

20 September 2018 | Thematic

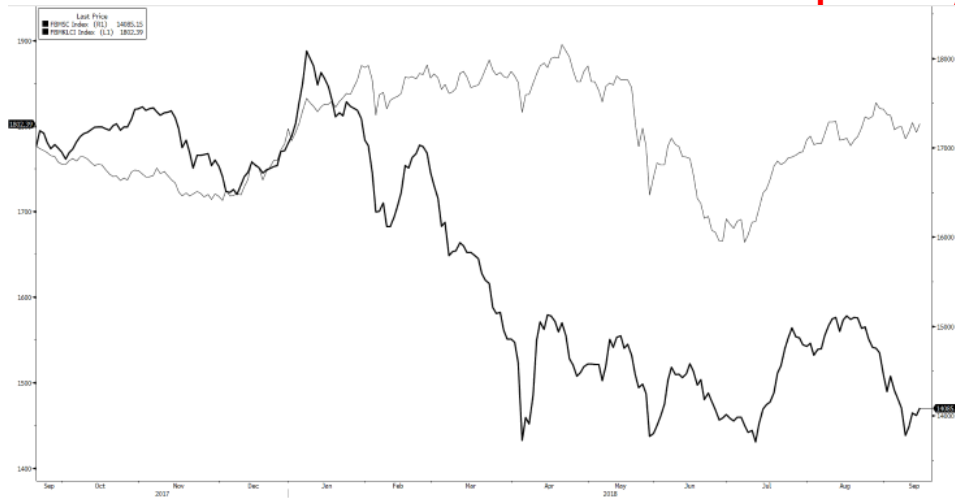
Research Team | research @midf.com.my

Small and Beautiful

FBM KLCI: 1,800.17
2018 Year –end Target: 1,800 points

Since late January this year, the FBM Kuala Lumpur Composite Index (KLCI) has been outperforming the FBM Small Cap Index. To put things into perspective, FBM KLCI is trading at a LTM price-to-earnings (P/E) of 19.3x, which is higher than its five-year average of 17.4x. On the other hand, the FBM SC Index is trading at LTM P/E of 18.6x, which is lower than its five-year average of 27.6x.

Exhibit 1: FBM SC versus the FBM KLCI Index over the past one year



Source: Bloomberg

As we expand our horizon into the past five year, we can see that the FBM Small Cap Index has outperformed the KLCI most of the time. One of the alluring points of mid and small cap stocks are their ability to generate high growth in earnings especially for those that come from a small base. Since valuations for some of the mid and small caps stocks have reasoned, it is perhaps time to take a look into this space to identify gems that may continue to grow further going forward.

Exhibit 2: FBM SC versus the FBM KLCI Index over the past five years



Source: Bloomberg


For this purpose, we look into eight companies from diverse sectors that have displayed resilience in their profitability, balance sheet or growth potential. In this report, we include a brief introduction on the companies accompanied by some of their investment merits. Many of them are market leaders in their respective segments and showed strong operating cashflow, which allow them to pay out dividends to their shareholders consistently. While some companies have been listed for a shorter period of time, they have displayed their abilities to expand their capabilities and to penetrate into new markets no less than their more established counterparts. Small can be beautiful. 

Exhibit 3: Featured Mid and Small Caps

Company	Last Price (RM as of 19/9)	Market Cap (RM 'm)	Current PER	Beta	Sector	Trailing 12-month gross dividend (%)	Sales 3-year average growth (%)
Spritzer Bhd	2.30	482.93	15.58	0.36	Beverages	2.39	9.59
Fima Corporation Bhd	1.85	444.90	13.40	0.50	Support Services	6.76	(8.36)
Scicom (MSC) Bhd	1.80	639.82	19.85	0.80	Support Services	5.00	(1.50)
KKB Engineering Bhd	0.87	224.28	16.73	0.97	Industrial Engineering	2.30	15.64
Wegmans Holdings Bhd	0.335	167.50	11.55	NA	Household Goods & Home Construction	1.49	32.70
Perak Transit Bhd	0.29	401.04	12.66	1.08	Industrial Transportation	4.91	11.87
Samchem Holdings Bhd	0.895	243.44	8.23	1.79	Chemicals	4.49	15.27
Matrix Concepts Holdings Bhd	2.06	1,549.91	6.66	0.67	Real Estate Investment & Services	6.65	6.93

Source: MIDF Research, Bloomberg

Spritzer Berhad

Leader of Malaysia's bottled water industry

INVESTMENT HIGHLIGHTS

- **Strong brand with over 40% market share in Malaysia**
- **Increase production by 15-20% by 2020**
- **Narrowing losses from China's operation**
- **Maintain NEUTRAL with an unchanged TP of RM2.27**

Largest and most integrated bottled water producer in Malaysia. Spritzer has an annual production capacity of 650.0m litres from 15 production lines in three of its plants in Taiping, Shah Alam and Yong Peng. Brands sold by the company include Spritzer, Spritzer Sparkling, Spritzer Tinge, Spritzer POP, Cactus and Summer.

Strong brand with over 40% market share in Malaysia. Spritzer is a household name in Malaysia with a market share of over 50% for mineral water and over 40% for bottled water. The Spritzer and Cactus brands are the no 1 and no 2 mineral water brand respectively in Malaysia. With such a large market share, the company is in pole position to benefit from the rising demand of bottled water in Malaysia. In 2017 alone, sales of mineral waters in Malaysia rose by +26.3%yoy to RM574.9m. This was in line with the increase in the company's earnings by +18.8%yoy (compared to the annualized FY16) in the same year.

Increase production by 15-20% by 2020. The company could further increase its production capacity by another 15% in the next two to three years through enhancements on its water production lines. There is room for the company to add two or more production lines in the next three years once its utilisation rate exceeds 75.0%. Also, the management has allocated capex of RM45.0m to build a new fully automated warehouse in its Taiping plant (targeted to be completed by the end of 2019) to meet the increase in sales and production.

Narrowing losses from China's operation. In April 2016, Spritzer started its operations of selling and wholesale distribution of bottled water products in Guangzhou. This trading operation in China has negatively impacted the group result in FY16 and FY17 respectively. We understand from management that the losses from the segment had narrowed in the 1HFY18. Hence, we expect that China's operation will breakeven in FY19. In addition, the group is committed to invest in advertising and promotion activities to drive up sales in Chinese market.

Maintain NEUTRAL with an unchanged TP of RM2.27. Our target price remains unchanged at RM2.27 per share. This is based on pegging FY19 EPS of 13.0sen against forward PER of 17.5x. Despite the strong sales performance from local operation, the rising costs of raw materials particularly PET resin and slow product acceptance rate in China remain a concern for the group in the near term. Nonetheless, better operational efficiency, higher level of automation as well as the breakeven of China's operation is expected to contribute to better earnings going forward.

