

CONSTRUCTION

Get Ready For 11MP Booster

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OVERWEIGHT



We reiterate OVERWEIGHT on the Construction sector. Lending support to our bullish view is the announcement of 11th Malaysia Plan (11MP), in less than two months, which is crucial being the last leg of the country's vision to become a high-income nation in 2020. It is also the last 5-year chapter of the Economic Transformation Programme (ETP) that was announced back in 2010. Hence, we believe the government will most likely announce remaining projects that are yet to be implemented in ETP so far in the 11MP announcement. In terms of beneficiaries, by large, we reckon the whole sector will benefit in general leading to a sector's rerating. This is historically backed by the stellar performance of KL Construction Index after the government announced both 9MP and 10MP in 2006 and 2010, respectively. Among the mega projects we expect the government to announce in 11MP are: (i) KL-Singapore High-Speed Rail (RM40.0b), (ii) Kampung Baru Redevelopment (RM61.0b), (iii) Bandar Malaysia (RM50.0b), (iv) MRT Line 2 and 3 (RM50.0b), new highways (RM20.0b), and LRT3 (RM9.0b). While all these mega projects may not be executed immediately in the near-term, we could still see more job flows in the next 3-6 months. Above all, given the mixed set of results in the latest reporting quarter, we continue advocating investors to be selective, i.e. pick contractors that: (i) has strong orderbook, (ii) face minimal earnings risk i.e. high probability of meeting new orderbook replenishment expectations and sustainable margins, (iii) will benefit from the news/contract flows in 2015, and (v) have compelling valuations. Our top pick for big caps is IJM (OP; TP: RM8.00) and MMCCORP (OP; TP: RM3.03). Meanwhile for mid-small cap pick, we pick MITRA (TB; FV: RM2.37).



The KL Construction Index (+6.9% YTD) has continued outperforming the FBMKLCI (-3.4% YTD). This time around, BENALEC was the top gainer (+42.5% YTD) amongst all contractors in our universe, thanks to the announcement of Tg Piai's project getting the DEIA approval. Second runner-up was MUHIBAH, up 13.9% on a rebound play after being hit by oil prices plunged last year. Meanwhile, WCT (-7.6%) and NAIM (-6.0%) were the top losers in our construction space so far dragged down by disappointing earnings.

Major news/events in 1Q15 vs. expectations. Amongst the major events that happened in 1Q15, which were within expectations are: (i) six contractors have been shortlisted for PDP role in the RM9.0b LRT3, and (ii) RAPID sub-contract works being dishd out again (Muhibbah). Meanwhile, few unexpected events in

1Q15 were: (i) MRT2 re-alignment which will cause a slight delay for the project for another 3-6 months, and (ii) Selangor state government decided to cancel Kidex highway. We also expected the RM700.0m Phase 2 of Kuching Wastewater Treatment Plant to be dishd out in 1Q15 which did not materialize.

Quarterly earnings review and outlook. To recap, 4Q14 results season were mixed where from 10 stocks under our coverage, 30.0% were within, 30.0% above, and the remaining 40.0% below expectations. This time around, 4 stocks (NAIM, WCT, HSL, and MUHIBAH) were below expectations. They were largely hit by low construction margins and weak property numbers. Going forward, we reaffirm our view that contractors with weak margins or exposure to the property market may see greater earnings risks. Although we have already imputed in the risks in our earnings models, i.e. conservative assumptions on construction margins and lower property sales, we still remain cautious due to their persistent earnings disappointments. Earnings-growth-wise, we estimate aggregate earnings for construction stocks under our coverage to grow by 11.0% and 10.1% in FY15 and FY16, respectively.

Getting ready for 11MP. Prime Minister is expected to announce 11MP in May 2015. Hence, it is now less than 2 months away to the announcement. The 11MP is crucial for the country as it is the last leg of the country's dream to become a high-income nation in 2020. It is also the last 5-year chapter of the Economic Transformation Programme that was announced back in 2010. Hence, we believe the government will most likely announce the remaining projects that have yet to be implemented in ETP so far such as: (i) KL-Singapore High-Speed Rail (RM40.0b), (ii) Kampung Baru Redevelopment (RM61.0b), (iii) Bandar Malaysia (RM50.0b), (iv) MRT Line 2 and 3 (RM50.0b), new highways (RM20.0b) and LRT3 (RM9.0b).

03 April 2015

11MP announcement to boost sector valuation? We gather from the latest two Malaysian Plans (10MP and 9MP), the sector performed positively after the announcements. For example, when the government announced 10MP on 10 June 2010, the KL Construction Index actually performed positively, went up by 6.9% within 3 months and 20.9% within 12 months of the announcement. Meanwhile, for 9MP, the index also gained by 4.1% to as high as 83.7% over the next 3-12 months after the announcement. Based on this particular analysis, and the high likelihood that history will repeat itself, we would not be surprised should the sector be re-rated upwards after the announcement. Valuation-wise, currently KL Construction Index is still hovering at its mean level (13.6x Fwd PER), since May 2014. With the imminent 11MP backing the sector, we believe it is justified for the sector's valuation to move up at least 1 standard deviation above its mean. Recall, the sector's valuation touched as high as +2 SD (17.4x) when the government announced the 10MP in 2010.

