

# 1Q22 Results Roundup

## Mixed, reopening tailwinds notwithstanding

### 1Q22 core profit moderates; -3% QoQ, -19% YoY

While earnings boost from economic reopening (1Q22 GDP growth picked up to +5.0% YoY, vs. 4Q21's +3.6%) was selectively evident, especially for consumer/retail, research universe core net profit (quarters ending Feb/Mar 2022) contracted both YoY and QoQ (Fig 1), with key drags being *Cukai Makmur*, the Gloves sector turning loss-making (Fig 6) and broad margin pressure from rising costs. 3 sectors posted improved core profits both YoY/QoQ - Telco (primarily on TM's strong results), REITs (recovering footfall, declining tenant support) and Oil & Gas (+28% YoY). Sectors that were weaker both YoY/QoQ were Construction, NBFIs, Auto and Shipping & Ports. Earnings misses (relative to our forecasts) exceeded beats again (1.4x), after a brief respite in 4Q21 (0.5x), while the ratio of earnings downgrades-to-upgrades was 1.8x (4Q21: 0.8x). Per Fig 12, only 2 stocks were upgraded (4Q21: 9), both to BUY - **CMS** and **Gas(M)** - while 10 were downgraded (4Q21: 5), of which 2 were cut to SELL i.e. **Bursa** and **LCT**.

### Earnings forecast tweaked; 2022E still a contraction

Per Fig 13, for 2022E, we now estimate our research universe's core earnings to contract by a smaller -1% (vs. -3.9% estimate post-4Q22 reporting), and the KLCI's earnings to contract by -5.5% (vs. -6.9% previously; our forecasts incorporate *Cukai Makmur* for stocks which we believe would be affected). With 2023E lifted by *CM* falling away and a more entrenched economic recovery, growth expectations are more robust, with estimated +15.9% core earnings expansion for our universe and +12.4% for the KLCI (vs. previous +16.7% and +12.9%, respectively) - per Fig 14, most sectors will see double-digit growth (only plantations and gloves to contract c.30% YoY), while aviation will return to profitability. Ex-glove stocks, research universe core earnings growth is 13.2% for 2022E (previously +9%) and +17.1% for 2023E (from +17.9%).

### Economic headwinds picking up, especially inflation

While ASEAN markets have held on to their relative outperformance YTD (Fig 20), economic headwinds are blowing harder as interest rates start to rise (Fig 29), inflation erodes real disposable income (Fig 27) and China's lockdowns extend. Picks for an inflationary environment would include commodities exposures such as oil & gas (**PCHEM MK**, **YNS MK**, **HIBI MK**) and palm oil (**IOI MK**, **KLK MK**), consumer staples where demand is relatively inelastic / pricing power strong (**FFB MK**, **BFOOD MK**), consumer brands that benefit from down trading (**MRDIY MK**, **PAD MK**), and banks given higher inflation is leading to higher interest rates, which lifts net interest margins (**RHBBANK MK**, **ABMB MK**) (Fig 30).

### Balanced positioning updated, + ESG, yield overlays

End-2022 1,710 KLCI target (15x fwd. PER, -0.5SD vs. mean; Fig 16) is maintained, reflective of 23E's forecast double-digit earnings rebound. Re sectors (pgs. 21-22), we note earnings/ratings momentum for Aviation (Positive), Plantations (Neutral), and REITs (Neutral). Re key changes to Balanced portfolio (Fig 34; pgs. 23-26), we remove 4 stocks (**BIMB**, **MISC**, **GHLS**, **GTB**) and add 3 (**MAHB**, **BFD**, **ABMB**). Re ESG portfolio (Fig 35), we remove **Bursa** (downgraded) and **VSI** (heightened risk). Topping our dividend picks (Fig 38) is upgraded **Gas(M)** with cash yield of almost 8%.

### Analysts

Anand Pathmakanthan  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com

Wong Chew Hann  
(603) 2297 8686  
wchewh@maybank-ib.com

Current KLCI: 1,570 (31 May 2022)  
YE KLCI target: 1,710 (15x forward PER)

### M'sia equities growth & valuation

		2021A	2022E	2023E
KLCI @ 1,570	PE (x)	14.7	15.5	13.8
Earnings Growth	(%)	37.6%	(5.5%)	12.4%
Research Universe	PE (x)	16.1	16.3	14.1
Earnings Growth	(%)	35.8%	(1.0%)	15.9%

Source: Maybank IBG Research, Factset (as of 31 May)

### Top BUY picks

Stock	BB Ticker	Price	TP	Upside (%)
<b>Large Caps</b>				
Pet Chem	PCHEM MK	10.26	11.20	9.2%
IHH	IHH MK	6.70	7.60	13.4%
HL Bank	HLBK MK	21.10	24.70	17.1%
Axiata	AXIATA MK	3.21	4.50	40.2%
KL Kepong	KLK MK	25.56	30.90	20.9%
RHB	RHBBANK MK	6.08	7.10	16.8%
Mr. DIY	MRDIY MK	3.25	3.90	20.0%
Telekom	T MK	5.36	7.50	39.9%
Genting (M)	GENM MK	3.00	3.30	9.9%
Msia Airports	MAHB MK	6.57	7.17	9.1%
Inari	INRI MK	2.81	3.50	24.6%
Gamuda	GAM MK	3.56	4.28	20.2%
Heineken	HEIM MK	24.84	29.30	18.0%
ViTrox	VITRO MK	7.75	10.20	31.6%
Yinson	YNS MK	2.28	4.85	112.5%
Alliance Bank	ABMB MK	3.60	4.30	19.4%
Greotech	GREATEC MK	3.82	5.25	37.4%
Frontken	FRCB MK	2.74	3.55	29.6%
<b>Mid-small Caps</b>				
Mega First	MFCB MK	3.69	4.20	13.7%
CTOS	CTOS MK	1.43	2.17	51.7%
Axis REIT	AXRB MK	2.00	2.30	15.0%
Farm Fresh	FFB MK	1.68	1.95	16.1%
Hibiscus	HIBI MK	1.40	1.90	35.7%
Allianz	ALLZ MK	12.84	16.75	30.5%
Bermaz	BAUTO MK	1.78	2.25	26.4%
AEON	AEON MK	1.42	2.00	40.8%
Berjaya Food	BFD MK	4.48	5.70	27.2%
Aurelius	ATECH MK	1.62	2.03	25.2%
Cypark	CYP MK	0.39	1.35	246.2%

Source: Maybank IBG Research, Factset (as of 31 May)

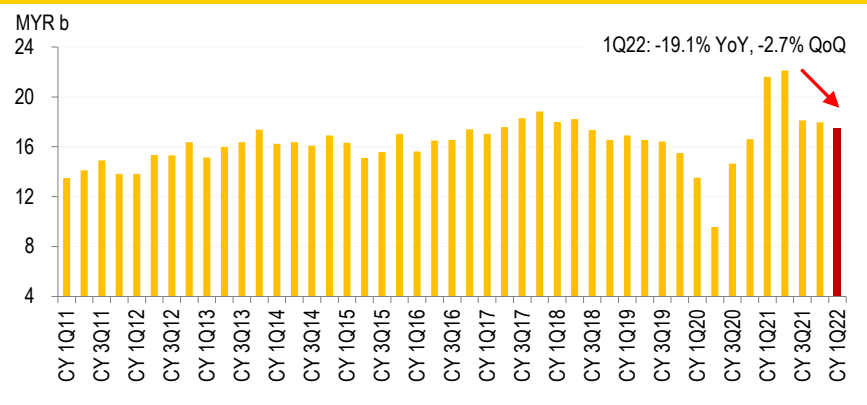
# 1Q22 results roundup

## Core profits -19% YoY / -3% QoQ

1Q22 core net profit of our research universe (for PLCs that reported for quarters ended Feb/Mar 2022) was down both YoY and QoQ, partly contributed by the provision for *Cukai Makmur* (for FY22) and cost pressures.

- Against 1Q21, core earnings fell 19% YoY contributed by the [Gloves](#) sector ([losses](#) at Hartalega and 90+% earnings fall at Top Glove and Kossan) while [Utilities](#) earnings were also weaker (Tenaga’s core profit was down 24% YoY).
- Against 4Q21, our universe’s core profits were weaker by 3% QoQ dragged by the [Gloves](#) sector which fell into [losses](#), as well as softer earnings at [Plantation](#), [Automotive](#) and [Construction & Infra](#). This was partially off-set by improved earnings in [Banks](#), [Utilities](#) and [Telco](#).
- [Aviation](#) and [Gaming-Casino](#) meanwhile continued to post [losses](#).

Fig 1: Quarterly core net profit of research universe (PLCs with quarters ended Feb/Mar 2022)



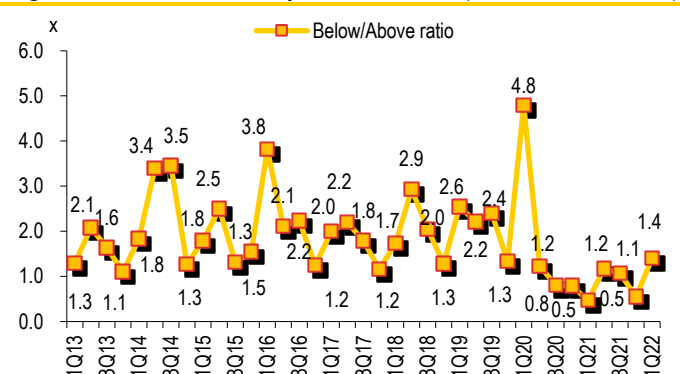
Note:  
Exclude stocks with FYE Jan, Apr, Jul, Oct, i.e. Gamuda, Yinson, SAPE, ECW, EWI, MyNews, BAuto, Astro, Cypark, VSI.

Source: Company results data, Maybank IBG Research (compilation)

## Misses > Beat

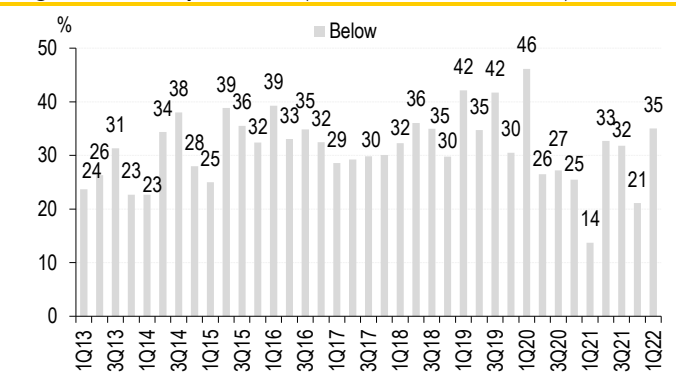
Earnings misses (relative to our forecasts) exceeded beats again, after a brief respite in 4Q21. The ratio of misses-to-beats was **1.4x** for 1Q22 with **35% of the core profits falling short of our expectations, 25% above** and **40% in-line**. This compared to 21% below, 39% above and 40% in-line in 4Q21.

Fig 2: Below-to-above expectation ratio (research universe)



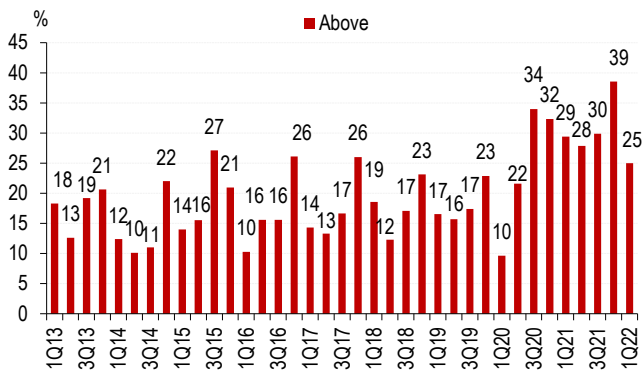
Source: Company results data, Maybank IBG Research

Fig 3: Below expectation (% of research universe)



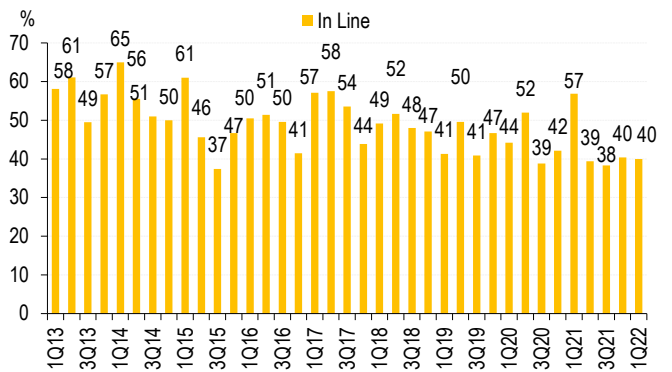
Source: Company results data, Maybank IBG Research

**Fig 4: Above expectation (% of research universe)**



Source: Company results data, Maybank IBG Research

**Fig 5: In-line (% of research universe)**



Source: Company results data, Maybank IBG Research

## Analyses by sector

### 1Q22 YoY / QoQ:

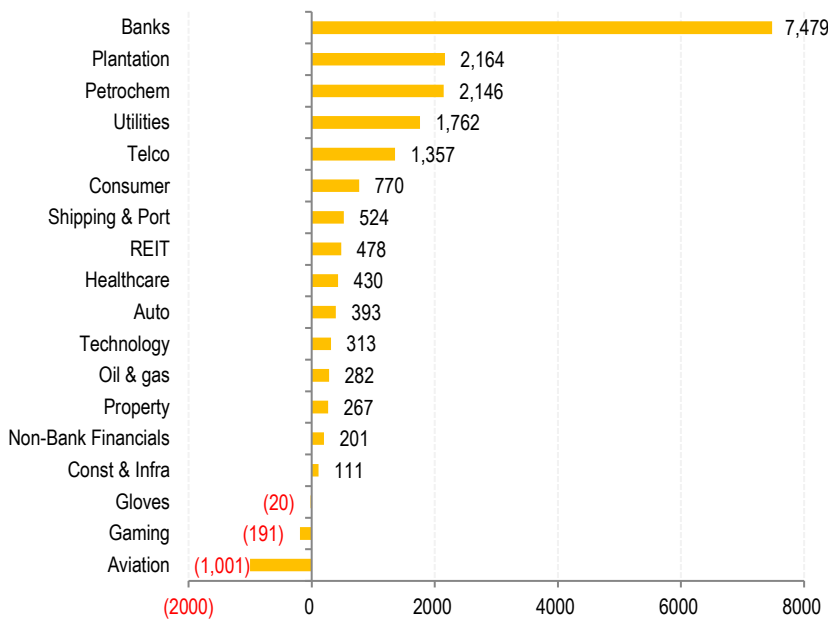
- [Telco](#), [REITs](#) and [Oil & Gas](#) posted **improved core profits YoY / QoQ**. Telco's earnings strength was boosted by TM (core profit +8% YoY / +179% QoQ).
- [Construction & Infra](#), [Non-Bank Financials](#), [Automotive](#) and [Shipping & Port](#) posted **weaker core earnings both YoY / QoQ**.
- [Plantation](#), [Petrochemical](#), [Consumer](#), [Property](#), [Healthcare](#) and [Technology](#) core profits were **higher YoY, but lower sequentially**.
- Sectors with **lower YoY, but higher QoQ core profits** were [Banks](#) (Maybank's core profit -15% YoY / -1% QoQ; RHB -8% YoY / -9% QoQ), [Utilities](#) (Tenaga's core profit -24% YoY / +32% QoQ; Petronas Gas -23% YoY, -8% QoQ).
- Core losses at [Aviation](#) widened YoY, but narrowed QoQ (due to Capita A).
- Core losses at [Gaming](#) was smaller YoY, widened QoQ (both GENT, GENM).
- [Gloves](#) posted core losses, due to provision for *Cukai Makmur* by Hartalega.

**Fig 6: Quarterly core net profit of research universe, by sectors (PLCs with quarters ended Feb/Mar 2022)**

MYR m	CY 2Q19	CY 3Q19	CY 4Q19	CY 1Q20	CY 2Q20	CY 3Q20	CY 4Q20	CY 1Q21	CY 2Q21	CY 3Q21	CY 4Q21	CY 1Q22	QoQ (%)	YoY (%)
Banks	6,930	7,077	7,437	5,819	5,814	5,881	5,110	7,564	7,258	7,317	6,647	7,479	13%	(1%)
Utilities	2,230	2,019	1,378	2,009	1,763	2,019	1,809	2,346	2,038	2,272	1,515	1,762	16%	(25%)
Telco	1,323	1,341	1,220	1,128	1,022	1,434	1,217	1,232	1,286	1,431	1,240	1,357	9%	10%
Plantation	259	462	310	939	639	742	1,106	1,415	1,827	2,068	2,413	2,164	(10%)	53%
Transport	537	578	314	590	(542)	(743)	(750)	(236)	(147)	(287)	(389)	(476)	22%	102%
Petrochem	1,207	689	495	108	383	664	849	1,807	2,261	1,988	2,228	2,146	(4%)	19%
Gaming	1,024	1,036	774	211	(1,439)	(294)	(50)	(651)	(555)	(661)	(167)	(191)	14%	(71%)
Consumer	508	574	732	534	257	574	644	673	459	376	805	770	(4%)	14%
Property	447	334	521	55	(98)	239	274	237	167	19	327	267	(18%)	13%
REITs	467	475	478	411	244	378	367	318	304	294	464	478	3%	51%
Const & Infra	170	208	154	366	1	245	249	206	156	101	296	111	(62%)	(46%)
Gloves	225	233	294	296	699	2,071	3,852	5,170	5,361	1,889	661	(20)	NM	NM
Healthcare	282	249	372	248	(72)	272	381	349	471	366	456	430	(6%)	23%
Non-Bank Financials	188	217	210	173	277	284	284	264	270	227	254	201	(21%)	(24%)
Technology	168	186	186	159	176	259	298	284	339	329	343	313	(9%)	10%
Oil & Gas	263	308	255	247	204	225	393	220	270	228	274	282	3%	28%
Auto	330	423	366	218	229	397	563	405	344	153	592	393	(34%)	(3%)
<b>Total</b>	<b>16,557</b>	<b>16,410</b>	<b>15,495</b>	<b>13,509</b>	<b>9,558</b>	<b>14,648</b>	<b>16,597</b>	<b>21,602</b>	<b>22,109</b>	<b>18,108</b>	<b>17,957</b>	<b>17,466</b>	<b>(2.7%)</b>	<b>(19.1%)</b>
QoQ Chg (%)	(2.1%)	(0.9%)	(5.6%)	(12.8%)	(29.2%)	53.3%	13.3%	30.2%	2.3%	(18.1%)	(0.8%)	(2.7%)		
YoY Chg (%)	(9.1%)	(5.4%)	(6.4%)	(20.1%)	(42.3%)	(10.7%)	7.1%	59.9%	131.3%	23.6%	8.2%	(19.1%)		

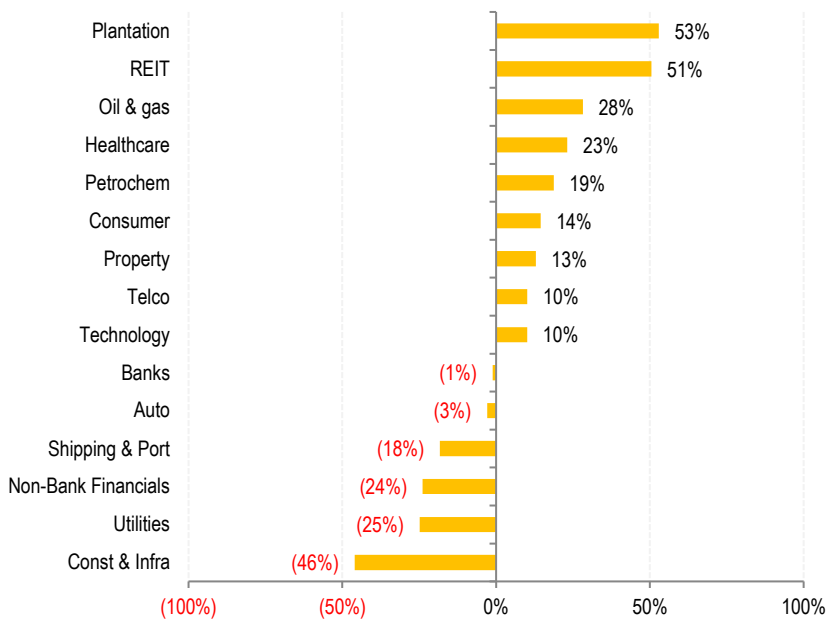
Note: Exclude stocks with FYE Jan, Apr, Jul, Oct, Source: Company results data, Maybank IBG Research

**Fig 7: 3M22 core profit of research universe (Feb/Mar 2022 qtrs) - MYRm**



Note: Excl. stocks with FYE Jan, Apr, Jul, Oct  
 Source: Company results data, Maybank IBG Research

**Fig 8: 3M22 core profit of research universe (Feb/Mar 2022 qtrs) - % YoY**



Note: Excl. stocks with FYE Jan, Apr, Jul, Oct  
 Source: Company results data, Maybank IBG Research

### Against our expectations:

Earnings of most sectors were 'mixed' relative to our forecasts (see Fig 10 for details). Sector with many earnings misses was [Gaming](#) (GENT, GENM and Magnum disappointed), while there were mostly 'in-line' earnings in [Non-Bank Financials](#) and [Telco](#).

