THE EDGE BILLION RINGGIT Club 2019

10 YEARS
OF RECOGNISING
MALAYSIA'S OUTSTANDING
CORPORATE PERFORMERS


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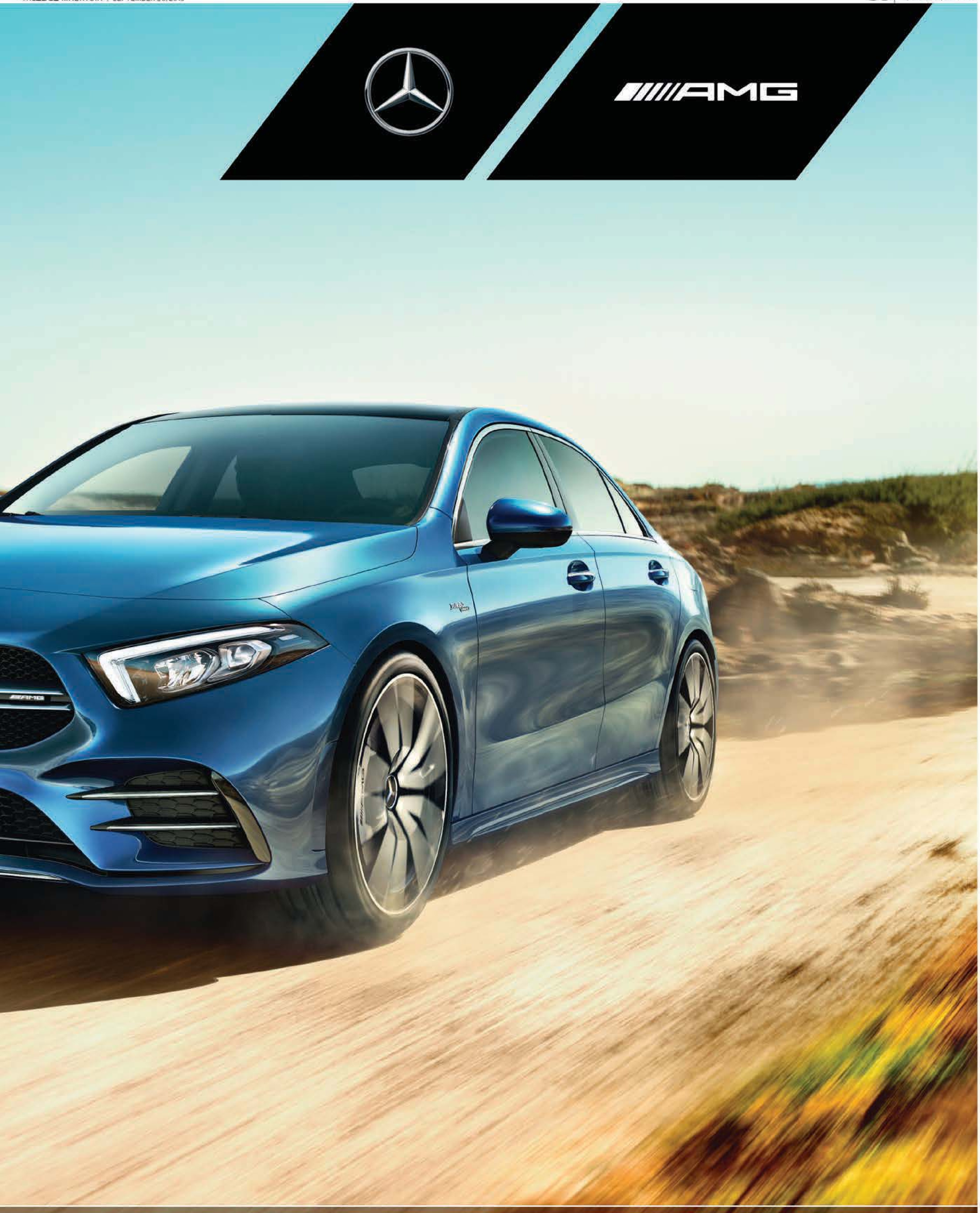
AMG

Strive on, Corporate Malaysia strive on

The Edge Billion Ringgit Club (BRC) annual gala dinner held on Sept 19 saw 42 companies picking up 55 awards for being the best performers on Bursa Malaysia based on their financial performances from FY2015 to FY2018.

This year, based on the March 31, 2019, cut-off date, there were 168 companies with a market capitalisation of RM1.0 billion or more listed on Bursa. This was down from 170 last year. The total market cap of RM1.55 trillion for the 168 companies was also lower compared with RM1.69 trillion last year and RM1.59 trillion in 2017.

However, the members' combined market cap continued to make up more than 90% of the total market cap of Bursa. This shows that BRC members are truly the strongest among Corporate Malaysia.

The combined revenue of BRC 2018 members was RM812.97 billion in FY2018, up from RM806.7 billion in FY2017 and RM744.1 billion in FY2016.

Collective pre-tax profit and net profit in FY2018, however, were lower at RM101.32 billion and RM73.37 billion respectively. For FY2017, collective pre-tax profit was RM123.19 billion while collective net profit was RM90.7 billion.

BRC members continued to be major taxpayers, contributing an estimated RM26.04 billion in taxes in FY2018, compared with RM32.5 billion in FY2017 (170 members). This continues to be about half of the government's annual estimated corporate income tax collection.

Of the nine companies chosen as Company of The Year since the inaugural awards in 2010, eight have outperformed the FBM KLCI in terms of total shareholders' returns.

We presented sectoral awards based on three financial performance measures:

1) A weighted return on equity (ROE) over three years;

2) Compound annual growth rate (CAGR) in after-tax profit over three years; and

3) Returns to shareholders over three years — a combination of dividend payout and share price performance.

For the Company of the Year award, 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 shareholders' return 20%;
* Three-year PAT growth 30%; and
* Corporate responsibility 30%

The Company of the Year award went to Press Metal Aluminium Holdings Bhd, whose market cap was RM1.17 billion when it became a BRC member in 2014. By end-2016, its market cap had grown to RM5.9 billion and a year later, it was RM20.7 billion. It is currently more than RM19.4 billion.

The Value Creator: Outstanding CEO of Malaysia award went to QL Resources Bhd executive chairman Dr Chia Song Kun, a true example of how education and ingenuity are key factors in determining an individual and his family's chances of upward social mobility.

Last but not least, we present the Special Award for Contribution to Nation Building to The Employees Provident Fund, the guardian of retirement savings for all private-sector wage earners.

The success of BRC as the benchmark awards for Corporate Malaysia would not have been possible without the support of our partners. I thank OCBC Bank, Jaeger-LeCoultre and Mercedes-Benz for their steadfast support of the BRC. This prestigious annual gathering would not have become Corporate Malaysia's most-anticipated awards ceremony without these excellent partners.

Congratulations to all the winners.

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

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THE EDGE BILLION RINGGIT Club 2019

Winners of *THE EDGE* BILLION RINGGIT CLUB corporate awards 2019

VALUE CREATOR
OUTSTANDING CEO OF MALAYSIA
DR CHIA SONG KUN
Executive chairman, QL Resources Bhd

COMPANY OF THE YEAR
PRESS METAL ALUMINIUM HOLDINGS BHD

SPECIAL AWARD
CONTRIBUTION TO NATION BUILDING
The Employees' Provident Fund

BEST CR INITIATIVES
SUPER BIG CAP COMPANIES
Above RM40 billion market capitalisation
Malayan Banking Bhd

BEST CR INITIATIVES
BIG CAP COMPANIES
RM10 billion to RM40 billion market capitalisation
IOI Corp Bhd

BEST CR INITIATIVES
Below RM10 billion market capitalisation
Carlsberg Brewery Malaysia 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
CIMB Group Holdings Bhd

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS
Hong Leong Bank 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
Press Metal Aluminium Holdings Bhd

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

CONSTRUCTION SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Sunway Construction Group Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Kerjaya Prospek Group Bhd

HIGHEST RETURN 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 RETURN TO SHAREHOLDERS OVER THREE YEARS
Guan Chong Bhd

ENERGY SECTOR

RETURN ON EQUITY OVER THREE YEARS
Petron Malaysia Refining & Marketing Bhd

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

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS
Hibiscus Petroleum 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 RETURN TO SHAREHOLDERS OVER THREE YEARS
Hong Leong Bank Bhd

FINANCIAL SERVICES SECTOR
Below RM10 billion market capitalisation

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Syarikat Takaful Malaysia Keluarga Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Syarikat Takaful Malaysia Keluarga Bhd

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

HEALTHCARE SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Hartalega Holdings Bhd

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

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS
Apex Healthcare Bhd

INDUSTRIAL PRODUCTS & SERVICES SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
ATA IMS Bhd
(formerly Denko Industrial Corp Bhd)

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

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

PLANTATION SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
IOI Corp Bhd

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

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS
Far East Holdings 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
UEM Sunrise Bhd

HIGHEST RETURN 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
IGB Bhd

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS
Matrix Concepts Holdings Bhd

REIT SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
IGB REIT

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
MRCB-Quill REIT

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS
YTL Hospitality REIT

TECHNOLOGY SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
ViTrox Corp Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
ViTrox Corp Bhd, GHL Systems Bhd, Pentamaster Corp Bhd and Frontken Corp Bhd

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS
Pentamaster 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 RETURN TO SHAREHOLDERS OVER THREE YEARS
TIME dotCom Bhd

TRANSPORTATION & LOGISTICS SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Lingkaran Trans Kota Holdings Bhd

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

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS
Malaysia Airports Holdings Bhd

UTILITIES SECTOR

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Gas Malaysia Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Gas Malaysia Bhd

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS
Mega First Corp Bhd

Celebrating a decade of CORPORATE EXCELLENCE

BY CINDY YEAP

Tougher times were showing as The Edge Media Group and partners celebrated Corporate Malaysia's best performing companies and top responsible organisations at The Edge Billion Ringgit Club gala dinner for the 10th straight year on Sept 19.

At 168, the number of *The Edge* Billion Ringgit Club members — companies listed on Bursa Malaysia with a market cap of RM1 billion or more — is the lowest we have seen in four years, based on the March 31, 2019, membership cut-off date.

Not only is the number of billion-ringgit companies smaller, their combined market capitalisation of RM1.55 trillion as at end-March was 8.3% below the RM1.69 trillion at the same time last year. A year-on-year decline in collective market value was seen in 2015 and 2016 but this year's is the largest decline since the awards began in 2010. (See table below.)

Yet, there is no denying the significance of this elite group of companies. The combined market capitalisation of this year's 168 BRC members constituted 90.9% of the total market cap of Bursa Malaysia as at end-March, a shade above last year's — which means the overall market valuation had come off.

Indications are that margins are under pressure, given that the BRC 2019 members' combined revenue was RM812.97 billion in FY2018, up from RM806.7 billion in FY2017 and RM744.1 billion in FY2016.

BLOOMBERG

BRC COMPANY OF THE YEAR

SHAREHOLDERS RETURNS VS FBM KLCI PERFORMANCE VS FBM KLCI TOTAL RETURNS

YEAR	COMPANY	SHAREHOLDER RETURNS (%)	FBM KLCI PERFORMANCE (%)	FBM KLCI TOTAL RETURNS (%)	FBM EMAS PERFORMANCE (%)	FBM EMAS TOTAL RETURNS (%)
2010–2019	Supermax Corp Bhd	+109.4	+25.11	+71.86	+32.26	+79.15
2011–2019	QL Resources Bhd	+396.6	+4.83	+39.31	+8.46	+42.2
2012–2019	Genting Bhd	–38.7	+4.02	+33.4	+7.28	+35.98
2013–2019	Digi.Com Bhd	+16.9	–5.72	+16.74	–1.62	+20.56
2014–2019	Dutch Lady Milk Industries Bhd	+55.22	–14.71	+2.3	–12.46	+4.04
2015–2019	Tenaga Nasional Bhd	+13.35	–9.59	+5.06	–6.75	+7.56
2016–2019	Nestlé (Malaysia) Bhd	+118.74	–5.92	+6.08	–4.59	+6.88
2017–2019	AirAsia Bhd	+53.64	–3.01	+6.01	–1.87	+6.73
2018–2019	Petronas Dagangan Bhd	+2.41	–11.38	–6.34	–13.06	–8.29
2019–2019	Press Metal Aluminium Holdings Bhd	+2.55	–5.89	–3.53	–2.47	–0.17

Note: based on adjusted share price at the start of each year and the last close as at Sept 24, 2019

Collective pre-tax profit and net profit, however, were lower year on year at RM101.32 billion and RM73.37 billion respectively in FY2018.

BRC members continue to be major taxpayers, paying an estimated RM26.04 billion in taxes for FY2018, compared with RM32.5 billion by last year's 170 members for FY2017. This continues to be about half of the government's annual estimated corporate income tax collection.

It is also worth noting that eight of the nine companies chosen as Company of The Year since our inaugural awards in 2010 continue to outperform the bellwether FBM KLCI and the broader FBM EMAS Index in terms of total shareholders returns since they received the award.

This year's Company of the Year, Press Metal Aluminium Holdings Bhd, also outperformed both indices if measured from the start of this year until Sept 24, Bloomberg data show. (See table above.)

Two of this year's 168 BRC members were delisted post the membership cut-off date: Kian Joo Can Factory Bhd (delisted on May 16) and Selangor Properties Bhd (delisted on June 11).

TOP PERFORMERS IN THE PAST DECADE

Nestlé (M) Bhd — Company of the Year in 2016 — is the only company to have made it

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BRC MEMBERSHIP STATISTICS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
No of companies	163	185	144	144	178	166	176	184	170	168
as a percentge of total listed companies	17% of 959 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	18.3% of 919 listed companies
BRC members' combined market cap as at end-March (RM bil)	916.58	1,165.216	1,197.413	1,320.444	1,544.761	1,536.644	1,513.542	1,592.607	1,692.467	1,551.456
Y-o-y change (%)	NA	25.5 up 25.5%	2.8 up 2.8%	10.3 up 10.3%	17 up 17%	0.5 down 0.5%	1.5 down 1.5%	5.2 up 5.2%	6.3 up 6.3%	8.3 down 8.3%
BRC combined total market cap of Bursa-listed companies representation (as at end-March)	88%	89%	88%	90.6%	90.9%	88.9%	90.7%	90.3%	90.8%	90.9%

Investing for the future

FROM PAGE 7

onto *The Edge* BRC Top 25 list every year since the inception of the awards in 2010.

Both Digi.Com Bhd — Company of the Year in 2013 — and Carlsberg Brewery Malaysia Bhd appeared on The Edge BRC Top 25 list in 9 out of the 10 years. The exception was this year for Digi while Calsberg did not make the cut in 2010.

Dialog Group Bhd has made it to the BRC top 25 list seven times, with the exceptions being 2015 to 2017.

Aeon Credit Service (M) Bhd, Dutch Lady Milk Industries (M) Bhd — Company of the Year in 2014 — and Public Bank Bhd made the cut six times while British American Tobacco (M) Bhd, Guinness Anchor Bhd, Hap Seng Consolidated Bhd, Hartalega Holdings Bhd, Syarikat Takaful Keluarga Malaysia Bhd, Top Glove Corp Bhd and United Plantations Bhd have made the list five out of 10 times.

Nine other companies made it onto the list four times. They are: AirAsia Bhd, CIMB Group Holdings Bhd, Fraser & Neave Holdings Bhd, KPJ Healthcare Bhd, Kuala Lumpur Kepong Bhd, Malayan Banking Bhd, QL Resources Bhd — Company of the Year in 2011 — Scientex Bhd and Tenaga Nasional Bhd.

Meanwhile, Press Metal and last year's Company of the Year, Petronas Dagangan Bhd, are among the 11 companies that made it to the top 25 list three times. The others are Astro Malaysia Holdings Bhd, Cahya Mata Sarawak Bhd, Heineken Malaysia Bhd, Inari Amertron Bhd, Kossan Rubber Industries Bhd, Malaysia Building Society Bhd, Mudajaya Group Bhd, Tradewinds (M) Bhd and UEM Edgenta Bhd.

If they continue to do well, one of them could be the next Company of the Year.

NEED TO INVEST FOR SUSTAINABILITY

Speaking to BRC members at the gala dinner, guest of honour Prime Minister Tun Dr Mahathir Mohamad said the government "is prepared to review policies and regulations, make changes and introduce new ones if the private sector can convince [policymakers] that they will lead to more investments and economic activities and create new and better-paying jobs, especially for young Malaysians."

To borrow his words: "The equation is simple — the more money [big companies like BRC members] make, the more the increase in government funds and the more development funds will be available. Profit and prosperity is then shared.

"Big companies have the capacity to invest, to take risks and to connect with the global supply chain. And the success of each creates a multiplier effect, a ripple effect through the rest of the supply chain, creating opportunities for other smaller companies. Such opportunities will encourage innovations and further improvements, creating not just jobs but also profits to be reinvested," he said. (See speech on Page 26.)

in his welcoming address, The Edge Media Group chairman Datuk Tong Kooi Ong also spoke of the need for the private sector to invest in technology to raise efficiency and embrace new opportunities.

"It is a myth to think there is no cost to inaction. Rather than do nothing and wait to fail, would it not be better to do something, take the risk and the plunge, and have fun even if we fail in the end? In any case, it is often in adversity that human triumphs. And this is what tonight's event is about — to recognise companies which have done well so that they can inspire others to be daring," Tong said. (See speech on Page 28]

The Edge BRC recognises excellence in companies with a market capitalisation of above RM1 billion. The billion-ringgit cut-off serves as an aspirational target for dynamic smaller companies. Companies are added to the annual list automatically at the cut-off date (March 31) and are evaluated on growth in profit, returns to shareholders and corporate responsibility (CR) commitments, among others.

"Uncertainty may well be the new normal but when the going gets tough, the tough get going, as many BRC members have consistently proved in the past decade," said Ho Kay Tat, The Edge Media Group publisher and group CEO. E

METHODOLOGY

Membership of this elite group is automatic and complimentary for all companies listed on Bursa Malaysia as at March 31, 2019, with at least RM1 billion in market capitalisation. There are 168 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
- 51 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.

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 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 March 29.

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 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 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 Company of the Year award.

THE EDGE BRC COMPANY OF THE YEAR AWARD

The 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 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 2016, 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.

In 2017, 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.

Last year, the award went to **Tan Sri Ngau Boon Keat**, executive chairman and co-founder of Dialog Group Bhd. The passionate engineer, who helped negotiated Malaysia's first production-sharing contract (PSC) with foreign oil companies back in 1974, steered Dialog from strength-to-strength the past decade while most oil and gas companies were ravaged as oil prices fell.


years
the im
THE EDGE BILLION RINGGIT Club
2017
Highest Return on Equity Over Three Years
GOLD
2017
Highest Returns to Shareholders Over Three Years
SILVER

HIGHLIGHTS

- There are 168 BRC members this year, down from 170 last year.
- The 168 command a market capitalisation of RM1.55 trillion or 90.9% of the combined market capitalisation of all Bursa Malaysia-listed companies as at March 31, 2019. This is above the 90.8% recorded last year.
- The combined market capitalisation of BRC members fell 8.3% from RM1.69 trillion at end-March 2018, which was the BRC membership cut-off date last year.
- The combined revenue of the BRC members was RM812.97 billion in FY2018, up from RM806.7 billion in FY2017 and RM744.1 billion in FY2016.
- This year's BRC members made a collective pre-tax profit of RM101.32 billion in FY2018. Last year's members made RM123.19 billion in pre-tax profit in FY2017, up 13.4% from RM108.6 billion in FY2016.
- The collective net profit was RM73.37 billion in FY2018. Last year's members made RM90.7 billion in FY2017, up 13.4% from RM80 billion in FY2016.
- BRC members continue to be major taxpayers, paying an estimated RM26.04 billion in taxes for FY2018, although below the RM32.5 billion paid by BRC members for FY2017. The taxes paid were about half of the company income tax collection estimated by the federal government for both years.
- Due to our end-March 2018 cut-off date for BRC membership, Kian Joo Can Factory Bhd (delisted on May 16, 2019) and Selangor Properties Bhd (delisted on June 11, 2019) are still listed as members.
- Nestle (M) Bhd — The Edge BRC's Company of the Year in 2016 — is the only company to have made it on The Edge BRC Top 25 list every year since the inception of the awards in 2010.
- Digi.Com Bhd — The Edge BRC's Company of the Year in 2013 — and Carlsberg Brewery Malaysia Bhd have appeared on The Edge BRC Top 25 list for nine out of the 10 years. The exception was this year for Digi while Calsberg did not make the cut in 2010.
- Dialog Group Bhd made it to the BRC Top 25 list seven times, with the exceptions being from 2015 to 2017.
- Three companies made the Top 25 list six times. They are Aeon Credit Service (M) Bhd, Dutch Lady Milk Industries (M) Bhd — The Edge BRC's Company of the Year in 2014 — and Public Bank Bhd.
- Seven companies made the Top 25 list five times. They are British American Tobacco (M) Bhd, Guinness Anchor Bhd, Hap Seng Consolidated Bhd, Hartalega Holdings Bhd, Syarikat Takaful Keluarga Malaysia Bhd, Top Glove Corp Bhd and United Plantations Bhd.
- Nine companies made the Top 25 list four times over the past decade. They are AirAsia Bhd, CIMB Group Holdings Bhd, Fraser & Neave Holdings Bhd, KPJ Healthcare Bhd, Kuala Lumpur Kepong Bhd, Malayan Banking Bhd, QL Resources Bhd — The Edge BRC's Company of the Year in 2011 — Scientex Bhd and Tenaga Nasional Bhd — The Edge BRC's Company of the Year in 2015.
- The 11 companies that made the Top 25 list three times include last year's Company of the Year, Petronas Dagangan Bhd, and this year's Company of the Year, Press Metal Aluminium Holdings Bhd. The other nine are Astro Malaysia Holdings Bhd, Cahya Mata Sarawak Bhd, Heineken Malaysia Bhd, Inari Amertron Bhd, Kossan Rubber Industries Bhd, Malaysia Building Society Bhd, Mudajaya Group Bhd, Tradewinds (M) Bhd and UEM Edgenta Bhd.
- There are 23 companies that made it to the list twice over the last decade while 45 other companies made it to the list once.
- The BRC Top 25 list ranks members by their overall score using the Company of the Year methodology

COMPANIES THAT MADE IT ON THE EDGE BRC TOP 25 LIST AT LEAST ONCE THE PAST DECADE

10 out of 10 times
- Nestle (M) Bhd

9 out of 10 times
- Carlsberg Brewery Malaysia Bhd
- Digi.Com Bhd

7 out of 10 times
- Dialog Group Bhd

6 out of 10 times
- Aeon Credit Service (M) Bhd
- Dutch Lady Milk Industries (M) Bhd
- Public Bank Bhd

5 out of 10 times
- British American Tobacco (M) Bhd
- Guinness Anchor Bhd
- Hap Seng Consolidated Bhd
- Hartalega Holdings Bhd
- Syarikat Takaful Malaysia Keluarga Bhd
- Top Glove Corp Bhd
- United Plantation Bhd

4 out of 10 times
- AirAsia Bhd
- CIMB Group Holdings Bhd
- Fraser & Neave Holdings Bhd
- KPJ Healthcare Bhd
- Kuala Lumpur Kepong Bhd
- Malayan Banking Bhd
- QL Resources Bhd
- Scientex Bhd
- Tenaga Nasional Bhd

3 out of 10 times
- Astro Malaysia Holdings Bhd
- Cahya Mata Sarawak Bhd
- Heineken Malaysia Bhd
- Inari Amertron Bhd
- Kossan Rubber Industries Bhd
- Malaysia Building Society Bhd
- Mudajaya Group Bhd
- Petronas Dagangan Bhd
- Press Metal Aluminium Holdings Bhd
- Tradewinds (M) Bhd
- UEM Edgenta Bhd

2 out of 10 times
- Allianz Malaysia Bhd
- Axiata Group Bhd
- Bursa Malaysia Bhd
- DRB-Hicom Bhd
- Globetronics Technology Bhd
- Guan Chong Bhd
- Hong Leong Capital Bhd
- Kencana Petroleum Bhd
- Kulim (M) Bhd
- LPI Capital Bhd
- Maxis Bhd
- My E G Services Bhd
- Petronas Chemicals Group Bhd
- Petronas Gas Bhd
- Pharmaniaga Bhd
- Prestariang Bhd
- QSR Brands Bhd
- Sarawak Oil Palms Bhd
- Supermax Corporation Bhd
- Tan Chong Motor Holdings Bhd
- Telekom Malaysia Bhd
- Westports Holdings Bhd
- Yinson Holdings Bhd

Once the past 10 years
- Amway (M) Holdings Bhd
- Apex Healthcare Bhd
- ATA IMS Bhd
- Bermaz Auto Bhd
- BIMB Holdings Bhd
- Boustead Plantations Bhd
- Coastal Contracts Bhd
- Dayang Enterprise Holdings Bhd
- DKSH Holdings Malaysia Bhd
- Eco World Development Group Bhd
- Frontken Corp Bhd
- Genting Bhd
- Genting Malaysia Bhd
- GoldIS Bhd
- Harrisons Holdings (Malaysia) Bhd
- Hup Seng Industries Bhd
- IGB Bhd
- IJM Plantations Bhd
- IOI Corp Bhd
- JT International Bhd
- KFC Holdings (Malaysia) Bhd
- Krisassets Holdings Bhd
- KSL Holdings Bhd
- Mah Sing Group Bhd
- Malayan Flour Mills Bhd
- Matrix Concepts Holdings Bhd
- Media Prima Bhd
- MKH Bhd
- Multi-Purpose Holdings Bhd
- OSK Holdings Bhd
- Padini Holdings Bhd
- Pentamaster Corp Bhd
- PPB Group Bhd
- Sapuracrest Petroleum Bhd
- Selangor Properties Bhd
- Sime Darby Bhd
- SP Setia Bhd
- Sunrise Bhd
- Sunway Bhd
- Ta Ann Holdings Bhd
- Taliworks Corp Bhd
- UMW Holdings Bhd
- United Malacca Bhd
- V S Industry Bhd
- ViTrox Corp Bhd


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HIGHEST GROWTH
IN PROFIT AFTER TAX OVER THREE YEARS
IN THE CONSUMER PRODUCTS & SERVICES CATEGORY
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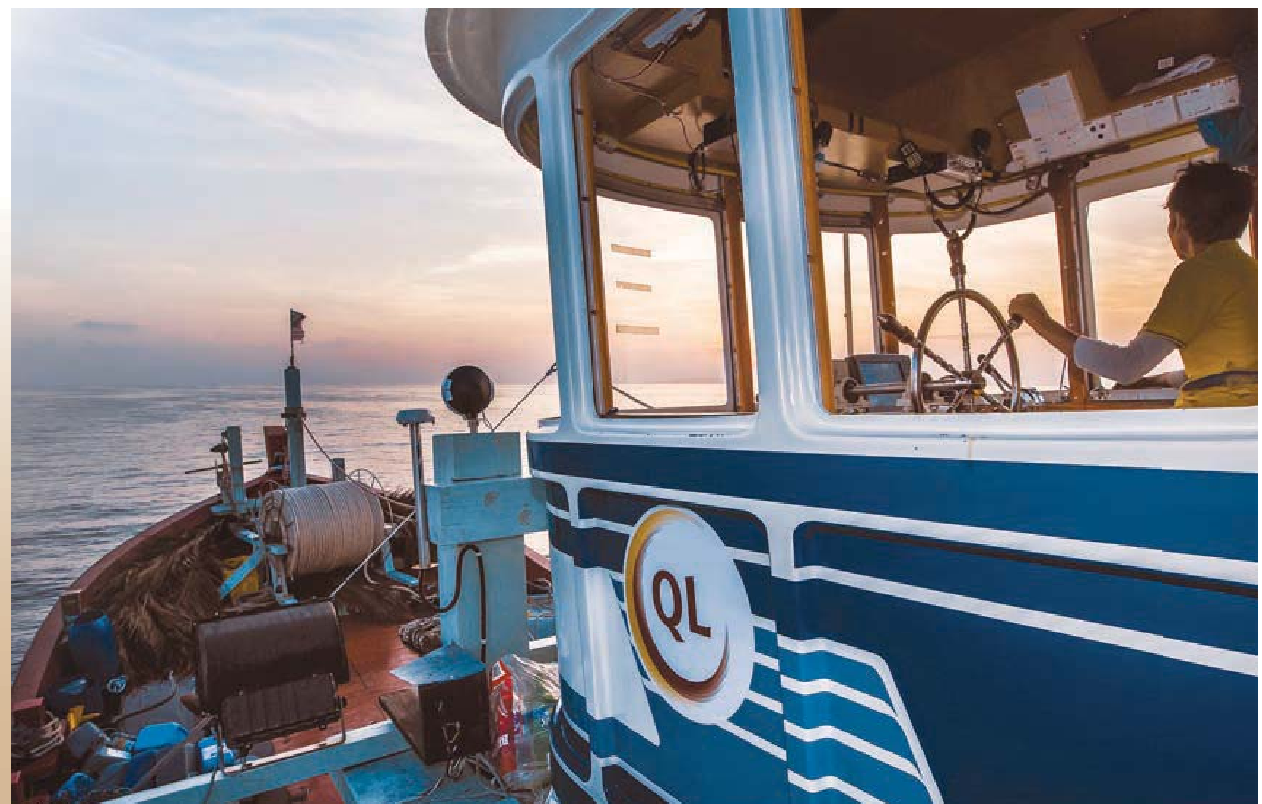
VALUE CREATOR:
OUTSTANDING CEO OF MALAYSIA

Dr Chia Song Kun

Executive chairman, QL Resources Bhd

INSPIRING TALE OF A SEASHELL SELLER

BY CINDY YEAP



He sold seashells, not by the seashore, but in powdered form, to feed mills. That was the beginning of the rags-to-riches tale of Dr Chia Song Kun and his extended family. The catch the family reels in today would be very different if Song Kun had, like his brothers, dropped out of school at 11 to become fishermen. The headmaster of his school convinced his brothers to support him in his quest for an education, which led to Song Kun graduating from Universiti Malaya and becoming a maths lecturer at Institut Teknologi Mara in Shah Alam. There, in the course of researching the nutritional value of rubber seeds at a nearby miller for a paper, Song Kun learnt that seashells could be a source of calcium in animal feed.

Shells were plentiful in his hometown, the swampy backwater coastal village of Sungai Burong in Selangor. The shells could be collected using his brother Song Kang's fishing boat, thought Song Kun. He was determined to lift his family out of poverty.

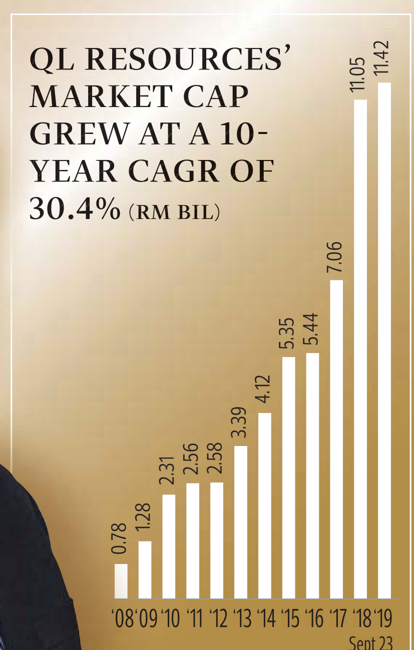
While the concept was simple, getting the seashells to the mill required so much sweat and tears that he and his brothers almost gave up. That was some 40 years ago. The beach was inaccessible by road and without capital to build infrastructure, their methods were primitive. It was more than two years before their first breakthrough came: a Singapore dealer supplying to poultry farms liked and wanted over 80% of what they had to sell. The proceeds were used to build a coconut trunk road leading to the beach, finally allowing carts to be sent in to pick up the shells.

From there, Song Kun and his family accumulated capital and overcame many hurdles and challenges. The local feedstuff trader has become a multinational agro-food corporation. QL is among Asia's largest egg producers and surimi manufacturers and is building a presence in the sustainable palm oil sector with activities including milling, plantations and biomass clean energy. Its fishmeal, surimi and frozen food exports reach Japan, South Korea, Singapore, Pakistan, Bangladesh, Spain, Portugal and North America, among others. In November 2016, QL opened its first franchised FamilyMart Convenience Stores, through which it is selling its own eggs and surimi-based food products.

In Malaysia, QL trades over one million tonnes of animal feed raw materials annually — a long way from carting shells from the seashore.

"I believe if you work hard, work smart, use technology wisely, open up markets and create and advantage for yourself, you can compete. Innovation is important to us. We have used many innovative ideas along the way," Song Kun said in a 2017 book commemorating QL Resources' first 30 years.

Just as it takes darkness for stars to shine and stress for diamonds to form, the lack of capital meant there was a need for ingenuity and teamwork, which set the foundations for QL. Adding to that is the strong family support and having the right values, which is reflected in the group's initials. QL is an abbreviation of the Mandarin words *quán lì* (全利), which means "everybody benefits".



> We have to work harder to deliver and create more value for our stakeholders, especially for our country at this difficult time.
> — Chia

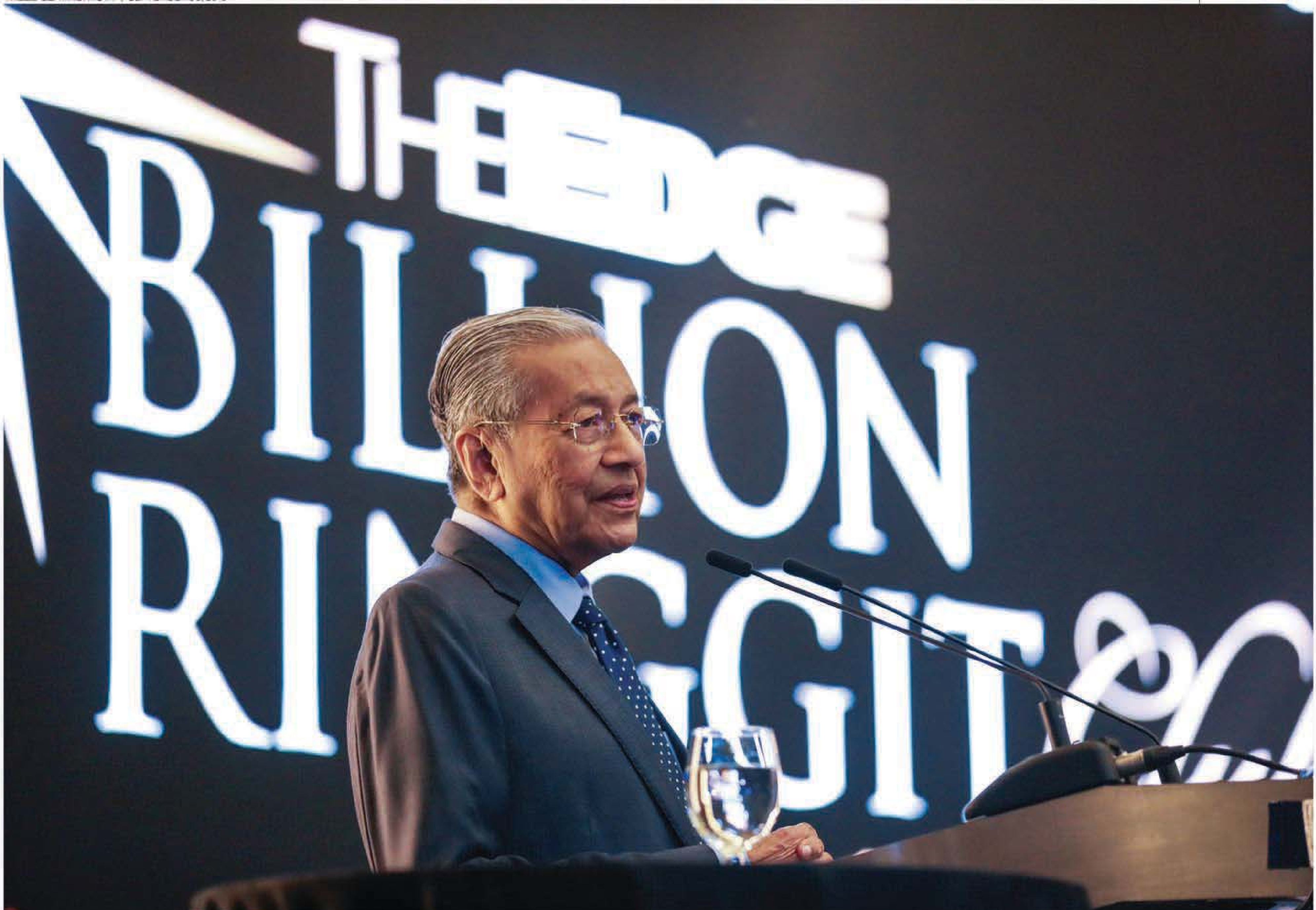
QL Resources Bhd made its debut on the Second Board of the Kuala Lumpur Stock Exchange at the turn of the millennium, over two decades after that first seashell-harvesting venture in 1977. It only took two years to graduate to the Main Board. Someone who bought 1,000 QL shares at the IPO price of RM2.50 in 2000 would have seen his purchase grow to nearly 50,000 shares worth nearly RM250,000 as at Sept 23, 2019, according to Bloomberg data. The gains reflect the 30% compound average growth rate per year that QL's market capitalisation has seen in the past decade.

