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KEY HIGHLIGHTS

Sector Update

Plantation – Regional

Page 2

Highlight from Thomas Mielke sessions: CPO will be the price leader in 2024, current price is undervalued, and the price will appreciate within the next 4-6 months.

Company Results

Bermaz Auto (BAUTO MK/BUY/RM2.18/Target: RM2.86)

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1QFY24: Above expectation on higher sales volume.

UOBKH Highlights

My EG Services (MYEG MK/BUY/RM0.795/Target: RM1.18)

Page 7

Management clarifications on news article about “MyEg illegally renewing workers permits”.

Sunway Bhd (SWB MK/BUY/RM1.92/Target: RM2.38)

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Sunway’s JV win tender in Singapore.

TRADERS’ CORNER

Page 9

Cypark Resources (CYP MK): Technical BUY

Citaglobal (CITAGLB MK): Technical BUY

KEY INDICES

	Index	pt chg	% chg
FBMKLCI	1,453.39	(1.6)	(0.1)
Bursa Emas	10,700.10	(23.7)	(0.2)
Ind Product	170.73	(2.0)	(1.1)
Finance	16,436.92	(5.7)	(0.0)
Consumer	556.68	0.1	0.0
Construction	176.57	(0.6)	(0.4)
Properties	836.53	(9.4)	(1.1)
Plantations	6,884.28	26.3	0.4

BURSA MALAYSIA TRADING & PARTICIPATION

Malaysia Turnover	12-Sep-23	% chg
Volume (m units)	2,880	2.9
Value (RMm)	1,991	21.6

By Investor type	(%)	ppt chg
Foreign investors	32.1	0.3
Local retail	25.4	(4.0)
Local institution	42.5	3.7

TOP VOLUME / GAINERS / LOSERS

Top Volume	Price (RM)	Chg (%)	Volume ('000)
UEM Sunrise	0.69	(2.8)	63,128
YTL Corp	1.43	(3.4)	48,483
MRCB	0.44	(1.1)	36,327
Top Glove	0.82	0.0	33,355
Velesto Energy	0.25	0.0	30,423

Top Gainers

SapuraEnergy	0.06	9.1	7,935
Datasonic Group	0.47	2.2	3,036
Eastern & Orient	0.58	1.8	14,729
KPJ Healthcare	1.18	1.7	8,610
Kuala Lumpur Kepong	21.50	1.4	239

Top Losers

YTL Corp	1.43	(3.4)	48,483
Lafarge PETRONAS Chemicals	3.55	(3.3)	476
Chemicals	7.00	(3.2)	6,612
Berjaya Auto	2.18	(3.1)	4,900
WCT Bhd	0.50	(2.9)	7,696

OTHER STATISTICS

	12-Sep-23	chg	% chg
RM/US\$	4.68	0.00	0.1
CPO 3rd mth future (RM/mt)	3,683	(30.0)	(0.8)

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

SECTOR UPDATE

Plantation – Regional

Thomas Mielke: Palm Oil To Be The Price Leader In 2024

Key highlights from Mr. Thomas Mielke update session: a) current vegoil prices are not reflecting the prospective global production deficit in 2023/24, b) palm oil will be the price leader in 2024, and c) soymeal prices could be under pressure on higher crush volume while meal demand is relatively weak. CPO prices will appreciate by at least US\$100/tonne within the next 4-6 months from the current level of US\$860/tonne. Maintain OVERWEIGHT

