THE EDGE BILLION RINGGIT Club 2022

RECOGNISING
MALAYSIA'S OUTSTANDING
CORPORATE PERFORMERS

Good to meet face to face again

Handshakes were back at *The Edge* Billion Ringgit Club (BRC) as Corporate Malaysia returned in full force to honour its best performers without Covid-19 restrictions in Kuala Lumpur on Oct 31.

Guests were free to catch up in the foyer of Shangri-La Hotel Kuala Lumpur over drinks and pre-dinner tipples, something that we had to do without in December 2021 when the gala dinner returned after a one-year hiatus. Many more were confident about going maskless this year, given the country's high vaccination rate.

It was heartening to see many familiar faces and smiles, which I am told, reduce overall blood pressure because the brain produces more endorphins, which relieve pain and stress, when a person is happy. As the guest of honour, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz, mentioned in his dinner speech last year, there's something about face-to-face meetings that communicate ideas more clearly to build trust.

With the lifting of capacity restrictions, we were able to invite representatives from all BRC members to the dinner this year, and not just this year's award winners.

Dinner invitations are extended to BRC members as recognition of having earned a place as a company with at least RM1 billion in market capitalisation as at our March 31 cut-off date.

I cannot stress enough that the awards are given purely on merit and cannot be bought because they are meant to spur continued excellence.

The BRC awards methodology is transparent and the results are independently audited by Deloitte Malaysia.

This year's gala dinner saw 46 companies taking home 54 awards. We have 178 *The Edge* BRC members this year, down from 186 last year, but higher than in 2018, 2019 and 2020. As a whole, BRC members continue to be the country's major investors and taxpayers, paying an estimated RM36 billion in taxes for FY2021 — significantly higher than RM23 billion in FY2020 and RM28 billion in FY2019.

This year's Value Creator: Outstanding CEO of Malaysia award went to Tan Sri Lee Oi Hian, CEO of Kuala Lumpur Kepong Bhd and chairman of its parent company, Batu Kawan Bhd. Tan Sri Lee may be soft-spoken and as down-to-earth as it gets for a man of his stature, but the distance KLK has come since he took over as chairman and CEO from his late father, rubber baron Tan Sri Lee Loy Seng, in 1993 speaks volumes of his contributions to Corporate Malaysia.

Among the country's top 20 largest stocks, KLK's market cap is about RM23 billion today, more than 13 times the RM1.7 billion it was at the end of 1992. When CPO prices soared to new heights earlier this year, the company's market cap reached as high as RM31.8 billion on April 29, making it the 13th-largest listed company on Bursa Malaysia by market cap at the time — larger than Tan Sri Robert Kuok's Malaysian-listed holding company PPB Group Bhd (RM24.4 billion on April 29 and RM23.5 billion on Nov 2) as well as several large banks and listed telecoms operators.

Frontken Corp Bhd, which took home the coveted *The Edge* BRC Company of the Year award for 2022, is a low-profile net cash company supporting big names in the global semiconductor as well as oil and gas industries. Concerns over chip oversupply may have knocked down its market cap from as high as RM6.6 billion (when its share price was above RM4) on April 1 this year, but the stock is still some five times where it was in early 2019. With chips being used in more and more things, the company should be worth watching.

Last but not least, I thank OCBC Bank Malaysia and Mercedes-Benz Malaysia for their steadfast support of the BRC, and Cartier by Cortina Malaysia for coming in as supporting sponsor. Corporate Malaysia's most anticipated corporate awards ceremony and gala dinner would not be the prestigious annual gathering that it has become without their support.

Everyone goes through rough patches; that's life. Many BRC winners, past and present, are leaders that rose above negative events and made sure they built on existing strengths and developed new ones to take on future challenges.

Congratulations to all the winners. We look forward to hosting you again next year!

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

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Corporate Malaysia feted

BY CINDY YEAP

Music from a string quartet welcomed guests as they arrived at *The Edge* Billion Ringgit Club (*The Edge* BRC) Corporate Awards 2022, Corporate Malaysia's biggest and most anticipated awards night, on Oct 31.

With Covid-19 capacity restrictions lifted, the annual gala dinner and awards ceremony returned in full force this year at the Grand Ballroom of the Shangri-La Hotel Kuala Lumpur.

As always, the men looked dapper in tuxedos and bespoke suits and the ladies were chic in evening gowns and fine jewellery. Many still wore masks but most were comfortable without them.

Unlike last year, guests looked confident mingling in the foyer before dinner, enjoying the usual pre-dinner champagne and cocktails that were cancelled last year owing to social distancing rules.

Some were seen posing with the sleek polar white new EQS 450+ by Mercedes-EQ. Watch enthusiasts, meanwhile, viewed the Cartier 2022 novelties — the Santos, Ballon Bleu and Panthère de Cartier — on display inside the ballroom. Emcee Shahrizan Borhan entertained with feel-good songs like *You're the Sunshine of My Life*, *Kau Ilhamku* and *My Way*.

A total of 54 awards were presented to 46 companies after dinner that evening.

The guest of honour, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz, presented the top awards, flanked by The Edge Media Group chairman Tan Sri Tong Kooi Ong and OCBC Al-Amin Bank Bhd CEO Syed Abdull Jailani Syed Kechik.

Also on stage were The Edge Media Group publisher and CEO Datuk Ho Kay Tat, *The Edge Malaysia* editor-in-chief Kathy Fong, Mercedes-Benz Malaysia president and CEO Sagree Sardien and Cortina Watch Malaysia managing director Tay Liam Khoon.

Frontken Corp Bhd chairman and CEO Nicholas Ng Wai Pin accepted the trophy for *The Edge* BRC Company of The Year 2022 while Tan Sri Lee Oi Hian, CEO of Kuala Lumpur Kepong Bhd and chairman of its holding company, Batu Kawan Bhd, took home the trophy for this year's Value Creator: Outstanding CEO of Malaysia.

Zafrul left after the awards presentation but guests stayed on to enjoy dessert, coffee and tea as the night drew to a close.

SEE ALSO PAGES 34 TO 42 FOR MORE PICTURES OF THE GALA DINNER

Arrival of guest of honour, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz

THE EDGE BILLION RINGGIT Club 2022

Antoine Berardi (Cartier), Jeffrey Teoh (OCBC Bank Malaysia), Tay Liam Khoon (Cortina Watch Malaysia), Datuk Ho Kay Tat (The Edge Media Group), Datin Karin Ho, Tan Ai Chin (OCBC Bank Malaysia), Tan Sri Tong Kooi Ong (The Edge Media Group), Puan Sri Dawn Cheong, Sagree Sardien (Mercedes-Benz Malaysia), Tuan Syed Abdull Aziz Jailani Syed Kechik (OCBC Al-Amin Bank) and Sharon Teh (The Edge)

Tan Sri Lee Oi Hian (Kuala Lumpur Kepong Bhd), Puan Sri Sandra Lee and Datuk Lee Yeow Chor (IOI Corp Bhd)

Nicholas Ng walking up to the stage to accept the Company of The Year Award while his team cheers him on

OCBC Al-Amin Bank Bhd CEO Tuan Syed Abdull Aziz Jailani Syed Kechik being interviewed

Speech by Yang Berhormat **Tengku Datuk Seri Zafrul Abdul Aziz**, Minister of Finance Malaysia (Shangri-La Hotel Kuala Lumpur, Oct 31, 2022)

Creating a sustainable and resilient economy by EMBRACING ESG

Good evening, ladies and gentlemen.

Yang Berbahagia Tan Sri Datuk Tong Kooi Ong, chairman of The Edge Media Group; Yang Berbahagia Datuk Ho Kay Tat, publisher and group CEO of The Edge Media Group, award winners, distinguished guests of *The Edge* Billion Ringgit Club Awards 2022, ladies and gentlemen.

Thank you, Tan Sri Datuk Tong Kooi Ong and *The Edge*, for inviting me to this evening's gala dinner to recognise and celebrate the biggest and best-performing companies on Bursa Malaysia.

It is an honour to be back here and deliver the keynote speech once again, especially since this is the 13th consecutive year of *The Edge* Billion Ringgit Club awards.

When I was here last year, we had just entered Phase Four of the National Recovery Plan (NRP). Fast forward to today, we have successfully vaccinated 84% of our total population and reopened our international borders beginning April this year. These have gone a long way towards reviving the travel, tourism, aviation sectors as well as boosting our efforts at rejuvenating the economy.

On that note, I have been made to understand that there are currently 178 members of the Billion Ringgit Club. And tonight, 57 awards will be presented to companies across 14 different sectors. This is a clear indication that despite the many global and domestic headwinds faced during the past two years, big companies have been able to prosper, with new milestones achieved.

GLOBAL ECONOMIC CHALLENGES WILL IMPACT ALL COUNTRIES, INCLUDING MALAYSIA

But what about next year? As all of us are aware, we do not need a crystal ball to portend that the global economy will face multi-pronged challenges from all directions. The International Monetary Fund (IMF) has revised its global growth forecast for 2023 to 2.7%, which is the weakest global growth profile since 2001.

For most parts of the world, it may feel like a recession is looming, mainly because [of the following reasons]:

First, a sharp tightening of financial conditions, which is raising government borrowing costs and is likely to become more constricting, in tandem with rate hikes in major economies. For the government, our main policy response is to ensure that the net effect to the ringgit is as close to neutral as possible.

Second, Russia's ongoing invasion of Ukraine, which has caused a sharp slowdown of economic activity in Europe. This, in turn, has reduced the demand for Asian exports and growth momentum globally. These global supply chain disruptions have increased global inflationary pressure, resulting in tighter monetary policies in advanced economies. This has also resulted in inflationary pressures in emerging economies.

Third, China's strict zero-Covid policy and its deepening real estate sector issues have led to a sharp slowdown [that] in turn is weakening momentum in trading partner economies, including Malaysia.

Ladies and gentlemen,

I would like to stress that it is not all doom and gloom. There are still bright spots in 2022, given that it has been a recovery year for Malaysia and our Asean neighbours. Despite these macroeconomic challenges, Malaysia has remained resilient.

Malaysia's GDP has enjoyed three consecutive quarters of growth since 4Q2021. In the first half of this year, we grew by 6.9%, and recorded 8.9% for 2Q2022. Our unemployment rate in August 2022 was at 3.7%, the lowest since the pandemic. As such, we are confident we will exceed the official 2022 GDP projection of 5.3% to 6.3%, and have actually revised our 2022 outlook to 7% growth in the recently tabled Budget 2023.

In fact, the World Bank has raised Malaysia's GDP growth forecast to 6.4% for 2022 compared to 5.5%, previously. IMF, too, has projected 5.4%, up from 5.1% previously, for Malaysia.

The encouraging growth numbers overlaid against the low unemployment figures as well as other positive data, gives me hope that we CAN weather the storm that may lie ahead. We see all this as a validation of our impactful policies and fiscal management since the onset of the pandemic in 2020.

For the past 2½ years, the Ministry of Finance has been focused not only on being RESPONSIVE to the short-term needs of the people and businesses, but also on being RESPONSIBLE and REFORMIST in building resilience. In short, is it this disciplined 3R approach throughout that has helped MOF place our economy on a much stronger footing now compared to the height of the pandemic.

Ladies and gentlemen,

I wish to stress that the government fully recognises that to support the nation's economic recovery moving forward, it is critical to strengthen the resiliency and competitiveness of Malaysia's industries. To that end, I regard all of you here as our partners in driving sustainable recovery and growth for Malaysia.

I always remind my colleagues at MOF that we must never lose sight of the 3Rs that I have just mentioned. In fact, the recently tabled Budget 2023 was clearly framed based on the 3Rs:

First, in terms of being RESPONSIVE, the 2023 Budget maintains an expansionary fiscal policy to cushion the impact of global developments. This is to ensure that Malaysians and businesses continue to receive adequate support in the face of short-term challenges.

Second, on being RESPONSIBLE, we have carefully balanced supporting the country's economic growth momentum with the need for financial sustainability. This is important to build resilience and protect us from potential future crises. On this, we are also conscious of creating more fiscal space and MOF has, in fact, conducted advanced studies into rationalisation measures and widening the revenue base. But do not worry: As promised last year, we have not proposed any prosperity tax for 2023, and we will work towards ensuring the Fiscal Responsibility Act will be tabled in the next parliament sitting.

Third, on being REFORMIST. The government presented a budget that not only addresses current challenges but also invests in the long term. This is to drive a more inclusive and sustainable development agenda while supporting the necessary transformation to future-proof our industries.

While we ride this next economic storm together, I feel that the global economy could benefit from better monetary policy coordination between the developed and emerging economies. A viable International Monetary Cooperation Mechanism will also help ensure that medium- to long-term global growth can be achieved equitably, by also considering the unique needs of small, emerging and developing countries.

This idea has been done before, from the 1985 Plaza Accords to the more recent Global Financial Safety Net, which quickly stabilised global markets during the pandemic. Cooperation and coordination such as these are key so that developing economies and emerging markets can grow more equitably and sustainably.

If we in the emerging markets are left at the mercy of global financial players who are looking to arbitrage on interest rate differentials between markets, then we will suffer setbacks in tackling broader global issues such as climate change and, God forbid, another pandemic.

BUILDING BACK BETTER: HOW COMPANIES CAN BE THE GOVERNMENT'S KEY PARTNERS ON SUSTAINABLE GROWTH

Ladies and gentlemen,

As Tan Sri Datuk Tong Kooi Ong mentioned in his speech, I echo the hope for the BRC awards to begin to factor in "sustainability" on both the environmental and business fronts. It is critical that we work together and put our best foot forward, especially to create a more sustainable and resilient economy by embracing ESG (environmental, social and governance).

I wish to reaffirm that sustainable growth and addressing climate change remain high on the national agenda. Reducing greenhouse gas emissions to 45% of GDP by 2030 is one of the key priorities under the 12th Malaysia Plan. To complement this, the government also launched a comprehensive National Energy Policy, which provided the blueprint on Malaysia achieving its carbon neutrality goals.

To strengthen ESG efforts, MOF has put in place various sustainability strategies that will support our ESG-based aspirations, including strengthening sustainability-related financing and investment, which complements the United Nations Sustainable Development Goals (UN SDGs) by coordinating initiatives and programmes that incorporate ESG elements.

This effort involves measures such as tagging all programmes under public expenditure to the SDGs in our annual budgets; boosting and attracting low carbon investments via the development of Voluntary Carbon Market (VCM) before transitioning into an Emissions Trading Scheme (MyETS); and issuing a Task Force on Climate-related Financial Disclosures (TCFD) Application Guide for Malaysian Financial Institutions to monitor progress.

THE EDGE BILLION RINGGIT Club 2022

Welcome address by Yang Berbahagia **Tan Sri Tong Kooi Ong**, chairman, The Edge Media Group

Bringing out the best in each company

Yang Berhormat Tengku Datuk Seri Utama Zafrul bin Tengku Abdul Aziz, Minister of Finance Malaysia, Tan Sri-Tan Sri, Puan Sri-Puan Sri, Datuk Seri-Datuk Seri, Datin Seri-Datin Seri, Datuk-Datuk, Datin-Datin, members of the Billion Ringgit Club and the media, our partners, friends and colleagues.

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

I am also thankful to YB Tengku Zafrul for gracing us with his presence tonight, just as he did last year. More so, as I am sure he has a very busy schedule with the upcoming general election. Thank you.

Ladies and gentlemen, partners and friends,

This is the 13th annual edition of this award, which first started in 2010. Perhaps as I age, I find myself more often reminiscing about the past. Why was this award created in the first place and what exactly did we wish to achieve and for whom? There is certainly no shortage of recognition awards in the corporate world.

The aim of economic activities is to serve the well-being of the people. This often involves organising people and resources into business entities to produce goods and services and, with it, also create employment.

In my inaugural speech in 2010, I mentioned, "The economic performance of a nation is best accomplished by allowing the private sector to operate freely and competitively. It will translate to higher incomes and attract valuable human capital. This involves creating an environment where innovation, creativity, good decisions, hard work and success are rewarded."

As all of us here today appreciate that the recognition of one's achievement and contribution is an important part of this process, to bring out the best in each of us, to encourage businesses to strive for greater success in serving all of their stakeholders. But it works only if the awards given are based on genuine merit. Companies and individuals that win the awards must truly be deserving and critically acknowledged to be so by their peers. We live, increasingly, in a "post-truth" era, where people are rightly sceptical and cynical.

As leaders, it would be a mistake to dismiss such "group think echo chambers". What is right and necessary is to win trust by being credible, factual and thoughtful. And this has always been the mission of *The Edge*.

It is the reason our awards methodology and evaluation criteria are transparent, verifiable and independently audited. It is also the reason our awards are multi-dimensional, for returns to shareholders, profitability and ROE as pulling together a composite number will lose transparency.

As we evolve, I hope the BRC awards will also begin to factor in "sustainability", not just environmental but also business sustainability, and address the challenges of "captive capitalism" from "rent-seeking and non-competitive" behaviours. After all, society has every right to expect that companies extracting limited resources have an obligation to society beyond profits for their shareholders.

It is therefore our hope that these awards will bring out the best in each and every Malaysian company and its management.

I am sure all the award winners tonight, including the CEO and the Company of the Year, are imbued with these values. I would like to congratulate all of you.

Tonight's event is made possible by the contributions of many. In particular, our appreciation to OCBC Bank (Malaysia), the event's main sponsor from its very inception. Thank you very much.

Thanks also to our supporting sponsor Cartier by Cortina Malaysia and to Mercedes-Benz, the official car.

Thank you again, YB Tengku Zafrul, for spending your valuable time with us.

And to all of you for your attendance and support, and please enjoy the evening. God bless. E

There are so many other reformist and ESG-related initiatives that the government has started, particularly since I joined MOF in March 2020. We have introduced various green and SDG-related incentives through previous budgets and Budget 2023, which also goes to show how pro-business we have been.

All that aside, I know that what the corporate captains sitting here today are really looking for is stability in the operating landscape. I know this for a fact because I was once in your shoes.

And the reason is very simple: Stability is what foreign investors are looking for in a market before they decide to invest in our country, and partly through your companies. So, how can all of us move forward as partners, to enable us to restore the shine of Malaysia's market in the eyes of the foreign investors?

On this, all of you are clearly leaders in your respective industries. As such, I would like to share three key ideas in stabilising the Malaysian market, regardless of external and domestic challenges, for your consideration:

First, I would like to urge all of you to work together with the government on institutionalising ESG. We have established the Malaysia Sustainable Development Goals Trust Fund (MySDG Fund) earlier this year in collaboration with the UN. At MOF, we have also been looking at various ways to incentivise companies to embrace ESG, even beyond tax measures. At the private sector level, I believe that in terms of your production, services and operations, ESG disclosures have helped many companies identify internal gaps, such as analysing your biodiversity footprint to understand its impact and to help you set specific targets to achieve.

Second, you can also collaborate with the government on empowering the SMEs (small and medium enterprises) within your supply chain and ecosystem. The reason is simple: Your respective supply chains will also be under scrutiny by potential global investors. On the one hand, we have funds such as the Low Carbon Transition Fund for SMEs to take advantage of. You, on the other hand, could do your part to guide and handhold the SMEs within your respective ecosystems, in embracing ESG in their operations. If we can consistently do that for at least the next five years, then we will create a win-win momentum for the whole nation, both in achieving our ESG agenda, zero carbon target and in attracting more FDI to your company and to our shores.

Third, both the public and private sectors must collaborate on data to support our nation's ESG agenda. The perfect showcase for this was when the world's scientific community collaborated with governments to develop the Covid-19 vaccine. If we could collaborate to save global public health, surely we could also do it for our ESG goals, starting with our own domestic market. Domestically, our test runs on the targeted fuel subsidy are a perfect example of how MOF has collaborated with the private sector to leverage both technology and data to achieve a more equitable social agenda.

There are also many solid ESG-related initiatives through the proposed Budget 2023, which I hope will be re-tabled without many amendments, as it is, in my humble opinion, a solid, balanced and comprehensive budget, even taking into account our rather tight fiscal space.

But I would like to stress again that the key to the success of our ambitious goals and initiatives is a real commitment by the private sector to see this ESG agenda through. And we MUST collaborate to pave the way for Malaysian businesses' future success, not only because ESG has been proven to help build corporate resilience, but also because it is the right thing to do.

Ladies and gentlemen,

We will elect a new government on Nov 19, 2022. It is critical for Malaysians to choose policymakers that are RESPONSIVE and RESPONSIBLE, while also taking a REFORMIST approach for the sake of our future generation. I hope that post-Nov 19, we will see stability restored to bring back Malaysia's shine and appeal in the eyes of investors and the international business community.

Before I end my speech, allow me to share a quote by the late Dr Wayne Dyer, an American motivational speaker. I quote: "When you are able to shift your inner awareness to how you can serve others, and when you make this the central focus of your life, you will then be in a position to know true miracles in your progress towards prosperity."

If all of us could exercise just a little bit of that selfless spirit in each of us on a selfless ESG agenda, and stay united in purpose and action, I am confident we can transform Malaysia to achieve a future of equity and prosperity for all.

My heartiest congratulations to all award winners tonight. To *The Edge* and all guests, thank you for having me and enjoy the evening! E

THE EDGE BILLION RINGGIT Club

CRÈME DE LA CRÈME

Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz, accompanied by The Edge Media Group chairman Tan Sri Tong Kooi Ong, The Edge Media Group publisher and group CEO Datuk Ho Kay Tat, *The Edge Malaysia* editor-in-chief Kathy Fong, OCBC Al-Amin Bank Bhd CEO Tuan Syed Abdull Aziz Jailani Syed Kechik, Mercedes-Benz Malaysia president and CEO Sagree Sardien, and Cortina Watch Malaysia managing director Tay Liam Khoon presented the top two awards of the night.

The other awards for the Best CR Initiatives as well as the Construction, Consumer Products & Services, Energy, Financial Services, Healthcare, Industrial Products & Services, Plantation, Property, REIT, Technology, Telecommunications & Media, Transportation & Logistics and Utilities sectors were presented by Ho, Fong, Syed Abdull Aziz Jailani, Sardien and Tay.

COMPANY OF THE YEAR – Frontken Corp Bhd
(Nicholas Ng, CEO)

VALUE CREATOR: MALAYSIA'S OUTSTANDING CEO
(Tan Sri Lee Oi Hian, chairman of Batu Kawan Bhd and CEO of Kuala Lumpur Kepong Bhd)

THANK YOU

YANG BERHORMAT SENATOR
TENGKU DATUK SERI UTAMA
ZAFRUL BIN TENGKU ABDUL AZIZ

FINANCE MINISTER OF MALAYSIA

FOR GRACING

THE EDGE BILLION RINGGIT Club 2022

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Winners of *THE EDGE* BILLION RINGGIT CLUB corporate awards 2022

VALUE CREATOR
OUTSTANDING CEO OF MALAYSIA

TAN SRI LEE OI HIAN
Chairman of Batu Kawan Bhd and CEO of Kuala Lumpur Kepong Bhd

COMPANY OF THE YEAR
FRONTKEN CORP BHD

SUPER BIG CAP
Above RM40 billion market capitalisation

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Press Metal Aluminium Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
IHH Healthcare Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Inari Amertron Bhd

CONSTRUCTION
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Sunway Construction Group Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Gamuda Bhd

CONSUMER PRODUCTS & SERVICES
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Carlsberg Brewery Malaysia Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Berjaya Food Bhd

ENERGY
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Yinson Holdings Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Bumi Armada Bhd

FINANCIAL SERVICES
(RM10 bil and above market capitalisation)

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Public Bank Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Hong Leong Financial Group Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Malayan Banking Bhd

FINANCIAL SERVICES
(Below RM10 bil market capitalisation)

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Bursa Malaysia Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
RCE Capital Bhd

HEALTHCARE
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Top Glove Corp Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Kossan Rubber Industries Bhd & Supermax Corp Bhd (joint winners)

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Supermax Corp Bhd & Supercomnet Technologies Bhd (joint winners)

INDUSTRIAL PRODUCTS & SERVICES
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Uchi Technologies Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Sunway Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Kobay Technology Bhd

PLANTATION
HIGHEST RETURN ON EQUITY OVER THREE YEARS
United Plantations Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Kuala Lumpur Kepong Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Ta Ann Holdings Bhd

PROPERTY
(RM3 bil 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
UOA Development Bhd

PROPERTY
(Below RM3 bil market capitalisation)

HIGHEST RETURN ON EQUITY OVER THREE YEARS
Matrix Concepts Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Eco World Development Group Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
YNH Property Bhd

REAL ESTATE INVESTMENT TRUST
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
MyEG Services Bhd

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
D&O Green Technologies Bhd

TELECOMMUNICATIONS & MEDIA
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Digi.Com Bhd

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

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
Telekom Malaysia Bhd & Time dotCom Bhd (joint winners)

TRANSPORTATION & LOGISTICS
HIGHEST RETURN ON EQUITY OVER THREE YEARS
Westports Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
Westports 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

BEST CR INITIATIVES
SUPER BIG CAP
Above RM40 billion market capitalisation

Petronas Chemicals Group Bhd
&
Press Metal Aluminium Holdings Bhd
(joint winners)

BEST CR INITIATIVES
BIG CAP
RM10 billion to RM40 billion market capitalisation

Sime Darby Bhd

BEST CR INITIATIVES
Below RM10 billion market capitalisation

KPJ Healthcare Bhd

Celebrating SUSTAINABLE EXCELLENCE for the 13th year

BY CINDY YEAP

With billions wiped out in markets globally across asset classes as investors recalibrate their portfolio in a rising interest rate environment, the sea of red — in terms of price performance as well as total returns — among 13 companies that have been named *The Edge* Billion Ringgit Club (BRC) Company of the Year, from 2009 to 2022, should come as no surprise.

Although only four of the 13 — **Supermax Corp Bhd**, **QL Resources Bhd**, **Nestlé (Malaysia) Bhd** and **Press Metal Aluminium Holdings Bhd** — clearly show significant gains when measured from the start of the year in which they were presented the accolade through Oct 28, seven still outperformed the local bellwether FBM KLCI and six beat the broader FBM Emas Index despite heightened market uncertainties.

Apart from the earlier four, **Digi.Com Bhd** still outperformed the FBM KLCI in terms of price performance while **Petronas Dagangan Bhd** and **ViTrox Corp Bhd** outperformed both indices in terms of price and total returns (see Table 1).

Seven is an improvement from six last year and only five when measured at the practicable date in 2020, but it is still a far cry from 2019, when nine out of 10 BRC Companies of the year outperformed the index. The difference can be seen in the glove makers, whose share prices had retreated from super-normal levels this year as the industry digested excess capacity post-pandemic, while Genting Bhd and AirAsia Bhd (which was renamed Capital A Bhd with effect from Feb 10 this year) were among the hardest hit by the pandemic.

This year's Company of the Year, **Frontken Corp Bhd**, was underperforming the FBM KLCI and FBM Emas year to date when measured on Oct 28. Nonetheless, Frontken beats both indices by more than 400% and is the top-performing company among all 13 by far when measured from the start of 2019, which covers the three-year period considered for this year's award and the months thereafter. During the period from Jan 1, 2019, to Oct 28, 2022, the FBM KLCI was down 14.39%, with total returns at -1.4% (see Table 2 on Page 16).

MEMBERS THIS YEAR

At 178 in 2022, the number of BRC members — companies listed on Bursa Malaysia with a market capitalisation of at least RM1 billion at the cut-off date of March 31 — is down from the record high of 178 last year, but above 170 in 2018, 168 in 2019 and 161 in 2020.

This year's 178 BRC members commanded a market cap of RM1.58 trillion, or 88% of the combined market cap of all Bursa Malaysia-listed companies as at March 31, 2022. This is below the combined market cap of RM1.59 trillion from 186 BRC members last year but above pre-pandemic levels of RM1.55 trillion in 2019 and RM1.41 trillion in 2020 (see Table 3 on Page 16).

Table 1

BLOOMBERG

BRC COMPANY OF THE YEAR

HOW PERFORMANCE AND SHAREHOLDER RETURNS OF COMPANIES NAMED 'BRC COMPANY OF THE YEAR' STACK UP VERSUS THE FBM KLCI AND FBM EMAS INDEX SINCE THEIR RESPECTIVE WINNING YEARS

		PRICE CHANGE (%)	SHAREHOLDER RETURNS (%)	FBM KLCI PERFORMANCE (%)	FBM KLCI TOTAL RETURNS (%)	FBM EMAS PERFORMANCE (%)	FBM EMAS TOTAL RETURNS (%)
2010–2022	Supermax Corp Bhd	+113.6	+207.8	+13.71	+75.5	+20.78	+81.48
2011–2022	QL Resources Bhd	+388.9	+450.55	-4.71	+42.26	-0.96	+44.05
2012–2022	Genting Bhd	-60.18	-49.16	-5.45	+36.23	-2.04	+37.74
2013–2022	Digi.Com Bhd	-11.3	-8.18	-14.3	+19.2	-10.17	+22.13
2014–2022	Dutch Lady Milk Industries Bhd	-35.5	-15.4	-22.48	+4.47	-20.06	+5.39
2015–2022	Tenaga Nasional Bhd	-39.5	-13.5	-17.82	+7.29	-14.84	+8.96
2016–2022	Nestlé (Malaysia) Bhd	+81.2	+111.55	-14.49	+8.33	-12.87	+8.27
2017–2022	AirAsia Bhd (Capital A Bhd since Feb 10, 2022)	-73.36	-48.2	-11.84	+8.26	-10.39	+8.12
2018–2022	Petronas Dagangan Bhd	-13.85	-0.23	-19.45	-4.35	-20.61	-7.1
2019–2022	Press Metal Aluminium Holdings Bhd	+80.12	+86.38	-14.39	-1.4	-10.86	+1.22
2020–2022	Hartalega Holdings Bhd	-61.13	-52.93	-8.9	+1.47	-9.26	-0.15
2021–2022	Vitrox Corp Bhd	-4.76	-3.94	-11.06	-4.01	-12.64	-6.6
2022	Frontken Corp Bhd	-38	-37.1	-7.67	-4.33	-9.14	-6.19

Note: The performance figures are based on the adjusted share price at the start of the year that the respective companies of the year received their award to the last practicable date (Oct 28, 2022)

SAM FONG/THE EDGE

PATRICK GOH/THE EDGE

"Many BRC winners, past and present, are leaders that rose above negative events and made sure they built on existing strengths and developed new ones to take on future challenges — **Ho**

"What we are seeing this year are stronger companies that have weathered the storm, and innovated and persevered to deliver excellence to their stakeholders and the community. — **Ong**

The combined net profit of this year's 178 BRC members of RM95.8 billion rebounded from a multiple-year low of only RM46 billion from 186 BRC members last year, owing largely to sizeable losses booked by larger members that were hit more severely by the pandemic in 2020 that pushed numbers to multiple-year lows.

Even so, BRC members continue to be major taxpayers, paying an estimated RM36 billion in taxes in FY2021, significantly higher than RM23 billion in FY2020 and RM28 billion in FY2019.

DIGI STILL IN THE LEAD IN TROPHY RACE

Among 139 companies that have won at least one BRC corporate award trophy over the years, Digi is still the recipient of the highest number of BRC corporate awards, with 22 this year — 16% of the 480 corporate award trophies given out in the past 13 years. This is largely due to the 19 awards it had collected so far for the highest return on equity (ROE) over three years.

With 14 trophies, Public Bank Bhd has the second-highest haul over the years while coming in third is British American Tobacco (M) Bhd with 12. Hartalega Holdings Bhd, Press Metal and Supermax Corp Bhd have each taken home 11 trophies; IGB REIT and Mudajaya Group Bhd have 10 each (see trophy tally over the years on Page 33). (For uniformity, we counted only those that won first place over the years and not the 41 silver awards given out in 2017.)

There are also noticeable changes to members that occupy the annual BRC Top 20 list in terms of market cap and profits (ranked by FY2021 numbers) this year, most notable being the rebound by MISC Bhd and movements at Tenaga Nasional Bhd as well as Petronas Gas Bhd. Glove makers have been booted out of the Top 20 market cap list with the cut-off date in March this year, but are still among the highest in earnings for FY2021 (see tables on Top 20 BRC members by profits and market cap on Page 29).

Malayan Banking Bhd, Public Bank and Petronas Chemicals Group Bhd remain the top three largest companies by market cap (as at the membership cut-off date of March 31, 2022). Maybank also kept its pole position on top of the earnings league, despite stellar numbers from glove makers in FY2021.

CONTINUES ON PAGE 16

Table 3

BRC MEMBERSHIP STATISTICS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of companies	163	185	144	144	178	166	176	184	170	168	161	186	178
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	19.9% of 933 listed companies	18.7% of 952 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	1,592.365	1,580.519
	↑	↑	↑	↑	↑	↓	↓	↑	↑	↓	↓	↑	↓
Y-o-y change (%)	NA	25.5	2.8	10.3	17	0.5	1.5	5.2	6.3	8.3	9.3	13.2	-0.74
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	90	88

Note: Market capitalisation data as at end-March for 2010 to 2022 and as at end-June for 2020

FROM PAGE 14

In its 13th instalment this year, these awards, which celebrate Corporate Malaysia's best performing and top responsible organisations, aim to spur Malaysian companies to be even better at what they do — not just financially but also those that strive to be responsible corporate citizens. This is why corporate responsibility (CR) efforts constitute 30% of scores that go towards determining the annual Companies of the Year. (For more on how *The Edge* BRC Companies of the Year are selected, see BRC awards methodology on Page 30. Read also what the panel of CR judges has to say on Page 24.)

In his speech as guest of honour at the BRC awards gala dinner on Oct 31, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz urged Corporate Malaysia to "work together with the government on institutionalising ESG" and shared "three key ideas in stabilising the Malaysian market, regardless of external and domestic challenges" (read full speech on Page 8).

WINNING ON MERIT

In his welcome address, The Edge Media Group chairman Tan Sri Tong Kooi Ong recounted why the BRC awards came into being in 2010 and the importance of "creating an environment where innovation, creativity, good decision, hard work and success are rewarded".

"As all of us here today can appreciate, the recognition of one's achievement and contribution is an important part of this process, to bring out the best in each of us — to encourage businesses to strive for greater success in serving all its stakeholders.

"But it works only if the awards given are based on genuine merit. Companies and individuals that win must truly be deserving and critically acknowledged to be so by their peers. We live, increasingly, in a 'post-truth' era, where people are rightly sceptical and cynical.

"As leaders, it would be a mistake to dismiss such 'groupthink echo chambers'. What is right and necessary is to win trust by being credible, factual and thoughtful. And this has always been the mission of *The Edge*," Tong said (read full speech on Page 9).

The BRC methodology is transparent and the awards cannot be bought. Results are audited by Deloitte Malaysia. The billion-ringgit cut-off serves as an aspirational target for dynamic smaller companies, the same reason that the RM40 billion cut-off for "Super Big Cap" companies was established.

Table 2

How each BRC Company of the Year performed versus the FBM KLCI and FBM Emas (2019 to 2022)

	PRICE CHANGE BETWEEN JAN 1, 2019 AND OCT 28, 2022 (%)	SHAREHOLDER RETURNS BETWEEN JAN 1, 2019 AND OCT 28, 2022 (%)
Frontken Corp Bhd	+427.6	+456.49
Vitrox Corp Bhd	+122.58	+127.09
Press Metal Aluminium Holdings Bhd	+80.12	+86.38
Supermax Corp Bhd	+15.88	+35.7
QL Resources Bhd	+12.56	+15.35
Nestlé (Malaysia) Bhd	-9.77	-3.3
FBM EMAS	**-10.86**	**+1.22**
FBM KLCI	**-14.39**	**-1.4**
Digi.Com Bhd	-16.67	-4.32
Petronas Dagangan Bhd	-21.13	-12.01
Genting Bhd	-28.2	-17.16
Tenaga Nasional Bhd	-38.6	-22.08
Dutch Lady Milk Industries Bhd	-50.97	-47.94
Hartalega Holdings Bhd	-65.3	-57.3
AirAsia Bhd (Capital A Bhd since Feb 10, 2022)	-79.46	-69.07

CELEBRATING EXCELLENCE

OCBC Bank Malaysia, a key partner since the awards' inauguration in 2010, is the main sponsor for the 13th year. Also returning as a sponsor for the eighth year is Mercedes-Benz Malaysia, the event's official car. Cartier by Cortina Watch Malaysia, which supported the awards in 2020, is officially a supporting sponsor for the second year.

"Corporate Malaysia's most anticipated corporate awards ceremony and gala dinner would not be the prestigious annual gathering that it has become without their fervent support," says The Edge Media Group publisher and CEO Datuk Ho Kay Tat, thanking the BRC awards' distinguished partners OCBC Bank Malaysia and Mercedes-Benz Malaysia for their steadfast support, and Cartier by Cortina Watch Malaysia for lending its weight to celebrate Corporate Malaysia's continued excellence.

Congratulating this year's winners, OCBC Bank Malaysia CEO Datuk Ong Eng Bin, who was unable to attend the gala dinner, had earlier noted that the award recipients had strived to perform on all fronts, with several coming out stronger through digital innovation and sheer resilience.

"What we are seeing this year are stronger companies that have weathered the storm, and innovated and persevered to deliver excellence to their stakeholders and the community. Their relentless quest to outdo themselves is testament to the lasting value and forward-looking postures that OCBC Bank holds as central to our own value system. This has also been demonstrated in these companies' commitment to sustainability and the ESG agenda," Ong said.

"OCBC Bank's association with this event for the 13th consecutive year underlines our own sustained commitment to what *The Edge* Billion Ringgit Club represents — celebrating Malaysia's crème de la crème of the corporate world," he added, noting that Oct 31, the gala dinner awards night, coincidentally marked OCBC Bank's 90th anniversary since its founding as an entity (from the merger of three local banks, the oldest of which was founded in 1912).

"It stands as a reminder to us and everyone out there that at the heart of sustainability is being ever present — as partner and friend to the community — for the long haul. With 90 years of giving to communities, OCBC Bank looks forward to enabling individuals, SMEs and businesses to build a more sustainable future," Ong said.

Sagree Sardien, president and CEO of Mercedes-Benz Malaysia and head of region, Southeast Asia II, applauds Corporate Malaysia and the country's rebound to firmer grounds, saying: "Although it was a challenging period for businesses from all industries alike, we are glad to see that the economy and market are back to their usual pace, and even showcasing promising growth.

"Mercedes-Benz Malaysia is honoured to be part of this awards event, as this overall showcases the nation's market recovery and momentum," she says, noting how the company too had been inspired even as it continues to drive the transformation of the automotive environment with sustainability efforts entrenched in its DNA.

Tay Liam Khoon, managing director of Cortina Watch Malaysia, also paid homage to "the entrepreneurial spirit" of Corporate Malaysia's best-in-class: "Despite the challenging year, these companies have demonstrated great agility and dedication that have spurred them to success while maintaining best business practices."

