

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

KEY HIGHLIGHTS

Sector Update

Telecommunications – Malaysia

3Q23: Broadly within expectations. Top picks are TIME and TM.

Page 2

Company Results

Astro Malaysia (ASTRO MK/HOLD/RM0.365/Target: RM0.32)

3QFY24: Below expectations mainly due to higher-than-expected operating expenses. Cut FY24-26 earnings by 3-19%.

Page 4

Eco World Development Group (ECW MK/BUY/RM1.00/Target: RM1.26)

FY23: Results above expectations. Set RM3.5b sales target for FY24.

Page 7

Yinson Holdings (YNS MK/BUY/RM2.48/Target: RM3.75)

9MFY24: In line. FPSO execution remains solid. Looking forward to deliveries of two more FPSOs in 2024.

Page 10

TRADERS' CORNER

Page 13

Adventa (ADV MK): Technical BUY

South Malaysia Industries (SMI MK): Technical BUY

KEY INDICES

	Index	pt chg	% chg
FBMKLCI	1,448.04	0.9	0.1
Bursa Emas	10,713.78	31.7	0.3
Ind Product	170.74	0.6	0.4
Finance	16,374.25	(2.0)	(0.0)
Consumer	552.64	1.4	0.3
Construction	185.13	0.5	0.3
Properties	837.48	(0.9)	(0.1)
Plantations	6,993.57	20.0	0.3

BURSA MALAYSIA TRADING & PARTICIPATION

Malaysia Turnover	13-Dec-23	% chg
Volume (m units)	3,763	14.6
Value (RMm)	2,401	0.9

By Investor type	(%)	ppt chg
Foreign investors	33.0	(1.5)
Local retail	24.4	(1.3)
Local institution	42.7	2.8

TOP TRADING TURNOVER / GAINERS / LOSERS

Top Trading Turnover	Price (RM)	Chg 5-day ADT (%)	(RM'000)
YTL Corp	1.86	1.6	121,405
YTL Power	2.40	(2.4)	112,307
CIMB Group	5.79	0.0	96,102
Malayan Banking	9.07	0.0	73,353
Public Bank	4.26	0.2	72,172

Top Gainers

SapuraEnergy	0.05	11.1	1,035
Hartalega	2.53	10.5	19,714
Top Glove	0.88	10.1	44,786
Supermax Corp	0.93	7.5	10,339
KPJ Healthcare	1.40	4.5	28,722

Top Losers

Velesto Energy	0.22	(4.4)	11,514
YTL Power	2.40	(2.4)	112,307
Datasonic Group	0.42	(2.3)	1,145
Hap Seng Consolidated	4.64	(2.3)	3,929
Parkson Holdings	0.27	(1.9)	1,538

OTHER STATISTICS

	13-Dec-23	chg	% chg
RM/US\$	4.71	0.02	0.5
CPO 3rd mth future (RM/mt)	3,670	(65.0)	(1.7)

Notes:

ADT = Average daily turnover.

Top volume, gainers and losers are based on FBM100 component stocks.



Please note: This is the final release of the Country Daily for the year. Production will resume on 2 January 2024. UOB Kay Hian wishes you a blessed Christmas and bountiful New Year.



SECTOR UPDATE

Telecommunications – Malaysia

3Q23 Results Within Expectations; 2024 To Be Range Bound

In 3Q23, both CelcomDigi and TM reported better-than-expected earnings. The key drivers were CelcomDigi's merger savings and TM's positive tax credit. After the results, we project a 2023 sector earnings contraction of 15% yoy to RM4,909m. Key events to look out for in 1H24 include: a) fixed line price competition, b) 80% 5G coverage, c) potential award of DWN, and d) synergistic savings from the merger of Celcom and Digi in 2024-25. Maintain MARKET WEIGHT. Top picks: TIME dotCom (TIME) and Telekom Malaysia (TM).

WHAT'S NEW

- 2023 net profit affected by weak Axiata earnings.** In 3Q23, both CelcomDigi and TM reported better-than-expected earnings. This was driven by CelcomDigi's merger savings and TM's positive tax credit (revenue and EBITDA in line with estimates). After the results announcement, we project 2023 sector earnings contraction of 15% yoy to RM4,909m. The decline is due to Axiata's Link Net loss, weak contribution from NCell and high interest expense. Stepping into 2024, we expect sector earnings to normalise – recovering 15% yoy to RM5,626m (7x EV/EBITDA). Our key assumptions are low single-digit service revenue growth and relatively elevated capex to roll out dual wholesale network (DWN) 5G in Malaysia.
- Key events to look out for in 1H24** include: a) fixed line price competition – given new packages following a reduction in fibre pricing following the Mandatory Standard Access Pricing (MSAP) implementation, b) roll out of 5G by Digital Nasional (DNB) to achieve the government's target of 80% coverage of populated areas (COPA), c) potential award of DWN by 1H24 to wireless players, and d) synergistic savings from the merger of Celcom and Digi in 2024-25.

ACTION

- Maintain MARKET WEIGHT.** In 2H23, the sector has underperformed the FBMKLCI by 5%. This is due in part to earnings and balance sheet weakness of Axiata (2H23: -18%) as well as the long drawn 5G DWN headwinds. Stepping into 1Q24, we expect the sector to trade range bound in the absence of key re-rating catalysts. We believe the current valuation is fair and have largely factored in: a) rationale competition – as telcos roll out 5G services to create stickiness in the consumer space, b) positive synergies from the merger of Celcom and Digi, and c) the implementation of DWN. We reiterate MARKET WEIGHT on the sector. We prefer fixed players over wireless.
- We like TM and Axiata for attractive valuations; TIME offers lush dividends.** Across the region, we notice fixed line operators benefitting from encouraging broadband subscriber growth. In 3Q23, TM – commanding 85% fibre market share in Peninsular Malaysia – reported a slowdown in subscriber growth (5% yoy to 3.1m subscribers). That said, we expect TM to benefit from newly-repriced fibre packages and subscribers should continue to grow from 4Q23 onwards. Naturally, we expect some ARPU dilution and higher churn from the lower end packages. TIME continues to chalk up superior retail revenue growth of 19% yoy (in 3Q23) – driven by higher household penetration given the accelerated fibre network expansion. We expect TIME to maintain cashflow growth trajectory and with a net cash position of RM1.4b (as of end-Sep 23), we expect it to maintain lush dividend yield of at least 6%.

PEER COMPARISON

Company	Tickers	Rec	Share Price 14 Dec 23 (RM)	Target Price (RM)	Market Cap (RMm)	PE		EV/EBITDA		Dividend Yield	
						FY23F (x)	FY24F (x)	FY23F (x)	FY24F (x)	FY23F (%)	FY24F (%)
Axiata Group	AXIATA MK	HOLD	2.34	2.50	21,479.1	59.7	32.8	4.5	4.4	2.0	2.4
CelcomDigi	CDB MK	HOLD	4.08	4.50	47,864.6	41.7	25.4	10.0	9.5	3.0	3.9
Maxis	MAXIS MK	HOLD	3.81	4.10	29,840.2	23.8	21.1	9.7	9.6	4.2	4.3
Telekom Malaysia	T MK	BUY	5.41	6.00	20,756.9	11.7	13.2	4.3	4.4	3.7	3.2
TIME dotCom	TDC MK	BUY	5.23	6.40	9,659.0	21.2	19.0	11.1	10.6	16.5	6.3

Source: UOB Kay Hian

MARKET WEIGHT

(Maintained)

SECTOR TOP PICKS

Top Pick	Rec	Target Price (RM)	EV/EBITDA (x)	Div Yield (%)
TIME dotCom	BUY	6.40	10.6	6.3
Telekom Malaysia	BUY	6.00	4.4	3.2

Note: Includes special dividend

Source: Bloomberg, UOB Kay Hian

CORE NET PROFIT (3Q23)

