THE EDGE SPECIAL PULLOUT | DECEMBER 14, 2020

THE EDGE

BILLION RINGGIT Club 2020

RECOGNISING MALAYSIA'S OUTSTANDING CORPORATE PERFORMERS

Stay resilient, Corporate Malaysia!

For the first time since the inception of *The Edge* Billion Ringgit Club (BRC) 11 years ago, the much-anticipated annual gala dinner to honour Corporate Malaysia's crème de la crème could not be held due to the ongoing Conditional Movement Control Order in Kuala Lumpur and Selangor to once again flatten the Covid-19 curve.

Nonetheless, to spur Corporate Malaysia on during the current rough patch, a total of 48 corporate awards were still presented to 35 companies based on their financial performance from FY2016 to FY2019.

After all, we started the awards in 2010 with the aim of encouraging Malaysian companies to be even better at what they do, and to grow, invest and create jobs as well as be socially responsible. It is hoped that, in turn, they will inspire others to excel. The message that Corporate Malaysia is resilient and can strive on is all the more important during this time.

This year, based on the June 30, 2020, cut-off date, there were 161 companies listed on Bursa Malaysia with a market capitalisation of RM1 billion or more. This is down from 168 companies last year. The all-time high was 185 in 2011.

The total market cap of the 161 companies was also lower year on year at RM1.41 trillion versus RM1.55 trillion last year.

Still, the members' combined market cap continues to make up over 90% of the total market cap of Bursa Malaysia as at June 30, 2020. This shows that BRC members are truly the strongest in Corporate Malaysia.

The combined pre-tax profit of BRC 2020 members was RM107.7 billion in financial year 2019 (FY2019) — up 8.2% from RM99.5 billion in FY2018 — while the collective net profit was RM80.78 billion, up 10.6% from RM70.73 billion in FY2018.

BRC members continue to be major taxpayers, paying an estimated RM26.9 billion in taxes for FY2019 — more than 40% of the government's annual estimated corporate income tax collection.

Of the 11 companies chosen as Company of The Year since our inaugural awards in 2010, five continue to outperform the FBM KLCI in terms of total shareholders' return since they won the award.

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

Weight to total score:
3-year ROE 40%
3-year shareholders' return 30%
3-year PAT growth 40%

Due to restrictions because of Covid-19 this year, we have had to remove the corporate responsibility (CR) portion of the award, with the marks reallocated to the quantitative criteria.

Going forward, companies must take note that it is not just about making profits but, increasingly, also about making profits responsibly. Due consideration must be given to all stakeholders in the community and not only company shareholders.

The Company of the Year for 2020 went to Hartalega Holdings Bhd, whose market cap currently stands at close to RM50 billion, the sixth-largest stock on Bursa Malaysia.

The director-general of the Labour Department was recently reported as saying that Hartalega was exemplary in its provision of accommodation for its workers.

We did not give out a Value Creator: Malaysia's Outstanding CEO award this year, as in the case for 2011 and 2015. We hope to continue to do so under better circumstances.

The success of BRC as the benchmark awards for Corporate Malaysia would not be possible without the support of our partners. I thank OCBC and Mercedes-Benz for their steadfast support. We hope this prestigious annual gathering will continue to be Corporate Malaysia's most anticipated corporate awards ceremony as the world recovers from the pandemic.

Congratulations to all the winners and members of BRC 2020. Stay resilient, make profits and do good!

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

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Winners of *THE EDGE* BILLION RINGGIT CLUB corporate awards 2020

COMPANY OF THE YEAR

HARTALEGA HOLDINGS BHD

SUPER BIG CAP
(Above RM40 billion market capitalisation)

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Maxis Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Top Glove Corp Bhd

BIG CAP
(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
Dialog Group Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Supermax Corp Bhd

CONSTRUCTION

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 RETURNS TO SHAREHOLDERS OVER THREE YEARS
Widad Group Bhd

CONSUMER PRODUCTS & SERVICES

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Carlsberg Brewery Malaysia Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Guan Chong Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Guan Chong Bhd

ENERGY

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

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Dayang Enterprise Holdings Bhd

FINANCIAL SERVICES
(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
RHB Bank Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
RHB Bank Bhd

FINANCIAL SERVICES
(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
Malaysia Building Society Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Syarikat Takaful Malaysia Keluarga Bhd

HEALTHCARE

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Hartalega Holdings Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Supermax Corp Bhd

INDUSTRIAL PRODUCTS & SERVICES

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Uchi Technologies Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
UEM Edgenta Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Dufu Technology Corp Bhd

PLANTATION

HIGHEST RETURN ON EQUITY OVER THREE YEARS
IOI Corp Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Far East Holdings Bhd

PROPERTY
(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
NA

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
NA

PROPERTY
(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
NA

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
NA

REIT

HIGHEST RETURN ON EQUITY OVER THREE YEARS
IGB REIT

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
AXIS REIT

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
AXIS REIT

TECHNOLOGY

HIGHEST RETURN ON EQUITY OVER THREE YEARS
MyEG Services Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Frontken Corp Bhd
and Pentamaster Corp Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Frontken Corp Bhd

TELECOMMUNICATIONS & MEDIA

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Digi.Com Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
NA

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Time dotCom Bhd

TRANSPORTATION & LOGISTICS

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

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
MISC Bhd

UTILITIES

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Gas Malaysia Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Mega First Corp Bhd

Recognising CORPORATE EXCELLENCE for the 11th year

BY CINDY YEAP

The Covid-19 pandemic has changed the way people work, interact and celebrate key events. This year, The Edge Media Group and its partners are celebrating Corporate Malaysia's best-performing companies at the 11th annual *The Edge* Billion Ringgit Club (BRC) Awards — sans the prestigious gala awards dinner for the first time, owing to the ongoing Conditional Movement Control Order (CMCO) in the Klang Valley.

Tough times are indeed here. At 161, the number of *The Edge* BRC members — companies listed on Bursa Malaysia with a market capitalisation of RM1 billion or more — is the lowest in five years. That is based on the end-June membership cut-off date, a change from our usual end-March cut-off, owing to the Covid-19 pandemic.

Not only is the pool of billion-ringgit companies smaller, but their combined market cap of RM1.41 trillion as at end-June was below the RM1.55 trillion of the 168 members as at end-March last year. The 9.3% year-on-year decline was steeper than the 8.3% decline seen last year. A y-o-y decline in collective market value was seen in 2015 and 2016, but this year's fall is the largest since the awards began in 2010 (see membership statistics table on Page 8).

Yet, there is no denying the significance of this elite group of companies. This year's 161 BRC members' combined market cap constituted 90.8% of the total market cap of companies on Bursa Malaysia as at end-March.

BRC 2020 members' collective pre-tax profit was RM107.7 billion in FY2019, up 8.2% from the RM99.5 billion they made in FY2018. Collective net profit was RM80.78 billion in FY2019, up 10.6% from RM73.03 billion in FY2018, an improvement over figures seen during last year's awards. Last year's 168 members booked RM101.31 billion in pre-tax profit in FY2018, down 12.4% from RM115.6 billion in FY2017, while net profit declined 13.2% to RM73.37 billion in FY2018 from RM84.5 billion in FY2017. It remains to be seen how many have been able to sustain the improved performance this year in the face of the pandemic.

BRC members continue to be major taxpayers, paying an estimated RM26.9 billion in taxes in FY2019, compared with RM26.04 billion in taxes by the previous year's 168 members in FY2018. This continues to be more than 40% of the government's annual estimated corporate income tax collection.

It is also worth noting that four of the 10 companies chosen as *The Edge* BRC 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 shareholder returns since they were named Company of the Year. The best performing was Supermax Corp Bhd (2010 winner), followed by QL Resources (2011 winner), Nestlé (Malaysia) Bhd (2016 winner) and Press Metal Aluminium Holdings Bhd.

This year's Company of the Year, Hartalega Holdings Bhd, was also outperforming both indices, measured from the start of this year through Dec 7, Bloomberg data shows (see table).

BLOOMBERG

BRC COMPANY OF THE YEAR

SHAREHOLDER RETURNS VS FBM KLCI AND FBM EMAS PERFORMANCE AND TOTAL RETURNS

		PRICE CHANGE (%)	SHAREHOLDER RETURNS (%)	FBM KLCI PERFORMANCE (%)	FBM KLCI TOTAL RETURNS (%)	FBM EMAS PERFORMANCE (%)	FBM EMAS TOTAL RETURNS (%)
2010–2020	Supermax Corp Bhd	+1,593.26	+2,005.1	+27.51	+81.71	+38.26	+93.75
2011–2020	QL Resources Bhd	+485.52	+550.54	+6.85	+47.29	+13.37	+53.79
2012–2020	Genting Bhd	–60.91	–52.12	+6.02	+41.05	+12.14	+47.05
2013–2020	Digi.Com Bhd	–21.36	+8.83	–3.91	+23.43	+2.83	–30.38
2014–2020	Dutch Lady Milk Industries Bhd	–20.2	+1.31	–13.07	+8.17	–8.49	–12.52
2015–2020	Tenaga Nasional Bhd	–21.01	+0.11	–7.86	+11.08	–2.52	+16.32
2016–2020	Nestlé (Malaysia) Bhd	+84.74	+109.3	–4.11	+12.17	–0.27	+15.59
2017–2020	AirAsia Bhd	–64.19	–30.39	–1.15	+12.09	+2.58	+15.43
2018–2020	Petronas Dagangan Bhd	–15.17	–6.64	–9.68	–0.97	–9.12	–0.82
2019–2020	Press Metal Aluminium Holdings Bhd	+63.15	+66.16	–4	+2.09	+2.04	+8.06
2020–2020	Hartalega Holdings Bhd	+163.5	+165.74	+2.15	5.06	+3.88	6.59

Note: Based on adjusted share price at the start of each year and the last close as at Dec 7, 2020

"As many BRC members have consistently proved in the past decade, when the going gets tough, the tough get going." — Ho

"Despite the environment caused by the pandemic, Corporate Malaysia has continued with its sustainable initiatives." — Ong

PHENOMENAL RISE

Tellingly, two of the top three best-performing stocks among the past and present winners of the Company of the Year award were glove makers Supermax and Hartalega.

Supermax, *The Edge* Billion Ringgit Club's first Company of the Year, recorded spectacular gains in 2020. It will replace KLCCP Stapled Group as a constituent of the FBM KLCI on Dec 21, Bursa Malaysia said on Dec 3 following a semi-annual review of the FTSE Bursa Malaysia Index Series.

Even before this piece of good news was announced, the jump in demand for rubber gloves amid the pandemic had already caused a phenomenal rise in Supermax's share price and earnings. At the start of the year, the company's market capitalisation was just RM1.81 billion, down 18% from RM2.28 billion at end-2018.

However, the more than 1,000% year-to-date gain in its share price to RM7.70 as at Dec 7 pushed its market cap to RM20.2 billion. At their peak, the shares had closed as high as RM11.63 on Aug 6 to give it a market

CONTINUES ON PAGE S8

BRC MEMBERSHIP STATISTICS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of companies	163	185	144	144	178	166	176	184	170	168	161
as a percentage 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	17.4% of 924 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	1,407.255
Y-o-y change	NA	25.5%	2.8%	10.3%	17%	0.5%	1.5%	5.2%	6.3%	8.3%	9.3%
BRC members' combined market cap as a percentage of total market cap of Bursa-listed companies (as at end-March/June)	88%	89%	88%	90.6%	90.9%	88.9%	90.7%	90.3%	90.8%	90.9%	90.8%

Note: Market capitalisation data was as at end-March for 2010 to 2019 and as at end-June for 2020

Embracing good ESG practices while making money

FROM PAGE 7

valuation of RM30.71 billion. If that share price level had been sustained until today, Supermax would have joined the ranks of the country's top 20 largest listed companies. It was at No 25 on Dec 7.

There are analysts who believe Supermax should be worth a lot more — all 11 analysts covering the stock call it a "buy", with target prices of between RM9.36 and RM16.04, according to Bloomberg data. If its shares rise to RM16.04, the company would be valued at over RM42 billion — more than the approximately RM39 billion market cap (as at Dec 7) of Hong Leong Bank Bhd, CIMB Group Holdings Bhd or Maxis Bhd.

Coming in at No 6 is Hartalega, with a market cap of RM49.5 billion as its shares closed at RM14.14 on Dec 7. This makes it smaller than only Malayan Banking Bhd (RM92.97 billion), Public Bank Bhd (RM72.2 billion), Tenaga Nasional Bhd (RM62.18 billion), Petronas Chemicals Group Bhd (RM60.8 billion) and Top Glove Corp Bhd (RM52.92 billion) — and much larger than many traditional blue chips.

At the peak of the euphoria over glove makers this year, Hartalega's market cap stood at RM70.3 billion, as its shares closed at RM20.42 on Aug 3. At one point, it was the country's third largest stock, overtaking even Public Bank, which is deemed among the bluest of the blue chips.

At the time of writing, as many as 15 analysts still had a "buy" call on Hartalega, with target prices ranging from RM20.60 to RM27.10, Bloomberg data shows. No analyst has dared to say "sell" just yet while six have a "hold" recommendation on the stock, with target prices between RM14.78 and RM19.50.

Going by the most bullish of analyst target prices for Hartalega of RM27.10, its market cap could reach RM92.9 billion — just a shade below Maybank's market cap of RM92.97 billion as at Dec 7. If Hartalega can sustainably deliver the kind of earnings growth that analysts believe it can and indicates that it will gradually increase its dividend payout rate, investors chasing yield in the current low-yield environment may just show up its share price to where analysts hope it will go.

At the time of writing, the second best-performing Company of the Year is QL Resources. When it was named The Edge BRC's Company of the Year in 2011, its market cap was only RM2.5 billion as at end-2011. It took four years to double its market value to RM5.4 billion as at end-2015, and just another two years to double it again to RM11 billion. By end-2019, its market cap stood at RM13.2 billion.

QL shares closed at RM6.12 on Dec 7, giving it a market cap of RM14.9 billion, below the RM16.4 billion on May 29 when it closed at RM6.72 apiece.

Analysts are not as bullish on QL relative to those covering the two glove makers though — only two have "buy" calls, versus eight "hold" and four "sell" recommendations. One reason may be the uncertainties surrounding the retail sector and the speed at which consumer spending and the economy can recover. QL's Family Mart venture, for instance, was doing well before the pandemic hit.

It should be interesting to see how these stocks perform next year, one year after Covid-19 caused the world to go into various stages of lockdown.

SUSTAINABLE RESULTS

Nestlé — *The Edge* BRC's Company of the Year in 2016 — is the only company to have made it to *The Edge* BRC Top 25 list every year since the awards' inception in 2010.

Carlsberg Brewery Malaysia Bhd is the only company to have made it to *The Edge* BRC Top 25 list in 10 of the 11 years. It did not make the cut in 2010 but has been among the best every year over the past decade.

DiGi.Com Bhd — *The Edge* BRC's Company of the Year in 2013 — appeared on *The Edge* BRC Top 25 list in nine of the 11 years. The exceptions were 2019 and this year.

Dialog Group Bhd made it to the BRC top 25 list eight times out of 11, with the exceptions being 2015 to 2017.

Meanwhile, Dutch Lady Milk Industries (M) Bhd — *The Edge* BRC's Company of the Year in 2014 — and Hartalega Holdings — *The Edge* BRC's Company of the Year this year — are among six companies that have made the Top 25 list six times. The rest are Aeon Credit Service (M) Bhd, Syarikat Takaful Malaysia Keluarga Bhd, Top Glove Corp Bhd and Public Bank Bhd.

Five companies made the cut five times out of 11. They are QL Resources (*The Edge* BRC's Company of the Year in 2011), British American Tobacco (M) Bhd, Guinness Anchor Bhd, Hap Seng Consolidated Bhd and United Plantations Bhd.

Eleven companies made the Top 25 list four times over the past 11 years. They are AirAsia Bhd, CIMB Group Holdings Bhd, Fraser & Neave Holdings Bhd, Heineken Malaysia Bhd, Kossan Rubber Industries Bhd, KPJ Healthcare Bhd, Kuala Lumpur Kepong Bhd, Malayan Banking Bhd, Malaysia Building Society Bhd, 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 over the 11 years include 2019's Company of the Year Press Metal Aluminium Holdings Bhd, 2018's Company of the Year Petronas Dagangan Bhd and 2010's Company of the Year Supermax. The other eight are Astro Malaysia Holdings Bhd, Cahya Mata Sarawak Bhd, Guan Chong Bhd, Inari Amertron Bhd, Mudajaya Group Bhd, MyEG Services Bhd, Tradewinds (M) Bhd and UEM Edgenta Bhd.

If they continue to do well, some of these names could be the next Company of the Year.

The Edge BRC recognises excellence in companies with a market cap of at least RM1 billion. The billion-ringgit cut-off point serves as an aspirational target for dynamic smaller companies. Companies are added to the annual list automatically at the cut-off date and are evaluated on growth in profit, returns to shareholders and corporate responsibility (CR) commitments, among others. The award methodology is transparent and the results are audited by Deloitte Malaysia Bhd.

OCBC Bank (Malaysia) Bhd, a key partner since the awards' inauguration in 2010, returns as the main sponsor for the 11th year. Mercedes-Benz is the official car.

Datuk Ong Eng Bin, CEO of OCBC Bank Malaysia, says the 11th year of the bank's collaboration with *The Edge* takes on greater significance against the backdrop of these challenging times amid Covid-19.

"Despite the environment caused by the pandemic, Corporate Malaysia has continued with its sustainable initiatives. Climate change and social justice realities call for organisations big and small to embrace ESG (environmental, social and governance) practices even more wholeheartedly in all they do," Ong said.

"Uncertainty was already the new normal before Covid-19 struck but, as many BRC members have consistently proved in the past decade, when the going gets tough, the tough get going," says Ho Kay Tat, The Edge Media Group publisher and group CEO. "It is when the tide goes out that we know which companies look good only on the surface and see with renewed conviction the ones that are resilient and built to last," Ho adds, reiterating the importance of celebrating corporate excellence and good governance to spur Corporate Malaysia on. "This is a marathon. Strive on Corporate Malaysia, strive on."

Looking ahead, Ho says companies "must take note that it's not just about making profits but increasingly about making profits responsibly. Due consideration must be given to all stakeholders in the community and not only company shareholders". E

METHODOLOGY

Membership in this elite group is automatic and complimentary for all companies listed on Bursa Malaysia with at least RM1 billion in market capitalisation. There are 161 members in the club this year.

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

THE AWARDS

- One Company of the Year award
- Value Creator(s): Outstanding CEO(s) of Malaysia award(s) (optional)
- Best Corporate Responsibility (CR) Initiatives award(s) (not awarded this year, owing to Covid-19-related limitations)
- 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
- *The Edge* BRC Highest Returns to Shareholders — for best-performing stock

The 17 categories are:

- Super Big Cap — companies with a market capitalisation of more than RM40 billion
- Big Cap — companies with a market capitalisation of RM10 billion to RM40 billion
- Construction
- Consumer Products & Services
- Energy
- Financial Services — market cap below RM10 billion
- Financial Services — market cap of at least RM10 billion
- Healthcare
- Industrial Products & Services
- Plantation
- Property — market cap below RM3 billion
- Property — market cap of at least RM3 billion
- Real Estate Investment Trust
- Technology
- Telecommunications and Media
- Transportation and Logistics
- 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-June cut-off date in the current year, as companies are evaluated on their financial performance over three years. The cut-off date was changed to June 30 from March 31 this year, owing to the Covid-19 pandemic.

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. This year, the evaluation period is from FY2016 to FY2019. Calculation for PAT growth is also subject to a risk-weighted factor component to recognise the importance of consistency in profit delivery throughout the evaluation period.

Winners of the Highest Returns to Shareholders award are judged based purely on total return, consisting of share price gains and dividends over a three-year period. The cut-off date this year was June 30.

Companies with scores within 0.5 point of each other are deemed to be of the same rank. There could, therefore, be cases of joint winners.

THE EDGE BRC BEST CR INITIATIVES AWARD

Eligible companies are traditionally evaluated by a panel of judges on their CR initiatives, which usually account for 30% of the evaluation for *The Edge* BRC Company of the Year award. This year, however, there is no score for CR because of limitations as a result of the change in the cut-off date. Therefore, no CR awards are given out this year. The CR qualitative component has been removed from the evaluation criteria in *The Edge* BRC Company of the Year award and weightage was reallocated among the remaining quantitative evaluation criteria.

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	30%
Growth in profit after tax over three years	40%
Return on equity over three years	30%
QUALITATIVE	
The final decision on *The Edge* BRC Company of the Year takes into account other qualitative elements as determined by *The Edge*	

VALUE CREATOR: OUTSTANDING CEO OF MALAYSIA

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

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; 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). 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.

In 2018, the award went to **Tan Sri Ngau Boon Keat**, executive chairman and co-founder of Dialog Group Bhd. The passionate engineer, who helped negotiate Malaysia's first production-sharing contract with foreign oil companies in 1974, has steered Dialog from strength to strength in the past decade while most oil and gas companies were being ravaged as oil prices fell.

Last year, the award went to **Dr Chia Song Kun**, executive chairman of QL Resources Bhd, which was transformed from a local feedstock trader into a multinational agro-food corporation under his watch in less than four decades. A true rags-to-riches story, his inspiring tale of a seashell seller from the swampy, backwater coastal village of Sungai Burong in Selangor proves that education and ingenuity can help lift more than one's own family out of poverty.

COMPANY OF THE YEAR

2020 — Hartalega Holdings Bhd
2019 — Press Metal Aluminium Holdings Bhd
2018 — Petronas Dagangan Bhd
2017 — AirAsia Bhd
2016 — Nestlé (Malaysia) Bhd
2015 — Tenaga Nasional Bhd
2014 — Dutch Lady Milk Industries (M) Bhd
2013 — Digi.com Bhd
2012 — Genting Bhd
2011 — QL Resources Bhd
2010 — Supermax Corp Bhd

VALUE CREATOR: OUTSTANDING CEO OF MALAYSIA

2019 – QL Resources Bhd
Executive chairman
Chia Song Kun

2018 — Dialog Group Bhd
Executive chairman
Tan Sri Ngau Boon Keat

2017 — Westports Holdings Bhd
Executive chairman
Tan Sri G Gnanalingam

2016 — Khazanah Nasional Bhd
Managing director
Tan Sri Azman Mokhtar

2014 — Axiata Group Bhd
President and group CEO
Tan Sri Jamaludin Ibrahim; and
Sunway Group chairman
Tan Sri Jeffrey Cheah

2013 — S P Setia Bhd
President and CEO
Tan Sri Liew Kee Sin; and
Malayan Banking Bhd
President and CEO
Tan Sri Abdul Wahid Omar

2012 — AMMB Holdings Bhd
Chairman
Tan Sri Azman Hashim; and
AirAsia Group CEO
Tan Sri Tony Fernandes

2010 — Public Bank Group
Chairman
Tan Sri Teh Hong Piow; and
CIMB Group CEO
Datuk Seri Nazir Razak

Note: no awards were given in 2011, 2015 and 2020


THE EDGE
BILLION RINGGIT Club
2020

HIGHLIGHTS

- There were 161 BRC members, down from 168 last year. It is the lowest number since 2013.
- The combined market capitalisation of the 161 members of RM1.41 trillion as at end-June 2020 was 8.3% below the RM1.55 trillion at end-March 2019, which was the membership cut-off date.
- This year's members made a collective pre-tax profit of RM107.7 billion in FY2019, up 8.2% from the RM99.5 billion made in FY2018. Last year's 168 members booked RM101.31 billion pre-tax profit in FY2018, down 12.4% from RM115.6 billion in FY2017.
- The collective net profit was RM80.78 billion in FY2019, up 10.6% from RM73.03 billion in FY2018. Last year, the members made RM73.37 billion net profit in FY2018, 13.2% lower than the RM84.5 billion in FY2017.
- Members continued to be major taxpayers, paying an estimated RM26.9 billion for FY2019. This was just above the RM26.04 billion paid in FY2018, though below the RM32.5 billion paid in FY2017. The taxes continued to be more than 40% of the annual company income tax collection estimated by the federal government.
- Nestlé (M) Bhd — *The Edge* BRC Company of the Year in 2016 — is the only company to have stayed on *The Edge* BRC Top 25 list every year since the inception of the awards in 2010.
- Carlsberg Brewery Malaysia Bhd has made it onto the Top 25 list in 10 out of the last 11 years. It didn't make the cut in the first year.
- Digi.Com Bhd — Company of the Year in 2013 — appeared on the Top 25 list nine times. It did not make it in 2019 and this year.
- Dialog Group Bhd has also been on the top 25 list every year, except in 2015, 2016 and 2017.
- Six companies made the Top 25 list six times. They are Aeon Credit Service (M) Bhd, Dutch Lady Milk Industries (M) Bhd (Company of the Year in 2014), Hartalega Holdings Bhd (Company of the Year this year), Syarikat Takaful Malaysia Keluarga Bhd, Top Glove Corp Bhd and Public Bank Bhd.
- Five companies made the Top 25 list five times. They are British American Tobacco (M) Bhd, Guinness Anchor Bhd, Hap Seng Consolidated Bhd, QL Resources Bhd (Company of the Year in 2011) and United Plantations Bhd.
- Eleven companies made the Top 25 list four times. They are AirAsia Bhd, CIMB Group Holdings Bhd, Fraser & Neave Holdings Bhd, Heineken Malaysia Bhd, Kossan Rubber Industries Bhd, KPJ Healthcare Bhd, Kuala Lumpur Kepong Bhd, Malayan Banking Bhd, Malaysia Building Society Bhd, Scientex Bhd and Tenaga Nasional Bhd (Company of the Year in 2015).
- The 11 companies that made the Top 25 list three times include Press Metal Aluminium Holdings Bhd (Company of the Year in 2019), Petronas Dagangan Bhd (Company of the Year in 2018) and Supermax Corp Bhd (Company of the Year in 2010) . The others are Astro Malaysia Holdings Bhd, Cahya Mata Sarawak Bhd, Guan Chong Bhd, Inari Amertron Bhd, Mudajaya Group Bhd, MyEG Services Bhd, Tradewinds (M) Bhd and UEM Edgenta Bhd.
- 25 companies made it onto the Top 25 list twice over the last decade while 48 others made it once.

