

CONSUMER

Maintain NEUTRAL

Solid Outlook with 1QCY24 Earnings within Expectations

KEY INVESTMENT HIGHLIGHTS

- **Retail: Improving domestic consumer sentiment amidst easing inflationary pressure and solid domestic retail trade**
- **F&B: Wheat prices rebounded in May 2024; short-term correction seen in Cocoa, Arabica and Robusta prices**
- **Poultry: Mild near term cost pressure amid uptick in feed input costs, yet all remain below 2-year peak**
- **Currency: Weakening of the Ringgit against USD could raise raw material costs for staple producers but benefit exporters**
- **1QCY24 Earnings Wrap: 8 out of 10 earnings within projections; 5 declare dividends**
- **Maintain NEUTRAL on the sector; top picks: Fraser & Neave (BUY, TP: RM37.00) and QL Resources (BUY, TP: RM7.25)**

Retail: Improving domestic consumer sentiment amidst easing inflationary pressure and solid domestic retail trade

Positive retail spending across most specialised stores persisted despite the introduction of a higher and expanded service tax of 8% effective from 1 March 2024. Based on DOSM, retail trade gained positive momentum (+7.1%yoy; +2.1%mom) to reach RM62.8b in March 2024. This was mainly supported by increased retail spending in most stores, except for a slight drop, on a yearly basis, in information & communication equipment sales. This also contributed to a positive +5.1%yoy growth in cumulative retail spending to RM185.5b in 1QCY24, mainly driven by strong demand for out-of-home F&B and spending on necessities at non-specialised stores. Online sales grew higher (+2.6%yoy), reflecting sustained demand for online purchases even after the implementation of a 10% service tax on low value imported goods from 1 January 2024. MIER reported a lower CSI of 87.1 points for 1QCY24, indicating cautious spending plans and persistent inflation concerns.

Easing inflationary pressure to support domestic spending. We expect inflationary pressures to ease in the 2HCY24 due to the possible delayed implementation of other fiscal policies (HVG tax and fuel subsidy rationalisation) that are likely to favour retailers and producers of staple goods offering low-priced products in the near term. This will be further supported by government cash handouts, EPF Account 3 savings for necessary purchases, and a civil servant salary revision in Dec 2024. Such measures will benefit companies like **Padini (BUY, TP: RM4.30)** which known for competitively priced value products. We also anticipate robust retail spending on necessities and out-of-home consumption, buoyed by the promising job market, with unemployment remaining low at 3.3% along with the resurgence of tourist arrivals (both leisure and business purposes). This bodes well for grocery retailers like **Aeon Co (BUY, TP: RM1.60)** and FamilyMart stores under **QL Resources (BUY, TP: RM7.25)**. Other consumer staples (both F&B and poultry players) are also well-positioned to benefit from solid domestic spending which aligned with [MIDF economists' forecasts of sustained domestic spending outlook](#).

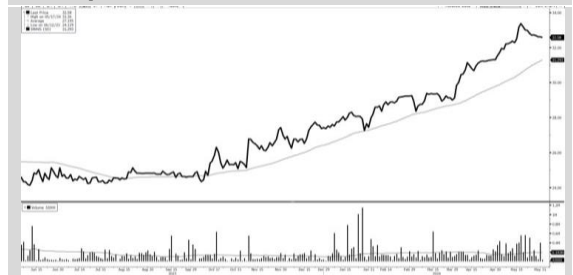
COMPANY IN FOCUS

Fraser & Neave Holdings Berhad

Maintain **BUY** | Unchanged Target Price: RM37.00
Price @ 5th Jun 2024: RM32.28

- Capitalize on the robust OOH beverages consumption.
- Benefit from the high temperatures prevalent across SEA and the return of tourists' arrivals.
- Integration of Sri Nona and Coccoland to expand food pillar businesses

Share price chart



QL Resources Berhad

Maintain **BUY** | Unchanged Target price: RM7.25
Price @ 5th Jun 2024: RM6.40

- Strong demand in MPM and ILF segments.
- Gain from better consumer sentiment, expansion, and hot food supplies to transport.
- Benefit from rising demand and forthcoming clean energy projects.

Share price chart



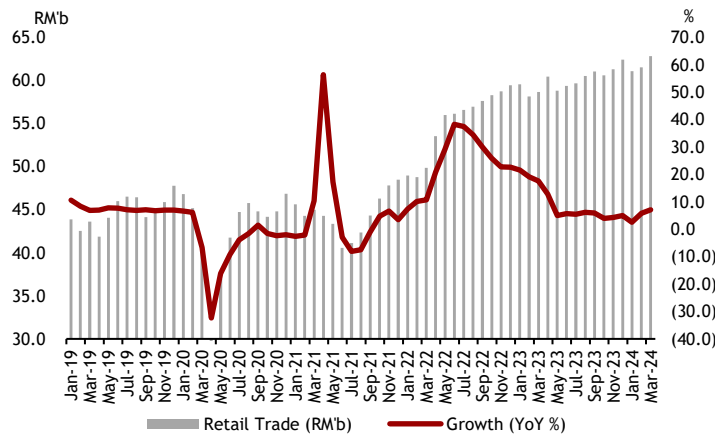
Analyst(s)
Genevieve Ng Pei Fen
genevieve.ng@midf.com.my

