THE EDGE BILLION RINGGIT Club AWARDS 2018

Recognising & honouring Malaysia's biggest & best performing companies

Celebrating Corporate Malaysia's crème de la crème

The Edge Billion Ringgit Club's annual gala dinner held on Dec 11 saw 40 companies picking up 55 awards for being the best performers on Bursa Malaysia based on their financial performances from FY2014 to FY2017.

This year, based on the March 31 cut-off date, there were 170 companies listed on Bursa with a market capitalisation of RM1 billion or more. Although there were 184 listed companies last year, the total market cap of this year's 170 came in higher at RM1.69 trillion versus RM1.59 trillion, and constituted 90.8% of Bursa's total market cap as at March 31.

The combined revenue of the 2018 BRC members was RM806.7 billion in FY2017, up from RM747.1 billion in FY2016 while their collective pre-tax profit was RM123.19 billion, up from RM108.6 billion.

Although the number of billion-ringgit companies on Bursa fell to 170 this year, their performance in terms of profitability and market capitalisation was better as a whole than the 184 that made it to the list in 2017.

This means that BRC members are truly the strongest of Corporate Malaysia.

Of the eight chosen as Company of the Year since our inaugural awards in 2010, seven have since outperformed the FBM KLCI in terms of total returns to shareholders.

We present our sectoral awards based on three financial performance measures:

1) 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.

For 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 returns to shareholders 20%
3-year PAT growth 30%
Corporate responsibility 30%

This year's Company of the Year was Petronas Dagangan Bhd, which operates 1,000 petrol stations with over 700 Kedai Mesra in the country, which have become one-stop centres for motorists for fuelling, shopping and banking.

The company also achieved strong recurring pre-tax profits averaging RM1.2 billion a year between 2015 and 2017 while its market capitalisation more than doubled from RM11.6 billion in 2010 to RM25 billion in 2017. Petronas Dagangan has also been generous to shareholders with dividend payouts of 60 sen per share in 2015, 70 sen in 2016 and a hefty 97 sen or almost RM1.0 billion in 2017.

This year's Value Creator: Malaysia's Outstanding CEO award went to Dialog Group Bhd executive chairman Tan Sri Dr Ngau Boon Keat. As a young Malaysian engineer in Singapore, Ngau decided to *balik kampung* in 1975 to join the then newly set up national oil company Petronas.

He was part of the team that came up with the production-sharing contract that Petronas uses till today. In 1984, Ngau started Saga Holdings with three partners and in 1996, listed it on Bursa as Dialog Group Bhd. Today, the company is one of the biggest integrated oil and gas service providers in the region. It is a pioneer investor in Pengerang, Johor, where it owns and operates petrochemical, oil and LNG storage terminals and a deep-sea port. Dialog's market capitalisation stands at around RM18 billion today, up fivefold from RM3.6 billion in 2010.

The success of BRC as benchmark awards for Corporate Malaysia would not be possible without the support of our partners. I would like to thank OCBC Bank, Jaeger-LeCoultre and Mercedes-Benz for partnering *The Edge* in this prestigious event to honour and celebrate the best of Corporate Malaysia.

This has been an unprecedented year for Malaysia. The historic change in government has had some immediate consequences for businesses, better for some and not so good for others. A clear economic strategy to take the country forward is still in the making.

This uncertainty, together with the volatile global environment, presents many challenges to Corporate Malaysia. But as the saying goes, when the going gets tough, the tough get going, as BRC members have consistently proved.

Congratulations to all the winners of the 2018 BRC awards.

Datuk Ho Kay Tat
Publisher & Group CEO
The Edge Media Group

CONTENTS

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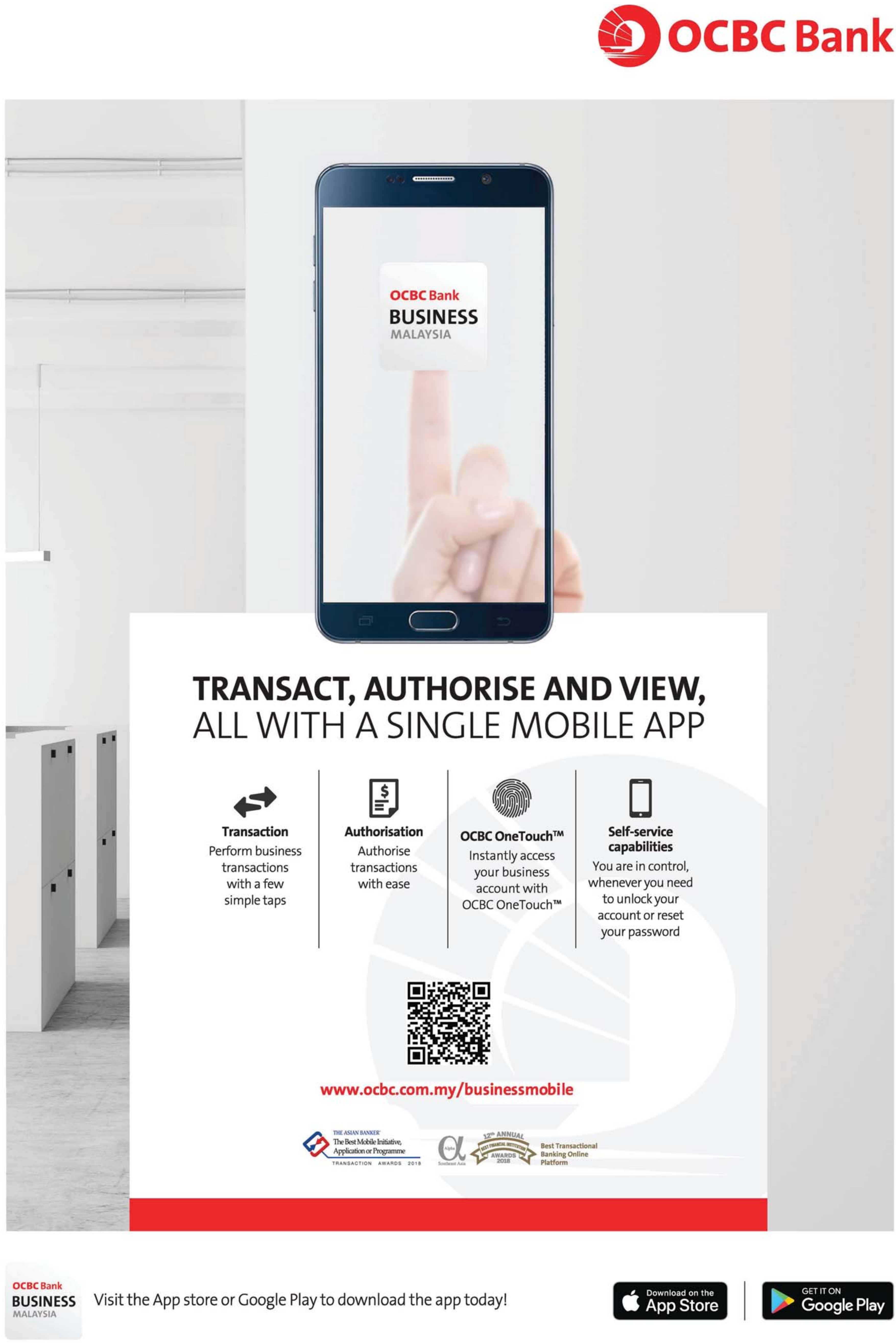
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THE EDGE BILLION RINGGIT Club 2018

Winners of *THE EDGE* BILLION RINGGIT CLUB corporate awards 2018

VALUE CREATOR
OUTSTANDING CEO OF MALAYSIA
TAN SRI DR NGAU BOON KEAT
Executive chairman and co-founder of Dialog Group Bhd

COMPANY OF THE YEAR
PETRONAS DAGANGAN BHD

BEST CR INITIATIVES
SUPER BIG CAP COMPANY
Above RM40 billion market capitalisation
Petronas Chemicals Group Bhd

BEST CR INITIATIVES
BIG CAP COMPANIES
RM10 billion to RM40 billion market capitalisation
Sime Darby Bhd &
Sime Darby Plantation Bhd

BEST CR INITIATIVES
below RM10 billion market capitalisation
Sunway Bhd

SUPER BIG CAP COMPANIES
Above RM40 billion market capitalisation

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Maxis Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Petronas Chemicals Group Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Petronas Chemicals Group Bhd

BIG CAP COMPANIES
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 Group Bhd

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

CONSTRUCTION SECTOR

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

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Muhibbah Engineering (M) Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Kerjaya Prospek Group Bhd

CONSUMER PRODUCTS & SERVICES SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
British American Tobacco (M) Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
AirAsia Group Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Padini Holdings Bhd

ENERGY SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Yinson Holdings Bhd &
Dialog Group Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Dialog Group Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Petron Malaysia Refining & Marketing Bhd

FINANCIAL SERVICES SECTOR
RM10 billion and above market capitalisation

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Public Bank Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
CIMB Group Holdings Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Hong Leong Bank Bhd

FINANCIAL SERVICES SECTOR
Below RM10 billion market capitalisation

HIGHEST RETURN ON EQUITY OVER THREE YEARS
AEON Credit Service (M) Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
AEON Credit Service (M) Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
AEON Credit Service (M) Bhd

HEALTHCARE SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Top Glove Corp Bhd &
Hartalega Holdings Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Top Glove Corp Bhd

INDUSTRIAL PRODUCTS & SERVICES

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Hap Seng Consolidated Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Press Metal Aluminium Holdings Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
ATA IMS Bhd
(formerly known as Denko Industrial Corp Bhd)

PLANTATION SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Kuala Lumpur Kepong Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Sarawak Oil Palms Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Kim Loong Resources Bhd

PROPERTY SECTOR
RM3 billion and above market capitalisation

HIGHEST RETURN ON EQUITY OVER THREE YEARS
UOA Development Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
UOA Development Bhd

PROPERTY SECTOR
below RM3 billion market capitalisation

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Matrix Concepts Holdings Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
LBS Bina Group Bhd

REIT SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
KLCCP Stapled Group &
IGB Real Estate Investment Trust

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
IGB Real Estate Investment Trust

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
IGB Real Estate Investment Trust

TECHNOLOGY SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Inari Amertron Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Inari Amertron Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
ViTrox Corp Bhd

TELECOMMUNICATIONS & MEDIA SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
DiGi.Com Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Astro Malaysia Holdings Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
TIME dotCom Bhd

TRANSPORTATION & LOGISTICS SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Westports Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Lingkaran Trans Kota Holdings Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Malaysia Airports Holdings Bhd

UTILITIES SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Petronas Gas Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Mega First Corp Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Mega First Corp Bhd

THE EDGE BILLION RINGGIT Club 2018

Sustaining growth over THE LONG HAUL

BY CINDY YEAP

At 170, the number of The Edge Billion Ringgit Club (BRC) members — companies listed on Bursa Malaysia with a market cap of RM1 billion or more — is the lowest we've seen in three years. That's based on the end-March membership cut-off date. Had the cut-off date been pushed to end-November, there would have been only 157 members, a five-year low.

Even so, this year's 170 BRC members' combined market capitalisation of RM1.69 trillion was higher than the collective market value of RM1.59 trillion of last year's 184 members. The RM1.69 trillion constituted 90.8% of the total market cap of Bursa Malaysia as at end-March — a testament to the significance of this elite group of companies.

The combined revenue of the BRC 2018 members was RM806.7 billion in FY2017, up 8.4% from RM744.1 billion in FY2016.

This year's BRC members also made a collective pre-tax profit of RM123.19 billion in FY2017, up 13.4% from RM108.6 billion in FY2016. Collective net profit was RM90.7 billion in FY2017, up 13.4% from RM80 billion in FY2016 which was weighed down by sizeable losses at several oil and gas companies.

BRC members continue to be major taxpayers, paying an estimated RM32.5 billion in taxes for FY2017. Not only is this an increase of 13.5% compared with the RM28.6 billion in taxes estimated for FY2016, the estimated taxes paid for FY2017 is about half the RM64.47 billion in company income tax collection estimated by the government for 2017. The federal government also estimated company income tax at RM70.536 billion for 2018 and RM70.187 billion for 2019.

The taxes paid by BRC members for FY2017 is also estimated to make up about 26.3% of the RM123.33 billion in direct taxes the Inland Revenue Board reportedly collected in 2017 and 28% of the RM116.02 billion in direct taxes the government estimated for 2017. In February, the taxman reportedly aimed to collect RM134.713 billion in direct taxes in 2018. This is comparable to the RM133.5 billion of direct taxes the government estimated for 2018.

To be sure, the end-March cut-off date is not ideal. Not only did the FBM KLCI decline 9.2% from 1,863.46 points as at end-March to 1,691.5 points as at end-June before rising 6% to 1,793.15 points by end-September, Malaysia also experienced its first change of ruling coalition in May since independence 61 years ago. Then there's the unexpected escalation in the US-China tariff war and the faster-than-expected pace of the US Federal Reserve's interest rates normalisation despite the many tweets from US President Donald Trump. At the time of writing, the bellwether index was hovering near the 1,679.86 points it was at as at end-November.

We did consider recalibrating our share price data — used to determine winners for the highest returns to shareholders over three years portion of the BRC corporate awards — due to the late timing of the BRC gala dinner this year. We decided, however, to retain the June 30 cut-off to compute the total returns to be in line with the financial data for FY2014 to FY2017 used to calibrate winners in the categories for highest weighted return on equity (ROE) over three years and highest compound annual growth rate (CAGR) in profit after tax over three years.

The earlier end-March cut-off date for membership is to allow time for BRC judges for the corporate responsibility (CR) component, which makes up 30% of the marks for The Company of The Year award.

Digi.com Bhd (The Edge BRC's Company of the Year in 2013) and Nestlé (M) Bhd (The Edge BRC's Company of the Year in 2016) have made it to The Edge BRC Top 20 list every year in the nine years since the inception of the awards in 2010. (We unwittingly missed out mentioning Nestlé last year.)

Carlsberg Brewery Malaysia Bhd has been in the BRC top 20 in all eight of the annual rankings since 2011, with the exception being 2010, the year the BRC awards began.

Dialog Group Bhd and Public Bank Bhd made it six out of nine times to the BRC Top 20, while Dutch Lady Milk Industries (M) Bhd, Guinness Anchor Bhd and Hap Seng Consolidated Bhd have made it five out of nine times.

It is also worth noting that of the eight companies chosen as The Edge

CONTINUES ON PAGE 12

DATA BY ABSOLUTELY STOCKS (ASIA ANALYTICA DATA SDN BHD)

BRC COMPANY OF THE YEAR

SHAREHOLDER RETURNS VS FBM KLCI PERFORMANCE VS FBM KLCI TOTAL RETURNS

YEAR	COMPANY	SHAREHOLDER RETURNS	FBM KLCI PERFORMANCE	FBM KLCI TOTAL RETURNS
2010–2018	SupermaxCorp Bhd	+141.2%	+31.4%	+76.5%
2011–2018	QL Resources Bhd	+358.3%	+9.3%	+43.0%
2012–2018	Genting Bhd	–38.5%	+10.7%	+37.0%
2013–2018	Digi.com Bhd	+7.7%	+0.1%	+20.9%
2014–2018	Dutch Lady Milk Industries Bhd	+64.3%	–9.5%	+5.8%
2015–2018	Tenaga Nasional Bhd	+9.8%	–4.4%	+8.4%
2016–2018	Nestlé (Malaysia) Bhd	+117.3%	+1.4%	+8.9%
2017–2018	AirAsia Bhd	+49.9%	+2.5%	+8.8%

Based on adjusted share prices at start of each year and last close at December 13, 2018

MEMBERSHIP

	2011	2012	2013	2014	2015	2016	2017	2018
No. of BRC companies	185	144	144	178	166	176	184	170
as a % of total listed companies	19% of 955 listed companies	15% of 937 listed companies	15.4% of 937 listed companies	19.1% of 934 listed companies	18.3% of 906 listed companies	19.4% of 906 listed companies	20.4% of 904 listed companies	18.7% of 911 listed companies
BRC members' combined market cap as at end-March (RM bil)	1,165.216	1,197.413	1,320.444	1,544.761	1,536.644	1,513.542	1,592.607	1,692.467
y-o-y change (%)	25.5	2.8	10.3	17	0.5	1.5	5.2	6.3
BRC combined total market cap of Bursa-listed companies representation (as at end-March)	89%	88%	90.6%	90.9%	88.9%	90.7%	90.3%	90.8%

THE EDGE BILLION RINGGIT Club 2018

Five new sectors, three renamed, four removed

FROM PAGE 7

BRC Company of The Year since our inaugural awards in 2010, seven continue to outperform the FBM KLCI in terms of total shareholder returns since winning the distinction.

We will present more data on this next year in the 10th edition of The Edge BRC corporate awards and gala dinner.

With their outperformance came sizeable gains in their respective market capitalisation.

Including this year's winner, Petronas Dagangan Bhd, seven out of the 10 companies named Company of the Year have seen triple-digit growth in market valuation between end-2010 and end-2017, with the most impressive being Dialog (298% or a RM10.6 billion gain in market cap), Dutch Lady (M) Bhd (253% or a RM2.8 billion gain), QL Resources Bhd (206% or a RM4.75 billion gain).

There were also sizeable gains in market value over the seven-year period from Tenaga Nasional Bhd (137% or a RM50 billion gain), Digi.Com (107% or a RM20.5 billion gain), Petronas Dagangan Bhd (107% or RM12.5 billion gain) and AirAsia Group Bhd (60% or a RM4.2 billion gain). Supermax Group Bhd would have also been able to show a doubling of its market cap if its end-2010 value was measured against its market cap currently, or end-2016 instead of end-2017. Genting Bhd's market cap, however, has slipped significantly since end-2010.

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: three-year ROE (20%), three-year shareholder return (20%), three-year profit after tax growth (30%) and corporate responsibility (30%).

For this year, due to our end-March 2018 cut-off date for BRC membership, OldTown Bhd, which delisted in April, is still listed as a member. Meanwhile, Mi Equipment Holdings Bhd, which debuted on the Main Board on June 20 this year and had just over RM1 billion market cap at the time of writing, is not on the list.

If the BRC membership cut-off date had been end-November, there would have been 157 members as eight companies would be added, 20 companies would be excluded for slipping below the RM1 billion market cap, and one delisted. The additions would have been Taliworks Corp Bhd, Guan Chong Bhd, GHL Systems Bhd, Mi Equipment, SAM Engineering & Equipment Bhd, TA Enterprise Bhd, Ranhill Holdings Bhd and MyNews Holdings Bhd.

Companies with a market value below RM1 billion as at end-November were Bumi Armada Bhd, George Kent (M) Bhd, Ekovest Bhd, Kretam Holdings Bhd, WCT Holdings Bhd, AirAsia X Bhd, Ann Joo Resources Bhd, Berjaya Land Bhd, Hai-O Enterprise Bhd, Ta Ann Holdings Bhd, Econpile Holdings Bhd, MCT Bhd, Kian Joo Can Factory Bhd, Pestech International Bhd, Malaysia Marine and Heavy Engineering Holdings Bhd, Datasonic Group Bhd, Wah Seong Corp Bhd, Pharmaniaga Bhd, Berjaya Assets Bhd and Tan Chong Motor Holdings Bhd.

This year, we only recognised companies with the highest scores in each category. We did not present "silver" awards as there were only three categories where scores between the top two companies were marginal (less than 0.5), unlike what we saw last year.

This year, we also updated the awards sectors to be in line with sectoral changes made by Bursa Malaysia on Sept 24. Five new sectors were introduced, three were renamed and four removed.

We continue to split companies with big market cap from others in the Financial Services and Property sectors, as we believe those of the same size should be measured against each other rather than against companies with a totally different market cap.

Even as more companies get bigger and better, the bar continues to rise with every improved performance.

To borrow the words of Datuk Ho Kay Tat, publisher and group CEO of The Edge Media Group, "2018 has been an unprecedented year for Malaysia. The historic change in government has had some immediate consequences for businesses — better for some and not so good for others. A clear economic strategy to take the country forward is still in the making. This uncertainty together with the volatile global environment present many challenges to Corporate Malaysia. But as the saying goes, when the going gets tough, the tough gets going, as BRC members have consistently proven."

Ultimately, companies that continue leading the pack are those able to sustain outperformance over the long haul. E

METHODOLOGY

Membership of this elite group is automatic and complimentary for all companies listed on Bursa Malaysia as at March 31, 2018, with at least RM1 billion in market capitalisation. There are 170 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

- 1 Company of the Year award;
- Value Creator(s): Outstanding CEO(s) of Malaysia award(s) [optional];
- 1 Best Corporate Responsibility (CR) Initiatives award in three categories; and
- 36 sectoral corporate awards — three categories for 15 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 17 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 & Services;
- Energy;
- Financial Services — below RM10 billion market cap;
- Financial Services — RM10 billion and above market cap;
- Healthcare;
- Industrial Products & Services;
- Plantation;
- Property — below RM3 billion market cap;
- Property — RM3 billion and above market cap;
- Real Estate Investment Trust;
- Technology;
- Telecommunications & Media;
- Transportation & Logistics; and
- Utilities.

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 to determine 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 as well as 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 from FY2014 to FY2017. 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. The cut-off date this year was June 30.

The annual end-March cut-off date for BRC membership was unchanged due to the need to source CR information for the judges' consideration.

Companies with scores within 0.5 point of each other are deemed to be of the same rank in determining the winner. There could, therefore, be cases of joint winners for the 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: Super Big Cap (companies with over RM40 billion in market capitalisation), Big Cap (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 **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.

In 2015, 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.

Last year, the award went to self-made billionaire **Tan Sri G Gnanalingam**, executive chairman and co-founder of Westports Holdings Bhd. Regarded as Malaysia's first home-grown marketing guru, "Tan Sri G" transformed backwater Pulau Indah into a transshipment hub that has also changed the livelihood of the locals.


JAEGER-LECOULTRE
MASTER ULTRA THIN MOON
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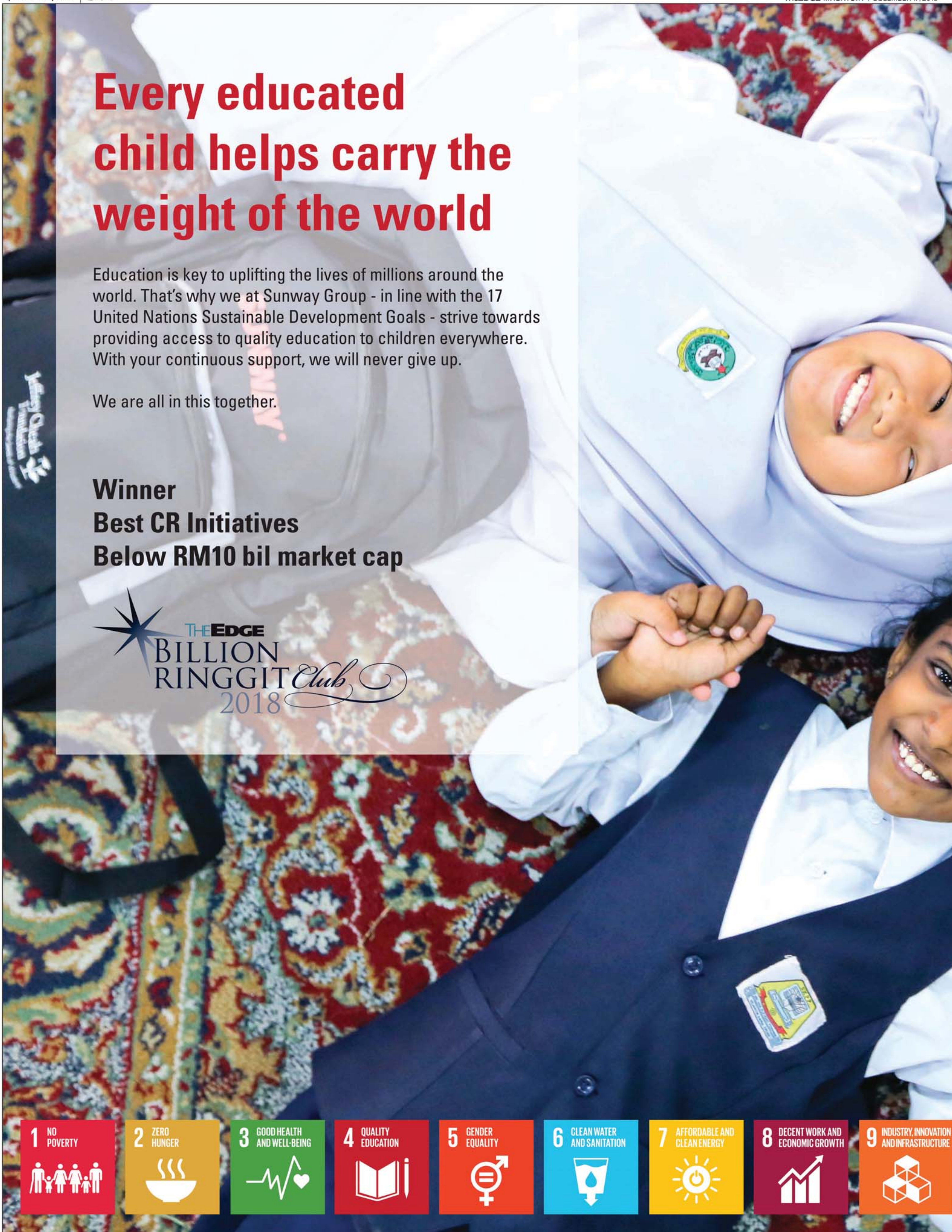
HIGHLIGHTS

- 170 BRC members, down from 184 last year.
- They commanded a market capitalisation of RM1.69 trillion or 90.8% of the combined market capitalisation of all Bursa Malaysia-listed companies as at March 31, 2018, the cut-off date for membership. This is above the RM1.59 trillion or 90.3% of the combined market cap of listed companies last year.
- The combined market capitalisation of BRC members fell 6.8% from RM1.69 trillion at end-March to RM1.58 trillion at end-June, but rose 3.8% to RM1.64 trillion at end-September. Their combined market capitalisation slipped to RM1.54 trillion at end-November, slightly below the level reached at end-March.
- The FBM KLCI declined 9.2% to 1,691.5 points at end-June from 1,863.46 points at end-March before rising 6% to 1,793.15 points at end-September. The bellwether was at 1,679.86 points at end-November, just below the level reached at end-March.
- The combined market capitalisation of the 30 FBM KLCI constituents slipped 6.2% from RM1.13 trillion at end-March to RM1.06 trillion at end-June before increasing 5.6% to RM1.12 trillion at end-September. At end-November, the combined market capitalisation was RM1.06 trillion, the level seen at end-March.
- The FBM Emas Index — which comprises the constituents of the FBM Top 100 Index and the FBM Small Cap Index and covers the top 98% of listed companies — declined 8.3% from 13,045.59 points at end-March to 11,960.93 points at end-June before increasing 4.78% to 12,533.22 points at end-September. The FBM Emas Index was at 11,653.71 points at end-November, also just a shade below the level seen at end-March.
- The combined market value of FBM Emas Index constituents (top 98% of listed companies) fell 7.76% from RM1.64 trillion at end-March to RM1.51 trillion at end-June before increasing 4.37% to RM1.58 trillion at end-September. As at end-November, the combined market capitalisation was RM1.48 trillion — about 10% below the level reached at end-March.
- The combined revenue of the BRC 2018 members was RM806.7 billion in FY2017, up 8.4% from RM744.1 billion in FY2016.
- The BRC members made a collective pre-tax profit of RM123.19 billion in FY2017, up 13.4% from RM108.6 billion in FY2016.
- The collective net profit was RM90.7 billion in FY2017, up 13.4% from RM80 billion in FY2016, which was weighed down by sizeable losses at several oil and gas companies.
- BRC members continued to be major taxpayers, paying an estimated RM32.5 billion in taxes in FY2017. Not only was this up 13.5% compared with the estimated RM28.6 billion in FY2016, the taxes paid in FY2017 was about half the company income tax collection of RM64.47 billion estimated by the federal government. The government had estimated the tax at RM70.536 billion for FY2018 and RM70.187 billion for FY2019.
- Taxes paid by BRC members in FY2017 was estimated to make up 26.3% of the RM123.33 billion direct taxes the Inland Revenue Board is reported to have collected in FY2017 and 28% of the RM116.02 billion in direct taxes that the government estimated for FY2017. In February, it was reported that the taxman aimed to collect RM134.713 billion in direct taxes in FY2018. This is comparable to the RM133.5 billion in direct taxes the government has estimated for FY2018.
- Due to the end-March 2018 cut-off date for BRC membership, OldTown Bhd ,which delisted in April, is still listed as a member while Mi Equipment Holdings Bhd, which made its debut on the Main Board on June 20 and had just over RM1 billion in market capitalisation at the time of writing, is not on the list.
- If the BRC membership cut-off date were end-November, there would have been 157 members as eight companies would have been added while 20 companies would have been excluded — 19 of them had seen their market capitalisation slip below RM1 billion and one had been delisted. The companies that would have been added are Taliworks Corp Bhd, Guan Chong Bhd, GHL Systems Bhd, Mi Equipment, SAM Engineering & Equipment Bhd, TA Enterprise Bhd, Ranhill Holdings Bhd and MyNews Holdings Bhd. Companies whose market value was below RM1 billion as at end-November were Bumi Armada Bhd, George Kent (M) Bhd, Ekovest Bhd, Kretam Holdings Bhd, WCT Holdings Bhd, AirAsia X Bhd, Ann Joo Resources Bhd, Berjaya Land Bhd, Hai-O Enterprise Bhd, Ta Ann Holdings Bhd, Econpile Holdings Bhd, MCT Bhd, Kian Joo Can Factory Bhd, Pestech International Bhd, Malaysia Marine and Heavy Engineering Holdings Bhd, Datasonic Group Bhd, Wah Seong Corp Bhd, Pharmaniaga Bhd, Berjaya Assets Bhd and Tan Chong Motor Holdings Bhd.
- DiGi.Com Bhd — Company of the Year in 2013 — and Nestlé (M) Bhd — Company of the Year in 2016 — have made it onto the Top 20 list every year since the inception of the awards in 2010. We unwittingly omitted Nestlé last year.
- Carlsberg Brewery Malaysia Bhd has been on the Top 20 list since 2011.
- Dialog Group Bhd and Public Bank Bhd have been on the Top 20 list six times while Dutch Lady Milk Industries (M) Bhd, Guinness Anchor Bhd and Hap Seng Consolidated Bhd have made it onto the list five times.

NO. OF BRC MEMBERS	BRC 2018 SECTORS (updated with new Bursa sectors)	MARKET CAP AS AT MARCH 30, 2018 (RM MIL)	MARKET CAP AS AT JUNE 29, 2018 (RM MIL)	MARKET CAP AS AT SEPT 28, 2018 (RM MIL)	MARKET CAP AS AT NOV 30, 2018 (RM MIL)	REVENUE FY2016 (RM MIL)	REVENUE FY2017 (RM MIL)	Y-O-Y CHANGE (%)	PRE-TAX PROFIT FY2016 (RM MIL)	PRE-TAX PROFIT FY2017 (RM MIL)	Y-O-Y CHANGE (%)	NET PROFIT FY2016 (RM MIL)	NET PROFIT FY2017 (RM MIL)	Y-O-Y CHANGE (%)
9	Construction	35,855	24,422	24,712	19,616	15,477	17,871	15.5	2,881	3,048	5.8	2,090	2,101	0.5
34	Consumer Products & Services	272,531	272,198	270,123	247,711	180,372	193,558	7.3	17,593	17,627	0.2	13,359	12,775	-4.4
11	Energy	45,561	44,804	46,082	39,206	35,467	42,955	21.1	-2,668	2,444	-191.6	-3,021	1,872	-162
10	Financial Services (Below RM10 billion market cap)	47,675	49,116	48,907	47,205	19,544	20,892	6.9	4,475	4,709	5.2	3,256	3,436	5.5
7	Financial Services (RM10 billion and above market cap)	368,594	331,149	358,658	353,118	108,550	112,399	3.5	29,192	33,523	14.8	21,760	24,392	12.1
8	Healthcare	94,788	100,071	92,818	97,902	22,064	25,111	13.8	2,298	2,571	11.8	1,705	2,074	21.7
19	Industrial Products & Services	162,897	156,152	167,321	162,698	71,986	82,807	15.0	9,624	12,708	32.0	6,497	9,581	47.5
17	Plantation	140,380	131,661	131,990	120,086	86,864	96,163	10.7	6,970	8,440	21.1	4,712	5,322	12.9
13	Property (Below RM3 billion market cap)	23,284	23,867	22,892	21,172	13,156	14,794	12.4	2,545	2,894	13.7	1,670	1,950	16.8
6	Property (RM3 billion and above market cap)	43,017	39,012	38,924	34,193	16,573	18,125	9.4	4,489	4,232	-5.7	3,127	2,931	-6.3
8	Real Estate Investment Trusts	34,066	38,654	36,960	36,683	3,939	4,093	3.9	2,363	2,475	4.7	2,146	2,214	3.2
7	Technology	24,530	19,520	24,505	18,746	4,799	5,503	14.7	839	1,088	29.7	765	963	26
6	Telecommunications & Media	165,131	133,754	149,086	128,049	55,078	57,998	5.3	8,231	8,902	8.2	5,949	6,306	6
8	Transportation & Logistics	74,964	66,824	68,941	63,543	23,947	24,653	3.0	4,987	4,146	-16.9	4,260	3,591	-15.7
7	Utilities	159,194	146,691	156,020	145,947	85,109	89,751	5.5	14,800	14,382	-2.8	11,726	11,188	-4.6
170		1,692,467	1,577,894	1,637,938	1,535,877	742,922	806,671	8.6	108,623	123,189	13.4	80,002	90,698	13.4

NO. OF BRC MEMBERS	BRC 2018 CATEGORIES	MARKET CAP AS AT MARCH 30, 2018 (RM MIL)	MARKET CAP AS AT JUNE 29, 2018 (RM MIL)	MARKET CAP AS AT SEPT 28, 2018 (RM MIL)	MARKET CAP AS AT NOV 30, 2018 (RM MIL)	REVENUE FY2016 (RM MIL)	REVENUE FY2017 (RM MIL)	Y-O-Y CHANGE (%)	PRE-TAX PROFIT FY2016 (RM MIL)	PRE-TAX PROFIT FY2017 (RM MIL)	Y-O-Y CHANGE (%)	NET PROFIT FY2016 (RM MIL)	NET PROFIT FY2017 (RM MIL)	Y-O-Y CHANGE (%)
8	Super Big Cap (above RM40 bil market cap)	576,653	517,875	552,981	532,500	174,231	188,349	8.1	37,213	43,005	15.6	28,943	32,959	14
33	Big Cap (RM10 bil to RM40 bil market cap)	703,237	658,528	685,342	637,102	267,343	286,207	7.1	45,597	44,766	-1.8	34,952	34,313	-2
129	Others (RM1 bil to RM10 bil market cap)	412,577	401,490	399,615	366,275	301,349	332,115	10.2	25,812	35,418	37.2	16,107	23,426	45
170		1,692,467	1,577,894	1,637,938	1,535,877	742,922	806,671	8.6	108,623	123,189	13.4	80,002	90,698	13.4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Best CR Initiatives
Below RM10 bil market cap
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5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE


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16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS
SUSTAINABLE DEVELOPMENT GOALS

THE EDGE BILLION RINGGIT Club 2018

VALUE CREATOR:
OUTSTANDING CEO OF MALAYSIA

Tan Sri Dr Ngau Boon Keat

Executive chairman and co-founder of Dialog Group Bhd

NGAU AND DIALOG — HEAD AND SHOULDERS ABOVE THE REST

BY JOSE BARROCK

In 1975, a young Malaysian working as an engineer with an oil and gas multinational company in Singapore decided to *balik kampung* in the belief that he could contribute to the country. Ngau Boon Keat then joined the newly set up Petronas — our very own national oil company, whose prospects no one could predict at the time.