Spurring Corporate Malaysia on, Ho says: "Everyone goes through rough patches, that's life. Many BRC winners, past and present, are leaders that rose above negative events and made sure they built on existing strengths and developed new ones to take on future challenges. We look forward to celebrating Corporate Malaysia's crème de la crème, which proved resilient and contributed to the country's economic growth and recovery from Covid-19." E


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10
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THE EDGE BILLION RINGGIT Club 2022

VALUE CREATOR:
OUTSTANDING CEO OF MALAYSIA

Tan Sri Lee Oi Hian

Chairman of Batu Kawan Bhd and CEO of Kuala Lumpur Kepong Bhd

A humbling but deserving win

PATRICK GOH/THE EDGE

> The values [of the company] started with [my father's] values, which continue in the company — honesty, hard work and loyalty. — Lee

BY JENNY NG

In 1993, when Tan Sri Lee Oi Hian took over from his father, Tan Sri Lee Loy Seng, as chairman and CEO, Kuala Lumpur Kepong Bhd (KLK) was already one of the biggest oil palm plantation companies on the local bourse, with a sizeable land bank of over 100,000ha (252,000 acres) in Malaysia and some interests downstream.

Since then, the company has grown, expanding along the palm oil value chain as well as geographically with interests in Indonesia, Germany, the Netherlands, Belgium, Switzerland and China, while increasing its total planted area to 284,000ha.

But Oi Hian, 71, sees himself as merely a steward of his late father's legacy, watching over it for future generations and its stakeholders.

"KLK was taken over by my father and I'm the second generation stewarding the company. The values [of the company] started with his values, which continue in the company — honesty, hard work and loyalty. Simple, old fashioned values that have [held us well] through the years. As we progressed, we added values to our DNA. We're not perfect but we're guided by these values," says Oi Hian, who is also the chairman of Batu Kawan Bhd, KLK's holding company.

With a bachelor's degree in agricultural science from the University of Malaya (UM) and a master's degree in business administration from Harvard Business School, Oi Hian recalls being naïve, thinking he already knew a lot.

"I was very naive, I graduated, life was good, I did my UM degree, I worked one year (in KLK) and went to Harvard. All this makes you think you know a lot of things. I was lucky when I came back, I didn't join KLK immediately," he tells *The Edge*.

Instead, he helped out at his father's family business before rejoining KLK for good, under Loy Seng's tutelage.

"He was a good mentor with his lifestyle, simple values and group of friends. I just got carried along and I was fortunate I had my agricultural background. I started learning from the people who'd been around, many who have already passed on. I'm grateful to the many people who touched my life, taught me about the industry and gave me the confidence to grow," says the soft-spoken Oi Hian, who was appointed to KLK's board in 1985.

The important lessons Oi Hian learnt from his father were the simple way he lived, and his honesty. "He was a very caring person. I'm not him because I cannot be exactly like him. I have my strengths and weaknesses but these are the lessons he has taught me," he says.

One characteristic they both share is humility.

Roy Lim, who served KLK for 42 years and retired as the group's plantations director in 2017, notes that not many knew that Oi Hian had a first class honours degree in agricultural science as this is not highlighted in company reports.

"He does not flaunt his achievements, a reflection of his humble nature ... and [there was] no glorious position for Oi Hian upon returning with an MBA but he learnt the ropes of the business from bottom up through the various sections in the company. That is how he became so rounded in all aspects of the business, which greatly helped him when he took over the reins from his father," he says.

Lim first met Oi Hian in UM when they were residents of the Fifth Residential College. According to him, Oi Hian's humility and unassuming nature was such that many of their friends did not know of his family background. It was only later that friends gave him the nickname "the tin tycoon" because of his family wealth built on tin mining before venturing into rubber and palm oil.

"I joined KLK when Tan Sri's father was at the helm but I served mostly under Oi Hian. His father was a shrewd entrepreneur with a good eye for business opportunities and must have mentored Oi Hian well as he showed similar traits when he was put in charge," says Lim.

The entrepreneurial spirit continued with Oi Hian as he brought KLK to greater heights.

"Although the expansion of plantations started during his father's time, Oi Hian never let up and persevered with his expansion in Indonesia despite encountering much challenges in the initial stages due to culture change. As a result, Indonesia holds the bulk of KLK's plantation land today," Lim explains.

Loy Seng had initiated KLK's return to Indonesia with the acquisition of estates on Belitung Island in his final days. It had previously owned estates in Sumatra, which were sold in 1973. Under Oi Hian, the acquisition of 14,000ha of greenfield land in Belitung Island was completed in 1994.

With Oi Hian at the helm, the acquisition trail continued in Sumatra, Kalimantan and Liberia. KLK's farmland in Australia was also expanded to 45,000ha with 85% dedicated to wheat, canola and other crops.

Lim points out that KLK's land acquisitions were conservative in the early days, made using internal resources.

"Analysts had always remarked that KLK could do more with its cash. Oi Hian was more aggressive when he took over and saw the opportunity to leverage KLK's strong balance sheet to borrow and expand faster but always within prudent limits. Hence, [there was] faster growth of the company under his leadership. This is an important role of a dynamic but prudent CEO," he adds.

An investor observes that Oi Hian is always measured in his moves, as he thinks over them carefully. "Of late, he's been very bold whereas in the past, he was more conservative. He has certainly grown into his role," he says.

KLK's most notable acquisition under Oi Hian's leadership may well be the takeover of IJM Plantations Bhd (IJMP), which has over 61,000ha of planted area.

In an earlier interview with *The Edge*, Oi Hian explained that brownfield acquisitions were the only way for KLK to expand given its commitment to the No Deforestation, No Peat, No Exploitation (NDPE) policy as a member of the Roundtable on Sustainable Palm Oil. Besides that, IJMP would balance KLK's ratio of plantations between Malaysia and Indonesia while increasing the traceable feedstock for its downstream processing.

At RM3.10 per share — a 30% premium to the market price — the acquisition cost KLK about RM2.6 billion. Including the acquisition of PT Pinang Witmas Sejati with its 14,980ha, also in FY2021, KLK's net debt to equity ratio rose to 37.3% as at end-FY2021, which the group considers reasonable.

According to Lim, KLK's diversification deeper downstream into oleochemicals and specialty chemicals, beginning with the small acquisition of Palm-Oleo Sdn Bhd, was Oi Hian's brainchild. KLK has aggressively expanded its footprint in this space with various investments in specialty fats and oleochemicals in the last 30 years, starting with the opening of its first oleochemical plant in Rawang in 1991. In 2004, it opened the Zhangjiagang oleochemical plant in China and in the following year, it invested in a manufacturer of phytonutrients from palm fruits, Davos Life Science in Singapore.

CONTINUES ON PAGE 52

COMPANY OF THE YEAR

Frontken Corp Bhd

6 BRC AWARDS OVER THE YEARS

Growing well alongside global giants

BY CINDY YEAP

Frontken Corp Bhd, winner of the coveted *The Edge* BRC Company of the Year award for 2022, is a low-profile net cash technology company that supports big names in the global semiconductor industry as well as Malaysia's very own oil and gas giant Petroliam National Bhd (Petronas).

Concerns over how a global chip shortage may have morphed into a global chip oversupply crisis have knocked down Frontken's market capitalisation, which reached as high as RM6.6 billion when its share price was above RM4 in early April this year.

Yet, closing at RM2.48 on Oct 28 to reflect a market cap of RM3.9 billion, Frontken's share price was still more than five times the 44.6 sen that it started 2019 with.

Frontken's market cap was only RM738.8 million as at end-2018, but had soared to RM2.4 billion by end-2019. It did not stop there, rising further to RM3.72 billion by end-2020 and RM6.3 billion by end-2021 before peaking at RM6.57 billion on April 1, 2022.

The gains came on the back of double-digit earnings growth as revenue charted new record highs because of strong demand from its global customers in the semiconductor as well as oil and gas (O&G) industries. Profit after tax grew at an enviable 44% compound annual growth rate (CAGR), from RM4.2 million in FY2012 to RM114.2 million in FY2021, even as revenue saw an 11% CAGR from RM181 million in FY2012 to RM450.2 million revenue in FY2021.

Shareholders were rewarded with higher dividends, with the payout ratio doubling to 60% in FY2021 from 30% in FY2018, as well as a warrant-sweetened 1-for-2 bonus issue in April 2021.

In addition, the group had been investing in its growth with internal cash rather than excessive borrowings. As at end-2021, it had RM302.4 million in cash and cash equivalents after spending RM82.8 million on capital expenditure.

There is no denying that sizeable amounts of the strong share price gains seen between 2019 and early 2022 have been given up in the past six months, with Frontken shares down 38% year to date and underperforming the local bellwether FBM KLCI, which is down just under 8% over the same period.

Part of the price pressure that Frontken has seen stems from news flow on Taiwan, where most of the world's advanced chips are being manufactured but which has come under the spotlight as tensions between Washington and Beijing grow. Taiwan Semiconductor Manufacturing Co Ltd, which dominates the global supply of semiconductors by making chips for a host of global giants such as Apple Inc and fabless chipmaker Advanced Micro Devices Inc, has also dropped 39% year to date.

Frontken's unit, Ares Green Technology Corp, has seen profits grow on the back of its ability to handle more complicated and sophisticated processes that are more sensitive to contamination and that have won the trust of larger global clients. In 2020, the company paid about RM53.3 million for an industrial building in Southern Taiwan Science Park (STSP), Kaohsiung (Plant 2), which Frontken says allows the company to position itself as "the leading advanced high-precision chamber parts service provider for the next few generations of leading-edge chips".

STSP is one of the three main science-based industrial parks in Taiwan that have been "selected by the world's leading integrated foundry for its 5nm and 3nm advanced manufacturing processes, making STSP the world's largest IC industrial hub", notes appended to Frontken's 2021 annual report state. "The infrastructure and size of this plant will provide us with sufficient space to further expand our production capacity."

"New Plant 2 is qualified by customer and will be receiving parts for test run," Hong Leong Investment Bank Research (HLIB) says in a note dated Nov 2, following the release of Frontken's earnings for the nine months ended Sept 30, 2022 (9MFY2022), which saw a net profit at RM93.45 million, up 25% from RM74.96 million in 9MFY2021 on the back of a 16% year-on-year growth in revenue to RM381.91 million.

"Despite the inventory adjustment and slower macroeconomic growth, a Taiwanese client expects these negatives to be balanced by sustainable ramp-up of its industry-leading advanced technologies. Frontken believes the persistent demand remains a growth catalyst and will lead to more chip research, design and manufacturing in the years ahead," HLIB says in the note, reiterating a "buy" call on Frontken, with an unchanged target price of RM3.20, based on 30 times FY2023 earnings multiple.

"We like Frontken for its multi-year growth ahead on the back of a sustainable global semiconductor market outlook, robust fab investment, leading edge technology (7nm and below), and strong balance sheet (net cash of RM296 million, or 18.7 sen per share) to support its Taiwan and Singapore semiconductor expansions," HLIB adds. It notes that 80% of revenue is from semiconductor and 20% from O&G. "Frontken is cautiously optimistic that business will be strong for the remaining months of FY2022, owing to increased orders under Petronas contracts," the note says.

Frontken will continue to invest in bolstering its own core competencies to stay ahead, confident that the longer-term prospects for the industry in which it operates remain bright.

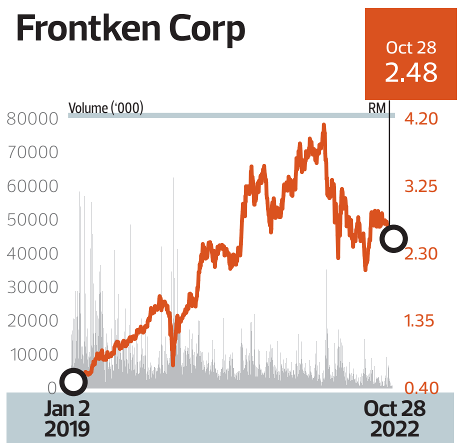
Frontken chairman and CEO Nicholas Ng Wai Pin tells *The Edge*: "We are excited about what lies ahead for us. We believe that, in the long run, the semiconductor industry will continue to grow because of the heavy reliance on technology, which augurs well for our company. To that end, we are looking to expand our business further both regionally and globally.

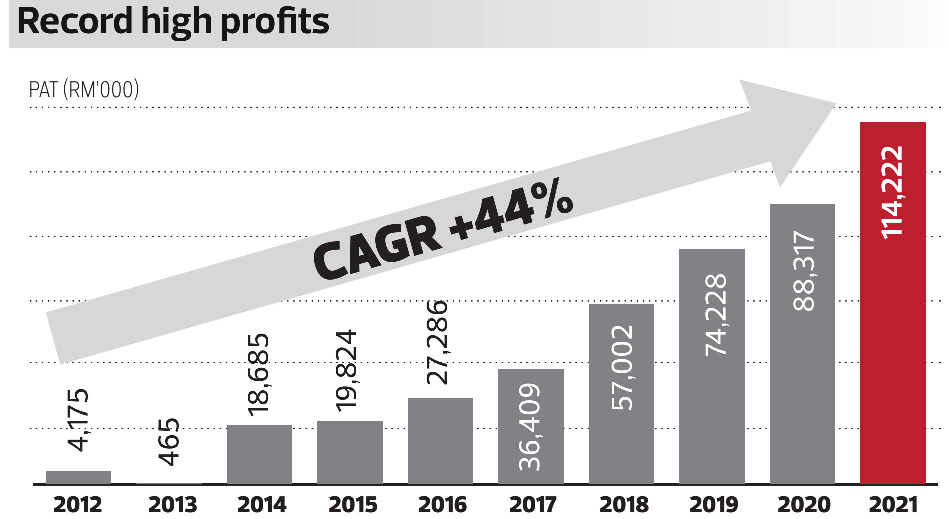
"Through the continual support from all our customers and technology partners, we believe the long-term outlook for our company is good in spite of the many challenges that we face in the short term."

Indeed, when the pandemic hit, Frontken had told shareholders in its 2021 annual report that its continuous research and development as well as investment in high-specification equipment and technology allowed it to help customers improve efficiencies and reduce operating costs without compromising on the quality of their end-product.

With chips being increasingly used in more things, Frontken should remain on the radar for some time.

"We are humbled to receive this award and appreciate the recognition bestowed upon us. This award means a lot to us and it is testament to the years of hard work and dedication by our amazing team. This award will motivate us to work harder and reach greater heights. We would like to thank everyone, especially our stakeholders, for believing in us and supporting us throughout the years. Lastly, our sincere appreciation to *The Edge* for this recognition," says Ng. E





PAT and PAT CAGR chart from FY2012 to FY2021

Ng: This award will motivate us to work harder and reach greater heights

Lasting impact of sustainability initiatives for multi-stakeholders

BY CINDY YEAP

MOHD IZWAN MOHD NAZAM/THE EDGE

(From left) OCBC's Leong Mei Sim with Dorothy Teoh, Jeffrey Teoh and Philip Koh, who return as judges for the CR portion of *The Edge* Billion Ringgit Club Awards 2022. Nik Ramlah is not in the photograph.

Companies that were scored highly on corporate responsibility (CR) initiatives this year showed clear measurement of lasting impact for multi-stakeholders, says *The Edge* Billion Ringgit Club (BRC) panel of CR judges.

Jeffrey Teoh, managing director and head of corporate and commercial banking at OCBC Bank Malaysia Bhd — the main sponsor of *The Edge* Billion Ringgit Club Corporate Awards — notes that sustainability has increasingly become an integral part of companies that strive to stay resilient for the long haul.

"More than 2½ years beyond the onset of the pandemic, the most resilient companies are still here with us today. The resilience of those who have ridden the storm to thrive today is borne out of an ongoing quest to remain relevant, profitable and sustainable. They have all done well by doing good. We are hopeful that as we move further along the transition to endemicity, others will learn from these examples of the business world and find a pathway to their own success," Jeffrey says.

Indeed, it is not just willingness to spend money but commitment to making sure that tangible and lasting differences for the people, community, environment, economy and country are derived from the investment of time and other resources.

It is therefore important for companies to track (and show) not only what was done in a particular year but also how the impact of a particular CR initiative has grown over the years and is driving lasting change on the intended target group or area.

"[Follow-up] is very important because what we want is a deep, lasting impact, not just one-off [aid] that may help short term but do not solve the issue [long term]," Jeffrey says.

The Edge Education Foundation CEO Dorothy Teoh concurs, explaining that companies that score higher are those that not only have sustainability road maps and responsible practices but have also built a collection of data points on the journey of fulfilling target pledges. "What's measured matters," she says, noting that companies with "sustainability heads" or a dedicated person tracking the impact of sustainability for the organisation "do noticeably better" than those without.

It would seem that government-linked companies and government-linked institutions have also stepped up their CR initiatives in response to calls to lend a hand during Covid-19 to save lives and livelihoods, with Petronas Chemicals Group Bhd, Sime Darby Bhd and KPJ Healthcare Bhd picking up three of the four CR awards.

"[That said], companies that do well are from a diverse range of industries. One does not have to be in any particular industry to rise to the occasion when it comes to CR. Companies that have responded to the government's call to step up efforts [during the pandemic] have proven that," says former deputy chief executive of the Securities Commission Malaysia Datuk Nik Ramlah Nik Mahmood, who currently sits on several boards of directors, including the Institute for Capital Market Research Malaysia, Perbadanan Insurans Deposit Malaysia (PIDM), International Centre for Education in Islamic Finance (Inceif) and Axiata Group Bhd.

Philip Koh Tong Ngee, senior partner at Mah-Kamariyah & Philip Koh Advocates & Solicitors, meanwhile, says he is impressed with the sustainability commitments of Press Metal Aluminium Holdings Bhd, a joint winner for the CR awards this year in the Super Big Cap category, alongside Petronas Chemicals.

Dorothy notes that Press Metal was among companies included in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index in their recent semi-annual review in June.

Members of *The Edge* BRC 2022 that were also on the two FTSE4Good indices were Dialog Group Bhd, Greatech Technology Bhd, Malaysia Pacific Industries Bhd, Scientex Bhd and S P Setia Bhd, according to a June 9 statement by the stock exchange.

The pivot towards sustainability among the investment community is clear, with value being attached to inclusion in indices such as FTSE4Good, the Dow Jones Sustainability Indices and S&P Global Sustainability Yearbook, the judges add.

They also note increased efforts by responsible companies to not only change their own business practices but also choose to work with like-minded vendors. They also acknowledged increased investments in growing human capital and skills, "up-training", as well newer areas like data privacy and cybersecurity that are no longer a "good to have" but a "must have" with the shift toward greater digitalisation.

"A way the private sector can [reduce] skills mismatch is to train the people themselves," says Jeffrey, noting that the virtuous cycle created will benefit not only the people and companies but also the greater ecosystem.

In recognition of the importance of sustainability, CR constitutes 30% of the score in determining *The Edge* BRC's Company of The Year. The remaining 70% are from quantitative metric: growth in profit after tax over three years (30%); return to shareholders over three years (20%); and return on equity over three years (20%). (See BRC methodology on Page 30.)

Judges abstained from scoring and deliberations if they are a board member of the member company or if there are any potential conflicts of interest. E

COMPANIES THAT HAVE WON *THE EDGE* BRC CORPORATE RESPONSIBILITY (CR) AWARD OVER THE YEARS (2012-2022)

3 CR TROPHIES	1 CR TROPHY
Sime Darby Bhd	Allianz Malaysia Bhd
Sunway Bhd	Axiata Group Bhd
2 CR TROPHIES	CIMB Group Holdings Bhd
Carlsberg Brewery Malaysia Bhd	IOI Corp Bhd
Gamuda Bhd	KPJ Healthcare Bhd
Malayan Banking Bhd	Press Metal Aluminium Holdings Bhd
Nestlé (M) Bhd	Sime Darby Plantation Bhd
Petronas Chemicals Group Bhd	United Plantations Bhd
Telekom Malaysia Bhd	
Tenaga Nasional Bhd	

Note: For consistency, the list does not take into account second and third place CR winners in 2012 to 2014

TOP SCORERS CR INITIATIVES — SUPER BIG CAP

(IN ALPHABETICAL ORDER)

- CIMB Group Holdings Bhd (2013 winner)
- Hong Leong Bank Bhd
- Petronas Chemicals Group Bhd (2022 joint winners)
- Press Metal Aluminium Holdings Bhd (2022 joint winners)
- Tenaga Nasional Bhd (2017 & 2021 winner)

TOP SCORERS CR INITIATIVES — BIG CAP

(IN ALPHABETICAL ORDER)

- Axiata Group Bhd
- Inari Amertron Bhd
- IOI Corp Bhd (2019 winner)
- Nestlé (Malaysia) Bhd (2012 winner and 2021 joint winner)
- Kuala Lumpur Kepong Bhd
- Sime Darby Bhd (2014 winner, 2018 joint winner, 2022 winner)

TOP SCORERS CR INITIATIVES — BELOW RM10 BIL MARKET CAP

(IN ALPHABETICAL ORDER)

- Carlsberg Brewery Malaysia Bhd (2014 & 2019 winner)
- Gamuda Bhd (2016 & 2021 joint-winner)
- KPJ Healthcare Bhd (2022 winner)
- Sime Darby Property Bhd
- S P Setia Bhd
- Sunway Bhd (2015 & 2018 winner, 2021 joint winner)
- YTL Corp Bhd

NOTE:
■ 2022 WINNER

Doing well *and* doing good

Nation's largest listed companies contribute millions every year to the well-being of Malaysians and Malaysia

BY DOROTHY TEOH

Over many years of being a judge for the corporate responsibility (CR) segment of The Edge Billion Ringgit Club (BRC) and Corporate Awards, it has been both humbling and inspiring to see how much Malaysia's largest listed companies have contributed to the well-being of Malaysians and the nation.

The CR programmes of BRC companies run the gamut from A to Z, literally. Pick a letter of the alphabet and you will likely find a company involved in a CR programme in an area that starts with that letter.

For instance, "A" is a catch-all for aid, to a plethora of groups and causes in myriad areas.

"C" can stand for conservation efforts such as protecting the Malayan tiger and Sumatran rhino — both of which are on the brink of extinction — or the habitat of fireflies, mangrove swamp rehabilitation, and providing corridors for wildlife movement in oil palm plantations and other developments.

"C" also stands for "circular economy", which a growing number of BRC members are committing to and a handful are already practising. Increasingly, it also stands for corporate efforts to combat climate change.

"E" of course stands for education. Although the allocation for education is one of the largest in the national budget every year, without the help of our corporate citizens, many children would start a new school year without new uniforms or bags, or pocket money for meals.

I remember the now-retired principal of a school in Kuala Lumpur telling me in 2013 that she kept supplies of biscuits in her office for under-privileged students who would turn up to sit for major examinations such as the Sijil Pelajaran Malaysia (SPM) without breakfast.

It was one reason why The Edge Education Foundation (TEEF) sponsored lunch after school for students who were part of TEEF's Programme for After Class Enrichment (PACE) at this school and another. PACE was a tuition-cum-mentoring programme at these two Kuala Lumpur schools for low-performing students from low-income homes that ran from 2013 to 2015. It was funded by BRC member Kuala Lumpur Kepong (see https://teef.org.my/pastprogrammes).

Another principal of a school in Kuala Lumpur told me about a student who had been absent from school for several days. When she finally managed to speak to his mother, she said that he was absent because she could not afford the pocket money for his meals at school.

Education also covers scholarships and BRC members have been at the forefront of those awarding educational aid to students in need, to the tune of millions of ringgit every year.

For university students, there is always a PTPTN (Perbadanan Tabung Pendidikan Tinggi Nasional or National Higher Education Fund Corporation) loan to fall back on.

But as TEEF has discovered during interviews for its scholarships over the years, even with a PTPTN loan, some students may still struggle to pay for other needs such as a handphone or a laptop.

When Covid-19 forced schools and universities to switch to online teaching, it threw into sharp relief the digital divide among Malaysians.

In late 2020, TEEF conducted an online interview with an applicant for a TEEF scholarship who did not own a laptop and had only an old hand-me-down handphone, and was struggling to keep up with online classes and assignments (see https://teef.org.my/scholarships). We discovered several other scholarship applicants who used handphones to attend online classes. They had no access to computers at their respective universities as their hostels were closed and they were living at home.

TEEF also discovered that most of the Form Four students participating in "Money & Me: Youth Financial Empowerment Programme", the foundation's free financial literacy programme for Form 4 students, were using handphones to access online lessons as well as Money & Me sessions. (Money & Me is carried out in schools in collaboration with corporate partners and Rotary clubs.)

Some were sharing handphones with younger siblings attending afternoon school sessions. As a result, these students were frequently absent for Money & Me, which as a co-curricular programme was of lower priority for parents.

That brings us back to "D" for digital divide. There are BRC members who are engaged in tackling the divide with initiatives such as giving away computers and providing Internet access through centres in rural areas that are equipped with computers and WiFi.

"H" is for health and this was heightened last year by the measures companies took to ensure the safety of their staff, workplaces and the community at large in relation to the spread of Covid-19.

These included not just initiatives to ensure physical but also mental health, with some companies providing care packages for employees who had tested positive.

"H" is also for human rights, such as companies that do not withhold the passports of their foreign workers and those that even provide secure lockers for these workers to keep their passports and other documents.

I could go on down the list but there are too many initiatives and too many companies to name.

> An increasing number of BRC companies are making efforts to combat climate change which has resulted in more frequent flooding

Evolved

It is also interesting to see how CSR has evolved. This particular award began as the Best Corporate Social Responsibility (CSR) Initiatives with a focus on "social responsibility", before being renamed the Best Corporate Responsibility Initiatives.

In line with the global move towards environmental, social and governance metrics, since last year, judges have begun to look at what companies are doing in those areas.

Over the years, the understanding and practice of CR by BRC companies has also evolved. In 2011, when the BRC numbered 128 members, one notable shortcoming was the lack of an integrated strategy and focus among many companies, and a tendency to equate CSR with philanthropy alone.

There was a huge gap that separated the few that understood and did CSR well, and companies that saw it as merely ad hoc donations to various causes and projects.

The relative importance of CSR was also seen in the fact that the job of submitting the award forms was sometimes assigned to junior executives.

The practice of CR has improved over the years, driven not just by regulatory requirements and investors' and society's expectations that companies have obligations beyond generating profits for shareholders, but also a growing conviction on the part of companies that doing *good* is the *right* thing to do.

Fast forward to 2022, and it is heartening to note that the vast majority of BRC members have come a long way in embracing the responsibilities of corporate citizenship.

A growing number of companies are making sustainability an integral part of their company strategy, and many more companies are appointing chief sustainability officers.

When it comes to reporting, it is evident that sustainability is moving from the periphery to the front and centre. It is no longer about ticking the right boxes.

We also see more companies stating their commitment to becoming net zero by 2050 and to a circular economy. The recent UN report — which stated that our planet has already warmed by 1.1°C since pre-industrial times and will likely reach 1.5°C within the next decade, earlier than envisioned — makes it more urgent for BRC companies, especially those which are still at the early stage of their sustainability journey, to consider climate change more seriously because it will affect us all.

A recent report on The Australian website quoted researchers as saying that "Whether they realised it or not, some 7.6 billion people — 96% of humanity — felt global warming's impact on temperatures over the last 12 months."

In terms of alignment with the UN Sustainable Development Goals (SDG), there is a danger that companies may merely "park" their corporate responsibility programmes under the SDG that best fits instead of the other way around, that is, aligning their CR projects with the SDGs they adopt. As such, it is good to see that some BRC members are beginning to show a paradigm shift where this is concerned.

The success of this year's four winners of The Edge BRC Best CR Initiatives award was not achieved overnight, it is the culmination of hard work and commitment over the years in their sustainability journey.

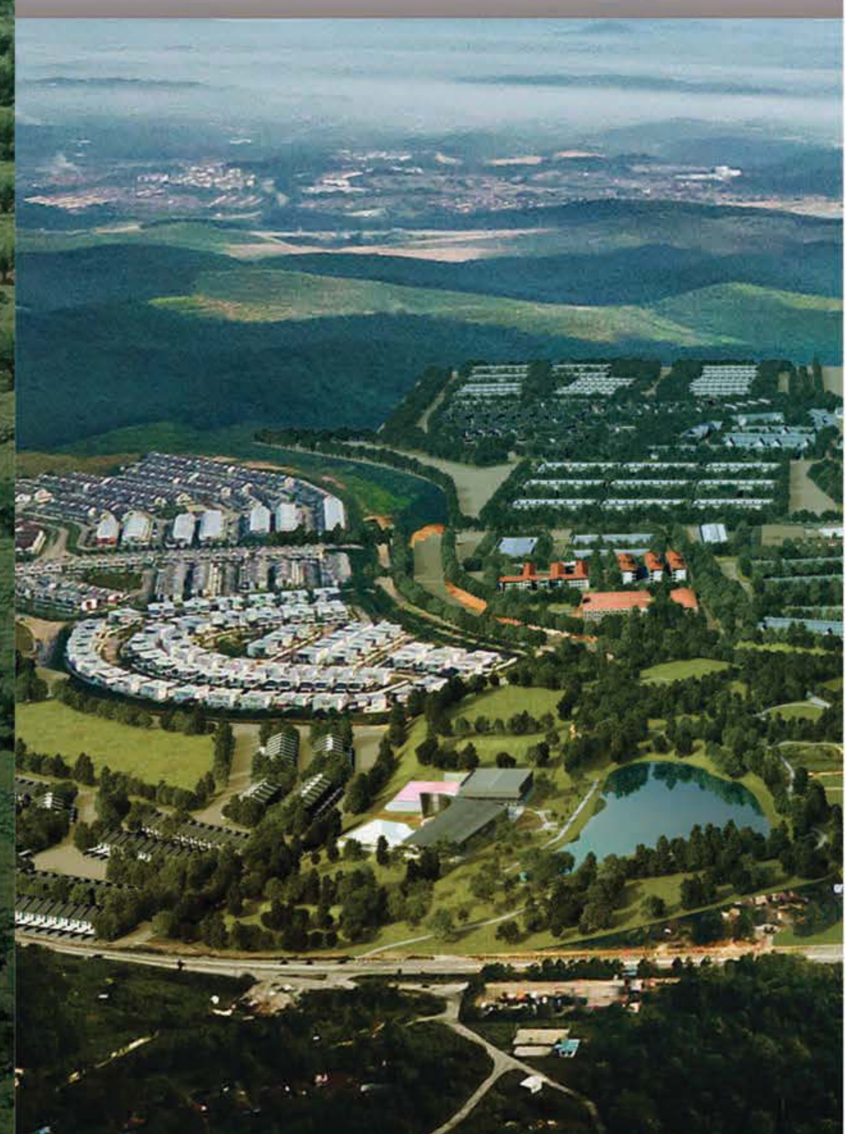
And that is what true corporate responsibility is about: a long-term commitment to making lives better qualitatively and not just quantitatively, while ensuring sustainability from an environmental, social and economic perspective.

In that sense, congratulations are due not just to the CR winners, but to all BRC members who continue to do their part to make this country a better place, and to make life better for all Malaysians.

We salute you.

Dorothy Teoh is CEO of The Edge Education Foundation and one of the judges for The Edge BRC Best Corporate Responsibility Initiatives


THE EDGE
BILLION RINGGIT Club 2022
Value Creator:
Malaysia's Outstanding CEO
BIG CAP COMPANIES
Highest Growth in
Profit After Tax Over Three Years
PLANTATION
Highest Growth in
Profit After Tax Over Three Years



Members of *THE EDGE* BILLION RINGGIT CLUB 2022

COMPANY	MARKET CAP AS AT MARCH 31, 2022 (RM MIL)	PRE-TAX PROFIT FY2021 (RM MIL)	NET PROFIT FY2021 (RM MIL)
AEON Co (M) Bhd	2,218	131	85
AEON Credit Service (M) Bhd	3,860	325	234
Affin Bank Bhd	4,248	710	527
Alliance Bank Malaysia Bhd	5,821	484	359
Allianz Malaysia Bhd	2,264	626	478
AME Elite Consortium Bhd	1,096	80	53
AMMB Holdings Bhd	12,283	(3,483)	(3,826)
Ancom Bhd	1,047	51	24
Apex Healthcare Bhd	1,372	75	59
Astro Malaysia Holdings Bhd	5,736	693	540
Axiata Group Bhd	34,780	2,174	819
Axis REIT	3,040	200	136
Bank Islam Malaysia Bhd	6,358	704	534
Batu Kawan Bhd	10,356	3,086	1,147
Berjaya Corp Bhd	1,203	(260)	(460)
Berjaya Food Bhd	1,366	75	47
Berjaya Sports Toto Bhd	2,576	283	181
Bermaz Auto Bhd	2,080	169	134
Bintulu Port Holdings Bhd	2,392	126	363
Boustead Holdings Bhd	1,348	761	170
Boustead Plantations Bhd	2,229	345	241
British American Tobacco (M) Bhd	3,552	394	285
Bumi Armada Bhd	2,422	668	574
Bursa Malaysia Bhd	5,722	478	355
Cahya Mata Sarawak Bhd	1,171	235	204
Capital A Bhd (formerly AirAsia Bhd)	3,059	(3,575)	(2,991)
CapitaLand Malaysia Trust	1,238	(30)	39
Carlsberg Brewery Malaysia Bhd	6,641	260	201
Chin Hin Group Bhd	2,451	42	31
CIMB Group Holdings Bhd	54,480	5,789	4,295
CTOS Digital Bhd	3,650	53	43
D&O Green Technologies Bhd	5,567	138	111
Dagang NeXchange Bhd	3,187	52	80
Datasonic Group Bhd	1,361	11	7
Dayang Enterprise Holdings Bhd	1,042	(410)	(317)
Dialog Group Bhd	15,407	595	543
Digi.Com Bhd	30,323	1,515	1,162
DRB-Hicom Bhd	2,842	(291)	(296)
Dufu Technology Corp Bhd	1,554	94	74
Duopharma Biotech Bhd	1,403	83	66
Dutch Lady Milk Industries Bhd	2,068	285	248
Eco World Development Group Bhd	2,915	239	183
Eco World International Bhd	1,032	51	14
Ekovest Bhd	1,173	120	43
Far East Holdings Bhd	2,078	210	164
Farm Fresh Bhd	3,047	0	0
FGV Holdings Bhd	7,223	1,714	1,168
Fraser & Neave Holdings Bhd	7,702	479	395
Frontken Corp Bhd	4,760	150	105
Gamuda Bhd	8,837	786	588
Gas Malaysia Bhd	3,480	330	250
GDEX Bhd	1,228	39	28
Genetec Technology Bhd	1,719	(5)	(4)
Genting Bhd	18,021	(971)	(1,370)
Genting Malaysia Bhd	16,882	(1,148)	(947)
Genting Plantations Bhd	7,671	670	432
GHL Systems Bhd	1,735	41	28
Globetronics Technology Bhd	1,018	55	53

COMPANY	MARKET CAP AS AT MARCH 31, 2022 (RM MIL)	PRE-TAX PROFIT FY2021 (RM MIL)	NET PROFIT FY2021 (RM MIL)
Greatech Technology Bhd	5,935	145	142
Guan Chong Bhd	2,800	197	155
Hap Seng Consolidated Bhd	18,623	1,450	900
Hap Seng Plantations Holdings Bhd	2,023	290	224
Hartalega Holdings Bhd	16,575	3,813	2,886
Heineken Malaysia Bhd	6,791	321	246
Hengyuan Refining Co Bhd	1,191	128	83
Hextar Global Bhd	2,070	54	39
Hibiscus Petroleum Bhd	2,314	168	104
Hong Leong Bank Bhd	42,150	3,471	2,861
Hong Leong Capital Bhd	1,578	177	203
Hong Leong Financial Group Bhd	22,491	3,972	2,265
Hong Leong Industries Bhd	2,907	472	292
Hong Seng Consolidated Bhd	6,666	70	46
IGB Bhd	2,086	351	162
IGB Commercial REIT	1,366	22	26
IGB REIT	5,470	200	221
IHH Healthcare Bhd	54,577	2,556	1,863
IJM Corp Bhd	5,899	780	432
Inari Amertron Bhd	11,376	352	330
IOI Corp Bhd	25,597	1,740	1,394
IOI Properties Group Bhd	5,396	1,078	660
Keck Seng (M) Bhd	1,297	98	79
Kerjaya Prospek Group Bhd	1,398	132	97
Kim Loong Resources Bhd	1,863	145	95
KLCC Stapled Group	11,843	566	496
Kobay Technology Bhd	1,420	35	27
Kossan Rubber Industries Bhd	5,001	3,747	2,854
KPJ Healthcare Bhd	4,386	116	51
Kretam Holdings Bhd	1,359	164	153
Kuala Lumpur Kepong Bhd	27,170	2,976	2,258
Lagenda Properties Bhd	1,223	279	202
Leong Hup International Bhd	1,898	140	85
Lingkaran Trans Kota Holdings Bhd	2,084	267	206
Lotte Chemical Titan Holding Bhd	5,079	1,333	1,040
LPI Capital Bhd	5,569	437	345
Magnum Bhd	2,616	25	0
Mah Sing Group Bhd	1,651	219	161
Malakoff Corp Bhd	2,932	470	260
Malayan Banking Bhd	106,194	10,887	8,096
Malayan Cement Bhd	3,158	8	7
Malaysia Airports Holdings Bhd	11,531	(1,041)	(766)
Malaysia Building Society Bhd	4,303	714	439
Malaysia Smelting Corp Bhd	1,940	158	118
Malaysian Pacific Industries Bhd	7,240	358	272
Malaysian Resources Corp Bhd	1,631	61	16
Matrix Concepts Holdings Bhd	1,977	341	262
Maxis Bhd	30,757	1,762	1,308
MBM Resources Bhd	1,208	211	171
Mega First Corp Bhd	3,517	540	462
MI Technovation Bhd	1,783	64	62
MISC Bhd	32,809	1,775	1,831
Mr D.I.Y. Group (M) Bhd	21,740	586	432
MyEG Services Bhd	7,533	321	316
Nestlé (M) Bhd	31,329	752	570
OM Holdings Ltd	2,046	0	0
Oriental Holdings Bhd	3,778	607	321
OSK Holdings Bhd	1,980	465	398

THE EDGE BILLION RINGGIT Club 2022

TOP 20
RANKED BY NET PROFIT

2022	2021	CHG	COMPANY	NET PROFIT FY2021 (RM MIL)
1	1	–	Malayan Banking Bhd	8,096.2
2	8	▲	Top Glove Corp Bhd	7,710.3
3	9	▲	Petronas Chemicals Group Bhd	7,345.0
4	2	▼	Public Bank Bhd	5,656.5
5	14	▲	CIMB Group Holdings Bhd	4,295.3
6	28	▲	Supermax Corp Bhd	3,816.7
7	3	▼	Tenaga Nasional Bhd	3,661.8
8	32	▲	Hartalega Holdings Bhd	2,885.5
9	4	▼	Hong Leong Bank Bhd	2,860.6
10	16	▼	Kossan Rubber Industries Bhd	2,853.6
11	44	▲	Sunway Bhd	2,664.4
12	5	▼	RHB Bank Bhd	2,618.4
13	7	▼	Hong Leong Financial Group Bhd	2,265.3
14	19	▼	Kuala Lumpur Kepong Bhd	2,257.6
15	15	–	Sime Darby Plantation Bhd	2,257.3
16	6	▼	Petronas Gas Bhd	1,988.9
17	51	▲	IHH Healthcare Bhd	1,862.5
18	162	▲	MISC Bhd	1,831.3
19	12	▼	PPB Group Bhd	1,496.1
20	18	▼	Sime Darby Bhd	1,425.0