COMPANIES THAT MADE IT ONTO *THE EDGE* BILLION RINGGIT CLUB TOP 25 LIST AT LEAST ONCE IN THE PAST 11 YEARS

11 TIMES
- Nestlé (M) Bhd

10 TIMES
- Carlsberg Brewery Malaysia Bhd

9 TIMES
- Digi.Com Bhd

8 TIMES
- Dialog Group Bhd

6 TIMES
- Aeon Credit Service (M) Bhd
- Dutch Lady Milk Industries (M) Bhd
- Hartalega Holdings Bhd
- Public Bank Bhd
- Syarikat Takaful Malaysia Keluarga Bhd
- Top Glove Corp Bhd

5 TIMES
- British American Tobacco (M) Bhd
- Guinness Anchor Bhd
- Hap Seng Consolidated Bhd
- QL Resources Bhd
- United Plantation Bhd

4 TIMES
- AirAsia Bhd
- CIMB Group Holdings Bhd
- Fraser & Neave Holdings Bhd
- Heineken Malaysia Bhd
- Kossan Rubber Industries Bhd
- KPJ Healthcare Bhd
- Kuala Lumpur Kepong Bhd
- Malayan Banking Bhd
- Malaysia Building Society Bhd
- Scientex Bhd
- Tenaga Nasional Bhd

THREE TIMES
- Astro Malaysia Holdings Bhd
- Cahya Mata Sarawak Bhd
- Guan Chong Bhd
- Inari Amertron Bhd
- Mudajaya Group Bhd
- MyEG Services Bhd
- Petronas Dagangan Bhd
- Press Metal Aluminium Holdings Bhd
- Supermax Corporation Bhd
- Tradewinds (M) Bhd
- UEM Edgenta Bhd

TWO TIMES
- Allianz Malaysia Bhd
- Apex Healthcare Bhd
- ATA IMS Bhd
- Axiata Group Bhd
- Bursa Malaysia Bhd
- DRB-HICOM Bhd
- Frontken Corp Bhd
- GD Express Carrier Bhd
- Globetronics Technology Bhd
- Hong Leong Capital Bhd
- Kencana Petroleum Bhd
- Kulim (M) Bhd
- LPI Capital Bhd
- Maxis Bhd
- Petronas Chemicals Group Bhd
- Petronas Gas Bhd
- Pharmaniaga Bhd
- Prestariang Bhd
- QSR Brands Bhd
- Sarawak Oil Palms Bhd
- Tan Chong Motor Holdings Bhd
- Telekom Malaysia Bhd
- ViTrox Corp Bhd
- Westports Holdings Bhd
- Yinson Holdings Bhd

ONCE
- Aeon Co (M) Bhd
- Amway (M) Holdings Bhd
- Bermaz Auto Bhd
- BIMB Holdings Bhd
- Boustead Plantations Bhd
- Coastal Contracts Bhd
- Comfort Gloves Bhd
- Dayang Enterprise Holdings Bhd
- DKSH Holdings Malaysia Bhd
- Dufu Technology Corp Bhd
- Duopharma Biotech Bhd
- Eco World Development Group 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
- Lingkaran Trans Kota 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
- Tropicana Corp Bhd
- Uchi Technologies Bhd
- UMW Holdings Bhd
- United Malacca Bhd
- V S Industry Bhd

NOTE:
■ Companies that have been named 'The Edge BRC Company of the Year'

THE EDGE BILLION RINGGIT Club 2020

COMPANY OF THE YEAR

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURN ON EQUITY OVER THREE YEARS

SUPER BIG CAP (ABOVE RM40 BILLION MARKET CAPITALISATION)
HEALTHCARE

Hartalega Holdings Bhd

MAKING PROFITS RESPONSIBLY

BY CINDY YEAP

Kuan Kam Hon, founder and executive chairman of Hartalega Holdings Bhd, could still have made it big if he had stayed at his father's company and continued to build homes around Kuala Lumpur. Malaysia, however, may not have seen the kind of innovation in nitrile gloves had he remained at Kuan Yuen & Sons Co instead of founding Hartalega Sdn Bhd in 1981.

From just a single-line production operation in 1988, Hartalega became the world's largest nitrile glove maker in 2010, a position it still holds. Today, it has a 7,800-strong workforce — which the company fondly calls Hartanians — and more than 110 production lines capable of producing more than 40 billion pieces of gloves a year.

"All this would not have been possible without our deep-rooted commitment to innovation, which has led to the inception of advanced, proprietary manufacturing technologies that are unrivalled to this day. Hartalega's continued technological innovations help ensure that our gloves are manufactured with equal emphasis on efficiency and quality — a key reason we are trusted as the OEM manufacturer for some of the world's biggest brands," says the company.

By 2022, its annual installed capacity will reach 44 billion pieces. Plans are already underway to more than double that capacity to 95.1 billion pieces by 2027, when its multibillion-ringgit, next-generation glove manufacturing complex (NGC) 2.0 is expected to be ready and commissioned.

There is no shortage of demand for gloves, says Hartalega, which expected the global demand for rubber gloves to grow 8% to 10% more than estimated before the Covid-19 pandemic caused heightened hygiene awareness. Demand from developed markets could jump 30% from 2019 while developing markets could double their needs to push global demand for rubber gloves by as much as 120 billion pieces a year, the company estimates.

The Malaysian Rubber Glove Manufacturers Association projects worldwide demand for rubber gloves to rise from 296 billion pieces in 2019 to 330 billion pieces this year owing to the pandemic.

Hartalega is already scouting for land for further expansion, given that it takes nine to 12 months to build a typical glove plant and another four to six months to commission it.

At its recent annual general meeting, the company told shareholders it will work on sustaining earnings growth with its expansion and automation while investing in continued product innovation as well as glove feature enhancements. Unlike some of its peers, Hartalega is not expanding into other products. Instead, its R&D team is focusing on continuous innovation of its products within the glove universe.

According to its website, Hartalega invented the world's first lightweight nitrile glove in 2005, a move that it says "caused a demand shift from latex to nitrile gloves all over the globe". The company was also the first to develop polymer-coated powder-free examination gloves in 1994 and the first to commercially produce high-stress relaxation NBR examination and surgical gloves in 2002. It also launched the world's non-leaching antimicrobial glove in 2018, among other things.

Hartalega's commitment to continuous innovation is paying off in terms of earnings growth. Its net profit has grown at an average of 26.35% a year over the past 15 years, from RM13 million in FY2005 to RM434 million in FY2020. Revenue grew at a compound annual growth rate (CAGR) of 24.4%, from RM110 million in FY2005 to RM2.92 billion in FY2020.

Hartalega has steadily increased its dividend payout over the past decade. From a dividend payout of 33.9% (1.67 sen dividend per share, or DPS) in FY2010, the payout increased to between 40% and 47% from FY2011 to FY2014 before going up to about 50% from FY2015 to FY2017. From FY2018, it began paying out 60% of its earnings as dividends. For FY2020, the 7.75 sen DPS, or a total of RM262 million, was 60.5% of its earnings.

In the first half ended Sept 30, 2020 (1HFY3/2021), the company's net profit of RM764.68 million was 3.9 times the RM197.93 million booked in the previous corresponding period while revenue grew 67.9% year on year to RM2.27 billion from RM1.35 billion. So far, it has declared a dividend of 5.95 sen per share, up from 3.7 sen per share in the same period the year before.

Still, a dividend payout of 60% of just the profit made in the first half of this year would be RM459 million — 1.8 times the RM262 million it paid for the whole of FY2020. According to Bloomberg data, analysts expect Hartalega's net income to come in at RM2.42 billion in FY3/2021 — a 60% payout of that works out to 43.4 sen for each of its 3.36 billion shares. If Bloomberg consensus is right about a 40.5 sen DPS for FY2021, the indicative yield would be 2.8% based on its Dec 7 closing price of RM14.44.

Apart from being named *The Edge* Billion Ringgit Club's (BRC) Company of the Year for 2020, Hartalega's three-year risk-weighted profit after tax CAGR of 20.9% also won it the awards for having the highest growth in profit after tax over three years in the Super Big Cap category (companies with more than RM40 billion in market capitalisation) and the Healthcare sector. It also has the highest three-year adjusted weighted return on equity (ROE) among its peers in the Healthcare sector at 21.4%. That brings its tally to four awards at this year's BRC.

Listed on the Main Board of Bursa Malaysia on April 17, 2008, Hartalega's vision is to be the No 1 glove company that produces and delivers the best and most innovative gloves in the world, and to be recognised as a company that cares for the community and environment. Its mission is "to deliver the best possible protection to people who work with their hands in exposed and challenging environments by providing consistently superior, safer and more convenient gloves in chosen product markets". This applies to frontliners in the Covid-19 battle as well as investors who are placing more emphasis on environmental, social and governance (ESG) standards. The Employees Provident Fund, which had a 5.38% stake in Hartalega as at Dec 3, is among those looking to do more ESG investing.

In Kuan's letter to shareholders, appended in Hartalega's annual report, he counts the glove industry as an integral part of the healthcare sector, with an instrumental role to play in the fight against the pandemic. "Intensified investments in automation, Industry 4.0 and Internet of Things technologies are fundamental to the group as we focus on enhancing efficiency and productivity across all facets of our operations," he says.

At its recent annual general meeting, Hartalega told shareholders that its RM95 million workers' accommodation meets the requirement of the International Labour Organisation and that its social compliance policies are aligned with international benchmarks against child and forced labour as well as workplace discrimination. All of its workers keep their own passports at their personal lockable cabinets in their respective dorms. There is also a grievance and whistle-blower channel handled by third-party auditor Deloitte.

The director-general of the Labour Department was recently reported as saying that Hartalega was exemplary in its provision of accommodation for its workers.

Kuan, 73, who stepped down as managing director in November 2012, continues to play an integral role as executive chairman of the company. On May 18 this year, his son Kuan Mun Leong, 44, was redesignated as CEO while another son, Kuan Mun Keng, 45, was named chief commercial officer.

With a market capitalisation of RM49.5 billion, Hartalega is currently the sixth largest counter on Bursa Malaysia. Its market cap is already up some RM5 billion from the RM44.04 billion as at June 30, the cut-off date for BRC membership this year. If Hartalega continues to walk the talk, investors would have little doubt that their money is in good hands. E

CONGRATULATIONS

to the winners of

THEEDGE BILLION RINGGIT Club 2020 CORPORATE AWARDS

Axis REIT
Carlsberg Brewery Malaysia Bhd
Dayang Enterprise Holdings Bhd
Dialog Group Bhd
Digi.Com Bhd
Dufu Technology Corp. Bhd
Far East Holdings Bhd
Frontken Corporation Bhd
Gas Malaysia Bhd
Guan Chong Bhd
Hartalega Holdings Bhd
IGB REIT
IOI Corporation Bhd
Kerjaya Prospek Group Bhd
Lingkaran Trans Kota Holdings Bhd
Malaysia Airports Holdings Bhd
Malaysia Building Society Bhd
Matrix Concepts Holdings Bhd
Maxis Bhd
Mega First Corporation Bhd
MISC Bhd
My E.G. Services Bhd
Pentamaster Corporation Bhd
Petron Malaysia Refining & Marketing Bhd
Public Bank Bhd
RHB Bank Bhd
Sunway Construction Group Bhd
Supermax Corporation Bhd
Syarikat Takaful Malaysia Keluarga Bhd
TIME dotCom Bhd
Top Glove Corporation Bhd
Uchi Technologies Bhd
UEM Edgenta Bhd
UOA Development Bhd
Widad Group Bhd

Touching Lives

Driven by **Values**

Our values are our foundation. Embodied by the acronym SHIELD, representing Synergy, Honesty, Innovation, Excellence, Learning and Dedication, our core values are inculcated in every Hartanian, to guide them in any and all conduct.

Our Growth **Momentum**

The glove sector is experiencing a structural step-up in demand due to changes in user behaviour and increased hygiene awareness. Amidst this demand which is expected to outstrip supply for several years, we at Hartalega are committed to ensuring that our strategic capacity expansion plans are accelerated in order to keep pace with heightened demand.

Nurturing Malaysia's **Technology Value Chain**

Our commitment to innovation and the drive to constantly surpass our own achievements has led to countless firsts, including the world's first lightweight nitrile glove in 2005. Producing more than 45,000 gloves per hour, we are home to the fastest production lines in the glove industry. With our technological edge and manufacturing prowess, Hartalega also continues to nurture Malaysian innovators, particularly in the fields of engineering and R&D. We remain focused on delivering meaningful and innovative products to meet healthcare needs worldwide.

Cultivating **Talent**

Be it our Competency Development Programme, our Structured On-the-Job Training with over 300 modules or our HartaLearns learning management system software, our employees are always encouraged to reach for the stars when it comes to their career progression. Our Hartanians are able to stand out and future proof themselves as they are given all the tools necessary to continually upskill.

Inclusivity in **Growth**

We have an obligation to ensure that our growth and prosperity is experienced by all employees regardless of position or nationality. In addition to our Ethical Recruitment Policy for our foreign workers implemented in 2019, we have put in place independent grievance resolution mechanisms, ensuring all Hartanians are treated with fairness and respect. Furthermore, while our workers' accommodation is the best in class, we are committed to going further through continual enhancements.

Hartagize

Combining the benefits of emotional and physical wellbeing, our Hartagize programme inculcates a strong sense of camaraderie amongst Hartanians while promoting a healthy lifestyle, employee engagement and the spirit of volunteerism. This includes health and wellness activities encouraging Hartanians to adopt healthier lifestyles, team-building exercises as well as community outreach initiatives.

Yayasan Hartalega

Engage · Empower · Evolve

A dedicated entity for Hartalega's corporate social responsibility initiatives, Yayasan Hartalega was founded with a vision to help the less fortunate and ultimately contribute towards nation-building by cultivating a society that is equitable, harmonious and prosperous. Through this foundation, we undertake various projects focused on the key pillars of Health, Education and Environment, such as educational and youth empowerment programmes, health education for rural areas as well as river cleaning activities.

www.hartalega.com.my

THE EDGE BILLION RINGGIT Club 2020

Members of THE EDGE BILLION RINGGIT CLUB 2020

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT JUNE 30, 2020 (RM MIL)	PRE-TAX PROFIT FY2019 (RM MIL)	NET PROFIT FY2019 (RM MIL)
Aeon Co (M) Bhd	1,418	197	109
Aeon Credit Service (M) Bhd	2,412	472	355
Affin Bank Bhd	3,138	683	488
AirAsia Group Bhd	2,924	-522	-283
Ajinomoto (M) Bhd	1,034	73	57
Al-Aqar Healthcare REIT	1,016	76	63
Alliance Bank Malaysia Bhd	3,375	708	538
Allianz Malaysia Bhd	2,494	692	492
AMMB Holdings Bhd	9,357	2,095	1,505
Apex Healthcare Bhd	1,326	66	53
Astro Malaysia Holdings Bhd	4,328	651	463
ATA IMS Bhd	1,505	152	113
Axiata Group Bhd	32,550	2,872	1,458
Axis REIT	2,971	209	115
Batu Kawan Bhd	5,781	929	363
Berjaya Sports Toto Bhd	2,943	359	194
Bermaz Auto Bhd	1,720	341	264
BIMB Holdings Bhd	6,131	1,205	787
Bintulu Port Holdings Bhd	1,932	179	129
Boustead Holdings Bhd	1,226	-1,336	-1,279
British American Tobacco (M) Bhd	3,078	462	346
Bumi Armada Bhd	1,354	82	59
Bursa Malaysia Bhd	5,886	256	186
Cahya Mata Sarawak Bhd	1,673	248	159
CapitaLand Malaysia Mall Trust	1,634	73	128
Carlsberg Brewery Malaysia Bhd	7,576	382	291
CIMB Group Holdings Bhd	35,326	5,975	4,560
Comfort Gloves Bhd	1,801	35	28
Datasonic Group Bhd	1,860	40	37
Dayang Enterprise Holdings Bhd	1,337	329	231
Dialog Group Bhd	20,284	653	536
Digi.Com Bhd	33,510	1,892	1,433
DRB-HICOM Bhd	3,306	-155.4	479
Dufu Technology Corp Bhd	1,243	54	45
Duopharma Biotech Bhd	1,109	71	55
Dutch Lady Milk Industries Bhd	2,765	138	103
Eco World Development Group Bhd	1,222	266	203
Eco World International Bhd	1,032	190	187
Ekovest Bhd	1,354	226	140
Far East Holdings Bhd	1,425	103	80
FGV Holdings Bhd	3,630	-339	-246
Focus Dynamics Group Bhd	1,738	1	-1.8
Fraser & Neave Holdings Bhd	11,913	533	410
Frontken Corp Bhd	2,651	96	69
G3 Global Bhd	1,119	-15	-16
Gamuda Bhd	9,149	909	706
Gas Malaysia Bhd	3,595	242	190
GD Express Carrier Bhd	2,001	32	32
Genting Bhd	15,787	4,583	1,996
Genting Malaysia Bhd	14,303	1,489	1,395
Genting Plantations Bhd	8,819	185	142
GHL Systems Bhd	1,443	40	29
Globetronics Technology Bhd	1,433	46	45

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT JUNE 30, 2020 (RM MIL)	PRE-TAX PROFIT FY2019 (RM MIL)	NET PROFIT FY2019 (RM MIL)
Greatech Technology Bhd	2,423	58	52
Guan Chong Bhd	2,722	267	218
Hap Seng Consolidated Bhd	21,909	1,477	1,163
Hap Seng Plantations Holdings Bhd	1,200	37	31
Hartalega Holdings Bhd	44,044	551	455
Heineken Malaysia Bhd	6,815	412	313
Hengyuan Refining Company Bhd	1,041	147	35
Hong Leong Bank Bhd	29,380	3,186	2,665
Hong Leong Capital Bhd	2,316	77	68
Hong Leong Financial Group Bhd	15,032	3,506	1,919
Hong Leong Industries Bhd	2,559	501	327
IGB Bhd	2,336	463	209
IGB REIT	6,364	316	342
IHH Healthcare Bhd	48,275	1,043	551
IJM Corp Bhd	6,569	648	419
IJM Plantations Bhd	1,479	-43	-36
Inari Amertron Bhd	5,492	216	192
IOI Corp Bhd	27,198	873	632
IOI Properties Group Bhd	5,396	1,086	661
Keck Seng (M) Bhd	1,333	102	88
Kerjaya Prospek Group Bhd	1,313	186	140
Kim Loong Resources Bhd	1,055	88	52
KLCCP Stapled Group	14,370	1,071	790
Kossan Rubber Industries Bhd	10,884	276	225
KPJ Healthcare Bhd	3,595	275	211
Kretam Holdings Bhd	1,001	-2.28	-0.67
Kuala Lumpur Kepong Bhd	23,942	824	618
Leong Hup International Bhd	2,774	289	151
Lingkaran Trans Kota Holdings Bhd	2,232	315	236
Lotte Chemical Titan Holding Bhd	4,046	503	440
LPI Capital Bhd	5,338	415	322
Magnum Bhd	3,131	343	239
Mah Sing Group Bhd	1,287	270	200
Malakoff Corp Bhd	4,447	480	320
Malayan Banking Bhd	84,423	11,014	8,198
Malayan Cement Bhd (Formerly Lafarge Malaysia Bhd)	2,039	NA	NA
Malaysia Airports Holdings Bhd	9,043	659	537
Malaysia Building Society Bhd	4,162	897	717
Malaysian Pacific Industries Bhd	2,188	190	128
Malaysian Resources Corp Bhd	2,074	53	24
Matrix Concepts Holdings Bhd	1,510	298	218
Maxis Bhd	41,996	2,036	1,519
MBM Resources Bhd	1,266	268	224
Mega First Corp Bhd	2,861	188	154
Mi Technovation Bhd	1,850	60	59
MISC Bhd	34,192	1,512	1,426
MMC Corp Bhd	2,223	522	255
MyEG Services Bhd	4,905	246	242
Nestlé (M) Bhd	32,807	876	673
Oriental Holdings Bhd	3,511	459	353
OSK Holdings Bhd	1,667	471	412
Padini Holdings Bhd	1,638	219	160

CONTINUES NEXT PAGE

THE EDGE BILLION RINGGIT Club 2020

TOP 20
RANKED BY NET PROFIT

2020	2019	CHG	COMPANY	NET PROFIT FY2019 (RM MIL)
1	1	–	Malayan Banking Bhd	8,198
2	2	–	Public Bank Bhd	5,512
3	3	–	CIMB Group Holdings Bhd	4,560
4	5	▲	Tenaga Nasional Bhd	4,529
5	4	▼	Petronas Chemicals Group Bhd	2,811
6	7	▲	Hong Leong Bank Bhd	2,665
7	8	▲	RHB Bank Bhd	2,482
8	15	▲	Genting Bhd	1,996
9	12	▲	Petronas Gas Bhd	1,935
10	11	▲	Hong Leong Financial Group Bhd	1,919
11	13	▲	Maxis Bhd	1,519
12	18	▲	AMMB Holdings Bhd	1,505
13	168	▲	Axiata Group Bhd	1,458
14	14	–	Digi.Com Bhd	1,433
15	16	▲	MISC Bhd	1,426
16	155	▲	Genting Malaysia Bhd	1,395
17	17	–	Hap Seng Consolidated Bhd	1,163
18	19	▲	PPB Group Bhd	1,153
19	10	▼	Sime Darby Bhd	948
20	20	–	Petronas Dagangan Bhd	830

TOP 20
RANKED BY PROFIT BEFORE TAX

2020	2019	CHG	COMPANY	PRE-TAX PROFIT FY2019 (RM MIL)
1	1	–	Malayan Banking Bhd	11,014
2	3	▲	Public Bank Bhd	7,134
3	2	▼	CIMB Group Holdings Bhd	5,975
4	5	▲	Tenaga Nasional Bhd	5,478
5	7	▲	Genting Bhd	4,583
6	6	–	Hong Leong Financial Group Bhd	3,506
7	9	▲	RHB Bank Bhd	3,350
8	8	–	Hong Leong Bank Bhd	3,186
9	4	▼	Petronas Chemicals Group Bhd	3,155
10	168	▲	Axiata Group Bhd	2,872
11	11	–	Petronas Gas Bhd	2,463
12	14	▼	AMMB Holdings Bhd	2,095
13	10	▼	Maxis Bhd	2,036
14	12	▼	Digi.Com Bhd	1,892
15	17	▼	MISC Bhd	1,512
16	155	▲	Genting Malaysia Bhd	1,489
17	15	▼	Hap Seng Consolidated Bhd	1,477
18	26	▲	Sime Darby Bhd	1,291
19	21	▲	PPB Group Bhd	1,272
20	25	▲	BIMB Holdings Bhd	1,205

TOP 20
RANKED BY MARKET CAPITALISATION

2020	2019	CHG	COMPANY	MARKET CAP AS AT JUNE 30, 2020 (RM MIL)
1	1	–	Malayan Banking Bhd	84,423
2	4	▲	Tenaga Nasional Bhd	66,287
3	2	▼	Public Bank Bhd	64,055
4	3	▼	Petronas Chemicals Group Bhd	49,594
5	5	–	IHH Healthcare Bhd	48,275
6	26	▲	Hartalega Holdings Bhd	44,044
7	34	▲	Top Glove Corp Bhd	43,374
8	8	–	Maxis Bhd	41,996
9	6	▼	CIMB Group Holdings Bhd	35,326
10	14	▲	MISC Bhd	34,192
11	12	▲	Sime Darby Plantation Bhd	33,872
12	10	▼	Digi.Com Bhd	33,510
13	11	▼	Petronas Gas Bhd	33,401
14	13	▼	Nestlé (M) Bhd	32,807
15	9	▼	Axiata Group Bhd	32,550
16	7	▼	Hong Leong Bank Bhd	29,380
17	15	▼	IOI Corp Bhd	27,198
18	17	▼	PPB Group Bhd	25,294
19	16	▼	Kuala Lumpur Kepong Bhd	23,942
20	20	–	Hap Seng Consolidated Bhd	21,909

1) The revenue and profit before tax figures are as at June 30, 2020, and may be audited or unaudited, depending on whether the company's annual report had been released.
2) Where there is a change in financial year-end, the revenue and profit before tax figures are annualised.