The passionate engineer was one of the company's young Turks who sat at the negotiating table with foreign oil major Shell to structure Malaysia's first production-sharing contract (PSC) back in 1974. The sealing of the PSC signified the start of a new era for Malaysia's oil and gas industry. It not only benefited Malaysia in terms of oil revenue but also enabled the quick transfer of technology and development of the domestic oil and gas industry's ecosystem.

Now a Tan Sri and aged 70, Ngau has not looked back since.

His stint in Petronas was disrupted in 1980 when he had to take over his late father's timber business. But the call of his previous field was too strong and four years later, Ngau formed a small oil and gas service provider called Saga Holdings with three partners.

In 1996, it was listed on Bursa Malaysia as Dialog Group Bhd and today, it is one of the biggest integrated oil and gas service providers in the region. Dialog is also one of the pioneer investors in Pengerang, Johor, where it owns and operates petrochemical, oil and LNG storage terminals and a deep-sea port.

Dialog's market capitalisation today is around RM18 billion, up fivefold from RM3.6 billion in 2010.

And its rise has been steady, growing from its inception in 1984 as an integrated technical service provider to an owner and operator of upstream marginal and mature oilfields, and strategically located storage facilities, and an offshore supply base.

Dialog now has a staff strength of 2,500 and offices in Malaysia, Singapore, Thailand, Indonesia, China, Australia, New Zealand, Saudi Arabia and the United Arab Emirates.

And what a ride it has been for Ngau, who was appointed to Dialog's board in November 1990 and owns about 20% of the company.

To put things in perspective, if you had invested in 1,000 Dialog shares in its initial public offering at RM2.75 apiece in 1996, and had participated in the company's 2-for-10 rights issue at RM1.20 each and converted the 8,809 free warrants at RM1.19 each, your investment would have grown into 230,864 shares (also taking into account seven bonus issues and three rounds of share dividends).

The market value of 230,864 shares is RM724,912 (based on the stock's closing price of RM3.14 on Dec 13) compared with the total investment cost of RM45,024 — a return of 16 times in 22 years. Not many could match this feat.

While most of the oil and gas companies were ravaged by the meltdown in oil prices in the past 10 years — plunging from US$146 per barrel in July 2008 to a low of US$28 in January 2016 — Dialog bucked the trend, growing steadily.

In the last 10 years the company's profit after tax has grown more than fivefold, from RM102 million in FY2009 to RM528 million in FY2018. Revenue growth has been just as spectacular, rising from RM1.1 billion in FY2009 to RM3.1 billion in FY2018.

Its return on equity in the past 10 financial years has been between 13% and 29% while shareholders' funds strengthened from RM441 million in FY2009 to RM3.5 billion in FY2018.

Under Ngau's leadership, Dialog grew steadily in the last decade while most companies were being ravaged by the meltdown in oil prices

Dialog's dividend payments have also increased, from RM62 million in FY2009 to RM180 million in FY2018. The company has been consistently paying out 40% of its profit to its shareholders.

Also testament to Ngau's leadership is Dialog's war chest of RM1.16 billion cash and reserves of RM1.95 billion as at end-September this year. Long-term borrowings stood at RM1.24 billion while short-term debts amounted to RM364.52 million.

Dialog incurred less than RM12 million in finance costs in its financial quarter ended Sept 30, an amount that is relatively small compared with that of its debt-laden oil and gas peers.

It is noteworthy that Dialog, in the statement accompanying its financial results, says, "As a leading integrated technical service provider that is diversified across the upstream, midstream and downstream sectors in the oil, gas and petrochemical industry, Dialog remains confident that its business model is well structured to manage oil price volatility and currency movements."

Thus, it does not come as a surprise that other than Ngau, there are only a handful of individuals in Dialog's list of top 30 shareholders; the bulk of its shares is held by institutional investors.

Apart from Ngau, who has 20.03% equity interest, the other substantial shareholders in the company include the Employees Provident Fund with 7.68% equity interest and Kumpulan Wang Persaraan (Diperbadankan) with 6.84%. Other notable shareholders are Vanguard Emerging Markets, GIC Private Ltd for the government of Singapore and insurance outfit AIA Bhd.

Other than driving Dialog, Ngau is also the founder of the MyKasih Foundation, a non-profit organisation that provides food aid, health awareness and financial literacy programmes, children's education and skills training programmes to less fortunate Malaysians.

At the heart of the foundation is a cashless system developed by DIV Services Sdn Bhd, a subsidiary of Dialog. Since its inception in 2009, MyKasih has distributed as much as RM240 million to 260,000 underprivileged families all over the country. The donors' list includes big names from Corporate Malaysia and individuals kind enough to share their fortunes.

People close to Ngau say that despite his accomplishments, he prefers to keep a low profile, focusing on doing the right things — the important things — in life. E

CONGRATULATIONS

to the winners of

THE EDGE BILLION RINGGIT Club 2018 CORPORATE AWARDS

AEON Credit Service (M) Bhd
AirAsia Bhd
Astro Malaysia Holdings Bhd
ATA IMS Bhd
British American Tobacco (M) Bhd
CIMB Group Holdings Bhd
Dialog Group Bhd
Digi.com Bhd
Hap Seng Consolidated Bhd
Hartalega Holdings Bhd
Hong Leong Bank Bhd
IGB REIT
Inari Amertron Bhd
Kerjaya Prospek Group Bhd
Kim Loong Resources Bhd
KLCC Property Stapled Group
Kuala Lumpur Kepong Bhd
LBS Bina Group Bhd
Lingkaran Trans Kota Holdings Bhd
Malaysia Airports Holdings Bhd
Matrix Concepts Holdings Bhd
Maxis Bhd
Mega First Corporation Bhd
Muhibbah Engineering (M) Bhd
OSK Holdings Bhd
Padini Holdings Bhd
Petron Malaysia Refining & Marketing Bhd
Petronas Chemicals Group Bhd
Petronas Dagangan Bhd
Petronas Gas Bhd
Press Metal Aluminium Holdings Bhd
Public Bank Bhd
S P Setia Bhd
Sarawak Oil Palms Bhd
Sime Darby Bhd
Sime Darby Plantation Bhd
Sunway Bhd
TIME dotCom Bhd
Top Glove Corporation Bhd
UOA Development Bhd
ViTrox Corporation Bhd
Westports Holdings Bhd
Yinson Holdings Bhd

COMPANY OF THE YEAR

Petronas Dagangan Bhd

RECORD PROFITS, GENEROUS DIVIDENDS

BY KATHY FONG

Many may think that Petronas Dagangan Bhd (PDB), a subsidiary of national oil firm Petronas, has the upper hand on its home turf against its rivals — the retail arms of the global oil majors.

But PDB's management would disagree to a large extent simply because local companies, in general, are required to walk the extra mile to build consumer confidence in their brands. In PDB's case, it was even tougher as it is going against established international brands.

It was set up in 1982 to drive Petronas' foray into the retailing and distribution of petroleum products, such as petrol, liquefied petroleum gas (LPG) and jet fuel, to end-users. Twelve years after that, PDB floated shares on Bursa Malaysia (then known as the Kuala Lumpur Stock Exchange) at an initial public offer price of RM2.80 per share in August 1994.

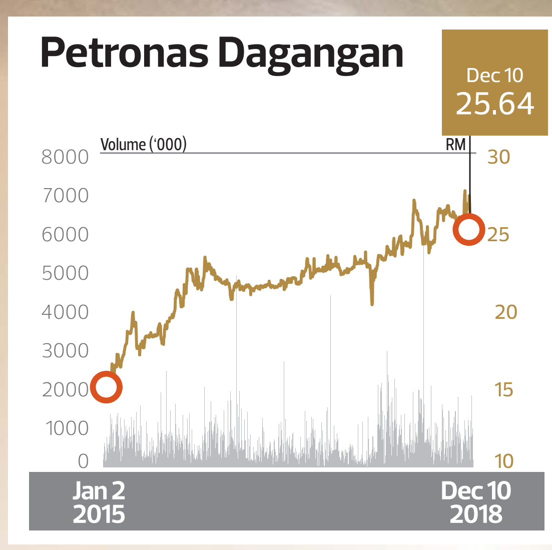
Its share price hit a record of RM27.82 in early November this year — nearly 10 times its listing price. That speaks volumes of the stock.

The company has made great strides over the years and made Petronas a household brand. An increasing number of car drivers would have the Mesra card, a royalty programme for customers who pump petrol at PDB's petrol stations.

It currently operates 1,000 petrol stations. Seven hundred of them have Kedai Mesra — making them a one-stop centre for fuelling, shopping and banking for motorists across the country.

PDB's four core businesses are retail, commercial, LPG and Lubricants. It invests extensively in research and development (R&D) to ensure that it continues to offer a wide range of internationally-recognised high-quality petroleum products including motor gasoline, aviation fuel, diesel, fuel oil, LPG, kerosene and asphalt.

Together with Mercedes AMG, it makes Petronas Syntium engine oil that powers Mercedes AMG Petronas F1 racing cars.



Its impact is not confined only to Malaysian highways and F1 tracks around the world. That said, PDB is proud that Syntium is powering the Mercedes-AMG Petronas Motorsport team — the world champions for five years since 2014. Providing the fuel for the leading FI team is another milestone that speaks well of Petronas' downstream products.

Bumper profit and generous dividend

After a drastic fall in its earnings in the financial year ended Dec 31, 2014 (FY2014), PDB's profit has been on the rise and has hit new highs since then.

Profit after tax (PAT) dropped to RM502 million in FY2014 — the lowest level since FY2005 — compared with RM812 million the year before. The sharply lower earnings were mainly caused by the meltdown of crude oil prices. PDB suffered from margin compression due to the sharp decline in selling price, in line with the fall in Mean of Platts Singapore (MOPS) prices.

Nonetheless, in the following years, its earnings growth revved up like a racecar on a F1 track.

In FY2015, PDB's PAT bounced back to RM790 million, jumping 57.3% year on year. The upward momentum continued over the following two years. It achieved a record-high PAT of RM945 million in FY2016, up 19.6% y-o-y, and another big leap of 62.8% to RM1.54 billion in FY2017.

The impressive PAT growth in the three financial years between FY2014 and FY2017 translates into a 3-year CAGR of 45.3%.

Earnings per share (EPS) ballooned during the financial years under review. PDB achieved an EPS of 79.5 sen in FY2015, which expanded to 95.1 sen in FY2016 and RM1.55 in FY2017.

Given the record-breaking profit, PDB has been generous in declaring hefty dividends to reward its shareholders.

It adopts a dividend policy of 50% of its PAT after taking into consideration various factors, such as the company's affordability, future capital requirements and projected cash flow. The payout ratio was 79% in FY2015, 81% in FY2016 and 78% in FY2017.

PDB shareholders received a dividend per share of 97 sen — an interim dividend of 75 sen and special dividend of 22 sen — in FY2017, which was the highest in five years. The total dividend payment came up to RM963.7 million.

The group declared a dividend per share of 60 sen in FY2015 and 70 sen in FY2016. In short, shareholders are laughing all the way to the bank, receiving a total dividend of RM2.27 between FY2015 and FY2017.

Apart from that, they are are also enjoying capital appreciation. PDB's share price has climbed 32.5%, from RM18.48 on June 30, 2015, to RM24.49 on June 29, 2018.

For the three financial years under review, PDB is the listed entity that has paid out the most dividends to Petronas. Its sister company, Petronas Gas Bhd, paid a total dividend of RM1.80, compared with 64 sen for Petronas Chemicals and 90 sen for MISC Bhd.

The group's market capitalisation has more than doubled from RM11.6 billion in 2010 to RM25.5 billion. E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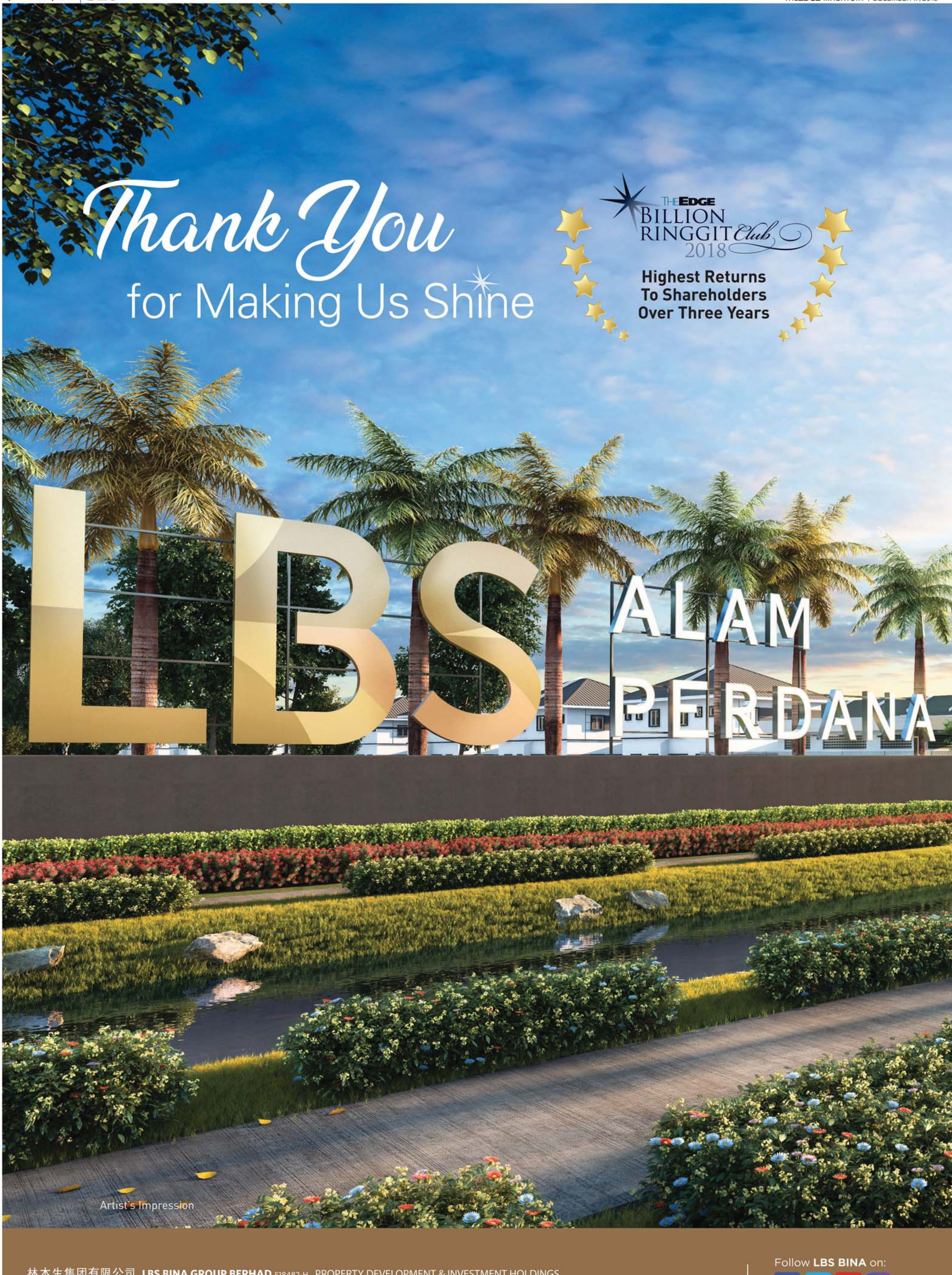
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THE EDGE
BILLION RINGGIT Club
2018
Highest Returns
To Shareholders
Over Three Years
LBS
ALAM
PERDANA
Artist's Impression

Putting more thought into being better corporate citizens

BY CINDY YEAP

SUHAIMI YUSUF/THE EDGE

From left: Koh, Nik Ramlah, Dorothy and OCBC Bank's Leong Mei Sim

Companies can make a greater impact by incorporating corporate responsibility (CR) initiatives into their business model, say judges of the corporate responsibility (CR) component of The Edge Billion Ringgit Club (BRC) corporate awards 2018.

This, they say, can be done by putting more thought into being better corporate citizens for the community they are in as well as for their own people. By setting higher standards for their suppliers and business partners when it comes to the environment, human rights and supply chain issues, for instance, companies can help drive improvements in responsible business practices and improve the environment they operate in.

Returning to the panel of judges this year were The Edge Education Foundation CEO Dorothy Teoh, Malaysia Deposit Insurance Corp director and former deputy CEO of the Securities Commission of Malaysia Datuk Dr Nik Ramlah Mahmood, Mah-Kamariyah & Philip Koh senior partner Philip Koh Tong Ngee and OCBC Bank Malaysia Bhd senior vice-president and head of corporate and commercial banking Jeffrey Teoh.

Dorothy likes how Axiata Group Bhd utilised green sources such as bamboo for some of its tower infrastructures and how its tower operations in the region have incorporated energy-efficient measures to reduce its carbon footprint. The measures include the use of non-chlorofluorocarbon air-conditioning as well as an intelligent ventilation system that combines fans and air-conditioning to reduce energy consumption.

She also notes how Axiata is bridging the digital divide in the regional countries it operates in. Its unit in Sri Lanka, for example, connects 2,000 schools via its Nenesa television channel with content from the National Institute of Education. In Bangladesh, its unit provides solar power and livelihood support to more than 2,500 rural villagers in their Model Eco villages and helps ensures 50,000 passengers on trains benefit daily from their Clean Water project. The anchor Axiata Young Talent Programme, which nurtures future leaders in Malaysia, has also been expanded to Indonesia, benefitting over 250 future leaders.

Dorothy is also heartened by Ann Joo Resources Bhd's occupational, safety and health practices. "The iron and steel industry is one of the industries that have a major impact on air quality, so it is good to know that the company places a lot of importance on environmental protection to control dust emissions and improve air quality not just for its workers but also surrounding communities.

"As a judge, it's always a pleasure to see newcomers to The Edge Billion Ringgit Club practising good corporate responsibility," says Dorothy, adding that she is also impressed with the company's detailed environmental reporting.

While charitable giving is welcomed, the judges note that it is only one form of CR and urge corporates to place more emphasis on efforts that enhance the welfare and well-being of their people and the community they are in rather than just handing out monetary contributions.

"Vernacular schools face huge challenges with funding and there have been BRC members who have stepped in to refurbish run-down facilities and even build entirely new schools in the communities where they operate. Matrix Concepts, which joined The Edge BRC last year, is one of them. From a wooden structure with limited facilities first built in 1951, SJKT Bandar Sri Sendayan in Negeri Sembilan now not only has a new building but also a state-of-the-art library, computer lab, auditorium and a pre-school. This will hopefully transform the education landscape for the local community," says Dorothy.

Commitment from the top can send a strong signal for others to follow.

"Talking about transformation, Malaysia Building Society Bhd shows that where there is commitment from the top, much can be achieved within a short timeframe in terms of corporate citizenship and responsibility. In 2017, MBSB was the first financial institution in Malaysia to take the Corruption-Free Pledge, an initiative by the Malaysian Anti-Corruption Commission (MACC). It's notable that integrity was ranked as the most important material matter by both its internal and external stakeholders. To manage its environmental impact, it started tracking energy, water and paper consumption monthly last year. For me, these and other efforts show in its much-improved performance in the CR component of The Edge BRC in the last one year alone," says Dorothy.

With more companies doing better at CR, the bar is now higher for companies that are already doing well to outdo themselves for the betterment of all stakeholders, the judges say.

The importance of CR is reflected in the 30% weightage assigned to the component in the total score for The Edge BRC Company of the Year award.

"There has never been a better time than now to build in sustainability and corporate responsibility measures that go well beyond the minimum standards and existing best practices of the industry. With a renewed sense of hope and purpose in the air and the reverberating call to be better than we ever have been, The Edge BRC has matured over these nine years to become Corporate Malaysia's conscience for a stronger posture of self-regulation. This is particularly so in those areas that do not tangibly generate revenues. We look to every member of this club to continue to make its own growth in sustainability and corporate responsibility a measure of success, so that we will indeed be riding the crest of the welcome wave we find ourselves in [today]," says Jeffrey. E

Top 5 CR Initiatives — Super Big Cap (in alphabetical order)
Axiata Group Bhd (2016 winner)
IHH Healthcare Bhd
Malayan Banking Bhd (2015 winner)
Petronas Chemicals Group Bhd (2018 winner)
Tenaga Nasional Bhd (2017 winner)

Top 5 CR Initiatives — Big Cap (in alphabetical order)
Gamuda Bhd (2016 winner)
Genting Malaysia Bhd
Sime Darby Bhd (2014 winner, 2018 joint winner)
Sime Darby Plantation Bhd (2018 joint winner)
YTL Corp Bhd

Top 5 CR Initiatives — Below RM10 billion market cap (in alphabetical order)
Sunway Bhd (2015 and 2018 winner)
Heineken Malaysia Bhd
Oriental Holdings Bhd
United Plantations Bhd (2016 winner)
YTL Power International Bhd


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ESS ISN'T IN ITS
CAPTURE.
IN ITS PURSUIT.
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!
THEEDGE BILLION RINGGIT Club 2017
Highest Return on Equity Over Three Years
GOLD
THEEDGE BILLION RINGGIT Club 2017
Highest Returns to Shareholders Over Three Years
SILVER
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70200 Seremban, Negeri Sembilan D.K. Malaysia
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www.mchb.com.my

BEST CR INITIATIVES

SUPER BIG CAP COMPANIES — ABOVE RM40 BILLION MARKET CAPITALISATION

Petronas Chemicals Group Bhd

LEAVING MINIMUM NEGATIVE IMPACT ON THE ENVIRONMENT

BY CINDY YEAP

As a chemicals manufacturer, Petronas Chemicals Group Bhd (PetChem) understands its responsibility in ensuring that its operations leave minimum negative impact on the environment it operates in. Together with the local community, PetChem's environmental initiatives include reforestation efforts as well as the rehabilitation of mangrove habitats.

But for the group, its environmental responsibility also includes ensuring that natural resources such as hydrocarbons and water are used as efficiently as possible. It also makes sure all wastes, as well as air and water emissions, are managed well, bearing in mind the natural environment and well-being of the local communities in the areas where it operates.

As an added safety measure, it even carried out real-time monitoring of the quality of air and water surrounding its plant.

"Our operations are heavily dependent on water, which is used to generate steam as well as for cooling and cleaning purposes. Because it is a vital and limited natural resource, we strive to use water efficiently, hence minimise waste. All activities involving water are closely monitored, in line with Petronas' Guidelines on Water Practices (WAPS), which defines the operating conditions and maintenance practices for efficient water use," PetChem said in its 2017 annual report.

"We continuously improve the environment, health, security and safety performance of our facilities, processes and products," it added.

Apart from tracking energy efficiency, it also measures water consumption efficiency to cut wastage. Last year, one of its units, PC Aromatics, managed to reduce the volume of makeup water it consumes and blowdown water discharged by increasing the concentration of minerals in the recirculated water by 60% to 100% without scaling. This, it explained, was achieved by tightly controlling other parameters such as the acidity and conductivity of the water and ensuring zero chlorine content.

"By reducing the quantity of makeup water consumed by the cooling water system, the water withdrawal intensity [PC Aromatics] improved by 26%, saving approximately 400,000m^3 of water in 2017. This is equivalent to the volume of water in more than 160 Olympic-sized swimming pools," PetChem said in its report.

As part of its waste management process, PetChem also quantifies and inventorises all hazardous waste, which is stored safely in dedicated areas within each manufacturing site before being transported to government licensed

waste facilities for appropriate treatment.

"In 2017, we maintained our average waste recycling rate at above 80%. Moving forward, we will continue to strive to reduce, reuse, recycle and recover our hazardous waste," its report read.

Sustainability efforts at PetChem are led by a management committee, which provides direction to the Sustainable Development Working Committee (SDWC) and endorses all decisions made by the working-level representatives.

"The SDWC is responsible for overseeing various systems implemented to monitor and report our sustainability performance. In addition, SDWC members work closely with their counterparts in each subsidiary to ensure stakeholder value creation across the

BEST CR INITIATIVES

BELOW RM10 BILLION MARKET CAPITALISATION

Sunway Bhd

PLAYING AN INTEGRAL ROLE IN SUSTAINABLE DEVELOPMENT

BY CINDY YEAP

Hailing from the small town of Pusing in Perak, Sunway Bhd founder and chairman Tan Sri Jeffrey Cheah witnessed first-hand how poverty closes off avenues for advancements.

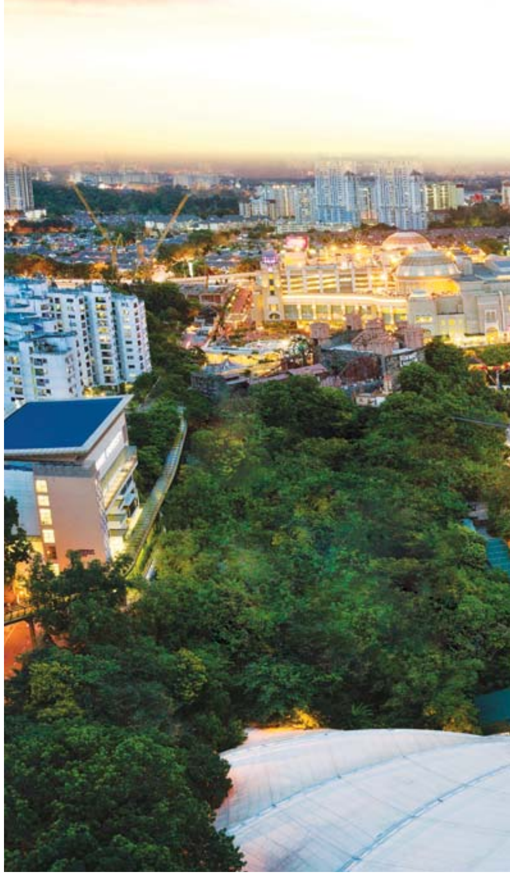
Believing that education offers the best route out of poverty, he started Jeffrey Cheah Foundation (JCF), Malaysia's largest education-focused social enterprise that is valued at over RM1 billion. Last year, the foundation gave out more than RM330 million in scholarships to deserving students and endowed US$10 million to the UN Sustainable Development Solutions Network to establish the Jeffrey Sachs Center on Sustainable Development at Sunway University. It also awarded 31 sports scholarships to develop more world-class athletes.

Moving forward, Sunway is spending RM600,000 to reach out to 1,000 urban poor schoolchildren in Penang, Ipoh, the Klang Valley and Johor, providing them with basic necessities, including school uniforms, shoes and bags. Cheah also set in motion plans to make Sunway-owned buildings in Sunway City 100% smoke-free by the end of the year.

That's not all. In its 2017 sustainability report, Sunway says sustainable development, including socioeconomic goals, has been an integral part of its business framework for over four decades now and it continues to align its business model, operating strategies and corporate culture with sustainable practices and solutions. This is in line with its commitment to the United Nations Sustainable Development Goals (UNSDGs) agenda.

"Technology is being integrated even more deeply to establish Sunway City as a model 'smart sustainable city' of the 21st century. We have implemented a whole range of energy-saving and efficiency measures in the city. We also built a combined generation plant for it. Generating electricity from natural gas further reduces our carbon footprint. In 2017, we also completed the construction of our own water treatment plant. The first of its kind in Malaysia, the plant purifies water from a local urban lake to meet potable water standards set by the Ministry of Health. I look forward to sharing with you our progress on the Sunway Smart Sustainability City project in the next sustainability report," Cheah said in the report.

Its flagship Sunway City, which attracts 42



THE EDGE BILLION RINGGIT Club 2018

group. In 2017, we made the SDWC more comprehensive by bringing on board additional representatives from more departments to further drive sustainability within [PetChem]," the report read.

Going by how everything is tracked and measured, PetChem should have a pretty good grasp of how it can be a better corporate citizen. E

BEST CR INITIATIVES (JOINT WINNERS)

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

Sime Darby Bhd & Sime Darby Plantation Bhd

CREATING A POSITIVE IMPACT ON STAKEHOLDERS

BY CINDY YEAP

When drawing up its Human Rights Charter in FY2016, Sime Darby Bhd incorporated the Protect, Respect and Remedy framework outlined by the UN Human Rights Council.

Sime Darby Plantations Bhd (SDP) adopted Sime Darby's Human Rights Charter to guide its continuing human rights journey after it demerged from the latter. As the listing only happened on Nov 30 last year, *The Edge* BRC judges reckoned both companies should be joint winners in this year's CR awards, given how close their scores were.

"As an employer of a significant number of foreign workers, the group is in a position to create a positive impact on the treatment of migrant labour. Our belief in respecting human rights extends to empowering local communities in areas where we operate and underlines our commitment to greater social equity, in line with the United Nations Guiding Principles (UNGP) on Business and Human Rights," SDP said in its latest annual report.

Of its 97,223 employees, more than 80% work in its fields, mills and refineries across the globe. In Malaysia, at least 63% of its workers are migrant labourers, predominantly from Indonesia, India, Bangladesh and Nepal.

By working with Shift, an independent, non-profit centre for business and human rights practice, SDP has identified human rights issues that came with employing migrant labour and worked towards preventing exploitation. The issues included labourers incurring high debts from unreasonable recruitment costs, accepting work offers with incomplete information and being marginalised through the unlawful withholding of important documents.

Over 1,500 workers were provided with a safe and secure platform to hold their own passports, a programme which has since been rolled out to SDP's 125 estates and 33 mills in Malaysia. The company also worked with its partners in their recruitment efforts, emphasising that SDP does not impose a recruitment fee on potential employees. "We are aware of key areas in which human rights issues are most pertinent within our operations, and are implementing action plans to manage these. We understand that certain risks are systemic in nature and require collaborative action. We have therefore focused much effort this financial year on stakeholder engagement to tackle some of the challenges we face in the geographical landscapes we operate in," SDP said.

As the world's largest producer of certified sustainable palm oil, SDP knows it plays a leading role in the development and promotion of sustainable practices in the oil palm sector. It is a founding member of the Roundtable of Sustainable Palm Oil (RSPO) and works closely with its partners to deliver on its sustainable future goals, including a commitment towards responsible consumption and production.

Prior to the demerger or what they call "the pure-play exercise", Sime Darby sustainability matters were mainly focused on the plantation business. With its new focus on the heavy equipment and automotive trading segments, Sime Darby has engaged experts with the aim of identifying five key sustainability matters that are most material to the group and will proceed to develop plans and initiatives to facilitate measurement of its progress and report its performance in those areas.

If what SDP did in the plantation sector is any indication, the sustainable initiatives would be welcomed by stakeholders and the communities they are in. E

million visitors annually, was a barren 800-acre mining land. The group's diverse businesses allow it to work with suppliers to create a positive impact on social and environmental protection beyond its business by selecting only partners who meet standards on ethical conduct, human rights and workplace and environmental management.

Among other things, its Zero Food Wastage project, which was started in May last year by Sunway Resort Hotel & Spa and the Kechara Soup Kitchen Society, has seen 7,179.3kg of food collected and distributed to 28,717 people in the surrounding communities as at Dec 31, 2017. This surplus "consists of cooked food that has been placed in the warmer but not served at the buffet line", the report read, adding that more Sunway hotels would be roped in.

"These measured outcomes and articulated goals show the group is living out #SUNWAYFORGOOD for the economy, environment, society, our people, safeguarding human rights and operations." E

FINANCIAL SERVICES

PROPERTY

CONSTRUCTION

INDUSTRIES

HOSPITALITY

THE EDGE BILLION RINGGIT Club 2018

Paying tribute to Corporate Malaysia's finest

BY SUPRIYA SURENDRAN

The roads around the iconic Petronas Twin Towers may have been chock-a-block with traffic on the evening of Dec 11, but clearly, there was no stopping the crème de la crème of Corporate Malaysia from gathering to celebrate the country's top listed companies and outstanding corporate performers at *The Edge* Billion Ringgit Club Corporate Awards 2018 (*The Edge* BRC).

Many ordered their drivers to stop the car and they walked the last mile or so towards Mandarin Oriental, Kuala Lumpur. Other industry captains, resplendent in the finest tuxedos or elegant evening gowns with bespoke accessories, probably turned heads as they took the light rail transit.

In its ninth instalment this year, *The Edge* BRC is easily the biggest awards night on Malaysia's corporate calendar, recognising not only companies with the best financial performances but also those with the best corporate responsibility (CR) initiatives.

Guests began arriving as early as 6pm. After pausing to have their pictures taken at the photo wall, they mingled and caught up over champagne, single malt whiskey or pre-dinner mocktail in the foyer. For some, the conversation veered to the first leg of the Malaysia vs Vietnam AFF Suzuki Cup final that was being played at the National Stadium in Bukit Jalil.

OCBC Bank Malaysia returned as the main sponsor for the ninth consecutive year while Mercedes-Benz Malaysia provided the official car. A number of guests, admiring the newly launched Mercedes S450 on display in the ballroom, wondered aloud if there would be a lucky person driving away the gorgeous black sedan that night.

Augmented reality allowed some guests to virtually wear a selection of timepieces that were courtesy of Jaeger-LeCoultre, supporting sponsor for the fourth year running. Value Creator: Outstanding CEO of Malaysia Tan Sri Dr Ngau Boon Keat, executive chairman of Dialog Group Bhd, took home the white-gold Master Ultra Thin Perpetual.

Guests also took a moment to congratulate Westports Holdings Bhd founder and executive chairman Tan Sri G Gnanalingam, last year's Outstanding CEO. He had been unable to attend the event last year and was represented by his son Ruben and wife Puan Sri Siew Yong.

The Edge Media Group publisher and group CEO Datuk Ho Kay Tat presented highlights of the overall performance of *The Edge* BRC members as guests started their five-course meal with an appetiser of blue swimmer crab meat tian.

Among other things, Ho pointed out that The Edge-BRC members' total market value of RM1.69 trillion was higher than the previous year's RM1.59 trillion although the number of members was smaller at 170 compared with 184 previously.

Sharizan Borhan was the evening's master of ceremonies while young and soulful diva Evelyn Feroza serenaded guests with classics such as Frank Sinatra's *Fly Me to the Moon* and the more contemporary *Diamonds* by Rihanna.

The awards ceremony commenced as guests started on their dessert of chocolate mousse.

Alongside OCBC Bank Malaysia CEO Datuk Ong Eng Bin, Mercedes-Benz Malaysia president and CEO Dr Claus Weidner, Jaeger-LeCoultre managing director of Southeast Asia and Oceania Maxence Kinget and *The Edge Malaysia* editor-in-chief Azam Aris, Ho presented 55 corporate awards to 40 companies. There were four joint winners, which meant 59 trophies were given out.

The evening's top corporate award — Company of the Year 2018 — went to Petronas Dagangan Bhd, which was represented by its managing director and CEO Datuk Seri Syed Zainal Abidin Syed Mohamed Tahir.