Maintain NEUTRAL
Target Price (TP): RM2.27

RETURN STATS

Price (19 th September 2018)	RM2.30
Target Price	RM2.27
Expected Share Price Return	-1.3%
Expected Dividend Yield	+2.8%
Expected Total Return	+1.5%

STOCK INFO

KLCI	1,800.17	
Bursa / Bloomberg	7103 SPZ MK	
Board / Sector	Main / Consumer	
Syariah Compliant	Yes	
Issued shares (m)	209.97	
Market cap. (RM'm)	482.93	
Price over NA	1.28	
52-wk price Range	RM2.13-RM2.46	
Beta (against KLCI)	0.36	
3-mth Avg Daily Vol	0.02m	
3-mth Avg Daily Value	RM0.05m	
Major Shareholders (%)		
Yee Lee Corporation	29.34	
Tasik Puncak	13.04	
Yee Lee Holdings	10.86	
Price Performance (%)	Absolute	Relative
1 month	-4.2	-4.9
3 months	-0.4	-7.5
12 months	+7.5	+5.9

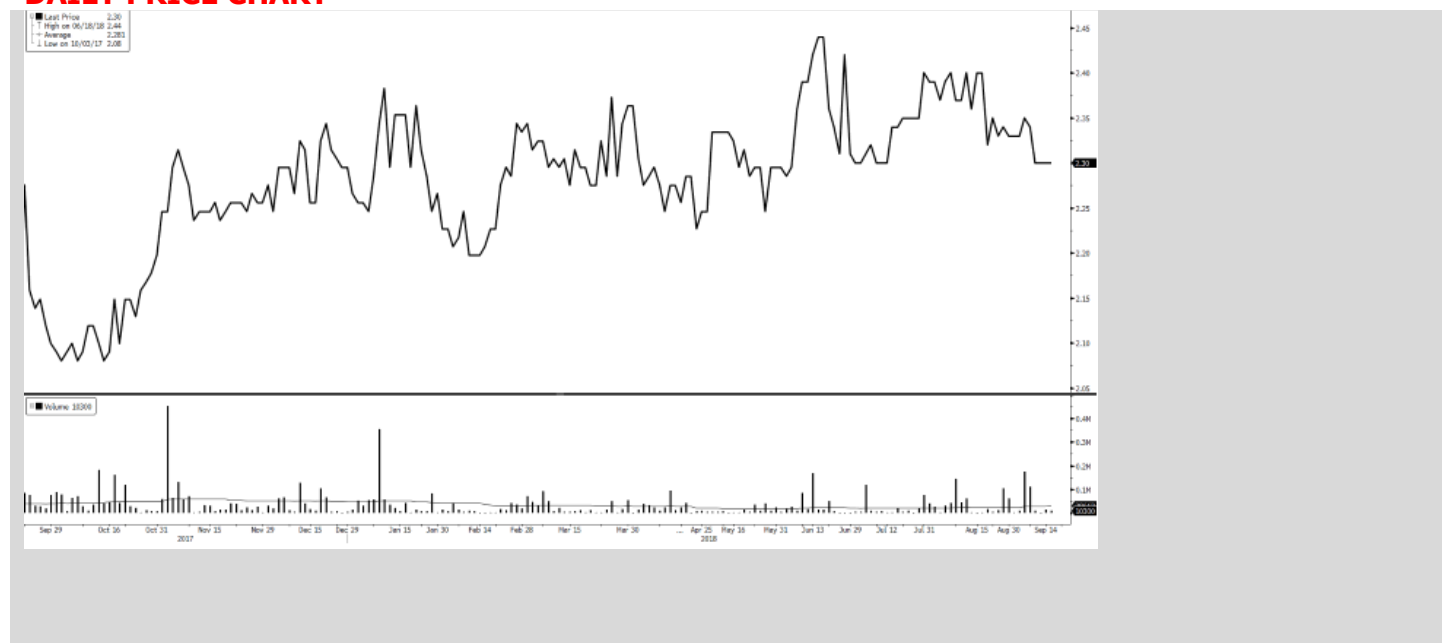
INVESTMENT STATISTICS

FYE Dec	FY15*	FY16**	FY17	FY18F	FY19F
Revenue (RM'm)	253.7	474.2	313.8	340.2	375.9
Pretax Profit (RM'm)	32.0	55.3	35.3	33.2	35.8
Net Profit (RM'm)	22.8	41.0	25.5	25.2	27.2
Normalised Net Profit (RM'm)	22.8	41.0	23.2	25.2	27.2
Normalised EPS (sen)	10.9	19.5	11.1	12.0	13.0
EPS growth (%)	5.8%	N/A	N/A	8.5%	8.0%
PER (x)	17.0	N/A	20.3	19.2	17.8
Net Dividend (sen)	5.0	9.0	5.5	6.0	6.5
Dividend yield (%)	2.2	N/A	2.4	2.6	2.8

Source: Company, MIDF Research

*FYE May **June 2015 to Dec 2016, 19 months due to change in financial year end

DAILY PRICE CHART



Source: Bloomberg

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Fima Corporation Berhad

Diversified income stream

NEUTRAL

Target Price (TP): RM1.90

INVESTMENT HIGHLIGHTS

- **Plantation and manufacturing of security documents**
- **60% of earnings contribution from plantation segment**
- **1QFY19 Core Net Income is within expectation**
- **Expect FY19 core earnings of RM35.7m**
- **NEUTRAL with TP of RM1.90**

Plantation and manufacturing of security documents. Fima Corporation Berhad (FIMACORP) is mainly involved in the business of plantation and manufacturing. For the plantation division, FIMACORP owns planted area of 8230 ha (77% in Kalimantan and the rest in Malaysia). In FY18, the Company produced 175,774 tonnes of Fresh Fruit Bunch (FFB). For the manufacturing division, FIMACORP produces and sells security and confidential documents.

60% of earnings contribution from plantation segment. In FY18, plantation segment generated Profit Before Tax (PBT) of RM64.9m or 60% of the Company's total PBT. Manufacturing segment PBT of RM25.5m contributed 37%. We believe that the Company will focus on the plantation segment more as earnings from this division is more sustainable in the long run.

1QFY19 Core Net Income is within expectation. FIMACOR 1QFY19 Core Net Income (CNI) of RM6.0m makes up 17% of our full year FY19 forecast. We deem the result as within expectation due to seasonally low FFB production in 1Q. Core net income exclude RM0.6m of forex gain and other one off items. As expected, no dividend is announced in the first quarter.

Expect FY19 core earnings of RM35.7m. We estimate FIMACOR to register FY19 CNI of RM35.7m.

NEUTRAL with TP of RM1.90. Our TP is based on Sum-Of-Parts valuation (Refer next page). We believe that FIMACOR share price will be supported by its strong balance sheet (net cash position of RM211m) and good dividend yield of 6.3%.

RETURN STATS

Price (19 th September 2018)	RM1.85
Target Price	RM1.90
Expected Share Price Return	+2.7%
Expected Dividend Yield	+6.3%
Expected Total Return	+9.0%

STOCK INFO

Bursa / Bloomberg	FIMACOR / FMB MK	
Board / Sector	Industrial / Support Services	
Syariah Compliant	Yes	
Issued shares (m)	240.49	
Market cap. (RM'm)	444.90	
Price over NA	0.80	
52-wk price Range	RM1.84 – RM2.22	
Beta (against KLCI)	0.50	
3-mth Avg Daily Vol	0.04m	
3-mth Avg Daily Value	RM0.07m	
Major Shareholders (%)		
Fima Metal Box Sdn Bhd	61.23	
Price Performance (%)	Absolute	Relative
1 month	-7.0	-7.7
3 months	-6.1	-12.2
12 months	-13.1	-14.5

INVESTMENT STATISTICS

FYE March	FY16A	FY17A	FY18A	FY19F	FY20F
Revenue	375.2	372.1	284.6	280.9	279.1
EBIT	75.8	58.7	53.6	54.9	50.3
PBT	77.3	61.3	63.3	57.9	53.2
Net Income	51.3	37.7	36.1	35.7	32.3
Core Net Income	49.6	71.5	32.3	35.7	32.3
EPS (sen)	20.55	29.64	14.98	14.80	13.41
Core EPS (sen)	20.55	29.64	13.38	14.80	13.41
Net DPS (sen)	12.50	17.50	12.50	12.50	12.50
Net Dvd Yield	6.3%	8.8%	6.3%	6.3%	6.3%
Core PER	9.7	6.7	14.9	13.4	14.8
NTA/share (RM)	2.29	2.33	2.27	2.38	2.39
P/NTA	0.87	0.86	0.88	0.84	0.83
ROE	9.3%	6.7%	6.6%	6.2%	5.6%
ROA	7.5%	5.3%	5.6%	4.9%	4.4%