FROM PREVIOUS PAGE

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT JUNE 30, 2020 (RM MIL)	PRE-TAX PROFIT FY2019 (RM MIL)	NET PROFIT FY2019 (RM MIL)
Panasonic Manufacturing Msia Bhd	1,822	131	106
Pavilion REIT	4,869	263	258
Pentamaster Corp Bhd	2,446	139	83
Petron Malaysia Refining & Marketing Bhd	1,080	239	177
Petronas Chemicals Group Bhd	49,594	3,155	2,811
Petronas Dagangan Bhd	20,465	1,129	830
Petronas Gas Bhd	33,401	2,463	1,935
PPB Group Bhd	25,294	1,272	1,153
Press Metal Aluminium Holdings Bhd	18,293	631	474
Public Bank Bhd	64,055	7,134	5,512
QL Resources Bhd	15,575	272	217
RHB Bank Bhd	19,208	3,350	2,482
Sam Engineering & Equipment (M) Bhd	1,014	95	79
Sapura Energy Bhd	1,518	-2575	208
Sarawak Oil Palms Bhd	1,701	131	89
Scientex Bhd	4,591	451	334
Serba Dinamik Holdings Bhd	5,589	545	497
Shangri-La Hotels (M) Bhd	1,839	91	63
Sime Darby Bhd	14,623	1,291	948
Sime Darby Plantation Bhd	33,872	251	-200
Sime Darby Property Bhd	4,625	666	599
SKP Resources Bhd	1,687	125	97
S P Setia Bhd	3,416	598	344
Sunway Bhd	6,715	915	767
Sunway Construction Group Bhd	2,424	157	129
Sunway REIT	4,771	386	286
Supermax Corp Bhd	10,331	172	123
Syarikat Takaful Malaysia Keluarga Bhd	3,679	418	365

COMPANY (IN ALPHABETICAL ORDER)	MARKET CAP AS AT JUNE 30, 2020 (RM MIL)	PRE-TAX PROFIT FY2019 (RM MIL)	NET PROFIT FY2019 (RM MIL)
Ta Ann Holdings Bhd	1,035	102	54
TA Global Bhd	1,277	156	124
Taliworks Corp Bhd	1,693	110	76
Telekom Malaysia Bhd	15,628	925	633
Tenaga Nasional Bhd	66,287	5,478	4,529
Time dotCom Bhd	6,558	328	314
Top Glove Corp Bhd	43,374	424	365
Tropicana Corp Bhd	1,254	367	321
TSH Resources Bhd	1,159	74	44
Uchi Technologies Bhd	1,154	79	76
UEM Edgenta Bhd	1,613	245	182
UEM Sunrise Bhd	1,974	385	224
UMW Holdings Bhd	2,979	755	454
Unisem (M) Bhd	1,491	14	-9.54
United Plantations Bhd	5,527	358	283
UOA Development Bhd	3,637	510	399
UWC Bhd	2,019	46	36
VS Industry Bhd	1,799	182	165
Velesto Energy Bhd	1,191	42	33
Vitrox Corp Bhd	4,306	81	80
Westports Holdings Bhd	12,958	774	591
Widad Group Bhd	1,178	31	12
Yinson Holdings Bhd	6,288	344	235
YNH Property Bhd	1,460	60	41
YTL Corp Bhd	8,839	1,037	243
YTL Hospitality REIT	1,790	105	134
YTL Power International Bhd	5,142	753	477
7-Eleven Malaysia Holdings Bhd	1,553	77	54

How the TOP 3 performed

SUPER BIG CAP
With more than RM40 billion market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Maxis Bhd	25.8
2	Hartalega Holdings Bhd	21.4
3	Top Glove Corp Bhd	16.6

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Hartalega Holdings Bhd	20.9
2	Malayan Banking Bhd	6.7
3	Public Bank Bhd	1.9

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Top Glove Corp Bhd	81.2
2	Hartalega Holdings Bhd	54.8
3	Maxis Bhd	2.5

BIG CAP
With RM10 billion to RM40 billion market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Digi.Com Bhd	242.0
2	Nestlé (M) Bhd	101.7
3	Westports Holdings Bhd	24.4

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Dialog Group Bhd	22.0
2	RHB Bank Bhd	13.9
3	Hong Leong Financial Group Bhd	12.2

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Supermax Corp Bhd	106.8
2	Kossan Rubber Industries Bhd	40.6
3	QL Resources Bhd	37.3

Construction

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Sunway Construction Group Bhd	23.4
2	Kerjaya Prospek Group Bhd	14.4
3	Gamuda Bhd	8.3

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Kerjaya Prospek Group Bhd	9.0
2	Gamuda Bhd	3.1
3	Sunway Construction Group Bhd	1.2

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Widad Group Bhd	8.6
2	Sunway Construction Group Bhd	1.5

Consumer Products & Services

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Carlsberg Brewery Malaysia Bhd	141.4
2	Nestlé (M) Bhd	101.7
3	British American Tobacco (M) Bhd	97.4

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Guan Chong Bhd	15.0
2	Carlsberg Brewery Malaysia Bhd	12.4
3	Oriental Holdings Bhd	6.4

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Focus Dynamics Group Bhd	81.1
2	Guan Chong Bhd	73.0
3	G3 Global Bhd	65.9

Energy

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Petron Malaysia Refining & Marketing Bhd	15.4
2	Dialog Group Bhd	14.7
3	Yinson Holdings Bhd	12.8

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Dialog Group Bhd	22.0
2	Yinson Holdings Bhd	0.9

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Dayang Enterprise Holdings Bhd	25.7
2	Dialog Group Bhd	25.1
3	Serba Dinamik Holdings Bhd	24.4

Financial Services
RM10 billion and above market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Public Bank Bhd	13.9
2	Hong Leong Bank Bhd	10.8
3	Malayan Banking Bhd	10.6

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	RHB Bank Bhd	17.3
2	Hong Leong Financial Group Bhd	15.2
3	Hong Leong Bank Bhd	14.8

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	RHB Bank Bhd	2.4

Financial Services
Below RM10 billion market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Syarikat Takaful Malaysia Keluarga Bhd	31.7
2	Aeon Credit Service (M) Bhd	24.7
3	Bursa Malaysia Bhd	24.3

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Malaysia Building Society Bhd	30.0
2	Syarikat Takaful Malaysia Keluarga Bhd	27.4
3	Aeon Credit Service (M) Bhd	15.8

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Syarikat Takaful Malaysia Keluarga Bhd	6.3
2	Allianz Malaysia Bhd	5.8
3	Bursa Malaysia Bhd	5.7


Nothing pushes us ahead more than your progress.
The path to where we are today is not one that can be paved by our strength alone.
Without the millions of you who have trusted us to bring progress to your lives each day, the milestones that we have reached in this unprecedented year of challenges would have been impossible. So here's to you, and may we continue to progress further together into the next optimistic chapter.
Thank you, Malaysia.
Together We Progress
RHB
RHB Bank Berhad 196501000373 (6171-M)

THE EDGE BILLION RINGGIT Club 2020

How the TOP 3 performed

Healthcare

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Hartalega Holdings Bhd	21.4
2	Top Glove Corp Bhd	16.6
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	20.9
2	Duopharma Biotech Bhd	13.6
3	KPJ Healthcare Bhd	12.3

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Supermax Corp Bhd	106.8
2	Top Glove Corp Bhd	81.2
3	Hartalega Holdings Bhd	54.8

Industrial Products & Services

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Uchi Technologies Bhd	40.7
2	ATA IMS Bhd	31.6
3	Dufu Technology Corp Bhd	25.2

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	UEM Edgenta Bhd	18.0
2	ATA IMS Bhd	15.0
3	V.S Industry Bhd	11.9

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Dufu Technology Corp Bhd	81.4
2	Comfort Gloves Bhd	52.6
3	Uchi Technologies Bhd	21.5

Plantation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	IOI Corp Bhd	16.5
2	United Plantations Bhd	13.1
3	Kim Loong Resources Bhd	9.7

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	IOI Corp Bhd	0.1

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Far East Holdings Bhd	6.0
2	United Plantations Bhd	3.8
3	IOI Corp Bhd	2.0

Property
RM3 billion and above market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	UOA Development Bhd	9.1
2	SP Setia Bhd	4.5
3	IOI Properties Group Bhd	4.1

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
NA		

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
NA		

Property
Below RM3 billion market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Matrix Concepts Holdings Bhd	18.2
2	OSK Holdings Bhd	8.4
3	Mah Sing Group Bhd	7.4

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Tropicana Corp Bhd	30.0
2	OSK Holdings Bhd	14.8
3	Eco World Development Group Bhd	9.8

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	YNH Property Bhd	23.7
2	Tropicana Corp Bhd	0.4
3	Matrix Concepts Holdings Bhd	0.2

Real Estate Investment Trust

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	IGB REIT	9.1
2	Al-Aqar Healthcare REIT	6.6
3	Sunway REIT	6.5

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Axis-REIT	6.4
2	IGB REIT	2.6
3	Sunway REIT	2.0

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Axis REIT	15.3
2	IGB REIT	7.8
3	KLCCP Stapled Group	4.9

Technology

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	MyEG Services Bhd	32.9
2	Vitrox Corp Bhd	23.0
3	Inari Amertron Bhd	22.4

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Frontken Corp Bhd	15.0
1	Pentamaster Corp Bhd	15.0
3	MyEG Services Bhd	11.6

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Frontken Corp Bhd	106.3
2	Pentamaster Corp Bhd	64.5
3	Vitrox Corp Bhd	32.3

Telecommunications & Media

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Digi.Com Bhd	242.0
2	Astro Malaysia Holdings Bhd	94.0
3	Maxis Bhd	25.8

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
NA		

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Time dotCom Bhd	6.7
2	Maxis Bhd	2.5

Transportation & Logistics

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Lingkaran Trans Kota Holdings Bhd	29.1
2	Westports Holdings Bhd	24.4
3	Bintulu Port Holdings Bhd	11.1

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Malaysia Airports Holdings Bhd	12.0
2	Lingkaran Trans Kota Holdings Bhd	10.7

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	MISC Bhd	5.5
2	Westports Holdings Bhd	5.3

Utilities

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS (%)
1	Gas Malaysia Bhd	17.7
2	Petronas Gas Bhd	14.6
3	Mega First Corp Bhd	10.6

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR (%)
1	Mega First Corp Bhd	8.4
2	Petronas Gas Bhd	4.5
3	Gas Malaysia Bhd	2.9

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS (%)
1	Mega First Corp Bhd	17.7
2	Taliworks Corp Bhd	6.1
3	Gas Malaysia Bhd	2.8

Responsible and Sustainable Commercial Success

Driven by the spirit of excellence and growth since 1982, IOI Corporation Berhad (IOI) has become a leading palm oil producer with an integrated business model that delivers the best in its plantation, refining, oleochemical, and specialty oils and fats businesses.

Guided by its vision to be a leading and sustainable Malaysian business corporation with global presence, IOI is embarking on its mission to achieve responsible and sustainable commercial success by addressing the interests of all stakeholders, caring for the community and the environment, and adopting best practices to be globally competitive.

IOI GROUP

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Website: www.ioigroup.com

THE EDGE BILLION RINGGIT *Club*

THE BEST OF CORPORATE MALAYSIA

The awards were presented by The Edge Media Group publisher and group CEO, Datuk Ho Kay Tat; *The Edge* editor-in-chief, Azam Aris; and The Edge Media Group chairman, Datuk Tong Kooi Ong. Joining them in presenting the awards were OCBC Bank Malaysia CEO, Datuk Ong Eng Bin; Mercedes-Benz Malaysia president and CEO, Dr Claus Weidner; and *The Edge* executive editor, Kathy Fong.

COMPANY OF THE YEAR – Hartalega Holdings Bhd
(Kuan Kam Hon, executive chairman; Kuan Mun Leong, CEO;
Kuan Mun Keng, chief commercial officer and executive director, and Loh Kean Wooi, chief finanial officer)

SUPER BIG CAP COMPANIES – Highest Growth in Profit After Tax Over Three Years
Hartalega Holdings Bhd (Kuan Mun Leong, CEO)

SUPER BIG CAP COMPANIES –
Highest Returns to Shareholders Over Three Years
Top Glove Corp Bhd

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

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

BIG CAP COMPANIES –
Highest Return on Equity Over Three Years
Digi.Com Bhd

BIG CAP COMPANIES – Highest Returns to Shareholders Over Three Years
Supermax Corp Bhd (Denis Low, director of sales & marketing,
and Andrew Lim, senior manager of corporate affairs & investor communications)

CONSTRUCTION – Highest Growth in Profit After Tax 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, and Chung Soo Kiong, group managing director)

CONSTRUCTION – Highest Returns to Shareholders Over Three Years
Widad Group Bhd (Datuk Dr Mohd Rizal Mohd Jaafar, managing director)

CONSUMER PRODUCTS & SERVICES –
Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Guan Chong Bhd

CONSUMER PRODUCTS & SERVICES – Highest Return on Equity Over Three Years
Carlsberg Brewery Malaysia Bhd (Stefano Clini, managing director, and Pearl Lai, corporate affairs director)

ENERGY – Highest Return on Equity Over Three Years
Petron Malaysia Refining & Marketing Bhd

ENERGY – Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Dialog Group Bhd (Zainab Mod Salleh, group chief financial officer; Tan Sri Dr Ngau Boon Keat, executive chairman; and Chew Eng Kar, senior managing director of group corporate)

ENERGY – Highest Returns to Shareholders Over Three Years
Dayang Enterprise Holdings Bhd (Alias Mat Lazin, general manager, and Zaim Husni Omar, head of corporate affairs)

FINANCIAL SERVICES (below RM10 billion market cap) –
Highest Growth in Profit After Tax Over Three Years
Malaysia Building Society Bhd

FINANCIAL SERVICES (below RM10 billion market cap) –
Highest Return on Equity Over Three Years and Highest Returns to Shareholders Over Three Years
Syarikat Takaful Malaysia Keluarga Bhd (Mohamed Sabri Ramli, CEO of Syarikat Takaful Malaysia Am Bhd)

FINANCIAL SERVICES (RM10 billion and above market cap) –
Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
RHB Bank Bhd (Datuk Khairussaleh Ramli, group managing director & group CEO)

THE EDGE BILLION RINGGIT Club

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

HEALTHCARE – Highest Growth in Profit After Tax Over Three Years
Hartalega Holdings Bhd (Kuan Mun Leong, CEO)

HEALTHCARE – Highest Return on Equity Over Three Years
Hartalega Holdings Bhd
(Kuan Mun Keng, chief commercial officer and executive director)

HEALTHCARE – Highest Returns to Shareholders Over Three Years
Supermax Corp Bhd (Denis Low, director of sales & marketing,
and Andrew Lim, senior manager of corporate affairs & investor communications)

INDUSTRIAL PRODUCTS & SERVICES – Highest Growth in Profit After Tax Over Three Years
UEM Edgenta Bhd (Mohd Hafiz Mohd Noor, head of corporate communications,
and Aldrich Tan, deputy senior manager of corporate strategy & planning)

INDUSTRIAL PRODUCTS & SERVICES – Highest Return on Equity Over Three Years
Uchi Technologies Bhd (Chin Yau Meng, managing director)

INDUSTRIAL PRODUCTS & SERVICES –
Highest Returns to Shareholders Over Three Years
Dufu Technology Corp Bhd (Li Hui Ta, executive chairman,
and Yeoh Beng Hooi, CEO)

PLANTATION – Highest Growth in Profit After Tax Over Three Years and
Highest Return on Equity Over Three Years
IOI Corp Bhd (Datuk Lee Yeow Chor, group managing director &
chief executive, and Sudhakaran Nottath Bhaskaran, plantation director)

PLANTATION – Highest Returns to Shareholders Over Three Years
Far East Holdings Bhd (Datuk Asmin Yahya, chief operating officer & director)

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

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

REIT – Highest Growth in Profit After Tax Over Three Years and
Highest Returns to Shareholders Over Three Years
Axis REIT (Leong Kit May, CEO & executive director)

REIT – Highest Return on Equity Over Three Years
IGB REIT (Datuk Seri Robert Tan, managing director)

TECHNOLOGY – Highest Growth in Profit After Tax Over Three Years and
Highest Returns to Shareholders Over Three Years
Frontken Corp Bhd (Nicholas Ng, chairman & CEO)

TECHNOLOGY – Highest Growth in Profit After Tax Over Three Years
Pentamaster Corp Bhd (Leng Kean Yong, non-independent
non-executive director, and Julia Gan, chief financial officer)

TECHNOLOGY – Highest Return on Equity Over Three Years
My E.G. Services Bhd (Prof. Datuk Raja Haji Munir Shah Raja Mustapha,
executive director, and Cheryl Lee, head of marketing)

TELECOMMUNICATIONS & MEDIA –
Highest Return on Equity Over Three Years
Digi.Com Bhd

TELECOMMUNICATIONS & MEDIA –
Highest Returns to Shareholders Over Three Years
TIME dotCom Bhd

TRANSPORTATION & LOGISTICS –
Highest Growth in Profit After Tax Over Three Years
Malaysia Airports Holdings Bhd (Datuk Mohd Shukrie Mohd Salleh, group CEO,
and Mohamed Rastam Shahrom, group chief financial officer)

TRANSPORTATION & LOGISTICS –
Highest Return on Equity Over Three Years
Lingkaran Trans Kota Holdings Bhd

TRANSPORTATION & LOGISTICS –
Highest Returns to Shareholders Over Three Years
MISC Bhd

UTILITIES – Highest Growth in Profit After Tax Over Three Years and
Highest Returns to Shareholders Over Three Years
Mega First Corp Bhd (Goh Nan Kioh, executive chairman,
and Goh Mei Sze, executive director)

UTILITIES – Highest Return on Equity Over Three Years
Gas Malaysia Bhd (Ahmad Hashimi Abdul Manap, group CEO,
and Kamarul Ariffin Ibrahim, head of corporate affairs)

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

SUPER BIG CAP (ABOVE RM40 BILLION MARKET CAPITALISATION)

Top Glove Corp Bhd

ANALYSTS STILL POSITIVE ON PROSPECTS DESPITE VACCINE DEVELOPMENT

BY LEE WENG KHUEN

Top Glove Corp Bhd, the world's largest rubber glove maker, has had a powerful rally in the first half of 2020 and outshone its super big-cap peers in terms of its share price performance.

The company's share price skyrocketed to RM5.186 (adjusted price after bonus issue in 2020) on June 30, 2020, from 89.6 sen on June 30, 2017. This translated into a total return of 81.2% for the three years, giving Top Glove *The Edge* Billion Ringgit Club award for the highest returns to shareholders among companies with a market capitalisation of more than RM40 billion.

The share price rally continued to gain momentum until news of success in vaccine development started to emerge in August. More recently, problems at its workers' dormitories and high Covid-19 infection among its workers made headlines. For a brief period, Top Glove had the second highest market capitalisation on Bursa Malaysia at RM72.17 billion on Oct 9. The main fuel for the share price rally was the anticipation of exponential earnings growth over the next two years.

The majority of analysts who track the glove manufacturer have a "buy" recommendation, according to Bloomberg. The average target price is RM9.77, with the highest at RM15.45 and the lowest at RM5.40.

Top Glove reported its highest ever net profit of RM1.87 billion in FY2020 ended Aug 31 — a fivefold jump from RM364.68 million in FY2019. This was on the back of a 50.7% increase in revenue to RM7.24 billion from RM4.8 billion.

Given the good financial performance, Top Glove declared a higher dividend of 11.8 sen per share for FY2020, amounting to a total payout of about RM961.2 million, compared with 7.5 sen in FY2019.

The company estimates that glove demand will grow at 20% per annum in 2020, 25% in 2021 and 15% post-Covid-19. Its monthly order book has seen a significant growth of about 150% from pre-Covid days while lead time (delivery) has gone up from about 40 days to as high as about 400 days currently.

Factory F41 — the group's first factory in Vietnam — commenced operations in early November. The initial production capacity is about 2.4 billion pieces of gloves from its 10 production lines.

Overall, Top Glove has earmarked RM8 billion for capital expenditure (capex) over the next six years, from FY2021 to FY2026, which will provide it with an additional capacity of 100 billion pieces of gloves. The capex will be invested in new capacity, the enhancement of existing manufacturing facilities, a gamma sterilisation plant, land bank for future expansion, Industry 4.0 digitalisation and improvements to workers' facilities.

Analysts remain positive on Top Glove's prospects despite the race for vaccine development intensifying. HLIB Research foresees a promising and stronger FY2021 for the company, driven by higher demand and average selling prices, coupled with more spot orders, which are currently higher at 30% of capacity.

Meanwhile, MIDF Research says Top Glove's product mix has enabled it to fulfil the different requirements from its various customers. "Due to the limited supply of NBR (nitrile butadiene) and long lead time for nitrile gloves [the nitrile glove spot order has been fully taken up for the next three months], some customers have decided to switch to powder-free natural rubber gloves as well as TPE (thermoplastic elastomer) gloves," it adds.

Top Glove, which is listed in Malaysia and Singapore, is evaluating a dual primary listing on the Hong Kong stock exchange. It says more details on the proposed listing will be made available in due course. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

SUPER BIG CAP (ABOVE RM40 BILLION MARKET CAPITALISATION)

Maxis Bhd

DECENT RETURNS FROM STRONG CASH FLOW

BY CINDY YEAP

Maxis Bhd's move to start setting aside RM1 billion for what it calls "growth capex" some two years back to reach enterprise customers proved prescient this year as the world went through various degrees of lockdown to counter the Covid-19 pandemic. The pandemic means that businesses have little choice but to be digitally ready and it is by catering to the burgeoning demand in this area that Maxis sees itself transforming from a consumer- and mobile-centric player into the country's leading converged communications and digital services company.

As it turns out, its growth strategy is in line with the government's desire to speed up the digitisation of businesses, especially small and medium enterprises, to drive the development of the digital economy to boost the nation's economic growth.

In a way, Maxis has little choice but to set its sights beyond individuals to digitally connect companies, homes, the government and even things, as everyone who wants a mobile phone already owns at least one. It has set itself an ambitious service revenue target of RM10 billion by 2023, a target that is made even tougher this year because of Covid-19. Headline revenue for the nine months ended Sept 30, 2020 of RM6.71 billion was 0.27% below the RM6.72 billion booked in the same period last year. Net profit for the same period of RM1.07 billion was about 8.4% lower year on year.

Yet, if its bet pays off, the potential growth in new areas like cloud computing and managed services stands to bring in sizeable new revenue streams for Maxis and its technology partners. Some of its investments for growth may well take away cash that would otherwise go towards rewarding shareholders but Maxis CEO Gokhan Ogut has said that any additional capex essentially enhances Maxis ability to sustain decent dividend payments for years to come.

Yield-seeking investors would know that Maxis has been paying dividends every quarter for the past decade, although the absolute payout had halved to about RM1.5 billion a year between FY2015 and FY2019 from RM3 billion a year from FY2010 to FY2014.

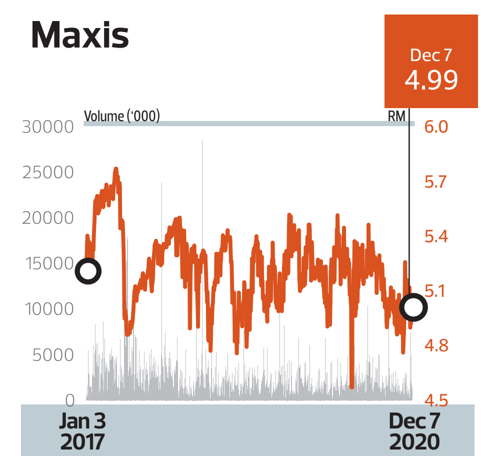
Maxis is still paying dividends every quarter but the quantum has been lowered to four sen per share in the first three quarters of FY2020, from five sen per share per quarter in the first three quarters of FY2019, to conserve cash during the pandemic. That puts the total dividend per share (DPS) for the first nine months of the year at 12 sen per share compared with 15 sen in the same period last year.

At the time of writing, at least nine analysts polled on Bloomberg expect Maxis to continue paying a dividend of only four sen in the fourth quarter, to bring the total dividend for FY2020 to 16 sen. Analysts from Hong Leong Investment Bank Bhd and Public Investment Bank Bhd reckon Maxis could pay 17 sen, Affin Hwang Investment Bank and TA Securities say 18 sen while AmInvestment Bank is the most bullish at 19 sen, according to Bloomberg data at the time of writing. For now, most of them are forecasting a dividend per share of between 18 and 20 sen for FY2021, the data shows.

A 16 sen DPS works out to a 3.2% yield at its RM4.99 close on Dec 7 but the yield would range between 3.4% and 4% if the more bullish analysts are right about a higher dividend in the fourth quarter of 17 to 20 sen.

Even though Maxis was no longer among the Employees Provident Fund's top 30 holdings as at Sept 30, 2020, the provident fund still had an 11.63% stake in Maxis as at Nov 30 this year and is the second-largest shareholder after billionaire Ananda Krishnan.

Analysts polled on Bloomberg reckon, however, that its share price is no longer cheap, even though its dividend yield remains decent. There were 15 "hold" recommendations on Maxis compared with nine "sell" recommendations and only two "buy" calls from Credit Suisse and Macquarie, with the target prices of RM6.45 and RM5.82, respectively. The most bearish target price of RM4 probably also reflects a floor of sorts, given that a dividend of 16 sen would reflect a 4% yield at that price.



Whether or not conditions will deteriorate further before they improve or Maxis will demonstrate confidence with better dividends as early as the fourth quarter, its dividend payments have made Maxis the winner of *The Edge* Billion Ringgit Club's highest return on equity (ROE) over three years (FY2016-FY2019) award among Super Big Cap stocks or companies with RM40 billion market capitalisation and above.

Maxis has been the winner in this category every year since its inception in 2016. E

THE EDGE BILLION RINGGIT Club 2020

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

BIG CAP (RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION)
ENERGY

Dialog Group Bhd

TANK TERMINALS PAY OFF

BY JOSE BARROCK

Almost all oil and gas equity analysts view Dialog Group Bhd in a positive light. And the optimism is understandable, considering that it has grown from a company with a market capitalisation of RM55 million at the time of its floatation exercise in 1996, to its current level exceeding RM20 billion.

The catalyst for growth at Dialog came after it forked out RM700 million to build, own and operate its tank terminals facility in Tanjung Langsat, Johor, in 2007. From there, in 2009, Dialog moved on to develop Pengerang Deepwater Terminals, which commenced operations in 2015.

In a nutshell, the group's terminals serve as tank facilities for the handling, storage, blending and distribution of petroleum products for oil majors and traders.

Tanjung Langsat has three terminals with a capacity of around 765,000 cubic metres (cbm), with the total volume likely to reach one million cbm.

Pengerang Deepwater Terminals, meanwhile, spans 1,200 acres and has two operating jetties with an additional three in the pipeline. It is making a mark with its 24m deep berths, enabling it to handle the largest of vessels — be they very large crude carriers (VLCC), ultra large crude carriers (ULCC) and liquefied natural gas (LNG) vessels up to Q-Max size, which are about 350m in length.

The second phase of this development — Pengerang Terminals (Two) Sdn Bhd — is a dedicated industrial terminal with about two million cbm in storage capacity for crude, refined petroleum and petrochemical products. Equipped with a deepwater jetty facility, it also has LNG regasification facilities and storage tanks, among others.

Dialog also roped in the right partners to help with some of the infrastructure. Pengerang Independent Terminals Sdn Bhd, for instance, is a joint venture between Dialog, which has a 46% stake, Royal Vopak with 44%, and the Johor state government with the remaining 10%. Vopak is a huge independent provider of storage facilities for bulk liquids and gases.

With its tank terminal business, Dialog has transformed into a major oil and gas player, with strong earnings and good prospects.

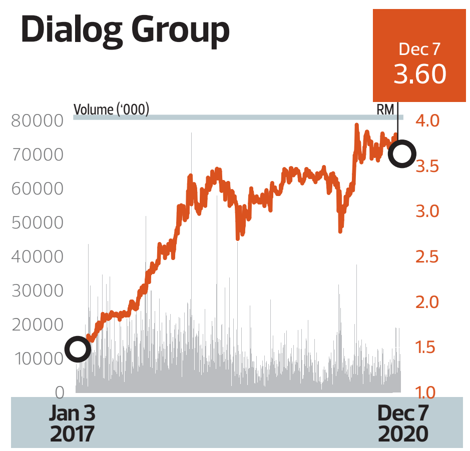
For its first quarter ended September 2020, the company registered a net profit of RM146.62 million from RM331.66 million in sales. In contrast to the corresponding period a year ago, net profit declined by 10.94% while revenue tumbled 48.64%.

Dialog explains that the lower net profit for the first three months of the year was a result of the company booking a RM28.5 million non-cash fair value gain. It adds that for the first quarter of the financial year ended Sept 30, the group achieved a 5.3% increase in its net operating profit after tax of RM148.1 million, against RM140.6 million registered in the corresponding quarter last year.

Dialog attributes the lower revenue to slower downstream activities.

On its prospects, the group is confident that "its business model is well structured to manage and sustain itself through periods of economic uncertainty, oil price volatility and currency movements ... Overall, the economic environment is expected to remain extremely challenging in the short to medium term".

Dialog's balance sheet strength is also commendable. As at end-September this year, it had cash and cash equivalents of RM1.05 billion, while on the other side of the balance sheet, it had long-term borrowings of RM1.53 billion and short-term debt commitments of RM405.53 million. This works out to net debt of RM885 million and net gearing of 0.2 times.



Meanwhile, its accumulated reserves stood at RM2.59 billion.

From June 2016 to June 2019, Dialog's stock gained about 120%. Over the past three years from 2016 to 2019, the group has paid out 40% of its net profits as dividends. It paid out 2.65 sen a share in dividends in FY2017, 3.2 sen per share in FY2018 and 3.8 sen per share in FY2019.

Dialog has bagged the award for highest growth in profit after tax over three years, with a risk-weighted three-year profit after tax compound annual growth rate of 22%. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

BIG CAP (RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION)
TELECOMMUNICATIONS & MEDIA

Digi.Com Bhd

STILL GENERATING DECENT RETURNS

BY CINDY YEAP

Intense competition among telecommunications operators is showing in their bottom lines globally but early investors of Digi.Com Bhd are still getting decent total returns despite its share price being off its peak in 2015.

Its consistent dividend payments made Digi the winner of *The Edge* Billion Ringgit Club's (BRC) award for highest return on equity (ROE) over three years (FY2016 to FY2019) among big-cap stocks or companies with RM10 billion to RM40 billion market capitalisation. Digi has won in this category every year since it was introduced in 2016.