"I believe, with this award, we have to work harder to deliver and create more value for our stakeholders, especially for our country at this difficult time. We have to pay more tax, and create more employment," Song Kun told The Edge after being named this year's *The Edge* Billion Ringgit Club Value Creator: Outstanding CEO of Malaysia.

To manage family feuds and ensure that QL survives generation after generation, Song Kun convinced the family members to set up a family business trust, which may well be the reason why he has not been on Forbes Malaysia's 50 Richest list since 2016 despite QL's current market value of over RM11 billion, which is double the RM5.4 billion seen as at end-2015. Its market cap was only RM2.5 billion when it was named Company of the Year in 2011. Its market value was only RM138.4 million as at end-2000.

"No matter what we achieve, we will strive to remain humble and down-to-earth, remembering where we came from and our struggle to get here. But in terms of achievement, we know that the sky is the limit. So, we keep our feet on the ground and keep reaching for the stars," Song Kun says in the book.

Wise words that could well inspire many more successes.



THANK YOU

YANG AMAT BERHORMAT
TUN DR MAHATHIR MOHAMAD
PRIME MINISTER OF MALAYSIA

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COMPANY OF THE YEAR

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

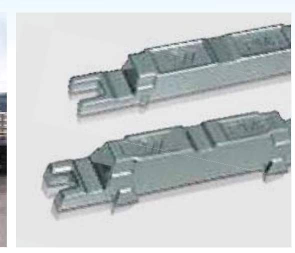
HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

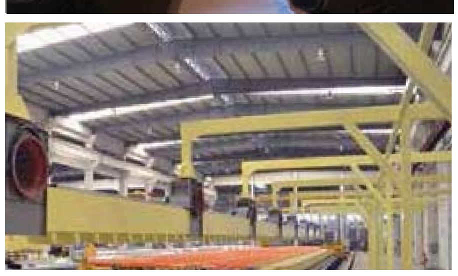
BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION
INDUSTRIAL PRODUCTS & SERVICES

Press Metal Aluminium Holdings Bhd

FROM A SMALL SEED, A GIANT HAS GROWN

BY LIEW JIA TENG





There is a Chinese proverb (兄弟同心，其利断金) that says when brothers are united, their strength would be as powerful as a sword that can slash metal. Essentially, it means that nothing is impossible when brothers unite to achieve a mission.

Press Metal Aluminium Holdings Bhd, a multi-billion-ringgit smelting giant that was created by the Koon brothers in 1986, would be a case in point. It was born during the deep recession of the late 1980s, when bankruptcies and retrenchments were part of daily life. Those who lived through the severe economic crisis would probably still feel the nerve-racking fear.

Tan Sri Paul Koon Poh Keong, who was a fresh university graduate at the time, made a bold move. The youngest in the family, he started an aluminium extrusion business with his four elder brothers — Poh Ming, Poh Weng, Poh Tat and Poh Kong.

With US$50,000 capital in hand, and minimum knowledge about aluminium extrusion operations, Paul set up a small outfit in Puchong, Selangor, with only 12 workers. The brothers then rolled up their sleeves to operate their business. As the company expanded, it moved to Kapar, Selangor.

Within seven years, the Koon brothers reaped the fruits of their labours. Press Metal made its debut on the Second Board of the Kuala Lumpur Stock Exchange in 1993. It was transferred to the Main Board in 1999 when it had established a strong earnings track record.

Almost two decades after setting up the little shop in Puchong, the Koon brothers made another bold decision to venture upstream — making aluminium. In 2009, Press Metal built the country's first aluminium smelting plant in Mukah, Sarawak, taking advantage of the ample power supply there. Since then, the Koon brothers have never looked back. Press Metal is currently the largest aluminium smelter in Asean and a key player in Asia — which the young engineering graduate would not have thought possible when he started out.

Currently, Press Metal has an annual smelting capacity of 760,000 tonnes per year and an annual extrusion capacity of 210,000 tonnes.

The group owns three smelting plants — in Mukah and Samalaju Phases 1 and 2 — with production capacities of 120,000 tonnes, 320,000 tonnes and 320,000 tonnes respectively. Its two extrusion plants — in Foshan, China, and Kapar — have production capacities of 160,000 tonnes and 50,000 tonnes respectively.

Having its plant in Sarawak comes with a host of benefits, one of them being lower electricity tariffs. At end-2014, Press Metal signed a 25-year power purchase agreement (PPA) with Sarawak Energy Bhd to purchase 500MW of electricity for Samalaju Phase 2.

With ample land to expand — only half of its 202.34ha in Samalaju are occupied — Press Metal has been waiting for the right opportunity to grow its smelting capacity as both of its existing smelters have been running at full capacity since 2016.

After a long wait, Press Metal can finally look forward to a third smelter in Samalaju as the group has secured a new PPA with Sarawak Energy in August, which will give it access to up to 500mw of electricity for 15 years.

The third plant will add 320,000 tonnes annually — a 42% bump — to its existing annual capacity of 760,000 tonnes, giving it a total smelting capacity up to 1.08 million tonnes a year upon full power drawdown.

Press Metal has been named *The Edge* BRC Company of the Year 2019, scoring high on earnings growth and returns to shareholders over the last three years.

Press Metal's share price jumped five-fold during the period under review, between March 31, 2016, and March 31, 2019, from 88 sen to RM4.49, translating into a three-year compound annual growth rate of 72% — the highest returns among *The Edge* BRC Big Cap companies.

Year to date, the counter has risen 1.4% to close at RM4.90 on Sept 18, giving it a market capitalisation of RM19.7 billion.

Since 2013, Press Metal's market capitalisation has 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.

Profit after tax registered a three-year CAGR of 67.2% during the awards evaluation period, rising from RM132.3 million in FY2015 to RM618.9 million in FY2018.

The group also achieved a stunning return on equity in the last three financial years — 23.3% in FY2016, 26.5% in FY2017 and 22.4% in FY2018.

Press Metal has consistently paid dividends over the past three years — with total dividends per share of 10 sen in FY2016, six sen in FY2017 and seven sen in FY2018. However, due to its strong share price performance over the past three years, its trailing 12-month dividend yield was only 1.2% at the time of writing.

The year 2017 was a very good one for Press Metal. The company's market capitalisation was large enough for it to become a component stock of the FBM KLCI. The rise in its share price catapulted Paul and his brother Poh Ming into Forbes' Malaysia's 50 Richest list. They were ranked 13th with a net worth of US$1.1 billion (RM4.9 billion). E

THE EDGE BILLION RINGGIT Club 2019

SPECIAL AWARD FOR
CONTRIBUTION TO NATION BUILDING

The Employees Provident Fund

GUARDIAN OF WAGE EARNERS' RETIREMENT SAVINGS

BY INSIDER ASIA

The Employees Provident Fund (EPF), as the guardian of savings for 14.2 million Malaysian workers, has a critical mission — to preserve and enhance the savings and purchasing power of its members and to help them achieve their retirement goals.

Building up a sufficient nest egg to see us through living needs in our old age is one of the biggest challenges we face, especially against the rising cost of living and resulting low savings rate, outside of mandatory contributions.

It is no easy task, as every investor is well aware. Financial markets are inherently volatile. But the EPF has lived up to this heavy burden by delivering steady returns through good and bad times, financial market crises, the ever-changing business environment and economic up and down cycles. The numbers prove it.

Its return on investment (ROI) — that is, the realised income — averaged 6.3% annually between 2001 and 2018, well ahead of our inflation rate of 2.3% during this period. This consistency of performance was achieved through a strategy of asset and geographical diversifications.

Half of its assets are invested in fixed income instruments such as Malaysian Government Securities (MGS) and corporate bonds, mainly for capital preservation. These investments provide a steady income stream.

A lesser 39% of assets are invested in equities, of which roughly 47% are in stocks listed on Bursa Malaysia. Equities, though carrying higher risks, would provide the booster to overall returns. Case in point — this asset segment contributed an outsized 57.6% to total investment income in 2018.

Furthermore, the EPF is able to capitalise on its dominant position on the local bourse — its shareholdings account for nearly 9% of total market capitalisation — and profit from market-making opportunities. It is a substantial shareholder in many of the largest-cap stocks on Bursa, including Maybank, Public Bank, Tenaga Nasional, KL Kepong, IOI Corp, Axiata, Digi.Com, Telekom Malaysia, Sime Darby and CIMB Group.

About 5% of assets are invested mainly in real estate and infrastructure as an inflation hedge, and the remainder in liquid money market instruments (see Chart 1).

In terms of geography, about 73% of the EPF's total assets are invested domestically, while the balance are overseas. For instance, the fund has holdings in stocks listed in the US, Hong Kong, Singapore, Thailand, London, Japan, South Korea, Indonesia, Taiwan and the Philippines as well as in unquoted securities (see Chart 2).

Thanks to this well-diversified strategy, members have enjoyed steady dividends, averaging 5.6% annually in the past two decades. The returns are superior to simply putting money in the bank and far less harrowing than investing in the stock market benchmark index, FBM KLCI (see Chart 3).

To all those who claim it impossible to outperform from a large asset base, the EPF currently manages investments totalling RM834 billion. And it could still deliver far better returns than the majority of funds in this country.

Its ROI for the past five years stood at 7.1% while annual dividends paid to members averaged close to 6.4%, including a record-breaking 6.9% in 2017 in the face of an increasingly difficult investing climate (see table).

By comparison, the 397 Malaysian-focused funds we analysed, with assets under management totalling RM175 billion and an average fund size of RM441 million, reported annual returns of just 1.9% over the same period.

Granted, the EPF has steady inflows of fresh money and limited redemption issues. Total investment assets grew at a compound annual growth rate of 9.3% between 2001 and 2018. Hence, it is better positioned to make decisions based on a longer-term perspective.

The EPF's performance also exceeded that of Singapore's sovereign wealth fund GIC and matched that of Temasek Holdings.

Meanwhile, its average dividend rate of 5.6% (2001-2018) tops the 4% interest rate Singapore's Central Provident Fund pays on members' contributions, even after adjusting for inflation.

This year, we are presenting a Special Award for Contribution to Nation Building to the EPF in recognition of its outstanding performance in helping Malaysian workers safeguard their savings and build a stronger financial future. E

CHART 1

INVESTMENT ALLOCATION BY ASSET CLASS (%)

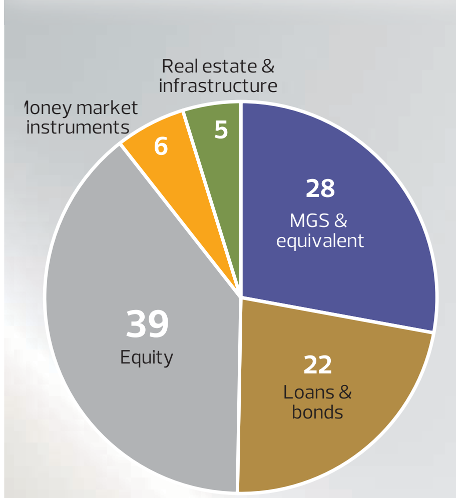


CHART 2

INVESTMENT ALLOCATION BY GEOGRAPHY (%)

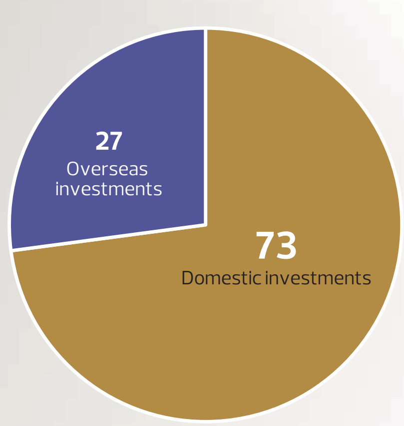
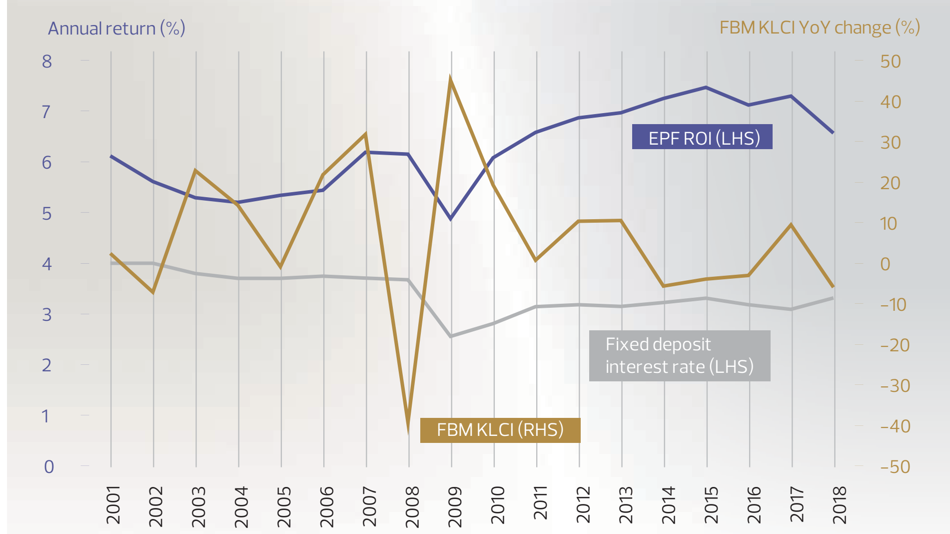


CHART 3

COMPARING EPF'S PERFORMANCE WITH FIXED DEPOSITS AND FBM KLCI



DATA BY ABSOLUTELY STOCKS (ASIA ANALYTICA DATA SDN BHD)

AVERAGE ANNUAL RETURNS COMPARISON (%)

	2001 TO 2018	2014 TO 2018
EPF ROI	6.25	7.14
EPF dividend rate	5.60	6.38
12-month FD rate	3.40	3.22
Temasek #	7.00	7.45
GIC ^	5.50	4.90
CPF interest rate	4.00	4.00
FBM KLCI	6.83	(1.81)
Unit trusts	NA	1.91

 # Based on annual total shareholder returns for 5 and 20-year periods ending March 31, 2019 from Temasek's annual reviews
^ GIC data are 5-year and 20-year nominal annualised returns for periods ending March 31, 2019

CRÈME DE LA CRÈME

Prime Minister Tun Dr Mahathir Mohamad, accompanied by The Edge Media Group chairman Datuk Tong Kooi Ong and The Edge Media Group publisher and group CEO Datuk Ho Kay Tat, presented the top three awards of the night. The other awards were presented by OCBC Bank Malaysia CEO Datuk Ong Eng Bin, Ho and *The Edge* editor-in-chief Azam Aris. Joining them in presenting the awards were Jaeger-LeCoultre managing director for Southeast Asia & Oceania Iñigo Ohlsson and Mercedes-Benz Malaysia president and CEO Dr Claus Weidner. They presented the awards for the Best CR Initiatives as well as the Construction, Consumer Products & Services, Energy, Financial Services and Healthcare sectors. **(See also pages 44-49)**

COMPANY OF THE YEAR – Press Metal Aluminium Holdings Bhd
(Tan Sri Paul Koon, group CEO)

VALUE CREATOR: MALAYSIA'S OUTSTANDING CEO
Dr Chia Song Kun (executive chairman of QL Resources Bhd)

SPECIAL AWARD: CONTRIBUTION TO NATION BUILDING – Employees Provident Fund
(Tan Sri Samsudin Osman, chairman)

THE EDGE BILLION RINGGIT Club 2019

Keeping track of what matters

BY CINDY YEAP

MOHD IZWAN MOHD NAZAM/THE EDGE

From left: Selvarany's representative Soh Beng Choo, Nik Ramlah, Koh, Jeffrey's representative Leong Mei Sim and Dorothy

Companies can achieve greater impact with corporate responsibility (CR) initiatives by making sure that the impact of their programmes is consistently tracked, say judges of the CR component of *The Edge* BRC Company of the Year award.

Just as financial performances are carefully tracked, companies should put more thought into measuring the effectiveness of their CR initiatives.

It is not just about spending money but making a difference to the community as a responsible corporate citizen, the judges say, noting that higher scores were given to BRC member companies whose sustainability framework and reporting of CR initiatives are better articulated when it comes to social, economic and environment impact outcomes over a period of time.

The better companies are able to demonstrate not only what was done that year but also how the impact of a particular programme has grown over the years and how the programme can continue to be impactful going forward due to the sustainability target pledges, responsible business practices and financial commitments to ensure meaningful change, judges say. This is important as responsible companies can help drive improvements in their ecosystems by setting higher standards for suppliers and business partners when it comes to environmental, human rights or supply chain issues.

The Edge Education Foundation CEO Dorothy Teoh notes how Heineken Malaysia Bhd's 100% water sustainability road map through 2030 is being built based on data points collected from the high-impact projects under its three-year Water Stewardship Agenda (2018 to 2020).

"With water becoming a crucial issue as highlighted by droughts leading to forest fires in various places worldwide, I am glad to note that more companies are focusing on water, whether it is tracking water usage alongside energy usage to improve the efficiency of water use, harvesting rainwater for landscape use or, in the case of Heineken, moving from river rehabilitation to watershed protection focused on Sungei Selangor, the source of water supply for most Klang Valley residents," says Dorothy.

The amount companies set aside to incorporate CR initiatives into their business models and be a better corporate citizen should correspond with the size of the company.

"The bigger the company, the larger the responsibility and impact to stakeholders," says Dorothy. Malayan Banking Bhd, for instance, channels about 1% of its net profit to community programmes, to allow long-term strategic work to be carried out with its partners across the region.

While charitable giving is applauded, the judges say companies should go beyond handing out monetary contributions to actually making sure the money spent on CR enhances the welfare and well-being of the people and the community they operate in.

Former deputy CEO at the Securities Commission of Malaysia Datuk Dr Nik Ramlah Mahmood notes favourably companies whose sustainability efforts support the country's development policy as well as make them better corporate citizens to the communities they are in as well as their own people.

An example is how Bermaz Auto Bhd upskills its managers as well as fresh graduates and recruits via technical, vocational, education and training programmes, says the career regulator who currently sits on the boards of the Malaysia Deposit Insurance Corporation, Securities Industry Development Corporation, Axiata Group Bhd, United Malacca Bhd and Amanah Saham Nasional Bhd.

In the same vein, Dorothy views favourably the linkages made with schools and universities in programmes such as Axiata's leadership training, Inari Amertron Bhd's internship and KLCCP Stapled Group's apprenticeship efforts.

Giving the thumbs up for women in the workforce and emphasis on uplifting family ties by providing longer maternity and paternity leave, she notes that two-thirds of KLCCP's workforce is represented by women and Malaysia Airports Holdings Bhd gives grandparental leave.

Among the better companies, the bar of excellence is getting higher.

TOP 5 CR INITIATIVES — SUPER BIG CAP

(IN ALPHABETICAL ORDER)

Hong Leong Bank Bhd
Malayan Banking Bhd (2019 winner)
Maxis Bhd
Petronas Chemicals Group Bhd (2018 winner)
Tenaga Nasional Bhd (2017 winner)

TOP 5 CR INITIATIVES — BIG CAP

(IN ALPHABETICAL ORDER)

Axiata Group Bhd
IOI Corp Bhd (2019 winner)
Sime Darby Bhd (2018 joint-winner)
Top Glove Corp Bhd
Westports Holdings Bhd

TOP 5 CR INITIATIVES — BELOW RM10 BILLION MARKET CAP

(IN ALPHABETICAL ORDER)

Carlsberg Brewery Malaysia Bhd (2019 winner)
Heineken Malaysia Bhd
IOI Properties Group Bhd
Sunway Bhd (2015 & 2018 winner)
United Plantations Bhd

"More companies seem to have gone beyond box-ticking in integrating economic, environmental and social components of sustainability into their operations," says Dorothy.

"It is heartening to see companies going beyond mere compliance with laws and regulations to improve the sustainability of their businesses. We hope that next year, we will see more companies doing this. The quality of reporting, too, seems to have improved, with more companies adhering to Global Reporting Initiatives guidelines."

"It has been always humbling for me to read through the annual reports and see that while the companies have to deal with a competitive environment and complex regulatory and compliance framework, they still invest in corporate responsibility projects," says Philip Koh Tong Ngee, senior partner at Mah-Kamariyah & Philip Koh Advocates & Solicitors.

"While primacy must be given to financial governance, CR is not a PR (public relations) exercise to hide under financial performance or, worse still, corrupt practices — such as making donations to foundations that are related parties or merely seeking some moral legitimacy for quizzical products and/or services. While the ethical or green fund movements have never taken root in Malaysia, we can note that a new generation of investors are, in fact, very sensitive to issues of unethical or irresponsible corporate conduct."

He reckons that there must be "a new model of responsible corporate governance decision-making", taking into account the interest and claims of a wider circle of stakeholders, present and future shareholders, employees, suppliers, creditors, consumers, governments and the environment.

Bursa Malaysia chief commercial officer Selvarany Rasiah says the front-line regulators have observed a general trend of improvement in terms of uptake of environmental, social and governance (ESG)-related practices as well as disclosures among Malaysia-listed companies in recent years.

"Inculcating a strong ESG culture will undoubtedly enhance the overall resilience and attractiveness of our capital market ecosystem. ESG investing is becoming an increasingly core aspect of investors' mandate, coupled with heightened expectations of various societal stakeholders regarding the contribution of business to sustainable development. As such, it bodes well for the companies to embrace ESG wholeheartedly to better manage both key risks and capitalise on emerging opportunities while maintaining their licence to operate," she says.

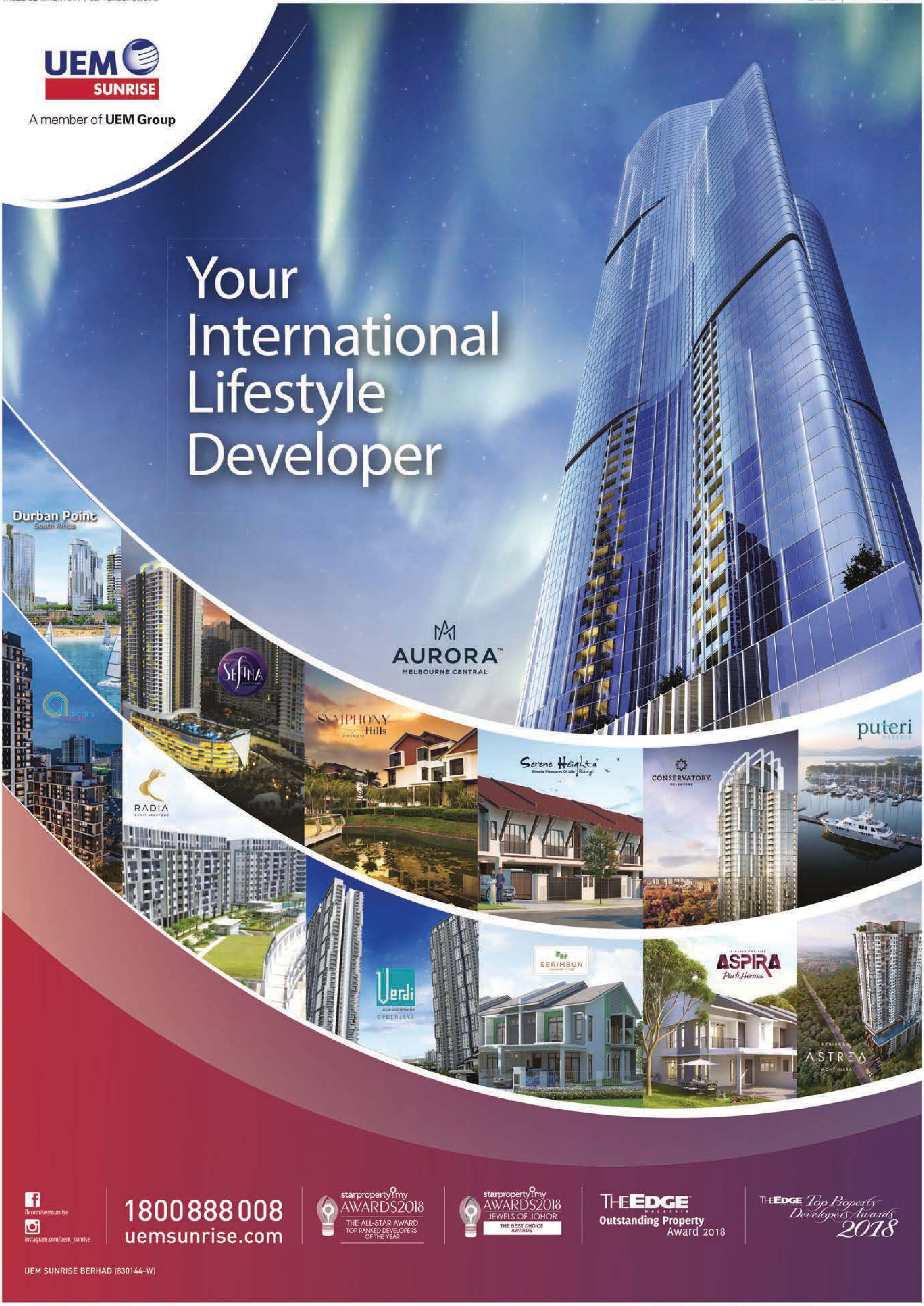
"As an exchange, we have been a leading proponent of ESG, especially in terms of establishing a comprehensive sustainability disclosure framework to guide the companies and elevating their practices via our advocacy programmes/initiatives as well as supporting resources on BURSASUSTAIN. Overall, we are pleased to see a significant increase in the number of constituents that make up our FTSE4Good Bursa Malaysia Index, from 24 in 2014 to 71 currently."

In recognition of the importance of CR, the component constitutes 30% of the score for *The Edge* BRC Company of the Year award. Judges abstained from the scoring and deliberations on BRC members where they are a board member of if there are potential conflicts of interest.

Selvarany rejoins *The Edge* BRC panel of CR judges this year after a two-year hiatus following her promotion from chief regulatory officer. Returning to the panel of judges this year are Dorothy, Nik Ramlah, Koh and Jeffrey Teoh, managing director and head of corporate and commercial banking of OCBC Bank (M) Bhd.

"A decade has come and gone since we at OCBC Bank first started sharing in the vision with *The Edge* to showcase both the head and heart of the country's finest corporations," says Jeffrey.

"*The Edge* Billion Ringgit Club remains as relevant today as it was then. Most heartening is the continuing shift in emphasis to a corporate responsibility posture that integrates to itself the advantages of digital solutions that help enhance the lives of every community out there. Inclusive access with relentlessness will remain the staple way of achieving the goals of becoming a skilled and high income country responsibly." E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UEM SUNRISE BERHAD (830144-W)

BEST CR INITIATIVES

BELOW RM10 BILLION MARKET CAPITALISATION

Carlsberg Brewery Malaysia Bhd

GREEN IN BRAND AND PRACTICE

BY SYAHIRAH SYED JAAFAR

To ensure it succeeds in doing its part to protect the environment and as a responsible corporate citizen, Carlsberg Brewery Malaysia Bhd has set itself some serious targets — from zero water waste and zero carbon footprint to zero irresponsible drinking and zero accidents culture, the group is firm on making a positive economic, environmental and social impact.

Its zero carbon footprint target is to achieve zero carbon emissions at all of Carlsberg Group's breweries by 2030.

"Intermediate targets for 2022 include a 50% reduction in emissions and a switch to 100% renewable electricity, plus eliminating coal as an energy source.

"We also aim to reduce our beer-in-hand carbon footprint by 15%, and to have 100% low-impact cooling, and to establish 30 global partnerships with suppliers by 2022, leading to a reduction in our shared carbon footprint.

"We are confident that it is possible for businesses to reduce emissions significantly while still driving growth," the brewery says in its 2018 annual report.

Carlsberg Malaysia says it is always on the lookout for ideas and new ways to enhance packaging efficiency and reduce energy use and carbon emissions at its brewery.

"In 2018, our brewery's heat energy consumption stood at 23.17 kwh/hl, an improvement from the previous year's 23.23 kwh/hl. The reduction in energy usage is partly due to improvement in hot insulation, which was mainly on heat supply piping and boiler stations.

"We will continue this initiative in 2019 with more focus on packaging equipment, including bottle washers and pasteuriser body insulation. This can potentially result in energy savings of between 10% and 15%.

"We have also installed energy meters for all levels of production to enable more detailed consumption monitoring, while prioritising focus areas," the group says.

Carlsberg Malaysia is also proud of its flagship programme, the Top 10 Charity, which is "unique in that it has successfully helped over 600 schools raise more than RM520 million over three continuous decades — a feat as yet unmatched in Malaysia and which earned it a place in the *Malaysia Book of Records* as the longest-running Chinese education charity campaign with the highest funds raised".

Established since 1987, the programme is a fundraising platform for the development of Chinese education in the country, through charity concerts in collaboration with vernacular schools. Funds raised are used for infrastructure upgrades such as new classrooms, administration buildings and school halls, as well as roofed recreational facilities.

In 2018, it garnered more than RM18 million.

"In 2019, Top Ten will seek more partnerships from Chinese vernacular schools so that more schools and students can benefit from the campaign," the group says.

When it comes to its own human resources, Carlsberg Malaysia does not take its employee development lightly, committing to building a high performance culture in the workplace. It says it will keep strengthening its employee base with continuous learning and development. Also to continue are nationwide workshops and roadshows to drive employees' awareness of performance management, total rewards and individual development plans. E

BEST CR INITIATIVES

BIG CAP COMPANIES – RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

IOI Corp Bhd

A HEART FOR EDUCATION AND COMMUNITY DEVELOPMENT

BY SYAHIRAH SYED JAAFAR

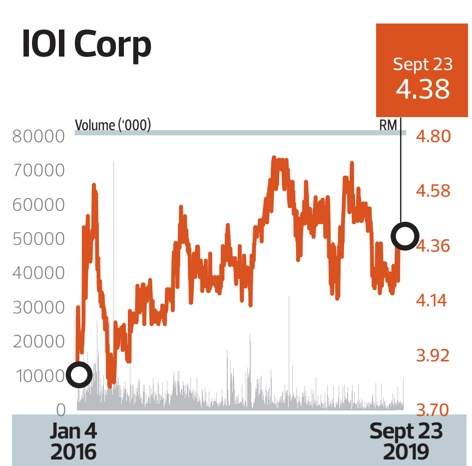
IOI Corp Bhd's Yayasan Tan Sri Lee Shin Cheng (TSLSC), which was named after its late founder, has impacted countless beneficiaries since 1994 in its passion to help and relieve those in need of financial and medical assistance.

At the heart of the foundation's focus are education advancement and community welfare.

To date, Yayasan TSLSC has contributed about RM44 million to various schools, hospitals, welfare homes and charitable bodies, and has given out scholarships, grants and awards to more than 2,500 students.

In the 2018 financial year (FY2018), Yayasan TSLSC awarded RM111,200 to 257 needy students from 26 primary and secondary schools in Peninsular Malaysia and Sabah under its Student Adoption Programme (SAP) 2018. Each primary and secondary student will receive RM800 and RM1,000, respectively, until completion of their primary or secondary education, or both.

"Since its inception, the SAP has benefitted more than 1,000 students from over 200 schools in Peninsular Malaysia and Sabah. To date, the programme has funded more than RM4.1 million in the form



BEST CR INITIATIVES

SUPER BIG CAP — ABOVE RM40 BILLION MARKET CAPITALISATION

Malayan Banking Bhd

ASPIRING TO MAKE SUSTAINABILITY BUSINESS A NORM

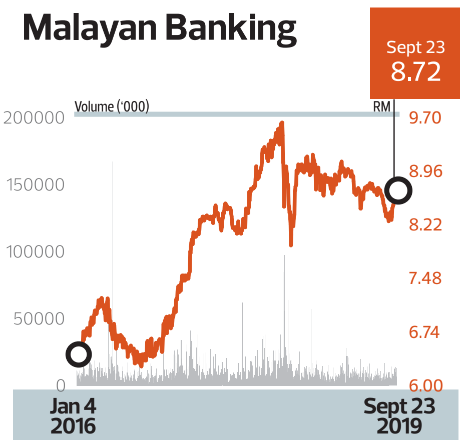
BY SYAHIRAH SYED JAAFAR

The sustainability agenda has long been a priority for Malayan Banking Bhd (Maybank). Its efforts in this direction are anchored in its mission of humanising financial services. Bursa Malaysia's largest company by market capitalisation has made it a practice to regularly engage its stakeholders as part of its 20/20 Sustainability Plan to deliver meaningful long-term value.

According to Maybank, the country's largest bank in terms of asset size, its yearly performance is reported against the plan — a five-year sustainability strategy approved in 2014. The plan aims to generate long-lasting impact and value across three pillars — Community and Citizenship, Our People and Access to Products and Services — and 10 commitments.

While it is nearing the end point in the implementation of the plan, Maybank says, it has made significant inroads in its everyday business.

"We have seen key shifts in the organisation in the last five years with sustainability increasingly seen as part of business as usual. While we are able to show further progress and achievements in 2018, there is still more to be done, especially in driving sustainability as a strategic imperative," the bank says in its 2018 annual report.



Last year, Maybank made further progress, especially in the areas of environment, social and governance (ESG), human capital and community empowerment, through its foundation. It channelled 1% of net profit or RM72.90 million to community programmes, higher than what was spent previously.

Given its regional presence, the banking group expanded its four flagship programmes — RISE, eMpowering Youths Across Asean, Maybank Women Eco-Weavers and Maybank TLC — across 10 Asean countries.

The RISE (Reach Independence & Sustainable Entrepreneurship) programme, which supports disadvantaged communities by helping them grow their income and become financially independent, entered its last phase to train a total of 6,080 people in

Laos, Malaysia, Indonesia and the Philippines.

"The programme has successfully enabled participants to adopt innovative strategies to realise their business ideas, enhance their business management skills and improve client acquisition and retention. This has led to a quick and sustainable increase in income without having to obtain loans or additional funding," says Maybank, which has a presence in several Asean countries.

As part of efforts to continue the growth journey, Maybank Foundation Board of Trustees approved the 2019-22 Strategic Plan, themed "Positively impacting community". The plan will continue to look at expanding existing flagship programmes and elevating community investments, among others.

Internally, learning and skills development continued to be enhanced with RM131 million invested by the banking group.

Maybank says employee participation in training rose 14.5% year on year in 2018 to 41,544 whereas the average training hours per employee was 55.6, up 11.6% y-o-y.

Additionally, more than 18,000 of its employees in Malaysia were upskilled to the foundation level of digital literacy through e-learning, interactive team sessions and assessments.

Diversity and inclusivity in the workplace continued to be enhanced. Last year, Maybank extended the flexibility to parents of newly adopted children when it introduced a parental leave policy for child adoption.

Access to financial services also remained at the heart of the bank's community service work. Last year, it maintained its support for small and medium enterprises through RM2 billion worth of financing under the Portfolio Guarantee Scheme.

"We have increased access to microcredit facilities for small enterprises that do not always have access to conventional financial services. We disbursed RM40.9 million to micro businesses, benefiting 961 customers," says Maybank.

With its commitment to develop its people and the community at large, the banking group will surely continue to make an impact for many years to come. E

of sponsorships," IOI Corp says in its 2018 annual report.

The development of science, technology, engineering and mathematics (STEM) is also an important cause to the group. In 2017, it collaborated with Chumbaka Sdn Bhd and Agensi Inovasi Malaysia to sponsor the IOI-Puchong STEM Programme. The nine-month community project was aimed at exposing 210 students from 10 schools in Puchong to STEM.

"IOI contributed RM112,875 to its STEM programme, where a two-hour workshop was conducted by Chumbaka every week [after school] to promote students' interest [in] STEM fields while providing opportunities to spur students' passion to innovate.

"The project ended with the STEM@Puchong Maker Faire 2017 on Nov 12, where 150 students showcased their inventions using knowledge acquired from the STEM programme," says IOI Corp.

Yayasan TSLSC places high importance on investing in human capital development. In FY2018, for the tertiary sector, Yayasan TSLSC awarded RM333,000 in scholarships to 14 outstanding full-time undergraduate students at recognised local higher learning institutions.

The foundation presented a RM10,000 cheque to Montfort Boys Town to support its mission of equipping less fortunate youth with the right skills for employment and to defray its operational costs of RM6 million a year.

Besides holding educational and social investment programmes, the group also encourages and provides employees with ample opportunities to volunteer their time and actively participate in corporate responsibility activities organised by Yayasan TSLSC.

Some of the memorable activities included bringing cheer to residents of old folks' homes and organising outdoor team-building sessions for children from orphanages.

As a palm oil producer, the group prioritises protection of the environment. Last year, it sent representatives to the local communities in the vicinity of IOI Pelita's Sejap and Tegai Estates to update them on IOI's progress on the Roundtable on Sustainable Palm Oil and also contributed cash to each community for the Gawai celebration.

IOI also held a three-day sustainability awareness drive in Sabah in conjunction with the International Run for Orangutan 2018 exhibition to create awareness of the plight of the endangered orangutans and to enhance environmental and wildlife care. E

Step up and invest more

SPEECH BY YANG AMAT BERHORMAT TUN DR MAHATHIR MOHAMAD

First of all, I would like to thank Datuk Tong and *The Edge* for inviting me to this evening's gala dinner to recognise and celebrate the best-performing companies on Bursa Malaysia.

I understand that *The Edge* Billion Ringgit Club is made up of the elites of Corporate Malaysia and only companies with a market value of at least RM1.0 billion are eligible to be considered for the awards to be given out tonight.

I am told that this year, 168 out of the 900 companies listed on Bursa Malaysia made the cut. Although they make up only 18% of the total number of Bursa companies, their combined value of RM1.5 trillion comes up to 90% of the entire market value of Bursa companies.

I am also happy to note that all the Billion Ringgit Club (BRC) members paid RM26 billion in taxes to the government in 2018 from the RM101 billion profit you made.

The equation is simple — the more money you make, the more the increase in government funds and the more development fund will be available. Profit and prosperity is then shared.

The government and the private sector

The government has many limitations today mainly due to the debts inherited from the previous government. All of you own and run companies, so you will know what I am talking about when I say the debt burden weighs very heavily on the government and limits our ability to invest and spend more.

Herein lies the role of the private sector. In fact, it is hope that you will step up and invest more. The private sector is best placed to know what works and what does not.

The government is prepared to review policies and regulations, make changes and introduce new ones if the private sector can convince us that they will lead to more investments and economic activities and create new and better-paying jobs especially for young Malaysians.

Big companies have the capacity to invest, to take risks and to connect with the global supply chain. And the success of each creates a multiplier effect, a ripple effect through the rest of the supply chain, creating opportunities for other smaller companies.

Such opportunities will encourage innovations and further improvements, creating not just jobs but also profits to be re-invested.

Shared prosperity

I would also like to take the opportunity to elaborate a little on the Shared Prosperity vision of the Pakatan Harapan government

Some are mistaken that the concept of "shared prosperity" somehow contradicts the premise of profit or economic maximisation. Some say it sounds like socialism and that it will result in less efficiency, or less economic competitiveness for Malaysia. It is none of that.

It is to ensure that Malaysia continues its path of sustainable development based on the equitable growth of each value chain, class,

community and geography. The growth will not be lopsided. It will create a sense of harmony and stability among the people by 2030.

Really efficient and successful companies are what they are because they are able to give more to both workers and owners. Why? It is only when all stakeholders are aligned that mutual interests will be achieved and seen.

In the same manner, if we help to better the lives of all Malaysians, instead of allowing wider and wider wealth disparities between the haves and have-nots, then all Malaysians would be willing to work towards making Malaysia a greater and better country.

Fighting corruption — the scourge of a nation

We are also committed to the fight against corruption. Corruption increases the cost of business and is detrimental to consumers and employees because the cost will be passed on to them eventually.

When corruption is reduced, companies will make more money, which in turn will improve the compensation to employees, shareholders and the public as well.

I appeal to Corporate Malaysia to help the government fight the scourge of corruption, both in the public and private sectors. It is good for our well-being and the well-being of our children and their children.

Companies that provide information on corruption will be protected. They will not be discriminated against by government agencies.

Moving forward

I know there are criticisms and unhappiness that after 16 months we have not delivered everything we promised in our manifesto. We have delivered many of what was promised, some completely and some partially. There are, of course, others that will need time to implement.

The situation a new government faces is no different from what a new management of a failing or failed company faces — once you come in, you will find that the actual condition of the business is worse than what you thought or were told, with hidden liabilities and losses and other issues.

That is when you realise that it will take you longer to turn things around.

I believe the business community will show more understanding and do its part to complement and support what the Pakatan Harapan government is doing to resolve these problems.

Please don't be easily distracted by all the political noises you read and hear every day. It is to a certain extent part of a robust and vibrant democracy. Fake news is a reality, as now the social media is available to everyone directly without the intervention of editors and the like. We must not allow it to derail us from what we need to do and that is to grow the economy through greater economic activities.

Let us — the private sector and the government — work hand in hand to turn things around for the country for the benefit of the Rakyat.

Thank you.

Inspiring others to be daring

WELCOME ADDRESS BY YANG BERBAHAGIA DATUK TONG KOOI ONG
CHAIRMAN, THE EDGE MEDIA GROUP

Yang Amat Berhormat Tun Dr Mahathir Mohamad, Prime Minister of Malaysia,
Tan Sri-Tan Sri, Puan Sri-Puan Sri,
Datuk-Datuk, Datin-Datin,
Members of *The Edge* Billion Ringgit Club and the media,
Friends and colleagues,

On behalf of *The Edge*, I wish you all a warm welcome and I thank you for being here this evening.

Tun, I am most grateful for your graciousness in honouring us with your presence, as I am aware how busy you are.

Tun, I think I speak for everyone here, every member of *The Edge* Billion Ringgit Club (BRC), that without you speaking up on 1MDB and leading the charge in the last general election, there would not have been change.

Without going into details, I believe that if there had been no change, the country's finances will only have gotten worse, and the previous government will have to sell more of the country's assets and commit ourselves to more debts in dodgy transactions to cover all the holes that they created.

This would have inflicted a very painful burden on Malaysians for many generations to come.

Malaysia was truly on the brink.

And Corporate Malaysia, like all Malaysians, owe you a debt of gratitude for coming out of the comfort of retirement to do what you did.

We know how big a risk you took and how hard a fight it was. We saw you campaign across the country in the rain and under the scorching sun. We even saw you climbing up a ladder to speak on a pickup truck.

Tun, we may or may not agree with some of the decisions and actions of the Pakatan Harapan government over the past 16 months, but one thing we all agree is that Malaysia is a better place today because of what you did, Tun — putting nation before self.

The Edge might not be operating today if the general election result had been different, and in all likelihood, I won't even be able to live in Malaysia.

For me and Dawn, and members of my family, and all of us at *The Edge*, a special thank you.

Ladies and gentlemen,

This is the 10th year of the Billion Ringgit Club Corporate Awards. We have always had a gala dinner either in August or September — except for 2015, when we had a simple lunch in October because of our troubles with the then government over our reporting of 1MDB. The lunch was held only after we won our suit and after our suspension was lifted by the court in the September of that year. And even then, we were not sure if it would be well attended, as there was a climate of fear.

As it turned out, the lunch was very well attended — which showed that Malaysians and Corporate Malaysia mostly stood with *The Edge* during our darkest days.

On behalf of *The Edge*, I would like to thank all of you members of BRC for your support.

And a big thank you also to our sponsors — OCBC Bank, Mercedes-Benz and Jaeger-LeCoultre — for being there for us.

Tun, it was you as Home Minister who issued us the licence to start *The Edge* 25 years ago. I am happy to report that we are the only traditional print media in Malaysia and one of the few around the world which have continued to grow our readership and sales in print as well as on digital platforms despite the onslaught of online news and social media.

I believe this is because we are honest in our reporting and in our opinions. This often makes us unpopular with the government of the day, including the government of today, as well as companies we report on. But what is important is that we are trusted by our readers because we are credible and honest.

Similarly with our awards like BRC, which are coveted by Corporate Malaysia because the methodology and criteria are transparent and independently audited.

Tun, our awards cannot be bought!

We started the awards 10 years ago to honour the best and the biggest of Corporate Malaysia with the aim of encouraging Malaysian companies to be even better, to grow, to invest, to create jobs and to be socially responsible.

To be recognised and to win awards, companies must grow their profits, be more efficient, invest in technologies, exhibit high returns to shareholders through dividends and stock price.

Ladies and gentlemen,

While we will recognise many successful companies tonight, the hard truth is that over the past six years, many companies listed on Bursa Malaysia have not done well.

This is evident in the continuous decline in profit margins. Consequently, the stock prices for companies on Bursa Malaysia have performed poorly. It drives away both foreign and local investors.

It is not surprising, given that economic growth over the past decade came mostly from consumption, household spending, rather than higher manufacturing activities, or exports or investments.

Household debt of Malaysians is high relative to others.

Our annual real GDP growth would have been 2% or even less over the past 10 years, rather than the 4.7% as reported, had we prudently managed domestic consumption.

There is a cost to the policy of the past decade.

The high debts of households have increased the cost of living of Malaysians, especially the B40. Because they need to service debts, they have less money to spend and have little by way of savings.

Our national savings rate has declined. This affects bank deposits and the ability of banks to help finance investment needs.

Even worse, 70% of commercial bank loans are made to consumer financing, leaving not much room to make loans to corporates, commercial and SMEs.

The bottom line is this — Malaysian companies have not invested enough to make themselves more efficient by embracing technologies and new opportunities so that their profit margins will increase.

The economy needs private investment growth to create employment, to raise wages and to share prosperity — now more than ever — as the other levers of growth, like government spending and consumption, are now limited.

The government has a role to facilitate and enable the private sector to grow, to make financing more available through the banks and capital markets. It must improve the investment climate and be a catalyst when the private sector can't.

Personally, although I am a social and economic libertarian, some measures of the much-criticised "Malaysian Inc" spirit of 30 years ago might be what the country needs today.

At this moment in history, when we are confronted with massive technological revolution and behavioural changes — the internet, digitalisation of data, sharing of assets, robotics, artificial intelligence, etc — we must plan and execute well to compete.

Countries that are ahead of us were not naturally endowed to succeed; they acted and made it happen. We must do the same.

The government must help, but ultimately, the private sector, the entrepreneurs and business leaders must take the lead and just do it.

I believe our problem today is mindset.

We have lost the optimism and confidence of decades past, when we believed we could do anything — the "Malaysia Boleh" era.

Today, too many of us fear the unknown, see a ghost in every shadow. We look for what can go wrong, rather than dream of what is possible. Perhaps we, both the private sector and the regulators, are still frightened by the experience of 1997/98.

Many are increasingly cynical but offer no solutions.

When the government arrives at a decision quickly, some see it as authoritarian. When a decision is debated publicly, it is interpreted as indecisiveness.

When we do not get our way, we say that the government is useless. When others get their proposals approved, we say it's corruption.

We need to stop running ourselves down.

The people of Malaysia bravely voted for change last year. It is time for corporate leaders and government leaders to also be brave and take on what is difficult but necessary, rather than the easy way out.

It is a myth to think there is no cost to inaction. Rather than do nothing and wait to fail, would it not be better to do something, take the risk and the plunge, and have fun even if we fail in the end?

In any case, it is often in adversity that humans triumph.

And this is what tonight's event is about — to recognise some 40 companies that have done well so that they can inspire others to be daring.

I am proud of the company that will be announced as Company of the Year tonight as it joins the likes of Supermax, QL Resources, Genting Malaysia, Digi, Dutch Lady, Tenaga, Nestlé, AirAsia and Petronas Dagangan.

A company I have personally known for decades. It took on huge risks, borrowed massively and utilised the natural assets in Malaysia, combining with the low-cost technology from China, to now become the largest player in the industry in Southeast Asia. The company has since achieved tremendous profitability and growth in stock prices, with a market capitalisation of about RM20 billion.

We have also chosen as Value Creator: Malaysia's Outstanding CEO of the Year someone who is a true rags-to-riches story, using natural resources that are plentiful and free out in the open sea to build a company that is today worth RM11 billion.

We last recognised his company nine years ago as Company of The Year, and since then its market capitalisation has grown five times larger. And he is a truly nice and humble person of integrity, and joins other illustrious Value Creator recipients.

Last but not least, we will also be presenting a special award for contribution to nation building to an institution that is the guardian of the largest pool of national savings in the country, that everyone in this room values.

Ladies and gentlemen, let me thank you all again for being here this evening, and for patiently listening even if you may not agree with what I have said.

And Tun, sorry my speech was a little too long; it is the one and only opportunity for me to share the objectives of this forum with you.

Thank you, and may God bless everyone.

COMPANY OF THE YEAR

2010 — Supermax Corp Bhd

2011 — QL Resources Bhd

2012 — Genting Bhd

2013 — Digi.com Bhd

2014 — Dutch Lady Milk Industries (M) Bhd

2015 — Tenaga Nasional Bhd

2016 — Nestlé (Malaysia) Bhd

2017 — AirAsia Bhd

2018 — Petronas Dagangan Bhd

2019 — Press Metal Aluminium Holdings Bhd

VALUE CREATOR OUTSTANDING CEO OF MALAYSIA

2010 — Public Bank Group chairman Tan Sri Teh Hong Piow &

CIMB group former chairman Datuk Seri Nazir Razak

2012 — AMMB Holdings Bhd chairman Tan Sri Azman Hashim &

AirAsia group CEO Tan Sri Tony Fernandes

2013 — S P Setia Bhd former president and CEO Tan Sri Liew Kee Sin &

Malayan Banking Bhd former president and CEO Tan Sri Abdul Wahid Omar

2014 — Axiata Group Bhd president and group CEO Tan Sri Jamaludin Ibrahim &

Sunway Group chairman Tan Sri Jeffrey Cheah

2016 — Khazanah Nasional Bhd former managing director Tan Sri Azman Mokhtar

2017 — Westports Holdings Bhd executive chairman Tan Sri G Gnanalingam

2018 — Dialog Group Bhd executive chairman and co-founder Tan Sri Ngau Boon Keat.

2019 – QL Resources Bhd executive chairman Tan Sri Chia Song Kun

A nod to Corporate Malaysia's finest

BY SUPRIYA SURENDRAN

The presence of guest of honour Prime Minister Tun Dr Mahathir Mohamad made Corporate Malaysia's most-anticipated annual awards ceremony a night to remember.

The tenth instalment of The Edge Billion Ringgit Club (BRC) Corporate Awards saw the country's crème de la crème descend upon the grand ballroom of Sheraton Petaling Jaya on Sept 19.

Corporate Malaysia's most well-known personalities were among the more than 400 guests, some of whom had arrived as early as 6pm, two hours ahead of the arrival of Dr Mahathir. Because the statesman could not make it on the original date of Sept 18, many of the guests had had to rearrange their schedules, some even deferring overseas trips to share the black-tie event with the nonagenarian.

The men looked dapper in their tuxedos and bespoke suits while the ladies were elegant in their evening gowns and jewellery. Relaxing tunes by musicians added to the warm ambiance as guests mingled and took photographs. They were also seen posing with the sleek and luxurious Mercedes-Benz S 560e that was on display in the middle of the foyer, courtesy of Mercedes-Benz Malaysia, which provided the official car for the event.

Aficionados of horology feasted their eyes on masterpieces showcased by Swiss luxury watchmaker Jaeger-LeCoultre, supporting sponsor for the fifth year running.

The Edge Media Group chairman Datuk Tong Kooi Ong and group CEO and publisher Datuk Ho Kay Tat greeted guests alongside OCBC Bank (M) Bhd CEO Datuk Ong Eng Bin. OCBC Bank has been the main sponsor of the awards since it made its debut in 2010.

Ong noted how the awards has grown to be recognised as the gold standard for showcasing Corporate Malaysia's quest to mesh outstanding business acumen with sustainability, inclusiveness and corporate responsibility. "It's been a decade now since we first started honouring the best of the best, and the winners have always been worthy of the high honours bestowed on them. Our heartiest congratulations to this year's winners for going the distance and improving significantly on all counts, including the important area of sustainability. We must all continue to ride the crest of the wave we are on in order to be both viable and meaningful for the future."

After Mercedes-Benz Malaysia president and CEO Dr Claus Weidner and Jaeger-LeCoultre managing director of Southeast Asia & Oceania Iñigo Ohlsson joined CEOs in welcoming Dr Mahathir in the foyer of the ballroom, master of ceremonies Datuk Yasmin Yusoff announced the arrival of the good doctor just before 8.30pm.

Tong gave his welcome address while guests started on the sumptuous four-course meal. He said the BRC Awards is coveted by Corporate Malaysia because the methodology and criteria are transparent and independently audited — they cannot be bought. "To be recognised and to win awards, companies must grow their profits, be more efficient, invest in technologies and exhibit high returns to shareholders through dividends and stock price."

The awards were presented thereafter, except for the three main awards, which were bestowed later in the night. Altogether, 60 awards were given out to 42 companies.

Dr Mahathir had reassuring words for leaders and representatives of the country's biggest listed companies, which easily pay half of the country's corporate tax and whose employees pay sizeable amounts of income tax. (His full speech is on Page 26.)

Flanked by Tong and Ho, the prime minister presented the night's top three awards. Company of The Year was Press Metal Aluminium Holdings Bhd, which was represented by group CEO Tan Sri Paul Koon Poh Keong. The Value Creator: Outstanding CEO of Malaysia award went to Dr Chia Song Kun, executive chairman of QL Resources Bhd, who was also presented with a Master Ultra Thin Réserve de Marche timepiece. Employees' Provident Fund chairman Tan Sri Samsudin Osman accepted a special award on behalf of the fund for its contribution to nation building.

Dr Mahathir departed to a standing ovation and the song Setia being played in the background after receiving a token of appreciation from Tong and Ho.

As the night drew to a close, it was congratulations all round while many snapped photos to commemorate the momentous occasion. E

THE EDGE BILLION RINGGIT Club 2019

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1. Datuk Ho Kay Tat and Datuk Tong Kooi Ong welcoming Prime Minister Tun Dr Mahathir Mohamad to the awards gala dinner
2. Mercedes-Benz Malaysia president and CEO Dr Claus Weidner, Ho, Jaeger-LeCoultre managing director for Southeast Asia & Oceania Iñigo Ohlsson and OCBC Bank Malaysia CEO Datuk Ong Eng Bin with Jaeger-LeCoultre's models
3. Mac Chung Jin of Muhibbah Engineering admiring the Jaeger-LeCoultre timepieces on display
4. Tong, Datin Dawn Cheong, Datuk Dr Nik Ramlah Mahmood and Philip Koh

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1. Puan Sri Khoo Ee Pheng, Tan Sri Paul Koon (Press Metal Aluminium Holdings) with Dion Tan (Tropicana Corp)
2. Lim Shiew Yuin (*The Edge*), Prakash Mukherjee (Maybank), Azam Aris (*The Edge*) and Raja Eileen Soraya Raja Aman (Raja, Darryl & Loh)
3. Mahathir watching *The Edge* BRC tribute video to him and Tun Dr Siti Hasmah Mohd Ali
4. Ohlsson presenting Jaeger-LeCoultre's Master Ultra Thin Réserve de Marche timepiece to the Value Creator: Most Outstanding CEO Dr Chia Song Kun (QL Resources)
5. Cheong, Tong and Ong

Jaeger-LeCoultre's Master Ultra Thin Réserve de Marche, a minimalist credo

The Edge BRC Value Creator: Outstanding CEO of Malaysia 2019 receives the Master Ultra Thin Réserve de Marche, courtesy of Swiss master watchmaker Jaeger-LeCoultre.

Having passed over 1,000 hours of tests for accuracy, resistance to water, temperature and barometric pressure changes, vibrations and magnetic fields, the exquisite timepiece will prove a solid companion for the celebrated corporate leader.

An exemplary blend of form and function, the classic Ultra Thin models enrich the legendary reliability and minimalist aesthetic of the Master line. There are no fancy touches in terms of either form or content. Slender, yet sacrificing nothing in terms of substance, the timepiece — powered by the automatic Calibre 938 — has a 43-hour power reserve.

Connoisseurs who appreciate wearing on their wrist a work of art that is endowed with exemplary precision will instantly appreciate the feat it represents. Little wonder that the Master Ultra Thin Réserve de Marche rose to the rank of the bestseller of the Master Control line.

In 2012, this creation, dedicated to slenderness, pursued its quest for essentials. The lugs are sleeker, the profile is sharper and the dial is even more readable thanks to the new diameter. Yet the heart of the watch remains intact and perfectly preserved with a display mode ensuring immediate read-off of clear, self-evident functions that are useful in everyday life. These naturally include the hours and minutes, shown by applied hour markers swept over by Dauphine-type hands, small seconds in a subdial at 8 o'clock, the indispensable power reserve providing a reliable indication that the mechanism requires winding via the crown, along with a pointer-type date display on the opposite side. Each indication has its own space to enable easy consultation and avoid any confusion. What more could one ask of a watch?

Established 186 years ago in the Swiss Jura Mountain's Vallée de Joux, Jaeger-LeCoultre is engaged in a tireless quest for excellence and technical perfection, supported by a unique spirit of invention. Not one to shy from a challenge, the reversing case for the classic Reverso, for instance, was Jaeger-LeCoultre's answer to the challenge of designing a timepiece that exudes class and could withstand the mallet strokes during polo matches played by British officers in India in the 1930s. Since then, the maison has created more than 1,200 calibres, yet remains inspired to take precision to new heights.

THE EDGE BILLION RINGGIT Club 2019


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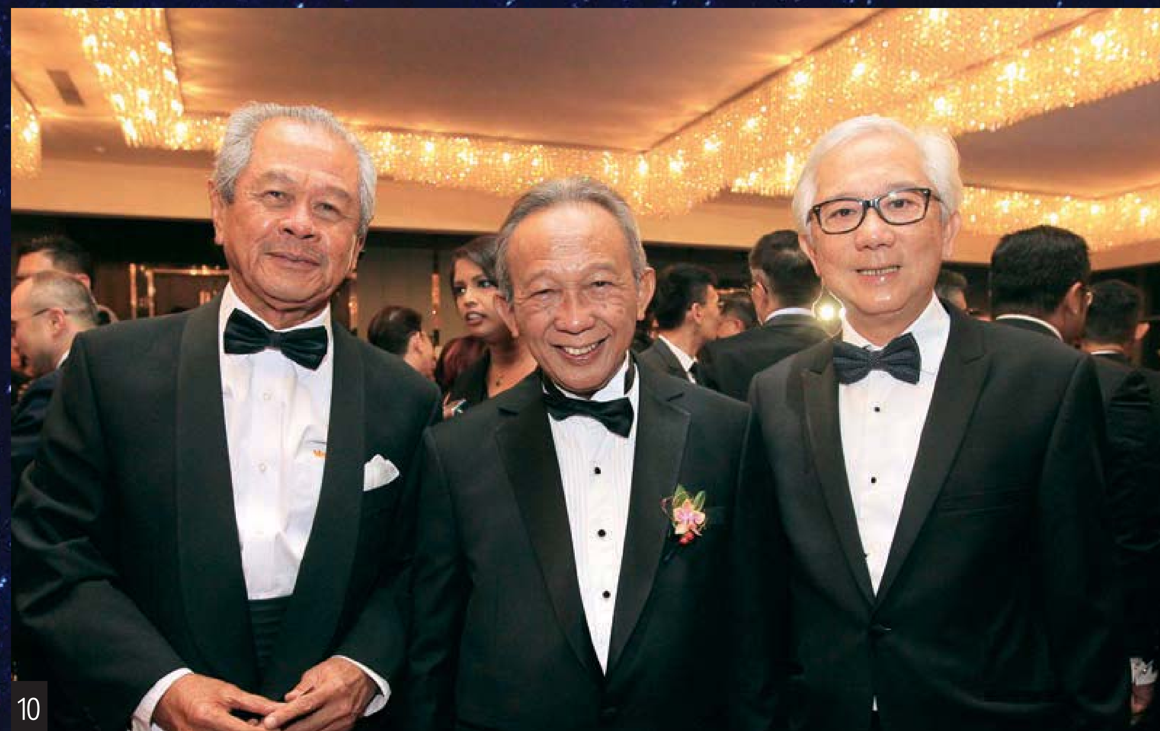
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6. Ho and Weidner
7. Tan Chee Yong (Eco World International), Datuk Voon Tin Yow (Eco World Development) and Datuk Tee Eng Ho (Kerjaya Prospek Group)
8. Riad Asmat, Datuk Kamarudin Meranun and Benyamin Ismail of AirAsia Group
9. Wei Shi, Datin Karin Ho and Sharon Teh (*The Edge*)
10. Datuk Yaacob Amin (MyKasih Foundation), Tan Sri Samsudin Osman (Employees Provident Fund) and Ho
11. Louis Tan and Lim Kok Yee of Matrix Concepts Holdings taking a closer look of the Mercedes-Benz S560e
12. Tan Ai Chin (OCBC Bank), Au Foong Yee (EdgeProp.my) and Anna Taing (*The Edge*)
13. Ong with Frederick Tan of TSH Resources
14. Datuk P T Koon, Tony Koon and Roy Koon of Press Metal Aluminium Holdings
15. Ng Lai Ping (OSK Group Holdings), Evan Cheah (Sunway Construction), Stanley Teo and Yee Wing Peng (both from Deloitte Malaysia)
16. Tan Sri Lee Oi Hian (Kuala Lumpur Kepong), Tan Sri Dr Ngau Boon Keat (Dialog Group), Chia, Ho and and Kuan Kam Hon (Hartalega Holdings)
17. Tong, Chooi Mun Sou, Cheong, Andrew Lim and Jeffrey Teoh (OCBC Bank)

THE EDGE BILLION RINGGIT Club 2019

Lee and Chia and the team from QL Resources

Bingley Sim (CIMB Group Holdings), Datuk Jeffri Salim Davidson and Datuk Thomas Leong (both from Sime Darby)

Liew Tian Xiong (Eco World Development) with Syed Sadiq Albar (Projek57)

Tengku Datuk Seri Zafrul Tengku Abdul Aziz (CIMB Group Holdings), Ho, Fong Lai Kuan, Shannon Leong (both from *The Edge*) and Suriawati Zainal (CIMB Group Holdings)

Kathy Fong, Nadia Hassan (both from *The Edge*), Albern Murty (Digi.Com), Jefferi Hashim (CIMB Group Holdings) and Inger Folkeson (Digi.Com)

Datuk Sulaiman Abd Manap (Public Bank) and Syed Abdull Aziz Syed Kechik (OCBC Al-Amin Bank)

Muhammad Noor, Datuk Azmir Merican (both from UEM Edgenta), Datuk Seri Hassan Kamil (Syarikat Takaful Malaysia Keluarga), Anwar Syahrin and Mohamed Rastam Shahrom (both from UEM Sunrise)

Dr Ambrose Corray, Kevin Robinson, Yip Chee Yeong and Zainul Rahim of Hibiscus Petroleum

Guests sharing a wefie moment

Leong Jee Van (Matrix Concepts Holdings), Datuk Koe Peng Kang, Datuk Zaini Yusoff (both from S P Setia) and Chuan Choon Bin (Pentamaster Corp)

Ho Wai Khee (OCBC Bank) with Ng Eng Kiat (third from left) and his team from AEON Credit Service (Malaysia)

THE EDGE BILLION RINGGIT Club 2019


Ong, Chia Lik Khai (QL Resources), Kuan and Kuan Mun Leong (Hartalega Holdings)


Yap Woon How, Datuk Lee Tian Hock, Kelvin Lee, Tan and Ng Jun Lip of Matrix Concepts Holdings


Guests are greeted by Amtrol Flower Designing's creations


Henry Tan (second from left) and Tammy Toh (second from right, both from Astro Malaysia) with Joyce Goh (left), Cindy Yeap and Taing (all from *The Edge*)


Alvin Yap (A D Financial), Goh Mei Sze (Mega First Corp), Fennie Lim (A D Financial) and Neo Hong Chee (Mega First Corp)


Tan Hock Beng (Fraser & Neave), Chong Lee Ying, Leong Pei Pei (both from OCBC Bank) and Simon Sim (Hap Seng Consolidated)


Ahmad Hashimi Abdul Manap (fourth from left) with his team from Gas Malaysia


Siva Shanker (Axis-REIT), Zaini, Malathi Pillay (Eastern & Oriental), Rosalynn Poh (*The Edge*) and Lim


Jose Barrock (*The Edge*) and Amarjit Singh Chhina (Malaysian Resources Corp)


Datuk Chris Chan and Datuk Seri Foo Chee Juan of ATA IMS

THE EDGE BILLION RINGGIT Club 2019

Mahathir with winners of *The Edge* Billion Ringgit Club and Corporate Awards, the management of *The Edge* and representatives of sponsors OCBC Bank Malaysia, Mercedes-Benz Malaysia and Jaeger-LeCoultre

Syed Abdull Aziz with OCBC Bank executives

Irene Hu, Linda Song, Fairuz Helmi and Melissa Hon from British American Tobacco (Malaysia)

Lim Chee Seong and John Teoh from GD Express

Joanne Foo, Colin Ng, Tan Yee Seng and Alex Low of IGB Group

Datuk Mohamad Haslah (front row, fifth from right) and Lee with their team from Matrix Concepts Holdings

Tong with Zafrul and his team from CIMB Group Holdings

Chu Jenn Weng (ViTrox Corp) and Chuah

THE EDGE BILLION RINGGIT Club 2019

Prakash and Datuk Hamirullah Boorhan of Maybank

Samsudin and his team from Employees Provident Fund

Kuan and his team from Hartalega Holdings

Dr Kee Kirk Chin (front row, third from left) and his team from Apex Healthcare

Datuk Tee Eng Ho (10th from left) and Tee Eng Seng (on Datuk Tee's right) with their team from Kerjaya Prospek Group

Ng and his team from AEON Credit Service (Malaysia)

Chung Soo Kiong (centre) and Evan Cheah (second from right) with executives from Sunway Group

Koon and his team from Press Metal Aluminium Holdings

Kamarudin with two cabin crew members of AirAsia

Weidner and his team from Mercedes-Benz Malaysia

Mr and Mrs Lim Han Joeh of Yinson Holdings

Anwar and his team from UEM Sunrise

Dr Chia, Mrs Chia, Puan Sri and Tan Sri Ngau, Zainab Mohd Salleh and Ngau Sue Ching (both from Dialog Group)

Keith Pereira and Gökhan Ogut of Maxis

Leong with Chan Su Min and Neena Dewi of Shangri-La KL

THE EDGE BILLION RINGGIT Club 2019


Goh and Neo


Chia and his team from QL Resources


Rebekah Yeoh (fourth from left) and the team from YTL Group


Pearl Lai and Ted Akiskalos from Carlsberg Brewery


Delano Abd Kadir and Long Sher Neng from TIME dotCom


Terence Loo and Brandon Tay of Guan Chong


Cheong, Tong and Ian Tong


Chu, Teh, Ong, Tan, Wei Shi, Weidner and Koe

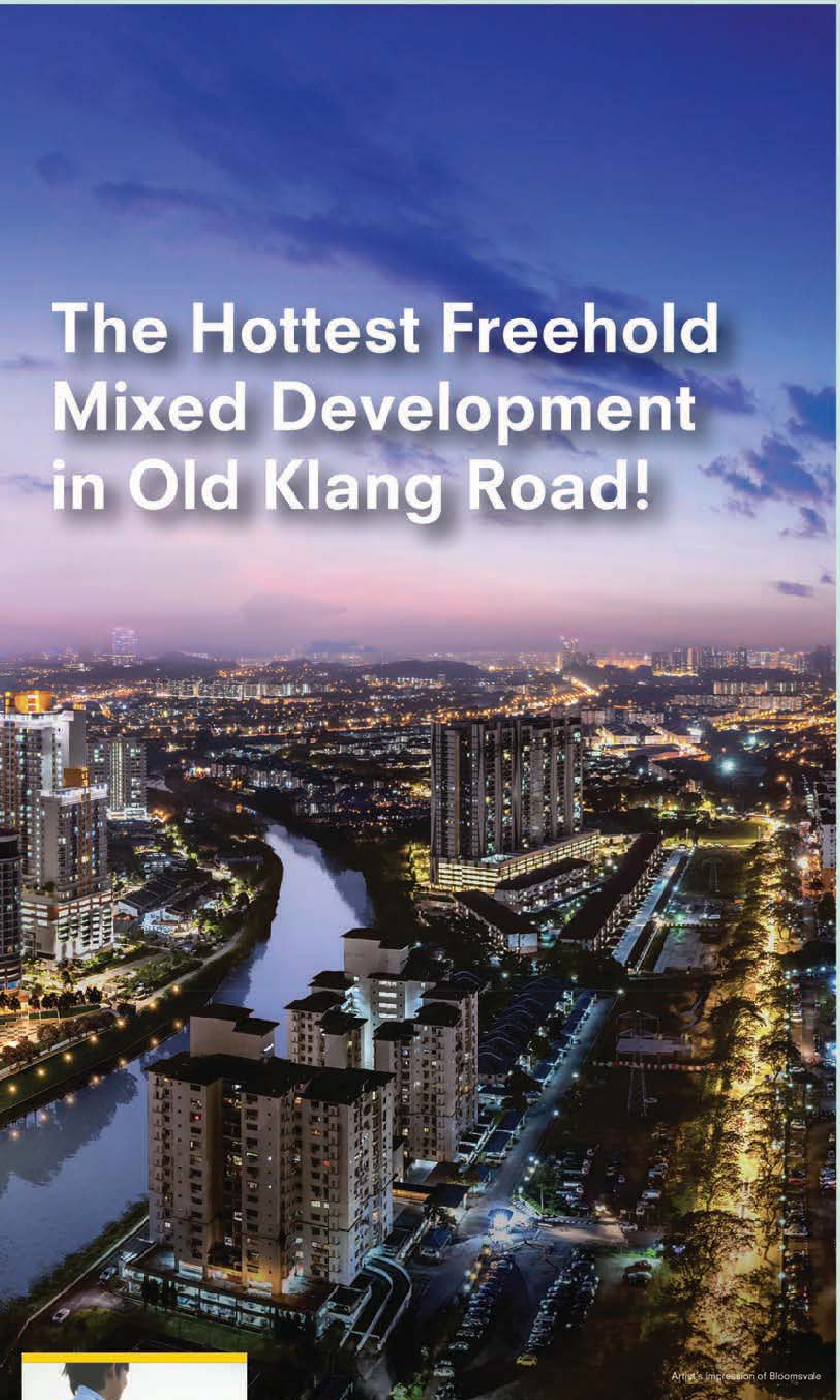

Simon Loh (front row, second from right) and his team from GHL Systems


Dr Kenneth Gerard Pereira (front row, fourth from left) and his team from Hibiscus Petroleum


Faridah Ali and Mark Caparas of Petron Malaysia Refining & Marketing


Yong Su-Lin and her team from MRCB-Quill REIT

The Hottest Freehold Mixed Development in Old Klang Road!



Artist's impression of Bloomsvale

Nestled on a 5.2 acres of freehold land, Bloomsvale sets to be the first tallest building at Old Klang Road with its towering height of 66 levels. Bloomsvale epitomises the contemporary style of the capital with quality specifications and beautiful views as well as the convenience and exceptional facilities of urban living.

SERVICED APARTMENT

Bloomsvale has obtained **Property Insight Prestigious Developer Awards 2019 - Best Mixed Development** - The award acknowledges and highlights the quality development of Bloomsvales.

FOR PRIORITY REGISTRATION, PLEASE CALL

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THE EDGE BILLION RINGGIT Club 2019

3 Consecutive Years of Achievement in Construction!

2017 - Highest Returns to Shareholders Over Three Years
2018 - Highest Returns to Shareholders Over Three Years
2019 - Highest Returns to Shareholders Over Three Years
2019 - Highest Growth Profit After Tax Over Three Years

Forbes Asia Best Under A Billion

BCA CONQUAS

SCORE: 81.6 - Setia Sky 88 Phase 1
SCORE: 83.3 - Setia Sky 88 Phase 2
SCORE: 83.6 - Eco Sky - Residential

QLASSIC

SCORE: 84%
Eco Terraces

Setia QEA QUALITY EXCELLENCE AWARD

Property Insight Prestigious Developer Award

2018 - Best Main Contractor
2019 - Best Premium Main Contractor

ASIA PACIFIC PROPERTY AWARDS ARCHITECTURE

★★★★★ BEST COMMERCIAL LANDSCAPE ARCHITECTURE MALAYSIA
The Shore at Malacca River
2015-2016

ASIA PACIFIC BRANDS FOUNDATION
THE WORLD'S BEST BRANDS 2015-2016
THE BRANDLAUREATE

It's a wrap! Congratulations to the winners from all of us at *The Edge*

Noor Anisah Sabarudin and Datuk Asmin Yahya of Far East Holdings

Foo and Chan

Sam Khoo and Stephanie Kong of UOA Development

Koh, Dorothy Teoh (*The Edge* Education Foundation), Nik Ramlah, Leong Mei Sim (OCBC Bank) and Teoh

Datuk Hashim Wahir (KLCC Property Holdings), Ong, Azmir, Mohamad Azlan Mohamad Alam, Hassan, Mohd Muazzam Mohamed (both from BIMB Holdings) and Zafrul

Ahmad Hashimi and his team from Gas Malaysia

Siva and Malathi

Lee Jim Leng (Hong Leong Capital) and Teh

Eric Hee from Frontken Corp

Cairil Irwan and Cynthia Blemin of RHB Bank

Raja Shahrul Azrain Raja Aman, Lim, Raja Eileen and Raja Maizura


GCB
GROUP
COCOA MASS
COCOA POWDER
COCOA BUTTER
COCOA CAKE
POWDER
COCOA BUTTER
CAKE
BUTTER
COCOA CAKE
United States
Malaysia
Pasir Gudang
Johor Port
PTP Port
Singapore
Batam
Batam Port
Indonesia
Jakarta
GCCM
Malaysia
GCB CM
Malaysia
PT ACI
Indonesia
US
Butter Melting
Cake Grinding
ASIA
Johor Port
Bean Processing
Consumer Products
PTP Port
Blending & Mixing
Industrial Chocolate
Batam Port
Bean Processing
Singapore
Trading
Indonesia
Sales Office

THE EDGE BILLION RINGGIT Club

BEST CR INITIATIVES (below RM10 billion market cap)
Carlsberg Brewery Malaysia Bhd (Ted Akiskalos, managing director)

BEST CR INITIATIVES (Big Cap Companies)
IOI Corp Bhd (Lee Tuan Meng, group chief financial officer)

BEST CR INITIATIVES (Super Big Cap Companies)
Malayan Banking Bhd (Datuk Hamirullah Boorhan, head of community financial services, Malaysia)

CONSTRUCTION – Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Kerjaya Prospek Group Bhd (Datuk Tee Eng Ho, executive chairman, and Tee Eng Seng, executive director)

CONSTRUCTION – Highest Return on Equity Over Three Years
Sunway Construction Group Bhd (Evan Cheah, non-independent, non-executive director)

CONSUMER PRODUCTS & SERVICES – Highest Growth in Profit After Tax Over Three Years
AirAsia Group Bhd (Datuk Kamarudin Meranun, executive chairman)

CONSUMER PRODUCTS & SERVICES – Highest Return on Equity Over Three Years
British American Tobacco (M) Bhd (Linda Song, legal and external affairs director)

CONSUMER PRODUCTS & SERVICES – Highest Returns to Shareholders Over Three Years
Guan Chong Bhd (Brandon Tay, CEO)

Coupé

Inspired by the classic padded elegance of the great sports cars, it delineates an intimate and comfortable space for two.

1919

Named after the year it was designed, the 1919 armchair is one of Poltrona Frau's first and biggest public successes.

2019

From 1919 to 2019: exactly 100 years on, it reinterprets the timeless classic while maintaining its original spirit.

Craftsmanship & Leathership

Renzo Frau founded **Poltrona Frau** in Turin in 1912. In the 30's it was already a status symbol. From 1926 it was appointed supplier of the Italian Royal Family, the Savoia dynasty. From then on, it will furnish all the most important houses, grand hotels, the interiors for Expo Turin 1928, and the lavish transatlantic Rex, pride of the Italian Navy. The Poltrona Frau Interiors in Motion division, specialised in the creation of exclusive interiors for cars, airplanes and boats, has signed a co-design agreement with McLaren for the interiors of the "Speedtail", an ultra exclusive and ultra high-performance limited-edition sports car. 106 unique cars created exactly according to the specifications of the customer and all of which already sold.

Ferrari + Poltrona Frau Cockpit

Turner & Clayton

Created in 1963, the Turner swivel bookcase's cutting-edge design was inspired by classic English freestanding bookcases. The Clayton sofa and daybed, is architectural and enveloping just like a high fashion dress. Luxurious stitches befitting of the finest tailoring run along the entire external surface of the backrest and armrests.

ENERGY – Highest Growth in Profit After Tax Over Three Years
Dialog Group Bhd (Tan Sri Dr Ngau Boon Keat, executive chairman)

ENERGY – Highest Return on Equity Over Three Years
Petron Malaysia Refining & Marketing Bhd (Faridah Ali, general manager)

ENERGY – Highest Returns to Shareholders Over Three Years
Hibiscus Petroleum Bhd (Dr Kenneth Pereira, managing director)

FINANCIAL SERVICES (below RM10 billion market cap) – Highest Growth in Profit After Tax Over Three Years and Highest Return on Equity Over Three Years
Syarikat Takaful Malaysia Keluarga Bhd (Datuk Seri Mohamed Hassan Kamil, group CEO)

FINANCIAL SERVICES (below RM10 billion market cap) – 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 (Tengku Datuk Seri Zafrul Tengku Abdul Aziz, group CEO & executive director)

FINANCIAL SERVICES (RM10 billion and above market cap) –
Highest Return on Equity Over Three Years
Public Bank Bhd (Datuk Sulaiman Abdul Manap, chief operating officer)

FINANCIAL SERVICES (RM10 billion and above market cap) –
Highest Returns to Shareholders Over Three Years
Hong Leong Bank Bhd (Hor Kwok Wai, managing director, global markets)

HEALTHCARE – Highest Growth in Profit After Tax Over Three Years
and Highest Return on Equity Over Three Years
Hartalega Holdings Bhd (Kuan Mun Leong, managing director)

THE EDGE BILLION RINGGIT Club

HEALTHCARE – Highest Returns to Shareholders Over Three Years
Apex Healthcare Bhd (Dr Kee Kirk Chin, chairman & CEO)

INDUSTRIAL PRODUCTS & SERVICES – Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Press Metal Aluminium Holdings Bhd (Koon Poh Ming, executive vice-chairman)

INDUSTRIAL PRODUCTS & SERVICES – Highest Return on Equity Over Three Years
ATA IMS Bhd (Datuk Seri Foo Chee Juan, executive chairman)

PLANTATION – Highest Growth in Profit After Tax Over Three Years and Highest Return on Equity Over Three Years
IOI Corp Bhd (Lee Tuan Meng, group chief financial officer, and Kong Kian Beng, group financial controller)

PLANTATION – Highest Returns to Shareholders Over Three Years
Far East Holdings Bhd (Datuk Asmin Yahya, general manager)

PROPERTY (below RM3 billion market cap) – Highest Growth in Profit After Tax Over Three Years
IGB Bhd (Tan Yee Seng, head of group property development)

PROPERTY (below RM3 billion market cap) – Highest Return on Equity Over Three Years and Highest Returns to Shareholders Over Three Years
Matrix Concepts Holdings Bhd (Datuk Mohamad Haslah, chairman, and Datuk Lee Tian Hock, founder & group executive deputy chairman)

PROPERTY (RM3 billion and above market cap) – Highest Growth in Profit After Tax Over Three Years
UEM Sunrise Bhd (Anwar Syahrin Abdul Ajib, managing director & CEO)

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 Growth in Profit After Tax Over Three Years
MRCB-Quill REIT (Yong Su-Lin, CEO)


REIT – Highest Return on Equity Over Three Years
IGB REIT (Colin Ng, head of group corporate communications)


REIT – Highest Returns to Shareholders Over Three Years
YTL Hospitality REIT (Ho Say Keng, group head of finance & company secretary)


TECHNOLOGY – Highest Growth in Profit After Tax Over Three Years
GHL Systems Bhd (Simon Loh, executive vice-chairman)


TECHNOLOGY – Highest Growth in Profit After Tax Over Three Years
Frontken Corp Bhd (Eric Hee, chief financial officer)


TECHNOLOGY – Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Pentamaster Corp Bhd (Chuah Choon Bin, chairman)


TECHNOLOGY – Highest Growth in Profit After Tax Over Three Years and Highest Return on Equity Over Three Years
ViTrox Corp Bhd (Chu Jenn Weng, president & CEO, and Lim Kim Seng, chief financial controller)


TELECOMMUNICATIONS & MEDIA – Highest Growth in Profit After Tax Over Three Years
Astro Malaysia Holdings Bhd (Henry Tan, CEO)


TELECOMMUNICATIONS & MEDIA – Highest Return on Equity Over Three Years
Digi.Com Bhd (Albern Murty, CEO)

THE EDGE BILLION RINGGIT Club

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

TRANSPORTATION & LOGISTICS – Highest Returns to Shareholders Over Three Years
Malaysia Airports Holdings Bhd (Raja Azmi Raja Nazuddin, group CEO)

UTILITIES – Highest Growth in Profit After Tax Over Three Years and Highest Return on Equity Over Three Years
Gas Malaysia Bhd (Ahmad Hashimi Abdul Manap, CEO)

UTILITIES – Highest Returns to Shareholders Over Three Years
Mega First Corp Bhd (Goh Mei Sze, representative of executive chairman)

BIG CAP COMPANIES – Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Press Metal Aluminium Holdings Bhd (Koon Poh Ming, executive vice-chairman)

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

SUPER BIG CAP COMPANIES – Highest Growth in Profit After Tax Over Three Years
CIMB Group Holdings Bhd (Tengku Datuk Seri Zafrul Tengku Abdul Aziz, group CEO & executive director)

SUPER BIG CAP COMPANIES – Highest Return on Equity Over Three Years
Maxis Bhd (Gökhan Ogut, CEO)

SUPER BIG CAP COMPANIES – Highest Returns to Shareholders Over Three Years
Hong Leong Bank Bhd (Ng Wai Chong, chief credit officer, wholesale credit)

THE EDGE BILLION RINGGIT Club 2019

Members of *THE EDGE* BILLION RINGGIT CLUB 2019

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT MARCH 31, 2019 (RM MIL)	PRE-TAX PROFIT FY2018 (RM MIL)	NET PROFIT FY2018 (RM MIL)
Aeon Co (M) Bhd	2,064	187	105
Aeon Credit Service (M) Bhd	4,214	398	300
Affin Bank Bhd	4,369	679	503
AirAsia Group Bhd	8,890	1,335	1,967
AirAsia X Bhd	1,016	(227)	(301)
Ajinomoto (M) Bhd	1,094	67	56
Al-'Aqar Healthcare REIT	1,008	91	61
Alliance Bank Malaysia Bhd	6,332	685	493
Allianz Malaysia Bhd	2,563	519	377
AMMB Holdings Bhd	13,745	1,543	1,132
Apex Healthcare Bhd	1,044	69	59
Astro Malaysia Holdings Bhd	7,978	1,073	771
ATA IMS Bhd	2,059	126	93
Atlan Holdings Bhd	1,141	91	49
Axiata Group Bhd	37,652	(4,346)	(5,035)
Axis Real Estate Investment Trust	2,227	155	113
Batu Kawan Bhd	6,728	1,277	465
Berjaya Corporation Bhd	1,395	(116)	(370)
Berjaya Land Bhd	1,247	70	(190)
Berjaya Sports Toto Bhd	3,260	377	230
Bermaz Auto Bhd	2,621	197	140
BIMB Holdings Bhd	7,604	1,065	682
Bintulu Port Holdings Bhd	2,185	202	142
Boustead Holdings Bhd	2,574	(388)	(469)
Boustead Plantations Bhd	1,702	(51)	(52)
British American Tobacco (M) Bhd	10,319	623	469
Bumi Armada Bhd	1,115	(2,297)	(2,303)
Bursa Malaysia Bhd	5,547	308	224
Cahya Mata Sarawak Bhd	3,580	372	262
CapitaLand Malaysia Mall Trust	2,269	136	161
Carlsberg Brewery Malaysia Bhd	8,176	361	277
CIMB Group Holdings Bhd	49,257	7,201	5,584
Dayang Enterprise Holdings Bhd	1,341	212	160
Dialog Group Bhd	17,812	628	510
Digi.Com Bhd	35,376	2,079	1,541
DRB-Hicom Bhd	3,673	415	498
Dutch Lady Milk Industries Bhd	4,128	171	129
Eastern & Oriental Bhd	1,296	193	97
Eco World Development Group Bhd	2,738	217	166
Eco World International Bhd	1,776	29	35
Ekovest Bhd	1,059	153	114
Far East Holdings Bhd	1,639	83	60
FGV Holdings Bhd	4,305	(1,023)	(1,080)
Fraser & Neave Holdings Bhd	12,779	423	385
Frontken Corporation Bhd	1,037	76	52
Gamuda Bhd	7,108	729	514
Gas Malaysia Bhd	3,659	234	180
GD Express Carrier Bhd	1,946	45	24
Genting Bhd	25,568	3,418	1,366
Genting Malaysia Bhd	18,092	(4)	(20)
Genting Plantations Bhd	8,572	208	165
GHL Systems Bhd	1,255	33	25
Globetronics Technology Bhd	1,164	75	70
Guan Chong Bhd	1,696	209	190
Hap Seng Consolidated Bhd	24,648	1,394	1,146
Hap Seng Plantations Holdings Bhd	1,375	37	29
Hartalega Holdings Bhd	15,488	526	439
Heineken Malaysia Bhd	7,250	381	283
Hengyuan Refining Company Bhd	1,749	(24)	31
Hibiscus Petroleum Bhd	1,699	244	204
Hong Leong Bank Bhd	42,358	3,246	2,638
Hong Leong Capital Bhd (suspended March 26, 2015)	2,370	79	71
Hong Leong Financial Group Bhd	22,009	3,579	1,907
Hong Leong Industries Bhd	3,182	464	335
IGB Bhd	1,803	481	236
IGB Real Estate Investment Trust	6,549	334	341
IHH Healthcare Bhd	50,599	752	628
IJM Corporation Bhd	8,049	630	350
IJM Plantations Bhd	1,383	77	47
Inari Amertron Bhd	4,979	295	249
IOI Corporation Bhd	28,029	1,571	3,061
IOI Properties Group Bhd	7,268	1,072	784
Keck Seng (M) Bhd	1,685	70	36
Kerjaya Prospek Group Bhd	1,519	180	138
Kian Joo Can Factory Bhd (delisted May 16, 2019)	1,377	24	17
Kim Loong Resources Bhd	1,102	162	99
KLCCP Stapled Group	14,009	964	725
Kossan Rubber Industries Bhd	4,502	249	200
KPJ Healthcare Bhd	4,233	267	179
Kuala Lumpur Kepong Bhd	26,411	1,117	753
Lafarge Malaysia Bhd	2,124	(405)	(319)
Lingkaran Trans Kota Holdings Bhd	2,223	306	229
Lotte Chemical Titan Holding Bhd	9,319	849	783
LPI Capital Bhd	6,342	406	314
Magnum Bhd	3,387	313	105
Mah Sing Group Bhd	2,258	348	272
Malakoff Corporation Bhd	4,448	559	274
Malayan Banking Bhd	102,431	10,901	8,113
Malaysia Airports Holdings Bhd	12,013	781	727
Malaysia Building Society Bhd	6,102	854	642
Malaysia Marine and Heavy Engineering Holdings Bhd	1,296	(124)	(123)
Malaysian Pacific Industries Bhd	1,989	207	142
Malaysian Resources Corporation Bhd	3,894	123	101
Matrix Concepts Holdings Bhd	1,423	295	213
Maxis Bhd	41,897	2,369	1,780
MBM Resources Bhd	1,079	204	167
Mega First Corporation Bhd	1,529	197	129
Mi Technovation Bhd	1,125	44	44
MISC Bhd	29,862	1,344	1,312
MMC Corporation Bhd	3,015	403	220
MRCB-QUILL REIT	1,168	73	87
MSM Malaysia Holdings Bhd	1,265	60	36
Muhibbah Engineering (M) Bhd	1,412	274	145
MY E.G. Services Bhd	4,913	103	103
Nestle (M) Bhd	34,425	876	659
Oriental Holdings Bhd	3,995	597	510
OSK Holdings Bhd	1,942	395	346
Padini Holdings Bhd	2,362	240	178
Panasonic Manufacturing Malaysia Bhd	2,290	166	131
Pavilion Real Estate Investment Trust	5,531	289	267

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THE EDGE BILLION RINGGIT Club 2019

TOP 20
RANKED BY NET PROFIT

2019	2018	CHG	COMPANY	NET PROFIT FY2018 (RM MIL)
1	1	–	Malayan Banking Bhd	8,113
2	3	▲	Public Bank Bhd	5,591
3	4	▲	CIMB Group Holdings Bhd	5,584
4	5	▲	Petronas Chemicals Group Bhd	4,979
5	2	▼	Tenaga Nasional Bhd	3,724
6	31	▲	IOI Corporation Bhd	3,061
7	8	▲	Hong Leong Bank Bhd	2,638
8	10	▲	RHB Bank Bhd	2,305
9	12	▲	AirAsia Group Bhd	1,967
10	6	▼	Sime Darby Bhd	1,919
11	14	▲	Hong Leong Financial Group Bhd	1,907
12	11	▼	Petronas Gas Bhd	1,810
13	7	▼	Maxis Bhd	1,780
14	15	▲	Digi.com Bhd	1,541
15	16	▲	Genting Bhd	1,366
16	9	▼	MISC Bhd	1,312
17	20	▲	Hap Seng Consolidated Bhd	1,146
18	17	▼	AMMB Holdings Bhd	1,132
19	18	▼	PPB Group Bhd	1,075
20	13	▼	Petronas Dagangan Bhd	850

TOP 20
RANKED BY PROFIT BEFORE TAX

2019	2018	CHG	COMPANY	PRE-TAX PROFIT FY2018 (RM MIL)
1	1	–	Malayan Banking Bhd	10,901
2	4	▲	CIMB Group Holdings Bhd	7,201
3	3	–	Public Bank Bhd	7,101
4	5	▲	Petronas Chemicals Group Bhd	5,650
5	2	▼	Tenaga Nasional Bhd	5,047
6	7	▲	Hong Leong Financial Group Bhd	3,579
7	6	▼	Genting Bhd	3,418
8	9	▲	Hong Leong Bank Bhd	3,246
9	10	▲	RHB Bank Bhd	3,119
10	8	▼	Maxis Bhd	2,369
11	11	–	Petronas Gas Bhd	2,352
12	14	▲	Digi.Com Bhd	2,079
13	30	▲	IOI Corporation Bhd	1,571
14	16	▲	AMMB Holdings Bhd	1,543
15	22	▲	Hap Seng Consolidated Bhd	1,394
16	17	▲	YTL Corporation Bhd	1,380
17	13	▼	MISC Bhd	1,344
18	12	▼	AirAsia Group Bhd	1,335
19	18	▼	Batu Kawan Bhd	1,277
20	20	–	Petronas Dagangan Bhd	1,177

TOP 20
RANKED BY MARKET CAPITALISATION

2019	2018	CHG	COMPANY	MARKET CAP AS AT MARCH 31, 2019 (RM MIL)
1	1	–	Malayan Banking Bhd	102,431
2	2	–	Public Bank Bhd	89,910
3	5	▲	Petronas Chemicals Group Bhd	73,271
4	3	▼	Tenaga Nasional Bhd	71,996
5	6	▲	IHH Healthcare Bhd	50,599
6	4	▼	CIMB Group Holdings Bhd	49,257
7	9	▲	Hong Leong Bank Bhd	42,358
8	8	–	Maxis Bhd	41,897
9	7	▼	Axiata Group Bhd	37,652
10	12	▲	Digi.Com Bhd	35,376
11	13	▲	Petronas Gas Bhd	34,865
12	10	▼	Sime Darby Plantation Bhd	34,561
13	11	▼	Nestle (M) Bhd	34,425
14	15	▲	MISC Bhd	29,862
15	16	▲	IOI Corp Bhd	28,029
16	18	▲	Kuala Lumpur Kepong Bhd	26,411
17	21	▲	PPB Group Bhd	26,062
18	14	▼	Genting Bhd	25,568
19	19	–	Petronas Dagangan Bhd	24,836
20	20	–	Hap Seng Consolidated Bhd	24,648

1) The revenue and profit before tax figures are as at March 31, 2019, 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.

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COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT MARCH 31, 2019 (RM MIL)	PRE-TAX PROFIT FY2018 (RM MIL)	NET PROFIT FY2018 (RM MIL)
Pentamaster Corporation Bhd	1,111	100	57
Petron Malaysia Refining & Marketing Bhd	1,785	296	225
Petronas Chemicals Group Bhd	73,271	5,650	4,979
Petronas Dagangan Bhd	24,836	1,177	850
Petronas Gas Bhd	34,865	2,352	1,810
Pos Malaysia Bhd	1,432	117	93
PPB Group Bhd	26,062	1,168	1,075
Press Metal Aluminium Holdings Bhd	18,133	870	619
Public Bank Bhd	89,910	7,101	5,591
QL Resources Bhd	11,162	255	206
Ranhill Holdings Bhd	1,164	152	42
RHB Bank Bhd	22,857	3,119	2,305
SAM Engineering & Equipment (M) Bhd	1,053	73	63
Sapura Energy Bhd	5,353	(2,324)	(2,503)
Sarawak Oil Palms Bhd	1,410	109	63
Scientex Bhd	4,398	362	290
Selangor Properties Bhd (delisted June 11, 2019)	2,148	11	(2)
Serba Dinamik Holdings Bhd	5,536	438	391
Shangri-La Hotels (M) Bhd	2,451	108	71
Sime Darby Bhd	15,166	1,065	1,919
Sime Darby Plantation Bhd	34,561	457	244
Sime Darby Property Bhd	7,549	(38)	(319)
SKP Resources Bhd	1,675	156	127
SP Setia Bhd	8,986	991	671
Sunway Bhd	8,136	850	658
Sunway Construction Group Bhd	2,468	183	145
Sunway Real Estate Investment Trust	5,301	428	282
Supermax Corporation Bhd	1,928	162	107

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT MARCH 31, 2019 (RM MIL)	PRE-TAX PROFIT FY2018 (RM MIL)	NET PROFIT FY2018 (RM MIL)
Syarikat Takaful Malaysia Keluarga Bhd	4,105	337	295
Ta Ann Holdings Bhd	1,059	113	76
TA Enterprise Bhd	1,061	311	77
TA Global Bhd	1,330	323	158
Taliworks Corporation Bhd	1,794	144	100
Telekom Malaysia Bhd	12,025	17	153
Tenaga Nasional Bhd	71,996	5,047	3,724
Time dotCom Bhd	5,078	305	289
TMC Life Sciences Bhd	1,259	33	28
Top Glove Corporation Bhd	11,811	529	434
Tropicana Corporation Bhd	1,241	320	170
TSH Resources Bhd	1,451	82	40
Uchi Technologies Bhd	1,198	73	69
UEM Edgenta Bhd	2,312	198	148
UEM Sunrise Bhd	3,721	416	280
UMW Holdings Bhd	6,694	800	345
Unisem (M) Bhd	1,927	111	96
United Malacca Bhd	1,141	59	48
United Plantations Bhd	5,677	491	372
UOA Development Bhd	3,964	506	379
V.S Industry Bhd	1,932	176	151
Velesto Energy Bhd	2,341	(18)	(20)
ViTrox Corporation Bhd	3,379	113	105
WCT Holdings Bhd	1,146	150	108
Westports Holdings Bhd	12,822	701	533
Yinson Holdings Bhd	4,975	362	292
YTL Corporation Bhd	11,203	1,380	362
YTL Hospitality REIT	2,182	237	134
YTL Power International Bhd	6,601	941	620
7-Eleven Malaysia Holdings Bhd	1,643	74	51

THE EDGE BILLION RINGGIT Club 2019

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	33.04%
2	Petronas Chemicals Group Bhd	15.36%
3	Public Bank Bhd	14.90%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PBT CAGR
1	CIMB Group Holdings Bhd	31.4%
2	Petronas Chemicals Group Bhd	26.8%
3	Malayan Banking Bhd	4.4%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Hong Leong Bank Bhd	17.0%
2	Petronas Chemicals Group Bhd	14.5%
3	Public Bank Bhd	10.4%

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	277.5%
2	British American Tobacco (M)	112.9%
3	Nestle (M) Bhd	99.9%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Press Metal Aluminium Holdings Bhd	30.0%
2	Hartalega Holdings Bhd	27.9%
3	Dialog Group Bhd	22.9%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Press Metal Aluminium Holdings Bhd	72.4%
2	QL Resources Bhd	28.8%
3	Dialog Group Bhd	27.7%
3	Nestle (M) Bhd	27.7%

Construction

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Sunway Construction Group Bhd	25.7%
2	Kerjaya Prospek Group Bhd	16.6%
3	Muhibbah Engineering (M) Bhd	13.0%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Kerjaya Prospek Group Bhd	15.0%
2	Muhibbah Engineering (M) Bhd	13.7%
3	Ekovest Bhd	12.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Kerjaya Prospek Group Bhd	19.0%
2	Ekovest Bhd	10.1%
3	Sunway Construction Group Bhd	9.6%

Consumer Products & Services

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	British American Tobacco (M) Bhd	112.85%
2	Dutch Lady Milk Industries Bhd	106.48%
3	Nestle (M) Bhd	99.94%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	AirAsia Group Bhd	37.5%
2	Oriental Holdings Bhd	23.2%
3	Padini Holdings Bhd	22.5%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Guan Chong Bhd	54.2%
2	Carlsberg Brewery Malaysia Bhd	31.9%
3	Ajinomoto (M) Bhd	31.0%

Energy

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Petron Malaysia Refining & Marketing Bhd	20.57%
2	Dialog Group Bhd	14.43%
3	Yinson Holdings Bhd	13.24%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Dialog Group Bhd	22.9%
2	Yinson Holdings Bhd	3.4%
3	Petron Malaysia Refining & Marketing Bhd	0.5%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Hibiscus Petroleum Bhd	76.4%
2	Dialog Group Bhd	27.7%
3	Hengyuan Refining Company Bhd	23.5%

Industrial Products & Services

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	ATA IMS Bhd	33.78%
2	Uchi Technologies Bhd	31.10%
3	SKP Resources Bhd	26.99%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Press Metal Aluminium Holdings Bhd	30.0%
2	Petronas Chemicals Group Bhd	26.8%
3	Scientex Bhd	22.4%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Press Metal Aluminium Holdings Bhd	72.4%
2	ATA IMS Bhd	66.6%
3	Uchi Technologies Bhd	32.4%

Plantation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	IOI Corp Bhd	23.25%
2	United Plantations Bhd	14.95%
3	Kim Loong Resources Bhd	14.33%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	IOI Corp Bhd	15.0%
2	United Plantations Bhd	8.5%
3	Kim Loong Resources Bhd	4.3%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Far East Holdings Bhd	15.7%
2	United Plantations Bhd	5.0%
2	Kim Loong Resources Bhd	5.0%

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	11.8%
2	SP Setia Bhd	7.35%
3	IOI Properties Group Bhd	5.24%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	UEM Sunrise Bhd	1.7%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	UOA Development Bhd	6.9%

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	19.31%
2	Mah Sing Group Bhd	9.38%
3	OSK Holdings Bhd	7.68%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	IGB Bhd	29.3%
2	Eco World Development Group Bhd	12.0%
2	TA Global Bhd	12.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Matrix Concepts Holdings Bhd	5.5%
2	IGB Bhd	2.3%

Real Estate Investment Trust

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	IGB Reit	9.06%
2	Axis Reit	6.62%
3	Al-Aqar Healthcare Reit	6.62%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	MRCB-Quill Reit	8.6%
2	IGB Reit	5.5%
3	Axis Reits	3.3%
3	Sunway Reit	3.3%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	YTL Hospitality Reit	14.7%
2	IGB Reit	13.6%
3	Sunway Reit	11.6%

Technology

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Vitrox Corp Bhd	28.1%
2	Inari Amertron Bhd	26.5%
3	Pentamaster Corp Bhd	24.0%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Vitrox Corp Bhd	15.0%
1	GHL Systems Bhd	15.0%
1	Pentamaster Corp Bhd	15.0%
1	Frontken Corp Bhd	15.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Pentamaster Corp Bhd	136.6%
2	Frontken Corp Bhd	80.3%
3	Vitrox Corp Bhd	61.3%

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	14.9%
2	Malayan Banking Bhd	10.73%
3	Hong Leong Bank Bhd	10.61%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	CIMB Group Holdings Bhd	31.4%
2	RHB Bank Bhd	14.3%
3	Malayan Banking Bhd	4.4%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Hong Leong Bank Bhd	17.0%
2	RHB Bank Bhd	11.1%
3	Public Bank Bhd	10.4%

Financial Services
Below RM10 bil market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Syarikat Takaful Malaysia Keluarga Bhd	29.36%
2	Aeon Credit Service (M) Bhd	27.2%
3	Bursa Malaysia Bhd	25.4%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Syarikat Takaful Malaysia Keluarga Bhd	23.7%
2	Malaysia Building Society Bhd	18.0%
3	TA Enterprise Bhd	12.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Aeon Credit Service (M) Bhd	31.1%
2	Allianz Malaysia Bhd	12.6%
3	LPI Capital Bhd	12.3%

Healthcare

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Hartalega Holdings Bhd	20.99%
2	Top Glove Corp Bhd	19.0%
3	Kossan Rubber Industries Bhd	16.4%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Hartalega Holdings Bhd	27.9%
2	Top Glove Corp Bhd	15.8%
3	TMC Life Sciences Bhd	15.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Apex Healthcare Bhd	36.2%
2	Hartalega Holdings Bhd	26.2%
3	Top Glove Corp Bhd	25.3%

Telecommunications & Media

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Digi.Com Bhd	277.51%
2	Astro Malaysia Holdings Bhd	109.93%
3	Maxis Bhd	33.04%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Astro Malaysia Holdings Bhd	17.6%
2	Maxis Bhd	0.8%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Time Dotcom Bhd	9.2%
2	Digi.Com Bhd	1.7%

Transportation & Logistics

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Lingkaran Trans Kota Holdings Bhd	30.97%
2	Westports Holdings Bhd	26.30%
3	Bintulu Port Holdings Bhd	12.25%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Lingkaran Trans Kota Holdings Bhd	18.3%
2	Malaysia Airports Holdings Bhd	15.0%
3	Bintulu Port Holdings Bhd	3.6%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Malaysia Airports Holdings Bhd	3.5%
2	Westports Holdings Bhd	0.6%

Utilities

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Gas Malaysia Bhd	16.90%
2	Petronas Gas Bhd	14.47%
3	Mega First Corp Bhd	10.82%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Gas Malaysia Bhd	19.3%
2	Mega First Corp Bhd	10.1%
3	Ranhill Holdings Bhd	9.5%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Mega First Corp Bhd	30.6%
2	Ranhill Holdings Bhd	12.9%
3	Gas Malaysia Bhd	11.4%

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

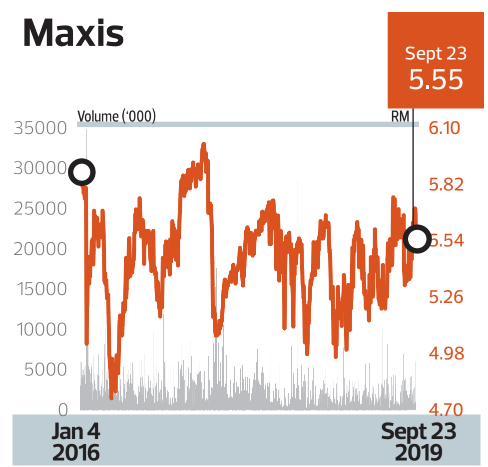
CASH FLOW STILL SUPPORTS DECENT RETURNS

BY CINDY YEAP

With everyone who wants a mobile phone already having at least one in his pocket, Maxis Bhd has little choice but to set its sights beyond individuals — on digitally connecting companies, homes, the government and even things.

By leveraging its core expertise and new technology, Maxis has set itself a service revenue target of RM10 billion by 2023 — ambitious, given that its service revenue had been hovering between RM8 billion and RM8.5 billion a year from FY2010 to FY2018. Getting to RM10 billion would require an average 4.4% annual growth over five years from RM8.068 billion in FY2018.

In an interview with *The Edge* in April, Maxis CEO Gokhan Ogut related how the group is reaching out to enterprise customers and businesses, and that it has set aside RM1 billion "growth capex" over the next three years to cater for demand in growth areas that would over time transform Maxis from a consumer and mobile-centric player into the country's leading converged communications and digital services company. As it is, Maxis is already spending more than RM1 billion annually on keeping what it calls network leadership.



Ogut admitted that the need to invest in new growth areas may remove some of the free cash that would otherwise go towards rewarding shareholders. However, he added that any additional capex would essentially enhance Maxis' ability to sustain decent dividend payments for years to come.

Yield-seeking investors would know that the company has been paying dividends every quarter over the past decade, although the absolute payout amount had halved to about RM1.5 billion a year from FY2015 to FY2018 compared with RM3 billion a year from FY2010 to FY2014. The cut essentially meant that Maxis was no longer paying out more money to shareholders than its free cash flow.

At the time of writing, analysts were still forecasting Maxis' free cash flow will be able to support the RM1.5 billion payout. Most of them expect the five-sen dividend per share (DPS) every quarter (20 sen per year) to continue this year and next year, according to Bloomberg. That 20-sen DPS worked out to 3.6% yield at its RM5.55 close on Sept 23.

The quarterly dividend payments probably helped place Maxis among the Employees Provident Fund's top 30 holdings as at March 31, 2019, with the provident fund holding an 11.62% stake, according to the EPF's website at the time of writing.

Analysts polled on Bloomberg, however, reckon that Maxis' share price is no longer cheap, especially relative to regional peers, even though its dividend yield remains decent. There were 18 "sell" recommendations on Maxis, compared with eight "hold" and only one "buy" call (from Credit Suisse), with the most bullish target price of RM6.50.

To be sure, the total return on Maxis' shares during *The Edge* BRC's evaluation period of March 31, 2016, to March 29, 2019, was -6.5%, underperforming the bellwether FBM KLCI's 6.26% and the broader FBM Emas' 5.42%, according to Bloomberg data.

The saving grace was the steady dividend payments, which made Maxis the winner of *The Edge* BRC's highest return on equity (ROE) over three years (FY2015-18) among Super Big Cap stocks or companies with RM40 billion market capitalisation and above.

Maxis' adjusted weighted ROE over three years was 33.04%, more than double runner-up Petronas Chemicals Group Bhd's 15.36% and third-placed Public Bank Bhd's 14.9%, according to the BRC methodology.

Maxis has been the winner in this category every year since its inception in 2016, with its smaller rival, Digi.Com Bhd, bagging the award in the Big Cap (RM10 billion to RM40 billion) category. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION
TELECOMMUNICATIONS & MEDIA

Digi.Com Bhd

RAIN OR SHINE, DIGI STILL GENERATES STRONG RETURNS

BY ADELINE PAUL RAJ

Razor-thin profit margins, high capital expenditure and cut-throat competition make up the landscape of the telecommunications industry. But it is to Digi.Com Bhd's credit that the company still manages to generate strong returns for shareholders.

Although the telco's return on equity (ROE) has been on a downward trend over the past three years — a reflection of the challenging landscape and the company's investment in digital transformation efforts — it is still well ahead of that of its rivals. Digi's ROE stood at 229% in FY2018, 284.6% in FY2017 and 314.6% in FY2016.

Its exceptionally big ROE compared with its peers' is largely because of its high dividend payout and capital return that keep its shareholders' equity low. Last year, it paid shareholders a dividend of 19.6 sen a share — higher than the 18.8 sen a share in the previous year — amounting to RM1.52 billion or 102% of its net profit (RM1.48 billion).

In FY2018, Digi delivered a financial performance in line with its guidance.

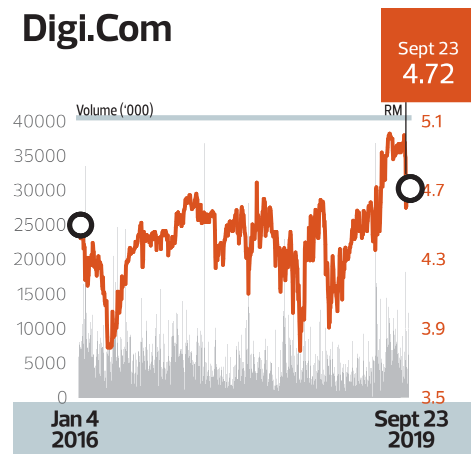
"Although market conditions remain challenging, we believe the solid foundation established in 2018 with our persistent drive for solid execution and digital transformation will support Digi's ambitions in 2019," CEO Albern Murty says in the group's 2018 annual report.

He adds that among Digi's priorities this year are to capture growth from existing customers and continue to drive post-paid growth and SME/business-to-business opportunities.

For the second quarter ended June 30, 2019, Digi reported a 2.1% rise in net profit to RM392.5 million on the back of stronger post-paid service revenue growth, cost savings and a deferred tax overprovision in the previous year.

However, the telco's net profit was down 4.7% year on year to RM734 million for the cumulative six months. This was roughly within analysts' expectations. Its net dividend was 9.3 sen a share, a slight decline from 9.8 sen a share in the previous corresponding period.

"While the results were within expectations, we trim our 2019 net profit forecast by 3% on a muted near-term top-line trend," says UOB Kay Hian Research in a July 15 report following Digi's results.



"Management has conservatively guided a low single-digit top line and reduced Ebitda (earnings before interest, taxes, depreciation and amortisation) for 2019."

On Sept 6, Digi's biggest shareholder — Telenor group of Norway, with a 49% stake — and Axiata Group Bhd mutually called off a proposed merger of their local companies' telecoms and infrastructure assets in Asia, following four months of talks.

They said it was due to some complexities in the proposed deal. According to news reports, these included commercial issues as well as national and staff interests.

What is interesting, though, is that both parties do not rule out a possible future transaction..

Had it materialised, the merger would have spelt major changes for Digi and the operating landscape. Mergers are never easy, and this one was not just complex but also huge. It was to have involved 14 large entities across nine countries and was expected to be the single largest merger and acquisition in the region — except North Asia — in 20 years. In Malaysia, the plan was to merge Digi with Axiata's Celcom.

Digi said the failed merger talks will not derail its efforts to continue collaborating with other players, especially in 5G.

"This does not stop Digi's efforts in working with our ecosystem and the industry so that we can address the challenges and opportunities in 5G. There are a lot of things that go in the ecosystem and that can benefit Malaysia," its chairman, Håkon Bruaset Kjøl, said recently. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

SUPER BIG CAP — ABOVE RM40 BILLION MARKET CAPITALISATION
FINANCIAL SERVICES (RM10 BIL AND ABOVE MARKET CAPITALISATION)

Hong Leong Bank Bhd

DELIVERS DESPITE CHALLENGES

BY ADELINE PAUL RAJ

Few things make investors happier than seeing an upward trend in a company's share price and receiving regular dividends. Shareholders of Hong Leong Bank Bhd have been enjoying precisely these over the past three years.

The stock has climbed 63%, from RM12.353 to RM20.30, between April 1, 2016, and March 31, 2019 — the period of review for *The Edge* Billion Ringgit Club. The bank has outperformed its banking peers on Bursa Malaysia against a backdrop of uncertainties on the macroeconomic front globally.

Meanwhile, the banking group, which is controlled by tycoon Tan Sri Quek Leng Chan, paid shareholders a net dividend per share of 50 sen for the financial year ended June 30, 2019 (FY2019), compared with 48 sen in FY2018 and 45 sen in FY2017.

While total return was only 17% between March 31, 2016, and March 31, 2019, it was ahead of those of its large banking peers that are also BRC members.

For January to August 2019, Hong Leong Bank's share price declined 18%, in line with the general downward trend among banking stocks. However, some analysts feel it is a good time to start accumulating the shares, given the attractive valuation.

AmInvestment Bank Research, for one, upgraded its call on the stock to "buy" from "hold", but reduced its fair value by RM1.60 to RM18.90.

"Our fair value is based on a lower FY2020 return on equity of 10.2%, leading to a price-to-book-value (PBV) multiple of 1.4 times.

"We see upside potential after the steep decline in its share price, with the stock now trading at a low 1.2 times FY2020 PBV, below its historical mean of 1.5 times," it says in an Aug 29 report.

Despite a challenging year, Hong Leong Bank turned in a resilient set of earnings for FY2019 that fell within analysts' expectations.

Its profit grew 1% to RM2.66 billion in FY2019, helped by solid loan growth of 6.6% — stronger than the industry's 4.2% — and a stronger contribution from its Chinese associate, Bank of Chengdu. Its operating revenue, however, fell 2.3% to RM4.73 billion, reflecting intense funding cost pressure.

The banking group stands out in the indus-

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

SUPER BIG CAP — ABOVE RM40 BILLION MARKET CAPITALISATION
FINANCIAL SERVICES (RM10 BIL AND ABOVE MARKET CAPITALISATION)

CIMB Group Holdings Bhd

BOUNCES BACK, MOVES FORWARD

BY ADELINE PAUL RAJ

CIMB Group Holdings Bhd has bounced back from a rough few years on the earnings front.

After a poor financial showing in FY2015, when net profit fell 8.3% year on year to RM2.85 billion, the Asean-focused banking group turned the corner in FY2016. It recorded a 25% jump in net profit to RM3.56 billion, thanks to the improved performance of its Indonesian bank PT Bank CIMB Niaga Tbk, for which it had to make heavy loan loss provisions in the previous year.

A year later, it saw further growth of 25.6% in net profit to RM4.48 billion as overall provisions declined and its Thai lender returned to profitability.

And in FY2018, despite the challenging operating landscape, the group posted a record high net profit of RM5.58 billion, which was 24.8% higher year on year. Excluding one-off gains from divestments that year, its net profit grew 4% to RM4.66 billion.

Between FY2015 and FY2018, CIMB Group's net profit grew at a three-year compound annual growth rate of 25.1% — the highest among its peers in the financial services (RM10 billion and above market capitalisation) sector.

Its four-year transformation plan, known as T18, came to an end last year and based on its core earnings, it was able to deliver on all but two of its key targets.

CIMB Group missed the return-on-equity (ROE) target of 10.5% — this came in at 9.6% instead — and the cost-to-income ratio (CIR) target of under 50% (52.6%), which was, nevertheless, a strong improvement from 59.1% in FY2014.

The group has since embarked on a new five-year strategic plan, known as Forward23.

"T18 was always about us narrowing the gap [with leading Asean banks] because we were so far behind. Now that we've done that, Forward23 is where we want to accelerate to in order to become the top three to top five bank in the region in terms of metrics like CIR, ROE, CET-1 ratio and profit before tax," group CEO Tengku Datuk Seri Zafrul Aziz told *The Edge* in an interview in March.

CIMB Group is aiming for a CIR of 45%, CET-1 ratio of 13% and ROE of 12% to 13% by end-2023.

Achieving these will not be an easy task as challenges remain for the group, including the uncertainties created by the trade tensions between the US and China and slowing global economic growth.

Still, CIMB Group's core net profit in the first six months of FY2019 grew 11.6% year on year to RM2.45 billion, which was marginally above analysts' expectations. The growth was underpinned by above-industry loan growth of 6.6% in Malaysia and better income from treasury and markets.

CIMB Group expects Bank Negara Malaysia to cut the overnight policy rate (OPR) by another 25 basis points before the end of the year — a move that could further hurt its net interest margin, which slipped 4bps to 2.46% year to date, mainly due to the 25bps cut in OPR in May.

"The impact [of another OPR cut] on us will be marginal, depending on when in the year it happens. We expect a compression of 1bps to 2bps on NIM for FY2019," Zafrul told reporters last month.

Analysts currently have a more positive outlook on the stock, which has shed 9.3% for the year to end-August. It closed at RM5.06 on Aug 29.

At the time of writing, Bloomberg data showed 14 analysts with a "buy" call on the stock and 13 with a "hold". There were no "sell" recommendations. The average 12-month target price was RM5.80.

"We maintain our 'buy' call on the stock as valuation continues to be undemanding, trading at 0.8 times FY2020 price-to-book value. Its dividend yield has also turned attractive at 5.5%.

"The group's treasury and markets business could potentially continue to benefit from the lower yields to increase its investment and trading income," AmInvestment Bank Research says in an Aug 29 report. E

try for its solid asset quality and cost control. Its gross impaired loan ratio stood at a record low of 0.78% as at end-June while its cost-to-income ratio (CIR) was a low 44.3% despite having grown slightly from 43.5% a year ago.

Following the FY2019 results, AmInvestment Bank Research trimmed its FY2020/FY2021 earnings forecasts for Hong Leong Bank by 5.7%/3.5% to reflect higher cost-to-income ratio assumptions and to factor in another potential 25 basis points (bps) cut in the overnight policy rate (OPR) in the second half of this year. A cut in the OPR would hurt its net interest margin (NIM) further.

Bank Negara Malaysia's move in reducing the OPR by 25bps in May this year had led to Hong Leong Bank's NIM in FY2019 shrinking to 1.96% from 2.10% the year before.

"Even so, we remain sanguine as the impact to NIM in 4QFY2019 was managed within 11bps quarter on quarter, despite the 25bps cut in OPR in early May. This [was] achieved through a mix of strategic and tactical decisions that leave us confident, moving forward, that we can improve our NIM, especially off the back of such commendable growth in our loan book, without compromising asset quality," group managing director and CEO Domenic Fuda said in the bank's results press release.

Profit contribution from Bank Of Chengdu, in which it has a 18% stake, grew 7.4% to RM554 million, accounting for 17.4% of Hong Leong Bank's profit before tax.

Most analysts, however, remain cautious about business and consumer sentiment in Malaysia, given the prospect of slower global growth. Nonetheless, analysts believe that Hong Leong Bank is among the more resilient banks in harsher economic weather.

"We think Hong Leong Bank is one of the most defensive banks against the expected rise in the industry's impaired loans as it is known to have one of the most stringent credit control practice," says CGS-CIMB Research, which has a "hold" call on the back of the stock's decent valuation. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

CONSTRUCTION

Sunway Construction Group Bhd

EXCEPTIONAL RETURNS

BY LIEW JIA TENG

Construction giant Sunway Construction Group Bhd (SunCon) walked away with the award for highest return on equity (ROE) over three years for the construction sector at *The Edge* BRC awards.

SunCon's return on shareholders' equity was well above that of its peers in the past three years — 26.3% in the financial year ended Dec 31, 2016 (FY2016), 25.6% in FY2017 and 25.5% in FY2018.

The ratio, which measures how well a company utilises shareholders' funds to generate profit, stood at 16% and 31% in FY2014 and FY2015, respectively.

It is also worth noting that SunCon's total equity has increased steadily over the last five years, from RM380.21 million in FY2014, to RM592.5 million in FY2018.

Going forward, Kenanga Research analyst Adrian Ng expects SunCon's ROE to ease to 19% in FY2019 before improving to 22% in FY2020.

While the research house remains unexcited with the near-term prospects for the construction sector, Ng points out that SunCon's management is venturing overseas with an active tender book of RM12.5 billion.

"We believe the company stands a good, winning chance in the Asean market, thanks to its strong execution track record. Nonetheless, its outstanding order book of RM5.8 billion provides 2½ years of visibility," he says in an Aug 20 report.

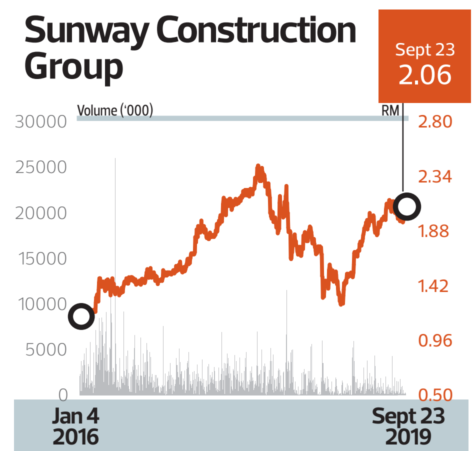
SunCon operates predominantly in Malaysia and Singapore in construction and precast manufacturing. It is one of the largest builders in Malaysia.

Being a fully integrated construction firm, SunCon is mainly involved in the construction of speciality buildings, civil and infrastructure works, mechanical, electrical and plumbing services as well as foundation and geotechnical works.

The group also has two precast manufacturing facilities in Johor, which cater for the housing development market in Singapore.

Notably, SunCon had secured a RM1.6 billion new order book for FY2018. The group is targeting RM1.5 billion worth of new orders for FY2019.

The group's latest project, the TNB (Tenaga Nasional Bhd) Campus at Bangsar, Kuala Lumpur, is on a site measuring about 13 acres and has a contract duration of 26 months. It comprises eight buildings — office blocks, a child care centre, gallery and convention centre.



For FY2018, its net profit grew 9% year on year to RM144.69 million or 11.2 sen per share versus RM132.3 million or 10.24 sen per share a year ago. Revenue increased 9% to RM2.26 billion from RM2.08 billion in FY2017.

For the cumulative first six months in 2019 (6MFY2019), SunCon saw net profit drop by 10% year on year to RM64.20 million, from RM71.54 million a year earlier.

Despite the lower performance, group managing director Chung Soo Kiong says SunCon is positive on the outlook for the local construction sector with the revival of the RM44 billion East Cost Rail Link (ECRL).

"There are also opportunities within the sustainable energy sector, such as in the development of Large Scale Solar (LSS) Phase 3. We are expecting more projects to be announced in the next 12 months, which was reflected by Bursa Malaysia's FBM Construction Index gaining more than 40% since the beginning of this year," Chung says.

Apart from Malaysia, Chung says Asean is another exciting market that the group is exploring.

"In Myanmar, SunCon has teamed up with Capital Construction Ltd, the construction division of Capital Diamond Star Group (CDSG), and we have submitted a tender for a mixed-use development project in Mandalay," he says.

The group's outstanding order book, as at June 2019, amounted to RM5.8 billion, with a total of RM1.537 billion in new orders received to date, exceeding management's target of new order book wins of RM1.5 billion within the first half of the year.

Since SunCon — the construction arm of conglomerate Sunway Bhd, which was founded by tycoon Tan Sri Dr Jeffrey Cheah — was relisted on Bursa Malaysia in 2015, its share price has almost doubled from its initial public offering price of RM1.20. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

CONSTRUCTION

Kerjaya Prospek Group Bhd

NO SHORTAGE OF CONTRACTS IN THE PIPELINE

BY AHMAD NAQIB IDRIS

While the construction industry is facing various challenges such as volatile raw material prices, higher labour costs and intense competition that eats into companies' margins, Kerjaya Prospek Group Bhd has been able to maintain its strong pipeline of contracts over the past three years.

For its financial year ended Dec 31, 2018 (FY2018), the group posted a record profit after tax (PAT) of RM138.2 million — up 10% year on year from RM124.84 million the year before — on revenue that breached the RM1 billion mark at RM1.07 billion.

In its annual report, Kerjaya Prospek attributes its sterling performance mainly to its construction division, which contributed more than 90% to total revenue. The group secured several contracts from notable developers, including BBCC Development Sdn Bhd, Tanjung Pinang Development Sdn Bhd and PPB Group Bhd.

In FY2016, Kerjaya Prospek saw a significant jump in its bottom line — its PAT surged to RM99.62 million from RM16.13 million in the preceding year — while revenue for the period spiked 911% to RM798.69 million.

Its wholly-owned subsidiaries, Kerjaya Prospek (M) Sdn Bhd and Permatang Bakti Sdn Bhd, which had a combined outstanding order book of RM2.6 billion as at January 2016, helped boost the listed entity's earnings.

The impressive profit growth allowed Kerjaya Prospek to declare regular dividends of three sen to six sen per share between FY2015 and FY2018.

Investors seem to have taken notice of the group's consistent performance as its share price jumped 60% over a three-year

period — from 77 sen to its closing price of RM1.23 on March 31 this year.

The counter's appreciation, coupled with the group's dividend payouts, translated into total returns of 19%.

The handsome returns that Kerjaya Prospek generated for its shareholders led to the construction group winning two *The Edge* BRC awards, for the highest growth in PAT over three years and highest returns to shareholders over three years.

Since the cut-off date for the awards, the counter has continued to climb. For the year up to Sept 23, it rose 18.26% to RM1.36 versus the FBM KLCI's 2.4% decline during the same period.

For 1HFY2019, the group posted a PAT of RM70.9 million, a 5% increase from RM67.51 million in the previous corresponding period, while its cumulative revenue saw a slight contraction to RM523.54 million from RM533.54 million amid the completion of certain projects.

Despite the slight dip in revenue, Kerjaya Prospek was pleased with its showing for the period, backed by its hefty RM3.4 billion order book.

In the six-month period, the group se-

HIGHEST RETURN ON EQUITY OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

ATA IMS Bhd

EARNINGS ON A FAST GROWTH TRACK

BY LIEW JIA TENG

ATA IMS Bhd is more proof of the promising prospects of the manufacturing industry if one manages it well. The electronic manufacturing services (EMS) player's return on shareholders' equity was well above that of its peers in the past three years — 22.3% in the financial year ended March 31, 2018 (FY2018), 37.9% in FY2017 and 22.5% in FY2016.

It is worth noting that its shareholders' funds have expanded significantly over the past five years, from RM164.92 million in FY2015 to RM630.1 million in FY2019.

ATA IMS' earnings have been on a fast growth track since it acquired its larger rival, Integrated Manufacturing Solutions Sdn Bhd (IMS), in October 2017.

The company has achieved record-breaking earnings for two consecutive financial years — FY2018 and FY2019.

ATA IMS' revenue leaped to RM2.3 billion in FY2018 and continued to climb to RM2.9 billion in FY2019. Likewise, net profit grew 219.2% from RM2.8 million in FY2015 to RM92.5 million in FY2018 and breached the RM100 million mark in FY2019, delivering a new record net profit of RM112.9 million.

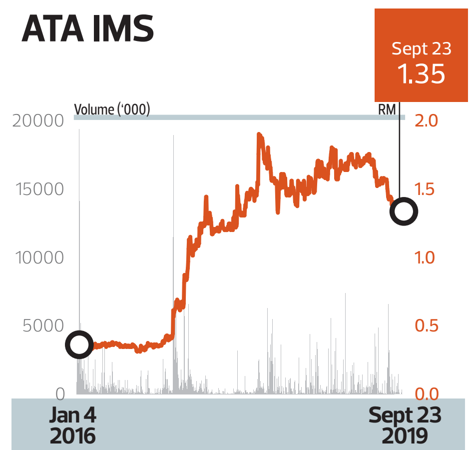
The company's gross profit margin improved from 7% to 8%, thanks to continual efforts in effective cost management strategies and operational efficiency, coupled with continuing efforts to negotiate fair prices with customers and perseverance in meeting their requirements.

ATA IMS' impressive financial results have not gone unnoticed. Its share price has been on a steady climb in the past two years, after the reverse takeover exercise.

Given the stellar financial performance, ATA IMS, formerly known as Denko Industrial Corp Bhd, walked away with the award for highest return on equity (ROE) over three years for the industrial products and services sector at The Edge BRC awards this year.

This is another notable win for the Johor-based electronic manufacturing services (EMS) company, which had won the award for highest returns to shareholders over three years for the industrial products and services sector at last year's awards.

Going forward, UOB Kay Hian analyst Desmond Chong expects ATA IMS' ROE to hit 20.6% in FY2020, 21.9% in FY2021, and 21.6% in FY2022. "In view of the higher product complexity that ATA IMS has recently undertaken, the group is embarking on a higher automation to enhance efficiency and improve quality in order to defend its turf," he says in a July 25 report.



In an interview with *The Edge Financial Daily* in March, ATA IMS executive chairman Datuk Seri James Foo Chee Juan said he is expecting the growth momentum to continue in FY2020, thanks to higher sales volume from its existing customers.

"We are really in one of the bright spots in Malaysia now because many sectors are [finding it very] challenging now to see this kind of growth ... Even [for] next year, we are expecting to see this kind of growth," he said.

Foo, a 58-year-old Singaporean businessman, was appointed executive chairman and executive director of Denko in March 2017, before the company's name was changed to ATA IMS in July 2018.

Recall that Denko took over IMS in 2017 for RM1.19 billion, satisfied via the issuance of 1.03 billion new shares in Denko at RM1.15 each.

With IMS, the enlarged Denko became one of the top three EMS players on Bursa Malaysia, along with SKP Resources Bhd and VS Industry Bhd.

Today, ATA IMS is ranked as one of the world's top 30 EMS companies, according to the Manufacturing Market Insider 2019 list of top EMS providers in 2018.

In the current financial year, the group will continue to ramp up its production capacity to cope with an expected increase in orders from its key customers. The additional factories acquired in FY2019 increased production space by about 49%.

According to Bloomberg data, all three research houses tracking ATA IMS had "buy" recommendations on the counter, with a consensus target price of RM1.82, giving it a potential upside of 30%. E

cured RM1.2 billion in building contracts, exceeding the RM989.8 million it secured the previous year.

"We have already secured RM1.2 billion [in our] order book, so the prospects for this year should be all right. We are quite positive that we will see more growth [going forward]," Kerjaya Prospek executive chairman Datuk Tee Eng Ho said in a recent interview with *The Edge*.

He also shared that the group is eyeing a slice of the East Coast Rail Link project, which has been revived by the government.

In a recent note, Kenanga Investment Research says the group's strong order book provides good visibility for its income prospects over the next three years.

"We believe Kerjaya Prospek stands a good chance of winning more contracts in Penang, mainly from E&O's Seri Tanjung Pinang 2 project," says Kenanga analyst Adrian Ng. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

Guan Chong Bhd

FEEDING THE GROWING DEMAND FOR CHOCOLATE PRODUCTS

BY CHESTER TAY

Looking at the share price performance of Asia's largest cocoa grinder, Guan Chong Bhd, one can imagine how pleased its shareholders must be.

In the three years from March 31, 2016, to March 31, 2019, the counter had more than tripled from RM1.02 to RM3.55 based on adjusted price. This means a three-year compound annual growth rate (CAGR) of 54.2%.

By May this year, the stock had climbed even higher to RM4.15 and was still above RM4 at the time of writing.

Guan Chong's capital appreciation, coupled with its dividends for the past three years, won the company *The Edge* BRC highest return to shareholders over three years award in the Consumer Products & Services segment.

The rally in the cocoa grinder's share price was supported by its solid financial performance. Its net profit for the financial year ended Dec 31, 2018 (FY2018) more than doubled to RM190.12 million from RM91.05 million in FY2017, which in turn was higher than the RM42.58 million seen in FY2016. This was despite the group's revenue remaining at RM2.2 billion to RM2.3 billion from FY2016 to FY2018.

Guan Chong attributes its improved earnings to wider margins as a result of economies of scale.

"The decrease in cocoa bean prices and higher capacity utilisation at our plants, coupled with larger sales tonnage, mitigated the lower average selling price and enhanced our gross profit margin levels," CEO Brandon Tay Hoe Lian says in the company's 2018 annual report.

The group's earnings before interest, tax, depreciation and amortisation (Ebitda) margin was 11.6% in FY2018, up from 7.6% in FY2017 and 4.2% in FY2016.

Net profit margin, meanwhile, was 8.4% in FY2018, improving from 4.24% in FY2017 and 1.8% in FY2016.

In FY2018, Guan Chong expanded one of its grinding facilities in Pasir Gudang, which increased its production capacity from 9,000 tonnes to 50,000 tonnes.

The expanded facility was fully commissioned in the first quarter ended March 31, 2019, raising the group's combined annual grinding capacity to 250,000 tonnes.

Guan Chong has another facility in Pasir Gudang that has a grinding capacity of 80,000 tonnes and one in Batam, Indonesia, with an annual grinding capacity of 120,000 tonnes.

The group also owns two facilities in Delaware and New Jersey in the US that undertake cocoa cake grinding, cocoa liquor and butter melting, as well as cocoa butter deodorising.

In the 2018 annual report, Tay says global demand for chocolate is expected to continue rising for the foreseeable future while supporting data indicates that cocoa grinders in Asia may chart higher grinding activity in 2019 to cater for increasing demand.

Nonetheless, Tay notes that the group is exposed to four risks, namely competition, consistent supply of cocoa beans, cocoa bean price volatility and foreign currency fluctuations because the majority of Guan Chong's transactions are done in US dollars and pound sterling.

In this regard, Tay says the group aims to continue to grow its share of the global cocoa ingredients market, and is guided by two strategies: increasing its production capacity and expanding its geographical presence.

"To capture market share, we intend to increase our grinding capacity in order to meet the expanding requirements of major customers worldwide," he adds.

He says the full commissioning of the expanded plant in Pasir Gudang enabled the group to capture rising demand, and management is looking at utilising the extra capacity expediently.

As for increasing its geographical presence, Tay says the group will explore opportunities to expand production facilities in major cocoa-producing countries in order to enhance its competitive edge.

"This will provide significant cost savings in freight and transport as well as enhance our manufacturing supply chain," he adds. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

AirAsia Group Bhd

FIGHTS HARD FOR BETTER EARNINGS AND LOWER COSTS

BY KHAIRIE HISYAM ALIMAN

AirAsia Group Bhd is not known for taking things slowly. In the three years between the financial year ended Dec 31, 2016 (FY2016), and FY2018, Asia's biggest budget airline had seen plenty of ups and downs, yet its profit after tax still grew by 363.5% in that time frame.

From RM541.2 million in net profit back in FY2015, the budget carrier's bottom line soared in the 36 months that followed to RM1.97 billion in FY2018.

That translates into an outstanding compound annual growth rate (CAGR) of 53.75% over a three-year period. In the meantime, its annual revenue leapt from RM6.3 billion in FY2015 to RM10.64 billion, a nearly 69% improvement overall.

The growth of its bottom line is an impressive showing among stocks in the consumer products and services category, considering that the group continued its capacity expansion amid a turbulent operating environment in that time frame.

One highlight is how AirAsia Group has managed yo-yoing fuel prices — a major cost component for any airline — in recent years, particularly as prices swung heavily in 2016 and 2017.

First, collapsing crude oil prices in late 2015 sent jet fuel prices south in 2016, just as an uneasy ceasefire emerged from a cut-throat price war among airlines operating in the Malaysian airspace.

That meant that in FY2016, AirAsia Group rode the airstream to triple its net income to RM1.62 billion as revenue grew 8.71% year on year. However, jet fuel prices surged 23.3% the following year and remained elevated in 2018. The airline was also hit by a weakened ringgit relative to the greenback.

However, a low cost base and growing ancillary income helped to save the day for the group

as it successfully defended its profitability.

Despite the jet fuel price rebound in FY2017, its revenue that year still jumped 41.8% year on year while net profit grew ever so marginally up by 0.5% year on year to RM1.63 billion. The momentum continued as the budget airline

HIGHEST RETURN ON EQUITY OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

British American Tobacco (M) Bhd

DELIVERING HIGH YIELD AMID ADVERSITY

BY SUPRIYA SURENDRAN

Six out of 10 cigarette packs consumed in Malaysia are from the illegal market — this is the difficult landscape in which legal tobacco players such as British American Tobacco (M) Bhd (BAT) operate, on top of an unregulated vape market.

Despite these obstacles, BAT has once again bagged *The Edge* BRC award for the highest return on equity (ROE) over three years in the Consumer Products and Services category — its second consecutive win.

The group delivered an ROE of 111% to its shareholders for its financial year ended Dec 31, 2018 (FY2018) following ROEs of 129% in FY2017 and 118% in FY2016. This is possible despite declining profits, owing to its small equity base.

BAT's net profit has been on a downward trend in the past three financial years. Its net profit for FY2018 dropped nearly 5% to RM469 million from RM493 million in FY2017, and was 35% lower versus RM721 million in FY2016. This translates into a compound annual contraction rate of 13%.

Its annual revenue for FY2018 contracted 3.2% to RM2.82 billion from RM2.92 billion in FY2017, and was 25% lower from RM3.76 billion in FY2016.

BAT is probably a rare company among the BRC award winners, with continuously declining profits in the three years under review.

BAT attributes the reduced profits to the loss of market share to contraband cigarettes; the legal market shrank 3.5% in 2018.

Following the abolishment of the Goods and Services Tax on June 1, 2018 and the reintroduction of the Sales and Services Tax three months later, the price of a pack of cigarettes was increased by 40 sen, as the tobacco industry is regulated to pass any tax increment to consumers. There was no excise increase in 2018, making it the third consecutive year of excise moratorium for the industry.

As BAT's profits went downhill, so did its share price. The stock has seen volatility with a downward bias in recent years amid growing concern about its profitability as the illegal cigarettes trade flourished.

Between March 31, 2016 and March 31, 2019, BAT lost 22% of its market value. It slipped to a low of RM20.95 in May 2018, from RM45.51 on March 31, 2016. It managed to regain some lost ground when it peaked at RM35.36 on March 29, 2019. In the following month, however, it was back on a downtrend, descending to a 13-year low of RM18.40 on Sept 5.

In its FY2018 annual report, BAT said the group's market share in Malaysia is 56.3 % of the legal market. The group's strong position is built on a portfolio of high-quality tobacco brands such as Dunhill, Kent, Peter Stuyvesant, Pall Mall and Rothmans.

FY2018 was the first full year in which BAT's supply chain operated on an import-based model, where a majority of finished goods are sourced from parent company British American Tobacco Group's factory in Indonesia, with others from its factories in Singapore and South Korea.

The group closed down its iconic manufacturing plant in Virginia Park, Petaling Jaya on June 22, 2017 after 55 years of operation, during which it made such a mark that the then roundabout beside the factory was known as the "Rothmans Roundabout".

In its 2018 annual report, BAT acknowledged the huge challenge it faces in the form of the illegal market, as growth stagnated at about 60%. It said growth in 2019 relies heavily on the legal volume recovery, which requires continuous and intensified enforcement actions.

Despite the increasingly difficult operating landscape, BAT has no intention of exiting the market for now, it says, as it is still a profitable company, albeit with declining profits.

Managing director Erik Stoel says BAT will continue to gain as much share in the legal market as possible, but without policy intervention from the government to look into cigarette affordability and legalising vaping — which will allow legal players such as BAT to compete against the illicit ones — the outlook for the legal tobacco industry remains subdued in the medium term. E

hit RM1.97 billion in net profit and RM10.64 billion in revenue in FY2018.

Of course, supporting the profitability momentum was a series of divestments by AirAsia Group in that three-year period, which yielded major one-off gains and special dividends to its shareholders.

It is worth noting that amid the headwinds, which saw many of its peers reducing capacity, AirAsia Group expanded its fleet by a third in 36 months, going from 171 planes across the group's operations as at Dec 31, 2015, to 226 aircraft as at Dec 31, 2018.

While its capacity grew, its utilisation went up too. Aircraft utilisation improved from 12.4 hours a day in FY2015 to 13.3 hours a day in FY2018.

In the same period, the number of destinations AirAsia Group flew to increased from 112 airports across 20 countries to 147 destinations across Asia. Adjusted total passengers carried on an annual basis grew 44.2% from 50.7 million in FY2015 to 73.1 million in FY2018.

Year to date, however, the low-cost carrier is contending with more turbulence. Up to June 30 (1HFY2019), it recorded a surprise core net loss of RM109 million versus a core profit of RM538 million in 1HFY2018.

A big factor that caused the net loss is higher maintenance costs following the sale and leaseback of virtually all of its fleet, CIMB Research says in an Aug 29 report. The research house has a "reduce" call with a target price of RM1.56.

More challenges lie ahead for AirAsia Group, according to CIMB Research. Among others, it may owe Malaysia Airports Holdings Bhd (MAHB) some RM52 million following its court defeat over airport tax collection.

Meanwhile, a new government levy on international departures beginning September could weaken demand and force fare cuts, while MAHB may also raise landing charges in January next year, CIMB Research adds. A recent rule against processing charges will see the low-cost carrier cease such collections, with a direct 6.5% hit against its ancillary income. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

ENERGY

Hibiscus Petroleum Bhd

MARIGOLD AND SUNFLOWER POTENTIAL GAME CHANGER FOR THE GROUP

BY KAMARUL AZHAR

The Anasuria cluster of oil and gas (O&G) producing fields in the North Sea and the North Sabah enhanced oil recovery (EOR) fields have given Hibiscus Petroleum Bhd the required foundations to grow on since 2015.

The fields contributed to the turnaround in Hibiscus, from a net loss of RM60 million in the financial year ended June 30, 2016 (FY2016), to a net profit of RM106.1 million in FY2017. The group has been profitable since then.

In the recently concluded FY2019, Hibiscus — which was listed as a special purpose acquisition company on Bursa Malaysia in 2011 — reported a net profit of RM230 million, on the back of revenue of RM988.3 million.

Between March 31, 2016, and March 31, 2019, its share price quintupled, from 19.5 sen to RM1.07, reflecting a 76.4% three-year CAGR.

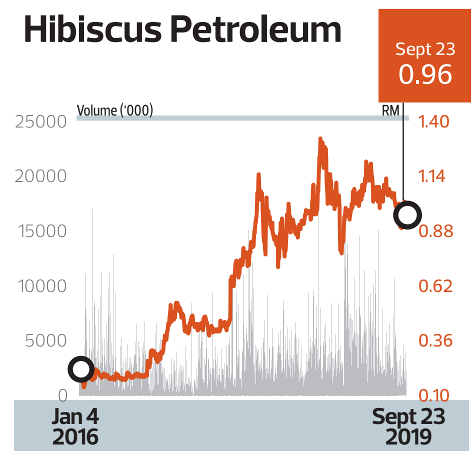
Hibiscus has yet to declare any dividends, mainly because of a need to conserve cash for its capital expenditure given that the O&G upstream business is highly capital intensive.

However, its board does recognise the importance of rewarding its shareholders. The company undertook a bonus issue of warrants on the basis of one warrant for every five existing shares in March last year.

Hibiscus says dividend payments will be declared in the event of continuous strong performance — namely sustainable profit generation — by the company. It, however, does not spell out what it means by continuous or sustainable profit generation.

The O&G exploration and production company needs to conserve capital, more so now that it is taking part in the greenfield development of the Marigold and Sunflower fields in Central North Sea off Aberdeen, the UK.

The group acquired a 50% stake in Block 15/13a and 15/13b in the UK Central North Sea from Caldera Petroleum (UK) Ltd for US$37.5 million (about RM155.5 million) in October last year. The blocks are appraised to have best estimate oil resources of 60 million standard barrels, which will add to Hibiscus' existing oil



resources of about 40 million standard barrels.

Hibiscus says the Marigold and Sunflower fields are a potential game changer for the group due to their low entry cost of US$1.25 per barrel and expected US$8 per barrel valuation based on the average transaction value per barrel for fields under development by Rystad Energy.

Based on the best estimate oil resources of 60 million standard barrels and US$8 per barrel valuation, the fields would have a gross valuation of US$480 million, of which Hibiscus' share would be US$240 million.

By December next year, Hibiscus expects the UK Oil and Gas Authority to have approved the fields' final development plan. Meanwhile, the final investment decisions for the development of the fields would have also been finalised by then.

This would allow Hibiscus to farm out up to 15% of its stake in the fields by 2021.

Hibiscus is targeting for the fields to produce first oil in December 2022. By that time, the group expects them to be valued at US$1.2 billion, of which Hibiscus' 35% stake would have a net valuation of US$420 million.

BIMB Securities Research analyst Azim Faris Ab Rahim currently values the Sunflower and Marigold fields at RM528 million. Meanwhile, he values the Anasuria cluster at RM969.25 million and the North Sabah EOR fields at RM1.27 billion.

Azim has a target price of RM1.50 per share for Hibiscus, while Nurzulaikha Azali, an analyst at PublicInvest Research, has a higher target price of RM1.73 per share. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

ENERGY

Dialog Group Bhd

NEW SOURCE OF GROWTH CUSHIONS EFFECTS OF DOWNTURN

BY KATHY FONG

Looking at Dialog Group Bhd's profit after tax (PAT) figures over the past three financial years, those unfamiliar with the company might not realise that it is in the oil and gas (O&G) business.

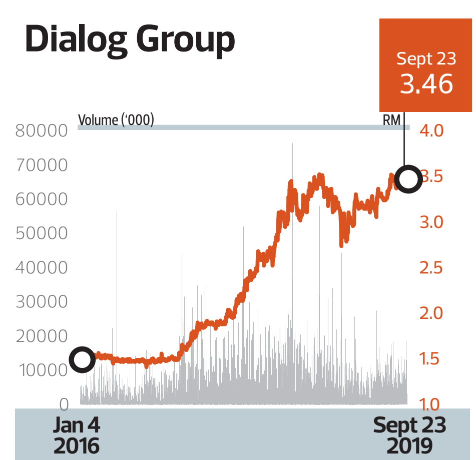
This is because Dialog's PAT has consistently been on an upward trend, even when the crude oil price plunged below US$30 in 2014.

While many of its peers were struggling to cope with the low oil price environment, Dialog's PAT ballooned to a record high of RM528 million for the financial year ended June 30, 2018 (FY2018) — a 41.5% jump from RM373 million in FY2017. It posted a PAT of RM301 million in FY2016 versus RM285 million in the preceding year.

This translated into a three-year CAGR of 22.9% — an impressive figure and the highest among members of *The Edge* BRC in the energy sector.

Dialog's decision to venture into the

The development of Pengerang Deepwater Terminal Phase 2 in progress



midstream segment to develop an oil storage terminal in southern Johor proved timely as the division became the key contributor to its earnings when its upstream business was not faring as well. The division is expected to bring in recurring income for the group.

The oil storage terminal, named Pengerang Deepwater Terminal (PDT), is sitting on 1,200 acres of reclaimed land. The group envisions making Pengerang the Rotterdam of the East — a regional downstream hub for the oil, gas and petrochemical industries, given Malaysia's strategic location.

The facilities in PDT also complement the development of the Refinery and Petrochemical Integrated Development (RAPID) project, which is part of the massive downstream project called Pengerang Integrated Complex driven by Petroliam Nasional Bhd.

Dialog last Thursday launched Phase 3A of the PDT development after the group signed a long-term storage agreement with BP Singapore Pte Ltd. It said this will comprise storage tanks with a capacity of

HIGHEST RETURN ON EQUITY OVER THREE YEARS

ENERGY

Petron Malaysia Refining & Marketing Bhd

CONSISTENTLY HIGH RETURNS DESPITE VOLATILE CRUDE OIL PRICES

BY EMIR ZAINUL

Although Petron Malaysia Refining & Marketing Bhd saw its net profit slide 44.6% in the financial year ended Dec 31, 2018 (FY2018), the refiner's return on equity (ROE) over the three financial years in review was admirable.

ROE came in at 10.42% in FY2018, which is an impressive performance compared with that of its peers. It is worth noting that the double-digit ROE was achieved despite volatile crude oil prices. Oil prices reversed their upward trend in the fourth quarter of 2018, with Brent crude plunging from US$86 per barrel in October to a low of US$50 in December that year.

Petron commanded even more stellar ROE of 30.28% in FY2017 and 22.15% in FY2016.

Apart from the high ROE, Petron also declared regular healthy dividends. In FY2018, it paid 20 sen dividend per share (DPS) out of earnings per share of 83.2 sen. This is consistent, considering the crude oil refiner declared a DPS of 25 sen for FY2017 and 22 sen for FY2016.

It is worth noting that FY2017 was an outstanding year for Petron. It achieved a record high net profit of RM405.2 million, up 70.6% year on year, supported by stronger oil prices and higher sales volume, which drove full-year revenue up 36% year on year to RM10.4 billion.

In FY2018, revenue continued to grow, by 16% to RM12.05 billion, fuelled by higher international crude oil prices and steady growth in sales volume.

However, Petron's net profit dipped to RM224.54 million in FY2018, which was partly dragged down by thinner profit margins. In addition, Petron said the company had booked a non-recurring gain of RM65.6 million in FY2017 from the compulsory divestment of service stations required by the government. This explained the slide in net profit for FY2018 due to the absence of one-off gains.

Petron Malaysia is part of Petron Corp in the Philippines, an emerging and rapidly evolving Asian oil company. It operates the Petron Port Dickson Refinery (PDR), which has a rated capacity of 88,000 barrels per day, producing a wide range of petroleum products, including gasoline, diesel, liquefied petroleum gas (LPG), industrial and commercial fuels and aviation fuel.

The group grew its total sales volume in FY2018, which reached a record high number of 35.5 million barrels, up 2% from the 34.9 million it sold in the previous year. Petron

continued to increase its number of stations in 2018 to more than 640, together with its sister company, Petron Fuel International Sdn Bhd, significantly increasing its penetration of the retail segment.

The company also did scheduled maintenance of its Port Dickson refinery in October, which reduced the production of low sulfur waxy residue and naphtha, which are export products.

While exports were down, domestic sales, particularly in the retail sector, continued to grow in FY2018. The company attributed the positive trend in retail sales to higher demand for high-performance fuels, such as its Blaze 100 Euro 4M and Turbo Diesel Euro 5, complemented by a more rewarding Petron Miles loyalty card programme.

Petron had previously said that it remains cautious as it sees more uncertainties in oil prices during the year, amid the re-escalation of the US-China trade war and ongoing geopolitical tensions.

Despite thinning refining margins, Petron said it will continue to focus on growing its sales and is committed to embarking on various strategic programmes such as network expansion, plant and facility improvements and supply-chain enhancement to improve sales volume and market presence.

Petron chairman Ramon S Ang previously said that the group is pursuing strategic programmes aimed at strengthening its brand, increasing its presence and providing excellent products and services to its customers.

He said it was exciting that the group's Port Dickson refinery is set to complete its new diesel hydrotreater to comply with the government's requirement to supply Euro 5 diesel, as well as a new import facility with two new product tanks in 2020. E

430,000 cu m for clean petroleum products, and is set to be completed in mid-2021.

Phase 3A is the first parcel of PDT's Phase 3, where the construction of common tankage facilities (including shared infrastructure) and deepwater marine facilities (Jetty 3) are already underway.

This marks the continued expansion of PDT in Pengerang, Johor, where Phase 3 is currently being developed on about 300 acres of land within PDT with an indicative initial investment cost of RM2.5 billion, said Dialog.

PDT's combined storage capacity has grown to 2.6 million cu m in Phase 1 and 2. There are dedicated deepwater jetty facilities that can cater for very large crude carriers and liquefied natural gas regasification facilities, with two storage tanks with a combined capacity of 200,000 cu m.

In September last year, PDT received its first very large crude carrier, the *MT Navarin*, at Jetty 2.

From a PAT of RM102 million in FY2009, Dialog's earnings had grown more than

PICTURES BY DIALOG

An offshore supply vessel approaching the D35A Complex

five times to RM528 million in FY2018. Thanks to the strong growth, Dialog also delivered a handsome return on equity (ROE) to its shareholders — it achieved an ROE of 15% in FY2018 compared with 13% in both FY2016 and FY2017.

It is understandable that companies tend to conserve cash when things get tough. Dialog, however, did not disappoint its shareholders when it came to dividend payments, with a payout ratio of 40% in FY2016 and FY2017 and 41% in FY2018. The group declared 3.2 sen per share in FY2018 versus 2.65 sen in FY2017 and 2.2 sen in FY2016.

While investors have shied away from O&G stocks, Dialog is probably the exception. Its share price more than doubled during the period under review, climbing from RM1.536 on March 31, 2016, to RM3.156 on March 31, 2019, reflecting a 27.7% three-year CAGR.

According to Dialog, if an investor had subscribed for 1,000 shares with an investment of RM2,750 at its initial public offering in 1996, the investment would have been worth RM856,910 as at September last year after taking into account the dividends received, seven rounds of bonus issues and a rights issue in 2012 plus stock dividends. This translates into a CAGR of 33%.

Moving forward, Dialog does not plan to rest on its laurels, with plans to acquire oilfields to expand its upstream business.

In this sector, the group will continue to actively develop new reserves from its existing contracts, says its executive chairman Tan Sri Dr Ngau Boon Keat in its 2018 annual report. "At the same time, Dialog is looking for viable production assets, which may become available for possible acquisition," adds Ngau, who is the controlling shareholder with a 20.03% stake. E

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

FINANCIAL SERVICES (BELOW RM10 BIL MARKET CAPITALISATION)

Syarikat Takaful Malaysia Keluarga Bhd

STAGES A COMEBACK WITH TWO WINS

BY ESTHER LEE

This year, Syarikat Takaful Malaysia Keluarga Bhd (STMKB) has returned with a bang, taking home two awards in the financial services category for companies with a market capitalisation of below RM10 billion.

Among its peers, STMKB emerged as the company with the highest return on equity (ROE) over three years and the highest growth in profit after tax over three years.

A formidable force in the takaful scene, the company commands a market share of close to 30% in the family takaful industry and 25% in the general takaful segment in Malaysia.

STMKB's ROE saw an impressive compound annual growth rate (CAGR) of 10.1% for the period from FY2015 to FY2018.

Its ROE has climbed steadily each year, from 24.5% in FY2015 to 24.9% in FY2016, 26.7% in FY2017 and a whopping 32.7% in FY2018.

The company's profit after zakat has also been on a similar trend, rising from RM203.78 million in FY2015 to RM335.98 million in FY2018, or a CAGR of 18.14% over a three-year period.

For STMKB, FY2018 was a significant year — it registered a record profit of RM335.98 million with a year-on-year growth of 43%, far outpacing the performance of the takaful industry in the country.

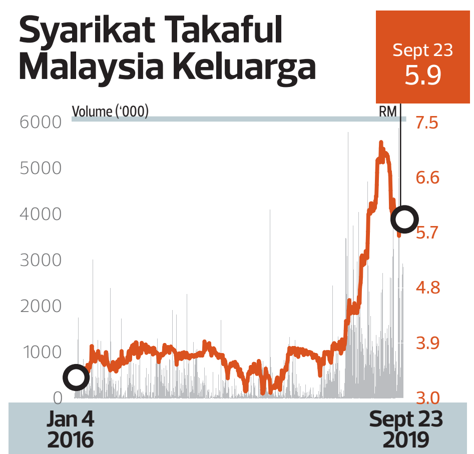
The growth, says the company, was mainly driven by higher sales generated by the family and general takaful businesses and higher net wakalah fee income arising from its strong business growth.

"The group continued to sustain the strong financial performance through its digital transformation journey and operational excellence, expansion of the distribution channels as well as the timely introduction of new and innovative takaful solutions and services," says STMKB.

"This helped [us] to further penetrate the market and strengthen our position in the industry, across both the conventional and takaful markets," the takaful player adds.

The Islamic insurance group seems to be in a sweet spot, even as the takaful penetration rate remains low in the country. Driving the company's profits going forward will be the rising urbanisation, escalating medical costs and ageing population in Malaysia.

These factors, in addition to the growing domestic economy, will likely give the local takaful industry a leg-up, with its growth expected to outpace that of its conventional counterparts and further cementing its position as the leading takaful market in Asean, STMKB says in its 2018 annual report.



For the cumulative six months ended June 30, 2019, the company's net profit grew to RM177.4 million. Gross earned contributions surged 31.6% year on year to RM1.34 billion, driven by its family takaful business, while net claims declined 2.1% year on year to RM476.4 million.

MIDF Research opines that STMKB's earnings growth momentum will likely be slower going forward as the company's earlier growth had been spurred by its new bancassurance partnership with Bank Rakyat to boost the sales of its credit-related products.

"Thus, we are of the view that the normalisation of the earnings growth might be warranted since it would be coming from a higher base. In addition, a potential further motor and fire liberalisation exercise in 2HFY2019 would put a dampener on its general insurance segment," says the research house.

While the fundamental aspects of STMKB remain on track, MIDF Research has a "neutral" call on the stock as it believes that the good news has been priced in.

The research house opines that the counter's valuation has become steep. Its price-earnings ratio stands at 15.7 times, above its two-year historical trading PER of 14.4 times.

STMKB is a subsidiary of BIMB Holdings Bhd, which holds a 59.64% stake. The takaful company's second largest shareholder is the Employees Provident Fund with an 11.71% equity interest. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

FINANCIAL SERVICES (RM10 BIL AND ABOVE MARKET CAPITALISATION)

Public Bank Bhd

SELDOM DISAPPOINTS SHAREHOLDERS ON ROE

BY ESTHER LEE

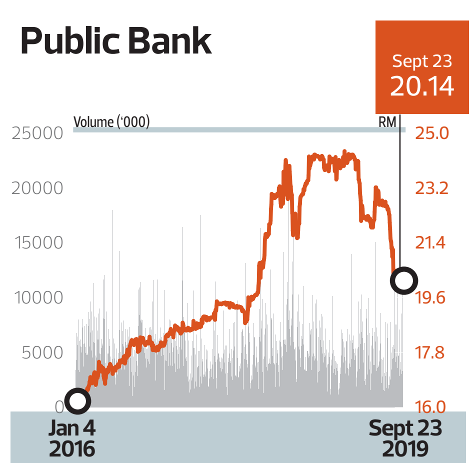
While its peers were venturing out to seize better growth opportunities elsewhere, Public Bank Bhd has focused on strengthening its footing at home. Public Bank is known for its steady growth in and out of season. In terms of asset size, it is the third largest banking group in the country and has rewarded its shareholders with regular dividends.

This has put Public Bank once again in the top spot for the financial services sector as the company with the highest double-digit return on equity (ROE) over three years — an achievement not many of its local peers have matched. Its three-year weighted ROE from FY2016 to FY2018 was 14.9%, far exceeding that of other financial institutions listed on Bursa Malaysia.

The banking group has held steady despite an increasingly challenging landscape for the financial services industry, where profit margins are under pressure while financial technology is shaking up the traditional banking scene.

Given the harsher operating environment, banks' ROE has been on a declining trend over the last few years. Still, Public Bank stands as the highest among its local peers at 17.8% in FY2015, 16.5% in FY2016, 15.8% in FY2017 and slipping to 14.8% in FY2018.

Public Bank has continued to see growth in net profit each year. From FY2016 to FY2018, net profit grew 7.4% from RM5.21 billion to RM5.59 billion. The cost-to-income ratio, however, has inched up over the years, climbing to 33% in FY2018 from 32.3% in FY2016. That being said, the bank's asset quality remains the best in the industry as the gross impaired loan ratio has stood firm at 0.5 times over the last three years.



In its financial performance announcement for the second quarter ended June 30, 2019 (2QFY2019), the group announced a net profit of RM2.74 billion for the cumulative six-month period (6MFY2019). This was a decline of 2.1% year on year, on the back of higher overhead expenses and lower net

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

FINANCIAL SERVICES (BELOW RM10 BIL MARKET CAPITALISATION)

Aeon Credit Service (M) Bhd

MEETING THE CREDIT NEEDS OF THE PUBLIC

BY KAMARUL AZHAR

Aeon Credit Service (M) Bhd's shareholders could be the envy of the investing fraternity, thanks to the company's impressive return on investment over the past three financial years. The credit company's share price has more than doubled from March 31, 2016 to March 31, 2019 to RM16.58 (adjusted price), reflecting a 31.1% return over three years.

Aeon Credit's stellar financial performance has been the main fuel for the share price rally. For the financial year ended Feb 28, 2019 (FY2019), Aeon Credit registered a net profit of RM354.6 million, an increase of 18.2% year on year, on the back of 10.6% growth in revenue to RM1.37 billion.

Between FY2015 and FY2018, Aeon Credit's net profit surged to RM300.06 million from RM215.7 million. This translates into a three-year compound annual growth rate of 11.6%.

Apart from the increase in the share price, Aeon Credit has rewarded its shareholders with handsome dividends. It declared total dividends of RM1.56 per share for FY2016 to FY2018.

Share price appreciation, solid earnings growth and generous dividends have won Aeon Credit this year's *The Edge* BRC — Highest Returns to Shareholders Over Three Years Award for the Financial Services sector (for market capitalisation below RM10 billion in 2019).

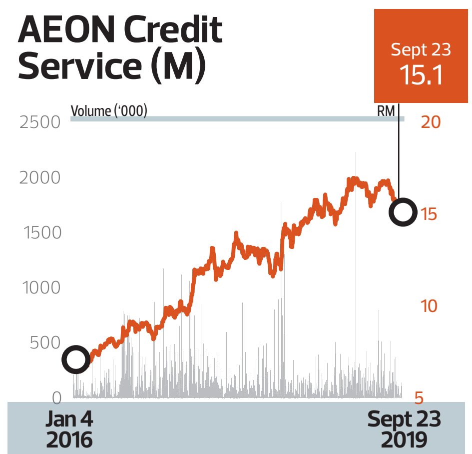
If a shareholder bought the shares at RM12.78 on March 31, 2016, the dividend yield would have been 12.2% for the three years until March 31 for the RM1.56 in dividends received.

Aeon Credit's shareholders have also been rewarded with a bonus issue on the basis of one bonus share for every two existing shares held as at July 18, 2017, increasing their shareholding by 50%.

In FY2019, Aeon Credit's total transaction and financing volume expanded 31.8% year on year to RM5.34 billion. The strong growth was attributed to increased contributions from vehicle easy payment and personal financing, the group's former managing director Kenji Fujita says in its 2019 annual report.

"Easy payment continues to be the major contributor to the profit growth of the company. During the year, AEON Credit focused on strategic marketing efforts in a challenging market environment through merchant development, promotions and campaigns, via online and other outreach platforms.

"The easy payment and personal financing schemes registered RM3.73 billion in financing volume for FY2019, reflecting growing participation in our product financing schemes from merchants as well as consumers," says Kenji.



On June 20, Aeon Credit announced Kenji's resignation as the group MD. Yuro Kisaka replaced him.

Aeon Credit's financing continued growing in the first quarter of FY2020, as seen in the 21.8% year-on-year increase in total financing receivables to RM9.14 billion, due to increased receivables in the credit card, personal financing and motor vehicle segments.

Despite the increase in receivables, Aeon Credit's non-performing loans (NPLs) remain well managed, says Imran Yassin Yusof, an analyst with MIDF Research, in a June 28 report. The NPL ratio improved 12 basis points quarter on quarter to 1.92%.

Aeon Credit is also transforming its customer profile by introducing products and services that cater for middle-income consumers. The initiatives that have been rolled out include the introduction of its e-wallet platform and its platinum credit card.

The company is striving to increase the ratio of middle-income customers to its overall customer base as the larger average transactions spend by the group, as well as their being better debtors, could improve Aeon Credit's asset quality.

The company is also building a more direct relationship with its customers by having more direct points of communication through its mobile applications, especially for promotional activities and interactive solutions.

Its Aeon e-wallet payment platform has been gaining traction, with an estimated 150,000 users. Management is targeting to achieve up to one million users by end-FY2020.

Aeon Credit obtained a money-lending licence from the Ministry of Housing and Local Government this year, which will allow it to market its products and services to more customers. E

interest income due to the overnight policy rate cut of 25 basis points in May.

"Cumulative earnings were within expectations, making up 49.3% of our estimate and 48.2% of consensus'. The group delivered an ROE of 13.2% for 6MFY2019. This was in line with our estimate, and the results were not as weak as the market had expected," says AmInvestment Bank Research in an Aug 15 report. It added that the group's loan pipeline has improved and the bank is expected to meet its loan growth target of 4% to 5% for FY2019.

For 2QFY2019, the group's impaired loans increased 8% year on year in 2QFY2019 compared to a contraction of 1.8% quarter on quarter in 1QFY2019.

"Despite upticks in loan impairments, the group's asset quality continues to be stable. We expect the strong asset quality to continue to be upheld due to the group's credit culture of expanding loans within its conservative risk appetite," adds the report.

Last December, the banking group's founder, Tan Sri Teh Hong Piow, retired as chairman. However, he remains on the board as a non-independent non-executive director. Teh was succeeded by Lai Wan, who was the deputy chairman prior to his appointment. But, Teh, who was instrumental in the growth of the bank, will stay on as an adviser.

Many have wondered what would happen at the bank after Teh's retirement. So far, there has been little news about changes in shareholding. However, this has not put to rest the question of whether a merger is on the cards.

Teh has 23.54% equity interest in Public Bank through Consolidated Teh Holdings Sdn Bhd. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PLANTATION

IOI Corp Bhd

REAPING THE FRUITS OF WISE INVESTMENTS

BY TAN XUE YING

Year 2018 was a milestone for IOI Corp Bhd. The plantation giant booked a divestment gain of RM1.15 billion, lifting its annual net profit to a record high of RM3.06 billion in the financial year ended June 30, 2018 (FY2018).

As a result, the plantation group, which is among a handful that owns an extensive downstream operation, chalked up return on equity (ROE) of 36.84% in FY2018, a big leap from 10.18% in FY2017 and 8.86% in FY2016.

In September 2017, IOI Corp announced the proposed sale of 70% of Loders Croklaan, the group's speciality fats business, for RM3.94 billion in cash to global agribusiness and food company Bunge Ltd.

The deal was seen as a good move to unlock investment value.

Loders Croklaan was considered a prized business that IOI Corp `has grown since buying it over in 2003 for RM814 million from Unilever. The acquisition raised eyebrows at the time as pundits wondered whether IOI Corp had bitten off more than it could chew.

Nonetheless, the massive divestment gain speaks well of the IOI Corp management.

The acquisition of Loders Croklaan immediately gave IOI Corp a presence in Europe and North America. It also enhanced the group's value chain, further integrating its operations, all across from upstream to downstream.

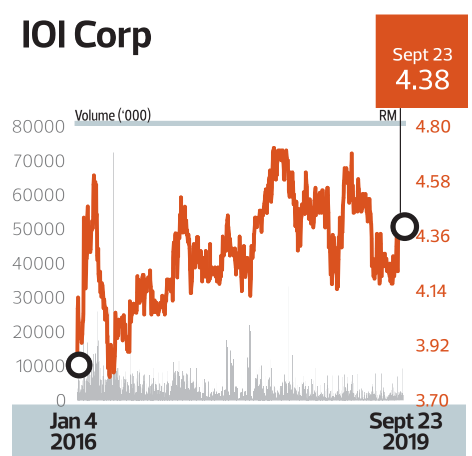
In the past 15 years, Loders Croklaan has expanded its business into Africa, China and Southeast Asia, nearly quadrupling its earnings.

With an instant cash boost of more than RM3 billion to its coffers, IOI Corp took the opportunity to reward its shareholders with a special dividend of 11.5 sen a share, amounting to a payout of RM722.7 million, on top of two interim cash dividends totalling nine sen a share. This brings total dividend per share to 20.5 sen in FY2018, double the 9.5 sen in FY2017 and eight sen in FY2016.

As at end-June 2018, IOI Corp's average mature oil palm area harvested totalled 148,934 ha, while fresh fruit bunches production was 3.51 million tonnes, giving a yield per mature hectare of 23.6 tonnes. The group also achieved a crude palm oil extraction rate of 20.9% and mill production of 757,949 metric tons in FY2018.

The group's plantation acreage is not as sizeable as that of others, such as Sime Darby Plantation Bhd and FGV Holdings Bhd. Nonetheless, in terms of efficiency, IOI Corp is among those leading the pack.

IOI Corp continues to grow its global presence and create added value for its stakeholders as the group further expands its business network and capture new growth markets,



fortifying its integrated palm value chain especially through its downstream global resource-based manufacturing business.

According to the group's 2018 annual report, it owns six manufacturing facilities, giving a combined annual refining capacity of 1.8 million metric tons. It exports refined crude palm oil and palm kernel oil as well as oleochemical and speciality oils and fats products to 60 countries worldwide.

The group had been led by founder Tan Sri Lee Shin Cheng until his passing earlier in June. Lee's son, Datuk Lee Yeow Chor, who was its CEO, has since been redesignated as group managing director. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PROPERTY (RM3 BIL AND ABOVE MARKET CAPITALISATION)

UOA Development Bhd

STILL IMPRESSIVE RETURNS AMID PROPERTY SLOWDOWN

BY WONG EE LIN

UOA Development Bhd seems to have crafted a strategy that has managed to cushion the group from the adverse impacts of the soft domestic property market that has lasted for more than three years.

Although its earnings trended lower, with single-digit negative compound annual growth rate (CAGR) in profit after tax in (PAT) the past three financial years, the property developer managed to achieve returns on equity (ROEs) that were better than its peers — at 8.4% in FY2018, compared with 12.4% in FY2017 and 19.4% in FY2016.

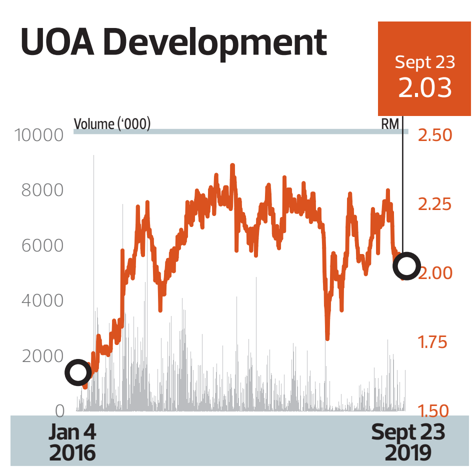
Shareholder's equity, on the other hand, grew from RM3.15 billion in FY2015, to RM4.68 billion in FY2018, showing a three-year CAGR of 14.1%.

Against the soft property demand, its PAT declined by a three-year CAGR of 3.1%, from RM417 million in FY2015, to RM378.9 million in FY2018.

Its share price, however, has been on a steady climb during the period, from a 3½-year low of RM1.66 on March 31, 2016, to RM2.03 on March 29, 2019, indicating a three-year CAGR of 7%. Its market capitalisation rose accordingly, from RM3.96 billion to RM3.22 billion in the same period.

Moreover, the group has adopted a dividend policy of paying 30% to 50% of realised PAT. Unlike its peers, UOA Development did not stop paying dividends.

The group declared a single-tier dividend of 14 sen per share for FY2018, amounting to RM258.12 million, representing a dividend payout of 62.7%. It paid 15 sen dividend per share in FY2017 and FY2016.



Its dividend reinvestment scheme gives shareholders an option of reinvesting either all or a portion of the declared dividends in new shares in lieu of cash payout.

It is worth noting that the group's

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PLANTATION

Far East Holdings Bhd

SHARE PRICE RALLY, BONUS ISSUE PROPEL IT FAR AHEAD OF THE PACK

BY KATHY FONG

Far East Holdings Bhd is not a new kid on the block in the oil palm plantation industry. The group was established in 1973 and has been listed on Bursa Malaysia since 1991.

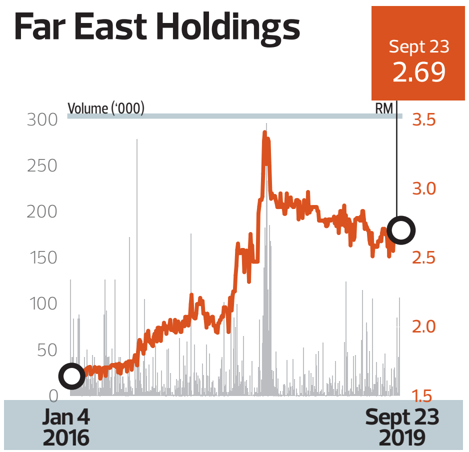
While it is not always regarded as one of the big listed plantation boys, it beat its peers in generating returns to shareholders over the past three financial years.

The group, which owns 16,140.57ha of oil palm plantations, mainly in Pahang, churned out a 15.7% rate of return to shareholders between the financial year ended Dec 31, 2016 (FY2016), and FY2018 — the highest among members of *The Edge* BRC in the plantation sector.

Far East is quite some distance ahead of the two joint second-placed companies — both of which generated a 5% return to shareholders in the three years under review.

Its performance was partly driven by the steady climb in its share price as other plantation stocks mostly headed south. The stock rallied 54.5% from RM1.702 on March 31, 2016, to RM2.63 on March 31, 2019, hitting a record high of RM3.409 in August 2018.

On top of that, the group undertook a bonus issue on the basis of two new shares for five existing shares held, followed by a subdivision of three shares for every share held after the bonus issue. As a result, Far East's share capital was enlarged to 593.83 million shares from 141.39 million previously.



In short, a shareholder who held 1,000 shares would have 4,200 shares after the bonus issue and share subdivision.

Besides the bonus issue, the plantation firm also declared a dividend of three sen per share in FY2018, and 35 sen in both FY2017 and FY2016 (based on its initial share base).

In terms of earnings, FY2018 was not a good year. Far East was not spared the problems faced by other plantation companies, such as soft crude palm oil prices and a shortage of labour that resulted in delays in harvesting the fruits.

The company's profit after tax dropped sharply to RM67.09 million in FY2018 from RM140.19 million in FY2017 and RM128.78 million in FY2016. Meanwhile, profit from plantation operations shrunk 49% to RM73.66 million compared with a restated amount of RM143.65 million in FY2017.

Annual revenue was also lower at RM379.07 million for FY2018, down 21% from RM482.23 million in FY2017. However, it was higher than FY2016's RM357.16 million.

In its 2018 annual report, Far East pointed out that its average cost of fresh fruit bunches increased 24% to RM219 per tonne compared with RM177 the year before. On the other hand, it secured lower average CPO price at RM2,316 per tonne, from RM2,771 a year ago.

FFB production in FY2018 was 318,016 tonnes, 17% less than the 384,276 tonnes in FY2017. The average yield per hectare was 18.75 tonnes, slightly lower than the 19.54 tonnes achieved in FY2017.

Far East has a cash-rich balance sheet with zero debt. Its net cash pile shrank to RM34.6 million in FY2018 from RM141.8 million the year before. The group spent RM109.62 million to buy 3,204.94 acres of plantation land from PHG Plantation Sdn Bhd.

That said, its cash reserves, which amounted to RM289.05 million as at Dec 31, 2016, have been dwindling in the past three financial years. E

debt-to-equity ratio has remained low, at 0.02 times in FY2018, compared with 0.07 in FY2015.

Its relatively high cash reserve of RM578.6 million as at Dec 31, 2018 gives the developer room to look for land acquisition opportunities and provides ample cushion against the impact of the continued property slowdown.

According to its 2018 annual report, UOA Development remains cautious while acknowledging the potential in the mid-end residential segment, where affordability of homes continues to be the key consideration for buyers.

The group says it will maintain its focus on the mid-end residential sector within the Klang Valley.

In FY2018, its total property sales were about RM1.48 billion, with 80% from residential properties and the remainder from commercial properties.

The ongoing construction of Sentul Point and United Point Residence in Kepong, which have a combined gross development value (GDV) of RM3 billion, are on schedule. The Sentul Point project consists of 2,352 serviced apartment and 142 retail shop units, while United Point Residence will have 2,509 serviced apartment units and a commercial complex.

Other current developments are the adjacent properties in Bangsar South – South Link Lifestyle Apartments and South Point. The latter is a hotel with an anticipated GDV of RM770 million, due for completion this year. The former comprises 1,422 units of freehold serviced apartments and a two-storey lifestyle retail podium, to be completed in 2022.

In the pipeline are the Bandar Tun Razak project, The Goodwood Residence in Bangsar South and a project at the group's Sri Petaling land.

The Bandar Tun Razak development consists of residential units with aged care facilities. It has an estimated GDV of RM300 million and is slated to be completed in 2020.

The Goodwood Residence is adjacent to Acacia and Begonia condominium blocks in UOA Development's existing Park Residences. It comprises a single block of 40-storey residences with an anticipated GDV of RM600 million and scheduled for completion in 2021.

At its Sri Petaling land, the group will launch the initial phase of a project comprising 440 residential units and a commercial space with a GDV of RM1 billion. It is aiming for one-fourth completion this year. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PROPERTY (BELOW RM3 BILLION MARKET CAPITALISATION)

IGB Bhd

RESTRUCTURING AIDS IMPROVED PERFORMANCE

BY AHMAD NAQIB IDRIS

IGB Bhd completed a major restructuring exercise last year, putting it in a better position to improve its performance going forward, given the current challenges of soft a property market.

IGB, which owns a 52.9% stake in IGB Real Estate Investment Trust, saw 10% growth in profit after tax (PAT) to RM235.64 million for its financial year ended Dec 31, 2018 (FY2018), despite the prolonged slowdown in the property market.

Instead of pushing on with new projects, the group reduced its project output and focused on existing ongoing developments. IGB launched a co-living space at Damai Residence and fully sold units at Damai 15, Seri Ampang Hilir, 328 Tun Razak and Bentong Hills during the year.

In FY2017, IGB — then known as Goldis Bhd prior to the streamlining exercise — achieved a 30% year-on-year increase in PAT to RM215.14 million amid a one-off gain from the sale of land by a subsidiary.

The group's revenue remained above the RM1 billion mark for FY2017 and FY2018, at RM1.22 billion and RM1.3 billion respectively.

From FY2015 to FY2018, IGB's PAT grew at a three-year compound annual growth rate of 29.3%, which landed the group *The Edge* BRC award for the highest growth in PAT over three years among property developers with a market capitalisation below RM3 billion.

To recap, in March last year, Goldis acquired the remaining equity interest in IGB Corp Bhd that it did not already own. IGB Corp was then delisted from the Main Market of Bursa Malaysia, with Goldis renamed IGB Bhd.

The acquisition saw the consolidation of the businesses of IGB and IGB Corp, creating a more cohesive, effective and efficient operating structure. The exercise, which saw minimal opposition from shareholders, comprised three options that valued IGB's shares at RM3 apiece at the time.

This was the second attempt for Goldis to privatise IGB Corp. The first proposal did not materialise, mainly because of valuation.

In its FY2018 annual report, IGB says the exercise was a new beginning as it made significant changes to its operating structure, including the consolidation of back-office functions at Mid Valley City, one of the group's key assets.

It also carried out a rationalisation exercise, which saw the disposal of several non-core businesses, such as its organic fish farm as well as the assets of Elements Medical Fitness. The operations of GTower Hotel and MiCasa All-Suites Hotel were consolidated as well, with the management of both hotels now falling under one entity.

While the group was busy with its streamlining exercise amid the soft property market, it did not skimp on rewarding its shareholders. In fact, IGB paid out a dividend per share of two sen FY2018, amounting to RM13.38 million for the year, higher than the RM11.82 million and RM11.8 million paid out in the preceding two years.

For the first half of FY2019, the group's PAT grew 9% to RM82.31 million from RM75.35 million in 1HFY2018. Revenue for the period increased 11% to RM650.82 million from RM587.69 million.

Although IGB expects the challenges plaguing the industry to remain for the foreseeable future, PublicInvest Research expects profit to be stronger in 2HFY2019 as the research house expects full occupancy at Mid Valley Southkey, the group's new mall in Iskandar Malaysia, Johor. The mall saw its soft opening in April, with occupancy hovering around 80% as at end-August.

The research house maintains a "neutral" call on IGB with a target price of RM2.80, offering a 3% upside to its share price of RM2.72 at the time of writing. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PROPERTY (RM3 BIL AND ABOVE MARKET CAPITALISATION)

UEM Sunrise Bhd

PERSEVERES WITH AMBITIOUS PLANS DESPITE SLOW PROPERTY MARKET

BY EMIR ZAINUL

UEM Sunrise Bhd, the flagship company for the township and property development businesses of UEM Group Bhd and Khazanah Nasional Bhd, is becoming one of the country's leading property developers.

The group ended its financial year ended Dec 31, 2018 (FY2018), with a phenomenal growth in its profit after tax (PAT), which more than doubled to RM280.3 million from RM105.6 million in FY2017. The huge leap was backed by higher revenue, effective efforts to save costs and the disposal of strategic land in Iskandar Puteri.

UEM Sunrise booked strategic land sales of RM478.8 million in FY2018, RM435 million in FY2017 and RM6.59 million in FY2016.

Revenue grew 9.86% in FY2018 to its peak for the last three years of RM2.04 billion, from RM1.86 billion in the previous year, attributable mainly to its overseas projects as contributions from domestic projects drifted lower.

With total FY2018 sales of RM1.43 billion, it exceeded its sales target by 19%. This was mainly from Residensi Solaris Parq, Kondominium Kiara Kasih, Mayfair, Residensi Astrea, Symphony Hills and Serimbun.

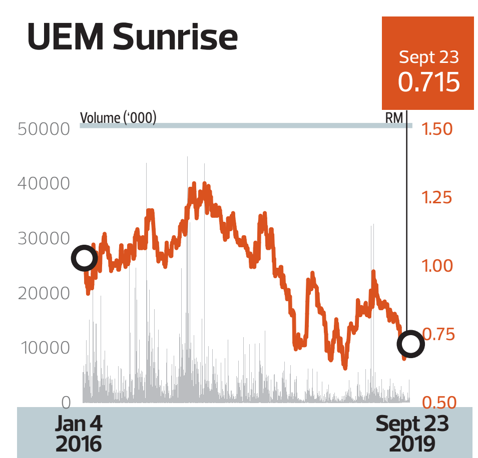
The company recorded PAT of RM147.3 million in 2016 and RM257.2 million in FY2015, achieving a three-year compound annual growth rate of 2.9% from FY2015 to FY2018. This was ahead of its peers, which mostly had earnings contraction.

With that, UEM Sunrise bagged *The Edge* BRC award for the highest growth in PAT over three years among companies in the property sector with a market capitalisation of RM3 billion and above.