WHAT'S NEW

- **CPO prices to appreciate.** Thomas Mielke, the executive director of Oil World, shared his view on CPO prices at UOB Kay Hian-Bursa Malaysia Derivatives Joint Webinar on Global Oilseeds and Vegoil Outlook. But he reckons that CPO prices would appreciate by at least US\$100/tonne within the next 4-6 months with expectation of supply deficit in 2024. This is in line with our view where we expect CPO prices to trend up from end-23.
- **Palm oil likely the price leader 2024.** Thomas Mielke highlighted that major vegoil prices are currently undervalued due to ample global vegoil inventories at present. However, prices should appreciate with the anticipation of potential global vegoil production deficit in 2024. As a result, palm oil will likely be the price leader in 2024 and its pricing discount gap to soybean oil (compared with Argentina soybean oil) should narrow as supply tightens after the strong inventory drawdown in Indonesia (-4m tonnes as at early-Aug-23 vs a year earlier) and production growth slows down in 2024.
- **Smallest palm oil production growth in four years.** Higher CPO prices are forecast for Oct 23/Sep 24 on the basis of a below-average production growth and declining stocks. For Oct 23/Sep 24 season, world palm oil production is estimated to rise by only 1.2m tonnes (Indonesia +0.7m tonnes and Malaysia +0.2m tonnes), which is the slowest in the recent four years. This production is based on mild impact from the current dryness. While exports are expected increase by 0.5m tonnes. Thomas also highlighted that Malaysia's palm oil inventory increased in Aug 23, above market expectation but not burdensome, thus the recent pressure on CPO prices may not sustain, especially in view of the sharp drop in Indonesia palm oil inventory.

ACTION

- **Maintain OVERWEIGHT.** We maintain our view that CPO prices would trade at the range of RM3,800-4,200/tonne. With the current weather uncertainty (especially from the South Africa region), we reckon that this would continue to buoy soybean prices and palm oil prices as well.
- We recommend investors to accumulate upstream plantation players with strong production growth. We expect CPO prices to trend higher from end-4Q23 to better reflect the tightness of global palm oil supplies. Top picks: Hap Seng Plantations, IOI Corporation, Bumitama Agri and Triputra Agro. Trading BUY: Sime Darby Plantation and Astra Agro Lestari.

PEER COMPARISON

Company	Ticker	Rec	Share Price 12 Sep 23 (local currency)	Target Price (RM)	Market Cap (US\$m)	PE			ROE (%)	P/B (x)	2023F Div	Div Yield (%)
						2022 (x)	2023F (x)	2024F (x)				
Malaysia												
			(RM)	(RM)							(sen)	
Hap Seng Plantations	HAPL MK	BUY	1.85	2.65	316.3	7.0	11.9	8.5	11.0	0.8	9.3	5.0
IOI Corporation	IOI MK	BUY	4.04	4.80	5,357.6	15.8	16.7	15.4	10.0	2.2	12.6	3.1
Sime Darby Plantation	SDPL MK	BUY	4.31	5.00	6,371.7	14.3	25.3	14.6	13.8	1.5	10.2	2.4
Genting Plantations	GENP MK	HOLD	5.20	6.40	997.3	9.9	15.0	13.8	9.1	0.9	15.2	2.9
Kuala Lumpur Kepong	KLK MK	HOLD	21.50	24.40	4,956.5	10.7	15.8	13.4	16.6	1.6	68.0	3.2
Kim Loong Resources	KIML MK	HOLD	1.81	1.95	375.5	9.6	9.9	9.4	19.7	2.0	15.5	8.6
Sarawak Oil Palms	SOP MK	HOLD	2.55	3.00	485.3	4.7	7.3	5.9	15.7	0.7	13.9	5.4
Singapore												
			(S\$)	(S\$)							(cent)	
Wilmar International	WIL SP	BUY	3.70	4.30	16,963.9	10.7	8.6	6.8	12.0	0.9	22.0	5.9
Bumitama Agri	BAL SP	BUY	0.56	0.65	719.6	8.4	6.2	2.9	24.8	1.2	3.5	6.2
First Resources	FR SP	HOLD	1.38	1.65	1,760.2	14.4	10.0	4.7	25.9	1.3	7.6	5.5
Indonesia												
			(Rp)	(Rp)							(Rp)	
Astra Agro Lestari	AALI IJ	BUY	7,425	9,785	931.5	17.2	6.1	8.8	8.2	0.7	316.2	4.3
Triputra Agro	TAPG IJ	BUY	555	900	718.2	11.6	9.5	3.9	34.0	1.1	33.5	6.0
London Sumatra	LSIP IJ	HOLD	990	1,150	440.3	9.7	6.8	7.1	9.8	0.6	38.7	3.9

Source: Bloomberg, UOB Kay Hian

OVERWEIGHT

(Maintained)