TOP 20
RANKED BY PROFIT BEFORE TAX

2022	2021	CHG	COMPANY	PRE-TAX PROFIT FY2021 (RM MIL)
1	1	–	Malayan Banking Bhd	10,886.6
2	8	▲	Top Glove Corp Bhd	10,033.8
3	10	▲	Petronas Chemicals Group Bhd	7,710.0
4	2	▼	Public Bank Bhd	7,366.6
5	14	▲	CIMB Group Holdings Bhd	5,789.5
6	31	▲	Supermax Corp Bhd	5,020.0
7	3	▼	Tenaga Nasional Bhd	4,738.3
8	4	▼	Hong Leong Financial Group Bhd	3,971.5
9	37	▲	Hartalega Holdings Bhd	3,813.4
10	15	▲	Kossan Rubber Industries Bhd	3,747.3
11	9	▼	Sime Darby Plantation Bhd	3,602.7
12	6	▼	RHB Bank Bhd	3,528.8
13	5	▼	Hong Leong Bank Bhd	3,470.9
14	19	▲	Batu Kawan Bhd	3,086.0
15	20	▲	Kuala Lumpur Kepong Bhd	2,976.4
16	7	▼	Petronas Gas Bhd	2,641.7
17	36	▲	IHH Healthcare Bhd	2,555.7
18	21	▲	Axiata Group Bhd	2,173.6
19	18	▼	Sime Darby Bhd	2,105.0
20	172	▲	MISC Bhd	1,774.6

TOP 20
RANKED BY MARKET CAPITALISATION

2022	2021	CHG	COMPANY	MARKET CAP AS AT MARCH 31, 2022 (RM MIL)
1	1	–	Malayan Banking Bhd	106,193.9
2	2	–	Public Bank Bhd	90,647.9
3	3	–	Petronas Chemicals Group Bhd	76,790.4
4	5	▲	IHH Healthcare Bhd	54,576.8
5	6	▲	CIMB Group Holdings Bhd	54,480.3
6	4	▼	Tenaga Nasional Bhd	51,534.8
7	7	–	Press Metal Aluminium Holdings Bhd	50,072.6
8	8	–	Hong Leong Bank Bhd	42,149.7
9	11	▲	Axiata Group Bhd	34,780.1
10	12	▲	Sime Darby Plantation Bhd	34,371.1
11	13	▲	Petronas Gas Bhd	32,965.7
12	16	▲	MISC Bhd	32,808.5
13	14	▲	Nestlé (M) Bhd	31,329.2
14	10	▼	Maxis Bhd	30,757.3
15	17	▲	Digi.Com Bhd	30,322.5
16	21	▲	Kuala Lumpur Kepong Bhd	27,169.5
17	19	▲	IOI Corp Bhd	25,597.5
18	23	▲	RHB Bank Bhd	24,691.8
19	18	▼	PPB Group Bhd	24,326.4
20	25	▲	Hong Leong Financial Group Bhd	22,491.3

1) The revenue and profit-before-tax figures are as at March 31, 2022, and may be audited or unaudited, depending on whether the company's annual report had been released by that date
2) Where there is a change in financial year-end, the revenue and profit-before-tax figures are annualised

COMPANY	MARKET CAP AS AT MARCH 31, 2022 (RM MIL)	PRE-TAX PROFIT FY2021 (RM MIL)	NET PROFIT FY2021 (RM MIL)
PIE Industrial Bhd	1,102	74	60
Padini Holdings Bhd	2,270	74	54
Panasonic Manufacturing Malaysia Bhd	1,731	135	116
Pavilion REIT	4,030	125	135
Pentamaster Corp Bhd	2,682	119	73
Petron Malaysia Refining & Marketing Bhd	1,247	308	238
Petronas Chemicals Group Bhd	76,790	7,710	7,345
Petronas Dagangan Bhd	20,286	741	530
Petronas Gas Bhd	32,966	2,642	1,989
PMB Technology Bhd	4,339	194	153
PPB Group Bhd	24,326	1,498	1,496
Press Metal Aluminium Holdings Bhd	50,073	1,443	1,002
Public Bank Bhd	90,648	7,367	5,657
QL Resources Bhd	12,217	433	312
Rapid Synergy Bhd	1,165	6	3
RCE Capital Bhd	1,354	167	125
RHB Bank Bhd	24,692	3,529	2,618
SAM Engineering & Equipment (M) Bhd	2,572	82	60
Sarawak Oil Palms Bhd	3,093	713	510
Scientex Bhd	6,297	601	457
Senheng New Retail Bhd	1,215	85	65
Sentral REIT	1,013	70	84
Serba Dinamik Holdings Bhd	1,298	(95)	(176)
Shangri-La Hotels (M) Bhd	1,470	(126)	(92)
Sime Darby Bhd	16,344	2,105	1,425
Sime Darby Plantation Bhd	34,371	3,603	2,257
Sime Darby Property Bhd	4,013	268	137
SKP Resources Bhd	2,203	171	133
S P Setia Bhd	5,126	542	284
Sunway Bhd	8,556	464	2,664
Sunway Construction Group Bhd	2,218	152	113

COMPANY	MARKET CAP AS AT MARCH 31, 2022 (RM MIL)	PRE-TAX PROFIT FY2021 (RM MIL)	NET PROFIT FY2021 (RM MIL)
Sunway REIT	4,829	130	168
Supercomnet Technologies Bhd	1,021	32	25
Supermax Corp Bhd	3,145	5,020	3,817
Syarikat Takaful Malaysia Keluarga Bhd	3,033	439	411
Ta Ann Holdings Bhd	2,268	494	318
Taliworks Corp Bhd	1,875	114	79
Telekom Malaysia Bhd	18,453	1,247	895
Tenaga Nasional Bhd	51,535	4,738	3,662
Time dotCom Bhd	7,850	533	393
Top Glove Corp Bhd	15,374	10,034	7,710
Tropicana Corp Bhd	1,545	(36)	(52)
TSH Resources Bhd	2,319	254	169
Uchi Technologies Bhd	1,368	92	91
UEM Edgenta Bhd	1,356	79	42
UEM Sunrise Bhd	1,720	(214)	(213)
UMW Holdings Bhd	3,844	483	268
Unisem (M) Bhd	5,065	223	198
United Malacca Bhd	1,162	24	13
United Plantations Bhd	6,233	683	518
UOA Development Bhd	4,095	317	222
UWC Bhd	4,306	115	92
VS Industry Bhd	3,932	329	245
Vitrox Corp Bhd	7,745	178	170
Westports Holdings Bhd	13,640	1,040	808
Widad Group Bhd	1,005	68	71
Yinson Holdings Bhd	5,108	580	315
YNH Property Bhd	1,450	35	21
YTL Corp Bhd	6,469	632	(368)
YTL Hospitality REIT	1,653	83	71
YTL Power International Bhd	5,347	634	(147)
7-Eleven Malaysia Holdings Bhd	1,611	92	44

METHODOLOGY

Membership in this elite group is automatic and complimentary for all companies listed on Bursa Malaysia as at March 31, 2022, that have at least RM1 billion in market capitalisation. There are 178 members in the club this year.

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

THE AWARDS

- Company of the Year award
- Value Creator(s): Outstanding CEO(s) of Malaysia award(s)
- Best Corporate Responsibility (CR) Initiatives award(s)
- 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 cap of RM10 billion to RM40 billion
- Construction
- Consumer Products & Services
- Energy
- Financial Services — below RM10 billion market cap;
- Financial Services — RM10 billion and above market cap
- Healthcare
- Industrial Products & Services
- Plantation
- Property — below RM3 billion market cap;
- Property — RM3 billion and above market cap;
- Real Estate Investment Trust
- Technology
- Telecommunications & Media
- Transportation & Logistics
- Utilities

THE EDGE BRC SECTORAL CORPORATE AWARDS

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

The methodology for the corporate awards is both stringent and transparent, with the results audited by **Deloitte Malaysia**. The data used to determine the companies that qualify for *The Edge* BRC membership and winners of *The Edge* BRC Corporate Awards is provided by **Asia Analytica Data Sdn Bhd**.

Members eligible for the Highest Return on Equity over Three Years and Highest Growth in Profit after Tax over Three Years awards must be profitable every year throughout the evaluation period. For this year, the evaluation period is from FY2018 to FY2021. Calculation for PAT growth is also subject to a risk-weight factor component to recognise the importance of consistency in profit delivery throughout the evaluation period.

Winners of *The Edge* BRC 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 March 31.

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

In determining the winner, companies with scores within 0.5 percentage point of each other are deemed to be of the same rank. There could, therefore, be cases of joint winners for the awards.

THE EDGE BRC BEST CR INITIATIVES AWARD

The CR initiatives of eligible companies are evaluated by a panel of judges. *The Edge* BRC Best CR Initiatives award is presented to companies with the top average scores in three categories: Super Big Cap (companies with more than RM40 billion in market cap); Big Cap (companies with RM10 billion to RM40 billion in market cap); and companies with less than RM10 billion market cap. The panel is selected by *The Edge* and the evaluation criteria are based on the three focal areas spelt out by Bursa Malaysia's Sustainability Reporting Guide for Public Listed Companies — economic, social and environmental. CR scores account for 30% of the evaluation for *The Edge* BRC Company of the Year award.

THE EDGE BRC COMPANY OF THE YEAR AWARD

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

Evaluation component weightage to overall score	
QUANTITATIVE	
Returns to shareholders over three years	20%
Growth in profit after tax over three years	30%
Return on equity over three years	20%
QUALITATIVE	
CR initiatives	30%

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

VALUE CREATOR: OUTSTANDING CEO OF MALAYSIA

The winner of this award — of whom there may be more than one — 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, 2015 and 2020.

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, whereas 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, which 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 (PSC) with foreign oil companies in 1974, steered Dialog from strength to strength in the past decade while most oil and gas companies were ravaged as oil prices fell.

In 2019, the award went to **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.

In 2021, the award went to Maybank group president and CEO **Tan Sri Abdul Farid Alias**, who was at the helm of the country's largest listed company as it crossed the RM100 billion market cap level in 2017 and had returned more than RM30 billion in dividends to shareholders over five years at that point.

COMPANY OF THE YEAR

2022 — FRONTKEN CORP BHD
2021 — VITROX CORP BHD
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

2022 – BATU KAWAN BHD CHAIRMAN AND KUALA LUMPUR KEPONG BHD CEO
TAN SRI LEE OI HIAN

2021 – MALAYAN BANKING BHD GROUP PRESIDENT AND CEO
DATUK ABDUL FARID ALIAS

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

THRIVE

Garden International School

Bringing Out The Best In You Since 1951

One of a kind in the region, **THRIVE** is a four week professional internship programme for our GIS Sixth Form students. Over the past five years, more than 200 companies, from a diverse range of industries have partnered with GIS to provide this unique learning opportunity for our students to gain real world knowledge, skills and experience in their chosen field.

What our students are saying...

"I gained a range of invaluable skills by observing everyone who worked there and how to act in an intense professional environment. I'm very grateful to the company and GIS for this opportunity!"

- Sadhana Saravanan (Cardiac Vascular Sentral Kuala Lumpur CVSKL)

"The THRIVE internship provided me with an in-depth insight into the journalism industry, in which I had the opportunity to develop critical real-world skills."

- Alyssa Cheong (BURO Malaysia)

"The THRIVE Program taught me to actively seek opportunities and build good relationships with my co-workers. Just as importantly, it revealed future areas of learning, such as communicating complex ideas concisely and effectively."

- Alex Ni (UAS Robotics Academy)

How does your company benefit from Thrive?

New ideas and perspectives

Young people bring fresh ideas and perspectives. You never know - it could be a game changer for your business, as you see the world through new eyes.

Enthusiasm and a willingness to 'get stuck in'

Our unique learning culture means that our students are eager to continue learning in new settings. That enthusiasm and willingness to work hard could prove invaluable!

Building networks and relationships for the future

Forging new network links and developing a broader sense of community could present new opportunities.

The satisfaction of mentoring

There is nothing more satisfying than developing others. Remember that all important role model who impacted you? This could be your opportunity to pay it forward!

What the companies are saying...

"The GIS THRIVE internship programme is a brilliant win-win situation. The students have the opportunity to gain great insights into our daily work, obtain valuable professional experience, and we as a company get new perspectives in the way we are doing things."

- Miriam Herbert, Data & AI Consultant at IBM Deutschland GmbH

"The GIS students were very impressive. They really took their work experience seriously and were incredibly hard working and fast learners. We gave them a 360 experience which not only included what we do as an industry, but also the softer skills of engaging with people which is key to their future. We will definitely be supporting this programme in the coming years!"

- Gerrie Beh, Managing Director, Tatler Asia (Malaysia) Sdn Bhd

Be part of THRIVE today!

If you believe in the importance of nurturing talent and ensuring that our future generations are well equipped for an ever-changing world, then why not partner with us and offer our students the chance to **THRIVE**?

To learn more about what makes Garden International School so special, get in touch with our Admissions Team (**admissions@gardenschool.edu.my**) to arrange a personalised consultation, and see for yourself how we bring out the best in every student.

gardenschool.edu.my
GISMalaysia

CIS WE ARE AN ACCREDITED SCHOOL | Distinguished School | WASC | GL International Centre of Excellence | edexcel | Cambridge Assessment International Education Cambridge International School

How the TOP 3 performed

Super Big Cap
Companies with more than RM40 bil market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Press Metal Aluminium Holdings Bhd	19.1%
2	Petronas Chemicals Group Bhd	14.7%
3	Public Bank Bhd	11.8%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	IHH Healthcare Bhd	22.5%
2	Press Metal Aluminium Holdings Bhd	13.1%
3	Petronas Chemicals Group Bhd	11.5%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Press Metal Aluminium Holdings Bhd	41.4%
2	Malayan Banking Bhd	7.4%
3	Petronas Chemicals Group Bhd	5.5%
3	CIMB Group Holdings Bhd	5.3%

Big Cap
Companies with RM10 bil to RM40 bil market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Digi.Com Bhd	194.7%
2	Nestlé (M) Bhd	97.5%
3	Top Glove Corp Bhd	88.9%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Kuala Lumpur Kepong Bhd	37.5%
2	Telekom Malaysia Bhd	24.0%
3	Westports Holdings Bhd	18.6%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Inari Amertron Bhd	29.7%
2	Batu Kawan Bhd	20.2%
3	Telekom Malaysia Bhd	18.5%

Construction

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Sunway Construction Group Bhd	16.2%
2	Widad Group Bhd	15.3%
3	Kerjaya Prospek Group Bhd	9.5%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Widad Group Bhd	9.0%
2	IJM Corp Bhd	4.6%
3	Gamuda Bhd	2.6%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Gamuda Bhd	8.2%
2	Widad Group Bhd	3.9%
3	Kerjaya Prospek Group Bhd	1.8%

Consumer Products & Services

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Carlsberg Brewery Malaysia Bhd	120.4%
2	Nestlé (M) Bhd	97.5%
3	Dutch Lady Milk Industries Bhd	75.8%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	QL Resources Bhd	17.0%
2	PPB Group Bhd	14.6%
3	Dutch Lady Milk Industries Bhd	14.5%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Berjaya Food Bhd	34.5%
2	Guan Chong Bhd	17.7%
3	MBM Resources Bhd	11.2%

Energy

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Yinson Holdings Bhd	15.3%
2	Dialog Group Bhd	13.9%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Dialog Group Bhd	2.1%
2	Yinson Holdings Bhd	1.5%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Bumi Armada Bhd	29.2%
2	Hibiscus Petroleum Bhd	3.1%
3	Yinson Holdings Bhd	2.5%

Industrial Products & Services

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Uchi Technologies Bhd	49.1%
2	Dufu Technology Corp Bhd	24.2%
3	Press Metal Aluminium Holdings Bhd	19.1%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Sunway Bhd	22.5%
2	Scientex Bhd	17.1%
3	Kobay Technology Bhd	13.3%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Kobay Technology Bhd	114.0%
2	Ancom Bhd	101.2%
3	PMB Technology Bhd	77.3%

Plantation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	United Plantations Bhd	16.6%
2	Sarawak Oil Palms Bhd	13.3%
2	Kuala Lumpur Kepong Bhd	13.3%
3	Batu Kawan Bhd	12.8%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Kuala Lumpur Kepong Bhd	37.5%
2	Batu Kawan Bhd	18.0%
2	Genting Plantations Bhd	18.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Ta Ann Holdings Bhd	36.8%
2	Sarawak Oil Palms Bhd	32.7%
3	Kim Loong Resources Bhd	24.9%

Property
RM3 bil and above market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	UOA Development Bhd	5.9%
2	IOI Properties Group Bhd	3.2%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
–	–	–

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	UOA Development Bhd	0.7%

Property
Below RM3 bil market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Matrix Concepts Holdings Bhd	16.0%
2	OSK Holdings Bhd	7.4%
3	Mah Sing Group Bhd	4.3%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Eco World Development Group Bhd	15.0%
2	Rapid Synergy Bhd	12.0%
3	Matrix Concepts Holdings Bhd	7.1%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	YNH Property Bhd	32.9%
2	Lagenda Properties Bhd	27.8%
3	Rapid Synergy Bhd	22.4%

Real Estate Investment Trust

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	IGB REIT	6.8%
2	Sentral REIT	6.1%
3	Axis REIT	5.9%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Axis REIT	6.3%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Axis REIT	7.9%
2	Sentral REIT	3.5%

Technology

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	MyEG Services Bhd	27.9%
2	Vitrox Corp Bhd	22.8%
3	Frontken Corp Bhd	21.1%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	MyEG Services Bhd	30.0%
2	Malaysian Pacific Industries Bhd	14.4%
3	Frontken Corp Bhd	13.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	D&O Green Technologies Bhd	88.3%
2	Frontken Corp Bhd	66.5%
3	Malaysian Pacific Industries Bhd	56.7%

THE EDGE BILLION RINGGIT Club 2022

Financial Services
RM10 bil and above market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Public Bank Bhd	11.8%
2	Hong Leong Financial Group Bhd	10.0%
2	Hong Leong Bank Bhd	10.0%
3	Malayan Banking Bhd	9.2%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Hong Leong Financial Group Bhd	4.4%
2	RHB Bank Bhd	3.3%
3	Hong Leong Bank Bhd	2.1%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Malayan Banking Bhd	7.4%
2	RHB Bank Bhd	6.5%
3	CIMB Group Holdings Bhd	5.3%

Financial Services
Below RM10 bil market capitalisation

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Bursa Malaysia Bhd	38.9%
2	Syarikat Takaful Malaysia Keluarga Bhd	27.0%
3	AEON Credit Service (M) Bhd	17.5%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Syarikat Takaful Malaysia Keluarga Bhd	11.7%
2	Bursa Malaysia Bhd	10.0%
3	RCE Capital Bhd	9.0%
3	Hong Leong Capital Bhd	9.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	RCE Capital Bhd	38.9%
2	Bursa Malaysia Bhd	6.1%
3	LPI Capital Bhd	0.7%

Healthcare

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Top Glove Corp Bhd	88.9%
2	Supermax Corp Bhd	74.9%
3	Kossan Rubber Industries Bhd	64.9%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Supermax Corp Bhd	30.0%
1	Kossan Rubber Industries Bhd	30.0%
2	IHH Healthcare Bhd	22.5%
3	Top Glove Corp Bhd	18.0%
3	Hartalega Holdings Bhd	18.0%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Supermax Corp Bhd	25.1%
1	Supercomnet Technologies Bhd	24.9%
3	Duopharma Biotech Bhd	19.5%

Telecommunications & Media

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Digi.Com Bhd	194.7%
2	Astro Malaysia Holdings Bhd	70.1%
3	Maxis Bhd	20.3%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Telekom Malaysia Bhd	24.0%
2	Time dotCom Bhd	10.8%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Telekom Malaysia Bhd	18.5%
1	Time dotCom Bhd	18.4%

Transportation & Logistics

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Westports Holdings Bhd	25.6%
2	Lingkaran Trans Kota Holdings Bhd	22.4%
3	Bintulu Port Holdings Bhd	15.9%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Westports Holdings Bhd	18.6%
2	Bintulu Port Holdings Bhd	18.0%
3	GDEX Bhd	1.6%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	MISC Bhd	8.1%
2	Westports Holdings Bhd	6.1%
3	Bintulu Port Holdings Bhd	6.0%

Utilities

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Gas Malaysia Bhd	21.0%
2	Mega First Corp Bhd	18.4%
3	Petronas Gas Bhd	15.4%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Mega First Corp Bhd	30.0%
2	Gas Malaysia Bhd	11.4%
3	Petronas Gas Bhd	4.4%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Mega First Corp Bhd	26.4%
2	Taliworks Corp Bhd	11.4%
3	Gas Malaysia Bhd	4.2%

Note: Joint winners (difference of less than 0.5 percentage point)

BRC MEMBERS THAT HAVE WON AT LEAST ONE CORPORATE AWARD TROPHY IN THE PAST 13 YEARS

22 TROPHIES
DIGI.COM BHD

14 TROPHIES
PUBLIC BANK BHD

12 TROPHIES
BRITISH AMERICAN TOBACCO (M) BHD
SUPERMAX CORP BHD

11 TROPHIES
HARTALEGA HOLDINGS BHD
PRESS METAL ALUMINIUM HOLDINGS BHD

10 TROPHIES
IGB REIT
MUDAJAYA GROUP BHD

9 TROPHIES
AEON CREDIT SERVICES (M) BHD
MEGA FIRST CORP BHD

8 TROPHIES
DIALOG GROUP BHD
MATRIX CONCEPTS HOLDINGS BHD
SYARIKAT TAKAFUL MALAYSIA KELUARGA BHD
UOA DEVELOPMENT BHD

7 TROPHIES
GAMUDA BHD
GUAN CHONG BHD
KUALA LUMPUR KEPONG BHD
MALAYSIA BUILDING SOCIETY BHD
TIME DOTCOM BHD

6 TROPHIES
AXIS REIT
FRONTKEN CORP BHD
IOI CORP BHD
TENAGA NASIONAL BHD
TOP GLOVE CORP BHD

5 TROPHIES
ASTRO MALAYSIA HOLDINGS BHD
CIMB GROUP HOLDINGS BHD
GAS MALAYSIA BHD
KERJAYA PROSPEK GROUP BHD
KLCC STAPLED GROUP
KULIM (M) BHD
LINGKARAN TRANS KOTA HOLDINGS BHD
MAXIS BHD
MUHIBBAH ENGINEERING BHD
MYEG SERVICES BHD
VITROX CORP BHD

4 TROPHIES
DUTCH LADY MILK INDUSTRIES BHD
ECOWORLD DEVELOPMENT GROUP BHD
GENTING BHD
HAP SENG CONSOLIDATED BHD
HONG LEONG BANK BHD
INARI AMERTRON BHD
KOSSAN RUBBER INDUSTRIES BHD
MAH SING GROUP BHD
SUNWAY CONSTRUCTION GROUP BHD
TSH RESOURCES BHD
UNITED PLANTATIONS BHD
WESTPORTS HOLDINGS BHD
YINSON HOLDINGS BHD

3 TROPHIES
AIRASIA BHD (NOW CAPITAL A BHD)
AIRASIA GROUP BHD
BERJAYA SPORTS TOTO BHD
CAHYA MATA SARAWAK BHD
CARLSBERG BREWERY MALAYSIA BHD
FAR EAST HOLDINGS BHD
IJM CORP BHD
KIM LOONG RESOURCES BHD
MALAYAN BANKING BHD
MALAYSIA AIRPORTS HOLDINGS BHD
MISC BHD
PENTAMASTER CORP BHD
PETRON MALAYSIA REFINING & MARKETING BHD
PETRONAS CHEMICALS GROUP BHD
QL RESOURCES BHD
RHB BANK BHD
SCIENTEX BHD
SUNWAY BHD
UCHI TECHNOLOGIES BHD
VS INDUSTRY BHD
WIDAD GROUP BHD

2 TROPHIES
ATA IMS BHD (FORMERLY DENKO INDUSTRIAL CORP BHD)
BATU KAWAN BHD
BURSA MALAYSIA BHD
DAYANG ENTERPRISE HOLDINGS BHD
DUFU TECHNOLOGY CORP BHD
GOLDIS BHD
HOCK SENG LEE BHD
HONG LEONG CAPITAL BHD
HONG LEONG FINANCIAL GROUP BHD
HUP SENG INDUSTRIES BHD
IHH HEALTHCARE BHD
KRISASSETS HOLDINGS BHD
KSL HOLDINGS BHD
NESTLÉ (M) BHD
OSK HOLDINGS BHD
PADINI HOLDINGS BHD
PETRONAS DAGANGAN BHD
PETRONAS GAS BHD
SARAWAK OIL PALMS BHD
SEG INTERNATIONAL BHD
SUNRISE BHD
TELEKOM MALAYSIA BHD
TRADEWINDS (M) BHD
TROPICANA CORP BHD
YNH PROPERTY BHD

1 TROPHY
AL-'AQAR HEALTHCARE REIT
ALLIANZ MALAYSIA BHD
APEX HEALTHCARE BHD
BANDAR RAYA DEVELOPMENT BHD
BERJAYA FOOD BHD
BERJAYA LAND BHD
BOUSTEAD HOLDINGS BHD
BUMI ARMADA BHD
COASTAL CONTRACTS BHD
D&O GREEN TECHNOLOGIES BHD
DKSH HOLDINGS BHD
DRB-HICOM BHD
EASTERN & ORIENTAL BHD
GEORGE KENT (M) BHD
GHL SYSTEMS BHD
HIBISCUS PETROLEUM BHD
HONG LEONG INDUSTRIES BHD
IGB BHD
IGB CORP BHD
KAWAN FOOD BHD
KENANGA INVESTMENT BANK BHD
KOBAY TECHNOLOGY BHD
KPJ HEALTHCARE BHD
LBS BINA GROUP BHD
LPI CAPITAL BHD
MMC CORP BHD
MRCB-QUILL REIT
PANASONIC MANUFACTURING (M) BHD
PERISAI PETROLEUM TEKNOLOGI BHD
PHARMANIAGA BHD
RCE CAPITAL BHD
RIMBUNAN SAWIT BHD
SIME DARBY BHD
S P SETIA BHD
SUNSURIA BHD
SUNWAY CITY BHD
SUPERCOMNET TECHNOLOGIES BHD
TA ANN HOLDINGS BHD
TAN CHONG MOTOR HOLDINGS BHD
TASEK CORP BHD
TDM BHD
UEM EDGENTA BHD
UEM SUNRISE BHD
UMW HOLDINGS BHD
YTL HOSPITALITY REIT

NOTE:
■ COMPANIES NAMED '*THE EDGE* BRC COMPANY OF THE YEAR'

THE EDGE BILLION RINGGIT Club 2022

FROM PAGE 7

Tay, Ho, Syed, Sandra, Lee, Zafrul, Dawn, Tong, Dr Chia Song Kun (QL Resources Bhd), Teoh, Sagree and Kyle Sardien

A showcase of four Cartier 2022 novelties — the Santos, Tank, Ballon Bleu and Panthère de Cartier

Gideon Wong, Carmen Sim, Shirley Sun, Candice Kow, Anne Leh, Jeffrey Teoh, Jessie Lim, Shirley Ong, Stantley James Tan and Emily Lim from OCBC Bank Malaysia

THE EDGE BILLION RINGGIT Club 2022

Zafrul admiring the new EQS by Mercedes-EQ

EdgeTV interviewing Mercedes-Benz Malaysia president and CEO Sagree Sardien

THE EDGE BILLION RINGGIT Club 2022

Ho and Teh with Michael Jopp (third from left) and the team from Mercedes-Benz Malaysia

Abdul Razak Saim (DIALOG Group Bhd), M Azli Ishak (Petronas Chemicals Group Bhd), Tan (OCBC Bank Malaysia) and Tan Sri Dr Ngau Boon Keat (DIALOG Group Bhd)

Patricia Chooi and Thew Soon Kheng from Digi.Com Bhd with Ho

THE EDGE BILLION RINGGIT Club 2022


Steve Ng and Nicholas Ng from Frontken Corp Bhd with Cindy Yeap and Kathy Fong from The Edge


Lam Mun Seng, Shafiq Sulaiman, Andrew Gilbert, Chong Chong Wooi and John Thornton from DIALOG Group Bhd


(Seated, from left) Datuk Sulaiman Abd Manap, Tan Sri Tay Ah Lek, Koay Seok Khim, Lim Then Fui (Standing, from left) Chan Chew Fung, Mary Ng, Wong Man Hoe and Yik Sook Ling from Public Bank Bhd


(Seated, from left) Bryan Ang (The Edge), Jarrod Quah, Goh Swee Eng (both from Batu Kawan), Jacky Tin (Scientex Bhd) (Standing, from left) Ben Leong, Leong Pei Pei (both from OCBC Bank Malaysia), Heong Mun Foo (Scientex Bhd)


(From left) Ernest Chua, Jane Tang, Bernard Paul, Ong Pang Yen, Yap Shi Han (all from Sunway Bhd) with Elaine Lai and Richard Wong (both from Sunway Construction Group Bhd)


(Clockwise from left) Norhaizam Mohammad, Ariesza Noor (both from KPJ Healthcare Bhd), Lindayani Tajudin, Datuk Zaini Yusoff (both from S P Setia Bhd), Kuan Mun Leong, Lee Soon Sam (both from Hartalega Holdings Bhd), Gregory Thu and Jose Barrock (both from The Edge)


Yap Kang Beng and Kong Sze Choon from UOA Development Bhd


Mahirah Mubin, Hanna Shafiqah, Wan Norlela, Suria Zainal and Aida Rani from the Ministry of Finance with Adam Aziz (middle) and Yeap from The Edge


(Standing) Yap, Anne Leh (OCBC Bank Malaysia), Au Foong Yee (The Edge); (seated) Raja Nurwahida Adleen, Delano Abdul Kadir (both from Telekom Malaysia Bhd) and Antony Baragry (IGB REIT)


Stantley James Tan (OCBC Bank Malaysia), Dorothy Teoh (The Edge), Ho, Au, Philip Koh (Mah-Kamariyah & Philip Koh) and Pearl Lai (Carlsberg Brewery Malaysia Bhd)


Lim Cheong Guan (Top Glove Corp Bhd), Denis Low (Supermax Corp Bhd), Leh, Michelle Voon (Top Glove Corp), Datuk Ting Heng Peng (Supermax Corp), Carmen Sim (OCBC Bank Malaysia) and Datuk Alex Wong (Mercedes-Benz Malaysia)


Lim Chern Yuan (Yinson Holdings Bhd), Chia Lik Khai (QL Resources Bhd) and Kuan


Tong and wife, Cheong


Chia with the team from QL Resources Bhd


Sagree and husband, Kyle


Tay Yu Hui (fifth from left) with the team from Bursa Malaysia Bhd


Lee with wife Puan Sri Sandra Lee and the team from Kuala Lumpur Kepong Bhd


Ahmad Hashimi (fourth from left) with the team from Gas Malaysia Bhd


Ng Eng Cheang and Tiong Yean Yau from Fraser & Neave Holdings Bhd


Rosliha Husin and Datuk Asmin Yahya from Far East Holdings Bhd


Datuk Sydney Quays (fourth from left) with the team from Berjaya Food Bhd

THE EDGE BILLION RINGGIT Club 2022


Danielle Chiam, Antoine and Jim Yusuff Jasmy from Cartier and Tay


Lee Jim Leng (third from left) and Tan Kong Khoon (fourth from left) and the team from Hong Leong Financial Group Bhd


Eddie Lee (second from left) and Megat Amirul Zameer (both from Westports Holdings Bhd) with Tan and Joyce Goh from OCBC Bank


Cairil Irwan and Azimy Wan Ahmad from RHB Bank Bhd


Norhaizam Mohammad and Ariesza Noor from KPJ Healthcare Bhd


Ngau with the team from DIALOG Group Bhd


Michael Jopp from Mercedes-Benz Malaysia and wife Eszter Jopp with Karin and Ho


M Yusri (fifth from left) with the team from Petronas Chemicals Group Bhd


Teh, Datuk Peter Lim (Deloitte Malaysia) and Fong Lai Kuan (The Edge)


Khoo Teng Keat (fourth from left), Goh Nan Kioh (fifth from left) and his team from Mega First Corp Bhd, Tay Kheng Chiong (sixth from left) and his team from D&O Green Technologies Bhd, with Andrew Lim (seventh from left) from The Edge

The Edge Billion Ringgit Club 2022

Datuk Mohamad Haslah (ninth from left), Ho Kong Soon (tenth from left) and Datuk Seri Lee Tian Hock (eighth from left), with wife Datin Seri Yong Chou Lian and the team from Matrix Concepts Holdings Bhd Bhd

Jared Ang, Joanne Lee and Krishnamoorthy Kuppusamy from Tropicana Corp Bhd

Raja Azlan Shah Raja Azwa (fourth from left) with the team from MISC Bhd

Chooi and Thew

Chua, Lai, Yap, Ong, Wong, Tang and Paul

Delano

Datuk Chang Khim Wah (fourth from left), Datuk Seri S Rajoo (second from right) and the team from Eco World Development Group Bhd

Datuk Sabri Zain (third from right) and Lim with the team from Yinson Holdings Bhd

THE EDGE BILLION RINGGIT Club 2022


Teh, Lai and Elaine Hew (Mercedes-Benz Malaysia)


Mohd Redza (extreme left) (PNB Development Sdn Bhd) and Vincent Lau (fourth from left) (Rakuten Trade) with Lee Weng Khuen, Priyatharisiny Vasu and Chester Tay from The Edge


Datuk Mohd Syaswan Samsudin, Datuk Mohd Rizal and the team from Widad Group Bhd


Charles Lim Ooi Chow and Tan Yi Shin from Kossan Rubber Industries Bhd


Chan Mun Shee from Kobay Technology Bhd


Tan Sri Samsudin Osman (fifth from left) with the team from Sime Darby Bhd


Antony


Mohammed Rashdan (fifth from left), Justin Chin (fourth from left) with the team from Gamuda Bhd


Leong Kit May (fourth from left) with the team from Axis REIT


Voon and Lim

THE EDGE BILLION RINGGIT Club 2022

Tan Sri Mazlan Mansor (fifth from left), Shahman Azman (eighth from left) and the team from RCE Capital Bhd

Datuk Wong Gian Kui, Datuk Dr Tan Seng Chuan, K C Lau, Datuk Sri Thong Kok Khee and the team from Inari Amertron Bhd

See Sien Wei and Yu Kai Leun from YNH Property Bhd

Asri Hassan (Axiata Group Bhd), Philip Koh (Mah-Kamariyah & Philip Koh), Tammy Toh (fifth from left) (Astro Malaysia Holdings Bhd) with Cindy Yeap, Dorothy Teoh, Teh and Lim Shiew Yuin from The Edge


Lim Eng Chuan and Hsueh Chih-Yu from Supercomnet Technologies Bhd

Dr Kelvin Loh (fourth from left) with the team from IHH Healthcare Bhd

Leem Why Chong and Mohamed Sabri Ramli from Syarikat Takaful Malaysia Keluarga Bhd


Kamarul Anwar and Lee Ching Poh from CGS-CIMB Securities International Pte Ltd

Julius Evanson (left) and Eleanor Danker (OCBC Bank Malaysia) with Kenny Lim from The Edge

THE EDGE BILLION RINGGIT Club

2022 WINNERS

FROM PAGE 10

BEST CR INITIATIVES (below RM10 billion market cap)
KPJ Healthcare Bhd (Norhaizam Mohammad, officer in charge)

BEST CR INITIATIVES (BIG CAP COMPANIES)
Sime Darby Bhd (Tan Sri Samsudin Osman, chairman)

BEST CR INITIATIVES (SUPER BIG CAP COMPANIES)
Petronas Chemicals Group Bhd (M Yusri M Yusof, senior vice-president & CEO)

CONSTRUCTION – Highest Growth in Profit After Tax Over Three Years
Widad Group Bhd (Datuk Mohd Rizal Mohd Jaafar, managing director)

CONSTRUCTION – Highest Return on Equity Over Three Years
Sunway Construction Group Bhd (Richard Wong, deputy group managing director)

CONSTRUCTION – Highest Returns to Shareholders Over Three Years
Gamuda Bhd (Mohammed Rashdan Mohd Yusof, deputy group managing director)

CONSUMER PRODUCTS & SERVICES – Highest Growth in Profit After Tax Over Three Years
QL Resources Bhd (Dr Chia Song Kun, executive chairman)

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

THEEDGE BILLION RINGGIT Club

2022 WINNERS

CONSUMER PRODUCTS & SERVICES – Highest Returns to Shareholders Over Three Years
Berjaya Food Bhd (Datuk Sydney Quays, group CEO)

ENERGY – Highest Growth in Profit After Tax Over Three Years
Dialog Group Bhd (Mustaffa Kamal, chief operating officer)

ENERGY – Highest Return on Equity Over Three Years
Yinson Holdings Bhd (Lim Chern Yuan, group CEO)

FINANCIAL SERVICES (below RM10 billion market cap) – Highest Growth in Profit After Tax Over Three Years
Syarikat Takaful Malaysia Keluarga Bhd (Mohamed Sabri Ramli, CEO, Syarikat Takaful Malaysia Am Bhd)

FINANCIAL SERVICES (below RM10 billion market cap) – Highest Return on Equity Over Three Years
Bursa Malaysia Bhd (Tay Yu Hui, director, market operations)

FINANCIAL SERVICES (below RM10 billion market cap) – Highest Returns to Shareholders Over Three Years
RCE Capital Bhd (Shahman Azman, non-independent non-executive chairman)

FINANCIAL SERVICES (RM10 billion and above market cap) – Highest Growth in Profit After Tax Over Three Years
Hong Leong Financial Group Bhd (Tan Kong Khoon, president & CEO)

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

THE EDGE BILLION RINGGIT Club

2022 WINNERS

FINANCIAL SERVICES (RM10 billion and above market cap) – Highest Returns to Shareholders Over Three Years
Malayan Banking Bhd (Khalijah Ismail, group chief financial officer)

HEALTHCARE – Highest Growth in Profit After Tax Over Three Years
Supermax Corp Bhd (Denis Low, director, sales & marketing)

HEALTHCARE – Highest Growth in Profit After Tax Over Three Years
Kossan Rubber Industries Bhd (Charles Lim Ooi Chow, executive director)

HEALTHCARE – Highest Return on Equity Over Three Years
Top Glove Corp Bhd (Lim Cheong Guan, managing director)

HEALTHCARE – Highest Returns to Shareholders Over Three Years
Supercomnet Technologies Bhd (Hsueh Chih-Yu, director)

INDUSTRIAL PRODUCTS & SERVICES – Highest Growth in Profit After Tax Over Three Years
Sunway Bhd (Ong Pang Yen, executive director, chairman's office)

INDUSTRIAL PRODUCTS & SERVICES – Highest Returns to Shareholders Over Three Years
Kobay Technology Bhd (Chan Mun Shee, vice-president, corporate investment group & investor relation)

PLANTATION – Highest Growth in Profit After Tax Over Three Years
Kuala Lumpur Kepong Bhd (Patrick Ng, group plantations director)

PLANTATION – Highest Return on Equity Over Three Years
United Plantations Bhd (Ng Eng Ho, company secretary)

PROPERTY (below RM3 billion market cap) – Highest Growth in Profit After Tax Over Three Years
Eco World Development Group Bhd (Datuk Chang Khim Wah, president & CEO)

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

PROPERTY (below RM3 billion market cap) – Highest Returns to Shareholders Over Three Years
YNH Property Bhd (Yu Kai Leun, group general manager)

PROPERTY (RM3 billion and above market cap) –
Highest Return on Equity Over Three Years and Highest Returns to Shareholders Over Three Years
UOA Development Bhd (Kong Sze Choon, general 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 (Antony Barragry, CEO)

TECHNOLOGY – Highest Returns to Shareholders Over Three Years
D&O Green Technologies Bhd (Tay Kheng Chiong, group managing director & CEO)

TELECOMMUNICATIONS & MEDIA –
Highest Growth in Profit After Tax Over Three Years and Highest Returns to Shareholders Over Three Years
Telekom Malaysia Bhd (Delano Abdul Kadir, vice-president, corporate finance & investor relations)

TELECOMMUNICATIONS & MEDIA – Highest Return on Equity Over Three Years
Digi.Com Bhd (Patricia Chooi, acting chief business officer)

THE EDGE BILLION RINGGIT Club

2022 WINNERS

TRANSPORTATION & LOGISTICS –
Highest Growth in Profit After Tax Over Three Years and Highest Return on Equity Over Three Years
Westports Holdings Bhd (Eddie Lee, CEO)

TRANSPORTATION & LOGISTICS – Highest Returns to Shareholders Over Three Years
MISC Bhd (Raja Azlan Shah Raja Azwa, vice-president, France)

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

UTILITIES – Highest Return On Equity Over Three Years
Gas Malaysia Bhd (Ahmad Hashimi Abdul Manap, group CEO)

BIG CAP COMPANIES (RM10 billion to RM40 billion market cap) – Highest Growth in Profit After Tax Over Three Years
Kuala Lumpur Kepong Bhd (Lee Guo Zhang, assistant general manager, plantations)

BIG CAP COMPANIES (RM10 billion to RM40 billion market cap) – Highest Return on Equity Over Three Years
Digi. Com Bhd (Patricia Chooi, acting chief business officer)

BIG CAP COMPANIES (RM10 billion to RM40 billion market cap) – Highest Returns to Shareholders Over Three Years
Inari Amertron Bhd (KC Lau, group CEO & executive director)

SUPER BIG CAP COMPANIES (RM40 billion and above market cap) – Highest Growth in Profit After Tax Over Three Years
IHH Healthcare Bhd (Dr Kelvin Loh, managing director & CEO)

THE ICONS

When it comes to Cartier's haute horology, there are four collections that evoke the maison's energy and poise: Santos de Cartier, Tank, Panthère de Cartier and Ballon Bleu. Each range has exciting new pieces for 2022, but we should not forget the rich history and origins of these distinctive and uniquely Cartier designs.