OCBC's Ong said it was heartening to see how Corporate Malaysia has shown steady improvement in its respective environmental, social and governance (ESG) endeavours, with sustainability clearly on the agenda.

"Our heartiest congratulations to this year's *The Edge* BRC winners for going the distance and improving significantly on all counts, including the important area of ESG. As we move further into the era of a new Malaysia, we trust businesses will always remember that our reason for existence is not purely to make profit, but to provide a meaningful service to humanity and the communities we serve. Ultimately, we ensure our sustainability by always placing stakeholders' interests at the heart of our business agenda. Let's never lose focus of this," Ong said.

With all the awards given out, the night drew to a close, though many stayed on to congratulate the winners and have their photos taken. E

THE EDGE BILLION RINGGIT Club 2018

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1. From left: Datuk Ong Eng Bin (OCBC Bank), Datuk Ho Kay Tat (The Edge Media Group), Tan Sri Ngau Boon Keat (Dialog Group), Puan Sri Jean Ngau, Datin Karin Ho, Datuk Tong Kooi Ong (The Edge Media Group), Dawn Cheong, Wei Shi, Sharon Teh (*The Edge*), Dr Claus Weidner (Mercedes-Benz Malaysia), Azam Aris (*The Edge*), Reena Tan and Maxence Kinget (both from Jaeger-LeCoultre)
2. On display at this year's gala dinner was the newly launched Mercedes-Benz S450
3. Jaeger-LeCoultre's exquisite timepieces
4. From left: Lim Shiew Yuin, Cindy Yeap (both from *The Edge*), Datuk Dr Nik Ramlah Mahmood, Philip Koh (Mah-Kamariyah & Philip Koh) and Dorothy Teoh (The Edge Education Foundation)
5. Ho delivering his welcome remarks

THE EDGE BILLION RINGGIT Club 2018


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1. Tong, Cheong, Tan Ai Chin (OCBC Bank) and Ong
2. Mr and Mrs Paul Lim (from Pestech International) admiring Jaeger-LeCoultre's fine timepieces on display
3. The boys catching up: Ong, Tan Sri Lee Oi Hian (Kuala Lumpur Kepong), Datuk Seri Syed Zainal Abidin (Petronas Dagangan), Ho and Ngau
4. Capturing the winning moments
5. Soulful singer Evelyn Feroza serenading the guests
6. Cheong and Koh sharing a light moment
7. Datuk Khor Chap Jen (S P Setia) admiring the Mercedes-Benz S450
8. Kinget describing the uniqueness of the Jaeger-LeCoultre's Master Ultra Thin Perpetual timepiece to Tong and Ngau
9. Tong and Tan Sri Tay Ah Lek (Public Bank) in a serious conversation


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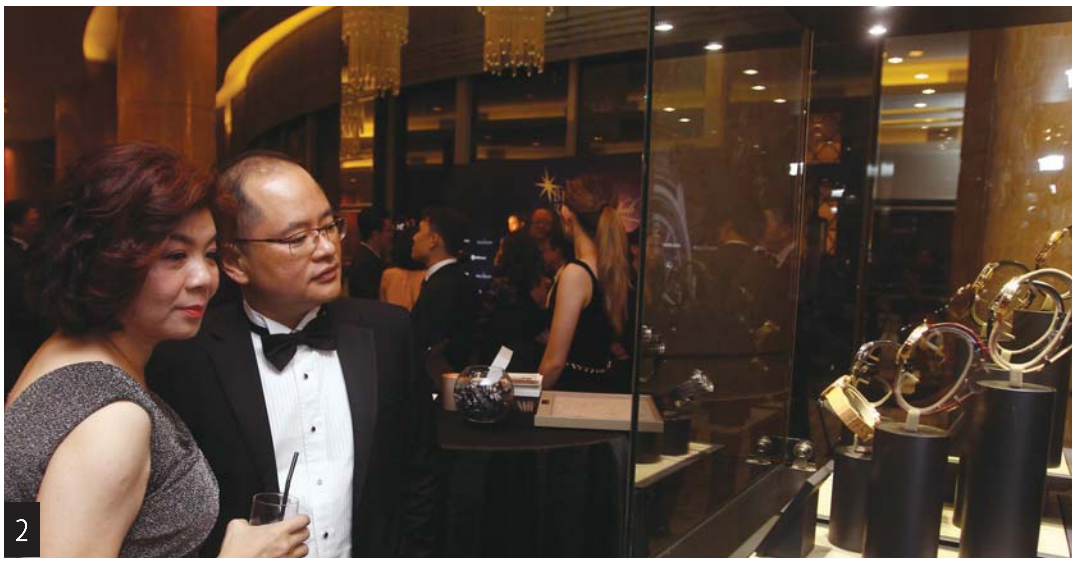

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TO SAVOUR:

BLUE SWIMMER CRAB MEAT TIAN
Croustillion and Sweet Melon Curry Salsa with Coriander Oil and Micro Cress

ROASTED PUMPKIN BISQUE
Spiced Pumpkin Seeds, Coriander Oil and Crumbled Feta Cheese

MANGO SORBET
with Passion Fruit Jelly

GRILLED AUSTRALIAN BEEF TENDERLOIN
Sour Cherry Mustard, Fondant Potato, Creamed Spinach and Natural Jus

OR

ROASTED COD FILLET & KING PRAWN
Sweet Potato Mash, Cherry Tomato Confit with Madras Curry Pineapple Sauce

CHOCOLATE MOUSSE
Feuilletine Crisp, Almond Dacquoise and Mango Crémeux

TO INDULGE:

WINE
Cloudy Bay Sauvignon Blanc
Cloudy Bay Pinot Noir

SPIRIT
Hennessy XO
Glenmorangie 18

Koh, Lee, Lee Wen Ling (Kuala Lumpur Kepong) and Ngau Wu Wei (Dialog Group)

Ho, Wei Shi and Weidner

Ngau proudly displaying his new Jaeger-LeCoultre timepiece with Kinget

Ho, S Jayasankaran (Dialog Group), Tan Sri G Gnanalingam, Randhir Singh (Dialog Group) and Jose Barrock (*The Edge*)

Ho with Tengku Datuk Seri Zafrul Abdul Aziz (CIMB Group Holdings)

Sunway's Sarena Cheah (front row, fourth from left) and her team

Prodigious slimness of Jaeger-LeCoultre's Master Ultra Thin Perpetual

Remember the unique timepiece that belonged to Marvel hero Dr Stephen Strange, brilliantly played by Benedict Cumberbatch? Yes, the one with a romantic engraving, "Time will tell you how much I love you — Christine". Jaeger-LeCoultre's Master Ultra Thin Perpetual in stainless steel was that special co-star in *Dr Strange*. *The Edge* BRC Value Creator: Outstanding CEO of Malaysia 2018 receives the white gold version of this prestigious timepiece, courtesy of Jaeger-LeCoultre.

The case, with its comfortable 39mm diameter, will first be examined sideways by watch connoisseurs and collectors. Made of 18-carat white-gold , the case comes with a grained silver-toned dial. While they will note the streamlined lugs and slim bezel that endow the watch with grace, their attention will no doubt focus on its amazing 9.2mm thickness — a new tour de force designed to house Calibre 868, the manufacture's ultra-thin automatic perpetual calendar movement. The watch's mechanism is so sophisticated that it takes into account the unequal length of months of 28, 30 or 31 days.

The automatic timepiece's perpetual calendar requires no manual adjustment before March 1, 2100, as only century years are an exception to the four-year cycle governing leap years. The moon-phase display will faithfully portray the various states of the Earth's satellite over the next 122 years.

Just above the dial centre, a small rectangular window, generally in the same shade as the background, gradually turns red as evening falls. It indicates the period during which it is preferable to avoid any adjustments . This is to avoid potentially damaging the gear wheels that are already engaged in preparing the change of indication that takes place daily at exactly midnight. Nonetheless, well before the alarm awakens its owner at the dawn of a new day, the opening will have regained its usual shade and melded seamlessly into the dial background.

A glance is enough to confirm the Master Ultra Thin Perpetual's prestigious lineage, whose understated beauty is a magnet for devotees and connoisseurs. Its mechanical purity embodies the very essence of horology.

A major player in watchmaking history since 1833, Jaeger-LeCoultre is engaged in a tireless quest for excellence, supported by a unique spirit of invention.

THE EDGE BILLION RINGGIT Club 2018

Tuan Syed Abdul Aziz Jailani (OCBC Bank), Azam, Syed Zainal and Ho

Khor, June Lee and Datuk Wong Tuck Wai of S P Setia

Teoh, Ho, Henry Tan (Astro Malaysia Holdings) and Yeap

Mark Raine (Mercedes-Benz Malaysia) and Benjamin Yong (Padini Holdings) sharing a wefie moment

Kathy Fong (*The Edge*, fifth from left) with Datuk Sazali Hamzah (on Fong's left) and his team from Petronas Chemicals Group

Effendy Cheng (first from left), Chan Yew Kai, (third from left, both from Dialog Group) with Heng Hock Cheng (Petronas Gas, second from left) and Chng Guan How (Petronas Chemicals Group, on the right)

Ong, Lee, Weidner and Ho

Gnanalingam with Tong

Kuan Mun Leong (Hartalega Holdings), Moo Ching Siang, Bryan Tee, Chin Mei Ling, John Thornton and Andy Soo (all from Dialog Group)

Jenny Ng (*The Edge*), Angie Ng, Chu Fei Chen, Lum Peck Hui, Teh Kwan Wey (all from Kuala Lumpur Kepong)

BFM's Joyce Goh (third from left), Yeap, *The Edge*'s Adeline Paul Raj (right) with Samir Gupta, Gurdip Singh Sidhu and Effendy Shahul Hamid (all from CIMB Group Holdings)

It's a wrap! Representatives from *The Edge*, OCBC Bank, Jaeger-LeCoultre and Mercedes-Benz Malaysia with Ngau and wife

Ruby Tan, Leong Mei Sim, Chong Lee Ying and Shirley Sun (all from OCBC Bank)

Hap Seng Consolidated's Harald Behrend with Elaine Hew, Raine, Tracey Ong and Chow Chee Hunt (all from Mercedes-Benz Malaysia)

Mac Ngan Boon (centre) with his team from Muhibbah Engineering (Malaysia)

Lau Kean Cheong and Oh Seong Lye (both from Inari Amertron) with Anne Leh (OCBC Bank)

Yee, Ong Ju Yan (OSK Holdings), Ong, and Stanley Teo (Deloitte Malaysia)

Mariam Bevi Batcha, Robert Nason (both from Maxis), Yeap, Tammy Toh (Astro Malaysia Holdings) and Nadia Hassan (*The Edge*)

Datuk Tee Eng Ho (second from left) with his team from Kerjaya Prospek Group

Datuk and Datin Ho, Tan Sri and Puan Sri Ngau, Tan, Kinget and Ngau

Nuril Anwar, Koh Eng Seng, Mustamir Mohamad (all three from Sime Darby) and Dr Harikrishna Kulaveerasingam (Sime Darby Plantations)

Tan Sri Paul Koon (Press Metal Aluminium Holdings), Tong and Lee

Ngau (back, centre) with his team from Dialog Group

Mustamir (third from right) with his team from Sime Darby

Lee, Gnanalingam and Barrock

Ho Kong Soon (sixth from left) with his team from Matrix Concepts Holdings

Ho, Teh, Wei Shi and Weidner

Linda Song and Ricardo Guardo of British American Tobacco (Malaysia)

Chu Jenn Weng and Lim Kim Seng of ViTrox Corp

Myrna Geronimo and Faridah Ali of Petron Malaysia Refining & Marketing

Zafrul (centre) with his team from CIMB Group Holdings

Kamarul (second from left), Fong (fifth from left) with Sazali (fourth from left) and his team from Petronas Chemicals Group

Cheah (centre) with her team from Sunway

Datuk Alan Chia (fourth from right) with his team from LBS Bina Group

TheEdge Billion Ringgit Club 2018

Yeap, Teoh, Tan, Ho, Toh and Sue Ann Lee (*The Edge*)

Tee (seventh from right) with his team from Kerjaya Prospek Group

Tan, Ho, Kinget and Teh flanked by Jaeger-LeCoultre models

Raghunathan Nair (Kuala Lumpur Kepong), Bryan Lee, Lim Kok Yee (both from Matrix Concepts Holdings) and Datuk David Tan (Kuala Lumpur Kepong)

Joyce Foo, Datuk Fong Chiu Wan and Datuk Chris Chan of ATA IMS

Syed (fourth from left), Datuk Hashim Wahir (front, center) and Abdul Razak Saim (third from right) with their teams from Petronas Dagangan, KLCC Property Stapled Group and Petronas Gas

Ong and Lau Kean Cheong (fourth from left) with their teams from OCBC Bank and Inari Amertron

Lee and Gnanalingam (centre) with their team from Westports Holdings

Angelia Ooi and Long Sher Neng of TIME dotCom

Khoo Teng Kiat and Goh Chin San of Mega First Corp

Ong (fourth from right) with his team from OSK Holdings

Ng Eng Kiat (fourth from left) with his team from AEON Credit Service (Malaysia)

Abdul Razak (centre) with Moo and Bryan Tan of Dialog Group

THE EDGE BILLION RINGGIT Club 2018

Khor (centre) with his team from S P Setia

Mariam, Ho, Nason and Azam

Datuk Fam Lee Ee flanked by his AirAsia stewardesses

Ho with Shirleen Lee and Mac Chung Jin of Muhibbah Engineering (Malaysia)

Jayden Liew, Kuan and Kuan Mun Keng (Hartalega Holdings)

Sharon Sung, Yong and Adeline Chew of Padini Holdings

Lim Cheong Guan and Michelle Voon of Top Glove Corp

Stephanie Kong and Poon Tse Wan of UOA Development

Tan Sri and Puan Sri Ngau, Tan, Datuk and Datin Ho, and Ong

Lee, Ho, Yee and Kamarul

Evan Cheah, Cheah and Leo Tan of Sunway

R Devaraju (Mercedes-Benz Malaysia), Teh, Ong, Goh Chuan Kiong (Asbenz Motors) and Raine

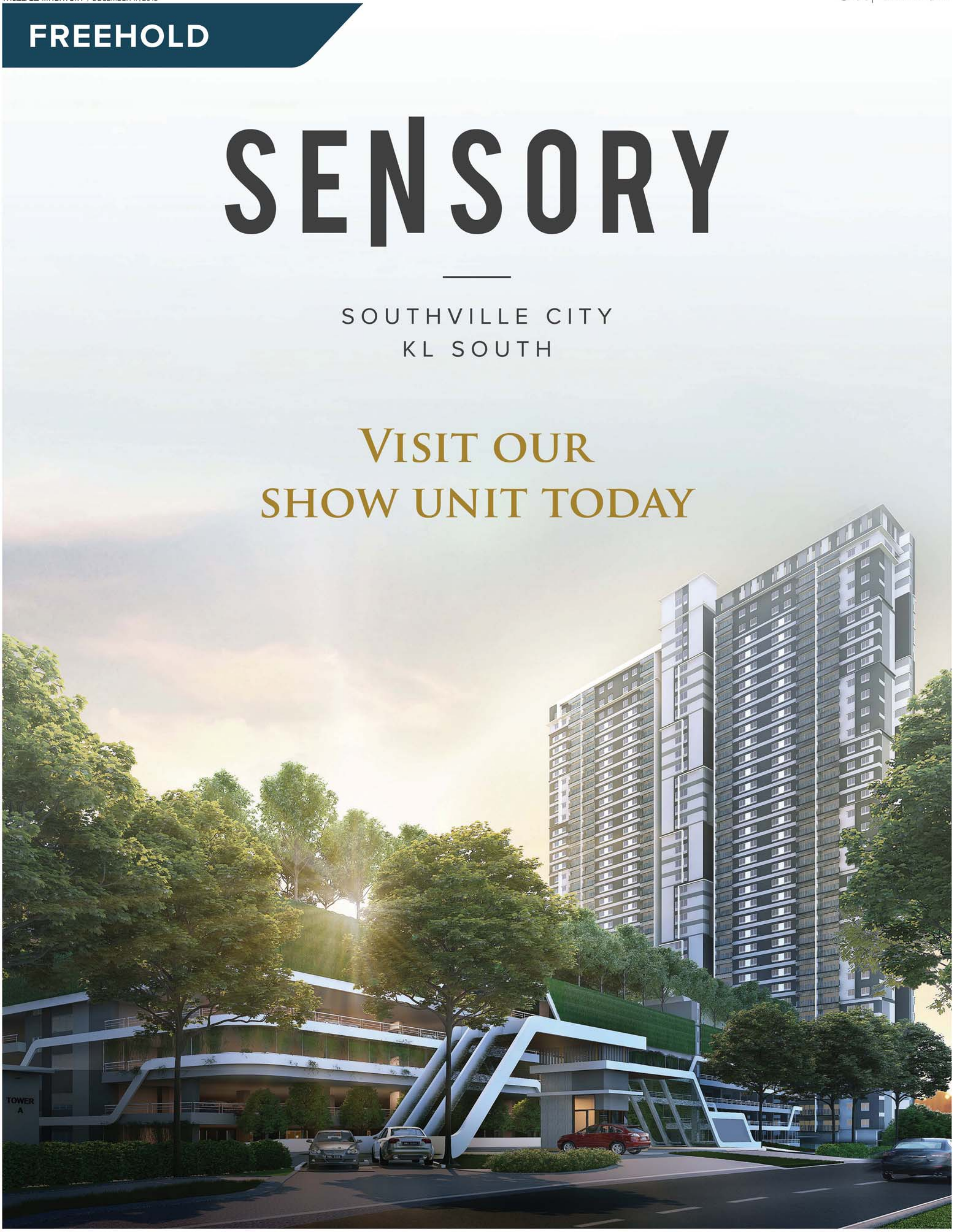
Cherry Koh (Moet-Hennessy Diageo Malaysia), Kingston Low (*The Edge*) and Lim

Gooi Seong Heen and Gooi Chuen Howe of Kim Loong Resources

John Thornton, Andy Soo and Cheng of Dialog Group

Eric Kiu and William Wong of Sarawak Oil Palms

Mark Lee (Berjaya Group) and Goh


FREEHOLD
SENSORY
SOUTHVILLE CITY
KL SOUTH
VISIT OUR
SHOW UNIT TODAY
TOWER A

The night's awards were presented by OCBC Bank Malaysia CEO Datuk Ong Eng Bin and The Edge Media Group publisher and group CEO, Datuk Ho Kay Tat.

Joining them in presenting the awards were *The Edge* editor-in-chief Azam Aris for the Best CR Initiatives, Financial Services, Construction, Consumer Products & Services and Energy sectors followed by Mercedes-Benz Malaysia president and CEO Dr Claus Weidner for the Healthcare, Industrial Products & Services, Plantation, Property and REIT sectors.

BEST OF THE BEST

COMPANY OF THE YEAR — Petronas Dagangan Bhd
(Datuk Seri Syed Zainal Abidin, managing director/chief executive officer)

VALUE CREATOR: MALAYSIA'S OUTSTANDING CEO
Tan Sri Ngau Boon Keat (Dialog Group Bhd, executive chairman)
Presenting the timepiece is Maxence Kinget, Jaeger-LeCoultre managing director of Southeast Asia and Oceania

BIG CAP COMPANIES — Highest Growth in Profit After Tax Over Three Years
AirAsia Bhd (Datuk Fam Lee Ee, independent non-executive director)

BIG CAP COMPANIES — Highest Return on Equity Over Three Years
Digi.com Bhd (Eugene Teh, chief business officer)

BIG CAP COMPANIES — Highest Returns to Shareholders Over Three Years
Press Metal Aluminium Holdings Bhd (Tan Sri Paul Koon, group chief executive officer)

SUPER BIG CAP COMPANIES — Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Petronas Chemicals Group Bhd (Datuk Sazali Hamzah, managing director/chief executive officer)

SUPER BIG CAP COMPANIES — Highest Return on Equity Over Three Years
Maxis Bhd (Robert Nason, chief executive officer)

THE EDGE BILLION RINGGIT Club

BEST CR INITIATIVES (below RM10 billion market cap)
Sunway Bhd (Sarena Cheah, managing director, property division)

BEST CR INITIATIVES (Big Cap Companies)
Sime Darby Bhd (Mustamir Mohamad, group chief financial officer)

BEST CR INITIATIVES (Big Cap Companies)
Sime Darby Plantation Bhd (Dr Harikrishna Kulaveerasingam, chief research & development officer)

BEST CR INITIATIVES (Super Big Cap Companies)
Petronas Chemicals Group Bhd (Datuk Sazali Hamzah, managing director/chief executive officer)

FINANCIAL SERVICES (below RM10 billion market cap) – Highest Growth in Profit After Tax Over Three Years, Highest Return on Equity Over Three Years and Highest Returns to Shareholders Over Three Years
AEON Credit Service (M) Bhd (Ng Eng Kiat, chairman)

FINANCIAL SERVICES (RM10 billion and above market cap) – Highest Growth in Profit After Tax Over Three Years
CIMB Group Holdings Bhd (Shahnaz Jammal, group chief financial officer)

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

FINANCIAL SERVICES (RM10 billion and above market cap) – Highest Return to Shareholders Over Three Years
Hong Leong Bank Bhd (Domenic Fuda, group managing director/chief executive officer)

CONSTRUCTION – Highest Growth in Profit After Tax Over Three Years and Highest Return on Equity Over Three Years
Muhibbah Engineering (M) Bhd (Mac Chung Jin, deputy chief executive officer)

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

CONSUMER PRODUCTS & SERVICES – Highest Growth in Profit After Tax Over Three Years
AirAsia Bhd (Datuk Fam Lee Ee, independent non-executive director)

CONSUMER PRODUCTS & SERVICES – Highest Return on Equity Over Three Years
British American Tobacco (M) Bhd (Ricardo Guardo, finance director)

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

ENERGY – Highest Return on Equity Over Three Years
Yinson Holdings Bhd (Lim Han Joeh, non-independent, non-executive director)

ENERGY – Highest Return on Equity Over Three Years and Highest Growth in Profit After Tax Over Three Years
Dialog Group Bhd (Chan Yew Kai, executive deputy chairman)

ENERGY – Highest Returns to Shareholders Over Three Years
Petron Malaysia Refining & Marketing Bhd (Faridah Ali, general manager)

THE EDGE BILLION RINGGIT Club

HEALTHCARE – Highest Return on Equity Over Three Years
Hartalega Holdings Bhd (Kuan Mun Leong, managing director)

HEALTHCARE – Highest Return on Equity Over Three Years, Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Top Glove Corporation Bhd (Lim Cheong Guan, executive director)

INDUSTRIAL PRODUCTS & SERVICES – Highest Growth in Profit After Tax Over Three Years
Press Metal Aluminium Holdings Bhd (Tan Sri Paul Koon, group chief executive officer)

INDUSTRIAL PRODUCTS & SERVICES – Highest Return on Equity Over Three Years
Hap Seng Consolidated Bhd (Harald Behrend, chief operating officer)

INDUSTRIAL PRODUCTS & SERVICES – Highest Returns to Shareholders Over Three Years
ATA IMS BHD (Datuk Fong Chiu Wan, executive director and chief executive officer)

PLANTATION – Highest Growth in Profit After Tax Over Three Years
Sarawak Oil Palms Bhd (Eric Kiu, chief operating officer)

PLANTATION – Highest Return on Equity Over Three Years
Kuala Lumpur Kepong Bhd (Tan Sri Lee Oi Hian, chief executive officer)

PLANTATION – Highest Returns to Shareholders Over Three Years
Kim Loong Resources Bhd (Gooi Seong Heen, executive director)

PROPERTY (below RM3 billion market cap) — Highest Growth in Profit After Tax Over Three Years
OSK Holdings Bhd (Ong Ju Yan, group managing director)

PROPERTY (below RM3 billion market cap) — Highest Return on Equity Over Three Years
Matrix Concepts Holdings Bhd (Ho Kong Soon, group managing director)

PROPERTY (below RM3 billion market cap) — Highest Returns to Shareholders Over Three Years
LBS Bina Group Bhd (Datuk Alan Chia, executive director)

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

PROPERTY (RM3 billion and above market cap) — Highest Return on Equity Over Three Years and Highest Returns to Shareholders Over Three Years
UOA Development Bhd (Stephanie Kong, general manager, projects)

REIT — Highest Return on Equity Over Three Years
KLCC Property Stapled Group (Datuk Hashim Wahir, chief executive officer)

REIT — Highest Return on Equity Over Three Years, Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
IGB REIT (Antony Barragry, chief executive officer)

TECHNOLOGY — Highest Growth in Profit After Tax Over Three Years and Highest Return on Equity Over Three Years
Inari Amertron Bhd (Lau Kean Cheong, executive director cum group chief executive officer)

THE EDGE BILLION RINGGIT Club

TECHNOLOGY – Highest Returns to Shareholders Over Three Years
ViTrox Corporation Bhd (Chu Jenn Weng, president & chief executive officer)

TELECOMMUNICATIONS & MEDIA – Highest Growth in Profit After Tax Over Three Years
Astro Malaysia Holdings Bhd (Shafiq Abdul Jabbar, group chief financial officer)

TELECOMMUNICATIONS & MEDIA – Highest Return on Equity Over Three Years
Digi.com Bhd (Eugene Teh, chief business officer)

TELECOMMUNICATIONS & MEDIA – Highest Returns to Shareholders Over Three Years
TIME dotCom Bhd (Long Sher Neng, chief financial officer)

TRANSPORTATION & LOGISTICS – Highest Return on Equity Over Three Years
Westports Holdings Bhd (Eddie Lee, chief executive officer)

TRANSPORTATION & LOGISTICS – Highest Returns to Shareholders Over Three Years
Malaysia Airports Holdings Bhd (Lee Ai Vin, general manager, corporate finance, investor relations & treasury)

UTILITIES – Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Mega First Corporation Bhd (Khoo Teng Keat, executive director)

UTILITIES – Highest Return on Equity Over Three Years
Petronas Gas Bhd (Abdul Razak Saim, head of business development and commercial)

THE EDGE BILLION RINGGIT Club 2018

Members of *THE EDGE* BILLION RINGGIT CLUB 2018

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT MARCH 31, 2018 (RM MIL)	PRE-TAX PROFIT FY2017 (RM MIL)	NET PROFIT FY2017 (RM MIL)
Aeon Co. (M) Bhd	2,471	181.6	96.4
Aeon Credit Service (M) Bhd	3,075	351.2	265.0
Affin Bank Bhd	4,663	693.1	511.4
Airasia Group Bhd	13,134	2,088.4	1,640.3
AirAsia X Bhd	1,597	186.8	98.9
Ajinomoto (M) Bhd	1,356	211.5	187.5
Alliance Bank Malaysia Bhd	6,765	681.4	512.1
Allianz Malaysia Bhd	2,040	437.3	288.0
AMMB Holdings Bhd	11,725	1,801.2	1,324.6
Amway (M) Holdings Bhd	1,249	70.5	52.6
Ann Joo Resources Bhd	1,560	252.9	205.4
Astro Malaysia Holdings Bhd	10,428	845.5	623.7
Atlan Holdings Bhd	1,154	96.6	54.5
Axiata Group Bhd	49,317	1,936.2	909.5
Axis Real Estate Investment Trust	1,590	122.6	90.8
Batu Kawan Bhd	7,256	1,622.1	586.6
Berjaya Assets Bhd	1,100	7.9	-11.4
Berjaya Corp Bhd	1,491	662.6	149.3
Berjaya Land Bhd	1,497	576.3	294.7
Berjaya Sports Toto Bhd	2,936	376.1	237.1
Bermaz Auto Bhd	2,503	175.2	117.6
BIMB Holdings Bhd	6,656	948.3	619.8
Bintulu Port Holdings Bhd	2,714	211.3	154.2
Boustead Holdings Bhd	5,149	1,117.0	462.0
Boustead Plantations Bhd	2,688	732.7	665.2
British American Tobacco (M) Bhd	7,544	639.2	492.6
Bumi Armada Bhd	4,898	492.2	352.2
Bursa Malaysia Bhd	5,859	305.9	223.0
Cahya Mata Sarawak Bhd	4,241	330.8	213.2
CapitaLand Malaysia Mall Trust	2,204	162.1	167.4
Carlsberg Brewery Malaysia Bhd	5,773	294.8	221.2
CIMB Group Holdings Bhd	66,332	6,110.0	4,475.2
Datasonic Group Bhd	1,188	71.9	62.7
Denko Industrial Corp Bhd (ATA IMS Bhd since July 27)	1,835	-10.9	-11.3
Dialog Group Bhd	17,250	448.8	370.6
DiGi.Com Bhd	36,076	1,985.4	1,476.7
DRB-Hicom Bhd	4,717	-222.2	-454.4
Dutch Lady Milk Industries Bhd	4,384	157.5	117.7
Eastern & Oriental Bhd	1,845	125.3	86.6
Eco World Development Group Bhd	2,944	282.6	209.7
Eco World International Bhd	2,424	-87.3	-87.6
Econpile Holdings Bhd	1,317	111.6	80.8
Ekovest Bhd	2,043	176.7	114.8
Far East Holdings Bhd	1,205	190.4	125.6
Felda Global Ventures Holdings Bhd (FGV Holdings Bhd since July 5)	6,202	416.6	143.7
Fraser & Neave Holdings Bhd	12,235	353.7	323.4
Gamuda Bhd	12,741	826.0	602.1
Gas Malaysia Bhd	3,621	248.2	194.6
GD Express Carrier Bhd	2,941	44.5	36.8
Genting Bhd	33,449	4,258.7	1,383.7
Genting Malaysia Bhd	27,727	1,318.2	1,159.7
Genting Plantations Bhd	8,242	461.1	337.7
George Kent (M) Bhd	2,259	134.1	101.3
Globetronics Technology Bhd	1,160	55.9	51.1
Hai-O Enterprise Bhd	1,465	78.3	59.5

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT MARCH 31, 2018 (RM MIL)	PRE-TAX PROFIT FY2017 (RM MIL)	NET PROFIT FY2017 (RM MIL)
Hap Seng Consolidated Bhd	24,548	1,395.4	1,103.9
Hap Seng Plantations Holdings Bhd	1,991	178.7	134.8
Hartalega Holdings Bhd	20,037	349.0	283.0
Heineken Malaysia Bhd	6,284	363.2	270.1
Hengyuan Refining Company Bhd	2,295	973.0	909.2
Hibiscus Petroleum Bhd	1,302	62.0	106.1
Hong Leong Bank Bhd	39,228	2,748.3	2,145.0
Hong Leong Capital Bhd	2,417	84.0	79.1
Hong Leong Financial Group Bhd	22,101	3,089.9	1,506.8
Hong Leong Industries Bhd	3,476	192.3	103.1
IGB Bhd (formerly GoldIS Bhd)	1,940	491.3	215.1
IGB Real Estate Investment Trust	5,454	343.4	342.8
IHH Healthcare Bhd	49,850	1,167.5	970.0
IJM Corp Bhd	9,723	1,010.0	653.8
IJM Plantations Bhd	1,937	168.5	115.1
Inari Amertron Bhd	5,704	241.0	227.8
IOI Corp Bhd	30,102	1,087.2	743.2
IOI Properties Group Bhd	8,920	1,436.6	920.9
Keck Seng (M) Bhd	1,473	2.3	1.0
Kerjaya Prospek Group Bhd	1,851	168.5	124.5
Kian Joo Can Factory Bhd	1,217	76.5	90.0
Kim Loong Resources Bhd	1,344	111.2	71.1
KLCCP Stapled Group	12,944	1,115.3	877.9
Kossan Rubber Industries Bhd	4,924	229.6	183.6
KPJ Healthcare Bhd	3,750	233.3	161.9
Kretam Holdings Bhd	1,978	35.2	17.2
Kuala Lumpur Kepong Bhd	27,242	1,450.2	1,005.1
Lafarge Malaysia Bhd	3,705	-279.0	-215.2
LBS Bina Group Bhd	1,364	190.3	103.4
Lingkaran Trans Kota Holdings Bhd (Litrak)	3,004	292.4	221.0
Lotte Chemical Titan Holding Bhd	13,842	1,140.6	1,064.2
LPI Capital Bhd	6,580	403.7	313.8
Magnum Bhd	2,604	306.8	206.6
Mah Sing Group Bhd	2,428	472.3	361.9
Malakoff Corp Bhd	4,401	588.5	310.0
Malayan Banking Bhd	115,608	10,098.1	7,520.5
Malaysia Airports Holdings Bhd	14,684	334.5	236.5
Malaysia Building Society Bhd	6,888	550.7	417.1
Malaysia Marine and Heavy Engineering Holdings Bhd	1,192	11.0	34.2
Malaysian Pacific Industries Bhd	1,714	251.0	177.9
Malaysian Resources Corporation Bhd (MRCB)	4,435	247.3	167.6
Matrix Concepts Holdings Bhd	1,494	260.3	185.3
Maxis Bhd	44,833	2,893.9	2,191.6
MCT Bhd	1,282	93.7	63.7
Mega First Corporation Bhd	1,261	228.6	138.3
MISC Bhd	31,470	2,003.6	1,981.5
MMC Corp Bhd	5,146	451.7	225.4
MRCB-QUILL REIT	1,079	69.9	92.4
MSM Malaysia Holdings Bhd	2,496	-15.8	-32.6
Muhibbah Engineering (M) Bhd	1,417	216.5	131.6
MY E.G. Services Bhd	10,458	201.5	201.5
Nestle (M) Bhd	36,230	814.1	645.8
Oldtown Bhd (delisted April 4)	1,445	80.2	60.8
Oriental Holdings Bhd	3,865	527.3	392.6

CONTINUES NEXT PAGE

THE EDGE BILLION RINGGIT Club 2018

TOP 20
RANKED BY NET PROFIT

2018	2017	CHG	COMPANY	NET PROFIT FY2017 (RM MIL)
1	2	▲	Malayan Banking Bhd	7,521
2	1	▼	Tenaga Nasional Bhd	7,245
3	3	–	Public Bank Bhd	5,470
4	4	–	CIMB Group Holdings Bhd	4,475
5	5	–	Petronas Chemicals Group Bhd	4,177
6	8	▲	Sime Darby Bhd	2,438
7	11	▲	Maxis Bhd	2,192
8	12	▲	Hong Leong Bank Bhd	2,145
9	7	▼	MISC Bhd	1,982
10	14	▲	RHB Bank Bhd	1,950
11	13	▲	Petronas Gas Bhd	1,793
12	10	▼	Airasia Group Bhd	1,640
13	23	▲	Petronas Dagangan Bhd	1,539
14	17	▲	Hong Leong Financial Group Bhd	1,507
15	15	–	DiGi.Com Bhd	1,477
16	9	▼	Genting Bhd	1,384
17	18	▲	AMMB Holdings Bhd	1,325
18	21	▲	PPB Group Bhd	1,205
19	6	▼	Genting Malaysia Bhd	1,160
20	22	▲	Hap Seng Consolidated Bhd	1,104