SEGMENTAL RATING

Segment	Rating
Indonesia	OVERWEIGHT (MAINTAINED)
Singapore	OVERWEIGHT (MAINTAINED)
Malaysia	OVERWEIGHT (MAINTAINED)

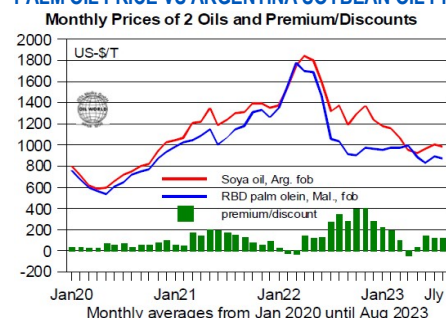
Source: UOB Kay Hian

SECTOR PICKS

Company	Ticker	Rec	Share Price	Target Price
(Ici currency)				
Hap Seng Plantations	HAPL MK	BUY	1.85	2.65
IOI Corporation	IOI MK	BUY	4.04	4.80
Sime Darby Plantation	SDPL MK	BUY	4.31	5.00
Wilmar International	WIL SP	BUY	3.70	4.30
Bumitama Agri	BAL SP	BUY	0.56	0.65
Astra Agro Lestari	AALI IJ	BUY	7,425	9,785
Triputra Agro	TAPG IJ	BUY	555	900

Source: Bloomberg, UOB Kay Hian

PALM OIL PRICE VS ARGENTINA SOYBEAN OIL PRICE



Source: Oil World

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ESSENTIALS

- Deviating trends for soybean and oil palm.** Palm oil has lost its growth dynamics which will raise global dependence on soybean, sunseed and rapeseed. During the past three years, oil palm planted areas only increased by about 0.5m ha vs soybean planted area at 4.9m ha. On top of that, soybean productivity yield is on a rising trend vs palm oil yield which is on a declining trend. With rising global vegoil demand and slower growth from palm oil (highest oil yield crops), future growth has to come from higher oil yield crops such as sunflower and rapeseed or prices need to be very attractive as farmers plant on areas with marginal land.
- Palm oil growth to slow down.** The annual production growth rate for palm oil for the 10 years up to 2030 is estimated at 1.8m tonnes p.a. vs 2.9m tonnes p.a. for the 10 years up to 2020.
- Huge soybean planting areas coming...** Soybean production would reach a record new high in 2023/24, mainly due to the huge planting expansion in Brazil with booming acreage expansion in Brazilian soybeans (an increase of 6m ha during the past three years), which exceeded the total palm oil area in Malaysia. In contrast, there is very little growth in North America and a declining trend in Argentina.
- ... but watch out for the weather risk.** There are some ongoing drought problems in South America and this would continue to lift soybean oil prices. There is high weather risk which we need to monitor, especially the dryness in Mato Grosso, Brazil which is the largest soybean planting area. The weather in India also has to be watched, if the dry weather continues to prolong, this would affect the domestic crop production which may lead to higher imports of vegoils.
- Slower sunflower and rapeseed oil production.** The growth in world production of sunflower and rapeseed oils is estimated to slow from a combined 4.6m tonnes in 2022/23 to only 1.0m-1.2m tonnes in 2023/24, thus reducing their ability to contribute to the satisfaction of rising world consumption.
- Strong growth of biodiesel production.** Oil World forecast biodiesel production for 2023 to reach at least 56.5m tonnes as compared with 52.2m tonnes in 2022 (+8.2% yoy), with EU being the largest biodiesel producer at 15.1m tonnes, followed by the US at 12.8m tonnes, Indonesia at 11.0m tonnes and Brazil at 6.4m tonnes. These biodiesel productions have doubled in the past 10 years.
- Bearish view on soybean meal.** With the expectation of higher vegoil prices, soybean crushing volume may increase in Sep 23/Oct 24 which could lead to oversupply of soybean meal considering the extraction rates of 80% of soybean meal and 18% of soybean oil. In view of the weaker demand for animal protein, soybean meal prices may be under severe pressure.