While its ROE had eased to 215% in 2019 from 258.5% in 2018 and 284.5% in 2017, Digi's adjusted weighted ROE over three years was 242%, ahead of Nestlé (M) Bhd's 101.7% and Westports Holdings Bhd's 24.4%.

Among *The Edge* BRC members in the telecommunications and media sector, Digi's adjusted weighted ROE over three years of 242% was more than double the runner-up Astro Malaysia Holdings Bhd's 94% and Maxis Bhd's 25.8%, according to the BRC methodology.

Its quarterly dividend payments no doubt helped put Digi among the Employees Provident Fund's top 30 holdings as at Sept 30, 2020. In just over two months, the provident fund had increased its stake of 14.74% to 14.82% as at Dec 3, according to stock exchange filings at the time of writing.

Dividend yield remains decent, especially in the current low-yield environment, but most analysts reckon that its share price is no longer cheap. There were 13 "hold" recommendations compared with seven "sell" and four "buy" calls, according to Bloomberg data at the time of writing.

Interestingly, Nomura, which has the highest target price of RM4.87, has a "neutral" recommendation while analysts from Public Investment Bank and JF Apex Securities, who both have a "buy" call, reckon Digi should be worth RM4.75.

According to Bloomberg consensus data, analysts expect dividend per share (DPS) to rise from 16.3 sen in FY2020 to 17.1 sen in FY2021 and 17.6 sen in FY2022. That implies a yield of 3.92% to 4.23% at its RM4.16 close on Dec 7.

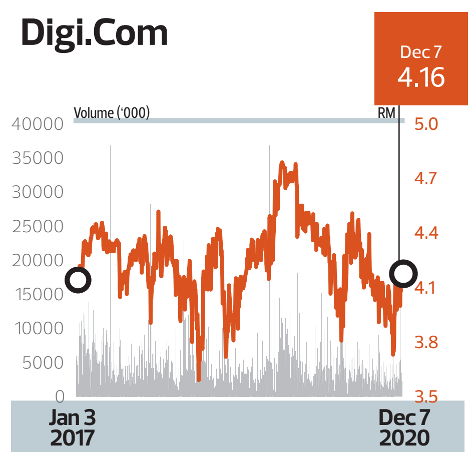
Conserving cash amid the uncertainties surrounding Covid-19 was the company's strategy, and DPS for the first nine months of this year totalled 12 sen (4.2 sen in 1Q, 3.7 sen in 2Q and 4.1 sen in 3Q) compared with 13.8 sen (4.3 sen in 1Q, 5 sen in 2Q and 4.5 sen in 3Q) in the same period last year.

Investors are no doubt looking out for signs of improved earnings, with Digi intensifying efforts to win over higher-quality subscribers as well as grow its business-to-business solutions in line with the government's digitisation push.

In the nine months ended Sept 30, 2020 (9MFY2020), Digi's net profit was 13.7% lower year on year at RM940.79 million compared with RM1.09 billion in the same period last year, even as headline revenue slipped 5.9% to RM4.59 billion from RM4.62 billion.

It may not be out of the woods yet in dealing with the challenges arising from the Covid-19 pandemic. In notes accompanying its third-quarter earnings release, Digi said "the industry continues to face unmatched headwinds due to the third wave of Covid-19 in Malaysia and its uncertain effects on the economy" and guided that service revenue (down 3.1% y-o-y in 9MFY2020) would see "low-to-medium single-digit percentage decline" for the full year while earnings before interest, tax, depreciation and amortisation (Ebitda) — down 7% in 9MFY2020 — could see a "medium-to-high single-digit percentage decline".

Nevertheless, Digi has committed to "sustain industry-leading levels of efficiency alongside [its] responsible business promise" by accelerat-



ing growth efforts through targeted offerings of connectivity services, to enhance network and IT modernisation initiatives to secure reliable and consistent service quality as well as to optimise its cost structure and cash management to secure resilient cash flow.

Beyond operations, investors are no doubt keeping watch for signs of other potential collaborations that could significantly lower costs and free up more cash for investment in new growth areas as well as dividend payments. Recall that the mega merger between Axiata Group Bhd and Telenor Asia — which would have combined Digi and rival Celcom Axiata Bhd into an entity larger than Maxis — was called off in September 2019. Even if a full-fledged merger doesn't happen, something that significantly reduces network duplication and results in significant cash savings would no doubt be music to investors' ears. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSTRUCTION

Kerjaya Prospek Group Bhd

RECORD-BREAKING EARNINGS IN THREE CONSECUTIVE YEARS

BY JUSTIN LIM

Kerjaya Prospek Group Bhd broke its profit record in the financial year ended Dec 31, 2019 (FY2019). The construction outfit's profit after tax (PAT) reached a new high of RM140.14 million in FY2019 thanks to new job wins of RM1.3 billion.

In fact, Kerjaya Prospek has been setting new profit records over the past three-year period in review from FY2017 to FY2019, and the years before, against the backdrop of a dwindling number of public projects and the slowdown in the property sector.

The company posted a PAT of RM138.42 million in FY2018 and RM124.47 million in FY2017.

Kerjaya Prospek's three-year compound annual growth rate of 9% in PAT led to its winning *The Edge* Billion Ringgit Club's (BRC) highest growth in PAT award in the construction sector.

The company's revenue has been above the one billion level for two consecutive years. Its FY2018 and FY2019 revenues were RM1.07 billion and RM1.06 billion respectively, while FY2017 revenue was RM955.67 billion.

Kerjaya Prospek is not new to taking home *The Edge* BRC award. This is the second straight year the group has won under the category of highest growth in PAT over three years for the construction sector, which highlights the group's ability to perform consistently despite the challenging environment faced by the industry.

During the company's results briefing for the fourth quarter and full year ended Dec 31, 2019 (FY2019) in February, its executive chairman Datuk Tee Eng Ho said Kerjaya Prospek expected to register another record profit this year on the back of improved job prospects.

Tee said the company is targeting to secure RM1.5 billion worth of jobs for FY2020 ending Dec 31, which is more than that in FY2019.

Contract wins, as at Sept 14 this year, amounted to about RM1.35 billion or 90% of its target for FY2020. For FY2019, the group secured an order book of RM1.3 billion. Kerjaya Prospek's outstanding order book stands at RM3.7 billion.

It is worth noting that the company has a strong balance sheet with net cash. As at end-June, it had fixed deposits and investment funds amounting to RM180.3 million while its cash and bank balances were RM27.59 million. It has zero long-term debts and short-term debt obligations of RM23 million.

Nonetheless, the Covid-19 pandemic has posed some challenges to the company.

For 1HFY2020, the group's PAT more than halved to RM32.39 million, against RM70.91 million in the previous corresponding period, while its cumulative revenue decreased 35% to RM339.94 million from RM523.54 million with the completion of some projects.

The earnings contraction was attributed to the halt of construction activities owing to the movement restrictions imposed by the government to curb the spread of Covid-19.

The company resumed operations gradually from May and nearly reached full capacity in early July, according to its filing with Bursa Malaysia on second-quarter earnings.

"The group will continue to monitor and

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

BIG CAP (RM10 BILLION TO RM40 BILLION MARKET CAP)
HEALTHCARE

Supermax Corp Bhd

MAKING SUPER PROFITS

BY LIEW JIA TENG

Supermax Corp Bhd has walked away with *The Edge* Billion Ringgit Club (BRC) award for highest returns to shareholders over three years in the healthcare sector.

Looking at its share price performance, it is not hard to fathom how the rubber glove maker, which has also ventured into contact lens manufacturing, won the award.

This year has been a spectacular one for the disposable glove industry globally. The companies are making super profits due to the surge in demand for personal protective equipment, including rubber gloves, as a result of the Covid-19 pandemic. Given the rosy earnings prospects, their share prices have soared to the highest level ever.

The craze for rubber glove stocks has lifted Supermax's share price out of the doldrums and propelled it north. And the rally is the strongest ever it has had since listing in 2000.

The company's adjusted share price jumped from 90 sen on June 30, 2017, to RM8 on June 30, 2020 — a meteoric rise. Its share price rally continued, climbing to the peak of RM11.90 on Aug 6, as its market capitalisation reached an all-time high of RM30.71 billion. In the BRC award's 2020 three-year period, Supermax provided a stunning total return of 106.8% to shareholders.

Analyst calls (as at Oct 9)

Research house	Rating	Target price (RM)
Nomura	Buy	12.50
Kenanga	Outperform	12.75
TA	Hold	11.83
KAF	Buy	12.98
CGS-CIMB	Add	13.50
Affin Hwang	Buy	16.50
RHB	Buy	12.00
BIMB	Buy	14.50
MIDF	Buy	12.10
Consensus		**11.86**

SOURCE: BLOOMBERG

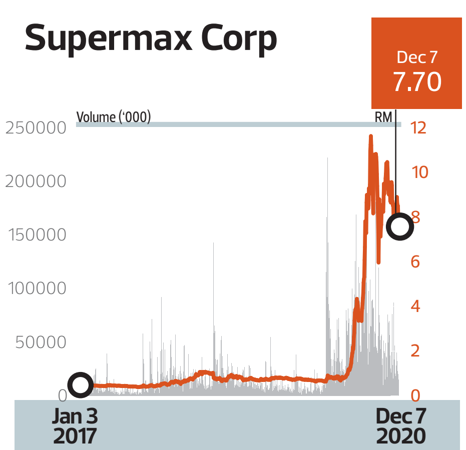
According to absolutelystocks.com, Supermax's market capitalisation has grown almost eight times within three years, from RM1.328 billion on June 30, 2017, to RM10.331 billion on June 30 this year.

Notably, Supermax had on July 20 announced a one-for-one bonus issue, which went ex on Sept 4. This helped to fuel its share price rally.

According to Bloomberg, there is upside potential for Supermax's share price based on the consensus target price of RM12.39 after the release of its third-quarter results.

All nine research analysts who cover Supermax have recommended their clients to buy the stock, with target prices ranging from RM11.83 to RM16.50.

Suffice to say, among the shareholders of Supermax, nobody is happier than its founder and major shareholder Datuk Seri Stanley Thai Kim Sim, who was not even a billionaire before the pandemic.



It is estimated that Thai's equity interest of 38.04% in Supermax is worth about RM9.28 billion today. In comparison, the glove tycoon's net worth was RM672.59 million at end-2009.

Supermax's profit was already on the rise pre-pandemic for the three-year period between the financial year ended June 30, 2017 (FY2017) and FY2019. The glove maker achieved profit after tax of RM70.29 million in FY2017, which grew to RM110.14 million in FY2018 and RM123.11 million in FY2019. Annual revenue expanded from RM1.126 billion in FY2017 to RM1.304 billion in FY2018 implement appropriate measures in a timely manner to address the adverse risk Covid-19 may have on the group's operations and financial performance.

"Nevertheless, the group is supported by an outstanding order book of RM3.52 billion as at June 30, 2020, which included the building construction contracts worth RM990.4 million secured during the current financial period," it says in the notes to its second-quarter earnings.

Kerjaya Prospek's share price did not increase in tandem with its earnings growth. Some quarters attribute this to loss of appetite for construction companies owing to the uncertainties over public infrastructure contracts.

Nonetheless, investment analysts who track the company have "buy" calls on its shares, with an average target price of RM1.34.

In a Sept 15 note, BIMB Securities Research maintains its "buy" recommendation, with an unchanged target price of RM1.30 for the company. The research house says it is positive on the company's prospects on the back of a solid order book, which will provide earnings visibility for the next three years. E

and RM1.538 billion in FY2019.

For FY2020, Supermax witnessed its biggest leap in earnings — its net profit jumped more than four times to RM525.58 million from RM123.11 million in FY2019.

In view of the abnormally strong demand for rubber gloves, analysts are expecting an even more powerful profit growth in FY2021. The consensus forecast is for Supermax's net profit to more than triple to RM1.718 billion in FY2021.

In an Oct 4 report, Kenanga Research analyst Raymond Choo Ping Khoon points out that Supermax has dual-stream incomes from manufacturing and distribution, as both divisions could provide higher margins.

"Supermax is getting enquiries from foreign government agencies, non-governmental organisations, retailers and restaurant chains. Amplifying the pent-up demand, buyers are paying between 30% and 50% deposits in advance to secure glove supply and timely delivery," he writes.

Choo has an "outperform" call on Supermax, with a target price of RM12.75.

Supermax had been in a net debt position of more than RM200 million over the years. With its ballooning cash coffer now, this is a thing of the past. The rubber glove maker was sitting on a net cash position of RM852.7 million as at June 30 this year, thanks to the soaring sales.

The large cash coffer begs the question of whether the company will be more generous in terms of its dividend payout. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

CONSTRUCTION

Sunway Construction Group Bhd

IN POSITION TO WIN HIGH-RETURN JOB

BY KAMARUL AZHAR

Being part of the Sunway group, Sunway Construction Group Bhd (SunCon) might be perceived to have a natural contract source from in-house property development projects.

However, SunCon does not depend much on its parent company to replenish its order book. In-house construction jobs make up only roughly 30% of its outstanding contracts.

Its largest shareholder is Sunway Bhd via Sunway Holdings Sdn Bhd, with a 54.56% stake. Meanwhile, Sungei Way Corp Sdn Bhd, which holds a 10.08% stake in SunCon, controls a 51.36% equity interest in Sunway Bhd.

SunCon does not count on its parent company for construction works mainly because the group is capable of doing more complex engineering and construction services. As such, it could secure jobs that offer a wider margin by leveraging technology such as computer virtual design simulation.

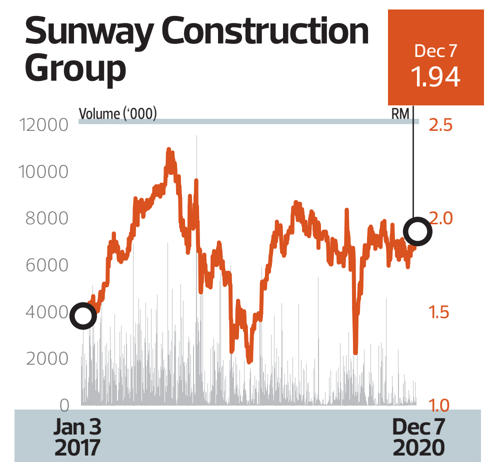
In an interview with *The Edge* in February, Sunway Group president Datuk Chew Chee Kin said many internal jobs did not go to SunCon because the margins tend to be low. The group will award jobs to SunCon only if the subsidiary does not have enough jobs in hand.

In the three-year period between the financial years ended Dec 31, 2017 (FY2017) and FY2019, SunCon's profit after tax and minority interest were on the growth path, expanding from RM124 million in FY2016 to RM132 million in FY2017 and RM145 million in FY2018. It dipped to RM129 million in FY2019, but it was still above the level in FY2016.

The group's earnings performance translated into an adjusted weighted return on equity (ROE) of 23.4%. The high ROE has won SunCon *The Edge* Billion Ringgit Club award for the highest ROE over the last three years for the construction industry.

SunCon has been able to meet its target of securing RM2 billion worth of jobs this year even though the Covid-19 pandemic has ruined global economic growth.

Major new contracts secured by SunCon include the construction of the Thorapalli Agraharam-Jittandahalli highway in India worth RM508 million and a three-block residential condominium awarded by Sunway Belfield Sdn Bhd worth RM403 million.



The new contracts brought its outstanding order book to RM6.4 billion.

Since SunCon has been able to meet its FY2020 job replenishment target by September, it will be no surprise if the group exceeds the target by year-end. It has the capacity to sign up contracts worth RM2.2 billion to RM2.5 billion a year.

"Note that the group has clinched its eighth highway project in India in 1QFY2020, worth about RM508 million. We do not discount the possibility of winning more construction projects from India in 4QCY2020," says MIDF Research analyst Khoo Zhen Ye.

Given the country's unprecedented nationwide Movement Control Order (MCO), which halted construction jobs for 2½ months, it might be a challenge for SunCon to maintain its ROE above 20% in 2020. The earnings disruption is already reflected in its financial results for 2QFY2020.

Its net profits plunged to RM2.2 million in 2QFY2020 from RM33.2 million in the previous corresponding quarter. This led to a 71% drop in SunCon's net profits for the first six-month period ended June 30, 2020 to RM18.5 million. Revenue shrank 43% to RM506 million, from RM880.2 million in the previous corresponding period.

Nevertheless, the high job replenishment rate and tender book have kept analysts bullish on SunCon's prospects. MIDF's Khoo has a "buy" call on SunCon, with a target price of RM2.14; and Hong Leong Investment Bank Research analyst Jeremy Goh pegs the target price at RM2.08. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

Guan Chong Bhd

POISED FOR NEXT STAGE OF GROWTH

BY KANG SIEW LI

5-year financial highlights

For the financial year ended Dec 31 (RM mil)

	2015	2016	2017	2018	2019
Revenue	2,380	2,316	2,148	2,273	2,942
Net profit/(Loss) Attributable to equity holders	22.757	42.575	91.045	190.115	217.948
Net dividends per share (sen)	0.00	1.50	2.50	1.00*	3.51

*Restated due to adjustment of number of ordinary shares as a result of bonus issue during 2019

2019 was a year of records for Guan Chong Bhd. The cocoa grinder not only achieved another record financial performance but it also took significant steps to set the group up to achieve significant global growth in the future.

The group achieved a second consecutive year of record grindings last year, supported by a 20.1% increase in sales tonnage of cocoa ingredients on the back of increasing global demand and customer base. The improvement propelled group revenue by 29.4% to RM2.9 billion in the financial year ended Dec 31, 2019 (FY2019) compared with RM2.3 billion in FY2018.

Guan Chong also posted a record profit after tax (PAT) of RM217.9 million last year, up 14.6% from RM190.1 million in FY2018, on higher sales volume of cocoa ingredients and improved yield.

The group has achieved consistent growth in PAT since FY2015, posting RM91 million in FY2017 and RM42.6 million in FY2016. Given its consecutive record-breaking performance, Guan Chong posted a compound average growth rate of 15% in PAT from 2016 to 2019.

Its stellar financial performance has also led to the company's share price more than doubling from June 30, 2016 to June 30, 2019 to RM2.66 (adjusted price after bonus issue during 2019), reflecting a 73% return over three years.

The group also continued to reward its shareholders in FY2019 by declaring four interim dividends. The total dividend payout was RM34.5 million, which represented 15.8% of FY2019 PAT. On top of that, it undertook 1-for-1 bonus shares and 1-for-3 bonus warrants exercises in FY2019 to enhance shareholder participation and increase trading liquidity.

Share price appreciation, solid earnings growth and consistent dividends have won Guan Chong this year's *The Edge* Billion Ringgit Club award for highest growth in PAT over three years and highest returns to shareholders over three years in the consumer products and services sector.

And Guan Chong is not resting on its laurels as it takes its business to the next level. The group has set aside €25 million (RM120 million) in capital expenditure (capex) for FY2020 for the ongoing construction of its new cocoa processing facility in Cote D'Ivoire. The new facility would increase the group's annual grinding capacity to 310,000 tonnes when completed in the second half of 2021, from 250,000 tonnes currently.

On Oct 5, the group announced that it had established a RM800 million Islamic Medium Term Notes programme to finance its working capital, capex, refinancing of financing/borrowings and other general corporate purposes. As at June 30, 2020, its gross gearing stood at 0.6 times, consisting of mainly short-term borrowings.

In its 2019 annual report, Guan Chong managing director and CEO Brandon Tay Hoe Lian said the company's recent acquisition of German industrial chocolate producer Schokinag Holdings GmbH and its entry into Cote D'Ivoire — the world's largest cocoa producing country — would allow it to increase its global presence in key markets for chocolate consumption. "With these strategies in place, we have placed ourselves in a favourable position to enter the next stage of growth despite the challenges faced," Tay said.

In September, Guan Chong also announced the proposed acquisition of a property in the UK, which will be converted into a melting facility, for £8.25 million (RM44.3 million). This is in line with the group's global expansion strategy.

While Tay concedes that market conditions are posing near-term uncertainty, he believes the global consumption of chocolate is expected to continue its resilient demand.

"We are also seeing demand for cocoa ingredients make a gradual uptrend as economies reopen and consumer sentiment returns, which may be further supported by seasonally higher orders in the fourth quarter of 2020," he said in a statement on Aug 24.

In a Sept 29 report, AmInvestment Bank says it likes Guan Chong for its growth potential from expansion plans; its position as the world's fourth-largest cocoa bean grinder; and its stable earnings trajectory supported by an experienced management. The research house is maintaining a "buy" call on Guan Chong, with a fair value of RM4.36, offering a 34% upside to its share price of RM3.25 at the time of writing. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

Carlsberg Brewery Malaysia Bhd

RAISING A GLASS TO SOLID RETURNS

BY ADELINE PAUL RAJ

Carlsberg Brewery Malaysia Bhd has had a good run over the last three years, growing profits at a decent rate despite a difficult operating environment and keeping shareholders happy with healthy dividends.

The brewer saw net profit grow a solid 42% over the last three years to RM291.02 million in the financial year ended Dec 31, 2019 (FY2019), from RM204.98 million in FY2016. It paid out a dividend of 100 sen each in FY2019 and FY2018, which worked out to 105.1% and 110.3% of its net profit in those respective years. In FY2017, its dividend was 87 sen a share, or 120.3% of net profit.

Its return on equity (ROE), a measure of profitability, increased from 71% in FY2017 to 118.4% in FY2018, and then on to 183.3% in FY2019, giving it a weighted ROE of 141.4% over the three years — the best in its sector.

The brewer has bagged *The Edge* Billion Ringgit Club (BRC) award for highest return on equity over three years in the consumer products and services sector.

This is not the first time that Carlsberg Malaysia — which produces products such as Carlsberg Smooth Draught, Danish Royal Stout and Jolly Shandy — has snagged a BRC award. Last year, it was recognised for having the best corporate responsibility initiatives in the below RM10 billion market capitalisation category.

This year, the group, which marked its 50th year of operations in Malaysia in 2019, faces its most challenging year yet. As with most other businesses, the Covid-19 pandemic and various government-imposed Movement Control Orders (MCOs) have taken a toll on the brewer's operations and earnings.

In a bid to be prudent, it has suspended quarterly dividend payments for FY2020.

For the first nine months of FY2020, its net profit fell 44% year on year to RM124.23 million on the back of a 22% decline in revenue to RM1.31 billion. Its core net profit, at RM130.6 million, came in below analysts' expectations. It made up only 65.9% of consensus full-year estimates.

The earnings miss was attributed to a weaker-than-expected recovery in beer sales, given the ongoing business restrictions on entertainment outlets. On a positive note, however, Carlsberg Malaysia's businesses in Singapore and Sri Lanka displayed resilient performances amid less restrictive lockdown measures by their governments.

For 3QFY2020 alone, the group's net profit, at RM40.63 million, represented a 41.3% y-o-y drop, but a strong 138.4% improvement from 2QFY2020.

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

CONSTRUCTION

Widad Group Bhd

STRING OF ACQUISITIONS PAYS OFF

BY KAMARUL AZHAR

Widad Group Bhd is what it is today owing to a string of acquisitions it made since the reverse takeover of Ideal Jacobs (M) Corp Bhd by Widad Business Group (WBG) in July 2018.

In fact, the setting up of Widad as a listed entity started when WBG bought a 64.2% stake in Dataprep Holdings Bhd from VXL Holdings Sdn Bhd. With that, WBG gained access to its ICT infrastructure and capabilities.

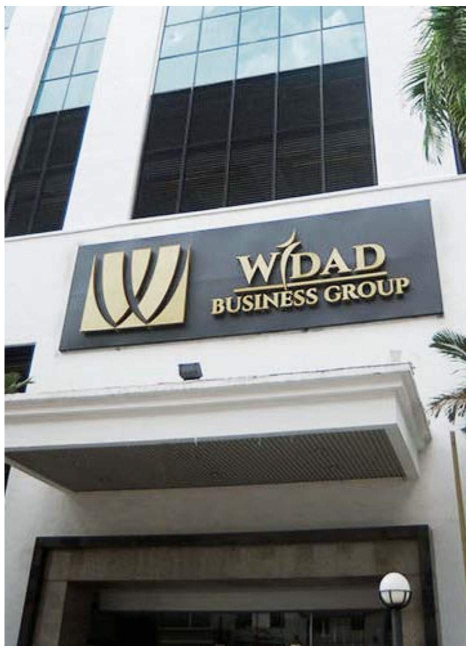
That was followed by the reverse takeover of Ideal Jacobs, which gave birth to Widad as a listed entity.

Since then, Widad has been on an acquisition trail to expand its core businesses in ICT and integrated facilities management (IFM) and construction.

The company has been in the IFM business for almost 20 years. It is the IFM partner of Istana Negara and Johor Baru Sentral. However, its acquisitions of other IFM concession holders have expanded its order book tremendously.

In February, Widad signed a share sale agreement with the shareholders of Serendah Heights Sdn Bhd for the acquisition of a 100% stake in the company for RM127.02 million.

Serendah Heights wholly owns YBK Usahasama Sdn Bhd, which holds the concession for the construction and management of the Universiti Teknologi Mara (UiTM) campus



in Jasin, Melaka. The acquisition of Serendah Heights doubled Widad's order book to RM1.8 billion.

When the world was hit by the Covid-19 pandemic, Widad announced that it was venturing into the disinfectant business through its facilities management segment. The group has entered into a collaboration with Stoika Sdn Bhd for this purpose.

On June 25, Widad acquired the entire stake in Inovatif Mewah Sdn Bhd from Menang Development (M) Sdn Bhd, Menang Industries

(M) Sdn Bhd and Tentu Selesa Sdn Bhd for RM122 million cash.

Inovatif Mewah holds a 23-year concession to develop and maintain the Seremban 3 UiTM campus. The company had entered into the concession agreement with the government and UiTM in May 2010, which means that there was still about 13 years left in the concession when Widad finalised the acquisition.

According to Widad executive chairman Datuk Feizal Mustapha, the acquisition represents a strategic opportunity for the group and strengthens its order book by RM808.6 million.

However, it was its largest shareholder's proposal to acquire Khazanah Nasional Bhd's stake in PLUS Expressways Bhd that got investors to pay attention to Widad. Although it was not Widad that proposed the acquisition, investors saw the group as a beneficiary if the proposal were accepted.

On Oct 10, 2019, WBG announced that it had made an offer to acquire Khazanah's 51% stake in PLUS for RM1.5 billion, or the entire stake in PLUS for RM3 billion, including that owned by the Employees Provident Fund (EPF). WBG later upped its offer to RM5.3 billion.

The news drove Widad's share price to a peak of 61 sen in January this year from 23 sen on Sept 9, 2019. However, the upward trend lost momentum when both Khazanah and the EPF said they did not intend to sell their stake in PLUS. This caused the share price to drop, settling at 53.5 sen on Feb 17.

Then, the global equity rout happened in March as the Covid-19 pandemic spread globally.

Nevertheless, Widad's shareholders have still yielded the highest returns compared with others in the construction sector. The construction company received *The Edge* Billion Ringgit Club corporate award for highest returns to shareholders after reporting returns of 8.6% over the last three years — from 38 sen per share on June 30, 2017, to 48 sen per share on June 30 this year.