Made for the wrist

The year 1904 is special in Cartier's history as it was when Louis Cartier revolutionised watchmaking with a wristwatch made for aviation pioneer Alberto Santos-Dumont. This creation allowed the aviator to tell time with ease while flying and manning the controls of his plane, thus removing the need to reach for his pocket watch. As Santos-Dumont himself was a go-getter — having designed more than 22 flying machines and piloted many dangerous test flights — with an impeccable sense of style, it only made sense that the timepiece he wore evoked his ambition and fashion sense.

The Santos de Cartier watch is understated with clear-cut lines, visible rivets, a three-dimensional bezel, a streamlined bracelet and a square case. It was first made available for sale in 1911, reappearing in 1978 with a bracelet in gold and steel, which was a first for that time. In 2004, the watch marked its centenary with the Santos 100, which sports a modern aesthetic that pays tribute to the original.

This year, the Santos-Dumont collection welcomes three new designs that truly speak for its namesake's main principles: elegance, simplicity and practicality. Remaining faithful to the original timepiece, these watches champion grace and functionality. The three new colour variations — burgundy and platinum, beige and gold or black and steel — are coated with a thin layer of lacquer, which gives the pieces finesse, adding brilliance, relief and depth to the colours of the dial. The lacquer is smoothed and polished by hand.

Purity in lines

Although the Tank watch was first developed in 1916, it was only launched three years later with six pieces that were quickly snatched up. The design of this elegant timepiece follows four principles: purity of line, accuracy of shape, precision of proportions and precious details.

Over the years, the Tank has undergone many transformations, paving the way for innovation while maintaining its core identity. Most include the original rectangular case with the memorable Roman numerals and "rail-track" minute scale, but there are many other notable iterations such as the 1921 Tank Cintrée — precursor to the Tank Américaine, which has an elongated case — and the Tank Asymétrique, a break from tradition that sports a dial that is moved 30 degrees to the right.

This season's collection includes more Tank Louis Cartier iterations. The models in the maison's signature red and the classy anthracite grey — with a yellow gold and rose gold case respectively — feature only four hour markers atop a dial that has a graphic pattern created using an innovative electrochemical engraving technique.

Another introduction this year is an all-black version of the Tank Must, a timepiece that embodies the spirit of the 1970s and 80s, with an understated yellow gold or steel case.

It's in the name

Instantly recognisable, the Panthère de Cartier jewellery watch was first launched in 1983. Taking its name from the maison's emblematic animal, this timepiece is known for its square case with rounded corners, visible rivets and unique bracelet which has an ultra-flexible structure formed from a series of curved and polished links.

A hedonistic and festive icon of the 1980s — it was worn by the likes of Pierce Brosnan circa 1985, Madonna in 1986, as well as Jane Fonda and Keith Richards in 1987 — the Panthère de Cartier remains a popular must-have. Memorable iterations in later years include the pixelated version in 2017, the double or triple loop bracelet released the following year and the Panthère de Cartier with a cuff in 2019. No matter the era, this watch continues to be a bold statement piece.

For 2022, the brand introduces four new Panthère de Cartier timepieces that explore colour and sparkle. Dials available include shades of golden plum, midnight blue and black, with the case and matching bracelets in rose gold, yellow gold and steel. The jewel-like quality of the dials adds to the feline mystery of the watch, which can be given that added dazzle with 36 brilliant-cut diamonds on the bezel.

A youthful spirit

Unlike the other icons that focus on lines and curved edges, the Ballon Bleu de Cartier range presents a circle inside a circle. The design is balanced with a complex combination of both circular and spherical forms in different sizes, which still creates an overall harmony. These timepieces feature a monobloc construction, so the horns and crown cap blend into the middle case for the overall shape.

The unisex Ballon Bleu, a relatively young collection, was created in 2007. Featuring fine watchmaking models as well as jewellery versions, this range has included various metal bracelets and leather straps. However, a signature feature of this well-rounded watch is the winding crown at three o'clock that has a blue cabochon integrated under a protective metal hoop. The Ballon Bleu is also known to have a domed sapphire crystal.

The most coveted model in this collection is the 33mm all-steel version from 2013, and the following year, came the first Cartier Métier d'Art Ballon Bleu watch with a straw marquetry dial. The 2017 version even included a moonphase complication at nine o'clock.

The 2022 Ballon Bleu de Cartier comes in a dainty 33mm or 36mm case, with colour and design variations that have a more feminine sense of style. The elegant rose gold case is complemented with a matching interchangeable bracelet or an alligator leather strap in blue or burgundy. While the dial is set with 21 brilliant-cut diamonds, those who prefer more sparkle may opt for the case and dial set with 68 brilliant-cut diamonds.

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

SUPER BIG CAP — ABOVE RM40 BILLION MARKET CAPITALISATION

Press Metal Aluminium Holdings Bhd

11 BRC AWARDS OVER THE YEARS

Company of the year 2019

CR award 2022

Robust returns from sustainable aluminium production

BY KANG SIEW LI

Supply-chain constraints during the Covid-19 pandemic have resulted in an uneven impact on companies. Press Metal Aluminium Holdings Bhd, the largest aluminium smelter in Southeast Asia by capacity, was one of the standout winners during the pandemic as supply constraints and dwindling inventories boosted aluminium prices.

In 2021, the group achieved a record net profit of RM1 billion, crossing the mark for the first time despite facing various challenges from the continuing effects of the pandemic and lockdowns during the year. And it shows no signs of slowing as aluminium prices, which gained almost 40% in 2021, are expected to remain elevated.

Press Metal's smelting segment is the main driver of its turnover and profitability, with aluminium prices on the London Metal Exchange playing a vital role in determining the group's bottom line, according to the group's 2021 annual report.

The group's net profit fell from RM619 million in the financial year ended Dec 31, 2018 (FY2018) to RM474 million in FY2019 and RM460 million in FY2020 before surging to RM1 billion in FY2021, on higher average aluminium prices during the year and increased production output from its Phase 3 Samalaju smelter (P3) in Bintulu, Sarawak, which achieved full commissioning in October 2021.

Net profit for the six months ended June 30, 2022 (1HFY2022) surged 80% to RM830.19 million from RM461.3 million a year earlier, on higher metal prices and production volume during the period.

A strong US dollar benefits Press Metal as its smelting revenue and purchases are substantially linked to the greenback. According to RHB Research, every 1% increase in the US dollar should potentially lift its FY2023 forecast earnings by 2%. The ringgit had fallen 14% against the US dollar over the past year to close at 4.74 on Oct 24.

For the second consecutive year, Press Metal took home *The Edge* Billion Ringgit Club Corporate Award for the highest returns to shareholders over three years for companies with a market capitalisation of above RM40 billion. This year, it also won the award for the highest return on equity (ROE) over three years.

Its adjusted weighted three-year ROE was 19.1% for the period in review, according to *The Edge* BRC's award methodology, having jumped to 25.5% in 2021 after slipping from 13.7% in 2019 to 12% in 2020. In an Oct 14 report, RHB Research estimated that Press Metal's ROE could increase further to 40.5% in FY2022.

Over the BRC period in review between March 29, 2019, and March 31, 2022, its total shareholder return of 0.8% does not look as impressive but it is still the best among companies with a market capitalisation above RM40 billion.

Press Metal's share price gained a solid 183% during the period in review, from RM2.19 (March 29, 2019) to RM6.20 (March 31, 2022). After peaking at RM7.22 on March 3 this year, the stock fell 40% to close at RM4.32 on Oct 27 — wiping RM23.9 billion off the company's market value. At the closing price of RM4.32, its market cap stood at RM35.6 billion.

The group rewarded shareholders with

a total dividend payout of 3.4 sen per share in FY2021, up from 2.1 sen in FY2020. It also rewarded shareholders with bonus shares, with a one-for-one bonus issue in April 2021.

For this financial year, Press Metal has so far announced two interim dividends amounting to 3.25 sen per share, an increase from 1.75 sen declared in the previous corresponding period.

In announcing Press Metal's 1HFY2022 results on Aug 25, co-founder and group CEO Tan Sri Paul Koon Poh Keong noted that macroeconomic uncertainty and inflationary pressures are causing a slowdown in demand momentum as consumers adopt a more cautious approach over the short term.

"However, aluminium market fundamentals should be able to sustain any aggressive challenges as soaring energy prices and power shortages are putting supply in check, especially in Europe. Several smelters have reported production curtailments or shutdowns in Europe and the US, pressured by a margin squeeze at the current aluminium price level due to escalating production costs," he said.

"In Asia, the extreme weather experienced by India and China is another supply risk for primary capacity as governments seek to prioritise the supply of electricity to households. For the remainder of the year, in addition to improving production efficiency, the group will continue to take advantage of the pockets of growth in various markets in the region."

Koon was the single largest shareholder of Press Metal at end-March, with a direct stake of 3.39% and an indirect stake of 35.03% through his spouse Puan Sri Khoo Ee Pheng (0.27% direct stake) and their private vehicle Alpha Milestone Sdn Bhd (34.75% direct stake).

At end-June, Press Metal had deposits, cash and bank balances of RM866.41 million and borrowings totalling RM5.67 billion. In March, the group completed a private placement of 163.4 million new shares at RM5.94 each, and raised RM970.59 million to repay its borrowings and for the group's extrusion operations. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

SUPER BIG CAP — ABOVE RM40 BILLION MARKET CAPITALISATION

IHH Healthcare Bhd

2 BRC AWARDS OVER THE YEARS

Bouncing back stronger after a bumpy year

BY ESTHER LEE

Even as healthcare frontliners battled to save lives amid the Covid-19 pandemic, professionals in the healthcare industry looking at different sets of figures had to deal with reduced patient visits to hospitals and postpone elective surgeries to minimise infection spread during the pandemic.

Healthcare providers had to think quickly on their feet and pivot to providing services related to Covid-19 treatments even as patients in other segments of the hospitals dwindled.

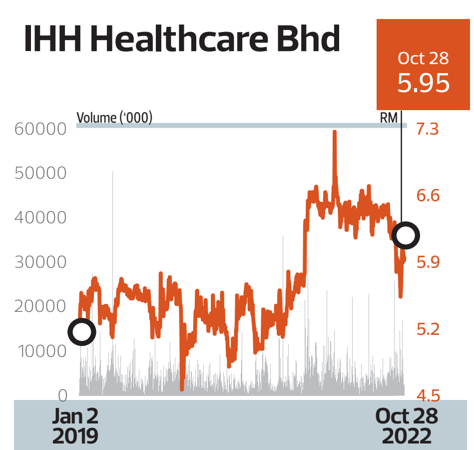
While it was rubber glove makers that led earnings growth in the healthcare sector, to its credit, IHH Healthcare Bhd's profits still grew enough to take home the title of highest growth in profit after tax over three years in the Super Big Cap category that ranks companies with a market capitalisation of at least RM40 billion.

Notably, the healthcare provider has a large network of hospitals across Malaysia, Singapore, India, China and Turkey.

Looking at healthcare providers' net profit in the period under review, there is no denying that 2020 was a bumpy year for the group as its operations were affected by the pandemic. For the financial year ended Dec 31, 2020 (FY2020), net profit slipped to RM288.9 million from RM551.5 million in FY2019.

It did not take the healthcare group long to rebound, though. By FY2021, IHH had managed to regain its footing, as economies opened up and patients started to trickle back into hospitals after a year's hiatus.

In FY2021, net profit bounced back to RM1.86 billion, far surpassing the amount registered prior to the pandemic. IHH attributed the improved earnings to stronger revenue, which came in at RM17.1 billion (up 28% from the previous year) as a result of returning local patients, contributions from Covid-19 services rendered and maintaining cost discipline.



Based on *The Edge* BRC awards methodology, IHH's risk-weighted three-year net profit compound annual growth rate (CAGR) for the period under review from FY2018 to FY2021 was 43.7% — an impressive feat for a group directly affected by the pandemic.

For the first six months of FY2022, net profit grew to RM1.11 billion, from

HIGHEST RETURN ON EQUITY OVER THREE YEARS

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

Digi.Com Bhd

22 BRC AWARDS OVER THE YEARS

Company of the year 2013

Another home run amid growing headwinds

BY LEE WENG KHUEN

Digi.Com Bhd (Digi) has been a long-time winner in this category, underpinned by its persistent high adjusted weighted return on equity (ROE) of 194.7% over the three-year period. Though numbers collated for the awards show that its three-year adjusted weighted ROE has slipped to 187.6% for the financial year ended Dec 31, 2021 (FY2021) from 192.9% in FY2020 and 215% in FY2019, the ratio remains in enviable triple digits — more than sufficient for Digi to continue being named winner in the ROE category against *The Edge* BRC Big Cap Companies (companies with RM10 billion to RM40 billion market capitalisation).

The country's third-largest mobile operator maintained its close to 100% dividend payout for FY2021, with a net dividend payout per share of 14.9 sen, or a total payout of RM1.16 billion. Its FY2021 net profit of RM1.16 billion declined 4.8% from FY2020 due to higher depreciation charges mainly caused by the 3G network shutdown and a small increase in finance costs.

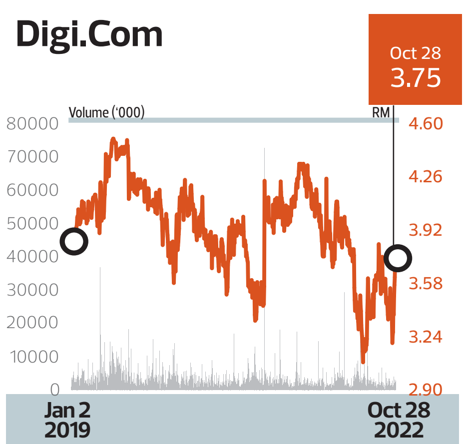
Year to date, it has declared a 9.1 sen dividend per share even as prosperity tax provision and higher net finance costs caused net profits for the first nine months of FY2022 to slip 15.96% year on year to RM720.67 million from RM857.55 million a year earlier.

Having received clearance from the Securities Commission of Malaysia and the Malaysian Communications and Multimedia Commission (MCMC), Digi's planned merger with Axiata Group Bhd's Malaysian cellular arm Celcom Axiata Bhd is expected to be completed by this year. At the time of writing, this was still subject to fulfilment of certain terms and conditions contained in the letter dated Sept 15.

The proposed merger entails Axiata transferring 100% of its stake in Celcom Axiata to Digi for RM17.76 billion, which will be satisfied via a combination of 3.96 billion new Digi shares issued at RM4.06 each and RM1.69 billion in cash. Upon completion, Axiata Group Bhd and Telenor will hold equal ownership of 33.1% each in the newly merged company.

In a recent note on Oct 21, PublicInvest Research said it expects Digi to see a slight earnings per share enhancement of about 2% post-merger.

"Operationally, we do not expect any major impact in the immediate term with management focusing mainly on the integration phase. In the longer run, we believe there are synergies to be reaped in terms of sharing of resources, network optimisation and lower procurement costs due to better scale in purchases."



In early October, Digi — along with Celcom Axiata, YTL Communications Sdn Bhd and Telekom Malaysia Bhd) — executed share subscription agreements to collectively take up a 65% stake in Digital Nasional Bhd (DNB). This followed Maxis Bhd and U Mobile Sdn Bhd's withdrawal from taking up equity in DNB, the special-purpose vehicle set up by the government to own and roll out the 5G network nationwide. All six mobile network operators are expected to agree to take up capacity from DNB by year-end, but the take-up for 5G services is not expected to be a significant boost to earnings just yet.

Looking ahead, Digi sees continued robust underlying demand for mobile services in all segments, but said it will persevere in being disciplined on spending, given the macro-economic uncertainties.

Considering these two factors, Digi maintained its 2022 guidance of being able to return service revenue to a growth path while keeping capex-to-total revenue ratio around 2021 levels, but expects a low single-digit decline in normalised Ebitda.

Even so, Kenanga Research remains positive on Digi for its superior Ebitda margin at 47% to 48%, which is higher than the industry average of 41%. It reckons that the merger with Celcom Axiata will give rise to a new market leader in the mobile market with a combined market share of 44%.

"Digi is a recovery play with its B2B (business-to-business) segment driven by the reopening of the economy while its prepaid segment is underpinned by the return of foreign workers," it said in an Oct 21 note.

Since hitting a high of RM4.49 in October 2021, Digi's shares have seen selling pressure, partly due to the 5G uncertainties and stiff market competition. Closing at RM3.57 on Oct 21, Digi's market value has been wiped off by one-fifth to RM27.76 billion since early this year.

That said, the consensus target price of RM3.93 compiled by Bloomberg suggests a 10% upside potential at the time of writing.

Digi is 49%-owned by Norwegian Telenor Group, with the other major shareholders being the Employees Provident Fund (14.8%) and AmanahRaya Trustees Berhad-Amanah Saham Bumiputera (7.73%). Digi CEO Albern Murty has been on a temporary leave of absence since end-April due to family health reasons, but is expected to return by the end of the year. Chief marketing officer Praveen Rajan is the acting CEO in his absence. E

RM858.923 million in the previous year. This comes on the back of total revenue of RM8.54 billion in 1HFY2022, a 4% y-o-y increase from RM8.22 billion.

In an August 2022 report, RHB Research said IHH should benefit from the gradual rebound in medical tourism.

"Medical tourists to Singapore and Malaysia are now at 17% and 1.5%, respectively, of pre-pandemic levels, following the lifting of border restrictions in both countries since April. This, on top of the resilient demand for healthcare services, along with continuing efforts to minimise its exposure to non-Turkey revenue from its Eastern Europe segment, justifies our 'buy' call, with a target price of RM7.42," said the research house.

Nonetheless, one factor that remains an uncertainty for the group is its acquisition of India's Fortis Healthcare Ltd, which is caught in a legal dispute between the former owners of Fortis — brothers Malvinder and Shivinder Singh — and Japanese drugmaker Daiichi Sankyo Co.

IHH currently owns a 31.1% stake in Fortis. It was supposed to raise its stake by 26% in 2018, but hit a roadblock when the Indian Supreme Court issued a status quo order, following Daiichi's legal suit against the Singh brothers. The case is still pending judgement from the High Court and, while IHH management has reiterated its commitment to its investment in Fortis and to the Indian market, it still remains to be seen whether it will be able to move forward with the intended acquisition of the 26% stake.

Be that as it may, analysts are still positive on IHH. Hong Leong Investment Bank Research, which has a "buy" call on the counter and target price of RM7.75, says it continues to like IHH for its refreshed strategy to support sustainable growth and the management's commitment to continuously seek out new growth opportunities.

At the time of writing, RHB Research had a "buy" call on the stock, with a target price of RM7.42. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

BIG CAP COMPANIES — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION
PLANTATION

Kuala Lumpur Kepong Bhd

7 BRC AWARDS OVER THE YEARS

Reaping the fruits of strategic moves

BY JENNY NG

Kuala Lumpur Kepong Bhd registered a record-breaking net profit of RM2.26 billion for its financial year ended Sept 30, 2021, more than doubling the RM772.6 million posted in FY2020. The jump in the bottom line was due to high crude palm oil (CPO) prices, one-off gains and the remarkable performance of almost all its business segments.

Even after netting off the one-off gains, KLK's performance still exceeded market expectations.

The performance was achieved despite a 2.4% drop in fresh fruit bunch (FFB) production to 3.849 million tonnes from 3.929 million tonnes in the previous financial year, owing to labour shortages and Covid-19 disruptions, coupled with consecutive months of low rainfall in 2019.

It was also despite KLK's average CPO price of RM3,211 per tonne being lower than the Malaysian Palm Oil Board's average price of RM3,964 for the period from October 2020 to September 2021 and the monthly high of RM4,720 in September 2021. In its annual report for 2021, KLK said the lower average selling price was due to "hedging executed earlier" at prices that were thought to be excellent at the time.

Nevertheless, the plantation business still contributed RM1.585 billion in pre-tax profit to the group, more than doubling its contribution of RM725.19 million from the year before.

The manufacturing division turned in an impressive performance with a pre-tax profit contribution of RM682.4 million, up 69.27% from the year before. Meanwhile, its flagship property development Bandar Seri Coalfields saw its contribution to the group rise 27.3% to RM68.8 million despite Covid-19 disruptions.

KLK's performance in FY2021 helped the agriculture group clinch the prize for the highest growth in profit after tax (PAT) over three years for the plantation sector as well as among Big Cap companies (with RM10 billion to RM40 billion market capitalisation) at *The Edge* Billion Ringgit Club award 2022. It achieved a risk-weighted three-year PAT compound annual growth rate of 54.7% over the awards review period between FY2018 and FY2021.

During the three-year period, KLK grew exponentially as it went on an acquisition trail and expanded its plantation land bank. For comparison, as at end-FY2018, it had a plantation land bank of 285,000ha and grew its plantation hectarage to 350,000ha by end-FY2021.

The most significant addition would be from the acquisition of IJM Plantations Bhd in FY2021, which added some 61,000ha of planted land bank to KLK. In the same year, it acquired PT Pinang Witmas Sejati, which has 14,980ha in Sumatera.

As these acquisitions were completed late in the financial year, however, their contribution to the group's bottom line in FY2021 is insignificant but they set the stage for continued growth for KLK upon the successful integration of the newly acquired assets.

For now, the group is reaping the dividends of an aggressive mechanisation drive undertaken since 2018. According to KLK's 2021 annual report, over the years, mechanisation has expanded to cover 80% of the areas identified as suitable for machines to be used for in-field collection and upkeep of estates.

To illustrate, KLK has been using the Verion Smart Fertiliser Spreader on its estates since 2018. Originally from Argentina and jointly localised by Applied Agricultural Resources Sdn Bhd (AAR), an associate company of KLK, fertiliser application can be split into smaller dosages with more rounds done to increase nutrient uptake efficiency. This has resulted in a four-fold increase in labour productivity.

The move to mechanise paid off during the pandemic when the industry faced acute labour shortages due to the freeze on the intake of migrant labour as borders closed. KLK in its latest annual report said the drop in its FFB production would have been worse had it not been for the aggressive move to mechanise field operations.

KLK adopts a progressive replanting strategy to manage the age profile of its oil palms. As at Sept 30, 2021, 61% of its planted area comprised a favourable age profile, with young and prime palms (ranging between four and 18 years). It acknowledged, however, a slight drop to 15%, from 17% in FY2020, in immature palm trees.

With a target CPO yield of six tonnes per hectare (MT/ha) per year for mature areas, KLK believes there should be no compromise on standards in its replanting efforts. On that note, it highlights that more than 75% of its replants "are off to a good start", registering FFB yields of at least 20MT/ha in the first year of maturity.

KLK has set targets for CPO yield of 6MT/ha for mature areas and FFB yield of 20MT/ha for the first year of maturity.

The board acknowledged that the CPO yield of 4.66MT/ha in FY2021 was off the mark. "We have yet to be able to cross the 5MT/ha mark in the last five years and this sobering fact is an urgent cry for us to be more focused on the details," KLK said in its latest annual report.

Its average oil extraction rate slipped to 21.75% from 21.87% in FY2020. Nevertheless, the group notes that its 98,000ha of mature palms in Indonesia recorded average CPO yields of 5.15MT/ha, though still a long way from its 6MT/ha target.

The focus on environmental, social and governance (ESG) issues — ranging from climate change to workers' rights — has become more intense for the plantation sector over the years. As a member of the Roundtable on Sustainable Palm Oil since 2004, KLK says prioritising ESG issues is essential for the sustainability of its business.

"KLK will play its part to embrace policies that preserve biodiversity and conservation, promote the welfare and well-being of our employees, and foster ethical and responsible behaviour," it said in its 2021 annual report. E

Building on a vision of governance and sustainability

FROM PAGE 20

KLK also expanded to Europe, adding various specialty fats and chemical manufacturers to its portfolio. They include Dr W Kolb Holding and Elements Specialties in the Netherlands, Croda Emmerich and Emery Oleochemical's plant in Germany, and TensaChem in Belgium.

The move downstream was aimed at optimising value across the supply chain while vertically integrating the upstream and downstream businesses. The group's downstream or resource-based manufacturing business was rebranded as KLK OLEO in 2006 and is a major revenue earner for KLK, sometimes more than plantations — consistently so since FY2018 — but the latter remains its most profitable segment.

The property development business also grew, with KLK Land behind major developments such as Sierramas, Desa Coalfields and the township Bandar Seri Coalfields.

Lee Jia Zhang, KLK's chief operating officer, says that while Loy Seng was a giant in the industry, widely recognised for founding and building up the company, the story of the second generation — Oi Hian and brother Datuk Lee Hau Hian (KLK's non-independent, non-executive director and Batu Kawan's managing director) — that came into the leadership position in the early 1990s is not often told.

"For perspective, in 1992, KLK had 74,000ha of planted area (45,000ha oil palm) and recorded a Patami (profit after tax and minority interest) of RM87.9 million, having no significant oleochemical and Indonesian presence then. As at FY2021, KLK had a total planted area of 284,000ha (275,000ha of oil palm), generating a record Patami of RM2.26 billion, with a significant presence in Indonesia and an oleochemical business that generated RM10 billion in revenue across Asia, China and Europe," he says.

In this period, KLK's market capitalisation soared from RM1.7 billion in 1992 to RM22.7 billion today.

"He achieved this while continuing the values and embracing the legacy of ethical practices of his father. Even before governance and sustainability became commonplace, he had the vision to drive the company towards this direction, professionalising the whole company in the process," says Jia Zhang, who is Oi Hian's eldest son.

Sharing an insight into Oi Hian's personal side, Jia Zhang says that while his father is ambitious and driven in growing the company, he is also a very simple man who enjoys gardening, feeding his fishes and reading. "He is a man of very simple needs with genuinely little material desire," he adds.

Another trait unique to Oi Hian is his ability to disconnect after work despite all the pressure and stress. "Even in the early days, he would come home at a reasonable time, play tennis with his regular kakis, and weekends were spent mostly with the family and in church. He has never sacrificed family time for work, despite being able to accomplish so much throughout his career," says Jia Zhang.

Having worked together for 13 years, Jia Zhang says his father's strategic vision as a corporate leader is one of his many strengths — investing for the long term and being patient in realising that vision.

"Big decisions are often made quickly and decisively, without the unnecessary layers of bureaucracy, but always through the right corporate process to ensure no blind spots in respect of ethical and legal compliance. Being able to drive growth yet keeping the company on a very prudent footing, he has always emphasised sound fundamentals in making any decision, not being carried away during good times or bad," he explains.

"He's a good listener, always seeking the views of top management before making a major decision. Oh yes, no vacillating as he is a quick decision maker and this simplified the job of execution for his managers, but always taking responsibility for his decisions. Such is his humility. Oi Hian was a good mentor to me and others as well," says Lim, adding that *The Edge* Billion Ringgit Club Value Creator: Malaysia's Outstanding CEO award for Oi Hian is well deserved and maybe even overdue.

On the award, Oi Hian stresses that he is not receiving it alone but with the people and company he leads. "We're very honoured and in a way humbled by this prestigious award. We're grateful to be among the many CEOs who have won this prize," he says. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSTRUCTION

Widad Group Bhd

3 BRC AWARDS OVER THE YEARS

Robust performance in a tough environment

BY INTAN FARHANA ZAINUL

Progress at many construction projects were delayed when the Movement Control Order (MCO) was imposed to curb Covid-19 infections but lesser-known construction company Widad Group Bhd still managed to generate steady growth in profitability during the pandemic-hit years of 2020 to 2021.

In fact, the group saw bumper earnings, with FY2021 profit after tax (PAT) coming in at RM70.8 million, more than 17 times higher than the RM4 million booked in FY2020. It was also more than four times the RM15.4 million booked in FY2018 and RM12 million booked in FY2019.

This led to an impressive risk-weighted three-year compound annual growth rate (CAGR) of 66.3% for the period in review, which resulted in the group receiving *The Edge* Billion Ringgit Club award for the highest growth in PAT in the construction sector.

Widad attributed its growth to the acquisition of Serendah Heights Sdn Bhd (SHSB), which boosted its order book to RM1.5 billion.

The group completed its acquisition of SHSB in March last year. SHSB, through its wholly-owned subsidiary YBK Usahasama Sdn Bhd (YBKU), holds a RM747.5 million, 12-year concession to construct facilities and to carry out asset management services at the Universiti Teknologi Mara (UiTM) campus in Jasin, Melaka.

Despite the weakness in the construction sector in 2020 due to the pandemic, Widad has been actively tendering for construction jobs from both the public and private sectors. According to its 2021 annual report, the group obtained a slew of construction contracts totalling RM559.22 million, including two contracts to upgrade water treatment plants in Sungai Limau and Bukit Selambau in Kedah.

Widad also bagged contracts to construct a new school and other facilities in Selangor, as well as a highway from Kota Baru to Kuala Krai in Kelantan, and a contract to upgrade the road from Klang Container Terminal to North Port.

The group also expanded its geographical reach to Brunei in 2021, through a collaboration agreement with Brunei-based Syarikat Kejuruteraan Setia Abadi Sdn Bhd (SKSASB) to form an unincorporated joint venture (JV). Through the JV, it would execute a contract awarded by Brunei's Ministry of Defence to SKSASB in relation to the maintenance of the Royal Brunei Naval Base.

Widad expects the construction sector to turn around this year, with growth driven by major infrastructure projects such as the Light Rail Transit Line 3 (LRT3), Mass Rapid Transit Line 3 (MRT3), Johor-Singapore Rapid Transit System (RTS) and Pan Borneo Highway in Sabah and Sarawak.

In 2017, Widad took over the listing status of Ideal Jacobs (M) Corp Bhd via a reverse takeover (RTO) exercise valued at RM520 million in a mix of shares and cash. The RTO triggered a mandatory general offer of 23 sen per share. Consequently, businessman Tan Sri Muhammad Ikmal Opat Abdullah's private vehicle, Widad Business Group Sdn Bhd, ended up controlling close to 52% of Ideal Jacobs, which is now known as Widad.

Muhammad Ikmal, who hails from Kedah, also controls IT company Dataprep Holdings Bhd, which he took over in 2017 from Datuk Lim Chee Wah, the youngest son of the late Tan Sri Lim Goh Tong, founder of Genting group.

In 2019, Muhammad Ikmal entered the limelight when Widad Business Group made a RM5.3 billion cash offer to take over the North-South Expressway (PLUS) from Khazanah

Nasional Bhd and the Employees Provident Fund. But the deal was later shelved. It is worth noting that Widad Group also has a facilities management contract for Istana Negara.

For the six months ended June 30, 2022, Widad's net profit almost tripled to RM13.82 million from RM4.88 million a year earlier, on the back of higher revenue of RM101.54 million, from RM48.31 million previously. The group attributed the top- and bottom-line growth to the reopening of the economy, which led to more construction work restarting following the lifting of the MCO in the second half of 2021.

"Barring any unforeseen circumstances, for the remainder of financial year 2022, the group is poised to maintain its first half year performance given the outstanding order book worth RM1.43 billion and an ongoing corporate proposal. Additionally, the group is actively assessing and negotiating more acquisitions of strategic businesses that may enhance the group's income and cash flow," Widad said in its latest quarterly report. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

BIG CAP COMPANIES – RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

Inari Amertron Bhd

4 BRC AWARDS OVER THE YEARS

Riding the semiconductor boom on a strong greenback

BY ESTHER LEE

Inari Amertron Bhd is a familiar name to investors who have semiconductor-related sectors on their radar. Indeed, the company is also no stranger to the Billion Ringgit Club Awards.

This year, as one of the leading players in the outsourced semiconductor assembly and test industry, the company has taken home the award of "Highest Returns to Shareholders Over Three Years" under the big cap companies category — those with a market capitalisation of between RM10 billion and RM40 billion.

Riding the semiconductor boom that started in the second half of 2019, Inari Amertron achieved a stellar 29.7% shareholder return in the three-year period under review. The shareholder return takes into account the company's dividend payment for three financial years ended June 30, 2019 (FY2019), FY2020 and FY2021, plus its share price between March 29, 2019 and March 31, 2022.

Its adjusted share price had steadily climbed from RM1.41 on March 29, 2019, to RM3.06 on March 31, 2022 — a gain of 118%.

Notably, a large part of the share price rally was in 2020 and 2021, where its adjusted share price shot up to a record high of RM4.112 in November 2021.

The sharp share price gain was mainly driven by the hefty premium that investors were willing to pay on technology stocks globally, ranging from online shopping platforms and food delivery start-ups to computer chip makers and their supportive services providers, such as Inari, as the lockdowns caused by the Covid-19 pandemic worldwide drove demand for the services and products of these companies.

The pandemic spurred companies to switch to digital, as lockdowns took companies from physical offices to virtual ones. It changed the way people lived, worked and communicated.

That said, Inari Amertron's earnings growth was rather uneven for the three financial years under review. Its profit after tax (PAT) made a big leap in FY2021 after the company reported earnings contraction for two consecutive years.

From RM260.13 million in FY2018, the company's PAT dropped to RM192.3 million in FY2019 before falling further to RM156.4 million in FY2020. Nevertheless, it more than doubled to RM330.7 million in FY2021.

As a result of the drop in earnings, Inari Amertron also declared a lower dividend of 5.2 sen per share for FY2019 and 4.4 sen per share for FY2020, compared with 8.4 sen in FY2018. But, the board rewarded shareholders with a record-high dividend of 11 sen in FY2021 in line with the strong earnings growth.

The company's PAT growth continued, albeit at a slower pace, in FY2022. Its PAT increased by 18.3% to RM391.2 million from RM330.7 million in FY2021. Annual revenue grew 8.3% to RM1.55 billion in FY2022 from RM1.43 billion a year ago. The increase in earnings was mainly contributed by higher revenue growth in the radio frequency (RF) business segment.

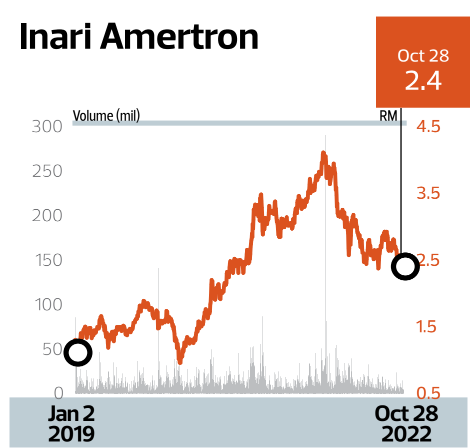
The earnings growth, however, did not manage to sustain the upward trend on share price as the global tide has turned against the technology sector. The rally among semiconductor stocks has waned since the fourth quarter of 2021 as global investors were factoring in an interest rate hike as inflationary pressure started mounting.

The concerns of a recession to be brought by high interest rates also cast a pall on the outlook of the semiconductor industry.

The share price has fallen to RM2.40 from RM4.05 at the start of the year.

RHB Research expects growth to moderate going into FY2023 with minimum limited volume growth from the RF segment on potentially slowing smartphone sales.

The research house points out there could



be lingering risk from the supply of wireless components to a major smartphone brand through Inari Amertron's largest customer (whose name cannot be disclosed for confidentiality purposes) — the current contract expires in mid-2023 — if a further deal cannot be reached or there is a reduction of contracted components.

"Should this key customer opt for an end-to-end solution (front- and back-end) made available by closest competitor Qualcomm or successfully develop its own in-house solutions, this may post a significant earnings risk to Inari," it adds.

RHB Research has downgraded Inari Amertron to "neutral" on macro headwinds, risk of contract non-renewal, slowdown in the semiconductor market and continued hawkish tone by the US Federal Reserve.

Nonetheless, one silver lining for the company is the strong greenback, which will help to cushion it against any potential slowdown in volume loadings, says the research house. E

THE EDGE BILLION RINGGIT Club 2022

HIGHEST RETURN ON EQUITY OVER THREE YEARS

CONSTRUCTION

Sunway Construction Group Bhd

4 BRC AWARDS OVER THE YEARS

Resilient in times of crisis

BY CHESTER TAY

Sunway Construction Group Bhd (SunCon) demonstrated resilience as the construction sector went through tough times because of the pandemic and emerged stronger from the experience. The company clinched *The Edge* Billion Ringgit Club (BRC) award for highest return on equity (ROE) over three years for the construction sector for the fourth-straight year in 2022.