SECTOR CATALYSTS

- Weather risk.** Probable crops losses due to unfavourable weather in some major producing countries which could be a trigger to higher prices.
- Black sea tension.** As the war is still ongoing, supply risk from the Black Sea remains.

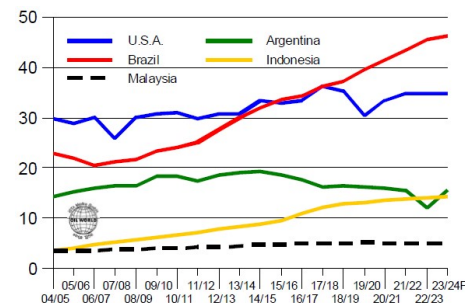
RISKS

- Slower demand.** The two largest vegoil consuming countries – China and India boosted their imports of four major vegoils by 2.9m and 1.5m tonnes for 7M23. The largest increase was palm oil and sunflower oil. The appetite for imports may reduce going forward with current high inventory in the countries. In addition, some of the importing countries continue to face the shortage of forex; a limitation in the issuance of letter of credit is also limiting purchasing power.

ASSUMPTION CHANGES

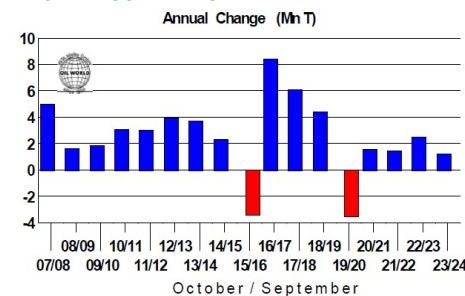
- No change to CPO ASP for 2023 and 2024** at RM4,000/tonne and RM4,200/tonne respectively.

DEVIATING TRENDS OF HARVESTED AREAS OF SOYBEAN AND OIL PALM



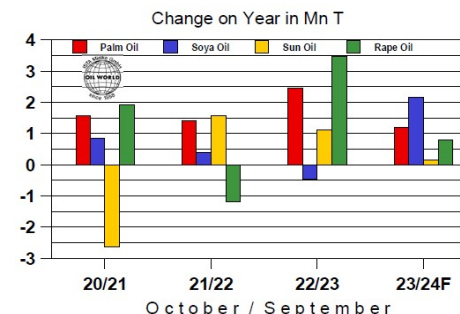
Source: Oil World

SLOWER PALM OIL PRODUCTION GRWOTH IN RECENT FOUR YEARS



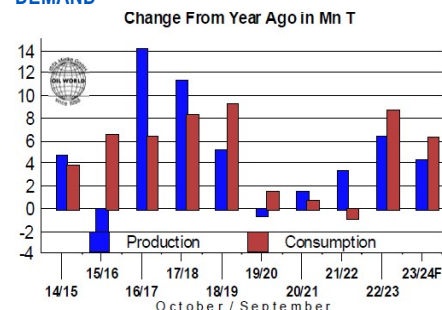
Source: Oil World

WORLD PRODUCTION OF FOUR MAJOR VEGOILS



Source: Oil World

EIGHT MAJOR VEGOILS: PRODUCTION AND DEMAND



Source: Oil World

COMPANY RESULTS

Bermaz Auto (BAUTO MK)

1QFY24: Above Expectation On Higher Sales Volume

1QFY24 results were above expectation on higher sales volume, mostly from Mazda, as well as an improvement in the Philippines market. Prospects remain positive, particularly for Mazda, supported by a healthy orderbook. BAUTO is currently trading at 9x FY23F PE (compared with the sector's five-year average mean of 12x). We see an opportunity to accumulate the stock for its decent dividend yield of 7%, accounting for 39% of the total return. Maintain BUY. Target price: RM2.86.

