESHK may have financial interests in relation to an issuer or a new listing applicant referred to as defined by the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

As of 1 March 2016, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

MKE may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

OTHERS

Analyst Certification of Independence

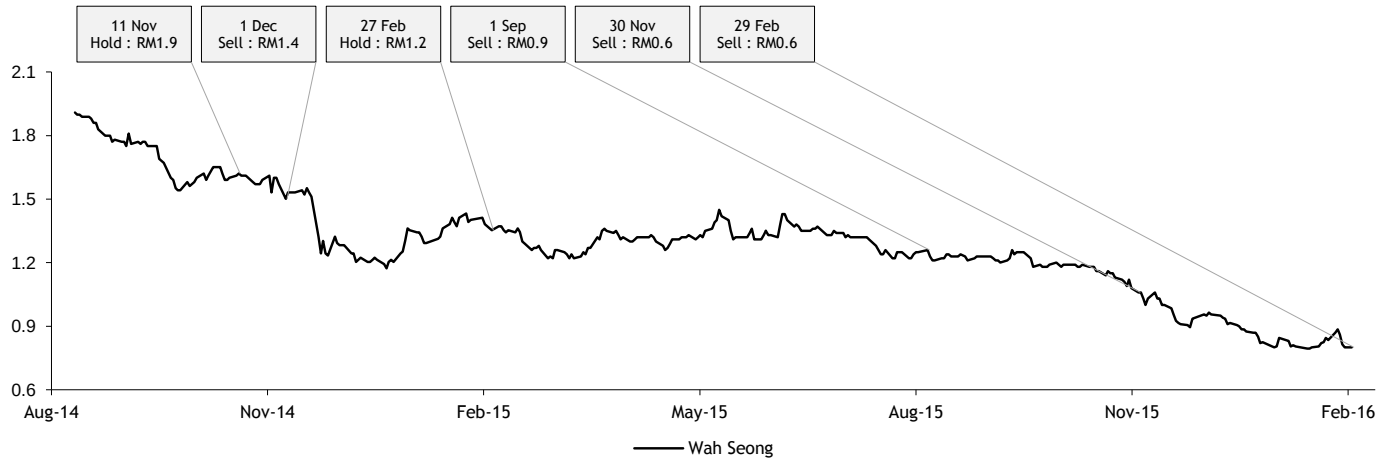
The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of MKE.

Historical recommendations and target price: Wah Seong (WSC MK)



Definition of Ratings

Maybank Kim Eng Research uses the following rating system

BUY	Return is expected to be above 10% in the next 12 months (excluding dividends)
HOLD	Return is expected to be between - 10% to +10% in the next 12 months (excluding dividends)
SELL	Return is expected to be below -10% in the next 12 months (excluding dividends)

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

Malaysia
Maybank Investment Bank Berhad
(A Participating Organisation of
Bursa Malaysia Securities Berhad)
33rd Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur
Tel: (603) 2059 1888;
Fax: (603) 2078 4194

Stockbroking Business:
Level 8, Tower C, Dataran Maybank,
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (603) 2297 8888
Fax: (603) 2282 5136

Singapore
Maybank Kim Eng Securities Pte Ltd
Maybank Kim Eng Research Pte Ltd
50 North Canal Road
Singapore 059304

Tel: (65) 6336 9090

London
Maybank Kim Eng Securities (London) Ltd
5th Floor, Aldermary House
10-15 Queen Street
London EC4N 1TX, UK

Tel: (44) 20 7332 0221
Fax: (44) 20 7332 0302

New York
Maybank Kim Eng Securities USA Inc
777 Third Avenue, 21st Floor
New York, NY 10017, U.S.A.

Tel: (212) 688 8886
Fax: (212) 688 3500

Hong Kong
Kim Eng Securities (HK) Ltd
Level 30,
Three Pacific Place,
1 Queen's Road East,
Hong Kong

Tel: (852) 2268 0800
Fax: (852) 2877 0104

Indonesia
PT Maybank Kim Eng Securities
Plaza Bapindo
Citibank Tower 17th Floor
Jl Jend. Sudirman Kav. 54-55
Jakarta 12190, Indonesia

Tel: (62) 21 2557 1188
Fax: (62) 21 2557 1189

India
Kim Eng Securities India Pvt Ltd
2nd Floor, The International 16,
Maharishi Karve Road,
Churchgate Station,
Mumbai City - 400 020, India

Tel: (91) 22 6623 2600
Fax: (91) 22 6623 2604

Philippines
Maybank ATR Kim Eng Securities Inc.
17/F, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines 1200

Tel: (63) 2 849 8888
Fax: (63) 2 848 5738

Thailand
Maybank Kim Eng Securities (Thailand) Public Company Limited
999/9 The Offices at Central World,
20th - 21st Floor,
Rama 1 Road Pathumwan,
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)
Tel: (66) 2 658 6801 (research)

Vietnam
Maybank Kim Eng Securities Limited
4A-15+16 Floor Vincom Center Dong
Khoi, 72 Le Thanh Ton St. District 1
Ho Chi Minh City, Vietnam

Tel : (84) 844 555 888
Fax : (84) 8 38 271 030

Saudi Arabia
In association with
Anfaal Capital
Villa 47, Tujjar Jeddah
Prince Mohammed bin Abdulaziz
Street P.O. Box 126575
Jeddah 21352

Tel: (966) 2 6068686
Fax: (966) 26068787

South Asia Sales Trading
Kevin Foy
Regional Head Sales Trading
kevinfoy@maybank-ke.com.sg
Tel: (65) 6336-5157
US Toll Free: 1-866-406-7447

Malaysia
Rommel Jacob
rommeljacob@maybank-ib.com
Tel: (603) 2717 5152

Indonesia
Harianto Liong
harianto.liong@maybank-ke.co.id
Tel: (62) 21 2557 1177

New York
Andrew Dacey
adacey@maybank-keusa.com
Tel: (212) 688 2956

Vietnam
Tien Nguyen
thuytien.nguyen@maybank-kimeng.com.vn
Tel: (84) 44 555 888 x8079

North Asia Sales Trading
Andrew Lee
andrewlee@kimeng.com.hk
Tel: (852) 2268 0283
US Toll Free: 1 877 837 7635

Thailand
Tanasak Krishnasreni
Tanasak.K@maybank-ke.co.th
Tel: (66)2 658 6820

India
Manish Modi
manish@maybank-ke.co.in
Tel: (91)-22-6623-2601

Philippines
Keith Roy
keith_roy@maybank-atrke.com
Tel: (63) 2 848-5288

www.maybank-ke.com | www.maybank-keresearch.com