TOP 20
RANKED BY PROFIT BEFORE TAX

2018	2017	CHG	COMPANY	PRE-TAX PROFIT FY2017 (RM MIL)
1	1	–	Malayan Banking Bhd	10,098
2	2	–	Tenaga Nasional Bhd	8,446
3	3	–	Public Bank Bhd	7,118
4	5	▲	CIMB Group Holdings Bhd	6,110
5	6	▲	Petronas Chemicals Group Bhd	5,236
6	4	▼	Genting Bhd	4,259
7	11	▲	Hong Leong Financial Group Bhd	3,090
8	10	▲	Maxis Bhd	2,894
9	12	▲	Hong Leong Bank Bhd	2,748
10	15	▲	RHB Bank Bhd	2,558
11	17	▲	Petronas Gas Bhd	2,253
12	16	▲	Airasia Group Bhd	2,088
13	9	▼	MISC Bhd	2,004
14	14	–	DiGi.Com Bhd	1,985
15	28	▲	Axiata Group Bhd	1,936
16	19	▲	AMMB Holdings Bhd	1,801
17	13	▼	YTL Corp Bhd	1,726
18	18	–	Batu Kawan Bhd	1,622
19	20	▲	Kuala Lumpur Kepong Bhd	1,450
20	24	▲	Petronas Dagangan Bhd	1,438

TOP 20
RANKED BY MARKET CAPITALISATION

2018	2017	CHG	COMPANY	MARKET CAP AS AT MARCH 31, 2018 (RM MIL)
1	1	–	Malayan Banking Bhd	115,608
2	3	▲	Public Bank Bhd	92,628
3	2	▼	Tenaga Nasional Bhd	92,016
4	6	▲	CIMB Group Holdings Bhd	66,332
5	5	–	Petronas Chemicals Group Bhd	66,072
6	7	▲	IHH Healthcare Bhd	49,850
7	9	▲	Axiata Group Bhd	49,317
8	8	–	Maxis Bhd	44,833
9	16	▲	Hong Leong Bank Bhd	39,228
10	NA	▲	Sime Darby Plantation Bhd (listed Nov 30, 2017)	37,541
11	23	▲	Nestle (M) Bhd	36,230
12	10	▼	DiGi.Com Bhd	36,076
13	11	▼	Petronas Gas Bhd	35,301
14	12	▼	Genting Bhd	33,449
15	13	▼	MISC Bhd	31,470
16	15	▼	IOI Corp Bhd	30,102
17	14	▼	Genting Malaysia Bhd	27,727
18	17	▼	Kuala Lumpur Kepong Bhd	27,242
19	19	–	Petronas Dagangan Bhd	24,717
20	20	–	Hap Seng Consolidated Bhd	24,548

1) The revenue and profit before tax figures are as at March 31, 2018, 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 CAP AS AT MARCH 31, 2018 (RM MIL)	PRE-TAX PROFIT FY2017 (RM MIL)	NET PROFIT FY2017 (RM MIL)
OSK Holdings Bhd	2,077	485.2	400.2
Padini Holdings Bhd	2,941	213.2	157.4
Panasonic Manufacturing Malaysia Bhd	2,102	158.1	127.1
Pavilion Real Estate Investment Trust	4,157	249.4	249.7
Pestech International Bhd	1,215	128.3	94.9
Petron Malaysia Refining & Marketing Bhd	2,319	523.1	405.2
Petronas Chemicals Group Bhd	66,072	5,236.0	4,177.0
Petronas Dagangan Bhd	24,717	1,437.9	1,539.5
Petronas Gas Bhd	35,301	2,252.7	1,792.7
Pharmaniaga Bhd	1,112	73.1	53.8
Pos Malaysia Bhd	2,763	131.4	84.1
PPB Group Bhd	22,690	1,293.1	1,205.4
Press Metal Aluminium Holdings Bhd	16,706	819.5	602.8
Public Bank Bhd	92,628	7,117.7	5,470.0
QL Resources Bhd	8,258	260.5	195.9
RHB Bank Bhd	20,973	2,558.1	1,950.1
Sapura Energy Bhd	3,266	385.2	208.3
Sarawak Oil Palms Bhd	2,112	359.7	239.3
Scientex Bhd	4,131	318.0	255.9
Selangor Properties Bhd	1,512	114.4	92.6
Serba Dinamik Holdings Bhd	5,022	346.1	308.1
Shangri-La Hotels (M) Bhd	2,354	109.7	72.2
Sime Darby Bhd	17,954	1,007	2,438
Sime Darby Plantation Bhd	37,541	637.0	429.0
Sime Darby Property Bhd	9,657	181.5	138.1
SKP Resources Bhd	1,975	138.5	103.3
SP Setia Bhd	11,228	1,271.4	932.9
Sunway Bhd	7,416	882.2	639.5
Sunway Construction Group Bhd	2,662	174.2	137.8
Sunway Real Estate Investment Trust	4,712	424.5	270.6
Supermax Corp Bhd	1,659	107.9	67.2

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT MARCH 31, 2018 (RM MIL)	PRE-TAX PROFIT FY2017 (RM MIL)	NET PROFIT FY2017 (RM MIL)
Syarikat Takaful Malaysia Bhd (Syarikat Takaful Malaysia Keluarga Bhd since June 11)	2,733	253.7	206.7
Ta Ann Holdings Bhd	1,383	197.5	119.3
TA Global Bhd	1,570	165.7	140.5
Tan Chong Motor Holdings Bhd	1,096	-72.8	-88.6
Telekom Malaysia Bhd	19,616	1,048	929.7
Tenaga Nasional Bhd	92,016	8,446	7,245
Time dotCom Bhd	4,861	193.1	175.4
TMC Life Sciences Bhd	1,346	27.1	26.0
Top Glove Corp Bhd	12,111	383.1	328.6
Tropicana Corp Bhd	1,303	291.8	190.5
TSH Resources Bhd	2,004	192.1	114.0
UCHI Technologies Bhd	1,195	72.1	70.5
UEM Edgenta Bhd	1,979	201.3	418.2
UEM Sunrise Bhd	4,583	438.7	280.1
UMW Holdings Bhd	7,162	40.71	-651.2
UMW Oil & Gas Corp Bhd (Velesto Energy Bhd since May 25)	2,547	-1,133	-1,132
Unisem (M) Bhd	1,791	180.8	159.5
United Malacca Bhd	1,294	98.9	84.6
United Plantations Bhd	5,860	500.8	390.5
UOA Development Bhd	4,194	656.1	491.2
V.S Industry Bhd	3,146	223.7	156.3
Vitrox Corp Bhd	2,515	86.5	83.0
Wah Seong Corp Bhd	1,121	122.6	113.0
WCT Holdings Bhd	1,843	230.6	154.6
Westports Holdings Bhd	12,242	676.9	651.5
Yinson Holdings Bhd	4,348	213.2	197.0
YTL Corp Bhd	14,507	1,725.5	813.3
YTL Hospitality REIT	1,926	-12.1	122.7
YTL Power International Bhd	8,088	892.2	693.8
7-Eleven Malaysia Holdings Bhd	1,666	70.5	50.1

THE EDGE BILLION RINGGIT Club 2018

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	50.0%
2	Public Bank Bhd	20%
3	Tenaga Nasional Bhd	17.2%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PBT CAGR
1	Petronas Chemicals Group Bhd	24%
2	Maxis Bhd	10.6%
3	CIMB Group Holdings Bhd	9.7%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Petronas Chemicals Group Bhd	13.38%
2	Public Bank Bhd	10.87%
3	Tenaga Nasional Bhd	8.38%

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	367%
2	Astro Malaysia Holdings Bhd	119.2%
3	Nestlé (M) Bhd	117.8%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	AirAsia Bhd	102.3%
2	Petronas Dagangan Bhd	56.7%
3	S P Setia Bhd	34.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Press Metal Aluminium Holdings Bhd	72.46%
2	Top Glove Corp Bhd	57.11%
3	Hartalega Holdings Bhd	43.43%

Construction

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Muhibbah Engineering (M) Bhd	12.3%
2	Gamuda Bhd	11.7%
3	IJM Corp Bhd	9.4%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Muhibbah Engineering (M) Bhd	13.0%
2	WCT Holdings Bhd	4.8%
	NA	

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Kerjaya Prospek Group Bhd	29.5%
2	George Kent (M) Bhd	26.3%
3	Econpile Holdings Bhd	24.9%

Consumer Products & Services

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	British American Tobacco (M) Bhd	151.0%
2	Nestlé (M) Bhd	117.8%
3	Dutch Lady Milk Industries Bhd	89.3%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	AirAsia Bhd	102.33%
2	Petronas Dagangan Bhd	56.66%
3	PPB Group Bhd	11.9%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Padini Holdings Bhd	72.7%
2	Ajinomoto (M) Bhd	59.8%
3	Hai-O Enterprise Bhd	57.3%

Energy

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Yinson Holdings Bhd	14.10%
1	Dialog Group Bhd	13.80%
	NA	

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Dialog Group Bhd	19.74%
2	Yinson Holdings Bhd	9.71%
	NA	

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Petron Malaysia Refining & Marketing Bhd	41.30%
2	Dialog Group Bhd	27.24%
3	Yinson Holdings Bhd	17.82%

Industrial Products & Services

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Hap Seng Consolidated Bhd	25.5%
2	Press Metal Aluminium Holdings Bhd	21.9%
3	Scientex Bhd	20.1%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Press Metal Aluminium Holdings Bhd	24.62%
2	Petronas Chemicals Group Bhd	24.03%
3	Scientex Bhd	19.90%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	ATA IMS Bhd (formerly Denko Industrial Corp Bhd)	76.5%
2	Press Metal Aluminium Holdings Bhd	72.5%
3	Ann Joo Resources Bhd	34.4%

Plantation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Kuala Lumpur Kepong Bhd	14.1%
2	Batu Kawan Bhd	13.4%
3	Ta Ann Holdings Bhd	11.0%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Sarawak Oil Palms Bhd	16.5%
2	Far East Holdings Bhd	4.72%
3	IJM Plantations Bhd	4.09%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Kim Loong Resources Bhd	19.9%
2	Far East Holdings Bhd	10.4%
3	IOI Corp Bhd	6.9%

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	14.7%
2	S P Setia Bhd	12.8%
3	Malaysian Resources Corp Bhd	8.4%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	S P Setia Bhd	34.0%
2	UOA Development Bhd	12.7%
3	Malaysian Resources Corp Bhd	2.53%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	UOA Development Bhd	11.0%
2	S P Setia Bhd	7.3%
3	IOI Properties Group Bhd	0.6%

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	22.2%
2	Mah Sing Group Bhd	11.6%
3	OSK Holdings Bhd	9.6%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	OSK Holdings Bhd	20.1%
2	LBS Bina Group Bhd	7.0%
3	TA Global Bhd	4.4%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	LBS Bina Group Bhd	14.9%
2	Matrix Concepts Holdings Bhd	4.6%
3	TA Global Bhd	2.2%

Real Estate Investment Trust

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	KLCCP Stapled Group	9.2%
1	IGB REIT	8.8%
3	Sunway REIT	6.6%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	IGB REIT	8.44%
2	Sunway REIT	3.39%
3	Axis REIT	2.82%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	IGB REIT	17.23%
2	YTL Hospitality REIT	13.04%
3	Sunway REIT	12.59%

Technology

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Inari Amertron Bhd	29.6%
2	Datasonic Group Bhd	19.2%
3	Vitrox Corp Bhd	13.5%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Inari Amertron Bhd	23.94%
2	Unisem (M) Bhd	16.3%
3	Datasonic Group Bhd	1.4%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Vitrox Corp Bhd	50.41%
2	Inari Amertron Bhd	43.18%
3	Malaysian Pacific Industries Bhd	18.7%

Financial Services
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	19.8%
2	Malayan Banking Bhd	13.51%
3	Hong Leong Bank Bhd	13.45%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	CIMB Group Holdings Bhd	9.7%
2	Public Bank Bhd	8.2%
3	Malayan Banking Bhd	4.80%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Hong Leong Bank Bhd	14.70%
2	Public Bank Bhd	10.87%
3	Hong Leong Financial Group Bhd	9.21%

Financial Services
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	31.6%
2	Syarikat Takaful Malaysia Bhd	25.7%
3	Bursa Malaysia Bhd	25.0%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	AEON Credit Service (M) Bhd	14.8%
2	Syarikat Takaful Malaysia Bhd	13.7%
3	BIMB Holdings Bhd	6.5%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	AEON Credit Service (M) Bhd	22.67%
2	LPI Capital Bhd	19.10%
3	Bursa Malaysia Bhd	14.9%

Healthcare

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Top Glove Corp Bhd	18.6%
1	Hartalega Holdings Bhd	18.3%
3	Kossan Rubber Industries Bhd	18.0%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Top Glove Corp Bhd	22.1%
2	IHH Healthcare Bhd	6.6%
3	Kossan Rubber Industries Bhd	6.4%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Top Glove Corp Bhd	57.1%
2	Hartalega Holdings Bhd	43.4%
3	Supermax Corp Bhd	29.96%

Telecommunications & Media

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	DIGI.Com Bhd	367%
2	Astro Malaysia Holdings Bhd	119%
3	Maxis Bhd	50.0%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Astro Malaysia Holdings Bhd	11.7%
2	Maxis Bhd	10.58%
3	Telekom Malaysia Bhd	2.8%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	TIME dotCom Bhd	10.58%
	NA	
	NA	

Transportation & Logistics

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Westports Holdings Bhd	37.7%
2	Lingkaran Trans Kota Holdings Bhd	31.2%
3	Bintulu Port Holdings Bhd	12.8%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Lingkaran Trans Kota Holdings Bhd	18.1%
2	Westports Holdings Bhd	6.26%
3	Bintulu Port Holdings Bhd	1.5%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Malaysia Airports Holdings Bhd	13.93%
2	GD Express Carrier Bhd	6.44%
3	Lingkaran Trans Kota Holdings Bhd	4.5%

Utilities

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Petronas Gas Bhd	19.2%
2	Tenaga Nasional Bhd	17.2%
3	Gas Malaysia Bhd	16.5%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Mega First Corp Bhd	12.8%
2	Gas Malaysia Bhd	3.06%
3	Tenaga Nasional Bhd	2.9%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Mega First Corp Bhd	25.31%
2	Gas Malaysia Bhd	9.27%
3	Tenaga Nasional Bhd	8.4%

Note: joint winners (less than 0.5 difference)
NA (only top 3 with positive scores mentioned)

HIGHEST RETURN ON EQUITY OVER THREE YEARS

SUPER BIG CAP —
ABOVE RM40 BILLION MARKET CAPITALISATION

Maxis Bhd

STILL DELIVERING DECENT RETURNS

BY BILLY TOH

Despite the fast-growing digital economy that is expected to benefit telecommunications companies (telcos), the pressure on earnings from rising capital expenditure in the intensely competitive industry has hurt most of them.

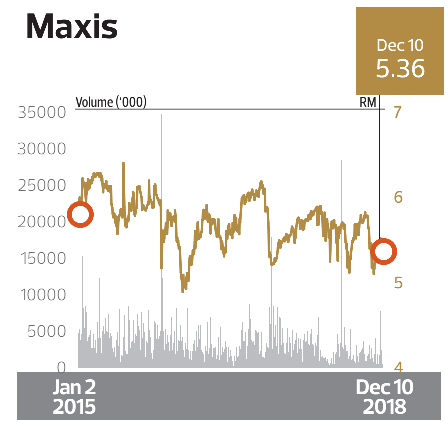
Although Maxis Bhd was not spared the pain, the group saw its net profit for its financial year ended Dec 31, 2017 (FY2017) grow 27.6% to RM2.19 billion from RM1.72 billion recorded in FY2014, translating into a three-year compound annual growth rate of about 8.5%. However, it only managed to record 3.7% growth in its revenue over the same period to RM8.7 billion in FY2017, which means a CAGR of 1.2%.

In the same period, Maxis recorded an impressive adjusted weighted return on equity of 50% for its shareholders — the highest among super big cap companies (above RM40 billion market capitalisation), although not the highest among its peers in the telecoms sector.

In 2017, the company's capital expenditure (capex) stood at RM1.03 billion, which was mainly for investment in network capacity expansion. This was in line with the growing demand for data usage, as seen by the record-high number of 4G LTE users of 6.2 million in 2017 compared with about 4.6 million in 2016.

The group expects its service revenue to decline by low single digits, with earnings before interest, taxes, depreciation and amortisation (Ebitda) declining in mid-single digits. As for capex in 2018, Maxis projects it to be about RM1 billion while cash flow, excluding upfront spectrum assignment fees, is expected to be at a similar level as in 2017.

In the first nine months of its financial year ended Sept 30, 2018 (9MFY2018), the group's performance was in line with its projection. Revenue fell 4.2% year on year to RM6.75 billion while service revenue declined 3.4% to about RM6.02 billion due to a drop in the prepaid business, thus offsetting the growth in the postpaid and home-fibre businesses.



Postpaid service revenue grew to RM3.02 billion in 9MFY2018, supported by a solid subscriber base that exceeded three million. Maxis added 250,000 new subscribers during the period in review while average revenue per user (ARPU) remained high at RM93 per month.

In contrast, its prepaid service revenue declined 13% to RM2.55 billion in 9MFY2018, mainly due to a lower subscription base on the back of continued SIM consolidation, migration to postpaid and intense price competition. ARPU remained decent at RM41 per month.

As with most telcos, Maxis' share price got hit, tumbling 7.6% in the last one year. It closed at RM5.36 last Monday (Dec 10). Nevertheless, it was still one of the better performers during the period in review.

The negative sentiment in the industry, however, has hurt investor confidence in the stock as seen by most analyst recommendations to sell or hold it. According to Bloomberg data, there were no "buy" calls on Maxis at the time of writing while 14 had recommended a "hold" and 13, a "sell". Their target prices ranged from RM4.70 to RM5.95 while the average 12-month target price was RM5.39 — a shade above its closing price of RM5.36 on Dec 10.

Among the Super Big Cap companies or those with a market capitalisation of over RM40 billion at least, Maxis ranked high in terms of return on equity (ROE) during the award evaluation period of FY2014 to FY2017.

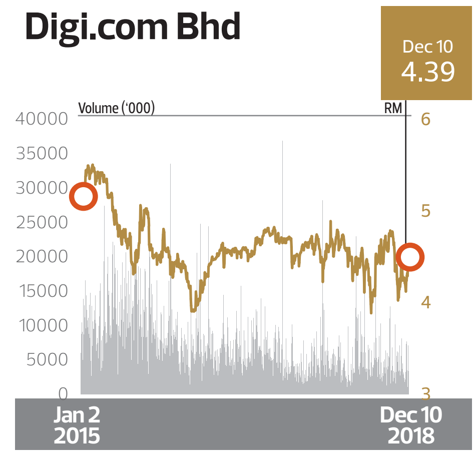
HIGHEST RETURN ON EQUITY OVER THREE YEARS

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

Digi.com Bhd

SHAREHOLDERS REWARDED DESPITE CHALLENGES

BY ADELINE PAUL RAJ



Digi.com Bhd has done an admirable job of generating strong returns for its shareholders, considering the competitive pressures it faces. The telecommunications company (telco) yet again emerged a clear leader on the return on equity (ROE) front.

Its ROE came in at 285% in FY2017, 315% in FY2016 and 332% in FY2015. Despite the sequentially lower figure over the three years, Digi's ROE was well ahead of that of its peers. Its remarkably higher ROE is largely because of its high dividend payout and capital returns that keep its shareholders' equity low. Last year, it paid shareholders a dividend of 18.8 sen a share, equivalent to RM1.46 billion or 99% of its net earnings.

But it faces growing headwinds in the industry and it may be tough for it to break the downward trend of its ROE. The group has, nonetheless, made it a top priority to achieve growth and profitability in the challenging environment.

"Our strategy for this is clear: deliver great internet services to activate opportunities from our core, build scale for our new digital platforms and stay unwavering in our commitment to operational and financial discipline," CEO Albern Murty says in its 2017 annual report.

In its third quarter ended September this year, Digi reported a net profit of RM392.54 million, which was a 2.1% year-on-year and quarter-on-quarter increase. Revenue grew 1.9% to RM1.6 billion. The improved performance came on the back of strong postpaid service revenue and good cost discipline.

For the cumulative nine months, net profit grew 4.2% to RM1.16 billion, which was within analysts' expectations. Dividends amounted to 14.8 sen a share compared with 14.2 sen a share in the same period a year ago.

"The improvement in earnings translates into a better dividend payment as the company paid out almost all of its earnings as dividend. At this juncture, Digi has the most attractive dividend yield of more than 4.5% among its peers," MIDF Research says in a post-results report on Oct 18.

The group's postpaid customer base in the third quarter grew 2.8% from the previous corresponding period to 2.73 million. Note that average revenue per user (ARPU) remained strong at RM76 a month despite continuous prepaid to postpaid entry-level plan conversion.

Meanwhile, its prepaid customer base grew a marginal 0.8% to 9.07 million with ARPU slightly lower at RM31 a month compared with RM32 in the second quarter.

On the whole, Digi's subscriber base grew 1.23% to 11.8 million.

"Moving forward, the group is aiming to pursue sustainable growth opportunities ahead with efficient operations and digital transformation," says Kenanga Research.

As part of its growing digital initiatives, Digi, which launched its e-wallet vcash late last year, forged a partnership with AmBank Bhd in August that will enable the bank's merchant network to accept the telco's vcash QR code on top of the usual card and cash services.

It has also launched Omni, an enterprise-level virtual phone system for SMEs.

Moving forward, there is interest in the market as to whether Digi plans to enter the fixed broadband space. Rival Axiata Group Bhd recently said it would invest heavily in this space next year while Maxis Bhd entered it some years ago.

At the time of writing, Bloomberg data showed seven analysts had a "buy" call on Digi while 13 had a "hold" and seven, a "sell". Their target prices ranged from RM3.30 to RM5.50 with the 12-month consensus target price at RM4.66.

UOB Kay Hian Research, which has "buy" call, projects a net dividend of 19.5 sen a share for the full year. "The stock offers a sustainable and attractive dividend yield of close to 5%. We see a compelling risk-reward profile for this well-managed company," it says in an Oct 18 report after the release of the third-quarter results. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

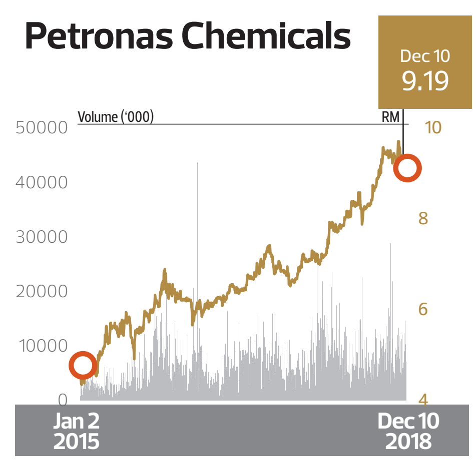
HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

SUPER BIG CAP — ABOVE RM40 BILLION MARKET CAPITALISATION

Petronas Chemicals Group Bhd

THE RIGHT FORMULA TO DRIVE GROWTH

BY ADAM AZIZ



Petronas Chemicals Group Bhd (PetChem) is one of Asia's largest natural gas-based petrochemical producers with a market capitalisation of RM73 billion and a portfolio of over two dozen products made in 17 world-class plants.

Over the past three years, the Petroliam Nasional Bhd-linked counter has outpaced seven other Super Big Cap companies — those with market capitalisation above RM40 billion — in terms of profit growth and shareholders' returns.

It is commendable how PetChem navigated its way through the low oil price period of 2014 to 2017, which affected the average selling prices (ASP) of petrochemical products.

After a bumpy ride in the financial year ended Dec 31, 2014 (FY2014), as global oil prices more than halved from the US$100 level, PetChem increased its focus on operational excellence to sustain the growth momentum.

The group saw a jump in profit after tax (PAT) margin to 25% in FY2017 from 19% in FY2014 despite a decline in the average market price of its products to US$498 per tonne from US$759 per tonne in the three-year period.

Production volume swelled to a record-high of 10.1 million tonnes last year as plant utilisation grew from 88% in FY2014 to above 90% in FY2016 and FY2017 on better plant reliability and higher feedstock supply.

With support from a stronger US dollar, PetChem's PAT grew to RM4.18 billion in FY2017 from RM2.47 billion in FY2014, which translates into a three-year compound annual growth rate (CAGR) of 19.22%, well above those of many Super Big Cap companies.

In its annual report, PetChem highlighted economies of scale in its diversified product portfolio as well as proximity to key growth markets, which enabled the group to optimise its inventory management.

It also has an advantage when it comes to fixed feedstock prices, which typically make up half of petrochemical producers' total production cost.

The outstanding results also boosted PetChem's market valuation among its Petronas-linked sister companies by a long shot.

During the *The Edge* BRC awards evaluation period of end-June 2015 to end-June 2018, PetChem's share price surged 45.7%, outpacing its sister company Petronas Dagangan Bhd, which soared 32.6%, while Petronas Gas Bhd fell 10.4% and MISC Bhd slipped around 13%. PetChem's share price gains over the three years were at a CAGR of 13.3%, beating seven other Super Big Cap stocks.

During the period, PetChem manufactured new products and commenced new operations in Gebeng (Pahang), Pengerang (Johor) and Sipitang (Sabah).

Also catalysing its share price was the divestment of 50% in PRPC Polymers Sdn Bhd last year for US$900 million (RM3.8 billion), which further improved its cash position to RM11.4 billion as at end-September this year.

Shareholders enjoyed a dividend payout per share of 18 sen in FY2015, followed by 19 sen in FY2016 and 27 sen in FY2017.

The sterling performance continued with better-than-expected profits in the first three quarters of FY2018.

Full-year plant utilisation average is expected to remain above 90% this year. Further capacity will be added by the second half of FY2019 with the commencement of the isononanol plant within the Pengerang Integrated Complex (PIC) in Johor.

The outlook for PetChem's operations is largely positive, including better ASP spread, completion of major plant turnaround activities, a sustained low effective tax rate of 10% to 12% and expectations of a resilient US dollar going forward.

There are some risks such as oil price volatility — Brent crude dipped below US$60 a barrel last month — and emergence of excess capacity in the Middle East and China. However, demand is expected to remain robust.

Overall, Petronas has a long-term vision for the downstream segment with the development of the US$27 billion PIC, which houses the US$16 billion Refinery and Petrochemical Integrated Development (RAPID) project.

PetChem stands to gain from the synergistic opportunities arising from the mega project, with its annual nameplate capacity expected to hit 14.6 million tonnes by 2020 from 12.7 million tonnes as at August this year.

In its 20-year plan, PetChem intends to aggressively grow its business in speciality chemicals — used in a wide range of products such as tyres and electronics — to 15% of revenue, from 5% currently. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

Press Metal Aluminium Holdings Bhd

IN THE MAJOR LEAGUES

BY LIEW JIA TENG

The year 2017 was one of many firsts and key achievements for Press Metal Aluminium Holdings Bhd, Southeast Asia's largest integrated aluminium producer, as well as its founders.

Not only was Press Metal included as a component of the 30-stock bellwether FBM KLCI and the MSCI Malaysia Index in December last year, the group also record an all-time -high revenue of RM8.17 billion in the financial year ended Dec 31, 2017 (FY2017), with a net profit of RM593 million.

The meteoric rise in Press Metal's share price also catapulted its co-founder and group CEO Tan Sri Paul Koon Poh Keong and his brother Poh Ming into *Forbes* Malaysia's 50 Richest list for the first time in 2017. They were ranked 13th with a net worth of US$1.1 billion last year before rising to the eighth spot with a net worth of US$3 billion this year.

It was in 1986, when the country was mired in an economic crisis and jobs were scarce, that Paul — with a newly minted degree in electrical engineering from the US and the youngest of seven brothers — roped in his older siblings to start an aluminium extrusion business. Born and raised in Selangor, the Koon brothers pooled together US$50,000 and started the business with almost zero knowledge. The family was involved in hardware and trading. Within seven years, the Koons had listed the company on the Second Board of the Kuala Lumpur Stock Exchange and transferred it to the Main Board in 1999.

At the time of writing, Press Metal was Malaysia's 25th largest listed company with over RM19.1 billion in market capitalisation — slightly lower than the RM20.66 billion it ended last year with, but still triple the RM5.9 billion the company was valued at just two years ago at end-2016.

Press Metal shares gained 413% during the evaluation period of June 30, 2015, to June 29, 2018, translating into a three-year compound annual growth rate of 72.46% — the highest returns among *The Edge* BRC Big Cap companies. It was only in 2013 that Press Metal's market capitalisation stayed convincingly above the minimum RM1 billion market cap that qualifies it as a *The Edge* BRC member, although the company did cross that threshold in early 2011.

Strong earnings growth contributed to its rise. Its profit after tax registered a three-year CAGR of 41% during the awards evaluation period, rising from RM214.91 million in FY2014 to RM602.8 million in FY2017. The group also achieved double-digit return on equity in the last two financial

years — 23.3% in FY2016 and 26.5% in FY2017, significantly higher than 6.9% in FY2015.

Press Metal has been consistently paying dividends over the past three years. The company paid a total dividend per share of eight sen in FY2015, 10 sen in FY2016 and six sen in FY2017. However, due to its stellar share price performance, its trailing 12-month dividend yield was only 1.3% at the time of writing.

Currently, Press Metal has a smelting capacity of 760,000 tonnes per year and an extrusion capacity of 160,000 tonnes per annum. Its three smelting plants — in Mukah and Samalaju Phases 1 and 2 in Sarawak — have production capacities of 120,000 tonnes, 320,000 tonnes and 320,000 tonnes respectively. Its two extrusion plants — in Foshan, China, and Kapar, Selangor — have production capacities of 120,000 tonnes and 40,000 tonnes respectively.

The company, whose aluminium smelting plants in Samalaju are operating at full capacity, has been facing challenges to obtain more power supply from state utility company Sarawak Energy Bhd.

In order to meet growing capacity needs, Press Metal, which has been expanding purely via organic growth in the last seven to eight years, is currently on the hunt for acquisitions. The group kicked off its acquisition trail in February by acquiring alloy rod producer Leader Universal Aluminium Sdn Bhd for RM96 million. In June, Paul reportedly said the next acquisition target could be either the upstream or downstream, and likely abroad.

At the time of writing, two research houses had a "buy" call on Press Metal while three others said "hold". Their target prices ranged from RM4.10 to RM5.69, averaging RM5.07, Bloomberg data shows. Press Metal will continue to win favour and stay in the major leagues if it can continue growing its earnings. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

AirAsia Group Bhd

SOARING HIGHER DESPITE CHALLENGES

BY BILLY TOH

AirAsia Group again saw impressive earnings for the financial year ended Dec 31, 2017 (FY2017). The budget airline recorded a net profit of RM1.63 billion on revenue of RM9.71 billion, which is a 42% increase over FY2016. It is the group's ninth consecutive financial year of profit since it last slipped into the red in FY2008 amid the global financial crisis.

The improved revenue was contributed by a 10% year-on-year increase in capacity and an 11% increase in the number of passengers carried to 39.1 million, as well as a 6% increase in ancillary income per passenger to RM49 while its average fare was maintained at RM176, given the planned capacity expansion.

AirAsia's FY2017 net profit charted a three-year compound annual growth rate of over 170%, making it the highest among its big cap peers as well as those in the consumer products and services sector. This remains true, even after a multiplier or penalty of sorts was applied on the low earnings base in FY2014, in accordance with *The Edge* BRC awards criteria.

In FY2014, the group's net profit attributable to owners was RM82.8 million, and it has since surged to RM1.62 billion in FY2016 and RM1.63 billion in FY2017.

The group's performance was also backed by revenue growth across the countries where it operated during FY2017, namely, Malaysia, Thailand, Indonesia, the Philippines and India. The strong financial performance coincided with the low oil price environment in 2016 and 2017.

When oil prices recovered to nearly US$80 a barrel, some analysts had flagged a potential margin squeeze from higher aircraft fuel expenses. At the time of writing, however, Brent Crude was hovering near US$62 a barrel.

The budget airline appeared to remain in expansion mode. It received 20 new aircraft in FY2017, adding 17 Airbus A320neo and three Airbus A320ceo, which were financed via asset-backed bank financing and sale and leaseback for tenures of 12 to 15 years. Two Airbus A320ceo that were leased to AirAsia Philippines were returned to the third-party lessors and 11 additional Airbus A320ceo aircraft were sourced from operating lessors' portfolios to increase its fleet growth to 29 aircraft. In FY2017, AirAsia also saw its first flight in Japan take off, while the groundwork has been done to start up in Vietnam and China.

The first nine months ended September (9MFY2018) also saw the continuation of its strong growth as net profit jumped 91% y-o-y to RM2.42 billion.

Excluding one-offs such as foreign exchange gains and RM170.9 million net gains on disposal of its stake in online travel agency Expedia, the group's core net profit declined y-o-y in the third quarter due to higher fuel expenses as well as weaker Asean currencies against the US dollar.

Going forward, the Malaysian operations are expected to remain strong with Indonesia recovering gradually after being hit by Mount Agung's prolonged volcanic activities, the tsunami in Palu and an earthquake in Lombok. As for the Philippines

unit, recovery is expected to remain slow following the government's restriction on travel to Boracay Island. Similarly, the Thailand unit is expected to face challenges following the ferry accident in Phuket, which dampened demand from China.

At the time of writing, however, most analysts remained positive on AirAsia's prospects. Bloomberg data shows 14 analysts with a "buy" call, four had a "hold" while two others said "sell". The average 12-month target price was RM3.42, indicating a potential return of 9.6% from its share price of RM3.12 as at Dec 7. Nonetheless, the five most bullish analysts thought the stock was worth at least RM4 apiece, with the most bullish valuing the stock at RM5.30. Conversely, the most bearish only values the stock at RM2.40 apiece. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSTRUCTION

Muhibbah Engineering (M) Bhd

A STEADY GROWTH STORY

BY JOSE BARROCK

Low-key Muhibbah Engineering (M) Bhd has done business in Thailand, Australia, Yemen, Cambodia, Qatar and Singapore, just to name a few of the countries it has secured jobs in. This geographical spread could be due to its diverse businesses, which include engineering and construction, crane manufacturing, shipbuilding, repair and conversion, onshore and offshore fabrication, oil and gas and manufacturing of aviation support.

The notable jobs Muhibbah has undertaken include the building of three of Cambodia's airports, in Phnom Penh, Siem Reap and Sihanoukville on a build-operate-transfer concession; the South Klang Valley Expressway in Selangor; petrochemical jetties and related works for a bulk liquid product terminal at Jurong Island, Singapore; the Ministry of Transport headquarters in Putrajaya; and the Wiggins Island Coal Export Terminal GC12, offshore marine works, jetty and ship berth in Queensland, Australia.

The company is one of six licensed fabricators for Petroliam Nasional Bhd.

Muhibbah also has 59.28% equity interest in crane manufacturer Favelle Favco Bhd, which was listed on the Kuala Lumpur Stock Exchange in 2006, and, in turn, owns Kroll Cranes A/S of Denmark. Muhibbah's crane division has been involved in the construction of 8 out of 10 of the world's tallest buildings.

Just as impressive are the company's financials. Over the past few years Muhibbah has managed good growth — chalking up a profit of RM131.61 million in 2017, from RM105.5 million in 2016; RM87.5 million in 2015; and RM81.6 million in 2014. That translates into a three-year compound annual growth rate of 17.3% — the highest of The Edge-BRC members in the construction sector. Muhibbah's three-year weighted return on equity was also the best among its peers over the award evaluation period.