Table 1: Malaysia's monthly key statistics for Mar 2024

Data	Monthly Data					Cumulative		
	Mar-24	Feb-24	Mar-23	YoY (%)	MoM (%)	1QCY24	1QCY23	YoY (%)
Retail Trade (RM'b)	62.8	61.5	58.7	7.1	2.1	185.5	176.4	5.1
Non-specialized Stores	24.2	23.6	22.4	8.4	2.6	71.1	67.2	5.7
F&B and Tobacco	4.0	3.9	3.6	8.6	1.7	11.7	10.9	7.6
Automotive Fuel	5.7	5.6	5.5	4.0	1.8	17.0	16.5	2.8
Info & Comm Equipment	4.9	4.8	5.0	(1.8)	1.5	14.6	14.9	(2.2)
Household Equipment	7.2	7.1	6.9	4.8	1.7	21.5	20.6	4.0
Cultural and recreation goods	2.7	2.7	2.5	6.4	2.0	8.0	7.7	4.3
Others in Specialized Stores	13.3	13.0	12.0	10.9	1.8	39.2	36.2	8.4
Via Stalls and Markets	0.2	0.2	0.2	3.6	1.5	0.6	0.6	3.0
Not in stores, stalls or markets	0.6	0.6	0.6	6.3	5.4	1.9	1.8	2.6

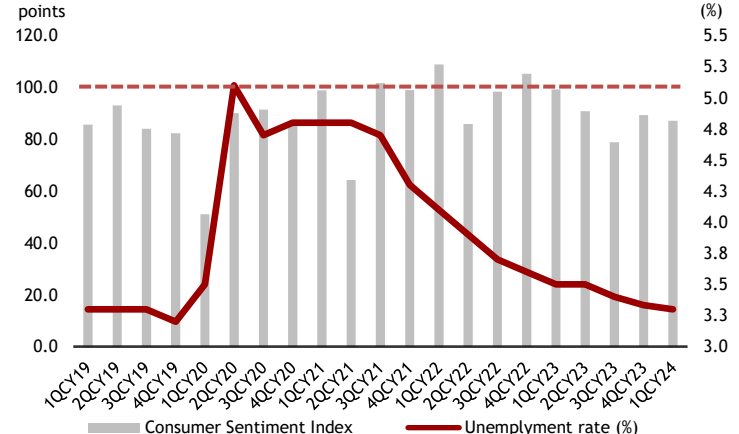
Sources: Department of Statistics Malaysia (DOSM), BNM, MIDFR
 *Non-specialized Stores = supermarkets, hypermarkets, and convenience stores.
 *F&B and Tobacco = restaurant, food-related & tobacco related stores.
 *Automotive = Petrol, diesel or alternative fuel at petrol stations
 *Info & Comm Equipment = Computer, Laptops, Mobile devices, printers, harddrives, television, projectors and more
 *Cultural and recreation goods = Books, publication, audios, music, art and more
 *Household Equipment = textiles, hardware, carpets, other consumer electronic appliances, or furniture.
 *Others in Specialized Stores = clothing, footwear, pharmaceuticals, watches, souvenirs, and others.
 *Via stalls and markets = Fresh produce, handmade crafts, and street food
 *Not in stores, stalls or markets = Online purchases, direct-from-manufacturer items, and more

Chart 1: Malaysia's Monthly Retail Trade



Sources: DOSM, MIDFR

Chart 2: Malaysia's Consumer Sentiment Index



Sources: DOSM, MIER, MIDFR

F&B: Wheat prices rebounded in May 2024; short-term correction seen in Cocoa, Arabica and Robusta prices.

Lower prices recorded in May 2024. In May 2024, we observed a decrease in prices for 7 out of the 8 commodities we cover on a sequential monthly basis. Wheat prices rebounded during the same period, attributed to heightened geopolitical tensions and concerns over adverse weather in producing countries. However, wheat prices, in general, remained well below its 2-year peak level. We remain cautious about the trends in cocoa, Arabica, and Robusta prices going forward, as fundamental supply disruption issues persist, posing risks of elevated prices throughout the remaining months of 2024.

Lower prices expected for most commodities 2HCY24, coffee and cocoa prices expected to remain elevated.

Looking ahead, we anticipate lower raw material costs due to a better commodities outlook in 2HCY24, with lower pressure from hot weather that could more than offset shipping disruptions caused by rising geopolitical tensions. We are optimistic that the major products of Fraser and Neave (sugar, pet resin, and CPO reliant), Hup Seng Industries (wheat, CPO, pet resin, and sugar), and Spritzer (pet resin) could continue to benefit from low raw material costs, considering the stabilization of 3-month average futures for certain commodities. However, cocoa and coffee-related products under Nestle Malaysia (Nescafe and Milo) and sweet confectionary products of Fraser and Neave (Cocoland brand) may see elevated raw material costs, given the fundamentally unresolved supply disruptions for cocoa, arabica and robusta commodities.