1QFY24 RESULTS

Year to 30 Apr (RMm)	1QFY24	4QFY24	qoq % chg	yoy % chg
Revenue	1,089.3	1,072.4	1.6	51.9
- Malaysia	988.9	1,000.5	(1.2)	50.3
- Philippines	100.3	71.9	39.6	70.4
EBIT	130.7	126.5	3.4	86.2
- Malaysia	116.1	120.6	(3.8)	83.9
- Philippines	14.9	8.5	75.9	100.7
Associates	8.6	10.9	(21.1)	114.4
PBT	140.7	139.5	0.8	88.6
Core Net Profit	100.2	107.6	(6.9)	99.8
Cars sold (units)	6,648.0	6,515.0	2.0	53.5
- Malaysia	5,918.0	5,992.0	(1.2)	51.4
- Philippines	730.0	523.0	39.6	73.0
Margins	%	%	+/- ppt	+/- ppt
EBIT	12.0	11.8	0.2	2.2
- Malaysia	11.7	12.1	(0.3)	2.1
- Philippines	14.9	11.8	3.1	2.2
PBT	12.9	13.0	(0.1)	2.5
Core Net Profit	9.2	10.0	(0.8)	2.2

Source: Bermaz Auto, UOB Kay Hian

RESULTS

• **Above expectation.** Bermaz Auto (BAUTO) reported 1QFY24 core net profit of RM100.2m (-6.9% qoq, 99.8% yoy) which accounted for 41% and 38% of our and consensus' full-year estimates respectively. This was backed by a 4.5% qoq improvement in Mazda's sales in 1QFY24 (+6% qoq) and higher revenue from the Philippines (+39.6% qoq, +73% yoy). The company has declared an interim dividend of 5.00 sen/share.

KEY FINANCIALS

Year to 30 Apr (RMm)	2022	2023	2024F	2025F	2026F
Net turnover	2,324	3,541	3,487	3,356	3,681
EBITDA	216	400	367	335	325
Operating profit	210	391	358	325	314
Net profit (rep./act.)	162	319	278	252	267
Net profit (adj.)	162	319	278	252	267
EPS (sen)	13.9	27.3	23.9	21.7	23.0
PE (x)	15.7	8.0	9.1	10.1	9.5
P/B (x)	4.0	3.3	3.0	2.7	2.5
EV/EBITDA (x)	10.1	5.4	5.9	6.5	6.7
Dividend yield (%)	4.0	10.1	7.7	7.0	7.4
Net margin (%)	7.0	9.0	8.0	7.5	7.3
Net debt/(cash) to equity (%)	(78.0)	(57.2)	(72.7)	(73.8)	(69.5)
Interest cover (x)	53.5	n.a.	162.2	148.2	143.6
ROE (%)	27.0	45.6	34.4	28.4	27.7
Consensus net profit	-	-	261	276	308
UOBKH/Consensus (x)	-	-	1.06	0.91	0.87

Source: Bermaz Auto, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM2.18
Target Price	RM2.86
Upside	+31.3%
(Previous TP	RM2.53)

COMPANY DESCRIPTION

Bermaz Auto is involved in the distribution, assembling, retailing and also the provision of after sales service of Mazda vehicles in Malaysia. The group also involved in distribution of locally assembled Mazda vehicles in Malaysia and Philippines.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	BAUTO MK
Shares issued (m):	1,164.9
Market cap (RMm):	2,539.4
Market cap (US\$m):	542.8
3-mth avg daily t'over (US\$m):	1.7

Price Performance (%)

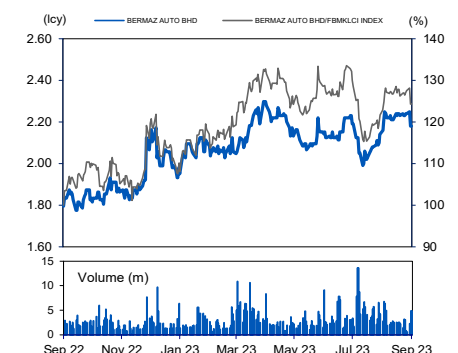
52-week high/low	RM2.30/RM1.78			
1mth	3mth	6mth	1yr	YTD
1.9	1.3	6.0	23.4	6.0

Major Shareholders

Dynamic Milestone Sdn Bhd	14.8
Employee Provident Fund	10.6
Amanah Saham Nasional Bhd	7.2