	3Q23	qoq % chg	yoy % chg
Axiata Group	127.9	190.0	(65.9)
CelcomDigi	598.0	74.1	25.4
Maxis	287.0	(13.0)	(8.9)
Telekom Malaysia	426.7	(16.2)	28.6
TIME dotCom	106.3	16.4	18.1
Big 2*	885.0	31.4	11.7
Fixed Line	533.0	(11.3)	26.4
Sector Total	1,545.9	17.3	(2.7)

* Big 2 stands for CelcomDigi and Maxis

Source: UOB Kay Hian

CORE NET PROFIT (9MFY23)

	9M23	yoy % chg	Comment
Axiata Group	255.2	(76.3)	Below
CelcomDigi	1,259.5	(13.6)	Above
Maxis	937.0	(0.5)	In Line
Telekom Malaysia	1,464.3	48.2	Above
TIME dotCom	290.3	4.7	In Line
Big 2	2,196.5	(8.4)	
Fixed Line	1,754.6	38.6	
Sector Total	4,206.3	(11.3)	

Source: UOB Kay Hian

ANALYST(S)

Chong Lee Len

+603 2147 1992

leelen@uobkayhian.com

Ku Wei Xiang

+603 2147 1916

weixiang@uobkayhian.com

- **Key risks to our investment thesis** include: a) the reversal of government's decision towards a 5G DWN in Malaysia – which will lead to heightened competition through the proliferation of Mobile Virtual Network Operators (MVNO), and b) earnings eroding for fixed line operators due to stiff competition as a result of MSAP effective 2023.

ESSENTIALS

- **Celcom-Digi merger synergies well into 2024.** The initial estimated cost savings (capex and opex) is approximately RM8b over a five-year period, including an undisclosed terminal value of assets. CelcomDigi is currently working to integrate duplicated network sites and that will pave the way for about 65% of the total savings (rental/electricity/spectrum fee etc). The balance 35% savings will come from IT/digital, centralised procurement, point of sales and dealership expenses. Both Celcom and Digi will be collapsed into a single brand within the next two years, as per MCMC's requirement.

- **5G coverage stood at 70% as of Oct 23....** Malaysia has decided to roll out 5G via DNB until it reaches 80% coverage by end-23. Thereafter, the government has agreed that a new entity can establish a second network, as early as 1Q24. To date, DNB is on track to achieve its target of 80% 5G network COPA by year-end.

- **...as a dual wholesale network is expected by 1H24, we opine.** The regulatory authority plans to divide the current 5G spectrum bands, including 700MHz, 3.5GHz, and 26GHz, equally between two 5G network entities, Entity A and Entity B. Each entity will be allocated 40MHz (paired) of the 700MHz band, 100MHz of the C-band (3.5GHz), and 800MHz of the 26GHz band. However, the timeline for reallocating the spectrum bands is yet to be determined. Meanwhile, Entity B must follow comparable rollout requirements as DNB to achieve the 80% population coverage objective within a specified timeframe.

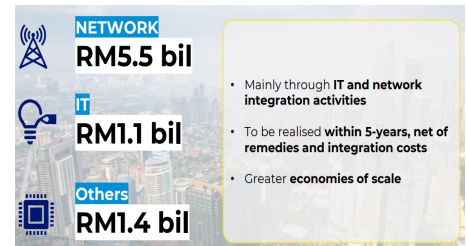
- **Equity in DNB likely in 1Q24.** Meanwhile, telcos are required to show commitment and pour equity into DNB. Five telcos (i.e. CelcomDigi, Maxis, TM, YES, U Mobile) have agreed to a share purchase agreement (SSA) to buy a 70% stake in DNB for RM233m per telco. This is subject to due diligence – which will take place within 8-10 weeks. We expect the SSA to be successfully executed sometime in 1Q24. Capex for telcos is expected to remain at current elevated level as telcos transition from 4G to 5G.

- **Telekom Malaysia (T MK/BUY/Target: RM6.00).** We see compelling risk-reward for the stock as underlying earnings performance remains robust. We expect TM to benefit from newly-repriced fibre packages and subscribers should continue to grow from 4Q23 onwards. Naturally, we expect some ARPU dilution and higher churn from the lower end packages. At our target price, the stock trades at 4.4x 2024 EV/EBITDA (below its mean of 5x EV/EBITDA). The stock offers 4% dividend yield. Maintain BUY with a DCF-based target price of RM6.00.

- **TIME dotCom (TDC MK/BUY/Target: RM6.40)** offers a three-year earnings CAGR of 7% (vs muted sector growth), underpinned by strong home fibre sales and wholesale revenue contribution. TIME embarked on a balance sheet optimisation exercise 18 months ago. The focus is to ensure balance sheet and capital is utilised in the most efficient form. At this juncture, TIME sits on a cash pile of RM1.4b (as of Sep 23). With this excess cash, we expect TIME to continue dishing out lush dividends, rewarding shareholders with attractive dividend yields of 6%. In the longer run, we expect TIME to have an optimal gearing of 1x, from the current net cash position. Maintain BUY with a DCF-based target price of RM6.40 (WACC: 7%, terminal growth: 4%). At our target price, the stock will trade at 14x 2023 EV/EBITDA, +2SD from mean.

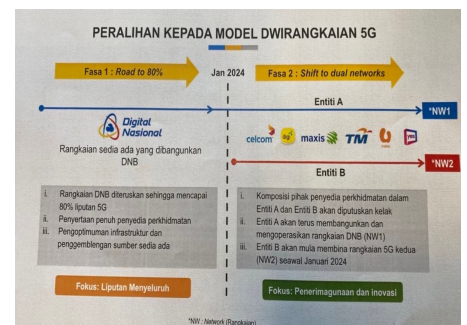
- **Axiata (Axiata MK/HOLD/Target: RM2.50).** We expect share price to trade sideways at current levels in the absence of immediate catalysts. That said, closer to RM2 would be a good entry level as the stock trades at low valuation (4x EV/EBITDA), potential spin off of edotco and balance sheet repair (improve net gearing position). Management aims to pay out 10 sen in DPS over 2023-24. That translates to 4% dividend yield.

CELCOMDIGI SYNERGISTIC SAVINGS



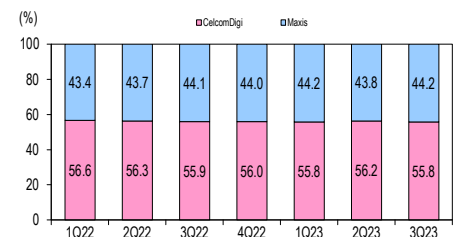
Source: CelcomDigi

MALAYSIA SHIFTS TO DUAL WHOLESALE NETWORK BY 2024



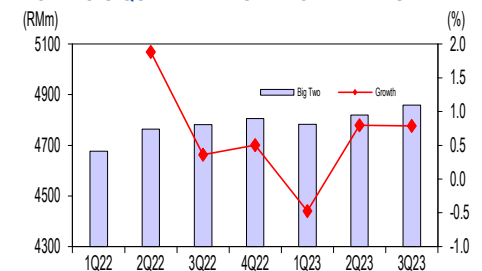
Source: MCMC, UOB Kay Hian

TELCO REVENUE MARKET SHARE



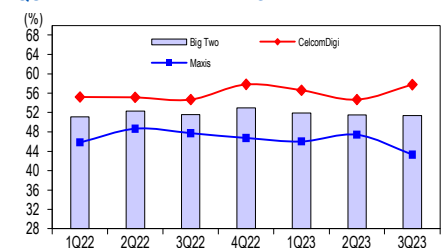
Source: Respective companies

BIG TWO'S QUARTERLY SERVICE REVENUE



Source: Respective companies

QUARTERLY EBITDA MARGIN



Source: Respective companies

COMPANY RESULTS

Astro Malaysia (ASTRO MK)

3QFY24: Below Expectations; Unfavourable Industry Landscape

Astro booked 3QFY24 core net profit of RM42m (-43% yoy, -2% qoq), due to a lower revenue contribution from subscription TV as well as higher-than-expected operating costs. 9MFY24 net profit accounted for 64% of our full-year estimate – below expectation. We downgrade earnings by 3-19% for FY24-26. Maintain HOLD with a lower target price of RM0.32.