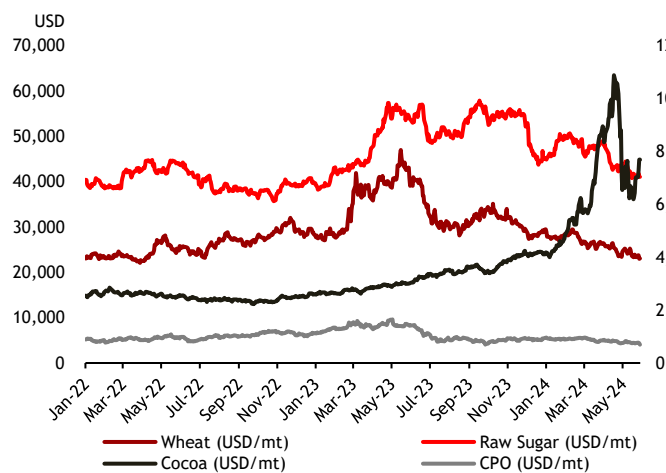
Table 2: May 2024 Average Commodities Futures Prices for F&B Producers

Commodities	May-24	Apr-24	May-23	YoY (%)	MoM (%)	Remarks
Wheat (USD/mt)	26,058	21,992	24,068	8.3	18.5	Year-on-year: Higher prices due to heightened geopolitical tensions and extreme weather conditions in major wheat-producing regions (EU and North America), leading to reduced stockpiles. Month-on-month: Increased prices due to elevated Russia-Ukraine tensions and adverse weather conditions in major producing countries.
Cocoa (USD/mt)	6,905	9,482	2,982	131.5	(27.2)	Year-on-year: Prices soared due to anticipated supply disruptions in Western Africa caused by extreme rainfall and the cocoa swollen shoot virus. Month-on-month: Prices dropped due to a short-term correction from the recent all-time high levels.
Raw Sugar (USD/mt)	42,168	44,891	55,173	(23.6)	(6.1)	Year-on-year: Prices reduced due to record sugarcane crushing in Brazil and better-than-expected sugar production in India and Thailand, despite adverse weather in major producing countries. Month-on-month: Prices lowered due to higher-than-expected sugar supply from Brazil, India, and Thailand.
CPO (USD/mt)	822	859	768	7.0	(4.3)	Year-on-year: Prices peaked due to near-term tightness in palm oil inventory and concerns over lower supplies. Month-on-month: Prices normalized as the market anticipates stable weather ahead of the La Niña event in 2HCY24, which could normalize supply.
White Sugar (USD/mt)	839	873	993	(15.5)	(3.9)	Year-on-year: Lower prices aligned with reduced raw sugar prices as the market saw higher sugar production from major producing countries. Month-on-month: Reduced prices aligned with lower raw sugar prices due to higher sugar production from major producing countries.
Arabica (USD/mt)	4,173	4,424	3,683	13.3	(5.7)	Year-on-year: Higher prices due to concerns about global supply shortages in most exporting countries, shrinking inventories, and continuously strong demand for Arabica coffee beans. Month-on-month: Lower prices due to eased supply concerns, with greater exports from Brazil and Vietnam, and a rebound in Arabica and Robusta coffee inventories from historically low levels.
Robusta (USD/mt)	3,508	3,836	2,432	44.2	(8.6)	Year-on-year: High prices were mainly due to market concerns about supply impacted by drier weather in Vietnam, affecting crops. MoM: Reversed prices due to high prices encouraging greater production of Robusta coffee in Vietnam, alleviating supply concerns.
PET Resin (USD/mt)	997	1,012	1,081	(7.8)	(1.5)	Year-on-year: Decreased prices due to normalized Brent crude oil prices compared to the previous year. Month-on-month: Flattish prices due to stabilized Brent crude oil prices below USD90 per barrel.

Sources: Bloomberg, USDA, MIDFR

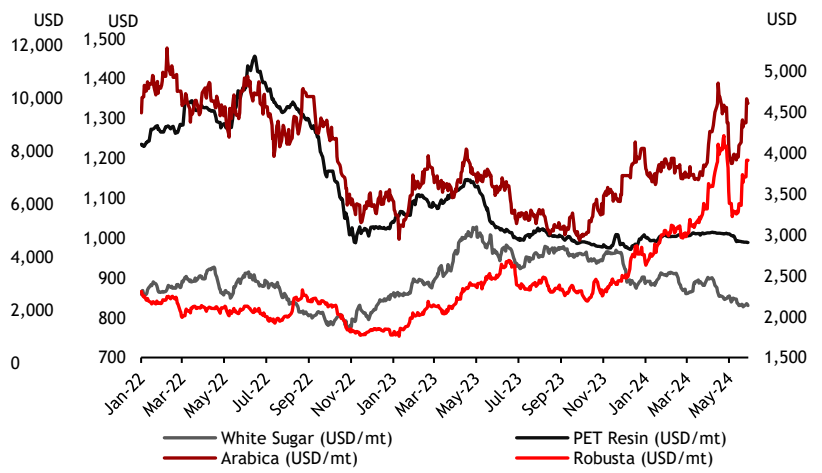
***Pet resin = Polyethylene terephthalate