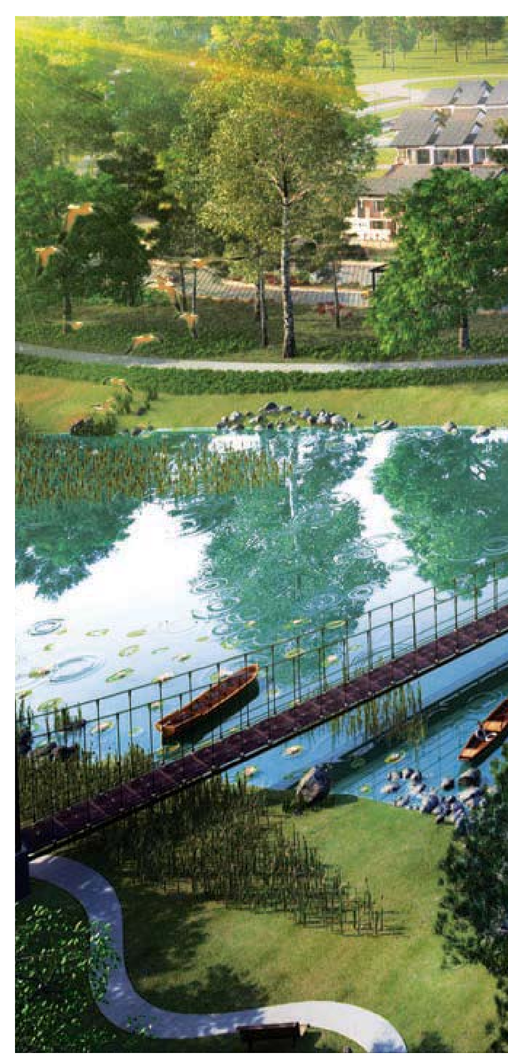
The company ventured into new waters last year. In December, UEM Sunrise unveiled its first hospitality service, the pioneering four-star Hyatt House Kuala Lumpur Mont'Kiara within the Arcoris development. The 299-room residential-inspired, extended-stay hotel is the first of its kind in Southeast Asia and was awarded the Most Valued Extended Stay Suites at the Malaysia Property Press Awards 2018.

Another first was its foray into the workspace segment with the launch of WOTSO Workspace in Mercu Summer Suites, Kuala Lumpur.

In June 2018, UEM Sunrise formed a 50:50 joint venture with WOTSO S.E.A Pty Ltd, Australia's largest collaborative workspace provider and a subsidiary of BlackWall Ltd, to meet the growing need among entrepreneurs and SMEs in Malaysia and Singapore for cost-effective co-working spaces. Opened for business on Nov 14, WOTSO Workspace in Mercu Summer Suites spans 13,000 sq ft and can accommodate 240 members at any one time.



It is worth noting that UEM Sunrise has a large



HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PROPERTY — BELOW RM3 BILLION MARKET CAPITALISATION

Matrix Concepts Holdings Bhd

BUSINESS AS USUAL DESPITE PROPERTY DOWNTURN

BY TAN XUE YING

Matrix Concepts Holdings Bhd's shareholders should be a happy lot as the property developer has been paying regular dividends despite the prolonged slowdown in the domestic property market.

The group declared a dividend of 13.5 sen per share for the financial year ended March 31, 2018 (FY2018), which translates into a payout ratio of 45%. In FY2017 and FY2016, its shareholders received 13.75 sen and 13.5 sen respectively.

In FY2018, Matrix achieved a return on equity (ROE) of 17.7%, outperforming its peers in the industry. Nonetheless, its ROEs were even higher in FY2017 at 18.1% and in FY2016 at 29.5%.

Matrix won two *The Edge* BRC awards this year — for the highest ROE over three years and the highest returns to shareholders over three years for companies with market capitalisations of not exceeding RM3 billion.

Given the strong headwinds, Seremban-based Matrix seems to have made an effort to enhance its long-term sustainability by expanding its development portfolio not only around Seremban but also into Kuala Lumpur and Australia.

And that has given a big boost to the group's profitability in FY2019. It achieved a record-high revenue of RM1.045 billion, driven by positive take-ups of its residential and commercial property launches in Malaysia and Australia. The projects have an aggregate gross development value (GDV) of RM1.46 billion.

While most local property stocks have been in the doldrums in the past three years, Matrix's share price managed to hold its ground. It climbed 14% over a three-year period from RM1.631 in end-March 2016 to RM1.858 on March 31, 2019.

All four analysts who track the stock have rated Matrix a "buy" with target prices ranging from RM2.20 to RM2.40. The stock closed at RM1.91 on Sept 23, giving the company a market capitalisation of RM1.57 billion.

"We continue to like Matrix as it is well-positioned to ride the affordable housing theme within its successful townships with low land cost and sustained property sales," says Hong Leong Investment Bank research analyst Andrew Lim Ken-Wern.

"This is supported by an attractive dividend yield of 6.8% for FY2020 and 7.6% for FY2021 — one of the highest in the sector."

Matrix reported a core profit after tax and minority interests (Patami) of RM54.5 million in the first quarter of FY2020, up 8% year on year, helped by new sales of RM319.2 million, or 25% of its full-year target, and a healthy unbilled sales of RM1.2 billion. Hong Leong Investment Bank forecasts Matrix's FY2020 full-year Patami at RM236.4 million.

Given its exciting line-up of launches and encouraging sales recorded at its ongoing developments as well as recent launches, Matrix says it remains optimistic about maintaining its performance in FY2020, despite cautious sentiment in the property sector.

The group's prospects remain bright as it embarks on a few other exciting projects. Total ongoing developments swelled to a record high of RM2.9 billion in GDV as at June 30, 2019.

Following the success of its M.Carnegie boutique apartment project in Melbourne, launched in 2016, the group has soft-launched its second development there — M.Greenvale. With a GDV of RM72 million, M.Greenvale features 70 residential lots on 9.7 acres.

Additionally, the group has another Australian project in the pipeline — M.St.Kilda. It also plans to expand into the Indonesian market by participating in the development of the Islamic Financial Towers in Jakarta together with Indonesian conglomerates Agung Sedayu Group and Salim Group, and investment banking firm PT Nikko Sekuritas Indonesia.

The Indonesian twin towers project with an estimated GDV of US$200 million (RM836 million) is slated for launch in November. E

developable land bank of 13,000 acres, including parcels planned for joint-venture developments.

UEM Sunrise is determined to achieve its sales target of RM1.2 billion for FY2019 and anticipates contributions to come from projects such as Estuari Gardens (pix) and Aspira ParkHomes in the southern region and from Serene Heights, Residensi Solaris Parq, Residensi Astrea and Kondominium Kiara Kasih in the central region.

Unfazed by worries of a supply overhang, UEM Sunrise plans to launch new projects with a total gross development value of RM1.4 billion, focusing on mid-market projects in mature locations in both the central and southern regions.

More ambitiously, the company plans to nearly double its new launches next year by targeting to launch projects worth RM2.02 billion in total in the Klang Valley and Johor.

The launches slated for 2020 include new phases at Serene Heights in Bangi, Equine Land in Seri Kembangan, Selangor, as well as Aspira ParkHomes, Aspira LakeHomes and Estuari Gardens and Senadi Hills in Johor.

AmInvestment Bank Research analyst Thong Pak Leng says in a recent note that the outlook for UEM Sunrise remains stable, premised on its unbilled sales of RM2.6 billion. He adds that the company's earnings in FY2019/FY2020 will be mainly supported by the Australian projects that are due for completion in the second half of this year. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

REIT

YTL Hospitality REIT

EXPOSURE TO TOURISM BOOM

BY WONG EE LIN

Investors who had sought shelter at YTL Hospitality REIT (YTL REIT) as the economic climate was getting unfavourable should have not many regrets over the past three years.

Not only is it the sole REIT listed on Bursa Malaysia that specifically invests in hotel and hospitality assets in the region, offering investors exposure to the regional tourism industry, but against a backdrop of oversupply of commercial properties such as shopping malls and office space, it is also a safe haven for investors who want steady yield.

YTL REIT announced attractive dividends for FY2018, paying a distribution per unit (DPU) of 7.8683 sen. This translates into a yield of 6.73%, based on the 12-month weighted average market price of RM1.17 per unit.

Moreover, the total distribution of RM134.1 million represents nearly 100% of its realised and distributable income for FY2018. This is in line with its policy to distribute at least 90% of distributable income for each financial year.

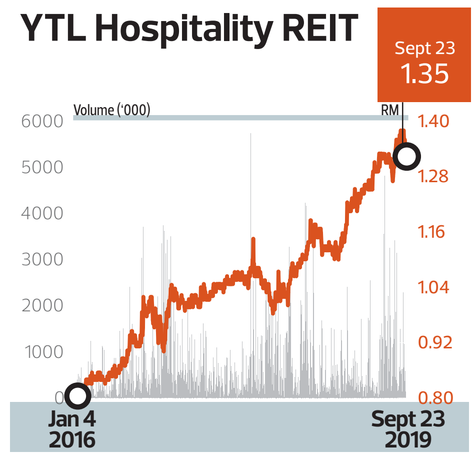
The REIT's unit price has been growing firmly over the past three years, from 84 sen on March 31, 2016, to RM1.24 on March 29, 2019, which translates into a three-year compound average growth rate (CAGR) of 14%. More recently, the REIT closed at an all-time high of RM1.38 on Aug 30, 2019, giving the REIT a valuation of RM2.35 billion.

Mirroring its upward-trending unit price, the group's net property income (NPI) rose from RM201.5 million in FY2015 to RM248.8 million in FY2018, indicating a three-year CAGR of 7.28%.

YTL REIT saw its profit after tax grow from RM95 million in FY2015 to RM236.6 million in FY2018, representing a three-year CAGR of 35.6%. Its FY2018 performance was stellar compared with its loss-making years previously — recording negative profits of RM12.1 million in FY2017 and RM5.8 million in FY2016.

Its revenue also grew in tandem with profits, from RM417.7 in FY2015 to RM501 million in FY2018, giving a three-year CAGR of 6.25%. The increases in revenue and NPI were mainly due to revenue contribution from the acquisition of The Majestic Hotel Kuala Lumpur.

As at June 30, 2018, the REIT's investment portfolio stood at RM4.27 billion, of which 48% is derived from Malaysia, 45% from Australia,



and the remainder 7% from Japan, according to its 2018 annual report. This is an 11.6% increase from FY2017's RM3.91 billion.

YTL REIT bought over The Majestic Hotel Kuala Lumpur in FY2018. Other hospitality assets in the REIT's investment portfolio in Malaysia are JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton, Kuala Lumpur — Suite Wing, Cameron Highlands Resort, Vistana Penang Bukit Jambul, Vistana Kuala Lumpur Titiwangsa, Vistana Kuantan City Centre, The Ritz-Carlton, Kuala Lumpur — Hotel Wing, Tanjong Jara Resort and part of Pangkor Laut Resort.

The international assets in its investment portfolio are Hilton Niseko Village in Japan — which was recently acquired through the REIT's subsidiary, Starhill REIT Niseko GK – as well as Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott in Australia.

Maybank IB Research analyst Kevin Wong has maintained a "buy" call on the REIT based on its deep value, premised on the earnings upside from a recovery of its Australian hotels' performance and from its rich pipeline of assets, as well as resilient earnings from its master-lease assets.

"YTL REIT offers a total return of 21% – including a favourable FY2020 net DPU yield of 6%," he writes in a research note on Aug 1, adding that earnings would mainly be growing organically in the near term.

He said growth catalysts will be from the rich pipeline of hospitality assets from its sponsor, YTL Corp Bhd, mainly within Southeast Asia and Europe, which is backed by its gross gearing of 0.41 times (end-FY2019) based on debt headroom of about RM846 million. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

REIT

MRCB-Quill REIT

STABLE OCCUPANCY DESPITE RETAIL AND OFFICE OVERSUPPLY

BY AHMAD NAQIB IDRIS

MRCB-Quill REIT's (MQREIT) earnings over a three-year period ended Dec 31, 2018 (FY2018) still exceeded those of its peers despite its net property income (NPI) dipping in the last financial year of the time frame.

The REIT's NPI for FY2018 fell 6.04% to RM132.8 million year on year; in FY2017, it posted RM141.34 million, a nearly 32% jump from FY2016's RM107.16 million.

From FY2016 to FY2018, its NPI saw a compound annual growth rate (CAGR) of 17.2%, which won it *The Edge* BRC award for the highest NPI growth among Malaysian REITs.

Its performance in FY2017 was boosted by the acquisition of Menara Shell in December 2016 and positive rental reversions in several of its assets.

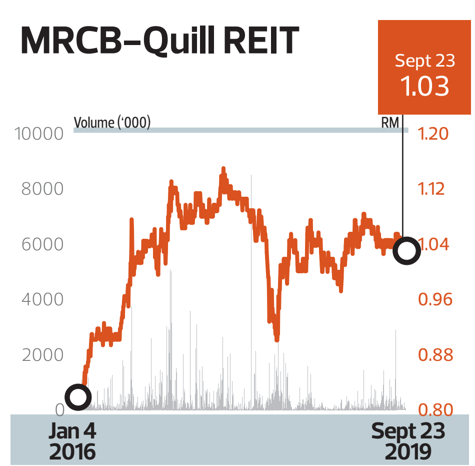
MQREIT has declared consistent dividends over the past three financial years, exceeding eight sen per unit each year. Its trailing 12-month dividend yield stands at 7.06%.

Its commendable performance over the three-year period was supported by its portfolio of commercial assets, which includes Menara Shell, Platinum Sentral, Wisma Technip and Quill Buildings (QB) 1 to 5.

MQREIT has managed to maintain stable occupancy across its portfolio despite issues plaguing the property market such as oversupply in both retail and office space, as well as the growing preference for online shopping that has, to some extent, affected occupancy in many malls.

In 2018, the group reported an occupancy rate of 93%. Although this was lower than the previous year's occupancy of 96.3%, it was still above the average Klang Valley occupancy of 80% for the year.

Acknowledging the issues faced by the industry, MQREIT has pushed on with asset enhancement initiatives (AEIs) at QB1 to QB4 as well as Menara Shell. It said it will continue with improvement works for Wisma Technip, QB5, Platinum Sentral



and Menara Shell this year.

For the cumulative six months to June 30, 2019 (1HFY2019), MQREIT's NPI fell 9.3% to RM61.87 million from RM68.18 million a year earlier. Revenue for the period fell 8% year on year to RM80.91 million from RM87.99 million.

The lower revenue was attributed to corresponding declines in Platinum Sen-

HIGHEST RETURN ON EQUITY OVER THREE YEARS

REIT

IGB REIT

CONTINUES TO BUILD ON SOLID FOUNDATIONS

BY TAN XUE YING

IGB Real Estate Investment Trust (IGB REIT) has won this year's *The Edge* BRC corporate award for the highest return on equity (ROE) over three years in the REIT sector.

In FY2018, it turned in a net property income (NPI) of RM386.25 million on revenue of RM535.7 million, higher than its NPI of RM373.56 million and revenue of RM524.91 million in FY2017. In FY2016, its NPI and revenue stood at RM361.11 million and RM507.34 million respectively.

While unitholders received a distribution per unit (DPU) of 9.19 sen last year, slightly lower than the 9.28 sen in FY2017, IGB REIT's annualised distribution yield of 5.31% had improved from 5.16% the year before.

The REIT has the highest ROE among the BRC members in its sector, as its return on common equity had leapt from 7.57% in FY2016 to 8.91% in FY2018.

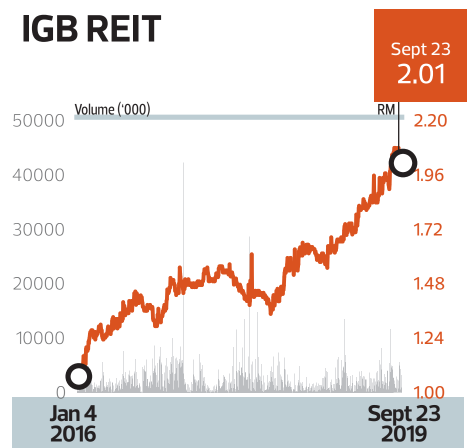
IGB REIT — whose portfolio comprises Mid Valley Megamall (MVM) and its adjacent The Gardens Mall (TGM), with a total net lettable area of 2.67 million sq ft — has recorded steady income growth in the past three financial years.

The REIT says in its annual report that it had achieved growth despite a challenging operating landscape, with 2018 being a mixed bag of events that translated into a volatile year for the retail industry.

"Though overall sentiment has been positive, the year continued to be a challenging one as the nation adjusted to the new government, the industry saw increased competition with the opening of new malls, and online shopping continued to gain in popularity," it adds.

Yet, in FY2018, MVM achieved a 2.3% increase in gross revenue to RM375.05 million, while NPI grew 3.1% to RM286.36 million. Rental returns were higher after IGB REIT created 21 additional retail outlets and four casual leasing spaces by rejigging its space, according to its annual report.

TGM, meanwhile, saw its gross revenue increase 1.4% to RM160.64 million, translating into a 4.4% higher NPI of RM99.89 million, after IGB REIT refreshed the mall's tenant mix and increased the retail space on the lower ground floor.



IGB REIT says it will continue to push ahead with its asset enhancement initiatives and bring in creative activities and exclusive events by working with its tenants as well as corporate partners to increase on-ground promotional activities for shoppers and visitors.

This is in line with the REIT manager's key objective to provide unitholders with regular and stable distributions and achieve long-term growth in net asset value per unit.

"The manager intends to increase [the] income and value of the investment properties through active asset management, asset enhancement initiatives, acquisition growth as well as capital and risk management strategies," it says.

Established in July 2012, IGB REIT is valued at RM7.34 billion based on its closing price of RM2.07 per unit as at the time of writing — up 63% from its closing price of RM1.268 on March 31, 2016.

Hong Leong Investment Bank research analyst Farah Diyana Kamaludin says in a report that the REIT is "stable as anticipated" and expects both its assets to continue to perform well as they are shielded from the challenging retail environment in the Klang Valley, thanks to their prominent location, which contributed to the increased footfall at the malls.

"We maintain 'buy' at a target price RM2.15 based on a targeted yield of 4.9%, which is derived from one standard deviation below the two-year historical average yield spread between IGB REIT and 10-year Malaysian Government Securities (MGS) ... in view of it being a major prime retail REIT. We continue to like IGB REIT for its concentration of prime retail assets," the analyst adds. E

tral, Wisma Technip and QB5, as well as revenue loss from the disposal of QB8 in mid-April 2018.

MRCB Quill Management Sdn Bhd chairman Tan Sri Saw Choo Boon expects conditions for office space in the Klang Valley to remain challenging amid the oversupply but is nevertheless confident that the REIT will remain stable.

"This [oversupply] is not expected to abate soon with more office buildings pending completion. We are confident the trust will ride out the office market down cycle with our continued focus on cost management, tenant retention and optimisation of rental contribution," he said in a statement accompanying MQREIT's 2QFY2019 results.

Hong Leong Investment Bank (HLIB) Research says MQREIT's performance in 1HFY2019 was weighed by the lacklustre office market, but it should be sustainable going forward despite tenants' moving out from a few assets.

It notes that MQREIT has secured new tenancies for 89,000 sq ft of net lettable area, which includes a co-working space.

"We expect income contribution from these new leases by the third or fourth quarter of 2019. However, we do acknowledge that finding a tenant replacement in QB5 will take some time, as the demand for office spaces in Cyberjaya is not as vibrant compared [with] areas in the KL fringes," says the research house in a note.

Bloomberg data shows there are six "hold" calls versus two "buy" calls, with an average target price of RM1.09; there are no "sell" calls.

MQREIT's share price seemed to have been on a roller coaster ride in the past three years between March 31, 2016 and March 31, 2019. The REIT's price climbed to a high of RM1.15 in August 2017, then reversed and fell to the 90 sen level in April 2018. However, it managed to regain some lost ground on March 31, 2019, hitting RM1.055. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TECHNOLOGY (JOINT WINNER)

GHL Systems Bhd

MAKING MONEY OUT OF CASHLESS PAYMENTS

BY KATHY FONG

GHL Systems Bhd, previously a credit card payment device supplier, has now evolved into a key player in the value chain of the cashless payment system with footprints in Malaysia, Thailand and the Philippines.

The company is well positioned to ride the payment revolution in Asean — from cash to plastic cards and now e-wallets — that is supported by many central banks in the region, including Bank Negara Malaysia.

Apart from serving banks, merchants and e-wallet providers such as Alipay, Touch 'n Go and Boost, GHL also works closely with Visa and Mastercard. It is worth noting that it is the only company in the region that provides payment solutions to Alipay in Malaysia, Thailand and the Philippines.

GHL's main task is to recruit small merchants, such as neighbourhood stores, hair salons and motor workshops, many of which are neglected by the banks.

"Cashless is the way to go ... Now, we also see the big guys investing in it and shifting consumers' adoption habits. And that helps us," group CEO Danny Leong told *The Edge Financial Daily* in an interview in June this year.

Last year, GHL processed RM10 billion worth of transactions — up 20% year on year — in the three Asean countries where it has a presence, he said.

Being a payment solutions provider, GHL earns a commission on each transaction. It provides up to 15 types of payment channels to merchants in Malaysia. From its electronic payments (transaction payment acquisition), it gets a gross margin of about 0.3% on the value of each transaction and fees of about 1% on average, said Leong.

The growth in transaction volume is a good indicator of GHL's earnings performance. Its revenue and profit after tax have been on an uninterrupted upward trend since its financial year ended Dec 31, 2012 (FY2012).

GHL registered significant growth in the three-year period under review of FY2016 to FY2018. Its profit after tax climbed to a record high of RM24.54 million in FY2018 — up 20% year on year — after hitting RM18.12 million in FY2016. Given its consecutive record-breaking performance, GHL posted a three-year

compound average growth rate of 33.4% in PAT, and was named one of the co-winners of *The Edge* BRC's highest growth in PAT award in the technology sector.

GHL's revenue also kept growing, from RM245.9 million in FY2016 to RM253.68 million in FY2017 and RM299.06 million in FY2018.

Last year, the lion's share of its revenue — 76.4% — was contributed by Malaysia while Thailand, the Philippines and Australia accounted for 11.8%, 11.4% and 0.4% respectively. Leong said the company is targeting to maintain its earnings growth in FY2019.

Apart from consistent earnings growth, GHL's share price also rallied in the three-year period under review. The stock nearly doubled from 89.1 sen on March 31, 2016, to RM1.70 on March 29 this year, despite lacklustre market sentiment.

London-based private equity fund Actis is GHL's controlling shareholder. The fund bought a 44% stake from Creador and executive vice-chairman Simon Loh in 2017.

Loh said he sold his stake because Actis wanted a sizeable shareholding. He believed the latter would be a good fit for GHL as the British fund is a veteran investor in the payment solutions space globally, an expertise the company could leverage.

In August, GHL announced it had obtained operating licences from the respective regulators to commence moneylending services in both Malaysia and Thailand. The licences are seen as a possible fresh income source for GHL, under which it can offer more value-added services to its small merchants by aiding them in their cash flow needs. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TECHNOLOGY

Pentamaster Corp Bhd

BELOW-THE-RADAR COMPANY WITH ABOVE AVERAGE RESULTS

BY LIEW JIA TENG

Pentamaster Corp Bhd has come a long way from the simple automation house co-founded by chairman Chuah Choon Bin in 1995. This once small setup is now a public listed company with a market capitalisation of more than RM2 billion, and which specialises in the provision of factory automation equipment as well as technology solutions to industrial and commercial customers.

The Penang-based technology firm has a strong earnings track record with continuous growth since its financial year ended Dec 31, 2013 (FY2013).

Thus, Pentamaster has deservedly been crowned the joint winner for highest growth in profit after tax over three years for the technology sector.

For FY2018, after deducting minority interest of RM36.9 million, the company achieved a record high net profit of RM57.11 million, up from RM35.96 million in FY2017 and RM26.69 million in FY2016. This translates into a compound annual growth rate (CAGR) of 15%.

In January last year, Pentamaster floated the shares of its 63%-owned automated solutions arm Pentamaster International Ltd (PIL) on the Main Board of Hong Kong Exchanges and Clearing Ltd.

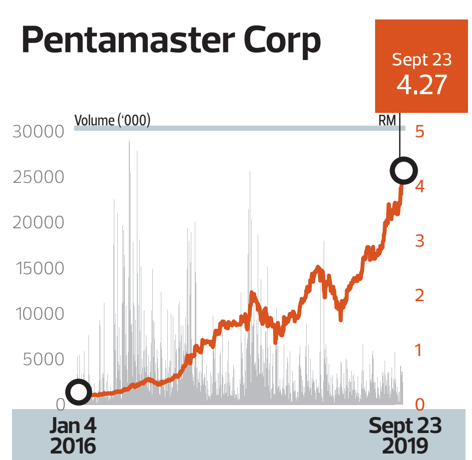
PIL generated a net profit of RM100 million last year.

At the group level, Pentamaster closed FY2018 with an all-time high net profit of RM94 million, after taking into account the one-off listing expenses incurred in the first quarter of last year, coupled with some minor losses from its wholly-owned subsidiaries.

Excluding the listing expenses, the group would have seen a net profit of RM101.2 million, an increase of 124% from the RM45.1 million achieved in FY2017.

Its explosive earnings growth has helped the company gain two *The Edge* BRC awards for the technology category this year.

Pentamaster also walked away with the



award for highest returns to shareholders over three years in the sector.

Apart from its impressive net profit for FY2018, the group also reported a record high revenue of RM422.2 million despite a challenging market environment last year.

Such encouraging results were driven by Pentamaster's good product mix of customised back-end testing equipment and solutions, operating efficiencies and focused business strategies.

For perspective, the company made a mere profit of RM4.5 million in FY2014 on revenue of RM81 million.

Given Pentamaster's steady profit growth, it is not hard to fathom the sharp rise in its share price — it shot up from 18 sen on March 31, 2016, to RM2.34 on March 31, 2019. Never-

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TECHNOLOGY (JOINT-WINNER)

ViTrox Corp Bhd

BOOSTED BY INNOVATIVE PRODUCT OFFERINGS

BY ESTHER LEE

ViTrox Corp Bhd's rapid earnings growth, at more than 30%, has made it a shining star in the technology industry. The semiconductor firm saw a three-year compound annual growth rate of 33.51% in its profit after tax (PAT), which swelled from RM44.32 million in FY2015 to RM105.48 million in FY2018 — a 33.5% three-year CAGR.

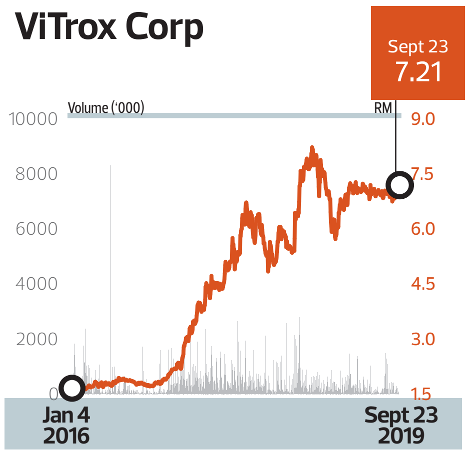
On a year-on-year basis, the quickest growth in PAT was seen in FY2016 — at 46% to RM64.85 million from RM44.32 million in FY2015.

The impressive PAT growth is in line with its revenue growth, which has more than doubled since FY2015.

Despite the escalating trade tensions between China and the US, which raises concerns that companies along the supply chain of the semiconductor industry will be hit hard, ViTrox's revenue expanded to a record high of RM394.7 million in FY2018, a 20.5% increase from the year before.

The stellar earnings performance made ViTrox one of the four joint winners of the award for highest growth in profit after tax over three years in the technology sector.

The company attributes its success to the



strong demand for its Advanced X-ray Inspection System, Advanced Optical Inspection System and Machine Vision System.

Increased market shares in China, Mexico, the US, Taiwan, Europe and the Philippines, continuous development of new technologies and ongoing internal improvements also helped to drive ViTrox's earnings growth.

It is worth noting that since it was listed on Bursa Malaysia, the equipment inspection solution provider has recorded 18 consecutive years of profitability.

However, for the second quarter ended June 30, 2019, ViTrox showed signs of weakness. Its net profit fell 12% to RM24.4 million from a year ago. Profit for 1H2019 only made up 39% of full-year estimates due to the weaker-than-expected revenue numbers.

Quarterly revenue came in at RM89.03 million, a year-on-year contraction of 15%. According to Maybank Investment Bank Research, this was the first quarterly contraction after 15 consecutive quarters of growth.

"Despite the softer market conditions in 2QFY2019, we applaud ViTrox's capability in sustaining operating margins with constant innovation of product offerings and higher service revenue from its installed base of equipment. This softened the weak revenue impact on the bottom line; core net profit was down a smaller 13% y-o-y," said the research house.

While its earnings growth was strong, its share price rally was even more powerful, leaping 323.6% to RM7.139 on March 29 this year from RM1.685 on March 30, 2016, reflecting a 61.3% total return over the three-year period.

The outlook for the sector is expected to be less vibrant. SEMI, a global industry association for the electronics sector, predicts that global sales of semiconductor manufacturing equipment by original equipment manufacturers will drop 18% to US$52.7 billion this year, reflecting the increasing market uncertainty due, in part, to geopolitical tensions.

Will that throw ViTrox off its course?

Maybank IB Research calls the softer 2Q earnings a "blip" and believes that ViTrox is still the best equipment player to ride the next semiconductor upcycle, premised on 5G network deployment.

Hong Leong Investment Bank Research believes that the technology company is poised to win more market share with the advent of global semiconductor growth, leveraging its technology leadership in machine inspection, especially in 3D-AOI and AXI. E

theless, the stock is not on many analysts' radar screen — only two track the counter, according to Bloomberg data.

The stock is trading at an all-time high level of above RM4.

CGS-CIMB Research has an "add" call on the counter and a target price of RM4.20 while Nomura has a "neutral" call with a target price of RM3.88.

In an interview with *The Edge* in April, Chuah said Pentamaster is conserving cash to grow its upcoming third business segment, dubbed smart control, via its wholly-owned subsidiary Pentamaster Smart Solution Sdn Bhd.

"Today, everyone is talking about smart warehouse, smart delivery and smart logistics. These are some of the most important vehicles for e-commerce. If your warehouse is not fully automated, then the data of all your transactions will not be fully synergised with the warehouse solution and end-customers," he explained.

"But with our know-how, we can put these three things together — a cost-effective warehouse, delivery system and automation system. You will not have to hire that many workers in the warehouse. Essentially, it's still an automation business but we call it smart control."

For starters, the group plans to invest RM10 million to RM20 million in the R&D of the hardware for this business segment.

Currently, Pentamaster has two major business segments — automated test equipment (ATE) for sensors and automated manufacturing solution (AMS) for factory automation. About 80% of the group's revenue comes from the ATE segment while the rest comes from the AMS division.

The company's clients include multinational manufacturers from the semiconductor, telecommunications, medical device, food and beverage, pharmaceutical, consumer electronics and automotive sectors spanning Asia-Pacific, North America and Europe. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HEALTHCARE

Apex Healthcare Bhd

A HOME RUN FOR ITS SHAREHOLDERS

BY SUPRIYA SURENDRAN

Apex Healthcare Bhd has certainly hit it out of the ballpark. Its share price soared 156% from 85 sen on March 31, 2016, to RM2.18 on March 29 this year, giving a total return of 36.2%, including dividends.

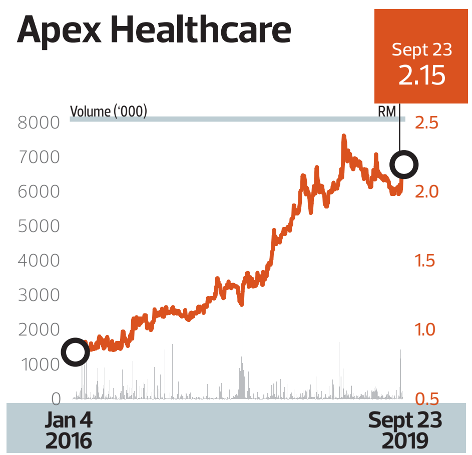
Shareholders of the pharmaceutical group have received regular — and rising — dividend cheques in the past three years. It declared dividend per share of 11.5 sen for the financial year ended Dec 31, 2016 (FY2016), 12 sen for the following financial year and 13.5 sen in the subsequent one, with a payout ratio of 39%, 32% and 27% respectively.

In FY2018, shareholders received an extra reward in a three-for-one bonus issue without capitalisation of retained earnings.

Apex Healthcare achieved nearly 32% year-on-year growth in FY2018 net profit to RM58.58 million, thanks to increased contributions from its wholly-owned subsidiary Xepa-Soul Pattinson (M) Sdn Bhd and 40%-owned associated company Straits Apex Sdn Bhd.

Revenue grew 5.2% year on year to RM652.66 million, marking the group's 18th consecutive year of such growth since its IPO in 2000.

All of its key business units showed consistent growth, with revenue growth strongest in the sale of group-branded pharmaceutical products to the government sector in Malaysia and Singapore, contract manufacturing and exports to international markets.



Malaysia accounted for 68% of total revenue in FY2018, with international operations and markets accounting for the remainder.

In 2018, Apex Healthcare's distribution arm processed 530,000-plus invoices in Malaysia and Singapore, fulfilling orders for more than 1.4 million line items to its customers there.

In 4QFY2018, Xepa-Soul Pattinson completed the construction of its new RM83 million oral solid dosage manufacturing plant, SPP NOVO. SPP NOVO is the third such facility at Xepa-Soul Pattinson's campus in Cheng, Melaka, and could triple the group's capacity to produce solid dosages when fully fitted out.

The group's gearing ratio stood at 7.7% in FY2018, as borrowings went up to RM29.9 million to part-finance the construction of SPP NOVO.

For 1HFY2019, Apex Healthcare reported an 8.4% year-on-year decline in net profit to RM24.62 million due to higher operating and finance costs arising from the setting up of SPP NOVO. Still, its revenue grew 4.1% year on year to RM337.5 million.

The group says its core businesses continue to perform consistently in 2QFY2019, driven by its commitment to sales growth, new product development, brand management, customer service and operational efficiency.

Emphasis is placed on developing sales that will increase capacity utilisation of SPP NOVO.

However, FY2019 will continue to be a challenging year for the group, in view of the uncertain global economic prospects, foreign exchange volatility and higher operating expenses from establishing SPP NOVO.

Unforeseen circumstances aside, the board expects the group's fundamentals to support a satisfactory performance for the year.

In an Aug 22 note on Apex Healthcare, Affin Hwang Capital notes that Apex Healthcare's weaker performance in 1HFY2019 was partially offset by stronger contributions from Straits Apex, which grew 121% year on year to RM3.3 million on improved sales. Affin Hwang says the associate company of Apex Healthcare has managed to secure new customers as a result of the US-China trade tensions, as most of its customers are US multinational corporations.

While Affin Hwang is positive about the progress of SPP NOVO, it expects the new plant to be in gestation for at least one to two years, which will adversely impact its earnings in the near term. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HEALTHCARE

Hartalega Holdings Bhd

HEALTH AWARENESS FUEL FOR EARNINGS GROWTH

BY WONG EE LIN

The demand for gloves remains high on the back of rising healthcare spending despite continued capacity expansion worldwide adding supply to the market. Hartalega Holdings Bhd, the world's largest nitrile glove maker, saw sales increase 37 times over 12 years to 27.2 billion pieces in 2018.

As sceptics wondered whether Hartalega could continue rising after the rally that started in 2012, its share price doubled from RM2.31 on March 31, 2016, to RM5.61 on March 29, 2019, reflecting a three-year compound annual growth rate (CAGR) of 26%. Its share price reached an all-time high of RM7.20 on Aug 28, 2018.

Earnings grew too, with profit after tax (PAT) more than doubling from RM210 million in FY2015 to RM439.6 million in FY2018 at a three-year CAGR of RM27.9%. This makes Hartalega the winner in *The Edge* BRC's highest growth in PAT in the healthcare category over the three years under review.

The glove maker also clinched the award for the highest return on equity (ROE) in the healthcare sector, from about 19% in FY2015 to 24% in FY2018, while its shareholders' equity expanded from RM1.5 billion to RM1.99 billion in the respective financial years.

As one of its core objectives is to provide sustained dividends, Hartalega has a policy of distributing a minimum of 60% of its annual net profit, revised from a minimum of 45% previously. The group has declared a total dividend of 7.95 sen a share for FY2018, amounting to a total payout of RM263 million, or a payment ratio of 60%.

The group has invested RM431.5 million in capital expenditure during the year, primarily utilised for expansion of the Next Generation Integrated Glove Manufacturing Complex (NGC) in Sepang, according to its 2019 annual report.

Its executive chairman Kuan Kam Hon @ Kwan Kam Onn says Hartalega will remain conscious of market supply and demand dynamics — particularly for nitrile gloves, which make up 95% of sales — as it grows its production capacity.