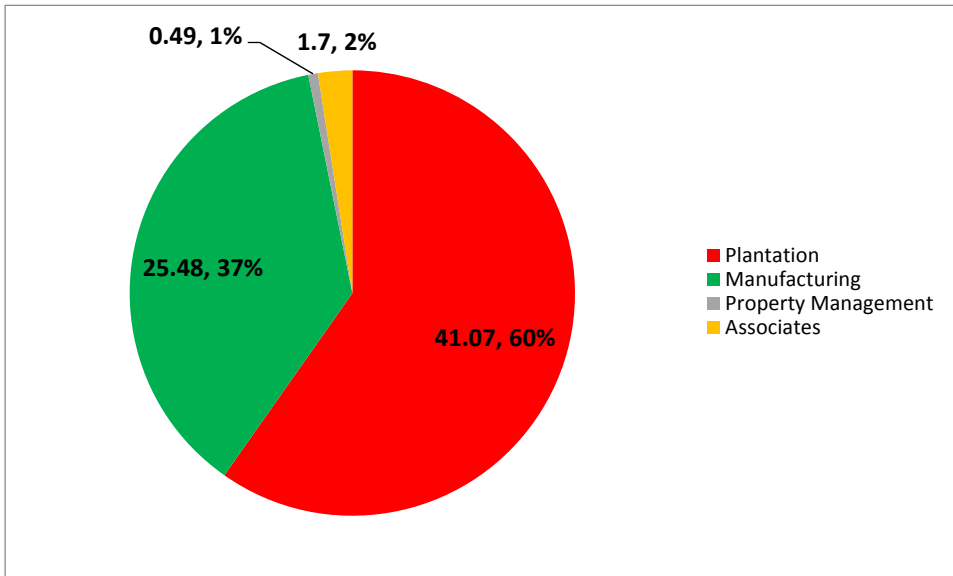
Source: Company, MIDF Research

Exhibit 4: Sum-Of-Parts Valuation for FIMACOR

Divisions	Valuation	Note	Fair Value (RM 'm)
Manufacturing	10.5x FY19E earnings	In line with FBM Small Cap Forward PE for FY18 40% discount to average Target PE of 19.1x for mid cap planters under our coverage	179
Plantation	11.5x FY19E earnings		280
Sum-Of-Parts (RM m)			459
No of shares (m)			241
TP (RM)			1.90

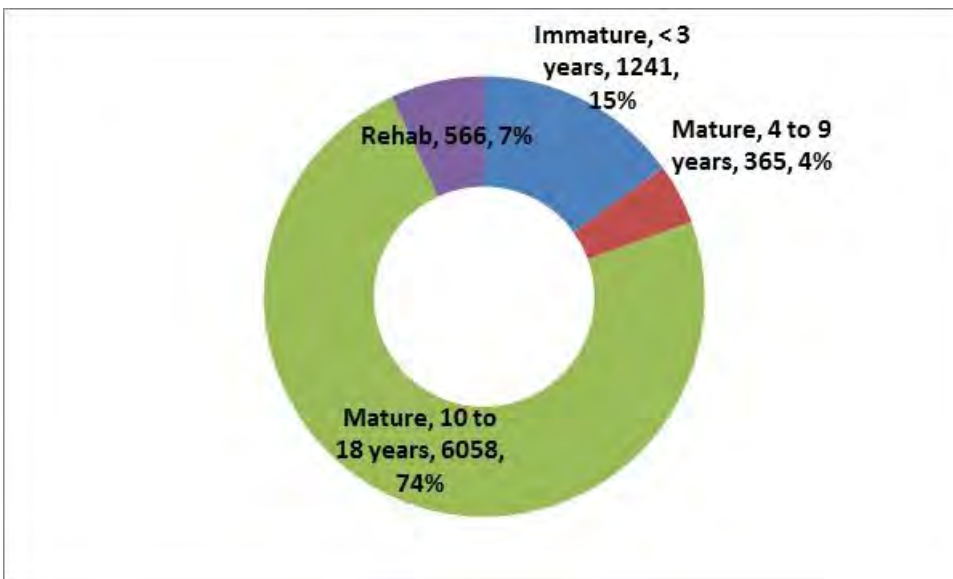
Source: MIDF Research Estimate

Exhibit 5: FIMACORP PBT breakdown by segment



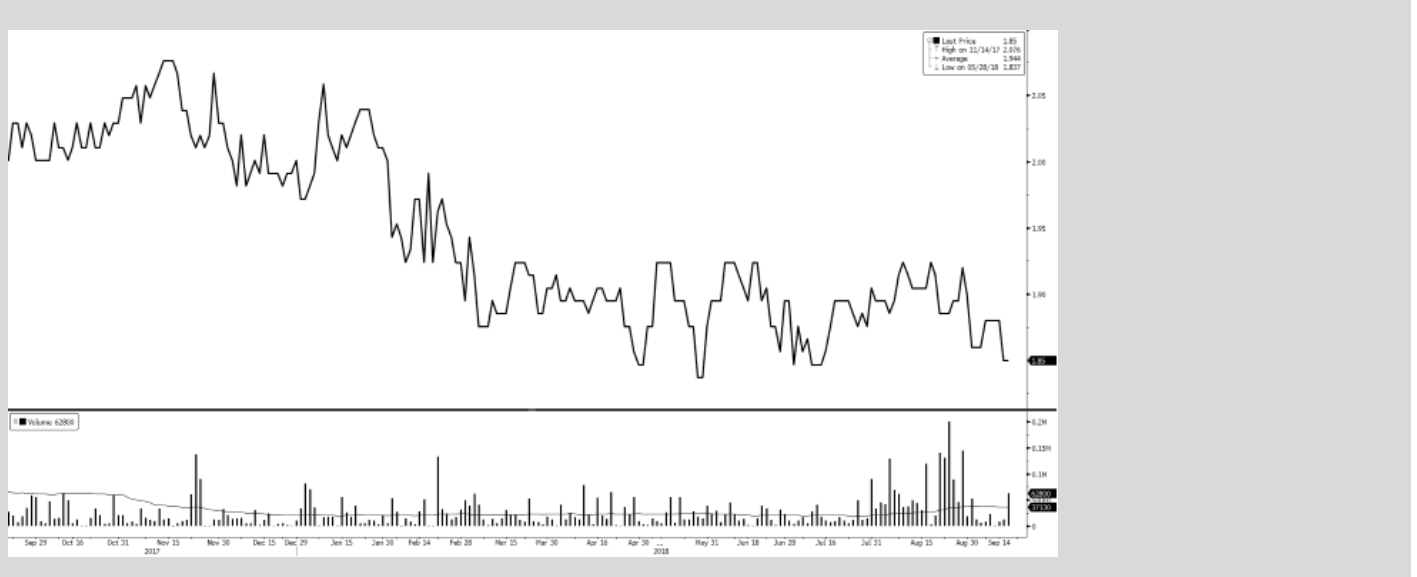
Source: Company

Exhibit 6: FIMACOR age profile



Source: Company

DAILY PRICE CHART



Source: Bloomberg

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Scicom (MSC) Berhad

Increasing e-solution offerings

BUY

Target Price (TP): RM2.29

INVESTMENT HIGHLIGHTS

- **Providing wide scope of BPO and e-solutions**
- **Serving corporate and government clientele**
- **Good profitability and attractive dividend yield**
- **Maintain BUY with TP of RM2.29**

Providing wide scope of BPO and e-solutions. Scicom (MSC) Bhd provides business process outsourcing (BPO) to various corporations as well as the back end solution to the Malaysian Government's one-stop visa center for foreign students known as Education Malaysia Global Services (EMGS). It has also received the Cambodian tourism management system contract earlier this year. That could open doors for other similar contracts. Its serves end customers from 86 countries and derives 70% of its sales out of Malaysia.

Serving corporate and government clientele. Scicom was set up in 1997 as a call centre and has over the years evolved to be the one of the largest BPO companies in Malaysia and Sri Lanka. It hires 2800 staff to serve about 50 customers from different countries. Its diverse customer base includes companies from the gaming, aviation, telecommunication and consumer industries. On top of that it has the capability in providing security related solutions to government agencies.

Good profitability and attractive dividend yield. Scicom has been profitable every year since listing. Its FY13-FY17 revenue CAGR was 10% and 32% for net profit. From FY14 onwards, the company has included a new stream of income from the provision of back-end solution to EMGS, which is under a multi-year concession that it started since 2013. Based the DPS declared in the past five years, Scicom has been paying out between 60% and 89% of its net profit. Dividend yield is estimated at 5.0%

Net cash position since 2006. Scicom has been in an undisrupted streak of net cash position for more than 10 years due to its healthy operating cash flow that grew from RM12.7m in 2013 to RM26.53m. It also incurred low capex that ranged from RM3.5m to RM8.0m during the period. Its latest cash pile stood at RM52.3m.

Maintain BUY with unchanged TP of RM2.29, which is pegged on FY19 EPS of 12.5 sen at 18.3x PER. We believe that the healthy replenishment of jobs and recovery in its existing business segments should help Scicom achieve better earnings in FY19.

RETURN STATS

Price (19 th September 2018)	RM1.80
Target Price	RM2.29
Expected Share Price Return	+27.2%
Expected Dividend Yield	+5.0%
Expected Total Return	+32.2%

STOCK INFO

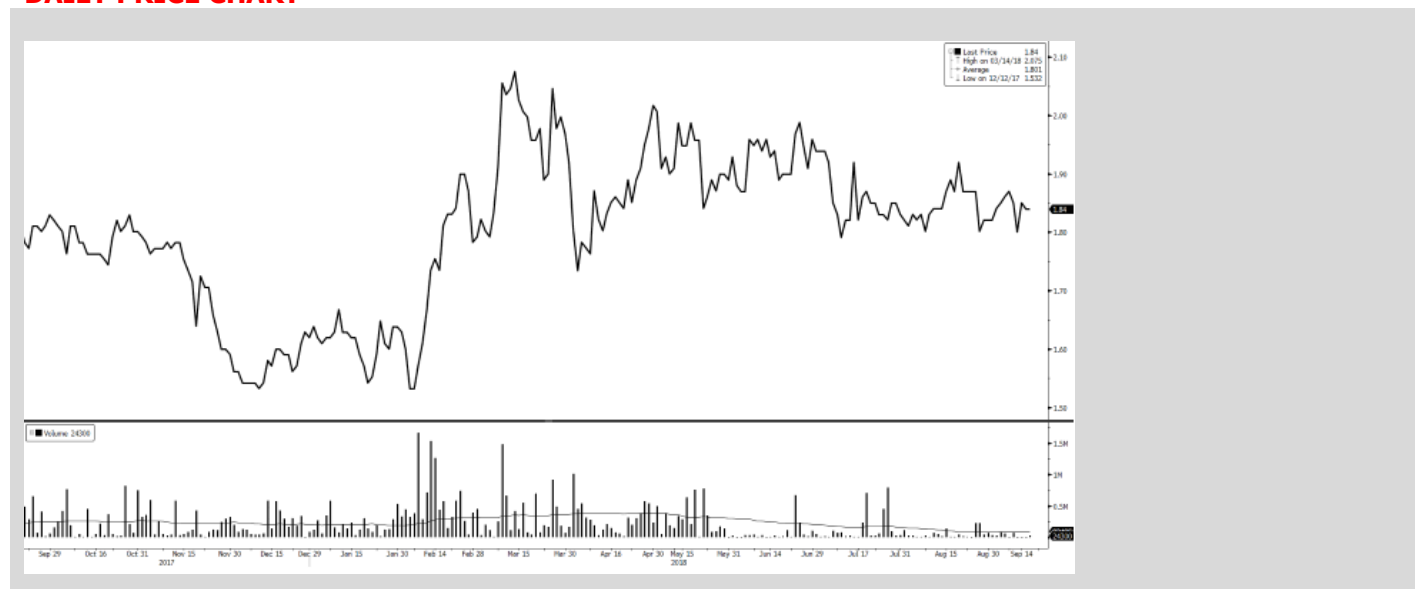
Bursa / Bloomberg	0099/ SCIC MK	
Board / Sector	Main/ Trading & Services	
Syariah Compliant	Yes	
Issued shares (m)	355.45	
Market cap. (RM'm)	654.03	
Price over NTA	6.62	
52-wk price Range	RM1.58 – 2.16	
Beta (against KLCI)	0.80	
3-mth Avg Daily Vol	0.09	
3-mth Avg Daily Value	0.17	
Major Shareholders (%)		
Dato Sri Leo Ariyanayakam	24.9	
Netinsat Asia Sdn Bhd	19.3	
EPF	5.9	
Price Performance (%)	Absolute	Relative
1 month	-5.6	-6.3
3 months	-7.5	-9.5
12 months	-1.6	-3.1

INVESTMENT STATISTICS

FYE Jun	FY15	FY16	FY17	FY18F	FY19F
Revenue (RM'm)	176.83	196.30	199.49	178.94	230.41
Pretax Profit (RM'm)	34.04	44.91	49.77	40.36	60.29
Net Profit (RM'm)	34.69	41.95	45.40	36.60	46.10
EPS (sen)	9.76	11.80	12.77	10.30	12.97
EPS growth (%)	24.61	20.91	8.23	-19.39	25.96
PER (x)	18.44	15.25	14.09	17.48	13.88
Net Dividend (sen)	7.50	9.00	9.00	8.95	9.05
Dividend yield (%)	4.17	5.00	5.00	4.97	5.03
Gearing (x)	Net cash	Net cash	Net cash	Net cash	Net cash
ROE (%)	43.3	45.3	43.1	33.9	38.1
ROA (%)	36.7	38.0	39.4	31.2	34.0
NTA per share (RM)	0.22	0.25	0.29	0.30	0.33
Price to NTA (x)	8.16	7.18	6.27	6.06	5.39

Source: Company, MIDF Research

DAILY PRICE CHART



Source: Bloomberg

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KKB Engineering Berhad

Stable outlook supported by healthy orderbook

BUY

Target Price (TP): RM1.13

INVESTMENT HIGHLIGHTS

- **Leading steel fabricator in East Malaysia**
- **Experience and track record counts**
- **Earnings supported by healthy orderbook**
- **BUY with TP of RM1.13 due to attractive valuation**

Leading steel fabricator in East Malaysia. With over 55 years of experience in the steel fabrication industry, KKB Engineering (KKB) is an established player with significant market share in East Malaysia. Amongst the completed projects to-date by KKB is the Ferro Alloy Complex at the Samalaju Industrial Park, and LNG Train 9 Project, and the upgrades or redevelopments of several airports, namely, Labuan Airport, Kota Kinabalu International Airport, Kuching International Airport and the Low Cost Carrier Terminal (LCCT) of Kota Kinabalu.

Experience and track record counts. KKB's forte is in steel fabrication apart from construction. Its past experience includes commissioning services for the Tanjong Baram Wellhead Platform and the EPC for Bunga Pakma Wellhead Riser Platform. In 2015, Talisman Malaysia Ltd. has awarded KKB with the Kinabalu Redevelopment Project. The project was completed on schedule in June 2017 with a meritable safety record of 1.3m man hours and zero lost time injury. Construction of the wellhead platform will take in-house at OceanMight's 70 acres yard located less than 5km from Sarawak River Mouth with loadout capacity of up to 30,000mt of fabricated structure.

Earnings supported by healthy orderbook. We are assured that KKB's healthy orderbook will support a stable outlook for FYE18/FYE19. Together with its construction orderbook of RM900m (70% of KKB-WCT JV) for Pan Borneo Highway in clinched late July 2016 we are convinced that KKB will be able to meet our estimated FYE19 revenue of RM224.2m and potential PATANCI of RM3.0m. KKB could possibly experience an improvement of revenue between the ranges +3.0% to +5.0% if the wellhead platform construction hits full-swing. But, due to warranty period of 12-months, revenue accretion from the Petronas's award will not prompt an upward re-rating.

Recommendation. We maintain our **BUY** recommendation for KKB with BUY and TP of RM1.13 per share. Our target price is based on a forward PBR19 of 1x, representing the average PBR over the past two years.

RETURN STATS

Price (19 th September 2018)	RM0.87
Target Price	RM1.13
Expected Share Price Return	+29.9%
Expected Dividend Yield	+2.1%
Expected Total Return	+32.0%

STOCK INFO

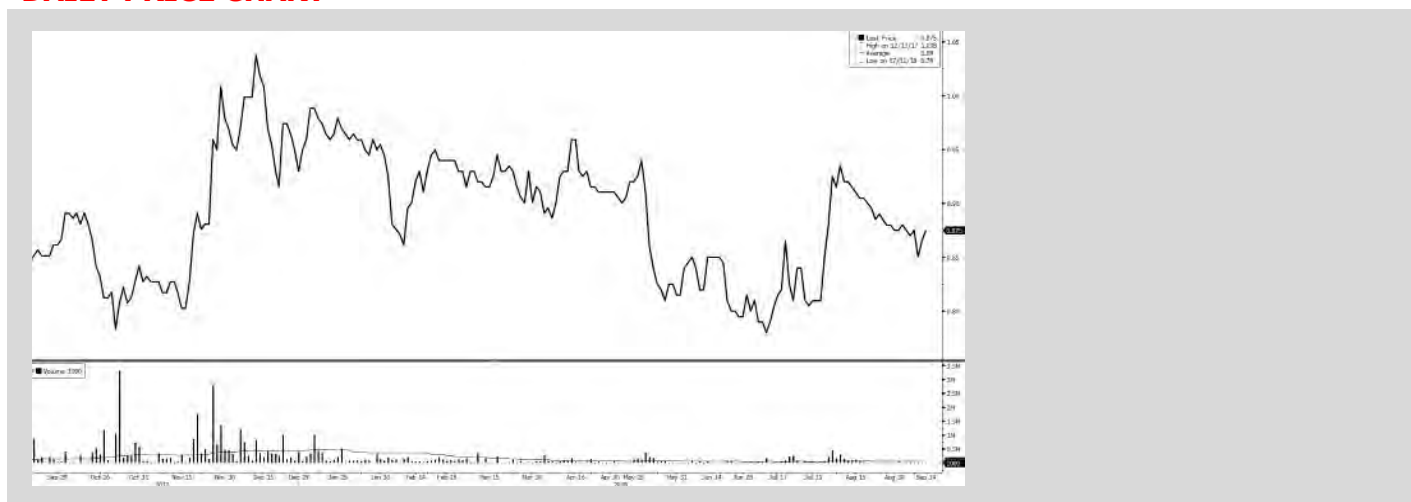
Bursa / Bloomberg	9466/KKB MK
Board / Sector	Main/Industrial
Syariah Compliant	No
Issued shares (m)	257.8
Market cap. (RM'm)	224.3
Price over NA	0.79
52-wk price Range	RM0.78 – RM1.08
Beta (against KLCI)	0.97
3-mth Avg Daily Vol	0.06m
3-mth Avg Daily Value	RM0.05m
Major Shareholders (%)	
KKB Holding	42.93
Cahaya Mata Sarawak	20.05
Laman Satria Sdn Bhd	5.59

INVESTMENT STATISTICS

FYE Dec	FY2015	FY2016	FY2017	FY2018F	FY2019F
Revenue (RMm)	127.9	103.1	209.3	215.5	224.2
Pretax Profit (RMm)	37.6	(9.1)	6.4	8.9	10.0
Profit After Tax (RMm)	29.1	(5.7)	3.3	4.9	5.5
Profit After Tax and Non-controlling Interests (RMm)	26.0	(5.8)	1.6	2.7	3.0
PATANCI margin (%)	20.4	(5.6)	0.8	1.2	1.4
EPS (sen)	10.1	(2.2)	0.6	1.0	1.2
EPS Growth (%)	24.1	n.a.	n.a.	63.1	12.8
PER (x)	9.4	(42.4)	148.4	91.0	80.6
Net Dividend (sen)	4.0	0.0	2.0	2.0	2.0
Dividend yield (%)	4.2	0.0	2.1	2.1	2.1
Debt to equity ratio (x)	0.1	0.1	0.2	0.2	0.2
ROA (%)	7.8	(1.7)	0.5	0.8	0.9
ROE (%)	8.6	(2.0)	0.6	0.9	1.1
NTA per share (RM)	1.2	1.1	1.2	1.1	1.2
Price to NTA (x)	0.8	0.8	0.8	0.8	0.8

Source: Company, MIDF Research

DAILY PRICE CHART



Source: Bloomberg

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Wegmans Holdings Berhad

Growing Furniture Exporter

NON RATED

INVESTMENT HIGHLIGHTS

- **Furniture maker with global presence**
- **Planning to double production output**
- **Beneficiary of a strong USD**
- **Decent profit margin and earnings growth**

Furniture maker with global presence. Wegmans Holdings Bhd (Wegmans) is an export-orientated home furniture maker based in Muar, Johor. It designs, manufactures and sells furniture to more than 70 countries in Asia Pacific, North and South America, Europe and Africa. It sells dining, living and bedding furniture to wholesalers, retailers, chain stores and traders. It was set up in 1999 and was listed in March this year.

Plans to double production output. It aims to utilise its IPO proceeds to build new factories for its production facilities, its new head office and showroom. The higher production is to cater for the growing international markets especially in China, Europe and the United States. It has a sizeable in-house design team to develop more than 50 new designs every year to sustain market interest. Currently, its facilities built up area is 274,000 sq ft that is capable of producing 480,000 chairs and 190,000 tables.

Beneficiary of a strong USD. Wegmans is a direct beneficiary of a strong USD as it exports close to 99% of its products. Malaysia only accounts for 1% of the group's sales. On the other hand, more than 95% of its costs are denominated in ringgit. Besides that, Wegmans could also potentially benefit from the trade tension between US and China as US purchasers seek to buy from alternative countries instead of China.

Decent profit margin and earnings growth. Wegmans was able to record profit margins that range from 16.9% to 19.6% in the past three years. Gross profit margins are also decent at 28.7% to 31.4%. FY14-FY17 sales CAGR came in at 30% as revenue grew from RM39.4m in FY14 to RM86.2m in FY17. Tracking the trend, net profit CAGR for the same period registered 70%, surging from RM3.0m in FY14 to RM14.5m in FY17. It is in a net cash position of RM1.3m as of end-June.