Chart 3: Raw Material Futures Price Trend for Food Producers (USD/mt)



Sources: Bloomberg, MIDFR

Chart 4: Raw Material Futures Price Trend for Beverage Producers (USD/mt)



Sources: Bloomberg, MIDFR

Poultry: Mild near term cost pressure amid uptick in feed input costs, yet all remain below 2-year peak

Egg prices soften in April 2024. Based on DOSM, egg prices for all Grade A-C varieties decreased on a monthly basis in April 2024. Notably, Grade C eggs experienced a year-on-year decline to RM0.43 per egg during the month, with prices in 6 states falling below the existing price ceiling of RM0.41. Following the removal of the chicken price ceiling, nearly all states are now selling chicken below the previous ceiling of RM9.40 in April 2024. However, Pahang and Penang continue to record relatively high average chicken prices in April 2024. The government's egg subsidy and price control remain intact in April 2024, with no details on the potential removal as of the date of writing.

Table 3: Malaysia Monthly Hen's egg and chicken statistics for Apr 2024

Data	Average monthly data					vs. 2021		
	Apr-24	Mar-24	Apr-23	YoY (%)	MoM (%)	Apr-24	Apr-21	chg (%)
Hen's Egg Grade A (each)	0.47	0.49	0.47	0.4	(3.3)	0.47	0.38	23.0
Hen's Egg Grade B (each)	0.46	0.48	0.45	0.4	(4.8)	0.46	0.35	31.4
Hen's Egg Grade C (each)	0.43	0.44	0.44	(1.8)	(3.2)	0.43	0.30	40.8
Chicken (per kg)	10.13	10.28	10.45	(3.1)	(1.5)	10.13	8.74	15.9

Sources: MIDFR

Table 4: Apr 2024 Egg and Chicken Statistics by State

	Grade A egg (each)	Grade B egg (each)	Grade C egg (each)	Chicken (per kg)
Malaysia	0.470	0.456	0.428	10.13
Johor	0.451	0.431	0.410	9.17
Kedah	0.462	0.436	0.410	9.29
Kelantan	0.457	0.435	0.416	9.02
Melaka	0.450	0.431	0.405	9.29
Negeri Sembilan	0.459	0.431	0.405	9.36
Pahang	0.446	0.428	0.406	9.72
Perak	0.453	0.424	0.409	9.38
Perlis	0.450	0.430	0.390	9.38
Pulau Pinang	0.455	0.435	0.414	9.52
Terengganu	0.464	0.443	0.413	9.43
Putrajaya	0.442	0.422	0.365	8.86
Selangor	0.462	0.441	0.415	9.38
Kuala Lumpur	0.450	0.430	0.410	8.95
Sabah	0.514	0.499	0.492	12.94
Sarawak	0.584	0.561	0.526	12.82
Labuan				12.80

Sources: MIDFR

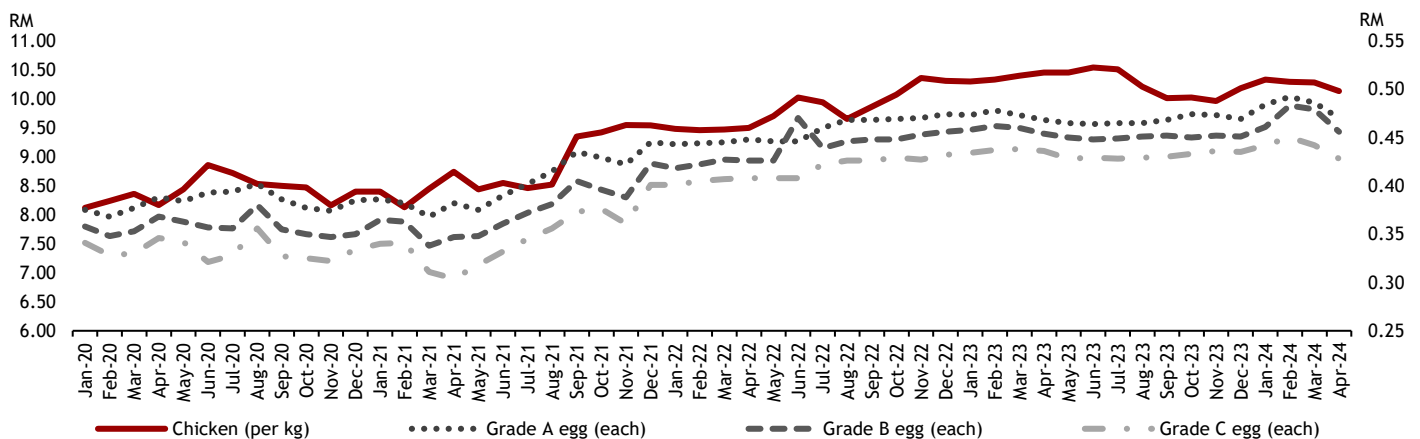
Red: Above Retail Price Ceilings

Green: Below Retail Price Ceilings

Note: Sabah, Sarawak, and Labuan are not subject to standard retail price ceilings, as price ceilings vary across cities.