KLCON Index Price Change After Announcement of Malaysia Plans

KL CONSTRUCTION INDEX PRICE CHANGE AFTER ANNOUNCEMENT OF MALAYSIA PLANS

	3month	6 month	12 month
10MP	+6.9%	+19.3%	+20.9%
9MP	+4.1%	+11.6%	+83.7%

Source: Bloomberg, Kenanga Research

Who will benefit from 11MP? By large, the whole sector should benefit from the 11MP. In specific, the MRT1 contractors that already have exposure in MRT project should benefit from MRT2 and MRT3. Meanwhile, contractors with expertise in site preparation and earthworks such as WCT and GADANG will benefit from the initial stage of construction of Bandar Malaysia and Kg Baru redevelopment. Meanwhile highways construction jobs such as Senawang-KLIA Expressway, SKIP, SUKE and DASH will also benefit highway builders namely IJM, GAMUDA, WCT, BPURI, AZRB, MRCB, GADANG, MUHIBAH, MUDAJYA and PESONA. As for more specialized works such as segmental box girders, piling jobs and structural steel works (super structure building), SENDAI, KIMLUN, PTARAS and ECONBHD should benefit. As for building-related works, IJM, WCT, MITRA and KIMLUN have more chances of securing some packages in mixed development projects.

What to expect in the next 3-6 months? While all these mega projects under 11MP may not be executed immediately in the near-term, we believe there are still more job flows in the next 3-6 months. We expect few projects to be awarded by this year namely: (i) KL118 (RM2.0b), PDP role of LRT3 (RM9.0b), (ii) PDP role of Penang ITMP (RM27.0b), (iii) Pan Borneo Highway packages (RM27.0b) and (iv) WCE highway open tender packages (RM2.2b). Among the names likely to benefit from these job flows are: IJM, WCT, SUNWAY, GAMUDA, GADANG, HSL and NAIM.

What stock to pick? Above all, due to the mixed set of contractors' results we continue to advocate investors to be selective, i.e. pick contractors that: (i) have strong orderbook, (ii) face minimal earnings risk i.e. high probability of meeting new orderbook replenishment expectations and sustainable margins, (iii) will benefit from the news/contract flows in 2015, and (v) have compelling valuations.

Raising sector's valuation benchmark. With 11MP in the offing, we are now raising sector's valuation parameter to a maximum of +1SD. **For big-cap, the target PER is now 18x from 16x-17x previously. Meanwhile, for small-mid cap, valuations are from 10x to a maximum of 14x (from 8-12x previously) depending on earnings delivery quality and margins.**

Due to this, we maintain OUTPERFORM calls with higher TPs for IJM (from RM7.73 to RM8.00), and WCT (from RM1.75 to RM1.86), respectively. We also upgrade KIMLUN to OUTPERFORM from MARKET PERFORM with higher TP of RM1.53 from RM1.30 previously. Meanwhile, for On Our Radar stock, we raised MITRA's fair value to RM2.37 (from RM1.94). We were previously assigning lower-mid end valuation to these stocks. (Refer valuation justification tables towards the end of the report for more details).

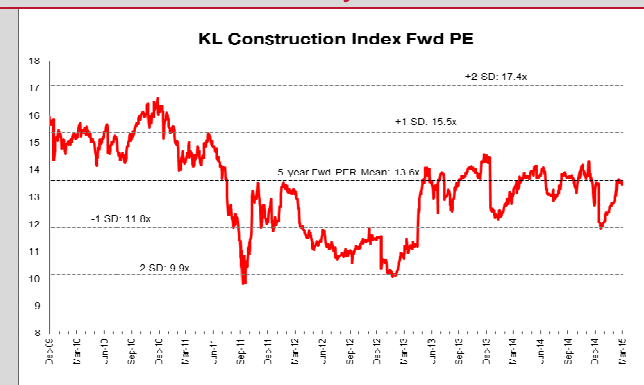
YTD Share Prices Performance (within our coverage) (Price as at 20th March 2015)

NAME	YTD (%)	Rating	Target Price (RM)
BENALEC HOLDINGS BHD	42.48%	Market Perform	0.83
MUHIBBAH ENGINEERING (M) BHD	13.90%	Outperform	2.80
IJM CORP BHD	10.05%	Outperform	8.00
KIMLUN CORP BHD	9.24%	Outperform	1.53
HOCK SENG LEE BERHAD	4.12%	Outperform	2.02
GAMUDA BHD	2.99%	Market Perform	5.29
MMC CORP BHD	0.42%	Outperform	3.03
EVERSENDAI CORP BHD	0.00%	Outperform	0.90
NAIM HOLDINGS BERHAD	-6.04%	Market Perform	2.82
WCT HOLDINGS BHD	-7.55%	Outperform	1.86

Source: Kenanga Research

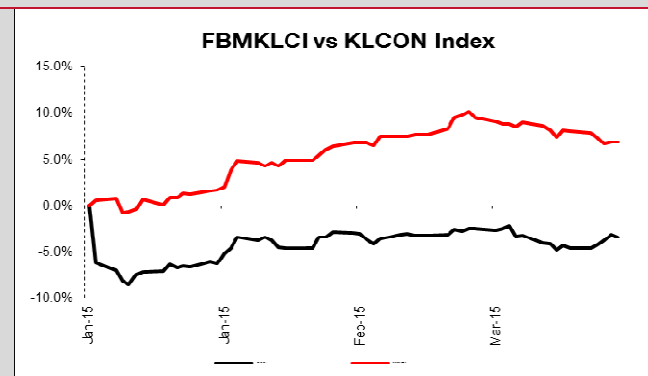
03 April 2015

Chart 1: KL Construction's 5-year Fwd-PER



Source: Kenanga Research

Chart 2: KL Construction Relative Performance



All in, we reiterate **OVERWEIGHT** on the Construction sector. We believe the sector's prospect in the near-medium-term remains bright, buoyed by the impending 11MP announcement and big contract flows in the near-term. **We have OUTPERFORM** calls on **IJM (TP: RM8.00)**, **MMCCORP (TP: RM3.03)**, **MUHIHAH (TP: RM2.80)**, **HSL (OP; TP: RM2.02)**, **WCT (TP: RM1.86)**, **SENDAI (TP: RM0.90)** and **KIMLUN (TP: RM1.53)**. Meanwhile, our **MARKET PERFORM** calls are **GAMUDA (TP: RM5.29)**, **NAIM (TP: RM2.82)**, and **BENALEC (TP: RM0.83)**.