FY24 NAV/Share (RM)	0.73
FY24 Net Cash/Share (RM)	0.53

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- 7M23 sales still riding on resilient numbers.** Mazda's 7M23 sales surged 34% yoy to 10,980 units vs 8,197 units in 7M22. Some of Mazda's more popular models such as the CX5, CX30 and CX3 made up about 39% of vehicle sales in the SUV 4x4 (E segment), accounting for 51% of BAUTO's total sales. We note that despite the price increase in Apr 23 and the absence of SST exemption, demand for certain models remained strong, especially for CKD models (CX-30, CX-5, and CX-8). 80% of the current backlog orders are for CKD models.
- Backlog orders remain healthy.** Based on channel checks, we gather that BAUTO's backlog orders remain healthy, accounting for 4,500 units ytd. Among the marques, Mazda holds the largest proportion of the total orders, accounting for 4,000 units while the remaining 500 units are from Kia and Peugeot. Monthly bookings remain healthy with a low cancellation rate of 5%. The above, combined with a shorter delivery period of 2-2.5 months, will help boost earnings moving forward.
- Outlook to remain positive.** Despite the absence of SST exemption, certain models, particularly CKD models, continue to demonstrate strong demand with healthy sales volumes and booking numbers. This is further enhanced by improved operational efficiency without production constraints. However, we expect the demand for vehicles to normalise and return to pre-pandemic levels with the absence of major catalysts and there could be a slight impact on the rollout of EV models, particularly those priced between RM100,000-200,000.

EARNINGS REVISION/RISK

- We lift our 2024 earnings forecast by 13% after factoring in higher revenue contribution from Mazda, particularly the CKD models (CX30, CX5 and CX8), supported by healthy order bookings.

VALUATION/RECOMMENDATION

- Maintain BUY with a new target price of RM2.86.** The target price is still based on ascribed PE of 12x to its FY24F EPS (which is the sector's five-year mean). Given that BAUTO is currently trading at 9x FY24F PE, we see potential upside as we are positive on BAUTO's current prospects, including a healthy orderbook and lush dividend payout.

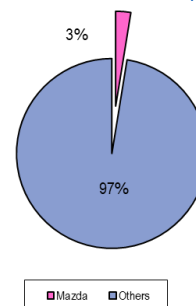
SHARE PRICE CATALYST

- Key rating catalysts include: a) Mazda's continued traction with a supported CKD line-up and stable orderbook, b) Kia's and Peugeot's sales improvement from low base numbers, c) improvement in localisation models, and d) lush 7.7% dividend yield backed by net cash.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) UPDATES

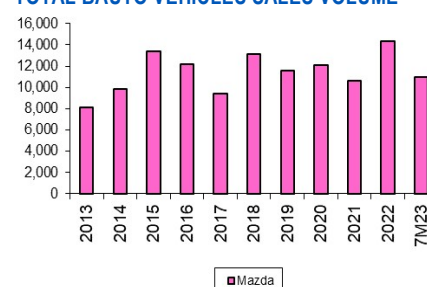
<ul style="list-style-type: none"> Environmental <ul style="list-style-type: none"> - The Environmental Performance Monitoring Committee and the Environmental Regulatory Compliance Monitoring Committee are responsible for monitoring compliance and the effectiveness of the policy. - BAUTO supports the Republic Act 11285 (Energy Efficiency and Conservation Act), which institutionalises energy efficiency and conservation as a national way of life. - Renewable energy promoted – assessing viability of installing solar energy system in the headquarters & its 3S centres. Social <ul style="list-style-type: none"> - In 2021, its societal contributions have focused on assisting those affected by COVID-19, with RM100,000 contributed to the Ministry of Health and approximately RM640,000 spent on PPE, PCR tests etc to combat the pandemic. - Mazda Medicare Fund (MMF) dialysis programme channelled 100% funds to charity. Governance <ul style="list-style-type: none"> - Complies with Malaysian code on Corporate Governance which requires independent directors (4 out of 7) to comprise the majority of the board.
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MAZDA'S MARKET SHARE (7M23)



Source: MAA

TOTAL BAUTO VEHICLES SALES VOLUME



Source: MAA

UPCOMING LAUNCHES

Model	Launch Date
Mazda New CX-60	TBC
Peugeot New 408	TBC
KIA All-new sportage	TBC
KIA Carens	TBC