Note: Retail price control for chicken ended on 30 Oct 2023; price controls for chicken eggs still ongoing

Chart 5: Malaysia's Average Price Trend for Chicken and Eggs



Sources: MIDFR

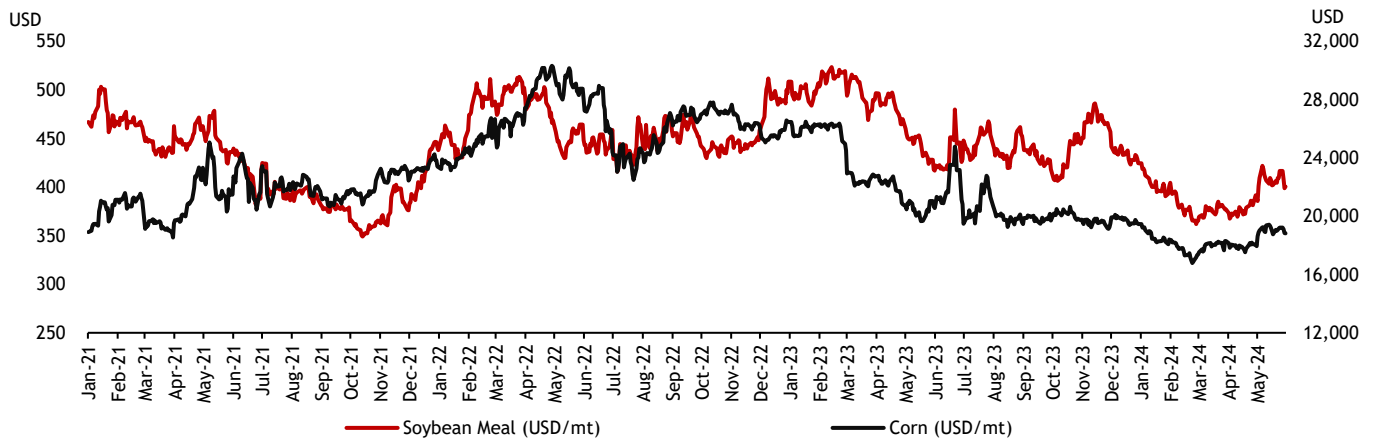
Slight increase in the feed input cost yet remains below 2-years peak level. We anticipate mild cost pressures on poultry players despite the increases in major inputs like soybean meal, corn, and wheat prices as the commodities are trading well-below the CY22-23 level. The slight uptick in the prices could benefit businesses involved in feedmill and raw material trading, such as **QL Resources (BUY, TP: RM7.25)** and **Leong Hup International (BUY, TP: RM0.70)**, leading to higher revenues sequentially given the cost-plus-margin model. Looking ahead to 2HCY24, with commodity prices trading well below CY22-23 levels, we expect raw material costs for poultry players to stay low. The removal of price controls for chicken, effective since 1 November 2023, could further sustain the profit margins of QL and Leong Hup’s livestock business post-subsidy removal. Meanwhile, ongoing egg subsidies, coupled with low raw material costs, may provide egg producers with decent margins, even under existing price controls.

Table 5: Average Monthly Soybean meal, and corn futures prices for May 2024

Commodities	May-24	Apr-24	May-23	YoY (%)	MoM (%)	Remarks
Soybean Meal (USD/mt)	407	377	441	(7.6)	8.0	Year-on-year: Lower prices were in tandem with lower soybean prices, largely attributed to the anticipation of greater global soybean supplies ahead, with increased yields expected from Argentina, the US, and China. Month-on-month: Lower prices were in tandem with lower soybean prices, largely attributed to the anticipation of greater global soybean supplies ahead, with increased yields expected from Argentina, the US, and China.
Corn (USD/mt)	19,057	17,931	20,416	(6.7)	6.3	Year-on-year: Lower prices were mainly due to greater global corn ending stocks, driven by increased world corn production. This higher output in certain producing countries (US, China, the European Union, and Ukraine) could more than offset the lower production forecast for Brazil. Note that corn crops were not as adversely affected by hot and dry weather, as it is a less water-intensive crop. Both Brazil and the USA contributed 27% each to the market share. Month-on-month: Prices rose due to adverse weather conditions in Brazil, weakening market sentiment about the possibility of weaker production expectations. Yet overall global market production remained intact.