Risks to our calls include: (i) negative news flow with regards to delay in executions, scrapping of government projects, which will dent investors' sentiment, hence resulting in discounted valuations, (ii), lower-than-expected new contract wins, and (iii) earnings disappointments.

Summary of Stock Picks...

We switch our Top Pick for big cap to IJM (OP; TP: RM8.00) from GAMUDA (MP; TP: RM5.29). We like IJM as the group is in the midst of entering a new phase of growth as most of its major drivers are in "earnings expansion mode" given: (i) a fat construction orderbook of RM7.0b which will provide 5-year earnings visibility, and (ii) the completion of IJM Land's privatisation exercise, which will boost its net profit by another 20% in FY16 after including the MI contributions. Furthermore, IJM is expected to be one of the beneficiaries of the coming 11MP given the fact that it is one of the shortlisted bidders for the RM2.0b KL118 tower. IJM may also participate in buildings, infrastructure and highway jobs slated under 11MP.

We also continue to like MMCCORP (OP; TP: RM3.03) due to M&A play as: (i) recent announcement indicated that the Malakoff IPO will happen in 2Q15. Post-Malakoff IPO, MMCCORP's net gearing will be substantially reduced and earnings will improve as a result of interest savings, (ii) our SoP for MMCCORP only valued Malakoff at RM6.9b, implying 12.3x FY15E PER. If Malakoff's IPO price is based on RM1.80 (as illustrated in circular to shareholders), our valuation for Malakoff will be revised upwards to RM9.0b, resulting in upwards revision in our MMCCORP's TP to RM3.31, and (iii) MMCCORP could be a laggard play after being appointed PDP for MRT2.

For small-mid cap picks, we prefer Mitrajaya Holdings (MITRA, TB; FV: RM2.37) we reckon that this under-researched stock is one of the small-cap stocks that have strong earnings growth visibility coupled with compelling prospects. Firstly, MITRA's orderbook is hitting an all-time high i.e. RM1.9b vs historical of RM300.0m-RM500.0m. Secondly, earnings are expected to enter an even higher base i.e. from RM53.0m in FY14 to RM85.0m in FY15E driven by strong orderbook. Thirdly, MITRA's construction margins are above industry's average. Moreover, MITRA is expected to benefit from 11MP as it is one of the capable contractors in constructing government buildings and property (PR1MA) as well as LRT stations. Valuation-wise, it is currently trading at FY15E PER of 7.9x, below our small-mid cap peers' range of 8-14x PER. Along with 11MP play, we believe MITRA deserve higher valuation due to its compelling prospects. Maintain **TRADING BUY** with higher TP of RM2.37 (from RM1.94) based on FY15E PER of 11.0x (from 9.0x previously).

03 April 2015

Sum-Of-Parts Valuation-IJM Corporation Berhad						
	Stake(%)	Mkt Cap/value	WACC (%)	PE(x)	Value (RMm)	Value per share (RMm)
Construction	100%	133.0		18	2,393.5	1.46
Infrastructure	mix	4,333.8	8%		4,333.8	2.64
Industrial	100%	1,650.0	1.5x BV		1,650.0	1.00
Property	100%	5,136.9	Kenanga		5,136.9	3.12
Plantation	55%	2,862.1	Kenanga		1,574.1	0.96
KEuro	22%	1,584.5			343.8	0.21
Total					15,432.3	9.39
Net debts					(2,280.0)	(1.39)
Net value						8.00
Fair value						8.00
Source: Kenanga Research						

Sum-of-Parts Valuation				
Assets	Total Value RM	% stake	Value	Remarks
Ports and Logistics				
PTP	2,602.6	70%	1,821.8	1.5x PBV
Johor Port	1,244.0	100%	1,244.0	1.0x PBV
SMART Tunnel	490.99	50%	245.5	NPV (IRR: 12%)
NCB Holdings Bhd	1,411.19	16%	222.0	Acquisition costs (1.01x PBV)
Energy & Utilities				
Malakoff	6,911.0	51%	3,524.6	DCF (WACC 8.5%)
Gas Malaysia	2,850.5	41%	1,160.1	Kenanga Fair Value of RM2.22
Aliran Ihsan Resources Bhd	120.6	63%	75.8	Book Value
Engineering & Construction				
Construction Division	2,878.2	Various	2,878.2	FY15 PER of 18x
MMC-Gamuda MRT1 (PDP)	958.57	50%	479.3	NPV (10%, 5 years)
Zelan	325.3	39%	127.5	Current Market Cap
Others				
Land within Johor/Iskandar	3,183.0	100%	3,183.0	RNAV @ RM40psf
Net Debt (at Group level) + NCB's 15.73% stake acquisition cost of RM222m			-3,422.0	
Total value (RM)			11,539.8	
No of Shares			3,045.1	1.51
Value/share			3.79	
Discount (%)			20%	
Fair value (RM)			3.03	
Source: Kenanga Research				