Meanwhile, Tan Sri Muhammad Ikmal Opat Abdullah, who is Widad's largest shareholder through WBG, raised his stake to 75% on Oct 2 from 60% at end-2019. This has sparked speculation that the controlling shareholder may be planning to take the company private, less than three years after it undertook a backdoor listing. E

REUTERS

Carlsberg Malaysia may now be at a turning point, says Maybank Investment Bank Research. "With the extension of the Conditional MCO to Dec 6 — it started on Oct 14 — domestic on-trade sales should remain suppressed, given strict guidelines for social distancing.

"That said, with better containment of Covid-19 cases in Singapore, its operations there may partially mitigate the group's earnings downside in tandem with the gradual reopening of entertainment outlets from Dec 20. The upcoming festive season could also spur higher off-trade sales in place of outdoor celebrations," it says in a Nov 12 report after the 3Q earnings announcement.

The research house lowered its FY2020 earnings estimates by 9% but left its FY2021/22 earnings forecasts unchanged for now. It upgraded its recommendation on the stock to a "hold" and raised its 12-month price target for the brewer by 4% to RM23.30 from RM22.10. The stock closed at RM22 on Nov 20, a decline of 25.2% YTD.

Fortunately for Carlsberg Malaysia, the Malaysian government did not increase excise duties on beer during the recent Budget 2021 announcement.

After the release of the group's third-quarter financial results, managing director Stefano Clini said: "In these uncertain times, we will continue to focus on our strategic priorities while working closely with our business partners and distributors to be highly agile and adaptable within a volatile operating environment.

"Economic and business recovery will be slow under the threat of the ongoing pandemic and we remain focused on the health and safety of our employees and customers while ensuring the sustainability of our operations in the short and long term. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

FINANCIAL SERVICES (RM10 BILLION AND ABOVE MARKET CAPITALISATION

RHB Bank Bhd

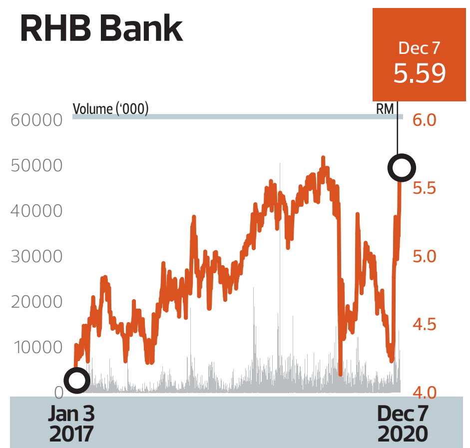
STAR PERFORMER IN FINANCIAL SERVICES SECTOR

BY JOYCE GOH

RHB Bank Bhd seems to be on the right path, judging by the growth of its profits. The group's earnings were stellar for the three-year period of FY2017 to FY2019 ended Dec 31.

The steady growth of its earnings also whetted investors' appetite for the counter, lifting its share price during those three years. Thus, it is no surprise that RHB Bank walked away with *The Edge* Billion Ringgit Club award for highest growth in profit after tax (PAT) over three years (FY2016 to FY2019) and highest returns to shareholders over three years (total return of share price appreciation and dividends).

The banking group's PAT expanded from RM1.68 billion in FY2016 to RM1.95 billion in FY2017. It then crossed the RM2 billion mark to reach RM2.3 billion in FY2018 and increased further to RM2.48 billion in FY2019. As a result, the bank had a risk-weighted three-year PAT compound annual growth rate of 17.3% — the highest among companies listed under the financial services sector of Bursa Malaysia.



RHB Bank also achieved the highest total return to shareholders over three years in the financial services category at 2.4%. Its adjusted share price of RM4.46 on June 30, 2017, rose to RM4.95 in June 2018 and RM5.26 in June 2019.

Nonetheless, the Covid-19 pandemic has disrupted the banking group's earnings growth as well as the steady rise in its share price since March 2020. On June 30, 2020, the counter closed at RM4.79, about 9% down from a year ago. Even then, its returns to shareholders outperformed those of its peers in the sector for the period between June 30, 2017, and June 30, 2020.

Most banking analysts recommend buying RHB Bank shares, anchored by its high Common Equity Tier 1 (CET1) ratio of 16.59% and potential in the midst of an uncertain operating environment.

"RHB Bank remains our top sector pick given that it has the highest CET1 of above 16%, which significantly minimises the risk of an equity cash call; sizeable unrealised gains on investment securities that it can capitalise on to help buffer the impact of lower NIMs (net interest margins) and rising provisions; and highest dividend yields (cash) among peers," UOB Kay Hian Research says in an Aug 13 note, pegging a "buy" call on the stock, with a target price of RM6.04.

Meanwhile, CGS-CIMB Research, in a Sept 18 research note, has an "add" call on the bank with a tar-

HIGHEST RETURN ON EQUITY OVER THREE YEARS

ENERGY

Petron Malaysia Refining & Marketing Bhd

HEADWINDS STILL ABOUND

BY KANG SIEW LI

Petron Malaysia Refining & Marketing Bhd has been consistently paying dividends out of its earnings over the last five years, handing out 18% of its net profit as dividends last year.

During the past three-year period, however, Petron's dividend payments have fallen from 25 sen per share, amounting to RM67.5 million in the financial year ended Dec 31, 2017 (FY2017), to 12 sen per share, totalling RM32.4 million last year, owing to the challenging business environment. In FY2018, it paid a dividend of 20 sen per share for a total of RM54 million.

The oil major, which as at April 1, 2020, was 73.4% owned by the Philippines' Petron Corp, also saw a corresponding decrease in return on equity (ROE), slipping from 30.3% in FY2017 to 14.1% in FY2018 and 10.3% in FY2019. This works out to an adjusted weighted ROE over three years of 15.4%. Nevertheless, its ROE still outperformed its peers, bagging it this year's *The Edge* Billion Ringgit Club award for highest ROE over three years in the energy sector.

The oil and gas (O&G) industry has been a challenging one in recent years, with a supply glut that has led to highly volatile prices. While Petron's total sales volume in FY2019 grew 2% year on year to 36.3 million barrels, lower oil prices negated the sales volume growth, dragging its revenue down 4% to RM11.5 billion in FY2019 from RM12 billion in FY2018. Amid the challenging business environment, group net profit for FY2019 fell to RM177.13 million compared with RM224.54 million in the previous year.

The Covid-19 outbreak this year has exacerbated the tough operating environment. At its performance review of 1HFY2020 on Aug 26, Petron said the implementation of the Movement Control Order (MCO) by the government in March and the subsequent Conditional MCO in May to curb the pandemic resulted in significant reduction in domestic fuel demand in the second quarter of 2020.

Local fuel consumption gradually picked up, however, and the group ended 2QFY2020 with a total sales volume of six million barrels compared with 9.2 million barrels sold in the same period last year.

Petron also highlighted that the price war among the top oil producers in March had triggered a sudden plunge in oil prices, which was subsequently aggravated by the collapse in demand because of the pandemic lockdowns.

get price of RM5.40, owing to its fee-income driver factor. "We retain our 'add' call on RHB Bank, given its attractive valuation of 8.1 times CY2021F PER (price-earnings ratio), which is below its five-year historical average of 8.8 times. We also expect its new bancatakaful partnership to drive its fee-income growth in 2H2020F and 2021F," it says.

Like all banks, RHB Bank's earnings have been hit by the fallout from the Covid-19 pandemic. Its net profit for the second quarter ended June 30 (2QFY2020) fell 34.9% to RM400.77 million from RM615.41 million in the previous corresponding period. This was mainly due to a one-off net modification loss of RM392.39 million as a result of the loan moratorium granted to customers and higher allowances for credit losses on loans. The bank's quarterly net profit contracted 29.8% from RM570.88 million 1QFY2020.

Excluding the modification loss, RHB Bank's normalised pre-tax profit in 2QFY2020 was RM906.6 million, which is 20.5% higher than the RM752.3 million reported in the preceding quarter. This was mainly due to higher non-fund-based income, partially offset by higher impairment on loans and financing, lower net interest and fund-based income, higher impairment loss in an associate and higher operating expenses. E

Dated Brent crude hit its lowest monthly price in April at US$19 per barrel before recovering in May and June to average US$29 per barrel in the second quarter of 2020. The combined impact of the slump in demand and prices during the second quarter resulted in Petron posting a revenue of RM1.02 billion in 2QFY2020, down 66% y-o-y.

The sudden drop in prices and sluggish domestic fuel demand during the MCO also caused the group to incur significant inventory holding losses, resulting in a net loss of RM69.29 million in 2QFY2020, a reversal of the RM56.22 million profit after tax (PAT) reported a year ago. This was offset by its continuing cost rationalisation measures, which reduced operating and administrative expenses by 21% compared with 2QFY2019.

For 1HFY2020, revenue declined 43% y-o-y to RM3.26 billion. Net loss amounted to RM152.97 million versus a PAT of RM113.74 million in 1HFY2019.

On its prospects, Petron said despite a gradual oil price recovery, which started in May, coupled with the easing of lockdowns worldwide, the global business environment remains challenging and uncertain amid a rise in Covid 19 infections and a second wave scenario in some countries that could worsen global economic performance.

"The group will focus on business recovery while maintaining its long-term commitment towards business growth, operational efficiency and enhanced customer service experience," it said.

Shares in Petron have rebounded 70% from its March 19 low of RM2.50. However, the stock is still down 16% year to date. It closed on Dec 3 at RM4.26 for a market capitalisation of RM1.15 billion. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

ENERGY

Dayang Enterprise Holdings Bhd

MAINTAINING FOOTHOLD AMID UNCERTAINTY

BY JOSE BARROCK

Among the many local oil and gas players, Dayang Enterprise Holdings Bhd stands out for a number of reasons. Other than being one of the few O&G companies that is not linked to Petroliam Nasional Bhd (Petronas) but has a market capitalisation exceeding RM1 billion, Dayang has also made its mark for its strong return to shareholders.

The company's total returns over the past three years — 2016 to 2019 — amounted to an impressive 25.7%, giving it the honour of being the winner in the energy category.

Dayang is mainly involved in the provision of maintenance services, fabrication operations, hook-up and commissioning and the charter of marine vessels, via its 63.05% publicly traded unit Perdana Petroleum Bhd.

Over the past three years, Dayang's share price has gained more than 150%.

To recap, Brent Crude oil prices averaged US$110 per barrel between January 2011 and June 2014 before they began tapering off, hitting a low of US$29 per barrel in January 2016 and averaging US$44 per barrel that year. However, in 2019, Brent Crude averaged US$64 per barrel, which could explain the gains in Dayang's share price.

While many O&G players are still reeling from the effects of the downturn in the sector, Dayang seems to have found its footing.

For its nine months ended Sept 30, 2020, the company reported a net profit of RM44.42 million on revenue of RM573.22 million. In the third quarter of FY2020, it bounced back from a loss in the second quarter of the year to register a net profit of RM36.08 million on revenue of RM230.21 million.

Nevertheless, while Dayang's turnaround may be significant, the company has not been spared from the effects of the Covid-19 pandemic. For the first nine months of FY2019, Dayang raked in a net profit of RM158.05 million on turnover of RM761 million.

The improved numbers in 2019 were attributed to better vessel utilisation at 70% in contrast to 56% at present.

In the notes that accompany its financial statement, Dayang says it recorded a lower profit before tax for the nine months ended Sept 30, 2020, compared with the corresponding period a year ago as a result of higher operating costs incurred from the standard operating procedures to combat Covid-19, as well as a loss in foreign exchange of RM1.1 million.

On its prospects, the O&G stalwart says business activities picked up substantially in the third quarter of 2020, with the ramp-up in work orders coming from the maintenance, construction and modifications contract and topside maintenance services works under the Pan Malaysia hook-up and commissioning contract. Vessel utilisation came in stronger at 62%, compared with 52% in the second quarter and 55% in the first quarter, translating into an average utilisation rate of 56% for the first nine months of 2020.

"Barring any unforeseen circumstances, we are optimistic that the earnings trend will be sustainable, premised on our fairly sizeable order book at an estimated value of RM3.6 billion to last us at least until 2023 ... Notwithstanding the volatility in oil price, we remain upbeat on the company's future prospects," says Dayang.

For the first nine months of the year, net cash generated from operating activities was RM280.72 million.

As at end-September, it had cash and cash equivalents of RM507.62 million and long- and short-term debt of RM675.68 million and RM114.26 million respectively. This translated into net debt of RM282.32 million. Its reserves stood at RM741.88 million.

Dayang's finance costs for the nine-month period was RM35.2 million, lower that the RM48.92 million it reported in the previous corresponding period.

It is noteworthy that Dayang's largest shareholder is Naim Holdings Bhd — a Sarawak-based property development, construction and civil engineering company, with a 26.42% stake in the O&G outfit. Nevertheless, the management of the company is handled by the Ling family (which has a 17.77% stake) and managing director Tengku Datuk Yusof Tengku Ahmad Shahruddin (5.9%). E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

FINANCIAL SERVICES (BELOW RM10 BILLION MARKET CAPITALISATION)

Malaysia Building Society Bhd

SOLID EARNINGS GROWTH BEFORE COVID-19 IMPACT

BY ADELINE PAUL RAJ

It has been a tough few years for banks, so it is to Malaysia Building Society Bhd (MBSB)'s credit that it has managed to register solid earnings growth over the last three years.

It was only a few years ago that MBSB, previously a non-bank lender, became a full-fledged bank. It obtained an Islamic banking licence through its acquisition of Asian Finance Bank (AFB) in February 2018. It then began operating on a single banking platform in April 2019.

The country's second-largest standalone Islamic bank's net profit rose to a five-year high of RM716.9 million in the year ended Dec 31, 2019 (FY2019), compared with RM642.4 million in FY2018, RM417.1 million in FY2017 and RM201.4 million in FY2016.

This translates into a three-year compound annual growth rate of 30%, which bags MBSB The Edge BRC award for the highest growth in profit after tax among financial services companies in the below-RM10 billion market capitalisation category.

MBSB's FY2019 net profit, which was an 11.6% increase over that in FY2018, was aided by an impairment writeback of RM211.67 million in the final quarter that came about mainly from having refined its expected credit loss (ECL) model for loans, financing and advances.

Its FY2019 revenue grew marginally to RM3.01 billion from RM2.86 billion in the previous year,

SAM FONG/THE EDGE

Ahmad Zaini: MBSB wants to carve a niche for itself in Islamic trade financing while making sizeable investments in technology

driven by treasury income from financial investments. Its net return on equity improved slightly to 8.76% from 8.62%.

But headwinds arising from the Covid-19 pandemic this year have weighed on the lender and MBSB found itself in a position of net loss in the first two quarters, before returning to profitability in the third.

In the first quarter ended March 31, MBSB reported a net loss of RM73.25 million due to higher impairment charges on loans, financing and advances. This was despite revenue rising 2% year on year to RM741.31 million.

And, in the second quarter, it turned in a net loss of RM121.51 million due to a hefty, one-off modification loss of RM512.61 million which arose because of the loan moratorium granted to customers. This was despite a 17% improvement in revenue to RM757.36 million. Had it not been for the modification loss, the group would have been profitable.

"[The modification loss] is a significant amount due to the sizeable portfolio contracted at fixed rate financing. However, we hope to start seeing the unwinding of these modification losses sometime next year," group president and CEO Datuk Seri Ahmad Zaini Othman says.

The bulk of the modification loss came from its fixed-rate personal financing business. Although it has made a concerted effort over the years to reduce its focus on personal financing, the segment still accounts for a large portion of its total financing. As at end-June, it accounted for 55.4% of its total gross financing.

Last month, MBSB reported a strong 51.8% y-o-y rise in third quarter net profit to RM258.24 million, helped by lower impairment charges on financing and a drop in funding cost.

Given that headwinds from the coronavirus pandemic still persist, the situation for banks, including MBSB, remains challenging as they are faced with a low interest rate environment, which affects profitability, while provisions for bad loans are expected to remain elevated. Bank Negara Malaysia has cut the overnight policy rate

four times this year by a total of 125 basis points to a record low of 1.75%.

Nevertheless, Kenanga Research is keeping an "outperform" call on MBSB's shares.

"The stickiness of its fixed assets portfolio saw net profit margin improving significantly [in 3QFY2020] which is likely to stay elevated going into FY2021. We see 4Q2020 to be a challenging quarter on front loading of credit charge and modification losses, albeit moderate compared to 2Q2020. But these should pave the way for a better FY2021," it says in a report on MBSB on December 1.

In an interview with *The Edge* in March this year, Ahmad Zaini said MBSB wants to carve a niche for itself in Islamic trade financing while making sizeable investments in technology, including an e-wallet that it has since launched. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

FINANCIAL SERVICES (RM10 BILLION AND ABOVE MARKET CAPITALISATION)

Public Bank Bhd

HIGHEST ROE THREE YEARS IN A ROW

BY JOYCE GOH

Public Bank Bhd has won the award for the highest return on equity (ROE) over three years, for the period between the financial year ended Dec 31, 2017 (FY2017) and FY2019.

This is the third consecutive year that Public Bank has bagged the prestigious *The Edge* Billion Ringgit Club award, a testament to the banking group's profitability despite the intensifying competition and digital disruption.

The third-largest banking group's adjusted weighted ROE for the three-year period under review stood at 13.9%. It reported an ROE of 15.3% for 2017, 14.3% for 2018 and 13% for 2019.

From the opening of its first branch in Jalan Gereja, Kuala Lumpur, with only 62 pioneer staff in 1966, Public Bank has grown into

SHAHRIN YAHYA/THE EDGE

a banking giant with over 19,000 staff and has established a foothold not only in Malaysia but also in Hong Kong, China, Cambodia, Vietnam, Laos and Sri Lanka.

Founded by its chairman Tan Sri Teh Hong Piow (*picture*) over five decades ago, Public Bank has 53 years of unbroken profitability up to 2019.

Its net profit breached the RM5 billion mark in 2015 and touched RM5.5 billion in FY2019.

Compared to its local peers in the industry, Public Bank has achieved the highest ROE, most efficient cost-to-income ratio and best asset quality in recent years. However, it will be interesting to see how it navigates through the current Covid-19 storm.

As it is, its net profit for the second quarter

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

FINANCIAL SERVICES (BELOW RM10 BILLION MARKET CAPITALISATION)

Syarikat Takaful Malaysia Keluarga Bhd

DELIVERING SUSTAINABLE SHAREHOLDER VALUE WITH ANOTHER DOUBLE WIN

BY SUPRIYA SURENDRAN

Syarikat Takaful Malaysia Keluarga Bhd (STMKB) has scored its second consecutive double win in the financial services category for companies with a market capitalisation of below RM10 billion.

For the second year in a row, STMKB took home *The Edge* Billion Ringgit Club award for the highest return on equity (ROE) over three years. Besides that, the Islamic insurance provider also bagged the award for the highest returns to shareholders over three years.

STMKB delivered an ROE of 33.1% to its shareholders for its financial year ended Dec 31, 2019 (FY2019), following ROEs of 32.7% in FY2018 and 26.7% in FY2017. Its adjusted weighted ROE over its three financial years stood at 31.7%.

Its share price leaped from RM3.70 on June 30, 2017, to RM6.62 on June 28, 2019, after it hit an all-time high of RM6.94 on June 21, 2019. It has since retreated from its peak to RM4.45 on June 30, 2020. This translated into a total return to shareholders of 6.3% over three years, including dividends.

STMKB's shareholders have received regular dividend cheques in the past three years. It declared a dividend per share of 15 sen for both FY2017 and FY2018, and this increased to 20 sen for FY2019, with a payout ratio of 60.2%, 42% and 45% respectively.

Group profit after tax and zakat grew 25% year on year in FY2019 to RM366.3 million, on the back of an 18% growth in operating revenue to RM3.12 billion. This growth in revenue and profit was attributable to higher sales generated by STMKB's family takaful and general takaful businesses, in addition to higher net Wakalah fee income arising from its overall sturdy business growth.

In the face of a competitive market environment, STMKB achieved commendable progress via its general takaful arm, particularly through its online motor distribution channel, Click for Cover Online Sales Portal (OSP) that has witnessed a quantum leap in growth since its launch in 2018.

The group continued to develop and enhance its digital ecosystem in FY2019 to support its online distribution strategy by adopting a pricing segmentation approach to target customers, with an improved claims experience for its motor takaful product.

In addition, STMKB also tapped its established strategic bancatakaful partnerships with leading Islamic financial institutions by offering innovative online takaful solutions via Click for Cover OSP to the bank clientele.

The group also introduced a face-to-face digital-assist point of sale system equipped with a smart underwriting engine for its premier bank partners to promote and market simple protection plans directly to their customer base.

Like many other businesses, STMKB's business activities for the first half of this year were impacted by the Movement Control Order, which was implemented on March 18, and the Conditional MCO from May 4. For the first half of its financial year ended June 2020 (1H2020), the company reported a net profit of RM176.67 million — a flat growth year on year — on the back of a 10.2% decline in revenue to RM1.43 billion.

Nevertheless, RHB Research says in an Aug 26 research note that the group's 1H2020 financial performance beat consensus expectations, with 1H2020 annualised ROE at 26.8%.

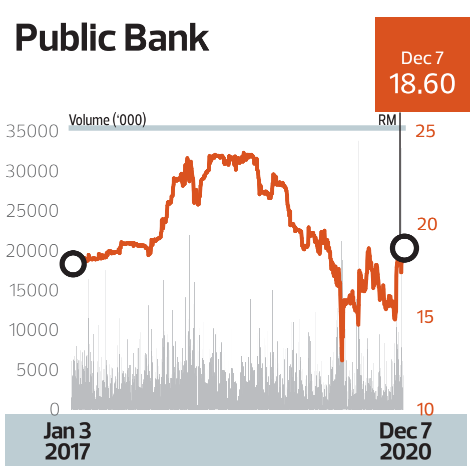
As the MCO has been eased, the research firm says STMKB's business activities saw meaningful sequential improvements at the start of 2H2020 and are mostly back to pre-Covid-19 levels, with mortgage-related products and general takaful showing good sales momentum in July and August.

However, RHB Research highlights that the potential revision in the Wakalah rate from 40% to 25% may be a near-term drag on STMKB's bottom line, but expects the impact from this to be manageable for the group. The company's management has guided for a slight decrease to flat year-on-year growth for its FY2020 bottom line.

The research house adds that STMKB's dividend prospects remain intact, with management intending to maintain payout at circa 40%, subject to approval from Bank Negara Malaysia.

RHB Research has a "buy" call on STMKB, with a target price of RM6. Compared to its closing price of RM4.45 on June 30, the counter has since appreciated by 10% to RM4.90 on Oct 5. E

SAM FONG/THE EDGE



ended June 30, 2020 (2QFY2020), fell 24.8% to RM1 billion from RM1.33 billion in the previous corresponding period, as it suffered a net modification loss of RM498 million arising from the loan moratorium granted to customers amid the outbreak of the coronavirus.

The banking group did not declare any interim dividend in the first half of FY2020 — a first in 16 years.

Banking stocks have come under strong selling pressure due to mounting concerns over asset quality as a result of the pandemic, and Public Bank is no exception. Its share price fell from RM20.32 on June 30, 2017, to RM16.50 on June 30, 2020.

Hong Leong Research recently raised its target price for Public Bank to RM19.70 from RM15.90, based on 1.52 times FY2021 price-to-book ratio. The local research house kept its "hold" call for the stock — a call it had upgraded to in October from a "sell".

It also raised Public Bank's FY2020-22 profit forecast by 6% to 10% to factor in higher non-interest income and Islamic banking contribution.

"We see subsiding NIM (net interest margin) pressure as OPR (overnight policy rate) is already at an all-time low. Besides, downward deposit repricing should aid gradual NIM recovery. Also, lending growth is seen chugging along despite Covid-19 headwinds given its strong mortgage and auto loan franchise," it says in a Nov 30 report.

Meanwhile, CGS-CIMB Research also upped its target price for Public Bank in a Nov 29 report, raising it to RM20.50 from RM18.90. It notes that it is not overly concerned about the expected spike in Public Bank's loan loss provision in 4Q2020F as it would be lifted by pre-emptive provision.

"The CCOR (credit charge-off rate) of 30-35bps guided by the bank for FY2020F would still be among the lowest in the sector. Hence, Public Bank remains an 'add' and our top pick for the sector, predicated on the potential re-rating catalyst from an expected recovery in net profit growth to a strong expansion of 12% in FY2021F," it adds.

CGS-CIMB Research upped its FY2021/22F core earnings per share forecasts by 2.7% as it reversed out the 25bps cut in OPR in Sept 20 that did not materialise and increased its projected loan growth for FY2020F from 3% to 4%, in line with the increase in its projected 2020F loan growth for the industry. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

Dufu Technology Corp Bhd

JOINING THE BIG BOYS' CLUB

BY LIEW JIA TENG

Dufu Technology Corp Bhd is a Taiwanese-run firm that supplies disk spacers and other precision components to the hard disk drive (HDD) industry.

The Penang-based, Main Market-listed company walked away with *The Edge* Billion Ringgit Club (BRC) award for the highest returns to shareholders over three years in the industrial products and services sector.

It is quite a story to tell, considering that Dufu is a new member of the BRC. Furthermore, the company has not been on the radar screen of investment analysts, except Asia Analytica.

On Jan 16, 2020, the company's share price closed at RM3.95, giving it a market capitalisation of RM1.012 billion — breaching the RM1 billion mark for the first time.

In fact, Dufu already demonstrated its earning power when it won *The Edge Malaysia* Centurion Club Corporate Awards 2019 for the highest growth in profit after tax over three years in the industrial products and services sector. The Centurion Club is for companies with a market capitalisation of less than RM1 billion.

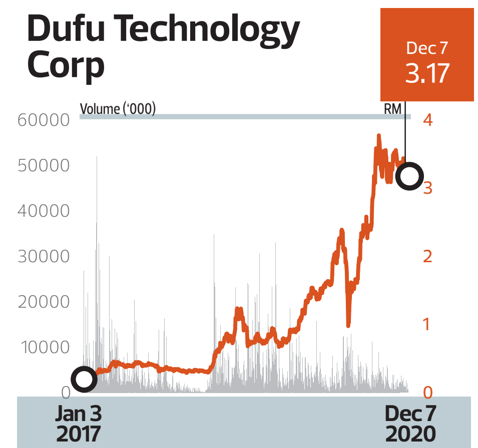
During the period under review, Dufu saw an impressive total return of 81.4%. Its adjusted share price jumped from 81 sen on June 30, 2017, to RM4.85 on June 30 this year.

According to absolutelystocks.com, Dufu's market capitalisation has grown more than five times in three years, from RM235.21 million on June 30, 2017, to RM1.243 billion on June 30, 2020.

It is worth noting that Dufu has been in a net cash position over the years. Its cash pile stood at RM48.3 million as at June 30 this year.

According to the group's executive chairman Li Hui Ta, Dufu is committed to enhancing shareholders' value via share buybacks, dividends and special payouts. The company has a dividend policy of paying out at least half of its annual net profit. It paid a total dividend of eight sen per share for the financial year ended Dec 31, 2019 (FY2019), bringing its total dividend payout to RM20.5 million.