Fig 9: Sectors that out/underperformed (vs. Maybank KE's expectations)

	CY 1Q19	CY 2Q19	CY 3Q19	CY 4Q19	CY 1Q20	CY 2Q20	CY 3Q20	CY 4Q20	CY 1Q21	CY 2Q21	CY 3Q21	CY 4Q21	CY 1Q22
Auto	Mixed	Below	In-line	Mixed	Mixed	In-line	In-line	In-line	Mixed	Below	Below	Mixed	Mixed
Banks	Below	Mixed	Mixed	Above	Below	Above	Above	Mixed	Above	Above	Above	Above	Mixed
Construction	Below	Mixed	Below	Below	Below	In-line	Above	Above	Above	Below	Above	Mixed	Mixed
Consumer	Mixed	Mixed	Below	Mixed	Below	Below	Mixed	Mixed	Mixed	Below	Below	Mixed	Mixed
Gaming	Above	Mixed	Mixed	Below	Mixed	Mixed	Mixed	Below	In-line	In-line	Mixed	Mixed	Below
Gloves	Mixed	Mixed	Below	In-line	In-line	Above	Above	In-line	In-line	In-line	Mixed	In-line	Mixed
Healthcare	Below	Mixed	Below	In-line	Below	Below	Mixed	Mixed	In-line		Mixed	Mixed	Mixed
Media	Below	Mixed	Below										
Non-bank FI (1)	In-line	In-line	In-line	Above	Above	Mixed	In-line	In-line	In-line	Above	Above	In-line	In-line
Oil & Gas	In-line	Mixed	Mixed	Mixed	In-line	In-line	Mixed	Above	In-line	Mixed	In-line	In-line	Mixed
Petrochem	Below	Below	Below	Below	Below	Mixed	Above	Mixed	Above	Above	Mixed	Mixed	Mixed
Plantation	Below	In-line	Below	Below	Mixed	Above	Above	Mixed	Above	Above	Above	Above	Mixed
Property dev	In line	Mixed	Mixed	Mixed	Below	Below	Below	Below	Mixed	Mixed	Mixed	Above	Mixed
REITs	In-line	In-line	In-line	In-line	In-line	In-line	Below	In-line	In-line	Below	Below	Above	Mixed
Technology	Mixed	Below	Below	Mixed	In-line	In-line	Mixed	In-line	In-line	In-line	In-line	Mixed	Mixed
Telco	Mixed	Mixed	Mixed	In-line	Below	Mixed	Mixed	Mixed	In-line	In-line	Mixed	In-line	In-line
Transport (2)	Mixed	Mixed	Below	Below	Mixed	Mixed	Mixed	Above	In-line	Mixed	Mixed	Above	Mixed
Utilities	Mixed	Mixed	Below	Mixed	In-line	Mixed	Mixed	Mixed	In-line	In-line	Mixed	Mixed	Mixed

Note: (1) Comprises Bursa, Allianz, RCE; (2) Comprises Capital A, MAHB, MISC, Westports

Source: Company results data, Maybank IBG Research

## Analyses by stock

Fig 10: 1Q 2022 core net profit - QoQ/YoY, vs. Maybank IBG Research's expectations

Sector	Stock	1Q22 (MYR m)	QoQ	YoY	vs. MKE
Auto	MBM Resouces	49.7	(54%)	5%	Above
	Tan Chong Motor	0.4	(94%)	(94%)	Below
	UMW Holdings	108.2	(17%)	23%	Above
	Sime Darby Berhad	235.0	(32%)	(11%)	Below
Banks	CIMB Group	1,472.0	82%	10%	Above
	Public Bank	1,398.6	1%	(9%)	In-line
	Hong Leong Bank	784.8	6%	2%	In-line
	HL Financial Group	577.7	3%	0%	Above
	RHB Bank	600.3	(9%)	(8%)	In-line
	AMMB Holdings	391.8	86%	312%	Above
	Alliance Bank	103.1	(32%)	106%	In-line
	Bank Islam	105.9	33%	(33%)	Below
Construction	IJM Corporation	(17.8)	NM	NM	Below
	Sunway Construction	34.5	(47%)	71%	In-line
	Cahaya Mata Sarawak	72.0	5%	123%	Above

Source: Company results data, Maybank IBG Research

Fig 10: 1Q 2022 core net profit - QoQ/YoY, vs. Maybank IBG Research's expectations

Sector	Stock	1Q22 (MYR m)	QoQ	YoY	vs. MKE
Consumer	AEON Co. (M)	26.4	(66%)	(11%)	Below
	BAT (M)	52.3	(33%)	(17%)	Above
	Carlsberg Brewery	91.6	28%	38%	Above
	Heineken Malaysia	113.4	18%	54%	In-line
	Nestle (Malaysia)	207.3	71%	18%	Above
	Padini Holdings	32.6	(43%)	191%	In-line
	QL Resources	69.4	16%	95%	Above
	7-Eleven Malaysia	24.4	(16%)	109%	Above
	Berjaya Food	31.6	(24%)	195%	Below
	Leong Hup Int'l	20.4	(46%)	(71%)	Below
	MR D.I.Y. Group (M)	100.5	(25%)	(19%)	Below
	InNature	4.5	(42%)	(12%)	Below
	Farm Fresh	21.7	41%	48%	In-line
Gaming	Genting Bhd	(195.2)	(42%)	(26%)	Below
	Genting Malaysia	(91.9)	NM	(78%)	Below
	Berjaya Sports Toto	79.6	49%	326%	Above
	Magnum	16.6	(19%)	121%	Below
Gloves	Hartalega Holdings	(197.9)	NM	NM	Above
	Kossan Rubber	90.1	(59%)	(92%)	Above
	Top Glove Corp	87.5	(53%)	(97%)	Below
Healthcare	IHH Healthcare	407.4	(8%)	21%	In-line
	KPJ Healthcare	22.2	46%	71%	Below
Non-Bank Fin	Bursa Malaysia	68.0	5%	(44%)	In-line
	Allianz Malaysia	101.3	(35%)	(6%)	In-line
	RCE Capital	31.5	(9%)	(8%)	In-line
Oil & Gas	Dialog Group	130.5	4%	4%	Below
	Bumi Armada	184.1	31%	22%	In-line
	Velesto Energy	(43.8)	NM	(27%)	In-line
	MMHE	(5.1)	(81%)	(87%)	In-line
	Wah Seong Corp	4.0	(48%)	(46%)	Below
	Favelle Falco	9.3	(46%)	(30%)	Below
	Icon Offshore	3.0	(54%)	NM	In-line
	Hibiscus Petroleum	35.1	(28%)	9%	In-line
Petrochem	Petronas Chemicals	2,042.0	0%	49%	Above
	Lotte Chemical Titan	104.0	(44%)	(76%)	Below
Plantation	Sime Darby Plant	725.0	10%	57%	In-line
	IOI Corporation	351.1	(26%)	(19%)	Below
	Kuala Lumpur Kepong	544.5	(9%)	70%	In-line
	Genting Plantations	99.7	(40%)	90%	Below
	Sarawak Oil Palms	190.9	(12%)	157%	Above
	TSH Resources	53.0	(11%)	92%	In-line
	Ta Ann Holdings	76.1	(34%)	155%	In-line
	Boustead Plantations	110.6	30%	807%	Above
TH Plantation	13.2	(66%)	159%	Below	

Source: Company results data, Maybank IBG Research

Fig 10: 1Q 2022 core net profit - QoQ/YoY, vs. Maybank IBG Research's expectations

Sector	Stock	1Q22 (MYR m)	QoQ	YoY	vs. MKE
Property	Sunway Berhad	140.1	(11%)	139%	In-line
	Sime Darby Property	45.8	(38%)	(31%)	In-line
	SP Setia	54.4	(56%)	(49%)	Below
	UEM Sunrise	11.8	NM	NM	Below
	Tambun Indah	15.1	(50%)	50%	In-line
REITs	KLCCP Stapled Group	161.4	(16%)	10%	In-line
	IGB REIT	85.4	16%	95%	Above
	Sunway REIT	83.1	23%	161%	Above
	Pavilion REIT	65.2	20%	108%	Above
	Axis REIT	38.8	10%	20%	In-line
	YTL Hospitality REIT	25.2	(32%)	(17%)	Below
	CapitaLand MT	20.5	21%	170%	In-line
	Sentral REIT	20.4	(0%)	(1%)	In-line
	Al-Salam REIT	3.6	(18%)	(16%)	Below
Renewables	Solarvest Holdings	3.7	37%	(41%)	Below
Technology	Inari Amertron	88.6	(22%)	14%	In-line
	ViTrox Corporation	50.2	4%	52%	In-line
	Greatch Technology	32.8	17%	(22%)	Below
	Frontken Corporation	25.6	(14%)	14%	In-line
	Globetronics	9.0	(49%)	(21%)	Below
	Revenue Group	4.7	2%	27%	Above
	CTOS Digital	12.5	(2%)	7%	Below
	GHL Systems	5.0	(39%)	(17%)	Below
My E.G. Services	84.6	5%	11%	Above	
Telco	Maxis	298.0	3%	(11%)	In-line
	Axiata Group	369.9	(10%)	69%	In-line
	Digi.Com	236.1	(22%)	(11%)	In-line
	Telekom Malaysia	358.2	179%	8%	Above
	Time dotCom	94.6	(12%)	14%	In-line
Tolls	LITRAK	22.6	(65%)	(47%)	Below
Transport	MISC	372.6	(16%)	(18%)	Below
	Westports	151.8	(21%)	(19%)	In-line
	Malaysia Airports	(118.9)	(21%)	(50%)	Above
	Capital A	(881.8)	1%	37%	In-line
Utilities	Tenaga Nasional	1,139.3	32%	(24%)	In-line
	Petronas Gas	415.6	(8%)	(23%)	Below
	YTL Power	(14.0)	NM	NM	Below
	Malakoff Corporation	50.9	453%	(16%)	Below
	Gas Malaysia	91.3	32%	64%	Above
	Mega First Corp	79.0	(21%)	10%	In-line

Source: Company results data, Maybank IBG Research

## Stock earnings revisions

Consistent with more earnings misses relative to beats in this 1Q22 reporting (*in page 2*), the number of earnings downgrades (for FY22E) also exceeded upgrades on a ratio of **1.8x**. In total, we have **lowered core net profit forecasts** for **30%** of our stock coverage that reported for the quarters ended Feb/Mar 2022, **raised forecasts** for **17%**, and maintained for **53%**.

- Sector with many earnings **upgrades** was **Gloves** (Hartalega, Kossan).
- For **downgrades**, they were mainly in **Oil & Gas** (4 out of 8 stocks).
- For the following sectors, there is an almost **equal** number of downgrades vs. upgrades - **Automotive**, **Banks**, **Consumer**, **REITs**.

**Fig 11: 1Q 2022 results roundup - Core net profit upgrades and downgrades**

Sector	Stock	FYE	FY22E	FY23E
Auto	MBM Resouces	Dec	11%	10%
	Tan Chong Motor	Dec	(23%)	(21%)
	UMW Holdings	Dec	24%	24%
	Sime Darby Berhad	Jun	(19%)	(7%)
Banks	CIMB Group	Dec	-	2%
	Public Bank	Dec	18%	16%
	Hong Leong Bank	Jun	-	-
	HL Financial Group	Jun	(2%)	(4%)
	RHB Bank	Dec	7%	(3%)
	AMMB Holdings	Mar	NA	-
	Alliance Bank	Mar	NA	8%
	Bank Islam	Dec	-	(0%)
Construction	IJM Corporation	Mar	NA	-
	Sunway Construction	Dec	-	-
	Cahaya Mata Sarawak	Dec	-	-
Consumer	AEON Co. (M)	Dec	(8%)	(5%)
	BAT (M)	Dec	(17%)	(13%)
	Carlsberg Brewery	Dec	18%	16%
	Heineken Malaysia	Dec	26%	13%
	Nestle (Malaysia)	Dec	-	-
	Padini Holdings	Jun	15%	-
	QL Resources	Mar	NA	-
	7-Eleven Malaysia	Dec	14%	22%
	Berjaya Food	Jun	26%	21%
	Leong Hup Int'l	Dec	(35%)	-
	MR D.I.Y. Group (M)	Dec	(8%)	(7%)
	InNature	Dec	-	-
Farm Fresh	Dec	1%	-	
Gaming	Genting Bhd	Dec	(3%)	(1%)
	Genting Malaysia	Dec	-	-
	Berjaya Sports Toto	Jun	52%	5%
	Magnum	Dec	-	-
Gloves	Hartalega Holdings	Mar	NA	5%
	Kossan Rubber	Dec	20%	8%
	Top Glove Corp	Aug	-	(45%)

Source: Maybank IBG Research



Fig 11: 1Q 2022 results roundup - Core net profit upgrades and downgrades

Sector	Stock	FYE	FY22E	FY23E
Healthcare	IHH Healthcare	Dec	-	-
	KPJ Healthcare	Dec	(16%)	(14%)
Non-Bank Fin	Bursa Malaysia	Dec	-	-
	Allianz Malaysia	Dec	-	(1%)
	RCE Capital	Mar	(2%)	(3%)
Oil & Gas	Dialog Group	Jun	(9%)	(8%)
	Bumi Armada	Dec	-	-
	Velesto Energy	Dec	-	-
	MMHE	Dec	-	-
	Wah Seong Corp	Dec	(30%)	(15%)
	Favelle Falco	Dec	(24%)	(20%)
	Icon Offshore	Dec	-	-
	Hibiscus Petroleum	Jun	(6%)	-
Petrochem	Petronas Chemicals	Dec	-	-
	Lotte Chemical Titan	Dec	(46%)	(41%)
Plantation	Sime Darby Plantation	Dec	-	-
	IOI Corporation	Jun	(9%)	(0%)
	Kuala Lumpur Kepong	Sep	-	-
	Genting Plantations	Dec	(5%)	(8%)
	Sarawak Oil Palms	Dec	-	-
	TSH Resources	Dec	(2%)	-
	Ta Ann Holdings	Dec	-	-
	Boustead Plantations	Dec	-	-
TH Plantation	Dec	-	-	
Property	Sunway Berhad	Dec	-	-
	Sime Darby Property	Dec	-	-
	SP Setia	Dec	(20%)	(20%)
	UEM Sunrise	Dec	(44%)	(29%)
	Tambun Indah	Dec	-	-
REITs	KLCCP Stapled Group	Dec	-	-
	IGB REIT	Dec	-	-
	Sunway REIT	Dec	-	3%
	Pavilion REIT	Dec	24%	5%
	Axis REIT	Dec	-	-
	YTL Hospitality REIT	Jun	(8%)	(6%)
	CapitaLand MT	Dec	-	-
	Sentral REIT	Dec	(4%)	(3%)
Al-Salam REIT	Dec	-	-	
Renewables	Solarvest Holdings	Mar	(16%)	(28%)
Technology	Inari Amertron	Jun	-	-
	ViTrox Corporation	Dec	-	-
	Greatch Technology	Dec	(4%)	-
	Frontken Corporation	Dec	-	-
	Globetronics	Dec	-	-
	Revenue Group	Jun	8%	-
	CTOS Digital	Dec	-	-

Source: Maybank IBG Research

Fig 11: 1Q 2022 results roundup - Core net profit upgrades and downgrades

Sector	Stock	FYE	FY22E	FY23E
Technology	GHL Systems	Dec	(7%)	(7%)
	My E.G. Services	Dec	-	-
Telco	Maxis	Dec	-	-
	Axiata Group	Dec	-	-
	Digi.Com	Dec	-	-
	Telekom Malaysia	Dec	-	-
	Time dotCom	Dec	-	-
Tolls	LITRAK	Mar	NA	-
Transport	MISC	Dec	(16%)	(14%)
	Westports	Dec	-	-
	Malaysia Airports *	Dec	23%	-
	Capital A	Dec	-	-
Utilities	Tenaga Nasional	Dec	-	-
	Petronas Gas	Dec	-	-
	YTL Power	Jun	(60%)	(47%)
	Malakoff Corporation	Dec	(13%)	(0%)
	Gas Malaysia	Dec	38%	32%
	Mega First Corp	Dec	-	-

\* Earnings revision for lower losses in FY22; Source: Maybank IBG Research

## Stock recommendation revisions

Compared to the 4Q21 reporting period where we had lifted our call on nine (9) stocks and cut on four (4), we **upgraded just two (2) stocks** during the 1Q22 reporting season, and **downgraded 10**.

- Of the 2 upgrades, both were to BUY - [CMS](#) and [Gas M'sia](#).
- Of the 10 downgrades, two were to SELL - [Bursa](#) and [LCT](#).

Fig 12: 1Q 2022 results roundup - Stock upgrades and downgrades

Stock	Old Call	New Call	Old TP	New TP
<b>UPGRADES</b>				
Cahaya Mata Sarawak (CMS)	HOLD	BUY	1.27	1.27
Gas Malaysia	HOLD	BUY	2.90	3.30
<b>DOWNGRADES</b>				
Bursa Malaysia	HOLD	SELL	6.38	6.38
Lotte Chemical Titan (LCT)	HOLD	SELL	2.26	1.75
Bank Islam Malaysia	BUY	HOLD	3.40	3.00
British American Tobacco (M'sia)	BUY	HOLD	15.20	13.10
Favelle Favco	BUY	HOLD	3.00	2.15
GHL Systems	BUY	HOLD	1.70	1.58
Leong Hup Int'l	BUY	HOLD	0.76	0.50
MISC	BUY	HOLD	7.56	7.53
S P Setia	BUY	HOLD	1.42	1.06
Tambun Indah Land	BUY	HOLD	0.84	0.98

Source: Maybank IBG Research

## Market earnings growth and valuations

### -1% universe earnings growth in 2022E, +15.9% 2023E

Having incorporated earnings revisions for the 99 stocks that reported:

- Core earnings estimates of our universe are adjusted by +1.3% for 2022E, and +0.6% for 2023E.
- Growth estimates (Fig 13):
  - **2022E.** We now estimate a smaller **-1%** core earnings decline for our universe (vs. -3.9% estimate in early-Mar 2022) and **-5.5%** for the KLCI (vs. -6.9% previously). Our forecasts have incorporated *Cukai Makmur* for stocks which we believe would be affected.
  - **2023E.** We now estimate a smaller **+15.9%** core earnings expansion for our universe and **+12.4%** for the KLCI (vs. +16.7% and +12.9% estimates previously).
- **Excluding the Glove stocks**, our research universe's core earnings growth is **13.2%** for **2022E** (previously +9%) and **+17.1%** for **2023E** (previously +17.9%).
- Sector earnings in 2022E (Fig 14):
  - Most sectors are expected to post **higher earnings** in 2022E **except Non-Bank Financials, Gloves, Petrochem, Telco, Port** and **Utilities**.
  - **Banks** and **Plantation** core profit growth are anticipated to be smaller in 2022E after a strong 2021.
  - **Gaming-Casinos** to return to the black (from losses in 2020-21), while **Aviation** losses are expected to narrow.

Fig 13: KLCI & research universe core earnings growth & valuations

		2020A	2021A	2022E	2023E
<b>KLCI @ 1,570.1 on 31 May 2022</b>	<b>PE (x)</b>	<b>19.9</b>	<b>14.7</b>	<b>15.5</b>	<b>13.8</b>
Earnings Growth (%) - new		(13.8%)	37.6%	(5.5%)	12.4%
Earnings Growth (%) - early-Mar '22		(13.8%)	37.7%	(6.9%)	12.9%
Earnings Growth (%) - early-Dec '21		(13.9%)	39.7%	(6.9%)	12.4%
<b>Maybank KE's Research Universe</b>	<b>PE (x)</b>	<b>21.9</b>	<b>16.1</b>	<b>16.3</b>	<b>14.1</b>
Earnings Growth (%) - new		(14.7%)	35.8%	(1.0%)	15.9%
Earnings Growth (%) - early-Mar '22		(14.7%)	38.0%	(3.9%)	16.7%
Earnings Growth (%) - early-Dec '21		(15.2%)	41.0%	(6.0%)	17.0%
<b>Maybank KE's Research Universe (ex-Glove stocks)</b>	<b>PE (x)</b>	<b>24.5</b>	<b>18.5</b>	<b>16.4</b>	<b>14.0</b>
Earnings Growth (%) - new		(23.8%)	32.3%	13.2%	17.1%
Earnings Growth (%) - early-Mar '22		(23.7%)	35.0%	9.0%	17.9%
Earnings Growth (%) - early-Dec '21		(24.2%)	36.9%	6.4%	19.0%

Source: Maybank IBG Research

Fig 14: Research universe core earnings, growth, PER, P/B and ROE (31 May 2022)

Sector	Core earnings (MYR m)				Core earnings growth (% YoY)				CAGR (%)
	CY20A	CY21A	CY22E	CY23E	CY20A	CY21A	CY22E	CY23E	CY21-23E
Banks	22,682	28,928	29,464	34,349	(18.7)	27.5	1.9	16.6	9.0
Non-bank Financials	1,019	1,010	881	936	29.8	(0.9)	(12.8)	6.3	(3.7)
Consumer	2,060	2,428	3,118	3,566	(23.2)	17.9	28.4	14.3	21.2
Healthcare	850	1,625	1,893	2,263	(24.8)	91.2	16.5	19.6	18.0
Automotive	1,570	1,531	1,933	2,161	(3.3)	(2.5)	26.3	11.8	18.8
Construction, Infra	1,316	1,428	1,560	1,605	(18.9)	8.5	9.2	2.9	6.0
Gaming - NFO	255	170	393	464	(43.3)	(33.4)	131.4	17.9	65.2
Gaming - Casino	(1,848)	(2,091)	1,067	3,164	NA	13.1	NA	196.7	NM
Gloves	7,245	11,491	2,007	1,410	373.5	58.6	(82.5)	(29.7)	(65.0)
Media	544	480	451	566	(16.1)	(11.8)	(6.0)	25.4	8.6
Oil & Gas	1,335	(1,383)	1,801	2,717	NA	NA	NA	50.9	NM
Petrochemical	1,997	8,179	6,471	6,425	(39.2)	309.6	(20.9)	(0.7)	(11.4)
Plantation	3,642	7,417	8,382	5,746	119.5	103.6	13.0	(31.4)	(12.0)
Property - Developer	880	1,056	1,508	1,716	(60.2)	20.0	42.8	13.8	27.5
Property - REIT	1,615	1,491	1,973	2,163	(21.2)	(7.7)	32.3	9.6	20.4
Renewables	84	74	95	131	(3.7)	(12.9)	28.8	38.1	33.4
Technology	1,130	1,525	1,675	2,003	82.3	34.9	9.8	19.6	14.6
Telco	4,800	5,189	5,114	5,942	(7.9)	8.1	(1.4)	16.2	7.0
Transport - Aviation	(4,257)	(3,662)	(2,978)	762	NA	(14.0)	(18.7)	NA	NM
Transport - Shipping	2,159	1,889	1,914	2,028	34.1	(12.5)	1.4	5.9	3.6
Transport - Port	619	737	635	777	(4.0)	19.0	(13.8)	22.4	2.7
Utility	7,547	8,209	7,613	8,286	(4.7)	8.8	(7.3)	8.8	0.5
<b>Stocks under cvrg</b>	<b>57,244</b>	<b>77,719</b>	<b>76,968</b>	<b>89,178</b>	<b>(14.7)</b>	<b>35.8</b>	<b>(1.0)</b>	<b>15.9</b>	<b>7.1</b>

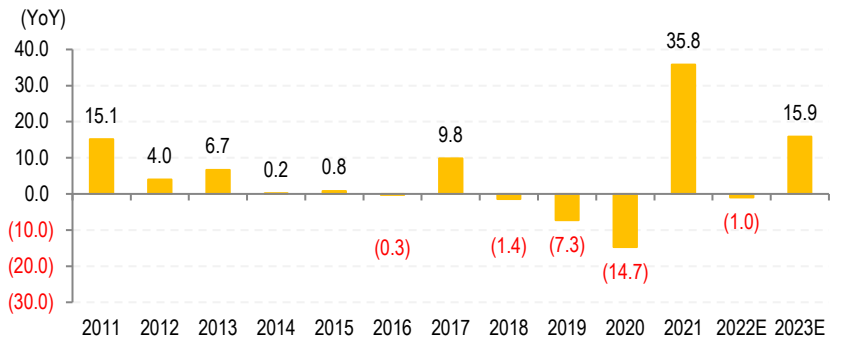
Source: Bloomberg pricing, Maybank IBG Research

Fig 14: Research universe core earnings, growth, PER, P/B and ROE (31 May 2022)

Sector	PER (x)			P/B (x)			ROE (%)		
	CY21A	CY22E	CY23E	CY21A	CY22E	CY23E	CY21A	CY22E	CY23E
Banks	12.9	12.6	10.8	1.2	1.2	1.1	7.7	9.5	9.2
Non-bank Financials	8.8	10.1	9.5	1.5	1.4	1.3	17.9	17.4	14.0
Consumer	38.1	29.6	25.9	8.5	7.6	7.0	21.6	22.2	25.8
Healthcare	38.6	33.2	27.7	2.6	2.4	2.3	3.6	6.6	7.4
Automotive	15.0	11.9	10.6	0.9	0.9	0.9	6.4	6.0	7.4
Construction, Infra	14.9	13.7	13.3	0.9	0.8	0.8	5.7	5.9	6.2
Gaming - NFO	29.8	12.9	10.9	1.6	1.5	1.5	8.1	5.3	12.0
Gaming - Casino	NM	33.1	11.2	0.8	0.8	0.8	(3.9)	(4.6)	2.3
Gloves	2.6	14.8	21.1	2.0	1.9	1.8	60.3	75.4	12.6
Media	10.7	11.3	9.0	4.6	4.3	3.8	51.4	42.8	37.5
Oil & Gas	NM	16.1	10.7	1.5	1.4	1.2	5.1	(7.0)	8.6
Petrochemical	10.6	13.4	13.5	1.8	1.7	1.6	4.7	17.2	12.9
Plantation	14.3	12.7	18.5	2.0	1.9	1.8	7.6	14.2	14.9
Property - Developer	19.5	13.6	12.0	0.4	0.4	0.4	1.9	2.1	3.0
Property - REIT	23.6	17.8	16.2	1.0	1.0	1.0	4.7	4.2	5.5
Renewables	9.6	7.5	5.4	0.6	0.6	0.5	8.7	6.4	7.5
Technology	29.0	26.4	22.1	5.1	4.4	4.0	17.0	17.7	16.5
Telco	22.1	22.4	19.3	3.2	3.1	3.0	13.5	14.4	13.9
Transport - Aviation	NM	NM	17.9	4.3	82.6	20.6	(72.3)	(116.5)	(1,807.2)
Transport - Shipping	16.9	16.7	15.8	0.9	0.9	0.9	6.7	5.5	5.6
Transport - Port	16.0	18.5	15.1	3.8	3.6	3.4	21.9	23.6	19.3
Utility	12.6	13.6	12.5	1.1	1.1	1.0	8.4	8.8	7.8
<b>Stocks under cvrg</b>	<b>16.1</b>	<b>16.3</b>	<b>14.1</b>	<b>1.5</b>	<b>1.4</b>	<b>1.4</b>	<b>7.0</b>	<b>9.2</b>	<b>8.7</b>

Source: Bloomberg pricing, Maybank IBG Research

**Fig 15: Research universe core earnings growth**



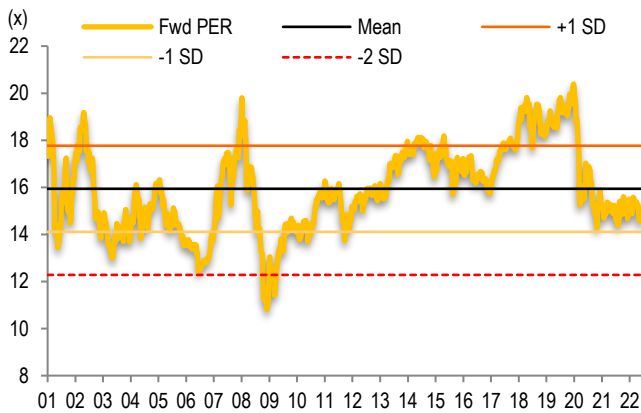
Source: Maybank IBG Research

### Market valuations

Based on our revised KLCI core earnings estimates and market close as of 31 May 2022, KLCI's valuations (at 1,570 pts) are at:

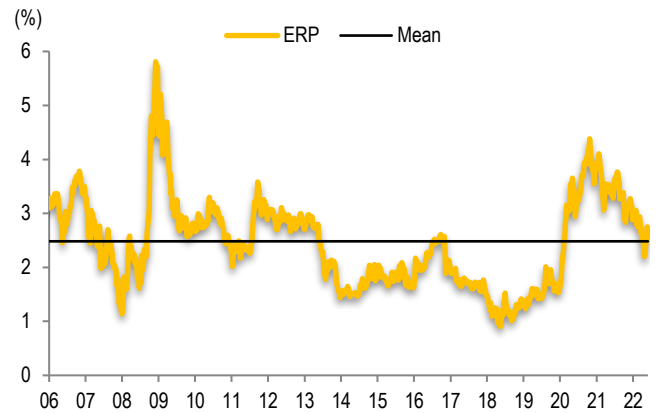
- **14.7x** 12M forward PER, which is -0.7SD of its long-term mean (since 2001) of 15.9x (1SD is 1.8x). On **2022/23E** core earnings, the KLCI's PER valuations are at **15.5x/13.8x** - see Fig. 13.
- **1.6x** trailing P/B, which is -0.6SD of its long-term mean of 1.8x.

**Fig 16: KLCI's 12M forward PER at 14.7x @ 31 May 2022, or -0.7SD of LT mean (mean = 15.9x, 1SD = 1.8x)**



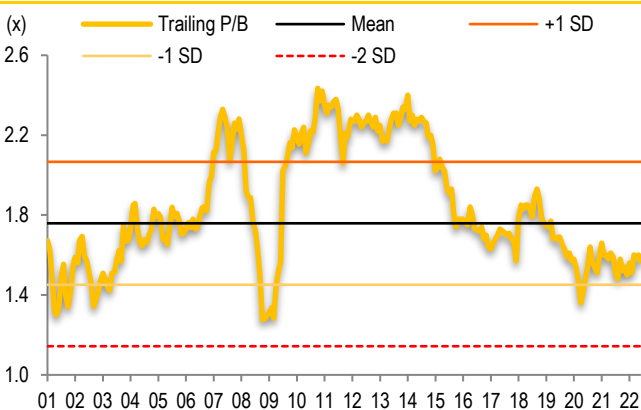
Source: Maybank IBG Research, Bloomberg

**Fig 17: KLCI's equity premium (over 10Y MGS) at 259bps @ 31 May 2022 (mean = 248bps)**



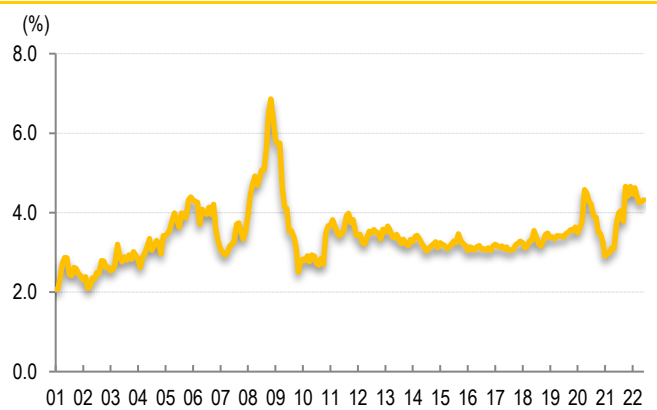
Source: Maybank IBG Research, Bloomberg

**Fig 18: KLCI's trailing P/B at 1.57x @ 31 May 2022, or -0.6SD of LT mean (mean = 1.76x, 1SD = 0.31x)**



Source: Maybank IBG Research, Bloomberg

**Fig 19: KLCI's trailing dividend yield at 4.3% @ 31 May 2022**

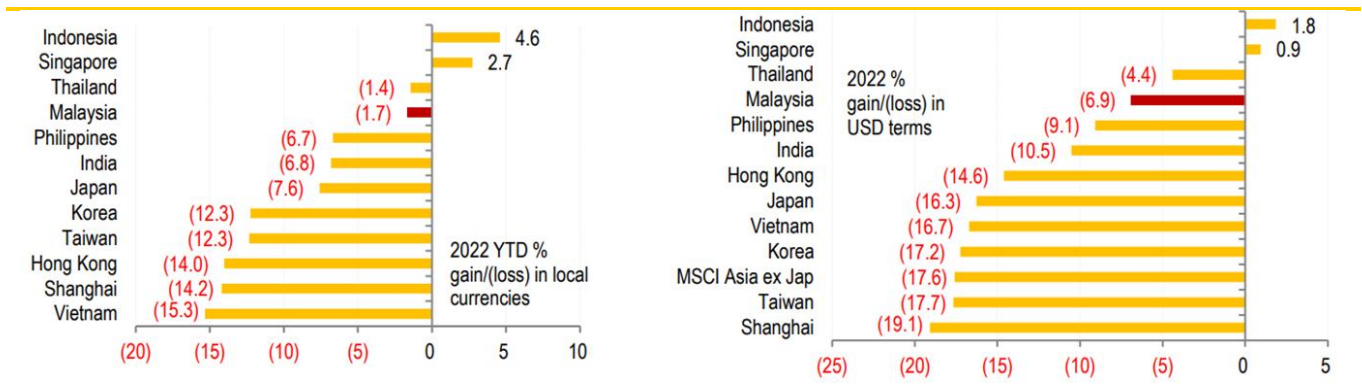


Source: Maybank IBG Research, Bloomberg

## Maintaining a balanced portfolio positioning

ASEAN as a whole has seen relative outperformance YTD (Fig 20), mainly underpinned by **i**) accelerating, broad economic reopening into 2022 as vaccination rates have surged, supporting corporate earnings and GDP recovery - this includes reopening of international borders, boosting laggard sectors like tourism which are a large share of GDP in Thailand (11.3% in 2019), Vietnam (9.9%) and Malaysia (5.7%); **ii**) predominantly old economy-dominated equity markets that have had their defensive/valuation attractions boosted by years of relative underperformance and deflated foreign ownership; further, for Malaysia and Indonesia in particular, sizeable commodities-related weightings have boosted benchmark performance; **and iii**) a comparatively less aggressive, multi-speed monetary policy normalization/tightening, supported by a range of ex-monetary policy interventions and measures to mitigate inflationary pressures. While ASEAN central banks have begun tightening (i.e. SG, MY, PH), related interest rate uptrends are expected to be staggered, as are parallel price-capping subsidy rollbacks, as the priority remains to entrench economic recovery.

**Fig 20: Asia: market performance (per benchmark indices)**

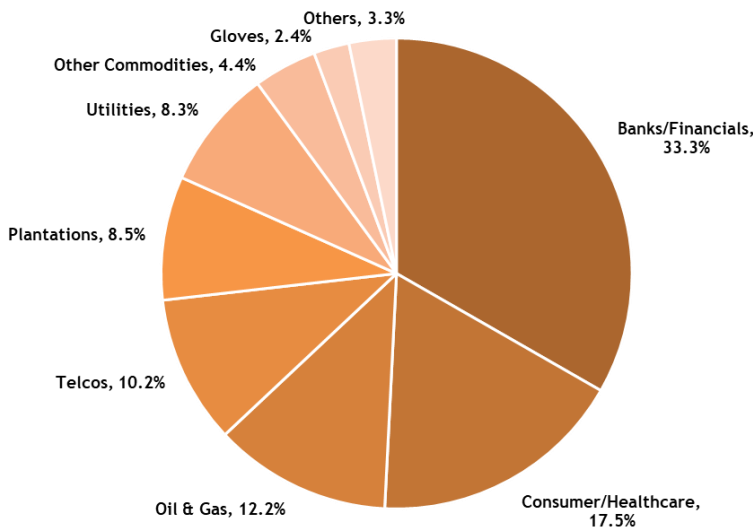


Source: Bloomberg (as of 26 May), Maybank IBG Research (chart)

Re Malaysia, the heavily value-centric “old economy” weightings within the KLCI (see Fig 21 pie chart below; banks, telcos, utilities, consumer), coupled with large commodities-related exposures (i.e. oil & gas, plantations and aluminium via smelter **Press Metal**) have underpinned the 30-stock benchmark’s resilience, as globally tightening monetary policy has prompted investors to switch out of long-outperforming tech/digitalisation-related growth stocks, into value-plays and commodities exposures, the latter driven by rising product prices as well as attraction as an inflation hedge.

Looking ahead, a constructive case can be made for sustained KLCI resilience. The banks/financials sector, which has the biggest weighting in the KLCI, has emerged from the pandemic years relatively unscathed, with ample liquidity and capital, and now set to enjoy a positive inflection in long-suppressed net interest margin (NIM) as interest rates trend higher (note BNM’s surprise +25bps OPR hike in May). Underlying commodities price supports such as supply shortages and logistical disruptions are unlikely to resolve over the short-medium term, keeping related share prices elevated. At the same time, consumer/healthcare plays are reporting healthy earnings rebounds in line with economic reopening.

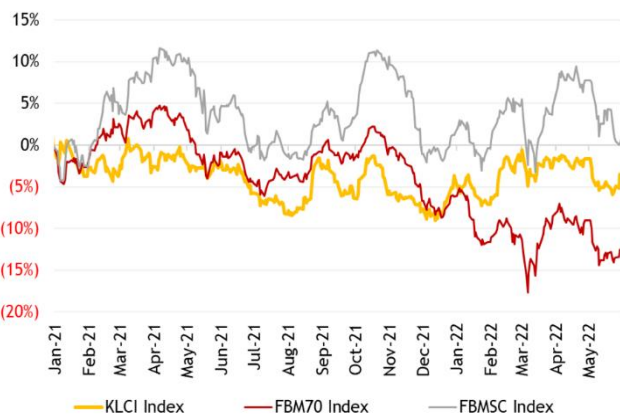
**Fig 21: KLCI constituents: breakdown by sector**



Source: Bloomberg (as of 31 May), Maybank IBG Research (chart)

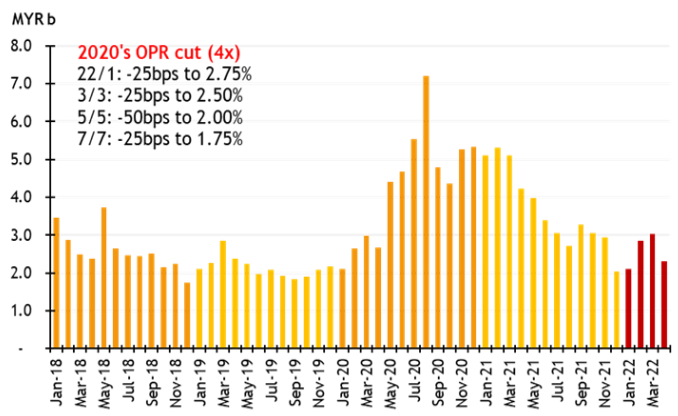
It's not all sunshine for the market, however. The SMID caps space has had a rough ride YTD (Fig 22), especially previous market "darlings" such as glove stocks (**Top Glove** and **Hartalega** remain on our SELL list as ASPs continue to deflate even as input costs rise) and technology (not represented in the KLCI), where the Bursa Malaysia Technology Index has plunged >30% YTD on the valuations-suppressing effect of tightening monetary policy and rising concerns on component shortages / supply bottlenecks related to sanctions and the disruptive lockdowns stemming from China's unrelenting "zero-COVID" strategy. At the same time, Bursa Malaysia's average daily value traded (ADVT) has remained sluggish, staying near the bottom of its downtrend since mid-2021 peaks (Fig 23) notwithstanding the KLCI's headline resilient performance.

**Fig 22: Malaysia key indices, since Jan 2021 (% gain/loss)**



Source: Bloomberg (as of 31 May), Maybank IBG Research (chart)

**Fig 23: Bursa: Monthly Average Daily Value Traded (ADTV) trend**



Source: Bursa Malaysia, Maybank IBG Research (chart)

Foreign ownership in ASEAN equity markets has trended down to near historical lows over recent years. However, per Fig 24, Indonesia has seen sustained foreign buying over the last 12 months, while a positive turn is also evident for Thailand and Malaysia. On the other hand, the Philippines has struggled to attract inflows, attributed to its slow vaccination/economic reopening progress and run-up to just-concluded presidential elections, while Vietnam's retail-driven market has seen consistent foreign selling despite strong macro/earnings, as a regulatory crackdown on manipulative market activities saw risk-off sentiment dominating - net buy in April 2022 may signal valuations are now too attractive to ignore.



Among the sectors that have seen the biggest foreign inflows are **i)** banks/financials which provide the biggest weightings in the respective benchmark indices, have come through the pandemic with fundamentals intact and are positively leveraged into rising interest rates and, especially in the case of the regionalised, USD-funded Sing banks, supply chain relocation out of China into ASEAN; **ii)** commodities, principally in the net commodity exporters Indonesia (gas, nickel, palm oil, coal) and Malaysia (oil, gas, palm oil); **and iii)** reopening beneficiaries in consumer/retail, gaming and travel.

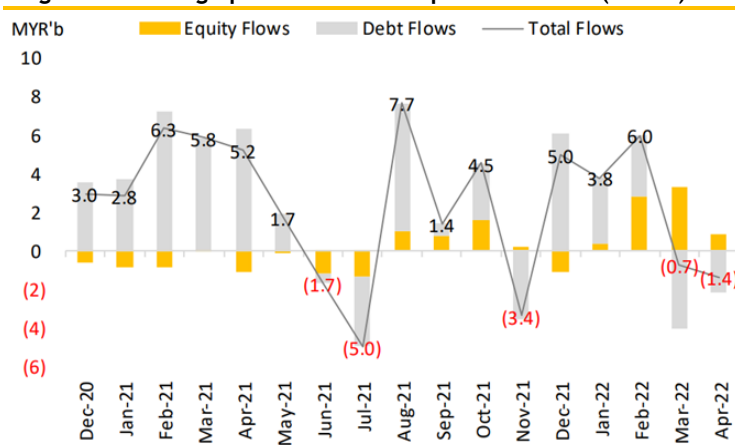
Focusing on Malaysia's foreign flows, May 2022 saw net foreign inflows into MY equities for the 5th consecutive month (Fig 25), albeit diminished at MYR0.08b (April: MYR0.83b net buy). May's inflow lowered cumulative foreign net sell since early-2010 (post GFC) to MYR28.7b. Market foreign holding bounced back to 20.4% end-May 2022, from end-Feb 2022's 20.1%, a post AFC low. However, it was a different story for fixed income where net foreign selling continued for a second straight month in April (May data not yet available). Foreigners net sold - MYR2.2b of Ringgit bonds in April albeit narrower from -MYR4b outflow in March. Foreign funds continued to exit from regional bonds on expectation of aggressive Fed rate hike and weaker Ringgit. Total foreign holdings fell to MYR256.9b at end-April (Mar: MYR259.1b), near where it started at the beginning of the year. The foreign share of MGS and MGS+GII slipped to 37.6% (Mar: 38.8%) and 25% (Mar: 25.5%) respectively, while the foreign share of GII eased to 10.3% at end-April (Mar: 10.4%). Overall portfolio flows (equity + debt) in April was hence again a net outflow of -MYR1.4b (March: -MYR0.7b). For Jan-Apr 2022, total portfolio flow was still a positive MYR7.7b (2021: +MYR30.4b).

Fig 24: ASEAN: foreign net buy / sell (monthly trend)

Monthly (USD mil)	Indonesia	Philippines	Thailand	Vietnam	Malaysia
May-22	(243)	(350)	592	138	18
Apr-22	2,783	(99)	321	170	193
Mar-22	584	(204)	1,006	(174)	783
Feb-22	1,220	141	1,931	(16)	679
Jan-22	425	(56)	432	(131)	79
Dec-21	101	1,724	695	(130)	(271)
Nov-21	(214)	5	(324)	(383)	40
Oct-21	926	8	474	(234)	378
Sep-21	305	(47)	338	(396)	177
Aug-21	312	33	175	(313)	248
Jul-21	67	(183)	(522)	215	(318)
Jun-21	342	(79)	(314)	(182)	(284)
May-21	247	(239)	(1,061)	(510)	(39)
2021	2,688	(5)	(1,632)	(2,537)	(773)
2020	(3,220)	(2,513)	(8,287)	(674)	(5,811)

Source: Bursa Malaysia, Maybank IBG Research (chart)

Fig 25: MY foreign portfolio flows: equities + bonds (MYR b)

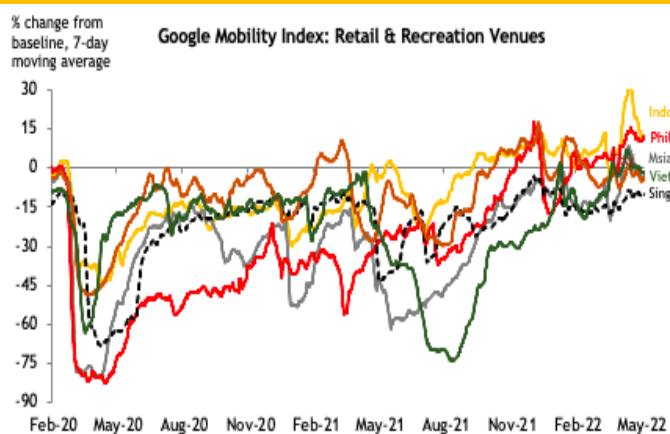


Source: Bursa Malaysia, Maybank IBG Research (chart)

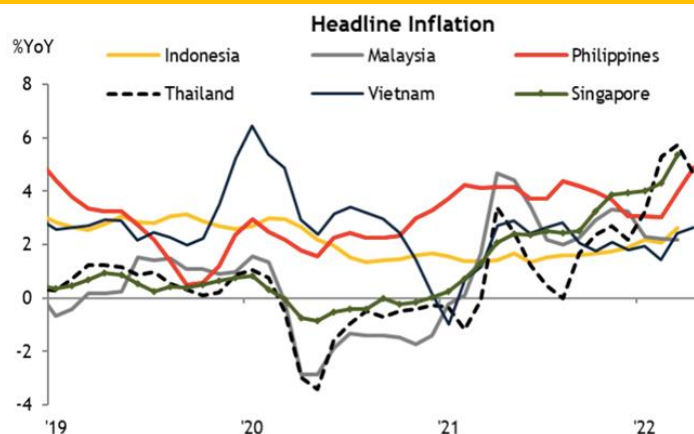
As reflected by the Google mobility index per Fig 26, economic reopening / ending of lockdowns has normalised intra-country people movement to pre-pandemic levels, while the subsequent relaxation of international borders into 2Q22 has seen a rebound in air traffic albeit from a depressed base. A key enabler has been accelerated vaccinations over 2H21, with only Indonesia (61%) and the Philippines (62%) yet to reach the 70% full vaccinated status. The rebound in domestic mobility benefits the broad economy, particularly consumption-linked sectors such as consumer/retail (e.g. **MRDIY MK**) and retail REITs (e.g. **PREIT MK**) where footfall is recovering even as rental rebates decline.

Other beneficiaries of greater intra-country worker mobility and easing operating restrictions include the property construction/building material (**GAM MK**), auto/transport (**BAUTO MK**) and leisure (**GENM MK**) sectors. Reopening of internal borders will most directly benefit the aviation sector, especially airport operators (**MAHB MK**) and an entrenched regional, volume-driven airline like **AAGB MK** (now renamed to Capital A). Tourism proxies will also gain, including hotels/leisure (**GENT MK**), hospital groups that benefit from medical tourism (**IHH MK**) and also a regional payments solutions provider like **GHLS MK**.



**Fig 26: ASEAN-6: People Movements Have Normalised**


Source: Bursa Malaysia, Maybank IBG Research (chart)

**Fig 27: ASEAN-6: Headline Inflation Climbing**


Source: Bursa Malaysia, Maybank IBG Research (chart)

Less positively, the region's economic reopening and related unleashing of pent-up demand has coincided with already building inflationary pressures (Fig 27) due primarily to external factors. Inflation has been soaring across advanced economies, driven by accelerating energy and food prices, as well as tight labour markets, which is pushing up wage costs. US headline inflation in April remained elevated at +8.3% (March: +8.5%, the fastest pace in four decades). Eurozone inflation has been hitting record highs YTD, the latest being +7.5% in April (vs. +7.4% in March), with soaring energy prices due to Europe's dependence on imports from Russia being a key driver. ASEAN inflation has been relatively modest by comparison, with latest monthly CPI in the +3% to +5% range, with subsidies for food and energy having blunted price impacts (Fig 28).

However, pressure is rapidly building with spiking commodity prices, demand-pull drivers from economic reopening (including recovering labour market) and fuel subsidy cuts as related fiscal burdens becoming unsustainable i.e. Thailand is tapering its diesel subsidy in May, Indonesia plans to raise fuel and LPG prices, and electricity tariffs, while Malaysia is planning more targeted fuel subsidies. ASEAN Central Banks are raising their inflation forecasts significantly - overall, ASEAN-6 inflation is expected to rise to c.+4.4% in 2H22, from +3% in 1Q.

Winners in an inflationary environment would include commodities exposures such as oil & gas (**PCHEM MK**, **YNS MK**, **HIBI MK**) and palm oil (**IOI MK**, **KLK MK**), consumer staples where demand is relatively inelastic and pricing power is strong (**FFB MK**, **BFOOD MK**), consumer brands that benefit from down trading as real disposable incomes / affordability is eroded (**MRDIY MK**), banks from the perspective of higher inflation leading to higher interest rates, which are good for net interest margins (**RHBBANK MK**, **ABMB MK**) and green energy stocks as transition plans accelerate in the face of surging energy prices (**SOLAR MK**, **CYP MK**). A key loser from eroding real disposable incomes is consumer discretionary stocks where demand is elastic and pricing power weak.

Fig 28: ASEAN ex-Singapore - Targeted Policy Interventions and Measures to Deal with Inflation

Country	Measures
Indonesia	Government removed retail price caps for packaged cooking oil but raised bulk cooking oil price cap to IDR14,000/litre from IDR11,500/litre and uses revenue from palm oil export levy to fund the price subsidy.
	Set aside Rp6.9tn for cooking oil cash assistance to 20.5mn households covered under the Family Hope Programme and 2.5mn food street hawkers. They will receive Rp100k (US\$7) per month for April to June.
	Wage subsidies assistance to low-income workers i.e. salaries below IDR3.5m (USD243).
	Pertamina (national oil company) maintain prices of widely-used gasoline Peralite (63% of consumption) and Premium (23% of consumption).
Philippines	PHP5b (USD95.9m) worth of fuel subsidy programme for public transport and increasing the budget for additional fuel vouchers for farm producers to PHP1.1b from PHP500m.
	Reductions in import tariffs, impositions of price freeze and increases in import volume of essential food items like pork, poultry, rice and fish (re: <i>Philippines Economy - CPI Mar 2022, 5 Apr 2022</i> )
	Expanding supply and reducing prices of pork by extending the lower tariff of 15% in quota and 25% out quota with minimum access volume of 200,000 metric tons until December 2022; accelerating the release of imported pork from cold storages; passing the proposed Livestock Development and Competitiveness Law and pursuing the livestock value chain reform to address rising corn and feeds prices.
	Unconditional cash transfer of PHP200 per month to the poorest 50% of households (12m households) for one year.
	Fuel subsidies of PHP3,000 each to more than 158,000 corn farmers and fisherfolk registered under the Registry System for Basic Sectors in Agriculture, and PHP6,500 each to around 115,000 public utility vehicle drivers and operators.
Thailand	Approved measures totalling THB80b (USD2.4b) which includes:
	(i) Increase state subsidy for cooking gas for 3.6 million state welfare cardholders from THB45 to THB100 a month
	(ii) Reduce gasohol costs by THB250 baht per month for 157,000 working motorcycle drivers registered with the Department of Land Transport. The department will regulate service prices so people who use motorcycle taxi services will pay the same prices.
	(iii) Diesel prices will continued to be capped at THB30/litre until the end of April 2022. After that the government will subsidise half of any further increases.
	(iv) Price of natural gas (NGV) for vehicles will continue to be maintained at THB15.6/kg.
	(v) Lower electricity tariff for usage of less than 300 unit per month May-Aug 2022.
	(vi) Control the price of cooking gas between April and June by using the Oil Fund to help reduce the impact of any hikes.
	(vii) Reduce the rate of social security contributions for both employers and employees from 5% to 1% to give employees more spending power and employers more liquidity to run their businesses.
(viii) Suspend half of the THB9.3b debt that thousands of farmers owe to state banks, with the rest to be restructured within 15 years.	
Malaysia	Continuation of fuel subsidies (RON95 petrol, diesel, LPG) that could cost the Government MYR28b (2021: MYR11b), as well as cooking oil price subsidy, agro-food sector subsidy (e.g. paddy, fishery), and urban public transport and rural water and air transport subsid
	Freeze on base electricity tariffs for all electricity users in Peninsular Malaysia from 1 Feb 2022 until end-2024; freeze on Gas Malaysia's 2022 distribution tariffs for users in Peninsular Malaysia.
	Introduction of subsidy to poultry farmers for chicken (MYR0.60/kg) and egg (MYR0.05/kg) production costing MYR130m per month; allowed short term (Dec 2021-Feb 2022) importation of frozen whole chicken from Thailand, China and Brazil.
	No highway toll rate hike until up to mid-2032 on 4 key Klang Valley highways (following proposed acquisitions of these highway concessions by Amanat Lebuhraya Rakyat (ALR) from Gamuda).
Vietnam	Cut environment tax on fuel by 50%, in effect from April to end of this year
	Use petrol price stabilisation fund at a rate of 100-1,500 VND per litre to rein in retail petrol prices

Source: Maybank IBG Research Compilations

The aforementioned inflationary pressures coupled with a more aggressive Fed - the market expects the Fed funds rate to rise to 3.0% by end-2022, from current range of 0.75% to 1.0% - are pressuring ASEAN central banks to tighten monetary policy despite the region's still-nascent economic recovery; we had flagged the possibility of "earlier and more aggressive" rate hikes in our strategy update report "*Rate pressure building*", dated April 20. Singapore's MAS tightened for a third time in April, followed by a surprise rate hike by Bank Negara (+25%, to 2.0%) on May 11th - other ASEAN central banks, faced with a combination of rising inflation and rapidly depreciating currencies (made worse by a slumping Yuan due to China's persisting lockdowns), are now signaling a more hawkish stance (Fig 29), most recently with the Philippines raising its policy interest rate by +25bps, to 2.25% (also raised inflation forecasts in parallel).

Higher interest rates will have a braking effect on regional growth into 2H22 - potentially exacerbating GDP deceleration is a parallel moderation in fiscal support for the economy due to **i)** rising subsidy spending to cushion food and energy price increases (Fig 28); **and ii)** higher debt servicing costs as rising bond yields coincide with public debt and debt servicing ratios that have risen significantly during the pandemic years due to financing of COVID-19 fiscal support packages. Nonetheless, at the corporate level, an expected beneficiary are banks/financials, where higher interest rates should reverse a prolonged period of net interest margin (NIM; Fig 30) pressure, especially for banks with high CASA (**ABMB MK**, **RHBBANK MK**).

With ASEAN rate hikes, including Malaysia, likely to lag the Fed, and China’s unwavering zero-Covid strategy, regional currencies are set to remain under pressure vs. the USD - this is a boon for local-cost exporters, especially the tech and manufacturing sectors, but a margin squeeze for importers of USD inputs (e.g. commodities, auto parts, media content). Per our interest sensitivity analysis in Fig 31 below, most sectors will see earnings drag from higher finance costs, especially property/REITs-centric leveraged operating models. However, sectors that are enjoying both an interest income uplift stemming from net cash balance sheets and also an FX tailwind given USD-exports are petrochemicals (PCHEM MK) and technology (INRI MK, VITRO MK, GREATEC MK, FRCB MK).

Fig 29: ASEAN-6: Policy Rate (Historical + Forecast)

	Policy Rate (% , year-end)				
	2019	2020	2021	2022E	2023E
Global	-				
US	1.625	0.125	0.125	1.825	2.625
Indonesia	5.00	3.75	3.50	4.25	5.00
Malaysia	3.00	1.75	1.75	2.25	3.00
Philippines	4.00	2.00	2.00	2.50	3.00
Singapore	1.77	0.41	0.44	1.80	2.30
Thailand	1.25	0.50	0.50	0.75	1.25
Vietnam	6.00	4.00	4.00	4.50	5.25

Source: Bursa Malaysia, Maybank IBG Research (chart)

Fig 30: Malaysian banks: Impact of 25bps OPR hike on earnings



Source: Bursa Malaysia, Maybank IBG Research (chart)

Fig 31: Malaysia: EPS sensitivity to changes in interest rate

Company	FYE	Gross debt	Net debt	Equity/SHF	Gross Debt/Equity	Net Debt/Equity	% floating debt	FY22E EBITDA	Debt/FY22E EBITDA	Impact on FY22E EPS for 1% chg in i/r
		*	*	*	*	*	*	#	#	#
		(MYR m)	(MYR m)	(MYR m)	(x)	(x)	(%)	(MYR m)	(x)	(%)
<b>Auto</b>										
1 BAuto	Apr	199.8	325.5	580.6	0.34	0.56	50%	153.1	1.3	(0.8%)
2 Sime Darby	Jun	4,088.0	2,088.0	15,534.0	0.26	0.13	100%	3,243.5	1.3	(3.2%)
3 UMW	Dec	2,733.0	208.3	4,116.5	0.66	0.05	1%	690.0	4.0	(0.0%)
<b>Construction / Infra</b>										
4 Gamuda	Oct	5,422.1	1,723.1	9,336.1	0.58	0.18	34%	911.2	6.0	(0.1%)
5 IJM Corporation	Mar	5,951.7	2,762.8	9,982.5	0.60	0.28	52%	1,150.4	5.2	(3.6%)
<b>Consumer</b>										
6 7-Eleven Malaysia	Dec	640.2	482.2	90.0	7.12	5.36	20%	358.3	1.8	(1.2%)
7 BAT Malaysia	Dec	775.0	753.2	382.5	2.03	1.97	100%	439.1	1.8	(1.9%)
8 Berjaya Food	Jun	192.1	170.9	425.8	0.45	0.40	98%	292.3	0.7	(3.1%)
9 Carlsberg Malaysia	Dec	37.4	(38.2)	211.1	0.18	NM	100%	401.5	0.1	(0.1%)
10 Heineken Malaysia	Dec	160.0	83.7	395.7	0.40	0.21	100%	504.7	0.3	(0.4%)
11 Leong Hup International	Dec	3,297.2	2,532.6	1,802.8	1.83	1.40	53%	728.4	4.5	(6.6%)
12 MR DIY	Dec	208.3	15.7	1,149.2	0.18	0.01	99%	1,200.7	0.2	(1.5%)
13 Mynews Holdings	Oct	71.0	54.9	239.2	0.30	0.23	41%	54.7	1.3	(5.3%)
14 Nestle Malaysia	Dec	345.7	289.5	582.7	0.59	0.50	29%	1,114.2	0.3	(0.1%)
15 Padini Holdings	Jun	0.0	(722.6)	829.1	NM	NM	0%	204.5	NM	0.0%
16 QL Resources	Mar	1,643.2	1,099.3	2,398.7	0.69	0.46	34%	625.3	2.6	(1.7%)
<b>Gaming</b>										
17 Genting Berhad	Dec	40,738.5	18,156.6	53,158.6	0.77	0.34	7%	7,139.0	5.7	(2.6%)
18 Genting Malaysia	Dec	13,786.4	9,145.3	13,783.7	1.00	0.66	10%	3,230.0	4.3	(1.4%)



<u>Healthcare</u>										
19 IHH Healthcare	Dec	8,871.1	3,853.5	22,424.9	0.40	0.17	92%	4,610.8	1.9	(3.1%)
20 KPJ Healthcare	Dec	1,828.5	1,510.5	2,135.4	0.86	0.71	23%	609.7	3.0	(1.6%)
<u>Non-Banking Financials</u>										
21 Bursa Malaysia	Dec	0.0	(499.1)	900.8	NM	NM	0%	357.5	NM	0.0%
<u>Oil &amp; Gas</u>										
22 Dialog	Jun	1,932.1	567.0	4,765.1	0.41	0.12	70%	775.2	2.5	(2.5%)
23 Hibiscus	Jun	7.5	(807.4)	1,553.0	0.00	NM	0%	1,014.9	0.0	0.0%
24 Yinson	Jan	8,758.0	2,859.0	4,739.0	1.85	0.60	0%	1,402.0	6.2	0.0%
<u>Petrochemical</u>										
25 Lotte Chemical Titan	Dec	0.0	(4,598.1)	12,723.5	NM	NM	NM	869.9	NM	0.0%
26 Petronas Chemicals	Dec	2,388.0	(14,002.0)	34,923.2	0.07	NM	79%	7,927.5	0.3	2.3%
<u>Plantation</u>										
27 Genting Plantations	Dec	2,527.0	879.6	5,296.0	0.48	0.17	6%	996.0	2.5	(0.1%)
28 IOI Corp	June	5,274.0	2,877.0	10,672.0	0.49	0.27	27%	1,917.0	2.8	(0.5%)
29 KL Kepong	Sept	9,473.9	6,231.0	14,114.7	0.67	0.44	17%	3,763.1	2.5	(0.6%)
30 Sarawak Oil Palms	Dec	1,019.5	11.1	2,940.0	0.35	0.00	22%	713.0	1.4	(0.0%)
31 Sime Darby Plantation	Dec	6,448.0	5,856.0	17,859.0	0.36	0.33	21%	4,715.0	1.4	(0.4%)
<u>Property Dev</u>										
32 Eco World Development	Oct	2,880.0	2,095.3	4,765.3	0.60	0.44	73%	557.5	5.2	(8.5%)
33 Sime Darby Property	Dec	3,831.6	2,921.9	9,326.5	0.41	0.31	63%	446.3	8.6	(9.4%)
34 SP Setia	Dec	12,555.9	9,484.7	15,631.7	0.80	0.61	75%	700.4	17.9	(21.0%)
35 Sunway	Dec	8,715.5	5,901.5	13,123.5	0.66	0.45	45%	652.1	13.4	(6.9%)
36 Tambun Indah	Dec	108.4	(5.3)	703.0	0.15	-0.01	NM	59.9	1.8	0.0%
<u>REIT</u>										
37 Al-Salam REIT	Dec	635.7	598.5	590.6	1.08	1.01	100%	53.7	11.8	(37.2%)
38 Axis REIT	Dec	1,184.6	988.6	2,527.3	0.47	0.39	36%	224.7	5.3	(2.5%)
39 CapitaLand Malaysia Trust	Dec	1,412.3	1,336.1	2,391.3	0.59	0.56	19%	136.1	10.4	(3.0%)
40 IGB REIT	Dec	1,214.7	991.7	3,804.5	0.32	0.26	0%	336.7	3.6	0.0%
41 KLCCP Stapled	Dec	2,375.9	1,416.4	15,039.5	0.16	0.09	17%	948.8	2.5	(0.6%)
42 Pavilion REIT	Dec	2,173.3	1,861.1	3,858.5	0.56	0.48	58%	292.4	7.4	(6.4%)
43 Sentral REIT	Dec	805.6	712.1	1,317.9	0.61	0.54	54%	119.2	6.8	(5.1%)
44 Sunway REIT	Dec	3,405.4	3,064.8	5,465.2	0.62	0.56	62%	425.1	8.0	(7.8%)
45 YTL Hospitality REIT	Jun	2,048.7	1,947.8	2,643.0	0.78	0.74	79%	279.1	7.3	(11.0%)
<u>Renewables</u>										
46 Cypark Resources	Oct	1,437.0	1,192.3	1,223.4	1.17	0.97	1%	235.5	6.1	(0.1%)
47 Solarvest	Mar	18.4	(36.0)	172.0	0.11	NM	100%	46.5	0.4	(0.2%)
<u>Technology</u>										
48 CTOS Digital	Dec	0.0	(17.1)	307.7	NM	NM	0%	76.9	NM	0.0%
49 Frontken Corp.	Dec	0.0	(249.6)	500.9	NM	NM	NM	211.5	NM	0.0%
50 GHJ System	Dec	52.7	(127.4)	508.9	0.10	NM	18%	83.8	0.6	(0.1%)
51 Greatech Technology	Dec	16.1	(90.2)	431.0	0.04	NM	100%	194.3	0.1	1.7%
52 Inari Amertron	Jun	0.0	(1,948.2)	2,478.5	NM	NM	NM	641.4	NM	0.0%
53 MyEG Services	Dec	160.5	71.3	1,547.1	0.10	0.05	70%	425.5	0.4	(0.3%)
54 Revenue Group	Jun	5.4	(92.0)	148.8	0.04	NM	96%	31.8	0.2	(0.4%)
55 ViTrox Corp.	Dec	34.9	(221.0)	711.3	0.05	NM	100%	222.9	0.2	1.9%
56 VS Industry	Jul	512.3	262.2	2,100.3	0.24	0.12	28%	354.9	1.4	(0.6%)
<u>Telecommunication</u>										
57 Axiata	Dec	29,221.5	22,243.1	18,211.1	1.60	1.22	33%	11,837.2	2.5	(4.4%)
58 Digi	Dec	4,959.3	4,792.9	632.8	7.84	7.57	14%	2,991.7	1.7	(0.5%)
59 Maxis	Dec	10,417.0	9,116.0	6,533.6	1.59	1.40	38%	3,954.2	2.6	(2.2%)
60 Telekom Malaysia	Dec	7,603.7	4,374.1	8,089.5	0.94	0.54	0%	4,618.9	1.6	0.0%
61 TIME	Dec	324.2	(485.7)	3,342.1	0.10	NM	3%	715.0	0.5	(0.0%)

**Transport**

62 Malaysia Airports	Dec	5,367.0	3,783.8	7,252.5	0.74	0.52	32%	633.0	8.5	(2.4%)
63 MISC	Dec	17,029.0	9,076.7	34,163.1	0.50	0.27	30%	4,438.5	3.8	(2.2%)
64 Westports	Dec	1,220.4	564.4	3,126.9	0.39	0.18	0%	1,284.7	0.9	0.0%

**Utilities**

65 Gas Malaysia	Dec	331.2	(206.0)	1,154.1	0.29	NM	0%	434.8	0.8	0.0%
66 Malakoff	Dec	8,950.5	5,167.8	6,231.2	1.44	0.83	4%	2,094.8	4.3	(0.4%)
67 Mega First	Dec	751.5	303.5	2,672.5	0.28	0.11	100%	563.4	1.3	(2.1%)
68 Petronas Gas	Dec	3,614.8	(560.3)	13,539.2	0.27	NM	0%	3,675.6	1.0	0.0%
69 Tenaga	Dec	53,903.8	41,599.1	59,171.3	0.91	0.70	1%	15,430.2	3.5	(0.1%)
70 YTL Power	Jun	30,821.7	18,732.6	15,071.6	2.05	1.24	36%	2,559.9	12.0	(1.4%)

\* As of 30 Nov 2021, or 31 Dec 2021, or 31 Jan 2022

# FY23, if FYE is Jan, Feb, Mar, Apr, May, Jun

Source: Maybank IBG Research (compilation)

On ASEAN peer basket valuation comparison per Fig 32 below, notwithstanding a fairly resilient YTD performance, the historical average 20% PE multiple premium the Malaysian market used to command over regional peers is no longer obvious, while PB and dividend yield measures have become relatively attractive. The market's gradual structural de-rating is attributable to a combination of factors, in particular sustained foreign selling as Bursa Malaysia's weighing in benchmark global indices continues to decline, an erosion of Malaysia's historical policy and political stability premium, as well as uncertain medium-long term growth potential (i.e. middle-income trap concerns), the latter already an issue pre-Covid per the KLIC's negative earnings growth over 2018 and 2019 (and continuing in pandemic-impacted 2020). Current improving sentiment towards the KLIC as a defensive draw, underpinned by its aforementioned heavy "old economy" financials and commodities weightings, has seen the performance gap vis-à-vis ASEAN peers narrow - however, without deeper structural economic reforms to facilitate new growth drivers, this narrowing is likely to be transient.

For a by-country rundown on 2021 equity market strategies and sector/stock positioning by MKE's regional country Heads of Research, please refer to our latest bi-monthly ASEAN+ Strategy publication, the most recent of which is dated May 27 ("ASEAN+ Fortnightly: Highlights (16 - 27 May)").

**Fig 32: ASEAN: regional market valuations**

Index	PER (x)		Growth (%)		ROE (%)		P/B (x)		Yield (%)		
	2022F	2023F	2022F	2023F	2022F	2023F	2022F	2023F	2022F	2023F	
Malaysia	1,541	14.7	13.2	0.3	11.1	10.3	11.1	1.5	1.4	4.1	4.4
Singapore	3,209	12.7	11.1	10.3	14.6	8.9	9.7	1.1	1.0	4.3	4.8
Indonesia	6,884	16.5	15.2	27.8	8.6	14.5	15.3	2.1	1.9	2.3	2.7
Thailand	1,634	17.0	15.4	5.4	10.2	8.2	8.8	1.7	1.6	2.7	3.0
Philippines	6,646	16.2	13.6	7.7	19.0	8.6	9.9	1.6	1.5	1.9	2.0
Vietnam	1,269	12.2	9.7	9.3	20.6	19.7	19.4	2.1	1.7	1.4	1.6
India	16,170	18.5	15.9	13.5	16.0	15.9	15.9	2.8	2.5	1.6	1.8

Source: Maybank IBG Research, MSCI, Bloomberg (as of 26 May)

For portfolio positioning, given heightened volatility/uncertainties on both the domestic (imminent general elections (GE15), pending fiscal changes re Medium Term Revenue Strategy, potentially including subsidy rollbacks) and external (accelerated monetary tightening, China's lockdowns, Ukraine-Russia conflict) fronts, our recommended positioning is a mix of value and growth stocks, with overlaying yield and ESG considerations. Our end-2022 KLIC target is 1,710, (15x fwd. earnings, -0.5 SD vs. mean), underpinned by forecast double-digit market earnings rebound in 2023E and likely conclusion of GE15 by 4Q22. A snapshot of recommended sector weightings is per Fig. 33 below - recent sectoral developments of note are:

- **Aviation:** after an extremely challenging two years, the clouds are starting to lift for airports and airlines alike, with 1H22 seeing a strong recovery in domestic and international travel as economies as well as international borders progressively reopen. Aviation sector analyst Shao Yang upgraded the sector to Positive (from Neutral previously) in his

March 9 report entitled “*Borders to reopen on 1 Apr 2022 and that is no joke*”, noting that the reopening of all of Malaysia’s borders comes with travel-facilitating measures such as quarantine-free travel (this is now the case for all ASEAN-6 countries). The main beneficiary of international border reopening is airport operator **MAHB** (BUY), as international PSC (passenger service charge) is 5-7x that of domestic PSC - in our most recent update on the stock (“*Climbing steadily*”, dated May 23; TP raised), we note 4M22 MY total pax traffic has recovered to 32% of 4M19 levels, while in Turkey, the recovery is a much more advanced 77% of 4M19 levels over the same comparative period. We are also constructive on the outlook for **Capital A** (previously known as AirAsia; BUY), with our March 1 report (“*Restarting engines*”) flagging recovering operational cashflow, especially with the reopening of Malaysia’s international borders given Malaysia AirAsia (MAA) has historically contributed c.80% of group earnings. Further, recent fund raising exercised have buttressed the balance sheet, and the company has hired 2 financial institutions to regularize its PN17 status.

- Plantations:** as articulated in his sector update “*We are turning more NEUTRAL*”, dated March 9, regional plantations sector analyst Chee Ting downgraded his sector call to Neutral (from Positive), noting limited upside to TPs following broad share price outperformance on the back of surging CPO prices, the latter benefiting from a perfect storm of tight supply as output fell short, deteriorated South American crop prospects, spike in crude oil prices, disrupted sunflower oil exports due to the Russia-Ukraine conflict and high fertilizer prices. CPO gained another lift in April, when Indonesia banned CPO exports on April 28 (though this ban was, as expected, short-lived, being lifted on 23 May: see “*Indonesia to lift export ban on 23 May*”, dated May 20). CPO price expectations have been revised higher i.e. we now forecast 2022E CPO ASP of MYR5,000/t (from MYR4,100/t) and 2023E CPO ASP to MYR3,400/t (from MYR3,200/t) - note we still anticipate CPO prices to ease into 2H22 as supply-demand dynamics improve. Imputing the higher CPO assumptions, core PATMI of plantation stocks under coverage have been raised by 5-56% for FY22E-23E. With **IOI** also having the least upstream exposure to ID (only 12% of planted area), the plantations giant was upgraded to BUY - other BUY picks in the sector are **KLK** and **BAL**. We have SELL ratings for **First Resources** and **TH Plantations**.
- REITs:** as sector analyst Syifaa had anticipated in her sector roundup “*4Q21 results round-up*”, dated March 15, the Malaysian REITs have built on the fledgling earnings recovery seen from broadly-outperforming 4Q21 results, with 1Q22 reporting generally within or ahead of expectations. In particular, retail assets have shown significant positive inflection on a combination of recovering footfall/tenant sales/car park income and the winding down of rental assistance measures. Hotel assets remain a drag but occupancy levels have been rising, and will see a further step-up following the reopening of Malaysia’s international borders from April 1<sup>st</sup>. While our top sector pick remains relatively defensive industrial/logistics properties-centric **Axis REIT**, the retail/hotel assets for other BUY-rated REITs such as **KLCCP** and **Pavilion REIT** are likely to show greater earnings recovery traction, supporting yields in the 5%-6% range. Top yielder in the sector is **Sentral REIT**, with c.7% net DPU yield (FY21: 7.4%; sector average: 5.2%).

Fig 33: Recommended sector weightings

Overweight	Neutral	Underweight
Automotive	Construction	Healthcare (Gloves)
Aviation	Consumer	
Gaming (Casinos + NFOs)	Large-cap Banks	
Healthcare (Hospitals)	Media	
Large-cap Oil & Gas	Mid-cap Oil & Gas	
Mid-cap Financials / Banks / Insurers	Plantations	
Petrochemicals	Ports & Shipping	
Renewables	Property	
Technology (Semicon)	REITs	
Technology (Software)	Telcos	
	Utilities	

Source: Maybank IBG Research

Re our Top Buys and ESG stock picks lists (Figs. 34 and 35), we flag the following notable deletions and additions vis-à-vis the top pick recommendations in our 4Q21 results roundup report ("Turning the corner", dated March 2) as well as our Strategy Update report ("Rate pressure building", dated April 20):

#### Deletions:

- MISC (MISC MK):** as articulated by transport sector analyst Yan Jin in her results review note ("1Q22 results miss expectations", dated May 27), where the stock has been cut to HOLD from BUY, we have lowered FY22/23/24E EPS by -16%/-14%/-10% and tweaked our SOP-derived TP down to MYR7.53 to reflect higher cost assumptions and lower share of profits from JVs following a disappointing 1Q22 results, which came in at only 16%/19% of ours and the street's full-year estimates. 1Q22 core net profit (CNP) of MYR373m shrank by -18% YoY, largely due to the surge in net interest expense (+73%) YoY on the back of increased net debt, as well as lower share of profit from JVs (-68% YoY). However, a first interim DPS of 7sen/shr was declared, which is consistent with its historical dividend payout, and underscoring continued c.4.5% yield attraction. We are expecting GAS segment's performance to sustain, while petroleum and MMHE could see improvements, underpinned by tanker rate recovery on longer haul routes for the petroleum segment (driven by the Russia-Ukraine conflict), and higher new orders projected for MMHE. On the flip side, we also note that the operating costs for MISC is on the rise, and the construction of Mero 3 FPSO is behind schedule (by 3-4%), which could result in further penalty provisioning (the project completion status is currently at 40%).
- GHL Systems (GHLS MK):** as articulated by software sector analyst Shafiq in his results review note ("A weak showing; DIG to HOLD", dated May 27), where the stock has been cut to HOLD from BUY, 1Q22 results missed expectations, coming in at -16% YoY, due to weaker-than-expected TPV growth and declining MDR from its e-pay segment. In sum, overall TPV grew by just +1.4% YoY in 1Q22 despite the economic reopening, while the continuing decline in MDR is a concerning headwind even as GHL continues to expand its merchant footprint regionally - as such, its current 48x FY22E PE valuation looks steep vs. projected 3yr CAGR of a relatively unremarkable 15%. Subsequent quarter may see better performance due to the festive season, but rising interest rate and inflation could impact spending in 2H22. We trim FY22-24E earnings by 6-8% and TP to MYR1.58, still pegged to 43x FY23E EPS (5-YR average mean). Our preferred exposure in the payments space is **Revenue Group** (BUY).

- V.S. Industry (VSI MK):** as articulated by EMS (electronic manufacturing services) sector analyst Yan Jin in her downgrade report ("*Rising concerns from operational disruptions*", dated March 28), from BUY to HOLD, undershooting 1HFY22 results highlight a number of earnings headwinds, including i) lower orders for PCBA; ii) components shortage; iii) increased labour and raw material costs; and iv) higher depreciation costs. Additional foreign labour is expected to arrive in the coming months, easing labour shortage pressures - however, the company will continue to be affected by higher labour and raw material costs in FY22E (after imputing the time lag in its cost pass-through mechanism) while beyond FY22E, industry prospects have turned gloomy on the back of rising inflationary pressures, which could affect demand for the premium consumer electronic products assembled by VSI. Post-1HFY22 reporting, we cut FY22/23/24E earnings assumptions by -36%/-16%/-3% and lower TP to MYR1.07 or 17x PE, at the company's 5-year historical PER mean (vs. +1.5SD previously i.e. PER premium removed); our preferred exposure in the EMS sector is **Aurelius Technologies** (BUY).
- Bursa Malaysia (BURSA MK):** as articulated by Exchanges analyst Chew Hann in her downgrade report ("*1Q22: In-line*", dated April 28), from HOLD to SELL, Bursa's trading activities have been extremely lethargic YTD. While 1Q22 net profit of MYR68m (+5% QoQ) represented another quarter of normalisation as equity ADV sustained at MYR2.68b (+1% QoQ) on 36% trading velocity (+1ppt QoQ), the YoY performance was much worse, with a 44% fall in net profit mainly due to lower trading revenue from equity as ADV fell 48% on a 34-ppt fall in trading velocity. A key drag has been fading retail participation, which had contributed to high equity ADV during the pandemic but has now eased to 27% of total trading in 2022 YTD, from a high of 44% in Aug 2020. We retain our MYR2.5b equity ADV forecast but note Bursa anticipates a more challenging and competitive environment ahead, amid tightening liquidity and normalisation of trading volumes. In sum, catalysts are lacking with growth, policy risks and politics impacting sentiment and trading activities, while dividend yield is now <5%.
- Globetronics (GTB MK):** as articulated in downgrade report "*Tax incentive expiry on the horizon*", dated May 10, when our rating was cut to HOLD from BUY, GTB's existing tax incentives related to its "Pioneer Status" is set to expire in June 2022. As such, we have increased its effective tax rate for FY22- 24E to 9-18% (its effective tax rate between FY17-21 ranged from 2.3% to 8.5%, significantly lower than the Malaysian statutory tax rate of 24%) and slashed our EPS estimates by 8%-21%. With a 4Y (FY20-24E) core earnings CAGR of just 2.2%, we have also revised down our valuation peg to 20x FY23 PER, at -1.5SD to the LT mean (from 27x FY23 PER, at mean) to reflect its subdued earnings growth prospects. Despite undemanding valuations i.e. TP of MYR1.44 is pegged to 20x FY23 PER, at -1.5SD to the LT mean, catalysts are lacking; we prefer **INRI MK** (BUY) as our top sector pick for MY OSATs.
- Bank Islam (BIMB MK):** as articulated by banks sector analyst Desmond Ch'ng in his downgrade report "*1Q22 results below expectations*", dated May 31, when the stock was cut to HOLD from BUY, Bank Islam's 1Q22 core net profit of MYR106m (-33% YoY, 33% QoQ) was below expectations at just 19%/18% of our full-year forecast/consensus respectively. The variance was primarily due to lower treasury income as a result of MTM losses on investments, as its non-fund-based income fell 49% YoY. Based on our computation, NIM compressed QoQ as well. With the poor financial performance on the treasury front coupled with expectations of further increases in bond yields, we cut FY22/23/24E earnings by 17%/19%/15% on lower NOII expectations, and reduce TP to MYR3.00, from MYR3.40 previously. Our preferred exposures in the banking sector are **RHB** (BUY), **HLBK** (BUY) and **Alliance** (BUY).



### Additions:

- Farm Fresh (FFB MK):** as articulated by consumer sector analyst Jade Tam in her results review update ("*Greener pastures ahead*", dated May 25), FFB delivered on FY22 earnings expectations Gross profit margin and EBIT growth was supported by +5% product price hikes in Sep and Dec 2021 for its chilled RTD and UHT range, respectively, while net profit was supported by a positive tax rate of 7.5% in 4QFY22 owing to various tax incentives. Despite ongoing cost pressures, we believe that its outlook remains positive alongside steady upstream and mid-stream expansion plans which will support strong demand for its products as it ventures into new product categories (kids growing-up-milk) and regional markets (Indonesia, Philippines, Hong Kong) in FY23. In light of cost pressures in raw milk, feed raw materials and freight, FFB is undertaking another round of product price adjustments for its chilled RTD range of 5% in Malaysia (mid-Jul) and Singapore (1 Aug) to avoid potential margin erosion. In addition, FFB will continue reformulating its feed composition in order to mitigate cost pressures from key feed ingredients like corn and alfalfa.
- Aurelius Technologies (ATECH MK):** as articulated by EMS (electronic manufacturing services) sector analyst Yan Jin in her results review update ("*FY22 results beat expectations*", dated March 31), ATECH's FY22 core net profit growth of +53% YoY beat expectations, prompting us to increase our TP to MYR2.13 (+11%), with related PER multiple of 15.4x being a 10% premium (maintained) to its domestic and regional EMS peers' CY23 PER average of 14.0x. The PER premium reflects ATECH's robust earnings growth prospects vs. its peers, its growing exposure to the higher value-added semiconductor components (MCICs), as well as its operational resilience, owing to its low dependence on foreign labour, unlike its other local peers (such as VSI, per above). Group capacity expansion is underway, having installed 4 SMT production lines for Customer F to-date. This will allow ATech to raise its production capacity to c.1m MCICs pieces per month (pcs/mth) commencing 2QFY23E, which translates to MYR2-3m sales/mth based on our estimates. It is currently focusing on further ramping up its capacity for Customer F, with 3 additional SMT lines slated to be installed by end-FY23. Additionally, ATECH is currently in late-stage discussions with a new prospective customer which, if successful, could provide further earnings upside. Re operational headwinds, ATECH is anticipating rising staff, electricity and raw material costs - these could add c.24% to ATECH's FY23 total costs on our estimates, though expected to be passed through to its end customers. Nonetheless, we are projecting a 150-250bps gross profit margin expansion per annum over our forecast period, boosted by its growing exposure to higher-margin MCICs.
- Berjaya Food (BFD MK):** as articulated by consumer sector analyst Jade Tam in her results review update ("*Another record quarter*", dated May 12), BFD's 3QFY22 (June YE) results took 9MFY22 core net profit to MYR85m (+139% YoY), above expectations at 92%/102% of our/consensus full-year earnings estimates. The beat was mainly due to stronger-than-expected sales and operating margins during the Chinese New Year (CNY) period, with 3Q22 revenue growing 35% YoY largely on increased sales from relaxed movement restrictions, reopening of interstate borders and CNY festivities. EBIT also grew 104% YoY on the back of higher margin product sales (eg. seasonal drinks) and improved contributions from Kenny Rogers Malaysia (KRR Msia). We believe sequential earnings will remain strong driven by higher sales volume from (i) Hari Raya Aidilfitri celebrations, (ii) reopening of international borders, and (iii) extension of business hours past midnight. Adjusting for the latest run rates, we raise our FY22/FY23/FY24 earnings estimates by 26%/21%/21%. Our DPS estimates have also been raised to 5sen/6sen/6sen (from 4sen p.a. previously; net gearing now marginal).