As with other construction companies, SunCon's operations were affected by the pandemic over the past two years, causing ROE to fall in 2020. Thanks to the management's prompt response in mitigating these adversities, however, the financial metric started to rebound in the following year even though Malaysia was still in various stages of lockdown.

The group's ROE was 21.32% in 2019, before slipping to 11.55% in 2020 and rebounding to 16.85% last year. As a result, the adjusted weighted ROE over three years was 16.16%, based on the awards methodology.

SunCon's chairman Datuk Ir Goh Chye Koon says the group paid particular attention in 2021 to strengthening its Building Information Modelling (BIM) capabilities to improve productivity, reduce costs and speed up project delivery.

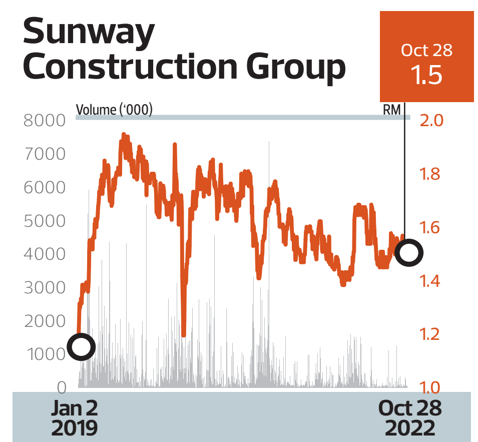
"For instance, as part of our digital transformation, we rolled out the SunCon Project Management Dashboard, an in-house developed platform to enable our project teams to be able to visualise [remotely the] 3D BIM models ... that helped our teams to collaborate more effectively during the pandemic," he says in the group's latest annual report.

Although earnings were under pressure in 2020, following the first wave of the Covid-19 outbreak, it quickly recovered, with 55% net profit growth to RM112.59 million in 2021, on the back of an 11% growth in revenue to RM1.73 billion.

"The pandemic has taught us to be agile and changed the way we operate to ensure productivity even while observing stringent standard operating procedures and fewer workers on site," says Goh.

According to him, SunCon's performance in 2021 was also supported by a strong pipeline of projects from parent company Sunway Bhd, which owns a 55% stake in the construction group.

The group remained committed to its dividend policy of distributing at least 35% of net profit despite a challenging 2021, declaring 5.25 sen in dividend per share, up from four sen in 2020 and seven sen from 2017 to 2019.



SunCon's recovery momentum seems to be continuing this year, with net profit more than doubling to RM66.82 million in the first half of 2022 (1HFY2022) from RM28.56 million in the previous corresponding period, while revenue grew 42% to RM1.18 billion from RM830.47 million. The group declared an interim dividend of three sen per share.

SunCon sees an improvement in the outlook of the construction sector as several mega infrastructure projects such as the Mass Rapid Transit Line 3 (MRT3) have started their tender process.

"Apart from the mega infrastructure projects, the increased demand in e-commerce, cloud computing and microchips has given rise to the need for more semiconductor factories, warehouses and data centres," the group said in its latest quarterly report.

SunCon's outstanding order book stood at RM4.2 billion as at 2HFY2022, down from RM4.8 billion at end-2021.

Although the group's latest outstanding order book is deemed "decent", Hong Leong Investment Bank notes in its Aug 24 research report that SunCon's contract replenishment has lagged expectations, with only RM536 million replenished in 1HFY2022 versus management's target of RM2 billion for FY2022 and the investment bank's forecast of RM1.6 billion.

"SunCon is in the midst of tendering for sizeable factories and data centre jobs, which are worth RM1 billion to RM1.5 billion individually. Elsewhere, SunCon has about RM500 million worth of in-house jobs that could also be converted into awards this year.

"While we believe the volatile nature of cost movement through the year has negatively impacted award conversion, we believe that SunCon could also be preserving balance sheet space to bid for the MRT3 turnkey package. If unsuccessful, the company would still be a strong subcontractor candidate," says the investment bank.

Hong Leong has kept its "buy" recommendation on SunCon, with a higher target price of RM1.90 from RM1.84, as it likes the group's healthy balance sheet with net cash position of 30 sen per share, track record and strong support from its parent company.

According to Bloomberg data at the time of writing, SunCon had nine "buy" calls, four "hold" ratings and one "sell" call, with a consensus target price of RM1.82.

As the post-pandemic recovery momentum continues, SunCon's shareholders would be keen to witness further success from the group after four decades of construction excellence. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

CONSTRUCTION

Gamuda Bhd

7 BRC AWARDS OVER THE YEARS

2 CR awards 2016 2021

Fortunes lifted by MRT2 and property sales

BY KAMARUL AZHAR

Many in the construction industry were hit by the economic contraction over the last two years due to the Covid-19 pandemic. Gamuda Bhd, however, was bolstered by large infrastructure projects such as the MRT Putrajaya Line (MRT2).

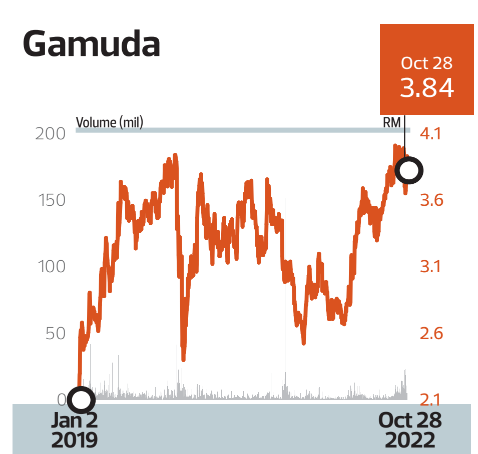
If the RM16.5 billion allocation under Budget 2023 for the continuation of key infrastructure projects and the government's appetite for large-scale infrastructure projects are any indication, Gamuda's shareholders can expect the stellar performance to continue.

Over the last three years, Gamuda's share price has increased from RM2.74 per share on March 29, 2019, to RM3.46 per share on March 31, 2022. That brings shareholder returns over the awards review period to a compound annual growth rate (CAGR) of 8.2%, making the company the winner of this year's *The Edge* Billion Ringgit Club award for the highest returns to shareholders over three years in the construction sector.

Gamuda's share price has since risen, reaching as high as RM4.06 in September this year before giving up some gains in October. On Oct 25, the counter closed at RM3.83, valuing the group at RM9.92 billion.

In its financial results announcement for the quarter and year ended July 31, 2022 (FY2022), Gamuda says the revival of public-private partnerships may provide some momentum to public spending and stimulus for infrastructure development.

Coupled with its international contracts, the momentum in public infrastructure spending is expected to benefit Gamuda in the short and medium term.



"It is anticipated that next year's performance will be driven by property sales; the pickup in work progress of the Sydney Metro West — Western Tunnelling Package and Coffs Harbour Bypass projects in Australia; and work to complete the MRT Putrajaya Line.

"Moving forward, the resilience of the group is underpinned by its large construction order book of nearly RM14 billion and unbilled property sales of RM6.2 billion," says Gamuda, commenting on its prospects for the current financial year ending July 31, 2023 (FY2023).

On top of that, its healthy balance sheet with net gearing of 0.1 times will turn net cash positive once the sale of four highway concessionaires (in which Gamuda is a significant shareholder) is completed. At the time of writing, this was expected to happen by end-October.

HIGHEST RETURN ON EQUITY OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

Carlsberg Brewery Malaysia Bhd

3 BRC AWARDS OVER THE YEARS

2 CR awards 2014 2019

Returns give reason for cheer

BY HAILEY CHUNG

For a third year running, Carlsberg Brewery Malaysia Bhd has snagged the pole position in *The Edge* Billion Ringgit Club awards for highest return on equity (ROE) over three years in the consumer products and services sector.

Its ROE improved to 106.1% in FY2021 from 102.5% in FY2020, but was still short of the 183.3% achieved in FY2019. Nonetheless, the adjusted weighted ROE over three years of 120.4% during this year's awards review period between FY2019 and FY2021 is more than sufficient for it to outperform its sectoral peers.

Carlsberg Malaysia, with a portfolio of beer and cider brands including 1664, Asahi, Somersby and Connor's, has delivered decent dividends to its shareholders over the years on the back of stellar earnings.

The company's dividend per ordinary share for its full financial year ended Dec 31, 2021 (FY2021) was 56 sen or equivalent to RM171.2 million, which is 85.2% of its net profit of RM201 million. This was higher than the 40 sen or RM122.3 million (75.4% of its net profit) in FY2020 but below the RM1 per share disbursed for FY2019 and FY2018, representing 105.1% and 110.3% payout of net profit respectively.

Its net profit of RM201 million in FY2021, on the back of RM1.8 billion in revenue, was an increase of 23.9% compared with RM162.2 million in FY2020. Before the two pandemic-hit years, Carlsberg had achieved a higher net profit of RM291 million in FY2019 and RM277.2 million in FY2018.

In its 2021 annual report, Carlsberg said that the group's top line was impacted by lower sales due to the suspension of brewery operations and several other restrictions during the lockdowns in both Malaysia and Singapore.

It added that its bottom-line growth was mainly driven by stringent cost controls, and lower sales and administration expenses, coupled with a better premium mix.

When announcing its financial results for the second quarter of 2022 ended June 30, 2022 (2QFY2022), Carlsberg said the group was mindful of uncertainties in the macroeconomic environment driving up inflationary pressures, which will have a negative impact on consumer sentiment and spending on beer.

While earnings in the first half of 2022 saw higher year-on-year growth with Malaysia and Singapore transitioning into the endemic phase of Covid-19, Carlsberg notes that the impact of the Prosperity Tax announced in the 2022 Budget will be felt in the remaining quarters of FY2022.

Even so, a check on Bloomberg data at the time of writing showed seven out of 10 analysts recommended a "buy" on the stock since August this year while the remaining three were "neutral". Credit Suisse had the highest target price at RM30 while Kenanga Investment Bank Bhd's was the lowest at RM23.05 per share.

In a note dated Oct 4, UOB Kay Hian Research says it remains sanguine over Carlsberg's prospects where it foresees pockets of further recovery in the modern on-trade channel.

"Management indicated that despite the reopening of modern on-trade outlets, it is still about an estimated 10% lower versus pre-pandemic levels. Positively, [the] remainder of the channel (traditional on-trade and off-trade) outlets are back to pre-pandemic levels," the research firm says.

"However, at this juncture, the number of outlets does not seem to have an impact on sales, with 2Q2022 sales well surpassing pre-pandemic levels (2Q2019) by 27%. But with possible reopening of modern on-trade outlets, it could provide some uplift going forward."

Maybank Investment Bank Bhd also has

a positive outlook on Carlsberg, observing that the company's cost increases are partially mitigated and its two new bottling lines are expected to be ready by 4Q2022.

"The group's major raw material components are malt and aluminium cans, of which around 80% of Carlsberg's annual requirement has been hedged through fixed price contracts. Although raw material average selling prices have eased in recent months, the cost benefits will only arise from FY2023 onwards," it says in a note on Oct 6.

"Malt purchases are Carlsberg's largest exposure to USD against ringgit currency appreciation. However, the group's export sales in SGD and USD will act as a natural hedge to any unfavourable foreign exchange moves in the near term," Maybank adds.

As at June 30, 2022, Carlsberg had cash and cash equivalents of RM126.3 million while its loans and borrowings were RM111.7 million. E

In FY2022, Gamuda recorded a net profit of RM806.23 million, compared with RM588.32 million in FY2021, a jump of 37% year on year on the back of stronger construction and property earnings as work on all fronts continued to pick up pace.

Overseas earnings tripled to RM292 million compared with FY2021 earnings of RM98 million, as the group continued to expand its footprint to broaden its international market reach, the group states in its FY2022 results announcement.

"It was a record-breaking year for the property division with all-time-high performances in sales, revenue and earnings," it adds.

The property division sold a record high RM4 billion worth of properties in FY2022, a 40% jump from RM2.9 billion the year before. Local property sales doubled to RM2 billion as overseas projects contributed to another RM2 billion in sales.

Property revenue reached an all-time high of RM2.7 billion in FY2022, a 111% jump from RM1.3 billion the prior year, while property earnings reached an all-time high of RM340 million, a 97% jump from RM172 million in FY2021.

MIDF Research has a "buy" call on Gamuda with a higher target price of RM4.71 per share, compared with the pre-FY2022 results target price of RM4.02 per share. The counter is the research house's top pick for the construction sector, premised on its effective diversification strategy out of Malaysia.

"This (having a diversified market) also shields Gamuda from being too overly exposed to the ups and downs of the construction sector cycle in Malaysia, though it is one that we have a positive call on, with the impending rollout of the MRT3 breathing new life into the sector.

"We are positive on management's focus to secure RM9 billion in jobs in Australia annually. With its current portfolio, we believe Gamuda is in a good position to bid for more jobs Down Under, which is now going through an infrastructure boom period," MIDF Research says in a Sept 30 note.

At press time, Maybank Investment Bank had a "buy" call with a RM4.40 target price, CGS-CIMB had an "add" recommendation with a target price of RM4.75, while Kenanga Research had an "outperform" call with a RM5.15 target price. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

QL Resources Bhd

3 BRC AWARDS OVER THE YEARS

Company of the year 2011

Stellar numbers in the face of rough seas

BY LEE WENG KHUEN

Attesting to the strong foundation upon which the group has grown, QL Resources Bhd — winner of *The Edge* Billion Ringgit Club's Company of The Year award in 2011 — has continued to deliver growth amid the challenging Covid-19-hit operating environment.

Already among the largest producers of surimi and eggs in Southeast Asia, QL's downstream expansion has turned it into an integrated agro-based business.

According to *The Edge* BRC awards methodology, QL chalked up a risk-weighted profit after tax (PAT) compound annual growth rate of 17% as earnings grew from RM195 million in the financial year ended March 31, 2018 (FY2018) to RM311.9 million in FY2021. That was enough for the company to take home *The Edge* BRC award for the highest growth in profit after tax (PAT) over three years in the consumer products and services sector.

In its outlook for the year, QL described FY2022 as "another year of navigating through rough seas". Its net profit for the financial year slipped 30.3% year on year to RM217.35 million, owing to super high raw material prices, rising fuel costs and disrupted operations.

QL's businesses are divided into four major segments, namely marine products manufacturing (MPM), integrated livestock farming (ILF), palm oil and clean energy (POCE), as well as convenience store chain (CVS).

The CVS business — which comprises the FamilyMart retail chain and food production operation QL Kitchen — was identified as a catalyst for its business growth after it recorded the strongest growth. The segment saw a threefold jump in profit before tax (PBT) to RM43 million in FY2022 from RM12.56 million in FY2021.

Having been in operation for about six years, FamilyMart serves ready-to-eat and easily prepared food to meet the needs of a busy lifestyle. QL aims to double its store count to 600 over five years from about 310 currently. It also wants to open 300 FamilyMart Mini vending machines by FY2026.

MPM's PBT was down 23% to RM200.76 million in FY2022 from RM260.82 million in FY2021, dragged by pandemic-impeded capacity, a less favourable labour situation, low fish landings and higher operating costs. For ILF, its PBT more than halved to RM32.12 million in FY2022 from RM72.62 million in FY2021, due to skyrocketing feed prices, particularly corn and soybean.

Similarly, POCE's PBT slipped 47.6% to RM45.33 million in FY2022 from RM86.56 million in FY2021, on the back of the absence of a one-off re-measurement gain arising from the consolidation of its 52.57%-owned Boilermech Holdings Bhd.

QL, which has yet to release its earnings results for the second quarter ended Sept 30 (2QFY3/2023) at the time of writing, mentioned in its notes appended to its first quarter results that its management was "optimistic that the overall business performance will remain positive with the normalisation of economic activities and continued cost subsidies by the Malaysian government to help mitigate high farming costs", despite the prolonged Russia-Ukraine war, increased Sino-US geopolitical tensions and heightened risk of a global recession triggered by aggressive interest rate hikes.

According to Bloomberg data, there are six "buy" calls on the stock, five "hold" and one "sell". The consensus target price at the time of writing was RM5.51.

PublicInvest Research expects QL to register stronger quarterly results ahead, driven by higher exports of surimi-based products and sales from FamilyMart.

"We believe that higher egg selling prices in Vietnam and Indonesia coupled with the ongoing cost subsidy for its Malaysian operations should help to mitigate the impact of rising feed costs." Additionally, we think QL's current valuations look attractive, trading at a forward PER (price-earnings ratio) of 40 times," the research house said in a Sept 29 note.

Meanwhile, CGS-CIMB Research sees better ILF earnings in FY2023 on the back of higher average selling prices, sales volumes and feed subsidies from the government. However, it highlights that Boilermech's near-term earnings outlook will be hampered by the high cost of steel and solar panels. "Its palm oil business is also likely to face challenges due to lower CPO (crude palm oil) prices and the rising cost of production," it said in an Aug 29 note.

In FY2022, QL's dividend payout ratio was 39.2%. It paid out a dividend per share of 3.5 sen for the year.

The Chia family has a controlling stake in QL through CBG (L) Pte Ltd and Farsathy Holdings Sdn Bhd, with 40.25% and 11.57% equity interest respectively. The Employees Provident Fund, its third-largest shareholder, has pared its stake to 5.28% from 7.67% at end-2021.

The most senior members of the Chia family on the QL board are executive chairman Dr Chia Song Kun, 72, who was named the BRC's Outstanding CEO & Value Creator in 2019, and his brother and managing director Chia Song Kooi, 62. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

CONSUMER PRODUCTS & SERVICES

Berjaya Food Bhd

1 BRC AWARD OVER THE YEARS

Superior share price performance as expansion plans take off

BY LIEW JIA TENG

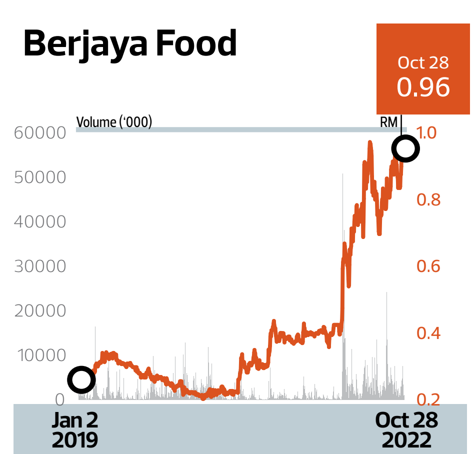
Berjaya Food Bhd (BFood) — controlled by tycoon Tan Sri Vincent Tan Chee Yioun's conglomerate Berjaya Corp Bhd — operates the Kenny Rogers Roasters (KRR) restaurant chain, Starbucks coffee chain, soy-related beverage and snack producer Jollibean and plant-based vegan restaurant Sala. A South Korean bakery chain will soon join the line-up.

Notably, the rise in BFood's share price — which more than doubled during the review period — not only catapulted the food and beverage (F&B) operator's market capitalisation above the RM1 billion mark to qualify it as a member of *The Edge* Billion Ringgit Club (BRC), but also bagged it the BRC award for the highest returns to shareholders over three years in the consumer products and services sector.

According to the BRC methodology, BFood delivered an impressive three-year compound annual growth rate (CAGR) shareholder return of 34.5% over the review period, during which its share price gained more than 140% from RM1.56 on March 29, 2019, to RM3.79 on March 31 this year.

Data from absolutelystocks.com shows BFood's market capitalisation had grown 1.3 times in three years, from RM589.57 million on March 29, 2019, to RM1.37 billion on March 31 this year. The company saw its market capitalisation hit the RM1 billion mark in February this year, the first time since 2015.

It should be noted that post-review period, shares in BFood continued to gain another 15% between April and mid-October. In June, BFood proposed a four-for-one bonus issue of up to 1.56 billion shares, aimed at enhancing the marketability of its shares on the Main Market and providing opportunity for greater participation among existing shareholders as well as new investors. At the time of writing, BFood had a market capitalisation of RM1.47 billion, based on its post-bonus issue adjusted share price of 84 sen.



HIGHEST RETURN ON EQUITY OVER THREE YEARS

ENERGY

Yinson Holdings Bhd

4 BRC AWARDS OVER THE YEARS

Buoyed by sizeable order book

BY INTAN FARHANA ZAINUL

The share prices of a number of local oil and gas (O&G) service providers are stuck in the doldrums despite the oil price hovering above US$90 per barrel, but Yinson Holdings Bhd is bucking the trend. Aiding sentiment is the size of its order book of RM70 billion, which is almost 10 times its market capitalisation.

Over the last three years, Yinson has outdone its Bursa Malaysia-listed peers in the energy sector in terms of return on equity (ROE).

According to *The Edge* Billion Ringgit Club (BRC) awards methodology, Yinson's adjusted weighted ROE over three years between the financial year ended Jan 31, 2019 (FY2019), and FY2021 was 15.3% — bagging it the BRC award for highest ROE over three years. Its ROE went from 12.5% in 2019 to 12.4% in 2020 and 18.1% in 2021.

The company, which is mainly involved in the floating production storage and offloading (FPSO) business, has also been making a slew of announcements about its foray into renewable energy. This is in line with the overall global trend to expedite investment in the renewable energy space.

At present, it has six floating assets in operation and three more FPSOs to be delivered — *FPSO Anna Nery* (early next year), *FPSO Maria Quitéria* (mid-2024), and a contract for the provision, operation and maintenance of about US$500 million (RM2.4 billion) for *FPSO Atlanta* (mid-2024), with an option to acquire a stake in the vessel.

In its latest annual report, Yinson founder and executive chairman Lim Han Weng says the company's renewables pipeline is now between 3GW and 5GW across Latin America, Europe and Asia-Pacific.

On the green technologies front, he points out that under Yinson GreenTech, the group is making good inroads into building a green energy ecosystem in the areas of marine, mobility and energy. He adds that Yinson had recently become the majority shareholder of Malaysia's largest electric vehicle (EV) charging station network, ChargEV. It had launched an EV leasing business in Singapore and invested in e-bikes through Oyika.

It is noteworthy that Yinson has bought back shares since February 2016, which may partly explain the robustness of its share price movement. As at Aug 11, the company had bought back 4.61% of the enlarged share capital, or 140.99 million shares, lifting buybacks from the 3.2% it had accumulated between 2016 and 2021.

Yinson also recently raised RM1.19 billion from a two-for-five rights issue that was priced at RM1.41 per share. About 64%, or RM760 million, from the proceeds has been earmarked for the *FPSO Maria Quitéria* project awarded by Brazil state-owned Petróleo Brasileiro SA (Petrobras) in November 2021. The rest of the proceeds will be used for repayment of bank borrowings (26.7%), working capital (4.6%) and expansion into renewable energy and green technology businesses (3.7%).

Some of the money may have already gone into redeeming a portion of the RM1.85 billion perpetual bonds it had issued, including a US$100 million tranche in October to avoid a steep rise in coupon rates from 7.85% to 12.85%.

Investors' sentiment may be further boosted if Yinson improves its margins, just as its revenue has grown by leaps and bounds.

The company's revenue grew at a compound annual growth rate (CAGR) of more than 67% from RM1.03 billion in FY2019 to RM4.85 billion in FY2021. Its net profit grew at a CAGR of 10% from RM235 million in FY2019 to RM315 million in FY2021.

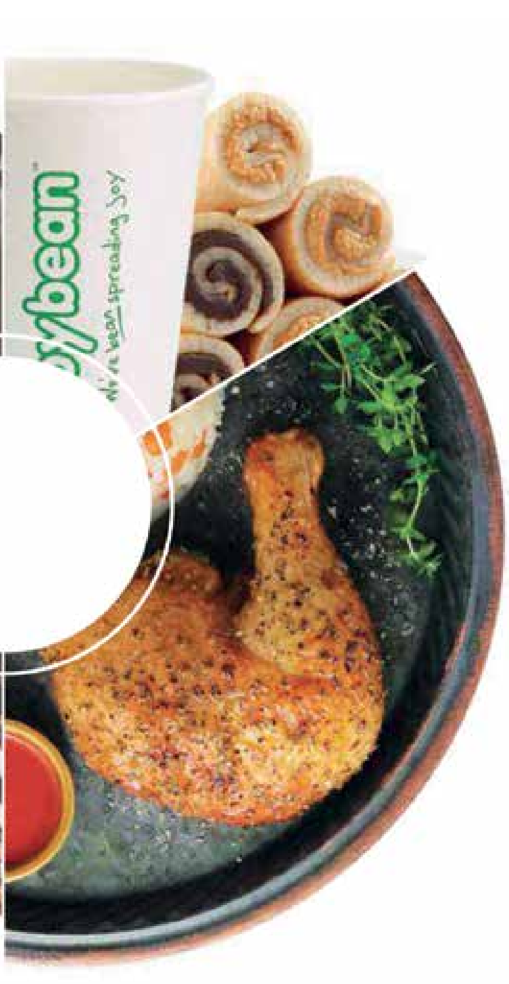
Over the same period, its net asset per share increased to RM3.66 from RM3.31. Meanwhile, the group's borrowings rose from RM870 million in FY2019 to RM1.52 billion in FY2021.

In FY2022, Yinson posted a 27% year-on-year jump in net profit to RM401 million, despite a 25.6% decline in revenue to RM3.61 billion — putting its net profit margin around 11%, back-of-the-envelope calculations show.

For the six-month period ended July 31, 2022, its net profit was up 10.5% y-o-y to RM263 million while revenue grew 28.3% to RM2.63 billion — which works out to a net profit margin of 11.6%. Its unaudited accounts show cash balance at RM3.85 billion as at July 31 while its short- and long-term debt was RM1.4 billion and RM8.6 billion respectively.

CGS-CIMB Research said Yinson could win two FPSO-related projects in Angola and another FPSO project in Brazil. With that in mind, the research house reiterated its target price of RM3.20, but said unexpected project execution hiccups would be a downside risk on the counter.

At the time of writing, analysts remained bullish on Yinson, with Bloomberg data showing 11 analysts with a "buy" call and an average target price of RM3.25. E



The share price gains this year came even as BFood's net profit soared to RM122.7 million in the financial year ended June 30, 2022 (FY2022) — the highest since the financial year ended April 30, 2015. The company changed its financial year-end from April 30 to June 30 in 2019. The stronger earnings performance was contributed by existing and newly opened Starbucks outlets in FY2022, coupled with the turnaround of KRR's business performance.

"It was certainly a year of success and progress for the group despite facing the operational headwinds. We will continue to work hard towards sustaining our growth momentum as we enter the new financial year," said BFood CEO Datuk Sydney Quays in a statement dated Aug 16, following the release of its FY2022 earnings.

In a research note dated Sept 26, RHB Investment Bank (RHB IB) maintained a "buy" call on BFood with a (post-bonus issue) target price of RM1.13. "We emerged from our meeting with Berjaya Food's CEO Datuk Sydney Quays and CFO Louise Chin feeling optimistic about its prospects beyond the overplayed recovery theme. Our renewed confidence is premised on the group's strengthened business fundamentals, strategic marketing efforts, key market positioning and robust expansion plans," analysts Soong Wei Siang and Raja Nur Aqilah Raja Ali wrote.

They also noted that BFood's valuations were "below-mean", which is attractive, given its improved and solid earnings delivery post-pandemic. Downside risks to their call include weaker-than-expected consumer sentiment, and a drag in the expansion of BFood's brands.

The RHB analysts also pointed out that BFood was still seeing pockets of opportunity for network expansion. Soong and Raja Nur Aqilah believe that, with a goal of opening 40 Starbucks outlets in FY2023, BFood's key priority would be the drive-through store format (50% of new stores), as it has been the best-performing store format, contributing about 30% of FY2022 total revenue despite comprising only about 20% of total store count.

The group also endeavours to unlock value by opening outlets in underpenetrated suburban areas and office buildings and via a new curbside pick-up format.

BFood is also expanding its portfolio with popular South Korean bakery café Paris Baguette, which is owned by South Korea's SPC Group. SPC has more than 4,000 stores worldwide (more than 400 in the US, China, France, Vietnam, Indonesia, Cambodia and Singapore) and had recently announced plans to develop a halal food manufacturing hub in Nusajaya, Johor. In June, BFood announced a 50:50 joint venture (aJV) with Paris Baguette Singapore, with plans to open the first such outlet in the Klang Valley by year end. With a 50% stake in the JV, BFood also has exclusive rights as the local operating licensee of Paris Baguette stores in Malaysia. Earnings contribution from this brand is expected to be minimal at this stage, considering the pace of its expansion, but success would add another feather to BFood's cap. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

ENERGY

Dialog Group Bhd

8 BRC AWARDS OVER THE YEARS

Reaping long-term growth as Pengerang develops

BY KAMARUL AZHAR

The development of Pengerang, Johor, into the home of a major integrated petrochemical complex in Asia over the last decade has benefited Dialog Group Bhd, which is one of the facility's largest investors.

Over the last three financial years to end-June 2021, Dialog's risk-weighted profit after tax (PAT) had grown at a compound annual growth rate (CAGR) of 2.1%, from RM510.4 million in the financial year ended June 30, 2018 (FY2018) to RM543.1 million in FY2021.

While in the low single digits, the performance still put Dialog ahead of its peers during the awards evaluation period — enough to make it the winner of this year's *The Edge* Billion Ringgit Club award for the highest growth in PAT over three years in the energy sector.

Had it not been for the Covid-19 pandemic, which caused supply chain disruptions, and the Russia-Ukraine conflict that led to higher raw material costs, Dialog would have earned more and chalked up a higher CAGR during the period.

Despite the conflict in Ukraine as well as the disrupted supply chain that had impacted its engineering, procurement, construction and commissioning (EPCC) business, Dialog continued to be profitable in FY2022, albeit on a lower level. In FY2022, it recorded a PAT of RM505.9 million, which was 6.8% lower than in the preceding financial year.

Nevertheless, analysts covering the stock opine that the company will continue to enjoy the fruits of the development of Pengerang for many years to come. Its expansion and diversification into the upstream oil and gas sector as well as sustainable businesses also bode well for Dialog.

"Dialog will continue to be one of the key beneficiaries of Pengerang's development due to its exposure to tank terminals, EPCC and maintenance services," says Hong Leong Investment Bank Research analyst Jeremie Yap in an Aug 19 note.

In the note, Jeremie points out that with the easing of international travel restrictions in FY2023, Dialog will be able to welcome foreign clients and investors, potentially boosting the company's downstream EPCC and midstream take-or-pay tank terminal business.

"Also, Dialog is taking various measures, including negotiating with clients for reimbursement and compensation for project overruns caused by inflationary pressures and external macroeconomic factors," he adds.

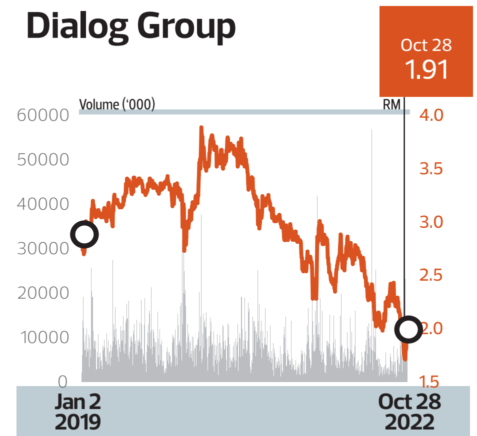
Dialog's FY2022 profit was negatively affected by cost provisions for two EPCC projects in Singapore, owing to cost escalations brought about by Covid-19-induced supply chain disruptions as well as the Russia-Ukraine war.

However, these projects are at their tail end and, from January 2023 onwards, Dialog will no longer be afflicted by cost overruns at what CGS-CIMB Securities Research analyst Raymond Yap deems as the company's two "most problematic projects".

Cost pressures in the EPCC business contributed to the loss before tax of RM36.4 million for Dialog's Asia segment in FY2022, compared with a profit before tax of RM20.36 million in FY2021.

"At the moment, Dialog is concentrating on completing its existing EPCC jobs and is not bidding aggressively for new EPCC work. Potential good news is that Dialog will negotiate for cost overruns compensation soon and hopes to secure some compensation in CY2023," Raymond says in the report.

Putting the challenges at its downstream business aside, Dialog is making progress in its upstream business through the acquisition of the entire equity interest in Pan Orient Energy Corp, a company listed on Canada's TSX Venture Exchange.



Pan Orient Energy, through its wholly-owned subsidiary Pan Orient Petroleum Pte Ltd, holds 50.01% equity interest in Pan Orient Energy (Siam) Ltd (POES), which is the concessionaire and operator of Concession L53/48, onshore Thailand. The acquisition, at a cash consideration of about RM170 million, was completed on Aug 25.

As the concessionaire and operator of Concession L53/48, POES produced about 2,700 barrels of oil per day (bopd) from seven onshore producing oil fields in Thailand in 2021. POES had 2P (proven and probable) oil reserves of 4.6 million barrels as at Dec 31, 2021.

CGS-CIMB's Raymond says Dialog is expected to book nine months' worth of results from POES in the July to September 2022F quarter (1QFY2023F) and 18 months' worth of results in FY2023F, which may lift the group's 1QFY2023 quarterly profit by 41% and FY2023F earnings by 17%.

At the time of writing, CGS-CIMB had an "add" call on Dialog, with a target price of RM2.63 per share, while HLIB Research had a "buy" call and a target price of RM3. Kenanga Research had an "outperform" call on the stock, with a target price of RM3.10, while RHB Research had a "buy" call and a target price of RM2.96. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

ENERGY

Bumi Armada Bhd

1 BRC AWARD OVER THE YEARS

Robust returns on the back of higher oil prices

BY JOSE BARROCK

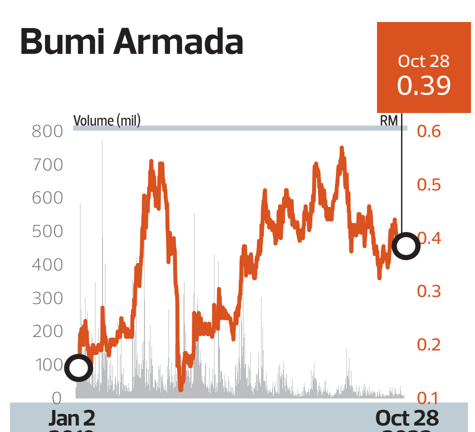
In the energy sector, oil and gas stalwart Bumi Armada Bhd bags the accolade for the highest returns to shareholders over a three-year period. Bumi Armada shares chalked up a three-year compound annual growth rate (CAGR) of 29.2% as it rose from 19 sen as at end-March 2019 to 41 sen at end-March 2022, largely maintaining its gains from a year ago.

However, Bumi Armada's fortunes only changed for the better after having gone through a rough patch from FY2016 to FY2018, when the company racked up about RM4.5 billion in accumulated losses. The bleeding was a result of Bumi Armada's fortunes being intertwined with oil prices, which largely determine the level of exploration activity.

To recap, Brent crude oil hit record highs of US$145 per barrel in mid-July 2008, but tumbled to US$26 in February 2016. The grounds it regained were wiped out following the outbreak of Covid-19 as the Brent slumped below US$20 a barrel in April 2020, the lowest level since early 2002. As the global economy reopened, prices recovered, topping US$100 a barrel after Russia attacked Ukraine, before easing closer to US$90 from late August this year.

During the period of depressed oil prices, Bumi Armada trimmed its fat, hived off several ageing offshore support vessels (OSVs), which were dragging earnings down, and focused on its other core competency, floating production storage and offloading (FPSO) vessels.

Bumi Armada is among the largest own-



er-operators of FPSOs in the world with its fleet of eight vessels (four of which are wholly owned with the remaining four partly controlled), namely Armada Sterling, Armada Kraken, Armada LNG Mediterrana, Karapan Armada Sterling III, Armada Olombendo, Armada Sterling II and Armada TGT1. Armada Claire is targeted for disposal this year.

According to its 2016 annual report, Bumi Armada had a fleet of 49 OSVs, compared to three OSVs at present. It hived off 20 OSVs in FY2021, and three in January this year. From Bumi Armada's annual report for 2021, its OSV utilisation rate was at 61% in contrast to 54% in FY2020, and 50% in FY2019. However, to its credit, Bumi Armada has maintained its FPSO uptime at 99% since FY2019 through to FY2021.

Net profit in FY2021 was a record RM659.23 million from RM2.24 billion in turnover, in contrast to RM58.62 million net profit on RM2.07 billion in turnover in FY2019. Net profit in FY2021 got a shot in

HIGHEST RETURN ON EQUITY OVER THREE YEARS

FINANCIAL SERVICES (RM10 BIL AND ABOVE MARKET CAPITALISATION)

Public Bank

14 BRC AWARDS OVER THE YEARS

Conquering adversities with solid fundamentals

BY CHERYL POO

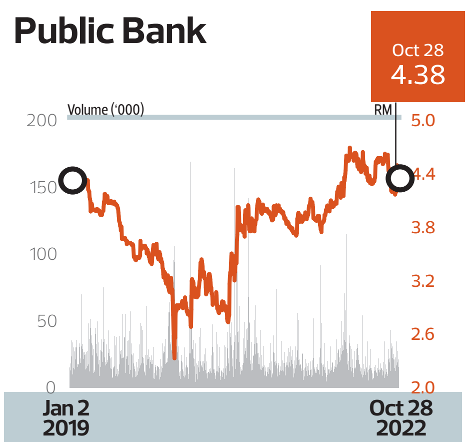
The solid foundation upon which Public Bank Bhd built its business over the decades remained stable even when the Covid-19 pandemic struck.

Despite the tougher operating environment, the country's third-largest bank by total assets continued to send its shareholders dividend cheques as the group saw net profit grow 3.6% over the last three years to RM5.7 billion in the financial year ended Dec 31, 2021 (FY2021), from RM5.5 billion in FY2019. It paid out a dividend per share of 14.6 sen, 13 sen and 15.2 sen in those respective years.

While there was pressure on return on equity (ROE), a measure of profitability, Public Bank still chalked up a weighted three-year ROE of 11.8% for FY2019 to FY2021 — the period considered for this year's *The Edge* Billion Ringgit Club (BRC) corporate awards — the best among peers.

For a fifth consecutive year since 2018, the group's unwavering financial performance helped it clinch the BRC award for highest ROE over three years in the financial services sector for companies with a market capitalisation of RM10 billion and above. Public Bank also came out tops on ROE in 2017 as well as between 2010 and 2013.

Public Bank did more than maintain its profitability, even though economic headwinds weighed on business performance in 2021, with modification loss arising from loan repayment assistance under the National People's Well-Being and Economic Recovery Package (Pemulih) also affecting earnings for the year.



In 2021, the group achieved total loans growth of 3.6%, with its consumer lending segment for the purchase of residential properties growing by 8.7% and domestic SME (small and medium enterprise) loans growing by 1.7%, with total financing totalling RM67.9 billion at year's end.

For the first six months of FY2022, its net profit stood at RM2.8 billion, marginally lower than the RM2.9 billion garnered in the corresponding period last year, on the back of a 0.9% decrease in revenue to RM9.86 billion.

Public Bank's net profit for the second quarter ended June 30, 2022 (2QFY2022) rose 2.35% to RM1.42 billion, from RM1.38 billion posted last year.

In an Aug 30 note, MIDF Research said Public Bank's 1HFY2022 core net profit of RM2.82 billion made up 48% of both consensus and its full-year forecasts respectively.