SHARE PRICE

Price (19 th September 2018)	RM0.335
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STOCK INFO

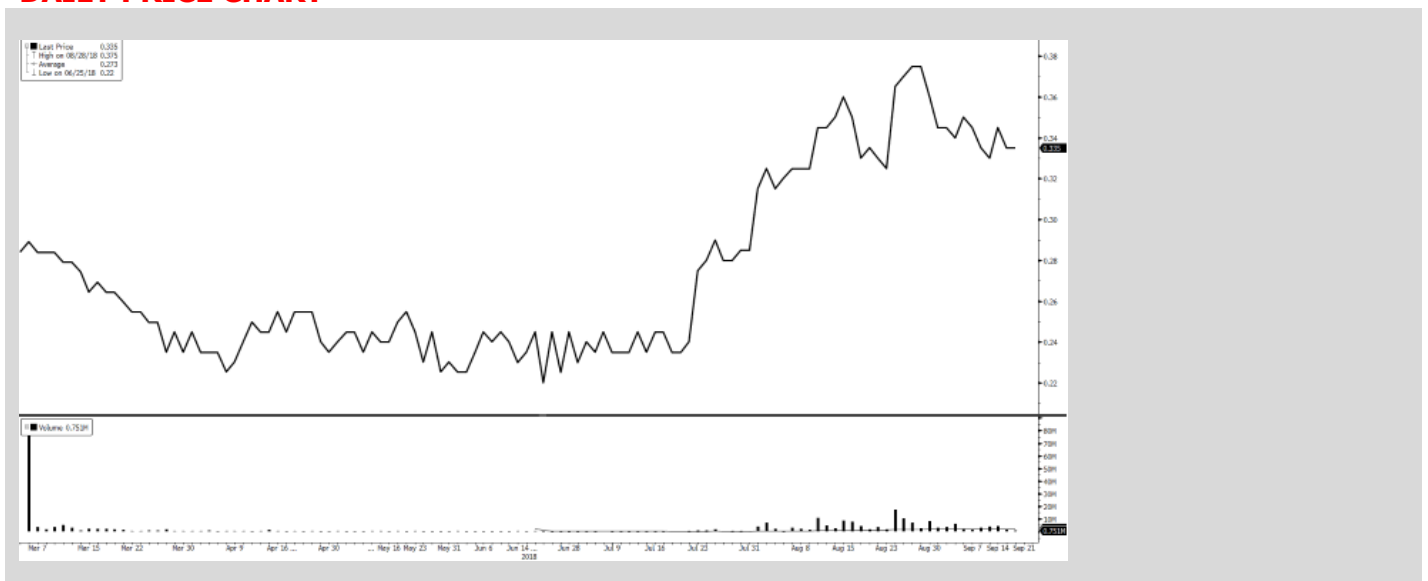
Bursa / Bloomberg	0197 / WEGMANS MK	
Board / Sector	ACE / Consumer	
Syariah Compliant	Yes	
Issued shares (m)	500.00	
Market cap. (RM'm)	167.50	
Price over NA	2.68	
52-wk price Range	RM0.20 – RM0.39	
Beta (against KLCI)	NA	
3-mth Avg Daily Vol	2.36m	
3-mth Avg Daily Value	RM0.82m	
Major Shareholders (%)		
Keh Wee Kiet	35.0	
Collin Law Kok Lim	35.0	
Price Performance (%)	Absolute	Relative
1 month	0.0	+36.7
3 months	-0.7	+35.4

INVESTMENT STATISTICS

FYE Dec	FY14	FY15	FY16	FY17
Revenue (RM' m)	39.42	66.22	85.64	86.21
Profit Before Tax (RM' m)	3.33	14.96	18.24	17.22
Profit After Tax (RM' m)	2.98	12.95	15.30	14.54
Net Assets (RM' m)	9.88	20.93	24.49	35.03
EPS (sen)	0.75	3.24	3.83	3.63
EPS growth (%)	N.A.	332.0	18.2	-5.2
PBT margin (%)	8.4	22.6	21.3	20.0
PAT margin (%)	7.6	19.6	17.9	16.9

Source: Company, MIDF Research

DAILY PRICE CHART



Source: Bloomberg

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Perak Transit Berhad

Expert in building integrated terminals

NON RATED

INVESTMENT HIGHLIGHTS

- **Integrated transportation terminal**
- **Stable income from A&P segment and retail rental**
- **New Kampar terminal expected to be completed by end-2018**
- **Tronoh and Bidor terminals in the pipeline**
- **3-year PATMI CAGR of 23%, 25% dividend payout**

Integrated transportation terminal. Perak Transit (PTrans) has been operating the Amanjaya Terminal in Ipoh, Perak since 2012. PTrans rents out shop spaces as well as advertising and promotional spaces. Its three main businesses are integrated public transportation terminal, bus operations and petrol stations.

Stable income from A&P segment and retail rental. The advertising and promotional (A&P) segment contributes to 50% of its revenue. A&P space in the Amanjaya terminal is being rented out to advertising agencies on an annual contract. On top of that, the company is digitalizing the A&P segment, which is expected to command higher rental fees and margins once the transformation is completed. The Amanjaya terminal capacity expansion from 208,000 sq ft to 375,000 sq ft, expected to start next year, will increase the leasable area and boost its rental income in the future.

New Kampar terminal expected to be completed by end-2018. The gross leasable area of the Kampar terminal is estimated at 400,000 sq ft, which is right times bigger than the Amanjaya terminal. The new terminal will be a lifestyle-centric building that includes facilities like cinema, budget hotel and bowling alleys to cater to the demography there that consists of mainly college students.

Tronoh and Bidor terminals in the pipeline. After Kampar, PTrans aims to replicate the integrated terminals in underserved areas like Tronoh and Bidor. It acquired 16.64 acres in Tronoh, Perak for RM7.97m and a 4.9-acre parcel in Bidor for RM2.6m. These two terminals are expected to provide visibility to PTrans' long-term growth.

3-year net profit CAGR of 23%, 25% dividend payout. From FY15 to FY17, PTrans' revenue has increased from RM74.1m to RM106.8m while net profit grew from RM19.1m to RM28.8m, indicating a CAGR of 23%. In FY17, it announced DPS totalling 0.65sen, indicating a payout ratio of 30%. As for 1HFY18, it has announced dividend of 0.65sen or 41% payout of its net income.

SHARE PRICE

Price (19 th September 2018)	RM0.29
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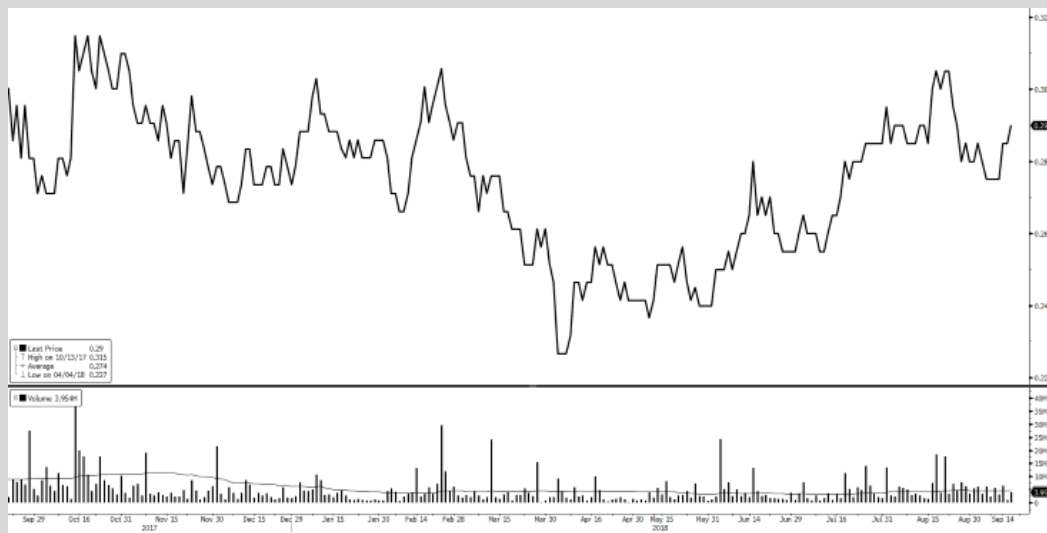
STOCK INFO

Bursa / Bloomberg	0186/PERAK
Board / Sector	ACE/ Trading and Services
Syariah Compliant	Yes
Issued shares (m)	1,382.90
Market cap. (RM'm)	401.04
Price over NA	1.67
52-wk price Range	RM0.23- RM0.34
Beta (against KLCI)	1.08
3-mth Avg Daily Vol	4.51m
3-mth Avg Daily Value	RM1.28m
Major Shareholders (%)	
Dato' Sri Cheong Kong Fitt	15.77
CBS Link	15.11
Lim Sow Keng	6.02