Sources: Bloomberg, USDA, MIDFR

Chart 6: Raw Material Futures Price Trend for Poultry Producer (USD/mt)



Sources: Bloomberg, MIDFR

Currency: Weakening of the Ringgit against USD could raise raw material costs for staple producers but benefit exporters.

Ringgit strengthened in May 2024, albeit at an elevated level. The average exchange rate of USD/MYR for May 2024 strengthened by +1%mom to RM4.72/USD. Yet, the Ringgit remained weaker against the USD on a yearly basis compared to RM4.52/USD. MIDF economists now anticipate an average USD/MYR exchange rate of RM4.53/USD in 2024 and RM4.43/USD by the end of 2024. This indicates an increase over the average rates seen in 2023 (RM4.56/USD) and 2022 (RM4.40/USD). Given that raw materials constituting 70-85% of total production costs and are sourced in USD, we foresee continuous currency pressure on raw material importer companies (predominantly F&B and livestock producers). In particular, raw material importers under our coverage include **QL Resources (BUY, TP: RM7.25)**, **Fraser and Neave (BUY, TP: RM37.00)**, **Leong Hup (BUY, TP: RM0.70)**, **Hup Seng Industries (NEUTRAL, TP: RM0.99)**, **Spritzer (NEUTRAL, TP: RM2.05)**, and **Nestle Malaysia (NEUTRAL, TP: RM127.00)**. While staple producers may pass on higher currency costs to customers, profit normalization may lag. The intense competition in the industry also caps price adjustments to retain customers. On a positive note, US-dependent exporters like **Rhong Khen International (BUY, TP: RM1.60)** could benefit from the stronger USD, potentially leading to higher revenues.

Table 6: USD/MYR Monthly statistics for May 2024

Data	Average monthly data					vs. 2-year peak		
	May-24	Apr-24	May-23	YoY (%)	MoM (%)	May-24	Max	chg. (%)
USD/MYR	4.72	4.77	4.52	(4.2)	1.0	4.72	4.80	1.7

Sources: Bloomberg, MIDFR

Chart 7: Price Trend of USD/MYR



Sources: Bloomberg, MIDFR

1QCY24 Earnings Wrap: 8 out of 10 earnings within projections; 5 declare dividends

1QCY24 earnings largely met projections with only retailers outperformed. 8 out of the 10 consumer companies under our coverage reported a 1QCY24 earnings that was within our expectations, with two retailers (Aeon Co and Padini Holdings) results exceeded expectations. The outperformance of **Aeon (BUY, TP: RM1.60)** and **Padini (BUY, TP: RM4.30)** was mainly due to effective cost management, which resulted in lower-than-expected costs, even though revenue was in line with forecasts. Only Fraser and Neave, Leong Hup, QL Resources, Padini and Asia File declared dividend payment during the quarter. Most consumer companies recorded higher core Patanci on yearly basis in 1QCY24, in tandem with the higher revenue. As such, we upgraded our recommendation to BUY from NEUTRAL for QL Resources, Aeon Co, Padini and Rhong Khen International during the earnings reporting season.

TABLE 7: 1QCY24 Revenue & Earnings Overview

Companies	Dividend (sen/share)	1QCY24 Revenue Overview			1QCY24 Core PATANCI Overview		
		YoY (%)	QoQ (%)	Ytd (%)	YoY (%)	QoQ (%)	Ytd (%)
Consumer Staples:							
Fraser & Neave Holdings	30sen/share	12.1	1.5	10.7	53.1	(4.8)	51.4
Leong Hup International	1.3sen/share	9.8	(0.1)	9.8	83.5	(39.1)	83.5
QL Resources	3.5sen/share	13.7	(2.1)	6.6	34.8	(20.1)	26.3
Spritzer	N/A	23.4	8.0	23.4	112.8	7.6	112.8
Hup Seng Industries	NA	8.3	(1.7)	8.3	42.2	2.3	42.2
Nestle Malaysia	NA	(3.2)	5.8	(3.2)	5.4	10.2	5.4
Consumer discretionary:							
Aeon Co M	NA	5.5	13.0	5.5	44.5	61.3	44.5
Padini Holdings	4sen/share	25.8	15.1	8.8	2.3	(20.4)	(23.2)
Asia File Corp	3.5sen/share	(7.9)	6.7	(7.3)	88.3	12.7	26.6
Rhong Khen International	NA	(51.0)	(26.5)	(24.5)	(92.5)	(76.7)	(48.8)