"To this end, construction of Plant 6 of the NGC is underway and construction of Plant 7 is targeted to commence in 2019. Plant 7 will

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TECHNOLOGY (JOINT-WINNER)

Frontken Corp Bhd

GLOBAL SEMICONDUCTOR SALES GROWTH FUELLED GROUP'S PROFITS

BY KAMARUL AZHAR

Global sales of semiconductors rose to a new high of US$468.8 billion last year, according to World Semiconductor Trade Statistics (WSTS). This speaks well for the industry worldwide, including Malaysia's.

The explosion of applications of connected devices translates into more orders for domestic technology companies.

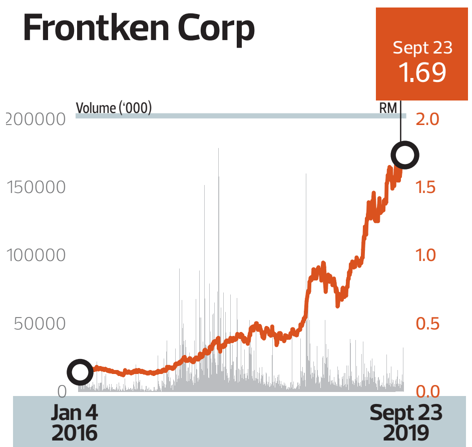
Frontken Corp Bhd, a new member of *The Edge* BRC, stands out among the players in the outsourced semiconductor assembly, test and precision cleaning industry.

The company's net profit jumped 13 times to RM52.26 million in the financial year ended Dec 31, 2018 (FY2018), from RM4 million in FY2015. This translates into a three-year compound annual growth rate of 135.4%.

Frontken claims it is the largest precision cleaning service provider in Malaysia, covering industries such as semiconductor, photovoltaic and organic light-emitting diode. It has operations in five other countries, namely Thailand, Taiwan, Singapore, Indonesia and the Philippines.

Its outstanding financial performance has bagged Frontken *The Edge* BRC award for highest growth in profit after tax over three years in the technology sector, a joint win with three other companies.

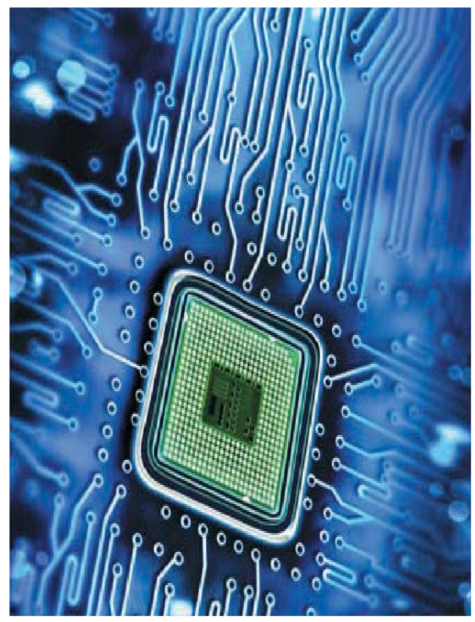
In Frontken's FY2018 annual report, chairman and CEO Ng Wai Pin says the group's semiconductor business in Taiwan, Singapore and Malaysia saw strong growth with an increase in revenue of 14.5%, 26% and 16.9% (based on their local currency) respectively, compared with FY2017.



The Taiwan operation was the main revenue contributor to the group, accounting for 56% or RM182.8 million of its total revenue, followed by Malaysia (18% or RM58.71 million) and Singapore (17% or RM54.26 million).

Frontken has more to impress its shareholders besides the continued strong earnings growth. Thanks to rising profits, the company is sitting pretty in a net cash position. Its cash pile has been rising fast from RM98.06 million in FY2016 to RM148.9 million in FY2018 — equivalent to a net cash per share of 14.2 sen, based on its total issued shares of 1.048 billion.

Furthermore, Frontken enjoyed widening net profit margins from FY2016 to FY2018. Its margin was 7.7% in FY2016, 10.19% in FY2017 and 16% in FY2018.



In terms of capital appreciation, the company has fared very well, too. In the three-year period between March 31, 2016, and March 31, 2019, its share price rocketed from 16.9 sen to 98.4 sen.

Frontken looks set to sustain its strong financial performance this year. Its PAT in the first six months ended June 30, 2019, surged 67% year on year to RM34.17 million. Its core net profit of RM33 million accounts for 49% of analysts' consensus full-year forecast.

"This is considered an outperformance as historically, first half only accounts for 37% to 40% of full-year earnings," says Tan J Young, an analyst with Hong Leong Investment Bank who covers Frontken, in an Aug 1 note.

While Frontken has been reporting good performance so far this year, dark clouds are hanging over the horizon. Global semiconductor sales dropped 14.5% to US$195 billion in the first half of the year, data compiled by WSTS reveals.

WSTS forecast semiconductor sales to drop 13.3% globally to US$406.6 billion this year, with the Americas leading all regions with a 27.3% plunge, followed by Asia-Pacific and Japan with a 9.8% and 9.7% decline, respectively.

The tariff war between the US and China is largely to be blamed for the slump in global semiconductor sales. Waning demand for smartphones due to longer replacement cycle and innovation stalemate is also a factor for the slide.

Nevertheless, Frontken remains optimistic about its prospects for the rest of the year, despite anticipating challenging overall business conditions amid uncertainties in the global economy.

"Although the general outlook for the semiconductor industry is tepid, the recent positive development following the settlement of a long-outstanding dispute by major players in this sector has somewhat boosted the outlook," the group says in its financial results report for the quarter ended June 30, 2019. E

be tailored to cater for speciality products, ultimately expanding our product portfolio and strengthening Hartalega's position as a one-stop centre for gloves," Kuan says in the group's 2019 annual report.

On its prospects, Kuan notes that various challenges will continue to impact the industry, including intensified competition as other glove players increase capacity, potential rises in the prices of raw materials, as well as higher labour and electricity costs. Market uncertainty is also expected to persist due to foreign exchange fluctuations and the US-China trade war.

Hartalega will set aside RM745 million for capital expenditure for the next three years, mainly for capacity expansion and technological advancement, managing director Kuan Mun Leong told the press during a factory visit in July. The group's annual gloves production capacity is thus projected to increase to 42 billion pieces in the next three years, from 34 billion pieces currently.

RHB Investment Bank Bhd analyst Alan Lim says Hartalega is a good proxy for the level of health awareness in emerging markets.

"Hartalega is our sector and country top pick for its superior profitability (average five-year net profit margin of 16%-20%, ahead of peers' 6%-10%) and defensive balance sheet, with a net gearing of 9% (peers: 25%-80%)," Lim says in his most recent note.

"Buy when the market is fearful," he advises, venturing that Hartalega's current valuation presents a rare opportunity to accumulate its stock at trough levels. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TELECOMMUNICATIONS & MEDIA

Time dotCom Bhd

SOLE PLAYER WITH RISING SHARE PRICE

BY KHAIRIE HISYAM ALIMAN

In an increasingly challenging telecoms landscape, Time dotCom Bhd stands out in terms of the returns it has delivered over the past three financial years.

If a shareholder had bought the stock on March 31, 2016, and exited on March 31, 2019, they would have obtained an average return of 9.2% per annum over three years.

It is an outstanding performance compared with that of its peers; all four of them — Telekom Malaysia Bhd, Axiata Group, Axiata Group Bhd, Maxis Bhd and Digi.Com Bhd — saw regressing share prices in that time frame. In terms of total returns, only Digi.Com yielded a positive figure of 1.7% three-year CAGR.

Underlying the returns is the company's strong financial performance despite intensifying competition in the saturating Malaysian market.

It must be noted, however, that Time dotCom's business model is more insulated compared with that of its peers, as it focuses on fixed-line telecommunication products, such as data and voice, and international bandwidth provision, which includes the submarine cable and data centre businesses.

In comparison, its peers are in more competitive segments such as wireless cellular service, which has seen margins eroding substantially in recent years.

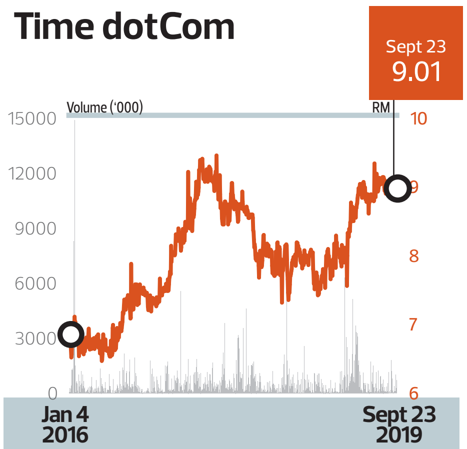
Time dotCom's turnover improved in the period under review, from RM682.36 million in the financial year ended Dec 31, 2015 (FY2015) to a record high of RM1.02 billion in FY2018, at a compound annual growth rate (CAGR) of 14.24%.

Meanwhile, profit after tax also grew from RM191.35 million in FY2015 to RM309.46 million in FY2018, at a CAGR of 17.38% (figures are based on the previous reporting regime prior to MFRS-15 adoption).

Driving the momentum is, among others, strong sales growth from its data and data centre segments, both of which clocked double-digit growth annually between FY2016 and FY2018.

Data, in particular, is the key revenue driver for Time dotCom, contributing about three-quarters of its annual turnover.

While the Malaysian home market remains its core earnings source, accounting for more than 96% of revenue in FY2018, the company has also ventured abroad to diversify its revenue stream.



In FY2017, it acquired 46.84% equity interest in public listed Thai telecommunication network and service provider Symphony Communication PCL. In the following financial year, it established an operating presence in Japan and Cambodia, according to its latest annual report.

However, it is still early days for the overseas diversification, given that ex-Malaysia revenue in FY2018 came to just RM35.65 million or about 3.62% of total turnover.

Even so, return on equity (ROE) grew a third from 9% in FY2015 to 12% in FY2018. Earnings per share improved from 33.55 sen to 53.13 sen in the same period.

The stock closed at RM9.13 on Aug 30, which gives the company a market capitalisation of RM5.35 billion. Up to that point, the counter had risen by 12.7% since the beginning of 2019.

And there may yet be upside. On Aug 28, RHB Research reiterated its "buy" call with a target price of RM10.90 for the stock, implying nearly 20% in upside potential still on the table.

The reiteration followed a record first-half performance that saw Time dotCom's earnings before interest, taxes, depreciation and amortisation margins "scaling new [heights]", says RHB Research. Analyst estimates tracked by Bloomberg forecast revenue of RM1.1 billion and a net profit of RM320.9 million for the full FY2019.

RHB Research is one of six research houses with a "buy" rating on the counter, with target prices ranging from RM10 to RM10.90. Another research house has a "hold" rating, with a 12-month target price of RM8.90.

"Time dotCom remains a sector top pick due to its superior growth profile, regional footprint, and management/operational execution. Key risks are margin weakness and higher-than-expected capex," says RHB Research. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TRANSPORTATION AND LOGISTICS

Malaysia Airports Holdings Bhd

EARNINGS GROW BY LEAPS AND BOUNDS

BY CHESTER TAY

Malaysia Airports Holdings Bhd's (MAHB) earnings for the past three financial years between the financial year ended Dec 31, 2016 (FY2016) and FY2018 increased by leaps and bounds.

In FY2016, its net profit rose 72% to RM70.4 million, from RM40.9 million the year before. Growth was even stronger in FY2017, with net profit more than tripling to RM239.8 million, and to RM727.3 million in FY2018, in a repeat of the pattern. This translates into a three-year compound annual growth rate (CAGR) of 161% for the airport operator's net profit.

Such an impressive jump in its earnings was mainly driven by the hike in passenger service charge (PSC), coupled with lower depreciation and amortisation in FY2015. Furthermore, the group booked an unrealised gain of RM258.4 million from its financial assets' fair value, which helped boost its net profit in FY2018.

In terms of share price performance, the counter gained 7.3%, from RM6.75 at end-March 2016 to RM7.24 at end-March 2019, based on adjusted price growing at a three-year CAGR of 3.5%.

It climbed to an all-time high of RM9.63 in August 2018, but lost some ground as profit-taking emerged amid weak market sentiment across the board, coupled with concerns that the implementation of the quality of service framework will add costs to MAHB.

Nonetheless, interest in the stock picked up when the government announced its intention to adopt the Regulated Asset Based (RAB) model for MAHB. The RAB model will help offload the capital expenditure burden from the government by granting guaranteed returns for MAHB's future investments. Given the likely new operating landscape, MAHB's earnings prospects are expected to be more promising.

MAHB has been consistently rewarding its shareholders with ever higher dividends as its earnings expanded. Its dividend per share

rose from 10 sen in FY2016 to 13 sen in FY2017 and 14 sen in FY2018.

MAHB owes its consistency and steady performance to the nature of the airport industry and its own structural dominance.

In the group's FY2018 annual report, CEO Raja Azmi Raja Nazuddin told shareholders that the year was a challenging one for Malaysia's

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TELECOMMUNICATIONS & MEDIA

Astro Malaysia Holdings Bhd

BANKING ON SOLID FUNDAMENTALS FOR CHALLENGES AHEAD

BY CHESTER TAY

Astro Malaysia Holdings Bhd recorded it highest ever profit after tax (PAT) in its financial year ended Jan 31, 2018 (FY2018), in an environment of declining advertising expenditure.

The group attributed its sterling performance to its increasingly diversified revenue base and relentless cost optimisation through digitalisation initiatives and optimisation of content spend as well as a favourable climate for foreign exchange.

The country's largest pay-TV operator achieved PAT of RM770.64 million in FY2018, up from RM623.68 million in FY2017, RM615.3 million in FY2016 and RM519.4 million in FY2015.

This translated into a three-year compound annual growth rate (CAGR) of 14.1%, which bagged Astro *The Edge* BRC award for the highest growth in PAT over three years in the telecommunications and media sector. However, revenue in FY2018 was flat at RM5.53 billion compared with RM5.61 billion in FY2017.

Meanwhile, despite management's efforts to address digital disruption, investors remained concerned about the company's prospects, thus putting pressure on its share price last year.

The stock plummeted 50.9% to close at RM1.30 on the last trading day of 2018 and was hovering near RM1.50 at the time of writing. The saving grace, however, was Astro's consistent dividend payments for every quarter for at least the last five years.

Its dividend yield helped cushion the pain from the fall in profit in FY2019. According to the group's 2019 annual report, PAT fell 39.9% year on year to RM462.92 million in FY2019 while revenue dipped to RM5.48 billion.

CEO Henry Tan Poh Hock told shareholders that FY2019 was a major sporting year, featuring the 2018 FIFA World Cup, which resulted in higher content costs while the group faced foreign exchange headwinds.

"Our strength remains our reach of 5.7 million Malaysian homes serving 23 million individuals, 16.2 million weekly listeners on radio, 8.3 million average monthly unique visitors to our digital brands and over 1.8 million registered customers on Go Shop, our commerce platform," he said.

Tan said Astro's focus in FY2020 is to strengthen its core pay-TV and NJOI businesses with the key priorities being customers, content and customer experience.

In line with Astro's dividend policy of 75% payout of consolidated profits, it rewarded shareholders with a nine sen dividend per share in FY2019, which translated into 101% of profits and a yield of 5.4%.

Tan said Astro will adopt a two-pronged approach in FY2020 with its branded pay-TV serving a bouquet of premium content for customers while NJOI will be positioned as a recruitment brand for the group to expand its reach across the remaining households in Malaysia.

"We will continue to protect the premium pay-TV segment while we grow and monetise NJOI by featuring a freemium proposition with à la carte, skinny bundles, sachets and event passes with NJOI acting as a gateway for customers to full-fledged pay-TV offerings."

According to Tan, Astro's customer reach, alongside key enablers of data and talent, facilitates revenue diversification efforts by allowing the group to expand beyond content to broadband, commerce and adex.

Tan said digital media offers companies access to rich pools of monetisable data and analytics for better decision-making in both the business and marketing spheres. "Our digitalisation efforts over the past few years have given us a better understanding of our online audience, enabling our push into the digidex space."

At the same time, there is no denying that TV is still the most powerful medium to persuade, he said. "We are exploring how to infuse the 'intelligence' of digital analytics into TV's unparalleled 'emotional' persuasive power. Combining these two powerful levers would enable us to create a truly impactful multi-platform advertising experience that moves beyond airtime sales and provides comprehensive solution-oriented offerings to clients," he said.

Tan said Astro's market share across the TV, radio, digital and OTT spaces has put it in a position to become the most efficient and effective marketing platform in the country, enabling its adex partners to tap niche markets and gain positive conversions.

"Leveraging our upcoming technology upgrade, we are looking to introduce a new addressable advertising solution in the second half of FY2020, which will allow different advertisements to be simultaneously served to segmentally distinct individuals watching the same type of content," he added. E

aviation industry due to uncertainties on the global and regional fronts.

"The interim increase in fuel price, US-China trade tensions, natural disasters and an aircraft crash incident in the region had to some degree affected the growth momentum," he said.

MAHB's network of airports registered 133.2 million passenger traffic movements in 2018, growing 4.1% from the preceding year.

Raja Azmi, who took over the helm in January 2019, said MAHB must continue to achieve greater operational integration to unlock synergy.

"We will continue to strive to create a conducive environment for innovation and new ideas, to expand our knowledge base and to reduce bureaucracy and expedite the decision-making process," he said.

Raja Azmi highlighted that a new business plan is expected to be launched next year, which will guide MAHB through the medium and longer-term horizons.

"We have strengthened our fundamentals and accelerated our pace towards charting a better future. We will also continue to emphasise building mutually beneficial relationships with all airline partners while developing a world-class service-oriented culture," he said.

Raja Azmi pointed out that MAHB views the new RAB framework positively as it will allow the group to earn a fair rate of return for any capital invested for airport development.

"It will also allow us to ensure sufficient airport capacity and that high standards of facilities services are maintained," he said.

In June, the Malaysian Aviation Commission published a consultation paper that shed more light on MAHB's RAB framework, which includes a nominal pre-tax weighted average cost of capital of 10.88%, a new transfer PSC and three options of the PSC model proposed by the airport operator.

Recently, the Ministry of Transport announced that effective Oct 1, the PSC for international flights for destinations beyond Asean will be lowered to RM50 from RM73 at klia2 terminal and other airports in the country. The rate at KLIA will, however, remain at RM73.

For Asean and domestic flights, the PSC remains at RM35 and RM11 respectively.

The announcement sparked a round of selldown on MAHB, but analysts doubt this will significantly impact the group's bottom line, as the government will compensate the difference. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

UTILITIES

Mega First Corp Bhd

DON SAHONG HYDROPOWER DAM DRIVES POWERFUL EARNINGS GROWTH

BY SUPRIYA SURENDRAN

Mega First Corp Bhd lost two income generators last year as two of its power plants in China and Sabah respectively were discontinued. But this did not affect the company's financial performance.

Furthermore, its shareholders have enjoyed the highest returns over three years in the utilities sector.

Mega First delivered a profit after tax of RM159.53 million for its financial year ended Dec 31, 2018 (FY2018), marking a 5% year-on-year improvement. Annual revenue grew 4.7% to RM874.12 million, thanks to higher contributions from its resources and construction divisions.

The company's share price performance has been nothing short of stellar. Compared with its closing price of RM1.72 on March 31, 2016, the counter had appreciated 123% to RM3.83 on March 29, 2019, outperforming the broad market.

The group declared a four sen dividend for both FY2017 and FY2018 — lower than the five sen per share it declared for FY2016. Its shareholders have received a total dividend per share of 13 sen for the past three financial years.

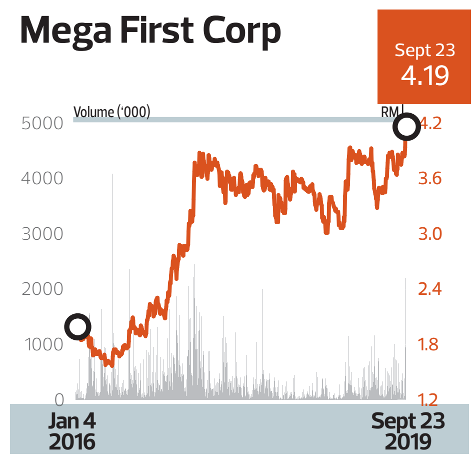
Mega First decided to maintain its dividend payout at four sen per share to conserve cash for its Don Sahong hydropower project, a US$366 million 260MW run-of-river hydropower project on the Mekong River in southern Laos. It is expected to be a key future earnings contributor. Run-of-river hydroelectric systems use flowing water to generate electricity and do not have large dams and reservoirs.

Once the project achieves its commercial operation, it will be able to sell the energy it generates to Electricite du Laos (EDL), the state corporation that runs and operates the country's electricity generation.

Annually, this translates into a revenue of US$120 million (RM488.902 million) and a profit of US$60 million to US$70 million for Mega First during the project's 25-year concession period, starting from FY2020.

For 1HFY2019, Mega First reported a 6.8% decline in net profit to RM55.87 million, while revenue declined 12.3% to RM380.9 million. The decrease was mainly due to lower construction revenue and profit contribution from Don Sahong.

With 7.9% left in physical completion of Don Sahong to be recognised, Mega First anticipates that the construction revenue and profit contribution from the project will



continue to register sequential quarterly declines in the final two quarters of the year as construction approaches completion by year-end.

The decline in construction revenue and profit is, however, expected to be compensated for by the sale of test energy, which should commence with the commissioning of the first turbine before end-September. The second, third and fourth turbines are expected to be commissioned progressively thereafter.

Based on the progress of the project and the construction of the connecting transmission lines by EDL and Electricite du Cambodge, Mega First remains optimistic that Don Sahong will achieve commercial operation by January next year.

The group has also made its foray into the renewable energy space in Malaysia and has submitted a bid for the large-scale solar (LSS) open tender scheme to develop and operate a 100MWac LSS photovoltaic plant. Results of the tender are expected to be announced in the first quarter of next year.

In a Aug 23 note on Mega First, PublicInvest Research says the commencement of the energy test sale is expected to contribute US$5 million to US$10 million (RM20 million to RM40 million) to the company's FY2019 earnings. The research house believes that this bumper rise will likely come in the final quarter of the year.

PublicInvest says the group's proposal to add a fifth turbine at Don Sahong could increase its FY2022 earnings forecast by 20% to 25%. The proposal is pending approval from the Lao government.

The research house adds that more earnings upside is on the way if Mega First successfully wins the bid for the solar power project in Malaysia.

It maintains its "outperform" call on Mega First with a target price of RM5.04 — a 20% upside to the counter's closing price of RM4.19 on Sept 23. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TRANSPORTATION & LOGISTICS

Lingkaran Trans Kota Holdings Bhd

URBANISATION SUSTAINS STEADY EARNINGS GROWTH

BY EMIR ZAINUL

The rising traffic volume in the Klang Valley speaks well for Lingkaran Trans Kota Holdings Bhd's (Litrak) earnings growth over the past few years.

Litrak operates several intra-Kuala Lumpur toll roads. It wholly owns the Damansara-Puchong Expressway (LDP) and holds a 50% stake in Sistem Penyuraian Trafik KL Barat Sdn Bhd (SPRINT). SPRINT is the concession holder of the 26.5km SPRINT highway that comprises three links — Damansara Link, Kerinchi Link and Penchala Link. The first two links' concessions end in 2034 while Penchala's ends in 2031. LDP's 34-year concession ends in 2030.

Urban development has helped drive the steady growth of the company's toll collection.

Litrak's profit after tax rose to RM228.6 million in the financial year ended March 31, 2018 (FY2018), from RM221 million in FY2017 and RM174.1 million in FY2016. The toll road operator posted a PAT of RM137.9 million in FY2015, which translates into three-year compound annual growth rate of 14.8%.

However, Litrak saw a slight dip in its toll collection in FY2018, down nearly 2% year on year to RM523.9 million.

Litrak also commanded an admirable return on equity (ROE) over the years. Its ROE came in at 29.71% in FY2018, 33.42% in FY2017 and 30.4% in FY2016.

The group has been able to maintain a dividend payout of 25 sen per share in FY2019, similar to the payout in previous financial years. It has maintained its dividend payout ratio of above 50% over the years, with 57.73% in FY2018 and 59.49% in FY2017.

Highway operators do face competition nowadays. In its 2019 annual report, Litrak points out that both LDP and the SPRINT highway saw a drop in average weekday tollable traffic following the opening of the Duta-Ulu Kelang Expressway Phase 2 in November 2017. On top of that, there is a continuing migration of toll-paying highway users to alternative public transport modes such as mass rapid transit and light rail transit.

Litrak's board has accepted the offer by the Ministry of Finance to take over its toll concessions for RM2.34 billion for LDP and RM870 million for SPRINT.

Should the proposed takeover materialise, the group will become cash-rich with no core business.

"Consequently, the company will be deemed a Practice Note 16 cash company, according to Bursa Malaysia's Main Market Listing Require-

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

UTILITIES

Gas Malaysia Bhd

RISING EARNINGS AND RETURNS LIKE NO OTHER

BY KHAIRIE HISYAM ALIMAN

Despite patchy global economic prospects in the past three years, for Gas Malaysia Bhd, there has been only one direction for its earnings and shareholder returns: up.

In the three-year period between the financial year ended Dec 31, 2016 (FY2016), and FY2018, Gas Malaysia saw nearly 70% growth in its profit after tax, from RM106.2 million at the start to RM180.4 million at the close. That translates into a compound annual growth rate (CAGR) of 19.32%, which surpasses that of its major sector peer, Petronas Gas Bhd, whose profit after tax produced a negative CAGR of 3.06% in the same period.

Gas Malaysia recorded a net 72.2% increase in annual revenue, from RM3.62 billion in FY2015 to RM6.23 billion in FY2018. The CAGR for its turnover in that time span came to 19.9%.

For shareholders, the strong profitability has brought much cheer. Annual dividend per share has grown from 8.3 sen in FY2015 to 13.5 sen in FY2018.

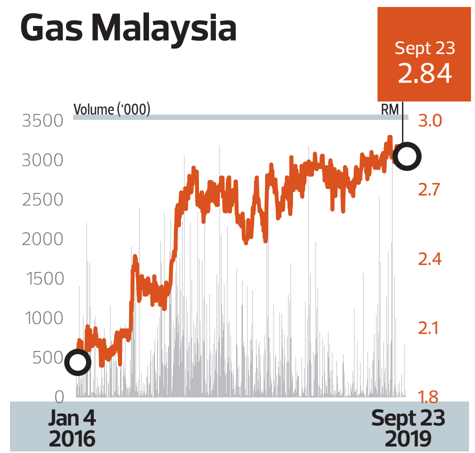
The dividends have mitigated somewhat the uneven share price performance of Gas Malaysia in recent times. The stock fell more than 23% in 2015 and mostly moved

sideways between 2016 and 2018.

Overall, Gas Malaysia's shareholders have enjoyed a total return of 37.38% between March 31, 2016, and March 31, 2019.

The company delivered the impressive financial performance amid ongoing industry liberalisation. Among others, beginning January 2017, the Incentive Based Regulation (IBR) set a base tariff for a three-year period and allowed changes in gas costs to be passed on to consumers every six months.

The reforms also included the implemen-



tation of third-party access (TPA) beginning January 2017, which essentially allowed new gas suppliers to access gas infrastructure — including transmission and distribution pipelines — that they do not own to supply to their buyers.

Looking ahead, some uncertainties await Gas Malaysia though the company is in a strong position. Chief among the headwinds will be the adjustments required for the company to continue thriving in a TPA-compliant environment, which will spur competition.

The market itself remains steady. According to Gas Malaysia, it expects steady gas volume growth on the back of stable demand from the industrial sector, supported by the commercial and residential sectors.

"We will continue to explore new opportunities and mobilise our marketing efforts to capitalise on gas demand in existing and new industrial areas more aggressively," says the company in its 2018 annual report.

It is worth noting that 2019 is the final year of the current three-year regulatory period under the IBR. While details remain unclear at press time, possible changes include a revision to the base tariff under the IBR, which may in turn impact Gas Malaysia's profitability either way.

"Regulatory inputs will soon be up for review... With the share price having been largely stable in recent months, we still see the risk-reward as balanced presently," says Maybank Research in a note on Aug 20.

Maybank Research has a "hold" rating on Gas Malaysia, with a 12-month target price of RM3. On Aug 30, the counter closed at RM2.84, nearly unchanged since the start of the year, putting the company's market capitalisation at RM3.62 billion.

Four out of nine research houses tracking Gas Malaysia have a "buy" rating, with target prices ranging from RM3.11 to RM3.30; the remaining five called it a "hold", with target prices as low as RM2.85. E

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ments. As such, the board will have to decide on the utilisation of the proceeds derived from the sale of LDP and the SPRINT highway and reassess the future direction of the company," says chairman Tan Sri Ambrin Buang in the annual report. "The board is currently assessing the options available to the company and our shareholders."

Prior to the takeover offer, the government had announced a freeze on toll rates for all 21 highways — which were supposed to be eligible for an increase this year — to alleviate the burden of the rising cost of living of the people.

Accordingly, toll rates at the LDP, Kerinchi Link and Penchala Link will remain unchanged. Compensation payable by the government will be determined in accordance with the provisions of the respective concession agreements. E

Helping to make youth financially savvy

BY DOROTHY TEOH

On July 23, Prime Minister Datuk Seri Dr Mahathir Mohamad launched the National Strategy for Financial Literacy 2019-2023. The strategy sets out priorities and action plans to equip Malaysians with the knowledge they need to make informed financial decisions and nurture healthy attitudes towards financial management.

The national strategy was formulated by the Financial Education Network (FEN), an inter-agency grouping co-chaired by Bank Negara Malaysia and the Securities Commission Malaysia. FEN's founding members are the Ministry of Education, Perbadanan Insurans Deposit Malaysia, Employees Provident Fund, Agensi Kaunseling dan Pengurusan Kredit and Permodalan Nasional Bhd.

Equipping young Malaysians to make informed decisions on money and savings and inculcating positive attitudes towards managing their finances is what The Edge Education Foundation (TEEF) is doing through its "Money & Me: Youth Financial Empowerment Programme". This corporate responsibility initiative, which was launched in five schools in Kuala Lumpur in 2016, has since expanded to 13 schools in Kuala Lumpur and Selangor. The programme is funded by Citi Foundation and is approved as a co-curricular programme for Form 4 students by the Ministry of Education Malaysia.

Money & Me, which was designed by TEEF, targets students from the B40 category (bottom 40% of households with a monthly income of RM3,900 and below) by equipping them with financial literacy as a life skill. It also introduces participants to basic entrepreneurship skills to help them improve their economic prospects. Many of these students may not be able to pursue post-secondary education or training, so learning how to run a small business would provide them with an alternative to low-paying jobs.

Conducted in English, the programme is based on five modules that teach about saving, smart spending, earning, growing wealth and giving. Saving, managing and protecting money as well as planning ahead and ensuring a sustainable future are two of the three priorities of the National Strategy for Financial Literacy. The third is protecting oneself from fraud and financial scams.

Money & Me takes place over six months as part of co-curricular activities in the 13 schools. The lessons are taught by volunteers who are either staff, students or members of our partner organisations. This year, our partners are BHP, Citibank, Deloitte, EY, GE, INTI International College Subang and INTI International University at Nilai, KLK Oleo, PwC and the Rotary Clubs of Sentul, Central Damansara and Mont Kiara Gateway. At four of the schools, teachers teach three of the five modules and INTI students teach the remaining two.

In addition to learning things such as the importance of saving, differentiating between needs and wants, simple and compound interest, budgeting and credit cards, Money & Me participants learn how to create a business plan together with a budget and marketing plan. They are required to implement the plan during "Sales Day", which is when they set up booths to market their goods or services in their respective schools. Sales Day could range from just the recess period or several hours to a full day, depending on the school. Some teams boosted their revenue by taking orders ahead of Sales Day as well as selling on the day itself. Sales Day essentially allows Money & Me participants to put into practice what they have learnt during the programme.

Above: Money & Me participants at SMK Taman Connaught running their food stall on Sales Day at their school. Students learn both financial literacy and basic entrepreneurship skills from the programme

Left: An EY volunteer working with a team from Convent Sentul to help them prepare to pitch their business plan in front of judges at the Money & Me Boot Camp at Taylor's University Lakeside Campus on July 31. The pitch was to enable them to earn capital for their small business.

This year, over 360 students participated in the Money & Me programme, with about 40 teams taking part in Sales Day at the 13 schools. Their "businesses" ranged from handicraft to food (Korean-inspired food such as fried chicken and bubble tea were firm favourites) and a PUBG tournament (PUBG or PlayerUnknown's Battlegrounds is a popular online multiplayer game developed by PUBG Corp, a subsidiary of South Korean video game company Bluehole). The enterprising team behind this project charged an entry fee for players (their schoolmates) and sold food, including nuggets and ice cream, to allay the players' and observers' hunger pangs.

Food was a popular choice, with the business plans of many teams referring to the limited food choices in their school canteens. The 39 teams made almost RM41,000 from Sales Day, and posted profit margins ranging from 10% to about 70%. The experience gave participants valuable exposure to what running a small business entails.

As Hanan Sofia Mohamed Ghazali, the teacher in charge of Money & Me at SMK (L) Bukit Bintang, says, "Everyone has ideas; however, not everyone can be successful in business. After the drafting, planning and carrying out the business [plan], I believe that the students now understand ... the basic needs in doing business. They may start small, they will face a lot of hurdles and they may fail countless times, but if they are persistent and creative, they can pull it off."

Hanan Sofia says Money & Me has also indirectly helped the students in their Business and Principles of Accounts subjects.

SMK Lembah Keramat in Kuala Lumpur is one of the schools where teachers teach three of the five modules. Hamizah Abdul Hamid, the teacher involved in teaching the modules, says the 80 students in the programme do not just learn about money but also picked up soft skills like public speaking.

"They picked up a lot of new terms and, at the same time, improved their English and Malay proficiencies," she says.

"I must say that Sales Day is the peak of the students' performance. They worked really hard and challenged themselves to do better each time ... The students also learnt a great deal about marketing. They used social media such as Facebook, Instagram, WhatsApp, YouTube, Telegram and Twitter. I could not believe my eyes when I read all those chats from their customers. Some of them [customers], they have no idea who they [students] were! Yet, those people trusted them and made their purchases!" she adds.

Other than Money & Me in schools, TEEF is also collaborating with two other partners to equip the youth outside schools with financial knowledge. In 2017, TEEF partnered Malaysian Care, a local NGO, to pilot a financial literacy programme (currently called "Money & Me Out of School") in Bahasa Malaysia for juveniles aged 18 to 21 at Sekolah Integriti Kajang (SIK) in Kajang Prison. TEEF translated the Money & Me material into Bahasa Malaysia and Malaysian Care customised it for the SIK students. The juvenile correctional centre at Kajang Prison has since been relocated to Puncak Alam and is now known as the Puncak Alam Correctional Centre (PKPA).

Last month, Malaysian Care took in its third batch of students for this year. The programme runs every week for three months. Since 2017, 117 students have gone through the financial literacy classes. Unfortunately, not all complete the class and those who are in the class when it starts may not remain till the end.

"Due to the nature of PKPA, numbers have been fluctuating from class to class. However, our current average across five classes is 22 students for the August to October 2019 batch," says David Chin Yuen Win, community development leader at Malaysian Care. Chin adds that the NGO is trying to get the Prisons Department to help solve this issue as it determines which students attend the class.

The lack of consistency in attendance also makes it very challenging to measure impact (as with Money & Me in schools, the PKPA financial literacy programme conducts pre-programme assessment to benchmark the students' level of financial literacy at the start and post-programme assessment to measure impact). Still, students with exposure to the financial literacy class, however little, do take away some important lessons.

"I learnt from the class that I must start by controlling myself so that I can control my spending. I also understand better the importance of counting your money [budgeting] every month, to avoid wasting money," says Ashang (not his real name), a former PKPA student.

Some 50 Orang Asli youth aged 17 to 28 at the SOLS 24/7 Youth Development Centre at Segambut in Kuala Lumpur are also learning how to manage money under the same programme. Subjects taught at the centre include character-building, mathematics, project management and IT. The centre decided to adopt the Money & Me out-of-school programme to help the youths make smart decisions on how to manage money.

It is also "to help them understand that if there is no proper preparation on money management, it will cause a lot of problems in their lives" because the youths "know nothing about financial matters such as types of banks, investment and scams", says Miri Adek, a teacher at the centre.

Whether it is Form 4 students, Orang Asli youth or young people at risk in PKPA, TEEF's hope is that by equipping them with the knowledge and skills to make sound financial decisions, we will contribute towards building a financially literate generation and help Malaysians improve their financial well-being. E

Dorothy Teoh is the CEO of The Edge Education Foundation which focuses on two areas of CR: financial literacy and English proficiency. She was also a judge for the The Edge BCR Corporate Responsibility awards.