"All in all, we have increased total shareholders' return over the last couple of years. In particular, we have returned a total of 12.2 million treasury shares worth RM19.9 million



on the basis of one treasury share for every 20 existing shares held on June 12, 2019 from the stock buybacks the company has accumulated since 2016," the executive chairman wrote in the company's 2019 annual report.

Li, 61, was appointed executive director and chief financial officer of Dufu in September 2006. He was redesignated as executive chairman in June 2015.

Li is the major shareholder of Dufu, with 20.42% equity interest as at Aug 6. In 1990, he co-founded Dufu Industries Sdn Bhd to manufacture precision tooling and precision machining parts for computer-related components.

Despite an annual allocation for capital infrastructure spending, Li stresses that Dufu's desire and ability to pay steady dividends over time has not only demonstrated the group's financial strength but also sent a message about the group's future prospects and performance.

HIGHEST RETURN ON EQUITY OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

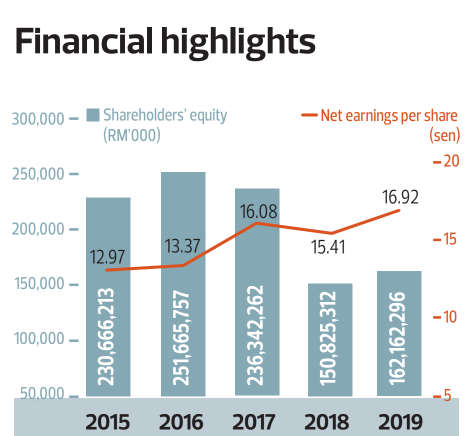
Uchi Technologies Bhd

ROE NEVER STOPS GROWING

BY LIEW JIA TENG

Prai-based electronic control systems maker Uchi Technologies 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* Billion Ringgit Club Corporate Awards.

Uchi's return on shareholders' equity was 28.9% in the financial year ended Dec 31, 2017 (FY2017), 35.6% in FY2018 and 48.5% in FY2019. Its adjusted weighted ROE over three years stood at 40.7%.



UCHI TECHNOLOGIES BHD

These ratios are significantly higher than its ROE of 21% to 22% in FY2015 and FY2016, which were considerably remarkable then. Such high ROE demonstrated the company's profitability. According to absolutelystocks.com, Uchi's rolling 12-month ROE stood at 43.27%.

ROE, which is calculated by dividing net income by shareholders' equity, is considered the return on net assets. Essentially, the ratio measures how effectively management is using a company's assets to create profits.

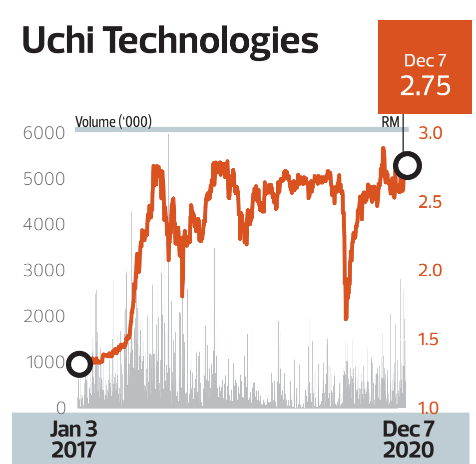
Although Uchi's shareholders' fund has shrunk from RM230.66 million in FY2015 to RM162.16 million in FY2019 as a result of a capital repayment of 20 sen per share in March 2018 (see chart), its net earnings per share grew from 12.97 sen to 16.92 sen during this period.

As at June 30 this year, Uchi's net cash position stood at RM137.9 million. The company has been keeping its promise to distribute at least 70% of net profit as dividend since 2003.

One cannot talk about Uchi's management effectiveness without mentioning its executive director Ted Kao De-Tsan. The 62-year-old Taiwanese is the major shareholder of Uchi, with a 19.88% equity interest.

Kao founded Uchi Electronic Co Ltd in Taiwan in 1981. Eight years later, he selected Penang as the manufacturing base and founded Uchi Electronic (M) Sdn Bhd and Uchi Optoelectronic (M) Sdn Bhd.

Today, Uchi is primarily an original design manufacturer (ODM) that specialises in the design, research, development and manufacturing of electronic control systems, which includes software development, hardware design and system construction.



The group is an investment holding company with three wholly-owned operating subsidiaries: Uchi Optoelectronic; Uchi Electronic; and Uchi Technologies (Dongguan) Co Ltd.

As the main subsidiary, Uchi Optoelectronic is involved mainly in the design and manufacturing of real-time centralised energy measurement and control systems, high-precision hot fluid temperature control systems, ultra-low temperature and mass sensing control systems, as well as touch screen advance displays, high-precision

"In total, we have returned just over RM52.7 million to shareholders since 2015 — RM32.8 million in the form of cash dividends and the balance from the treasury share distribution," he adds.

Dufu also rewarded its shareholders with bonus shares. Following the successful completion of a one-for-two bonus issue in November 2018, another bonus issue — on the basis of one bonus share for every existing share held — was proposed in January 2020 and completed in August.

"We believe in increasing the issued share capital of the company to reflect the group's growth and expansion of its business and to improve the trading liquidity of Dufu shares, allowing for greater participation by investors and varying investment profiles," says Li.

Looking ahead, Dufu sees the uncertainty brought about by the Covid-19 pandemic, which had temporarily shut down its plants in Malaysia and China, as a serious challenge. All its plants, however, have since resumed operations.

But the eventual impact of the pandemic on its operations will largely depend on the scale and length of the outbreak, says Dufu, which will ultimately be determined by how the virus spreads and evolves and how fast countries reopen their borders, which is almost impossible to predict at this point. E

light measurement equipment and mixed-signal control systems.

Meanwhile, Uchi Electronic and Uchi Dongguan are the assembly arms in Malaysia and China respectively.

Notably, Uchi serves a wide base of European multinational corporations, mainly from Switzerland and Germany.

Its modules are being developed for the global leaders in producing high-end household and commercial appliances, such as fully automated coffee machines as well as laboratory or industrial instruments, including precision weighing scales, centrifuges and deep freezers.

Uchi's net profit grew 10% to RM75.94 million in FY2019, from RM69 million a year ago. Its revenue expanded from RM139.96 million in FY2018 to RM156.67 million in FY2019.

Unfortunately, owing to weaker demand for its products because of the Covid-19 pandemic, it expects its FY2020 revenue to be in the low double digits, a decline from FY2019. The group is confident, however, that it will remain profitable and maintain a strong balance sheet amid these unprecedented challenges.

In its 2019 annual report, Uchi chairman and senior independent non-executive director Charlie Ong Chye Lee pointed out that the group continued to challenge itself to keep innovating and formulate better solutions that improve efficiency across all aspects and increase overall performance.

"Today, I am happy to report that the group recorded a customer reject rate of 0.11% in 2019, making this the seventh consecutive year we have kept the rate below 0.2%," he wrote.

Compared with 2018, there was a slight improvement in Uchi's on-time shipment performance in 2019, Ong highlighted.

"We continued to bear the impact of the US and China trade tensions, which resulted in vendors shifting their production base and affecting our production processes. In view of this, we have implemented additional measures to counteract the delays and better our delivery time in the future," he said. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

UEM Edgenta Bhd

LARGE ORDER BOOK POINTS TO EARNINGS UPSIDE POTENTIAL

BY KAMARUL AZHAR

UEM Edgenta Bhd's earnings growth has been gaining pace over the last three years. The integrated facilities management (IFM) service provider managed to secure many contracts from asset owners during this period.

From FY2017 to FY2019 ended Dec 31, UEM Edgenta achieved a risk-weighted compound annual growth rate of 18%, which led to the group clinching *The Edge* Billion Ringgit Club award for highest growth in profit after tax over three years in the industrial products and services category.

UEM Edgenta's net profit ballooned to RM418.2 million in FY2017 from RM80 million the previous year, boosted by a disposal gain of RM274.9 million following the sale of its 61.2% stake in Opus International Consultants Ltd for RM463 million. However, its net profit fell to RM148.4 million in FY2018 before climbing to RM181.8 million in FY2019.

UEM Edgenta specialises in healthcare support, property and facility solutions, infrastructure services and asset consultancy, which includes project management and engineering design capabilities.

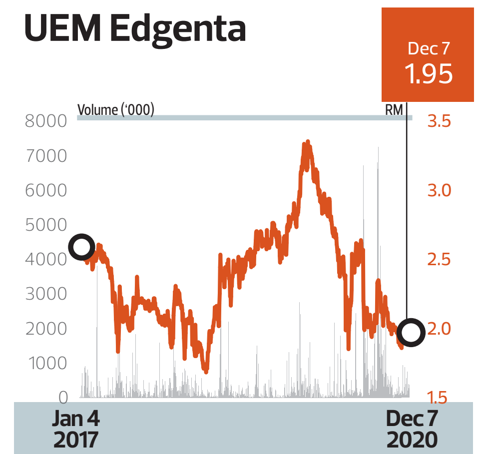
Although UEM Edgenta's business is relatively recession-proof, the company was not spared the impact of the Movement Control Order (MCO) implemented from March to May. In the second quarter ended June 30 (2QFY2020), the group reported a net loss of RM26.9 million, compared with a net profit of RM34.4 million in the previous corresponding quarter.

The company's earnings were dragged down by net provisions for impairment amounting to RM14.9 million, and impairment on completed property inventories amounting to RM50 million. However, it booked net foreign exchange gains of RM19.3 million.

UEM Edgenta registered a core profit after tax and minority interest (Patmi) of RM18.8 million in 2QFY2020, which brought its core Patmi for 1HFY2020 down 55.5% year on year to RM30.4 million.

Hong Leong Investment Bank Research analyst Farah Diyana Kamaludin deemed the earnings contraction as within expectations, after accounting for the impact of the MCO and a traditionally stronger second half, particularly in the fourth quarter. "We expect 2H2020 to perform better on the back of better performance from more infrastructure works and lower costs," she says in an Aug 27 report.

The still bullish outlook on UEM Edgenta's prospects by analysts is partly due to its large order book, which stands at about RM12 billion. In July, the group also secured a contract, worth between RM264.55 million and RM284.02 million, for the provision of healthcare support services to Singapore's Ministry of Health's restructured hospitals.

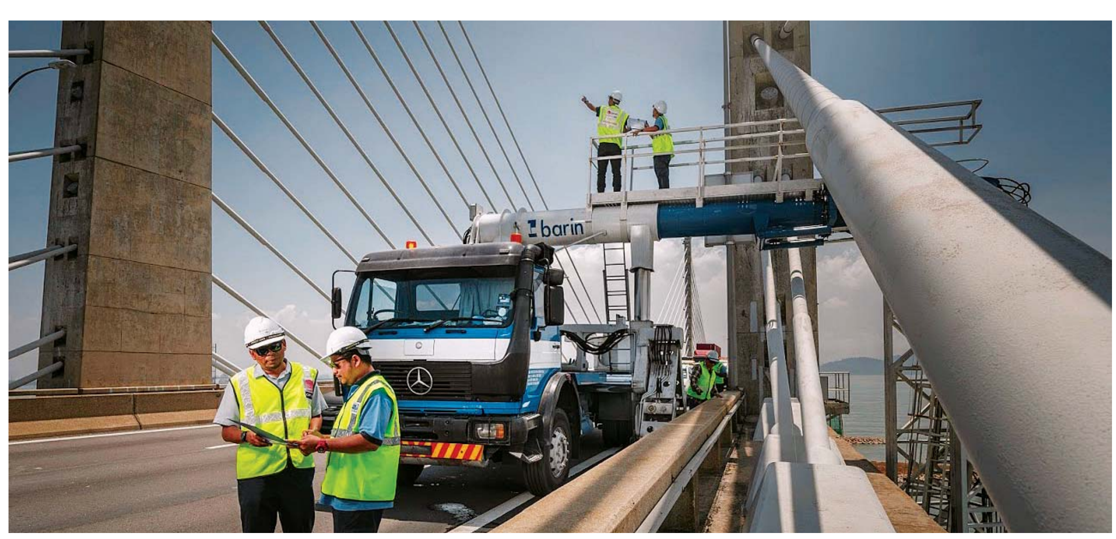


However, MIDF Research analyst Noor Athila Mohd Razali opines that while there is upside potential in terms of earnings for UEM Edgenta, it depends on the availability of funds at one of its biggest clients, the Ministry of Health. "We understand that Edgenta performed additional reimbursable works that did not fall under the scope of its existing healthcare support services concession agreement during the MCO … However, the amount reimbursable will highly depend on the Ministry of Health's decision and available funds," she says in the Aug 27 report.

Nevertheless, Athila notes that Edgenta is currently in talks with PLUS Expressways Bhd to recommence its non-critical works, which were deferred during the MCO as less traffic meant less maintenance and fewer upgrading works were required.

Athila has a "buy" call on UEM Edgenta, with a target price of RM3.23. "Additionally, we believe that all of its business segments have performed commendably despite the unprecedented situation that is currently taking place. Furthermore, its fundamentals remain intact with a net cash position and attractive FY2021F dividend yield of 5.6%," she says.

In addition to the IFM contracts in the healthcare and road transport industries, UEM Edgenta is also looking to bid for the project consultancy job in the upcoming Kuala Lumpur-Singapore high-speed rail as well as the Johor Baru-Singapore Rapid Transit System. E



HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PLANTATION

IOI Corp Bhd

ON STRONG FOOTING DESPITE MARKET HEADWINDS

BY LEE WENG KHUEN

Founded by the late Tan Sri Lee Shin Cheng, IOI Corp Bhd remains the leading player in the plantation industry, which has been battered by weak palm product prices in recent years and slowdown in economic activity.

Despite its three-year compound annual growth rate for profit after tax being only 0.1%, IOI Corp's performance beat its peers.

It raked in a net profit of RM631.7 million for the financial year ended June 30, 2019 (FY2019), compared with RM3.06 billion in FY2018, due to the absence of a one-off divestment gain.

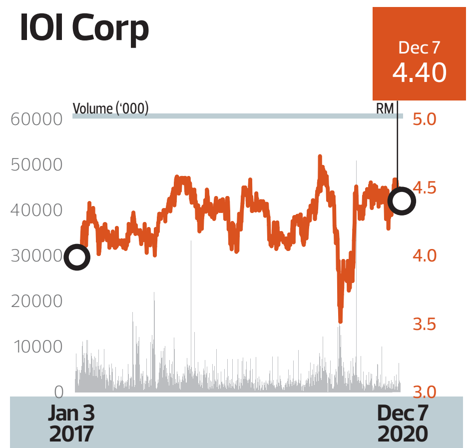
Net profit came in at RM629.7 million in FY2016 and RM743.2 million in FY2017.

Return on equity (ROE) rose from 10.2% in FY2017 to 36.8% in FY2018, but fell to 6.8% in FY2019, giving it a three-year ROE of 16.5%.

During the period under review, IOI Corp's share price traded range bound between RM4.17 and RM4.88. The stock, however, has risen 28%, from its low in March this year.

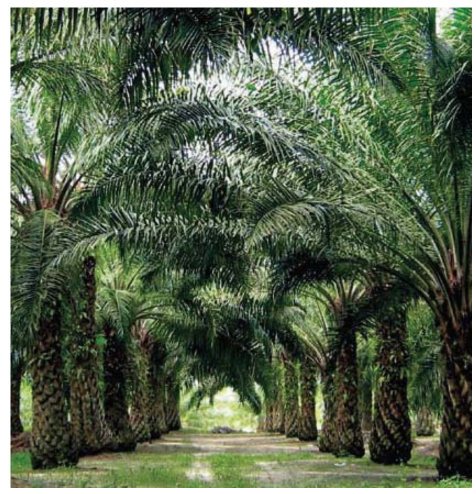
For FY2020, it reported a net profit of RM600.9 million, down 4.9%, mainly attributed to lower contribution from the resource-based manufacturing segment and higher net foreign currency translation loss on foreign currency-denominated borrowings and deposits of RM207.9 million, which was mitigated by higher contribution from the plantation segment.

As at end-June, 2020, it had a low net gearing ratio of 0.29 times, with cash and cash equivalents standing at RM2.3 billion.



IOI Corp's plantation business covers Malaysia and Indonesia while the downstream resource-based manufacturing business includes refining of palm oil as well as manufacturing of oleochemical and specialty oils and fats, with a strong presence in Asia, Europe and the US.

The group expects oil palm crop production to increase gradually from September to November this year, while demand is forecast to taper off from the high restocking activity in the major importing countries, according to its 2020 annual report. "Therefore, we foresee that the palm oil price may decline slightly towards the end of this year from its current strong level."



IOI Corp registered total fresh fruit bunches (FFB) production of 3.1 million metric tonnes (MT) in FY2020, lower than the 3.4 million MT in FY2019.

FFB yield came in at 21.24 MT per hectare compared with 23 MT per hectare in the previous year. The lower FFB yield was primarily caused by the ongoing acceleration in replanting activities in the Sabah region, unfavourable dry weather and the Movement Control Order restrictions due to the Covid-19 pandemic.

Despite the decrease in the total FFB production output by 8.9%, its operations recorded a higher oil extraction rate of 21.83% compared with 21.44% in FY2019 due to high-yielding planting materials that boost oil yields and productivity.

Its overall average crude palm oil price realised for FY2020 is higher at RM2,314 per MT against RM2,025 per MT in FY2019.

The group is currently embarking on a five-year plan that aims to raise plantation oil yield by at least 15% through utilising high-yielding planting materials; reducing dependency on manual labour and optimising workers' productivity; diversifying planting of crops away from full reliance on oil palm to other crops such as coconut and kenaf; as well as increasing the oleochemical sub-segment's profit contribution by RM100 million through organic expansion and new product applications.

In an Aug 26 note, HLIB Research raised IOI Corp's FY2021-22 core net profit forecasts by 12.5% and 11.2%, mainly to account for higher earnings assumptions at its manufacturing segment and plantation associate. Its rating was upgraded to "hold", with a higher target price of RM4.38. Last month, the research house raised its target price to RM4.42.

PublicInvest Research, meanwhile, retained a "neutral" call on the group with an unchanged target price of RM4.70, following the release of IOI Corp's first-quarter results last month. It noted that the stronger results were mainly due to encouraging earnings growth in upstream plantation despite a sharp decline in resource-based earnings. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PLANTATION

Far East Holdings Bhd

CONSISTENT RETURNS DESPITE LOWER CPO PRICES

BY SUPRIYA SURENDRAN

Despite lower average crude palm oil prices in 2019 — from RM2,771 per tonne in 2017 to RM2,122 per tonne — Far East Holdings Bhd managed to deliver consistent returns to its shareholders.

From its closing price of RM2.02 on June 30, 2017, the counter appreciated 27% to RM2.57 on June 28, 2019, before settling at RM2.40 on June 30, 2020.

Its total return to shareholders over the three years, inclusive of dividend payment, stood at 6%.

The plantation firm declared a dividend of 2.5 sen per share for its financial year ended Dec 31, 2019 (FY2019), slightly lower than the 3 sen per share declared in FY2018. In 2017, Far East declared a dividend of 35 sen per share, which was based on its share base then.

Recall that in 2018, 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 FY2019, the group reported a 61% increase in net profit to RM80 million from the year before, mainly due to the recognition of a fair value gain for its Bandar Indera Mahkota land of RM37.59 million. This was due to a change in accounting treatment, whereby the property was reclassified as an investment property (from land held for sale previously).

Far East's FY2019 results were also boosted by a higher share of profit from associates, Prosper Palm Oil Mill Sdn Bhd and Future Prelude Sdn Bhd. Meanwhile, revenue was mainly unchanged at RM381.1 million.

In 1HFY2020, Far East recorded a 22% increase in net profit to RM19.04 million while revenue grew 18% to RM203.03 million. This was attributable to higher profit from its plantation operations, in line with higher crude palm oil (CPO) and palm kernel prices, which were up by 23% and 25% respectively during the period under review.

Far East has a cash-rich balance sheet with almost zero debt. In June, its total cash stood at RM42.47 million, with borrowings at RM4 million.

On April 29 last year, the group entered into a sale and purchase agreement with Harn Len Corp Bhd for the acquisition of 2,124.5ha of oil palm plantation land and a palm oil mill in Rompin, Pahang, for RM182.99 million. The transaction was completed on Aug 25 this year.

On Feb 12, the group entered into a sale and purchase agreement with Perbadanan Setiausaha Kerajaan Negeri Pahang for the

HIGHEST RETURN ON EQUITY OVER THREE YEARS

PROPERTY (RM3 BILLION AND ABOVE MARKET CAPITALISATION)

UOA Development Bhd

CHUGGING ALONG IN DIFFICULT TIMES

BY ESTHER LEE

In the doldrums for many years now, the property industry lacks investor interest. Although it may seem a "boring" sector at times — especially after the property boom between 2010 and 2015 — it is worth noting that there are developers that work hard to justify the trust that investors place in them.

UOA Development Bhd appears to be such a developer as its three-year return on equity (ROE) of 9.1% is the highest among its peers in the RM3 billion and above market capitalisation range. Apart from its property projects, the company also receives rental income from its investment properties.

Sadly, its ROE has been on the decline over the last three financial years. From 12.4% in FY2017, the company's ROE fell to 8.4% in FY2018 and 8.2% in FY2019.

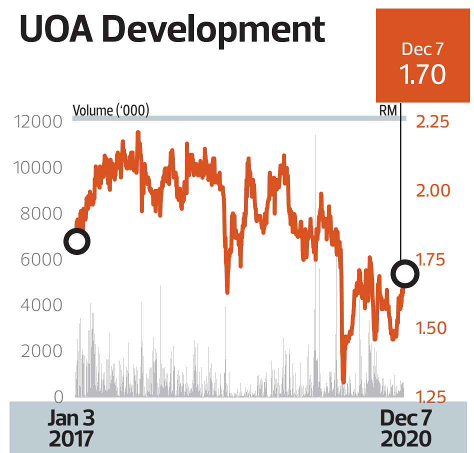
A look at its financial statements shows that UOA's net profit increased to RM399.47 million in FY2019 from RM378.92 million in FY2018. However, it was still lower than the RM506.74 million achieved in FY2017. Nevertheless, its total assets increased to RM5.96 billion in FY2019 from RM5.59 billion in FY2017.

The property developer appears to be prudent in its debt management, with its gearing declining to 0.02 times in FY2019 from 0.03 times in FY2017. Total borrowings have steadily decreased in the last three financial years from RM126.83 million in FY2017 to RM120.3 million and RM98.61 million in FY2018 and FY2019 respectively.

While the company's net profit rose in FY2019, its share price has not moved in tandem. Between the start of 2017 and Oct 5, 2020, its share price had fallen 33% from RM2.36 to RM1.58.

According to analysts, UOA's land bank has a total gross development value (GDV) of RM15.9 billion, and news reports say the developer is looking to acquire more land. Some of its ongoing projects are Sentul Point, South Link and The Goodwood Residence.

Because of Covid-19, property sales were limited to preparatory marketing work during the Movement Control Order period. The company resumed its sales and marketing activities after the MCO was lifted, but it is mindful of the potential effects of the pandemic on both the local and global economy.



"The group remains cautious and will maintain its focus on the mid-end residential sector within the Klang Valley," UOA said in its 2019 annual report released on May 29, 2020.

AffinHwang Investment Research said in an Aug 26 report that the property developer had unbilled sales of RM578 million, which will support its earnings over the next two to three years. The research house pointed out that the company's net cash had increased to a 10-year high of RM1.08 billion as at end-June, which would put it in a strong position to weather any downturn.

In September, UOA announced plans to dispose of UOA Corporate Tower to a related party, UOA Real Estate Investment Trust, for RM700 million cash, which is expected to increase its cash position.

However, analysts are of two minds regarding the disposal. While some say that with a healthy balance sheet, UOA would not need to resort to more borrowings for the development of its investment properties in Bangsar South and Jalan Ipoh, others maintain that the developer would lose out on rental income of RM44 million. This could reduce its earnings by 15% to 16% in FY2021 and FY2022, says CGS-CIMB Research.

At this juncture, there are still more "buy" calls on the stock than "neutral", with three analysts recommending the former and two the latter. There are no "sell" calls. E

acquisition of 796.207ha in Rompin for RM15.87 million.

The acquisitions are in line with Far East's expansion plan, and its plan to broaden its core income base through increased plantation acreage at a reasonable cost and at a strategic location vis-à-vis its existing plantation assets.

As at Dec 31 last year, the group had 11 palm oil estates across Pahang, with a total oil palm planted area measuring 16,160ha. About 96% of its total planted oil palm are classified as mature, with a total weighted average palm age of 11.66 years. With the two new acquisitions, Far East's land bank will increase to 19,081ha.

CPO prices have fared better in 2020 than last year, with the third-month futures trading at RM3,318 per tonne on Dec 2 compared with 3,066 per tonne early this year.

Nevertheless, Far East expects the outlook for FY2020 to continue to be challenging due to the Covid-19 pandemic, rising operation costs, higher wages and labour shortage.

However, the group is optimistic that the demand for CPO would eventually recover once the pandemic is contained globally.

That said, Far East expects its fresh fruit bunches production to be stable this year. However, the group's financial result for 2020 is anticipated to be lower than last year in view of the volatility of CPO and palm kernel prices and lower share of profits from its associates as a result of the Covid-19 pandemic's impact globally. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

PROPERTY (BELOW RM3 BILLION MARKET CAPITALISATION)

Matrix Concepts Holdings Bhd

SUSTAINABLE REWARDS FOR SHAREHOLDERS

BY WONG EE LIN

The prolonged property market slowdown has given rise to a tough operating landscape. While many developers have been striving hard to stay profitable, Matrix Concepts Holdings Bhd has not only been making profit but has also achieved a decent return on equity at above 15%.

The Seremban-based developer's revenue exceeded the RM1 billion mark for the first time, chalking up RM1.05 billion in the financial year ended March 31, 2019 (FY2019), up 28% from RM818.48 million in FY2018. Its annual revenue was RM774.98 million in FY2017.

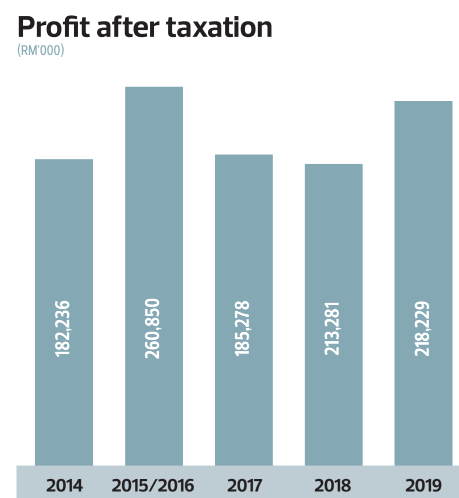
The steady revenue growth has fuelled the rise in its profit after tax (PAT) over the three-year period from FY2017 to FY2019 despite the soft market conditions, owing to reasons such as the gap between affordability and personal income growth.