Source: MIDFR, Company

TABLE 8: 1QCY24 Forecast Revisions Summary

Companies	FYE	1QCY24 Results Overview		Recommendation	Revisions	
		Ours	Streets'		Target Price	Earnings Forecast
Consumer Staples:						
Fraser & Neave Holdings	SEPT (2QFY24)	Within 55.2%	Within 60.3%	Unchanged BUY	Unchanged RM37.00	Unchanged
Leong Hup International	DEC (1QFY24)	Within 28.1%	Above 31.3%	Unchanged BUY	Unchanged RM0.70	Unchanged
QL Resources	MAR (4QFY24)	Within 102.3%	Within 101.5%	Upgraded BUY	Higher RM7.25	Revised Upward FY25F = +13.2% FY26F = +16.1%
Spritzer	DEC (1QFY24)	Within 28.4%	Within 30.0%	Unchanged NEUTRAL	Higher RM2.55	Unchanged
Hup Seng Industries	DEC (1QFY24)	Within 26.5%	Within 29.9%	Unchanged BUY	Unchanged RM0.99	Unchanged
Nestle Malaysia	DEC (1QFY24)	Within 27.6%	Within 28.6%	Unchanged NEUTRAL	Lower RM126.00	Revised Downward FY24F = -2.2% FY25F = -4.0% FY26F = -5.9%
Consumer discretionary:						
Aeon Co M	DEC (1QFY24)	Above 50.4%	Above 45.0%	Upgraded BUY	Higher RM1.60	Revised Upward FY24F = +20.1% FY25F = +37.4% FY26F = +35.1%
Padini Holdings	JUN (3QFY24)	Above 81.6%	Within 77.7%	Upgraded BUY	Higher RM4.30	Revised Upward FY24F = +9.2% FY25F = +4.4% FY26F = +4.9%
Asia File Corp	MAR (4QFY24)	Within 101.9%	Within 102.0%	Unchanged NEUTRAL	Higher RM2.05	Revised Upward FY25F = +1.6% FY26F = +2.6%
Rhong Khen International	JUN (3QFY24)	Within 64.9%	Below 51.2%	Upgraded BUY	Higher RM1.60	Revised Upward FY24F = +31.3% FY25F = +36.6% FY26F = +32.8%

Source: MIDFR, Company

Downgraded Hup Seng Industries to NEUTRAL amidst recent share price hike. We downgraded Hup Seng Industries to **NEUTRAL** (from BUY) while maintaining an unchanged **TP of RM0.99** at this juncture, pending review on target price. Our downgrade in call is primarily due to the recent surge in share price, which has diminished anticipated returns.

Maintain NEUTRAL on the Consumer Sector. We anticipate that domestic retail spending on essential and value products will remain steady, supported by (1) various government cash assistance, (2) EPF Account 3 savings for essential expenses, (2) upcoming civil servant salary revisions in December 2024, (3) promising job market, and (4) return of tourist arrivals. We expect raw material costs for biscuit, dairy, and livestock-related companies to stay low due to reduced commodity prices. However, we are cognisant that cocoa, Arabica, and Robusta prices are likely to remain elevated, squeezing margins for chocolate and cocoa-related manufacturers. Despite expectations of easing inflationary pressures, we are cautious about the uncertainties surrounding the implementation timeline of fuel subsidy rationalization and HVG tax. Hence, we maintain **NEUTRAL** on consumer sector.


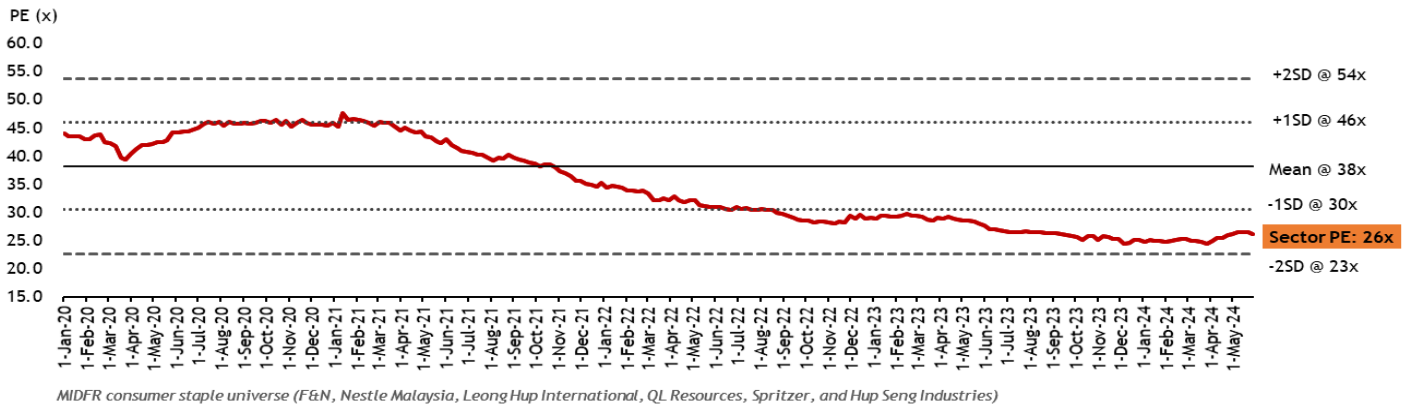
We continue to prefer **Fraser & Neave Holdings (BUY, TP: RM37.00)** and **QL Resources (BUY, TP: RM7.25)** as our top picks. We favor Fraser & Neave Holdings due to the expected benefits from the rising demand for ready-to-drink beverages, driven by increasing tourist traffic and hot weather conditions. Additionally, we like F&N's expansion into upstream dairy farming as it positions the company to tap into the underserved fresh milk market, reduce reliance on imported milk, and subsequently lower costs. We like QL Resources' diversified revenue base spanning horizontally and vertically across four divisions and geographical regions. We are positive that QL stands to benefit from the rising clean energy projects aligned with government renewable energy initiatives and global energy transitions. We are positive that QL stands to benefit from the rising clean energy projects aligned with government renewable energy initiatives and global energy transitions. 