INVESTMENT STATISTICS

FYE Dec	FY14	FY15	FY16	FY17
Revenue	77.58	74.12	90.18	106.77
Cost of sales	-50.92	-41.20	-51.58	-62.91
Gross Profit	26.66	32.93	38.60	43.56
Profit Before Tax	13.31	19.25	25.33	30.48
Profit After Tax	20.80	19.08	21.67	29.02
EPS (sen)	1.82	1.67	1.90	2.15
EPS growth (%)	190.1	-8.3	13.6	13.2
PER	14.2	15.5	13.7	11.5
DPS (sen)	-	0.40	0.15	0.65
Dividend Yield (%)	-	1.4	0.5	2.3
PBT Margin (%)	17.2	26.0	28.1	28.5

DAILY PRICE CHART



Source: Bloomberg

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Samchem Holdings Bhd

Growing regional presence

NON RATED

INVESTMENT HIGHLIGHTS

- **Regional chemical distributor**
- **Robust network in the region to support growth**
- **Growing the Philippines and Myanmar markets**
- **Approaching RM1b in sales while profit grew by ~50%**

Regional chemical distributor. Samchem Holdings Bhd (Samchem) is a chemical distributor with operations in Malaysia, IndoChina and Indonesia. It was established in 1989 and sells over 500 types of products to more than 7000 customers. It is the appointed distributor for major principals like Petronas Chemicals, Shell Chemicals, ExxonMobil Chemical and BASF.

Robust network in the region to support growth. Samchem set up its offices in Vietnam in 2006 and Indonesia in 2009. This is followed by Singapore in 2010 and Cambodia in 2014. Over the years, contribution from overseas sales has improved substantially from under 30% in FY12 to more than 50% now. This helps Samchem mitigate single-market risk. Samchem is able to increase its sales volume through acquiring market share and replicating its business model in the regional markets. It has 10 warehouses and 8 offices in strategic locations to help it reach its clients efficiently.

Growing the Philippines and Myanmar markets. The company expects to start full operations in Myanmar and the Philippines by 2Q18. Myanmar's GDP growth in 2018 is projected at 7.4% while the Philippines' is estimated at 6.7%. Private consumption in the Philippines is expected to benefit from lower taxes and growing inbound remittances.

Approaching RM1b in sales while profit grew by ~50%. In FY17, Samchem's revenue jumped by 35%yoy to RM938m. As a result, its net profit surged by 48%yoy to RM22.4m. As for its 1HFY18, revenue rose 25% yoy to RM542.1m while net profit soared 51% to RM12.6m for the period. The improvement for the first six months of FY18 is mainly attributed to higher sales volume.

SHARE PRICE

Price (19 th September 2018)	RM0.895
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STOCK INFO

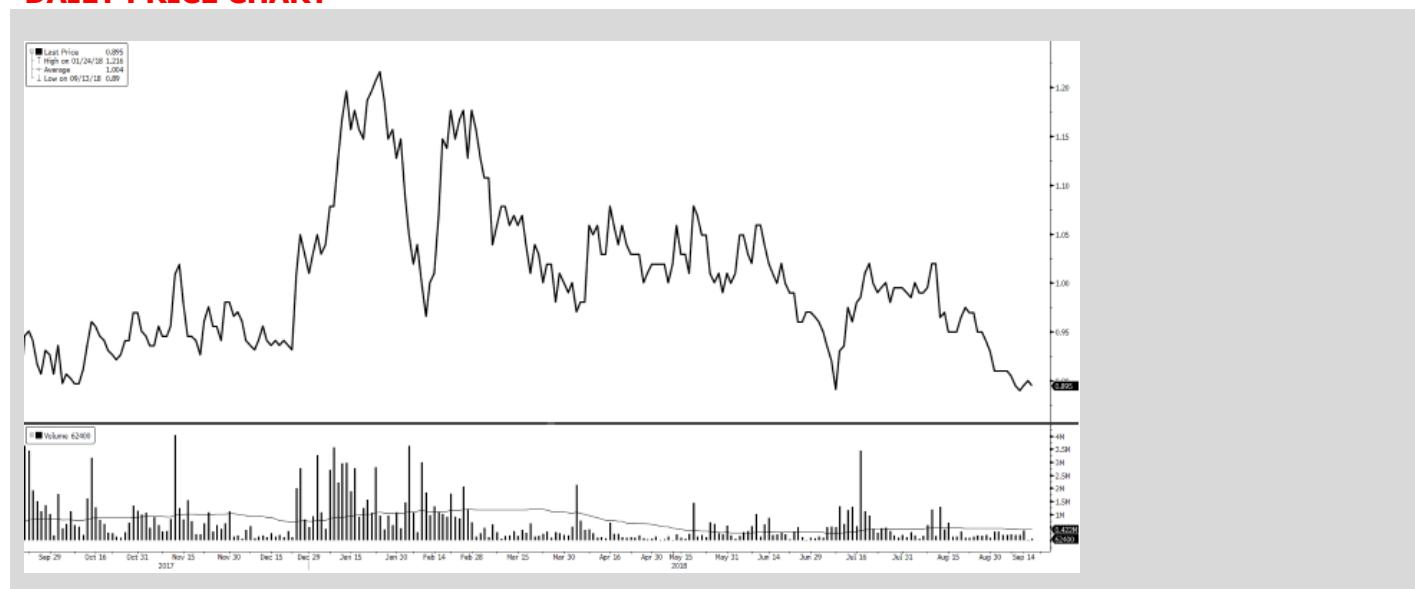
Bursa / Bloomberg	5147/ SAHB MK
Board / Sector	Main/ Trading/Services
Syariah Compliant	No
Issued shares (m)	272.00
Market cap. (RM'm)	243.44
Price over NA	1.72
52-wk price Range	RM0.88-RM1.27
Beta (against KLCI)	1.79
3-mth Avg Daily Vol	0.42m
3-mth Avg Daily Value	RM0.41m
Major Shareholders (%)	
NG THIN POH	44.60
TAN TECK BENG	5.08
CHOOI CHOK KHOOI	3.43

INVESTMENT STATISTICS

FYE Dec	FY13	FY14	FY15	FY16	FY17
Revenue (RM'm)	543.02	630.59	600.00	697.18	937.5
Pretax Profit (RM'm)	13.79	11.64	11.14	28.0	36.1
Net Profit (RM'm)	8.74	5.97	4.03	15.08	22.4
EPS (sen)	6.43	4.39	2.97	5.54	8.2
EPS growth (%)	0.44	-31.74	-32.38	86.50	48.00
Core EBIT	17.36	21.75	26.21	38.15	38.3
Core EBIT growth	-19%	25%	21%	46.00	0.5%
PER (x)	20.8	30.5	45.2	19.3	10.8
Net Dividend (sen)	1.25	1.25	1.75	3.25	3.0
Dividend Yield (%)	1.4	1.4	2.0	3.7	3.4

Source: Company, MIDF Research

DAILY PRICE CHART



Source: Bloomberg

Matrix Concepts Holdings Berhad

A Seremban-based property developer

NON RATED

INVESTMENT HIGHLIGHTS

- **A Seremban-based property developer**
- **Flagship project in Seremban**
- **Education and hospitality in BSS**
- **Improved new property sales in FY18**
- **Higher earnings in 1QFY19**

A Seremban-based property developer. Matrix Concepts Holdings Berhad (Matrix) is a property developer based in Seremban. Matrix was listed on the Main Market of Bursa Malaysia on 28th May 2013. Matrix is mainly involved in property development business. Property development division contributed 96% of revenue in FY18. Aside from property development business, Matrix also involves in education, hospitality and construction.

Flagship project in Seremban. Matrix is having property exposure mainly in Seremban and Kluang. Bandar Sri Sendayan (BSS) in Negeri Sembilan is the flagship project of Matrix. BSS is having total acreage of 2,487.4acres with total GDV of RM7.9b. Meanwhile, total ongoing and future GDV of BSS stood at RM4.7b. Matrix focuses on developing affordable residential in BSS which makes BSS well received by home buyers. New property sales of RM858m from BSS made up 72% of total new sales of RM1.18b in FY18.