"However, earnings slipped by 3.4% year on year, though this was due to elevated tax expenses as a result of Cukai Makmur (Prosperity Tax), as well as weaker non-interest income (NOII). Otherwise, [the group] reported a far stronger profit before tax on the back of higher net interest income (NII) and lower loan provisions. Meanwhile, 2QFY2022's earnings of RM1.42 billion rose 2.4% y-o-y on the back of lower loans provisioning and stronger NII, offsetting higher operating expenditure and tax expenses, as well as lower NOII. On a sequential quarter basis, it rose 1.3% q-o-q, owing mostly to improved NII," the research house said.

It is worth noting that Public Bank's resilient loan portfolio and reserves for loan losses provided the group with a buffer to weather potential challenges in asset quality, which had a gross impaired loans ratio of 0.3% as at end-2021 compared with the banking industry's 1.4%. The group's total deposits, which grew 4% during the year, was attributed to its core deposits growth.

Meanwhile, NOII continued to complement its profit growth. In 2021, Public Mutual, the group's wholly-owned subsidiary managing its unit trust business, recorded profit growth of 22.8% and maintained its leading market position with the largest market share of 34.6% in the retail private unit trust industry.

MIDF Research, which has a "buy" call on Public Bank and a RM5.67 target price, wrote in a recent note that its optimism about the group's long-term prospects was due to its "excellent asset quality and buffers reducing the possibility of unwelcome credit cost surprises, retail SME loan growth seeing a high jump in 2HFY2022, its unit trust segment continuing to steadily capture retail market share as well as its foray into sustainability practices setting the group up to be more attractive as a viable environmental, social and corporate governance alternative within the industry". E

the arm from lower finance costs, higher share of results of joint ventures and associates, and higher operating income in FY2021.

In its notes which accompany its financials for the fourth quarter of FY2021, Bumi Armada says that, "The sturdier oil price augurs well for the oil and gas sector, which is witnessing increasing activities across the entire value chain, including the floating offshore solutions segment. The group expects the existing portfolio of the floating production and operations business to be stable in 2022 and will be exploring new opportunities in targeted markets."

As at end-June, Bumi Armada had a firm order book of RM13.1 billion, with options on extensions valued at RM9.4 billion. With its strong order book, Bumi Armada's outlook seems promising. For its six months ended June 2022, Bumi Armada chalked up net profit of RM372.01 million on the back of RM1.15 billion in revenue.

As at end-June, Bumi Armada had deposits, cash and bank balances of RM717.38 million. On the other side of the balance sheet, it had long-term debt commitments of RM5.07 billion and short-term borrowings pegged at RM1.3 billion.

While Bumi Armada's borrowings are on the high side — its gearing is at 1.2 times — the company's prospects seem bright and it is still being touted as the front runner to bag several FPSO contracts.

News reports have it that Bumi Armada could bag a new FPSO charter contract in Angola, with TotalEnergies' Cameia FPSO project, located on Block 21 offshore Angola, and is a contender for Eni's Agogo FPSO on Blocks 15 and 16 offshore Angola as well. Other than the two jobs in Angola, Bumi Armada is also understood to be eyeing FPSO contracts in Block 29 in Mexico being undertaken by Repsol.

One of Bumi Armada's strengths lies in its 34.68% shareholder, businessman Tatparanandam Ananda Krishnan, who is among the richest individuals in the country and has in the past funded the company when banks were limiting their exposure to oil and gas. That alone keeps the stock on investors' watch list. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

FINANCIAL SERVICES (RM10 BIL AND ABOVE MARKET CAPITALISATION)

Hong Leong Financial Group Bhd

2 BRC AWARDS OVER THE YEARS

Solid profits from vigilant management of key risks

BY LIEW JIA TENG

Hong Leong Financial Group Bhd (HLFG) walked away with The Edge Billion Ringgit Club (BRC) award for the highest growth in profit after tax over three years in the financial services category — RM10 billion and above market capitalisation — for the second consecutive year.

Controlled by prominent banking and property tycoon Tan Sri Quek Leng Chan, HLFG's three core businesses are commercial and Islamic banking under Hong Leong Bank Bhd (HLB), insurance and takaful under HLA Holdings Sdn Bhd, and investment banking and asset management under Hong Leong Capital Bhd.

Quek, 81, is the country's second richest man with a net worth of about US$10 billion, according to Forbes' Malaysia's 50 Richest list.

During the period in review (between FY2018 and FY2021 ended June 30), HLFG achieved a risk-weighted three-year compound annual growth rate (CAGR) of 5.9% in profit after tax — the highest among its big-cap peers in the financial services sector, although lower than its CAGR of 7.2% between FY2017 and FY2020, for which the group won its maiden BRC award last year.

HLFG's net profit grew a marginal 0.6% year on year from RM1.91 billion in FY2018 to RM1.92 billion in FY2019. After an earnings contraction of 3% to RM1.86 billion in FY2020 — partly due to the effect of lower interest rates amid the Covid-19 pandemic — the group staged a strong profit growth of 22% to RM2.27 billion in FY2021.

It is worth noting that HLFG's net profit increased another 8% to RM2.45 billion in FY2022. It will be interesting to see if the financial services holding company can go on to win the BRC award again next year.

During the period in review, HLFG's book value per share increased from RM15.55 as at June 30, 2018, to RM20.13 as at June 30, 2021.

HLFG's return on equity (ROE) declined from 11.1% in FY2018 to 10.4% in FY2019 before dropping further to 9.3% in FY2020. The ratio, however, improved to about 10.4% in FY2021 and FY2022.

In the group's FY2022 annual report, HLFG chairman Quek highlights that the numerous global macroeconomic headwinds and geopolitical tensions that remain at play are posing a threat to the currently fragile post-pandemic economic recovery.

The billionaire observes that the surging inflationary pressures, the effects of a strong US dollar on emerging markets and the risk of a recession in major economies will likely weigh on the outlook for the global economy.

"Looking ahead, we are cognisant that the growth outlook is troubled by uncertainties and the path to full economic recovery may be uneven. While we expect Malaysia's economy to remain resilient supported by firm domestic demand, improvement in the labour market and robust external trade performance seen in the first half of 2022, Malaysia's open and trade-reliant economy remains susceptible to global external shocks, especially if this involves the country's major trading partners," he writes.

Against this backdrop, Quek stresses that HLFG will be vigilant in managing its key business risks. "The group's balance sheet and risk metrics remain resilient, supported by solid asset quality and we have adequate capital and liquidity to support our future business needs," he elaborates.

Quek also says the diversified financial group's consolidated capital position is "comfortably above regulatory limits" with a Common Equity Tier 1 ratio of 11.8% and a total capital ratio of 15.9%.

"Prudent cost management remained a priority with increasing inflationary pressures on our operating cost. We shall judiciously manage our operating cost with targeted investment in talent and digitalisation while maintaining a strong focus on risk management as we enter the new financial year," he notes.

In a Sept 2 report, Maybank Investment Bank analyst Desmond Ch'ng trims his FY2023-2025 earnings forecast for HLFG by 2% to 5% to reflect the reduced earnings contributions from HLB. He also cut HLFG's target price to RM23.60, down from RM24.90, and downgraded his recommendation on the stock to "hold".

Risks to his earnings estimates, target price and rating for HLFG include a slowdown in the domestic economy, which would have a negative impact on HLB's earnings, as would a pick-up in deposit competition.

"Meanwhile, deterioration in China's economic outlook, particularly in Sichuan province where (its) 18%-owned Bank of Chengdu is located, would negatively impact associate contributions. 70%-owned HLA's premium growth is dependent on consumer sentiment while its financial performance would be susceptible to fluctuations in interest rates," Ch'ng warns in the report, given that just over a fifth of HLB's earnings is from 18%-owned Bank of Chengdu Co Ltd. The lockdown in Chengdu was lifted on Sept 19. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

FINANCIAL SERVICES (RM10 BIL AND ABOVE MARKET CAPITALISATION)

Malayan Banking Bhd

3 BRC AWARDS OVER THE YEARS

2 CR awards 2015 2019

Still delivering solid returns

BY ADELINE PAUL RAJ

The Covid-19 outbreak in 2020 threw a challenge like no other to banks around the world. To its credit, Malayan Banking Bhd (Maybank), the largest lender in Malaysia and fourth largest in Southeast Asia, has navigated through the worst of it admirably.

A good run in its share price that began several months after the initial Movement Control Order (MCO) that year, as well as its ability to pay out commendable dividends — both a testament to its resilience — led to Maybank clinching *The Edge* Billion Ringgit Club (BRC) award for the highest returns to shareholders over three years in the financial services sector.

Over the BRC review period from end-March 2019 to end-March 2022, Maybank delivered a three-year compound annual growth rate shareholder return of 7.4% — the highest among peers with a market capitalisation of at least RM10 billion.

Maybank's share price, which stood at RM7.026 as at end-March 2019, sunk to an over five-year low of RM5.718 on March 19, 2020, a day after the country's first MCO began. Then, like other local banks, it began a steady climb in November as global stock markets rallied amid expectations of improving economic prospects as Covid-19 vaccines were beginning to be rolled out.

Between end-March 2019 and end-March 2022, its share price gained 23.2% to RM8.657.

The share price has since come down,

shedding 4% to close at RM8.58 on Oct 28, which gives the company a market capitalisation of RM103.42 billion. It remains the largest company by market value on the stock exchange.

As for dividends, Maybank rewarded shareholders with a gross dividend per share (DPS) of 64 sen in the financial year ended Dec 31, 2019 (FY2019) — the highest since FY2012 — which was fully in cash. This was equivalent to a payout ratio of 87.8%, well above its long-term dividend payout policy rate of 40% to 60%.

In FY2020, the first year of the pandemic, Maybank's total DPS fell to 52 sen (of which the cash portion was 34%) before improving to 58 sen in FY2021 (cash portion, 63%). The payout ratio in those years stood at 91.2%

HIGHEST RETURN ON EQUITY OVER THREE YEARS

FINANCIAL SERVICES (BELOW RM10 BIL MARKET CAPITALISATION)

Bursa Malaysia Bhd

2
BRC AWARDS OVER THE YEARS

Decent yields from surge in trading activity

BY ADELINE PAUL RAJ

The year 2020 turned out to be an exceptionally good one for Bursa Malaysia Bhd — trading activity in the stock market surged as retail investors made a strong comeback, helping to push the group's earnings to a record high.

The average daily trading volume for equities rose to an all-time high of 7.32 billion shares that year from 2.51 billion in 2019, even as the average daily trading value reached new heights at RM4.21 billion compared with RM1.93 billion before. A low interest rate environment, coupled with government stimulus packages that put money in the hands of the people, helped fuel the buying interest amid the Covid-19 pandemic.

Hence, it was no surprise that the stock market operator's profit after tax (PAT) for the financial year ended Dec 31, 2020 (FY2020), doubled to RM377.75 million from RM185.86 million in FY2019.

However, in FY2021, Bursa Malaysia's PAT declined 6% to RM355.3 million as the trading fervour subsided. The average daily trading volume and value that year dropped to 5.71 million shares and RM3.54 billion respectively. (The lower the trading value, the less revenue Bursa Malaysia generates.)

Nonetheless, the solid financial performance in recent years helped push the group's adjusted weighted return on equity (ROE) over the three years between FY2019 and FY2021 to 38.9%.

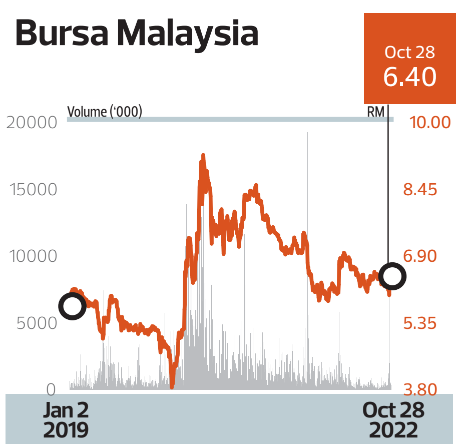
This led to Bursa Malaysia bagging — for the second straight year — *The Edge* Billion Ringgit Club (BRC) award for highest ROE over three years in the financial services sector for the category of market capitalisation below RM10 billion.

According to the BRC methodology, its adjusted weighted ROE came in at 22.7% in FY2019, 45.5% in FY2020 and 41.4% in FY2021.

This year, Bursa Malaysia's PAT is likely to decline further, given that the average daily trading value of equities has continued to come down. Market sentiment has been negatively impacted by growing risks of a global recession as the US raises interest rates aggressively to curb high inflation.

The benchmark FBM KLCI, which sank to a low of 1,219.72 points on March 19, 2020, went on to hit a high of 1,684.58 on Dec 11, 2020. Since then, it has dropped 14.1% to close at 1,447.31 on Oct 28 this year.

In 3Q2022, the average daily trading value of equities declined by 42.2% year on year to RM1.74 billion, making it the fifth consecutive quarter of 40% to 50% y-o-y declines.



"Moreover, the 3Q2022 equity average daily trading value was 21.4% lower than the pre-Covid-19 level of RM2.22 billion (12-quarter average from 1Q2017 to 4Q2019)," notes CGS-CIMB Research in an Oct 12 report on Bursa Malaysia.

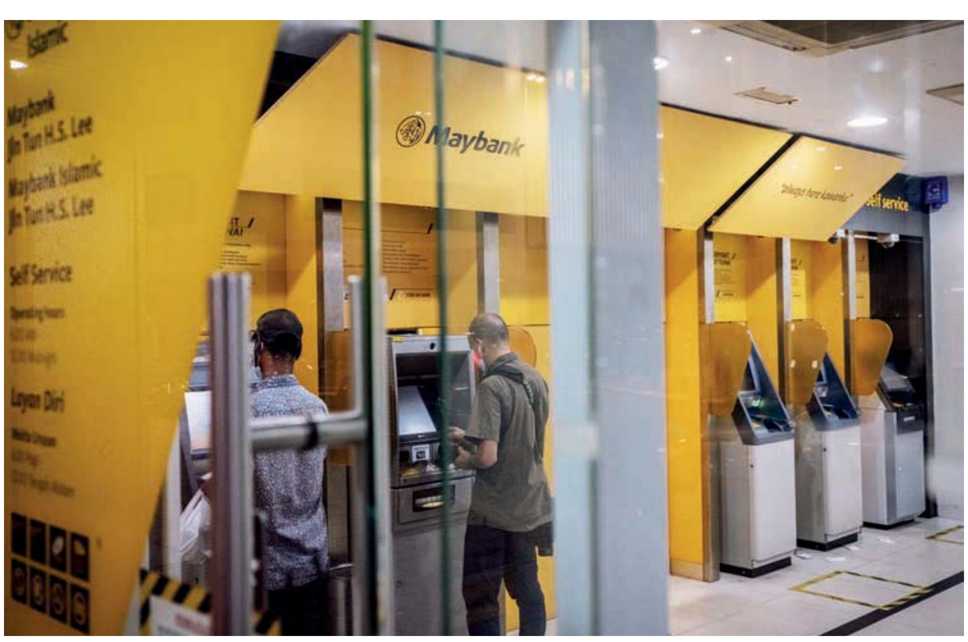
"The y-o-y slump in 3Q2022 ... was largely in line with our expectation given cautious market sentiment as a result of macro headwinds from heightened inflation and market concerns about a potential recession in the US and Europe. These factors likely had a negative impact on the overall corporate earnings of listed companies in Malaysia's equity market," it says.

Bursa Malaysia last week reported a PAT of RM177.57 million for the first nine months of FY2022, which was 38.8% lower than the RM290.3 million it made in the same period a year ago.

At the time of writing, Bloomberg data showed six analysts having a "buy" call on Bursa Malaysia's stock versus eight with a "hold" and two with a "sell". The 12-month consensus target price was RM6.61. The stock closed at RM6.40 on Oct 28, giving the company a market capitalisation of RM5.18 billion.

One of the reasons investors go for the stock is for its dividends. Bursa Malaysia has rewarded shareholders with a special dividend in three out of the last five years, thanks to its cash pile. Shareholders received a dividend per share of 20.8 sen in FY2019, 51 sen in FY2020 (of which eight sen was a special dividend) and 41 sen in FY2021.

Despite there being limited scope for a strong recovery in the average daily trading value for equities in the next one to two quarters, CGS-CIMB is maintaining its "hold" call on Bursa Malaysia as it believes all the negative news have been priced in. The stock is also supported by a dividend yield of 3.9% for FY2022, it notes. E



and 84.5% respectively.

Maybank's net profit hit a record high of RM8.2 billion in FY2019 before falling to RM6.48 billion in FY2020 as it booked in significantly higher pre-emptive provisions as a result of the pandemic. In FY2021, its net profit improved to RM8.1 billion, almost back to the level of pre-pandemic FY2019.

But the road ahead for Maybank remains paved with challenges. The rising interest rate environment, while generally good for lenders, may mean slower demand for loans even as some borrowers struggle with repayments. Additionally, there are rising risks of a global recession next year.

In 1HFY2022, Maybank's net profit fell 10.4% to RM3.9 billion because of an unexpected spike in pre-emptive provisions in the second quarter, mainly in relation to the oil-and-gas and hospitality sectors. Nevertheless, this is seen as a one-off and analysts expect Maybank's earnings to improve in the second half of the year.

"We are projecting a net profit of RM4.36 billion for Maybank in 2HFY2022 representing a half-on-half growth of 11.7% [and year-on-year growth of 16.4%]. The key drivers would be an expected h-o-h drop in loan loss provisions and a continuous upward trend in net interest margin, amid the upcycle in the overnight policy rate," says CGS-CIMB Research in an Aug 25 report following the bank's results. Maybank is also the research firm's environmental, social and governance (ESG) pick for the sector.

Maybank group president and CEO, Datuk Khairussaleh Ramli, who took over from Datuk Seri Abdul Farid Alias in May this year when the latter chose to step down after almost nine years at the helm, believes the group has emerged even more resilient post-pandemic.

"We will remain disciplined in maintaining our strong liquidity and capital positions, which have given us the ability to navigate through the difficult operating environment," he said following the announcement of the group's latest results.

Bloomberg data as at Oct 28 showed that 13 analysts had a "buy" call on the stock while six had a "hold" and two, a "sell". The average 12-month target price was RM9.59, which suggests further upside for the stock.

Come the first quarter of 2025, Maybank is set to move its corporate head office from the iconic Menara Maybank in Jalan Tun Perak, Kuala Lumpur, to the Menara Merdeka 118 skyscraper, the world's second-tallest building that is owned by the bank's largest shareholder Permodalan Nasional Bhd. E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

FINANCIAL SERVICES (BELOW RM10 BIL MARKET CAPITALISATION)

Syarikat Takaful Malaysia Keluarga Bhd

8 BRC AWARDS OVER THE YEARS

Enhancing digital capabilities to stay ahead

BY INTAN FARHANA ZAINUL

Syarikat Takaful Malaysia Keluarga Bhd's growth remains buoyant despite the disruption brought about by the Covid-19 pandemic, which started in early 2020.

The general insurance provider achieved the highest growth in profit after tax (PAT) in the financial services sector (below RM10 billion market capitalisation) at *The Edge* Billion Ringgit Club 2022. It was the second time that it had won a BRC award for earnings growth after 2019.

For the period under review between 2019 and 2021, Syarikat Takaful's risk-weighted PAT grew at a compound annual growth rate (CAGR) of 11.7%, a decent growth amid uncertainties stemming from the pandemic that has reduced economic activities globally, following various degrees of movement restrictions imposed to curb infection rates.

The group recorded PAT of RM364.8 million for the financial year ended Dec 31, 2019 (FY2019), after which its profitability continued to gain momentum, reaching RM362.4 million in FY2020 and the highest of RM411.4 million in FY2021.

Syarikat Takaful is the second-largest general takaful provider in the country, with a market share of 24%. It has carved a niche as a pure player in the takaful space.

The group said its successful digital transformation journey has enabled it to remain as one of the leading takaful operators in the industry.

Its market penetration was further enhanced in FY2021, following its aggressive digital marketing programme, resulting in an 11% year-on-year sales growth.

Syarikat Takaful was set up by the government in 1981 as a task force to study the feasibility of establishing an Islamic insurance company in Malaysia. It was incorporated in 1984 and listed on the Main Board of the Kuala Lumpur Stock Exchange a decade later in July 1996.

Shares in Syarikat Takaful closed at RM3.40 apiece on Nov 2, reflecting a forward price-earnings ratio (PER) of 8.7 times and a RM2.85 billion market capitalisation.

Despite its strong fundamentals, its share price has been under pressure over the past few months, owing to uncertainties related to the implications of a new accounting standard for insurance contracts. MFRS 17, which is the Malaysian equivalent of International Financial Reporting Standard (IFRS) 17, will be applied next year across the insurance industry in the country.

According to a poll by Bloomberg, seven analysts had a "buy" call on Syarikat Takaful while one suggested a "hold", with an average target price of RM4.07 a share at the time of writing.

Over the past three years, the company has been consistent with its dividend distribution at 20 sen per share in FY2019 and 12 sen in FY2020 and FY2021 respectively.

For the first half (1H) of FY2022, Syarikat Takaful posted a 14.4% drop in net profit to RM156.39 million from RM182.69 million in the previous corresponding period, on the back of higher revenue of RM1.83 billion compared to RM1.62 billion previously.

The group said it would focus on enhancing its digital and technology capabilities to sustain its market leadership position.

"Amid the uncertainties in the current economic environment to support business expansion, the group remains vigilant and cautious in managing operating costs, business growth and [the] risk profile of our portfolio.

"As a pioneer and early adopter of online distribution and new digital technologies in supporting our distribution channels, we are able to reduce some sales and operational challenges faced during the Covid-19 pandemic period," Syarikat Takaful says in a statement, along with its 1HFY2022 results announcement.

In an August report, CGS-CIMB Research says Syarikat Takaful's 1HFY2022 net profit is within its expectations as it accounted for 48% of its full-year forecast and 49% of consensus' estimate, despite the higher tax rate as a result of the one-off Cukai Makmur.

The research house expects the company to see a 24.6% y-o-y decline in net profit in 2HFY2022, owing to the higher tax expenses.

Overall, CGS-CIMB has retained its "add" call on Syarikat Takaful as its FY2023 PER of 7.9 times is below its five-year historical average of 10 times.

It adds that the company's FY2022 to FY2024 forecast return on equity of 17% is one of the highest in the financial services sector. "We maintain our FY2022 to FY2024 earnings per share forecasts and dividend discount model-based target price of RM4." E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HEALTHCARE

Top Glove Corp Bhd

6 BRC AWARDS OVER THE YEARS

Industry stalwart enjoys astronomical gains

BY JUSTIN LIM

Top Glove Corp Bhd has been a frequent winner at *The Edge* Billion Ringgit Club (BRC) since 2018. The world's largest rubber glove maker bagged the highest return on equity (ROE) over three years in the healthcare sector award this year — its second since 2018. Top Glove had previously won two awards for stellar total returns as well as earnings growth over three years.

Thanks to record earnings for FY2021 when Covid-19 caused demand for gloves to surge to unprecedented levels, Top Glove's adjusted weighted ROE skyrocketed during the award's three-year review period of FY2019 to FY2021.

From only 14.8% in FY2019 and 47.3% in FY2020, its ROE came in at an astounding 143.5% in FY2021, which translates into an adjusted weighted ROE over three years of 88.9%.

The group continued to have a good run last year after delivering a record-high annual net profit of RM7.87 billion in the financial year ended Aug 31, 2021 (FY2021), a whopping 349% over the RM1.75 billion achieved in FY2020. It is worth noting that the FY2021 profit after tax of RM7.87 billion exceeded that of the past 20 years (FY2001 to FY2020) of RM5.4 billion.

Its revenue for FY2021 also more than doubled to RM16.41 billion compared with RM7.24 billion previously.

The world's largest rubber glove maker attributed the bumper financial performance for FY2021 to robust glove demand coupled

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

FINANCIAL SERVICES (BELOW RM10 BIL MARKET CAPITALISATION)

RCE Capital Bhd

1 BRC AWARD OVER THE YEARS

Committed to growing quality financing, eyes digital expansion

BY KAMARUL AZHAR

Being one of the few financial institutions that focus on the civil servants' market, RCE Capital Bhd is seen as a financial institution with stable income, even at the peak of the Covid-19 pandemic.

As it is not the practice of the government to lay off its workers even during the worst of times, RCE Capital's prospects remain bright. Recognising this, investors ploughed money into its securities between March 30, 2019, and March 31, 2022.

During the review period for this year's *The Edge* Billion Ringgit Club (BRC), RCE Capital registered a three-year compound annual growth rate (CAGR) of 38.9% on its shareholders' return, based on its adjusted share price that more than doubled to RM1.85 as at March 31, 2022, from 69 sen per share on March 29, 2019. The stellar three-year return bagged RCE Capital its first BRC award as the company with the highest returns to shareholders over three years in the financial services sector (with market capitalisation of below RM10 billion).

In the financial year ended March 31, 2022 (FY2022), RCE Capital's profit before tax (PBT) rose to RM177.2 million, up 6% year on year from RM167.2 million. Meanwhile, its FY2022 profit after tax (PAT) increased 6.8% y-o-y to RM133.2 million.

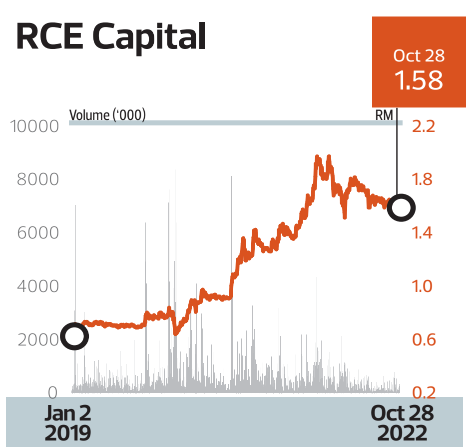
The commendable results in FY2022 came on the back of its efforts to manage its expenses and funding costs. During the year, the group's profit expense remained at a manageable level of RM80.2 million, compared with RM80.4 million in FY2021.

Despite the challenging economic condition in FY2022, RCE Capital recorded 2.0% y-o-y growth in revenue, from RM293.5 million to RM299.5 million. The growth was primarily contributed by higher early settlement and fee income arising from increased refinancing activities. As at March 31, 2022, its financing receivables stood at RM1.88 billion, up 1.8% y-o-y from RM1.85 billion.

According to RCE Capital, the group monitors its funding costs to complement product development pricing through efforts in sourcing for cheaper financing, while maintaining adequate liquidity for business needs at all times.

"Following this, the group managed to reduce its weighted average profit rate of financing liabilities by 12 basis points in FY2022," says RCE Capital in its FY2022 annual report.

Non-core income of the group increased to RM20.4 million in FY2022 from RM19 million in FY2021, driven largely by higher income generated from deposits placed with licensed financial institutions and bad debt recoveries.



However, RCE Capital's operating expenses increased to RM50.9 million in FY2022 from RM49.3 million in FY2021, owing mainly to higher facility fee expense in relation to newly sourced financing liabilities during the year.

Despite higher operating expenses in FY2022, RCE Capital managed to maintain its cost-to-income ratio at 21.1%. It also recorded lower allowances for impairment charges in FY2022 compared with FY2021, owing to prudent asset quality assessment, guided by its credit scoring model.

RCE Capital's gross impaired financing also improved in FY2022 to 6.1%, from 6.7% in FY2021. However, its financing loss coverage stood at 162.8%, lower than FY2021's 168.4%. Nevertheless, the level remained adequate as collections from customers were carried out via salary deductions.

The stability of its business model has led to continued improved earnings year by year. In FY2018, its PBT was RM117.4 million and its PAT was RM88.7 million, compared with PBT of RM177.7 million and PAT of RM133.2 million in FY2022.

RCE Capital says it will continue to focus on being a responsible financier in the civil servant market.

"We will keep to our commitment to grow quality financing in line with macroeconomic development. Internally, we will work towards enhancing operations and procedures for improved efficiency and cost optimisation," the group says in its 2022 annual report. E

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with elevated average selling prices (ASPs) driven by the ongoing pandemic.

Prior to the outbreak of the Covid-19 pandemic, the group posted an annual net profit of RM364.67 million in FY2019 on the back of revenue of RM4.8 billion.

Given the excellent result, Top Glove rewarded shareholders with hefty dividend cheques in FY2021, amounting to 65.1 sen per share (comprising 51 sen dividend and 14.1 sen special dividend) for the year — a 450% increase over FY2020's dividend of 11.83 sen per share. This represented a net profit payout ratio of 68% for FY2021 and 55% for FY2020. For FY2019, the group paid a lower dividend of 2.5 sen per share though its net profit payout ratio was comparable at 53%.

Executive chairman Tan Sri Lim Wee Chai in Top Glove's 2021 annual report spoke of headwinds in the form of an industry-wide easing of ASPs with customers adopting a wait-and-see approach and deferring restocking activity.

Competition from manufacturers, particularly those from abroad, is also increasingly rife, he said, but noted Top Glove's strengths and game plan. "While the business environment is expected to be difficult, we are well prepared. The strong cash flow reserves that we have built over the course of FY2021 will enable us to fund continuous expansion and also seize opportunities for accretive M&A (mergers and acquisitions) when they arise. In tandem, we will also continue to invest in R&D (research and development) and leverage advanced technology to reengineer our processes towards a greater degree of product quality, efficiency and innovation," he comments.

In its latest full-year FY2022 results, Top Glove's net profit tumbled 97% to RM235.97 million from the supernormal RM7.71 billion in FY2021, with revenue falling 66% to RM5.57 billion from RM16.36 billion previously.

The lacklustre result, it says, was due to the group being unable to pass on escalating costs to customers amid the ongoing oversupply situation.

"To ensure the group is well-positioned to navigate this challenging period, its primary focus is on operational efficiency and cost rationalisation. Towards this end, Top Glove has swiftly responded, establishing mitigating measures that include deferring all capex for new capacity in 2023, in view of lower utilisation levels. It has also embarked on streamlining facilities, focusing on enhancing those producing its in-house supply of materials," says Top Glove in a statement in conjunction with the release of the group's fourth quarter results (4QFY2022) on Sept 20.

In addition, Top Glove says it continues to collaborate with its suppliers towards ensuring more cost-effective procurement for a win-win outcome.

Top Glove remains confident that once customers' stockpiles are depleted and glove restocking activity resumes, the market will stabilise and be better positioned to absorb the additional supply from new capacity.

"As the glove industry is estimated to be running at below 50% utilisation, glove supply is expected to reduce accordingly. The group anticipates that an industry consolidation will follow, further reducing glove supply and paving the way for recovery," it explains.

At the time of writing, Top Glove's market value had fallen by two-thirds year to date, as its share price nosedived to 62.5 sen on Oct 11, 2022, from RM2.59 on Dec 31, 2021.

In an Oct 7 report, AmInvestment Bank Research says Top Glove currently trades at FY2024 price-earnings ratio (PER) of 31 times, which is at parity with its FY2018-19 pre-pandemic median.

However, the research house believes Top Glove's current share price remains fully valued given the ongoing ASP uncertainty and elevated costs remaining unabated over the next three quarters while the group does not offer any FY2023 dividend yield.

Hence, it maintains a "hold" call on Top Glove with an unchanged fair value of 60 sen per share. Will Top Glove give investors a reason to favour it again? E

THE EDGE BILLION RINGGIT Club 2022

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HEALTHCARE (JOINT WINNER)

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HEALTHCARE (JOINT WINNER)

Supermax Corp Bhd

12 BRC AWARDS OVER THE YEARS

Company of the year 2010

Astounding growth fuelled by unprecedented demand for rubber gloves

BY JUSTIN LIM

Supermax Corp Bhd, the first Company of the Year of *The Edge* Billion Ringgit Club (BRC) in 2010, booked remarkable growth over its last three financial years as Covid-19 shored up demand for personal protective equipment such as rubber gloves.

Its share price surge and dividends paid when glove makers were investors' darlings during the height of the pandemic helped Supermax beat peers in the healthcare sector to bag BRC awards for highest shareholder returns over three years in 2020 and 2021.

This year, however, Supermax takes home the BRC award for highest growth in profit after tax (PAT) — a joint winner with Kossan Rubber Industries Bhd.

For its financial year ended June 30, 2021 (FY2021), Supermax achieved a record profit after tax (PAT) of RM3.82 billion, the first time it had crossed the RM1 billion mark and a whopping 630% year-on-year growth over RM524.8 million in FY2020.

In fact, that RM3.82 billion was five times the cumulative PAT between FY2018 and FY2020. Supermax's FY2021 PAT was RM123.11 million in FY2019 and RM106.7 million in FY2018.

This led the company's PAT to record an astounding 229.5% risk-weighted compound annual growth rate (CAGR) from FY2018 to FY2021, according to the BRC awards methodology.

In tandem with the upward trend in PAT, its earnings per share (EPS) swelled to an all-time high of 147.03 sen in FY2021, from 20.08 sen in FY2020, 4.7 sen in FY2019 and 4.06 sen in FY2018.

Revenue also climbed higher over the three years: From RM1.3 billion in FY2018, it rose to RM1.54 million in FY2019 and RM2.13 billion in FY2020, before reaching an all-time high of RM7.16 billion in FY2021.

Supermax's shareholders were rewarded with generous dividends during its bumper year in FY2021. It declared dividends of 31.8 sen per share, which comprised a 28 sen special dividend and an interim dividend of 3.8 sen per share.

The company appears to be accelerating its share buybacks, which had resumed on Feb 28 this year after a pause of over a year.

Between Feb 28 and Sept 19, 2022, Supermax bought back 60 million shares totalling RM54.52 million, in a price range of 70.5 sen to RM1.10 apiece.

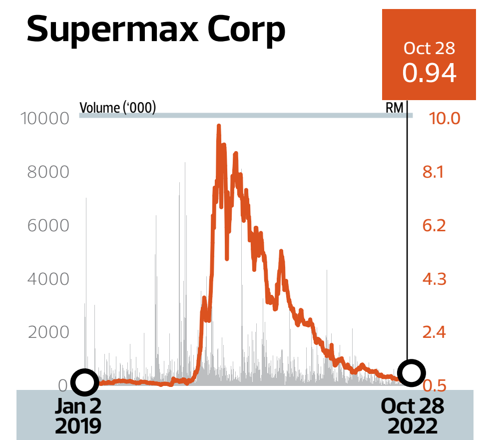
In comparison, it spent RM53.92 million to buy back just 8.15 million shares in a price range of RM6.24 to RM6.70 each in 2021, while it spent RM168.52 million buying back 42.9 million shares in 2020.

In Aug 22 notes accompanying its fourth quarter results for FY2022, Supermax says the rubber glove industry is currently well into a consolidation phase, having gone through its strongest-ever growth phase historically in 2020 and 2021, triggered by the Covid-19 pandemic.

Like most glove stocks, Supermax's share price has descended back to earth as investors came to terms with the oversupply situation caused by existing players ramping up capacity and new players flocking into the industry in a bid to capitalise on the surging demand for gloves during the height of the pandemic. That, coupled with normalising demand as the world comes to terms with a pandemic that is transitioning to endemicity, has resulted in average selling prices (ASPs) for gloves treading lower from their record highs.

"[Hence] going forward, we are expecting the market to remain weak, competition to be intense and the profit margins [to] continue to moderate," Supermax observes.

It should be noted that Supermax and its subsidiaries were slapped with sanctions by the US Customs and Border Protection (CBP) on Oct 21, 2021, accounting for 20% of the group's sales. The ban had not been lifted at the time of writing.



While the negatives are in the price, RHB Research analyst Oong Chun Sung says in a Sept 28 note that risks for Supermax remain tilted on the downside since the industry is now operating at suboptimal levels, on top of a further round of share price corrections likely related to its larger peers being potentially excluded from the list of 30 component stocks of the FBM KLCI.

Oong also forecasts that the inventory drawdown of glove distributors may take at least a year before easing to pre-pandemic levels, with global demand growth expected to remain sluggish at 4% and 6% for 2023 and 2024 respectively, plus lofty on-hand inventory levels of glove distributors that could still last for another six months.

Time will tell if Supermax can once again bounce back stronger, as it has done in the past. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HEALTHCARE (JOINT WINNER)

Supercomnet Technologies Bhd

1 BRC AWARD OVER THE YEARS

Thriving amid adversity

BY KANG SIEW LI

Investors in Supercomnet Technologies Bhd (Scomnet), which manufactures wires and cables for the medical, automotive and industrial segments, have seen the share price fall 23% year-to-date. Over a three-year time horizon, however, most investors would be smiling, as its share price is up 45% — outperforming the broader market, which fell about 7%.

From 88 sen on Oct 18, 2019, its share price soared to an all-time high of RM2.30 in November 2020, when the world was grappling with Covid-19. The counter has since retreated from the peak to close at RM1.57 on Oct 17, giving it a market capitalisation of RM1.2 billion.

Still, an investor who had bought 100,000 Scomnet shares at RM88,000 in October 2019 would have pocketed RM69,000 in profits in just three years if he or she sold those shares at RM1.57 apiece — not too shabby, even though gains would have been RM142,000 in just over one year had he or she taken profit early.

Investors who stayed on would have received dividends. While Scomnet has no fixed dividend policy, its payout ratio has ranged between 40% and 50% of net profit in recent years. The group has been paying 1.5 sen per share as annual dividends since the financial year ended Dec 31, 2018 (FY2018).

Based on *The Edge* Billion Ringgit Club (BRC) awards methodology, total shareholder return over the three-year period between March 29, 2019, and March 31, 2022, works out to 25.1%, the highest among peers in the healthcare sector. Supercomnet bags this year's BRC award for the highest return to shareholders over three years in the healthcare sector — its first win.

Its market-beating returns came on the back of its stellar financial performance. Scomnet took the spotlight amid the Covid-19 pandemic. Thanks to improved sales of higher-margin products in its medical segment, its profit after tax (PAT) for the second quarter ended June 30, 2022 (2QFY2022), hit a record high of RM9.4 million, when it surged 74% from RM5.41 million a year ago. It was further helped by a favourable foreign exchange rate, as its sales and purchases are transacted primarily in US dollars. Revenue for 2QFY2022 increased 22% year on year to RM39.86 million in 2QFY2022.

For 2QFY2022, the medical segment remained the critical growth driver, with a revenue contribution of 61%. This was followed by the industrial and automotive segments, with revenue contributions of 29% and 10% respectively.

In announcing Scomnet's 2QFY2022 results on Aug 23, Scomnet managing director

James Shiue Jong-Zone said the company was seeing high demand from the automotive segment, even though the medical segment was still the group's key contrib-

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

4 BRC AWARDS OVER THE YEARS

HEALTHCARE

Kossan Rubber Industries Bhd

Incumbent award winner for good reason

BY CHERYL POO

For a second consecutive year, Kossan Rubber Industries Bhd has clinched *The Edge* Billion Ringgit Club (BRC) award for recording the highest growth in profit after tax (PAT) over three years among peers in the healthcare sector. Last year, Kossan also bagged a second award for the highest return on equity, an honour the rubber glove manufacturer last saw in 2010 when it came under the industrial products sector, BRC records show.

While the win had a lot to do with hefty sales volumes and high average selling price (ASP) when Covid-19 hit, Kossan's PAT was already on an uptrend before the pandemic struck in 2020.

Kossan achieved a risk-weighted three-year compound annual growth rate of 142.6% in PAT between FY2018 and FY2021, which, under the BRC awards methodology, is comparable to Supermax Corp Bhd — with which it is joint winner for this year's award.

Kossan's net profit rose from RM199.8 million in FY2018 to RM224.7 million in FY2019, and then surged five times to RM1.09 billion in FY2020 before nearly tripling to RM2.85 billion for FY2021.

The glove maker's quantum leap in PAT gave the company a return on equity of 70.8% in FY2021 from 45.6% the year before. The group paid out a total dividend of 36 sen per share consisting of three interim dividends of 12 sen over the year. In February, the group added a fourth interim dividend of 12 sen per share, bringing total dividends for FY2021 to 48 sen per share, amounting to a total payout of RM1.22 billion and representing a payout ratio of 42.9%.

In the near term, however, Kossan says it expects the glove industry to be challenging with the tapering of demand for gloves and ASP from the height of the pandemic.

"In any case, rubber gloves remain an indispensable part of the healthcare industry as the contamination and infection control medical device of choice. In the non-medical sector, the functional barrier properties and low absolute unit price of rubber gloves have lent themselves to a broad range of applications across industries and end-uses," Kossan says.

The group's strategy is to drive long-term sustainable growth, with capacity expansion via the construction of two plants in Selangor over the next two years projected to increase capacity by five billion pieces of gloves. The first plant, with an installed capacity of two billion pieces, is slated to be completed in the first half of 2023, while the second, with an installed capacity of three billion pieces, is expected to be completed in the second half of the year.

As part of its ongoing transformation, the group has accelerated investments in digitalisation and automation in its plants to increase productivity and efficiency, and to prepare for the next phase of growth.

At the time of writing, Bloomberg data shows five analysts with a "buy" call on the counter, eight "hold" and six "sell", with an average target price of RM1.27. Sitting on a substantial cash pile, Kossan was trading at a TTM PER (trailing 12 months price-earnings ratio) of 3.29 times and a forward PER of 14.62 times.

In an Aug 4 note, PublicInvest Research observed that Kossan's cash pile of RM2.2 billion as at 1HFY2022 gave the group "ample room to declare higher dividends if the management so wished". The bank-backed research house had a "neutral" call with a target price of RM1.23.

"Although management intends to maintain its regular dividend payout ratio at 30%, we believe there is still room for a special dividend.

"Given the delay in capacity expansion, while its automation and transformation plans are not likely to cost more than RM100 million a year, Kossan has sufficient reserves to reward its shareholders," the research house said.

PublicInvest explained that Kossan's current capacity is 33.5 billion pieces per annum with near-term expansion plans put on hold amid oversupply issues as well as high construction costs.

In a note dated Sept 28, RHB Research analyst Oong Chun Sung wrote that risks for Kossan "remain tilted towards the downside" while most of "the negative news [for the industry]" had been priced in.

"This also comes on top of a further round of share price corrections stemming from Top Glove's potential exclusion from the Kuala Lumpur Composite Index followed by passive fund rebalancing post-index re-constitution," Oong wrote.

Key upside risks include an increase in glove ASPs, faster-than-expected capacity expansion, higher-than-expected utilisation rates and cheaper-than-estimated raw material price. E

utor profit- and revenue-wise.

"In the coming quarters, we expect revenue from the automotive segment to catch up to the medical segment level gradually," Shiue said.

Incorporated on May 10, 1990, as a private limited company under the name of Supercomal Wires and Cables Sdn Bhd, the company changed its name to Supercomal Technologies Sdn Bhd in July 1998. It made its debut on Bursa Malaysia's ACE Market in April 1999 and subsequently changed its name to Supercomnet in July 2009.

The company is in the midst of seeking a transfer of its listing to the Main Market from the ACE Market. This exercise is expected to be completed by year's end.

"We believe this may help lift investor interest on the stock — which may lead to a re-rating — since investable medical technology stocks are scarce on Bursa," says RHB Research analyst Loong Kok Wen.

Malacca Securities analyst Kenneth Leong concurs, adding that he expects Scomnet's trading activities will garner greater interest from institutional participants upon completion of the exercise which currently accounts for less than 15% of its shareholdings.

Meanwhile, Loong expects Scomnet's FY2022 earnings to grow by 34% y-o-y.

"Given the pipeline production, particularly for the medical segment, we estimate FY2022 and FY2023 earnings to grow by 34% and 20% respectively. Earnings in the coming quarters should be stronger quarter on quarter, given production volume for most medical products is back-loaded. With the improvement in earnings, we believe the dividend per share will also rise accordingly, maintaining a payout ratio within the 40% region," she wrote in an Aug 16 report.

In a recent statement, Shiue said he remained optimistic about the group's mid- to long-term prospects, underpinned by continuous growing customer demand, visible orders at hand and several new products in the pipeline. "In the remaining quarter of FY2022, we expect one of our new medical products to start contributing to our revenue, after a very long wait," he said, adding that the group expects its performance for FY2022 to be satisfactory. In 1HFY2022, Scomnet recorded a 63% higher PAT of RM16.81 million compared with a year ago, while revenue rose only 8% y-o-y to RM75.84 million. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

Uchi Technologies Bhd

3 BRC AWARDS OVER THE YEARS

Delivering commendable returns from strong exports

BY JUSTIN LIM

Uchi Technologies 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, 2019 (FY2019) and FY2021, for the third year in a row. This demonstrates the electronic control system maker's resilience even during trying times.

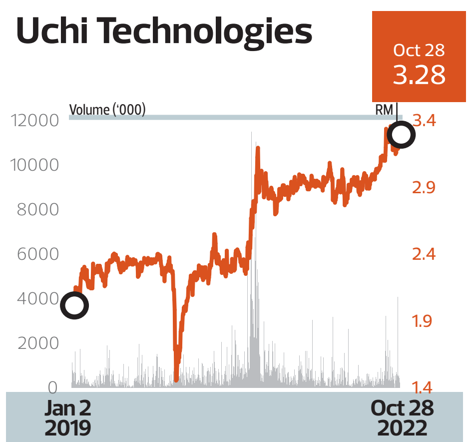
The Penang-based company is primarily an original design manufacturer (ODM) that specialises in the design, research, development and manufacturing of electronic control systems, and serves clients producing fully automated coffee machines. Its key clients include well-known European names such as Jura, Nestlé, Krups, Bosch and Siemens.

This is why the European region accounted for 97% of its revenue in FY2021, with Switzerland and Portugal being its two largest export markets, contributing 44% and 43% of total revenue respectively. Germany (7%) and the UK (3%) are its third- and fourth-largest export markets respectively, and its products are also sold to the US, Japan, China and India markets, its 2021 annual report shows.

During the period under review, Uchi delivered a commendable adjusted weighted ROE of 49.1%. It reported an ROE of 48.5% for 2019, 49.1% for 2020 and 49.3% for 2021.

In FY2021, it posted a high annual profit after tax (PAT) of RM91.46 million as revenue rose to a new high of RM168.51 million, giving it a profit margin of 54%.

On a year-on-year basis, Uchi's PAT increased 9% from RM83.83 million in FY2020, while revenue was up 8.5% from RM155.26 million in the previous year, partly thanks to the strengthening of the ringgit against the US dollar, which is the currency its revenue is denominated in.



The better revenue, it said, can also be attributed in part to the Covid-19 pandemic, which set in motion home-based lifestyles that led to an increase in demand for its product.

It recorded a PAT of RM75.95 million in FY2019 with a revenue of RM156.67 million.

Uchi has consistently delivered on its commitment to distribute at least 70% of net profits as dividends. It paid out 20 sen per share for FY2021, which is equivalent to a payout ratio of 99%. It paid 17 sen and 16 sen per share for FY2020 and FY2019 respectively, with both being over 90% payout ratios.

On its prospects, the group remains "cautiously optimistic" in anticipating revenue in the US dollar to grow by a low-teen percentage y-o-y in FY2022, supported by growing demand for its products and services.

For the cumulative six months ended June 30, 2022 (1HFY2022), the group's net profit surged 37% to RM59.66 million from RM43.6 million in the same period a year ago, as revenue recorded double-digit growth of 28.8% to RM105.08 million from RM81.57 million a year earlier.

At the time of writing, Bloomberg data showed that all four analysts had placed a "buy" call on Uchi, with an average 12-month target price of RM3.53, implying an upside of 7.6% compared to its closing price of RM3.28 on Oct 28.

Inter-Pacific Research Sdn Bhd said on Aug 26 that Uchi's sales have been growing robustly in 1HFY2022, indicating strong household spending on coffee machines and its being unfazed by inflationary conditions.

"It is widely believed that its client has lined up several premium coffee appliances in 2022, fuelling a growth trajectory which we believe is already partly reflected by Uchi's performance. Given that the client has made record sales in 2021, we think that the group would be able to carry over the strong outperformance going into the second half of this year (2HFY2022)," it added.

Meanwhile, CGS-CIMB Research expects Uchi to offer attractive dividend yields of 7.7% to 8.1% between FY2022 and FY2024, supported by a strong net cash position. It says the company had a healthy cash balance of RM198 million (44.5 sen per share) with zero borrowings as at end-June 2022.

Uchi's largest shareholder is Ted Kao De-Tsan, a Taiwanese who held indirect interest of 19.16% and direct interest of 0.6% as at March 17, 2022. The 64-year-old executive director 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.

Besides Malaysia, it has an operating site in Dongguan City, Guangdong Province, China. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

Kobay Technology Bhd

1 BRC AWARD OVER THE YEARS

Rewarding shareholders with capital appreciation

BY ESTHER LEE

Capital gains are an important aspect of investing for those who buy into a company on the stock market. Hence, those who invested early in Kobay Technology Bhd would certainly appreciate how their investment has grown in the last four years.

Investors' patience was probably tested in the earlier years. Kobay's adjusted share price stood at a mere 45 sen on March 29, 2019, and did not change much in the following year. However, by March 31, 2021, the share price had shot up to RM1.56 and it leaped further to RM4.38 by March 31, 2022.

That brought the three-year compound annual growth rate (CAGR) for its shareholder return to 114% — which led to Kobay winning this year's BRC award for the highest returns to shareholders over three years in the industrial products and services sector.

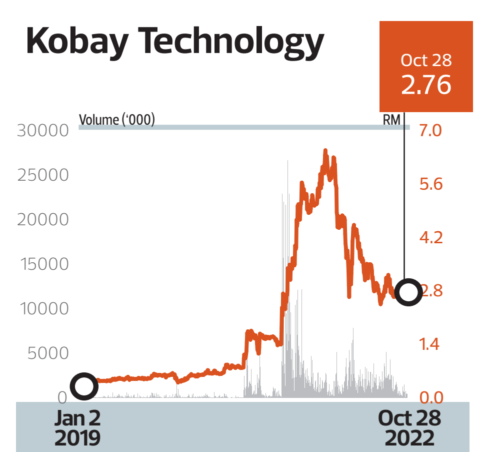
Since April, however, Kobay's share price has been on a steady decline. Closing at RM2.65 to value the company at RM864.38 million at the time of writing, its market capitalisation slipped below the RM1 billion mark. But the company still had a market cap of more than RM1 billion at end-March to qualify for the BRC. Still, at least one sell-side analyst reckons that the company should be worth more than RM1 billion.

The Penang-based company's business is divided into two main segments, with the first being the manufacturing of precision components, tooling, automation equipment and fabricated structures. Its other segment is property development, with its maiden project in Langkawi having a gross development value of RM318 million. Its upcoming projects are largely located in Penang and Kuala Lumpur.

A large portion of the group's revenue is derived from its manufacturing segment, given how Kobay only made its foray into property development in 2016.

The group, which has a financial year ending June 30, saw its revenue grow from RM169.15 million in FY2019 to RM197.52 million in FY2020. However, its revenue fell to RM156.99 million in FY2021.

Kobay said in its annual report that the revenue from its manufacturing division was affected by lower orders from the aerospace and oil and gas industries, which were impacted by the Covid-19 pandemic, thus causing the decline in group revenue.



Interestingly, while revenue faltered in FY2021, its net profit hit a record high of RM26.76 million. Notably, its net profit had climbed steadily from RM18.92 million in FY2019 to RM23.93 million in FY2020. The net profit margin for FY2021 improved by 4.9 percentage points from 12.1% in FY2020 to 17% in FY2021.

Its recently concluded FY2022 was another good year for Kobay, with its net profit almost doubling to RM51.29 million from

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

Sunway Bhd

3 BRC AWARDS OVER THE YEARS

3 CR awards 2015, 2018 2021

Healthcare business gains traction

BY LEE WENG KHUEN

With a risk-weighted three-year profit after tax (PAT) compound annual growth rate of 60.4% over the awards review period, Sunway Bhd outperformed its peers in the industrial products and services sector, clinching *The Edge* Billion Ringgit Club Award for Highest Growth in Profit After Tax over Three Years.

The conglomerate's net earnings jumped more than sevenfold to RM2.66 billion for the financial year ended Dec 31,2021(FY2021), from RM357.3 million in FY2020 on the back of a RM2.29 billion net gain arising from the partial divestment of Sunway Healthcare Group.

For FY2019 and FY2018, its PAT came in at RM709.2 million and RM645.6 million respectively.

Recall that Singapore's sovereign wealth fund GIC Pte Ltd had in June 2021 acquired a 16% stake in Sunway Healthcare Holdings Sdn Bhd (SHH) for RM750 million. SHH is set to become a leading integrated private healthcare group with close to 3,000 beds in the next few years.

Excluding the one-off net gain, the healthcare business would have reported a net profit of RM104 million in FY2021, driven by sustained recovery in hospital activities with a higher number of admissions and outpatient treatments at Sunway Medical Centre and Sunway Medical Centre Velocity.

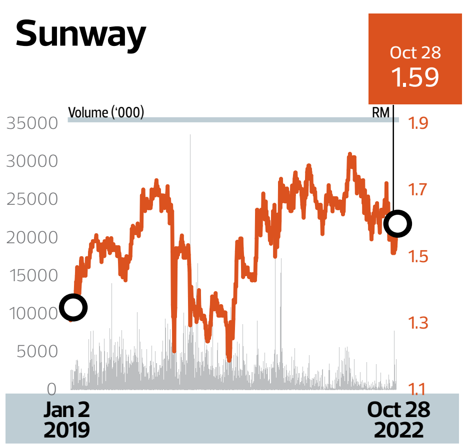
Although the healthcare segment is expected to register a record-high profit in FY2022, Kenanga Research warned that it could see slight negative earnings growth in FY2023 and FY2024 before registering growth again in FY2025, given the gestational losses expected from the three new incoming hospitals.

"That said, the new hospitals are expected to break even faster than the industry norm as established doctors with existing patients are coming onboard," said the research house in an Oct 5 note while maintaining an "outperform" call on Sunway, with a target price of RM2.05.

HLIB Research also sees Sunway's healthcare division gaining traction in the group's development.

"We believe the stock will be re-rated in due time as the healthcare segment will increasingly draw investor focus as the earnings from this segment filter through and as the group progresses closer to the value unlocking exercise of its healthcare through an IPO to be completed by Jan 31, 2028, or earlier," it said in an Oct 14 research note.

Maintaining a "buy" call on Sunway with an unchanged target price of RM2.65, HLIB Research said Sunway remains its top pick, given the group's synergistic business model and well-integrated property, construction and building material operations.



Property development contributed a profit before tax of RM154.1 million to the group in FY2021, followed by construction (RM148.8 million), trading and manufacturing (RM38 million), building materials (RM10.6 million) and quarry (RM9.4 million).

However, property investment incurred a loss before tax of RM10 million, as its leisure and hospitality divisions were adversely affected by the various phases of Movement Control Orders and lockdowns.

For the six months ended June 30, 2022 (6MFY2022), Sunway's net profit was RM309 million, more than double the RM128.97 million in 6MFY2021, thanks to improved performance across all business segments.

Sunway believes its leisure and hospitality segments will be able to perform well, owing to improving domestic tourism demand and higher tourist arrivals.

"The healthcare segment will also benefit from the recovering medical tourism sector as international travel starts to normalise. Barring unforeseen circumstances, the board is optimistic that the group's financial performance for FY2022 will be satisfactory," it commented on the prospects after the release of its latest quarterly results.

Founder and chairman Tan Sri Dr Jeffrey Cheah holds a 64.65% interest in the group. Sunway has two listed subsidiaries on Bursa Malaysia: Sunway Construction Group Bhd and Sunway Real Estate Investment Trust (Sunway REIT), with stakes of 54.56% and 40.89% respectively.

Sunway's shares hit a high of RM1.85 in April this year before paring gains to close at RM1.53 on Oct 21, giving it a market capitalisation of RM7.55 billion.

At the time of writing, Bloomberg data shows that of the 12 analysts covering the stock, nine had "buy" calls and three "hold", with a consensus target price of RM2.02.

Sunway declared a total cash dividend of 2.5 sen per share for FY2021, with the dividend payout equivalent to 33% of core profit after tax and minority interest, which was well above the 20% dividend payout guidance. E

RM26.76 million in the previous year.

Revenue also saw significant growth, doubling to RM354.27 million in FY2022 from RM156.99 million in the previous year. The rise in revenue and net profit was attributed to higher demand from the electrical and electronics industry and contribution from its newly acquired pharmaceutical business.

In July 2021, the group received shareholder approval to purchase 70% of pharmaceutical company Avelon Group for RM47.7 million (with an option to buy the remaining 30%), in a deal that came with a profit guarantee of RM25.5 million over three years (which is an average of RM8.5 million a year). Avelon has four pharmacies operating under the brand Park@City, a retail store that sells BioBay brand products and a warehouse in the Klang Valley.

In a Sept 12 report, Hong Leong Investment Bank Research (HLIB Research) said Kobay was in the final stage of preparations for its venture into the manufacturing of aluminium frames for solar panels, which would further expand its clientele.

"Management expects FY2023 expansion to be largely driven by the organic growth of the core business with a set target of between 50% and 80%. The new business segments will be an additional bonus for the group, namely the solar segment and EMS," the HLIB Research analysts wrote, reiterating their "buy" recommendation on the stock.

Its target price, however, had been lowered to RM4.94 from RM6.08 to reflect a downward revision to its FY2023 earnings forecast, which reduces the value of its manufacturing business to RM1.36 billion (RM4.16/share) from RM1.73 billion (RM5.30/share) while still pegged to a multiple of 25 times. Using a sum-of-parts method, HLIB continued to value Kobay's property division at FY2021 book value of RM80.9 million (25 sen/share) and its pharmaceutical business at 20 times FY2023 earnings (RM172.4 million, or 53 sen/share).

The research house added that the property development segment is expected to recover gradually on the back of the completion of the Langkawi project by the end of 2022. "In view of the escalating cost of building materials and increase in borrowing costs, Kobay will take measures to mitigate the impact and pace out new launches according to market demand," it wrote. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PROPERTY (RM3 BIL AND ABOVE MARKET CAPITALISATION)

UOA Development Bhd

8 BRC AWARDS OVER THE YEARS

Winning streak demonstrates steady foundation

BY PRIYATHARISINY VASU

The lingering effects of the Covid-19 pandemic and slower construction activities amid a labour crunch are still apparent even as players in the local property industry navigate the new normal. However, one property company not only proved that it could weather these storms but also emerged stronger.

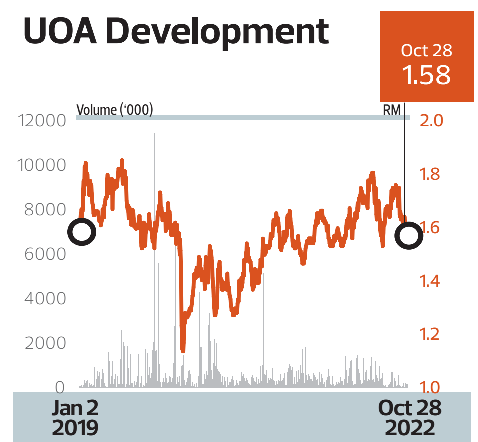
For the sixth straight year since 2017, UOA Development Bhd again takes home *The Edge* Billion Ringgit Club (BRC) award for highest return on equity (ROE) over three years among larger-cap peers in the property sector. It has also clinched the BRC highest returns to shareholders over three years award, an accolade it won in 2018 and 2019.

The pandemic has had an impact, for sure, as shown by the numbers collated according to the awards methodology. UOA Development's ROE slipped from 8.2% in 2019 to 7.5% in 2020 and skidded further to 4% in 2021. However, the adjusted weighted three-year ROE of 5.9% for the period from 2019 until 2021 was still the highest among developers with a market capitalisation above RM3 billion. ROE, which is calculated by dividing net income by shareholders' equity, is a gauge on how efficiently profits are being generated.

Despite the pandemic ravaging the balance sheets of many corporations, the property developer continued to reward shareholders for the period under review, which is evident in the shareholders' returns for three years. During the period reviewed for the awards, UOA Development's adjusted share price went from RM1.73 on March 30, 2019, to RM1.76 a share this year on March 31 — translating into a three-year compound annual growth rate (CAGR) shareholder return of 0.7%, a number that may not seem all that impressive at a glance, but one that beat its peers during tough times.

It is also worth noting that, despite the tumultuous operating environment, UOA Development maintained its dividend payout to shareholders — 14 sen per share in 2019 and 2020, and 15 sen in 2021.

To be sure, UOA Development was not spared from the broader market weakness. Year to date (YTD), its share price has fallen 17% from its peak on June 2, 2022 of RM1.91 to RM1.58 as at Oct 28, though still an improvement from as low as RM1.53 on July 18 this year. Nonetheless, investment analysts who track the group see promising prospects ahead. Four out of five analysts who cover UOA Development had a "hold" recommendation on the stock with a target price of RM1.73 at the time of writing.



Although the group's net profit slipped 16.6% to RM45.3 million in the second quarter ended June 30, 2022 (2QFY2022) from RM54.4 million a year earlier on the back of lower sales, its total unbilled sales as at June 30, 2022 amounted to approximately RM123.9 million.

Still, there may be upside from its ongoing projects. Current developments include The Goodwood Residence within Bangsar South; Aster Green Residence within the established township of Sri Petaling; and Komune Living & Wellness (formerly known as Bandar Tun Razak development), a project within the dynamic and thriving township of Cheras.

The three projects have a combined gross development value (GDV) of RM1.2 billion.

Developments in the pipeline include Desa 3, Laurel Residence and Sri Petaling Phase 2, which are targeted for launch this year. Desa 3 comprises eight units of semi-detached houses located in Taman Desa. Laurel Residence comprises two blocks of 1,260 residential units located in Bangsar South, while the second phase of Sri Petaling adjacent to Aster Green Residence comprises two blocks of 1,238 residential units. These three projects have an anticipated combined GDV of RM1 billion.

The group says it will cautiously time its future launches in line with the property market sentiment and overall economic conditions.

Founded and listed on the Australian Stock Exchange as United Overseas Australia Ltd in 1987, UOA focuses on property development, construction, property investment and property management. Since 1989, the group has based its headquarters and business operations in Kuala Lumpur.

On June 8, 2011, UOA successfully listed its construction and development division UOA Development on the Main Market of Bursa Malaysia, which placed the company as one of the largest listed property development companies by market capitalisation in the country. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

PLANTATION

United Plantations Bhd

4 BRC AWARDS OVER THE YEARS

CR award 2016

Bumper returns from responsible planter

BY PRIYATHARISINY VASU

United Plantations Bhd (UP) is no stranger to *The Edge* Billion Ringgit Club (BRC) awards, being among the winners in 2010 when the awards began and recognised for its efforts in corporate responsibility more than once.

For the second straight year, the niche oil palm planter is taking home the award for highest return on equity (ROE) over three years, which it also won in 2010.

UP, which has plantation estates and mills in Perak and Indonesia, posted a bumper profit of RM522 million for the financial year ended Dec 31, 2021 (FY2021) — a 30% improvement from the RM402 million achieved in FY2020.

Revenue increased 52% in FY2021 to RM2.03 billion compared with FY2020 mainly due to higher crude palm oil (CPO) and palm kernel (PK) production and sales prices.

Its palm oil production rose to 251,601 tonnes in FY2021, a 3.6% increase on year, mainly attributable to the favourable weather conditions experienced in 2021 as well as the tremendous efforts undertaken to secure the crop despite severe labour shortages in 2020 and 2021.

Its plantation division in Indonesia generated a record group contribution of RM75.1 million in 2021 against RM42.5 million in 2020, representing an increase of 76.7%.

The good results were also primarily a function of the higher market prices for CPO and PK, and cost controls implemented during the year.

The record profit helped lift UP's weighted return on equity (ROE) over three years to 16.6%, the best return among its peers in the plantation sector. ROE increased from 11.1% in 2019 to 15.5% in 2020, and 19.6% in 2021.

Earnings per share grew steadily from 68 sen in 2019 to 96 sen in 2020, and rocketed to 125 sen in 2021.

UP paid a dividend of 115 sen per share to its shareholders in FY2021 compared with 85 sen a share in FY2020.

In FY2021 its cash position stood at RM478 million compared with RM465 million in FY2020.

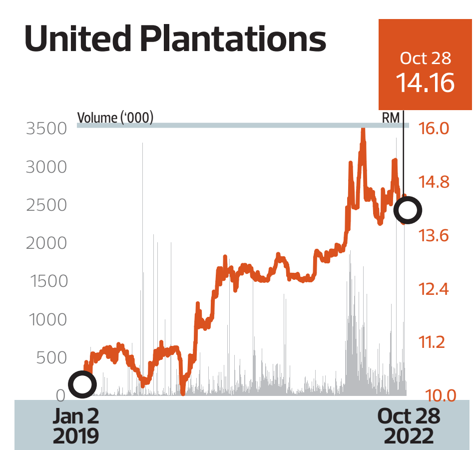
In its annual report, UP states that it will continue to maintain a conservative capital structure to have the flexibility to utilise internally generated funds for capital investments within the group, sustain a stable dividend to shareholders and have the capability to pursue new investments.

The group's 2021 capital expenditure for property, plant and equipment (including bearer plants) and right-of-use assets was RM114.4 million compared with RM108.4 million in 2020.

During the year, RM29.8 million was spent on replanting activities on 1,733ha compared with 1,384ha in 2020.

UP's largest shareholder is the Bek-Nielsen family, with a stake of 43.85% held via United International Enterprises Ltd and the family's holding company, Maximum Vista Sdn Bhd, followed by the Employees Provident Fund (EPF) with an 8.8% stake and the Perak State Agriculture Development Corporation with a 5.79% stake.

On the group's prospects and outlook, UP CEO Datuk Carl Bek-Nielsen says the UP management will continue to devise ways to manage the cost of raw materials such as energy, fertilisers, chemicals and building materials that has gone up due to global supply chain challenges.



He adds that special attention will continue to be given towards addressing the present acute labour shortages and increasing yields and productivity.

"We will pursue this relentlessly through continued mechanisation efforts and replanting of the older and less productive oil palm stands in order to take full advantage of our latest superior planting materials from our research department as a vital part of sustaining our positive development," says Nielsen in the 2021 annual report.

He adds that UP's positive liquidity and conservative capital resources position will enable the group to perform satisfactorily without the need for any asset impairments arising from the current global market developments. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

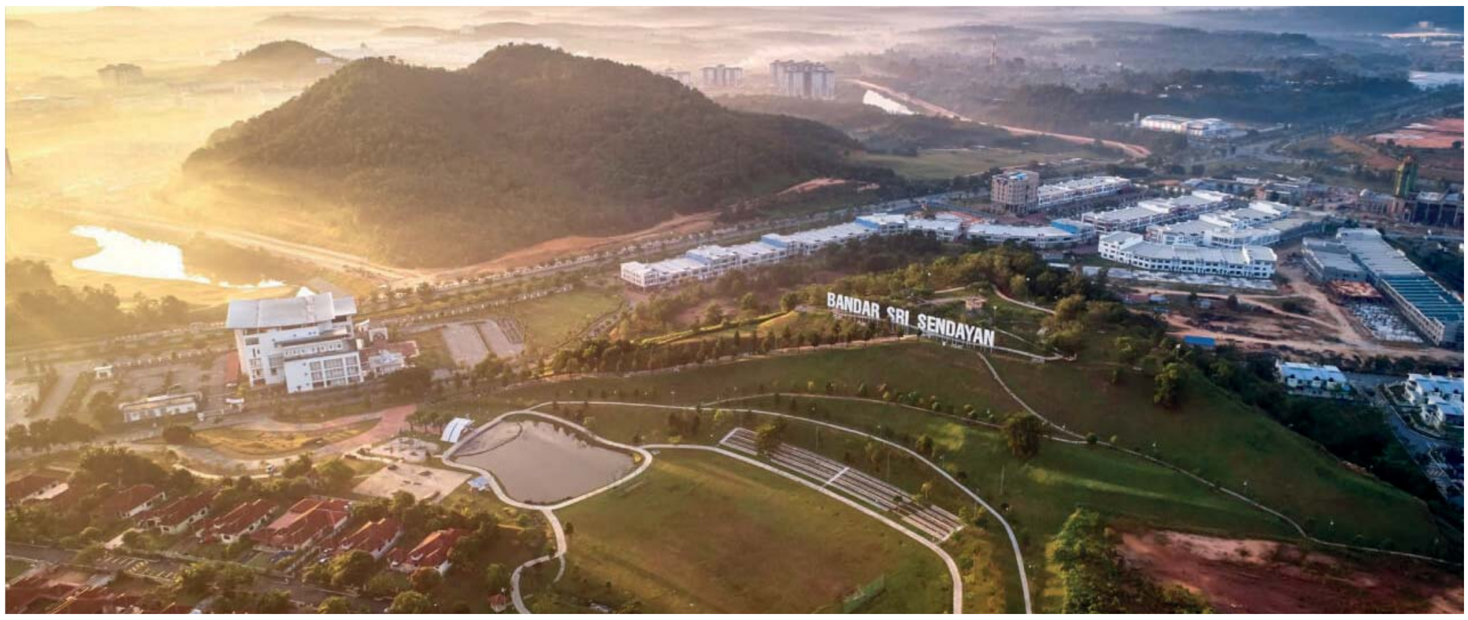
PROPERTY (BELOW RM3 BIL MARKET CAPITALISATION)

Matrix Concepts Holdings Bhd

8 BRC AWARDS OVER THE YEARS

Sustaining a winning streak

BY LIEW JIA TENG



Those who have been following *The Edge* Billion Ringgit Club (BRC) awards over the years would know that Matrix Concepts Holdings Bhd has kept a long winning streak.

Since 2017, the Seremban-based property developer has taken home *The Edge* BRC award for the highest return on equity (ROE) over three years for companies with a market capitalisation not exceeding RM3 billion. It has done it again for the sixth consecutive year.

Its adjusted weighted three-year ROE of 16% for the period under review is the highest among developers with a market capitalisation of between RM1 billion and RM3 billion. 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.

That Matrix Concepts has come in ahead of the pack in this category is no surprise. Nevertheless, it should be noted that its ROE has been on a downtrend for four straight financial years.

Numbers collated based on *The Edge* BRC award methodology shows Matrix Concepts' ROE slipping from 19.1% in the financial year ended March 31, 2018 (FY2018) to 17.2% in FY2019, before skidding further to 16.2% in FY2020. The ratio continued to decline to 15.4% in FY2021 and 11% in FY2022.

Still, its consistent double-digit ROEs over the past few years, which were well above industry average, have not gone unnoticed by the investing fraternity.

In a research note dated Aug 26, Hong Leong Investment Bank (HLIB) Research estimated that Matrix Concepts' ROE could remain at a double-digit level of 11% in FY2023, followed by 11.8% in FY2024 and 11.6% in FY2025.

According to HLIB Research analyst Tan Kai Shuen, the research house continues to like Matrix Concepts because of its proven track record as a township developer, as well as its strategically located developments that are well positioned to capture the spillover demand from the Klang Valley.

Matrix Concepts' net profits grew steadily from RM185.3 million in FY2017 to RM213.3 million in FY2018, and rose further to RM218.4 million in FY2019, RM237.4 million in FY2020, and RM262.2 million in FY2021. However, it dropped 22% year on year to RM205.2 million in FY2022.

A quick check of Matrix Concepts' annual report 2022 shows that its shareholders' equity had increased from RM1.6 billion in FY2020 to RM1.8 billion in FY2021 and RM1.91 billion in FY2022.

Matrix Concepts has come a long way since its inception in 1996. It launched its maiden project, a mixed residential and commercial de-

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

PROPERTY (BELOW RM3 BIL MARKET CAPITALISATION)

YNH Property Bhd

2 BRC AWARDS OVER THE YEARS

Enviable share price rally

BY JOSE BARROCK

YNH Property Bhd's stock has gained more than 52% since early March this year and hit a multi-year high of RM4.09 on Oct 21. The run in the stock has been a steady one, and in stark contrast to the Bursa Malaysia Property Index, the benchmark for property development companies, which slumped to 599.99 points on Oct 21, its lowest in almost two years.

Against this backdrop, it is not surprising that YNH has bagged the top prize for highest shareholder returns for three years for property development companies with a market capitalisation of below RM3 billion — its second win after beating its sectoral peers last year. Shareholder returns from end-March 2019 to end-March 2022 reflect a 32.9% compound annual growth rate.

To put things in perspective, YNH's stock was trading at RM1.18 at end-March 2019. It gained close to 125% to RM2.65 at end-March 2020, and 6% to RM2.81 at end-March 2021, before easing just under 2% to RM2.76 by end-March this year.

For FY2021 ended December, YNH registered net profits of RM21.25 million on the back of RM231.28 million in revenue. In FY2020, it chalked up net profits of RM6.8 million from RM263.13 million in turnover.

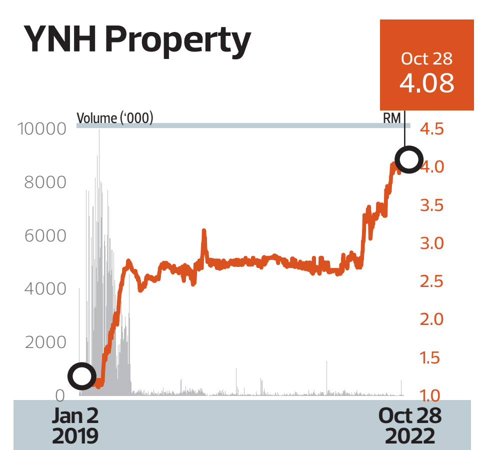
Nevertheless, the current financial year has not started out well for YNH. For the six months ended June, the company suffered a net loss of RM7.52 million from RM106.32 million in revenue.

As at end-June this year, YNH had cash and bank balances of RM51.07 million. On the other side of the balance sheet, it had short-term borrowings of RM299.95 million and long-term liabilities of RM319.94 million. Retained earnings stood at RM317.26 million.

In a commentary on its prospects, YNH says, "The local and global economic climate remains challenging due to the uncertainties caused by the Covid-19 pandemic. The group's project progress as well as its hospitality arm are affected by the pandemic.

"The stimulus package(s) announced by the government, including the reduction of overnight policy rates and re-introduction of house ownership campaigns will make homeownership more affordable. As such, the board is cautiously optimistic that demand for property will be sustainable, given the strategic location and correct pricing of our properties."

YNH's property projects are promising. In January last year, the company undertook a soft launch of Solasta Dutamas, a high-end residential development project in Mont'Kiara, Kuala Lumpur, with a gross development value (GDV) of RM750 million. The project comprises 1,159 units and is slated to con-



tribute positively to the group for the next three financial years.

YNH also has a three-acre tract of land in Kuala Lumpur's Golden Triangle area, with a wide frontage of 320ft along Jalan Sultan Ismail. It plans to build its group corporate headquarters, Menara YNH, on this land. YNH has already obtained approvals for a development order for this project, comprising an office tower and a shopping mall. It will have a GDV of RM2.1 billion.

In addition, the company has inked joint-venture agreements for the development of parvelopment comprising 595 units, in Taman Bahau in Negeri Sembilan. In 2013, it was listed on the Main Market of Bursa Malaysia. Three years later, the group launched its first overseas project — M Carnegie Boutique Apartment in Melbourne, Australia.

Fast forward to today, Matrix Concepts operates property development and construction businesses primarily focused on Negeri Sembilan and Johor. The group is also involved in education, hospitality and healthcare, which cumulatively create a unique business model that is sustainable and resilient for its competitive advantage.

Matrix Concepts' flagship property development is its township in Negeri Sembilan, which has now expanded beyond Bandar Sri Sendayan to also include Ara Sendayan, Tiara Sendayan, Bayu Sutera, Irama Sendayan, Laman Sendayan and Eka Heights. Collectively known as Matrix's Sendayan Developments, it covers an area of about 7,000 acres. Another township, nestled in a 1,210-acre expanse in Kluang, Johor, is Bandar Seri Impian.

The group's presence in property development is not limited to townships but now also encompasses a high-rise development, with the addition of the RM322.7 million gross development value (GDV) Chambers Residence in Kuala Lumpur.

For FY2022, Matrix recorded sales of RM1.34 billion, up 10.7% y-o-y, compared to RM1.21 billion in FY2021. The sales achieved for the financial year have exceeded the group's internal target of RM1.2 billion. Equally encouraging, unbilled sales achieved for FY2022 stood at RM1.3 billion, higher than that of RM1 billion in FY2021. The average take-up rate across all property projects launched was 89.7%.