Source: Company

KEY ASSUMPTIONS

Financial Year	TIV Forecasts (units)
2022	14,666
2023	21,370
2024F	20,255
2025F	19,057
2026F	19,657

Source: UOB Kay Hian

PROFIT & LOSS

Year to 30 Apr (RMm)	2023	2024F	2025F	2026F
Net turnover	3,541	3,487	3,356	3,681
EBITDA	400	367	335	325
Deprec. & amort.	8	9	10	11
EBIT	391	358	325	314
Associate contributions	41	30	33	41
Net interest income/(expense)	3	(2)	(2)	(2)
Pre-tax profit	436	386	356	352
Tax	(94)	(93)	(85)	(84)
Minorities	(23)	(15)	(18)	0
Net profit	319	278	252	267
Net profit (adj.)	319	278	252	267

CASH FLOW

Year to 30 Apr (RMm)	2023	2024F	2025F	2026F
Operating	108	393	261	224
Pre-tax profit	436	386	356	352
Tax	(102)	(93)	(85)	(84)
Deprec. & amort.	8	9	11	12
Associates	(41)	(30)	(33)	(41)
Working capital changes	(245)	119	10	(17)
Other operating cashflows	52	2	2	2
Investing	3	(8)	(8)	(8)
Capex (growth)	(10)	(15)	(16)	(16)
Investments	0	0	1	1
Proceeds from sale of assets	0	0	0	0
Others	13	7	7	7
Financing	(269)	(104)	(184)	(196)
Dividend payments	(154)	(195)	(177)	(187)
Issue of shares	8	0	0	0
Proceeds from borrowings	n.a.	n.a.	n.a.	n.a.
Loan repayment	(100)	100	2	0
Others/interest paid	(23)	(9)	(9)	(9)
Net cash inflow (outflow)	(158)	282	69	20
Beginning cash & cash equivalent	694	538	825	893
Changes due to forex impact	1	(2)	(8)	(11)
Ending cash & cash equivalent	538	818	886	902

BALANCE SHEET

Year to 30 Apr (RMm)	2023	2024F	2025F	2026F
Fixed assets	45	50	58	65
Other LT assets	494	524	557	598
Cash/ST investment	538	818	886	902
Other current assets	712	538	517	567
Total assets	1,788	1,930	2,018	2,132
ST debt	100	100	101	101
Other current liabilities	503	444	436	469
LT debt	0	100	101	101
Other LT liabilities	344	344	345	345
Shareholders' equity	765	850	926	1,006
Minority interest	77	92	110	110
Total liabilities & equity	1,788	1,930	2,018	2,132

KEY METRICS

Year to 30 Apr (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	11.3	10.5	10.0	8.8
Pre-tax margin	12.3	11.1	10.6	9.6
Net margin	9.0	8.0	7.5	7.3
ROA	19.0	14.9	12.8	12.9
ROE	45.6	34.4	28.4	27.7
Growth				
Turnover	52.4	(1.5)	(3.8)	9.7
EBITDA	85.0	(8.2)	(8.6)	(3.1)
Pre-tax profit	94.4	(11.5)	(7.9)	(1.0)
Net profit	97.0	(12.8)	(9.2)	6.0
Net profit (adj.)	97.0	(12.8)	(9.2)	6.0
EPS	97.0	(12.8)	(9.2)	6.0
Leverage				
Debt to total capital	10.6	17.5	16.3	15.3
Debt to equity	13.1	23.5	21.8	20.1
Net debt/(cash) to equity	(57.2)	(72.7)	(73.8)	(69.5)
Interest cover (x)	n.a.	162.2	148.2	143.6

UOBKH HIGHLIGHTS**My EG Services (MYEG MK/BUY/RM0.795/Target: RM1.18)**

Management Clarifications On News Article About “MYEG Illegally Renewing Workers Permits”

WHAT'S NEW

There was a news article titled “MYEG Illegally Renewing Workers Permits” on the online portal of the New Straits Times, and another article about “MyEG Said To Be Charging Fees For Foreign Worker Permits Despite Contract Suspension” on the online portal of the Edge Malaysia yesterday.