3QFY24 RESULTS

Year to 31 Jan (RMm)	3QFY24	qoq % chg	yoy % chg	9M24	yoy % chg
Revenue	828.5	(1.1%)	(6.4%)	2,552.8	(4.3%)
-Subscription/others	666.3	(6.1%)	(2.1%)	2,039.3	(5.5%)
-Adex	98	12.6%	(10.9%)	149.7	(12.1%)
Gross Profit	220.9	(12.8%)	(10.2%)	779.6	(15.6%)
EBITDA	58.1	(39.9%)	(37.4%)	656.6	(20.4%)
EBITDA Margin (%)	22.2%	(3.6%)	(3.5%)	25.7%	(5.2%)
EBIT	58.1	(39.9%)	(37.4%)	335.3	(33.5%)
PBT	(47.3)	n.m.	n.m.	7.9	(96.8%)
Net Profit	(47.1)	n.m.	n.m.	(7.6)	(103.7%)
Core Net Profit	42.0	(2.3%)	(42.5%)	147.0	(50.3%)
	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
TV ARPU (RM)	97.4	98.2	98.7	99.1	99.8
Subscribers	5,501	5,490	5,458	5,417	5,365

Source: Astro, UOB Kay Hian

RESULTS

- 3QFY24 results below expectations.** Astro Malaysia's (Astro) headline 3Q24 net loss of RM47.1m was due to Voluntary Separation Scheme (VSS) cost of RM52m and unrealised forex loss of RM43m. Stripping these out, Astro would record 3Q24 core net profit of RM42m (-43% yoy, -2% qoq). The steep yoy decline was mainly due to: a) lower revenue contribution from subscription, b) higher content costs, c) higher staff related costs, d) higher impairment of receivables and e) higher licence, copyright and royalty fees. This brings 9MFY24 core net profit to RM147m, down 50% yoy. Accounting for 64% of our full-year earnings, we deem the results below expectations.
- Dividends.** Due to a consistently weak consumer climate, no interim dividend was declared this quarter. We forecast FY24 net DPS at 1.5 sen/share, translating to a dividend yield of 4.0%.

KEY FINANCIALS

Year to 31 Jan (RMm)	2022	2023	2024F	2025F	2026F
Net turnover	4,176	3,800	3,322	2,986	2,734
EBITDA	1,286	1,046	1,067	978	898
Operating profit	754	417	368	384	386
Net profit (rep./act.)	461	259	191	202	199
Net profit (adj.)	476	312	191	202	199
EPS (sen)	9.1	6.0	3.7	3.9	3.8
PE (x)	4.0	6.1	10.0	9.4	9.6
P/B (x)	1.7	1.8	1.6	1.5	1.5
EV/EBITDA (x)	4.0	4.9	4.8	5.2	5.7
Dividend yield (%)	18.5	8.2	4.0	4.3	4.3
Net margin (%)	11.0	6.8	5.8	6.8	7.3
Net debt/(cash) to equity (%)	226.1	294.4	222.5	206.2	199.3
Interest cover (x)	7.9	8.2	6.2	5.6	5.0
ROE (%)	41.8	23.6	17.1	16.7	15.7
Consensus net profit	-	-	251	233	264
UOBKH/Consensus (x)	-	-	0.76	0.87	0.75

Source: Astro Malaysia, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	RM0.365
Target Price	RM0.320
Upside	-12.3%
(Previous TP)	RM0.450

COMPANY DESCRIPTION

Pay-TV operator

STOCK DATA

GICS sector	Communication Services
Bloomberg ticker:	ASTRO MK
Shares issued (m):	5,219.0
Market cap (RMm):	1,904.9
Market cap (US\$m):	407.7
3-mth avg daily t'over (US\$m):	0.5

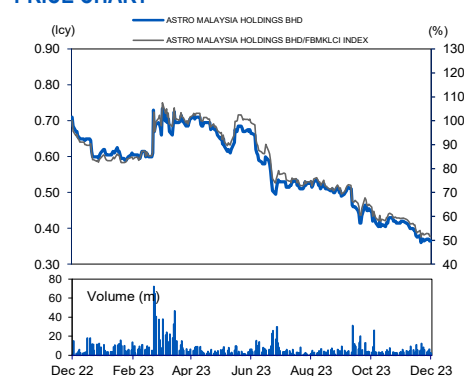
Price Performance (%)

52-week high/low	RM0.735/RM0.360			
1mth	3mth	6mth	1yr	YTD
(12.0)	(27.7)	(45.9)	(49.0)	(43.8)

Major Shareholders

	%
Pantan Cahaya Bulan Ventures Sdn	20.7
All Asia Media Equities Limited	19.4
East Asia Broadcast Network MV	8.1
FY23 NAV/Share (RM)	0.22
FY23 Net Debt/Share (RM)	0.50

PRICE CHART



Source: Bloomberg

ANALYST(S)

Ku Wei Xiang
 +603-2147 1916
 research@uobkayhian.com

STOCK IMPACT

- **3QFY24 revenue fell 6% yoy and 1% qoq to RM870m.** TV subscription revenue fell 2% qoq to RM681m. Subscriber base fell 1% qoq and 3% yoy to 5.37m. Positively, 3QFY24 ARPU rose 1% qoq and 3% yoy to RM99.8/month as Astro managed to upsell its packages with better value.
- **Sequentially stronger advertising revenue in 3QFY24.** Advertising revenue improved 13% qoq. Management launched Astro addressable advertising in Jun 22 to offer targeted advertising based on AI data analytics. We believe Astro can monetise data well enough to diversify its revenue stream.
- **Astro has launched the Astro Fibre plan** which allows customers to sign up for stand-alone broadband or content plus broadband bundles. Due to a low base, broadband customers increased by 22% yoy. Astro believes that the bundle packages offered to customers will provide better value and encourage take-up in the longer run.
- **Capex outlook.** For FY24, Astro expects capex spending at RM300m-400m. Key investments in FY23 include: a) technology infrastructure across OOT & digital, TV and video-on-demand, b) customer experience, c) product and service upgrades, and d) set-top boxes provided to customers.

EARNINGS REVISION/RISK

- Downgrade FY24-26 core net profit forecasts by 3-19% to account for higher operating cost due unfavourable industry landscape.

VALUATION/RECOMMENDATION

- **Maintain HOLD with a lower DCF-based target price of RM0.32** (discount rate: 10%, terminal growth rate: -3%). We revised our terminal growth rate from -2% to -3% due to the industry experiencing innovative disruption from OTT streaming media services such as Netflix, Disney Hotstar, etc. Our target price implies 9x FY25F PE, from -1.5SD five-year mean PE of 15x.
- **Key re-rating catalysts** include: a) higher-than-expected dividend payout for FY24, b) higher-than-expected pay-TV ARPU, and c) favourable regulatory outlook in light of the crackdown on piracy.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

• Environmental

- Harvested 1.7m kWh of photovoltaic energy from 4,780 solar panels, saving 964 tCO₂e carbon, which is equivalent to planting 24,718 trees. This also helped reduce greenhouse gas emissions by 2% to 25,423 tCO₂e in FY21.

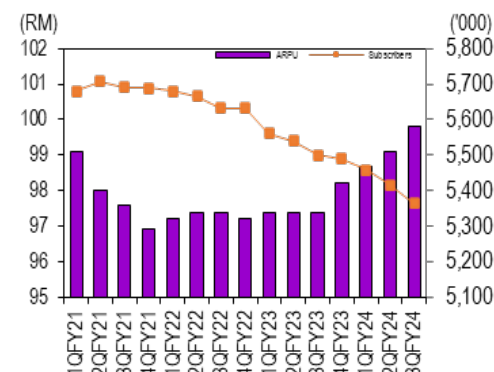
• Social

- Broadcasted over 16,000 hours of public service announcements in FY21.
- Produced and commissioned over 9,000 hours of content, worth over RM320m.

• Governance

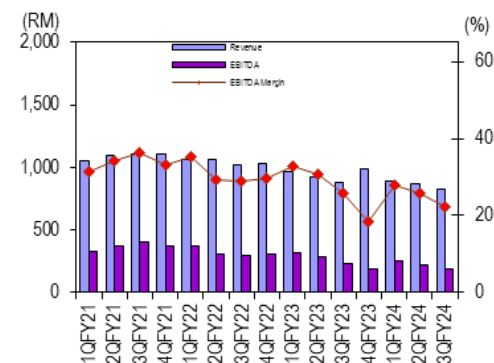
- Good company transparency along with an Anti-Bribery and Anti-Corruption Policy.

ARPU AND SUBSCRIBERS



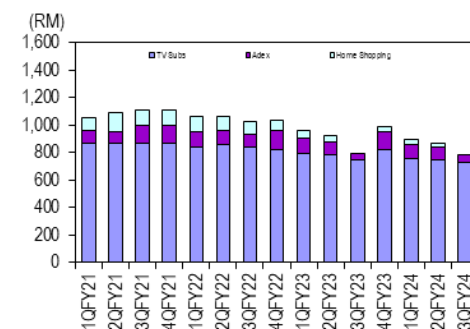
Source: Astro, UOB Kay Hian

REVENUE AND EBITDA



Source: Astro, UOB Kay Hian

REVENUE BREAKDOWN



Source: Astro, UOB Kay Hian

PROFIT & LOSS

Year to 31 Jan (RMm)	2023	2024F	2025F	2026F
Net turnover	3,800	3,322	2,986	2,734
EBITDA	1,046	1,067	978	898
Deprec. & amort.	629	698	594	511
EBIT	417	368	384	386
Net interest income/(expense)	(128)	(172)	(173)	(179)
Pre-tax profit	289	196	211	207
Tax	(79)	(53)	(57)	(56)
Minorities	49	49	49	49
Net profit	259	191	202	199
Net profit (adj.)	312	191	202	199

BALANCE SHEET

Year to 31 Jan (RMm)	2023	2024F	2025F	2026F
Fixed assets	2,238	1,888	1,607	1,383
Other LT assets	2,124	2,124	2,370	2,370
Cash/ST investment	159	270	137	124
Other current assets	1,180	1,113	1,066	1,239
Total assets	5,701	5,395	5,179	5,115
ST debt	712	894	894	894
Other current liabilities	961	853	762	696
LT debt	2,601	1,973	1,816	1,816
Other LT liabilities	329	329	329	329
Shareholders' equity	1,071	1,167	1,248	1,297
Minority interest	27	180	131	83
Total liabilities & equity	5,701	5,395	5,179	5,115

CASH FLOW

Year to 31 Jan (RMm)	2023	2024F	2025F	2026F
Operating	1,308	973	877	811
Pre-tax profit	289	196	211	207
Tax	(79)	(53)	(57)	(56)
Deprec. & amort.	629	698	594	511
Associates	0	0	0	0
Working capital changes	(68)	(40)	(44)	(30)
Other operating cashflows	128	172	173	179
Investing	(466)	(332)	(297)	(277)
Capex (maintenance)	(316)	(349)	(313)	(287)
Others	(150)	17	16	10
Financing	(847)	(531)	(713)	(548)
Dividend payments	(156)	(96)	(121)	(149)
Issue of shares	0	0	0	0
Proceeds from borrowings	604	0	(157)	0
Others/interest paid	(1,294)	(435)	(435)	(398)
Net cash inflow (outflow)	(5)	111	(133)	(13)
Beginning cash & cash equivalent	166	159	270	137
Changes due to forex impact	(1)	0	0	0
Ending cash & cash equivalent	160	270	137	124

KEY METRICS

Year to 31 Jan (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	27.5	32.1	32.8	32.8
Pre-tax margin	7.6	5.9	7.1	7.6
Net margin	6.8	5.8	6.8	7.3
ROA	4.7	3.4	3.8	3.9
ROE	23.6	17.1	16.7	15.7
Growth				
Turnover	(9.0)	(12.6)	(10.1)	(8.4)
EBITDA	(18.7)	2.0	(8.3)	(8.3)
Pre-tax profit	(51.0)	(32.3)	7.6	(1.7)
Net profit	(43.8)	(26.3)	5.7	(1.3)
Net profit (adj.)	(34.5)	(38.7)	5.7	(1.3)
EPS	(34.5)	(38.7)	5.7	(1.3)
Leverage				
Debt to total capital	75.1	68.0	66.3	66.3
Debt to equity	309.3	245.7	217.2	208.9
Net debt/(cash) to equity	294.4	222.5	206.2	199.3
Interest cover (x)	8.2	6.2	5.6	5.0

COMPANY RESULTS

Eco World Development Group (ECW MK)

FY23: Results Above Expectations

ECW's FY23 net profit grew 15% mainly due to cost-cutting initiatives as well as a higher share of profit from JVs and associates. ECW has secured RM3.6b in sales for FY23 (surpassed its sales target of RM3.5b). The company has set a sales target of RM3.5b for FY24. **Maintain BUY. Target price: RM1.26.**

FY23 RESULTS

Year to 31 Oct (RMm)	4QFY23	3QFY23	qoq % chg	yoy % chg	FY23	yoy % chg
Revenue	844.5	476.9	77.1	51.0	2,226.9	9.0
Gross Profit	175.1	129.6	35.1	13.1	538.6	9.8
Opex	(109.7)	(51.3)	113.9	39.1	(254.4)	14.0
EBIT	100.5	102.6	(2.0)	1.7	387.8	13.6
Net Interest	(33.3)	(30.4)	9.7	56.0	(122.7)	26.7
Shares of JV & Associates	(47.1)	19.1	(346.5)	(13.4)	87.0	39.6
PBT	20.1	91.3	(78.0)	(12.9)	270.0	19.6
Taxation	(16.8)	(25.0)	(33.0)	(21.1)	(80.7)	17.7
PATAMI	3.3	66.3	(95.0)	85.1	189.3	20.4
Core PATAMI	87.4	66.3	31.7	5.6	273.4	14.8
Margin	%		ppt	ppt	%	ppt
EBIT margin (%)	11.9	21.5	(9.6)	(5.8)	17.4	0.7
PATAMI margin (%)	0.4	13.9	(13.5)	0.1	12.3	0.6

Source: Eco World Development, UOB Kay Hian

RESULTS

- **Results above estimates.** Eco World Development Group (ECW) reported a 4QFY23 core net profit of RM87.4m (+32% qoq, +6% yoy) on revenue of RM845m (+77% qoq, +51% yoy). Cumulatively, FY23 net profit of RM273m (+15% yoy) accounted for around 109% of our and consensus full-year forecasts. The positive deviation was from better-than-expected revenue from sale of industrial properties in Senai, Johor. The improvement in FY23 earnings was mainly due to: a) higher gross profit (on cost savings upon the finalisation of completed phases), as well as b) a higher share of profit from JVs and associate company Eco World International (ECWI) on its improved results.
- We derive RM273m core net profit after excluding exceptional items amounting to RM84m mainly on impairment loss on investment in JVs.
- **Declared 2 sen dividend for this quarter (FY23: 6 sen; FY22: 5 sen),** which implies 65% payout ratio and dividend yield of 6%.