Table 9: Peer comparison table

Stocks	Rec.	Price (RM) @ 5-Jun-24	TP (RM)	Mkt. Cap (RM'm)	Core EPS (sen)		PER (x)		Div. Yield (%)		Net Gearing
					CY24F	CY25F	CY24F	CY25F	CY24F	CY25F	
Consumer Staples:											
Fraser & Neave Holdings	BUY	32.28	37.00	11,860	168.8	187.8	19.1	17.2	2.4	2.4	Net Cash
Leong Hup International	BUY	0.58	0.70	2,099	10.1	11.7	5.7	4.9	6.1	5.7	0.6
QL Resources	BUY	6.40	7.25	15,575	24.7	28.2	25.9	22.7	1.4	1.3	0.2
Spritzer	NEUTRAL	2.73	2.55	890	17.7	19.5	15.4	14.0	1.9	2.3	0.0
Hup Seng Industries	NEUTRAL	0.97	0.99	772	7.8	8.1	12.4	11.9	8.1	8.2	Net Cash
Nestle Malaysia	NEUTRAL	124.00	126.00	29,078	354.2	379.0	35.0	32.7	2.7	2.9	0.8
Weighted Avg.					211.2	227.9	27.9	25.6	2.5	2.5	
Consumer Discretionary:											
Aeon Co M	BUY	1.41	1.60	1,981	10.8	11.2	13.1	12.6	3.1	2.8	0.2
Padini Holdings	BUY	3.80	4.30	2,500	28.1	31.3	13.5	12.1	3.1	3.2	Net Cash
Asia File Corp	NEUTRAL	2.28	2.05	448	21.7	22.6	10.5	10.1	3.7	3.9	Net Cash
Rhong Khen International	BUY	1.38	1.60	268	9.3	12.3	14.8	11.2	2.0	2.7	Net Cash
Weighted Avg.					20.0	21.9	13.2	12.1	3.1	3.1	

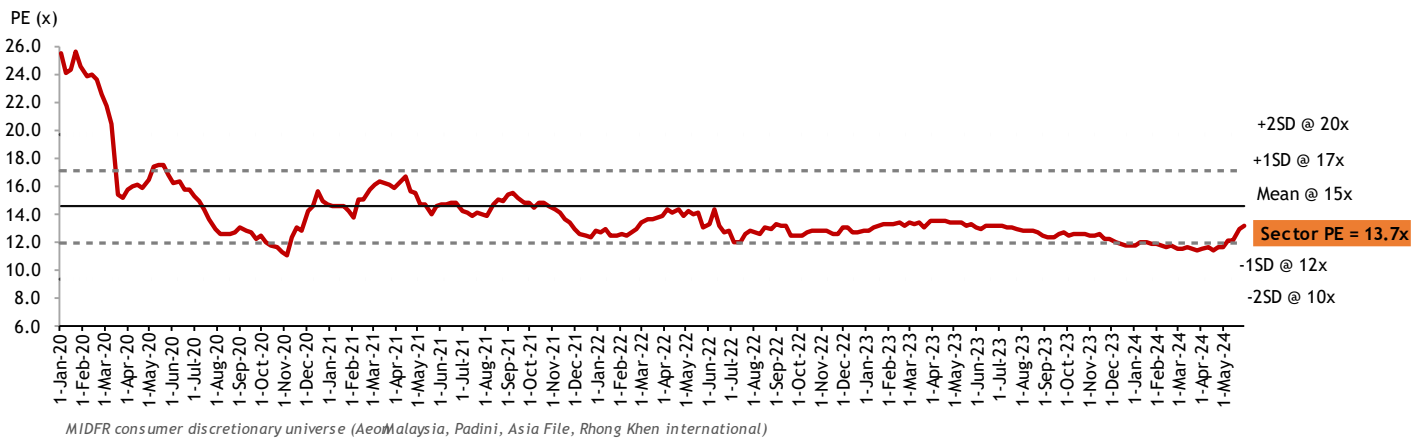
Sources: Bloomberg, MIDFR

Chart 8: 3-Year Forward P/E Band – Consumer Staple



Source: MIDFR

Chart 9: 3-Year Forward P/E Band – Consumer Discretionary



Source: MIDFR

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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 news flow.
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.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology