CELEBRATING MALAYSIA'S
BIGGEST & BEST
PERFORMING COMPANIES

THE EDGE

BILLION RINGGIT Club AWARDS 2017

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Celebrating Corporate Malaysia's crème de la crème

The Edge Billion Ringgit Club (BRC) annual gala dinner and corporate awards, held on Aug 21, saw 59 companies picking up awards for being the best performers on Bursa Malaysia for the financial years between 2014 and 2016.

BRC started in 2010 as an initiative of *The Edge* to recognise, honour and celebrate the best of Corporate Malaysia. We also launched these awards to inspire companies to seek to become billion-ringgit corporations.

This year, based on the March 31, 2017, cut-off date, there were 184 companies listed on Bursa Malaysia with a market cap of RM1.0 billion or more. This is up from 176 companies in 2016 and one short of the all-time high of 185 in 2011.

These 184 companies had a combined market cap of RM1.59 trillion as at March 31, a touch more than RM1.51 trillion in 2016. The RM1.59 trillion constituted 90.3% of the total market cap of Bursa Malaysia at that point. It must be noted that the combined market cap of these 184 companies had increased to RM1.61 trillion as at June 30.

The combined revenue of the BRC 2017 members was RM747.1 billion in FY2016, up 2.8% from RM726.8 billion the previous year.

Profits were, however, weighed down by sizeable losses at several oil and gas and industrial/services companies.

BRC members made a collective pre-tax profit of RM112.5 billion in FY2016 compared with RM115.3 billion in FY2015. The collective net profit was RM81.6 billion in FY2016 compared with RM85.4 billion in FY2015.

BRC members continue to be major taxpayers, paying an estimated RM30.9 billion in taxes for FY2016, compared with RM29.8 billion for FY2015 and RM30.7 billion for FY2014.

The taxes paid for FY2016 is about 27% of the "more than RM114 billion" direct taxes the Inland Revenue Board reportedly collected in 2016.

We presented sectoral awards based on three financial performance measures:

1) A weighted return on equity (ROE) over three years;
2) Compound annual growth rate (CAGR) in after-tax profit over three years; and
3) Returns to shareholders over three years — a combination of dividend payout and share price performance.

In past years, we recognised only the companies with the highest scores in each category. This year, we presented awards to those with the highest, as well as the second highest scores. Given the fact that there are over 900 companies on Bursa, we believe recognition must be broader instead of being confined to around 30 companies each year. Furthermore, in many cases, the difference in the financial performance between the top two companies is quite marginal.

This year, we also split companies with big market cap from others in the finance and property sectors. We believe those of the same size should be measured against each other rather than against others with a totally different market cap.

Another change we made this year is to use the share price of the companies on June 30 instead of March 31 to compute the total returns as that is closer to the date of the awards.

For the Company of the Year, we used a matrix of financial performance in the three categories and corporate responsibility initiatives on a weighted basis:

Weight To Total Score
3-year ROE 20%
3-year shareholders' return 20%
3-year PAT growth 30%
Corporate responsibility 30%

The Company of the Year for 2017 went to AirAsia Bhd, which is possibly the best-known Malaysian mass consumer brand in the world.

The Value Creator: Malaysia's Outstanding CEO award is given to an individual who has achieved outstanding success in growing a business and company over a period of time as reflected in market valuation, return to shareholders, profit growth and creation of employment.

This year's recipient was Westports Holdings Bhd chairman Tan Sri G Gnanalingam for building a RM12.5 billion company from nothing in 20 years.

A special award was also presented to Malayan Banking Bhd (Maybank) for making history as the first company listed on Bursa Malaysia to breach RM100 billion in market capitalisation — a truly amazing achievement.

At a time when we see forces of division playing out both at home and abroad, it is important for each of us to make a stand against it, in whatever way we can, in the course of our business. This year, we presented a special award for public service to Astro Malaysia Holdings Bhd for producing the movie *Ola Bola*, an inspiring story of our 1980 Olympics football team, which shows that diversity is our greatest asset.

Finally, I would like to thank OCBC Bank, Jaeger-LeCoultre, Mercedes Benz and Qatar Airways for their partnership of this prestigious event to honour and celebrate the best of Corporate Malaysia.

Ho Kay Tat
Publisher & Group CEO
The Edge Media Group

CONTENTS

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BILLION RINGGIT Club

Winners of *THE EDGE* BILLION RINGGIT CLUB corporate awards 2017

VALUE CREATOR
MALAYSIA'S OUTSTANDING CEO
Tan Sri G Gnanalingam
Executive Chairman of Westports Holdings Bhd

COMPANY OF THE YEAR
AirAsia Bhd

SPECIAL AWARD
1ST COMPANY TO BREACH RM100 BIL MARKET CAPITALISATION
Malayan Banking Bhd

GOLD

SUPER BIG CAP COMPANIES
Companies with more than RM40 billion market capitalisation
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Maxis Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Tenaga Nasional Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
IHH Healthcare Bhd

BIG CAP COMPANIES
Companies with RM10 billion to RM40 billion market capitalisation
HIGHEST RETURN ON EQUITY OVER THREE YEARS
DiGi.Com Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
AirAsia Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Hap Seng Consolidated Bhd

CONSTRUCTION SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Gamuda Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
IJM Corp Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Kerjaya Prospek Group Bhd

CONSUMER PRODUCTS SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Nestlé (Malaysia) Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Panasonic Manufacturing Malaysia Bhd
Hong Leong Industries Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Kawan Food Bhd

FINANCE SECTOR
(Below RM10 billion market cap)
HIGHEST RETURN ON EQUITY OVER THREE YEARS
AEON Credit Service (M) Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
LPI Capital Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Syarikat Takaful Malaysia Bhd

FINANCE SECTOR
(RM10 billion and above market cap)
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Public Bank Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Public Bank Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Hong Leong Bank Bhd

INDUSTRIAL PRODUCTS SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Scientex Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Scientex Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
VS Industry Bhd

PLANTATIONS SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Kuala Lumpur Kepong Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Batu Kawan Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Kim Loong Resources Bhd

PROPERTY SECTOR
(Below RM3 billion market cap)
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Matrix Concepts Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
KSL Holdings Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Sunsuria Bhd

PROPERTY SECTOR
(RM3 billion and above market cap)
HIGHEST RETURN ON EQUITY OVER THREE YEARS
UOA Development Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
UOA Development Bhd
IGB Corp Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Sunway Bhd

REIT SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
KLCCP Stapled Group

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
IGB REIT

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
IGB REIT

TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY SECTORS
HIGHEST RETURN ON EQUITY OVER THREE YEARS
DiGi.Com Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
AirAsia Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
George Kent (Malaysia) Bhd
ViTrox Corp Bhd

SILVER

SUPER BIG CAP COMPANIES
Companies with more than RM40 billion market capitalisation
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Public Bank Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Public Bank Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Tenaga Nasional Bhd

BIG CAP COMPANIES
Companies with RM10 billion to RM40 billion market capitalisation
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Astro Malaysia Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Hap Seng Consolidated Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Westports Holdings Bhd

CONSTRUCTION SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Muhibbah Engineering (M) Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Ekovest Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Ekovest Bhd

CONSUMER PRODUCTS SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Dutch Lady Milk Industries Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
QL Resources Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Hong Leong Industries Bhd
Padini Holdings Bhd

FINANCE SECTOR
(Below RM10 billion market cap)
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Syarikat Takaful Malaysia Bhd
Bursa Malaysia Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
BIMB Holdings Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
LPI Capital Bhd

FINANCE SECTOR
(RM10 billion and above market cap)
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Hong Leong Bank Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Malayan Banking Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Malayan Banking Bhd

INDUSTRIAL PRODUCTS SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Petronas Gas Bhd
Hartalega Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Top Glove Corp Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Press Metal Aluminium Holdings Bhd

PLANTATIONS SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
IOI Corp Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Genting Plantations Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Far East Holdings Bhd

PROPERTY SECTOR
(Below RM3 billion market cap)
HIGHEST RETURN ON EQUITY OVER THREE YEARS
KSL Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
MKH Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Matrix Concepts Holdings Bhd

PROPERTY SECTOR
(RM3 billion and above market cap)
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Mah Sing Group Bhd
Sunway Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
S P Setia Bhd
Mah Sing Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
UOA Development Bhd

REIT SECTOR
HIGHEST RETURN ON EQUITY OVER THREE YEARS
IGB REIT

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Sunway REIT

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
YTL Hospitality REIT

TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY SECTORS
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Astro Malaysia Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
MMC Corp Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
My E.G. Services Bhd

BEST CR INITIATIVES
Super Big Cap — above RM40 bil market cap
FIRST PLACE
Tenaga Nasional Bhd

BEST CR INITIATIVES
Big Cap — RM10 bil to RM40 bil market cap
FIRST PLACE
Telekom Malaysia Bhd

BEST CR INITIATIVES
Below RM10 bil market cap
FIRST PLACE
Allianz Malaysia Bhd

SPECIAL AWARD FOR PUBLIC SERVICE
Astro Malaysia Holdings Bhd — Ola Bola

Sustaining growth amid challenging times

BY CINDY YEAP

This year's 184 *The Edge* Billion Ringgit Club (BRC) members made up 20.4% of the companies listed on Bursa Malaysia as at March 31, 2017 — the membership cut-off date. They collectively commanded a market capitalisation of RM1.59 trillion, or 90.3% of the entire market value as at that day, up 5.2% from RM1.51 trillion last year, after falling for two consecutive years.

The gain in the collective value of the BRC companies — those with a market capitalisation of at least RM1 billion as at end-March — happened even as the FBM KLCI regained ground and closed above 1,700 points again in March.

Before that, the ringgit's decline to levels last seen during the 1998 Asian financial crisis and the market volatility following the outflow of foreign funds from emerging markets after the US presidential election, nudged the FBM KLCI 3% lower year on year in 2016 to 1,641.73 points. It marked a third straight year of decline after skidding 3.9% in 2015 and 5.7% in 2014. Before that, the local benchmark had risen for five consecutive years, from 876.75 points at end-2008 to 1,866.96 points by end-2013.

By June 30 this year, the 184 BRC members' combined market capitalisation had increased further (from end-March) to RM1.61 trillion, led by gains at Malayan Banking Bhd and CIMB Group Holdings Bhd, which each gained more than RM10 billion in market cap in the second quarter. In June this year, Maybank became the first Malaysia-listed company with a market cap of more than RM100 billion.

The significant change in stock prices between end-March and end-June is why *The Edge* decided to change the cut-off date in tabulating total returns to shareholders from end-March to end-June, closer to the BRC gala dinner and awards.

The membership cut-off date was kept at end-March to give enough time to compile data for tabulation as well as for the panel of corporate responsibility (CR) judges to review the companies. Because of this, two large IPOs did not make it to our list this year: Eco World International Bhd, which listed on April 3, and Lotte Chemical Titan Holdings Bhd, listed on July 11. They will only be included for membership next year.

The 184 BRC 2017 members continue to be major taxpayers, paying an estimated RM30.9 billion in taxes in FY2016 compared with RM29.8 billion in FY2015 and RM30.7 billion in FY2014. The taxes paid for FY2016 made up about 27% of the "more than RM114 billion" in direct taxes the Inland Revenue Board reportedly collected last year. The IRB collected RM116.8 billion in direct taxes in 2015, RM127 billion in 2014 and RM121 billion in 2013. The taxman reportedly aims to collect RM127 billion in direct taxes this year.

The higher combined tax haul came even as the combined revenue of the 184 BRC 2017 members reached RM747.1 billion in FY2016, up 2.8% from RM726.8 billion in the previous financial year.

Nonetheless, the bottom line was lower, with BRC members posting a collective pre-tax profit of RM112.5

CONTINUES NEXT PAGE

MEMBERSHIP

	2017	2016	2015	2014	2013
Number of BRC companies	184	176	166	178	144
(Total listed companies)	20.4% of 904	19.4% of 906	18.3% of 906	19.06% of 934	15.4% of 937
BRC combined market cap as at end-March (RM bil)	1,592.607	1,513.542	1,536.644	1,544.761	1,320.444
	5.2% y-o-y	1.5% y-o-y	0.5 y-o-y	17.0% y-o-y	10.3% y-o-y
BRC combined market representation as at end-March	90.3%	90.7%	88.88%	90.91%	90.6%

of total market cap of Bursa-listed companies

NO OF BRC MEMBERS	BRC 2016 SECTORS	MARKETCAP AS AT MARCH 31, 2017 (RM MIL)	TURNOVER 2015 (RM MIL)	TURNOVER 2016 (RM MIL)	Y-O-Y CHANGE (%)	PBT 2015 (RM MIL)	PBT 2016 (RM MIL)	Y-O-Y CHANGE (%)	NET PROFIT 2015 (RM MIL)	NET PROFIT 2016 (RM MIL)	Y-O-Y CHANGE (%)
9	Construction	37,783	14098	15475	9.8	2,616	2,840	9	1,707	2,067	21
18	Consumer products	107,672	57194	55420	-3.1	6,647	4,108	-38	4,734	3,103	-34
7	Finance (RM10 bil and above)	298,837	105129	108118	2.8	30,181	29,192	-3	22,185	21,760	-2
12	Finance (below RM10 bil)	50,873	20921	21140	1.0	4,360	4,849	11	3,128	3,504	12
23	Industrial products	164,176	75511	78480	3.9	10,242	9,785	-4	7,987	7,092	-11
17	Plantation	105,678	65657	74636	13.7	4,460	7,009	57	2,622	4,783	82
9	Property (RM3 billion and above)	53,991	23011	24521	6.6	5,646	6,319	12	4,062	4,354	7
13	Property (below RM3 billion)	21,069	8176	8853	8.3	2,919	2,040	-30	2,372	1,487	-37
9	REIT	40,207	3864	4044	4.6	3,142	2,427	-23	2,397	2,208	-8
67	Trading/Services, Hotels, IPC, Tech	712,322	353249	356424	0.9	45,042	43,960	-2.40	34,228	31,230	-9
184		1,592,607	726,813	747,111	2.8	115,255	112,528	-2.37	85,422	81,587	-4

NO OF BRC MEMBERS	BRC 2016 CATEGORIES	MARKETCAP AS AT MARCH 31, 2017 (RM MIL)	TURNOVER 2015 (RM MIL)	TURNOVER 2016 (RM MIL)	Y-O-Y CHANGE (%)	PBT 2015 (RM MIL)	PBT 2016 (RM MIL)	Y-O-Y CHANGE (%)	NET PROFIT 2015 (RM MIL)	NET PROFIT 2016 (RM MIL)	Y-O-Y CHANGE (%)
9	Super Big Cap (above RM40b market cap)	562,549	209,394	217,843	4.0	40678	40029	-2	31305	31352	0.2
29	Big Cap (RM10b to 40b market cap)	586,525	233,435	231,119	-1.0	42748	46135	8	31082	33326	7
146	Others (RM1b to 10bmarket cap)	443,534	283,983	298,150	5.0	31828	26364	-17	23035	16909	-27
184		1,592,607	726,813	747,111	2.8	115,255	112,528	-2	85,422	81,587	-4

Gains in plantation sector boosts collective revenue

FROM PREVIOUS PAGE

billion in FY2016 compared with RM115.3 billion in FY2015.

Collective net profit was RM81.6 billion in FY2016 compared with RM85.4 billion in FY2015, RM87.8 billion in FY2014 and RM85.5 billion in FY2013. Collective FY2016 earnings were weighed down by sizeable losses at several oil and gas as well as industrial and services companies, including UMW Oil & Gas Corp Bhd, UMW Holdings Bhd, Bumi Armada Bhd and DRB-Hicom Bhd.

A quick sectoral analysis of this year's 184 BRC members reveals that the collectively higher turnover was lifted by significant gains in the plantation sector. All other sectors also gained in terms of top line, except for consumer products. Planters also led gains in terms of pre-tax and net profits for FY2016.

The FY2016 net profit of the nine Super Big Cap companies — those with a market capitalisation of at least RM40 billion — were largely unchanged year on year, although their combined turnover was up 4%. On the other hand, the 29 Big Cap companies — with a market capitalisation of RM10 billion to RM40 billion — saw a 1% decline in combined turnover but an 8% rise in profit before tax and 7% gain in collective net profit.

The 146 BRC 2017 members with RM1 billion to RM10 billion in market cap, meanwhile, saw a 5% rise in turnover for FY2016 but 17% lower pre-tax profit and a 27% fall in net profit collectively.

On a brighter note, DiGi.Com Bhd — *The Edge* BRC's Company of the Year in 2013 — continues to be the only one that has made it to *The Edge* BRC top 20 list every year in the eight years since the inception of the awards in 2010. Meanwhile, Nestle (M) Bhd — last year's Company of the Year — is the only one that has appeared on the BRC top 20 list in seven of the eight annual BRC rankings since 2010. E

BRC 2017 – HIGHLIGHTS

- 184 BRC members, up from 176 in 2016 and only one less than the all-time high in 2011.
- The 184 command a market capitalisation of RM1.59 trillion or 90.3% of the combined market capitalisation of all Bursa Malaysia-listed companies as at March 31, 2017. This is just above the RM1.51 trillion (90.7%) last year, RM1.536 trillion (88.9%) in 2015, RM1.544 trillion (90.9%) in 2014, RM1.32 trillion (90.6%) in 2013.
- As at June 30, 2017, the 184's combined market capitalisation increased further (from end-March 2017) to RM1.61 trillion, led by gains at Malayan Banking Bhd and CIMB Group Holdings Bhd, which each gained more than RM10 billion in market cap in the second quarter. In June this year, Maybank became the first Malaysian-listed company with more than RM100 billion marketcap.
- The combined revenue of the BRC 2017 members was RM747.1 billion in FY2016, up 2.8% from RM726.8 billion the previous year (FY2015).
- This year's BRC members also made a collective pre-tax profit of RM112.5 billion in FY2016 compared with RM115.3 billion in FY2015.
- Collective net profit was RM81.6 billion in FY2016 compared with RM85.4 billion in FY2015, RM87.8 billion in FY2014 and RM85.5 billion in FY2013. Collective FY2016 earnings were weighed down by sizeable losses at several oil and gas and industrial/services companies
- BRC members continue to be major taxpayers, paying an estimated RM30.9 billion in taxes for FY2016 compared with RM29.8 billion for FY2015 and RM30.7 billion for FY2014. The taxes paid for FY2016 made up about 27% of the "more than RM114 billion" direct taxes the Inland Revenue Board reportedly collected in 2016. The IRB collected RM116.8 billion in direct taxes in 2015, RM127 billion in 2014 and RM121 billion in 2013. The taxman reportedly aims to collect RM127 billion in direct taxes in 2017.
- Due to our March 31 cut-off date for BRC membership, Eco World International Bhd, which was listed on April 3, and Lotte Chemical Titan Holdings Bhd, which listed on July 11, will only be included for membership next year.
- DiGi.Com Bhd — *The Edge* BRC's Company of the Year in 2013 — is the only company that has made it to *The Edge* BRC Top 20 list every year in the eight years since the awards' inception in year 2010.
- Nestle (M) Bhd — last year's Company of The Year — is the only company that has appeared on the BRC top 20 list in seven of the eight annual BRC rankings since 2010.

METHODOLOGY

Membership of this elite group is automatic and complimentary for all companies listed on Bursa Malaysia as at March 31, 2017, with at least RM1 billion in market capitalisation. There are 184 members in the club this year.

As recognition is the best reward for accomplishments, it is *The Edge*'s hope that the awards continue to encourage more companies to strive even harder for excellence.

THE AWARDS

- One Company of the Year award;
- Value Creator(s): Outstanding CEO(s) of Malaysia award(s) [optional];
- One Best Corporate Responsibility (CR) initiatives award in three categories; and
- 36 sectoral corporate awards — three categories for 10 sectors plus two categories for large companies.
- The sectoral awards are:
- *The Edge* BRC Highest Return on Equity Over Three Years;
- *The Edge* BRC Highest Growth in Profit After Tax Over Three Years; and
- *The Edge* BRC Highest Returns to Shareholders — for best performing stock.

The 12 CATEGORIES are:

- Super Big Cap companies — companies with over RM40 billion market capitalisation;
- Big Cap companies — companies with RM10 billion to RM40 billion market capitalisation;
- Construction;
- Consumer products;
- Finance — below RM10 billion market cap;
- Finance — RM10 billion and above market cap;
- Industrial products;
- Plantations;
- Property — below RM3 billion market cap;
- Property — RM3 billion and above market cap;
- REIT; and
- Trading and services, hotel, IPC and technology.

THE EDGE BRC SECTORAL CORPORATE AWARDS

To be eligible for the corporate awards, a BRC member must have been listed at least four calendar years before the end-March cut-off date in the current year as companies are evaluated on their financial performance over three years.

The methodology for the corporate awards is both stringent and transparent, with the results audited by **Deloitte Malaysia**. The data used in determining the companies that qualify for *The Edge* BRC membership and winners of *The Edge* BRC Corporate Awards is provided by **Asia Analytica Data Sdn Bhd** (formerly known as The Edge Markets Sdn Bhd) and data extracted from Bloomberg.

Members eligible for the Highest Return on Equity Over Three Years and Highest Growth in Profit After Tax Over Three Years awards must be profitable every year throughout the evaluation period. For this year, the evaluation period is between FY2013 and FY2016. Calculation for PAT growth is also subject to a risk-weight factor component to recognise the importance of consistency in profit delivery throughout the evaluation period.

Winners for *The Edge* BRC Highest Returns to Shareholders award are judged purely based on total return, consisting of share price gains and dividends over a three-year period. This year, the cut-off date is changed from March 31 to June 30 so that the market data is closer to the BRC gala dinner. The June 30 cut-off date will be maintained going forward, with this year being the "gap" year when the data is for three years and three months (March 31, 2014, to June 30, 2017). The annual end-March cut-off date for BRC membership is unchanged due to the need to source CR information for the judges' consideration.

Companies with scores within 0.5point of each other are deemed to be of the same rank in determining the recipients of both gold and silver awards. There could, therefore, be cases of joint recipients for gold and silver awards.

THE EDGE BRC BEST CR INITIATIVES AWARD

Eligible companies are evaluated by a panel of judges on their CR initiatives. *The Edge* BRC Best CR Initiatives award is presented to companies with the top average scores in three categories: the Super Big Cap category (companies with over RM40 billion in market capitalisation), the Big Cap category (companies with RM10 billion to RM40 billion in market capitalisation) and companies with less than RM10 billion market capitalisation.

The panel is selected by *The Edge* and the evaluation criteria are based on the three focal areas spelt out by Bursa Malaysia's Sustainability Reporting Guide for Public Listed Companies — economic, social and environmental.

CR scores account for 30% of the evaluation for *The Edge* BRC Company of the Year award.

THE EDGE BRC COMPANY OF THE YEAR AWARD

The Edge BRC Company of the Year award recognises the year's best company based on the following factors:

Evaluation component	Weightage to overall score
QUANTITATIVE	
Returns to shareholders over three years	20%
Growth in profit after tax over three years	30%
ROE over three years	20%
QUALITATIVE	
Corporate responsibility initiatives	30%

The final decision on *The Edge* BRC Company of the Year takes into account other qualitative elements as determined by *The Edge*.

VALUE CREATOR: OUTSTANDING CEO OF MALAYSIA

The winner(s) of this award is determined by *The Edge* based on an assessment of the person's contribution to value creation for his/her company. Here, value creation is reflected in the company's market valuation, return to shareholders and stakeholders, revenue and profit growth as well as employment creation. To be chosen, the CEO must have achieved outstanding success in all these areas. Assessment starts from when the person became CEO of the company. *The Edge* has absolute discretion in deciding on this exclusive award and can choose not to name a winner — as was the case in 2011 and 2015.

In 2010, the award went to Tan Sri Teh Hong Piow and Datuk Seri Nazir Razak for their outstanding contribution to their respective banking groups, Public Bank Bhd and CIMB Group Holdings Bhd.

In 2012, the recipients were AmBank Group founder and chairman Tan Sri Azman Hashim and AirAsia Bhd co-founder and group CEO Tan Sri Tony Fernandes. Azman remains a financier for all seasons while Fernandes won for his role in transforming Asia's aviation industry.

In 2013, the award went to Minister in the Prime Minister's Department Tan Sri Abdul Wahid Omar and Tan Sri Liew Kee Sin, former president and CEO of S P Setia Bhd. Abdul Wahid was recognised for his leadership during his tenure as CEO of Renong Bhd (2001 to 2004), Telekom Malaysia Bhd (2004 to 2008) and Malayan Banking Bhd (2008 to 2013) while Liew won for his contribution at S P Setia, a company he left in April 2015 (after about 18 years) for niche developer Eco World Development Holdings Bhd.

In 2014, the award went to Sunway Group founder and executive chairman Tan Sri Jeffrey Cheah and Axiata Group Bhd president and group CEO Tan Sri Jamaludin Ibrahim for having shown exemplary leadership in building businesses and creating value for all stakeholders. Last year, the award went to Khazanah Nasional Bhd managing director Tan Sri Azman Mokhtar, who was instrumental in not only transforming the institution but also the collective transformation of 20 government-linked companies across varied industries.

BILLION RINGGIT Club

VALUE CREATOR:
OUTSTANDING CEO OF MALAYSIA

Tan Sri G Gnanalingam

Executive Chairman of Westports Holdings Bhd

Marketing guru and visionary

BY CINDY YEAP

Tan Sri G Gnanalingam is known as the self-made billionaire co-founder of Westports Malaysia. Seasoned Corporate Malaysians, however, would know "Tan Sri G" is also widely regarded as Malaysia's first homegrown marketing guru.

Tan Sri G or "Super G", as he is fondly known, first made his mark as marketing director of a consumer-based multinational corporation in the 1970s and was credited with helping to raise the money that enabled Malaysians to watch live, for the first time, World Cup football matches in our living rooms in 1982.

"It was called the People's Live Telecast for those of us who remember," says Ho Kay Tat, The Edge Media Group publisher and group CEO.

Tan Sri G went on to successfully commercialise the operations of Radio Televisyen Malaysia. His marketing consultancy, G-team Consultants, helped make the 1989 Southeast Asian Games in Kuala Lumpur a profitable and successful event.

"He was so busy during that period," recalls his eldest son, Ruben Emir Gnanalingam, CEO of Westports Holdings Bhd. The 41-year-old says his younger brother Surin and he used to hang out at their father's office and watch him work.

But Tan Sri G's greatest achievement was to come after that. In 1994, he won the concession to run a port terminal.

"The move shocked many of his friends and business associates because it was something totally alien to him, and Malaysian ports did not make money," Ho says. "It was a privatisation project fraught with high capital expenditure and risks for him and his partners. The port started in 1996 with only 10 cranes and one year later the Asian financial crisis struck. The timing could not have been worse."

Ruben, who was 18 in 1994, recalls how his father took the family to Pulau Indah one evening to see the site. "We honestly thought he was nuts to think he could turn it into a transshipment hub but he was very, very excited and determined. He had a vision and he stuck to it."

And because Tan Sri G persevered against all odds, today, 23 years later, that "barren, swampy island" is now a port and transshipment hub that employs over 4,600 Malaysians, many of whom are from Pulau Indah, the island that Westports calls home. Strategically located along the Strait of Malacca, Westports is the leading terminal operator in Port Klang, commanding 76% of container volume throughput as at end-2016.

Westports Holdings is worth RM12.4 billion and is one of the 35 largest companies listed on Bursa Malaysia. If one were to count only non-government-linked companies, it would be among the top 20 in terms of market capitalisation at the time of writing.

SUHAIMI YUSUF/THE EDGE

"I'm absolutely delighted [with the award]," Tan Sri G, who is Westports Holdings executive chairman, tells *The Edge*. "It is the most prestigious award I have ever received ... the impact it has made. I didn't realise that we were so large. I'm glad my efforts have been recognised."

An earlier recognition of his success came in 2000 when "Superman" Li Ka-shing's Hutchison Whampoa took a 30% stake in Westports ahead of its IPO in 2013.

Not only is Westports now one of Asia's busiest ports, the lives and livelihoods of people in Pulau Indah have improved due to Tan Sri G's perseverance and belief that "charity begins at home".

"And our home is Pulau Indah. That is why all our [corporate responsibility] efforts are focused on the island," Ruben explains when asked about Westports' CR programmes and the people in Pulau Indah.

"We have now expanded to help the people on the island with medical assistance, security and also education assistance for their children."

A source close to Tan Sri G says, "He gives Astro box sets to employees as bonus so that their children can watch National Geographic. He set up an 'along' fund to help people get out of their loan shark debts, allowing them to repay him through wage deductions. That's the sort of man he is."

What is the secret of Tan Sri G's success and the best advice he gave his eldest son?

"Hard work, adapting to the times and doing the right thing always," says Ruben, who accepted *The Edge* Billion Ringgit Club Value Creator: Outstanding CEO of Malaysia award on his father's behalf at a gala dinner in Kuala Lumpur on Aug 21. Also present at the ceremony was the honoree's wife, Puan Sri Siew Yong Gnanalingam.

"Most of what I have learnt in business and in leadership I have learnt from him. You are only a leader if you make people around you better. He has instilled a strong commitment of governance within the company and in me as well. It is something very dear to his heart," Ruben says of his 72-year-old father who is still "very much involved" in running Westports today.

"He does the parts he wants to and I handle the rest. It works out well and I would not have it any other way." E

BILLION RINGGIT Club

COMPANY OF THE YEAR

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION
TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY

AirAsia

Flying high

BY KATHY FONG

MOHD SHAHRIN YAHYA/THE EDGE

With barely two aircraft and RM40 million debt on its balance sheet — that was how AirAsia Bhd co-founders Tan Sri Tony Fernandes and Datuk Kamarudin Meranun started Asia's first low-cost carrier, facing off against well-established national airlines with stronger financial resources and bigger fleets.

Were you among the sceptics who thought the fledgling airline would not survive for five years or even three? If you said, yes, you were probably in the majority.

You can be forgiven for your scepticism, considering there were no no-frills airlines in this part of the world in 2001. Malaysians just couldn't imagine that people would want to fly with AirAsia when you had to purchase meals and drinks on board, unlike the free flow of coke or pineapple juice passengers on full-service airlines enjoyed.

However, the low fares proved irresistible — and that remains the case until now. Jaws dropped when fares as low as 99 sen were announced for flights from Kuala Lumpur to Penang.

Fast forward to 2017, and AirAsia has not only survived but is now the largest airline in Asean in terms of the number of passengers carried, and one of the biggest in Asia.

Over the years, the airline has spread its wings to other countries, setting up PT AirAsia Indonesia, AirAsia (India) Ltd, Air Asia Philippines Inc, Thai AirAsia Co Ltd, and AirAsia Japan Co Ltd with local partners. Its sister company, AirAsia X Bhd, focuses on long-haul flights.

The low-cost carrier now brings in the highest number of passengers to airports in Malaysia. Indeed, it has grown so rapidly that it has left local airports striving to keep pace in terms of capacity.

AirAsia has been named *The Edge* Billion Ringgit Club Company of the Year 2017, scoring high on earnings growth, returns to shareholders as well as corporate responsibility initiatives.

On top of that, the airline bagged two more awards — highest growth in profit after tax (PAT) over three years, under the Big Cap Companies category, and in the Trading/Services, Hotels, IPC and Technology sector.

Fernandes, who is the CEO, is thrilled with the recognition. In a Facebook posting, he says he is "super proud" of the budget airline for bagging the award.

"Super proud. *The Edge*, a newspaper I super respect, has just named AirAsia as Company of the Year," Fernandes says.


Tony Fernandes
22 Aug at 8:38am • Facebook Mentions •

Super proud. The Edge a newspaper I super respect has just named **AirAsia** as Company of the Year . We also won two more awards. Dividends , Profit Growth. Watch this space. Well done to all the wonderful Allstars . Edge gave me my first cover and editor mentioned that he was afraid to put me on cover as he wasn't sure we wouldn't succeed.

967 45 Comments • 44 Shares

GIVING INCUMBENTS A GOOD FIGHT

The airline's lean and mean business model, with an emphasis on cost efficiency and productivity that enables it to offer competitive fares, has changed the landscape of the aviation industry in Asia to a large extent.

As its slogan — "Everyone can fly" — proclaims, AirAsia has made air travel much more affordable. As air tickets become cheaper, people are travelling more frequently. As at end-2016, AirAsia had carried 369 million passengers since its launch, or more than 10 times the population of Malaysia. Its fleet has expanded to 174 aircraft, and it flies 225 routes, connecting 109 destinations in 18 countries.

In 2016, AirAsia carried 26.4 million passengers, with an 87% load factor.

AirAsia celebrated its 15th anniversary last year and there was good reason to celebrate the milestone.

"We were able to do so (celebrate the 15th anniversary) with a record performance across the group in terms of revenue, profit and load factor. The past 15 years have been an exciting, though sometimes also daunting, journey. Yet we have managed to overcome many challenges by persevering with our lean business model, which we knew to be effective," says Kamarudin, the executive chairman, in the airline's 2016 annual report.

BUMPY RIDE BUT STILL GROWING

The fluctuation of the ringgit has resulted in more volatility for AirAsia's earnings due to foreign exchange gains or losses.

AirAsia's net profit soared to a record of RM2.047 billion in the financial year ended Dec 31, 2016 (FY2016), a big jump from RM541 million in FY2015, and RM83 million in FY2014.

This translates into a three-year compound annual growth rate of 78.2% — the highest among the Big Cap Companies with a market capitalisation of RM10 billion to RM40 billion (based on a June 30, 2017, closing) as well as for the Trading/Services, Hotels, IPC and Technology sector.

PAT in FY2016 was substantially lifted by a forex gain of RM484.68 million and share of the results of associates of RM134.7 million, compared with a forex loss of RM331.3 million and share of loss of associates amounting to RM825.5 million the year before.

The airline also achieved a higher operating profit of RM2.11 billion versus RM1.59 billion in FY2015. Annual revenue grew to RM6.84 billion from RM6.29 billion the year before.

Like its earnings trend, AirAsia's share price has had a bumpy ride between April 1, 2014, and June 30, 2017.

The stock nosedived to a low of 74 sen on Aug 26, 2015, from above the RM2 level after Hong Kong-based GMT Research issued a report questioning the airline's accounting practices, and accused it of using transactions with associate companies to boost its earnings.

Nonetheless, the counter has since regained lost ground. Investors who had picked up the stock at the trough should be smiling now. E

BILLION RINGGIT Club

SPECIAL AWARD FOR EXCELLENCE

FIRST MALAYSIAN COMPANY TO CROSS RM100 BILLION MARKET CAPITALISATION

100-billion-ringgit banking giant

BY CINDY YEAP

When *The Edge* launched the Billion Ringgit Club in 2010, the purpose was to recognise the best performing companies and also to make others aspire to reach the RM1 billion market capitalisation mark.

At the time, there were 163 companies above the RM1 billion mark with a combined market cap of RM916.6 billion. Collectively, the 163 BRC members had RM539.3 billion in revenue and RM67.16 billion in profit before tax. The bellwether FBM KLCI was at 1,319.21 points back then.

Eight years on, as at Aug 24, the local benchmark was about 35% higher at 1,775.5 points but off its high of 1,892.65 points reached on July 8, 2014. Nonetheless, the combined market cap of BRC members is at an all-time high of RM1.59 trillion, up nearly 74% from when the BRC awards began.

The introduction of two new categories — Super Big Cap (RM40 billion and above market cap) and Big Cap (RM10 billion to RM40 billion market cap) — last year was to inspire members to reach new heights. There were only nine companies with about RM40 billion market cap here at the time of writing.

This year, *The Edge* BRC has a new benchmark, thanks to Malayan Banking Bhd.

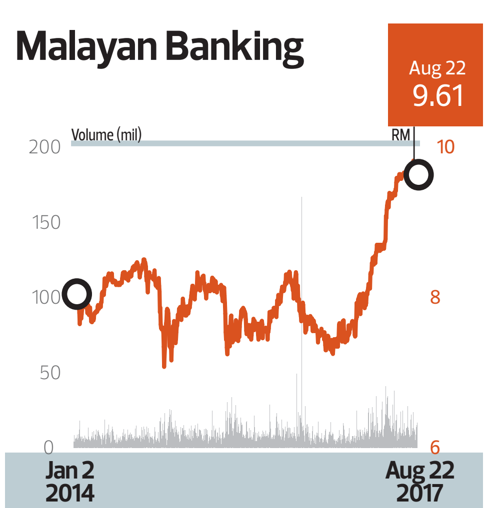
As at March 31, 2010, Maybank was already the largest listed company on Bursa Malaysia with a market cap of RM52.87 billion. On June 7 this year, it crossed the RM100 billion market cap mark and achieved RM103.56 billion on Aug 9, its largest to date.

While Maybank's market cap had retraced to RM101.03 billion at the time of writing (Aug 24), it was still at least RM20 billion larger than that of the second and third largest listed companies on Bursa: Tenaga Nasional Bhd (RM80.58 billion) and Public Bank Bhd (RM79.47 billion). Maybank's market cap was also larger than that of CIMB Group Holdings Bhd (RM61.1 billion) and RHB Bank Bhd (RM19.57 billion) put together.

Judging by the 10 "buy" calls (versus 11 "holds" and two "sells") and target prices as high as RM11 apiece, there is a good chance of Maybank surpassing itself this year.

What investors are probably most interested in is how its controlling shareholder, Permodalan Nasional Bhd (PNB), plans to turn 20% of Maybank's shares into Islamic or i-shares — a move that would create RM20 billion worth of shariah-compliant assets in the financial sector for which institutions such as PNB and the Employees Provident Fund have an increasing appetite. That is double the market cap of the two existing large shariah-compliant finance stocks here: BIMB Holdings Bhd (RM7.1 billion) and Syarikat Takaful Malaysia Bhd (RM3.3 billion).

Maybank group president and CEO Datuk Abdul Farid Alias received the award for the company at a gala dinner on Aug 21



It remains to be seen if Maybank will make history yet again as the first company to introduce that potential RM20 billion worth of shariah-compliant i-shares through a ring-fence structure, which would likely be replicated in other financial institutions if PNB succeeds in introducing it at Maybank.

Whatever the case, Maybank deserves a pat on the back for how far it has come. Already, it is the fourth largest bank in Asean by assets and the fifth largest Islamic bank in the world.

"May [Maybank's outstanding achievement] inspire others to scale the RM100 billion mark," says The Edge Media Group publisher and group CEO Ho Kay Tat. E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SPECIAL AWARD FOR PUBLIC SERVICE

Ola Bola celebrates the Malaysian spirit

BY CINDY YEAP

"Uncle, *tapau* chicken rice *satu*" — the Malaysianised version of "Uncle, one packet of takeaway chicken rice" — a mix of three languages in one sentence from the movie *Ola Bola*, is one example of how Malaysia's multiracial population is bound together.

The inspiring story of dedicated and passionate young footballers in Malaysia's 1980 Olympics team, the film creatively weaves in our mix of languages — Malay, Tamil, Mandarin, Hokkien, Cantonese and English — into various scenes, perhaps one reason *Ola Bola* resonates with Malaysians from all walks of life.

"At a time when we see forces of division playing out both at home and abroad, it is important for each of us to make a stand against it, in whatever way we can in the course of our business," says The Edge Media Group publisher and group CEO Ho Kay Tat, describing Astro as a company that has exemplified to Malaysians "that diversity is our strength and if harmonised, we can achieve success against all odds".

And the film, directed by Chiu Keng Guan and produced by Astro Shaw, was successful. *Ola Bola* brought in over RM16.5 million in gross box-office receipts and remains one of top four grossing Malaysian movies to date.

"*Ola Bola* celebrates the Malaysian spirit, which is exemplified by the Harimau Malaya football team. We are humbled by how Malaysians have embraced the film. Its message of diversity and unity resonates in people's hearts as evidenced by the box-office [success] and huge outpouring of support on social media," says Henry Tan, Astro's chief operating officer, who accepted the special award for public service at *The Edge* Billion Ringgit Club 2017 awards and gala dinner in Kuala Lumpur.

To be sure, the movie courted some unwanted publicity as well.

Criticism surrounded how Eric Yong, the character inspired by national footballer Datuk James Wong, did not score the winning goal in the movie. It was Wong, a Sabahan, who scored the final goal in deciding the match against South Korea that secured Malaysia's place in the 1980 Olympics in Moscow — a tournament that Malaysia ultimately did not play in as the nation supported the US-led boycott of the Soviet Union. In its defence, *Ola Bola* is not a documenting (or rewriting) history but a movie inspired by true events and the country's multiracial football team.

Malaysians who recognised this leapt to *Ola Bola*'s defence when news got out that the film received 14 nominations at the 28th Malaysia Film Festival — the local equivalent of the Academy Awards — but not for the main awards. Instead, the movie (and *Jagat*, which earned nine nominations) was placed under the Best Non-Malay Film, Best Director for Non-Malay Film and Best Screenplay for Non-Malay Film categories for being "not in the Malay language".

PICTURES BY ASTRO SHAW

Local comedian Afdlin Shauki took to social media, announcing his boycott of the event for the language segregation. CIMB Group Holdings Bhd chairman Datuk Seri Nazir Razak and AirAsia Bhd group CEO Tan Sri Tony Fernandes were among corporate chieftains who supported the move via their respective social media platforms.

"Respect. I was aghast to hear that my favourite, *Ola Bola*, and others can't compete for best Malaysian movie. Why the segregation? Change will only happen because individuals like Afdlin make a principled stand, well done!" wrote Nazir on Instagram in August last year.

"When will we realise our strength against the world is our diversity. Come on, Malaysia. The world is changing," Fernandes commented. "Enough segregation, more inclusiveness."

Ola Bola was given a special jury's award (Anugerah Khas Juri 1) at the film festival. It also took home the awards for best costume (Elaine Ng and Weng Shum), best original music score (Ong San and Alex San) and best original theme song (*Arena Cahaya* — Zee Avi and Rendra Zawawi).

Arena Cahaya also won the award for best original film song at the 53rd Golden Horse Awards in Taipei last November. *Ola Bola* also won the award for best editing at the 57th Asia Pacific Film Festival in Phnom Penh, Cambodia, last month. E

BILLION RINGGIT Club

Be more creative in being better corporate citizens, companies urged

BY ADELA MEGAN WILLY

Companies should place more emphasis on the welfare, and not just the wages, of foreign workers and improve efforts to upskill retired employees rather than simply handing out monetary contributions to recipients, say judges of the corporate responsibility (CR) component of *The Edge* Billion Ringgit Club (BRC) Company of the Year award.

"While not an insignificant number of PLCs (public-listed companies) continue to hand out the proverbial fish to the less fortunate, it is noteworthy that quite a few companies have not only ventured to teach the less fortunate how to fish but have also ensured that they can safely go out to sea and to be able to sell their catch on their return," says Datuk Dr Nik Ramlah Mahmood, director of the Malaysia Deposit Insurance Corp and former deputy CEO at the Securities Commission of Malaysia.

Nik Ramlah, who joined the CR judging panel this year, likes CR efforts that empower the less fortunate by enabling them to be economically independent. Such initiatives, she says, "reflect long-term and meaningful commitment to improve the livelihood of the less fortunate".

An example of this are efforts by the TA Foundation, which through the TA Family Living Skills Centre (TAFLSC) not only sponsors materials to make school uniforms but also pays wages to single or poor mothers for sewing them, regardless of race and religion. According to TA Global Bhd's annual report, all women who graduate from the basic sewing classes were hired by TAFLSC to sew school uniforms. Plans are underway for educational and motivational classes to be given to the women's school-going children.

"I am moved by the efforts of companies to align their corporate philanthropy to their business. This is notwithstanding our high corporate taxes. Those that creatively align CR to all communities, regardless of creed and race, is especially laudable," says Philip Koh Tong Ngee, senior partner at Mah-Kamariyah & Philip Koh.

He likes Mass Rapid Transit Corp Sdn Bhd's (MRT Corp) centralised labour quarters for foreign workers — which can fit up to 3,500 beds — involved in the construction of the MRT Sungai Buloh-Serdang-Putrajaya (SSP) line. construction.

"Efforts by companies to enrich the lives of their foreign workers may seem small but in a way, you are empowering them. It's always good to have some sort of recognition for the dignity of these employees," Koh says. "I have been told of cases where a large group of these foreign workers are forced to live in just one small dorm room, when it is bad enough that they are not earning much. It's a bad state that they are living in," he laments.

SUHAIMI YUSUF/THE EDGE

From left: Koh, Dorothy, Nik Ramlah and Jeffrey

TOP 5 CR Initiatives
Super Big Cap (in alphabetical order)

- CIMB Group Holdings Bhd (2013 winner)
- Malayan Banking Bhd (2015 winner)
- Public Bank Bhd
- Sime Darby Bhd (2014 winner)
- **Tenaga Nasional Bhd (winner)**

TOP 5 CR Initiatives
Big Cap (in alphabetical order)

- Astro Malaysia Holdings Bhd
- DiGi.Com Bhd
- Gamuda Bhd (2016 winner)
- Nestlé (M) Bhd (2012 winner)
- **Telekom Malaysia Bhd (winner)**

TOP 5 CR Initiatives
Below RM10 billion market cap (in alphabetical order)

- **Allianz Malaysia Bhd (winner)**
- Fraser & Neave Holdings Bhd
- KPJ Healthcare Bhd
- Sunway Bhd (2015 winner)
- United Plantations Bhd (2016 winner)

Efforts by United Plantations Bhd also won praise. "United Plantations impressed the judges this year with its new initiative — the construction of a room with individual passport lockers on its Jenderata estate so migrant workers can keep and access their own passports without any restrictions," *The Edge* Education Foundation CEO Dorothy Teoh says.

"Ultimately, true corporate responsibility should be in the lifeblood of a corporation, as part of its DNA, and reflected in all that is done by the corporation. The mainstreaming of corporate responsibility is well reflected in the way companies like Nestlé Malaysia Bhd and United Plantations carry out their business activities. Tenaga Nasional Bhd's efforts with rural electrification and registration of patents are also exemplary in this regard. Unfortunately, many companies still regard corporate responsibility as an additional responsibility, which is distinct and disconnected from their business activities. Hence the tendency to adopt a piecemeal activity-centric approach," Nik Ramlah adds.

According to her, integrating corporate responsibility with business strategy is key in ensuring that efforts to create value for society do not undermine, or are not in conflict, with a corporation's primary goal of creating and enhancing value for shareholders. "It is therefore encouraging to note that some PLCs have developed longer term corporate responsibility strategies," she says, citing Sime Darby Bhd as one example.

"It's heartening to note that there are companies that have moved beyond philanthropy and are actively integrating sustainability in their businesses. They're also doing a good job in reporting on it. We hope more companies will follow suit," Dorothy concurs.

Judges also urged companies to be more creative in being better corporate citizens and good employers.

"An unusual environmental initiative is that by OSK Holdings Bhd, which last year collected 27,000 plastic bottles to turn into recycled polyester for use in their corporate uniforms," notes Dorothy. She also likes ViTrox Corp Bhd's way of encouraging volunteerism by donating RM50 to NGOs for every hour contributed by staff volunteers.

"In terms of the environment, TNB's Kampung Kuantan Firefly Conservation has benefited not just thousands of residents but allowed countless others to enjoy this natural phenomenon. And while IJM Plantations boasts its 100 Acre Wood, companies can also do their part for the environment on a much smaller scale, as E&O Bhd shows with Straits Green, its four-acre public park in Penang that functions as an outdoor classroom and community urban garden," she adds.

Koh suggests that companies step up their CR efforts to include microfinancing so that retirees can afford to set up their own businesses.

The need for a more culturally-diverse approach in CR undertakings was also raised as it was observed that many companies are more inclined towards reaching out to certain ethnicities. According to one judge, there's an "ethnic line" that, if it were not there, would enable a greater percentage of the less fortunate community to be assisted.

"There is an ethnic line [that divides companies and those who they can actually reach out to]. If you see certain companies ... they are more focused on specific ethnicities," Koh notes. "While it is not wrong, it would be better if companies adopt a more multicultural approach in their CR practices. That way, they are able to connect with different groups of the community," he says.

The judges also called for greater gender diversity.

In recognition of the importance of CR, the component constitutes 30% of the score for *The Edge* BRC Company of the Year award. Returning to the panel of judges this year are Dorothy, Koh and Jeffrey Teoh, senior-vice president and head of corporate and commercial banking of OCBC Bank Malaysia Bhd.

"Sustainability, in every sense of the word, must be recognised as the uniting thread that binds the collective conscience of the members of *The Edge* Billion Ringgit Club. It is by modelling a sustainable mentality that socially responsible cultures are ultimately created and then entrenched in society. This gathering of the top businesses in the country is an opportune setting to create our desired Malaysian business culture and to have best practices cascade," says Jeffrey. E


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STARBUCKS RESERVE™
WHOLE BEAN COFFEE
NET WT 250 g / 8.8 OZ
STARBUCKS RESERVE™
WHOLE BEAN COFFEE
NET WT 250 g / 8.8 OZ
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GITABA
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EASTERN D.R CONGO
LAKE KIVU
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BILLION RINGGIT Club

BEST CR INITIATIVES

SUPER BIG CAP, ABOVE RM40 BILLION MARKET CAPITALISATION

Tenaga Nasional

Cultivating talent while keeping the lights on

BY ADELA MEGAN WILLY

Apart from making sure the lights stay on, Tenaga Nasional Bhd takes its corporate responsibility (CR) very seriously. It has programmes in four main areas — social charity, education, sport and the environment.

Its wholly-owned Universiti Tenaga Nasional (Uniten), where it cultivates the talent of the future, is one of the country's better known institutions of higher learning and is among TNB's most notable CR efforts. The university carries out cutting-edge research, with the ultimate goal of making it a world-class institution of higher learning.

Uniten has produced 24,770 graduates since its establishment in 1997, and notes an employability rate of 97.2% among its alumni. It ranked seventh in the Webometrics Malaysia 2015, which ranks universities' web presence and visibility to indicate performance.

Uniten offers foundation, undergraduate and postgraduate studies in engineering, IT and business and finance. In 2016, it earned a four-star rating in the Ministry of Higher Education's Malaysian Research Assessment Instrument (MyRA) assessment, which accredits and monitors the research performance of all higher education institutions in the country.

In 2014, Uniten established its Building Opportunities, Living Dreams 2020 (BOLD 2020) plan to transform itself into one of Malaysia's top teaching and research universities. BOLD 2020 has been expanded into BOLD 2025, which aims to build Uniten into a globally competitive energy-focused university by 2025.

In 2016, Uniten's Institute of Energy Policy and Research (IEPRe) presented valuable research findings through talks on the "Full Liberation of the Electricity & Gas Retail Market in Japan", "Short and Medium-Term Outlook of the Global Oil & Gas Market", and "Energy Security in Asia".

In the same year, IEPRe researchers were among the main contributors to the *Biennial Update Report on Greenhouse Gases* to the United Nations Framework on Climate Change, and participated in the East Asia think tank on major energy themes.

Furthering TNB's support for education, Yayasan Tenaga Nasional offered a total of RM54 million to sponsor the higher education of 2,014 high-achieving Malaysian students at selected local and foreign universities.

Its unique social charity programme has been running since 2007. Under the Home for the Needy Programme, basic amenities, such as electricity, sanitation and water, are installed in the homes of the underprivileged. Since its inception, 385 families have benefited, including 98 in FY2016.

Its National Hockey Development Programme demonstrates TNB's support for national sport. It has committed to contribute RM6 million a year for five years to the programme. Conducted in partnership with schools, via various state hockey associations, intermediate to advanced coaching is offered to hockey players in secondary schools.

TNB has several environment-related CR programmes as well. Through its Tree for a Tree Programme, TNB continued to fulfil its pledge to plant 12,000 trees in 12 locations across Peninsular Malaysia in 2016. As at August last year, it had spent RM685,000 to plant 5,800 trees in Pahang, Melaka, Perlis, Kuala Lumpur, Terengganu and Kedah, to replace each tree clear-felled to make way for the development of new electrical installations.

Moreover, TNB advocates the use of renewable energy in the community through its role in the Sustainable Energy Development Authority's Feed-in-Tariff programme.

With that, the group fulfilled part of its community quota for the installation of solar photovoltaic systems, with a capacity of 204kW and an additional 252kW, by end-2016 at homes for the aged, orphanages and training centres for the disabled.

This initiative is a collaboration with the Ministry of Women, Family and Community Development. E

BEST CR INITIATIVES

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

Telekom Malaysia

Connecting communities through CR initiatives

BY ADELA MEGAN WILLY

Telekom Malaysia Bhd does its part in contributing to society through impactful corporate responsibility initiatives that are governed by three major pillars: Economic, Environment and Social.

As an example, TM empowers single mothers under Program Sejahtera by providing them with entrepreneurial skills and seed funds to set up or develop their businesses, hence enabling them to better provide for the needs of their households.

The telco pumps in a considerable amount of investment to bridge the education gap by adopting underperforming schools and helping them

improve their academic results. Since 2003, it has helped improve over 20,000 lives nationwide through its school adoption programmes, it said.

Deserving students get access to educational opportunities, in the form of scholarships, grants or financial assistance, disbursed through TM's Yayasan Telekom Malaysia (YTM).

According to its website, YTM offers five schemes:

a) YTM EduXcel Jr: Aimed at recognising teenagers with excellent academic and co-curricular achievements in secondary schools for financial support and participation in various development programmes.

b) YTM Talent-A full scholarship scheme for talented students with excellent academic and co-curricular portfolio for tertiary

BEST CR INITIATIVES

BELOW RM10 BILLION MARKET CAPITALISATION

Allianz Malaysia

Tapping its risk expertise to do good for society

BY ADELINE PAUL RAJ

Allianz Malaysia Bhd's corporate responsibility (CR) initiatives — managed under the Allianz4Good brandname — revolve around building a stable and inclusive society.

"We seek to contribute to building a stronger and a more resilient society by contributing our time, skills and money," CEO Zakri Mohd Khir explains in its 2016 annual report.

In 2016, employees of Allianz — one of the country's top insurance companies — dedicated about 2,370 hours to volunteering activities nationwide.

Recognising that risk is an inherent part of its business, Allianz chooses to tap that expertise to focus on five areas in which it thinks it can effect the most meaningful change — safety, financial literacy, disaster risk reduction, environment and community.

For example, in the area of safety, Allianz, a leading motor insurer, is a strong advocate of road safety. Together with its partner, Jabatan Keselamatan Jalan Raya, it runs road safety campaigns where employee volunteers, trained as road safety ambassadors, distribute safety items and advocate safe road behaviour to the public. Such campaigns are held in accident-prone areas, at schools and during festive periods.

East Malaysian students from underprivileged backgrounds trying on their school shoes

Last year, Allianz funded a study by the Malaysian Institute of Road Safety Research to study the impact of behavioural change intervention on the use of high-visibility windbreakers for motorcyclists, and how this affects accident and fatality rates. Over 1,300 motorcyclists from 22 companies nationwide took part in the year-long study.

The results of the study indicated that intervention programmes can improve the wearing rate of high-visibility windbreakers, and this corresponded with a reduction in the accident involvement of study participants. Allianz believes studies such as these help with its decision-making on future initiatives.

Some of Allianz's most interesting activities are in the area of financial literacy. Last year, it approached the topic of financial literacy in three ways — an employee volunteering programme called My Finance Coach (MFC), a competition for secondary school students under the Allianz Finance Challenge, and carrying out fun learning activities in one of Pintar Foundation's buses that travel to schools and orphanages.

These three activities enabled Allianz to reach over 31,000 children last year.

Under the MFC programme, which it started in 2012, Allianz volunteers are trained as finance coaches who then visit schools and non-profit organisations to share their knowledge on money matters. MFC ultimately seeks to prevent young people from falling into debt.

As for its activities on the Pintar bus, one of the more fun things it did last year was to sponsor an activity that simulated a shopping aisle, complete with barcodes and a scanner, which challenged students to plan and spend within a specified budget and at the same time, exercise their logical and critical thinking skills to make wise spending decisions.

Meanwhile, as one of its initiatives to serve marginalised communities last year, Allianz delivered over 9,000 pairs of school shoes to children of primary school age from the rural and interior areas of Sabah and Sarawak. Shoes were also given to children, supported by the Partners of Community Organisations in Sabah Trust, a community-based organisation that aids indigenous communities in Sabah.

Allianz is a firm believer that initiatives like these not only benefit the communities it works with, but also serve to engage its employees in meaningful activities that leverage their strength. E

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education in high-performing institutions worldwide.

c) TM EduAssist: Provides financial assistance for selected TM staff to pursue higher academic qualifications domestically.

d) YTM Post Graduate Scholarship: A special scholarship for TM staff to pursue postgraduate studies.

e) TM EduXchange: A short-term aid for high flyers interested in an exchange programme or internship related to a TM Group business area anywhere in the world.

In the sporting arena, TM's Team Malaysia platform unites every Malaysian to support national athletes. It noted that Team Malaysia members have grown in numbers from the time it was established in 2011.

In conjunction with the Rio Olympics in 2016, Team Malaysia gathered and deployed a small group to broadcast exclusive content and live footage of the sporting events on their smartphones, to be streamed in real time over Facebook.

Meanwhile, under the Universal Service Provision (USP), led by TM and the Malaysian Communications & Multimedia Commission (MCMC), network and application services are installed in underserved or unserved neighbourhoods nationwide.

In an initiative parked under its Smarter Nation vision, TM pledges to continue reaching out to rural and remote areas, as seen through its fiberisation project connecting Jerantut to Kampung Mat Daling, both in Pahang, which was completed in 2016. The telco also said that by 2019, residents and visitors to Pulau Pangkor, Pulau Perhentian and Pulau Tioman would have high-speed connections.

TM also instills the spirit of charity and volunteerism. It offers aid in times of crisis via its TM ROVers and organises community programmes, such as the TM Earth Camp, held in collaboration with the Malaysian Nature Society to increase environmental awareness among schoolchildren. There is also BumiKu Camp, which has the objective of creating awareness on the importance of preserving the environment among employees of TM and its subsidiaries, as well as humanitarian relief missions.

In October 2015, several members of TM ROVers were selected to attend a Disaster Preparedness Training programme during BumiKu Camp 2015, in collaboration with the Negeri Sembilan Civil Defence Department, to equip them with basic knowledge of disaster preparation.

On the environment front, TM advocates carbon footprint reduction via numerous energy-saving initiatives, and measures its carbon emissions to meet set targets.

It has established a baseline and benchmark for electricity usage of its telecommunications network exchanges and commercial buildings, specifically utilising the Power Usage Effectiveness metric, introduced by the Green Grid and Building Energy Intensity, and allows IT organisations to better understand and improve the sustainability and energy efficiency of their existing data centres. E

BILLION RINGGIT Club

Members of *The Edge* Billion Ringgit Club 2017

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAPITALISATION AS AT MARCH 31, 2017 (RM MIL)	PRE-TAX PROFIT FY2016 (RM MIL)	NET PROFIT FY2016 (RM MIL)	REVENUE FY2016 (RM MIL)
AEON Co (M) Bhd	3,313	147.10	79.74	4,038.65
AEON Credit Service (M) Bhd	2,304	301.59	228.22	1,055.21
Affin Holdings Bhd	5,596	741.82	564.01	3,518.34
AirAsia Bhd	10,493	2,133.08	2,050.04	6,846.09
AirAsia X Bhd	1,659	260.09	210.31	4,006.53
Al-Aqar Healthcare REIT	1,129	63.44	61.54	105.41
Alliance Financial Group Bhd	6,316	694.78	522.04	2,603.54
Allianz Malaysia Bhd	2,009	454.59	312.13	4,308.29
AMMB Holdings Bhd	14,016	1,731.01	1,302.21	6,161.17
Amway (M) Holdings Bhd	1,207	73.01	54.65	1,087.50
Ann Joo Resources Bhd	1,165	202.13	166.78	1,870.05
Astro Malaysia Holdings Bhd	14,274	829.39	615.32	5,475.37
Atlan Holdings Bhd	1,243	83.39	43.08	766.11
Axiata Group Bhd	45,406	1,139.58	504.25	21,565.39
Axis REIT	1,824	122.29	90.19	172.02
Batu Kawan Bhd	7,830	1,822.59	825.17	16,819.58
Berjaya Assets Bhd	1,030	-27.60	-54.12	387.09
Berjaya Corp Bhd	1,799	293.74	-177.22	9,016.77
Berjaya Land Bhd	2,819	8.96	-270.64	6,284.00
Berjaya Sports Toto Bhd	3,923	445.66	308.64	5,547.64
Bermaz Auto Bhd	2,304	278.26	197.63	2,095.39
BIMB Holdings Bhd	7,288	869.20	559.04	3,528.20
Bintulu Port Holdings Bhd	2,829	200.98	149.84	1,164.97
Boustead Holdings Bhd	5,615	740.40	369.00	8,371.30
Boustead Plantations Bhd	2,624	276.08	227.79	707.88
British American Tobacco (M) Bhd	13,020	908.46	721.29	3,756.39
Bumi Armada Bhd	4,400	-1,944.26	-1,967.65	1,317.39
Bursa Malaysia Bhd	5,245	270.59	193.62	472.71
Cahya Mata Sarawak Bhd	4,520	302.14	169.18	1,536.04
CapitaLand Malaysia Mall Trust	3,316	167.76	171.18	372.62
Carlsberg Brewery Malaysia Bhd	4,614	283.84	204.98	1,679.49
CB Industrial Product Holding Bhd	1,095	136.58	101.65	577.88
CIMB Group Holdings Bhd	49,397	4,884.14	3,564.19	24,904.41
Datasonic Group Bhd	1,701	65.10	63.05	241.31
Dialog Group Bhd	9,616	368.73	294.93	2,534.48
DiGi.Com Bhd	39,886	2,238.18	1,632.66	6,597.10
DRB-Hicom Bhd	2,707	-821.27	-991.90	12,172.94
Dutch Lady Milk Industries Bhd	3,675	197.98	149.07	1,047.72
Eastern & Oriental Bhd	2,426	54.76	37.19	422.17
Eco World Development Group Bhd	4,623	193.18	129.28	2,546.44
Econpile Holdings Bhd	1,198	91.54	67.54	462.06
Ekovest Bhd	3,059	190.95	155.41	793.58
Far East Holdings Bhd	1,273	150.60	120.89	357.16
Felda Global Ventures Holdings Bhd	7,625	263.07	31.47	17,241.27
Fraser & Neave Holdings Bhd	9,046	442.94	385.37	4,167.57
Gamuda Bhd	12,572	780.66	626.13	2,121.90
Gas Malaysia Bhd	3,852	212.85	165.14	4,052.97
GD Express Carrier Bhd	2,858	40.18	34.44	219.76
Genting Bhd	35,710	5,522.80	2,146.50	18,355.50
Genting Malaysia Bhd	30,893	3,090.60	2,880.10	8,924.90
Genting Plantations Bhd	9,360	500.97	367.49	1,480.08
George Kent (M) Bhd	1,480	70.70	50.07	536.21
Globetronics Technology Bhd	1,458	33.45	25.72	215.35
Goldis Bhd	1,642	482.91	165.03	1,255.47
Hap Seng Consolidated Bhd	22,382	1,244.94	1,000.96	4,743.10
Hap Seng Plantations Holdings Bhd	2,071	167.15	124.12	503.43
Hartalega Holdings Bhd	8,149	316.88	257.43	1,498.34
Heineken Malaysia Bhd	5,408	366.15	284.84	1,880.76
Hengyuan Refining Co Bhd	1,068	335.27	335.27	8,365.33
Hong Leong Bank Bhd	28,712	2,381.70	1,903.42	7,821.18
Hong Leong Capital Bhd	2,464	64.50	61.88	172.90

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAPITALISATION AS AT MARCH 31, 2017 (RM MIL)	PRE-TAX PROFIT FY2016 (RM MIL)	NET PROFIT FY2016 (RM MIL)	REVENUE FY2016 (RM MIL)
Hong Leong Financial Group Bhd	18,246	2,565.04	1,358.90	8,267.19
Hong Leong Industries Bhd	2,993	343.14	247.22	2,184.56
Hume Industries Bhd	1,318	62.85	48.75	603.04
IGB Corp Bhd	3,938	534.97	297.99	1,150.31
IGB REIT	5,912	277.84	316.31	507.34
IHH Healthcare Bhd	49,390	877.62	612.35	10,013.87
IJM Corp Bhd	12,284	1,155.80	793.59	5,127.86
IJM Plantations Bhd	2,835	50.41	24.20	557.61
Inari Amertron Bhd	4,022	153.13	148.25	1,043.12
IOI Corp Bhd	29,239	965.80	629.70	11,736.30
IOI Properties Group Bhd	11,393	1,524.70	1,080.02	3,024.94
Iskandar Waterfront City Bhd	2,413	-14.92	-16.03	76.60
Jaya Tiasa Holdings Bhd	1,191	82.23	54.16	1,023.37
JCY International Bhd	1,226	-6.92	-8.22	1,740.49
Karex Bhd	2,165	79.35	66.69	343.62
Kawan Food Bhd	1,127	41.54	32.98	186.95
Keck Seng (M) Bhd	1,847	139.96	112.89	1,041.70
Kerjaya Prospek Group Bhd	1,345	133.16	99.62	798.69
Kian Joo Can Factory Bhd	1,328	155.80	128.61	1,717.71
Kim Loong Resources Bhd	1,164	107.58	73.78	757.73
KLCCP Stapled Group	14,316	1,102.70	885.97	1,343.55
Kossan Rubber Industries Bhd	3,984	210.01	167.06	1,668.00
KPJ Healthcare Bhd	4,248	210.17	149.20	3,021.09
Kretam Holdings Bhd	1,455	32.70	20.16	378.50
KSL Holdings Bhd	1,308	386.47	314.52	689.06
Kuala Lumpur Kepong Bhd	26,283	1,712.28	1,592.19	16,383.27
Lafarge Malaysia Bhd	5,693	74.28	76.67	2,552.21
LBS Bina Group Bhd	1,333	143.95	85.30	993.62
Lingkaran Trans Kota Holdings Bhd	3,169	228.68	174.10	416.24
LPI Capital Bhd	5,644	518.93	437.22	1,123.37
Magnum Bhd	3,031	284.49	189.66	2,659.34
Mah Sing Group Bhd	3,494	482.94	361.36	2,940.53
Malakoff Corp Bhd	6,050	637.54	355.46	6,098.42
Malayan Banking Bhd	90,931	8,844.45	6,742.99	31,566.69
Malaysia Airports Holdings Bhd	11,531	183.33	70.39	4,172.77
Malaysia Building Society Bhd	7,538	338.42	201.41	1,662.79
Malaysia Marine And Heavy Engineering Holdings Bhd	1,536	-135.03	-134.30	1,191.30
Malaysian Pacific Industries Bhd	2,287	196.39	157.52	1,460.65
Malaysian Resources Corp Bhd	3,654	392.63	267.36	2,407.91
Matrix Concepts Holdings Bhd	1,458	284.59	208.68	594.59
Maxis Bhd	48,367	2,736.84	2,013.16	8,611.80
MCT Bhd	1,562	119.30	77.37	654.91
Media Chinese International Ltd	1,088	37.40	26.65	349.13
Media Prima Bhd	1,276	-65.91	-59.20	1,289.01
Mega First Corp Bhd	1,114	199.63	120.74	913.83
MISC Bhd	32,675	2,813.97	2,581.55	9,597.24
MKH Bhd	1,295	304.67	205.04	1,265.82
MMC Corp Bhd	7,582	672.74	549.66	4,623.14
MPHB Capital Bhd	1,123	107.21	55.17	448.96
MRCB-Quill REIT	1,367	62.77	59.16	136.65
MSM Malaysia Holdings Bhd	3,445	148.52	120.72	2,658.45
Muhibbah Engineering (M) Bhd	1,302	182.55	105.50	1,918.62
My E.G. Services Bhd	6,672	143.23	142.87	281.73
Nestlé (M) Bhd	18,615	766.49	637.13	5,063.51
OldTown Bhd	1,232	68.22	52.27	393.41
Oriental Holdings Bhd	4,095	387.13	279.48	5,355.28
OSK Holdings Bhd	2,188	321.41	247.27	1,445.29
Padini Holdings Bhd	1,974	186.67	137.39	1,301.19
Panasonic Manufacturing Malaysia Bhd	2,120	185.17	146.90	1,086.73
Pavilion REIT	5,266	312.14	248.78	459.70

CONTINUES NEXT PAGE

BILLION RINGGIT Club

TOP 20 RANKED BY NET PROFIT

2017	COMPANY	NET PROFIT FY2016 (RM MIL)
1	Tenaga Nasional Bhd	7,367.60
2	Malayan Banking Bhd	6,742.99
3	Public Bank Bhd	5,206.88
4	CIMB Group Holdings Bhd	3,564.19
5	Petronas Chemicals Group Bhd	2,932.00
6	Genting Malaysia Bhd	2,880.10
7	MISC Bhd	2,581.55
8	Sime Darby Bhd	2,408.80
9	Genting Bhd	2,146.50
10	AirAsia Bhd	2,050.04
11	Maxis Bhd	2,013.16
12	Hong Leong Bank Bhd	1,903.42
13	Petronas Gas Bhd	1,739.05
14	RHB Bank Bhd	1,681.62
15	DiGi.Com Bhd	1,632.66
16	Kuala Lumpur Kepong Bhd	1,592.19
17	Hong Leong Financial Group Bhd	1,358.90
18	AMMB Holdings Bhd	1,302.21
19	IOI Properties Group Bhd	1,080.02
20	YTL Power International Bhd	1,061.85

TOP 20 RANKED BY PROFIT BEFORE TAX

2017	2016		COMPANY	PROFIT BEFORE TAX FY2016 (RM MIL)
1	1	–	Malayan Banking Bhd	8,844.45
2	2	–	Tenaga Nasional Bhd	8,066.80
3	3	–	Public Bank Bhd	6,554.03
4	6	▲	Genting Bhd	5,522.80
5	4	▼	CIMB Group Holdings Bhd	4,884.14
6	5	▼	Petronas Chemicals Group Bhd	4,110.00
7	19	▲	Genting Malaysia Bhd	3,090.60
8	9	▲	Sime Darby Bhd	2,815.80
9	12	▲	MISC Bhd	2,813.97
10	13	▲	Maxis Bhd	2,736.84
11	8	▼	Hong Leong Financial Group Bhd	2,565.04
12	10	▼	Hong Leong Bank Bhd	2,381.70
13	14	▲	YTL Corp Bhd	2,262.53
14	15	▲	DiGi.Com Bhd	2,238.18
15	16	▲	RHB Bank Bhd	2,231.84
16	NA	▲	AirAsia Bhd	2,133.08
17	17	–	Petronas Gas Bhd	2,106.77
18	NA	▲	Batu Kawan Bhd	1,822.59
19	11	▼	AMMB Holdings Bhd	1,731.01
20	NA	▲	Kuala Lumpur Kepong Bhd	1,712.28

TOP 20 RANKED BY MARKET CAPITALISATION

2017	2016		COMPANY	MARKET CAP AS AT MARCH 31, 2017 (RM MIL)
1	1	–	Malayan Banking Bhd	90,931
2	2	–	Tenaga Nasional Bhd	77,550
3	3	–	Public Bank Bhd	76,804
4	7	▲	Sime Darby Bhd	63,112
5	5	–	Petronas Chemicals Group Bhd	61,592
6	10	▲	CIMB Group Holdings Bhd	49,397
7	4	▼	IHH Healthcare Bhd	49,390
8	8	–	Maxis Bhd	48,367
9	6	▼	Axiata Group Bhd	45,406
10	12	▲	DiGi.Com Bhd	39,886
11	9	▼	Petronas Gas Bhd	39,100
12	13	▲	Genting Bhd	35,710
13	11	▼	MISC Bhd	32,675
14	16	▲	Genting Malaysia Bhd	30,893
15	14	▼	IOI Corp Bhd	29,239
16	15	▼	Hong Leong Bank Bhd	28,712
17	17	–	Kuala Lumpur Kepong Bhd	26,283
18	18	–	Telekom Malaysia Bhd	24,126
19	19	–	Petronas Dagangan Bhd	23,843
20	NA	▲	Hap Seng Consolidated Bhd	22,382

1) The revenue and profit before tax figures are as at March 31, 2017, and may be audited or unaudited, depending on whether the company's annual report has been released by that date.
2) Where there is a change in financial year-end, the revenue and profit before tax figures are annualised.

FROM PREVIOUS PAGE

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAPITALISATION AS AT MARCH 31, 2017 (RM MIL)	PRE-TAX PROFIT FY2016 (RM MIL)	NET PROFIT FY2016 (RM MIL)	REVENUE FY2016 (RM MIL)
Perdana Petroleum Bhd	1,199	-35.95	-28.04	191.71
Pestech International Bhd	1,260	104.14	69.88	508.69
Petron M'sia Refining & Marketing Bhd	1,728	322.98	237.55	7,602.48
Petronas Chemicals Group Bhd	61,592	4,110.00	2,932.00	13,860.00
Petronas Dagangan Bhd	23,843	1,212.33	944.61	21,786.54
Petronas Gas Bhd	39,100	2,106.77	1,739.05	4,561.28
Pharmaniaga Bhd	1,268	72.02	45.60	2,189.02
Pos Malaysia Bhd	3,585	92.50	63.09	1,717.44
PPB Group Bhd	19,845	1,211.11	1,044.99	4,180.28
Press Metal Bhd	9,879	674.83	483.57	6,649.45
Prestariang Bhd	1,115	11.53	8.88	132.07
Public Bank Bhd	76,804	6,554.03	5,206.88	18,826.16
QL Resources Bhd	5,691	249.48	192.08	2,853.23
RHB Bank Bhd	20,732	2,231.84	1,681.62	10,570.77
Sapura Energy Bhd	10,906	-712.64	-791.56	10,184.03
Sarawak Oil Palms Bhd	2,078	195.96	132.20	4,416.12
Scientex Bhd	3,421	306.33	240.87	2,200.98
Selangor Properties Bhd	1,581	98.76	67.36	98.69
Shangri-La Hotels (M) Bhd	2,218	106.28	79.24	508.56
Sime Darby Bhd	63,112	2,815.80	2,408.80	43,962.80
SKP Resources Bhd	1,537	101.37	81.48	1,015.35
S P Setia Bhd	10,131	1,184.67	808.03	4,957.17
Star Media Group Bhd	1,778	146.21	109.91	932.12
Sunsuria Bhd	1,086	54.20	43.84	202.40
Sunway Bhd	6,592	858.99	585.88	4,655.59
Sunway Construction Group Bhd	2,276	153.67	123.51	1,788.84
Sunway REIT	5,066	323.70	270.17	517.08
Supermax Corp Bhd	1,328	138.23	95.98	1,096.94
Syarikat Takaful Malaysia Bhd	3,259	220.98	176.28	1,848.84
Ta Ann Holdings Bhd	1,659	175.71	125.57	1,147.79
TA Enterprise Bhd	1,036	171.24	112.85	0.00
TA Global Bhd	1,942	146.48	157.66	563.61
Taliworks Corp Bhd	1,947	84.90	127.43	304.86

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAPITALISATION AS AT MARCH 31, 2017 (RM MIL)	PRE-TAX PROFIT FY2016 (RM MIL)	NET PROFIT FY2016 (RM MIL)	REVENUE FY2016 (RM MIL)
Tan Chong Motor Holdings Bhd	1,188	-43.08	-54.94	5,460.76
Tasek Corp Bhd	1,648	67.51	50.33	654.79
TDM Bhd	1,009	35.10	20.13	428.54
Telekom Malaysia Bhd	24,126	918.50	776.00	12,060.90
Tenaga Nasional Bhd	77,550	8,066.80	7,367.60	44,531.50
TH Plantations Bhd	1,043	127.30	147.07	561.84
Time Dotcom Bhd	5,031	368.42	407.32	766.94
TMC Life Sciences Bhd	1,632	20.75	16.61	131.43
Top Glove Corp Bhd	6,167	442.20	360.73	2,888.52
Tropicana Corp Bhd	1,446	168.05	112.54	1,459.41
TSH Resources Bhd	2,516	113.58	57.88	872.30
Tune Protect Group Bhd	1,052	94.68	79.98	397.06
UEM Edgenta Bhd	2,711	113.80	80.06	2,930.97
UEM Sunrise Bhd	5,763	217.65	147.30	1,841.48
UMW Holdings Bhd	7,010	-2,130.23	-1,658.04	10,958.52
UMW Oil & Gas Corp Bhd	1,330	-1,181.26	-1,177.38	321.05
Unisem (M) Bhd	2,304	187.16	162.29	1,322.78
United Malacca Bhd	1,352	70.23	59.57	205.74
United Plantations Bhd	5,922	417.94	329.49	1,228.38
UOA Development Bhd	4,405	929.36	676.73	996.19
V.S. Industry Bhd	2,052	141.87	117.93	2,175.63
ViTrox Corp Bhd	1,113	60.92	64.85	234.03
WCE Holdings Bhd	1,324	29.65	26.89	535.01
WCT Holdings Bhd	2,424	122.00	68.38	1,928.86
Westports Holdings Bhd	13,811	754.82	636.98	2,035.02
Yinson Holdings Bhd	3,602	292.76	224.66	424.38
YTL Corp Bhd	15,697	2,262.53	916.43	15,168.69
YTL Hospitality REIT	2,011	-5.78	104.55	429.66
YTL Power International Bhd	11,793	1,314.14	1,061.85	10,094.97
7-Eleven Malaysia Holdings Bhd	1,777	70.82	52.17	2,103.37

Notes:
1) The revenue and profit before tax figures are as at March 31, 2017 and may be audited or unaudited, depending on whether the company's annual report has been released at the time data is extracted.
2) Where there is a change in financial year-end, the revenue and profit before tax figures are annualised.

BILLION RINGGIT Club

How the Top 3 performed

Super Big Cap Companies
Companies with more than RM40 bil market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Maxis Bhd	50.9%
2	Public Bank Bhd	21%
3	Tenaga Nasional Bhd	18.3%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PBT CAGR
1	Tenaga Nasional Bhd	14%
2	Public Bank Bhd	10.8%
3	Maxis Bhd	3.4%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	IHH Healthcare Bhd	13.80%
2	Tenaga Nasional Bhd	7.89%
3	Malayan Banking Bhd	6.59%

Big Cap Companies
Companies with RM10 bil to RM40 bil market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	DiGi.Com Bhd	379%
2	Astro Malaysia Holdings Bhd	109.1%
3	Nestlé (M) Bhd	105.8%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	AirAsia Bhd	46.9%
2	Hap Seng Consolidated Bhd	24.2%
3	IJM Corporation Bhd	18.8%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Hap Seng Consolidated Bhd	48.93%
2	Westports Holdings Bhd	15.19%
3	KLCC Stapled Group	12.60%

Finance
RM10 bil and above market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Public Bank Bhd	21.02%
2	Hong Leong Bank Bhd	15.44%
3	Hong Leong Financial Group Bhd	14.87%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Public Bank Bhd	10.8%
2	Malayan Banking Bhd	1.2%
3	Hong Leong Bank Bhd	0.84%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Hong Leong Bank Bhd	7.17%
2	Malayan Banking Bhd	6.59%
3	Public Bank Bhd	5.64%

Finance
Below RM10 bil market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	AEON Credit Service (M) Bhd	33.3%
2	Syarikat Takaful Malaysia Bhd	24.7%
2	Bursa Malaysia Bhd	24.3%
3	LPI Capital Bhd	21.4%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	LPI Capital Bhd	29.5%
2	BIMB Holdings Bhd	26%
3	AEON Credit Service (M) Bhd	19.4%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Syarikat Takaful Malaysia Bhd	23.59%
2	LPI Capital Bhd	22.71%
3	Bursa Malaysia Bhd	16.7%

Property
RM3 bil and above market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	UOA Development Bhd	16.39%
2	Mah Sing Group Bhd	13.26%
2	Sunway Bhd	12.87%
3	S P Setia Bhd	12.10%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	UOA Development Bhd	13.9%
1	IGB Corporation Bhd	13.8%
2	S P Setia Bhd	8.91%
2	Mah Sing Group Bhd	8.83%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Sunway Bhd	15.6%
2	UOA Development Bhd	13.4%
3	S P Setia Bhd	11.7%

Property
Below RM3 bil market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Matrix Concepts Holdings Bhd	26.0%
2	KSL Holdings Bhd	16.36%
3	MKH Bhd	13.16%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	KSL Holdings Bhd	16.1%
2	MKH Bhd	15.2%
3	Matrix Concepts Holdings Bhd	11.3%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Sunsuria Bhd	21.10%
2	Matrix Concepts Holdings Bhd	13.80%
3	LBS Bina Group Bhd	10.37%

Construction

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Gamuda Bhd	13.7%
2	Muhibbah Engineering (M) Bhd	12.1%
3	IJM Corporation Bhd	11.4%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	IJM Corporation Bhd	18.8%
2	Ekovest Bhd	13.8%
3	Gamuda Bhd	6.3%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Kerjaya Prospek Group Bhd	55.8%
2	Ekovest Bhd	43.8%
3	Gamuda Bhd	7.3%

Consumer Products

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Nestle (M) Bhd	105.8%
2	Dutch Lady Milk Industries Bhd	85.8%
3	Carlsberg Brewery Malaysia Bhd	65.63%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Panasonic Manufacturing Malaysia Bhd	18.80%
1	Hong Leong Industries Bhd	18.76%
2	QL Resources Bhd	13.4%
3	Oriental Holdings Bhd	11.7%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Kawan Food Bhd	53.7%
2	Hong Leong Industries Bhd	27.6%
2	Padini Holdings Bhd	27.3%
3	Panasonic Manufacturing Msia	21.9%

Industrial Products

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Scientex Bhd	21.54%
2	Petronas Gas Bhd	20.50%
2	Hartalega Holdings Bhd	20.44%
3	Kossan Rubber Industries Bhd	19.13%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Scientex Bhd	17.9%
2	Top Glove Corporation Bhd	13.5%
3	Kossan Rubber Industries Bhd	5.6%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	V.S Industry Bhd	89.0%
2	Press Metal Bhd	85.1%
3	SKP Resources Bhd	56.8%

Plantations

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Kuala Lumpur Kepong Bhd	16.89%
2	IOI Corporation Bhd	14.40%
3	United Plantations Bhd	13.75%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Batu Kawan Bhd	19.5%
2	Genting Plantations Bhd	10.4%
3	TH Plantations Bhd	9.77%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Kim Loong Resources Bhd	17.2%
2	Far East Holdings Bhd	9.4%
3	United Plantations Bhd	8.7%

REIT

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	KLCCP Stapled Group	9.80%
2	IGB REIT	8.18%
3	Sunway REIT	6.73%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	IGB REIT	9.47%
2	Sunway REIT	5.37%
3	Pavilion REIT	3.98%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	IGB REIT	20.43%
2	YTL Hospitality REIT	17.21%
3	Sunway REIT	14.93%

Trading/Services, Hotel, IPC and Technology

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	DiGi.Com Bhd	379%
2	Astro Malaysia Holdings Bhd	109%
3	Berjaya Sports Toto Bhd	60.9%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	AirAsia Bhd	46.9%
2	MMC Corporation Bhd	27.98%
3	Hap Seng Consolidated Bhd	24.2%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Vitrox Corp Bhd	70.55%
1	George Kent (M) Bhd	70.31%
2	MY E.G. Services Bhd	61.4%
3	UNISEM (M) Bhd	52.7%

GOLD

THE EDGE BILLION RINGGIT Club

Datuk Ong Eng Bin, CEO of OCBC Bank (Malaysia) (left) and Ho Kay Tat, Publisher and Group CEO of The Edge Media Group, presented the night's awards.

Joining them in presenting the awards for the Industrial Products, Plantation and Property sectors was Dr Claus Weidner, president and CEO of Mercedes-Benz Malaysia.

CONSTRUCTION — Highest Growth in Profit After Tax Over Three Years
IJM Corporation Bhd (Datuk Soam Heng Choon, CEO and managing director)

CONSTRUCTION — Highest Return on Equity Over Three Years
Gamuda Bhd (Datuk Ir Paul Ha, Group deputy managing director)

CONSTRUCTION — Highest Returns to Shareholders Over Three Years
Kerjaya Prospek Group Bhd (Datuk Tee Eng Ho, executive chairman)

CONSUMER PRODUCTS — Highest Growth in Profit After Tax Over Three Years
Panasonic Manufacturing Malaysia Bhd (Siew Pui Ling, Sales and HR director)

CONSUMER PRODUCTS — Highest Return on Equity Over Three Years
Nestlé (M) Bhd (Martin Krügel, chief financial officer)

CONSUMER PRODUCTS — Highest Returns to Shareholders Over Three Years
Kawan Food Bhd (Timothy Tan, managing director)

FINANCE (below RM10 billion market cap) — Highest Growth in Profit After Tax Over Three Years
LPI Capital Bhd (Tan Kok Guan, CEO and executive director)

FINANCE (below RM10 billion market cap) — Highest Return on Equity Over Three Years
AEON Credit Service (M) Bhd (Lee Kit Seong, executive director)

FINANCE (below RM10 billion market cap) — Highest Returns to Shareholders Over Three Years
Syarikat Takaful Malaysia Bhd (Patrick Wong, chief information officer)

FINANCE (RM10 billion and above market cap) — Highest Growth in Profit After Tax Over Three Years
Public Bank Bhd (Tan Sri Tay Ah Lek, managing director and CEO)

THE EDGE BILLION RINGGIT Club

GOLD

FINANCE (RM10 billion and above market cap) — Highest Return on Equity Over Three Years
Public Bank Bhd (Tan Sri Tay Ah Lek, managing director and CEO)

FINANCE (RM10 billion and above market cap) — Highest Returns to Shareholders Over Three Years
Hong Leong Bank Bhd (Foong Pik Yee, chief financial officer)

INDUSTRIAL PRODUCTS — Highest Growth in Profit After Tax Over Three Years
Scientex Bhd (Tan Sri Mohd Sheriff Mohd Kassim, chairman)

INDUSTRIAL PRODUCTS — Highest Return on Equity Over Three Years
Scientex Bhd (Koay Teik Chuan, executive director, Property Business)

INDUSTRIAL PRODUCTS — Highest Returns to Shareholders Over Three Years
V.S. Industry Bhd (Datuk Gan Sem Yam, managing director)

PLANTATION — Highest Growth in Profit After Tax Over Three Years
Batu Kawan Bhd (Datuk Lee Hau Hian, managing director)

PLANTATION — Highest Return on Equity Over Three Years
Kuala Lumpur Kepong Bhd (Lee Jia Zhang, corporate director)

PLANTATION — Highest Returns to Shareholders Over Three Years
Kim Loong Resources Bhd (Gan Kim Guan, senior independent non-executive director)

PROPERTY (below RM3 billion market cap) — Highest Growth in Profit After Tax Over Three Years
KSL Holdings Bhd (Ku Tien Sek, executive director)

PROPERTY (below RM3 billion market cap) — Highest Return on Equity Over Three Years
Matrix Concepts Holdings Bhd (Datuk Mohamad Haslah Mohd Amin [left], chairman and Datuk Lee Tian Hock [right], Group managing director)

THE EDGE BILLION RINGGIT Club

GOLD

PROPERTY (below RM3 billion market cap) — Highest Returns to Shareholders Over Three Years
Sunsuria Bhd (Koong Wai Seng, CEO)

PROPERTY (RM3 billion and above market cap) — Highest Growth in Profit After Tax Over Three Years
IGB Corporation Bhd (Antony Barragry, CEO of IGB REIT Management Sdn Bhd)

PROPERTY (RM3 billion and above market cap) — Highest Growth in Profit After Tax Over Three Years
UOA Development Bhd (Kong Sze Choon, general manager)

PROPERTY (RM3 billion and above market cap) — Highest Return on Equity Over Three Years
UOA Development Bhd (Kong Sze Choon, general manager)

PROPERTY (RM3 billion and above market cap) — Highest Returns to Shareholders Over Three Years
Sunway Bhd (Datuk Chew Chee Kin, president)

REIT — Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years IGB Real Estate Investment Trust (Rennie Lee, group managing director)

REIT — Highest Return on Equity Over Three Years
KLCC Stapled Group (Annuar Marzuki Abdul Aziz, chief financial officer)

TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY — Highest Growth in Profit After Tax Over Three Years
AirAsia Bhd (Datuk Kamarudin Meranun, executive chairman)

TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY — Highest Return on Equity Over Three Years
DiGi.Com Bhd (Albern Murty, CEO)

TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY — Highest Returns to Shareholders Over Three Years
George Kent (M) Bhd (Bernie Ooi, executive director)

THE EDGE BILLION RINGGIT Club

GOLD

TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY — Highest Returns to Shareholders Over Three Years
ViTrox Corporation Bhd (Chu Jenn Weng, president, managing director and CEO)

BIG-CAP COMPANIES — Highest Growth in Profit After Tax Over Three Years —
AirAsia Bhd (Datuk Kamarudin Meranun, executive chairman)

BIG CAP COMPANIES — Highest Return on Equity Over Three Years —
DiGi.Com Bhd (Albern Murty, CEO)

BIG-CAP COMPANIES — Highest Returns to Shareholders Over Three Years —
Hap Seng Consolidated Bhd (Harald Behrend, chief operating officer)

SUPER BIG CAP COMPANIES — Highest Growth in Profit After Tax Over Three Years
Tenaga Nasional Bhd (Ir Megat Jalaluddin Megat Hassan, Chief Strategy Officer)

SUPER BIG CAP COMPANIES — Highest Return on Equity Over Three Years
Maxis Bhd (Chan Fong Wei, Financial Controller)

SUPER BIG CAP COMPANIES — Highest Returns to Shareholders Over Three Years
IHH Healthcare Bhd (Ivan Loh, Chief Executive Officer, Gleneagles Penang Hospital)


THE EDGE BILLION RINGGIT Club 2017
GOLD
Highest Return On Equity
Over Three Years
THE EDGE BILLION RINGGIT Club 2017
SILVER
Highest Returns To Shareholders
Over Three Years
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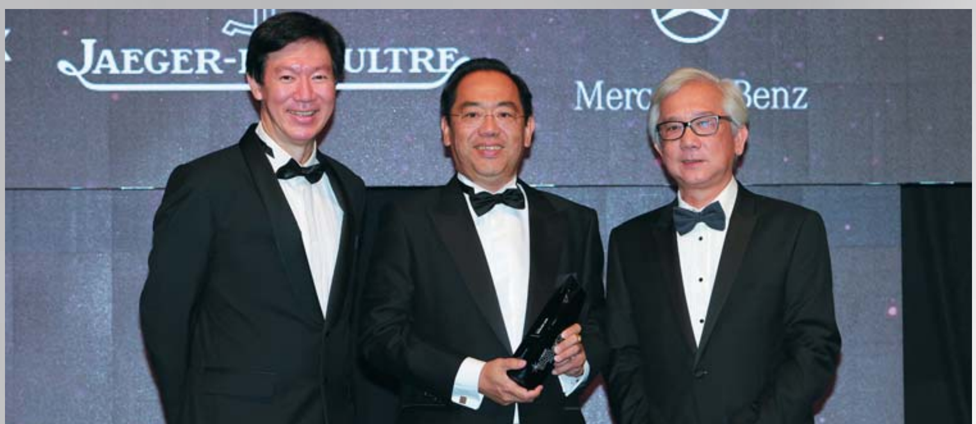
We are merely keepers of these awards that truly belong to you - our shareholders, staff, and supporters. We've gone the distance because it is you who brought us this far.
Thank You!
BANDAR SRI SENDAYAN

THE EDGE BILLION RINGGIT Club

SILVER

Datuk Ong Eng Bin, CEO of OCBC Bank (Malaysia) (left) and Ho Kay Tat, Publisher and Group CEO of The Edge Media Group, presented the night's awards.

Joining them in presenting the awards for the Industrial Products, Plantation and Property sectors was Dr Claus Weidner, president and CEO of Mercedes-Benz Malaysia.



CONSTRUCTION — Highest Growth in Profit After Tax Over Three Years
Ekovest Bhd (Datuk Seri Lim Keng Cheng, managing director)

CONSTRUCTION — Highest Return on Equity Over Three Years)
Muhibbah Engineering Bhd (Mac Ngan Boon, managing director)

CONSTRUCTION — Highest Returns to Shareholders Over Three Years
Ekovest Bhd (Datuk Seri Lim Keng Cheng, managing director)

CONSUMER PRODUCTS — Highest Growth in Profit After Tax Over Three Years
QL Resources Bhd (Dr Chia Song Kun, Group managing director)

CONSUMER PRODUCTS — Highest Return on Equity Over Three Years
Dutch Lady Milk Industries Bhd (Mirjam van Thiel, finance director)

CONSUMER PRODUCTS — Highest Returns to Shareholders Over Three Years
Padini Holdings Bhd (Benjamin Yong, executive director)

FINANCE (below RM10 billion market cap) — Highest Growth in Profit After Tax Over Three Years
BIMB Holdings Bhd (Hizamuddin Jamalluddin, Group chief strategy officer)

FINANCE (below RM10 billion market cap) — Highest Return on Equity Over Three Years
Bursa Malaysia Bhd (Rosidah Baharom, chief financial officer)

FINANCE (below RM10 billion market cap) — Highest Return on Equity Over Three Years
Syarikat Takaful Malaysia Bhd (Leem Why Chong, chief operating officer)

FINANCE (below RM10 billion market cap) — Highest Returns to Shareholders Over Three Years
LPI Capital Bhd (Tan Kok Guan, CEO and executive director)

THEEDGE BILLION RINGGIT Club

SILVER

FINANCE (RM10 billion and above market cap) — Highest Growth in Profit After Tax Over Three Years
Malayan Banking Bhd (Datuk Abdul Farid Alias, Group president and CEO)

FINANCE (RM10 billion and above market cap) — Highest Return on Equity Over Three Years
Hong Leong Bank Bhd (Charles Sik, managing director, Personal Financial Services)

FINANCE (RM10 billion and above market cap) — Highest Returns to Shareholders Over Three Years
Malayan Banking Bhd (Datuk Abdul Farid Alias, Group president and CEO)

INDUSTRIAL PRODUCTS — Highest Growth in Profit After Tax Over Three Years
Top Glove Corporation Bhd (Lim Cheong Guan, executive director, Finance)

INDUSTRIAL PRODUCTS — Highest Return on Equity Over Three Years
Hartalega Holdings Bhd (Kuan Mun Leong, managing director)

INDUSTRIAL PRODUCTS — Highest Return on Equity Over Three Years
PETRONAS Gas Bhd (Kamal Bahrin Ahmad, managing director and CEO)

INDUSTRIAL PRODUCTS — Highest Returns to Shareholders Over Three Years
Press Metal Bhd (Datuk Paul Koon, Group CEO)

PLANTATION — Highest Growth in Profit After Tax Over Three Years
Genting Plantations Bhd (Tan Kong Han, deputy CEO)

PLANTATION — Highest Return on Equity Over Three Years
IOI Corporation Bhd (Kong Kian Beng, Group financial controller)

PLANTATION — Highest Returns to Shareholders Over Three Years
Far East Holdings Bhd (Tee Cheng Hua, executive director)

THE EDGE BILLION RINGGIT Club

SILVER

PROPERTY (below RM3 billion market cap) — Highest Growth in Profit After Tax Over Three Years
MKH Bhd (Tan Sri Eddy Chen, managing director)

PROPERTY (below RM3 billion market cap) — Highest Return on Equity Over Three Years
KSL Holdings Bhd (Ku Tien Sek, executive director)

PROPERTY (below RM3 billion market cap) — Highest Returns to Shareholders Over Three Years
Matrix Concepts Holdings Bhd (Datuk Mohamad Haslah Mohd Amin [left], chairman and Datuk Lee Tian Hock [right], founder and Group managing director)

PROPERTY (RM3 billion and above market cap) — Highest Growth in Profit After Tax Over Three Years
Mah Sing Group Bhd (Jane Leong, director of Group Strategy and Operations)

PROPERTY (RM3 billion and above market cap) — Highest Growth in Profit After Tax Over Three Years
S P Setia Bhd (Datuk Khor Chap Jen, president and CEO)

PROPERTY (RM3 billion and above market cap) — Highest Return on Equity Over Three Years
Mah Sing Group Bhd (Datuk Ho Hon Sang, CEO)

PROPERTY (RM3 billion and above market cap) — Highest Return on Equity Over Three Years
Sunway Bhd (Datuk Chew Chee Kin, president)

PROPERTY (RM3 billion and above market cap) — Highest Returns to Shareholders Over Three Years
UOA Development Bhd (Kong Sze Choon, general manager)

REIT — Highest Growth in Profit After Tax Over Three Years
Sunway Real Estate Investment Trust (Datuk Jeffrey Ng Tiong Lip, CEO)

REIT — Highest Return on Equity Over Three Years
IGB Real Estate Investment Trust (Rennie Lee, Group managing director)

THE EDGE BILLION RINGGIT Club

SILVER

REIT — Highest Returns to Shareholders Over Three Years
YTL Hospitality REIT (Joseph Yeoh, vice-president, YTL Land & Development Bhd)

TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY — Highest Return on Equity Over Three Years
Astro Malaysia Holdings Bhd (Shafiq Abdul Jabbar, Group chief financial officer)

TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY — Highest Returns to Shareholders Over Three Years
My E.G. Services Bhd (Chong Chien Ming, chief financial officer)

BIG-CAP COMPANIES — Highest Growth in Profit After Tax Over Three Years
Hap Seng Consolidated Bhd (Alan Au, chief financial officer)

BIG-CAP COMPANIES — Highest Return on Equity Over Three Years
Astro Malaysia Holdings Bhd (Shafiq Abdul Jabbar, Group chief financial officer)

BIG-CAP COMPANIES — Highest Returns to Shareholders Over Three Years
Westports Holdings Bhd (Ruben Emir Gnanalingam, CEO)

SUPER BIG-CAP COMPANIES — Highest Return on Equity Over Three Years — Public Bank Bhd (Tan Sri Tay Ah Lek, managing director and CEO). He also accepted the Silver Award for SUPER BIG-CAP COMPANIES — Highest Growth in Profit After Tax Over Three Years.

SUPER BIG-CAP COMPANIES — Highest Returns to Shareholders Over Three Years
Tenaga Nasional Bhd (Datuk Wira Roslan Ab Rahman, chief corporate officer)

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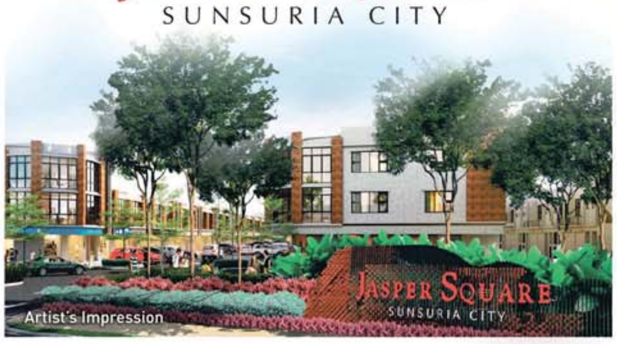

THE 1ST LANDED COMMERCIAL ENCLAVE IN SUNSURIA CITY

Designed for a wide variety of businesses, Jasper Square rides on Sunsuria City's SLS concept, offering prime commercial units with excellent connectivity and convenience.

CELEBRATE LIFE IN AN ACTION-PACKED LIFESTYLE HUB

Every city has a center of attraction where crowds naturally flock to. In Sunsuria City, the action revolves around Celebration Centre, a revolutionary concept that brings people together in an interactive space laden with communal features such as a festivities arena, a sensory garden and an alfresco dining deck. It's a place where people come together to eat, play, laugh and celebrate life with their friends and loved ones.

Sunsuria City Celebration Centre

HONOURING THE BEST of Corporate Malaysia

The crème de la crème of Corporate Malaysia came together last Monday to pay tribute to the country's top listed companies and outstanding corporate performers at *The Edge* Billion Ringgit Club Corporate Awards 2017. This is the eighth year the awards are being presented.

More than 400 guests representing 102 companies donned their tuxedos and evening gowns for the annual black-tie event, catching up with friends and competitors alike. The evening began with a pre-dinner cocktail reception in the foyer of the grand ballroom of the Grand Hyatt Kuala Lumpur hotel.

Guests admired the recently launched Mercedes-Benz E300 Coupe Edition 1 — one of only 555 units available globally — that was on display, much to the delight of enthusiasts. Aficionados of horology feasted their eyes on timepieces showcased by Swiss luxury watch maker Jaeger-LeCoultre.

The Grand Hyatt ballroom was tastefully decorated with a contemporary yet elegant vibe — a welcoming backdrop as guests mingled before taking their seats for a six-course dinner. Veteran jazz pianist David Gomes entertained during dinner, along with soul songstress Dasha Logan, the daughter of the late Alleycats vocalist Loganathan Arumugam. Diners had a choice of beverages — virgin cocktails, wine, champagne and whisky along with cognac, courtesy of Hennessy.

Dapper in his tuxedo and bow tie, The Edge Media Group publisher and group CEO Ho Kay Tat took the stage for his welcome address, in which he presented the key highlights of the overall performance of this year's *The Edge* Billion Ringgit Club (BRC) members. The awards ceremony commenced as guests finished their dessert of strawberry mousse with pistachio cake and raspberry sorbet.

AirAsia Bhd was crowned *The Edge* BRC Company of the Year while Westports Holdings Bhd executive chairman Tan Sri G Gnanalingam was named this year's Value Creator: Malaysia's Outstanding CEO. Westports CEO Ruben Gnanalingam accepted the prestigious award and Jaeger-LeCoultre's Master Ultra Thin Perpetual pink-gold timepiece on his father's behalf. Also present at the dinner was Puan Sri Siew Yong Gnanalingam.

AirAsia — represented by its co-founder and executive chairman Datuk Kamarudin Meranun with his signature red AirAsia cap — was one of the 56 corporations that bagged a total of 81 company awards, recognising the achievements and developments of the country's biggest public-listed companies in terms of the highest profit growth, return on equity and total shareholder returns (capital gains plus yield) over three years.

Ho presented the awards with OCBC Bank (M) Bhd CEO Datuk Ong Eng Bin, Mercedes-Benz Malaysia president and CEO Dr Claus Weidner, Qatar Airways country manager for Malaysia and Brunei Datuk Muzammil Mohamad and Jaeger-LeCoultre's managing director of Southeast Asia and Oceania Maxence Kinget.

Two special awards were also given out this year. Malayan Banking Bhd received a special award for being the first listed company in the country to breach the RM100 billion mark in market capitalisation. It was presented two business class return tickets to New York, courtesy of Qatar Airways. The Special Award for Public Service went to Astro Malaysia Holdings Bhd for producing the 2016 movie *Ola Bola*.

OCBC Bank returned as the main sponsor of *The Edge* BRC for the eighth consecutive year. Commenting on this year's BRC Corporate Awards, Ong said the better performance of these industry giants in environment, sustainability and governance (ESG) bodes well for Corporate Malaysia.

"Our heartiest congratulations to this year's BRC winners for outdoing themselves, most notably through the upward trend in ESG. As the movers and shakers of the business world, they are the ones who set the tone, pace and the agenda for the future. And I am pleased to acknowledge that the right notes are indeed being sounded in an increasingly consistent manner. We must keep the momentum going so that the generations to come will view this as nothing less than the norm," he said.

With all the awards given out, the night drew to a close, though many stayed on to congratulate the winners and to take photographs to commemorate the occasion.

— By Adela Megan Willy E

BILLION RINGGIT Club

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1. Datuk Ong Eng Bin (ninth from left) and his team from OCBC Bank
2. From left: Mr & Mrs Tay Liam Khoon (Cortina Watch), Maxence Kinget and Reena Tan (both from Jaeger-LeCoultre) and Ho Kay Tat
3. Hizamuddin Jamalluddin (BIMB Holdings) with Datuk Muzammil Mohamad (Qatar Airways) and Datin Rasdiana Ilias
4. Dr Claus Weidner, Mdm Wei Shi, Mark Raine, Datuk Alex Wong, Mary Lai and Datuk Clement Soo (all from Mercedes-Benz Malaysia)
5. Ho delivering his welcome speech


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BILLION RINGGIT Club

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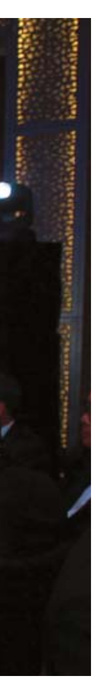
1. Standing: Tan Sri Eddy Chen (MKH), Rosalynn Poh (*The Edge*), Datuk Khor Chap Jen (S P Setia) Seated : Datuk Soam Heng Choon, Lee Chun Fai (both from IJM Corp), Datuk Lee Tian Hock and Datuk Mohd Haslah (both from Matrix Concepts Holdings)
2. Ho catching up with Datuk Kamarudin Meranun (AirAsia)
3. Datuk Chew Chee Kin (seated third from left) with his team from Sunway Group
4. Harald Behrend (Hap Seng Consolidated), Ong and Datuk Ho Hon Sang (Mah Sing Group)
5. Tan Sri Tay Ah Lek and Datuk Chang Kat Kiam (both from Public Bank)
6. Kamarul Azhar (*The Edge*), Eddie Lee, Puan Sri Siew Yong Gnanalingam, Jeyakumar Palakrishnar, and Lim Beng Keem (all from Westports Holdings)
7. Elaine Hew, Ho, Weidner and Wei Shi (all from Mercedes-Benz Malaysia)
8. Kathy Fong (*The Edge*), Datuk Ubull Din Om and Datuk Paul Ha (both from Gamuda)
9. Au Foong Yee (The Edge Property), Mr & Mrs Tee Lip Teng (Far East Holdings), Lee Jia Zhang (Kuala Lumpur Kepong) and Jane Leong (Mah Sing Group)
10. Datuk Lim Kiu Hock (Matrix Concepts Holdings), Datuk Koe Peng Kang (S P Setia) and Leong Jee Van (Matrix Concepts Holdings)
11. Muzammil, Kinget and Ruben Gnanalingam (Westports Holdings)
12. Datuk Gan Kim Huat (SKP Resources) appreciating the timepieces on display by Jaeger-LeCoultre



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Jaeger-LeCoultre's
Master Ultra Thin Perpetual

Remember the dresser full of fine watches that belonged to Dr Stephen Strange in the Marvel movie *Dr Strange*, brilliantly played by Benedict Cumberbatch? The Jaeger-LeCoultre Master Ultra Thin Perpetual was that special timepiece with the inscription, "Time will tell you how much I love you — Christine".

Dr Strange's attractive co-star timepiece was housed in stainless steel. The Master Ultra Thin Perpetual presented to BRC Value Creator: Outstanding CEO of Malaysia 2017, courtesy of Jaeger-LeCoultre, was the higher value 18-carat pink gold version.

Whatever its colour, the timepiece's case with its comfortable 39mm diameter will be examined sideways first by watch connoisseurs and collectors. While they will note the streamlined lugs and slim bezel that endow the watch with a peculiar grace, their attention will doubtless focus on its amazingly diminutive 9.2mm thickness — a new tour de force designed to house the manufacture's ultra-thin automatic perpetual calendar movement called Calibre 868.

The watch's mechanism is so sophisticated that it takes into account the unequal length of months with 28, 30 or 31 days. Every four years, it will just as naturally display the Feb 29 that is associated with leap years.

The perpetual calendar will not need any manual adjustment before March 1, 2100, since century years are an exception to the four-year cycle governing leap years. Meanwhile, the moon-phase display will faithfully portray the various states of our satellite over the next 122 years.

In any case, just a glance is enough to confirm the Master Ultra Thin Perpetual's prestigious lineage, whose understated beauty is a magnet for devotees and connoisseurs. The clear and self-evident layout avoids any risk of confusion, mirroring the mark of a leader's clear direction.

A major player in watch-making history since 1833, Jaeger-LeCoultre fulfilled a long-cherished dream of brand aficionados by unveiling its first ultra-thin automatic perpetual calendar watch.

Just as how producing ultra-thin calibres presents a major technical challenge in watch-making, it is all the more daunting when movements comprise additional complications — the successful results befitting a leader in these challenging times. E


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BILLION RINGGIT Club

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1. Raine, Hew, Sharon Teh, Diana Khoo (both from *The Edge*), Cherry Koh (Moet-Hennessy Diageo Malaysia) and Lyndon Alfred Felix (WCE Holdings)
2. Datuk Kenneth Chen, Christina Chen and Eoo Chew Jen (all from MKH)
3. Leong Pei Pei (OCBC Bank) with Datin Loh Ean and Datuk Robert Wong (both from Oriental Holdings)
4. Renowned jazz singer David Gomes serenading the guests
5. Anne Leh (OCBC Bank),Charles Sik (Hong Leong Bank) and Shirley Sun (OCBC Bank)
6. Datin Teh Li Li, Jenny Ng (*The Edge*), Kuan Mun Leong (Hartalega) and Datuk Lee Hau Hian (Batu Kawan)
7. Guests admiring the newly launched Mercedes-Benz E300 Coupe Edition 1
8. Ho, Karin Tan, Ong, Ruben, Siew Yong, Tan, Datuk Douglas Cheng (Daman Group), Jeffrey Teoh (OCBC Bank) and Kinget
9. Adrian Teh, Alex Sivam and Rodney Tay (all from OCBC Bank)
10. Amarjit Chhina (MRCB) with Jeyakumar
11. Jazz princess Dasha Logan wowing the crowd with her vocal talent


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BILLION RINGGIT Club


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1. Leong, Sun, Chong Lee Ying and Lee Joo Wee (all from OCBC Bank)
2. Teh, Tan, Haslah, Lee and Kinget
3. Evelyn Ho, Andrew Lai (both from Dialog) and Jose Barrock (*The Edge*)
4. Datuk Jeffrey Ng (Sunway REIT), Ho, Koh Mei Lee (PPB Group) and Philip Koh (Mah-Kamariyah & Philip Koh)
5. Lim Cheong Guan (Top Glove Corp), Mr & Mrs Chia Song Kooi (QL Resources), Ong and Freddie Yap (QL Resources)
6. Lim Kok Yee (Matrix Concepts Holdings), Lyanna Tew (Mah Sing Group) and Greg Thu (*The Edge*)
7. Raymond Pang (Econpile Holdings), Datuk Tee Eng Ho (Kerjaya Prospek) and The Cheng Eng (Econpile Holdings)


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8. Mr & Mrs Goh Miah Kiat (Karex) and Kuan Mun Keng (Hartalega)
9. Fong, Tan, Leong Mei Sim (OCBC Bank), Teh, Tan Ai Chin (OCBC Bank) and Karin Tan
10. Datuk Gan Sem Yam (second from left) and his team from V.S. Industry
11. Au, Lynn Chai (Eastern & Oriental), Tew and Dorothy Teoh (The Edge Education Foundation)
12. Tn Hj Mustaza, Tn Zazali Alias and Tn Hj Mohamad Nor Abas (all from Matrix Concepts Holdings)
13. Koay Teik Chuan (sixth from left) with his team from Scientex
14. Mugilan (Mercedes-Benz Malaysia), Jonathan Goddard and Phoon Hee Yau (both from George Kent) and Adrian Wong (Mercedes-Benz Malaysia)


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BILLION RINGGIT *Club*

Datuk Abdul Farid Alias (fifth from left) with his team from Maybank


Henry Tan, Tammy Toh and Shafiq Abdul Jabbar from Astro Malaysia Holdings


Kong Wai Seng, Lee Swee Kheng and Datuk Ter Leong Yap from Sunsuria


Lee, Soam, Ha and Ubull


Chew with his team from Sunway


Martin Kruegel (centre) with his team from Nestlé


Mr & Mrs Tee Lip Teng (Far East Holdings)


Mr & Mrs Timothy Tan (Kawan Food)


Gan with his team from V.S. Industry


Datuk Wira Roslan Ab Rahman (Tenaga Nasional), Azwar Majid (OCBC Bank), Ir Megat Jalaluddin (Tenaga Nasional) and Tan

BILLION RINGGIT Club

Teh, Kinget, Ho and Tan with Jaeger-LeCoultre models

Teoh, Datin Loh Ean, Datuk Robert Wong (both from Oriental Holdings) and Ong

Lim Jim Leng (Hong Leong Capital) and Au

Haslah and Lee with their team from Matrix Concepts Holdings

Patrick Wong and Leem Why Chong from Syarikat Takaful Malaysia

Abdul Razak Saim and Kamal Bahrin Ahmad from Petronas Gas

Yong Su-Lin and Joyce Loh (MRCB-Quill REIT)

Muzammil and Datin Rasdiana Ilias with their team from Qatar Airways

Teoh, Lim Shiew Yuin (*The Edge*), Teoh, Selvarany Rasiah (Bursa Malaysia), Leong and Koh

Bernie Ooi (centre) with his team from George Kent

BILLION RINGGIT Club

Datuk Gan Kim Huat and Gan Poh Chuan from SKP Resources

Sharlyza Alis and Mahmood Abdul Razak from DRB-Hicom

Azlin Mohd Aris (S P Setia), Teoh and Adelene Wong (S P Setia)

Lim Cheong Guan and Michelle Voon from Top Glove Corp

Mugilan and Adrian Wong from Mercedes-Benz Malaysia

Albern Murty and Nakul Sehgal from DiGi.Com

Ho and his team from Mah Sing Group

It's a wrap! *The Edge* team

Cherry Koh (MHD) and Khoo

Mr & Mrs Paul Lim from Pestech International

Yow Kai Fook, Looi Kong Meng, Tan Kok Guan and Irene Hwang from LPI Capital

Kimmy Khoo and Blanche Soh from TA Global

Mr & Mrs Lim Huan Joeh from Yinson Holdings

Richard Wong and Tan Kim Yoke from Sunway Construction with usherette

Foo Ai Li and Maarten Stals from Hengyuan Refining Company

Colin Ng and Davis Wong from Goldis

Tan Hock Beng and Karen Tan from Fraser & Neave Holdings

Chu Jenn Weng (sixth from left) and his team from Vitrox Corp

BILLION RINGGIT Club

Jacqui Chan (*The Edge*), Tew, Koe, Teh and Sun

Eddie Lee and Lim Beng Keem from Westports Holdings

Leong Kit May and Nikki Ng from Axis-REIT

Koay with his team from Scientex

Dr Chia Song Kun (second from left) and his team from QL Resources

Leong, Tan, Koe and Teh

Cindy Yeap (*The Edge*), Koh Mei Lee (PPB Group), Selvarany and Izlyn Ramli (Telekom Malaysia)

Benjamin Yong, Andrew Yong (from Padini Holdings) and Rennie Lee (IGB REIT)

Tan Theng Hooi (Deloitte Malaysia) and Teoh

Datuk Tee Eng Ho (sixth from left) and his team from Kerjaya Prospek

Mahadevan Sivaramakrishnan and Mirjam Van Thiel from Dutch Lady Milk Industries

Lim Kok Yee (Matrix Concepts Holdings) and June Lee (S P Setia)

Malkit Singh Maan and Hizamuddin Jamalluddin from BIMB Holdings

Ku Tien Sek , Khoo Lee Feng and Khoo Cheng Hai from KSL Holdings

Datuk Lim Keng Cheng and Brandon Lim from Ekovest

Tan Sri Eddy Chen (third from left) and his team from MKH

Teoh, Mr & Mrs Goh and Ong

Loh Min Jiann and Ivan Loh from IHH Healthcare

BILLION RINGGIT Club

BEST of THE BEST

VALUE CREATOR (MALAYSIA'S OUTSTANDING CEO)
— Tan Sri G Gnanalingam (Westports Holdings Bhd chairman, represented by his son and Westports Holdings CEO Ruben Emir)
Presenting the timepiece is Maxence Kinget, Jaeger-LeCoultre managing director of Southeast Asia & Oceania

COMPANY OF THE YEAR — AirAsia Bhd (executive chairman Datuk Kamarudin Meranun)

SPECIAL AWARD FOR EXCELLENCE (First Company to Breach RM100 Billion Market Cap)
— Malayan Banking Bhd (group president & CEO Datuk Abdul Farid Alias)
Presenting the mock ticket is Datuk Muzammil Mohamad (Qatar Airways country manager, Malaysia & Brunei)

SPECIAL AWARD FOR PUBLIC SERVICE (for *Ola Bola*)
— Astro Malaysia Holdings Bhd (chief operating officer Henry Tan)

BEST CR INITIATIVES (Super Big Cap Companies) — Tenaga Nasional Bhd (chief corporate officer Datuk Wira Roslan Ab Rahman)

BEST CR INITIATIVES (Big Cap Companies) — Telekom Malaysia Bhd (Izlyn Ramli, vice-president, group brand and communication)

BEST CR INITIATIVES (Below RM10 Billion Market Cap) — Allianz Malaysia Bhd (chief financial officer Charles Ong)

BILLION RINGGIT Club

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

SUPER BIG CAP COMPANIES — ABOVE RM40 BILLION MARKET CAPITALISATION

Tenaga Nasional

Ambitious goal to be a global name

BY KATHY FONG

Tenaga Nasional Bhd (TNB) serves 8.45 million customers, of which 6.91 million are households. However, the bulk of the utility group's earnings is derived from the industrial and commercial segments.

As TNB controls the national power grid, many hold the view that there is no reason the country's sole player in electricity transmission and distribution should not make big money. But others may opine that TNB should not earn too lucrative a profit because it is in the business of supplying electricity — a necessity.

In reality, life is not a bed of roses for the utility group as it is subject to regulation changes that are largely unpredictable and had been buffeted by fluctuations in fuel prices in the past.

And because it controls the national power grid, TNB shoulders a social obligation. Striking a balance between hitting its profit target to create higher shareholder value and public responsibility is probably something that keeps the CEO of this public listed company awake at night.

Investors shied away from the utility stock during the commodity boom years when fuel prices, particularly that of coal, were high. They

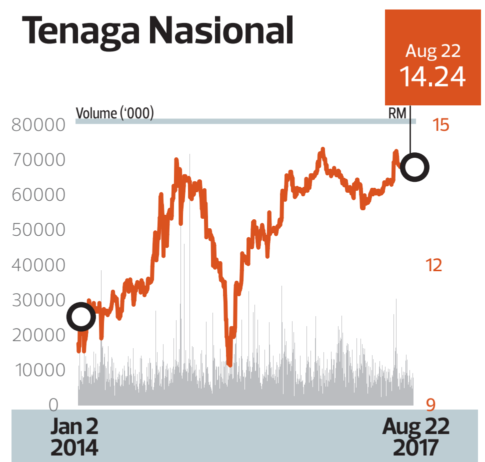
THE EDGE

knew TNB had little control over tariffs even when a hike was justified as it was burning more expensive fuel to produce power.

The stock was trading below RM7 in the first quarter of 2013. But it regained its lustre after the 13th general election as it was granted a tariff hike following the Energy Commission's decision to implement the ICPT (imbalance cost pass-through) mechanism from 2015 — a game changer for TNB. It hit an all-time high of RM14.48 in August last year.

The ICPT mechanism allows TNB to pass down incremental fuel cost to consumers without profiting from it, thus shielding its margins and improving its earnings visibility.

The electricity tariff hike in 2014 and the implementation of the ICPT mechanism in 2015 have given TNB's earnings a big boost since its



financial year ended Aug 31, 2014 (FY2014).

Profit after tax (PAT) surged from RM5.35 billion in FY2013 to RM7.36 billion in FY2016 while revenue accelerated from RM37.13 billion to a historical high of RM44.5 billion.

The utility group achieved a three-year PAT compound annual growth rate (CAGR) of 11.2% between FY2013 and FY2016, making it an outstanding performer among super big cap members of *The Edge* Billion Ringgit Club — companies with a market capitalisation of more than RM40 billion.

Given its improved earnings, TNB declared a gross dividend per share (DPS) of 32 sen in FY2016 — the highest since FY2007 when it paid out 36.3 sen. It declared a DPS of 29 sen in FY2014 and FY2015.

TNB is ranked eighth out of more than 188 countries for its ability to deliver electricity by the World Bank Doing Business Report. The utility group was assessed on the efficiency of its connection process, its power reliability and the transparency of its tariffs.

In identifying global emerging trends, CEO Datuk Seri Azman Mohd sees a shift in economic power to Asia. He believes technology disruptions are happening and expects evolving regulatory developments and the end of cheap capital. "We believe these trends will substantially reshape our future and yet present exciting opportunities," he says in the 2016 annual report.

Azman, who has helmed TNB since 2012, stresses that the group is fully aware of the risks of stagnation. Instead of just being a "jaguh kampung", he wants TNB to emerge as one of the world's top 10 utility groups by market capitalisation by 2025. "Although ambitious, there has never been a better time to reach for this goal," he says in the annual report.

It will certainly be interesting to watch how the CEO turns TNB into a global name in eight years. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

DiGi.Com

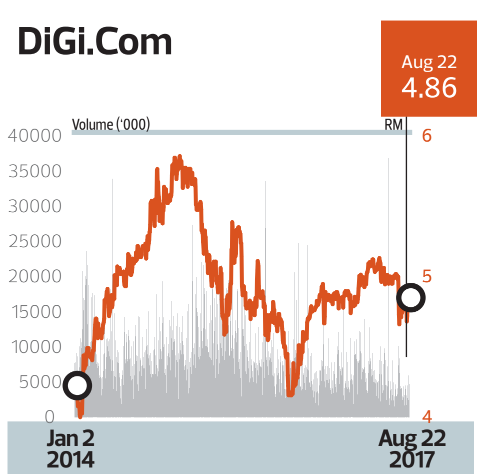
Innovating its way forward

BY ADELINE PAUL RAJ

Competition in the telecommunications space has never been more intense. Yet DiGi.Com Bhd remains a clear winner in terms of highest return on equity, bagging *The Edge* Billion Ringgit Club's Highest Return on Equity Over Three Years Award for the fourth year running this year.

The Edge BRC Company of The Year in 2013, DiGi.Com is the only BRC member to have appeared on the top 20 list, in the running for the top award, for all eight years the BRC award has been in existence.

DiGi.Com's ROE came in at 314% in FY2016, the best it has churned out in the last three years. ROE stood at 286% in FY2015, and in FY2014, it was 301%, bringing adjusted and graduated ROE



over three years to 303% — well ahead of its peers.

DiGi.Com's high ROE is largely due to its high dividend payout and capital return that keeps its shareholders' equity low. Last year, it paid shareholders a net dividend per share of 20.9 sen, or RM1.63 billion in total, representing 100% of its net earnings.

But DiGi.Com will have its work cut out sustaining this level of performance, given the fast-paced changes taking place in the industry and brutal competition.

The group is clear on the fact that it wants to continue driving innovation in a bid to attract customers, while focusing on sustaining margins. CEO Albern Murty told reporters recently that DiGi.Com would stick to its strategy of moving away from segments where margins are very diluted.

"You can win on top line but there is also going to be an impact on the earnings before interest, taxes, depreciation and amortisation (Ebitda) margins, which [is a risk] we do not want to take," he said.

DiGi.Com has done a decent job defending its subscriber base. It was just last year that it pulled off a coup, coming in from the underdog spot to beat its two bigger rivals to become the country's largest mobile operator in terms of subscribers.

For the second quarter ended June 30 this year, it managed to grow the base by 2.2% over the first quarter to RM12 million. Its average revenue per user improved slightly to RM41 from RM40. However, service revenue continued its quarterly decline for the third consecutive quarter, albeit this time at a slower pace of 1.3% to RM1.45 billion, thanks to stronger sequential postpaid growth and stabilising prepaid operations.

"We are happy with the latest results as we focused on our margins and delivered the margins that we were expecting, getting a 46% Ebitda margin," says Murty. Ebitda had grown by one percentage point, quarter on quarter.

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

SUPER BIG CAP COMPANIES — ABOVE RM40 BILLION MARKET CAPITALISATION

IHH Healthcare

Khazanah-backed dual-listed Asian healthcare provider

BY BEN SHANE LIM

Healthcare is not an exciting sector. It is defensive, and growth does not come quickly. But with a combination of patience and diligence, it can prove to be a rewarding business.

Investors who bought IHH Healthcare Bhd shares just over three years ago, for instance, would have seen the value of their investment rise over 52%, from RM3.78 per share at end-March 2014 to RM5.75 end-June 2017 — the evaluation period that gave IHH the top spot for highest return to shareholders over three years for the Super Big Cap Companies category. The annualised total return was 13.8%, beating eight other *The Edge* Billion Ringgit Club members with a market capitalisation of over RM40 billion.

It is a stellar achievement for the healthcare group, which has been focused on expanding its footprint beyond its home markets — Malaysia and Singapore.

"Taking an Asian company global is no easy feat. The last few years, marked by global macroeconomic and geopolitical uncertainty, are challenging for any business. But it also means opportunity," managing director and CEO Dr Tan See Leng tells *The Edge*.

THE EDGE

It certainly has not been smooth sailing for the Khazanah Nasional Bhd's regional healthcare venture, which first listed in Malaysia and Singapore in 2012. The group has had to battle currency depreciation in developing markets like Turkey.

Nonetheless, IHH's revenue has grown an impressive 48% to RM10.02 billion (as at FY2016) over the past three years. That works out to a compound annual growth rate of 14.05%. At the same time, the group's earnings before interest, taxes, depreciation and amortisation expanded 38% to RM2.28 billion, or a CAGR of 11.25%.

"Expanding globally means more intense competition, with the battle for talent at the forefront. We strive to engage our staff, integrate those from acquired assets, and effect knowledge and best practice transfer across our operations," says Tan.

"This has solidified our foothold in our home markets of Malaysia, Singapore, Turkey and India and laid the groundwork to expand our presence in Greater China. Our efforts ensure patients continue to get the superior and consistent medical care they've come to expect at any of our hospitals in 10 countries," he says.

It is worth noting that this growth has not been reflected in the group's earnings per share in 2016 of 7.44 sen, which was weighed down by foreign exchange losses and other exceptional items. In FY2013, EPS was 7.78 sen.

However, stripping out the one-offs and pricing in the growth from maturing investments, IHH's earnings are also expected to pick up.

TA Securities, in a report, expects IHH's EPS to grow by 32% year on year in FY2017 as profits normalise. This translates to an EPS of 16.9 sen. Looking ahead, Tan says, "We expect disruptive change in the business of healthcare delivery. We embrace innovation to keep our competitive edge while maintaining excellence in existing operations. Our approach will be balanced, with a view of creating sustainable growth not just for our investors, but for all of our stakeholders." E

ANNUAL REPORT

Nonetheless, in anticipation of keener competition ahead, DiGi.Com lowered its service revenue guidance for FY2017 to a low, mid-single digit decline. It had initially expected flat growth.

Murty says the group will continue to focus on the postpaid segment and improve operational efficiencies for the rest of the year.

Indeed, for the second quarter, DiGi.Com continued to grow its postpaid subscriber base with net additions of 103,000, or a 4.7% sequential increase, to 2.3 million. It still has among the smallest postpaid base among the telcos, but is quickly closing the gap. As a matter of comparison, market leader Maxis Bhd has a 2.8 million postpaid base.

Meanwhile, DiGi.Com's prepaid subscribers, which make up the bulk of its total subscribers, also grew, by 151,000 or 1.6% to 9.7 million. But there will be even more competition ahead in the prepaid segment given that rival Telekom Malaysia Bhd's "webe" prepaid plans are expected to be made available as early as 3Q2017.

Moving foward, DiGi.Com is expected to focus on monetising its digital services.

"Amid continued competition and weak consumer confidence, DiGi.Com is expected to focus on monetising its wide 4G-LTE and LTE-A networks to strengthen its postpaid position in the market and to capture opportunities from growing internet demand in the prepaid segment," says UOB Kay Hian Research in a July 13 report.

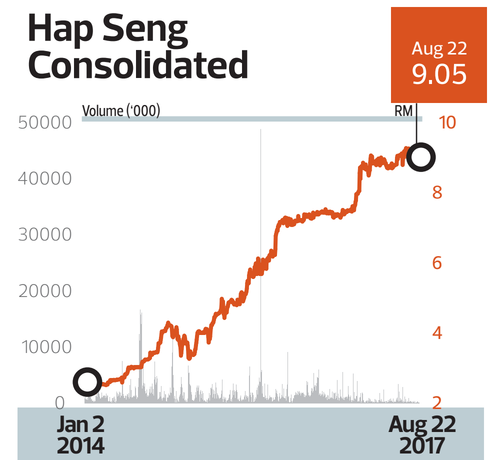
While DiGi.Com is set to benefit from the additional spectrum allocated to it from 2H2017, analysts expect the company to show subdued earnings in the near-term, given the intense prepaid competition. Most analysts that track the stock have a "hold" call on it but say there could be upside if the positive traction in the postpaid segment is kept up. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

Hap Seng Consolidated

Balancing its business exposure pays off



BY ADAM AZIZ

Hap Seng Consolidated Bhd established itself as one of Malaysia's top 30 listed companies by market capitalisation when it was promoted to the FTSE Bursa Malaysia KLCI on June 2 last year.

At the time, its share price was RM7.78, which gave it a market capitalisation of RM19.37 billion. The counter has since climbed steadily, closing at RM9.05 on Aug 22 for a market capitalisation of RM22.53 billion.

With interests in the plantation, property, automotive, non-bank credit financing, building material and fertiliser trading industries, Hap Seng is probably among the handful of diversified companies on Bursa that have been able to deliver commendable results.

If an investor had bought 10,000 Hap Seng shares on April 1, 2014, at RM2.535 a piece or RM25,350 in total, his return on investment would have been 300% as at June 30 this year, including dividends received. By then, the stock had leapt to RM9.23, up 264% in 26 months. Hap Seng has declared a total dividend of 90 sen per share in the past three financial years ended Dec 31.

Between FY2014 and FY2016, Hap Seng rewarded shareholders with a rather generous payout of between 68% and 86%, thus winning The Edge Billion Ringgit Club's award for highest return to shareholders over three years in the big cap company category.

The group's outstanding performance over the three years was attributed to several factors on top of consistent profit growth in its credit financing business.

FY2014 was a bumper year for Hap Seng with its profit before tax breaching the RM1 billion mark. That year, the group's property arm raked in an operating profit of RM705 million compared with RM256 million in the previous year, representing 68.8% of its total PBT that year. The leap was thanks to good take-up rates in its premium residential projects in Bangsar, Jalan Tun Razak and Puchong.

That year also saw its automotive arm, which distributes Mercedes-Benz vehicles, return to the black after a loss-making year. This achievement was bettered in FY2015 when the launch of two new models brought its operating profit beyond RM20 million for the first time.

FY2015 was, however, challenging for both its plantation and fertiliser trading arms for crude palm oil (CPO) prices halved from a 2014 high of US$860 (RM3,681) per tonne. Despite that, the group outperformed, lifted by the automotive and credit financing businesses, together with sale of land in Sabah and its credit business in Singapore.

In FY2016, Hap Seng's profit after tax (PAT) hit the RM1 billion mark, up from RM908.47 million in FY2015 and RM753.46 million in FY2014.

In FY2016, the group received a big boost from its building material arm, whose operating profit grew over 14 times year on year to RM145 million after it included the operations of newly acquired tile manufacturer Malaysian Mosaics Sdn Bhd.

Hap Seng's earnings growth did not end there. In its first quarter ended March 31, 2017 (1QFY2017), PAT grew 10% year on year to RM154.37 million, thanks to an increase in profit at all its businesses. Revenue rose to RM1.18 billion in 1QFY2017 from RM1.05 billion in the previous corresponding period.

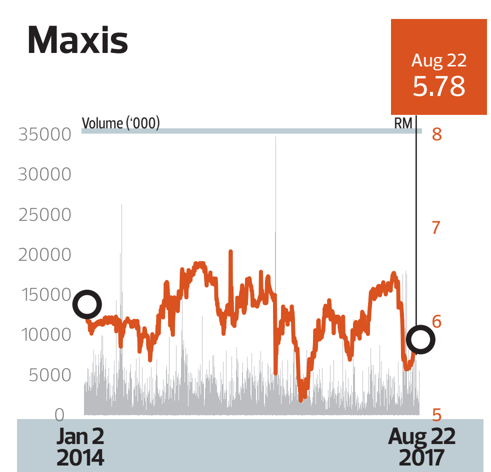
Its strategy of balancing its exposure to the automotive, commodity, finance, property and commercial product trading businesses has stood Hap Seng and its shareholders in good stead, making it a fitting example for Corporate Malaysia. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

SUPER BIG CAP COMPANIES — ABOVE RM40 BILLION MARKET CAPITALISATION

Maxis

Persevering amid growing headwinds



BY ADELINE PAUL RAJ

Maxis Bhd has delivered commmendable returns to shareholders in recent years, considering the highly competitive landscape and price pressures it faces.

Last year, its return on equity (ROE) came in at 45%, up from 39% in FY2015 and 32% in FY2014. Its adjusted and weighted three-year ROE was 41%, putting it well ahead of companies with similar market capitalisation of RM40 billion and above. DiGi.Com Bhd's market cap was just below RM40 billion at the BRC cut-off date, making it the champion in the Big Cap Companies category (RM10 billion to RM40 billion market cap).

Commendable as these figures are, the growing headwinds means it will be a tough feat for Maxis to keep up its ROE performance this year.

Nevertheless, it has displayed admirable operational trends in the recent quarters and its earnings so far this year have stayed resilient. In the second quarter ended June 30, net profit rose 18% from a year ago to RM574 million as revenue from both the postpaid and prepaid segments increased. That helped its first half net profit rise 7.3% to RM1.08 billion, which was slightly above an analyst consensus forecast.

However, the subsequent quarters are expected to be weaker. For one, it is expected to rake in lower data roaming revenue following the termination of its 3G radio access network arrangement with U Mobile Sdn Bhd. Maxis had announced in June that the termination would be done in stages over an 18-month period ending Dec 27, 2018. Recall that U Mobile had contributed decent aggregated revenue of about RM1 billion to Maxis' top line over the past five years.

And, for another, it will be difficult for Maxis to grow its prepaid revenue with Telekom Malaysia Bhd's "webe" expected to disrupt the market with the upcoming launch of its prepaid plans in the second half of this year.

As it is, Maxis lost 272,000 prepaid subscribers in 2Q2017 due to high rotational churn within the segment. While its prepaid revenue was 2.1% lower from 1Q2017, its average revenue per use was unchanged at RM42. Maxis is not overly concerned by the loss in subscribers as it targets "high value" prepaid customers given its enhanced distribution network over the past 18 to 24 months.

Despite having lost its lead last year as the country's top mobile player in terms of number of subscribers, Maxis still managed to maintain its dominance in the postpaid space. In 2Q2017, it added 41,000 postpaid subscribers thanks to strong uptake of its MaxisONE plan, bringing the total number of its postpaid subscribers to 2.8 million.

"On the bright side, we expect Maxis to continue leading in terms of network coverage (LTE population coverage has been ramped up to 89% from 71% as at end-2015), albeit a narrowed gap between Maxis and its peers over the past 18 months," UOB Kay Hian Research says in a July 21 report. It expects Maxis' core net profit in FY2017 to fall 6% to RM1.856 billion.

What's interesting to note is that Maxis' normalised earnings before interest, taxes, depreciation and amortisation (Ebitda) margin is still the highest in the industry — it stood at 51.7% compared with 49.1% in 2Q2016. The margin is, in fact, one of the highest in the industry worldwide.

Despite the better performance in 1H2017, Maxis is maintaining its targets for FY2017 and expects service revenue, Ebitda and base capital expenditure (capex) to come in at similar levels as FY2016.

"Our priority is to continue to deliver a great network experience and create an unmatched customer experience across all channels. This will only get better with our ambitions for a full digitalisation and we are on track towards this," CEO Morten Lundal said in a recent statement.

In June, Maxis raised RM1.66 billion via a private placement of 300 million new shares to meet the needs of future capex and spectrum fee requirements. To some extent, it also alleviates investor concerns about its ability to pay dividends amid potentially lower earnings ahead. It has paid investors an annual net dividend per share of 20 sen since FY2015. E

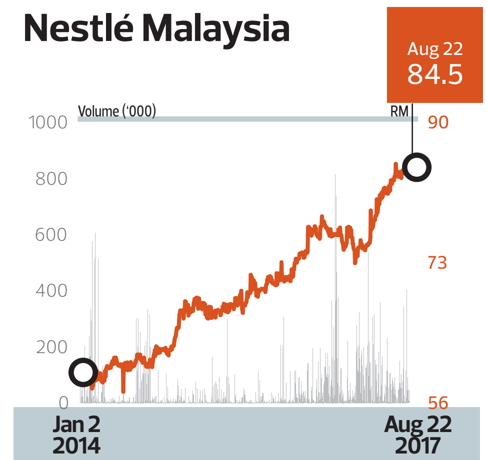
BILLION RINGGIT Club

HIGHEST RETURN ON EQUITY OVER THREE YEARS

CONSUMER PRODUCTS

Nestlé Malaysia

Not a surprise



BY BEN SHANE LIM

Some companies seldom surprise investors, and in the case of Nestlé (M) Bhd, this is a good thing.

Fuelled by stable and consistent earnings, Nestlé has been a cornerstone defensive stock in the Malaysian market over the past two years, despite volatile external factors and growing domestic uncertainties.

Since 2014, Nestlé has averaged a return on equity of at least 70%.

Nestlé, the winner of Company of the Year in 2016, continues to show its dominance this year, taking the top spot for best three-year ROE.

The consumer product conglomerate, which has many household brands in its portfolio, has consistently made an appearance in the top 20 list since the *The Edge* Billion Ringgit Club awards began in 2010.

For the first financial quarter ended March 31, 2017, Nestlé posted a net profit of RM230.43 million on revenue of RM1.37 billion.

This marks a 4.45% year-on-year increase in net profit and 4.42% y-o-y growth in revenue. While the quantum is not huge, it marks yet another quarter of steady growth for the group, despite the fact that many consumers have become more prudent in their spending. Many Malaysians would still want that cup of hot Milo or Nescafé to start the day in good and bad times.

In terms of financial performance, last year was probably a milestone year for Nestlé. Group revenue crossed RM5 billion, booking a total turnover of RM5.1 billion.

The company has been working hard over the years to continuously improve cost efficiencies as a way to enhance profitability. It is worth noting that cash flow after investments grew 44%, driven by optimisation of the group's working capital.

Despite its dominance in the consumer market, Nestlé continues to look for fresh sources of growth — exports, particularly halal products. It has been expanding capacity to cater for the export markets. The group draws about 21% of its sales from exports. Last year, Nestlé's export revenue expanded 9.6% y-o-y to a record RM1.107 billion, which is about 20% of its total revenue.

With such steady earnings, Nestlé last year paid out an all-time-high dividend of RM2.70 per share. In turn, its share price climbed to a record high of RM85 on June 30.

Currently, all nine analysts covering Nestlé have "hold" calls on the stock, with an average 12-month target price of RM80.83, although it has been hovering near its record high.

"We feel reassured [that] the group's position as the market leader in F&B [will] be maintained. The group's strategy to emphasise product innovation sits well with the current market landscape, where demand can be driven by global fads, regulatory changes and shifts in festive seasons, particularly within the country," writes Kenanga in a recent research report after attending a presentation by Nestlé at the Malaysian International Food and Beverage trade fair.

"We believe the introduction of premium products can also better position the group to ride the constant volatility in commodity prices without resorting to price increases with their higher margin levels," adds the report.

Nestlé has never been complacent. The group has ventured into e-commerce in order to cater for the changes in consumer behaviour. It expected sales to hit RM30 million by end-2016.

One of the bestselling products on its e-commerce platform has been its coffee products, for example, Dolce Gusto. Naturally, this comes in addition to the new products the group launches each year to drive growth.

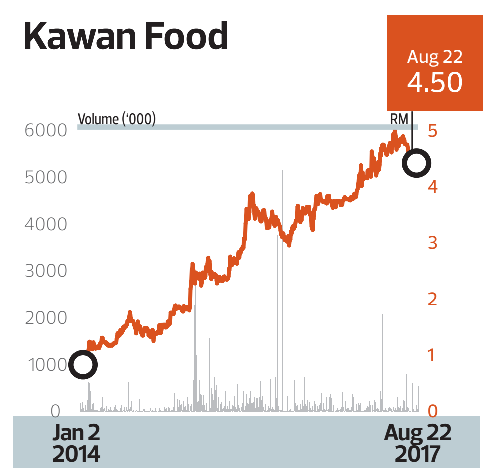
Nestlé usually does not have a fantastic growth story of a quantum leap in earnings to tell. However, those who are holding its shares don't really bother about it. They know Nestlé will not go off the growth path, even though it is not on the fast track most of the time. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

CONSUMER PRODUCTS

Kawan Food

Supplier of Malaysian delights to the world



BY ESTHER LEE

Investors who have put their money into Kawan Food Bhd three years ago can proudly declare that their investment has appreciated 137.56% as its share price climbed had from RM1.76 on April 1, 2014, to RM4.18 by March 31, 2017 — *The Edge* Billion Ringgit Club membership cut-off date.

Between end-March and end-June this year, the price of the stock rose further to RM4.95 on June 30, implying an annualised total return of 53.7% over three years and three months. That included a handsome dividend of 157.50 sen per share, even before the stock price raced above the RM5 mark.

Perhaps the stellar returns are no surprise, given that the company's earnings have been going from strength to strength during the period in review. Net profit grew at a three-year compound annual growth rate of 26.8% to RM32.98 million in FY2016 from RM16.2 million in FY2013.

It is worth noting that Kawan Food is still a family-run business. Founder and executive chairman Gan Thiam Chai, who has 24.4% equity interest, is still involved in the business. The managing director is his son-in-law, Timothy Tan, who was previously the director of international business, overseeing export markets.

The homegrown company, known for its frozen paratha and chapatti, has been making waves in the international market.

Its export markets have been a earnings growth driver in the last few years as the local market has been hit by weak consumer sentiment following the implementation of the Goods and Services Tax (GST), according to the company.

According to its 2016 annual report, 58% of its total sales revenue was derived from the export markets, with the US accounting for close to half of it.

That said, Kawan Food is among those that have benefited from the weakening ringgit in the last few years.

"As exports accounted for 58% of our total sales revenue, the weakening of the ringgit versus the US dollar last year provided some positive cushioning effect. We took the opportunity to provide rebates to some overseas customers to boost marketing activities and sales promotions in order to gain market share," Kawan Food says in the annual report.

Its paratha is the largest sales contributor to overseas revenue at 65% last year, with chapatti coming in second at 23%.

It is commendable that the frozen food manufacturer did not increase its selling price across all markets last year despite an increase in major raw material prices. According to Kawan Food, wheat flour and margarine rose an average of 6% and 30% respectively in 2016 from a year ago.

"In Malaysia, post-GST, there was heightened inflationary pressure across the board with raw material, packing material and even labour costs increasing. The tough trading environment and poor trade sentiment did not allow us to pass on these increases to consumers," the company says.

Kawan Food's existing facilities in Malaysia for its key products have hit maximum capacity but it has a new facility in Pulau Indah. However, the commissioning of the new factory is taking a little longer than expected due to "unforeseen circumstances", according to the company.

That aside, Kawan Food has also been busy with new product development. New-generation products will be rolled out when there is an increase in manufacturing space, the company says.

"We are hopeful that from this portfolio of new products, one or more new superstar champion products will emerge, similar to the emergence of paratha previously."

As at March 31, 2017, the company had a net cash of RM47.45 million after taking into account total borrowings, giving it room to further delight shareholders. E

BILLION RINGGIT Club

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

FINANCE — BELOW RM10 BILLION MARKET CAPITALISATION

Syarikat Takaful Malaysia

A shariah-compliant standout

BY ADELINE PAUL RAJ

Investors who bought into Syarikat Takaful Malaysia Bhd just over three years ago would have little reason to complain. Based on capital appreciation alone, these investors would have seen its share price almost doubling to RM4.15 from RM2.08 between April 1, 2014, and June 30, 2017 — the period under *The Edge* Billion Ringgit Club review. That translates into an annualised total return of 23.6% over the three-year plus three months period.

To some extent, the gain is likely due to its one-for-five share split in 2015, which brought the share price of STMB — the country's only listed Islamic insurer — into a more affordable range for retail investors. Prior to the corporate action, it was trading at around RM11 apiece.

Investors would have also been rewarded with a strong and consistent return on equity of just over 24% in each year from FY2014 to FY2016. This is higher than that of most financial institutions in Malaysia.

Its profit before tax and zakat has grown steadily over the years, to RM220.6 million in FY2016 from RM186.3 million in FY2014. Net earnings, meanwhile, rose to RM176.3 million in FY2016 from RM139 million or 8.2% three-year compound annual growth rate.

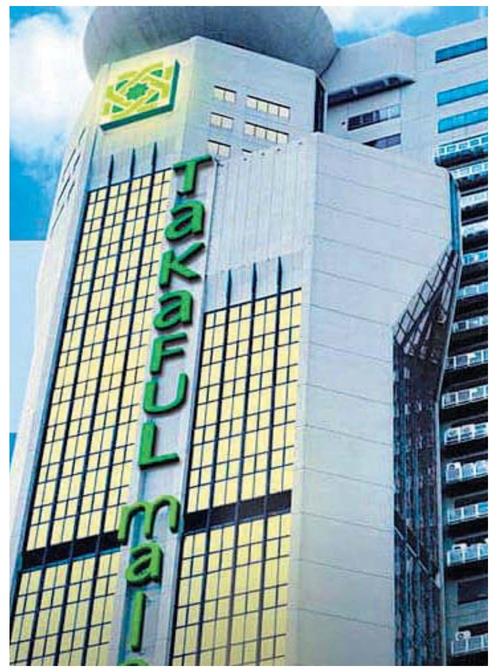
STMB has been generous with its dividends, with a payout ratio of 88% in FY2014, which then fell to a low of 40% in FY2015

before recovering to 55% in FY2016. Total net dividends amounted to RM59.9 million in FY2016 compared with RM130.3 million in FY2014.

The lower payout ratio may have been because it was taking a more cautious view on the capital impact of its upcoming licence split. The group in December last year submitted to Bank Negara Malaysia its final plans to split its family and general takaful businesses under separate licences to comply with the requirement under the Islamic Financial Services Act 2013 by Jan 1, 2018. The central bank approved its plans this month.

Given that STMB continues to maintain strong capital ratios, analysts see upside to its dividend payouts.

"If the dividend payout ratio were to revert to the historical average of 70%, yields



would rise to 4.6%, by far the highest among peers. Among listed insurance companies, LPI Capital Bhd currently commands the highest dividend yield of 3.7% based on a 75% payout ratio," UOB Kay Hian Research notes in a July 21 report following the release of STMB's second quarter financial results.

The group is also seen as a net beneficiary of a rising interest rate environment, with life insurance contributing a sizeable 74% of assets and liabilities.

At the time of writing, Bloomberg data shows that four of five analysts that track the stock have a "buy" call on it, including UOB Kay Hian, with a 12-month target price of RM4.58. This suggests a 12.8% upside from its closing price of RM4.06 on July 31.

STMB is expected to continue benefiting from the vastly untapped takaful market at home. The group expects to maintain its position as the market leader in the family takaful business. It plans to amplify its presence in the general takaful market by continuing with its unique proposition of rewarding customers with 15% cashback for no claims during the coverage period.

"Given the continuation of this cashback campaign, we are optimistic that the group will be able to sustain growth of its motor insurance segment. In addition, we note that other insurance companies are scaling back on this segment, which we believe would leave room for the group to expand its market share," says MIDF Research.

For the first half of FY2017, STMB posted a healthy net profit growth of 10.4% to RM101.8 million, which was broadly in line with analysts' expectations. The growth was fuelled mainly by its strong performance in the first quarter. Its overall gross premiums growth of 10.6% year on year in 1Q2017 moderated to 3.9% in 2Q2017.

Some analysts expect weaker earnings from STMB in the coming quarters, based on the company's guidance for slower growth in family takaful premiums and additional costs from splitting its family and general takaful businesses into two entities. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

FINANCE — BELOW RM10 BILLION MARKET CAPITALISATION

LPI Capital

Understated general insurer

BY ESTHER LEE

Volatile commodity prices and a weaker ringgit were among the factors weighing on the market as well as business and consumer confidence in Malaysia in recent years.

General insurer LPI Capital Bhd managed to navigate the choppy waters to win the award in its category with a three-year profit after tax (PAT) compound annual growth rate of 29.47% — the highest among peers in the finance sector with under RM10 billion market capitalisation.

On a year-on-year basis, PAT grew 13.4% to RM320.99 million in FY2015 from RM283.02 million in FY2014. In FY2016, PAT rose 36.2% to RM437.22 million.

The company's gross written premium has increased in tandem, from RM1.15 billion in FY2014 to RM1.28 billion in FY2016, while net earned premium increased to RM767.3 million in FY2016 from RM653.68 million in FY2014.

LPI Capital operates its general insurance business through wholly-owned subsidiary Lonpac Insurance Bhd. A large chunk of its gross written premiums is derived from the fire segment.

HIGHEST RETURN ON EQUITY OVER THREE YEARS

FINANCE — BELOW RM10 BILLION MARKET CAPITALISATION

AEON Credit Services

Easy payment schemes still fuelling growth

BY ESTHER LEE

AEON Credit Services (M) Bhd has bagged the award for Highest Return on Equity over Three Years for the second consecutive year. That does not come as a surprise as the financial institution's ROE was above 30% from FY2013 to FY2015. Although it dropped below the 30% level in FY2016 and reached 28.3% in FY2017 as shareholders' equity grew faster than net profit, AEON Credit's ROE is still the highest among financial institutions.

AEON Credit, whose niche is in the vehicle financing space, has seen its net profit growing from strength to strength over the years. From RM134.13 million in FY2013, it has risen more than 50% to RM228.22 million in FY2016.

In its recent financial year ended Feb 28, 2017, net profit grew 16.1% to RM265.03 million on the back of higher growth in its vehicle and personal financing operations, despite the challenging economic environment.

AEON Credit's financing portfolio also includes a growing personal financing segment, credit cards, consumer durables and small and medium enterprise financing.

Unlike conventional banks, which are facing challenges in growing their loan books, AEON Credit's financing receivables have been growing at a double-digit pace. For FY2017, they grew 19.1% to RM6.44 billion from the previous year while in its first quarter ended May 31, 2017, year-on-year growth was a strong 17%.

THE EDGE

"Loan demand from AEON Credit's targeted customers — retail market — is still resilient thanks to its niche market exposure, vis-à-vis many other financial services providers that are facing tougher times in growing their loan portfolios amid the softer economic conditions," says Kenanga Research in a July 5 report.

However, the research house says these positives could have been priced into its share price, which has risen well over one-third in the past year.

As with all financial institutions, asset quality is always a factor to watch. AEON Credit has seen an improvement in its overall asset quality in FY2017 with a lower non-performing loans ratio of 2.28% compared with 2.47% a year ago. It continued to be stable in 1Q2018 at 2.43%, compared with 2.42% in 1Q2016.

The company says in its FY2017 annual report that its key areas of focus going into FY2018 include branch transformation through web application and self-service terminals, embarking on digital marketing to enhance service levels and introducing innovative cards under the E-money platform. "Our company's long-term strategy is to continue to serve a wide spectrum of customers in terms of income group, including consumers from the lower socio economic group who may be underserved by the mainstream players, and to offer competitive and flexible product pricing to come up with different product segments for customers having different risk profiles," it adds.

One point to note going forward is its recently proposed RM432 million cash call, which involves the issuance of two ICULS for every one share held. The cash call is meant to improve its capital adequacy ratio to build an adequate capital buffer, support business growth and improve liquidity to strengthen its financial position. This exercise, assuming full conversion of ICULS, could potentially dilute its FY2018 earnings per share, says Kenanga Research.

Nevertheless, MIDF Research says it is positive about the strong growth of AEON Credit's earnings. "We believe that the positive growth trajectory will continue in FY2018, given the optimistic prospects for GDP performance this year," it says in the July 5 report.

Bloomberg data shows there were two "buy", three "hold" and one "sell" calls on the counter. E

A May 18 initiation report by AffinHwang Capital Research sees LPI having an advantage over other general insurance and takaful industry players when it comes to the portfolio mix of underwritten policies.

While industry players have an average of 18.3% of gross written premium on fire policies and 46.5% exposure to the motor segment, LPI's mix in FY2016 of 40.8% fire policy exposure and 23.1% gross written premium stands out.

This is because fire policies are known to provide higher returns due to lower claim rates, compared to the motor segment's higher claims ratio.

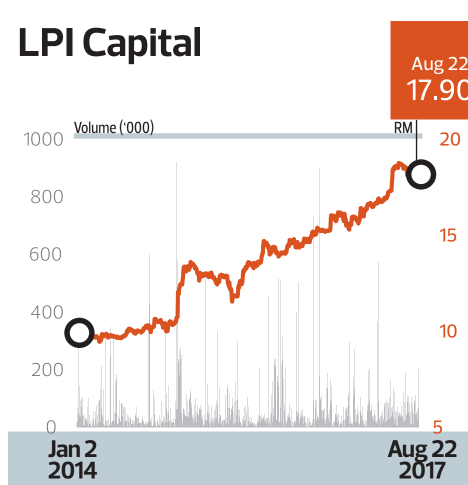
"As individual insurer's claims and commission ratios are generally indifferent to the industry average, with management having little control over these costs, LPI's focus on the more profitable fire portfolio allowed LPI to generate an overall higher underwriting profit margin relative to its peers," says the research house.

LPI's underwriting margin stands at 31.4% compared with the industry average of 12.1%.

It is also worth noting that LPI Capital's combined ratio, which measures the profitability of insurers, has improved to 63.7% in FY2016 from 68.8% in FY2014. The company attributes the improvement to greater efficiencies from leveraging technology and greater staff productivity as well as underwriting discipline.

LPI Capital operates in three countries — namely Malaysia, Singapore and Cambodia. However, its overseas revenue contribution is small at 6.5% as at FY2016, compared with 93.5% from Malaysia.

With the liberalisation of the general insurance industry underway, LPI Capital is definitely not resting on its laurels.



"The group has weathered the immediate impact of liberalisation well, and has protected its market share from the competitors," the company says in its 2016 annual report. As at September 2016, LPI Capital's market share in the general insurance space stood at 7.04%.

The company admits it expects to see some margin compression moving forward but is working at developing new speciality products and leveraging its business process management system to optimise efficiency.

Nevertheless, Affin Hwang Capital believes LPI Capital will be able to manage the detariffication well given its lower exposure to the higher claims ratio motor segment.

"While fire insurance policies are likely to be impacted under the framework as well, we believe that LPI Capital's established fire agency force, strong relationship with its bancassurance partner, independent brokers and global partners are likely to mitigate any significant negative impact and support its growth and underwriting profit in the segment," it adds. E

BILLION RINGGIT Club

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

FINANCE — RM10 BILLION AND ABOVE MARKET CAPITALISATION

Public Bank

Steady climb

BY KATHY FONG

Public Bank Bhd's earnings have just kept growing in the past two years, when banks' profit margins have been compressed due to provision for non-performing loans.

Its profit after tax grew to RM5.207 billion in the financial year ended Dec 31, 2016 (FY2016), from RM4.06 billion in FY2013. The banking group achieved PAT of RM5.06 billion in FY2015 and RM4.51 billion in FY2014 — a steady uninterrupted growth for three financial years at a time when its peers were hit by high provision for loans, due to the change of economic climate, the slowdown of the property market and the collapse of crude oil prices.

This translates into a compound annual growth rate of 8.6% over the three financial years, making it the winner of The Edge Billion Ringgit Club Best Three-year PAT growth in the Super Big Cap Companies category with a market capitalisation of above RM40 billion.

The banking group's earnings per share ballooned to RM1.348 in FY2016 from RM1.161 in FY2013. Its EPS was RM1.311 in FY2015 and RM1.237 in FY2014. The profit before tax per employee ratio, meanwhile, has also been on a steady climb to RM351,000 in FY2016 from RM296,000 in FY2013. The ratio was even higher at RM353,000 in FY2015.

It also won *The Edge* BRC Best Three-Year PAT Gold and Return on Equity Gold Award 2017 in the Finance Sector.

However, the banking group's ROE has been drifting lower. It slipped to 16.5% in FY2016 from 22.4% in FY2013. Still, Public Bank's ROE is one of the highest in the local banking industry. In fact, a falling ROE is the trend among domestic banks as a result of stricter capital requirements by regulators as a preventive measure to increase prudence in risk management.

The uninterrupted net profit growth from

FY2014 to FY2016 speaks well for the asset quality of the country's third largest bank in terms of asset size. This is the main reason Public Bank's shares usually trade at a premium over its peers.

The share price is the highest of all the listed banking groups on Bursa Malaysia. From April 1, 2014, to June 30, 2017, the share price gained nearly 20%. It is not the top performer — Hong Leong Bank gained 28.3% and Malayan Banking Bhd grew 23.3% in the same period — but it has fared better than its other peers.

In terms of price-to-book value, Public Bank is leading the pack among locally listed banks. Based on its close on June 30 of RM20.06, the bank's shares were valued at 2.26 times P/B, compared with Hong Leong Bank's 1.51 times and Maybank's 1.43 times.

The banking group's gross loan impairment ratio remains low at 0.5% in FY2016. It was 0.7% in FY2013. Its loan loss coverage ratio dipped slightly to 102.7% in FY2016, compared with 120.8% in FY2015 and 122.4% in FY2014. The lower ratio is still above the industry average.

The banking group's customer deposits have expanded to RM309.97 billion in FY2016, up 23% from RM250.87 billion in FY2013.

Its cost-to-income ratio has inched up to 32.3% in FY2016 from 30% in FY2015 and FY2014. Nonetheless, it is among the lowest in the industry as its peers' ratios are above 50% or higher.

During the three years under review, Public Bank has expanded its staff strength slightly to 18,651 in FY2016 from 17,924 in FY2013. Interestingly, gross loan-to-employee ratio continued to climb to RM15.76 million in FY2016 from RM12.34 million, despite Bank Negara Malaysia's cooling measures for the property market. Retail operations generate slightly more than half of the group's pre-tax earnings. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

FINANCE — RM10 BILLION AND ABOVE MARKET CAPITALISATION

Hong Leong Bank

Stellar local bank with improving Chinese associate

BY ADELINE PAUL RAJ

Investors who bought into Hong Leong Bank Bhd just over three years ago would have enjoyed a decent capital gain, thanks to a strong surge in its share price this year.

The stock appreciated by 25.4%, from RM12.49 to RM15.66, between April 1, 2014, and June 30, 2017 — the period of review for *The Edge* Billion Ringgit Club (BRC).

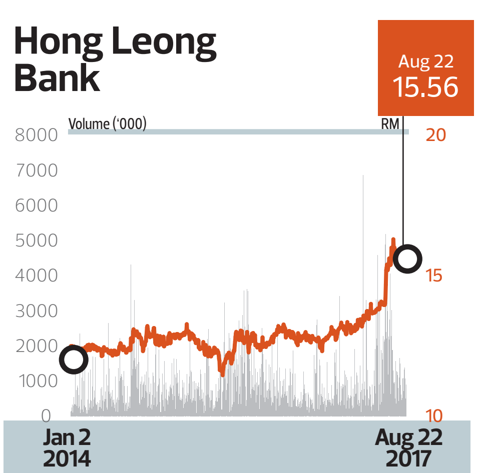
While that only translates into a single-digit 7.2% annualised return over the period of three years and three months, it is ahead of six other large banking peers that are also BRC members. This year alone, Hong Leong Bank saw a 17.3% gain up to the cut-off date.

The strong gain came on the back of a solid recovery in profitability at Bank of Chengdu Co Ltd (BOC), a China-based lender in which Hong Leong Bank has a 20% strategic stake. BOC's profit contribution to Hong Leong Bank improved 3.7% year on year to RM242 million in the nine months ended March 31 (9MFY2017), underpinned by a strong 25.9% y-o-y rebound in the third quarter. It accounted for 11.7% of Hong Leong Bank's profit before tax in 9MFY2017.

BOC's recovery, deemed to be sustainable after a strong bout of loan loss provisions since 1QFY2016, was the main reason for a slew of target price and earnings upgrades on Hong Leong Bank by analysts right after the lender released its 3QFY2017 results on May 29. This led to a surge in its share price in June and July, with the counter peaking at the year's high of RM16.30 on July 5.

Given the strong price appreciation, some now see limited upside for the stock, although they continue to like the lender's strong fundamentals. Bloomberg data shows that of 18 analysts that track Hong Leong Bank, 10 have a "hold" call and eight have a "buy" with a 12-month target price of RM15.26. Its closing price on Aug 1 was RM15.70.

"While we continue to favour Hong Leong Bank's strong fundamentals, which include its impeccable asset quality, liquid balance sheet and a turnaround for BOC, valuations are fair at this stage, in our view. We raise our FY18/FY19 earnings forecasts by 2% to 3% and our target price to RM15.90 (from RM15.60)," Maybank Investment Bank Research, which cut its call on the stock to "hold" from "buy", says in a July 18 report.



Hong Leong Bank's earnings in 9MFY2017 grew 24% y-o-y to RM1.66 billion, coming in within consensus estimates. The growth was supported by higher operating income, lower provisions and higher profit contribution from BOC. Annualised return on equity was at 10.4%, within the bank's full-year target of 10% to 11%.

The bank is in a good position to grow earnings further. It is the only one of the country's eight local lenders that has managed to see sequential growth in net interest margins (NIM) for four consecutive quarters.

"With the lowest loan-to-deposit ratio in the industry at 81.1% (industry: 88.8%), the group is in the strongest position to enhance NIM via more aggressive asset utilisation and/or effectively manage funding cost by only focusing on expanding CASA (current account and savings account deposits) versus more expensive time deposits," notes UOB Kay Hian Research in a June 16 report.

The bank also continues to display strong asset quality, with one of the lowest gross impaired loans ratio in the industry, at 0.88%, and solid loan impairment coverage ratio of 106%. "Going forward, protection of our business franchise and profitability will remain our key priority," says its group managing director and CEO Domenic Fuda.

Of late, given that banking industry consolidation is again a hot topic — AMMB Holdings Bhd and RHB Bank Bhd recently called off talks — it has sparked speculation that Hong Leong Bank too may be propelled to size up for scale. Last month, it shot down as "speculative and untrue" a report about a possible merger with Alliance Financial Group Bhd. E


INTERNATIONAL
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AEON CARD
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HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

INDUSTRIAL PRODUCTS

VS Industry

Top homegrown electronics manufacturing services provider

BY BEN SHANE LIM

Johor-based VS Industry Bhd has made a name for itself assembling products that, for the most part, the company cannot name. Bound by non-disclosure agreements, managing director Datuk Gan Sem Yam has to keep mum about the top-shelf electronic appliances that are assembled at the group's plant in Senai.

Fortunately, the group's bottom line is able to do the talking.

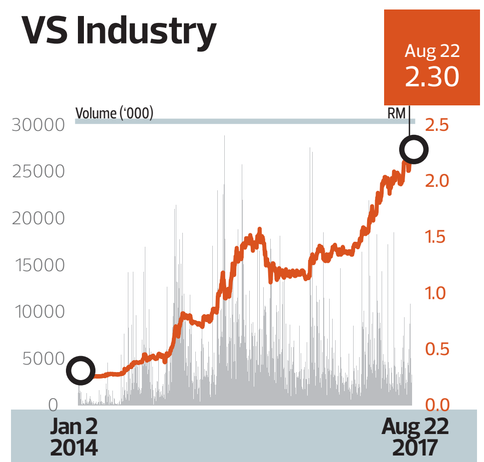
For the nine months ended July 31, 2017, VS Industry posted revenue and net profit of RM2.3 billion and RM119.5 million respectively. This marks a 41.7% and 11.7% increase from the previous year. This strong growth trajectory stems from the group's expansion of new production lines and its venture into new personal care products — also top-shelf. While a net profit for FY2016 of RM117.9 million was smaller than RM132.7 million in FY2015, it is still more than double the RM43.9 million booked in FY2013.

Its stock price has jumped nearly 700% to RM2.054 on June 30 this year, from 25.9 sen just over three years ago on March 31, 2014, translating into an 89% annualised total return for the period. As a result, VS Industry bags the best return for shareholders over a three-year period for the Industrial Products sector in *The Edge*'s 2017 Billion Ringgit Club awards.

"We are expanding rapidly and expect our production output to reach record high this year as well as next year," Gan tells *The Edge*.

The group's share price certainly reflects such expectations. Closing at RM2.18 on Aug 15, VS Industry's share price has gained 56% year on year. This gives the company a market cap of RM2.6 billion.

"We are currently the largest homegrown electronics manufacturing services (EMS) provider in Malaysia, top five in Asean and ranked 28th in the world (based on 2016 revenue).



"We believe we can further improve our ranking in the world. But more importantly, we want to continue growing and be a dominant EMS player in the region — be it in terms of revenue, profitability or reputation," he says.

Gan also points out that size alone is not enough. The group also sets itself apart as a one-stop vertically integrated EMS provider.

"We offer complete solutions from product design R&D to prototyping, testing, production, quality control and logistics fulfilment. And from a production viewpoint, as a vertically integrated provider, we have all the processes (tooling, plastic injection, PCB assembly and box-build assembly capabilities) in-house under one roof," he explains.

This allows VS industry to offer better quality control and shorter production lead times.

"Today, we believe we have achieved high level of expertise in complex EMS processes and are capable of producing increasingly higher-value added consumer products," says Gan.

He boasts that the group is now capable of taking on complex design jobs as well as high-volume orders. "Our capabilities are on par with other large international EMS players in the world," he declares. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURN ON EQUITY OVER THREE YEARS

INDUSTRIAL PRODUCTS

Scientex

Manufacturer with a growing property division

BY LIEW JIA TENG

Scientex Bhd's exponential growth is evidenced by its all-time high revenue and profit in its financial year ended July 31, 2016 (FY2016), and recognised by two The Edge Billion Ringgit Club awards this year.

Incorporated in 1968 and majority-owned by the Lim family, Scientex was originally involved in the production of polyvinyl chloride leather cloth for the automotive interior segment and sheeting for industrial and consumer products.

Under the leadership of the Lim family's second generation, Scientex has become a leading industrial plastic packaging manufacturer and an established property developer in southern Malaysia. Managing director Lim Peng Jin, the youngest son of founder Lim Teck Meng, who began his chemical engineering career in Japan before joining the company in 1991, is currently the key figure behind Scientex.

Scientex's revenue grew 22% year on year to RM2.2 billion in FY2016 while its net profit surged 52% to RM240.9 million. Its earnings per share (EPS) was also higher, growing from 70.43 sen in FY2015 to 105.88 sen in FY2016. The group's EPS has effectively doubled from 51 sen in FY2013, reflecting its strong and sustained growth over the last three years.

Scientex's record year in FY2016 was achieved on the back of phenomenal performances by both its manufacturing and property divisions.

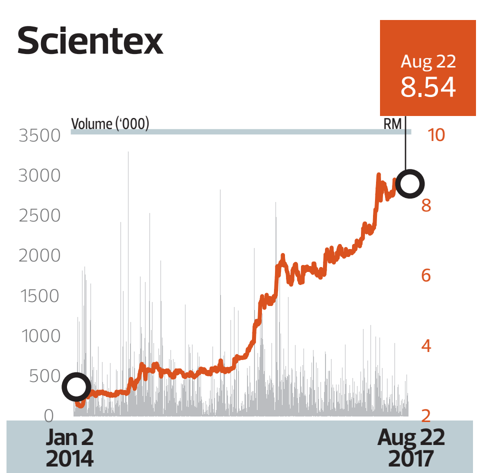
Manufacturing revenue grew 20.5% to RM1.5 billion, fuelled by higher export sales of RM1.1 billion, representing a year-on-year growth of 22.5%. The property division, meanwhile, performed beyond expectations despite a slow property market. Its revenue rose 26.3% year on year to hit RM651.5 million.

Scientex registered a compound annual growth rate (CAGR) of 29% in its profit before tax between FY2013 and FY2016, from RM142.98 million to RM306.33 million. In fact, the company also registered a 15-year net profit CAGR of 29% between FY2001 and FY2016.

Net profit more than doubled to RM240.9 million in FY2016 from RM110.3 million in FY2013, translating into a three-year CAGR of 29.7%.

The group's return on equity (ROE) was well above that of its peers in the past three years — 20.83% in FY2014, 16.79% in FY2015 and 20.5% in FY2016.

Its share price has more than tripled in the last three plus years, rising 239% from RM2.58 on March 31, 2014, to RM8.74 on June 30, 2017, for an annualised return of 89%.



Scientex has also paid a dividend per share of more than 20 sen in the last four financial years. It declared a total dividend of 22 sen per share or a total of RM73.6 million for FY2016. This represents a payout ratio of 30.56%, highlighting Scientex's commitment to distribute at least 30% of its net profit to its shareholders.

The company also completed a one-for-one bonus issue on Aug 15, 2016, which resulted in an increase in its share capital to 460 million from 230 million.

In a June 21 report, Kenanga Research analyst Marie Vaz lowered Scientex's earnings forecast by 9%-4% to RM266 million-RM333 million in FY2017-FY2018. "We may have been slightly optimistic about the newer plants' capacity utilisation, which is lowered to 45%-65% in FY2017-FY2018 (from 55%-70%) while we also lower manufacturing margin estimates slightly as management is eyeing penetrative pricing strategy. Thus, core net margin is lowered to 9.5% (from 10%) in FY2017 while FY2018 margin is maintained at 10%," she says.

Scientex expects the expansion of its consumer packaging plant to be completed by the end of this year and will focus on ramping up capacity going forward. Meanwhile, its industrial packaging segment is concentrating on expanding in the US with contributions accreting mostly in FY2019.

"All in, we expect total capacity to increase to 304,000 tonnes-340,000 tonnes per annum in FY2017-FY2018, and sales tonnage to ramp up by about 16%-27% y-o-y as plant utilisation increases throughout FY2017-FY2018. We believe the group will allocate about RM260 million-RM140 million for capex in FY2017-FY2018, which we have accounted for in our estimates," Vaz says in the report. E

BILLION RINGGIT Club

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

REITS

IGB REIT

Mega mall pioneer resilient despite retail space competition

BY BILLY TOH

Investors in IGB Real Estate Investment Trust, a pure retail play in the REIT sector, benefited from the strong interest in REITs in the past two years, amid low returns and depressed market sentiment.

Average total return a year for investors was 20.43% between March 31, 2014, and June 30 this year, when IGB REIT closed at RM1.76.

The dividend that was given out was also attractive, with a yield of 5.1% at the time of writing. The retail investment trust has shown consistency in rewarding its shareholders, as reflected by the one-year and three-year dividend growth of 6.35% and 7.35% respectively.

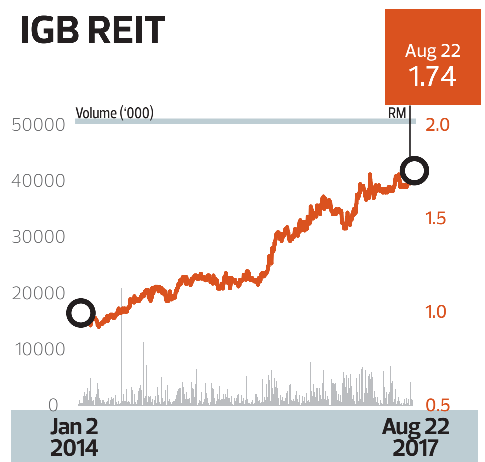
The outperformance of its share price is a reflection of its strong portfolio, which comprises Mid Valley Megamall — dubbed a shopper's paradise or fashionista's heaven — and The Gardens Mall, a premium six-level shopping haven with more than 200 outlets, including top international fashion brands.

Residents of the Klang Valley have probably visited the malls at least once, with their location within the affluent Kuala Lumpur neighbourhoods.

In the financial year ended Dec 31, 2016 (FY2016), the average revenue per sq ft of the properties in its portfolio was RM188.70 — a 12.7% increase from RM167.40 per sq ft in FY2013.

IGB REIT had a far superior average revenue per sq ft — about 2.7 times more — than Hektar REIT, another investment trust that focuses on the retail segment, during the same period.

Distributable income grew at a three-year compound annual growth rate (CAGR) of 9.5% to RM316.3 million in FY2016 from RM241.1 million in FY2013. That happened even as IGB REIT's net property income grew by a three-year CAGR of 8.1% to RM361.1 million in FY2016 from RM285.7 million in FY2013. During the same period, revenue grew by a three-year CAGR of



5.6% to RM507.3 million in FY2016 from RM430.7 million in FY2013.

While 2017 is being viewed as a challenging year for the retail sector, with increased competition in the Malaysian market due to the oversupply of retail space and increasing popularity of online shopping, IGB REIT continues to push ahead with asset enhancement initiatives for both Mid Valley Megamall and The Gardens Mall. Experiential marketing and activation-based campaigns will also be held to support its tenants.

Its ongoing efforts have resulted in a stronger first quarter result for FY2017, with a growth of 2.6% in its net property income to RM96.1 million from RM93.6 million in 1QFY2016, mainly on higher rental income. This was despite weak consumer sentiment that saw sales in the Malaysian retail industry contract by 1.2% in the first quarter of this year.

The continued growth seen in IGB REIT is also reflected in its share price. On July 31, it edged higher by 1.2% to RM1.71. Year to date (as at July 31), it had a total return of 8.9% — far above the REIT market, which registered a total return of 2.52% during the same period.

Analysts like the strong track record of IGB REIT's management, with Bloomberg data showing four "buy" calls and six "hold" calls for the company, amid concerns and fears that the booming e-commerce space and oversupply of shopping malls could hurt retail players. The consensus 12-month target price of RM1.86 indicates an 8.8% upside potential at the time of writing. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

REITS

KLCCP Stapled Group

Iconic stature sustains premium

BY BILLY TOH

The iconic stature of the Petronas Twin Towers continues to justify its premium rental rates for the owner, KLCC Real Estate Investment Trust (REIT), which, since May 9, 2013, has been stapled to KLCC Property Holdings Bhd, one of the largest companies on Bursa Malaysia with a market capitalisation of RM14.1 billion.

As at Dec 31, 2016, KLCCP Stapled Group's portfolio of assets had exceeded RM17 billion and its market capitalisation accounted for about 34% of the Malaysian REIT universe.

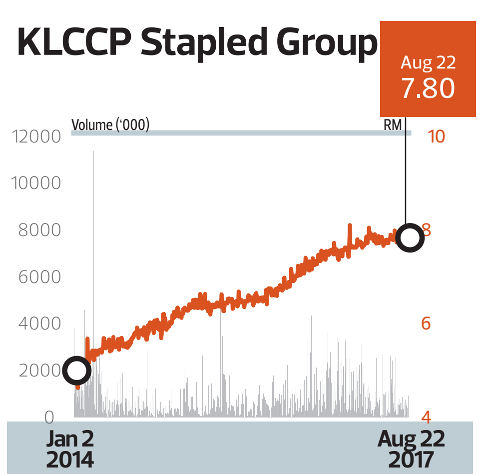
The stapled structure's portfolio consists of several buildings that make up the Kuala Lumpur City Centre development — Petronas Twin Towers, Menara ExxonMobil, Menara 3 Petronas, Suria KLCC, Mandarin Oriental Kuala Lumpur, Kompleks Dayabumi and Menara Maxis.

The superior appreciation and premium rental rates of its properties saw KLCCP Stapled Group record the highest return on equity (ROE) among its peers over a three-year period based on The Edge Billion Ringgit Club's graduated and weighted ROE tabulation that recognises sustained performance as well as the fact that it is harder for large companies to grow versus their smaller peers.

Over the last three years, the adjusted weighted ROE with multiplier effect for the stapled group has been 9.8% — a reflection of the higher average revenue per square foot of the properties in its portfolio. In the financial year ended Dec 31, 2016 (FY2016), the Suria KLCC mall had an average revenue psf of RM396.08 while the office segment had RM115.88. In comparison, the nearby Pavilion Kuala Lumpur Mall and Pavilion Tower had an average revenue psf of RM297.45 and RM76.10.

The group's revenue remained relatively stable in the last three years, edging up to RM1.34 billion in FY2016 from RM1.28 billion in FY2013. There was, however, a slight decline in its bottom line to RM1.01 billion in FY2016 from RM1.03 billion in FY2013. The performance in FY2016 was attributed to the resilient office and retail segment, which offset the significant decline in the hotel segment in a year of sluggish domestic consumption-led economic growth and weaker demand in the hospitality sector.

In the office segment, there was an addition



of 43,184 sq ft of net lettable area to the existing triple net lease agreement with Petronas with effect from September last year following the conversion of four levels of atrium space in Menara Dayabumi into office space.

"The stable cash flow and resilient rental income with 100% occupancy in all our office portfolio continue to underpin the overall performance of the office segment," a note in the group's 2016 annual report says.

The group, however, saw a decline in the performance of its retail and hotel segment due to the average occupancy of Suria KLCC dropping from 98% to 96% from an ongoing tenant remixing, particularly on Level 1 of the mall, and the hotel business getting hit by softer corporate demand and increased competition from new luxury hotels.

While some have turned bearish on the retail and hotel segment of KLCCP Stapled Group, Suria KLCC Sdn Bhd CEO Andrew Brien is confident of Suria KLCC's strong competitive edge, thanks to the Petronas Twin Towers.

"It's not about cheap rents; it's about curating the malls in the best possible manner," he tells The Edge in a recent interview, highlighting the fact that Suria KLCC was the first Malaysian mall to breach the RM2.5 billion level in gross sales turnover as at March 31 this year.

He believes a strong emphasis on generating more sales and value for retailers is crucial for earnings accretive in the long run.

Another positive note is that despite a lower profit in FY2016, KLCCP Stapled Group paid out 95% of its distributable income — higher than its commitment to distribute at least 90%. Its distribution per stapled security grew from 34.65 sen in 2015 to 35.65 sen in 2016, translating into a dividend yield of 4.4%.

After reaching its one-year high of RM8.30 at the end of 2016, KLCCP Stapled Group was on a downward trend, falling 5.9% to RM7.81 on July 31 this year. Nonetheless, it had recovered from its one-year low of RM7.16 recorded in August last year. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TRADING/SERVICES, HOTELS, IPC AND TECHNOLOGY

George Kent Malaysia

Transitioning from water meters to engineering works

BY AHMAD NAQIB IDRIS

George Kent Malaysia Bhd has seen a steady run-up in its share price over the past three years, as the market views the group's transition into the engineering segment positively, while its water meter division continues to provide a growing base of recurring income.

Its share price quadrupled during the review period for *The Edge* Billion Ringgit Club awards, from below RM1 at end-March 2014 to RM4.12 at end-June 2017, translating into an annualised total return of 70.31% over the period of three years and three months.

This is comparable to the 70.55% attained by Vitrox Corp Bhd, making both companies joint Gold winners of *The Edge* BRC 2017 Highest Returns to Shareholders Over Three Years in the Trading/Services, Hotels, IPC and Technology sector.

George Kent's net profit grew at a double-digit compound annual growth rate of 53% for the three years up to its financial year ended Jan 31, 2017 (FY2017), allowing the group to consistently pay out dividends to reward its shareholders.

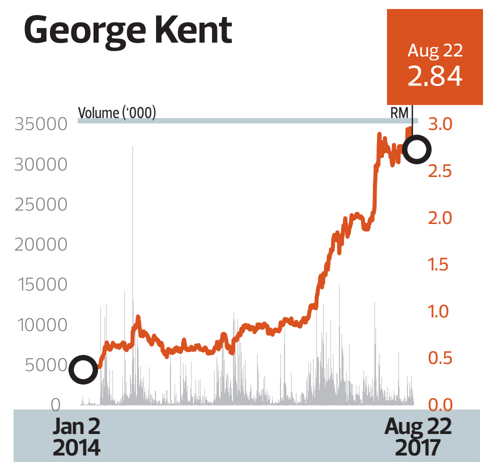
For the three years up to FY2017, George Kent has paid out a total of 12.3 sen per share in dividends, translating into an average dividend yield of about 4%.

The group's transition into engineering works, beginning with it securing the RM1.1 billion systems works contract for the Light Rail Transit (LRT3) Ampang Extension in 2012, has been one of the main drivers of its growth over the years.

The job involved signalling systems, communications, track works and electrification over a period of 44 months for the 17.7km extension from Sri Petaling to Putra Heights.

Despite facing some hurdles in the project due to delays on the part of the civil contractors, George Kent still managed to deliver without any cost overruns.

Considering the group's prior experience in system works, Prasarana Malaysia Bhd had in 2015 announced the appointment of a joint venture (JV) between George Kent and developer Malaysian Resources Corp Bhd (MRCB) as the project delivery partner (PDP) for LRT3.



Following that, Mass Rapid Transit Corp Sdn Bhd had in 2016 awarded the JV company of George Kent and China Communications Construction Co Ltd (CCCC) a RM1.01 billion work package for the Klang Valley Mass Rapid Transit Line 2 (KVMRT2) in 2016.

Besides its role in mega railway projects, George Kent's engineering division has also been supported by its hospital construction sub-segment, and was involved in the upgrading of Hospital Kuala Lipis in Pahang, Hospital Tanjung Karang in Selangor and Hospital Endokrin in Putrajaya.

While the engineering segment has been a major growth engine for George Kent, the group's water metering division has provided a stable foundation of recurring income over the years.

Its manufacturing facility in Puchong is one of the largest hot brass forging plants in Southeast Asia, producing internationally certified water meters for household and industrial applications.

The metering segment has been steadily growing as George Kent continues to secure new supply contracts with water authorities in Malaysia and the region. The group currently exports its products to some 40 different countries.

Meanwhile, the group also has a strong track record in the construction of key water infrastructure — including water treatment plants, dams and pumping stations — completing over 28 major water supply contracts in the past two decades.

At the group's annual general meeting press briefing in June this year, George Kent chairman Tan Sri Tan Kay Hock indicated that the group will be eyeing bigger contracts going forward, and is tendering for about RM4 billion in projects, ranging from railways to hospitals.

In a note dated June 23, Hong Leong Investment Bank Bhd analyst Jeremy Goh said George Kent is in a prime position to participate in upcoming mega rail projects such as the East Coast Rail Link and High Speed Rail.

The research house maintains a "buy" call on George Kent, and raised its target price on the counter to RM5.60 as the broker feels the group should be valued on par with larger contractors given its strong financials and exposure to mega rail jobs. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TRADING/SERVICES, HOTELS, IPC & TECHNOLOGY

ViTrox Corp

Steadfast earnings deliverer

BY LIEW JIA TENG

A popular symbol of virtue in classic Chinese philosophy, bamboo grows sturdily upward despite the plant's slender appearance — an apt metaphor for the strength and resilience of ViTrox Corp Bhd. Since its inception in 2000, it has never failed to deliver a profit. It is fitting that the semiconductor player chose to embed the image of printed circuit boards onto the bamboo shoots and leaves that adorn the cover of its 2016 annual report.

Listed on the Main Market of Bursa Malaysia since 2005, the Penang-based ViTrox is one of the leading solutions providers of automated vision inspection systems and equipment for the semiconductor and electronic packaging industries.

ViTrox serves customers such as semiconductor outsourced assembly and test companies, printed circuit board manufacturers, electronics assemblies companies, electronics manufacturing services providers and contract manufacturers around the world. The group has an extensive global distribution network with a wide customer base in Malaysia, Thailand, China, Taiwan, Japan, South Korea, Brazil and the US.

In its financial year ended Dec 31, 2013 (FY2013), ViTrox broke its record by achieving annual sales turnover of more than RM100 million. Encouraged by this performance, in FY2016, ViTrox set another new record, achieving turnover of more than RM200 million and a new profit before tax record of RM61 million.

Moving forward, ViTrox remains bullish for an even better FY2017. It expects new products and continued expansion of its customer base into new territories to drive double-digit growth for its top and bottom lines.

"We are looking at [achieving] more than RM300 million revenue in the short term. The growth [we are charting] is not a one-off thing. There is a pattern, our growth is gaining momentum. And we want to make sure our bottom line grows in tandem with the top line," ViTrox co-founder and managing director Chu Jenn Weng told *The Edge Financial Daily* in March.

It is worth noting that ViTrox registered a three-year profit after tax compound annual growth rate of 39.2% as its net profit attributable to shareholders grew to RM64.8 million in FY2016 from RM24.1 million in FY2013. Weighted and graduated return on equity over the same three-year period was also decent at over 27%. Annualised total returns over three years and the three months ended June 30 was 70.6%, beating peers.

A one-for-one bonus issue in May helped to push the share price to a record high of RM7.27 on June 20. It is worth noting that this is ViTrox's second bonus issue since its listing 12 years ago.

In fact, shares in ViTrox have surged 14 times over the last 3½ years. The counter has risen from a post-bonus adjusted price of 29 sen on March 31, 2014 to RM4.03 on June 30, 2017. Year to date, ViTrox's share price has more than doubled to close at RM4 on July 21, giving it a market capitalisation of RM1.88 billion.

Impressive capital gains aside, ViTrox has consistently paid dividends every year since listing. The company declared a total dividend per share of 6.5 sen, with a total distribution of about RM15.3 million for FY2016, representing a payout ratio of some 23%.

In a May 23 report, Kenanga Research analyst Desmond Chong said his positive conviction is reaffirmed by the group's superior earnings prospects as well as management's strategic planning and vision.

"While the recent one-for-one bonus issue would be the sweetener, further capacity upscaling post Campus 2.0 completion is also a rerating catalyst," he highlighted.

Campus 2.0, which is located at Batu Kawan Industrial Park, is slated for completion by October to November this year. Recall that the land size of 960,000 sq ft, with a built-up of 450,000 sq ft, could house four times the current capacity.

"Challenges include the limited talent to support such volume growth in the short term, we applauded the group's vision and efforts, which focus on growth and the perspective of constant new areas [of] exploration amid [a] comprehensive product road map and strategic customer engagement," he said. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSUMER PRODUCTS

Panasonic Manufacturing Malaysia

Appliance producer sees record-breaking earnings

BY ADAM AZIZ

Manufacturing of electrical appliances, perceived as the old economy's bricks-and-mortar business, may not be many investors' cup of tea as there is a wide variety of IT-related firms that offer potential exponential growth nowadays.

Nonetheless, Panasonic Manufacturing Malaysia Bhd (PMM) is one to watch. The group delivered three consecutive years of record-breaking earnings, between the financial year ended March 31, 2014 (FY2014) and FY2016, despite cautious consumer spending.

Profit after tax increased from RM75.09 million in FY2013 to RM146.9 million in FY2016. Revenue, meanwhile, rose from RM864.6 million in FY2013 to RM1.086 billion in FY2016.

The impressive financial numbers resulted in PMM receiving *The Edge* Billion Ringgit Club's award for highest growth in profit after tax over three years, jointly with Hong Leong Industries Bhd.

Higher export sales of home shower and fan products in Southeast Asia and the Middle East helped to boost the group's sales. Export sales grew from RM487 million in FY2013 to RM671 million in FY2016. In addition, the stronger US dollar was a tailwind for PMM, given that 60% of its revenue is derived from exports.

Nevertheless, the group's earnings growth hit a speed hump in FY2017 when higher raw material costs ate into its profitability. It posted a net profit of RM127.12 million, down 13.5% from an all-time high of RM146.9 million the year before. Revenue, however, continued to grow, rising 3.33% to a record high of RM1.12 billion in FY2017.

Thanks to the robust earnings growth, PMM's shareholders received dividend cheques in the past three financial years.

The group declared a dividend per share of 15 sen in FY2014, a sharp fall from the year before. However, DPS soared to RM1.42 the following year and was RM1.39 in FY2016.

The climb in PMM's earnings have drawn interest to its shares. The counter leapt to an all-time high of RM39.78 on July 29 last year from RM22 in April 2014. For the three-year period from April 1, 2014, to March 31, 2017, it gained as much as 83.7% — rather significant for a company with a market capitalisation of over RM2 billion.

PMM is a big cap company with a large cash coffer. Its balance sheet shows zero borrowings.

As at June 30 this year, the company had a cash pile of RM602.43 million or RM9.92 per share. This allows it to participate in hedging activities and to negotiate better interest rates from financial institutions, say analysts.

The cash-rich company has a RM100 million expansion plan over the next two years, which is aimed at raising the manufacturing output of its existing products.

PMM is slated for better results in FY2018, with analysts expecting improved contribution from its vacuum cleaner segment after it takes over the North American market, which was previously under its sister company there.

The rice cooker segment is also expected to break even in FY2018 — PMM said it has successfully adopted a cost-effective manufacturing approach for the loss-making business, which was moved to Malaysia from Thailand in 2015.

Meanwhile, the stronger ringgit this year will impact PMM's foreign exchange gains but it will mitigate some of the increase in the cost of raw materials, such as aluminium and copper, which had weighted on its FY2017 earnings.

PMM has reportedly raised its selling price by 5% since April to mitigate the higher input costs.

With measures already in place to further raise capacity and maintain margins, the household brand seems to have taken steps to sustain its future earnings growth. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSUMER PRODUCTS

Hong Leong Industries

Finds new growth source

BY ADAM AZIZ

Hong Leong Industries Bhd's (HLI) share price has doubled to RM9.10 between April 1, 2014, and March 31, 2017. This is certainly a big boost for the company, which has a market capitalisation of over RM1 billion.

The upward momentum continued with the stock climbing to RM10.42 in late July before retreating to RM9.59 on Aug 19.

In hindsight, investors can certainly say HLI was a steal at around RM4 in late 2014 after its capital reduction exercise and the injection of its cement business into its sister company, Hume Industries Bhd (formerly furniture maker Narra Industries Bhd).

However, the pertinent question then was: What is left in HLI to drive future growth after it has distributed its stake in semiconductor manufacturer Malaysia Pacific Industries Bhd in 2010 and now hiving off its cement operation?

Nevertheless, HLI did not disappoint its shareholders. The group has maintained its earnings growth by making inroads into the massive Vietnamese motorcycle market. Those who have travelled to Vietnam would have certainly noticed that the motorcycle is a popular mode of transport there, especially in the cities.

The venture is now a key earnings growth driver, helped by the country's economic boom.

So, it may not be an exaggeration to say that HLI is one of the Malaysian companies that have succeeded in their ventures in Vietnam.

Apart from the share price rally, HLI's shareholders have also been rewarded with generous dividends. In its financial year ended June 30, 2016 (FY2016), the company declared a bumper dividend of 42 sen per share, thanks to a sharp increase in its earnings. In FY2014 and FY2015, it paid out 24 sen and 29 sen respectively.

The company could afford to be generous because it had a cash-rich balance sheet. Its cash position stood at RM424.3 million after taking into account short-term loans of RM113.12 million as at June 30, 2017.

In addition, its earnings are growing. Its earnings per share jumped to 80.16 sen in FY2016 from 56.18 sen the year before.

HLI's net profit ballooned 43% year on year to RM247.22 million in FY2016. This was attributed to higher sales of Yamaha products in Vietnam by its associate company, Yamaha Vietnam Co Ltd. The earnings increment more than offset the slowdown in the building material division.

Between FY2013 and FY2016, HLI's after-tax profit has expanded from RM148 million to RM247 million. This translates into a compound annual growth rate of 19%.

In FY2016, the company saw its share of profit from associates (net of tax) swell to RM102.5 million, compared with RM41.32 million in FY2015 and RM37.5 million in FY2014.

HLI has two core businesses — the manufacture of ceramic tiles and building materials under the "Hume" brand, and the manufacture and trading of Yamaha motorcycles in Malaysia and Vietnam.

Currently, the group's motorcycle manufacturing division contributes 76% to its revenue.

Looking ahead, FY2017 is fast becoming an interesting year. For its nine months ended March 31, 2017 (9MFY2017), HLI achieved a 17% y-o-y increase in net profit to RM207.66 million.

Its stellar performance in Vietnam is driven by the country's growing population and rapid economic expansion — it is one of the fastest-growing emerging markets in the world. In addition, its central bank cut its refinance interest rates in July for the first time in three years, thus encouraging consumers to spend. All in all, HLI is on course for a fourth consecutive year of revenue growth and fifth consecutive year of net profit growth. E


Italian Masterpieces
MAMY BLUE BED. DESIGNED BY ROBERTO LAZZERONI.
CASTELLO DI MASINO, CARAVINO, TORINO.
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HIGHEST RETURN ON EQUITY OVER THREE YEARS

PLANTATION

Kuala Lumpur Kepong

Exceptional gains a boost for leading planter

BY ESTHER LEE

Planters have had a rough couple of years as an abundant supply of oilseeds and uncertainty in the economic landscape dragged down crude palm oil prices. It was only late last year that CPO prices started to show some signs of recovery.

Nevertheless, Kuala Lumpur Kepong Bhd (KLK) achieved commendable results for shareholders as its return on equity over three years grew from 13% in FY2013 to 16% in FY2016. That gives it a weighted and graduated ROE of nearly 14% over the three-year period, ahead of all its peers, based on *The Edge* Billion Ringgit Club calculations.

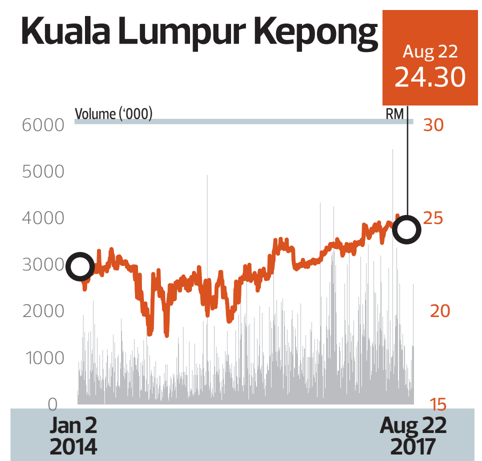
KLK's net profit also increased from RM917.74 million in FY2013 to RM1.59 billion in FY2016. In FY2016, net profit increased 83% from the previous year. The company explained that this was largely due to exceptional gains from the sale of estate land and net deferred tax credits from the revaluation of its Indonesian assets. Without the one-off gains, net profit for FY2016 would have increased by 3% year on year to RM892.6 million.

KLK derives the bulk of its revenue from its plantation and oleochemicals divisions, accounting for 50.6% and 46.9% respectively. The rest comes from its property development, investment income and rubber plantation operations.

ANNUAL REPORT

As at Sept 30 last year, 14% of its palm trees were immature, 28% were four to nine years old, 34% were 10 to 18 years old and 24% were above 19 years old.

According to KLK's 2016 annual report, there were no significant changes in the productive areas as there were no new acquisitions and plantings in the remaining plantable reserves in Indonesia.



It adds that the progress in Liberia, which accounts for 4% of its total oil palm plantable area of 205,472ha, is slow as it is still awaiting the resolution of several land issues and completion of studies using the high carbon stock approach methodology, on top of the social impact exercise with local communities.

"As such, the immature areas have declined slightly with no massive new plantings, while the older palms have increased marginally with impending large-scale replanting in Sabah (Lahad Datu region) and Indonesia (Belitung Island region) in the coming few years," says KLK.

The company's financial performance for the first half of the year was within analysts' expectations. Its plantation division saw operating profit double y-o-y to RM786 million on higher CPO prices and better fresh fruit bunch (FFB) production.

In contrast, its manufacturing division, which produces oleochemicals, saw its operating profit fall 56% y-o-y to RM106 million as margins narrowed to 2.1% during the period due to higher crude palm kernel oil prices.

However, CPO prices have lost some of their shine of late. Since the beginning of the year, they have fallen about 17% from RM3,218 to RM2,672 per tonne as at July 31.

The challenge for KLK now is to continue the momentum for the second half of the year, when production of FFB in Indonesia and Malaysia are expected to recover and weakness in CPO prices are expected.

Public Bank Research says in a May 23 report that KLK's management expects to see continuous positive results from the plantation segment in 2H2017 as it has locked in some forward sales. As for its oleochemicals segment, it is anticipated to recover in the following quarters as raw material prices become more favourable.

KLK says it will continue to increase productivity and yield, and improve its oil extraction rates going forward. "For the oleochemicals division, we will continue to optimise the integrated value chain while driving further improvement efficiencies and productivity." E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PLANTATION

Batu Kawan

More than just KLK's parent company

BY LIEW JIA TENG

Ipoh-based Batu Kawan Bhd is widely known as the parent company of locally listed plantation giant Kuala Lumpur Kepong Bhd (KLK). However, many may not know that Batu Kawan is also Malaysia's largest producer of chlor-alkali chemical products, which include chlorine, caustic soda and hydrochloric acid.

Its chemical plants in Perak and Terengganu have an annual production capacity of 116,000 tonnes of caustic soda. These factories run at an average utilisation rate of close to 90%. The group's market share is estimated at 55% to 60%.

To be sure, the bulk of Batu Kawan's profit comes from KLK. Even so, profit attributable to Batu Kawan's shareholders grew to RM825.2 million in FY2016 from RM483.7 million in FY2013, translating into a three-year compound annual growth rate of nearly 20%. While KLK's is slightly more impressive at 20.2%, we had imposed a penalty on KLK in *The Edge* Billion Ringgit Club calculations as its FY2015 net profit fell below the FY2013 base year, resulting in Batu Kawan coming just ahead of KLK for the 2017 BRC award for highest growth in profit after tax over three years.

Batu Kawan also delivered higher return on equity than most of its peers in the plantation sector. Its three-year adjusted and graduated ROE was nearly 15%, just below 17% at KLK, which came out ahead in the ROE category.

In any case, Batu Kawan's shares only rose about 5% from RM17.88 on March 31, 2014, to RM18.75 on June 30, 2017, which translates into an annualised total return of 1.47% over the period of three years and three months. Still, the company has been consistently paying a dividend per share of at least 50 sen in the last five years. It declared a total DPS of 55 sen, with a total distribution of RM222.85 million for FY2016, representing a payout ratio of 27%.

In Batu Kawan's 2016 annual report, chairman Tan Sri Lee Oi Hian says given the low stocks and tight supplies caused by El Niño and slow crop recovery, there is some optimism that higher crude palm oil prices will prevail. In fact, CPO and palm kernel prices in particular have improved, helped partly by a weaker ringgit.

"On the global front, there are increasing signs of a slower world economy and new uncertainties ... [that we] will need to be cognizant about. In such times, we will maintain our focus on maintaining operational efficiency while

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PLANTATION

Kim Loong Resources

Efficient niche oil palm planter and miller

BY LIEW JIA TENG

Kim Loong Resources Bhd, a Johor-based oil palm grower and crude palm oil (CPO) miller, retained its position as the BRC member with the highest returns to shareholders in the plantation sector as it continues to reward shareholders amid tough operating conditions.

The planter's oil extraction rate (OER) and net margins fell to their lowest in five years (since 2013) in the financial year ended Jan 31, 2017 (FY2017), even as the cost of producing CPO increased by 21% to RM1,460 per tonne, mainly due to lower OER and fresh fruit bunch (FFB) production, in addition to escalating operating costs.

However, that did not stop Kim Loong from paying out dividends, with gross yields that have been more attractive than the returns from conventional bank deposits in the past five years.

Kim Loong declared a total dividend per share of 20 sen for FY2017, giving the shareholders a fairly attractive dividend yield of 5.8%.

To recap, the company declared a final DPS of eight sen in March this year, after it announced an interim dividend of seven sen last September and a special dividend of five sen in December last year. The total payout represents about 88% of the annual profit attributable to the owners of the company.

ANNUAL REPORT

Kim Loong paid a DPS of 13 sen in FY2015 and FY2014, giving shareholders a gross dividend yield of 4.7% and 5% respectively. It paid a DPS of 23 sen in FY2016, translating into a handsome dividend yield of 7.5%.

The company also achieved double-digit return on equity in the last three financial years — 13.8% in FY2015, 13.1% in FY2016, and 12.7% in FY2017.

In addition, Kim Loong's shares have seen high capital appreciation in the past three plus years. The counter has risen nearly 68% to RM3.89 on June 30 this year, from RM2.32 on March 31, 2014. That translates into an annualised total return of 17.21% over the three-year and three month period.

Kim Loong is 64% owned by the Gooi family, who also own locally listed property developer Crescendo Corp Bhd. Gooi Seong Lim, one of richest people in Malaysia, shares his fortune with three younger brothers, Seong Heen, Seong Chneh and Seong Gum.

Kim Loong Resources' principal activities are divided into two main areas: plantation operations and milling operations. The company owns oil palm estates in Johor, Sabah and Sarawak.

Moving forward, Kim Loong expects to see its profit grow by about 20% in FY2018, on the back of improved CPO prices and better milling operations margins.

"We target [the] profit growth rate for FY2018 to be about 20%, in view of [the] forecast increase in FFB production, current good palm oil prices and better milling [operations] margins," Kim Loong managing director Seong Heen told *The Edge Financial Daily* in February this year.

He shared that in FY2017, the group has seen a squeeze on milling operations margins due to lower crop levels. But, he said the group expects its palm oil yield to recover to healthier levels by FY2019.

"Palm oil crops decreased [in FY2017] because of El Niño, so everyone started competing for crops. As oil extraction rates decreased, the margins were squeezed for the milling operations," Seong Heen said.

In a May 11 report, Kenanga Research plantation analyst Voon Yee Ping says FY2017's FFB production fell 16% to 251,900 tonnes owing to the drought, but that was offset by a 25% year-on-year increase in CPO prices, which averaged RM2,680 per tonne. Still, weaker production meant higher cost per tonne and dampened net margins to 7%, the lowest level in the last five years. As a result, net profit slipped by 3% to RM71.3 million.

"We estimate that FFB production will improve by 13% and 8% in FY18/FY19, slightly above the sector average growth of 8% and 8%. Note that our FY2018 forecast is on the conservative side against management's expected 20% growth," says Voon. E

THE EDGE

keeping alert to opportunities that may come along," he states.

Lee, 66, joined the board of Batu Kawan in 1979. He is also the CEO of KLK. Lee and his younger brother Datuk Lee Hau Hian are the substantial shareholders of Batu Kawan with a 51% stake.

AmInvestment Bank Research issued an unrated report on Batu Kawan dated Feb 3, in which it describes the stock as an undervalued gem.

If the value of Batu Kawan's 46.6% holding in KLK of RM12.1 billion is removed from the former's market capitalisation of RM8.3 billion, it would appear that the market has not attached any value to Batu Kawan's other assets, the research house says.

"We estimate the net asset value of Batu Kawan's chemical and property assets at RM603.6 million. At the company level, Batu Kawan has gross cash of RM294.4 million and borrowings of RM500 million," says AmResearch.

It adds that assuming a holding company discount of 20%, Batu Kawan would still be trading at a significant discount of 17.9% to its revalued net asset valuation. Moreover, it is a slightly cheaper entry to KLK due to its lower price-earnings ratio.

"Excluding KLK, Batu Kawan's main business activity is its chemical operations and [it] is also involved in plantation and property businesses," says AmResearch. The plantation division recorded revenue of RM85.4 million and pre-tax loss of RM5.7 million in FY2016, it adds.

The group owns Menara KLK in Mutiara Damansara (where *The Edge* is located) and is also involved in property ventures in Melbourne and Perth via equity interests of 14.75% to 50%, says AmResearch. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PROPERTY — RM3 BILLION AND ABOVE MARKET CAPITALISATION

IGB Corp

Steady earnings growth over a decade

BY AHMAD NAQIB IDRIS

IGB Corp Bhd has seen steady profit after tax (PAT) growth since 2004. For FY2013 to FY2016, the group's PAT registered a three-year compound annual growth rate (CAGR) of 13.8%, supported by its property investments and hotel operations.

For FY2016, it reported PAT of RM297.99 million, up 37.38% from RM216.9 million the previous year, even as revenue dipped 1% to RM1.15 billion from RM1.17 billion.

IGB saw lower contributions from its property development and property investment (commercial) divisions during the year, but that was mitigated by higher contributions from the property investment (retail), hotels and investment divisions.

The property development division was hit by the soft market sentiment in 2016 as potential buyers held off purchases amid tighter lending rules, high cost of living and weaker job prospects, according to its 2016 annual report.

IGB completed two developments during the year, Three28 Tun Razak and Park Manor, which saw take-up rates of 96% and 22% respectively as at end-2016.

The property investment (commercial) segment was also affected by the soft market, amid the oversupply of office space in the Klang Valley, but saw a slight increase in occupation to 89% in 2016, from 87% a year earlier.

The group managed to replace 60,300 sq ft of space as at end-2016, out of the 332,942 sq ft that was vacant as at end-2015.

IGB said it offered a range of incentives, such as longer rent-free periods, and sought longer-term tenancies across a range of businesses and industries to reduce tenant concentration risk.

The hotel division saw positive growth during the quarter, supported by the opening of four hotels in 2015, namely Cititel Express Ipoh, Cititel Express Penang, The Wembley Penang and the Tank Stream Sydney.

During 2016, the group restructured its portfolio of hospitality assets, selling off Renaissance Kuala Lumpur Hotel, Cititel Express Kuala Lumpur and Micasa Hotel Apartments, Yangon.

The property investment (retail) segment also saw growth as consumer sentiment improved from a low in 2015.

The group carried out asset enhancement initiatives (AEI) at Mid Valley Megamall, while The Gardens Mall saw a reconfiguration of retail space, which has driven sales in fashion, jewellery and watches.

Its major shareholder Goldis Bhd, which holds a 73.43% stake in IGB, has made several attempts to take the company private.

The first attempt was in 2014, when Goldis, which then held 32.64% in IGB, offered to purchase the shares it did not own at RM2.88 per share. Goldis ended up with 73.32% of IGB's shares.

The plan was to amalgamate Goldis and IGB, and make the latter its wholly-owned subsidiary to create a more efficient operating structure and eliminate the overlap of administrative efforts and costs.

Upon completion of the exercise, IGB would have been delisted and Goldis would have seen a name change to IGB Bhd.

In February this year, Goldis launched another takeover offer at RM3 per share, which was deemed unattractive by Public Investment Bank Bhd as it undervalues IGB's 51.1% stake in IGB Real Estate Investment Trust (IGB REIT).

The acquirer had offered IGB's shareholders three options for IGB's shares — cash only, cash plus Goldis shares at a 30:70 ratio respectively, or cash plus new redeemable convertible cumulative preference shares at a 20:80 ratio.

Shareholders holding less than 100 shares were restricted to the cash-only option.

In June, Goldis revised its offer by offering the three options to all shareholders, including those with less than 100 shares. It also adjusted the proportion of cash to new RCCPS to a 12:88 ratio.

The exercise is expected to be completed in the fourth quarter of 2017.

Meanwhile, IGB expects another slow year in 2017 as consumers continue to be impacted by rising costs, a slowdown in growth and weakening employment prospects.

While the group said it will not be spared from the headwinds, it added that its move to diversify its portfolio, expand overseas and grow its recurring income base will support its growth in the future. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS | **HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS**

PROPERTY — RM3 BILLION AND ABOVE MARKET CAPITALISATION

UOA Development

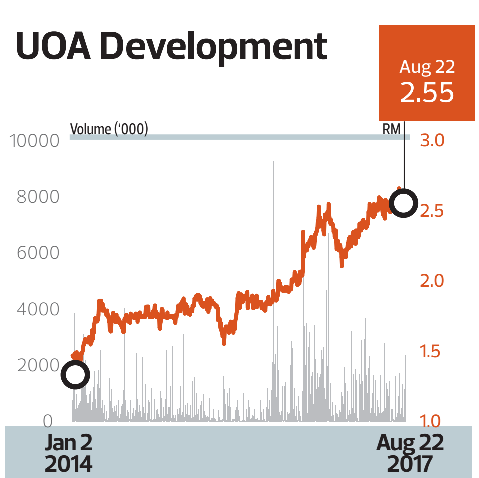
Armed with a strong balance sheet

BY BILLY TOH

The property boom in Malaysia and some parts of Asia is said to have ground to a halt in 2015. But shareholders of UOA Development Bhd might not have felt much of the slowdown, looking at the company's profit growth, dividend payments as well as share price performance in the past three years. It has outshone many of its peers.

UOA Development's profit after tax grew at a three-year compound annual growth rate of 20.5% to RM710.6 million in its financial year ended Dec 31, 2016 (FY2016), from RM405.7 million in FY2013. During the same period, it recorded an impressive adjusted weighted return on equity of 16%.

Its profit performance has certainly lent



support to its share price, which has been on an upward trend, although in the past two years, it has been somewhat volatile.

The share price rose 21% to RM2.70 in

ANNUAL REPORT

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PROPERTY — RM3 BILLION AND ABOVE MARKET CAPITALISATION

Sunway

Gaining strength from a diversified portfolio

BY BILLY TOH

Sunway Bhd, which was reclassified from the properties sector to the trading/services sector in June, is favoured by investors as it is viewed as a better pick to ride out the current cyclical property market slowdown due to its diversified business portfolio.

Unlike other pure developers that have no choice but to weather the lacklustre period, Sunway can focus on its other divisions to cultivate earnings growth while its property sales are slowing.

Investors' confidence in the company should come as no surprise — if one had purchased 10,000 Sunway shares (worth RM21,600) at end-December 2013, one would have seen a total return of RM10,260 or 47.5% by the end of last year. This includes the 1,000 shares in Sunway Construction Group Bhd (SunCon), which the investor would have received in 2015. This translates into an annual gain of 13.8% for each of the three years up to Dec 31 last year. SunCon's share price was at RM1.70 at end-2016.

To reward shareholders, Sunway distributed SunCon shares as dividend in specie, on the basis of one distribution per share for every 10 existing Sunway shares held at that time. The construction unit was spun off and listed on Bursa Malaysia in 2015.

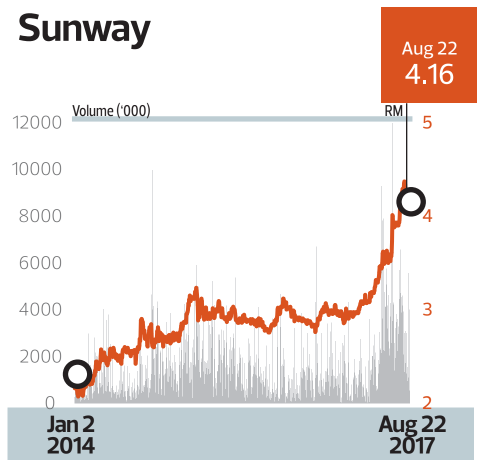
SunCon's share price has been on an upward trend since it was listed, rising from RM1.10 to RM2.02 on June 30 this year.

As for the group's financial results, Sunway's core net profit has seen a three-year compound annual growth rate of 6.58%, from RM484 million in the financial year ended Dec 31, 2013 (FY2013) to RM585.9 million in FY2016.

In FY2013, profit after tax was RM1.49 billion with the addition of fair valuation gains, positive impact from a new financial reporting standard (FRS10) and other non-recurring financial gains amounting to RM1 billion.

Sunway's latest financial results for 1QFY2017 continued to show improvement on higher contribution from all business segments except property. During the quarter, Sunway's net profit grew 5.7% to RM107.9 million from RM102.1 million in the previous corresponding period. Revenue also edged higher by 2.1% to RM1.09 billion from RM1.07 billion the year before.

The group recently proposed a four-for-three bonus issue with free warrants, which could raise the maximum gross proceeds of RM965.44 million, assuming the full exercise of the warrants at an indicative price of RM1.53 each upon the expiry of the derivatives.



Sunway aims to utilise the proceeds for future working capital purposes, including trade payments and other payables, staff costs and other operating expenses.

The management has also allocated RM1 billion for capital expenditure to build five hospitals in the next five years as the group wants to expand its healthcare unit, with plans to go public in five years.

MIDF Research forecasts that earnings from the healthcare unit will likely double in three to four years' time from the RM45 million to RM50 million projected by the management for FY2017. The division contributed about 5% to total profit before tax in FY2016 compared with a level below 3% in FY2013.

Over at its property division, Sunway plans to fine-tune its strategy for new launches this year — similar to what it did in 2016. The group only launched RM650 million worth of properties last year compared with RM1.4 billion in 2015, taking a more cautious approach in the light of softer market conditions.

For its property investment and real estate investment trust, the focus will be on asset expansion to drive sustainable growth. Among the key projects to be completed during the year are Sunway GEO Tower and Sunway GEO Avenue Phase 1, both of which are located in Sunway City.

At its construction division, order book remained strong at a record high of RM4.8 billion at end-2016, with about 68% coming from external projects.

This year, Sunway expects its building materials, trading and manufacturing, quarry and healthcare businesses as well as its regional operations — particularly in China and key Asean countries — to be the growth drivers. E

March, from RM2.23 in April 2013. This means shareholders who invested in UOA Development would have gained by about 6.6% annually in the last three years from the share price alone.

UOA Development has a dividend policy of paying 30% to 50% of its realised PAT. The company declared a single-tier dividend per share of 13 sen in FY2013 and FY2014. It raised its DPS to 15 sen in FY2015 and FY2016, which translates into an above-market average dividend yield of about 5.8% in the last three years.

However, group revenue fell 20% to RM996.2 million in FY2016 against RM1.24 billion in FY2013 due to lower property sales.

Management shared in the latest annual report for FY2016 that the increase in profitability was mainly due to fair value gains from investment properties completed during the financial year, mainly UOA Corporate Tower and the associated parking station at The Vertical in Bangsar South.

Total unbilled sales amounted to about RM1.57 billion, according to its results announcement for the first financial quarter ended March 31 (1QFY2017).

The quarterly financial results have showed signs of slow property sales. Its net profit declined 55% to RM43.4 million from the previous corresponding quarter. Group revenue fell by 23% to RM155.1 million year on year.

Revenue and profit for 1QFY2017 were mainly derived from the progressive recognition of its ongoing development projects — namely South View Serviced Apartments, Southbank Residence, Sentul Village, United Point Residence, Danau Kota Suite Apartments and Sentul Point Suite Apartments.

Following the announcement of the results, the group's share price fell from RM2.73 to as low as RM2.50 in July this year, before rebounding to its current level of RM2.60 (July 31).

The earnings contraction in 1QFY2017 probably caused a knee-jerk reaction, creating some selling pressure on the stock. But the quick rebound also indicates that the company remains appealing, at least to some investors.

It is worth noting that UOA Development has a strong balance sheet with a net cash position — an important asset to weather the current soft market conditions. As at March 31, its cash balance stood at RM514.7 million and short-term investments amounting to RM187.4 million. Long-term debt stood at RM24.18 million and current liabilities were RM77.15 million.

The cash-rich balance sheet demonstrates not only its financial muscle, but its resilience as well.

UOA Development announced that it had entered into a sales and purchase agreement with Suilmeem Realty Sdn Bhd for the acquisition of a freehold parcel measuring 9,686.7 sq m (2.39 acres) near its Bangsar South City Project for RM81.1 million. The acquisition is expected to be completed by the third quarter of this year.

The group intends to develop the land into a commercial development to complement its current developments in Bangsar South City.

With a large war chest in hand, UOA Development is in an advantageous position to expand its land bank to ride the recovery, which some have say is already gaining momentum. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PROPERTY — BELOW RM3 BILLION MARKET CAPITALISATION

Sunsuria

Setting itself apart through catalysts such as the Xiamen University Malaysia campus

BY BEN SHANE LIM

Sunsuria Bhd may have had a slight edge when it comes to winning the award for highest returns to shareholders over three years — the injection of projects with a gross development value of about RM10 billion by executive chairman and largest shareholder Datuk Ter Leong Yap.

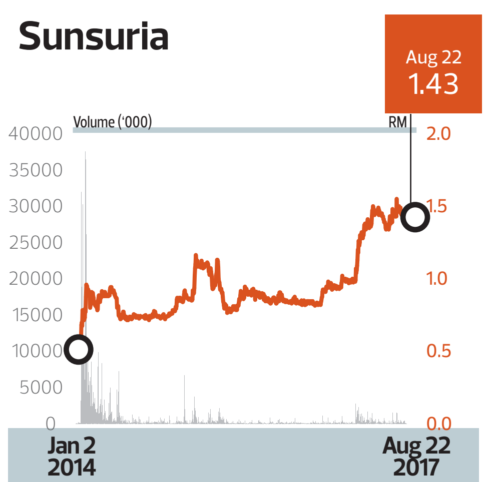
This has certainly fuelled the growth of the company, formerly known as Malaysia Aica Bhd, which Ter took over in January 2014.

Ter does not like to call the exercise a reverse takeover. He refers to it as "nurturing Maica to become a property company". But that should not discount the long road the company has travelled, not only to join the ranks of the Billion Ringgit Club, but also to bag an award.

Semantics aside, the results speak volumes. Over the past three plus years, Sunsuria's shares have gained more than 86% to RM1.47 on June 30 this year, from 78.9 sen on March 31, 2014, translating into an annualised total return of 21.1%.

Sunsuria boasted a net profit of RM43.84 million for FY2016 ended Sept 30, a huge gain from the RM3.56 million net profit in FY2014 ended March 31 back in the Maica days.

Of course, Sunsuria did not get to where it is today with corporate exercises alone. The group has carved out a modest slice of the saturated property market for itself by taking risks in new concepts.



"[One of our biggest challenges was] developing Sunsuria City from an unknown greenfield development into an international landmark that co-exists with the Xiamen University Malaysia Campus (XMUM), a world-class research university and the first overseas campus of a top-ranked university from China," Ter tells *The Edge*.

Sunsuria City was officially launched in April this year. XMUM was an RM1.3 billion investment that has come to anchor Sunsuria's 525-acre township in Putrajaya. The entire Sunsuria City has a GDV of RM6.4 billion.

Phase 1 of the university has already been completed. Once Phase 2 is finished in 2020, the campus is expected to accommodate 10,000 students.

"Finding the right content and catalyst are the key success factors of our development. This was crucial in order to enhance the value and sustainability for both residents and investors in Sunsuria's development," explains Ter.

In fact, he says his main targets going forward are not only to seek new land bank, but catalysts to "deliver more unique and signature developments".

In addition, he says the group is looking to "nurture the construction division to complement our development business by adding a new frontier of growth for Sunsuria".

Property development is, of course, a competitive game and developers are always looking to set themselves apart.

How does Ter aim to separate himself from the pack?

"We are positioning ourselves as a catalyst developer, or a content developer, leveraging the strong network and resources that set us apart from the other developers," he says. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PROPERTY — BELOW RM3 BILLION MARKET CAPITALISATION

KSL Holdings

Focus on affordable homes pays off

BY KATHY FONG

While some of its peers are facing challenging times for their development projects in Johor Baru, especially in the Iskandar Development Region, Johor-based KSL Holdings Bhd has managed to maintain steady sales in the state, although growth isn't robust.

In the past three financial years ended Dec 31, it managed to achieve annual property sales of above RM500 million. The financial year ended Dec 31, 2014 (FY2014) was a bumper year, with property sales hitting RM643.1 million, and a one-for-one bonus issue was declared to reward shareholders.

"Despite the more challenging environment, we believe the sector has its bright spots. The government continues to encourage the development of affordable houses. Some of our projects are in this category and we believe that we will be able to benefit from this," executive chairman Ku Hwa Seng says in KSL's latest annual report.

Apart from property sales, KSL has a source of recurring income in its shopping mall and hotel — KSL City Mall and KSL Hotel & Resort — in Johor Baru. KSL City Mall has a gross floor space

of one million sq ft and KSL Hotel & Resort, located near Legoland Malaysia, has 868 rooms.

The strategic location of the mall and hotel has enabled the group to enjoy high rental yield and steady cash flow. In FY2016, the property investment division, which houses the hotel and shopping mall, generated revenue of RM164 million, or 24% of the group's total revenue, compared with RM157.9 million in FY2015.

In fact, the group's earnings derived from the property investment segment are comparable to those of some real estate investment trusts (REIT) listed on Bursa Malaysia.

KSL achieved revenue of RM689.1 million in FY2016, slightly higher than the RM686.1 million in FY2015. Revenue soared to RM801 million in FY2014, from RM680 million the year before.

Profit after tax (PAT) hit a record high of RM342.3 million (FY2014) at the peak of the property boom — a big jump from RM181.5 million in FY2013.

In the subsequent two years, KSL's net profit came from the peak, but remained above RM200 million. The group recorded a profit RM266.1 million in FY2015, and RM314.5 million in FY2016.

HIGHEST RETURN ON EQUITY OVER THREE YEARS

PROPERTY — BELOW RM3 BILLION MARKET CAPITALISATION

Matrix Concepts Holdings

Lucrative returns since its debut

BY ADAM AZIZ

The Malaysian property market has yet to regain the vibrancy of the boom times that came to an end more than two years ago, but the challenging environment has not hindered Matrix Concepts Holdings Bhd from churning out impressive returns for its shareholders.

Indeed, investors who subscribed to its initial public offering at RM2.20 per share in mid-2013 would not have any regrets about putting their money into it.

In the short span of three years since listing, Matrix Concepts has undertaken two bonus issues — in 2014 and 2015. Last month, it again proposed a one-for-four bonus issue, pending shareholders' approval.

The developer has never failed to reward its shareholders and has declared regular dividends without fail each financial quarter.

Its dividend policy is to distribute 40% of its net profit to shareholders. The generous dividend would not be affordable if the company were not earning enough.

Unlike the big boys with development projects scattered in various places nationwide, Matrix Concepts focuses on only two main developments — Bandar Seri Sendayan in Seremban and Bandar Seri Impian in Kluang, Johor.

The Seremban-based developer has found that the niche market in the two second-tier cities is not quite a hot spot for property development.

Still, the two developments have been generating continuous steady earnings growth and impressive return on equity (ROE) in the past three financial years.

That has enabled Matrix Concepts to walk away with *The Edge* Billion Ringgit Club's Highest ROE award in the property sector.

The company changed its financial year end from Dec 31 to March 31 in 2015. (For a fairer comparison, the annual net profit in the financial year ended March 31, 2016 [FY2016] — a 15-month period — has been annualised.)

Matrix Concepts posted an annualised net profit of RM208.68 million for FY2016, compared with RM182.2 million in FY2015 and RM151.56 million in FY2014 — certainly an achievement in the current property slowdown.

It posted double-digit ROEs of 23% to 31% from FY2013 to FY2016, translating into a three-year CAGR of 26%.

It is worth noting that the developer has managed to sustain an impressive profit margin of 24% to 32% annually. Its strategy is to resize its housing units and keep selling prices attractive. This has paid off, as evidenced by in a healthy take-up rate of 70% to 80% on average.

The impressive ROE, plus its generous dividend and bonus shares, has attracted the attention of investors.

Like its earnings growth, Matrix Concepts' share price has been on an upward trend even though property stocks are out of favour, at least for the time being.

Based on the adjusted share price, it has climbed from around RM1.50 in mid-2013 to a record high of RM2.80. The stock closed at RM2.72 on Aug 18.

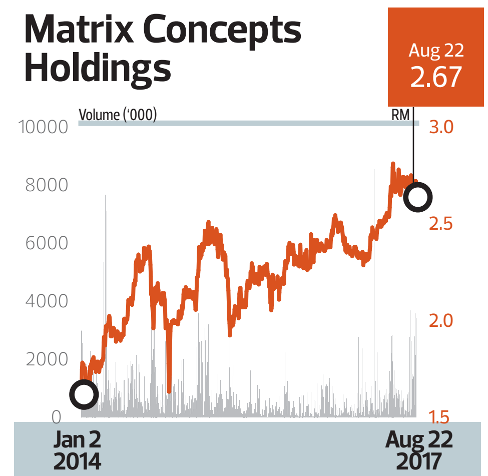
It has set its sales target for FY2018 ending March 31 at RM1 billion, unchanged from FY2017. As at March 31, unbilled sales were RM860 million.

The developer has RM1.4 billion worth of new launches in the pipeline. Progress this year has been promising, with RM450 million worth of sales achieved as at May 21, 2017.

The developer's sole overseas project — M. Carnegie in Melbourne, Australia — is expected to contribute about A$30 million in FY2018.

As at end-May, Matrix Concepts had a land bank of 809ha, including parcels in the Klang Valley. It plans to launch its maiden Kuala Lumpur development this year and will also continue to monetise Bandar Seri Impian, which has seen five additional launches since the first half this year.

Apart from that, the developer is setting up a plant in Sendayan TechValley in Seremban to manufacture materials under the industrialised building system for its own developments. The plant is expected to commence operations by the third quarter of 2018. E



ANNUAL REPORT

This translates to a compound annual growth rate of 20.1%, making it the winner of *The Edge* Billion Ringgit Club, Best Three-Year PAT Growth for 2017, in the property sector (below RM3 billion market cap). This is the second time KSL has bagged an award by *The Edge* Billion Ringgit Club. It won for Best Return on Equity (ROE) last year with a weighted three-year ROE of about 17%. Its three-year ROE CAGR is still close to 17%.

KSL's financial resilience is also thanks to its strong balance sheet. It has a gearing ratio of barely 0.05 times, and minimal borrowings has spared KSL from the pressure of high interest expenses that drain cash flow when sales are not as brisk as before.

KSL's development strategy is to mainly focus on affordable homes for the local community, rather than building luxurious high-end residential units for foreign buyers. This seems to have paid off.

Ku once told *The Edge* in an interview that the purchasing power of people in Johor are growing strongly as many of them are earning Singapore dollars. Because of that, the state's demand for property is expected to be resilient. Furthermore, the country's young population will mean more households will be set up in the future and hence, lead to a growing demand for property.

KSL is growing its investment property portfolio following the success of KSL City Mall and KSL Hotel & Resort in Johor Baru. To seize the opportunities in the emerging tourism and hospitality industry, KSL said in its latest annual report that it has undertaken another hotel project — KSL Hot Spring Resort @ Daya — a 294-room, one-block hotel in Johor Baru.

As at Dec 31, 2016, KSL had a land bank of 2,150 acres spread across Johor — in Segamat, Batu Pahat, Muar, Mersing, Johor Baru — as well as in Kuala Lumpur and Klang. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

CONSTRUCTION

Gamuda

Beneficiary of mega infrastructure wave

BY AHMAD NAQIB IDRIS

Gamuda Bhd has been a favourite among analysts as a key proxy for the booming Malaysian construction sector, considering the group's leading role in several of the mega railway projects under the 11th Malaysia Plan (11MP).

The group was appointed the project delivery partner (PDP) for Mass Rapid Transit (MRT) Line 1 and Line 2 and also as the PDP for the Penang Transport Master Plan.

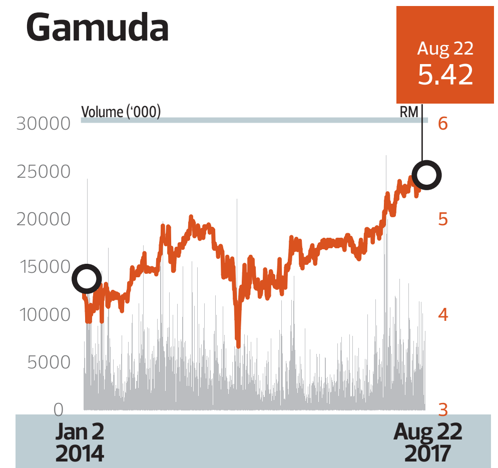
Its consistent dominant roles in these projects have translated well in terms of earnings and return on equity (ROE), putting the counter as the top pick of many for the construction industry.

Gamuda's ROE slipped to 9.48% in FY2016 as the group approached the tail end of its works for MRT Line 1, which translated into an 8% year-on-year decline in net profit to RM626.13 million. Revenue for the year fell 11% to RM2.12 billion. The dip in financial performance for the year was also partly attributed to lower contribution from its property division, amid the subdued Malaysian property market.

Despite the slip in FY2016 returns, Gamuda outshone its peers with an average ROE of 11.64% over a three-year period, helped by higher returns of 13.9% and 11.55% in FY2014 and FY2016 respectively. Adjusted and graduated ROE over three years of 13.7% puts it above peers.

Works for MRT Line 1 have already been completed, with the line commencing full operations in mid-July, while over 90% of the awards for MRT Line 2 have been announced.

ANNUAL REPORT



Considering its experience in underground tunnelling works, the group is expected to secure more works from the upcoming railway projects, including the Light Rail Transit (LRT) Line 3, East Coast Rail Link, Kuala Lumpur-Singapore high-speed rail and MRT Line 3, which is anticipated to be rolled out in early 2019.

Gamuda guided that it expects to secure new projects and boost its order book to a targeted RM10 billion in 2017, from its previous target of up to RM4 billion.

With its hefty order book — estimated at RM8.2 billion as at end-June — and expected job wins going forward, the prospects remain bright for the construction group.

The optimism is also supported by the performance of its property division that is expected to be better this year as the group is on track to beat its property sales target of RM2.12 billion in FY2017.

For the first nine months of FY2017 (9MFY2017), Gamuda registered RM1.4 billion in sales, supported by higher sales in overseas markets, which accounted for 55% of total sales.

It said Celadon City in Ho Chi Minh City and Gamuda City in Hanoi were the biggest contributors to its overseas sales, amid strong property demand and an improved economic outlook in Vietnam.

Meanwhile, its high-rise developments, namely GEM Residences in Singapore and 661 Chapel Street in Australia, also registered encouraging sales.

The group is also expecting a maiden contribution from its RM6.9 billion Gamuda Gardens in Rawang, and is confident of meeting its sales target of RM3 billion in FY2018.

Meanwhile, uncertainty still lingers over the sale of its 40% stake in Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH), as the Selangor government and the federal government are finalising certain matters before the takeover can be completed.

In March, Selangor Menteri Besar Datuk Seri Mohamed Azmin Ali announced that the deadline to finalise the takeover had been extended for six months from April 6 to Oct 5, 2017, implying that the water impasse will not be resolved so soon.

He explained that the delay was due to the federal government waiting for its international independent valuer to finalise the valuation of SPLASH's assets.

It was reported that SPLASH's assets were valued at between RM2.8 billion and RM3.2 billion by RHB Investment Bank Bhd in 2015, while Deloitte was reported to have valued them at RM3 billion. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSTRUCTION

IJM Corp

Surpassing its peers in the sector

BY AHMAD NAQIB IDRIS

Despite the prevailing damp sentiment brought about by sluggish oil prices, the weak ringgit and general turbulence in the global economy, IJM Corp Bhd sailed through yet another year.

Despite challenging times, it still outperformed its construction industry peers with a compound annual growth rate of 23.5% on profit after tax between FY2013 and FY2016.

IJM bucked the trend and reported 65% growth in its profit after tax to RM793.58 million in FY2016 from RM480.9 million in FY2015. In FY2014, PAT was RM829.59 million.

The group's FY2016 earnings were partly boosted by extraordinary gains arising from the sale of its shares in Jaipur Mahua Tollway Pte Ltd and Swarna Tollway Pte Ltd, totalling RM301.9 million.

Its pre-tax profit came in at RM1.15 billion, compared with RM1.01 billion the year before.

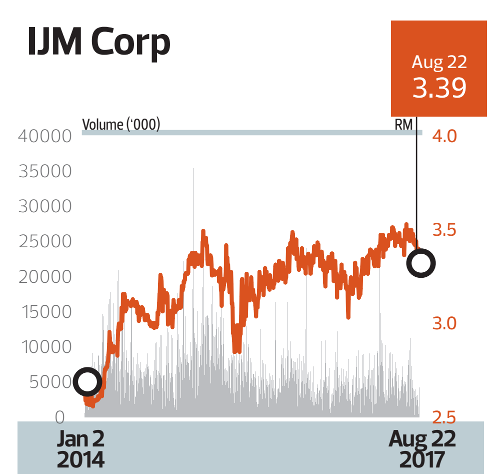
Excluding the non-recurring items, IJM's core pre-tax profit stood at RM848.32 million, representing a 17% y-o-y dip, which is respectable, considering the challenging operating environment, says IJM CEO and managing director Datuk Soam Heng Choon in the group's annual report.

Annual revenue improved 20% y-o-y to RM6.92 billion, brought about by the completion of some property projects, increased delivered tonnage of piles and quarry products and higher crude palm oil prices.

Segmentally, the construction division was the largest revenue contributor, accounting for 28.4% of group revenue, followed by infrastructure (22.4%), property development (22.3%), manufacturing and quarrying (16.9%), plantation (9.6%) and infrastructure.

One segment that stood out was the infrastructure division, by virtue of the gains arising from the stake sales and continued traffic growth in its Malaysian toll road concessions and higher cargo revenue at Kuantan Port.

As at end-FY2017, the group's construction division had an outstanding order book of RM8.5 billion.



On top of that, IJM secured its first contract for FY2018, namely the RM450.9 million contract for the construction of UOB Tower 2, bringing its order book close to the RM9 billion mark, which is a historical high.

The group has an order book replenish-

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

CONSTRUCTION

Kerjaya Prospek Group

More sizeable contracts for its order book

BY CINDY YEAP

KERJAYAPROSPEK.COM

Kerjaya Prospek Group Bhd's shares have been on a tear, especially in the past 18 months, when investors saw the change in its earnings trajectory. The company booked record-high profits and secured sizeable contracts from several reputable developers despite the soft property market.

Shares of the company — which aims to be a leader in providing value-added construction services and property-related products — quadrupled in just over three years from below RM1 at end-March 2014 to RM3.26 on June 30 this year, translating into an annualised total return of 55.8%. That made it the clear winner of *The Edge* BRC Highest Returns to Shareholders award for the construction sector.

Stoking investors' interest is expectations of more building contracts being awarded to Kerjaya by Eastern & Oriental Bhd (E&O) going forward, given their 12-year working relationship and consistent contract flow. It is worth noting that E&O recently tied up with Kumpulan Wang Persaraan (Diperbadankan) (KWAP) for its Seri Tanjung Pinang 2 project, where reclamation and development works are expected to accelerate with the resolution of the financing requirements. Kerjaya's other clients include SP Setia Bhd and Eco World Development Group Bhd.

From RM11.5 million in FY2013, Kerjaya's net profit grew to RM15.4 million in FY2014 and RM16.1 million in 2015 before rocketing to RM99.6 million in FY2016. Its construction division contributed close to 95% of revenue and profit following the acquisitions of Kerjaya Prospek (M) Sdn Bhd and Permatang Bakti Sdn Bhd, which came with an outstanding construction book of RM2.6 billion as at January 2016.

At the time of writing, there seems to be limited near-term upside to be had with Kerjaya shares closing as high as RM3.72 on Aug 22, ahead of all three target prices on the stock that ranged from Kenanga Research's RM3.30 to UOB Kay Hian Research's RM3.69.

That day, Kerjaya announced its intention to pay at least 25% of its net profit every year "to retain existing shareholders as well as to attract" new ones.

"While it is positive, we are neutral as the company has been declaring dividends of more than 25% of its profit after tax and minority interest," UOB Kay Hian Research says in an Aug 23 note, in which it retains a "hold" call on the stock and tells clients that a good entry price is RM3.20.

Kerjaya's 1HFY2017 net profits of RM61.8 million were within expectations at about half of consensus estimates. The RM868 million new construction jobs secured year to date exceeded the group's RM800 target, which RHB Research deemed conservative as Kerjaya expanded its order book by RM1.5 billion last year — more than double its RM600 million target.

When initiating coverage with a "buy" and RM3.62 target price in a June 8 note, RHB Research expect Kerjaya's order book replenishment to reach RM1 billion to RM1.2 billion over the next two years. UOB expects RM1 billion.

As at June 2017, the company's construction order book stood at RM2.5 billion or 3.3 times construction revenue for 2016. More recent job wins would push the outstanding order book to RM2.9 billion, UOB says.

Kenanga reckons its order books provide 2½ years of visibility and would not be surprised to see additional project wins, stemming from major shareholder and executive chairman Datuk Tee Eng Ho's private property arm that is mulling the launch of a mixed-use development project in Jalan Klang Lama with a gross development value (GDV) of RM1 billion and RM300 million to RM400 million worth of contracts.

Both RHB and Kenanga mentioned the likelihood of a 1-for-1 bonus issue, with the company having a high share premium of RM333 million versus its RM258 million share capital, and the share premium account no longer being applicable from FY2018. It remains to be seen if that would spur another round of gains. E

ANNUAL REPORT

ment target of RM3 billion for FY2018 and is aiming to participate in mega infrastructure projects to be rolled out under the 11th Malaysia Plan, such as the Light Rail Transit 3 (LRT 3), Pan Borneo Highway and East Coast Rail Line (ECRL).

Meanwhile, its industry division stands to benefit from the heightened construction activities as well, while its property division has RM1.7 billion in unbilled sales, providing visibility for the next three to four years.

The group expects the plantation division to see higher crop production from its Indonesian operations as more areas come into production age, while the infrastructure division should continue to see positive contributions from its toll operations and recovery in throughput at its port operations.

With the gargantuan RM55 billion ECRL, which is slated to link Port Klang in Selangor to Pengkalan Kubor in Kelantan, IJM is likely to benefit from not only the many parcels of construction jobs but also the heightened traffic at Kuantan Port.

Kuantan Port Consortium Sdn Bhd, which is 60% owned by IJM, has a 30-year concession to manage, operate and develop Kuantan Port.

At the Malaysia-China Kuantan Industrial Park (MCKIP) located in the vicinity of the port, investments in excess of RM10 billion have been made to develop, among others, an integrated steel mill (RM4.2 billion) with an annual production capacity of 3.5 million tonnes. Malaysia-China Kuantan Industrial Park Sdn Bhd, a 51:49 joint venture between a Malaysian consortium and a Chinese consortium, is the master developer of the MCKIP. IJM has 40% equity interest in the Malaysian consortium.

IJM's bright prospects are indeed exciting, what with the momentum of Malaysia's booming construction industry and the projected growth in the East Coast of Peninsular Malaysia. E

Investing in financial education

BY DOROTHY TEOH

One of the more enjoyable parts about being a judge for *The Edge* Billion Ringgit Club's corporate social responsibility component is learning what BRC members are doing to bring long-term, sustainable benefits to communities.

Many BRC members have chosen to support education, pouring a huge amount of money into scholarships, school improvement and meal programmes, and even infrastructure such as school buildings.

As the charitable arm of The Edge Media Group, *The Edge* Education Foundation (TEEF) has chosen to focus on two areas which are related to The Edge Media Group's core business — publishing business news in English. These two areas are English proficiency and financial literacy.

English is the language of business, and proficiency in the language is still a passport to better jobs and opportunities.

Financial literacy, which the OECD International Network on Financial Education defines as "a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being", is a life skill.

In many emerging as well as developed countries, there is growing concern about the level of financial literacy of citizens, especially the young. Financial literacy is increasingly being recognised as an essential life skill, and some countries have incorporated the subject into their school curricula.

Teaching young people financial literacy is critical as it would equip them to make decisions such as choosing a career or job, buying their first home, and planning for retirement — decisions that would ensure future financial well-being. Even something as basic as choosing a bank savings account today requires some level of financial knowledge because of the choices available.

The PISA 2015 Students' Financial Literacy results released in May this year in Paris showed that while almost 60% of 15-year-olds surveyed had a bank account, and more than 60% earn money from some type of work, many could not recognise the value of a simple budget, or even understand a bank statement or a pay slip. Angel Gurría, the OECD Secretary-General, described this as "shocking".

The OECD's PISA or Programme for International Student Assessment examines what students know in science, reading and mathematics, and their ability to apply what they know. The 2015 financial literacy study that covered 15 countries and economies is the second on financial literacy, following on from the PISA 2012 results. Australia, Brazil, selected provinces in Canada and China, Italy, the Netherlands, the Russian Federation and the US were among those that took part in the 2015 financial literacy study. The Chinese provinces of Beijing, Shanghai, Jiangsu and Guangdong ranked first overall, with more than one in three students performing at the highest level (compared to the OECD average of one in 10). In these provinces, the most socially and economically disadvantaged quarter of students performed at par with the second wealthiest quarter of students in the US, and better than the wealthiest quarter of students in Brazil, Chile and Peru.

Citibank CEO Lee Lung Nien (in blue t-shirt) and TEEF CEO Dorothy Teoh (in black dress) with Money & Me participants, teachers and Citibank volunteers at SMK Methodist (L) Sentul on March 15, 2017

Money & Me: Youth Financial Empowerment Programme participants handing over a cheque for RM794 to Mr Krishnan Sivasankaran, general secretary of Damai Disabled Persons Association, at a prize-giving and appreciation ceremony on Sept 24, 2016, in Kuala Lumpur. The amount came from profits Money & Me participants made from sales of handmade products on Sales Day.

"PISA 2015 data show that students with high proficiency in financial literacy are more likely than those with low proficiency to be oriented towards saving, to expect to complete a university education, and to work in a high-skilled occupation," said Gurría in his speech at the launch in May.

Malaysia was not part of the PISA 2015 financial literacy assessment but data on young people and their financial situation is a cause for concern. An Asian Institute of Finance (AIF) survey, titled "Bridging the Knowledge Gap of Malaysia's Millennials" and published in 2015, paints "a picture of a generation that is on the road to financial stress with many of them living beyond their means, trapped in emotional spending and on the edge of a financial cliff". The survey of more than 1,000 young professionals between 20 and 33 years old found that 38% reported taking out personal loans and 47% were engaged in expensive credit card borrowings.

Worse, 70% owning credit cards tended to pay the minimum monthly payment instead of settling the bills in full, and 45% did not pay debt on time at some point.

Data from the Insolvency Department backs up the AIF study. Between 2011 and 2015, about 24,000 Malaysians from Gen Y, defined as those below the age of 35, were declared bankrupt. This included almost 1,300 under the age of 25, meaning they started their working life with crippling debts.

This is the backdrop for TEEF's "Money & Me: Youth Financial Empowerment Programme", which was launched last year in five schools in Kuala Lumpur. Money & Me is a free financial literacy programme with two objectives: to equip youths with financial literacy as a basic life skill, and to equip low and lower-middle income youths with basic entrepreneurship skills to help them improve their economic prospects.

The programme, designed by TEEF with funding from Citi Foundation, is approved by the Ministry of Education as a co-curricular programme for Form 4 students. This year, about 190 students in eight schools in Kuala Lumpur and Selangor participated in the programme.

TEEF carries out Money & Me in collaboration with its partners Citibank, EY, GE, KLK Oleo, PwC, Methodist College Kuala Lumpur (MCKL) and the Rotary Club of Sentul. Volunteers from partner organisations (in the case of MCKL, students taking the Certified Accounting Technician course are involved) spend two hours every week or every two weeks in schools to facilitate the programme, which comprises five modules: Save, Spend, Earn, Grow and Give.

The volunteers and MCKL students teach Money & Me participants a range of topics such as the importance of saving; inflation and interest; differentiating needs from wants; credit cards; good debt, bad debt and bankruptcy; goal-setting and budgeting; and income and employment, including how to read a pay slip and income taxes. Participants also learn about the importance of investing and ways to invest and grow wealth, as well as giving back to society through a small business project which they are required to implement.

The programme culminates in Sales Day, a one-day event at a mall where participants market their products and services and vie for prizes in the Money & Me Young Entrepreneurs Challenge. This year, Sales Day will be held at 1 Utama Shopping Centre on Sept 16.

Our pre-programme survey showed that as in the PISA study, 60% of Money & Me participants this year have bank accounts. Through Money & Me, we hope that young people will be able not just to understand the value of a simple budget or read a pay slip, but gain the skills they need to make the most of economic and financial opportunities. E

Dorothy Teoh is CEO of *The Edge* Education Foundation. The foundation welcomes enquiries from BRC members who are interested in becoming partners for Money & Me or TEEF's programme to improve English proficiency. Email: enquiries@teef.org.my.