- Malaysia Airports (MAHB MK):** as articulated by aviation sector analyst Shao Yang in his results update report “*Good start to the year*”, dated May 30, 1Q22 net loss of MYR118.9m was narrower than expected at 22% of our FY estimate, while 1Q22 EBITDA of MYR185.7m was above our expectations at 23% of our FY estimate. The EBITDA outperformance was due to 1Q22 core costs (staff, utilities & communications, maintenance) easing 1% YoY when we were expecting it to inflate 5% YoY. Malaysia (MY) opened its borders on 1 Apr 2022 and axed COVID-19 testing requirements on 1 May 2022. Thus, May 2022 average daily MY international pax traffic hit -20% of May 2019 levels. This is important as MY international PSC is 5-7x that of MY domestic PSC. Also, MY domestic and international seat capacity is close to 90% and 50% of FY19 levels respectively from July 2022. In Turkey (TR), MAHB expects to gain market share thanks to a new metro station at ISG which will open in Jul 2022. We continue to like MAHB as a recovery play. There could be more upside to our estimates and TP should a pending new Operating Agreement be favourable to MAHB.
- Alliance Bank (ABMB MK):** as articulated by banks sector analyst Desmond Ch'ng in his results update report “*FY22 results within expectations*”, dated May 31, while FY22 results (March YE) came in within our and consensus expectations, we have raised our FY24/25E forecasts by 6%/4% respectively (FY23 forecast maintained), mainly to factor in faster loan growth and better NIMs. With the highest CASA ratio in the sector, at just below 50% of deposits, ABMB is a beneficiary of further rate hikes, with every 25bp hike improving its NIM by about 4bps. A CET1 ratio of an ample 16.9% means upside to dividend payouts, as was the case in FY22 when the final DPS surprised on the upside, taking FY22 dividend payout ratio to 50% (vs. 40% expectation) - we have accordingly raised our forecast payout ratios to 50%, which implies a generous 5.8% - 6.6% cash yield.

Fig 34: Malaysia: Stock Recommendations

Stock	BBG Code	Mkt. cap (MYRm)	Rec.	Price (MYR)	TP (MYR)	Upside (%)	PER (x)		P/B (x)		ROE (%)		Div. Yield (%)	
							2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
<b>Large caps</b>														
Petronas Chemicals	PICHEM MK	82,080	Buy	10.26	11.20	9.2%	13.0	13.2	2.2	2.0	16.5%	15.1%	3.8%	3.8%
IHH Healthcare	IHH MK	58,949	Buy	6.70	7.60	13.4%	33.4	28.4	2.5	2.4	7.5%	8.4%	1.2%	1.5%
Hong Leong Bank	HLBK MK	45,739	Buy	21.10	24.70	17.1%	13.6	11.7	1.5	1.4	10.4%	11.3%	2.7%	3.2%
Axiata Group	AXIATA MK	29,434	Buy	3.21	4.50	40.2%	23.1	18.5	1.6	1.6	7.0%	8.6%	3.7%	4.6%
Kuala Lumpur Kepong	KLK MK	27,558	Buy	25.56	30.90	20.9%	12.5	18.2	2.1	2.0	17.1%	11.2%	4.3%	3.3%
RHB Bank	RHBBANK MK	25,189	Buy	6.08	7.10	16.8%	10.3	8.6	0.9	0.8	8.6%	9.8%	4.9%	5.8%
MR D.I.Y. Group (M)	MRDIY MK	20,399	Buy	3.25	3.90	20.0%	33.6	28.8	13.7	10.8	nm	nm	1.3%	1.5%
Telekom Malaysia	T MK	20,227	Buy	5.36	7.50	39.9%	17.2	15.5	2.5	2.3	14.5%	14.9%	2.9%	3.2%
Genting Malaysia	GENM MK	16,996	Buy	3.00	3.30	9.9%	29.4	14.2	1.2	1.2	4.2%	8.6%	3.0%	6.7%
Malaysia Airports	MAHB MK	10,901	Buy	6.57	7.17	9.1%	nm	21.3	1.9	1.8	nm	8.7%	0.0%	2.4%
Inari Amertron	INRI MK	10,412	Buy	2.81	3.50	24.6%	26.2	22.9	4.4	4.4	16.8%	19.1%	3.8%	4.4%
Gamuda	GAM MK	9,092	Buy	3.56	4.28	20.2%	13.8	13.3	1.0	0.9	6.9%	6.9%	3.4%	3.4%
Heineken Malaysia	HEIM MK	7,504	Buy	24.84	29.30	18.0%	20.0	18.9	16.7	15.9	88.6%	86.1%	5.0%	5.3%
ViTrox Corp	VITRO MK	7,321	Buy	7.75	10.20	31.6%	35.0	30.9	8.5	7.0	24.1%	22.8%	0.7%	0.8%
Yinson Holdings	YNS MK	5,703	Buy	2.28	4.85	112.5%	7.1	12.2	1.2	2.0	16.7%	16.3%	2.2%	1.1%
Alliance Bank	ABMB MK	5,573	Buy	3.60	4.30	19.4%	10.2	8.6	0.9	0.8	9.7%	9.9%	4.9%	5.8%
Greatech Technology	GREATEC MK	4,783	Buy	3.82	5.25	37.4%	28.5	23.1	8.0	5.9	28.0%	25.7%	0.0%	0.0%
Frontken Corp.	FRCB MK	4,329	Buy	2.74	3.55	29.6%	33.4	29.2	8.0	7.9	23.9%	26.9%	1.5%	1.7%
<b>Mid-small caps</b>														
Mega First Corp.	MFCB MK	3,488	Buy	3.69	4.20	13.7%	10.0	9.6	1.3	1.2	13.1%	12.3%	2.0%	2.3%
CTOS Digital	CTOS MK	3,303	Buy	1.43	2.17	51.7%	38.7	33.1	6.0	5.8	16.4%	17.7%	1.4%	1.7%
Axis REIT	AXRB MK	3,269	Buy	2.00	2.30	15.0%	19.3	17.9	1.3	1.3	6.7%	7.2%	4.6%	5.0%
Farm Fresh	FFB MK	3,121	Buy	1.68	1.95	16.1%	37.2	30.4	5.0	4.6	nm	nm	0.7%	0.8%
Hibiscus Petroleum	HIBI MK	2,817	Buy	1.40	1.90	35.7%	9.3	4.7	1.9	1.1	20.8%	24.2%	0.7%	0.0%
Allianz Malaysia	ALLZ MK	2,285	Buy	12.84	16.75	30.5%	6.0	5.9	1.0	0.9	11.7%	10.7%	4.9%	4.9%
Bermaz Auto	BAUTO MK	2,072	Buy	1.78	2.25	26.4%	16.4	8.7	3.4	2.7	20.5%	30.4%	3.7%	6.9%
AEON Co. (M)	AEON MK	1,994	Buy	1.42	2.00	40.8%	17.8	16.2	1.1	1.1	6.2%	6.6%	2.8%	2.8%
Berjaya Food	BFD MK	1,615	Buy	4.48	5.70	27.2%	13.7	15.6	3.3	2.9	24.5%	18.3%	1.1%	1.3%
Aurelius Technologies	ATECH MK	580	Buy	1.62	2.03	25.2%	31.8	17.6	3.8	2.5	nm	nm	0.0%	1.1%
Cypark Resources	CYP MK	233	Buy	0.39	1.35	246.2%	3.4	2.3	0.2	0.2	6.7%	9.1%	7.3%	10.9%

Source: Maybank IBG Research, FactSet (as of 31 May)

As articulated in our 123-page Malaysia ESG Compendium entitled “*Sustainability: No longer optional*”, dated April 8, 2021, the MKE equity research team across ASEAN (40 analysts covering over 250 stocks) has been publishing one-page ESG tear sheets for companies under coverage since mid-2020. All of MKE’s ASEAN coverage, spanning across all sectors, now comes with a qualitative-centric ESG tear sheet insert that outlines key E, S and G considerations for the company, and how these feed into the company’s core business model in terms of recognition of material ESG issues and strategies on addressing related risks and opportunities.

These qualitative tear sheets, since 2Q21, now include a quantitative scoring element for a more complete consideration of the company’s ESG issues and dynamics, hence providing both a backward looking/current quantitative view and a forward-looking, MKE analyst-driven qualitative outlook. The quantitative ESG inputs are sourced from Sustainalytics, a leading external ESG research and data provider that the MKE group has partnered with for ESG services that range from company-focused ESG ratings reports, through to portfolio ESG and carbon analytics. Sustainalytics also acts as the data source for other service providers such as Morningstar (ESG fund ratings and indices) and FTSE Russell (ESG ratings and customized indices, including FTSE4Good indices).

As contained within the MIB Sustainability Research Team’s maiden Regional Utilities report “*Geopolitics accelerating transition to renewables*”, dated April 24, we are in the early stages of rolling out an extension to our aforementioned original ESG Tear Sheet (i.e. ESG Tear Sheet 2.0) across our regional stock coverage - this second page contains a proprietary ESG scoring model which is based upon company-specific material quantitative, qualitative and target parameters, as assessed by our analyst team, and which can be compared-and-contrasted with the aforementioned Sustainalytics scoring.

Hence, we combine the granular insights from the Tear Sheets with the data and risk scoring from Sustainalytics to generate our ESG Portfolio (Fig 35). In guiding us on the constituent make-up of this ESG portfolio, we have taken a combination of factors and parameters into consideration as follows:

- **Analyst stock rating:** as ESG factors lend support and de-risk existing business models that are fundamental drivers of long-term shareholder returns, we include both BUY and HOLD-rated companies with attractive business models and long-term growth outlooks, but exclude SELL-rated stocks, the latter notably including some companies with attractive ESG credentials / scores such as Nestle, Bursa and BAT;
- **Sustainalytics risk score and category:** for many of the constituents we have chosen, there is clear positive correlation or cross-check between the analysts’ fundamental stock rating and the risk score from the external ESG research provider - examples are across a diverse set of sectors and include BUY-rated names like Bermaz, Inari and MISC, as well as HOLD-rated Westports, DiGi and Sunway, all of which have strong Sustainalytics risk scores /low risk ratings;
- **Momentum assessment:** while Sustainalytics momentum indicators are useful for flagging near-term changes in risk score, and where they are coming from (i.e. exposure or management issues), the analysts may, from their frequent dialogues with company management and deep understanding of the underlying business, have greater insights into management’s commitment and plans to address and improve the company’s ESG factors. This bottom-up, forward-looking understanding underscores some of our portfolio picks such as Yinson, IOI Corp. and Gamuda i.e. where current relatively high-risk scores have scope to improve significantly on positively pivoting business models and improving ESG factor measurements and disclosures;
- **FTSE4Good membership:** considering whether portfolio constituent stocks are in Bursa’s FTSE4Good Bursa Malaysia Index is a useful cross-check - recall this index adopts best-in-class positive screening and

inclusion criteria are consistent with the global ESG model that FTSE has developed. However, we note that the 30-stock KLCI substantially overlaps with the 80-stock FTSE4Good index (i.e. 24 of the KLCI constituent stocks are also in the FTSE4Good) - hence, there is a very high positive correlation between the two indices - hence, for investors looking to capture differentiated performance vs. the KLCI benchmark, a more refined ESG portfolio appears to be required.

- **Risk scores and ESG Tear Sheet completion:** we have required constituent stocks to have both a Sustainalytics risk score as well as a completed ESG Tear Sheet. We note that this results at the moment in exclusion of smaller-cap stocks with prima facie promising ESG underpinnings such as Aurelius Technologies and Axis REIT.

As compared to the last iteration of the 15-stock portfolio contained in our 4Q21 results wrap report dated March 2, we have since **i)** removed **Bursa** (BURSA MK) following the downgrading of its rating to SELL - see downgrade report ("1Q22: In-line", dated April 28. and **ii)** removed **V.S. Industry** (VSI MK), not so much due to its aforementioned rating downgrade to HOLD, but because of the heightened ESG risks associated with its heavy dependence on foreign labour - note peer EMS company ATA IMS saw a severe sell down in in late-4Q21 after British high-tech home appliance maker Dyson Ltd announced it had cut ties with the contract manufacturer following an audit of its labour practices and allegations made by a whistleblower, an incident that has cast a pall over the entire EMS sub-sector.

**Fig 35: ESG portfolio: recommended constituents**

Stock	BBG Code	Mkt Cap. (MYRm)	Rec.	Price (MYR)	TP (MYR)	PER (x)		PBV (x) ROE (%)		Yield (%)	Risk Rating*	Risk Score*	Controversy Score*	In FBM4G Index?^
						FY22E	FY23E	FY22E	FY22E	FY22E				
<b>BUY-rated Stocks</b>														
Bermaz Auto Berhad	BAUTO MK	2,072	Buy	1.78	2.25	16.4	8.7	3.4	20.5%	3.7%	Low	10.8	0	Yes
Inari Amertron	INRI MK	10,412	Buy	2.81	3.50	26.2	22.9	4.4	16.8%	3.8%	Low	11.2	0	Yes
Hong Leong Bank	HLBK MK	45,739	Buy	21.10	24.70	13.6	11.7	1.5	10.4%	2.7%	Medium	18.5	0	Yes
Yinson Holdings	YNS MK	5,703	Buy	2.28	4.85	7.1	12.2	1.2	16.7%	2.2%	Medium	21.7	1	Yes
Petronas Chemicals	PCHEM MK	82,080	Buy	10.26	11.20	13.0	13.2	2.2	16.5%	3.8%	Medium	23.7	0	Yes
VITrox Corp	VITRO MK	7,321	Buy	7.75	10.20	35.0	30.9	8.5	24.1%	0.7%	Medium	24.6	0	Yes
IOI Corporation	IOI MK	27,026	Buy	4.30	4.87	16.6	18.6	2.5	15.2%	3.6%	Medium	25.0	3	Yes
Telekom Malaysia	T MK	20,227	Buy	5.36	7.50	17.2	15.5	2.5	14.5%	2.9%	Medium	26.1	2	Yes
Gamuda	GAM MK	9,092	Buy	3.56	4.28	13.8	13.3	1.0	6.9%	3.4%	High	35.3	1	No
<b>HOLD-rated Stocks</b>														
Westports	WPRTS MK	11,765	Hold	3.45	3.87	18.5	15.1	3.6	19.3%	4.0%	Low	11.2	1	Yes
Sunway Bhd	SWB MK	8,458	Hold	1.73	1.79	18.8	16.6	0.8	4.4%	1.6%	Low	13.6	0	Yes
MISC Bhd	MISC MK	32,005	Hold	7.17	7.53	16.7	15.8	0.9	5.6%	4.6%	Low	18.8	2	Yes
DiGi.com	DIGI MK	27,446	Hold	3.53	4.00	26.2	23.0	43.4	165.5%	3.8%	Medium	24.1	0	Yes

\* derived from leading external ESG research & data provider Sustainalytics

^ FTSE4Good Bursa Malaysia (F4GBM) Index (80 constituents as of Dec 2021)

Source: Maybank IBG Research, Sustainalytics, FactSet (as of 31 May)

In regard to our Top Sells (Fig. 36), the list has seen some modest expansion with the inclusion of **i) Bursa** per its already-articulated downgrade to SELL (from HOLD) on sluggish trading volumes and difficult outlook; and **ii) Lotte Chemical** following its downgrade to SELL (from HOLD) after disappointing 1Q22 results where higher feedstock costs continued to exact a toll on product spreads. FY22 is set to be challenging as product spreads are likely to compress further as i) higher feedstock costs catch-up with front-running ASP gains; and ii) TTNP's domestic premium (c.USD50-100) is likely to erode with Petronas Chemicals' (P Chem) entry into the down-stream market for HDPE/LLDPE/PP via PIC's impending start-up. With PP/HDPE margins currently below EBIT breakeven levels (c.USD500/USD350 respectively) and closing in on its March 2020 lows, we have slashed TTNP's FY22-24 earnings estimates by 30-46%. Our preferred petrochemicals sector exposure is **PCHEM MK**.

Fig 36: Malaysia: Sell-rated stocks

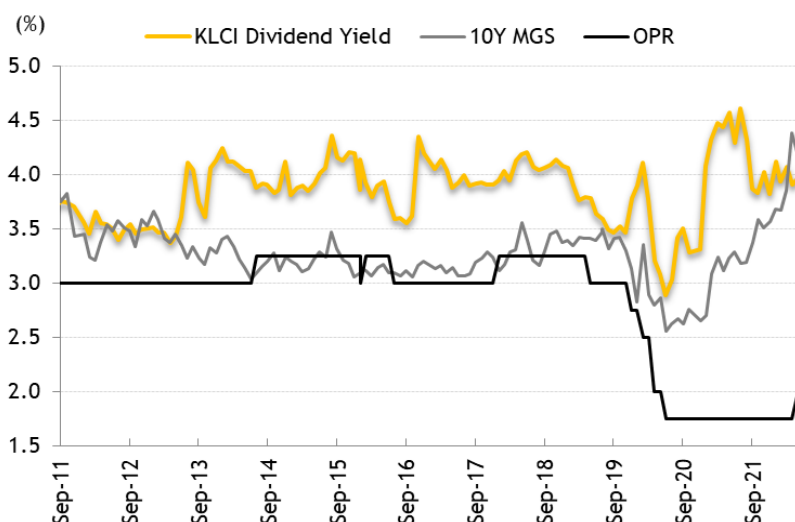
Stock	BBg Code	Mkt. cap (MYRm)	Rec.	Price (MYR)	TP (MYR)	Downside (%)	PER (x)		P/B (x)		ROE (%)		Div. Yield (%)	
							2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
Nestle Malaysia	NESZ MK	31,611	Sell	134.80	101.20	-24.9%	47.6	45.1	54.0	53.7	113.8%	119.5%	2.1%	2.2%
Hartalega	HART MK	14,396	Sell	4.20	3.14	-25.2%	5.1	27.3	3.2	2.7	64.1%	10.1%	11.7%	2.2%
QL Resources	QLG MK	12,485	Sell	5.13	4.00	-22.0%	56.2	47.9	4.9	4.7	8.8%	9.8%	0.7%	0.7%
Top Glove	TOPG MK	11,490	Sell	1.40	0.91	-34.8%	22.5	19.8	1.5	1.5	8.1%	8.8%	2.2%	2.5%
Bursa Malaysia	BURSA MK	5,358	Sell	6.62	6.38	-3.6%	22.8	19.2	6.7	6.3	29.2%	33.1%	4.1%	4.9%
Lotte Chemical Titan	TTNP MK	4,669	Sell	2.05	1.75	-14.6%	27.4	24.5	0.4	0.4	1.4%	1.6%	1.6%	1.8%
Sapura Energy	SAPE MK	1,358	Sell	0.09	0.03	-64.7%	nm	nm	2.8	nm	nm	nm	0.0%	0.0%
TH Plantations	THP MK	667	Sell	0.76	0.73	-3.3%	5.8	14.4	0.9	0.8	15.1%	5.7%	0.0%	0.0%
Al-Salam REIT	SALAM MK	281	Sell	0.49	0.42	-13.4%	16.5	12.3	0.5	0.5	2.9%	3.8%	5.1%	6.8%

Source: Maybank IBG Research, FactSet (as of 31 May)

While interest rates have now started to rise, they are expected to rise in a paced manner and remain at relatively low levels vs. historical - hence, the dividend thematic for the equity market will remain a powerful one, especially as the pace of earnings recovery (i.e. capital gains) and tapering remains uncertain post-Budget 2022. Further, notwithstanding the YTD uptrend in CPI (April 2022: +2.3%; 2022E: 2.7%; 2021: 2.5%), we forecast only one more (after the +25bps hike in May, to 2.0%) OPR increase this year, to 2.25% by end-2022, as Bank Negara continues to prioritise supporting the nascent economic recovery.

Average KLCI forward dividend yield (>4.0%; Fig 37) is comparable to the benchmark 10-year MGS yield notwithstanding the latter now having risen to around 4.2%, vs. 2.6% at the start of 2021, this uptrend being spurred by a combination of tapering concerns, moderating net foreign buying interest, rising government debt issuance per >6% fiscal deficits, heightened fiscal stress points and negative revision of Malaysia's sovereign debt rating outlook to negative (from stable) by both S&P and Fitch (which was followed by an actual rating downgrade by Fitch in Dec 2020, from A- to BBB+; S&P has thus far maintained its rating per its announcement in June 2021). Hence, there remains clear relative attractiveness (i.e. implied undervaluation) of equity market high-dividend stocks vis-a-vis yield alternatives of bonds and cash.

Fig 37: KLCI dividend yield vs. OPR, 10-year MGS yield



Source: Maybank IBG Economics

As we had detailed in our maiden yield strategy report (*'Yield Dynamics and top picks'*, dated 23<sup>rd</sup> Aug 2019) and reiterated since, we screen for stocks under our coverage that are forecast to have a cash yield of over 4% and, for these stocks, assess the following dividend-relevant parameters:



- **Dividend frequency:** higher payout frequency is indicative of confidence in cashflow generation/resilience, and management focus on maximising ROE via continual returning of excess cash (capital) to shareholders;
- **Payout ratio:** while prima facie a primary indicator of potential headroom to raise total dividend paid, note corporates can also opt for share buybacks (for example, power utility stocks such as Malakoff have active programmes) as another means, albeit indirect, to return cash to shareholders;
- **Free cash flow yield:** this is calculated as operating cash flow after deducting capex, with the positive gap to dividend yield being the available cushion to absorb potential cash-flow shortfalls without necessitating dividend cuts (note total net debt is assumed to be constant);
- **Net gearing:** an indicator of how much balance sheet slack is available to support dividend payout, though note geared companies can further boost cash flow support by refinancing their debt as interest rates decline; and
- **Net debt to EBITDA:** to be read in conjunction with the net gearing ratio, i.e. where the latter is a snapshot of the balance sheet and would be biased higher by aggressive capital management policies that suppress balance sheet equity growth (MNCs-owned companies like DiGi, Nestle and BAT are good examples of this), this ratio provides colour on actual cash flow coverage for debt at any given gearing level.