03 April 2015

Projects	Status	Estimated cost (RM m)
Infrastructure – Highway		
West Coast Expressway	Awarded	6,000
Guthrie-Damansara Expressway	To Be Awarded	-
Sg Juru Expressway	To Be Awarded	-
Paroi-Senawang KLIA Expressway	To Be Awarded	-
East Coast Jabor - K.Terengganu	To Be Awarded	3,700
Segamat-Tangkak Expressway	To Be Awarded	-
Central Spine	To Be Awarded	-
Sungai Besi Ulu Kelang Expressway (Suke)	Awarded (Concessionaire)	3,500
Kinrara-Damansara Expressway (Kidex)	Awarded (Concessionaire)	2,000
Damansara-Shah Alam (DASH)	Awarded (Concessionaire)	2,500
Serdang-Kinrara-Putrajaya Expressway (SKIP)	To Be Awarded	2,000
KLORR (East)	Awarded (Concessionaire)	1,550
Infrastructure – Utilities		
Janamanjung Plant	Awarded	5,000
Tanjung Bin Expansion	Awarded	5,000
Prai Power Plant	Awarded	4,500
RAPID's Co-Generation	Awarded	3,500
Project 3B	To be Awarded	12,000
CCGT Power Plant (Project 4A)	Awarded	6,000
Langat 2 Water Treatment Plant	Awarded	1,000
Infrastructure - Public Transportation		
MRT1 (SBK Line)	On-going	25,000
MRT2 (Circle Line)	To Be Awarded	25,000
MRT3 (Radial Line)	To Be Awarded	-
Gemas - JB Electrified Double Tracking Railway	To Be Awarded	8,000
High Speed Railway (HSR) KL – Singapore	To Be Awarded	40,000
LRT3	To Be Awarded	9,000
Rapid Transit System (Johor – Singapore)	To Be Awarded	-
East Coast Region Railway (ECRR)	To Be Awarded	29,000
Klang Valley Double Track	To be Awarded	2,000
KL Monorail Extension	To be Awarded	3,000
Oil and Gas Projects		
LNG Regasification Plant	Completed	3,000
Sabah Oil & Gas Terminal (SOGT)	Awarded	10,000
RAPID Pengerang	Awarded	60,000
Sipitang Oil & Gas Industrial Park	Awarded	10,000
Regional Corridors		
SCORE (Sarawak)	On-going	-
ECER (East Coast)	On-going	-
ISKANDAR (Johor)	On-going	-
NCER (North)	On-going	-
SDC (Sabah)	On-going	-

Source: Company, Kenanga Research

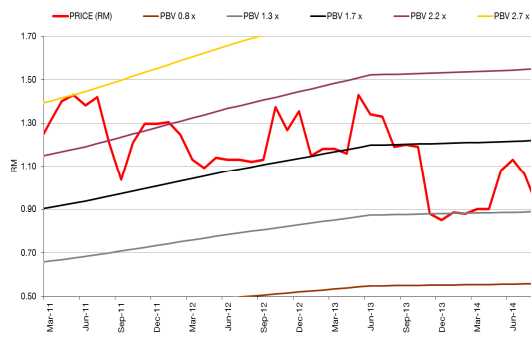
Government-backed Property Projects	Location	Land size (acres)	GDV (RM 'm)
RRIM Land (Kwasa Damansara) (EPF)	Sg Buloh	3000	10,000
Royal Malaysian Air Force Base (1MDB)	Sg besi	495	15,000
Jalan Cochrane (Boustead Holdings)	Pudu-Cheras	60	10,000
Tun Razak Exchange (1MDB)	Dataran Perdana (Jalan Davis)	70	26,000
Pudu Jail redevelopment (UDA Holdings, Ecoworld, EPF)	Bukit Bintang, City Centre	21.2	5,000
Redevelopment of Kampung Baru (n.a)	Kampung Baru	378	20,000
Warisan Merdeka Tower (PNB)	Dataran Merdeka	35.8	5,000