In line with the good showing, the company's dividend payments have gained from 5 sen or RM24 million in FY2015, to 5.5 sen or RM26.4 million in FY2016, and up 27% to 7 sen or RM33.6 million in FY2017.

The current year has started off well for Muhibbah, with the company raking in 12% more profit year on year to RM106.92 million for the nine months ended September, on the back of 3.4% y-o-y growth in revenue to RM1.12 billion.

As at end-September, Muhibbah had cash and cash equivalents of RM582.3 million while on the

other side of the balance sheet, it had RM338 million in long-term borrowings and RM80 million in short-term debt commitments. Net asset attributable to owners was RM2.33 per share.

Muhibbah's outstanding order book stood at RM1.8 billion as at Nov 28, the bulk coming from infrastructure and construction and the rest from its crane division. The composition of its order book remains predominantly domestic, but a meaningful 38% comes from overseas jobs.

The foreign jobs insulate Muhibbah from any uncertainty on the local front, with the government slashing expenditure and cutting costs. The company's Cambodian airport concessions and overseas contracts in Qatar stand it in good stead to weather any uncertainty if there is a slowdown in domestic contracts.

While many companies have suffered from the deferment or cancellation of rail projects, such as the Kuala Lumpur-Singapore high-speed rail project and the East Coast Rail Link, Muhibbah seems to be insulated. The company's only exposure to rail construction is via noise barrier contracts it secured for LRT3 and MRT2 totalling RM276 million, which are unlikely to be impacted as noise barrier packages are only a minor component of the total cost of urban rail contracts.

Analysts are overwhelmingly positive on Muhibbah's prospects, with six having a "buy" recommendation and one "hold", with target prices ranging from RM3.06 to RM4.37 apiece, according to Bloomberg data. The 12-month consensus target price is RM3.77, implying a 33.7% upside potential from Dec 7's close of RM2.82.

Muhibbah's largest shareholder is Mac Ngan Boon @ Mac Yin Boon, with 19.45% equity interest. The only other substantial shareholder is pilgrim fund Lembaga Tabung Haji with a 9.33% stake. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

CONSTRUCTION

Kerjaya Prospek Group Bhd

A GOOD START TO A BILLION RINGGIT TOP LINE

BY JOSE BARROCK

In early 2016, when Kerjaya Prospek Sdn Bhd did a reverse takeover of Fututec Bhd for RM458 million, few would have guessed how well the company would do.

A couple of months before the reverse takeover (RTO) was concluded, Kerjaya Prospek's 70% unit, Future Rocks Sdn Bhd, secured a RM181.31 million contract from China Communications Construction Company (M) Sdn Bhd and a RM102.45 million contract from the Genting Group for building works at Genting Highlands.

This nudged the company's order book to above RM2 billion and the two jobs were indeed a precursor of what to expect. Kerjaya Prospek went on to secure more contracts and, as at Sept 30 this year, its order book stood at an impressive RM2.67 billion. Considering the company's revenue is about RM1 billion a year, the order book should keep it busy for at least three years.

In tandem with the number of jobs secured, the company's share price has received a shot in the arm as well. The share price of 69 sen as at June 30, 2015, has more than doubled to RM1.50 as at end-June this year, translating into a three-year compound annual growth rate of 29.54% over the awards evaluation period. The counter has moved downwards from RM1.86 in early January this year.

It has been the same earnings-wise.

Just prior to Kerjaya Prospek's RTO, the company shifted its focus from the design, manufacturing and marketing of lighting and premium kitchen cabinets into building construction, project management, interior fit-out and miscellaneous construction-related services for the premium residential property segment.

Today, Kerjaya is a premium construction contractor with a high-end client portfolio that includes S P Setia Bhd, Eastern & Oriental Bhd and EcoWorld Development Bhd. More recently, the company has expanded into property development with two projects in the pipeline, in Genting Permai and Monterez, Shah Alam, with a total gross development value of RM500 million.

With the better outlook came better financials, Kerjaya Prospek's net profit in FY2015 was RM16.14 million on revenue of a mere RM78.97 million. In FY2016, with the RTO concluded, net profit soared to RM99.62 million on the back of RM798.69 million in revenue. For FY2017, Kerjaya registered a net profit of RM124.5 million from RM955.67 million in turnover.

For the nine months ended September this year, Kerjaya Prospek chalked up a net profit of RM104.39 million from RM803.43 million in sales, which, if annualised, would indicate that Kerjaya Prospek's revenue could surpass the RM1 billion mark this financial year.

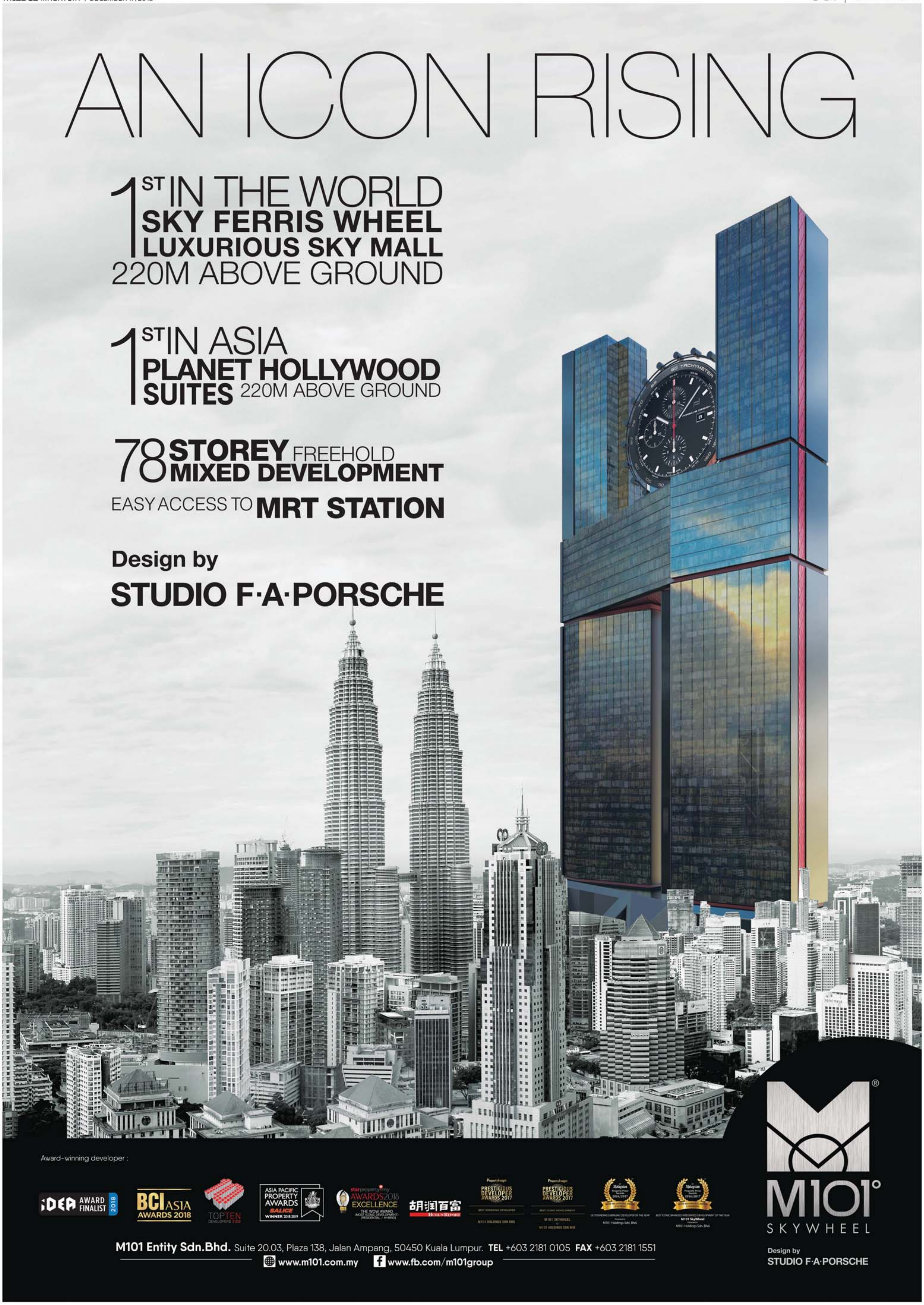
Shareholders have also benefited from dividend payments. For FY2017, Kerjaya paid out six sen in dividends, 5.5 sen as an interim dividend, which was paid on Aug 15, 2017, and a half sen final dividend payout on June 12, 2018.

It is worth noting that Kerjaya Prospek has a strong balance sheet. As at end-September, the company had fixed deposits and quoted unit trusts amounting to RM110.52 million while its cash and bank balances were RM154.22 million. On the other side of the balance sheet, it had short-term debt obligations of RM84.4 million and no long-term borrowings. For 9MFY2018, Kerjaya Prospek's finance cost was a mere RM760,000.

"Going forward, the group aims to focus on the construction segment as the main revenue driver. The group will continue to exercise vigilance and prudence in achieving its expansion objectives. Notwithstanding [this], the manufacturing segment will remain part of the integrated business objectives and strategy and complete the existing property development project," notes to its third quarter earnings read.

On the recent downward revision of gross domestic product growth in a challenging external environment, Kerjaya Prospect said the market "would be challenging but sustainable. Barring any unforeseen circumstances, the group is cautiously optimistic on its overall business moving forward and will continue to sharpen its competitive edge to achieve sustainable growth in the market".

At the helm of Kerjaya Prospek are Datuk Tee Eng Ho and family, who control 70.26% equity interest via Egovision Sdn Bhd and Amazing Parade Sdn Bhd. E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HIGHEST RETURN ON EQUITY OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

British American Tobacco (M) Bhd

STELLAR RETURN ON EQUITY DESPITE EARNINGS PRESSURE

BY ESTHER LEE

British American Tobacco (M) Bhd (BAT) has seen rough times over the last few years. With the pressure of ever-increasing excise duty and the constant battle with illegal cigarettes, it decided to close down its production plant in Petaling Jaya in June last year.

To rub salt into the wound, the counter was relegated from the FBM KLCI in December 2017 after a semi-annual review by Bursa Malaysia. Its share price fell to an all-time low of RM21.72 on May 7, a far cry from as high as RM59.85 on Dec 1, 2014.

The tobacco player's earnings have declined in recent years. Its net profit fell to RM492.6 million in FY2017 from RM902 million in FY2014, reflecting a three-year average annual decline of 18.3%.

Despite the challenging circumstances, BAT outshone its peers in the consumer products and services sector by coming up on top in terms of return on equity over three years. The weighted three-year compound annual growth rate of BAT's ROE between FY2014 and FY2017 was over 120%.

In its FY2017 annual report, managing director Erik Stoel says the legal tobacco market has yet to recover from the steep increase in excise duty of close to 40% in November 2015.

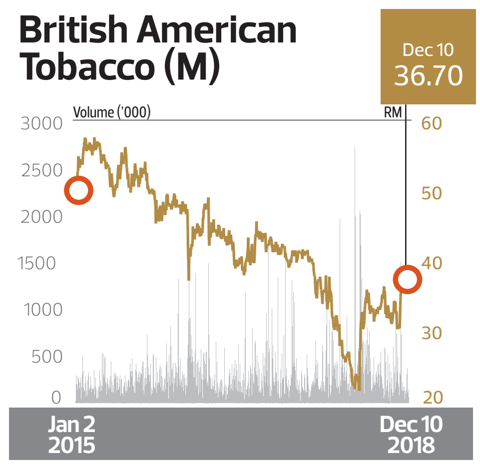
Nevertheless, BAT remains the market leader in the tobacco industry, commanding a market share of 53.8% of the legal market as at end-2017. Its product portfolio ranges from the premium to the value-for-money segments, with brands such as Dunhill, Pall Mall, Peter Stuyvesant, Benson & Hedges, Kent and the recently added Rothmans, which is in the economy category.

BAT is aware that the road ahead remains challenging, with illegal cigarette trade dominating close to 60% of the market. The company highlights that the escalating illegal cigarette trade in the country is a result of the absence of a national enforcement agenda or a clear pragmatic alternative solution to address the issue.

"We believe this is required against the backdrop of a challenging economic environment and poor consumer sentiment that is impacting not only the tobacco industry but also many other fast-moving consumer goods companies and the retail sector," it says in its annual report.

BAT also says it remains committed to cooperating with the government in providing alternative solutions to solve the issue of illegal cigarette trade.

"We look forward to the government's increased commitment to eradicate the illegal cigarette trade to sustain and grow employment, investments, shareholder return, government tax revenue and eliminate under-aged tobacco consumption," it adds.



While the illegal cigarette trade is a persisting problem for the industry, the various taxes imposed also continue to put a strain on the tobacco player.

With the implementation of the Sales and Services Tax, which replaced the Goods and Services Tax on Sept 1, BAT announced that it has no choice but to increase cigarette prices.

"For the tobacco industry, a sales tax of 10% is higher than the previous 6% GST. Furthermore, this implies a double taxation as the SST will be levied inclusive of the high levels of excise, which we currently contribute to the government. Unfortunately, this will leave us no other choice but to consider an increase of the consumer price to reduce the estimated negative impact on our business performance and to compensate for the differential in tax between SST and GST," Stoel says in a press statement.

BAT, which absorbed SST in September and October while awaiting regulatory guidance on pricing following the 10% SST implementation, had on Nov 2 raised cigarette prices by 40 sen per pack, or a 2% to 3% increase in retail price.

Now that the product pricing uncertainty has been cleared, analysts are looking out for signs of the company and its peers benefiting from the government's pledge of better enforcement against the illicit market, which does not pay taxes and hence is a loss of revenue for the government.

At the time of writing, BAT was hovering at RM36.70 per share, which reflected a yield of 4%, Bloomberg data showed. Yet, even the most bullish of analysts covering the counter only valued it at RM40.35 per share while the most bearish valuation was RM27.39. There were seven "buy", four "sell" and seven "hold" recommendations, with the consensus target price at RM33.72. Only time will tell if BAT will triumph over the pressures of higher taxes and the illegal market trade. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

Padini Holdings Bhd

EXPANDING ITS PRESENCE IN ASIA

BY WONG EE LIN

Fashion retailer Padini Holdings Bhd was outperforming its peers before its shares tumbled recently. The counter grew more than fivefold to RM5.91 on June 29, 2018, from RM1.16 on June 30, 2015, bringing its market capitalisation to almost RM4 billion. This represented an impressive 73% compound annual growth rate (CAGR) in the award evaluation period.

It is worth noting that its market capitalisation soared from RM875 million on June 30, 2015, to RM3.93 billion on June 29, 2018. It expanded further to RM4.08 billion when the counter touched RM6.13 on Aug 6 after the company announced a stellar 45% year-on-year growth in net profit in its fourth financial quarter ended June 30.

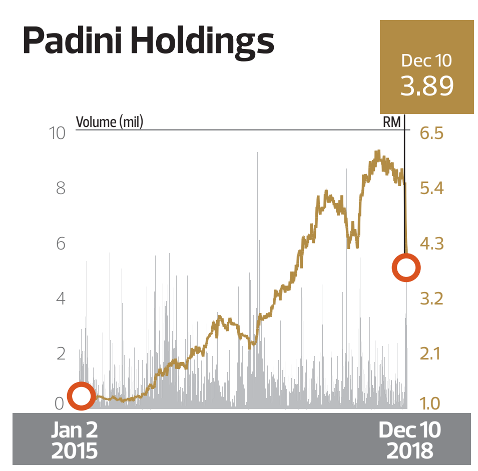
Net profit attributable to owners grew at a three-year CAGR of 20.07% to RM157.39 million in its financial year ended June 30, 2017 (FY2017), from RM90.91 million in FY2014. Revenue increased at a three-year CAGR of 21.94% to RM1.57 billion in FY2017 from RM866.26 million in FY2014.

For the full year of FY2018, net profit grew 13.26% from RM157.39 million a year ago to RM178.26 million while revenue was up 6.88% to RM1.68 billion against RM1.57 billion in FY2017. While the board has no intention of implementing a fixed dividend policy, the group paid out at least 40% of its earnings as dividends for at least six years.

In its 2018 annual report, chairman Chia Swee Yuen attributed the higher earnings to "continuing top-line growth and better supply chain and product management whilst continuing to offer customers value-for-money products".

While domestic operations are still the driver of revenue and profit, Chia said the group will continue its foray into overseas markets with its own outlets instead of relying on franchisees. Having established a presence in Cambodia in FY2018, Chia said Padini will expand further in Asia by establishing a presence in Thailand.

The release of the company's earnings for its first quarter ended Sept 30, 2018 (1QFY2019), on Nov 29, however, sparked a sell-off of the stock. From its close of RM5.52 on Nov 29, the stock skidded nearly 30% in seven trading days to its lowest level in over a year of RM3.89 on Dec 10. If measured against its recent high of RM6.13 on Aug 6, some RM1.5 billion of the company's market capitalisation was wiped out.



At the time of writing, only Macquarie Research, which had initiated coverage with a RM8.05 target price on June 28 this year, had a "buy" recommendation on Padini. Its price target was the highest on the street at RM6.05, well above the 12-month consensus of RM4.89 and the most bearish target price of RM3.95. Five other research houses had a "hold" call while as many as six called a "sell" on Padini, according to Bloomberg data at the time of writing. This reflected the downgrades and downward earnings revisions after the company's 1QFY2019 earnings came in well below consensus expectation on lower-than-expected sales and margins.

Moving forward, Kenanga Research expects the earnings momentum to be limited by higher costs from the new Sales and Service Tax (SST), the gestation period for its Cambodian and Thailand operations, which are expected to incur higher start-up costs than Malaysian operations, and the ringgit's weakening against major currencies, such as the US dollar and yuan. Padini has indicated that it will absorb the SST cost to help maintain demand for its affordable product range, which includes Vincci, Brands Outlet and Seed.It plans to open not more than 10 outlets in the local and Thailand markets to streamline cost allocation while maintaining the status quo for its Cambodia operations in FY2019. Padini has three outlets in Cambodia, seven in Thailand and just over 100 in Malaysia.

In a Dec 7 note, Maybank IB Research, which has a "hold" call on the stock and a target price of RM4.05, tells clients that valuations "have become less expensive" following the recent share slide and signs of earnings recovery and improving same store sales growth would be re-rating catalysts. At the same time, it reckons that gross margins "are at risk of easing further due to price inflationary pressure from its suppliers as most textile articles (clothing) fall into the 10% SST bracket, which is more than the rescinded 6% GST".

If Padini can prove that it can grow its earnings faster than expected, the current rout would be just a blip on its otherwise stellar track record. E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HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

FINANCIAL SERVICES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

CIMB Group Holdings Bhd

RISING AGAIN

BY ADELINE PAUL RAJ

It has been a tough few years for CIMB Group Holdings Bhd as asset quality issues at its Indonesian subsidiary, among other challenges, took a toll on earnings. But it has since emerged stronger and leaner.

The Asean-focused banking group's net profit fell for two consecutive years after hitting a record high in its financial year ended Dec 31, 2013 (FY2013), mainly because of the heavy loan loss provisions required for PT Bank CIMB Niaga Tbk. A slump in global commodity prices had affected the latter's coal and coal-related loans in particular.

However, in FY2016, CIMB Group bounced back with a 25% year-on-year jump in net profit to RM3.56 billion, on record revenue of RM16.06 billion, as the Indonesian lender improved. In FY2017, it notched up a further 25.6% growth in net profit to RM4.48 billion — just shy of its record high of RM4.54 billion in FY2013 — as overall provisions declined 7% y-o-y and its Thai lender returned to profitability.

Between FY2014 and FY2017, net profit saw a 13% three-year compound annual growth rate — the highest among its peers in the Financial Services (RM10 billion and above market capitalisation) sector.

While headwinds remain for CIMB Group on several fronts — notably, weaker capital markets that are affecting its non-interest income and margin pressures in Indonesia — analysts have a more positive outlook as they believe the worst is over.

Recall that the group has, as part of its "T18" strategy that it unveiled in February 2015, undergone a business reorganisation, cut its workforce substantially to slash costs and enhance efficiency, and disposed of non-core assets.

In July 2015, it cut 11.1% of its headcount in Malaysia and Indonesia under a mutual separation scheme, while in December 2016, it sold its 18.2% stake in a Chinese lender for RM972 million. It continued to sell more assets this year.

Net profit in the first nine months of FY2018 jumped 30.8% to a record RM4.47 billion, boosted by a one-off gain of RM928 million from paring down its stakes in two asset management joint ventures, and another gain of RM163 million from selling a 50% stake in its international stockbroking business, CIMB Securities International.

On a business-as-usual basis, net profit grew 3.6% to RM3.54 billion, helped by lower operating expenses and a 30.7% drop in loan loss provisions.

There was growth in all segments except wholesale banking.

There has been gradual improvement in its underlying operations, with loan growth gaining pace and net interest margin stabilising. Loans grew 4.8% year on year while NIM inched up one basis point to 2.49% from the preceding quarter.

Its gross impaired loans ratio moved down to 3.1% as at end-September from 3.5% a year ago, while cost-to-income ratio (CIR) — among the highest in the industry back in 2014 — has improved substantially over the years to about 52%. Annualised return on equity stood at 9.8%.

CIMB looks to be on track to achieving its key T18 targets by the year end, apart from an ROE-related one. It will likely miss its 10.5% ROE target, but this has been well-flagged and is already priced into its share price performance, RHB Research opines.

Group CEO Tengku Datuk Seri Zafrul Aziz is cautious about the group's prospects despite the positive performance. "We remain cautious amid weaker regional economies and global trade tensions. Against this backdrop, we will continue to control asset quality and cost across all businesses and geographies, while we finalise our next mid-term plan to propel the group onto a stronger growth trajectory," he said.

The group is moving forward with some changes at the top. In September, chairman and former CEO Datuk Seri Nazir Razak stepped down and has since been replaced by Datuk Mohd Nasir Ahmad. And last month, there was a management reshuffle along with some new appointments.

At the time of writing, Bloomberg data showed 11 analysts had a "buy" call on it and 13, a "hold". There were no "sell" recommendations. Target prices ranged from RM5.40 to RM7.75, with the 12-month average at 6.39. The counter closed at RM5.65 on Dec 10. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

FINANCIAL SERVICES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

Public Bank Bhd

HOLDING STEADY DESPITE TOUGHER TIMES

BY ADELINE PAUL RAJ

Despite a more challenging operating environment, Public Bank Bhd — known for its conservative stance and prudence in banking — has consistently delivered better figures than its local peers on a number of key fronts such as return on equity, cost efficiency and asset quality.

The country's third largest banking group by assets saw its net profit grow a solid 21% over the last three years to RM5.47 billion in FY2017, from RM4.52 billion in FY2014.

Its net ROE in each of the three years — while having come down from above-20% levels in previous years — is still the best in the industry. It stood at 17.8% in FY2015 before easing slightly to 16.5% in FY2016 and 14.8% in FY2017.

It is no surprise that its weighted ROE over three years was much stronger than its peers during the *The Edge*-BRC awards evaluation period of FY2014 to FY2017.

Its cost-to-income ratio, at 31.9% in FY2017, is still unrivalled and its gross impaired loan ratio, which has remained low at 0.5%, is by far better than the industry's 1.6%.

But there are signs that the strong earnings growth Public Bank enjoyed in earlier years is tapering as the challenging times continue.

It recently announced a third-quarter net profit of RM1.38 billion, a 1.5% decline from RM1.4 billion a year ago, in the absence of a one-off capital gain recorded a year ago. Excluding that one-off gain, its net profit would have been up by 1.6%.

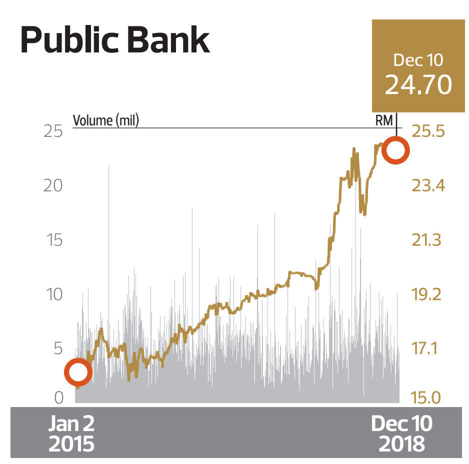
A number of analysts trimmed their full-year earnings forecasts for the bank after these results to account for a more cautious loan growth and margin outlook.

Public Bank's share price hit an all-time closing high of RM25.06 on Sept 19. The stock closed at RM24.70 on Dec 10, giving it a market capitalisation of RM95.89 billion. It remains the second largest company on Bursa Malaysia, just behind Malayan Banking Bhd, whose market capitalisation stood at RM103.4 billion.

"We believe management's conservatism bodes well for the current period of external uncertainty as its stable asset quality should mean that it will be able to weather any economic shocks. This should give some value for investors looking for stable stocks. Moreover, we believe that the group will stand to benefit from being retail-centric, especially in the mortgage segment, given that there seems to be a focus on affordable housing from the government," MIDF Research says in an Oct 26 report.

Founder and chairman Tan Sri Teh Hong Piow is still very much the face of the banking group. He is often credited with having guided it to its unbroken track record of profitability since commencing operations in 1966, despite having gone through several economic crises.

But changes are afoot and questions are being asked if what worked before will continue to work, even as the entire industry moves to embrace digital banking capabilities. In an email interview with *The Edge* in October, managing director and CEO Tan Sri Tay Ah Lek revealed that the group has a three-year digital road map that outlines its digitalisation plans towards 2020.



"The road map takes into account current digital trends and the outlook encompassing the bank's financial technology strategy, customer demand, fintech solutions, the bank's targets and associated risks involved," he said.

Meanwhile, Teh, who is in his late eighties, plans to relinquish his chairmanship on Jan 1, 2019, and it will be interesting to see who succeeds him. He will be retained as an adviser.

Teh's impending exit could spell changes for the group. Will he sell his shares? Will this spark a merger with another bank? Teh has 23.54% equity interest in Public Bank, held directly and through Consolidated Teh Holdings Sdn Bhd.

The stock continues to be an investor favourite. At the time of writing, Bloomberg data showed seven analysts with a "buy" call, 14 had a "hold" and three, a "sell" call. Target prices ranged from RM21.80 to RM29.10 while the consensus 12-month target price was RM25.21. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

FINANCIAL SERVICES — BELOW RM10 BILLION MARKET CAPITALISATION

AEON Credit Service (M) Bhd

KEEPING UP THE MOMENTUM

BY ADELINE PAUL RAJ

AEON Credit Service (M) Bhd's (ACSB) growth over the last few years has been impressive, fuelled by its motorcycle and personal financing businesses. Investors are keen to see if the non-bank financial institution can keep up the momentum as the economy slows.

The group's net profit expanded in the last three financial years, peaking at RM300.06 million in the financial year ended Feb 20, 2018 (FY2018) — marking the first time it crossed the RM300 million mark — compared with RM215.73 million in FY2015. In *The Edge* BRC award evaluation period of FY2014 to FY2017, the company's net profit grew at a three-year compound annual growth rate (CAGR) of 14.8%, the highest among its peers.

While its return on equity (ROE) came down slightly in each of those years to 22.59% in FY2018 from 34.23% in FY2015, it, nevertheless, was a strong showing, especially when compared with Malaysian banks' average of about 11%.

AEON Credit's share price doubled from RM7.80 as at June 30, 2015, to RM14.40 on June 29, 2018, indicating a three-year CAGR of 22.7%.

The company pays dividends every year, with shareholders getting a net dividend per share of 41.02 sen in FY2018, the lowest in the three-year period. In FY2017, shareholders received a net dividend of 63 sen per share.

Last year, the company undertook a rights issue of irredeemable convertible unsecured loan stocks as well as a bonus issue.

To its credit, AEON Credit has consistently managed to grow its annual revenue in double digits since its listing in 2007.

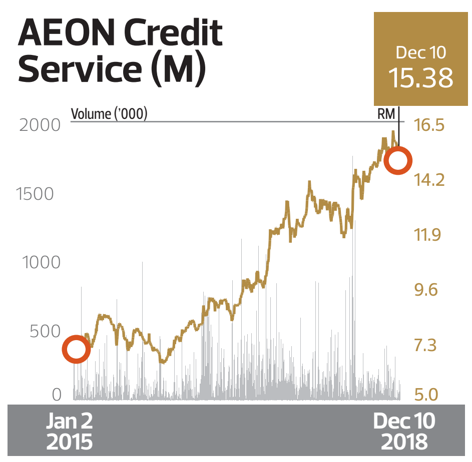
However, with the economy expected to slow down, there are concerns that ACSB's asset quality could come under pressure.

Its non-performing loan ratio as at end-August stood at 2.07%, an improvement from 2.26% three months earlier.

ACSB is doubling its capital expenditure to RM120 million in FY2019 as it looks to transform its branches and upgrade web applications and self-service terminals. As at February, it had 66 branches that needed upgrading.

Chief financial officer Lee Kit Seong had said that he expects FY2019's growth to be fuelled by several factors, including its branch transformation, digital initiatives, system enhancement and product rollouts.

Note that ACSB has started tapping the M40 segment — the middle 40% of households with a monthly income of between RM3,860 and RM8,319 — while keeping to stringent credit approvals and control practices.



The company is also just entering the mobile wallet space with the launch of its e-wallet and e-money cards. It aims to issue one million e-money cards within 12 months of their launch by converting existing AEON Credit card members as well as signing up new members, Lee said in August.

According to him, ACSB has an advantage in that it can leverage the six million members of AEON group, including those of retailer AEON Co (M) Bhd, hypermarket chain AEON BiG and its own members.

In the second quarter of FY2019, ACSB reported a 13% rise in net profit to RM80.64 million on the back of a 6.7% increase in revenue to RM332.09 million.

The company attributed the improved revenue to an increase in financing receivables for its motorbike, automotive and personal financing businesses. Gross financing receivables expanded 11.5% to RM7.79 million.

Its performance in the first half of FY2019 came in marginally better than expected with net profit 22% higher year on year at RM179.9 million, accounting for 55.6% of analysts' consensus forecast for the full year. Revenue grew 7.2% to RM657.81 million.

At the time of writing, Bloomberg data showed one analyst with a "buy" call on the stock and five with a "hold" recommendation. Target prices ranged from RM15.20 to RM18.40 with the 12-month average target price at RM16.10.

"The outlook for the group's business remains positive with continuous sales growth in 1HFY2019 and strategic product offerings to continually expand the M40 market segment. This bodes well for the company in terms of capturing market share and strengthening its asset quality in the long run. However, while we remain optimistic about its prospects, the run-up in its share price recently indicated that the positives have already been priced in," says MIDF Research in an Oct 5 report. It has a "neutral" call on the stock. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

FINANCIAL SERVICES — RM10 BILLION AND ABOVE MARKET CAPITALISATION

Hong Leong Bank Bhd

DELIVERING STELLAR RETURNS

BY ESTHER LEE

Hong Leong Bank Bhd has emerged as one of the winners in the category of the highest total returns for the years in review. That is not surprising, given that its returns came in at a three-year compound annual growth rate of 14.7% in the award evaluation period of June 30, 2015, to June 29, 2018.

Investors who had bought the banking group's shares three years ago would have seen a price appreciation of about 53.28% and reaped a dividend per share (DPS) of 134 sen between its financial year ended June 30, 2015 (FY2015), and FY2018.

The banking group's share price has continued to climb since June 29, gaining at least 10% to reach RM20.38 at its close on Oct 31.

Its DPS increased noticeably from 41 sen in FY2016 to 45 sen in FY2017 and 48 sen in FY2018. The higher FY2018 dividend was in line with the banking group's higher net profit for the financial year — up 23% year on year to RM2.638 million.

Total income for FY2018 grew 6.3% year on year to RM4.84 million, underpinned by prudent loan pricing and funding cost management, coupled with strong growth in non-interest income contribution, says the company in a press release.

The banking group also highlighted that its net interest income grew at a healthy pace of 4.2% from a year ago to RM3.5 million, representing a net interest margin of 2.1%.

It is worth noting that Hong Leong Bank's non-interest income grew a substantial 12.5% in FY2018 on the back of strong wealth management income and higher gains from Treasury operations.

Apart from playing a significant role in the local banking industry, Hong Leong Bank also has a regional presence in Singapore, Hong Kong, Vietnam and Cambodia. It has a 19% stake in Bank of Chengdu Co Ltd as well, making it the first Malaysian bank to gain a strategic investment in China.

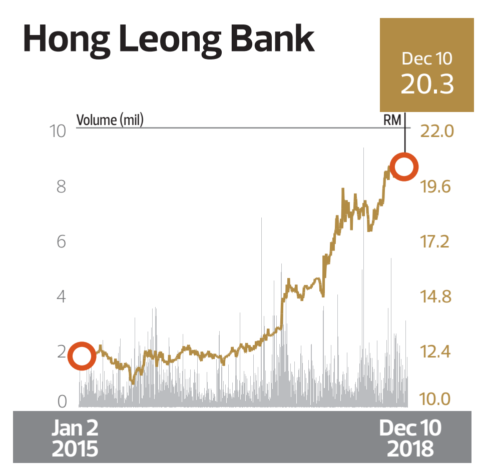
The largest segment of Hong Leong Bank's loan portfolio is mortgages, representing about 45% of the group's outstanding loans. AmInvestment Bank Research notes in a report that digital and cost management initiatives have resulted in cost savings of RM61 million, or a 3% decline in its total cost base for FY2018.

"It has raised the transactional users, volume and amount utilising digital channels for wholesale and retail banking. More functions have been added to its mobile app to increase the stickiness of customers with the group. The group will continue its digital investments to lower its CI ratio," says the research house.

Managing director Domenic Fuda says in the bank's fourth-quarter performance press release that Malaysian economic growth is expected to remain moderate amid continued support from domestic economic activities and still favourable external demand.

He adds that any pullback in business and government investment would be for the short term, and is expected to be offset by a potential boost in private consumption.

"Resumption of consumer, business and investor confidence going forward will boost the Malaysian economy," he adds.



Fuda says the bank's priority is to continue to execute its digital strategy by strengthening its key offerings and transforming its products and services.

It will also continue to grow its domestic franchise and regional business by entrenching itself in the communities that it operates in, leveraging its branch footprint and digital capabilities.

Affin Hwang Research says in a recent report that it is optimistic about Hong Leong Bank in the year ahead, driven by the potential rollout of more business-friendly policies under the new government and a pick-up in business confidence. E

THE EDGE BILLION RINGGIT Club 2018

HIGHEST RETURN ON EQUITY OVER THREE YEARS (JOINT WINNER)

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HEALTHCARE

Top Glove Corp Bhd

MARK OF A MARKET LEADER

BY WONG EE LIN

The strong US dollar has been a boon for export-oriented glove makers, including Top Glove Bhd, which is the world's largest in terms of capacity.

However, that was but one factor. Top Glove achieved its double-digit earnings growth as it never rested on its laurel, despite its leading position in the rubber glove industry.

Executive chairman Tan Sri Lim Wee Chai has said that the group wants both organic and inorganic growth.

The group has continuously expanded production capacity as well as acquired other players for inorganic growth. Armed with a strong balance sheet, Top Glove could afford to be on an opportunistic mergers and acquisitions trail.