KEY FINANCIALS

Year to 31 Oct (RMm)	2022	2023	2024F	2025F	2026F
Net turnover	2,044	2,227	2,393	2,584	2,791
EBITDA	282	410	438	468	510
Operating profit	260	388	421	453	500
Net profit (rep./act.)	157	189	294	322	347
Net profit (adj.)	238	273	294	322	347
EPS (sen)	8.1	9.3	10.0	10.9	11.8
PE (x)	12.4	10.8	10.0	9.1	8.5
P/B (x)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x)	16.4	12.0	11.7	10.9	9.9
Dividend yield (%)	5.0	6.0	6.2	6.4	6.9
Net margin (%)	7.7	11.5	12.3	12.5	12.4
Net debt/(cash) to equity (%)	31.0	25.0	27.5	29.3	32.3
Interest cover (x)	2.9	3.2	4.3	4.4	4.6
ROE (%)	3.3	5.4	6.1	6.5	6.9
Consensus net profit	-	-	267	301	347
UOBKH/Consensus (x)	-	-	1.10	1.07	1.00

Source: Eco World Development, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM1.00
Target Price	RM1.26
Upside	+26.0%
(Previous TP)	RM1.21)

COMPANY DESCRIPTION

Property developer with exposure in the Klang Valley, Iskandar Malaysia and Penang.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	ECW MK
Shares issued (m):	2,944.4
Market cap (RMm):	2,944.4
Market cap (US\$m):	630.1
3-mth avg daily t'over (US\$m):	0.6

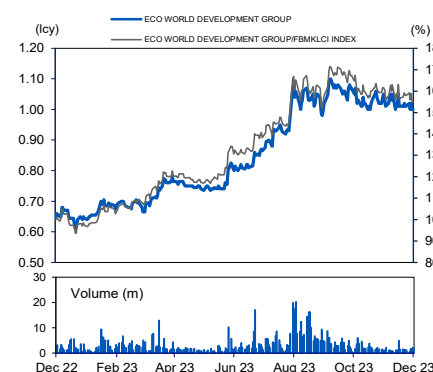
Price Performance (%)

52-week high/low	RM1.10/RM0.610			
1mth	3mth	6mth	1yr	YTD
(3.8)	0.5	23.5	51.5	55.0

Major Shareholders

	%
Sinarmas Harta Sdn Bhd	32.0
Eco World Development Holdings	25.6
Employees Provident Fund	8.3
FY24 NAV/Share (RM)	1.65
FY24 Net Debt/Share (RM)	0.59

PRICE CHART



Source: Bloomberg

ANALYST(S)

Nazira Abdullah
 +603 2147 1934
 nurulnazira@uobkayhian.com

STOCK IMPACT

- Secured RM500m worth of property sales for Sep-Oct 23**, bringing full-year sales to RM3.605b (surpassing its sales target of RM3.5b). Its industrial development recorded RM1b of sales (29% of FY23 sales) with Iskandar Malaysia contributing 70% of total industrial property sales (RM729m). We believe industrial properties would continue to gain strong traction on the back of rising demand from warehousing and manufacturers, both local and abroad. With approximately 1,175 acres (gross development value (GDV) of RM5.8b) of industrial property landbank still under its purview (with around 68% located in Johor), ECW is well-positioned to capitalise on strong demand for industrial properties.
- Residential properties recorded RM2b sales** (57% of the total sales for FY23), of which RM860m were from the Iskandar township. Growth momentum in Iskandar Malaysia is expected to remain anchored by extensive infrastructure improvement with the ongoing construction of the Johor Bahru-Singapore Rapid Transit System (RTS). ECW has 3,400 acres of remaining landbank with GDV of RM50.6b, of which the landbank in Johor is around 1,380 acres with GDV of RM11b.
- ECWI: Achieved RM1.8b sales (also surpassed its target of RM1.4b)**. ECWI distributed its first tranche of special dividends amounting RM792m (33 sen/share) on 29 Sep 23, and declared final dividend of RM144m (6 sen/share), bringing total dividend to RM936m, surpassing its earlier estimate of RM900m. For FY24, ECWI targets to sell out all its remaining stocks (about RM650m of completed and nearly-completed stocks that are available for sale) and distribute the excess cash generated back to shareholders.
- ECW set FY24 sales target at RM3.5b (vs RM3.6b achieved in FY23)**. We understand that the lower sales target is to strike a balance between achieving substantial sales figures and ensuring a sustainable and profitable business model. ECW aims to enhance returns by focusing on higher-margin or higher-yield developments per square feet of land. Meanwhile, the focus for FY24 launches will predominantly be on its Duduk series products, with prices below RM500,000. We believe that ECW is well-positioned to surpass its FY24 sales target (our FY24 sales forecast is RM3.6b) driven by attractive product launches (Duduk series and industrial properties).
- We expect FY24 revenue to increase 7%** driven by: a) an improvement in the recognition of progressive billings, b) more launches now that the prices of raw materials have eased, c) higher unbilled sales of RM3.5b (1.5x cover ratio) and d) completion of several projects (including Huni @ Eco Arden and Se.Ruang @ Eco Sanctuary in 1Q24). We expect net profit to rise by 9% on easing of raw material prices.

EARNINGS REVISION/RISK

- We raise our EPS forecasts by 10-11% for FY24-25** to reflect better improvement in the recognition of progressive billings (from the higher turnover rate of its Duduk series).

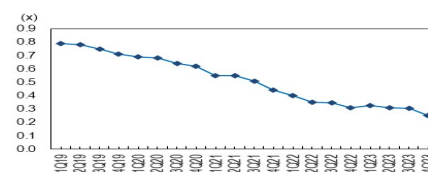
VALUATION/RECOMMENDATION

- Maintain BUY with a higher target price of RM1.26** (from RM1.21) as we increase our earnings forecast. Our target price implies 53% discount (largely around its five-year average; current discount: 62% to RNAV) to its RNAV/share of RM2.65. The stock is currently trading at FY24F P/B of 0.6x (within five-year average). In terms of PE, the stock is currently trading at FY24F PE of 10x (below its five-year average of 13.5x). We like ECW for its improving balance sheet and ROE, high dividend yields of 6% as well as its leading position in the property sector.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

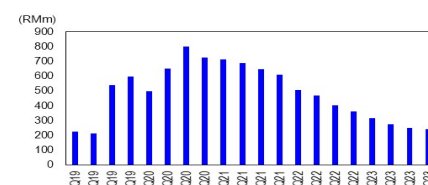
<ul style="list-style-type: none"> Environmental <ul style="list-style-type: none"> - ECW reduced Greenhouse Gas (GHG) emissions by 36% in FY22. Social <ul style="list-style-type: none"> - 100% of ECW's suppliers for building materials and main contractors are local. Governance <ul style="list-style-type: none"> - Good company transparency along with an Anti-Bribery and Anti-Corruption Policy.

NET GEARING LEVEL



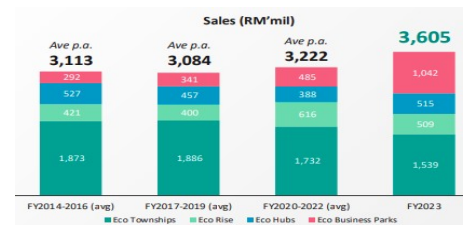
Source: Eco World Development, UOB Kay Hian

COMPLETED INVENTORY LEVEL



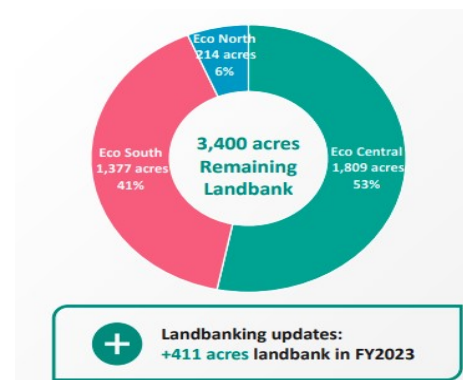
Source: Eco World Development, UOB Kay Hian

PROPERTY SALES



Source: Eco World Development

REMAINING LANDBANK



Source: Eco World Development

ASSUMPTIONS

	FY24F	FY25F	FY26F
Sales (RMb)	3.6	3.7	3.7
Takeup rate (%)	70	70	70
EBIT margin (%)	17.6	17.6	17.9

Source: UOB Kay Hian

RNAV TARGET PRICE OF RM1.26/SHARE

NPV of Development Profits	(RMm)
Central Region	1,834.4
Southern Region	819.1
Northern Region	206.4
EcoWorld International (27%)	214.1
Total	3,073.96
Shareholders' Funds	4,738
RNAV	7,812.4
Existing Share base	2,944
RNAV/share	2.65
Discount	53%
Target Price (RM/share)	1.26

Source: Eco World Development, UOB Kay Hian

PROFIT & LOSS

Year to 31 Oct (RMm)	2023	2024F	2025F	2026F
Net turnover	2,227	2,393	2,584	2,791
EBITDA	410	438	468	510
Deprec. & amort.	22	17	15	14
EBIT	388	421	453	500
Associate contributions	87	59	67	56
Net interest income/(expense)	(123)	(93)	(96)	(99)
Pre-tax profit	270	387	424	457
Tax	(81)	(93)	(102)	(110)
Minorities	0	0	0	0
Net profit	189	294	322	347
Net profit (adj.)	273	294	322	347

BALANCE SHEET

Year to 31 Oct (RMm)	2023	2024F	2025F	2026F
Fixed assets	135	122	111	101
Other LT assets	6,624	6,824	7,144	7,382
Cash/ST investment	1,362	1,432	1,407	1,491
Other current assets	1,676	1,748	1,831	1,920
Total assets	9,797	10,126	10,493	10,895
ST debt	1,743	1,843	1,943	2,043
Other current liabilities	1,615	1,734	1,867	2,021
LT debt	1,313	1,313	1,313	1,313
Other LT liabilities	378	378	378	378
Shareholders' equity	4,748	4,858	4,992	5,140
Minority interest	0	0	0	0
Total liabilities & equity	9,797	10,126	10,493	10,895

CASH FLOW

Year to 31 Oct (RMm)	2023	2024F	2025F	2026F
Operating	276	351	374	405
Pre-tax profit	270	387	424	457
Tax	(84)	(93)	(102)	(110)
Deprec. & amort.	11	17	15	14
Associates	(87)	(100)	(109)	(109)
Working capital changes	44	47	50	54
Non-cash items	123	93	96	99
Other operating cashflows	0	0	0	0
Investing	(203)	(104)	(215)	(215)
Capex (growth)	(200)	(100)	(211)	(211)
Capex (maintenance)	(3)	(4)	(4)	(4)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	0	0	0	0
Financing	(27)	(177)	(184)	(202)
Dividend payments	(177)	(184)	(188)	(203)
Issue of shares	0	0	0	0
Proceeds from borrowings	273	100	100	100
Others/interest paid	(123)	(93)	(96)	(99)
Net cash inflow (outflow)	46	70	(25)	(13)
Beginning cash & cash equivalent	1,316	1,362	1,432	1,504
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	1,362	1,432	1,407	1,491

KEY METRICS

Year to 31 Oct (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	18.0	18.3	18.3	18.3
Pre-tax margin	12.1	16.2	16.4	16.4
Net margin	11.5	12.3	12.5	12.4
ROA	2.7	2.9	3.1	3.2
ROE	5.4	6.1	6.5	6.9
Growth				
Turnover	9.0	7.4	8.0	8.0
EBITDA	37.5	6.8	7.0	9.0
Pre-tax profit	19.4	13.3	9.6	7.8
Net profit	18.3	8.8	9.6	7.8
Net profit (adj.)	14.8	8.8	9.6	7.8
EPS	14.8	8.8	9.6	7.8
Leverage				
Debt to total capital	39.2	39.4	39.5	39.5
Debt to equity	64.4	65.0	65.2	65.3
Net debt/(cash) to equity	25.0	27.5	29.3	32.3
Interest cover (x)	3.2	4.3	4.4	4.6

COMPANY RESULTS

Yinson Holdings (YNS MK)

9MFY24: In Line, FPSO Performance Can Sustainably Fund Transition Projects

9MFY24 core profit is in line, as the upside on FPSO profits (rate escalations) is able to offset some project hiccups in the non-O&G ventures, while keeping in check the spike in non-O&G opex. Fortunately, some of Yinson's non-O&G businesses have promising potential, even though none are major near-term earnings catalysts yet. Further delivering two more FPSOs (Atlanta and PDB) on time in 2024 will ease its balance sheet position. Retain BUY. Target price: RM3.75.

9MFY24 RESULTS

Year to 31 Jan	3QFY24 (RMm)	qoq % chg	yoy % chg	9MFY24 (RMm)	yoy % chg	Comments
Revenue	2,813.0	(9.6)	61.9	8,944.0	105.0	
EBIT	592.0	(7.9)	40.0	1,736.0	56.0	3Q/ 9MFY24 EPCIC: RM165m/ RM553m
EBIT margin (%)	21.0%	0.4%	-2.8%	19.4%	-6.9%	3Q/ 9MFY24 FPSO: RM190m/ RM453m
Finance costs	(244.0)	20.8	51.6	(647.0)	59.8	Reflecting higher loan and interest rates
Associates	5.0	(37.5)	(225.0)	9.0	(169.2)	
Pre-tax profit	353.0	(21.4)	36.8	1,098.0	172.5	Qoq increase of RM36m
Reported profit	230.0	0.0	60.8	686.0	160.8	from Anna Nery and JAK
Core profit	224.0	48.3	44.5	489.5	53.9	We add back RM34m solar impairment

Note: We do not forecast EPCIC FL gains given the complex nature of forecasting construction progress

Source: Yinson, UOB Kay Hian

RESULTS

- 9MFY24 core profit in line, at 78%/70% of our/consensus forecasts.** 3QFY24 was a relatively "quiet" quarter as there were no major expiries/start up on projects. But, Yinson's non-EPCIC income saw qoq growth, contributed by: a) FPSO Anna Nery (+RM25m), and b) rate escalation for the operation & maintenance of the FPSO John Agyekum Kufuor (+RM11m). Yinson has again maintain its FPSO fleet's solid execution, and this offset the renewable RE segments, which recorded RM4m LBITDA and RM30m loss ytd (1HFY24: RM5m LBITDA; RM27m loss). In our core profit computation, we added back RM34m impairments incurred in 3QFY24 for the Nokh Solar Park in India. The impairment reflects higher costs increases and later-than-expected start date (of the second plant).
- Balance sheet.** Loan base surged qoq from RM11b to RM14b, and net gearing increased slightly to 1.5x. If the RM1.8b perpetual securities are treated as debt, the adjusted net gearing would reflect 4.3x vs 3.4x qoq. Yinson's adjusted net debt/EBITDA (including associates) went up slightly from 3.7x to 4.3x, but is still very healthy relative to peers and standard covenants of 5x. The loan drawdown was in tandem with its project progress (especially FPSO Anna Nery, FPSO PDB, ad FPSO Agogo) and capex ytd of RM5b-6b (under cash capex classified in operating cash flow for finance lease accounting).

KEY FINANCIALS

Year to 31 Jan (RMm)	2022	2023	2024F	2025F	2026F
Net turnover	3,607	6,324	2,599	3,052	4,291
EBITDA	1,391	1,448	1,938	2,347	3,116
Operating profit	1,086	1,137	1,540	1,890	2,288
Net profit (rep./act.)	401	588	624	798	1,038
Net profit (adj.)	403	467	624	798	1,038
EPS (sen)	11.8	13.6	18.2	23.3	30.3
PE (x)	21.1	18.2	13.6	10.7	8.2
P/B (x)	3.5	2.1	2.0	1.8	1.6
EV/EBITDA (x)	11.4	10.9	8.2	6.7	5.1
Dividend yield (%)	4.0	4.0	4.0	4.0	4.0
Net margin (%)	11.1	9.3	24.0	26.1	24.2
Net debt/(cash) to equity (%)	138.7	136.3	149.8	165.8	166.0
Interest cover (x)	3.6	2.5	3.0	3.1	3.7
ROE (%)	10.1	11.6	10.4	12.8	15.5
Consensus net profit	-	-	703	778	845
UOBKH/Consensus (x)	-	-	0.89	1.03	1.23

Source: Yinson, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM2.48
Target Price	RM3.75
Upside	+51.0%

COMPANY DESCRIPTION

One of the largest global Floating, Production, Storage and Offloading (FPSO) operators, with Engineering, Construction, Procurement, Installation and Commissioning (EPCIC) capabilities.

STOCK DATA

GICS sector	Energy
Bloomberg ticker:	YNS MK
Shares issued (m):	2,906.9
Market cap (RMm):	7,209.0
Market cap (US\$m):	1,531.9
3-mth avg daily t'over (US\$m):	1.5

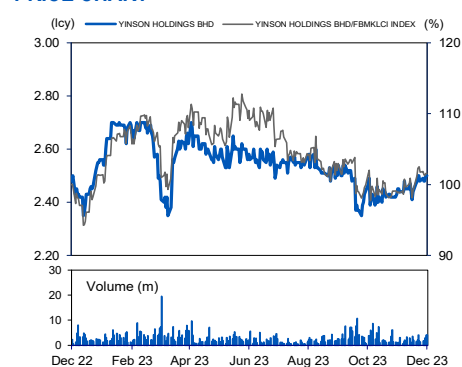
Price Performance (%)

52-week high/low	RM2.70/RM2.35			
1mth	3mth	6mth	1yr	YTD
2.5	(2.0)	(3.9)	0.4	2.1

Major Shareholders

Yinson Legacy	16.6
EPF	16.0
FY24 NAV/Share (RM)	1.25
FY24 Net Debt/Share (RM)	2.66

PRICE CHART



Source: Bloomberg

ANALYST(S)

Kong Ho Meng
+603 2147 1987
homeng@uobkayhian.com

STOCK IMPACT

- Incoming operational FPSOs on track.** The FPSO Atlanta naming ceremony in Dubai was completed recently, and this lends good confidence for the project to be on track for 2024 sailaway, and first oil by Aug 24. FPSO Atlanta has a capacity of 50,000bpd, and its design has many adaptations (such as an efficient carbon management process) that help Enauta execute swiftly a deepwater project from phase zero. The other Brazil FPSO, FPSO Maria Quitera (dubbed as PDB), is also on track for 2024 first oil.
- Non-O&G projects are also progressing well, and control on costs.** Earlier, one of our key concerns for valuing Yinson (even though we do not forecast EPCIC lump sum revenues/profits), was that the “transition costs” to mature Yinson’s non-O&G businesses may become uncontrollable. Fortunately, Yinson Greentech appeared to have “contained” its costs in 3QFY24, as it incurred losses of RM7m/RM20m/RM8m in the first three quarters of FY24. Also, the second Nokh solar plant officially started up on 3 Nov 23, providing new EBITDA of RM12m on top of the existing plant’s RM10m. Some other key updates are tabled below.

EARNINGS REVISION/RISK

- No changes to FY24-26 forecasts.**

VALUATION/RECOMMENDATION

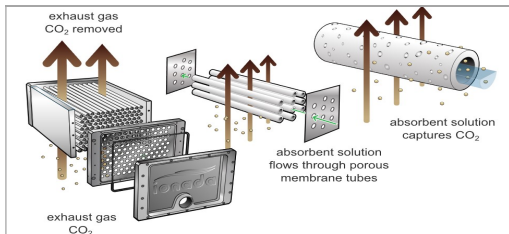
- Maintain BUY with SOTP-based target price of RM3.75.** This implies 21x FY24F PE, or 8x long-term PE once FPSO Agogo contributes to earnings fully by FY26 (lifting earnings base to about RM2b). We continue to favour Yinson for its execution and bold ESG strategy to be a winner in the energy transition, although we acknowledge current price may remain undervalued, discounted by transition costs and gearing level).

PROGRESS OF NON-O&G/ ENERGY TRANSITION RELATED BUSINESSES

Unit	Description	Important Date
FPSO	To create a world-first post combustion carbon capture and storage (CCS) plant on FPSO Agogo. The unit will perform partial capture of CO2 from the gas turbine exhaust, using amine-based capture technology.	Jun 23 – appointed Carbon Circle End-Sep 23 – First steel cut 3Q24 – Delivery date
Carbon	Became strategic investor via Series A-round on Ionada – that develops post-combustion carbon capture systems, with high 95% efficiency and with modular concept (suitable for small industries).	
Solar	Inecosolar, an 80% owned subsidiary and a solar player in Indonesia, signed a landmark agreement with Lazada Indonesia to install 396kWp of solar panels at largest logistics facility in Cimanggis, Depok, West Java.	NA
MarineEV	The all-electric cargo vessel, HydroMover, commenced operations for Singapore Port under the Goal Zero Consortium. The passenger craft, HydroGlider is targeted for readiness by end 2023.	3Q23 - HydroMover End-23 – HydroGlider
ChargEV	Installed 359 chargers. Note that its sister company, Handal Indah (private unit of the Yinson family), also launched the Kempower chargers. Yinson have roaming agreements with Gentari, JomCharge and Handal Indah.	Owns 270 out of 510 charters on roaming in Malaysia. Singapore roaming may add another 600
Renewables	Interested in the renewable energy (RE) export business opportunities, but requires a partner for Battery Energy Storage System (BESS).	NA

Source: UOB Kay Hian

IONADA CARBON CAPTURE TECHNOLOGY

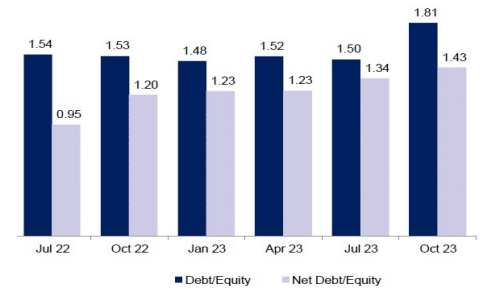


Source: Ionada

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

<ul style="list-style-type: none"> Environmental <ul style="list-style-type: none"> Advanced in carbon (CO2) reduction. Outlined climate goals roadmap to reach carbon-neutral status by 2030 and net-zero carbon status by 2050. Advanced in non-O&G diversification. Targets 3GW renewable energy (RE) pipeline by end-22, and 5-10GW operating portfolio by 2029. Safety (HSE). Nil Lost Time Injury (LTI) Frequency in FY21 (FY20: 0.71) Social <ul style="list-style-type: none"> Ranked top for active stakeholder engagements with bankers/clients/investors. Governance <ul style="list-style-type: none"> Most advanced in self-monitoring and reporting of its environmental contribution. 50% of its board members are independent despite having family representation.
--

GEARING MOVEMENT, QUARTERLY



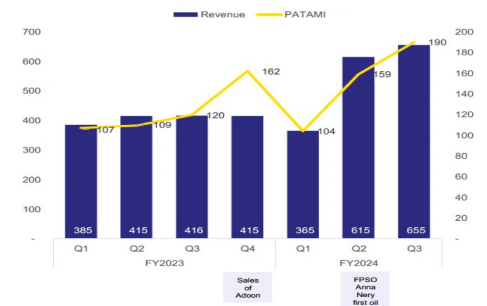
Source: Yinson

SOTP VALUATION @ RM4.30/US\$; 8.2% WACC

FY23F	Valuation	RM
FPSO Adoon	DCF (Blended IRR 12%)	0.07
FPSO JAK, firm contract only	DCF (IRR 14%, 74% stake)	0.75
FPSO Helang (Layang), firm	DCF, US\$280m capex + US\$50m residual value	0.29
FPSO Abigail-Joseph (AJ), firm	DCF (IRR 25%)	0.34
MOPU	11x PE	0.02
Lam Son	Redeployment	0.07
FPSOs Anna Nery and PDB	DCF (IRR 17%, both assume 75% stake)	2.51
FPSO Agogo	DCF (IRR 20%, 85% stake from 100%)	1.41
Enauta, PAJ and others	Include chance of more contract wins	1.22
(-) Minus net debt	Refinanced loan of FPSO JAK, FPSO Helang, and all perpetuals	(2.98)
SOTP (diluted)	RM3.4b shares include warrants conversion	3.75
Implied FY24F PE	-	20.6x
Implied FY26F PE	-	14.3x

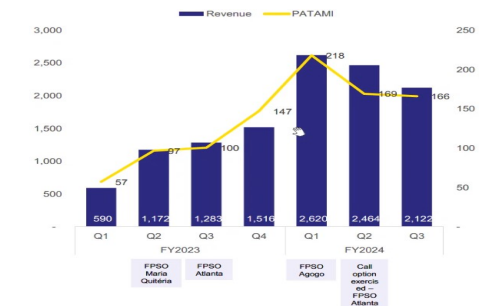
Source: UOB Kay Hian

FPSO NON-EPCIC REVENUE/ INCOME



Source: Yinson

FPSO EPCIC REVENUE/ INCOME



Source: Yinson

PROFIT & LOSS

Year to 31 Jan (RMm)	2023	2024F	2025F	2026F
Net turnover	6,324	2,599	3,052	4,291
EBITDA	1,448	1,938	2,347	3,116
Deprec. & amort.	312	398	457	828
EBIT	1,137	1,540	1,890	2,288
Total other non-operating income	424	0	0	0
Associate contributions	(16)	(4)	(4)	(4)
Net interest income/(expense)	(577)	(655)	(768)	(846)
Pre-tax profit	847	880	1,117	1,437
Tax	(257)	(224)	(273)	(337)
Minorities	(2)	(33)	(47)	(63)
Net profit	588	624	798	1,038
Net profit (adj.)	467	624	798	1,038

CASH FLOW

Year to 31 Jan (RMm)	2023	2024F	2025F	2026F
Operating	(1,226)	1,602	1,257	1,798
Pre-tax profit	845	880	1,117	1,437
Tax	448	(224)	(273)	(337)
Deprec. & amort.	312	398	457	828
Associates	16	4	4	4
Working capital changes	(3,184)	544	(49)	(135)
Other operating cashflows	338	0	0	0
Investing	(1,056)	(1,697)	(1,824)	(1,800)
Capex (growth)	(1,357)	(2,300)	(2,500)	(2,000)
Investments	301	0	0	0
Others	0	603	676	200
Financing	793	235	327	(289)
Dividend payments	(157)	(343)	(343)	(343)
Issue of shares	0	0	0	0
Proceeds from borrowings	668	1,758	2,007	1,559
Loan repayment	(926)	(1,194)	(1,355)	(1,531)
Others/interest paid	1,208	13	19	25
Net cash inflow (outflow)	(1,489)	140	(240)	(291)
Beginning cash & cash equivalent	2,859	1,507	1,647	1,407
Changes due to forex impact	137	0	0	0
Ending cash & cash equivalent	1,507	1,647	1,407	1,116

BALANCE SHEET

Year to 31 Jan (RMm)	2023	2024F	2025F	2026F
Fixed assets	4,266	6,171	8,137	9,222
Other LT assets	11,798	11,298	11,298	11,898
Cash/ST investment	1,507	1,647	1,407	1,116
Other current assets	1,688	1,144	1,194	1,329
Total assets	19,259	20,261	22,036	23,565
ST debt	1,194	1,355	1,531	1,721
Other current liabilities	1,446	1,037	924	1,966
LT debt	8,390	9,404	10,505	10,984
Other LT liabilities	1,767	1,833	2,097	1,320
Shareholders' equity	5,927	6,083	6,412	6,982
Minority interest	535	548	567	592
Total liabilities & equity	19,259	20,261	22,036	23,565

KEY METRICS

Year to 31 Jan (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	22.9	74.5	76.9	72.6
Pre-tax margin	13.4	33.9	36.6	33.5
Net margin	9.3	24.0	26.1	24.2
ROA	3.4	3.2	3.8	4.6
ROE	11.6	10.4	12.8	15.5
Growth				
Turnover	75.3	(58.9)	17.4	40.6
EBITDA	4.1	33.8	21.1	32.8
Pre-tax profit	18.3	3.9	26.9	28.6
Net profit	46.7	6.0	27.9	30.1
Net profit (adj.)	15.9	33.5	27.9	30.1
EPS	15.9	33.5	27.9	30.1
Leverage				
Debt to total capital	59.7	61.9	63.3	62.7
Debt to equity	161.7	176.9	187.7	182.0
Net debt/(cash) to equity	136.3	149.8	165.8	166.0
Interest cover (x)	2.5	3.0	3.1	3.7

TRADERS' CORNER



Adventa (ADV MK)

Technical BUY with +26.2% potential return

Last price: RM0.325

Target price: RM0.39, RM0.41

Support: RM0.28

Stop-loss: RM0.275

BUY with a target price of RM0.41 and stop-loss at RM0.275. Yesterday's gain can be considered a significant breakthrough as the breakout has placed the share price in new territory. Backed by surging trading volume and positive momentum, there should be an upward follow-through from here onwards. Furthermore, an uptick in the RSI and bullish crossover in the MACD and DMI imply a stronger upward move ahead. We peg our targets at RM0.39 and RM0.41 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



South Malaysia Industries (SMI MK)

Technical BUY on breakout with +28.4% potential return

Last price: RM0.675

Target price: RM0.845, RM0.905

Support: RM0.605

Stop-loss: RM0.595

BUY on breakout with a target price of RM0.905 and stop-loss at RM0.595. As the stock is climbing steadily along the BBI lines, we expect the recent uptrend to resume. This is consistent with the rising buying momentum as shown by an uptick in the RSI. Additionally, the start of a positive crossover between the +DI and ADX line suggests a strong upward movement. We peg our targets at RM0.845 and RM0.905 once it manages to penetrate above the breakout level of RM0.705.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

ANALYST

Mohd Fakhru Asyraq, MSTA, CFTe
+603 2147 1994
mohdfakhruasyraq@uobkayhian.com

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Securities (M) Sdn. Bhd. ("UOBKHM") which is a licensed corporation providing investment advisory services in Malaysia.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKHM. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKHM may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKHM and its associated persons (as defined in the Capital Market Services Act 2007) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKHM to be reliable. However, UOBKHM makes no representation as to the accuracy or completeness of such sources or the Information and UOBKHM accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKHM and its associate may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKHM and its connected persons are subject to change without notice. UOBKHM reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKHM, its associated persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKHM, its associated persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKHM may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKHM may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is prepared by UOBKHM, a company authorized, as noted above, to engage in investment advisory in Malaysia. UOBKHM is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKHM (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKHM by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKHM.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKHM who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKHM or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKHM's total revenues, a portion of which are generated from UOBKHM's business of investment advisory.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia. Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ("U.S.")	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2023, UOB Kay Hian Securities (M) Sdn. Bhd. All rights reserved.

<http://www.utrade.com.my>