Source: Company, Kenanga Research

03 April 2015

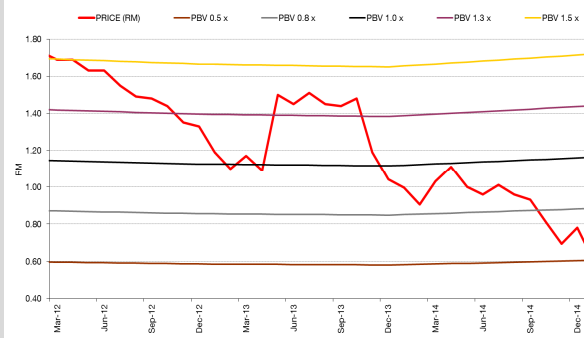
CONTRACTORS FWD PBV

Fwd PBV: BENALEC

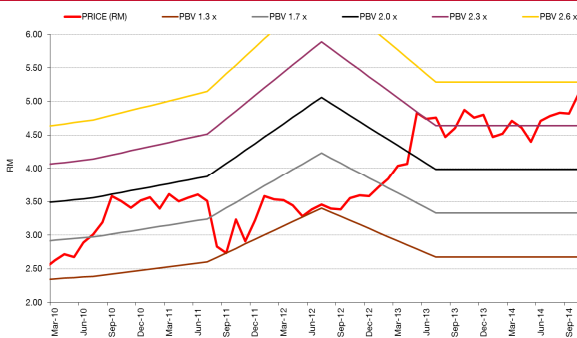


Source: Kenanga Research

Fwd PBV: SENDAI

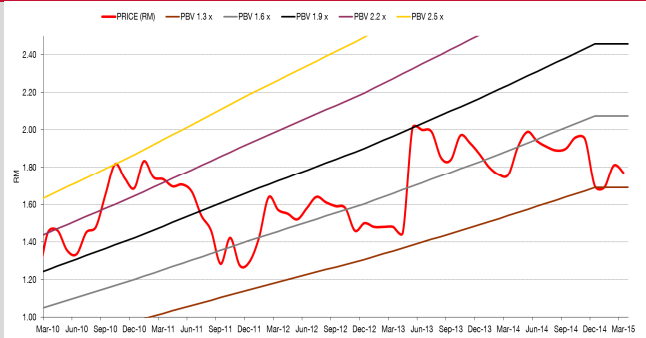


Fwd PBV: GAMUDA

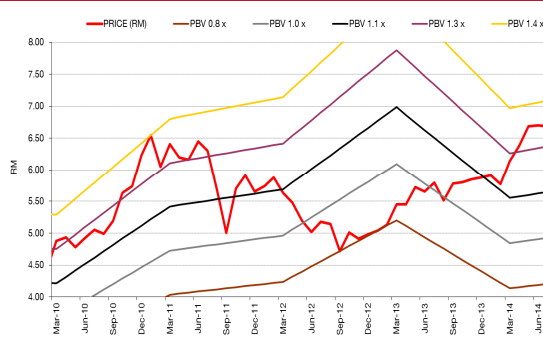


Source: Kenanga Research

Fwd PBV: HSL

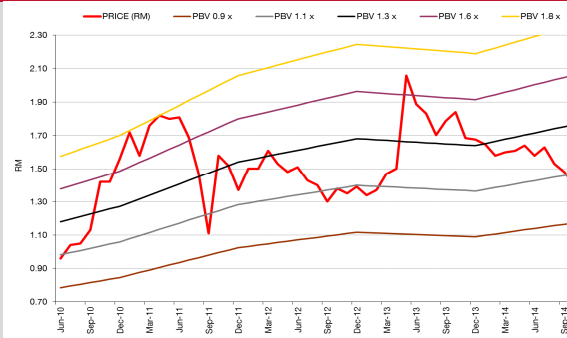


Fwd PBV: IJM

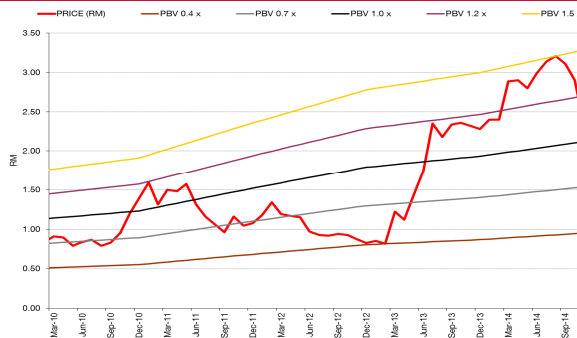


Source: Kenanga Research

Fwd PBV: KIMLUN

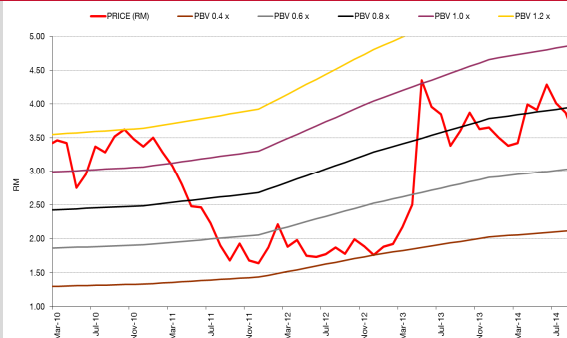


Fwd PBV: MUHIBAH



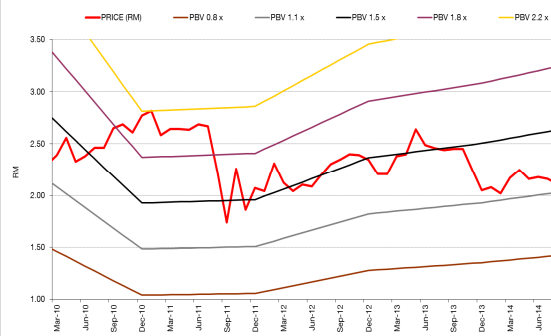
Source: Kenanga Research

Fwd PBV: NAIM



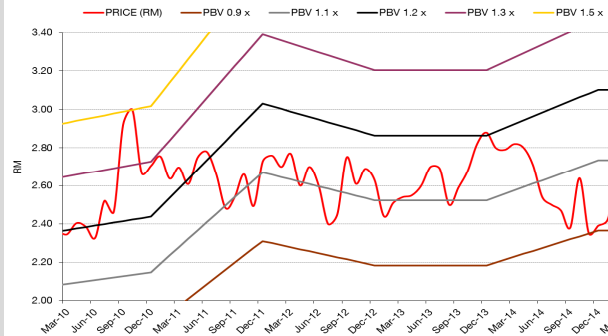
03 April 2015

Fwd PBV: WCT



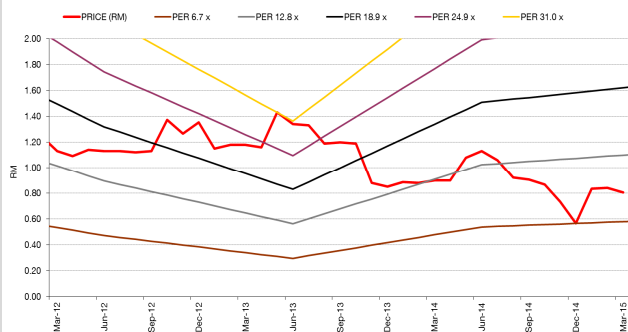
Source: Kenanga Research

Fwd PBV: MMCCORP



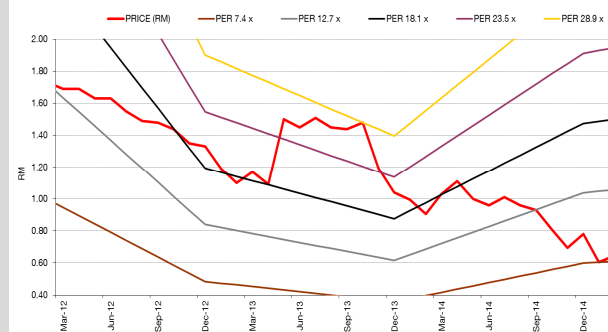
CONTRACTORS FWD PER

Fwd Core PER: BENALEC

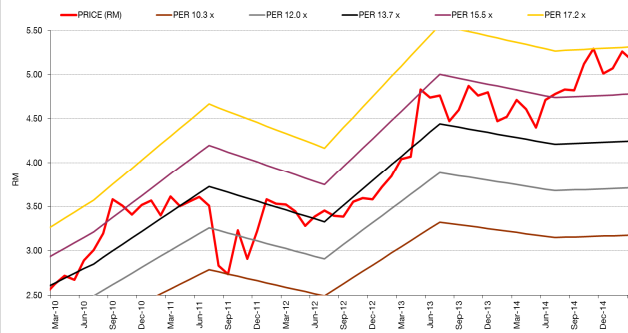


Source: Kenanga Research

Fwd PER: SENDAI

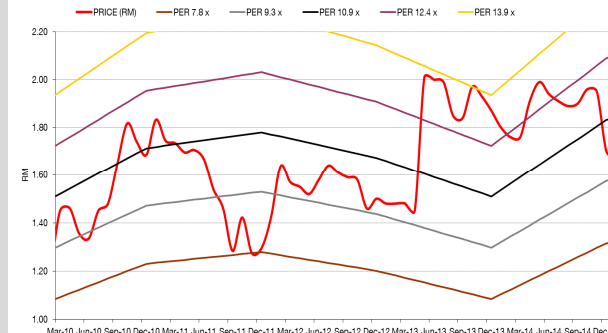


Fwd PER: GAMUDA

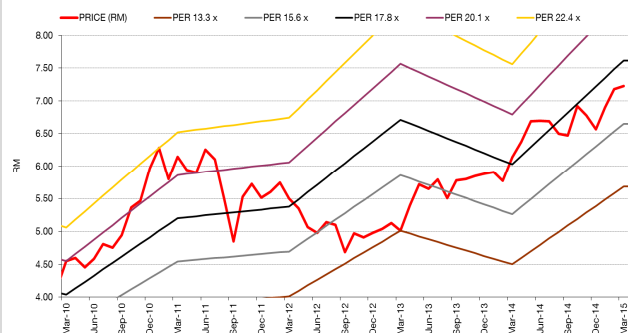


Source: Kenanga Research

Fwd PER: HSL

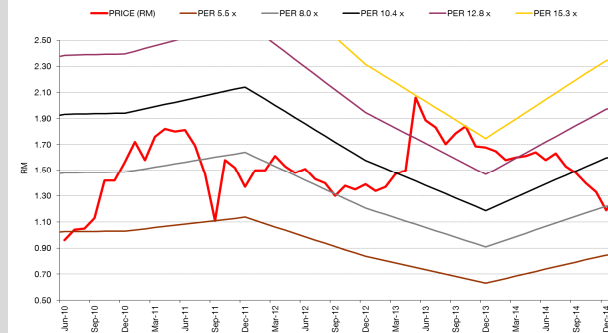


Fwd Core PER: IJM



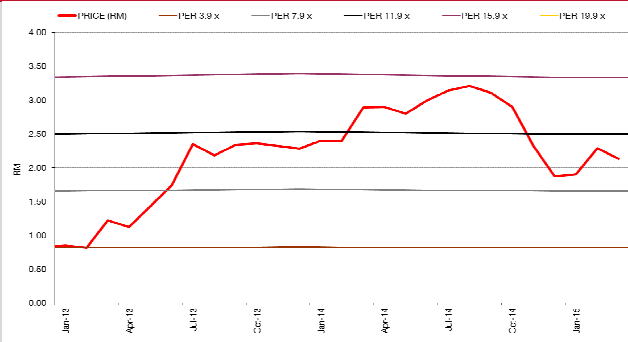
Source: Kenanga Research

Fwd Core PER: KIMLUN

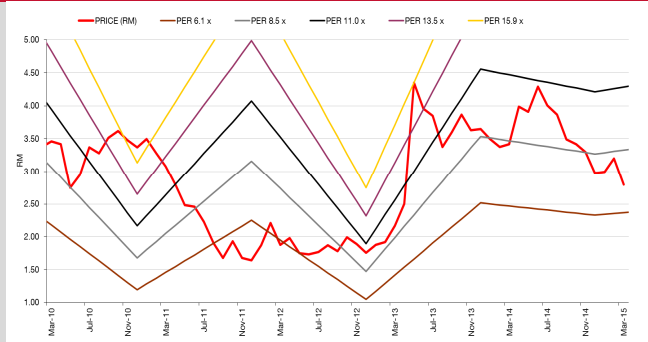


03 April 2015

Fwd PER: MUHIBAH

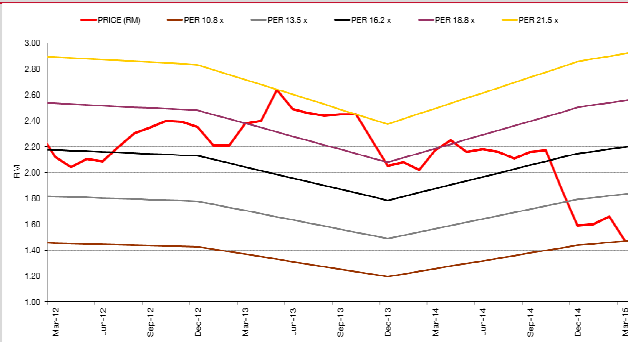


Fwd Core PER: NAIM

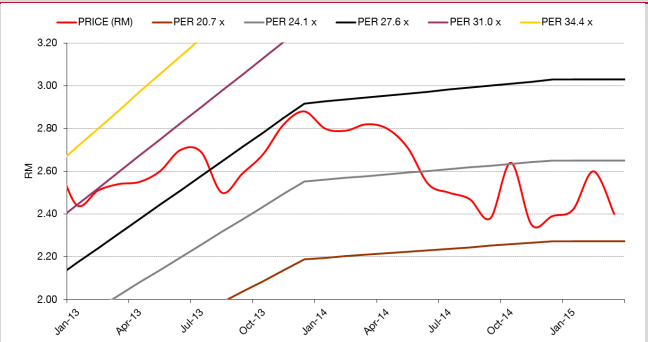


Source: Kenanga Research

Fwd PER: WCT



Fwd PER: MMCCORP



Source: Kenanga Research

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03 April 2015

Valuation & Justification For Calls (Part 1 of 2)

NAME	Price (RM)	Mkt Cap (RMm)	Old Target Price (RM)	Valuation Basis (Old)	New Target Price (RM)	Valuation Basis Change?	Rating (Old)	Rating (New)	Summary
BENALEC	0.58	459.4	0.83	10% discount to SOP (Construction Fwd-PER of 9x FY15). Our TP implies FY16E PER of 12.2x, in line with small-mid-size cap peers' Fwd-PER range of 10-14x	0.83	No change. Implied valuation is at average only as the stock has less exposure in 11MP.	Market Perform	Market Perform	While waiting for the ultimate catalyst to materialize (1000 acres of land sales in Tg Piai), which we believe would only occur in the medium-to-longer term, we believe BENALEC's near-term catalyst would be land sales in Malacca and Pulau Indah as it still has about 400 acres of ready land held for sale.