COMMENT

- **Management’s clarifications.** Management clarified there is and has been no misrepresentation by MYEG on the services available on its online platform and that all services will continue to be provided in accordance to the terms and conditions set by the Government of Malaysia. Furthermore, MYEG wishes to clarify that the statement made by the honourable Khoo Poay Tiong (Kota Melaka-Pakatan Harapan) is an opinion of his own.
- **No earnings impact, in our view.** While the group stated that all its immigration-related services are business as usual, we see no direct impact to MYEG’s operations and earnings.

EARNINGS REVISION

- **None.**

RECOMMENDATION

- **Maintain BUY with a SOTP-based target price of RM1.18**, which implies 22x 2023F PE (-0.5SD below five-year mean).

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UOBKH HIGHLIGHTS**Sunway Bhd (SWB MK/BUY/RM1.92/Target: RM2.38)**

Sunway's JV Win Tender in Singapore

WHAT'S NEW

- Sunway, in a JV with Hoi Hup Realty (35:65), has won a tender for a 4-acre of land parcel (around 174,240 sf) in Tengah E2, Plantation Close for S\$348.5m (c. RM1.2b) from the Housing and Development Board of Singapore. The land is for a 99-year lease executive condominium development, and the project would take 60 months (or earlier) to complete, commencing 11 Sep 23. It is also located within walking distance of the upcoming Tengah Park MRT station on the Jurong Regional Line.
- Specific project details such as the gross development value (GDV) and layout plan have not been finalised.

COMMENTS

- The land price of S\$703 psf per plot ratio is 17% higher than the first EC site from the Tengah Town (awarded to City Developments Limited and MCL Land in Jun 21). However, we deem the purchase price reasonable, taking into account the scarcity of land in Singapore and the significant increase in the country's residential property price since 2021. Notably, the first EC project on that site, namely Copen Grand was fully sold out within one month from its launch in Oct 22, at an average price of S\$1,340 psf. Hence, we expect Sunway and its JV to enjoy strong demand for its project in this location.
- Gearing will remain unchanged at 0.55x (as of 2Q23) since it is a JV company (equity accounting) and Sunway only has a 35% stake in the JV.

EARNINGS REVISION/RISK

- We make no changes to our forecast.

RECOMMENDATION

- **Maintain BUY with an unchanged target price of RM2.38**, based on a 10% discount to our SOTP-based valuation of RM2.64/share. Our target price implies a 2023F PE of 17.8x and P/B of 0.9x (both within its five-year mean). Sunway's 1,632 acres of landbank in Johor with GDV of RM29b (57% of its remaining total GDV of RM51.4b) may stand to benefit from the positive prospects of Johor's property landscape in light of developments such as the Rapid Transit System and special economic zone.

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TRADERS' CORNER



Source: UOBKH ChartGenie

Cypark Resources (CYP MK)

Technical BUY with +23.6% potential return

Last price: RM0.805

Target price: RM0.94, RM0.995

Support: RM0.725

Stop-loss: RM0.72

BUY with a target price of RM0.995 and stop-loss at RM0.72. Based on the chart, CYP formed a series of higher highs and higher lows that indicates an uptrend pattern. The steady incline in the RSI points to a gradual rise in momentum. This is supported by the positive readings in the MACD and DMI. We peg our targets at RM0.94 and RM0.995 in the near term.

Expected timeframe: Two weeks to two months.

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Citaglobal (CITAGLB MK)

Technical BUY with +19.9% potential return

Last price: RM1.41

Target price: RM1.58, RM1.69

Support: RM1.32

Stop-loss: RM1.31

BUY with a target price of RM1.69 and stop-loss at RM1.31. CITAGLB has just passed the consolidation phase and managed to close above the BBI line on yesterday's movement. The uptick in the DMI together with the increase in trading volumes suggests that buying momentum is set to continue in the near term. This is supported by positive readings in both the RSI and the MACD. We expect the stock to continue trending upwards towards our targets in the current upleg.

Expected timeframe: Two weeks to two months.

Note: Not available for CFD Trading

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