While, gloves remain its core product, its M&A targets could be "vertical acquisitions" — namely players in the upstream or downstream segments. For instance, Top Glove bought into rubber plantations to secure a supply of latex. It also acquired a print and packaging material manufacturer and it has ventured into condom manufacturing.

In short, Top Glove has always been on its toes. This explains why growth remains strong even after 27 years.

In FY2017, the group achieved record-high sales revenue of RM3.41 billion following its double-digit growth in sales volume despite a rather challenging operating environment. In FY2014, revenue was RM2.28 billion.

Top Glove's net profit grew to RM328.6 million in FY2017 from RM180.5 million in FY2014 — a solid three-year compound annual growth rate (CAGR) of 22.1%. This was far above its peers'.

This year, Top Glove undertook a one-for-one bonus issue of 1.28 billion new shares to reward shareholders.

Given its solid earnings track record, it is not surprising that Top Glove's share price has skyrocketed. It quadrupled over the course of three years from RM1.56 on June 30, 2015, to RM6.04 on June 29, 2018, reflecting a more than 57% CAGR over three years.

Consequently, its market capitalisation has ballooned to RM7.04 billion in FY2017 compared with RM2.97 billion in FY2014. This put Top Glove on the list of 30 component stocks of the FBM KLCI effective Dec 24.

At the time of writing, Bloomberg shows there were 18 research houses covering the stock, with seven calling a "buy"; eight, a "hold"; and three, a "sell". Target prices ranged from RM4.45 to RM6.52.

With a commitment to reward shareholders 50% of its profit after tax and minority interest (Patami), Top Glove paid total dividends per share of 7.25 sen for FY2017, which represents 55% of the group's Patami.

Meanwhile, Top Glove saw a return on equity of 16.4% for its shareholders as at FY2017 versus 13% in FY2014, even as its shareholders' equity expanded from RM1.4 billion to RM2 billion. Based on the awards criteria, its three-year adjusted and weighted ROE was 18.6%, making it a joint winner in this category.

Going forward, Top Glove's target is to gain a foothold in Vietnam. The group has allocated an additional RM100 million to set up a new plant in Vietnam to make vinyl gloves, raising its capital expenditure to RM213.3 million for FY2019.

Lim said the factory, which will be completed in one to two years, will complement its operations in China as the cost of production has been rising there.

The Vietnam factory sits on 20 acres and will have 10 production lines producing at least 1.5 billion pieces of vinyl gloves annually.

Meanwhile, Top Glove completed its acquisition of Aspion Sdn Bhd this year, which will strengthen its position in surgical glove production. Aspion is expected to meet its net profit projection of RM80 million within the next four to seven years despite the legal proceedings between the group and a former stakeholder of Aspion. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS (JOINT WINNER)

HEALTHCARE

Hartalega Holdings Bhd

STELLAR RETURN ON EQUITY DESPITE EARNINGS PRESSURE

BY WONG EE LIN

Hartalega Holdings Bhd is the first glove manufacturer to be a component stock of the benchmark FBM KLCI, even though is not the biggest player in the industry in terms of sales and capacity.

Its share price has outperformed the benchmark index, nearly tripling from RM2.03 on June 30, 2015, to RM5.99 on June 29, 2018, representing a three-year compound annual growth rate (CAGR) of 43.4%. And it has been keeping up the momentum, reaching an all-time high of RM7.23 on Aug 28, giving it a market capitalisation of RM24.17 billion.

The share price rallied even as earnings and earnings potential grew. Profit after tax (PAT) grew from RM232.8 million in FY2014 to RM283 million in FY2017, reflecting a three-year CAGR of 6.7%.

Hartalega's production capacity expansion came just in time to meet the rising global demand for nitrile gloves. Furthermore, the glove maker has been able to pass the cost increments to customers in the form of average selling prices.

Hartalega's return on equity (ROE) eased from about 25% in FY2014 to 17% in FY2017, even as its shareholders' equity jumped from RM942.3 million in FY2014 to RM1.68 billion in FY2017.

Based on the awards criteria, its adjusted weighted ROE over the three years was 18.3% — enough to make it a joint winner in *The Edge* BRC's highest ROE over three years for the healthcare sector.

To reward its shareholders, Hartalega has a dividend policy to pay out 45% of its annual net profit. The group has declared total dividends of 8.5 sen for FY2017, representing a payout ratio of 49.3%, compared with eight sen in FY2016 and 13 sen in FY2015.

According to its 2018 annual report, the group has committed to a capital expenditure of RM403.3 million and will continue to expand its production capacity via its Next Generation Integrated Glove Manufacturing Complex (NGC).

In the annual report, executive chairman Kuan Kam Hon @ Kwan Kam Onn said Hartalega commenced the commissioning of Plant 5 in July and will soon undertake the construction of Plant 6. "We have also increased the number of factories at the NGC from six to seven, with Plant 7 tailored towards small order and speciality products."

Once the NGC is completed, Hartalega's total installed capacity will increase to over 44 billion pieces a year.

Kuan also noted that Hartalega is in the process of upgrading its enterprise resource planning (ERP) system to reduce costs and wastage in its production process, as well as strengthen its operations and integrate automation across its supply chain.

"We target to launch this group-wide ERP implementation project by end-2018, piloting at the NGC and subsequently rolling this out to our Bestari Jaya plants in 2019," said Kuan.

MIDF Research analyst Nabil Zainoodin comments that Hartalega's prospects remain positive as global glove consumption remains healthy, growing at 8% to 10% annually.

Moreover, he points out, Hartalega is currently working on securing the Federal and Drug Administration's approval to increase its presence in the US market by the second half of 2019.

"We like the stock due to its strong revenue growth, robust balance sheet and efficiency in production in comparison to its peers," Nabil wrote in a recent note. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

ATA IMS Bhd

(formerly DENKO INDUSTRIAL CORP BHD)

ENLARGED DENKO STARTS NEW CHAPTER AS ATA IMS

BY LIEW JIA TENG

Shares of Johor-based Denko Industrial Corp Bhd — known as ATA IMS Bhd since July — would probably have remained under the radar of investors if not for Singaporean businessman Datuk Seri James Foo Chee Juan's audacious voluntary takeover offer early last year.

In hindsight, some Denko shareholders may wish they had held on to their shares a little longer rather than selling them off, or accepting Foo's revised takeover offer of 60 sen a share in February last year. By then, his wholly-owned Oregon Technology Sdn Bhd already controlled more than 52% of the company.

Those familiar with the company would remember the subsequent reverse takeover of sorts in October last year, which saw Denko acquiring larger rival Integrated Manufacturing Solutions Sdn Bhd (IMS) for RM1.19 billion, satisfied via the issuance of 1.03 billion new shares in Denko at RM1.15 each. The purchase price for the related-party transaction was 8.9 times Denko's market value of RM133.72 million at the time.

With IMS, the enlarged Denko became a top three electronic manufacturing services (EMS) player on Bursa Malaysia, along with SKP Resources and VS Industry Bhd. IMS' clients include a global household appliance maker — another reason that stoked investors' interest.

By mid-January this year, Denko shares reached as high as RM2 apiece intra-day and remained near RM1.80 at the time of writing, giving the company a market capitalisation of just over RM2 billion. During the evaluation period of June 30, 2015, to June 29, 2018, alone, its shares gained more than 450% to RM1.43, which translates into a three-year compound annual growth rate (CAGR) of 76.52% — the highest total return among *The Edge*-BRC member companies in the industrial products and services sector.

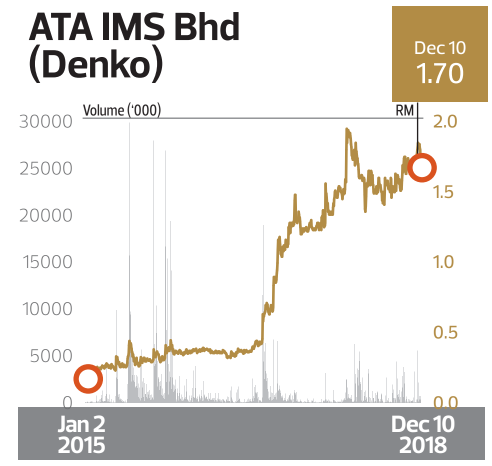
At the time of writing, two research houses had a "buy" recommendation on ATA IMS with a target price of RM2 while a third house had a "hold", with the fair value at RM1.83. It remains to be seen if the company can indeed beat its highest close to date of RM1.95 on Jan 18.

To recap, Foo, 56, was appointed executive chairman and executive director of Denko in March last year, before its name was changed to ATA IMS in July this year.

In the red just two years ago, ATA IMS is now looking to chart record-breaking top and bottom-line figures for the financial year ending March 31, 2019 (FY2019), on a surge of box-built orders from existing customers. Acquiring IMS — a company co-owned by Foo and CEO Datuk Fong Chiu Wan — provided the EMS player a swift boost in earnings as it was able to tap the former's key customer.

Prior to the completion of the acquisition in February, Denko posted a net loss of RM11.34 million in FY2017 on the back of RM101.6 million in revenue. For the full FY2018, Denko's net profit grew 16.9% year on year to RM92.51 million while revenue increased 27.2% to RM2.31 billion. It is worth noting that ATA IMS intends to declare a maiden dividend in FY2019 and to pay out at least 35% of its profit.

To improve efficiency and quality through automation, it will allocate RM75 million to RM100 million in capital investment annually for machinery and equipment, to be funded through a combination of internal funds and bank borrowings.



"For FY2019, the growth momentum is still there, but at the same time, we have to look for something in FY2020. We are looking at other business opportunities to grow our revenue in case of any negative sentiment in the market," Foo told *The Edge Financial Daily* in July.

Foo said ATA IMS will continue to expand and improve its production capabilities and operational efficiencies despite current economic challenges as it expects a higher volume of orders from existing customers. Interestingly, Foo described Denko's share price performance as "very reflective". "Compared with our peers, I think we are still in good shape. We are comfortable with our current share price," he said. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

Hap Seng Consolidated

STEADY GROWTH FROM ALL SIDES

BY SAMANTHA HO

As a diversified conglomerate with its fingers in many pies, Hap Seng Consolidated Bhd's earnings growth over the years has been remarkable. While other plantation and property players may have struggled with weak crude palm oil prices and property sales last year, Hap Seng reported stronger earnings not only in these divisions but in all its other divisions as well.

Hap Seng's net profit has grown from year to year on the back of higher operating profit across core operations for its six divisions, namely plantations, property investment and development, credit financing, automotive, fertiliser trading and building materials.

The group's profit after tax grew to a record high of RM1.103 billion in FY2017 from RM1 billion in FY2016 and RM908.47 billion in FY2015. Against PAT of RM753.46 million in FY2014, Hap Seng chalked up a compound annual growth rate of 13.6% over the three-year period.

The group's PAT in FY2017 was partly boosted by bigger one-off gains. One of its notable non-recurring gains came from the disposal of its logistics arm, Hap Seng Logistics Sdn Bhd, for RM750 million, which represented a price-to-book ratio of 2.98 times for the unit. The group used the proceeds to pare down debt.

The sale was made to LSH Logistics Ltd, a unit of Hong Kong-based Lei Shing Hong Ltd, a subsidiary of which had bought into another division in Hap Seng. In May this year, the conglomerate announced that it would divest a 20% stake in Hap Seng Credit Sdn Bhd as well as dispose of its financial services unit, HSC Sydney Holding Ltd, to Lei Shing Hong Capital Ltd.

The conglomerate's annual revenue has also grown by leaps and bounds in the period under review, from RM4.39 billion in the financial year ended Dec 31, 2015 (FY2015), to RM4.89 billion in FY2016 and to an all-time high of RM5.29 billion in FY2017.

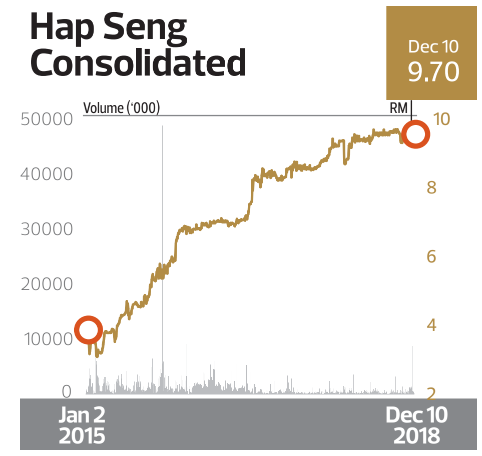
The group's consistent upward earnings trend has enabled Hap Seng to impress its shareholders with double-digit growth of return on equity over the three-year period under review. Hap Seng, which is also a major shareholder of Hap Seng Plantations Holdings Bhd, achieved ROE of 21.41% in FY2015, 18.23% in FY2016 and 19.15% in FY2017.

Between June 30, 2015 and June 29, 2018, Hap Seng's share price more than doubled to RM9.85 from RM4.70. The stock has since appreciated further to an all-time high of RM9.98 on Nov 16.

Hap Seng also marked a new milestone as one of the country's largest distributors of Mercedes-Benz vehicles in FY2017. In June last year, it unveiled a RM53 million autohaus in Kuching, Sarawak, for Mercedes-Benz Malaysia Sdn Bhd (MBM), the first integrated one-stop centre for the marque in Sabah and Sarawak.

The group further strengthened its position as an automotive player this year by acquiring MBM's commercial vehicle general distributorship business, making it the sole general distributor of Mercedes-Benz and Fuso commercial vehicles in Malaysia.

The conglomerate has continued to show growth in sales and earnings this year, raking in a 2.2% increase in net profit year on year to RM798.67 million in the first half of FY2018 on the back of a one-off gain from its disposal of HSC Sydney. revenue over the six-month period grew 23.1% y-o-y to RM3.06 billion.



Hap Seng's stellar earnings performance has helped propel its share price to a record high. The share price has soared 115% from RM4.46 on June 30, 2015, to RM9.603 as at end-June 2018. Consequently, the conglomerate's market capitalisation ballooned from RM10 billion in FY2014 to RM23.77 billion in FY2017.

The climb has continued since then. It hit another high of RM9.85 on Dec 13 for a market capitalisation of RM24.5 billion. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS (JOINT WINNER)

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

REIT

IGB REIT

RESILIENT AMID COMPETITION IN THE RETAIL SPACE

BY BILLY TOH

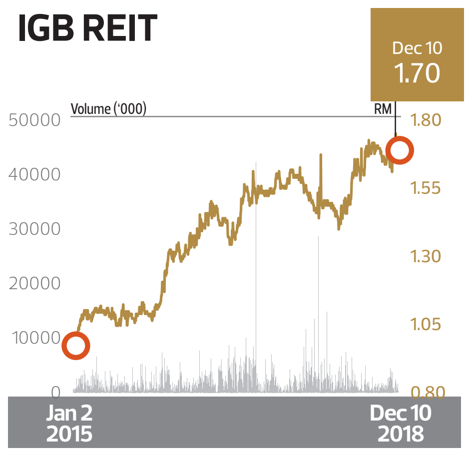
Despite the growing competition in the local retail space, following the mushrooming of shopping malls, IGB REIT has continued to perform well, whether in terms of earnings or gains from its rising share price. Its total return was 61% in the three-year award evaluation period of June 30, 2015, to June 29, 2018, translating into an annualised return of 17.2% over the period.

Like the upward trend in its share price, IGB REIT's net property income (NPI) increased 19.5% to RM373.6 million in its financial year ended Dec 31, 2017 (FY2017), from RM312.6 million in FY2014. This translated into a compound annual growth rate of 6.1% in the last three years on the back of stronger revenue growth of 13.7% to RM524.9 million in FY2017 in the same period. Gross revenue in the last three years saw a CAGR of 4.4%.

Dividends have also been attractive, offering a 5.5% yield at the time of writing. The REIT has also shown consistency in rewarding its shareholders, reflected by the one-year dividend growth of 9.68% and three-year dividend growth of 4.38%.

The outperformance of its share price highlights its strong portfolio, which includes Mid Valley Megamall — dubbed a shopper's paradise or fashionista's heaven — and its premium sister, The Gardens Mall — a six-level haven of more than 200 shops featuring top international fashion brands.

While 2018 proved to be a challenging year for the retail sector, increased competition due to the oversupply of retail space and the growing popularity of online shopping saw IGB REIT push ahead with asset enhancement initiatives (AEIs) for Mid Valley Megamall and The Gardens Mall to build stronger relationships with customers. In fact, an additional 18,000 sq ft of net lettable area is planned on the lower ground floor of The Gardens Mall.



Management is keeping a watchful eye on how e-commerce is changing consumer spending habits. The company noted in its 2017 annual report that while online shopping is gaining in popularity around the world, the total online retail spend represented a small portion of the total in Malaysia.

Management's ongoing efforts resulted in stronger first nine-month results in FY2018, with 4.1% year-on-year growth in NPI to RM289.8 million, mainly on higher rental income and lower property operating expenses. The REIT's performance so far this year has been in line with that of other REITs as its total year-to-date return was flat at 0.4%.

The good track record of IGB REIT's management seems to have won the approval of analysts as Bloomberg data shows that there are six "buy" and five "hold" calls on the company amid concerns that booming e-commerce and the oversupply of shopping malls could hurt retail players.

The consensus 12-month target price of RM1.81, which is 7.7% higher than its current price of RM1.68, however, indicates that the market is fairly priced. At this level, IGB REIT is trading at a trailing price-earnings ratio of 17.1 times. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS (JOINT WINNER)

REIT

KLCCP Stapled Group

THIRD WIN FOR REIT WITH ICONIC ASSETS

BY ESTHER LEE

KLCCP Stapled Group (KLCCP) has won *The Edge* BRC corporate award for highest return on equity (ROE) over three years in the REIT sector for the third straight year.

From FY2014 to FY2017, the weighted three-year compound annual growth rate (CAGR) of KLCCP's ROE was the highest single digit among eight BRC members in the REIT sector.

Nonetheless, the group's net profit was lumpy over the period in review — from RM1.16 billion in FY2014, it rose to RM1.4 billion in FY2015 but dipped to RM1.01 billion in FY2016 before recovering marginally to RM1.013 billion in FY2017.

In terms of revenue, the growth trend was similar to that of net profit. In FY2014, revenue amounted to RM1.35 billion but fell to RM1.34 billion in FY2014. From FY2014 to FY2017, revenue grew in a linear trajectory to RM1.37 billion.

Back in 2013, KLCC Property Holdings Bhd undertook a corporate exercise that restructured the group's assets into a stapled entity known as KLCCP Stapled Group, in which existing ordinary shares of KLCC Property Holdings were stapled together with units of KLCC REIT.

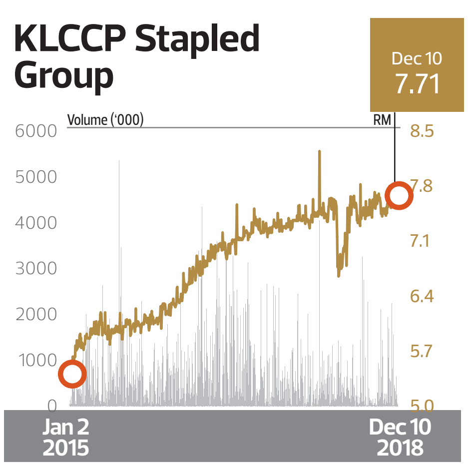
KLCCP owns a diverse property portfolio largely within the KLCC development, including properties like leading shopping mall Suria KLCC and luxury hotel Mandarin Oriental Kuala Lumpur. It also has 33% equity interest in Menara Maxis.

Outside the KLCC development, KLCC Property owns Kompleks Dayabumi, which is located in the older central commercial area of Kuala Lumpur.

For the cumulative nine months ended Sept 30, 2018, KLCCP saw its revenue increase marginally by 2.5% to RM1.03 billion while net profit grew 1.7% to RM541.25 million. The improvement was attributed to revenue growth in all segments, according to a report by Hong Leong Investment Bank Research. For example, its office segment gained 0.9%, it achieved 100% occupancy rate in Menara ExxonMobil and its retail segment added 2.1% on the back of higher rental rates and occupancy.

KLCCP's hotel segment grew 6.5%, driven by the return of full room inventory after refurbishments.

Nevertheless, the Malaysian REIT sector remains challenging with oversupply seen in office and retail properties. However, those with sustained occupancy rates, long-term leases, rental step-ups, positive rental reversions and prime assets in strategic locations are still expected to perform well, KLCCP says in its 2017 annual report.



It was also aware that any overnight policy rate (OPR) hike could dampen the appeal of investing in REITs but says that it may also provide investors with an opportunity to accumulate quality REITs.

"Our strategy is to tap market opportunities as they become available, overcome operating challenges, manage our cost structure and drive profitable growth and sustainable value creation in line with our targets," KLCCP adds in its annual report.

The REIT expects the office segment to remain stable and be primarily anchored to its triple net leases for the Petronas Twin Towers, Menara 3 Petronas and Menara Dayabumi.

The substructure works of its Phase 3 refurbishment of Kompleks Dayabumi was completed last year.

"We will continue to seek quality anchor tenants for our new development and complete the greening efforts of Petronas Twin Towers and Menara 3 Petronas for full Green Building Index Certification by 2018," KLCCP says.

It is also expecting consumer confidence to be boosted and sees growth in the retail landscape this year.

"Suria KLCC is expected to remain resilient with its strong fundamentals, being a prime shopping mall strategically located within the iconic belt and catchment area of Kuala Lumpur City Centre," the company says.

Meanwhile, it believes the hospitality segment will continue to face a challenging environment on the back of more competition in the industry. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PROPERTY (RM3 BILLION AND ABOVE MARKET CAPITALISATION)

S P Setia Bhd

STEADY REAL ESTATE GIANT

BY ESTHER LEE

In the face of a soft property market, S P Setia Bhd has emerged as the winner in the category of the highest growth in profit after tax over three years among larger property companies in this year's *The Edge* BRC awards.

S P Setia's profit after tax has grown from RM387.7 million in FY2014 to RM933 million in FY2017. This implies a three-year compound annual growth rate of 34% — way ahead of its peers.

The property giant managed to grow its revenue at a steady pace from FY2014 to FY2016, from RM3.87 billion to RM5.71 billion. However, in FY2017, the developer saw a dip in revenue to RM4.52 billion, as a result of the completion and handover of Parque Melbourne in Australia, several phases in KL Eco City in Jalan Bangsar and Eco Sanctuary in Singapore in FY2016.

In its 2017 annual report, S P Setia highlighted that the lower revenue was also due to its strategic move to reposition its launches late in 2016 and to defer development stages in light of softer market conditions.

As at Dec 31, 2017, total borrowings amounted to RM6.88 billion while cash balances stood at RM5.58 billion. This brought net gearing to 0.10 times.

About 91% of the group's total revenue is derived from the property development segment while 5% comes from construction and other operating activities account for 4% of total revenue.

The developer has also spread its wings to international markets, including Australia; the UK, with its 40% stake in the well known Battersea Power Station project; Singapore; China and Vietnam.

S P Setia has reshaped its portfolio to respond to the rising demand in the affordable and mid-priced category, which is largely driven by the younger population, middle-income segment and first-time homebuyers.

It has also repositioned its product offerings to roll out more "starter homes", launching two-storey terraced houses ranging in size from 18ft x 65ft to 20ft x 65ft.

"These product offerings were well received by first-time homebuyers and owner-occupiers. We have demonstrated our ability to weather the challenges with the right strategies and products. This cemented our position as the No 1 pure-play property developer and fortified our leadership in township development," it said in its 2017 annual report.

In its recent cumulative six-month ending June 30 financial report, S P Setia — which recorded revenue of RM1.58 billion and a net profit of RM504.23 million — said buyers' sentiment has improved post-GE14 but many are still waiting for a clear direction for the anticipated changes to the housing policy.

Moving into the second half of 2018, the property giant said launches would continue in the local market with emphasis on mid-range landed properties in the Klang Valley. Major launches were scheduled in Setia Alam, Setia Ecohill, Setia Ecohill 2, Setia Eco Templer, Setia Eco Glades, Setia Sky Seputeh (Tower B), Temasya Glenmarie, Setia Alamsari and Setia Alaman with a combined gross development value of RM2.23 billion.

Nevertheless, S P Setia believes the property market will continue to be subdued as people adopt a wait-and-see approach until the authorities provide a clearer picture on housing policy.

"Notwithstanding this, the group's prospects ... remain positive with total unbilled sales of RM8.12 billion, anchored by 46 ongoing projects and effective remaining land bank of 9,587 acres, with a potential GDV of RM155.94 billion as at 30 June 2018," it said.

With the planned pipeline of launches, sustained momentum and the sales achieved to date, S P Setia said it remained positive about achieving its sales target of RM5 billion for FY2018. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PROPERTY (RM3 BILLION AND ABOVE MARKET CAPITALISATION)

UOA Development Bhd

GOOD SHOWING DESPITE PROPERTY MARKET SLOWDOWN

BY WONG EE LIN

UOA Development Bhd seems to have provided some shelter for investors even as the domestic property market experiences a slowdown.

Its share price has been on a steady climb over the three years from June 30, 2015, to June 30, 2018. It rose as much as 36.6% to RM2.38 on June 29, 2018, from RM1.74 on June 30, 2015 — which works out to a three-year compound average growth rate (CAGR) of 11%. Its market capitalisation rose from RM3.01 billion to RM4.12 billion over the same period.

The developer's profit remains on the growth path despite the soft market. Its profit after tax (PAT) grew by a three-year CAGR of 15.8% to RM491.2 million in FY2017 from RM316.1 million in FY2014.

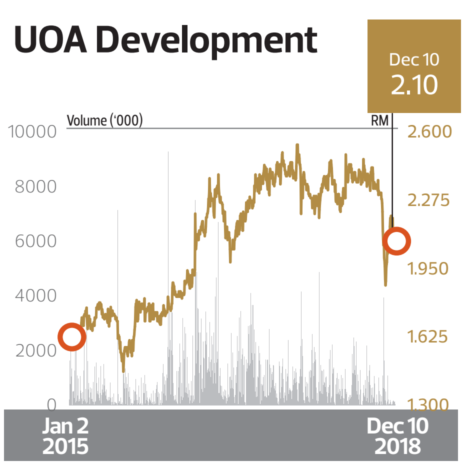
UOA Development has a dividend policy of paying 30% to 50% of its annual earnings. In fact, the total dividend of 15 sen per share paid in FY2017 was 52.9% of its realised PAT — above its guidance.

In FY2017, the company recorded a 12% return on equity (ROE) despite a 27.4% year-on-year decline in net profit to RM491.2 million. Revenue, however, grew 8.57% y-o-y to RM1.08 billion. Adjusted and weighted ROE grew at a three-year CAGR of nearly 15% — way above most of its peers'.

Despite the decline in earnings, its ROE in FY2017 was the same as that in FY2014 with its shareholders' equity growing from RM2.75 billion in FY2014 to RM4.29 billion in FY2017.

It is worth noting that the property developer was in a net cash position of RM249.5 million as at June 30, 2018, giving it some financial muscle to seize land acquisition opportunities and help cushion any impact of the slowdown.

For the third quarter ended Sept 30, 2018, new property sales came in at RM1.14 billion, with contributions mainly from projects such as South Link Lifestyle Apartments, United Point Residence and Sentul Point Suite Apartments. Unbilled sales stood at RM1.67 billion as at Sept 30, 2018.



"The group will continue its focus on development at targeted geographical locations and continue to assess opportunities for land acquisitions that meet the criteria," it says in notes accompanying its 3QFY2018 results.

In its 2017 annual report, UOA Development says its strategy remains firmly focused on development at targeted geographical locations and efforts to explore for opportune development land acquisitions that meet the objectives of group will continue.

One of its upcoming projects is Desa Commercial Center — formerly known as Desa Center — a commercial project located near Taman Desa, Jalan Klang Lama, off the East-West Link Highway, which comprises two 16-storey blocks of boutique offices with an anticipated gross development value (GDV) of RM300 million.

The company also has two projects located near Bangsar South with a total estimated GDV of RM919 million. They are South Link Lifestyle Apartments — which comprises 1,422 freehold serviced apartments and a two-storey lifestyle retail podium — and South Point, a hotel adjacent to South Link Lifestyle Apartments. Construction is progressing for both projects, with the latter expected to be completed in 2020 and the former in 2022.

Its Bandar Tun Razak development (estimated GDV: RM300 million), which consists of residential units with aged care facilities, is also slated for completion in 2020. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

PROPERTY (BELOW RM3 BILLION MARKET CAPITALISATION)

Matrix Concepts Holdings Bhd

GAINING TRACTION

BY JOSE BARROCK

Since its initial public offering in mid-2013, property developer Matrix Concepts Holdings Bhd had caught the eye of analysts and the investing fraternity. What sparked their interest is because the company's share price has been on an upward trajectory, having more than doubled since its debut.

While its share price has gained only about 20% since end-2015, it has been paying out more than 40% of earnings as dividend in recent years.

In FY2018 ended March 31, the developer paid out four quarterly net dividend payments — two payouts of 3.25 sen and another two amounting to 3.50 sen per share respectively — bringing the total dividend payout to 13.5 sen or RM95.9 million, which was 21.2% higher than FY2017, and 45% of FY2018 net profit.

In FY2017, its net dividend payout was 13.75 sen per share or RM79.1 million, which works out to 42.7% of net profit for FY2017. For the 15 months ending March 2016, Matrix Concepts paid out 19.4 sen in dividends or RM104.3 million, amounting to 40% of net profit for the year.

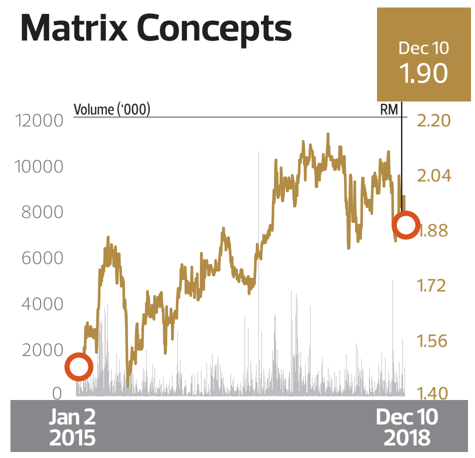
Better dividend payments came with steady earnings. In FY2018, the company posted revenue of RM818.48 million, 5.61% higher than the previous financial year, while net profit came in at RM213.28 million, up 15.11% from 2017. For its 15 months ended March 2016, it chalked up a net profit of RM260.85 million from RM912.20 million in revenue.

According to its annual report, return on equity for FY2018 was 17.7%, down from 18.1% in 2017 and 29.5% for the 15-month period ending March 2016.

Nonetheless, based on *The Edge* BRC award calculations, Matrix Concept's weighted ROE over three years came in well above 12 other peers in the Property (below RM3 billon market capitalisation) sector.

The first half of the current financial year ending March 31, 2019 (FY2019), has remained decent. Net profit came in at RM103.09 million, up about 6% from RM97.38 million in the previous corresponding period, even as revenue grew 28.6% to RM483.35 million from RM375.75 million.

Recognition of numbers from its M.Carnegie boutique apartment project in Melbourne, Australia, and increased revenue contribution from the sales of industrial properties at Bandar Sri Sendayan in Seremban, Negeri Sembilan contributed to the year-on-year gains and helped offset lower revenue contribution from Bandar Seri Impian in Kluang, Johor, due



to delayed launches. The group's investment properties — Matrix Global Schools, d'Tempat Country Club and d'Sora Business Boutique Hotel — also contributed more revenue with higher student enrolment, increased spending by club members and better hotel occupancy rates.

As at Sept 30, 2018, the group had about 1,405 acres of undeveloped land bank while unbilled sales grew to RM1.4 billion compared with RM1.1 billion a year ago. It has set an internal target to own 2,500 acres of land bank by 2020.

The group's ongoing developments have a gross development value (GDV) of RM2.8 billion as at Sept 30, 2018, compared with RM2.4 billion a year ago.

In notes accompanying its 2QFY2019 results, Matrix Concepts said it "maintains a positive outlook on demand for its properties, and has sustained its strong track record and sales performance". To satisfy buyers' demand for affordable-yet-quality homes, the developer plans to launch projects with a total GDV of RM1.7 billion for the current financial year ending March 31, 2019 (FY2019). Of this, the group had successfully launched RM807.3 million worth of residential projects as at Sept 30, namely Ara Sendayan (Phase 3) and Tiara Sendayan 1 and 2 in Bandar Sri Sendayan (BSS), and Chambers KL in Jalan Putra — its first residential high-rise condominium and maiden foray in the Kuala Lumpur city centre.

"For the remaining six months of FY2019, the group's upcoming launches amount to RM900 million in GDV, including Tiara Sendayan 3 and 4 and Ara Sendayan (Phase 4) in BSS, and Impiana Bayu 3A in Bandar Seri Impian. Overall, the group is confident that its profitability will be sustained with the healthy amount of new launches and sales progress of ongoing developments," it said.

At the time of writing, all three analysts covering Matrix have a "buy" recommendation, with target prices ranging from RM2.21 to RM2.50, averaging at RM2.37, Bloomberg data shows. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PROPERTY (BELOW RM3 BILLION MARKET CAPITALISATION)

OSK Holdings Bhd

ENSURING BUSINESS SUSTAINABILITY

BY CHESTER TAY

OSK Holdings Bhd, the flagship of business tycoon Tan Sri Ong Leong Huat, is gaining a foothold in property development at home and abroad.

The group ended its financial year ended Dec 31, 2017 (FY2017), with a phenomenal growth of 60% in its profit after tax (PAT). At RM400.22 million, PAT was up nearly 62% from RM247.27 million in FY2016. The huge leap was partly due to a gain on deemed disposal of RM177.6 million, arising from the dilution of equity interest in a subsidiary in Melbourne, Australia, and realisation of foreign exchange reserves.

The group's PAT was even higher at RM561.53 million in FY2015 compared with RM204.26 million in FY2014. The sharp rise was attributed to the negative goodwill of RM375.3 million, arising from the acquisition of OSK Property Holdings Bhd and PJ Development Holdings Bhd and the subscription for a rights issue in RHB Bank Bhd.

Revenue exceeded RM1 billion in FY2016 and FY2017, at RM1.3 billion and RM1.17 billion respectively.

Between FY2014 and FY2017, the group's PAT grew at a three-year compound annual growth rate (CAGR) of 25.1%, helping OSK Holdings capture *The Edge* BRC award for the highest growth in profit after tax over three years among companies with below RM3 billion market capitalisation in the property sector, which is experiencing a longer-than-expected slowdown.

OSK Holdings' property division marked a milestone when it tied up with the Employees Provident Fund (EPF) to develop its maiden

THE EDGE BILLION RINGGIT Club 2018

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PROPERTY (BELOW RM3 BILLION MARKET CAPITALISATION)

LBS Bina Group Bhd

RISING PROMINENCE

BY JOSE BARROCK

Property developer LBS Bina Group Bhd has blossomed over the last few years, largely buoyed by better financial results.

A key player in the mass market, affordable housing sector, LBS posted RM76.01 million in net profit from RM680.3 million in revenue in FY2015. In FY2017, its net profit rose over 21% year on year to RM103.36 million on the back of a 37% y-o-y increase in revenue to RM1.36 billion.

LBS' numbers held up this year although they came in below analysts' expectations owing to lower-than-expected property sales. For its nine months ended Sept 30 (9MFY2018), net profit came in at RM68 million, compared with RM68.46 million in the previous corresponding period, even as revenue rose 2.5% y-o-y to RM955.13 million.

LBS, which has a 30% dividend payout guidance but has been paying out at least 50% of earnings since FY2014, in February went through a one-to-two share split that came with a 1-for-10 bonus issue.

During the *The Edge* BRC awards evaluation period of June 30, 2015, to June 29, 2018, LBS' share price saw returns at three-year compound annual growth rate of 14.9% a year — well above its peers'.

Over the past few years, the company had

also made the headlines with a couple of corporate exercises.

First, it bought a 21.92% stake in MGB Bhd (then known as VTI Vintage Bhd) in July 2014, then nibbled at the stock, and on April 11, 2016, exceeded the mandatory takeover threshold after raising its stake to 50.93% from 31.95%. By December 2016, LBS had accumulated a 56.43% stake in MGB. In September 2016, LBS injected its 75% equity interest in MITC Engineering Sdn Bhd into MGB — to streamline its construction business under MGB — for a consideration of RM225 million. Today, its stake in MGB stands at 59.49%.

MGB has also performed well financially. For its financial year ended December 2017, the

construction outfit registered a net profit of RM34.33 million from RM692.64 million in sales. Its market capitalisation of RM373 million as at Dec 10 meant LBS' 59.5% stake had a market value of RM222 million. LBS' own market capitalisation stood at RM1.08 billion.

LBS' latest annual report shows that it has 19 ongoing property development projects and a land bank of more than 3,800 acres, with tracts in Dengkil (638.2 acres) and Ijok (469.9 acres), both in Selangor; Kulai (785.4 acres) and Bandar Putera Indah, both in Johor; and Chemor (356.2 acres) in Ipoh. Among its choice parcels are 5.5 acres in Johor Central Business District, valued at RM300 psf; 6.6 acres in Danga Bay in Johor, valued at RM300 psf; and 10.9 acres in Bukit Jalil, Selangor, valued at RM458 psf.

Those familiar with LBS would know that it also has assets in Zhuhai, China.

LBS, via Lamdeal Investments Ltd (HK), has a 60% stake in Zhuhai International Circuit Ltd (PRC), with the Zhuhai city government's Zhuhai Jiuzhou Group Holdings Ltd holding the remaining 40%.

Zhuhai International Circuit, a 4.3km Grade 2 circuit, is the first permanent racing circuit built in China. According to LBS' 2017 annual report, the value of media coverage hit a high of more than RMB160 million (RM97 billion) and the festival was awarded the "Best Racing Event of the Year". In addition, Zhuhai was proclaimed the Automobile City of China and China City of Motor Sport Racing. LBS is entitled to a 60% share of profit from this joint venture.

In November last year, LBS obtained approval for an upgrading and transformation plan from the Zhuhai government, which could spell big things for LBS. Analysts have pegged a valuation of RM345 million for LBS' 60% stake in the race circuit.

In June, LBS said it would not hold back on plans to transform the race circuit although its planned venture with NWP Holdings Bhd had lapsed.

With the opening of the Hong Kong-Zhuhai-Macau mega bridge, will it add brownie points to LBS' Zhuhai assets? This will be keenly watched in the years to come. E

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overseas project, Melbourne Square, in Australia.

The five-acre mixed-use development, located in Southbank, Melbourne, has an estimated gross development value of over RM9 billion. The project will be developed in five phases over 8 to 10 years.

Through the partnership, the EPF owns 49% equity interest in Yarra Park City Pty Ltd, which holds the development rights for Melbourne Square, while OSK Holdings holds the remaining 51% through its subsidiaries and associated companies.

The project has recorded a take-up rate of more than 60% since its launch in June 2017, and construction is progressing as scheduled.

Ong says in the group's latest annual report that its success today is attributable to the dedication, passion and professionalism of its management and employees. "Today, OSK is a conglomerate with business interests

in five different segments, namely property, financial services, construction, industries and hospitality. This is no easy feat and we attribute this success to our hardworking and committed employees, guided by the vision and leadership of our experienced management team."

As at Sept 30, OSK Holdings' land bank stood at 1,759 acres with an estimated gross development value of RM9 billion. "As at Sept 30, 2018, the group had unbilled sales of RM1.43 billion with minimal unsold completed stocks as there was continuous effort to sell these unsold properties," OSK Holdings says in the latest release of its quarterly earnings.

Moving forward, the group says its property investment division is expected to receive steady rental income from its commercial and retail tenants. It notes that occupancy rates in Plaza OSK and Faber Towers rose gradually in 3QFY2018 due to the many initiatives implemented, including the completion of the lift modernisation and enhancement at Faber Towers to attract tenants.

Despite the challenging retail environment, OSK Holdings says the average occupancy rate at its Atria Shopping Gallery remains fairly strong at above 90% after the renewal of tenancies for an average of two to three years.

In its construction business, the group's outstanding order book stood at RM421.59 million as at end-September.

Nevertheless, OSK Holdings group managing director Ong Ju Yan acknowledges in the group's annual report that the construction industry is facing continuous challenges from rising material costs and a heavy reliance on foreign workers. The group has thus taken steps to improve its internal efficiencies and quality of service. "This includes nurturing and strengthening the capabilities of our people through structured training and development, investing in system frameworks, using more precast materials and upgrading our existing plant and machinery to avoid unnecessary downtime." E

HIGHEST RETURN ON EQUITY OVER THREE YEARS (JOINT WINNER)

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

ENERGY

Dialog Group Bhd

EARNINGS GROW AS USUAL DESPITE INDUSTRY DOWNTURN

BY ADAM AZIZ

Judging by the earnings and share price performance of Dialog Group Bhd, its shareholders certainly would not have felt the impact of the downturn in the oil and gas industry that threw many companies into deep financial difficulty.

While Dialog's earnings have grown steadily, its peers have suffered huge losses because of massive asset impairment and a drastic fall in revenue after the collapse in crude oil prices since the fourth quarter of 2014.

Dialog's presence in the supportive service to downstream segments, for example storage tank terminals, sheltered it largely from the industry slump. The long-term contracts it had secured from major oil companies were generating steady income even when the industry was in the doldrums.

Dialog's profit after tax (PAT) expanded from RM215.9 million in its financial year ended June 30, 2014 (FY2014), to RM371 million in FY2017, representing an impressive three-year compound annual growth rate (CAGR) of close to 20% — the highest among BRC members. Its annual revenue increased from RM2.55 billion to RM3.39 billion in the same period.

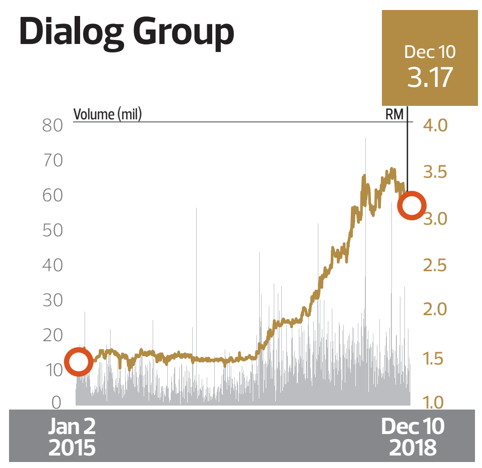
The stellar earnings made Dialog the winner of the highest growth in PAT over three years and joint winner of the 2018 *The Edge*-BRC award for the highest ROE over three years in the energy sector.

Its return on equity (ROE) was between 12% and 14% — better than that of many of its peers — even as shareholders' equity nearly doubled from RM1.56 billion at end-FY2014 to RM3.11 billion in FY2017. Adjusted and weighted ROE from FY2014 to FY2017 was 13.8%.

Dialog has exposure to the entire oil and gas value chain, including upstream assets and services, with expertise ranging from integrated technical to development of marginal oilfields.

The group debuted in the tank terminal business in 1997 with a 20-year contract for the Kertih tank terminal in Terengganu. Its big break came from contracts for the Pengerang Deepwater Terminals (PDT) in Pengerang, Johor. The group's facilities in the southern tip of Johor now support Petronas' US$27 billion Pengerang Integrated Complex (PIC) project. PDT was one of Dialog's bigger projects in the FY2014 to FY2017 period.

Dialog owns 46% of PDT's Phase 1, which was completed in FY2016. It also owns a 25% stake in PDT2 — comprising a deepwater jetty with 11 berths and storage capacity of



1.7 million cu m. The RM6.3 billion facility will be completed early next year.

It is understood that Dialog is securing partners for PDT3, ahead of its scheduled commencement by 2025 with an initial capital expenditure (capex) of RM2.5 billion. The company is set to own 80% of PDT3.

In the three financial years, the company's other significant projects were jetty topside works for Samsung — also in Pengerang — and a plasticiser plant for UPC Chemicals (M) Sdn Bhd in Kuantan, Pahang.

Dialog continued to see recurring income from its other operations, such as the Langsat Terminal in Pasir Gudang, Johor. It also continued to undertake its traditional businesses, namely downstream asset and plant engineering, construction, and maintenance works.

From its humble beginnings in 1984, Dialog now has offices and facilities in Malaysia, Singapore, Thailand, Indonesia, China, Australia, New Zealand, Saudi Arabia and the UAE.

A few months ago, Dialog made it to the 30-stock FBM KLCI list, thanks to the rise in its market capitalisation from RM11 billion a year ago to around RM18 billion now.

The company plans to make it big in the downstream segment, earmarking half of its 2019 capex of RM1 billion for it.

At its annual general meeting last month, executive chairman Tan Sri Ngau Boon Keat told reporters and analysts that the group might acquire minority stakes in petrochemical plant projects on top of its tank terminal business.

PDT3 would definitely attract such plants to Pengerang, adding to the existing facilities in PIC.

With a strong balance sheet — current ratio of 1.55 times and debt-to-equity ratio of 0.43 times as at June 30, and cash balance of RM1.24 billion — Dialog seems to have all that it takes to ride the expected industry upcycle in the next few years. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS (JOINT WINNER)

ENERGY

Yinson Holdings Bhd

SAILING STEADILY IN ROUGH WATERS

BY ADAM AZIZ

The longer-than-expected downturn in the oil and gas (O&G) industry has resulted in many asset-heavy players going belly-up worldwide. In contrast, Yinson Holdings Bhd expanded and gained a firmer foothold in the harsh operating environment.

From just one floating, production, storage and offloading (FPSO) vessel in 2010, Yinson is now the world's sixth largest FPSO operator with a footprint in several regions — from West Africa to Europe, the Americas and Asean.

The group was the winner of the 2016 *The Edge*-BRC award for the highest profit before tax growth for the trading and services sector. Yinson is back on the list of winners this year as the joint winner of the award for

the highest return on equity in three years in the energy sector.

While Yinson's ROE declined from a high of 23% in FY2014 to only 10% in FY2017, it was still among the highest in the industry during the period. For the awards, Yinson's adjusted weighted ROE showed a 14.1% three-year compound annual growth rate during the evaluation period.

In June 2015, Yinson decided to dispose of its logistics unit to fully focus on the FPSO vessel business when oil was trading at US$45 per barrel. It was the right call.

As at July 31, Yinson had total assets of RM7.58 billion, comprising equity of RM3.77

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

ENERGY

Petron Malaysia Refining & Marketing Bhd

BUMPER PERIOD WITH RECORD-HIGH PROFIT AND SHARE PRICE

BY SAMANTHA HO

Shareholders of Petron Malaysia Refining & Marketing Bhd have been smiling. The crude oil refiner achieved a record-high net profit and declared a record dividend. In addition, the share price has surged to an all-time high.

Its net profit of RM405.2 million in its financial year ended Dec 31, 2017 (FY2017), was a 70.6% year-on-year jump, supported by stronger oil prices and higher sales volume, which drove full-year revenue up 36% year on year to RM10.4 billion.

The strong financial performance was fuelled by record sales with an increase in total volume to 34.9 million barrels — 9% higher than in FY2016. This translated into 96,000 barrels per day in FY2017 compared with 88,000 barrels in FY2016 and 83,000 barrels in FY2015, demonstrating an upward trend in sales volume over the three financial years in review.

Petron delivered a stellar set of earnings figures from FY2015 to FY2017 after posting losses in FY2013 and FY2014.

The group, which also operates a petrol station chain in the country, recovered from a net loss of RM64 million in FY2014 to a net profit of RM405.2 million in FY2017, thanks to a one-off gain of RM65.6 million. The group's earnings per share jumped to 150.1 sen in FY2017 compared with 88 sen in FY2016 and 20 sen in FY2015.

Attracted by the improved earnings performance, investors grabbed Petron's shares, leading to a rally in the share price to record highs from May 2017.

In the awards evaluation period, Petron's share price soared 182% from RM2.57 on June 30, 2015, to RM7.25 at end-June 2018, representing a three-year compound annual growth rate of 41.3%.

The strong earnings enabled the group to reward shareholders with more generous dividends. The company declared a dividend per share of 25 sen (the highest in 20 years) in FY2017, 22 sen in FY2016 and 20 sen in FY2015.

The stronger oil prices initially benefited Petron because it caused a widening of the motor gas (mogas) crack spread, which is the difference between crude oil prices and refined petroleum products.

However, the crack spread started to narrow this year and feedstock costs went up.

For the first nine months of FY2018, Petron's net profit declined 18.2% to RM250.09 million, although revenue over the period grew 21.5% to RM9.15 billion.

Petron said it expects price volatility to continue due to several factors, such as geopolitical tensions and trade wars that may affect oil supply and demand.

"The company will maintain its service station network expansion programme to cater for its growing customer base and upgrade its refinery and distribution facilities to support the increasing requirements," it said.

RHB Research analyst Lim Sin Kiat is optimistic about Petron's prospects, reiterating a "buy" call on the stock with a target price of RM9.50.

"We don't discount the possibility of stronger-than-expected earnings in the second half of 2018 due to sustained strong sales volume growth, which would be a positive catalyst," Lim wrote in a report after the group announced its financial figures for the second quarter ended June.

It is also worth noting that the price of oil has been on a downward trend, falling 20% to US$68.71 per barrel on Nov 13, 2018, from a three-year high of US$86.29 in early October this year, which may lower feedstock costs.

However, the Singapore mogas ICE Brent crack spread has dipped in and out of negative territory since early November this year.

Just how these factors will affect Petron remains to be seen but the refiner certainly enjoyed a highly profitable FY2017. E

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billion against liabilities of RM3.81 billion.

The group has gained the confidence of investors over the years and has been consistently selected by analysts as one of their top picks in the O&G sector. While many O&G stocks on Bursa Malaysia are still experiencing heavy selling pressure, Yinson's share price has doubled from RM2.766 at end-June 2015 to RM4.518 at end-June 2018.

So, how did Yinson make it? In an interview with *The Edge* in July last year, group CEO Lim Chern Yuan emphasised pacing growth and the pursuit of contracts. Indeed, the company has delivered projects within budget and on time without fail.

One of its strategies is to focus on robust contract terms, such as fixed charter rates and termination protection, which minimises oil price and reservoir risks. More importantly, it is not greedy about winning many contracts, but it wants the good ones that will benefit the group in the long run.

Yinson is also focused on optimising its capital and funding structure to facilitate its operations and growth in the capital-intensive and high-risk O&G sector, such as through ring-fencing its funding with secured contracts.

"What we have done in the past one to two years is to build up our balance sheet and human resources, and with the oil price being where it is right now, I think we are in a good position to take on [more] projects," said Lim in July.

Yinson is also critical in establishing its network, emphasising high quality counterparties and strategic partners.

Amid the downturn of the O&G sector of last few years, Yinson managed to maintain its growth tempo, completed the conversion of its vessels and delivered its ships within its contract obligations, thus earning the trust of its clients and partners.

It now owns and operates a fleet comprising three categories of offshore marine vessels with five FPSOs, one floating storage and offloading vessel as well as four offshore support vessels.

As at July, FPSO tenders were at their highest in three years, according to Lim. The company's order book stood at a healthy US$4.3 billion as at May, which will provide an income stream for the group until 2037.

According to Bloomberg data, Yinson had six "buy" calls and one "hold" from Oct 1 to Nov 16, with target prices ranging from RM4.56 to RM5.53.

Oil prices have risen from their lows to a level many industry players describe as a "sweet spot" of around US$70 per barrel. The upstream O&G industry is poised to return to exploration and production mode with FPSO operators, like Yinson, seen as beneficiaries for more jobs. This bodes well for Yinson. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

PLANTATION

Kuala Lumpur Kepong Bhd

EXCEPTIONAL RETURNS FROM A LEADING PLANTER

BY LIEW JIA TENG

Plantation giant Kuala Lumpur Kepong Bhd (KLK) walked away with the award for highest return on equity (ROE) over three years for the plantation sector for a second straight year at *The Edge* BRC awards.

KLK's return on shareholders' equity was 9% in the financial year ended Sept 30, 2015 (FY2015), 15.2% in FY2016 and 8.7% in FY2017. However, it should be noted that the group's ROE in FY2017 — which slipped back to single digit — was its lowest in the past five years. The ratio, which measures how well a company uses shareholders' funds to generate profit, stood at 12.2% in FY2013 and 12.8% in FY2014 respectively.

In KLK's 2017 annual report, CEO Tan Sri Lee Oi Hian acknowledged that the group recorded lower returns on shareholders' equity and total assets in FY2017 as the profits attributable to shareholders in FY2016 had taken into account the surplus from the sale of estate land and the net deferred tax benefit from the revaluation of its biological assets in Indonesia, totalling RM699.6 million.

It is also worth noting that shareholders' equity has increased steadily over the last five years from RM7.53 billion in FY2013 to RM11.57 billion in FY2017.

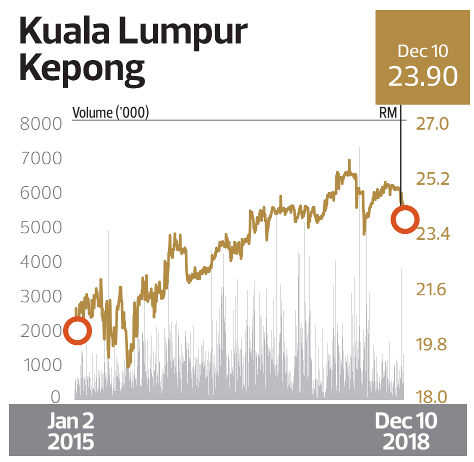
Going forward, some analysts expect KLK's ROE, which fell further to about 6% in FY2018, to remain low at single digits for at least the next two years.

PublicInvest Research analyst Chong Hoe Leong estimates KLK's ROE will recover slightly to 8.2% in FY2019, 8% in FY2020, and 7.6% in FY2021. The current weak crude palm oil (CPO) prices remain a key challenge for the plantation segment in FY2019.

Similarly, BIMB Securities analyst Noorhayati Maamor forecasts KLK's ROE to remain at 8.1% and 8.3% in FY2019 and FY2020 respectively. Given the current prospects for prices of palm oil products, BIMB Securities tweaked its earnings forecast lower for FY2019 and FY2020 to RM1 billion and RM1.06 billion respectively, from RM1.18 billion and RM1.22 billion previously.

MIDF Research analyst Alan Lim, for one, is of the view that KLK's ROE could rebound to double digits to 10.5% in FY2019 and 11.9% in FY2020. Lim, who recently downgraded KLK to "neutral" with a target price of RM24.50, says the stock's upside is likely to be capped due to short-term uncertainty over its dividend. However, the share price should be supported by the company's strong balance sheet.

In any case, KLK outperformed its peers using the methodology for The Edge-BRC awards, where three-year ROE is weighted and adjusted to take into consideration how it is harder for larger companies to generate more profit than smaller ones.



Starting out as a plantation company more than a century ago, oil palm and rubber remain KLK's core business activity. The group's plantation land bank now stands at close to 270,000ha, extending across Peninsular Malaysia and Sabah; Belitung Island in Sumatra, and Central and East Kalimantan, Indonesia; and Liberia. Since the 1990s, KLK has diversified into resource-based manufacturing, including oleochemicals, derivatives and specialty chemicals, and thus vertically integrated its upstream and downstream businesses. The group also capitalised on the strategic location of its land bank in the peninsular by expanding into property development.

In FY2017, KLK delivered just over RM21 billion in revenue, an increase of 27% on the back of improved selling prices of products in the plantation sector and the oleochemicals business, as well as an increase in transactions of refined products by its trading arm. Its plantation sector registered a profit of RM1.29 billion, a sterling improvement of 56% from FY2016. This was mainly due to higher prices of palm commodity products.

The outlook is less sanguine, at least for the first half of next year, because of the prevailing depressed prices for palm oil products. "The current high CPO inventory level has impacted negatively on palm product prices. Whilst we expect FFB (fresh fruit bunches) production to improve, the current uncertainty in palm product prices will pose a challenge to our plantation profit for financial year 2019," KLK said in the notes accompanying its 4QFY2018 results. It added that its oleochemical division "is expected to maintain its performance with higher capacity utilisation and operational efficiencies".

If prices turn out to be better than expected, KLK may have a chance of scoring a hat trick next year. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PLANTATION (BELOW RM3 BILLION MARKET CAPITALISATION)

Sarawak Oil Palms Bhd

BETTER YIELDS, BETTER GROWTH

BY CHESTER TAY

After a dip in earnings in the financial year ended Dec 31, 2015 (FY2015), Sarawak Oil Palms Bhd's (SOP) profit after tax (PAT) has not just rebounded but hit a multi-year high in FY2017.

Thanks to the double-digit growth in fresh fruit bunches (FFB), the plantation group's PAT grew to RM239.3 million in FY2017 — more than double the RM115.4 million in FY2014 — translating into a three-year compound annual growth rate (CAGR) of 27.5%.

The impressive growth won SOP The Edge BRC award for the highest growth in PAT in the plantation sector.

The group's revenue leapt to RM4.91 billion in FY2017 from RM4.41 billion in FY2016, RM3.67 billion in FY2015 and RM2.87 billion in FY2014. It is worth noting that SOP's revenue was only RM683.5 million in FY2008.

Over the past three financial years, SOP had consistently declared a dividend per share of five sen.

The group has relatively young oil palm plantations. It has total planted areas of 88,094ha with trees averaging 10.2 years old.

The group's FFB production increased from 1.01 million tonnes in FY2016 to 1.37 million tonnes in FY2017, representing an increase of 36% from the previous year. Overall yield (inclusive of FFB production from newly acquired estates) in FY2017 was 17.07 tonnes per hectare compared with 16.79 tonnes per hectare in FY2016.

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PLANTATION

Kim Loong Resources Bhd

THE PLANTER AND MILLER SCORES THREE IN A ROW

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 Billion Ringgit Club member with the highest returns to shareholders in the plantation sector for the third straight year.

Despite the prolonged downturn in the plantation sector, Kim Loong generally performed better than its peers on Bursa Malaysia. Its good dividend payouts likely helped.

In the evaluation period of June 30, 2015, to June 29, 2018, the stock rose 72%, reflecting a three-year compound average growth rate (CAGR) of 19.9% — the highest among plantation counters.

Its gross dividend yields have also been more attractive than returns on conventional bank deposits in the past five years, rising as high as 7.6% in its financial year ended Jan 31, 2016 (FY2016), as the company paid out 97% of its earnings.

According to Bloomberg data, Kim Loong declared a total dividend per share (DPS) of 24 sen (equivalent to eight sen per share post the three-for-one share split completed in April this year) for FY2018, giving shareholders a fairly attractive dividend yield of more than 5% at the time. The total payout represents about 75% of the annual profit attributable to the owners of the company.

Kim Loong is 63%-owned by the Gooi family, which also owns locally listed property developer Crescendo Corp Bhd. Kim Loong's principal activities are divided into two main areas: plantation operations and milling operations. The company owns oil palm estates in Johor, Sabah and Sarawak.

As at end-FY2018, Kim Loong's total plantation land bank stood at 15,946ha, of which 94% was fully planted with oil palm. About 86% of the palm trees were mature at over six years old, 9% were young mature at below six years old while the remaining 5% were at the immature stage. The company expects to replant about 1,200ha of the plantations in FY2019 and has been sourcing additional land in Johor, Pahang, Sabah and Sarawak. It says, however, that Roundtable on Sustainable Palm Oil (RSPO) restrictions "are a major constraint".

"To support our plantation operation in Sarawak, we have been actively looking into the possibility of setting up a palm oil mill there," says executive chairman Gooi Seong Lim in a May 17 note appended to Kim Loong's 2018 annual report.

The planter expects fresh fruit bunch (FFB) production in FY2019 to fall 10% year on year mainly due to the replanting of old trees. Its milling operations saw a record-high processing quantity of 1.5 million tonnes of FFB in FY2018 and its management is "optimistic that its three mills can continue to maintain high utilisation rates" in FY2019.

"We are uncertain about the direction of the price of CPO in view of its susceptibility to fluctuations in currency exchange rate, demand and supply of commodities, import policies of major importing countries as well as the weather in major oilseed purchasing countries. Nevertheless, we hope that CPO prices stay above the RM2,400 per tonne level ... We foresee the group performing satisfactorily in FY2019," Gooi adds.

The company's results for its second quarter ended July 31, 2018 (2QFY2019), however, came in below expectations due to weaker-than-expected milling margins and lower-than-expected production.

UOB Kay Hian Research, for one, expects its earnings to improve in the second half on the back of higher FFB production, which would lead to higher utilisation rates at its mills.

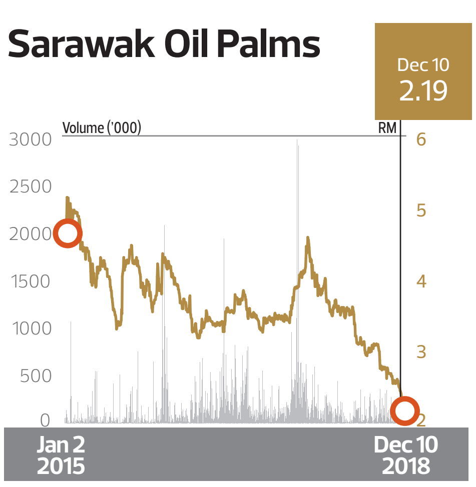
"We forecast FFB production to drop 9% year on year in FY2019 as per management guidance due to its replanting programme. Management is targeting to replant 800ha to 1,000ha (6% to 7% of mature areas) per year for the next five years. We forecast FFB production growth of -4% year on year in FY2020-FY2021. We have cut our FY2019 net profit estimate by 22% to factor in lower processing margins from the milling operations and maintained our FY2020-FY2021 net profit estimate," the research house says in a Sept 28 note.

It forecasts Kim Loong's net profit to come in at RM78 million in FY2019 before climbing to RM111 million in FY2020 and RM114 million in FY2021. "The improvement in FY2020 will come mainly from an increase in the milling operations' utilisation rates and processing margins."

Kim Loong's net profit was RM98.8 million in FY2018, RM71.1 million in FY2017 and RM73.8 million in FY2016.

According to Bloomberg data, only two analysts covered the stock at the time of writing. JF Apex had a "hold" call on the stock and a target price of RM1.25 while UOB Kay Hian had a "buy" call with a target price of RM1.50, based on 13 times FY2020 earnings.

If the company has its way, the recent one-to-three share split that lowered the entry price for the stock may help increase retail participation. E



Its oil extraction rate was 20.65%, versus 19.97% in FY2016.

As at FY2017, 31.78% of the group's plantation was covered by prime age (11 to 12 years old) oil palm, while 54.41% of the trees were young (4 to 10 years old).

The group's old oil palm trees — those above 21 years old — constituted about 4.59% of its total plantation, while 9.22% remains immature or below four years old. It had replanted a total of 1,834ha.

SOP expanded its oil palm plantations in 2016 through the acquisition of Shin Yang Oil Palm (Sarawak) Sdn Bhd from its parent Shin Yang Holding Sdn Bhd for RM873 million cash. The main assets taken over included a 60 TPH palm oil mill and land bank of 47,000ha, of which 23,798ha have been planted with oil palms. The group's planted area expanded to 87,744ha in 2016 from 63,517ha previously.

To finance the acquisition, the group made a cash call through a two-for-seven renounceable rights issue of 126.6 million shares at RM2.80 per share.

SOP was originally a joint venture (JV) between Commonwealth Development Corporation (CDC) and the Sarawak government that was set up in 1968 to pioneer the commercial planting of oil palms in Sarawak. The JV had an initial 4,600ha of oil palm plantations under the name of Sarawak Oil Palms Sdn Bhd before the group changed its name officially in 1990.

SOP was listed on Bursa Malaysia in August 1991. In June 1995, Shin Yang Plantations Sdn Bhd bought over CDC's entire share (25%) in SOP. Presently, Shin Yang Group together with Pelita Holdings Sdn Bhd, an investment arm of the Sarawak government, are the two largest shareholders of SOP with shareholdings of 37.5% and 28.5% respectively.

Pelita has presence in property development, urban development and plantations.

Moving forward, SOP says its performance in FY2018 would continue to be driven by FFB production and palm products' price movements, which is dependent on the world edible oil market, movement of the ringgit and the economic conditions. Improved cost control by plantation companies will definitely help ease pressure on profit margins in FY2018 given the recent weakness in the price of crude palm oil. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TECHNOLOGY

ViTrox Corp Bhd

HOME RUN FOR HOME-GROWN CHAMPION

BY AHMAD NAQIB IDRIS

Semiconductor counters had a good run in 2017, but few have been able to continue the climb in the first half of this year on concerns over the US-China trade war and the strengthening of the ringgit against the greenback.

ViTrox Corp Bhd, which joined *The Edge*-Billion Ringgit Club last year, has been able to sustain the upward momentum of its share price, which has soared nearly 235% in the past three years, from June 30, 2015 to June 30, 2018. The gains translate into a 50.41% three-year compound annual growth rate. The rally has gathered steam from the company's sustainable earnings growth amid increasing demand for semiconductor inspection.

ViTrox achieved record revenue of RM327.5 million for the financial year ended Dec 31, 2017 (FY2017).

The impressive jump in revenue was attributed to its increased market share in some growth areas — including China, the US, the Philippines, Taiwan and Europe — for its new and improved series of inspection systems and equipment, serving the growing semiconductor back-end and the electronics manufacturing industries.

In FY2017, ViTrox launched new advanced vision inspection solutions to cater for the increasing complexity and miniaturisation of semiconductor components, allowing automatic identification of defects via its 2D and 3D optical and x-ray vision inspection systems.

Its all-time high revenue for FY2017 marked a 40% year-on-year jump from RM234.03 million in FY2016. Its FY2017 net profit grew 28% y-o-y to RM83.02 million.

The group said the global move towards more connectivity and artificial intelligence will drive the demand for more smart electronic devices and equipment, powered by advanced semiconductor chips and sophisticated electronics systems, which augurs well for the group.

Since FY2013, ViTrox has more than tripled its revenue and plans to further grow its top line with the development of new technologies as well as expanding its product offerings and market share.

In terms of rewarding shareholders, the company paid a dividend per share of five sen in FY2015, 6.5 sen in FY2016 and 4.5 sen in FY2017. For the three financial years, ViTrox shareholders received a total DPS of 16 sen.

The sustained share price rally and regular dividends have made ViTrox the clear winner of *The Edge*-BRC Highest Return to Shareholders award for the semiconductor sector. This is the second year in a row that ViTrox has come out tops.

The company's earnings growth continues in FY2018. ViTrox posted a net profit of RM76.03 million, a 22% y-o-y rise for the nine months ended Sept 30. Cumulative revenue expanded nearly 23% y-o-y to RM284 million.

According to Hong Leong Investment Bank analyst Tan J Young, ViTrox expects to post another record year for FY2018, based on its increased floor space and additional tax incentive.

Tan says the group's automated board inspection segment remains ViTrox's main growth driver, offsetting the slack in its machine vision system tray operations.

"Despite the sequentially flattish 3QFY2018, business prospects remain bullish while Campus 2.0, with more floor space, allows ViTrox to take more orders. Recently, its pioneer status was extended to include 'sales of related module' which are related to upgrade services," says Tan. He adds that the group is poised to win more market share in the event of global semiconductor growth, leveraging its technology leadership in machine inspection, especially in 3D automated optical inspection and advanced extensible interface.

Maybank Investment Bank analyst Ivan Yap says ViTrox has yet to unleash its full potential.

"ViTrox has yet to fully utilise its new Campus 2.0 and we expect earnings growth to persist as it benefits from rising demand for automation equipment, especially in the telecommunications infrastructure (5G deployment from 2019 onwards) and automotive (autonomous driving) industries," Yap says. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TECHNOLOGY

Inari Amertron Bhd

STEADY EARNINGS GROWTH AND AN IMPRESSIVE ROE

BY AHMAD NAQIB IDRIS

Inari Amertron Bhd is a good proxy for the exponential growth of semiconductor industry, given its strategic positioning on the value chain. The group's involvement in radio frequency testing allows it to ride the demand for components in the telecommunications sector.

The rising popularity of smart devices such as smartphones and tablets has consistently fuelled the group's revenue growth over the years.

Its steady earnings growth has generated a impressive return on equity in the past three financial years, enabling Inari to walk away with *The Edge*-Billion Ringgit Club's Highest ROE award in the semiconductor sector.

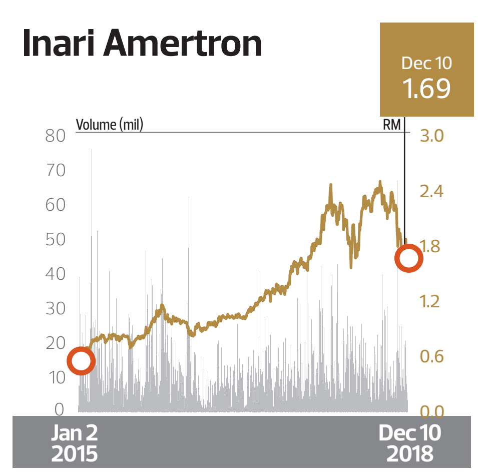
Inari's ROE was over 38% in the financial year ended June 30, 2014 (FY2014) but that eased to 28% in FY2015 as its shareholders' equity doubled from RM258.2 million in FY2014 to RM537 million in FY2015. By F2017, shareholders' equity was RM875.5 million but ROE increased to 26% in FY2017 from 22% in FY2016.

Based on the *The Edge*-BRC awards criteria, Inari's adjusted weighted ROE over three years was just under 30% — far above peers in the technology sector.

In FY2016, Inari saw a slight decline in its net profit to RM148.25 million, compared with RM152.54 million in FY2015. However, in the following year, Inari saw a 54% year-on-year jump in net profit to RM227.76 million in FY2017.

The sustainable earnings growth over the years has attracted investor interest. Inari's share price has been on an upward trend between June 30, 2015 and June 30, 2018. Based on the adjusted share price, Inari surged 186% from 78.3 sen to RM2.24 during the three-year period.

With a stellar earnings performance, the group has not neglected to reward its shareholders. Inari declared a dividend per share of 8.9 sen in FY2015, 8.4 sen in FY2016, and 9.8 sen in FY2017, bringing the total to 27.1 sen for the three financial years.



Besides regular dividends, Inari has undertaken two bonus issues — a one-for-one issue in January last year and another one-for-two issue in March this year.