Matrix posted PAT of RM218.39 million in FY2019, versus RM213.28 million in FY2018 and RM185.28 million in FY2017. This translates into a return on equity (ROE) of 17.2%

in FY2019, 19.1% in FY2018 and 19.4% in 2017.

The company's adjusted weighted three-year ROE came in at 18.2%, making it the highest among developers with a market capitalisation of between RM1 billion and RM3 billion as at March 31. As a result, Matrix once again bagged *The Edge* Billion Ringgit Club award for the highest ROE over three years for companies with a market capitalisation not exceeding RM3 billion.

The company's property development



revenue growth was driven mainly by higher recognition of its Sendayan Developments and Bandar Seri Impian properties, which accounted for RM886.63 million or 84.8% of the group's revenue.

The continuous earnings growth enabled Matrix to declare dividends consistently during the three-year period under review. The company's regular dividends are a testament to its financial strength. It declared a total dividend of 12.75 sen per share for FY2019 (translating into a payout ratio of 44.5%), 13.5 sen in FY2018 and 13.75 sen in FY2017.

The property developer's earnings growth momentum continued in FY2020. Its PAT expanded to RM234.45 million while revenue climbed to RM1.28 billion.

Despite the uncertainties caused by the Covid-19 pandemic, it declared a total dividend of 11.5 sen per share in FY2020.

The company's share price had gained 14% to RM1.72 as at March 29, 2019, from RM1.51 on March 31, 2016. Notably, the counter touched a high of RM1.91on Jan 8, 2018. The rise may appear small compared with stocks in other industries, but it is considerably good when compared with its peers in the property sector, where most share prices are at multi-year lows.

The stock fell to a three-year low of RM1.37 during the global equity rout in March, yet Matrix has managed to recoup nearly all of its losses. Its share price was down only 6.4% year to date at RM1.71 on Sept 30.

According to Bloomberg, the four research houses that cover the stock have three "buy"

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

REIT

Axis Real Estate Investment Trust

LARGELY INSULATED FROM SHORT-TERM VOLATILITY

BY SYAHIRAH SYED JAAFAR

Axis Real Estate Investment Trust (Axis-REIT) has stayed resilient and showed steady growth momentum, and has rewarded its shareholders favourably as a result. It won *The Edge* Billion Ringgit Club award for the highest returns to shareholders over three years as well as the highest growth in profit after tax over three years in the REIT sector.

In FY2019, it turned in a net property income (NPI) of RM191.71 million on revenue of RM222.46 million — 4.9% and 5.6% increases from RM182.76 million and RM210.59 million in FY2018 respectively. In FY2017, it recorded an NPI of RM146.2 million and revenue of RM172.72 million.

With a portfolio focused on industrial properties, Axis-REIT has been largely insulated from the short-term volatility arising from the global economic and political uncertainties, the group said in its 2019 annual report.

To illustrate, the REIT recorded a compound annual growth rate of 6.4% in its profit after tax over the past three financial years.

With higher income, the REIT's distribution per unit (DPU) paid to unitholders has also grown steadily since 2016. In FY2019, it paid out 9.26 sen, higher than 8.74 sen in FY2018 and 8.26 sen in FY2017. In 2016, unitholders received 8.25 sen.

Although the annualised distribution yield fell to 5.23% in FY2019, it had been consistently growing, from 5.12% in FY2016 to 5.6% in FY2018. The lower yield could be due mainly to the rise in share price since March 2018.

Axis-REIT's share price has been climbing

steadily after it slipped to a nearly five-year low of RM1.033 in March 2018 from RM1.369 on June 30, 2017. It rose to RM2.017 on June 30, 2020, up 95.2% from the trough. This translates into total returns over three years of 15.3%.

The REIT's diverse portfolio of industrial and office real estate stood at 48 properties last year, located across the Klang Valley, Johor, Penang, Pahang, Negeri Sembilan and Kedah.

The sustained demand for strategically located industrial properties has enabled its portfolio to generate a resilient income stream. Its calls and a "hold" recommendation, with a consensus target price of RM2.01 that implies a headroom of 17.5% from its current share price.

Matrix's core objective is to improve its township developments of Sendayan Developments — comprising Bandar Sri Sendayan, Ara Sendayan and Tiara Sendayan in Negeri Sembilan — and Bandar Seri Impian in Kluang, Johor, it says in its financial results announcement filed with Bursa Malaysia.

Following its successful expansion outside Negeri Sembilan, Matrix continues to spread its wings abroad. The group had a soft launch of its second development in Australia — M Greenvale in Melbourne — in April 2019, featuring 79 residential lots on a 9.7-acre parcel with a gross development value (GDV) of RM79 million. It had sold 46% of the units as at June 30, 2020.

Matrix plans to launch about RM1 billion worth of new properties, comprising mainly affordable and affordable-premium residential offerings, in Sendayan Developments in FY2021. As at June 30, 2020, its total ongoing developments in Malaysia and abroad stood at a GDV of RM2.5 billion, whereas the group's unbilled sales came in at RM1.2 billion, which will sustain its earnings over the next 15 months. E

portfolio occupancy rate stood at 92%, with a positive rental reversion of 2%.

Last year, Axis-REIT expanded its footprint in Johor with two acquisitions in Nusajaya, reinforcing its presence in the rapidly growing Iskandar Malaysia region.

It also embarked on its third property development project during the year, a built-to-lease warehouse facility.

Last year, the group identified seven more acquisition targets valued at RM288.3 million, according to its annual report.

"These acquisitions and development projects are in line with our strategy of curating and growing a portfolio of strategically located, highly-sought-after industrial assets to better serve our clients, which, in turn, will drive earnings and distribution growth for the fund's unitholders," it says in the annual report.

To support its growth ambitions, Axis-REIT says it has concluded capital-raising exercises that raised RM336.2 million in 4Q2019, which was used to pare down the fund's short-term financing and provide headroom for future acquisitions.

The fresh capital helped to strengthen Axis-REIT's balance sheet — its gearing dropped significantly to 28.7% as at Dec 31, 2019. Consequently, its net asset value grew 24.9% to RM2.1 billion, or RM1.45 per unit. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

REIT

IGB REIT

DETERMINED TO STAY RESILIENT DURING PANDEMIC

BY LEE WENG KHUEN

IGB Real Estate Investment Trust's return on equity (ROE) of 9.1% over the past three years was the highest in the REIT sector.

Its FY2017 ROE stood at 9.3%, before dipping slightly to 9.1% in FY2018 and FY2019.

That said, IGB REIT's net property income (NPI) has been on the rise since its listing on Sept 21, 2012. Its FY2019 NPI was RM398.79 million, a 3.2% increase from RM386.25 million in FY2018. Mid Valley Megamall (MVM) was the major contributor, accounting for 74%, while the remaining 26% was from The Gardens Mall (TGM).

Distribution per unit was lower at 9.16 sen for FY2019 versus 9.19 sen for FY2018. Its annualised distribution yield also fell to 4.84% for FY2019 from 5.31% the year before.

As at end-2019, IGB REIT's net asset value per unit stood at RM1.0663. Based on its closing price of RM1.75 on Oct 9, the company's market capitalisation is RM6.33 billion.

Year to date, the stock has slipped 9%.

IGB REIT's portfolio had a total net lettable area of about 2.67 million sq ft as at Dec 31, 2019.

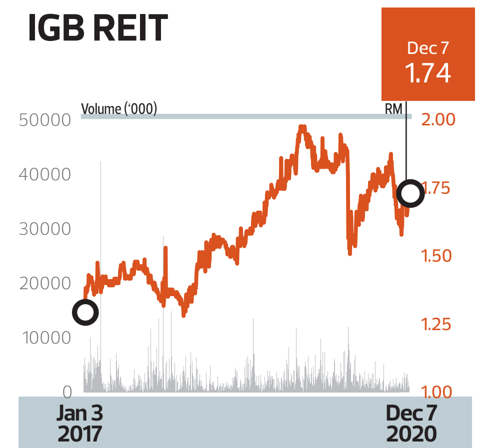
Based on valuation reports dated Jan 6, 2020, the fair value of MVM and TGM as at Dec 31, 2019, was RM3.665 billion and RM1.295 billion, respectively.

"2019 not only marked the end of another tumultuous year, but the end of a decade which saw significant changes across the globe. In the past 10 years, technology has advanced at breakneck speeds, bringing to the masses digital platforms that have brought us unprecedented access to information and enabled a new genre of business to emerge," IGB REIT says in its annual report for 2019.

For the first half of 2020, its NPI fell 37.7% to RM125.75 million, from RM202 million in the same period last year, mainly due to the rental support provided to tenants and lower car park income arising from the Covid-19 pandemic and resultant Movement Control Order (MCO).

"The current sluggish economic and business conditions are expected to result in a material adverse impact on the financial performance for the financial year ending Dec 31, 2020," it cautions.

Despite the grim outlook and many challenges ahead, IGB REIT says it is determined to stay resilient during the pandemic and remains committed to bringing about long-term value for its stakeholders.



In a July 21 note, MIDF Research says it expects the REIT's earnings to recover in 2HFY2020 as shopper traffic picks up and retail shops at MVM slowly reopen.

"Nevertheless, we only expect earnings to recover gradually as we think it will take a while for shopper traffic to revert to pre-Covid-19 levels. In a nutshell, we make no changes to our earnings forecast for FY2020/2021."

The research house maintains its target price at RM1.70, based on the dividend discount model valuation.

"We maintain neutral on IGB REIT due to the subdued retail backdrop in the near term. Meanwhile, dividend yield is expected to taper to below 4% in FY2020."

IGB REIT has taken appropriate and targeted action plans, including conditional rental support for eligible tenants, on a case-to-case basis to mitigate the current challenges faced by them, according to HLIB Research.

"We expect a slow rebound in 3Q2020 as management shared that some rental assistance is being extended into 3Q2020 to eligible tenants (tenants that haven't opened yet during CMCO/RMCO), and they are hopeful that none will be given in 4Q2020, hence suggesting a slow recovery in 2H2020."

The resumption of footfall in the malls during the less-stringent MCO aside, it remains concerned over 2H2020 earnings "as recovery of consumer sentiment remains uncertain during this unprecedented time, with higher unemployment leading to consumers becoming more watchful with their spending." E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS (JOINT WINNER)

TECHNOLOGY

Frontken Corp Bhd

OUTSTANDING GROWTH ON RISING DEMAND

BY WONG EE LIN

Global semiconductor industry sales contracted 12.1% year on year to US$412.1 billion in 2019, mainly due to the ongoing US-China trade war as well as cyclicality in product pricing, according to the Semiconductor Industry Association.

But the global trend did not seem to have disrupted the earnings growth momentum of Frontken Corp Bhd, a second-year member of *The Edge* Billion Ringgit Club (BRC).

Frontken Corp has production facilities in Malaysia, Singapore, the Philippines and Taiwan, with a workforce of 1,130. It specialises in providing testing and precision cleaning to the semiconductor industry.

Semiconductor companies account for close to 80% of Frontken's total revenue. Geographically, Taiwan is its key market, contributing 55% to its revenue.

The company's earnings have been on the fast track over the past four financial years. Between the financial year ended Dec 31, 2016 (FY2016) and FY2019, its net profit leapt from RM20.04 million in FY2016 to RM29.9 million in FY2017, RM52.3 million in FY2018 and RM69.2 million in FY2019. This represented a compound annual growth rate of 51.3% over the three-year period.

Its outstanding financial performance has seen Frontken bag *The Edge* BRC award for highest growth in profit after tax over three years in the technology sector. It is a joint winner for the category.

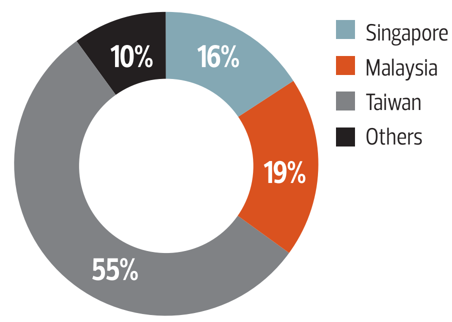
Frontken attributed the improved earnings in FY2019 mainly to its semiconductor division in Taiwan and Singapore as well as its engineering business in Malaysia and Singapore. Revenue from Taiwan has seen a steady increase to RM186 million in FY2019, from RM125.9 million in FY2016, as customers ramped up in production.

Apart from steady earnings growth, the big leap in its share price also won Frontken the award for highest returns to shareholders over three years in the technology sector.

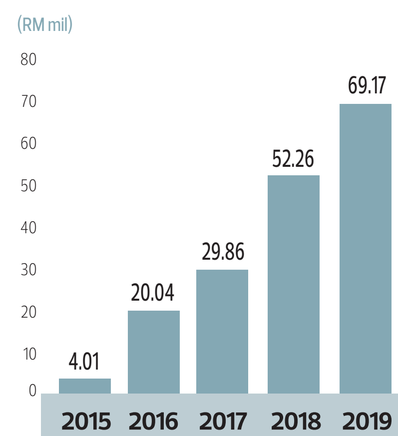
From a penny stock, Frontken has turned into a big-cap counter with market capitalisation of more than RM1 billion with its solid earnings performance over the three-year period. Its share price soared to RM2.53 on June 30, 2020, from a mere 29 sen on June 30, 2017, bringing its total return to 106.3% during the period.

On top of that, the company declared regular dividends in those three years while the dividend per share rose in tandem with its earnings growth. It declared a dividend of 0.5 sen per share in FY2017, 1.5 sen in FY2018 and 2.5 sen in FY2019. The company aims to achieve double-digit earnings growth in FY2020.

Segmental revenue by location in 2019



Net profit



SOURCE: FRONTKEN ANNUAL REPORT 2019

Frontken's confidence mainly hinges on a strong set of results in the first half of FY2020. Despite the harsh economic conditions, it announced record-breaking quarterly earnings of RM20.33 million for the second quarter ended June 30, up 23.06% from RM16.52 million.

The impressive earnings increment was mainly driven by its subsidiary in Taiwan, where domestic economic activities were not badly affected by the Covid-19 outbreak, thanks to its effective measures in containing the spread of the coronavirus. The strong performance was also lifted by a wider profit margin due to improved efficiency across the group.

Frontken chairman and CEO Nicholas Ng Wai Pin told *The Edge* in August that the second half of the year was traditionally the stronger period with better demand from its semiconductor-linked customers. He is anticipating a recovery in the oil and gas industry after the pandemic-induced disruption.

"We are in the process of expanding our facility in Taiwan to better cater for an anticipated increase in business from our customers. While we have not made any significant changes to our key policies, we remain committed to delivering sustainable shareholders' return through both dividends and capital growth," he said.

"We will continue to make prudent decisions in our investments and take appropriate steps to strengthen our growth potential and the value of our business, both organically and/or via mergers and acquisitions." E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS (JOINT WINNER)

TECHNOLOGY

Pentamaster Corp Bhd

DIVERSIFICATION PAYING OFF

BY ESTHER LEE

Penang-based Pentamaster Corp Bhd with its market capitalisation of RM3.45 billion is no stranger to the investing community. One of its notable accolades is being on the list of Forbes Asia's Best Under a Billion for four consecutive years.

Pentamaster, which started out as an automation house in 1995, is now known as one of Malaysia's success stories in the technology industry, alongside companies such as Vitrox Corp Bhd.

From an automation house, the company has become a specialist in the provision of factory automation equipment as well as technology solutions to industrial and commercial customers.

The technology company's profits have been growing by leaps and bounds since 2013. So it is no wonder that Pentamaster has once again snagged *The Edge* Billion Ringgit Club award for highest growth in profit after tax over three years.

Pentamaster's profit after tax has increased from RM36 million in 2017 to RM57.1 million in 2018 and RM83 million in 2019, implying a three-year compound annual growth rate of 15%.

Earnings grew even as revenue climbed from RM284.2 million in 2017 to RM422.2 million the following year. And in 2019, revenue rose to RM490.1 million.

It is also worth noting that in 2018, the company floated the shares of its 63%-owned automated solutions arm Pentamaster International Ltd on the Main Board of the Hong Kong Exchanges and Clearing Ltd. It has a market capitalisation of HK$2.83 billion (RM1.49 billion).

However, this year, when the Covid-19 pandemic struck and the global economy took a hit, Pentamaster was not spared either.

In an interview with *The Edge* in June, its co-founder and chairman Chuah Choon Bin acknowledged that the pandemic had impacted the technology company's revenue for the first half of the year, owing to a disruption to its supply chain, restrictions on travel as well as weaker customer demand resulting from the economic downturn.

For the cumulative nine months ended Sept 30, 2020, Pentamaster's revenue slid 15% to RM308.55 million from RM364.13 million a year ago. Net profit fell 19.4% to RM48.82 million for that period compared with RM60.59 million a year ago.

According to a Nov 11 report by CGS-CIMB Research, Pentamaster's order book had fallen below the RM200 million level at one

HIGHEST RETURN ON EQUITY OVER THREE YEARS

TECHNOLOGY

MyEG Services Bhd

CONTINUES TO INNOVATE AND DELIVER SUSTAINABLE RETURNS

BY JOYCE GOH

Two-decade-old MyEG Services Bhd (MyEG) has stood the test of time as it continues to innovate and expand its services over the years. Since its inception in 2000, it has delivered a wide range of e-government as well as other digital services to the public.

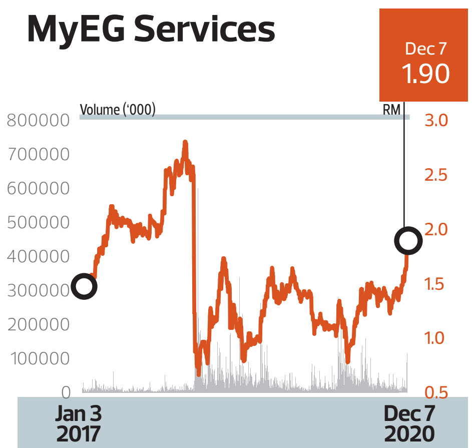
Given its track record, MyEG has been in a sweet spot to secure e-government service contracts. The latest e-government job is the provision of an online payment system for inbound travellers to pay for Covid-19 test screening and quarantine charges, prior to their arrival in the country.

On top of that, MyEG has started offering online renewal of motorcycle road tax and competent driving licence (CDL) in an expansion of services provided for the Road Transport Department (JPJ).

CGS-CIMB Securities Sdn Bhd estimates that MyEG could see up to RM60 million in annual revenue from the new online renewal services for motorcyclists as it expects the company to capture up to 20% of the estimated 10 million motorcycle road tax renewals a year.

MyEG has been a service provider for JPJ since 2007. Its services include renewal of car road tax, summons checking and payment, computerised drivers' theory testing as well as transfer of vehicle ownership.

MyEG has always been on its toes, ready to spread its wings in e-government services. This year, the company bought a 10% stake in Labuan-based S5 Holdings Inc for RM90 million from Merrington Assets Ltd, which is mainly involved in the provision of security technology, intellectual property and the development and customisation of solutions and systems.



In a bigger corporate exercise, S5 will be injected into Ancom Logistics Bhd as it seeks a backdoor listing on Bursa Malaysia. Being a shareholder of S5, MyEG will eventually be a substantial shareholder of Ancom Logistics should things go as planned.

Despite the ups and downs that the e-government service provider has been through over the past three years, it has been able to sustain a decent return on equity (ROE). In fact, its ROE is the highest among its peers with a market capitalisation of more than RM1 billion in the technology sector. And for that, MyEG walked away with the award for the highest ROE over three years in the technology sector at *The Edge* Billion Ringgit Club 2020.

The e-government service provider's adjusted weighted ROE over three years stood at 32.9%. Its ROE came in at 42.3% in 2017, 18.4% in 2018 and 37.9% in 2019 based on annualised earnings.

MyEG changed its financial year-end twice in the past three years. As a result, the assessment on its performance was based on annualised earnings for the financial year ended Sept 30, 2018 (FY2018) and the financial year ended Dec 31, 2019 (FY2019). The company posted an annualised profit after tax of RM201.5 million in FY2017, RM103.2 million in FY2018 and RM242.3 million in FY2019.

Digital and commercial services accounted for about 80% of the group's revenue in FY2019 while e-government services accounted for around 20%. MyEG's revenue was contributed by its concession-related services such as those for the Immigration Department and JPJ and their related ancillary services.

Earnings were also derived from commercial offerings, which include motor vehicle trading related services, foreign worker recruitment, financing services and placement-related services.

It has been three volatile years for MyEG in terms of its share price performance. The stock took a nosedive in May 2018 shortly after the general election to the 70 sen range before regaining some lost ground in the following year. Unfortunately, the fierce selldown triggered by the global equity rout dragged its share price below RM1 again, to 79.5 sen in March 2020, after it had stayed above RM1 for most of 2019.

Nonetheless, being resilient, MyEG bounced back to close at RM1.42 on June 30. E

point, but order replenishment gained good traction from October and is now hovering above RM200 million.

Nevertheless, analysts are already looking beyond the impact from Covid-19 this year and foresee better days ahead for the company.

AmInvestment Research says in its Nov 11 report that the company has seen growth in all of its customer segments except for the electro-optical segment, and notes that the business segment split between automated test equipment (ATE) and factory automation solutions (FAS) is also more balanced.

"Its customer concentration risk has also been reduced to around 60% for its top five customers (from about 80% before) with a more balanced market segment and geographical base as well, which helps to mitigate risks for the group," notes AmInvestment Research.

CGS-CIMB Research adds that the group's strategy to diversify its exposure to the automotive sector is gaining good traction given the growing demand for insulated-gate bipolar transistor (IGBT) tester solutions going into electric vehicle (EV) applications in China.

Half of its automotive segment revenue is now derived from IGBT solutions.

The group is also extending its reach into the medical segment with single-use medical devices through TP Concept and Pentamaster MediQ, for the production of dual-safety pen needles and IV catheters.

CGS-CIMB Research expects the medical segment to contribute 10% of sales in 2021 and 20% in 2022, driven by sales of medical device assembly equipment and single-use medical devices.

There are currently four "buy" and two "sell" calls on Pentamaster. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TELECOMMUNICATION & MEDIA

Time dotCom Bhd

RISING DESPITE CHALLENGES

BY ADELINE PAUL RAJ

The telecommunications landscape has become increasingly challenging, so it is to Time dotCom Bhd's credit that it has managed to generate commendable returns to shareholders in recent years, given the upward momentum of its share price and its regular dividends.

The telco's share price has climbed 21.4% from RM8.96 as at June 30, 2017, to RM10.88 as at June 30, 2020 (adjusted price) — the three-year period of review for *The Edge* Billion Ringgit Club Corporate Awards.

While that translates into a total annualised return of only 6.7% over the three years, it was ahead of those of its peers. This makes Time dotcom our winner in the telecommunications and media sector.

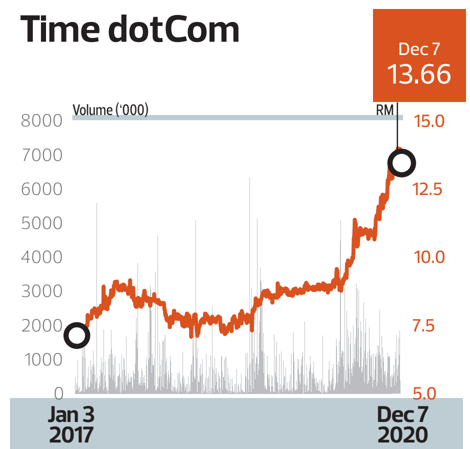
For the financial year ended Dec 31, 2019 (FY2019), shareholders received a total dividend per share of 29.03 sen, higher than the 20.56 sen in FY2018 and the 17.20 sen in FY2017.

What is interesting is that its share price has continued to climb. It closed at RM13.70 on Nov 30, a gain of 25.9% from RM10.88 on June 30. Time dotcom is one of the few companies that have not been as badly hurt by the Covid-19 pandemic this year — and this is possibly the underlying factor driving its strong share price performance.

Time dotCom provides fibre network solutions supporting home and business needs. Its fibre-optic network assets span Malaysia, Singapore, Thailand, Vietnam and Cambodia.

"The impact of Covid-19 on the group's business has so far been modest and the impact has mostly been felt from the hospitality, tourism and aviation sectors," the company said, following the release of its first-half financial results for FY2020.

In 2QFY2020, Time dotCom saw net profit decline 24.6% year on year to RM69.79 million, despite a 9.7% increase in revenue to RM304.8 million.



TIME DOTCOM

Nevertheless, for 1HFY2020, net profit grew 7.8% to RM167.75 million on the back of a 10.8% rise in revenue to RM598.75 million. Its core net profit, at RM160 million, was roughly within analysts' expectations, coming in at 48% of the consensus estimate for the full year.

The higher revenue for 1HFY2020 was a result of higher sales across all core product segments. As at June 30, it had cash and cash equivalents of RM480.2 million, while its total borrowings amounted to RM60.27 million. The telco has yet to declare interim dividends so far this year.

"Owing to the longer-term approach that we've always taken towards the business, we've been able to continue driving growth for 1H2020. Coverage expansion and service quality remain key priorities for the group as we support our customers in an increasingly digital environment," its CEO Afzal Abdul Rahim said.

In 1H2020, Time dotCom spent close to RM98 million to improve its domestic network coverage, build a new data centre in Cyberjaya and invest in a new billing system.

HIGHEST RETURN ON EQUITY OVER THREE YEARS

TRANSPORTATION & LOGISTICS

Lingkaran Trans Kota Holdings Bhd

HOLDING ON TO POLE POSITION DESPITE DECLINE IN TOLLABLE TRAFFIC

BY ESTHER LEE

Highway concessionaire Lingkaran Trans Kota Holdings Bhd (Litrak) has provided its shareholders with commendable return on equity (ROE) over the last three years, putting it in pole position in the transportation and logistics sector.

Based on the adjusted weighted ROE over the last three years, Litrak's ROE stands at 29.1%. However, the highway concessionaire's ROE had moved downwards over the three financial years in review, from 33.4% in 2017 to 29.7% in 2018 and, finally, to 26.9% in 2019.

Litrak's net profit increased 6.8% to RM236.1 million in 2019 from RM221 million in 2017. Over the same period, its net asset per share rose from RM1.36 to RM1.76.

Over the last three years, the company has been paring down its borrowings, from RM1.23 billion in 2017 to RM994.8 million in 2019. This improved its net gearing to 0.36 times at the end of the financial year ended March 31, 2019, from 0.64 times the year before.

Malaysians, especially those living in the Klang Valley, would be familiar with the high-

ways constructed, operated and maintained by Litrak: Lebuhraya Damansara-Puchong (LDP) and Western Kuala Lumpur Traffic Dispersal Scheme (SPRINT Highway).

Even though the highways appear to be congested most of the time — especially during peak hours — the average weekday tollable traffic has been on a decline. Traffic on the LDP decreased from an average of 478,000 vehicles on weekdays in 2017 to 460,000 in 2019. The company attributes this to newer highways as well as road users choosing to use public transport such as the mass rapid transit (MRT) instead.