Re our dividend portfolio (Fig. 38), we have not made any changes as compared to the last 11-stock iteration contained within our 4Q21 results wrap report (see “*Turning the corner*”, dated March 2), with 1Q22 reporting largely reinforcing or strengthening our dividend convictions - re the latter, we note **Gas Malaysia’s** (GMB MK) particularly strong 1Q22 results, as articulated in results review “*Beneficiary of liberalization*”, dated May 12, when the stock was upgraded to BUY (from HOLD). The outperformance stemmed primarily from higher retail margin following price liberalization (since the start of 2022) more than offsetting slight volume loss. With customers having signed on to multi-year contracts and gas prices still elevated, we believe 1Q22 spreads are potentially sustainable - hence, we have raised our FY22/23/24 net profit by 38%/32%/25% respectively, taking cash dividend yield to >8% (on historical 90% payout).

**Fig 38: Malaysia: Top-yield stocks**

Stock	Ticker	Div. Yield (%)			FCF Yield (%)			Net Gearing (%) 2021A
		2021A	2022E	2023E	2021A	2022E	2023E	
Gas Malaysia	GMB MK	6.7%	7.8%	7.9%	12.3%	8.6%	5.2%	net cash
MBM Resources	MBM MK	6.3%	7.5%	7.9%	0.0%	4.0%	3.9%	net cash
Astro Malaysia	ASTRO MK	9.4%	7.0%	7.1%	34.8%	20.1%	33.7%	239.2%
Malakoff Corp	MLK MK	7.1%	6.9%	8.4%	44.9%	38.5%	44.9%	87.4%
Sentral REIT	SENTRAL MK	7.4%	6.8%	6.9%	10.4%	11.2%	11.4%	58.6%
Sime Darby	SIME MK	6.9%	5.6%	6.4%	15.1%	16.5%	14.4%	net cash
LITRAK	LTK MK	5.2%	5.4%	5.4%	15.3%	11.3%	14.1%	net cash
RHB Bank	RHBBANK MK	7.4%	4.9%	5.8%	nm	nm	nm	nm
Axis REIT	AXRB MK	4.0%	4.6%	5.0%	6.4%	6.4%	7.7%	39.1%
MISC Bhd	MISC MK	4.7%	4.6%	4.6%	nm	0.5%	1.5%	26.0%
Tenaga Nasional	TNB MK	4.3%	4.0%	4.3%	9.2%	9.7%	11.3%	72.7%

Source: Maybank IBG Research, FactSet (as of 31 May)

Fig 39: Maybank IBG Equity Research Stock Universe

Ticker	Company	FYE	Price 31 May MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS			CAGR 21-23E (%)	PER			ROE CY22E (%)	Div Yld CY22E (%)	PBV CY22E (x)	Px chg YTD (%)	
							CY21	CY22E	CY23E	CY21	CY22E	CY23E		CY21	CY22E	CY23E					
<b>Auto</b>																					
BAUTO MK	Bermaz Auto	*	4	1.78	2,069	2.25	Buy	127.6	199.7	259.0	11.0	17.2	22.3	42.7	16.2	10.3	8.0	22.9	5.8	3.0	12.7
MBM MK	MBM Resources	*	12	3.22	1,259	4.60	Buy	167.8	215.2	225.0	42.9	55.0	57.6	15.9	7.5	5.9	5.6	9.6	7.5	0.6	0.6
TCM MK	Tan Chong Motor	*	12	1.12	730	1.35	Buy	(36.4)	45.7	55.3	(5.6)	7.1	8.6	n.a.	n.a.	15.8	13.0	(4.7)	1.3	0.3	0.9
UMWH MK	UMW Holdings	*	12	3.39	3,961	5.00	Buy	156.1	357.7	368.6	13.4	30.6	31.6	53.6	25.3	11.1	10.7	7.4	2.3	0.9	14.1
SIME MK	Sime Darby	*	6	2.19	14,914	2.70	Buy	1,115.5	1,114.9	1,253.4	16.4	16.4	18.5	6.1	13.4	13.4	11.9	7.3	6.0	0.9	(5.6)
<b>Banks</b>																					
AMM MK	AMMB Holdings		3	3.64	12,063	4.40	Buy	1,186.0	1,355.6	1,461.8	37.0	44.0	48.3	14.2	9.8	8.3	7.5	7.0	3.2	0.7	14.8
BIMB MK	Bank Islam M'sia	*	12	2.92	6,293	3.00	Hold	561.0	481.2	599.3	23.0	22.0	27.0	8.3	12.7	13.3	10.8	10.6	3.4	0.9	(2.7)
ABMB MK	Alliance Bank		3	3.60	5,573	4.30	Buy	519.3	627.0	691.9	33.5	40.8	45.0	15.9	10.7	8.8	8.0	6.1	5.7	0.8	25.9
CIMB MK	CIMB Group		12	5.15	53,942	5.70	Hold	4,648.2	5,278.4	6,271.4	46.0	53.0	63.0	17.0	11.2	9.7	8.2	2.6	4.9	1.7	(5.5)
HLBK MK	Hong Leong Bk		6	21.10	45,739	24.70	Buy	3,014.8	3,429.5	3,774.2	147.5	167.5	184.0	11.7	14.3	12.6	11.5	9.6	3.0	1.3	13.3
HLFG MK	HL Fin Group		6	20.18	23,111	22.10	Buy	2,337.0	2,490.3	2,622.7	206.0	219.5	231.5	6.0	9.8	9.2	8.7	9.6	3.2	0.9	16.4
PBK MK	Public Bank		12	4.73	91,813	4.80	Hold	5,656.5	5,531.5	6,659.0	29.0	28.0	34.0	8.3	16.3	16.9	13.9	11.1	3.2	1.8	13.7
RHBANK MK	RHB Bank		12	6.08	25,189	7.10	Buy	2,804.5	2,451.5	2,919.0	70.0	59.0	70.0	-	8.7	10.3	8.7	8.6	4.9	0.9	13.2
<b>Construction / Infra</b>																					
GAM MK	Gamuda	*	7	3.56	9,092	4.28	Buy	618.7	671.3	651.4	24.4	26.3	25.5	2.1	14.6	13.5	14.0	6.3	3.4	0.9	22.8
IJM MK	IJM Corp	*	3	1.80	6,355	2.05	Buy	277.6	297.9	319.1	7.6	8.2	8.7	7.0	23.6	22.1	20.6	3.8	4.4	0.7	18.4
LTK MK	LITRAK	*	3	4.66	2,507	4.85	Buy	199.5	259.4	296.9	37.5	48.8	55.9	22.0	12.4	9.5	8.3	19.0	5.4	1.8	23.9
CMS MK	Cahaya Mata Swak	*	12	1.08	1,160	1.27	Buy	219.3	195.1	204.9	20.5	18.2	19.1	(3.5)	5.3	5.9	5.7	3.6	1.9	0.4	(15.6)
SCGB MK	Sunway Con	*	12	1.69	2,179	1.58	Hold	112.6	135.8	132.2	8.7	10.5	10.3	8.8	19.4	16.1	16.4	11.4	4.1	2.9	8.3
<b>Consumer</b>																					
AEON MK	AEON Co. (M)	*	12	1.42	1,994	2.00	Buy	93.5	112.1	123.3	6.7	8.0	8.8	14.6	21.2	17.8	16.1	3.5	2.8	1.1	0.7
ROTH MK	BAT (M)		12	12.64	3,609	13.10	Hold	294.7	232.6	269.0	103.2	81.5	94.2	(4.5)	12.2	15.5	13.4	70.0	6.3	9.3	(9.6)
CAB MK	Carlsberg Brew		12	22.10	6,757	27.80	Buy	206.3	321.4	353.2	67.5	105.1	115.5	30.8	32.7	21.0	19.1	111.5	4.8	31.1	10.1
HEIM MK	Heineken Msia		12	24.84	7,504	29.30	Buy	245.7	374.7	397.4	81.3	124.0	131.5	27.2	30.6	20.0	18.9	50.2	5.0	19.0	19.2
PAD MK	Padini Holdings	*	6	3.36	2,211	4.10	Buy	83.8	115.9	135.2	12.7	17.6	20.6	27.2	26.5	19.1	16.4	8.2	4.5	2.7	20.0
NESZ MK	Nestle (Malaysia)	*	12	134.80	31,611	101.20	Sell	579.8	664.8	701.5	247.2	283.5	299.1	10.0	54.5	47.5	45.1	100.1	2.1	54.1	0.4
QLG MK	QL Resources	*	3	5.13	12,485	4.00	Sell	220.9	250.0	283.9	9.1	10.3	11.7	13.6	56.7	50.0	43.9	10.4	0.7	4.8	12.3
SEM MK	7 - Eleven Msia		12	1.41	1,588	2.05	Buy	44.3	83.1	95.8	3.9	7.4	8.5	47.6	36.2	19.1	16.6	65.6	2.8	12.4	(6.0)
MNHB MK	Mynews Holdings		10	0.62	420	0.80	Hold	(35.3)	6.5	20.8	(5.2)	1.0	3.0	n.a.	n.a.	63.6	20.3	(5.7)	0.5	1.7	(26.3)
BFD MK	Berjaya Food	*	6	4.48	1,615	5.70	Buy	84.8	108.8	102.5	23.8	30.5	28.7	9.8	18.8	14.7	15.6	5.8	1.2	3.1	108.4
LHIB MK	Leong Hup Intl.		12	0.51	1,862	0.50	Hold	85.4	120.7	225.2	2.3	3.3	6.2	64.2	22.2	15.5	8.2	6.0	2.0	1.0	(2.9)
MRDIY MK	MR D.I.Y. Group	*	12	3.25	20,423	3.90	Buy	431.8	606.7	708.9	6.9	9.7	11.3	28.0	47.1	33.5	28.8	39.9	1.3	13.7	(10.0)
INNATURE MK	InNature	*	12	0.51	360	0.80	Buy	15.0	24.0	27.9	2.1	3.4	4.0	38.0	24.3	15.0	12.8	15.2	3.9	n.a.	(24.4)
FFB MK	Farm Fresh	*	3	1.68	3,121	1.95	Buy	77.8	97.2	121.3	4.4	5.2	6.6	22.4	38.4	32.2	25.6	27.2	0.8	n.a.	24.4

\* Shariah compliant, based on Securities Commission's latest Shariah compliant list effective 27 May 2022; Source: Bloomberg pricing, Maybank IBG Research

... continued

Ticker	Company	FYE	Price 31 May MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS			CAGR 21-23E (%)	PER			ROE CY22E (%)	Div Yld CY22E (%)	PBV CY22E (x)	Px chg YTD (%)	
							CY21	CY22E	CY23E	CY21	CY22E	CY23E		CY21	CY22E	CY23E					
<u>Gaming</u>																					
SPTOTO MK	Sports Toto	6	1.91	2,558	2.24	Buy	170.0	200.2	247.0	12.7	15.0	18.4	20.4	15.0	12.8	10.4	19.8	5.5	2.8	0.5	
MAG MK	Magnum	12	1.75	2,515	2.43	Buy	-	193.2	216.9	-	13.4	15.1	n.a.	n.a.	13.1	11.6	4.3	7.4	1.1	(7.9)	
GENT MK	Genting Bhd	12	4.75	18,290	5.37	Buy	(1,176.0)	489.0	1,972.8	(30.5)	12.7	51.6	n.a.	n.a.	37.4	9.2	(1.2)	3.2	0.6	1.7	
GENM MK	Genting Msia	12	3.00	16,996	3.30	Buy	(914.6)	577.5	1,191.3	(16.2)	10.2	21.0	n.a.	n.a.	29.4	14.3	(9.7)	3.0	1.2	4.2	
<u>Glove</u>																					
HART MK	Hartalega Hldgs	*	3	4.20	14,353	3.14	Sell	3,169.9	1,203.2	553.5	92.3	35.0	16.1	(58.2)	4.6	12.0	26.0	53.6	5.0	2.2	(26.7)
KRI MK	Kossan Rubber	*	12	1.65	4,210	1.85	Hold	2,903.5	269.0	267.1	113.5	10.5	10.4	(69.7)	1.5	15.7	15.9	43.4	2.2	1.0	(14.1)
TOPG MK	Top Glove Corp	*	8	1.40	11,210	0.91	Sell	5,417.8	534.4	589.8	67.3	6.5	7.2	(67.3)	2.1	21.5	19.4	73.6	2.3	1.8	(45.9)
<u>Healthcare</u>																					
IHH MK	IHH Healthcare	*	12	6.70	58,978	7.60	Buy	1,576.8	1,762.8	2,076.6	17.9	20.0	23.5	14.6	37.4	33.5	28.5	3.3	1.2	2.5	(8.7)
KPJ MK	KPJ Healthcare	*	12	0.87	3,779	1.01	Hold	47.7	129.8	186.8	1.1	2.9	4.2	95.4	79.1	30.0	20.7	6.6	1.8	1.8	(21.6)
<u>Media</u>																					
ASTRO MK	Astro Msia Hldgs		1	0.98	5,110	1.36	Buy	479.8	451.2	565.6	9.2	8.6	10.8	8.4	10.7	11.3	9.1	51.4	7.1	4.0	3.2
<u>Non-Banking Financials</u>																					
BURSA MK	Bursa Malaysia	*	12	6.62	5,358	6.38	Sell	355.3	234.7	279.6	43.9	29.0	34.6	(11.2)	15.1	22.8	19.1	41.9	4.1	6.4	1.1
ALLZ MK	Allianz Malaysia		12	12.84	2,285	16.75	Buy	523.5	509.8	513.0	138.3	147.3	148.2	3.5	9.3	8.7	8.7	12.9	4.9	0.5	(0.2)
RCE MK	RCE Capital	*	3	1.76	1,288	1.66	Hold	131.1	136.5	143.5	18.1	18.0	18.8	1.8	9.7	9.8	9.4	16.2	5.0	1.4	(11.1)
<u>Oil &amp; Gas</u>																					
DLG MK	Dialog Group	*	6	2.43	13,711	4.90	Buy	545.7	575.2	631.2	9.7	10.2	11.2	7.5	25.1	23.8	21.7	12.3	1.3	2.6	(7.3)
ICON MK	Icon Offshore	*	12	0.10	270	0.16	Buy	25.2	49.2	51.9	0.9	1.8	1.9	45.3	11.1	5.6	5.3	0.9	0.0	0.6	(4.8)
WSC MK	Wah Seong Corp	*	12	0.70	542	1.20	Buy	2.9	63.6	92.3	0.4	8.2	11.9	445.4	175.0	8.5	5.9	(9.1)	0.0	0.8	6.1
MMHE MK	MMHE	*	12	0.41	648	0.85	Buy	(116.4)	72.4	77.3	(7.3)	4.5	4.8	n.a.	n.a.	9.0	8.4	3.2	0.0	0.4	2.5
BAB MK	Bumi Armada		12	0.45	2,634	0.58	Buy	669.9	722.0	749.5	11.4	12.2	12.7	5.5	3.9	3.6	3.5	14.7	0.0	0.6	(5.3)
YNS MK	Yinson Hldgs		1	2.28	5,703	5.58	Buy	416.2	452.8	611.6	19.5	21.2	28.7	21.3	11.7	10.7	7.9	24.9	1.3	2.0	(12.6)
SAPE MK	Sapura Energy	*	1	0.09	1,358	0.03	Sell	(2,996.8)	(629.4)	(208.7)	(18.8)	(3.9)	(1.3)	n.a.	n.a.	n.a.	n.a.	(2.9)	0.0	0.3	70.0
VEB MK	Velesto Energy	*	12	0.12	986	0.23	Buy	(181.3)	1.2	53.4	(2.2)	-	0.7	n.a.	n.a.	n.a.	17.1	(0.8)	0.0	0.4	0.0
FFB MK	Favelle Favco	*	12	1.80	421	2.15	Hold	48.4	45.2	56.9	21.7	20.3	25.6	8.6	8.3	8.9	7.0	4.7	47.2	0.6	(25.3)
HIBI MK	Hibiscus Petro	*	6	1.40	2,817	1.90	Buy	203.2	449.2	602.1	10.5	22.3	29.9	68.7	13.3	6.3	4.7	6.5	0.4	1.4	71.8
<u>Petrochemical</u>																					
PCHEM MK	Petronas Chem	*	12	10.26	82,080	11.20	Buy	7,206.0	6,300.5	6,234.5	90.1	78.8	77.9	(7.0)	11.4	13.0	13.2	6.0	3.8	2.1	15.0
TTNP MK	Lotte Chemical	*	12	2.05	4,669	1.75	Sell	972.9	170.2	190.8	42.7	7.5	8.4	(55.6)	4.8	27.3	24.4	1.5	1.7	0.4	(14.6)

\* Shariah compliant, based on Securities Commission's latest Shariah compliant list effective 27 May 2022; Source: Bloomberg pricing, Maybank IBG Research



... continued

Ticker	Company	FYE	Price 31 May MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS			CAGR 21-23E (%)	PER			ROE CY22E (%)	Div Yld CY22E (%)	PBV CY22E (x)	Px chg YTD (%)	
							CY21	CY22E	CY23E	CY21	CY22E	CY23E		CY21	CY22E	CY23E					
<b>Plantation</b>																					
GENP MK	Genting Plant	*	12	7.60	6,819	8.40	Hold	434.9	570.9	358.7	48.5	63.6	40.0	(9.2)	15.7	11.9	19.0	4.9	5.0	1.3	13.4
IOI MK	IOI Corp	*	6	4.30	26,716	4.87	Buy	1,437.2	1,536.9	1,386.5	22.9	24.5	22.2	(1.7)	18.7	17.5	19.4	10.6	3.4	2.5	15.3
KLK MK	KL Kepong	*	9	25.56	27,558	30.90	Buy	1,881.0	2,034.6	1,491.7	174.4	188.6	138.3	(10.9)	14.7	13.5	18.5	8.8	4.0	2.1	17.4
SDPL MK	Sime Plantation	*	12	5.03	34,786	4.97	Hold	2,383.6	2,840.4	1,733.4	34.5	41.1	25.1	(14.7)	14.6	12.2	20.1	7.3	4.9	2.1	33.8
BPLANT MK	Boustead Plant	*	12	1.08	2,419	1.03	Hold	241.3	315.9	120.6	10.8	14.1	5.4	(29.3)	10.0	7.7	20.1	1.8	13.1	0.9	66.2
SOP MK	Swak Oil Palms	*	12	5.52	3,215	6.52	Hold	504.4	483.1	286.4	88.3	84.5	50.1	(24.6)	6.3	6.5	11.0	8.3	3.1	1.0	58.2
TSH MK	TSH Resources	*	12	1.26	1,739	1.43	Hold	173.8	175.6	123.2	12.6	12.7	8.9	(15.8)	10.0	9.9	14.1	4.7	4.8	1.0	16.7
THP MK	TH Plantations	*	12	0.76	667	0.73	Sell	73.2	115.3	46.3	8.3	13.1	5.2	(20.4)	9.1	5.8	14.4	3.6	0.0	0.9	25.8
TAH MK	Ta Ann Hldgs	*	12	4.98	2,194	5.87	Hold	287.2	308.9	198.9	65.2	70.1	45.2	(16.8)	7.6	7.1	11.0	4.8	8.4	1.3	41.9
<b>Property Dev</b>																					
SPSB MK	SP Setia	*	12	0.85	3,438	1.06	Hold	296.0	349.7	379.7	7.3	8.6	9.3	12.9	11.6	9.8	9.1	1.1	1.2	0.3	(34.5)
UEMS MK	UEM Sunrise	*	12	0.33	1,669	0.35	Hold	(120.9)	73.0	104.2	(2.4)	1.4	2.1	n.a.	n.a.	23.6	15.7	(2.5)	0.9	0.2	3.1
SWB MK	Sunway Berhad	*	12	1.73	8,458	1.79	Hold	369.3	540.1	612.1	6.2	9.1	10.3	28.9	27.9	19.0	16.8	4.4	1.6	0.8	0.6
ECW MK	Eco World Devt	*	10	0.74	2,179	0.93	Hold	235.4	262.2	293.0	8.0	8.9	9.9	11.8	9.3	8.3	7.4	5.6	4.8	0.4	(12.4)
ECWI MK	Eco World Intl	*	10	0.39	924	0.43	Hold	75.6	(21.9)	(26.9)	3.2	(0.8)	(0.3)	n.a.	12.1	n.a.	n.a.	5.5	0.0	0.3	(11.5)
TILB MK	Tambun Indah	*	12	0.90	394	0.98	Hold	63.6	47.7	51.5	14.7	11.0	11.9	(10.0)	6.1	8.2	7.6	3.9	4.9	0.5	24.1
SDPR MK	Sime Darby Prop	*	12	0.52	3,502	0.69	Buy	136.9	257.4	302.0	2.0	3.8	4.4	48.3	25.8	13.6	11.7	0.6	3.7	0.4	(13.4)
<b>REIT</b>																					
AXRB MK	Axis REIT	*	12	2.00	3,269	2.30	Buy	137.4	169.7	182.3	8.9	10.4	11.2	12.2	22.5	19.2	17.9	5.9	4.7	1.3	3.1
SALAM MK	Al-Salam REIT	*	12	0.49	281	0.42	Sell	14.6	17.1	22.8	2.5	2.9	3.9	24.9	19.4	16.7	12.4	2.4	5.2	0.5	0.0
KLCCSS MK	KLCCP Stapled	*	12	6.85	12,367	7.14	Buy	617.1	655.1	738.8	34.2	36.3	40.9	9.4	20.0	18.9	16.7	4.8	4.4	0.9	4.6
SENTRAL MK	Sentral REIT		12	0.97	1,034	1.22	Buy	82.2	82.0	83.9	7.7	7.6	7.8	0.6	12.5	12.7	12.4	6.1	-2.1	0.8	6.6
CLMT MK	Capitaland MT		12	0.59	1,261	0.57	Hold	37.3	87.9	92.7	1.8	4.1	4.3	54.6	32.5	14.3	13.6	2.3	6.0	0.5	1.7
SREIT MK	Sunway REIT		12	1.56	5,343	1.46	Hold	147.9	291.7	298.2	4.7	8.5	8.7	36.5	33.4	18.4	17.9	5.2	4.9	1.1	10.6
IGBREIT MK	IGB REIT		12	1.64	5,870	1.65	Hold	200.1	291.1	340.5	5.6	8.1	9.5	30.2	29.3	20.2	17.3	6.2	4.6	1.5	(0.6)
PREIT	Pavilion REIT		12	1.35	4,121	1.49	Buy	125.9	243.4	262.2	4.1	8.0	8.5	44.0	32.9	16.9	15.9	3.0	5.7	1.1	8.0
YTLREIT MK	YTL REIT		6	0.94	1,594	0.92	Hold	128.5	134.6	141.4	7.6	7.9	8.3	4.5	12.4	11.8	11.3	4.9	5.2	0.6	1.6
<b>RENEWABLES</b>																					
CYP MK	Cypark Res	*	10	0.39	230	1.35	Buy	64.3	76.6	105.9	10.3	12.3	17.0	28.4	3.8	3.2	2.3	8.0	8.0	0.2	(57.1)
SOLAR MK	Solarvest Hldgs	*	3	0.72	477	0.93	Buy	9.2	18.0	24.9	1.4	2.7	3.7	64.4	53.0	27.0	19.6	13.5	0.8	3.0	(42.3)