Education and hospitality in BSS. Matrix operates Matrix Global Schools in BSS. The school was opened in September 2014, comprising Matrix International Pre-School, Matrix International School and Matrix Private School. Besides, Matrix also operates d'Tempat Country Club in BSS which offers a host of recreational options, banquet spaces and dining establishment. Both education and hospitality divisions of Matrix are yet to be profitable as at 1QFY19 as the school and the country club are still at gestation period.

Improved new property sales in FY18. Matrix recorded new property sales of RM1.18b in FY18, higher than new property sales of RM1.03b in FY17. The higher new property sales were driven by higher projects launched with GDV of RM1.23b in FY18 against new launch with GDV of RM1b in FY17. Meanwhile, Matrix registered new property sales of RM381.6m in 1QFY19, on track to hit its full year new sales target of RM1.3b for FY19. On another hand, unbilled sales stood at RM1.2b as at 1QFY19, providing 1.5years earnings visibility.

Higher earnings in 1QFY19. Matrix recorded net income of RM50.2m in 1QFY19, increasing 10.1%yoy. The higher earnings were contributed by higher revenue recognition from residential and commercial projects. Besides, the narrowing operating losses of education and hospitality segment also helped in earnings growth. Meanwhile, Matrix announced dividend of 3.25sen in 1QFY19. Dividend yield of Matrix is attractive, estimated at 6.4% based on total dividend pay-out of 13.5sen per share in FY18.

SHARE PRICE

Price (19 th September 2018)	RM2.06
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STOCK INFO

Bursa / Bloomberg	5236 / MCH MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (m)	752.81
Market cap. (RM'm)	1,550.79
Price over NA	1.26
52-wk price Range	RM1.84 – RM2.30
Beta (against KLCI)	0.67
3-mth Avg Daily Vol	0.44m
3-mth Avg Daily Value	RM0.89m
Major Shareholders (%)	
Lee Tian Hock	15.35
Shining Term Sdn Bhd	14.05
EPF	5.34

INVESTMENT STATISTICS

FYE March (RM mil)	FY13*	FY14*	FY16**	FY17	FY18
Revenue	573.50	597.84	912.20	774.98	812.29
EBIT	206.43	331.84	565.11	267.82	298.65
PBT	205.05	244.59	355.74	260.31	294.07
Net Income	151.56	182.24	260.85	187.76	206.40
EPS (sen)	55.09	34.18	47.79	29.06	31.00
DPS (sen)	35.50	19.00	19.40	13.75	13.50
Dividend Yield	16.90%	9.05%	9.24%	6.55%	6.43%
PER	3.81	6.14	4.39	7.23	6.78
NTA/share (RM)	2.00	1.25	1.62	1.58	1.81
P/NTA	1.05	1.69	1.29	1.33	1.16
ROE	27.5%	27.5%	29.5%	18.3%	17.1%
ROA	16.9%	17.2%	20.0%	12.1%	12.0%

*FYE Dec

**Change of FYE (comprising 15 months)

Source: Company, MIDF Research

Exhibit 7: Bandar Sri Sendayan Master Plan



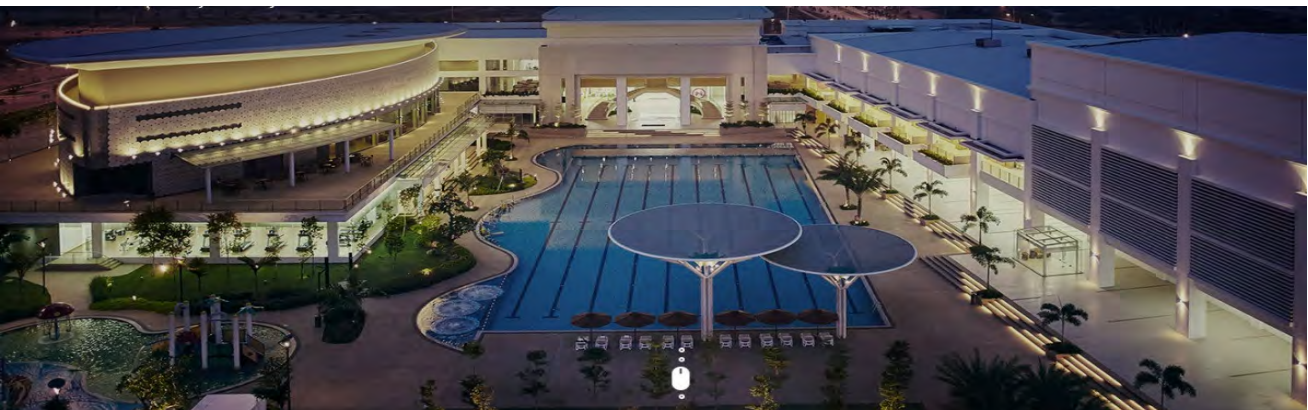
Source: Company

Exhibit 8: Matrix Global Schools



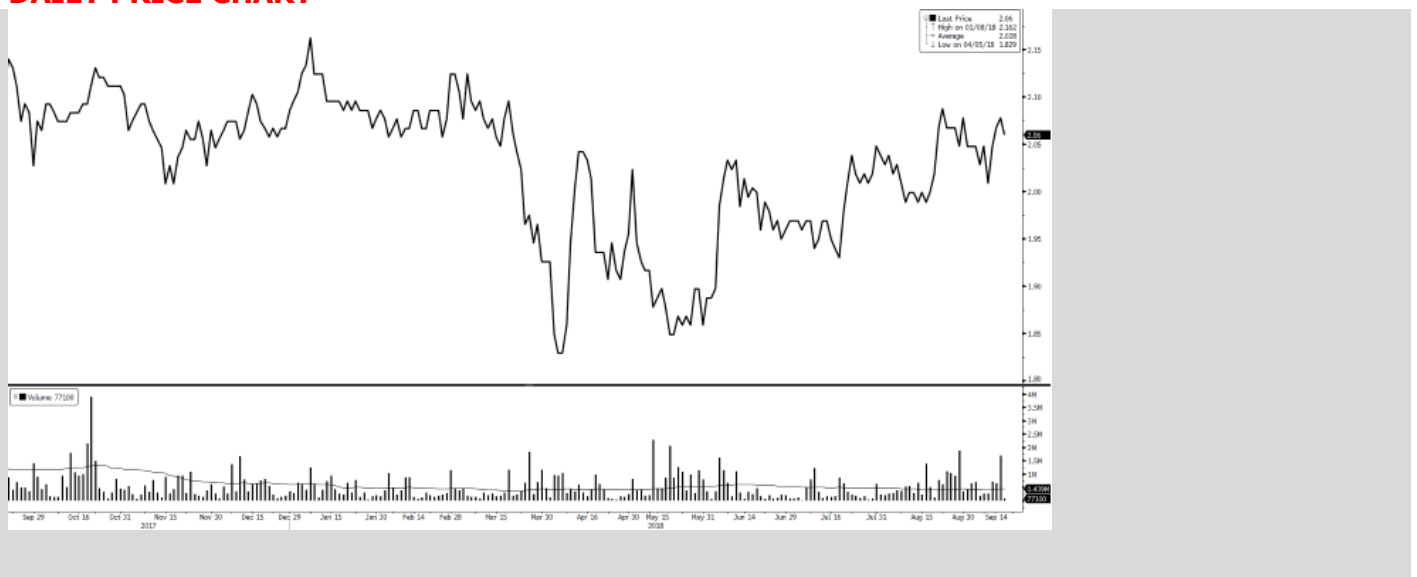
Source: Company

Exhibit 9: d'Tempat Country Club



Source: Company

DAILY PRICE CHART



Source: Bloomberg

Jessica Low Jze Tieng
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(Bank Pelaburan)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.