SENDAI	0.51	394.7	0.90	FY15E PER of 11x, in line with its small-mid cap peers' range of 10-14x.	0.90	No change. We ascribed average valuation only for the stock due to the stock's less exposure in 11MP.	Outperform	Outperform	Earnings recovery story. The group managed to turn around its bottomline in its recent quarterly results. SENDAI also has a fat orderbook of RM2.0b which provide earnings visibility for the next 2 years. The group is expected to benefit from huge infrastructure spending in Middle Eastern countries.
GAMUDA	4.95	11,548.3	5.29	SOP (Construction PER of 18x). Our TP implies FY15E PER of 17x in line with big cap valuation range of 17-18x	5.29	No change. We have already ascribed higher-end valuation for the stock i.e. 18x for construction division	Market Perform	Market Perform	Despite GAMUDA being the biggest beneficiary of MRT story, the group has medium-term earnings risks due to weak property sales coupled with slight delay in MRT2 implementation.
IJM	6.62	9,859.3	7.73	SOP (Construction PER of 17x). Our TP implies FY15 Fwd-PER of 18.1x, in line with big cap valuation range of 17-18x	8.00	Raise FY15E PER construction to 18x from 17x previously due to sector re-rating pursuant to 11MP.	Outperform	Outperform	Our top pick for the sector. IJM is entering into a new phase of growth driven by (i) fat construction orderbook of RM5.5b that will provide earnings visibility for the next four years, (ii) the IJM Land's privatisation exercise (3Q15) which would then boost its PATAMI by another 20% in FY16.
KIMLUN	1.21	363.7	1.30	FY15E PER of 10x, line with its small-mid-cap size peers' PER range of 10-14x	1.53	Raise FY15E PER to 10x from 8.5x previously due to sector re-rating pursuant to 11MP.	Market Perform	Outperform	Despite the group having sizeable outstanding orderbook (c.RM2.1b), we believe that near-term outlook remains lacklustre, as profit margin in both construction and manufacturing segment could be continually under pressure for the next few quarters, hence potential downside risk in earnings forecasts.

Source: Kenanga Research



03 April 2015

Valuation & Justification For Calls (Part 2 of 2)

NAME	Price (RM)	Mkt Cap (RMm)	Old Target Price (RM)	Valuation Basis (Old)	New Target Price (RM)	Valuation Basis Change?	Rating (Old)	Rating (New)	Summary
MUHIBAH	1.90	815.6	2.80	SOP (Construction PER of 14x FY15). Our TP implies FY15 Fwd-PER of 14.6x, in line with its small-mid-cap size peers' PER range of 10-14x	2.80	No change. We have already ascribed higher-end valuation for the stock i.e. 14x for construction infra division	Outperform	Outperform	We believe that the recent misunderstanding of MUHUBAH "losing" the regasification terminal project (RGT) to Samsung C&T in Pengerang provides a buying opportunity. We are not concerned on Petronas reviewing the capex affecting MUHIBAH as both RAPID and Pengerang projects are already on-going with most infrastructure and main contracts were already awarded.
HSL	1.70	934.2	2.02	FY15E PER of 12x, in line with its small-mid-cap peers' PER of 10-14x.	2.02	No change. Applying average valuation only due to the stock's earnings risks.	Outperform	Outperform	Expecting good news of from the group i.e. securing Phase 2 of Kuching Centralised Wastewater System. If the project worth RM700.0m-RM800.0m, it will exceed our assumption of RM600.0m worth of projects. Hence, it might prompt us to upgrade our earnings forecasts
NAIM	3.04	720.3	2.82	SOP (Construction PER of 7x). Our TP implies 8.1x FY15E PER, discount to small-mid-cap peers' range of 10-14x	2.82	No change. Discounted valuation is justified due to the stock's earnings risks and huge exposure in O&G (Dayang)	Market Perform	Market Perform	Higher earnings risks in both construction and property coupled with de-rating of DAYANG.
WCT	1.50	1,616.4	1.75	SOP (Construction Fwd-PER of 14x). Our TP implies 14.0x FY15E PER, in line with small-mid-cap peers range of 10-14x	1.86	Raise FY15E PER construction to 14x from 11x previously due to sector re-rating pursuant to 11MP	Outperform	Outperform	We like WCT as a value play as the stock's negatives (i.e. earnings disappointments) have been well priced-in to its share price. WCT also could be one of the stocks that could benefit from 11MP.