THE EDGE BILLION RINGGIT Club 2018

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TELECOMMUNICATIONS & MEDIA

Astro Malaysia Holdings Bhd

SEEING GROWTH AMID CHALLENGING TIMES

BY CHESTER TAY

Through prudent cost optimisation and diversifying its revenue stream, Astro Malaysia Holdings Bhd has managed to achieve phenomenal growth over the past three fiscal years.

The country's largest pay-TV operator achieved profit after tax (PAT) of RM623.7 million for its financial year ended Jan 31, 2017 (FY2017), up from RM615.3 million in FY2016, RM519.4 million in FY2015 and RM448 million in FY2014.

This translates to a three-year compound annual growth rate of 11.7% — bagging it *The Edge*-Billion Ringgit Club award for the highest growth in PAT over three years in the Telecommunications and Media sector.

That is no small feat for a company that is not just facing competition from new legitimate rivals but also being hit by piracy — its biggest headache, given the widespread mentality among many of getting free content over the Internet.

Moving forward, Astro is striving to find a niche in the market. It is positioning itself to be ahead of the game by being a technology-driven group, capitalising on opportunities brought about by the digital, online and mobile space while playing to its strengths and staying true to its core as a consumer-first company.

In FY2018, Astro's earnings continued to grow by nearly 24% to RM764 million despite revenue dipping 1.5% year on year to RM5.53 billion.

Outgoing CEO Datuk Rohana Rozhan, in the group's FY2018 annual report, attributed the improved profitability to an increasingly diversified revenue base, underpinned by relentless cost optimisation resulting from digitisation initiatives and optimisation of content spends, as well as a favourable climate for foreign exchange.

Concerns about digital disruption have put Astro's share price under pressure. The stock fell 40% from RM2.613 on June 30, 2015, to RM1.564 at end-June 2018. The selldown, which some investment analysts deemed overdone, has made Astro's dividend yield attractive at over 7%.

Citigroup analyst Hussaini Saifee, in a Nov 15 report, said that investors should buy Astro's shares after the 57% slump in its share price this year as valuations, cash flows and dividend yield outweigh negative elements such as stiff competition.

Rohana opines that a fundamental challenge for media providers in switching from traditional to digital media is the lack of clarity in viable business models, given the heavy focus on advertising-funded models and a gradual but distinct shift in consumer willingness to pay.

Astro is approaching this problem in Malaysia by being prudent about capital management and pursuing growth strategies, while using the group's core strengths to defend its position.

Meanwhile, Rohana says Astro is building a regional presence by investing in Nusantara digital communities, content and ecosystems through win-win collaborations and partnerships.

"Digital does not only affect business models, but also the value chain. For Astro, major shifts are to our customer outreach and marketing activities, as well as our product offerings, and to a lesser extent, supply chains and sales channels," she says.

According to Rohana, efficiencies are being gained, namely through customer online self-serve, use of digital sales channels and migrating new customers to customer-owned equipment such as smart TVs to save on capital expenditure on new set-top boxes (STBs).

"In parallel, more of our content is moving to online and on-demand through connected STBs, apps and web portals to keep up with changing customer preferences," she said.

As a 22-year old company, Rohana said Astro has a uniquely strong position given its established asset base in brand, customer reach and engagement, long-standing transactional relationships, talent and content, to form new businesses for a bigger slice of the expanding digital economy pie.

In FY2018, the group scaled up its reach across not only households but also individuals, through its over-the-top media services, commerce and radio propositions, she added.

"We also ramped up on our regional content capabilities and digitalised our business, but more importantly upskilled our talent to ensure Astro continues to be fit-for-purpose in the digital era."

Astro deserves a pat on the back for how far it has come. The challenges that lie ahead means it needs to stay on top of its game. E

MOHD IZWAN MOHD NAZAM/THE EDGE

Inari is principally an outsourced semiconductor assembly and test service provider, with major undertakings including wafer processing, chip fabrication and wafer certification in fibre-optic chips, advanced systems in package assembly and other services such as sensor and IC package design.

It operates 12 plants in Malaysia, the Philippines and China, with more than one million sq ft of floor space and more than 6,000 employees.

Inari's share price has retreated from its peak of RM2.507 in August this year, after making a significant jump in the past three years. Still, analysts see upside potential in the stock. It remains on the recommendation lists of many analysts and according to Bloomberg, 12 out of 17 analysts who track the company have a "buy" call.

AmInvestment Bank analyst Tan Kai Bin is upbeat on Inari's prospects as the radio frequency segment is seen as a beneficiary of the transition to 5G and rising content per device, while the laser devices segment stands to benefit from the increasing biometric and augmented reality applications in smartphones.

Its LED segment will be supported by rising demand for high-resolution billboards in shopping malls, he adds.

Affin Hwang Capital analyst Kevin Low says the group's radio frequency is going through a rough patch but expects stronger quarters ahead, noting the expected contribution from Osram, which is likely to come in by the second half of FY2019.

"In our view, the pullback of the share price provides a good opportunity to take a position in one of the best plays in the global radio frequency testing space.

"We strongly believe Inari will be a key beneficiary in the 5G transition as demand will be spurred by a multiple-fold increase in radio frequency components in these new devices," he says. E

THE EDGE BILLION RINGGIT Club 2018

HIGHEST RETURN ON EQUITY OVER THREE YEARS

UTILITIES

Petronas Gas Bhd

READY TO EMBRACE THE CHALLENGES AHEAD

BY KHAIRIE HISYAM ALIMAN

Natural gas processors and distributors are seeing an increasingly high-pressure environment in recent years, with mounting concerns over climate change and the future of oil and gas-related industries.

Petronas Gas Bhd (PetGas) has been evolving with the times to ensure its shareholders continue to reap good returns and to maintain its position as one of the country's leading gas infrastructure and utilities players.

Among its peers — many of which are power producers — PetGas' double-digit return on equity over the three financial years in review stands out. For the financial year ended Dec 31, 2017 (FY2017), it recorded a healthy ROE of 14.3%, easing from 17.5% in FY2014, even as shareholders' equity expanded to RM12.52 billion from RM10.5 billion.

Net profit, which grew from RM1.84 billion in FY2014 to nearly RM2 billion in FY2015, slipped to RM1.74 billion in FY2016 as the company recognised tax incentives from reinvestment tax allowances in the preceding years. In FY2017, net profit was RM1.8 billion.

Its financial performance has remained steady and that consistency has supported its strong dividend payout, which hit 72.8% in 2017 (2016: 70.5%), translating into a total payment of RM1.3 billion, 6% higher than the previous year.

While not affected directly by the low crude oil price environment, PetGas has been undergoing an internal transformation to ensure it remains competitive. By extension, the transformation also aims to ensure it continues to deliver value to its shareholders amid an increasingly dynamic and challenging landscape.

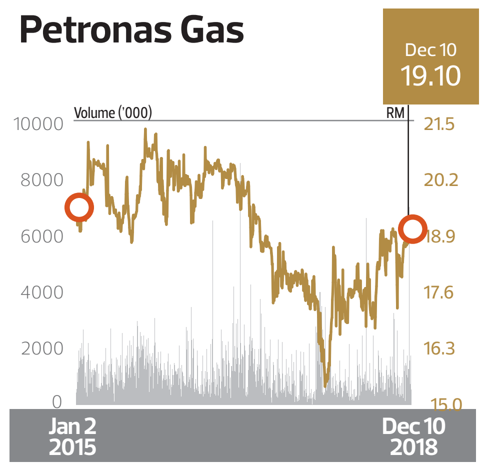
In 2015, following the sharp plunge in global crude oil prices, PetGas embarked on the 3ZERO100 road map, its first transformation phase.

The goal under 3ZERO100, which was completed in 2016, was to enhance operational efficiency and to strive for world-class standards in terms of productivity and health, safety, security and the environment (HSSE).

PetGas has since embarked on the next transformation phase called 3ZERO100 Beyond, which builds on the operational improvements and HSSE achievements from the first phase.

Looking ahead, PetGas could be facing a challenging landscape.

In 2016, the government introduced Third Party Access (TPA) under the revised Gas Supply (Amendment) Act 2016, essentially liberalising the downstream gas sector.



"On the supply side of the equation, we can expect to see new players entering the market along with liberalisation. With the TPA, a third party — other than the owner of a gas facility — is allowed to access and utilise the capacity of such a gas facility for the purpose of delivering gas to consumers," said PetGas managing director and CEO Kamal Bahrin Ahmad in the annual report.

Following several rounds of discussions and engagements with relevant stakeholders, he noted that PetGas was ready to offer the transmission and regasification infrastructure for use of third parties effective Jan 16 this year.

"At the same time, we are further strengthening our internal processes and systems to enhance our competitive edge and ensure we remain the safest, most reliable and efficient infrastructure and utilities company," he said.

The TPA's current tariffs are valid until the end of this year and the upcoming revision poses an earnings risk for PetGas, according to CGS CIMB Research.

"Changes could take place through a staggered transition over the years to minimise the earnings impact. The TPA could affect the group's regasification and transport divisions (both making up 67% of 1H2018 gross profit) and our rough analysis reveals a potential 25% earnings downside if book value is used as the regulatory asset base," CIMB Research says.

That said, CIMB Research expects PetGas to be capable of maintaining its absolute dividend per share quantum going forward by increasing its payout ratio to offset any earnings hit.

As for the upcoming tariff revision and how it may impact its performance, PetGas expects to stay the course. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TELECOMMUNICATIONS & MEDIA

TIME dotCom Bhd

CLEAR SHARE PRICE OUTPERFORMER

BY KAMARUL AZHAR

Shareholders of TIME dotCom Bhd (TdC) would probably be thanking their lucky stars and have little to complain about their investment. The high-speed fibre broadband services provider is the only telecoms stock whose share price rose in the three-year period of June 30, 2015, to June 29, 2018.

During that period, TdC's share price jumped just over 35% from RM5.65 to RM7.64, growing at a three-year compound annual growth rate (CAGR) of 10.6%.

While it has retraced from its recent high of RM9.695 on Aug 30 last year, TdC shares still had gains to show — in stark contrast to the sea of red displayed by its peers.

The high-speed broadband operator has been consistently rewarding its shareholders with dividends. A bumper dividend was declared on July 1, 2015, of 73.5 sen per share for the financial year ended Dec 31, 2015 (FY2015).

Over the three-year period, TdC declared dividends amounting to 79.1 sen for FY2015 (interim dividend of 5.6 sen per share plus bumper dividend), 20 sen for FY2016 and 17.3 sen for FY2017. For FY2018, TdC has already declared an interim dividend of 17.2 sen.

The special dividend declared for FY2015 comes from the RM423.9 million gross proceeds from disposing of 49.9 million shares in Digi.com Bhd at RM6.23 per share on April 10, 2015, and 18.83 million shares on May 12, 2015, at RM6 per share.

Its last block of 68.72 million shares in Digi.com was sold for RM307.2 million cash in the following year. The gain on the stake sale boosted TdC's earnings in FY2015 and FY2016, when it posted profits after tax of RM466.9 million and RM407.3 million respectively.

The telco's revenue was on an upward

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

UTILITIES

Mega First Corp Bhd

LAOS CASH COW POWERING GROWTH

BY CHESTER TAY

Mega First Corp Bhd's (MFCB) 256MW Don Sahong hydropower plant in Laos, which the company is building at a cost of US$401 million, will be 80% completed by year end.

The plant means steady cash flow for the group from Laos, boosting its earnings for years to come.

To MFCB executive chairman Goh Nan Kioh, the plant is the best power project in the world. "It is environmentally friendly because there is no dam. It is run-of-the-river hydroelectricity. Technically, it is simple to build. It is economically viable and it is affordable," he told *The Edge* in a previous interview.

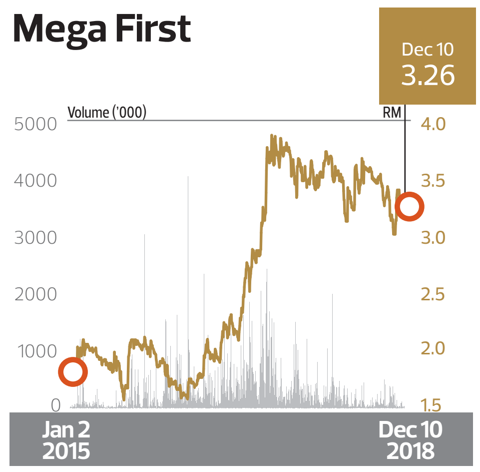
It is worth noting that the project has a short payback period of five years compared with the average of 10 years for traditional hydroelectricity projects.

The Don Sahong plant, in which MFCB has an 80% stake, is expected to generate an annual revenue of US$120 million upon its commercial operation by the company's financial year ending Dec 31, 2020 (FY2020).

In fact, MFCB's earnings already seem to be benefiting from the construction of the plant. Since FY2015, the group has seen double-digit growth in its net profit. In FY2017, net profit was RM138.34 million, up 86.29% from the RM69.9 million reported in FY2014. This translates into a compound annual growth rate (CAGR) of 25.6% over the three years.

"We are currently at about 65% [completion of the plant] and if we can achieve our target of 80% by the end of this year, the construction profit is quite substantial, although it is just accounting profit," MFCB independent director Yeow See Yuen told *The Edge* in August.

"The first cash coming in from Don Sahong will be through test energy sales by end-2019. The project is slightly ahead of schedule."



The group recognises revenue from construction services during the building phase of the Don Sahong plant under a build-operate-transfer concession with the Laos government. The concession comes with a tariff of 6.15 US cents per kWh.

MFCB's power-related business is its biggest income earner, registering a pre-tax profit of RM180.46 million or 93.5% of the total in FY2017, according to the annual report. It recorded RM172.6 million in pre-tax construction profit from Don Sahong, which will increase to about RM178 million (US$44.5 million) in FY2018.

While the group will book a larger construction profit from Don Sahong in FY2018, this may be offset by a loss of income from the expiry last year of its two power plant concessions in Shaoxing, China (Oct 22, 2017), and Tawau, Sabah (Dec 2, 2017).

The operational cost of the Laos project is estimated at 2% to 3% of revenue while royalties will cost 5%. Hence, the project should generate about US$110 million in profit before interest and tax.

Apart from Don Sahong, MFCB's limestone business is also faring well. It has invested about RM80 million over the last three years in doubling its capacity.

Its production facility in Gopeng, Perak, is running at near-full capacity and its eighth kiln there is expected to be commissioned by year end. That will add capacity of 400 tonnes per day, bringing the total to 1,960 tonnes per day.

In FY2017, MFCB's limestone product business contributed 13% to total revenue, down from 16% in FY2016 despite year-on-year growth of 21.7% to RM119.94 million. This was due to higher revenue from the power division, thanks to the Don Sahong project.

Investors clearly like what they see, having chased up MFCB's share price from RM1.85 on June 30, 2015, to RM3.64 on June 29 this year, which means a three-year CAGR of 25.3% — the highest among the company's peers. E

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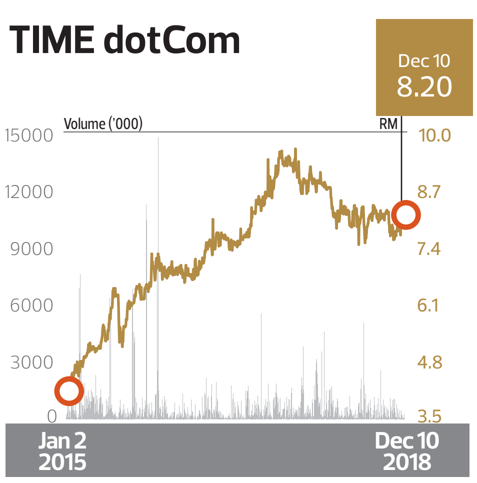
trend over the three-year period — another sign that business was doing rather well, despite heightened competition. Revenue grew from RM682.36 million in FY2015 to RM766.9 million in FY2016 and RM860.69 million in FY2017.

In the first nine months of financial year ending Dec 31, 2018, TdC's core net profit jumped more than 77% year on year to RM207.86 million, which the company attributed to higher recurring sales recorded from the data (+25.3% y-o-y) and data centre (+13.4% y-o-y) businesses, among others. It also had a RM10.3 million forex gain versus RM17.6 million forex losses in the previous corresponding year and higher share of profits from associates.

"The group expects the industry to remain challenging for the remainder of 2018 as market players adjust their pricing to remain competitive. It believes that the strategies that have been put in place will grow its market share over the long term. Improvement and expansion of its domestic fibre network footprint continues to be a priority as it grows its retail customer base,"



the company said in a Nov 27 statement after the release of its 9MFY2018 results.

On the regional front, TdC said the group will work with its associates in Thailand and Vietnam to connect Malaysia, Singapore, Myanmar, Cambodia and Laos. The group will also explore opportunities to expand its data centre market presence regionally and grow its current ecosystem to include interconnected players from various industries, it added.

It is worth noting that local high-speed fibre broadband players, including TdC, have been asked by the government to reduce their prices and increase internet speed for customers.

While investors are concerned over rising costs, TdC's top management says it is neutral and comfortable even if the package is priced according to the industry norm of RM129 (currently RM149) per month for 100Mbps. It welcomes access seekers on to its network and this may be a new wholesale revenue stream.

TdC's management is also not concerned about cannibalisation but reckons that government policy should be balanced between healthy competition and re-investment into network coverage.

At the time of writing, TdC'share price had retreated to RM8 levels. Nonetheless, seven out of the eight analysts who track the stock have a "buy" recommendation with an average target price of RM9.50, according to Bloomberg.

Hong Leong Investment Bank Research, which initiated coverage on the stock on Nov 28 with a "buy", said in a note that TdC's retail operation is gaining momentum on the back of reach expansion and undisputable high value products.

It also said TdC's data centre is expanding resiliently as IT outsourcing, cloud computing and virtualisation gain wide adoption. Time will tell if these will give shareholders more reason to cheer. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TRANSPORTATION & LOGISTICS

Lingkaran Trans Kota Holdings Bhd

BOOSTED BY INCREASED TRAFFIC ON EXPRESSWAYS

BY KAMARUL AZHAR

Lingkaran Trans Kota Holdings Bhd (Litrak) could be considered a proxy for urbanisation simply because development in new areas will boost traffic volume on expressways. Besides, toll concessions are resilient in harsh economic climates.

The new developments sprouting up in the Klang Valley that have resulted in rising traffic volume has kept Litrak on a steady growth path.

It chalked up 18.2% compound annual growth rate (CAGR) for profit after tax (PAT) in the three financial years from March 31, 2015 (FY2015) to FY2017. It saw a record-high PAT of RM221.03 million in FY2017, compared with RM174.1 million in FY2016 and RM137.9 million in FY2015. This was mainly due to the scheduled toll hike at Lebuhraya Damansara – Puchong (LDP) on Jan 1, 2016, which was recognised for the full 12-month period in FY2017.

Earnings per share (EPS) swelled in tandem with the higher PAT, coming in slightly higher at 26.76 sen in FY2015 compared with 26.1 sen in FY2014. It grew further to 33.5 sen in FY2016 and 42.1 sen in FY2017.

Meanwhile, revenue was also on an upward trend over the three years. From RM373.9 million in FY2014, it rose to RM380.7 million in FY2015 and RM416.2 million in FY2016 before leaping to RM534.2 million in FY2017.

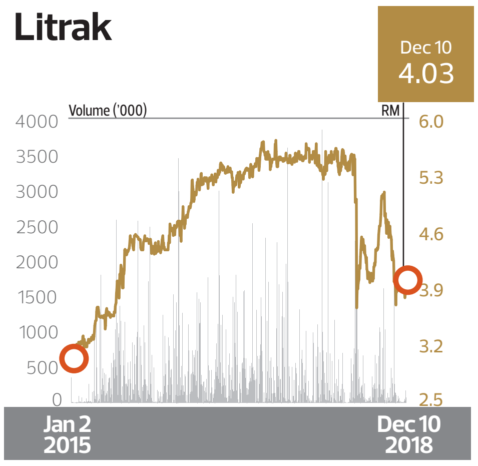
Given its steady cash flow, Litrak has been declaring dividends regularly. The concessionaire paid dividend per share of 30 sen in FY2015, 25 sen in FY2016 and 25 sen in FY2017.

Litrak's growth in PAT was the highest among its other peers in the transportation and logistics sector (market capitalisation of RM1 billion or above as at March 31, 2018). Its peers had mixed performances during the three years under review.

Litrak owns two main toll concessions in the Klang Valley —LDP and Sprint Highway.

While the country's high rate of car ownership is expected to support its earnings, Litrak foresees heightened regulatory risk after the May 9 general election. Pakatan Harapan's GE14 election manifesto called for the abolishment of all tolled highway concessions in Malaysia but with fair compensation to be paid to the concessionaires.

"At the time of writing, there has been no formal communication from the government to the board or the management on this matter," Litrak said in its latest annual report. "The group is confident that the provisions of the concession agreements, including each party's rights



accorded under the said agreements, will continue to be observed by both parties."

"Competition from competing road alignments and public transport would affect the tollable traffic for both these highways of the group," it highlighted.

The group's revenue for FY2018, although remaining robust, dropped 1.9% to RM523.9 million from RM534.2 million in FY2017, due mainly to a slight reduction in tollable traffic volume. Litrak explained that the lower traffic volume was due to the opening of Duta-Ulu Kelang Expressway Phase 2 (DUKE 2) in November 2017 and migration of commuters from highways to public transport such as the Mass Rapid Transit (MRT) Line 1 and the Kelana Jaya and Ampang Light Rail Transit (LRT) extension lines.

MIDF Research's analyst Fadhli Dzulkifly estimates that traffic on LDP and Sprint is expected to reduce by 3% and 4% due to the increased ridership on the MRT SBK Line and LRT lines.

To sustain future earnings, Litrak says it is keeping an eye out for viable new investments in the tolled highway industry — be it an acquisition of an existing tolled highway or a new alignment. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

TRANSPORTATION & LOGISTICS

Westports Holdings Bhd

PROVES RESILIENCE AS LEADING TRANSSHIPMENT HUB

BY KHAIRIE HISYAM ALIMAN

The seas have been rough for shipping companies worldwide and the ripples have been felt by the port operators as well. However, Westports Holdings Bhd continued to deliver high returns to its shareholders, proving its resilience as one of the leading transshipment hubs in Asia.

Its return on equity (ROE) over the three financial years in review is admirable — an outperformance that is no fluke. ROE came in at 29% in the financial year ended Dec 31, 2014 (FY2014), 26.6% in FY2015, 30.8% in FY2016 and 28.6% in FY2017, going strong even as shareholders' equity grew from RM1.76 billion in FY2014 to RM2.3 billion in FY2017. Its performance versus that of its peers is even more impressive on an adjusted weighted ROE basis over three years.

The high ROE was thanks to steady growth in earnings despite the operating landscape becoming more challenging. Westports' net profit rose from RM512.2 million in FY2014 to RM651.5 million in FY2017, implying a three-year compound annual growth rate (CAGR) of 8.4%.

This performance was despite a tough 2017 that saw its container throughput, measured in twenty-foot equivalent units (TEUs), fall 9% year on year to nine million.

The high ROE was due to a consistently high dividend payout ratio that has stayed at 75% in the past five years. In FY2017, it paid 14.3 sen dividend per share (DPS) out of 19.1 sen earnings per share, translating into RM446 million in total dividend payout. Westports declared a DPS of 14 sen for FY2016 and 11.1 sen for FY2015.

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TRANSPORTATION & LOGISTICS

Malaysia Airports Holdings Bhd

A CONSISTENT AND STEADY PERFORMER

BY KHAIRIE HISYAM ALIMAN

The airport sector, at a glance, may seem dull to investors with its near-monopoly structure and lack of explosive growth.

But underneath the drab, Malaysia Airports Holdings Bhd (MAHB) shines brightly when it comes to rewarding its shareholders over the long run, with its performance anchored in the stability of its sector-dominant business and steady upward trajectory.

In terms of capital appreciation, the counter has performed respectably. It gained 48% from RM5.922 as at end-June 2015 to RM8.753 as at end-June 2018 based on adjusted price.

MAHB made a cash call in late 2014, undertaking a one-for-five rights issue at RM7.90 per share to raise RM1.32 billion for the purchase of the remaining 40% stakes in its Turkish airport ventures, namely Istanbul Sabiha Gökçen Uluslararasi Havalimani Yatirim Yapim Ve Isletme AS and LGM Havalimani Isletmeleri Ticaret Ve Turizm AS.

Shareholders who had subscribed for the rights issue should have seen decent gains with the additional shares in hand. The stock rose from RM5.95 on June 30, 2015, to RM8.80 on June 29, 2018, reflecting a three-year compound average growth rate of 14% — well above the CAGR of other players in the transportation and logistics sector. In fact, half of them saw negative returns in the same period.

Apart from share price appreciation, MAHB has also proved itself able to declare regular dividends to shareholders. While it stuck to an annual dividend payout ratio of at least 50% of net profit from 2007, it has been more generous in the past four financial years. Between the financial year ended Dec 31, 2015 (FY2015), and FY2017, shareholders would have received a total of 31.5 sen in dividends.

In terms of earnings, MAHB's profit has been quite volatile. Net profit more than tripled to RM237.1 million in FY2017 from RM73.2 million in FY2016 and RM40.1 million in FY2015. It posted a net profit of RM663.3 million in FY2014.

The big leap in FY2017 profit was driven by a hike in passenger service charges and consistent growth in passenger volume. Furthermore, the group booked higher depreciation and amortisation for its Turkish operations in FY2016 and FY2015.

MAHB owes its consistency and steady performance to the nature of the airport industry and its structural dominance.

Its structural monopoly, which can be traced back to its existence as a former unit in the Department of Civil Aviation, means its business is riding the upward trajectory of national economic growth.

Operating 39 out of the 40 airports in Malaysia, MAHB is one of the world's largest private airport operators. It has five international airports, 16 domestic airports and 18 short take-off and landing ports in its stable.

About three quarters of MAHB's airports are not commercially viable, so these are cross-subsidised by a handful of profitable ones.

However, structural changes have been looming over the sector and MAHB will have its work cut out to sustain its consistent performance thus far.

Among others, it is now contending with a new quality of service (QoS) framework designed to keep MAHB on its toes in respect of customer — that is, passengers and airlines — satisfaction.

The QoS framework, administered by the Malaysian Aviation Commission, will see MAHB hit with financial penalties for any sub-par services. This necessitates capital investments that may be recurring, to some extent, to raise and keep up its service quality levels.

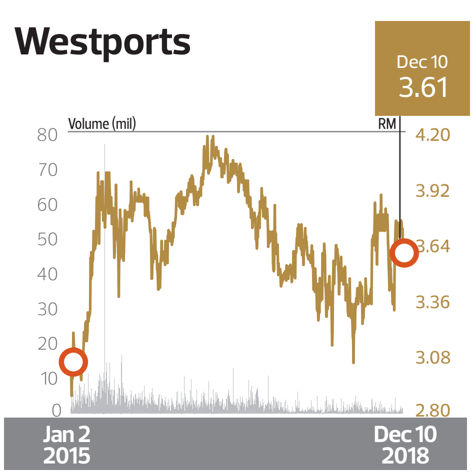
In addition, the proposed airport real estate investment trust makes one wonder about the impact on MAHB's earnings model as the REIT is expected to derive revenue from the user fee payable by the airport operator to the government. E

Considering the difficult conditions last year, the weather ahead looks better for Westports. Recall that in April last year, CMA CGM SA, China COSCO Shipping Co, Overseas-Orient Container Liners (OOCL) and Evergreen Line launched Ocean Alliance. This new partnership meant a change in strategy that made Westports a secondary hub in Southeast Asia with 11 services compared with 20 services for PSA Singapore.

This coincided with Westports completing its Container Terminal 9 wharf, boosting its capacity to 14 million TEUs. In other words, Westports was hit by underutilisation last year.

Group managing director Ruben Gnanalingam had told *The Edge* that he expected the volume correction from shifting shipping alliances to taper off in the middle of 2018, which would mean a return to growth.

In its latest quarterly results release, Westports indicated that its full-year container throughput is expected to grow by a single-digit percentage this year. According to AllianceDBS Research, the company has projected total volume expansion to range from 3% to 8% in 2019. "This will be driven by both transshipment and gateway volumes, although the former is expected to see marginally faster growth. Management also considers this to be a conservative target, factoring in some spillover effect from the protracted trade war between the US and China," says the research house.



While 5% growth this year is still lower than the port operator's 2016 container throughput of 9.95 million TEUs, a fresh growth trajectory will signal that normalcy has returned. This means Westports can now focus on optimising its capacity utilisation as it has indicated that it can handle up to 12.5 million TEUs without seaside congestion.

For shareholders, the company is on a sound financial footing for future growth while maintaining strong returns. Based on its 28.6% ROE for 2017 and 75% dividend payout ratio, the company's sustainable growth rate comes to 7.15% — plenty of room for growth before it needs to start gearing up or tapping shareholders for financial support.

The key growth driver will be the new concession for Westports2, which is being developed over 20 to 25 years. The existing Westports concession was recently extended to 2054. The two concessions will share the facilities.

Westports2, located contiguously to Westports terminals, will house 10 container terminals. When completed, the two concessions are expected to be able to manage 30 million TEUs between them — more than double the existing capacity.

The increased capacity will make Westports more competitive in attracting services from shipping alliances that it currently cannot because of capacity limitations. E

Helping youths improve their economic prospects

BY DOROTHY TEOH

Three years ago, The Edge Education Foundation (TEEF), the charity arm of *The Edge*, launched a financial literacy programme for secondary school students as a corporate responsibility initiative.

Designed by TEEF, the "Money & Me: Youth Financial Empowerment Programme" is approved as a co-curricular programme by the Ministry of Education. It is funded by Citi Foundation and carried out in collaboration with partners from the private sector and NGOs.

From just five schools and 96 participants at its launch in 2016, the programme grew to eight schools and over 140 participants in 2017. This year, the foundation expanded the programme further to 14 schools with some 340 students taking part. The number of partners has also grown in tandem, from five in 2016 to 12 this year.

Money & Me targets Form 4 students from the B40 (bottom 40% of households with a monthly income of RM3,900 and below) group by teaching them financial literacy as a life skill. It also introduces participants to basic entrepreneurship skills to help them improve their economic prospects if they do not, or are unable to, go on to post-secondary education or training (Ministry of Higher Education data show that of some 450,000 SPM graduates in 2014, only about 250,000 or 55% went on to some form of tertiary education).

Money & Me, which is conducted in English, is based on five modules that teach about saving, spending, earning, growing (wealth) and giving. The lessons are carried out as part of co-curricular activities in schools by volunteers who are staff or students of our partner organisations comprising BHP, Citibank, Deloitte, EY, GE, INTI International College Subang and INTI International University at Nilai, KLK Oleo, Methodist College Kuala Lumpur, PwC, and the Rotary Clubs of Sentul and Central Damansara. At two of the 14 schools, teachers facilitate three of the modules and INTI students facilitate the remaining two.

Among the important lessons that participants learn are that saving should come before spending ("pay yourself first"), differentiating between needs and wants, budgeting, credit cards, and even what to look out for in hire purchase schemes.

Participants also learn how to create a simple business plan together with a budget and marketing plan. They are then required to implement the plan during "Sales Day". Sales Day is a test not just of participants' ability to make or offer saleable products and services but of their ability to communicate and market their products/services to potential customers.

In the first two years of the programme, Sales Day was held at a mall. This year, Sales Day was held at the respective schools and the 39 teams made some RM30,900 in sales. In terms of average sales per team, it worked out to about RM800 each. What may be more important than the revenue earned, however, is that participants get exposed to entrepreneurship.

In addition to equipping participants with financial literacy and basic entrepreneurship skills, the programme also led to positive changes in self-esteem and improved communication skills. Interviews with principals and teachers showed that some participants were far more confident when it came to speaking in English. Money & Me also requires participants to learn teamwork and collaboration, which are important skills in the workplace, and develops their confidence in being able to successfully carry out a small business project from start to finish — something that schools do not teach.

HARIS HASSAN/THE EDGE

Top: This year's Money & Me 'graduates' showing off their certificates of completion at the prize-giving ceremony in October

Left: Money & Me participants at SMK Padang Tembak serving customers on Sales Day

We are very pleased that the Money & Me programme is gaining traction in schools. At the same time, we are also excited to see a version of Money & Me being carried out among youths in a correctional centre. Last year, TEEF partnered Malaysian Care, a local NGO, to pilot a Bahasa Malaysia version of the Money & Me programme for juveniles, the majority of whom are aged 18 to 21, at Sekolah Integriti Kajang in Kajang Prison. The project was launched in August 2017 with an initial intake of 25 students. Using the Money & Me syllabus, Malaysian Care customised the lessons, taking into account the juveniles' background and circumstances. The lessons, which take place over a three-month period, are facilitated by Malaysian Care staff and volunteers.

Malaysian Care recently concluded the programme for a second batch of 19 students at PKPA or Pusat Koreksional Puncak Alam (Puncak Alam Correctional Centre), where the juvenile correctional centre at Kajang Prison has relocated to.

Some juveniles are released before they complete the PKPA-Money & Me programme and Malaysian Care is working to improve the retention rate by strengthening the selection process with the help of the PKPA authority.

For both the Money & Me programme in schools and at PKPA, a pre- and post-programme assessment of participants is conducted to measure impact. The improvement in financial literacy scores among 12 of the 14 schools this year ranged from one percentage point for an urban school that started off with a high base to 14 percentage points for a school in Lembah Keramat in Kuala Lumpur. Asked if they had been saving money since the beginning of the year, half of the participants said they were saving money in their savings accounts; 34% said they were saving cash at home or in their wallets; and another 11% said they were giving money to family to save on their behalf. Only 5% said they had not been actively saving.

The scores for PKPA showed an improvement in four out of 13 students who took both the pre- and post-programme assessment (for PKPA, the assessment tool has been changed to be more "juvenile-friendly"). While progress is challenging, anecdotal evidence indicates that the programme is having an impact.

"I learnt about saving and differentiating between needs and wants. Before, I would straightaway spend without thinking. Now, I think first before spending," said Fairus (not his real name), aged 20, a former PKPA student.

"This programme is very relevant to the boys in PKPA, especially when they are released and begin employment. One boy told me that for the first time in his life, he was able to purchase a gift for his family from his own savings from work," said Frederick Foo, assistant director of service development at Malaysian Care and also a facilitator for PKPA-Money & Me.

Malaysian Care is targeting 30 students for the third batch of students for the programme starting in mid-January next year.

Teaching young people — not just ex-juvenile offenders but secondary school students — financial literacy and introducing them to the basics of entrepreneurship is crucial in preparing them for life outside the prison and school walls.

Khazanah Research Institute's recently-released School-to-Work Transition Survey (SWTS) notes that young Malaysians aged 15 to 24 face difficulties in making the transition from schools and training institutions into decent jobs, and they account for 56.4% of the country's total unemployed of over 500,000 in 2017. Youths from poor backgrounds cannot afford not to work and are often forced to accept low-paying jobs.

Our hope is that by teaching them financial literacy skills and introducing them to the basics of entrepreneurship, Money & Me alumni, whether in the school programme or PKPA, will be better equipped to make a decent living. E

Dorothy Teoh is the CEO of The Edge Education Foundation. If your company is interested in participating in the Money & Me programme in schools or at PKPA, please e-mail enquiries@teef.org.my or go to www.moneyandme.com.my for more information.