\* Shariah compliant, based on Securities Commission's latest Shariah compliant list effective 27 May 2022; Source: Bloomberg pricing, Maybank IBG Research

... continued

Ticker	Company	FYE	Price 31 May MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS			CAGR 21-23E (%)	PER			ROE CY22E (%)	Div Yld CY22E (%)	PBV CY22E (x)	Px chg YTD (%)	
							CY21	CY22E	CY23E	CY21	CY22E	CY23E		CY21	CY22E	CY23E					
<u>Technology</u>																					
INARI MK	Inari Amertron	*	6	2.81	10,416	3.50	Buy	375.7	436.6	498.0	10.4	11.5	13.1	12.5	27.1	24.4	21.5	19.6	4.1	6.8	(29.8)
VITRO MK	ViTroX Corp	*	12	7.75	7,321	10.20	Buy	176.3	209.5	237.6	18.6	22.1	25.1	16.2	41.7	35.1	30.9	19.5	0.7	8.5	(22.2)
GTB MK	Globetronics	*	12	1.30	870	1.44	Hold	52.8	52.7	49.6	7.9	7.9	7.4	(3.2)	16.5	16.5	17.6	17.0	4.8	2.8	(21.7)
VSI MK	V.S. Industry	*	7	1.00	3,799	1.07	Hold	235.8	221.3	304.1	6.1	5.2	7.0	7.4	16.4	19.2	14.2	9.5	2.5	1.7	(27.4)
GREATEC	Greatech Tech	*	12	3.82	4,783	5.25	Buy	146.2	167.8	206.9	11.7	13.4	16.5	18.8	32.6	28.5	23.2	32.3	0.0	8.0	(43.2)
FRCB MK	Frontken Corp	*	12	2.74	4,308	3.55	Buy	104.6	129.2	147.6	6.6	8.2	9.4	19.3	41.5	33.4	29.1	18.4	1.5	7.6	(31.5)
GHLS MK	GHL Systems	*	12	1.47	1,678	1.58	Hold	31.4	36.2	42.0	2.8	3.2	3.7	15.0	52.5	45.9	39.7	6.4	0.0	3.1	(15.5)
MYEG MK	My E.G. Services	*	12	0.92	6,758	1.28	Buy	315.8	286.5	346.7	4.2	3.8	4.6	4.7	21.8	24.1	19.9	23.2	1.6	3.9	(14.5)
REVENUE MK	Revenue Group		6	1.01	471	1.58	Buy	13.5	17.6	21.6	2.5	2.9	3.5	18.4	40.3	35.1	28.7	9.1	0.0	2.7	(34.8)
CTOS MK	CTOS Digital	*	12	1.43	3,303	2.17	Buy	49.6	85.4	99.7	2.3	3.7	4.3	36.7	62.2	38.6	33.3	38.6	1.4	8.6	(21.0)
ATECH MK	Aurelius Tech	*	1	1.62	580	2.03	Buy	23.4	32.3	49.1	6.5	9.0	13.7	45.0	24.9	18.0	11.8	20.4	0.0	n.a.	(31.4)
<u>Telecommunication</u>																					
DIGI MK	DiGi. Com	*	12	3.53	27,446	4.00	Hold	1,162.1	1,047.5	1,192.0	14.9	13.5	15.3	1.3	23.7	26.1	23.1	201.5	3.8	44.1	(19.0)
T MK	Telekom Msia	*	12	5.36	20,227	7.50	Buy	1,019.3	1,174.1	1,302.9	27.0	31.1	34.5	13.0	19.9	17.2	15.5	13.9	2.9	2.5	(2.5)
AXIATA MK	Axiata Group	*	12	3.21	29,458	4.50	Buy	1,325.6	1,273.4	1,592.0	14.5	13.9	17.4	9.5	22.1	23.1	18.4	4.9	3.7	1.6	(22.8)
MAXIS MK	Maxis	*	12	3.79	29,662	4.20	Hold	1,308.0	1,217.3	1,419.8	16.7	15.6	18.1	4.1	22.7	24.3	20.9	19.5	4.7	4.5	(21.9)
TDC MK	Time dotCom	*	12	4.37	7,978	4.50	Hold	374.1	401.6	434.8	20.6	22.1	23.9	7.7	21.2	19.8	18.3	11.3	2.5	2.4	(5.0)
<u>Transport</u>																					
CAPITALA MK	Capital A	*	12	0.65	2,705	1.29	Buy	(2,837.8)	(2,439.2)	253.7	(74.3)	(39.3)	5.5	n.a.	n.a.	n.a.	11.8	286.9	0.0	(0.5)	(17.7)
MAHB MK	Msia Airports		12	6.57	10,901	7.17	Buy	(823.9)	(539.0)	508.1	(49.7)	(32.5)	30.6	n.a.	n.a.	n.a.	21.5	(10.9)	0.0	1.6	9.9
WPRTS MK	Westports	*	12	3.45	11,765	3.87	Hold	736.9	634.9	776.9	21.6	18.6	22.8	2.7	16.0	18.5	15.1	21.9	4.1	3.6	(14.8)
MISC MK	MISC	*	12	7.17	32,005	7.53	Hold	1,888.8	1,914.3	2,027.8	42.3	42.9	45.4	3.6	17.0	16.7	15.8	6.7	4.6	0.9	1.7
<u>Utility</u>																					
TNB MK	Tenaga Nasional	*	12	9.15	52,394	9.30	Hold	5,140.6	4,659.8	5,020.7	89.5	81.1	87.4	(1.2)	10.2	11.3	10.5	8.0	4.0	0.9	(2.0)
PTG MK	Petronas Gas	*	12	17.28	34,192	17.20	Hold	2,020.0	1,865.3	1,938.6	102.1	94.3	98.0	(2.0)	16.9	18.3	17.6	15.8	4.2	2.5	(4.0)
GMB MK	Gas Msia	*	12	3.01	3,865	3.30	Buy	249.6	332.9	340.3	19.4	25.9	26.5	16.9	15.5	11.6	11.4	19.7	7.7	3.3	13.6
MLK MK	Malakoff Corp	*	12	0.61	2,981	0.65	Hold	254.5	243.7	293.7	5.2	5.0	6.0	7.4	11.7	12.2	10.2	4.7	9.3	0.6	(15.3)
YTLP MK	YTL Power		6	0.77	6,239	0.90	Buy	195.4	161.0	330.2	2.5	2.0	4.1	28.6	31.4	38.5	19.0	2.1	6.5	0.5	25.2
MFCB MK	Mega First Corp	*	12	3.69	3,488	4.20	Buy	348.7	350.3	362.1	36.8	37.1	38.3	2.0	10.0	9.9	9.6	17.0	2.0	1.3	5.4

\* Shariah compliant, based on Securities Commission's latest Shariah compliant list effective 27 May 2022; Source: Bloomberg pricing, Maybank IBG Research

## Research Offices

### ECONOMICS

**Suhaimi ILIAS**  
Chief Economist  
Malaysia | Philippines | Global  
(603) 2297 8682  
suhaimi\_iliasmaybank-ib.com

**CHUA Hak Bin**  
Regional Thematic Macroeconomist  
(65) 6231 5830  
chuahb@maybank.com

**LEE Ju Ye**  
Singapore | Thailand | Indonesia  
(65) 6231 5844  
leejuye@maybank.com

**Dr Zamros DZULKAFLI**  
(603) 2082 6818  
zamros.d@maybank-ib.com

**Fatin Nabila MOHD ZAINI**  
(603) 2297 8685  
fatinnabila.mohdzaini@maybank-ib.com

**Brian LEE Shun Rong**  
(65) 6231 5846  
brian.lee1@maybank.com

**Luong Thu Huong**  
(65) 62315 8467  
hana.thuluong @maybank.com

### FX

**Saktiandi SUPAAT**  
Head of FX Research  
(65) 6320 1379  
saktiandi@maybank.com.sg

**Christopher WONG**  
(65) 6320 1347  
wongkl@maybank.com.sg

**TAN Yanxi**  
(65) 6320 1378  
tanyx@maybank.com.sg

**Fiona LIM**  
(65) 6320 1374  
fionallim@maybank.com.sg

### STRATEGY

**Anand PATHMAKANTHAN**  
ASEAN  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com

### FIXED INCOME

**Winson PHOON, FCA**  
(65) 6340 1079  
winsonphoon@maybank.com

**SE THO Mun Yi, CFA**  
(603) 2074 7606  
munyi.st@maybank-ib.com

### REGIONAL EQUITIES

**Anand PATHMAKANTHAN**  
Head of Regional Equity Research  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com

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

**ONG Seng Yeow**  
Research, Technology & Innovation  
(65) 6231 5839  
ongsengyeow@maybank.com

### MALAYSIA

**Anand PATHMAKANTHAN** *Head of Research*  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com  
• Strategy

**WONG Chew Hann, CA**  
(603) 2297 8686  
wchewh@maybank-ib.com  
• Non-Bank Financials (stock exchange)  
• Construction & Infrastructure

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

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

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

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

**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 • Glove

**Jade TAM**  
(603) 2297 8687 jade.tam@maybank-ib.com  
• Consumer Staples & Discretionary

**Nur Farah SYIFAA**  
(603) 2297 8675  
nurfarahsyifaa.mohamadfuad@maybank-ib.com  
• Construction • Renewable Energy • REITs

**Arvind JAYARATNAM**  
(603) 2297 8692  
arvind.jayaratnam@maybank.com  
• Petrochemicals • Technology

**Shafiq KADIR**  
(603) 2297 8691  
mshafiqk.abkadir@maybank-ib.com  
• Healthcare • Software

**LOH Yan Jin**  
(603) 2297 8687  
lohyanjin.loh@maybank-ib.com  
• Ports • Shipping

**TEE Sze Chiah** *Head of Retail Research*  
(603) 2082 6858 szechiah.t@maybank-ib.com  
• Retail Research

**Nik Ihsan RAJA ABDULLAH, MSTA, CFTe**  
(603) 2297 8694  
nikmohdihsan.ra@maybank-ib.com  
• Chartist

**Amirah AZMI**  
(603) 2082 8769 amirah.azmi@maybank-ib.com  
• Retail Research

### SINGAPORE

**Thilan WICKRAMASINGHE** *Head of Research*  
(65) 6231 5840 thilanw@maybank.com  
• Banking & Finance - Regional  
• Consumer

**CHUA Su Tye**  
(65) 6231 5842 chuasutye@maybank.com  
• REITs - Regional

**LAI Gene Lih, CFA**  
(65) 6231 5832 laigenelih@maybank.com  
• Technology

**Eric ONG**  
(65) 6231 5924 ericong@maybank.com  
• Healthcare • Transport • SMIDs

**Kelvin TAN**  
(65) 6231 5837 kelvintan1@maybank.com  
• Telcos • Industrials

**Samuel TAN**  
(65) 6231 5843 samuel.tan@maybank.com  
• Technology

**LI Jialin**  
(65) 6231 5845 jialin.li@maybank.com  
• REITs

### PHILIPPINES

**Jacqui de JESUS** *Head of Research*  
(63) 2 8849 8840  
jacqui.dejesus@maybank.com  
• Strategy • Conglomerates

**Rachelleen RODRIGUEZ, CFA**  
(63) 2 8849 8843  
rachelleen.rodriguez@maybank.com  
• Banking & Finance • Transport • Telcos

**Daphne SZE**  
(63) 2 8849 8847  
daphne.sze@maybank.com  
• Consumer

**Miguel SEVIDAL**  
(63) 2 8849 8844  
miguel.sevidal@maybank.com  
• REITs • Property

**Fiorenzo de JESUS**  
(63) 2 8849 8846  
fiorenzo.dejesus@maybank.com  
• Utilities

### VIETNAM

**Quan Trong Thanh** *Head of Research*  
(84 28) 44 555 888 ext 8184  
thanh.quan@maybank.com  
• Banks

**Hoang Huy, CFA**  
(84 28) 44 555 888 ext 8181  
hoanghuy@maybank.com  
• Strategy • Technology • Industrials

**Le Nguyen Nhat Chuyen**  
(84 28) 44 555 888 ext 8082  
chuyen.le@maybank.com  
• Oil & Gas • Logistics

**Nguyen Thi Sony Tra Mi**  
(84 28) 44 555 888 ext 8084  
trami.nguyen@maybank.com  
• Consumer

**Tyler Manh Dung Nguyen**  
(84 28) 44 555 888 ext 8085  
manhdung.nguyen@maybank.com  
• Utilities • Property

**Tran Thi Thanh Nhan**  
(84 28) 44 555 888 ext 8088  
nhan.tran@maybank.com  
• Consumer

**Nguyen Thi Ngan Tuyen**  
*Head of Retail Research*  
(84 28) 44 555 888 ext 8081  
tuyen.nguyen@maybank.com  
• Retail Research

**Nguyen Thanh Lam**  
(84 28) 44 555 888 ext 8086  
thanhlam.nguyen@maybank.com  
• Chartist

### INDIA

**Jigar SHAH** *Head of Research*  
(91) 22 4223 2632 jigars@maybank.com  
• Strategy • Oil & Gas • Automobile • Cement

**Neerav DALAL**  
(91) 22 4223 2606 neerav@maybank.com  
• Software Technology • Telcos

**Vikram RAMALINGAM**  
(91) 22 4223 2607  
vikram@maybank.com  
• Automobile • Media

### INDONESIA

**Rahmi MARINA**  
(62) 21 8066 8689  
rahmi.marina@maybank.com  
• Banking & Finance

**Willy GOUTAMA**  
(62) 21 8066 8500  
willy.goutama@maybank.com  
• Consumer

**Satriawan, CTA**  
(62) 21 8066 8682  
satriawan@maybank.com  
• Chartist

### THAILAND

**Jesada TECHAHUSIN, CFA**  
(66) 2658 6300 ext 1395  
jesada.t@maybank.com  
• Banking & Finance

**Vanida GEISLER, CPA**  
(66) 2658 6300 ext 1394  
Vanida.G@maybank.com  
• Property • REITs

**Yuwanee PROMMAPORN**  
(66) 2658 6300 ext 1393  
Yuwanee.P@maybank.com  
• Services • Healthcare

**Wasu MATTANAPOTCHANART**  
(66) 2658 6300 ext 1392  
wasu.m@maybank.com  
• Telcos

**Surachai PRAMUALCHAROENKIT**  
(66) 2658 5000 ext 1470  
Surachai.p@maybank.com  
• Auto • Conmat • Contractor • Steel

**Suttatip PEERASUB**  
(66) 2658 5000 ext 1430  
suttatip.p@maybank.com  
• Food & Beverage • Commerce

**Jaroontan WATTANAWONG**  
(66) 2658 5000 ext 1404  
jaroontan.w@maybank.com  
• Transportation • Small cap

## 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, "Maybank IBG") and consequently no representation is made as to the accuracy or completeness of this report by Maybank IBG and it should not be relied upon as such. Accordingly, Maybank IBG 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. Maybank IBG 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.

Maybank IBG 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. One or more directors, officers and/or employees of Maybank IBG may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of Maybank IBG'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 Maybank IBG and Maybank IBG 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 Research Pte. Ltd. ("MRPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact MRPL 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), MRPL 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

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Securities (Thailand) Public Company Limited. Maybank Securities (Thailand) Public Company Limited ("MST") accepts no liability whatsoever for the actions of third parties in this respect.

Due to different characteristics, objectives and strategies of institutional and retail investors, the research products of MST Institutional and Retail Research departments may differ in either recommendation or target price, or both. MST reserves the rights to disseminate MST Retail Research reports to institutional investors who have requested to receive it. If you are an authorised recipient, you hereby tacitly acknowledge that the research reports from MST Retail Research are first produced in Thai and there is a time lag in the release of the translated English version.

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. MST does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MST does not confirm, verify, or certify the accuracy and completeness of the assessment result.

#### US

This third-party research report 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 Securities USA Inc ("MSUS"), 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 MSUS in the US shall be borne by MSUS. This report is not directed at you if Maybank IBG 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 MSUS is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Maybank Securities USA Inc. 400 Park Avenue, 11th Floor, New York, New York 10022, 1-(212) 688-8886 and not with, the issuer of this report.

## UK

This document is being distributed by Maybank Securities (London) Ltd (“MSUK”) which is authorized and regulated, by the Financial Conduct 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 report is distributed in Singapore by MRPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Sekuritas Indonesia (“PTMSI”) (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MST (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 Securities Inc (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** MIB Securities (Hong Kong) Limited (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** MIB Securities India Private Limited (“MIBSI”) is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India (“SEBI”) (Reg. No. INZ000010538). MIBSI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH0000000057) **US:** Maybank Securities USA Inc is a member of/and is authorized and regulated by the FINRA - Broker ID 27861. **UK:** Maybank Securities (London) Ltd (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

### Disclosure of Interest

**Malaysia:** Maybank IBG 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 2 June 2022, Maybank Research Pte. Ltd. and the covering analyst do not have any interest in any companies recommended in this research report.

**Thailand:** MST 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. MST, 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:** As of 2 June 2022, MIB Securities (Hong Kong) Limited and the authoring analyst do not have any interest in any companies recommended in this research report.

**India:** As of 2 June 2022, and at the end of the month immediately preceding the date of publication of the research report, MIBSI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report. In the past twelve months MIBSI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

Maybank IBG 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 Maybank IBG.

### Definition of Ratings

Maybank IBG Research uses the following rating system

<b>BUY</b>	Return is expected to be above 10% in the next 12 months (including dividends)
<b>HOLD</b>	Return is expected to be between 0% to 10% in the next 12 months (including dividends)
<b>SELL</b>	Return is expected to be below 0% in the next 12 months (including 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 Securities Pte Ltd  
Maybank Research Pte Ltd  
50 North Canal Road  
Singapore 059304

Tel: (65) 6336 9090

### Hong Kong

MIB Securities (Hong Kong) Limited  
28/F, Lee Garden Three,  
1 Sunning Road, Causeway Bay,  
Hong Kong

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

### London

Maybank Securities (London) Ltd  
PNB House  
77 Queen Victoria Street  
London EC4V 4AY, UK

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

### Indonesia

PT Maybank Sekuritas Indonesia  
Sentral Senayan III, 22<sup>nd</sup> Floor  
Jl. Asia Afrika No. 8  
Gelora Bung Karno, Senayan  
Jakarta 10270, Indonesia

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

### New York

Maybank Securities USA Inc  
400 Park Avenue, 11th Floor  
New York, New York 10022,  
U.S.A.

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

### India

MIB Securities India Pte Ltd  
1101, 11<sup>th</sup> floor, A Wing, Kanakia  
Wall Street, Chakala, Andheri -  
Kurla Road, Andheri East,  
Mumbai City - 400 093, India

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

### Philippines

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

Tel: (63) 2 8849 8888  
Fax: (63) 2 8848 5738

### Thailand

Maybank Securities (Thailand) PCL  
999/9 The Offices at Central World,  
20<sup>th</sup> - 21<sup>st</sup> Floor,  
Rama 1 Road Pathumwan,  
Bangkok 10330, Thailand

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

### Vietnam

Maybank 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

### Sales Trading

Kevin Foy  
Regional Head Sales Trading  
kevinfoy@maybank.com  
Tel: (65) 6636-3620  
US Toll Free: 1-866-406-7447

#### Indonesia

Helen Widjaja  
helen.widjaja@maybank.com  
(62) 21 2557 1188

#### New York

James Lynch  
jlynch@maybank-keusa.com  
Tel: (212) 688 8886

#### Philippines

Keith Roy  
keith\_roy@maybank.com  
Tel: (63) 2 848-5288

#### London

Greg Smith  
gsmith@maybank.co.uk  
Tel: (44) 207-332-0221

#### India

Sanjay Makhija  
sanjaymakhija@maybank.com  
Tel: (91)-22-6623-2629