Source: Kenanga Research

03 April 2015

Peer Comparison

CORE COVERAGE																
NAME	Price	Mkt Cap	PER (x)			Est. Div. Yld.	Est. ROE	P/BV	Net Profit (RMm)			1 Yr Fwd NP Growth	2 Yr Fwd NP Growth	Target Price	Rating	YTD (%)
	(RM)	(RMm)	Actual	1 Yr Fwd	2 Yr Fwd	(%)	(%)	(x)	Actual	1 Yr Fwd	2 Yr Fwd	(%)	(%)	(RM)		
BENALEC HOLDINGS	0.81	643.3	18.2	9.9	9.0	2.5	11.6	1.2	35.3	65.0	71.2	84.1	9.5	0.83	Market Perform	42.48
EVERSENDAI CORP	0.78	603.6	16.1	9.6	8.7	2.6	7.4	0.7	37.4	63.0	69.7	68.4	10.6	0.90	Outperform	0.00
GAMUDA BHD	5.16	12120.5	16.8	17.6	17.5	2.3	14.6	2.6	719.4	687.2	694.3	-4.5	1.0	5.29	Market Perform	2.99
IJM CORP BHD	7.23	10841.3	20.1	18.1	14.3	2.1	8.1	1.5	539.1	598.7	756.1	11.0	26.3	8.00	Outperform	10.05
KIMLUN CORP	1.30	390.7	11.4	8.5	7.8	3.1	11.5	1.0	34.3	46.1	49.8	34.4	8.0	1.53	Outperform	9.24
MUHIBAH	2.13	920.5	10.7	10.5	10.7	2.3	10.3	1.1	86.4	87.7	86.4	1.6	-1.5	2.80	Outperform	13.90
HOCK SENG LEE	1.77	972.6	12.6	10.4	9.8	2.3	13.1	1.4	76.9	93.3	99.4	21.3	6.5	2.02	Outperform	4.12
NAIM HOLDINGS	2.80	663.4	6.8	7.3	6.9	1.4	7.5	0.5	98.1	90.8	96.8	-7.4	6.6	2.82	Market Perform	-6.04
WCT HOLDINGS	1.47	1581.8	13.1	10.9	10.0	4.4	7.4	0.8	120.5	145.0	158.1	20.3	9.0	1.86	Outperform	-7.55
MMC CORP	2.40	7308.1	31.4	22.7	21.8	0.0	4.3	1.0	232.6	322.4	334.7	38.6	3.8	3.03	Outperform	0.42
Average			15.7	12.5	11.6											
NOT RATED/ON OUR RADAR																
NAME	Price	Mkt Cap	PER (x)			Est. Div. Yld.	Est. ROE	P/BV	Net Profit (RMm)			1 Yr Fwd NP Growth	2 Yr Fwd NP Growth	Target Price	Rating	YTD (%)
	(RM)	(RMm)	Actual	1 Yr Fwd	2 Yr Fwd	(%)	(%)	(x)	Actual	1 Yr Fwd	2 Yr Fwd	(%)	(%)	(RM)		
MUDAJAYA	1.35	726.8	-10.3	12.4	8.5	2.9	4.8	0.6	-70.2	58.5	85.2	-183.2	45.8	n.a.	Not Rated	-6.90
PROTASCO	1.53	511.5	-10.7	6.6	6.2	7.2	17.9	1.2	-47.9	78.0	83.0	-263.0	6.4	2.25	Trading Buy	7.75
PINTARAS JAYA	4.08	658.9	12.1	10.9	10.0	3.7	17.8	1.9	54.2	60.6	66.1	11.7	9.1	4.78	Trading Buy	9.38
GABUNGAN AQRS	1.28	497.1	9.4	7.2	7.1	3.4	n.a.	n.a.	52.9	69.3	69.8	31.1	0.7	n.a.	Not Rated	2.40
GADANG HOLDINGS	1.40	302.9	6.9	3.7	2.7	6.4	27.0	1.0	43.9	81.7	114.0	86.1	39.5	2.00	Take Profit	3.70
MITRAJAYA HOLDINGS	1.58	625.8	11.6	5.2	5.0	3.5	27.0	1.4	53.7	119.8	126.0	122.9	5.2	2.37	Trading Buy	61.22
AZRB	0.70	337.4	26.5	13.0	9.7	1.4	n.a.	n.a.	12.7	25.9	34.9	103.8	34.7	n.a.	Not Rated	3.70
TRC SYNERGY	0.40	189.8	53.2	8.2	5.9	3.0	5.9	0.5	3.6	23.2	32.1	550.8	38.4	n.a.	Not Rated	3.95
BINA PURI	0.57	113.3	18.5	7.3	3.6	7.1	n.a.	n.a.	6.1	15.5	31.8	152.6	105.2	n.a.	Not Rated	4.63
Average			13.0	8.3	6.5											

*as at 20th March 2015

Source: Kenanga Research

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of 3% to 10%.
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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