As with other companies, Litrak has been impacted by the Covid-19 pandemic. The Movement Control Order (MCO) in March this year led to a decline of 85% to 90% in tollable traffic volume on both highways, the company observes in its 2020 Annual Report.

It adds that since the relaxation of the movement restrictions and resumption of most business activities in May, the highways have seen a recovery in tollable traffic volume compared with April, albeit still at slightly below pre-MCO levels.

"Barring a resurgence of a second wave of the Covid-19 or similar pandemic, the group envisages tollable traffic volume returning to the pre-MCO level with the full lifting of the MCO by the government in the near future," it adds.

Kenanga Research has a "trading buy" call and fair value of RM14 on the stock based on Time dotCom's resilient and lean business model; growth prospects helmed by increasing demand for internet and data services; and growing regional synergies via its associates.

"We also believe it will not lose out from the eventual deployment of our national 5G, but is likely limited to only the rolling-out of infrastructure," it says in a Sept 15 report on the company.

In FY2020, Time dotCom aims to enter at least one million household premises, from 790,000 in FY2019, with a fibre broadband footprint mostly encompassing high-rise buildings in the Klang Valley and Penang.

"At present, [its] household packages are the most competitive in the market, based on the respective speeds offered, which we believe gives existing customers little incentive for migration. This puts the group in a favourable position during this Movement Control Order period, in which homebound work arrangements are more prevalent and the need for home internet becomes more pressing, possibly nudging Arpu (average revenue per user) higher," says Kenanga. E

Meanwhile, the company says the offer from the previous government administration in June 2019 to acquire the LDP and SPRINT Highway lapsed on Feb 29, 2020, as there was no further extension executed before the cut-off date to finalise definitive agreements.

MIDF Research, which has a "buy" call on Litrak, believes that there is a downside risk to traffic volume with the introduction of an unlimited monthly pass to encourage the use of public transport.

"For the longer term, the completion of KVMRT (Klang Valley MRT) Line 2 in 2022, which connects Sungai Buloh, Serdang and Putrajaya, and the possibility of KVMRT Line 3 being reinstated will also exacerbate the risk to tollable traffic volume.

"Specifically for SPRINT, the Damansara Link runs parallel to the stretch of KVMRT Line 1 from the Semantan station to Taman Tun Dr Ismail station. We opine that the impact on traffic volume will be more pronounced with the continuous improvement in public amenities and connectivity," it adds.

Conglomerate Gamuda Bhd holds a 43.56% stake in Litrak. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TRANSPORTATION & LOGISTICS

Malaysia Airports Holdings Bhd

NAVIGATING HEADWINDS BY STAYING ADAPTABLE AND AGILE

BY KANG SIEW LI

Malaysia Airports Holdings Bhd (MAHB) started 2020 on a positive footing after breaking several records last year, including highest passenger numbers handled and revenue.

In 2019, the airport operator saw 140.63 million passengers — an increase of 5.6% over 2018 — pass through the 39 airports it manages in Malaysia as well as the Istanbul Sabiha Gökçen International Airport (ISG) in Turkey. For its Malaysia operations alone, passenger movements surpassed the 100 million mark for the first time to hit 105.17 million, a growth of 6.1% over 2018. ISG handled 35.47 million passengers, up 4.1% from 2018.

On the back of improved passenger volumes, MAHB's revenue leaped 7.4% to a record RM5.21 billion for the financial year ended Dec 31, 2019 (FY2019).

However, it recorded lower profit after tax (PAT) of RM537 million in FY2019 compared with RM727.3 million in FY2018, on unrealised gain on the fair value of investment in GMR Hyderabad International Airport amounting to RM258.4 million, and a gain on disposal of GMR Male International Airport of RM28.2 million recorded in FY2018. But stripping out the exceptional gains in FY2018, PAT for FY2019 increased 21.9% from RM440.7 million in FY2018. It achieved PAT of RM239.8 million in FY2017 and RM70.4 million in FY2016.

This translated into a compound annual growth rate (CAGR) of 12% in PAT from 2016 to 2019, making the airport operator a winner in this year's The Edge BRC's highest growth in PAT in the transportation and logistics category over the three years under review.

In FY2019, total dividend payments of RM248.8 million translated into a payout of 52% of the total adjusted PAT, surpassing the group's dividend policy of a minimum 50% payout ratio.

The spread of Covid-19, however, has presented MAHB with unprecedented challenges, especially in a sector hard hit by lockdown restrictions. Investors are

expecting a tough year financially for MAHB in FY2020, owing to the pandemic. MAHB shares have surged 42% from their low on March 19, but are still down 24% for the year. The stock closed at RM5.78 on Dec 8, giving it a market capitalisation of RM9.6 billion.

Nevertheless, MAHB group CEO Datuk Mohd Shukrie Mohd Salleh said a year of record revenues in 2019, coupled with prudent debt and cash flow management, meant that MAHB started 2020 from a position of strength and good financial standing.

"That will help us face the challenges that the Covid-19 pandemic has dealt the aviation industry in Malaysia, as well as regionally and globally," he said in the group's 2019 annual report released on May 28.

"While final details for a sustainable funding model for airport development are still being bolted down, we are confident that, by being adaptable and agile, MAHB has the capability to deliver the airport growth needed to serve our stakeholders."

According to MIDF Research, the next two years will be very challenging for MAHB as the group grapples with lower revenue and winning back consumer confidence and trust.

"With positive development on the vaccine front, we believe that the future of the aviation industry has improved significantly, which will impact aviation players such as MAHB positively. Following that, we foresee a more definitive demand recovery in 2HFY2021 as a result of the administration of the Covid-19 vaccine," the research firm wrote in a Dec 1 report.

Premised on optimism over vaccine development and the subsequent recovery in air travel demand, MIDF Research is forecasting a slight positive PAT of RM57.5 million for FY2021, reversing its previous forecast of a loss of RM98 million. "Despite the shift from our previous bearish outlook to a more moderate narrative, we believe that full recovery for MAHB and, by extension, the aviation industry in Malaysia will not be feasible in FY2021. We postulate that the return for consumer confidence will take some time even after the successful introduction and administration of vaccines, beyond FY2021."

MAHB swung to a net loss of RM431.17 million for 9MFY2020 from a net profit of RM507.53 million in the same period last year, owing mainly to a significant decrease in revenue of 58.6% year on year, in tandem with a 65.5% contraction in passenger movements, due to global travel restrictions because of the pandemic and Movement Control Order. E

Mohd Shukrie: MAHB has the capability to deliver the airport growth needed to serve our stakeholders

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TRANSPORTATION & LOGISTICS

MISC Bhd

PERFORMING DESPITE CHALLENGING BUSINESS ENVIRONMENT

BY JOSE BARROCK

With Petroliam Nasional Bhd (Petronas) controlling 57.56% equity interest in MISC Bhd, it is no wonder that the shipping company has performed well financially. As the transportation arm of the national oil company, MISC's earnings are linked to the former's contracts, with any other jobs being a bonus.

It is no mean feat managing the company's diverse asset base and churning out stellar profits. It has a fleet of 79 vessels under AET Tanker Holdings Sdn Bhd, 29 liquefied natural gas (LNG) carriers, four floating storage units, 12 floating solutions including floating production storage and offloading (FPSOs) vessels, floating storage and offloading (FSOs) ships, and a 66.5% stake in publicly traded fabricator, Malaysia Marine and Heavy Engineering Holdings Bhd (MHB), among others.

MISC's success in bagging the highest return to shareholders over three years accolade in the transport and logistics sector for this year's *The Edge* Billion Ringgit Club Coporate Awards is even more commendable considering the challenges at MHB, which has suffered losses in three out of the past four financial years.

From June 2017 to mid-2020, MISC's share price strengthened by just over 3%, which is nevertheless a considerable gain of 23 sen. The company's market capitalisation at the time of writing was close to RM32 billion.

At its current price of RM7.15, MISC offers an attractive dividend yield of 4.2% based on FY2019's dividend of 33 sen per share or a total of RM1.47 billion. This is 10% more than the 30 sen per share it has paid out consistently every year for the last three years.

Interestingly, for the cumulative nine months ended September, MISC suffered a net loss of RM599 million from RM6.76 billion in revenue — in contrast to net profits and revenue of RM1.18 billion and RM6.59 billion respectively a year ago.

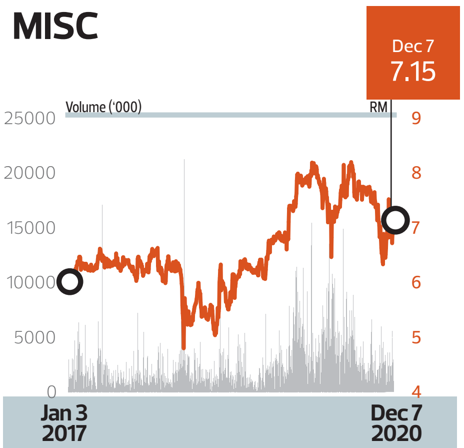
The company's earnings were dragged down by a RM1.16 billion net loss suffered in the first quarter of 2020, as a result of litigation claims of RM1.05 billion and a write-off of trade receivables and losses on a re-measurement of finance lease receivables of RM935.2 million. Despite the net losses, MISC had an operating profit of RM845.1 million and net cash generated from operating activities of RM2.18 billion in the first three months of FY2020.

As at end-September, MISC had cash, deposits and bank balances of RM6.88 billion, and long and short-term borrowings of RM10.34 billion and RM2.87 billion respectively, translating into a net gearing of 0.2 times.

It is noteworthy that, as at end-September, MISC had retained profits of RM17.98 billion and reserves of RM6.06 billion.

On its prospects for FY2020, MISC explains that spot charter rates for LNG shipping have strengthened ahead of the traditionally busy winter trading season, on the back of a recovery in Asia LNG demand and buyers securing supplies in anticipation of the colder months.

"Nevertheless, the operating income of the LNG shipping segment continues to be underwritten by the portfolio of long-term charters that are in place," MISC says.



The crude tanker market continues to be adversely impacted by weak tonnage demand and increased vessel availability from the unwinding of floating storage.

"After an exceptionally strong first half year, freight rates fell sharply and have remained under pressure since. The weak market could persist until the end of 2020, based on the expected rate of oil demand recovery," MISC adds.

To sum things up, MISC says, the Covid-19 pandemic has not materially affected the financial performance, financial position, cash flow and liquidity of its LNG, petroleum and offshore businesses in the third quarter ended September but has adversely impacted the heavy engineering business. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

UTILITIES

Mega First Corp Bhd

DON SAHONG HYDROPOWER PROJECT SCORES HOME RUN

BY SUPRIYA SURENDRAN

On Jan 7, Mega First's prized project and cash cow, the 260MW Don Sahong hydropower project, commenced operations — 15 years after the group first signed a memorandum of understanding for the project with the Laos government.

Don Sahong is a run-of-river scheme situated in the middle reach of the Mekong River in southern Laos. The energy generated by the plant is sold to Electricite Du Laos, the state corporation that runs and operates Laos' electricity generation, transmission and distribution assets.

The project is expected to generate annual revenue of US$120 million (RM512.4 million) and a net profit attributable to shareholders of between US$60 million and US$70 million during its 25-year concession period starting from its financial year ending Dec 31, 2020.

Prior to the completion of the plant, Mega First was recognising the construction profit of Don Sahong, as well as energy sold during the test run period for the plant, in its books.

The company's net profit rose 27% to RM153.7 million in the financial year ended Dec 31, 2019 (FY2019), from RM120.7 million in FY2016. This translates into a three-year compound annual growth rate of 8.4%.

With its steady earnings growth, it is no surprise that Mega First's share price performance during that period was nothing short of stellar. Compared with its closing price of RM3.85 on June 30, 2017, its share price had shot up by 63% to RM6.28 on June 30, 2020, giving it a total return of 17.7% over the three years. On Aug 28, Mega First shares hit a record high of RM7.76.

The group declared a four sen dividend for both FY2017 and FY2018, lower than the five sen per share for FY2016. However, it was more generous in FY2019, declaring a dividend of six sen per share.

Currently, the Don Sahong project runs on four turbines, but there are plans to add a fifth one. The fifth turbine will serve not just as additional capacity but also as a spare in case there is a need to service one of the existing four turbines.

Apart from its power division, Mega First also has a resources division, which is one of Malaysia's largest quicklime producers, and a packaging division which is involved in the manufacturing of flexible packaging products as well as labels and printed products.

HIGHEST RETURN ON EQUITY OVER THREE YEARS

UTILITIES

Gas Malaysia Bhd

RISING GAS DEMAND FUELS STEADY EARNINGS GROWTH

BY KATHY FONG

Those who expected Gas Malaysia Bhd to be a typical utility stock that offers steady income but little earnings growth may have been proved wrong.

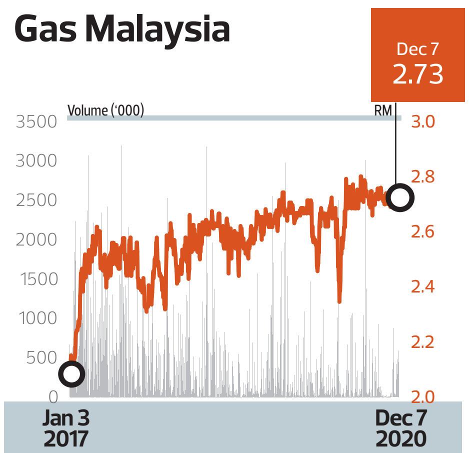
Gas Malaysia's core business is the selling and distribution of natural gas to industrial customers and households. Hence, its earnings growth is very much in line with the demand for natural gas, which has been on the rise over the years.

The company is licensed under the Gas Supply Act 1993 to supply and sell reticulated natural gas in Peninsular Malaysia. In December 2000, it was granted the licence to supply and sell reticulated liquefied petroleum gas (LPG).

On top of that, Gas Malaysia has another important task, which is to develop, operate and maintain the Natural Gas Distribution System in Peninsular Malaysia — the backbone infrastructure for fuel distribution on this side of the country.

As at end-2019, the company operated and maintained 2,468km of gas pipeline across the peninsula, supplying natural gas to 933 industrial customers, 1,056 commercial customers and 12,620 residential customers. It also supplies LPG to 1,272 commercial customers and 20,289 residential customers.

Gas Malaysia sources natural gas from Petroliam Nasional Bhd (Petronas) through



its public-listed unit Petronas Gas Bhd.

The consistent growth in industrial demand for natural gas helped to fuel the increase in the company's earnings over the past three financial years, FY2017 to FY2019 ended Dec 31. Its revenue grew from RM4.05 billion in FY2016 to RM5.31 billion in FY2017, RM6.23 billion in FY2018 and RM6.88 billion in FY2019. A revision in tariffs also helped to boost its turnover in FY2019.

The company's profit after tax (PAT) returned to the growth track after it dipped to RM160.7 million in FY2017 from RM164.4 million in FY2016. Its PAT then grew 12.3% year on year to RM180.4 million in FY2018 and 5.4% y-o-y to RM190.1 million in FY2019.

The growth in PAT enabled the company to achieve a return on equity (ROE) of 15.8% in FY2017, 17.7% in FY2018 and 18.4% in FY2019. This translates into an adjusted weighted ROE of 17.7% over the three years — the highest among the companies listed in the utility sector of Bursa Malaysia with a market capitalisation of RM1 billion and above, making it this year's winner of *The Edge* Billion Ringgit Club award in this category.

Gas Malaysia rewards its shareholders with regular dividends. It declared a dividend per share of 13 sen in FY2017, 13.5 sen in FY2018 and 14.1 sen in FY2019.

According to Bloomberg, eight out of the nine investment analysts who cover Gas Malaysia have a "buy" recommendation on the utility stock. The average target price is RM3.06.

"We expect Gas Malaysia's regulated earnings to remain steady under the incentive-based regulation (IBR) regulatory period 1 (RP1, 2020-2022) revenue-cap regime. But its unregulated shipping division could face challenges from weaker gas consumption," CGS-CIMB Securities wrote in its quarterly results review dated Nov 12.

"We gather that the IBR regulatory revenue adjustment for FY2020 could happen in the fourth quarter of this year, and Gas Malaysia will likely see an under-recovery in revenue due to the shortfall in allowable volume growth."

The research outfit has a "buy" call on the stock in view of its relatively stable earnings and decent dividends as potential rerating catalysts.

Kenanga Research, which has a "market perform" call on the counter, wrote that it is positive on Gas Malaysia's long-term earnings prospects given the margin spread of above RM2/mmbtu, which will increase its earnings on the back of volume growth. "However, we reiterate our 'market perform' rating with an unchanged DCF-derived target price of RM2.85, as we believe the positives are already reflected in the share price. Our recommendation is supported by an attractive dividend yield of about 5%. Upside risk to our call is a higher-than-expected volume growth," it says. E

Mega First has also made a foray into the renewable energy space. On Aug 29 last year, the group incorporated a joint venture (JV) company called MFP Solar Sdn Bhd to facilitate the expansion of the group's solar business. MFP Solar is 55% owned by the group and 45% owned by Pekat Teknologi Sdn Bhd.

Public Invest Research, in a note dated Sept 4 on Mega First, wrote that the JV company had bagged four solar panel installation projects with a total installed capacity of about 15MW under a net energy metering system in Cambodia and Malaysia. Pekat Teknologi is the engineering, procurement, construction and commissioning contractor in the JV arrangement while Mega First plays the investor role, securing an internal rate of return of 10% to 12% from each project.

As for the group's packaging division, Public Invest says that Mega First's 60%-owned packaging company in Melaka has embarked on a major expansion to increase the production capacity of its paper packaging and flexible packaging by 200% and 100% respectively. The current capacity utilisation for paper packaging is almost running at maximum while flexible packaging is running at 80%.

The expansion, including the construction cost of a new paper factory and a piece of land measuring 10 acres (for future expansion, excluding construction cost), is expected to cost about RM80 million over the next two years. The first phase of the expansion is expected to be ready by the first quarter of 2021.

Public Invest maintains its "outperform" call on Mega First with a sum-of-parts-based target price of RM8.58, which it says implies an undemanding 11.9 times price-earnings ratio and a 3.5% dividend yield in FY2021. E

Financial education in the Covid-19 era

TEEF IS WORKING ON ONLINE DELIVERY OF ITS FREE FINANCIAL LITERACY PROGRAMME FOR SCHOOLS

BY DOROTHY TEOH

Covid-19 and the need to observe social distancing have affected many companies' CSR programmes and activities. It also led to The Edge Education Foundation's (TEEF) having to temporarily stop its financial literacy programme in schools.

TEEF had been running the "Money & Me: Youth Financial Empowerment Programme" in selected schools in Kuala Lumpur and Selangor since launching it at five schools in 2016. This free financial literacy cum basic entrepreneurship skills programme for Form 4 students grew to encompass 13 schools last year and 15 this year. Money & Me is approved by the Ministry of Education as a co-curricular programme for schools.

The programme, which is in English, consists of five modules — Save, Spend, Earn, Grow and Give. It equips students with financial literacy as a life skill by teaching them the importance of saving and budgeting, among other things. It also teaches basic entrepreneurship skills such as coming up with an idea for a small business, designing a simple business plan and producing a marketing video. By getting them to work in teams, the students also learn teamwork.

Participants then implement their business plan during what is called Sales Day, when they set up stalls at their schools to market their products or services (in the first two years, the students set up booths at a mall). Since 2016, Money & Me participants have racked up sales of over RM96,000 and given away about 21% of their earnings to charity.

TEEF is a small foundation, so it collaborates with partner organisations and teachers to carry out the programme in participating schools, using materials designed by TEEF with a grant from Citi Foundation, which supported the programme until last year. Our partners for this year comprised Deloitte, EY and PwC as well as BHP, GE, INTI International College Subang and INTI International University Nilai, KLK Oleo and the Rotary Clubs of Sentul and Central Damansara. EY, GE and PwC have been our partners since 2016.

Volunteers from these partner organisations facilitate the lessons at some schools fully or together with teachers. At other schools, teachers facilitate the programme fully. Unfortunately, the closure of schools and the moving of lessons online meant that the programme had to take a break this year.

Since 2017, TEEF has conducted pre- and post-programme assessment of participants to gauge the programme's impact under what we call Phase 1 impact assessment. At the end of last year, we conducted a Phase 2 impact assessment to gauge the longer-term impact on the 2016 and 2017 alumni and managed to survey 81 participants, about 26% of the total number for those two years. The results show that the programme's impact has been lasting, with alumni surveyed continuing to practise good financial behaviour.

HIGHLIGHTS OF THE SURVEY

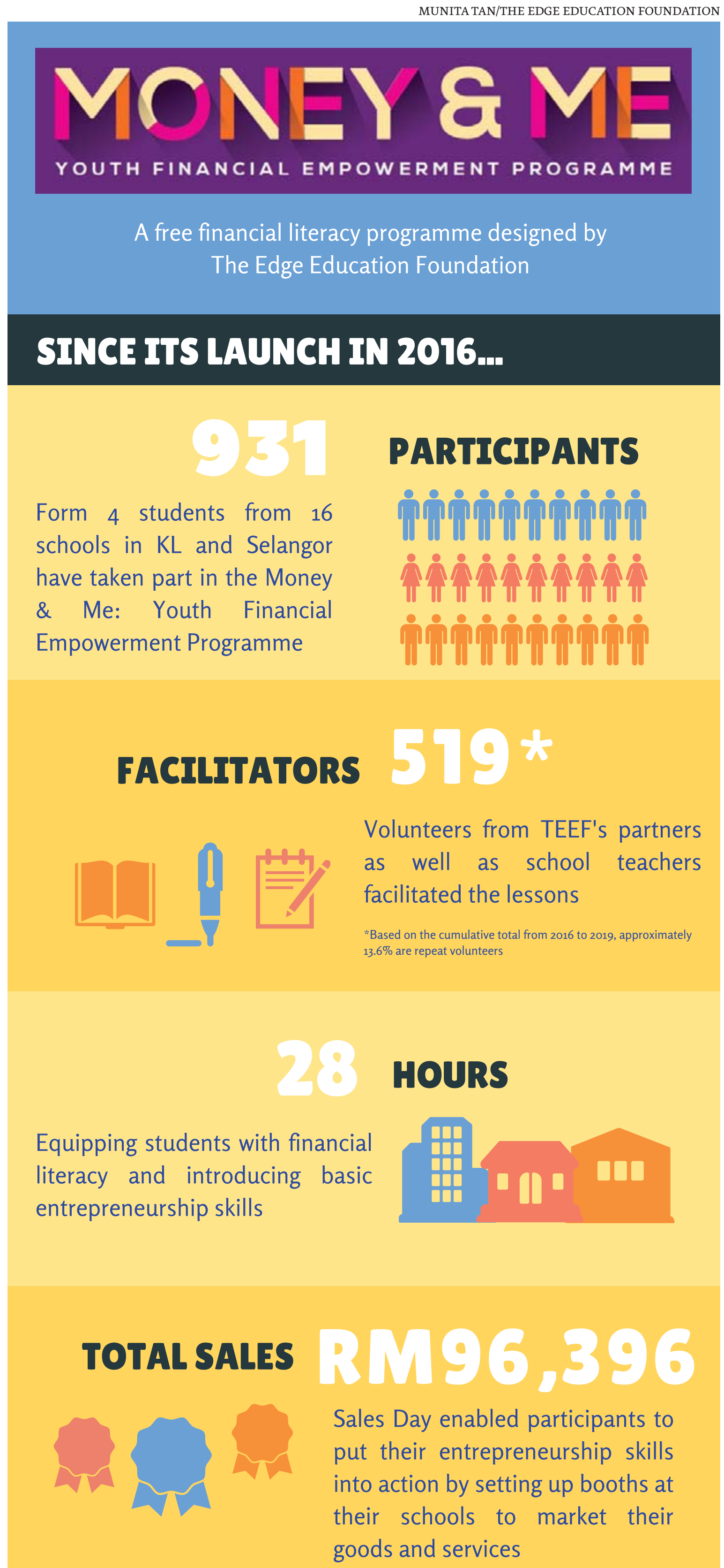
- 91% of the respondents are still studying, with 51% of these enrolled in diploma courses and 21% in degree courses;
- 94% agree or strongly agree that knowing how to manage money is important, with 72% strongly agreeing;
- 93% agree or strongly agree that it is important to start saving for retirement as soon as one starts working, with 58% strongly agreeing;
- 77% say when they receive money, they always plan how it will be used;
- 78% say they have a budget of their income and expenditure, with 51% saying that most times, they can keep to their budget;
- 42% say they never spend more than they have while 43% say they sometimes do and 15% say they always do;
- 99% say they save, with 35% putting aside money to save on a daily basis, 38% on a weekly basis and 26% on a monthly basis;
- 53% say they save a certain amount of money and spend what is left while 46% say they save what they have left after spending (Money & Me teaches participants to "pay themselves first" and that they should spend what is left after saving);
- 90% agree or strongly agree that the Money & Me programme was a good introduction to how to do a small business, with 38% agreeing and 52% strongly agreeing; and
- 33% say they have plans to start a small business in the next one to three years.

These findings are a strong motivation for us to continue the programme next year.

CHU JUCK SENG/THE EDGE

Money & Me participants from SMK Lembah Keramat at the prize-giving event on Sept 28, 2019. The school emerged tops in the Schools category of the Money & Me Young Entrepreneur Challenge.

MUNITA TAN/THE EDGE EDUCATION FOUNDATION



Currently, the TEEF team is working on converting as much of the Money & Me materials as we can for Google Classroom. Since the pandemic, students and teachers have become familiar with Google Classroom, which will enable volunteers to facilitate lessons in person in the classroom or virtually.

By making it possible to deliver the programme online, we hope to be able to expand Money & Me beyond schools in the Klang Valley. And by making the materials more interactive and involving the students in a higher degree of self-learning, we hope to encourage greater engagement on their part.

To make this possible, however, schools will need good internet access and IT facilities, and that is something beyond our control.

CEKAP DUIT

Other than Money & Me, TEEF also has another financial literacy programme called Cekap Duit: Cakap Tentang Duit, which it co-designed with local NGO Malaysian CARE. This Bahasa Malaysia programme, based on Money & Me, is aimed at an out-of-school audience.

Malaysian CARE launched Cekap Duit in Sekolah Integriti Kajang (SIK), a school for juvenile delinquents at Kajang Prison, in 2017 with 25 participants. When SIK moved to the Puncak Alam Correctional Centre, the NGO continued Cekap Duit there and the programme is now in its sixth cycle, albeit with far fewer participants.

SOLS 24/7, another local NGO, has also adopted Cekap Duit as a co-curricular programme in its Academy of Innovation (SOLS.ai). It introduced the programme in January this year to a group of 58 students taking courses such as solar energy, the JPK Accredited Computer Class and project management at its Youth Development Centre in Segambut and concluded the programme in March, just before the Movement Control Order was imposed. Most of the students, aged between 17 and 25, are Orang Asli.

The effects of Covid-19 on the economy as well as livelihoods make financial education and learning basic entrepreneurship skills even more necessary for young people. Will you join us in making this possible? E

Dorothy Teoh is the CEO of The Edge Education Foundation