With a larger shareholder equity, keeping its double-digit ROE would be harder than before but this serial winner has yet to disappoint. E

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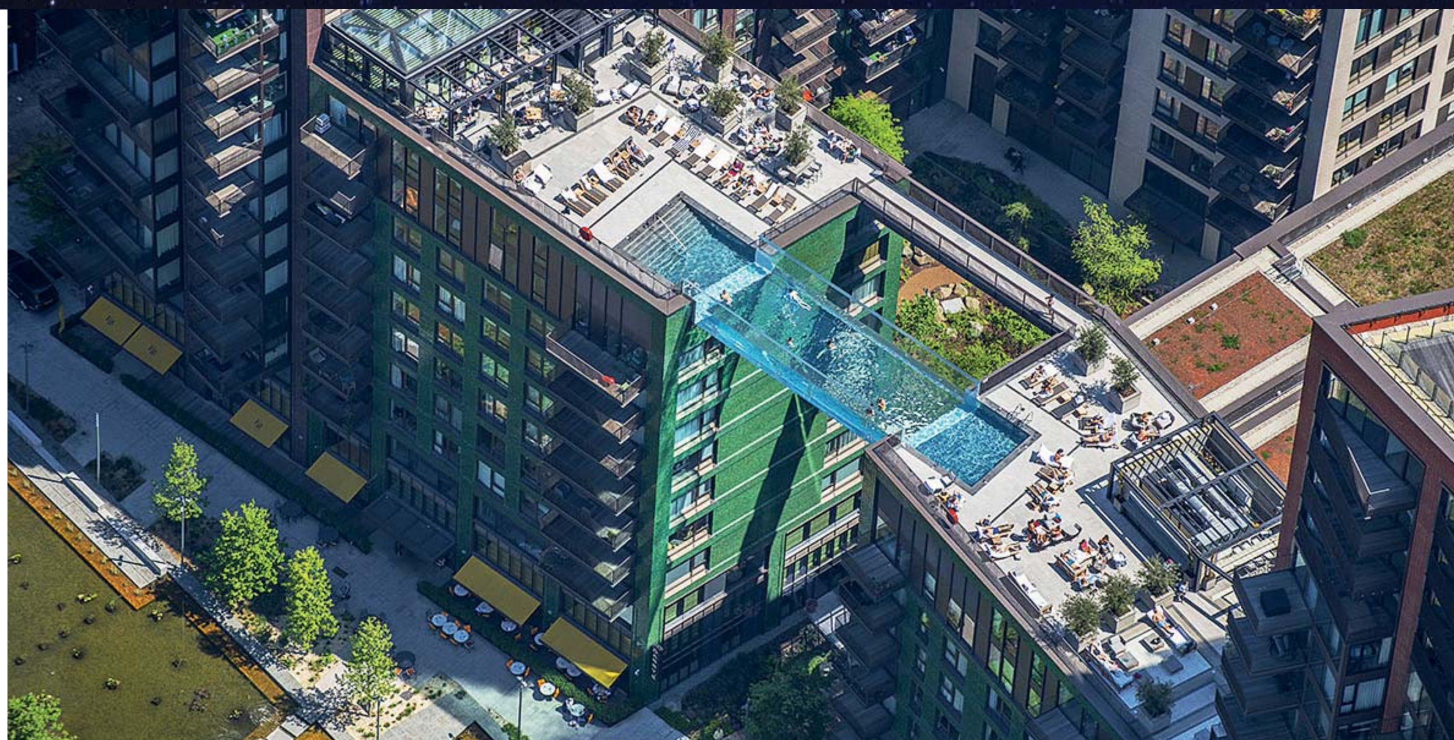
cels of land with RM1.8 billion in GDV in Mont'Kiara in Kuala Lumpur; Ipoh and Seri Manjung, which should contribute positively to earnings for the next 15 to 20 years.

YNH also has a 95-acre tract of land next to Genting Highlands Resort that it acquired in 2008 for RM16.05 million. It is planning to build bungalows, condominiums and retail outlets, among others, for both local and foreign investors. The estimated GDV for this development is RM1.96 billion and it is expected to contribute to the group's earnings for the next 20 years.

Charting the direction of YNH are brothers Datuk Yu Kuan Huat, its managing director, and Datuk Dr Yu Kuan Chon, its chairman and executive director. Collectively, they own 32.58% of YNH.

Kuan Chon is also a 24.42% shareholder and non-executive chairman of Rapid Synergy Bhd, a company that undertakes property investment and the manufacturing of high precision integrated circuit moulds. Rapid Synergy had a market capitalisation of close to RM1.6 billion at the time of writing, close to YNH's market capitalisation, which had breached the RM2 billion mark after the run in its share price. E



HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PROPERTY (BELOW RM3 BIL MARKET CAPITALISATION)

Eco World Development Group Bhd

4 BRC AWARDS OVER THE YEARS

Generating decent profits in a soft market

BY PRIYATHARISINY VASU

This year, Eco World Development Group Bhd (EcoWorld) takes home *The Edge* Billion Ringgit Club (BRC) award for highest growth in profit after tax over three years among property companies with a market capitalisation of below RM3 billion.

While this marks the first time the company has won in this category, EcoWorld is not a first-time winner for BRC, having clinched accolades three times between 2014 and 2016.

Indeed, it is no small feat to remain profitable amid the soft property market and lingering impact of the Covid-19 pandemic.

The group's net profit rose from RM93.5 million in FY2018 to RM203.4 million in FY2019, dipping slightly in FY2020 to RM160.2 million before rebounding slightly in FY2021 with a net profit generation of RM182.7 million. This reflects a risk-weighted three-year profit after tax compound annual growth rate (CAGR) of 25%, according to the awards methodology, placing the property player ahead of peers.

In its 2020 annual report, EcoWorld said that particular year was unlike any other in which the property player had to navigate market challenges and uncertainties arising from the pandemic, which upended the best-laid plans of most businesses.

Against the backdrop of this highly challenging environment, EcoWorld still delivered RM2.3 billion in sales for FY2020, which was 15% higher than the sales target of RM2 billion. Eco World International, its 27%-owned joint venture, achieved RM1.4 billion in sales, which was 25% higher than FY2019.

As the economy regained momentum in 2021, EcoWorld's revenue rebounded slightly to RM2.04 billion. The same year, the property player achieved RM3.5 billion in sales, which

is markedly higher than both the sales target set for FY2021 of RM2.87 billion and actual sales achieved in FY2020 of RM2.3 billion.

Eco World International achieved RM1.4 billion sales in FY2021.

Along with the group's improved balance sheet and cash position, the board also declared total dividends of four sen per ordinary share in FY2021, which is double the amount declared in FY2020. The total dividend payout is about RM117.8 million, representing a payout ratio of 64%.

The group shows no signs of slowing down as EcoWorld Malaysia's 10-month year-to-date (YTD) sales have already reached RM3.44 billion against a full-year sales target of RM3.5 billion.

YTD net profit stood at RM155.43 million against RM139.92 million posted a year ago even as revenue grew to RM1.48 billion compared with RM1.37 billion posted in the same period last year.

In its latest financial report for the third quarter ended Oct 31, 2022, EcoWorld said sales performance in all three regions continued to grow, with projects in the Klang Valley and Iskandar Malaysia accounting for 55% and 31% of total sales respectively, while projects in Penang made up the balance of 14%.

Sales increased RM1.27 billion from June to August, with contributors to sales including projects from the Klang Valley such as Eco Ardence, Eco Majestic, Eco Grandeur and Bukit Bintang City Centre (BBCC).

The group's township and business park projects in the southern region of Iskandar Malaysia recorded sales of RM444.75 million between June and August 2022, enabling total YTD sales to exceed RM1 billion.

The higher demand for more aspirational properties across the group's projects in Iskandar Malaysia is mainly attributable to the return of many Malaysians working in Singapore following the reopening of the country's borders on April 1, 2022. The border reopening has also driven up demand for the group's industrial properties.

Up north in Penang, Eco Horizon saw sales further increase by RM144.45 million from June to August 2022 as units in its second phase of Co-Homes (priced above RM527,000) were quickly snapped up.

Its total YTD sales from Eco Horizon stand at RM447.52 million. This is a sizeable sum from a single township, as an increasing number of Penangites are drawn to the group's flagship on the mainland, boosted by the thriving Batu Kawan industrial hub located adjacent to the project.

For EcoWorld International, property sales activities in the UK and Australia have also improved, enabling EcoWorld International to record sales plus reserves of RM2.090 billion, which is 58% more than the RM1.326 billion recorded in the same period of FY2021.

Based on the above and the strong sales momentum achieved throughout FY2022, with good growth recorded across all three geographic regions and in every market segment, the outlook for EcoWorld Malaysia remains bright — making it a strong contender for next year's awards. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

REAL ESTATE INVESTMENT TRUST

IGB REIT

10 BRC AWARDS OVER THE YEARS

Prime assets delivering steady returns from strong footfall

BY VASANTHA GANESAN

IGB Real Estate Investment Trust (IGB REIT), which has remained resilient throughout the Covid-19 pandemic, has once again bagged *The Edge* Billion Ringgit Club corporate award for the highest return on equity (ROE) over three years in the REIT sector. This marks the sixth consecutive win for the REIT, which owns Mid Valley Megamall (MVM) and The Gardens Mall (TGM).

With an ROE of 9.1% in 2019, 6.9% in 2020 and 5.8% in 2021, it achieved a weighted ROE over three years (FY2019, FY2020 and FY2021) of 6.8%.

At the same time, the group's net property income (NPI) — which was at its highest at RM398.78 million in FY2019 — was RM316.68 in FY2020 and RM275.1 million in FY2021. The decline was a result of the pandemic in 2020 and 2021.

The REIT rewarded its unitholders with a distribution per unit (DPU) of 9.16 sen in FY2019 and 6.75 sen in FY2020, compared with earnings per unit (EPU) of 8.91 sen and 6.65 sen respectively. In FY2021, IGB REIT declared a lower DPU of 6.03 sen, while EPU was at 5.61 sen.

Listed in 2012, IGB REIT's portfolio of two malls has a combined net lettable area (NLA) of 2.69 million sq ft, with MVM offering 1.84 million sq ft and TGM 844,466 sq ft.

The REIT's 2021 annual report says periodic lockdowns and restrictions imposed by the government in 2021 affected the portfolio's turnover. "With stringent restrictions in place during the MCO (Movement Control Order), retail sales and visitor footfall dropped significantly, and IGB REIT understood that it would take time to see improvements.

"Amid these challenges, we adopted various strategic initiatives to continue supporting tenants to stay in business while protecting our revenue stream."

In the financial year ended Dec 31, 2021, IGB REIT's total revenue was RM399.53 million, down 14.12% from RM465.24 million in FY2020. Net profit declined by 15.48% to RM200.1 million from FY2020, owing largely to the rental support that the mall provided to eligible tenants because of the pandemic and resultant MCO.

Despite a tough retail sales environment in 2020 and in 2021, occupancy rates remained high. As at Dec 31, 2021, the occupancy rate was 97.8% at MVM and 90.7% at TGM.

MVM commenced operations in 1999, following the 1997/98 Asian financial crisis, while TGM opened for business in September 2007. In the same month, two other major malls in the Klang Valley opened their doors. Critics who had doubted that the mall would be successful, given the timing of the openings, have been proven wrong, as the retail asset has continued to flourish through the years.

IGB REIT notes that the pandemic has changed the way it conducts its business and daily affairs. For one, it has accelerated the shift towards the adoption of technology. "For our malls to continue to remain relevant, we need to keep an ear to the ground and monitor the evolution of these trends, particularly as they impact the domestic retail market," the REIT says, adding that it will remain committed to crafting dynamic retail experiences for its customers and ensuring that its offerings remain relevant and exciting.

Following the easing of movement restrictions and the country easing into the endemic phase, the malls' strategic location and strong shopper traffic, the REIT's performance is improving. In the six months ended June 30, 2022, IGB REIT's revenue leapt to RM267.57 million, from RM184.36 million, and net profit surged 91.8% to RM168.85 million, from RM88.03 million.

Hong Leong Investment Bank in its research note dated July 28 said 1HFY2022 performance was mainly due to improving retail sales arising from better shopper footfall with the transition to endemicity. Moreover, the occupancy rate at both malls is above 99%.

"IGB REIT's prospects continue to be bright, as the lifting of restrictions and reopening of international borders will elevate shopper traffic, which will in turn underpin retail sales.

"We continue to like IGB REIT, owing to its prime asset location to capitalise on the strong recovery in domestic footfall, robust occupancy rates and monthly rental income returning to pre-pandemic levels," it said.

Meanwhile, RHB Research — which has a RM1.85 target price and "buy" call — said in an Oct 19 note that it liked IGB REIT "for its prime assets, which are close-to-full occupancy, and domestic shopper profile, which should ensure high footfall". E

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

REAL ESTATE INVESTMENT TRUST

Axis REIT

6 BRC AWARDS OVER THE YEARS

Steady income amid challenging landscape

BY CHERYL POO

Axis Real Estate Investment Trust (Axis REIT) proved its resilience among peers in face of disruptions from the Covid-19 pandemic and global economic headwinds yet again – bagging the same two The Edge-Billion Ringgit Club (BRC) awards in the REIT sector for a third consecutive year.

With its industrial-centric portfolio and tenant profile being less affected by movement restrictions than consumer-facing businesses, the REIT's realised income after taxation grew during the period in review, rising 9% to RM136.2 million for the financial year ended Dec 31, 2021, from RM124.9 million in FY2020. Realised income after taxation was RM113 million and RM115.2 million in FY2018 and FY2019, respectively.

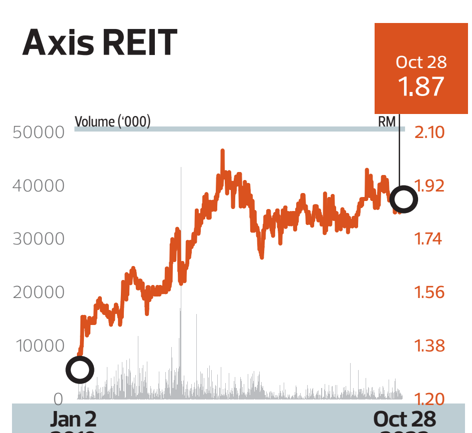
That brings the risk-weighted profit after tax growth over the three-year period between FY2018 and FY2021 to 6.3% — the highest growth in profit after tax over three years among peers in the REIT sector on Bursa Malaysia.

Its net property income had grown in tandem — registering RM182.8 million in FY2018, RM191.7 million in FY2019, RM198.5 million in FY2020 and RM212.9 million in FY2021.

Axis REIT declared a total distribution per unit (DPU) of 9.49 sen for FY2021, translating to a distribution yield of 4.89% based on the fund's closing unit price of RM1.94 as at Dec 31, 2021. The REIT paid out DPUs of 8.74 and 9.26 sen in FY2018 and FY2019.

The dividends bolstered total returns to shareholders for the period of March 30, 2019 to March 31, 2022, in the REIT category to 7.9% — also the highest among peers, bagging Axis REIT the BRC award for highest returns to shareholders over three years for the sector.

For the six months ended June 30, 2022, Axis REIT recorded a total revenue of RM139 million. The realised net income



HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURN ON EQUITY OVER THREE YEARS

TECHNOLOGY

MyEG Services Bhd

5 BRC AWARDS OVER THE YEARS

Benefiting from rising demand for e-government services

BY ADELINE PAUL RAJ

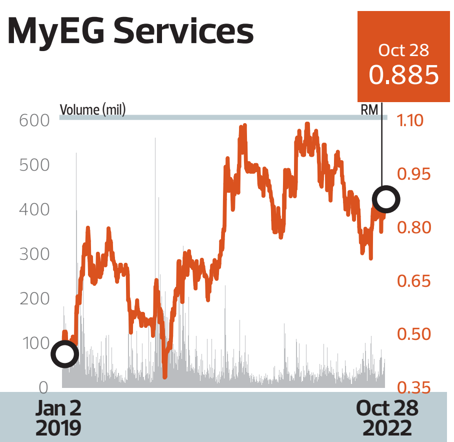
A leading digital service provider, MyEG Services Bhd stands out as one of the few public-listed companies whose earnings continued to grow during the Covid-19 lockdowns, as an increasing number of people embraced digital channels.

Last year, the Main Market company clinched *The Edge* Billion Ringgit Club (BRC) award for highest return on equity (ROE) over three years in the technology sector. This year, it bagged the BRC awards for highest ROE, as well as highest growth in profit after tax (PAT), over three years in the sector.

MyEG's PAT, which stood at RM103.2 million for the 15 months of the financial period ended Sept 30, 2018 (its financial year end was changed from June 30 to Sept 30), climbed to RM303.09 million in the next 15 months ended Dec 31, 2019, as it changed its financial year end again, to Dec 31. For the BRC awards, these numbers were annualised for 2018 and 2019 to take into account the changes to financial year end.

Even as the pandemic struck, MyEG's PAT grew from RM268.66 million in FY2020 ended Dec 31 to RM315.94 million in FY2021. Based on the BRC methodology, MyEG's risk-weighted three-year PAT compound annual growth rate stood at a solid 45.2% — the highest among companies listed under the technology sector on Bursa Malaysia.

Its ROE had declined from 37.9% in 2019 to 23.4% in 2021 but, based on the awards methodology, its adjusted weighted ROE of 27.9% over three years is still the highest among its peers.



Having commenced operations in 2000 as the flagship e-government service provider, MyEG has since expanded its services to include a variety of commercial offerings in areas such as immigration, automotive, healthcare and financial services. Among its services are the renewal of vehicle road tax, foreign worker permits and the supply of digital infrastructure solutions and development.

Lately, the buzz around MyEG has been related to the potential of blockchain technology. Early last month, MyEG and Mimos Technology Solutions Sdn Bhd (MTS) agreed to team up to look into developing a national public blockchain. They plan to do this using MyEG's blockchain platform, Zetrix, and Mimos blockchain technology as the components of the Malaysia Block-Chain Technology, which is a key element of the government's National Blockchain Roadmap launched on Aug 9.

THE EDGE MARKETS.COM

Zetrix can provide multi-pronged revenue streams to fuel MyEG's earnings growth, according to UOB Kay Hian Research. The research house says in an Oct 7 report: "Zetrix can generate earnings for MyEG via [an] initial coin offering (ICO), charging gas fees, service fees per credentials/contract for its verifiable credentials and e-signing services, and annual fees for its blockchain-based identifiers. We had previously assessed that Zetrix's services could produce annual revenues of more than RM650 milion from these revenue streams, excluding ICO proceeds of RM210 million to RM420 million."

UOB Kay Hian Research has listed MyEG as one of its top growth-stocks-at-a-reasonable-price picks. "MyEG is a standout in that earnings could well beat 2023/24 street expectations, should its blockchain platform Zetrix gain significant traction in facilitating cross-border trades with China, linked via China's digital yuan platform," it says in an Oct 11 report.

For the first half of FY2022, MyEG's PAT rose 10.4% year on year to RM173.26 million, from RM156.97 million, even as revenue fell 2.9% y-o-y to RM323.56 million.

The group says it expects to continue introducing innovative services by leveraging new technologies in Malaysia as well as the countries in which it has a presence — the Philippines, Indonesia and Bangladesh — to drive organic growth.

It recently announced plans to raise up to RM1 billion through a sukuk wakalah perpetual programme to fund working capital requirements, capital expenditure and business expansion, among others.

At the time of writing, Bloomberg data showed that all nine analysts who tracked the stock had a "buy" call on it, with the average 12-month target price at RM1.20. The stock had shed 15.9% over a year to close at 88.5 sen on Oct 28, giving the company a market capitalisation of RM6.58 billion. E

AXIS REIT ANNUAL REPORT

generated from operations was RM82 million after deducting total expenditure of RM57.2 million, of which RM18.6 million was attributable to property expenses and RM38.6 million to non-property expenses.

In its filing with Bursa Malaysia, Axis REIT cautioned that an unexpected worsening of the Covid-19 pandemic may impact its operations and financials, which "have been manageable thus far for the rest of the financial year ending Dec 31, 2022.

"Positively, the current gearing level of 36% provides headroom for Axis REIT to continue its yield-accretive acquisition strategy should good opportunities come along," it said.

Axis REIT also said it successfully secured renewed tenancies during FY2021 for 1.75 million sq ft of space. These efforts, along with new property acquisitions, "raised the fund's portfolio occupancy to 96% and secured a 5.6% positive rental reversion across the portfolio".

In a Sept 26 note, Hong Leong Investment Bank Research analyst Chan Jit Hoong was positive on Axis REIT for its "robust track record, increased popularity in industrial properties (93% of properties on industrial titles), high occupancy in its diversified portfolio and [being] one of the few Shariah-compliant REITs".

It is worth noting that during the second quarter, Axis REIT completed the acquisition of DW1 Logistics Warehouse Johor, resulting in the property portfolio size of the REIT increasing from 60 to 61 properties as at June 30. More recently, the REIT proposed the acquisition of a RM41 million industrial facility comprising two warehouses and a three-storey annexed office building in Klang, Selangor.

Chan said Axis REIT's portfolio was worth about RM4.1 billion and that the estimated acquisition price of the Klang property, at RM212 psf, is attractive and lower than the asking price of RM290 to RM350 psf for industrial properties in the area.

Axis REIT intends to utilise its existing credit facilities. Gearing ratio is expected to increase to 37% from 36% (1HFY2022), which is still well below the gearing limit of 60% (temporary increment [from] 50% until Dec 31, 2022) prescribed by the Securities Commission Malaysia. This provides Axis REIT ample headroom to undertake further acquisitions that are earnings accretive," said Chan, who ascribed a "buy" call on the counter with a target price of RM2.08.

As at the third quarter, Axis REIT had 61 properties on its portfolio — 48 of which were fully occupied, one under development and another under major enhancement — with RM4.16 billion total assets under management. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TECHNOLOGY

D&O Green Technologies Bhd

2 BRC AWARDS OVER THE YEARS

Share price glows as LED adoption in vehicles increases

BY CHESTER TAY

D&O Green Technologies Bhd, which bet big on automotive LEDs (light emitting diodes) ahead of its competitors, has not only brightened the road for drivers but its stellar share price performance has also lit up the eyes of investors over the past three years.

Its share price rocketed from 69 sen on March 31, 2019, to an all-time high of RM5.97 in September last year before retreating to RM4.50 on March 31 this year.

For the three-year review period between March 31, 2019, and March 31, 2022, D&O's share price leapt 6.5 times, with a compound annual growth rate of 88.3%.

The strong rally won it *The Edge* Billion Ringgit Club award for highest total returns over three years among the technology companies listed on Bursa Malaysia with market capitalisation above RM1 billion.

D&O was just at the right position to ride the rally, which was buoyed by the influx of investment money into equities as a result of the easy monetary policy adopted globally during the Covid-19 pandemic.

The company is considered a good proxy to the electric vehicle (EV) sector and ESG-theme plays — two sectors that investors have poured plenty of money into.

The growing demand for EVs, which typically have a higher LED density, augurs well for D&O's products, which are all qualified in accordance with the automotive qualification, AEC-Q102.

Against this backdrop, D&O indeed delivered solid sets of earnings, as anticipated by the market.

While the company's profit after tax (PAT) dropped to RM39 million in the financial year ended Dec 31, 2019 (FY2019) from RM42.2 million in FY2018, it returned to the earnings growth path in the following two years.

Its PAT increased 42% to RM55.37 million in FY2020 from RM39 million in FY2019. When its growth pace picked up substantially in FY2021, PAT exceeded the RM100 million-mark to reach a record high of RM110.53 million.

The group's revenue has been growing steadily over the past few years, jumping 47% to RM846.55 million in FY2021 — the highest ever level — from RM575.78 million in FY2020 and RM504.31 million in FY2019.

In line with the strong earnings growth, D&O also declared higher dividends. The board declared a dividend of 1.5 sen per share in FY2021, up from 0.65 sen in FY2020 and one sen in FY2019.

D&O's core subsidiary is Dominant Opto Technologies Sdn Bhd, a leading LED manufacturer that caters for global automotive makers. Only a handful of automotive LED manufacturers globally offer a full range of colour spectrum and brightness intensity, catering for both interior and exterior applications.

The core unit was established in 2000 when

EVs were still more of a concept rather than a reality. Its manufacturing plant is in the Batu Berendam Free Trade Zone in Melaka.

To further strengthen the group's position as a leading player in the global automotive LED industry and develop a one-stop smart-solution LED supply chain platform for automotive customers, the group in 2018 and 2019 established two complementary business units, with the first focusing on the design and manufacture of LED modules, and the second focusing on the design and development of integrated circuits (IC).

In a Sept 26 report, PublicInvest Research remains upbeat on D&O's outlook in 2HFY2022 due to the group's increasing capacity expansion and the higher adoption of LED usage as infotainment features gain popularity for new car models.

The research house, which has an "outperform" recommendation and RM5.16 target price on D&O, also notes that one of the leading global automotive LED makers has been scaling down its operations, potentially giving other industry players a bigger market share.

PublicInvest says management is also taking measures to reduce its borrowing exposure to the US dollar, while increasing cash holding in the greenback to mitigate the impact of foreign exchange fluctuations going forward. E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TELECOMMUNICATIONS & MEDIA (JOINT WINNER)

Telekom Malaysia Bhd

1 BRC AWARD OVER THE YEARS

2 CR awards 2017 2021

Accelerating Malaysia's digital connectivity

BY CHESTER TAY

Telekom Malaysia Bhd (TM) has grown by leaps and bounds through various cycles of the country's telecommunications technology evolution since its genesis as the Malayan Telecommunications Department in 1946.

Over the past three years, in its journey to elevate the nation's telecommunications infrastructure, TM has continued to deliver stellar earnings performance, especially with the higher demand for home broadband services arising from work-from-home arrangements due to the Covid-19 pandemic.

The internet and hyper-connectivity of a household can be likened to a basic survival need during the pandemic, with TM's customers expecting continuous connectivity, says managing director and group CEO Imri Mokhtar in the group's latest annual report.

"As a group, we are committed to delivering coverage quality to ensure continuity and consistency," he adds.

The group's net profit jumped over four times from just RM153.2 million in the financial year ended Dec 31, 2018 (FY2018) to RM632.7 million in FY2019, before growing by another 61% to RM1.02 billion in FY2020.

In times of global upheaval, Imri says the fundamental strength of TM's assets becomes ever more evident.

"The network that we are anchored on — over 650,000km of fibre nationwide — provides the robustness and the resiliency to support the increase in demand by Malaysians," he explains.

Although net profit fell by 12% to RM895.2 million last year due to the provision for Cukai Makmur, TM still delivered a risk-weighted compound annual growth rate (CAGR) of 80.1% over a three-year period, leading it to win the *The Edge* Billion Ringgit Club's award for highest growth in profit after tax over three years in the telecommunications and media sector.

In fact, FY2021's earnings before interest and tax rose 6.6% to RM1.7 billion from RM1.6 billion in FY2020, on the back of solid revenue improvement, coupled with

HIGHEST RETURN ON EQUITY OVER THREE YEARS

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

TRANSPORTATION & LOGISTICS

Westports Holdings Bhd

4 BRC AWARDS OVER THE YEARS

Delivering against all odds

BY KANG SIEW LI

Congestion at ports, a shortage of shipping containers and significant shipment delays were common as the Covid-19 pandemic disrupted global supply chains, but Westports Holdings Bhd's financials have held up well the past three financial years.

Despite Port Klang and parts of the Klang Valley being incapacitated by a sudden flood in December 2021, Westports — which together with Northport makes up Port Klang — reported a 23% year-on-year (y-o-y) jump in profit after tax (PAT) to RM808.2 million in the financial year ended Dec 31, 2021 (FY2021), from RM654.5 million in FY2020, as revenue climbed 2% y-o-y to RM2.02 billion in FY2021. It made a PAT of RM590.9 million in FY2019 and RM533.5 million in FY2018.

According to *The Edge* Billion Ringgit Club (BRC) methodology, Westports' PAT grew at a risk-weighted compound annual growth rate (CAGR) of 14.9% in the last three years — the highest among peers in the transportation and logistics sector.

"Given the external economic conditions and supply chain challenges, the company achieved a good level of profitability," Datuk Ruben Emir Gnanalingam Abdullah, group managing director of Westports, said when announcing its results for FY2021.

However, Ruben conceded that a one-off insurance recovery amounting to RM73 million due to damaged quay cranes and a wharf incident two years ago, had amplified its bottom line in FY2021. Excluding the exceptional item, the PAT for the year would have been RM751 million.

Still, higher PAT helped lift Westports' weighted return on equity (ROE) over three years (2019-2021) to 25.6%, the best return among its peers in its sector. Its adjusted ROE grew from 23.8% in FY2019 to 24.3% in FY2020 and 27.1% in FY2021.

Westports is no stranger to the BRC awards. The regular dividend payer was named a winner for the highest returns to shareholders over three years in the transportation and logistics sector in 2021. It declared a dividend of 15 sen per share in FY2021 — the highest payment since FY2017 when it declared 14.3 sen — compared with 11.5 sen in FY2020, 13 sen in FY2019 and 11.7 sen in FY2018. Westports has implemented a dividend payout ratio of 75% on its PAT since its listing in 2013, with the exception of 2020 when the ratio was temporarily reduced to 60% due to prudent Covid-19 precautionary measures.

This year, Westports takes home two of three awards in the same sector — highest weighted ROE and highest risk-weighted PAT growth over three years.

Shares in Westports are tightly held by founder and executive chairman Tan Sri G Gnanalingam via private investment vehicle Pembinaan Redzai Sdn Bhd, with a 42.42% stake. Other substantial shareholders include Hong Kong's CK Hutchison Holdings Ltd via South Port Investment Holdings Ltd (23.55%), the Employees Provident Fund (8.63%) and Kumpulan Wang Persaraan (Diperbadankan) (6.92%). In 2017, Gnanalingam was named Value Creator: Most Outstanding CEO by the BRC for his visionary leadership excellence in transforming Westports into Port Klang's leading terminal operator.

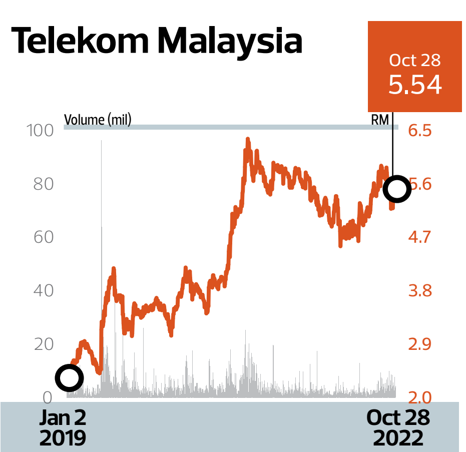
In the immediate future, Westports is expected to face headwinds from the ongoing supply chain disruption, soaring inflation, China's zero-Covid policy, the Russia-Ukraine war and rising fuel costs. "The fast-evolving external backdrop makes it increasingly more challenging to maintain an identical container throughput volume in the current year," Ruben said when announcing Westports' 1HFY2022 results on July 28.

Westports' container throughput slipped 1% to 10.4 million TEUs (20-foot equivalent units) in 2021, from 10.5 million TEUs in 2020. It handled a record 10.86 million TEUs in 2019. In a July 28 report, CGS-CIMB Research analyst Raymond Yap raised his 2022 container volume assumption for Westports to 9.97 million TEUs, up from an earlier projection of 9.86 million TEUs, as he thinks the 2HFY2022 gateway volume may grow y-o-y since the 2HFY2021 gateway volume was suppressed by the mid-2021 Covid-19 lockdown in Malaysia. However, the 2022 container volume assumption is still 4.1% y-o-y lower than that in 2021.

In a July 29 note, UOB Kay Hian analyst Kong Ho Meng says he expects Westports to post slightly weaker 2HFY2022 earnings due to a decline in value-added services income and an upside risk to its fuel costs forecasts of RM142 million and RM132 million (19% and 16% of cost of goods sold mix) for 2022 and 2023 respectively, despite the recent correction in oil prices.

In 1HFY2022, Westports recorded a 19% lower PAT of RM314.15 million from RM386.29 million a year ago, on higher operational costs predominantly due to higher fuel costs as the group purchases diesel at unsubsidised prices.

Whether Westports does better than expected, the company has demonstrated its ability to deliver amid tough times. E



the group's continuous cost optimisation initiatives.

TM also clinched the award for highest returns to shareholders, delivering a CAGR of 18.5% for the three-year review period between March 29, 2019, and March 31, 2022, thanks to a strong run in its share price.

Apart from stronger broadband demand, the investment fraternity also perceives TM as the beneficiary of the potential proliferation of the 5G network, due to its role as the fibre backhaul infrastructure provider to Digital Nasional Bhd (DNB), the special-purpose vehicle set up by the government to roll out next-generation internet connectivity in the country.

TM will be getting RM2 billion over 10 years by leasing its fibre infrastructure to DNB, the sole 5G wholesale service provider in Malaysia.

In a report dated Aug 26, RHB Research says aside from internet services, TM's wholesale business is also expected to remain a key earnings driver, backed by the aggressive 5G rollout and robust demand for domestic wholesale access, given the still-modest fibre broadband penetration in the country.

The research firm has kept its "buy" recommendation with TM being one of its top picks in the telco sector, but lowered its target price to RM7.40 from RM7.80 after imputing a higher cost of equity from the rise in bond yields.

"We see the structural growth story continuing for Telekom Malaysia, our preferred large-cap telco pick, with management executing well on its transformation programme," says RHB.

According to Bloomberg data at the time of writing, the stock had 21 "buy" recommendations, one "hold" and two "sell" ratings, with a consensus target price of RM7.01 per share.

For the first half of FY2022 (1HFY2022), the group's net profit grew 32% to RM717.91 million from RM544.06 million in the previous corresponding period, while revenue rose 7.3% to RM5.98 billion from RM5.57 billion over the same period.

CEO Imri had in August reportedly hinted at the likelihood of a better-than-expected earnings performance in 2022 against its initial guidance of a low- to mid-single-digit growth in revenue, and earnings before interest and tax (Ebit) of more than RM1.8 billion.

"We do expect the growth momentum to continue in the second half in terms of revenue and profit," he told reporters at the group's 1HFY2022 media briefing, adding that "We are confident of delivering that [initial guidance], and if there is any market re-guidance, let's wait for 3QFY2022."

TM reported a 29% growth in Ebit to RM1.26 billion for 1HFY2022. Imri said, "looking at the momentum, if it is necessary, we will be providing new market guidance". E

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

TRANSPORTATION & LOGISTICS

MISC Bhd

3 BRC AWARDS OVER THE YEARS

Striking the right balance between risk and reward

BY ADAM AZIZ

Energy shipping firm MISC Bhd has certainly emerged stronger from the challenges it faced in chaotic 2018 that further pushed it to grow its base of predictable income to secure its business as market cycles became shorter and more volatile.

Having invested to expand its fleet during the prolonged downturn, MISC was well-positioned to capture the market upswing in 2019. When the Covid-19 pandemic distorted the entire oil and gas supply chain in 2020 and 2021, MISC's focus on long-term charter shielded it from the downside of very volatile freight rates.

MISC's long-term bet on gas — mirroring that of its parent Petronas (which has a 51% stake) — also paid off this year, as the previously unexciting liquefied natural gas (LNG) shipping segment boomed following the Russia-Ukraine war.

It would seem that MISC is reaping the benefits of having "a strategic focus to grow [its] secured and long-term business to reduce [its] exposure to the cyclicality and volatility" — to borrow the words of MISC's then-president and group CEO Yee Yang Chien in its 2018 annual report, also the year MISC celebrated its 50th anniversary.

Three years on, MISC's FY2021 net profit came in at a four-year high of RM1.83 billion, on the back of RM10.67 billion in revenue. The dividend payout from FY2019 to FY2021 was 33 sen per share, or RM1.47 billion each year, up from 30 sen per share in the four years before that.

Despite impairment losses pushing numbers into the red in the financial year ended Dec 31, 2020 (FY2020), investors seem to be giving MISC's overall strategy a nod of approval.

In the three years between March 29, 2019, and March 31, 2022, the company's adjusted share price rose from RM5.82 to RM7.35, representing a compound annual shareholder return of 8.1%.

As a result, for the second time in three years, MISC has bagged a *The Edge* Billion Ringgit Club Award for the highest returns to shareholders over the three-year period in the transportation and logistics sector.

The company's long-term growth strategy continues. In FY2019-FY2021, MISC committed US$4.2 billion (RM19.79 billion) of capital expenditure (capex) on new projects to generate secured and recurring income for the group.

As at end-June, MISC was en route to adding on two LNG vessels, four petroleum vessels, and what will be its largest floating production storage offloading (FPSO) vessel — the 180,000 barrels-per-day *Mero 3* — to be deployed in Brazilian waters by 2024 for a 22-year period.

The group's biggest earnings contributor is its fleet of 39 vessels that store and ship gas, including its 30 LNG vessels.

This is followed by a fleet of 12 floating assets that includes six FPSO vessels and another fleet of 60 vessels that deliver petroleum-related and chemical products. MISC is also a 66.5% shareholder of Malaysia Marine & Heavy Engineering Holdings Bhd (MMHE).

On the sustainability front, MISC has continuously invested to become more efficient while meeting the tighter emissions regulations in the shipping industry. For example, in The Castor Initiative, MISC and several of its international partners are seeking to develop and commercialise ammonia-fuelled zero-carbon emission vessels by 2024.

Moving forward, some observers think the last upcycle has peaked, as commodity prices and charter rates are coming down from their multi-year highs.

In its quarterly shipping report, *S&P Global Commodity Insights* says, quoting market participants, dirty and clean tanker freight rates are expected to be firm in 4Q2022 amid higher seasonal demand, alternative sourcing from countries other than Russia and some of the key refineries returning from maintenance.

However, downward pressure on China demand weighs on market sentiment while the latest cut in OPEC+ production is another potential negative.

MISC's strategy? For the petroleum segment, it intends to "focus on building long-term secured income through its niche shuttle tanker business and rejuvenation of its tanker fleet" while continuing to pursue opportunities in the thriving FPSO segment.

The group sees its gas segment earnings remaining sturdy on the back of long-term charters. The heavy engineering segment will focus on growing its order book and optimising costs, it said in its 2QFY2022 financial results.

The group faced another loss in 2QFY2022 due to cost overruns and impairment on its LNG fleet. That aside, the group's balance sheet remains healthy. At end-June, MISC had total borrowings of RM19.36 billion against cash of RM8.58 billion. Net gearing stood at 0.3 times.

Both the oil and gas and shipping industries are cyclical in nature — but MISC's long-term strategy should better help the group cruise through choppy waters in the coming years. E

HIGHEST RETURN ON EQUITY OVER THREE YEARS

UTILITIES

Gas Malaysia Bhd

5 BRC AWARDS OVER THE YEARS

Outstanding outperformer with fourth straight win

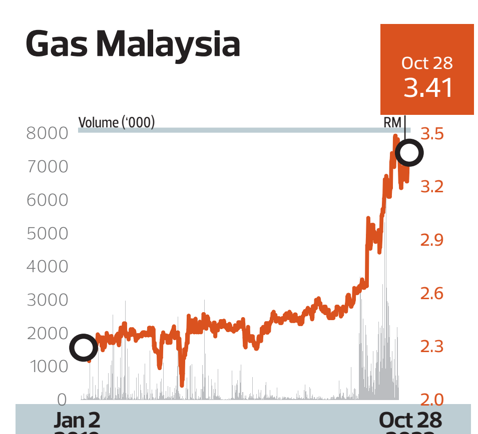
BY SYAFIQAH SALIM

Gas Malaysia Bhd has won *The Edge* Billion Ringgit Club award for highest return on equity (ROE) in the utilities sector for the fourth straight year. The group's ROE remains on an upward trend, having risen from 18.4% in the financial year ended Dec 31, 2019 (FY2019) to 20% in FY2020 and 22.6% in FY2021. This translated into an adjusted weighted ROE of 21% over the three years — the best in class for the sector — according to the awards methodology.

Gas Malaysia sells, markets and distributes natural gas and develops, operates and maintains the natural gas distribution system in Peninsular Malaysia. At end-2021, the company had developed a total of 2,706km of gas pipelines across the peninsula, supplying natural gas to 998 industrial, 1,825 commercial and 22,873 residential customers. It also supplies liquefied petroleum gas to 946 commercial and 12,538 residential customers.

Gas Malaysia's net profit increased to RM249.62 million in FY2021 from RM212.62 million in FY2020, amid lower administrative expenses and finance costs. It recorded a net profit of RM190.11 million in FY2019.

Revenue slipped to RM5.85 billion in FY2021 from RM6.69 billion in FY2020 due to a lower average natural gas tariff, but was mitigated by the higher volume of natural gas sold and higher recognition of revenue cap. In FY2019, Gas Malaysia's revenue stood at RM6.89 billion.



HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

UTILITIES

Mega First Corp Bhd

9 BRC AWARDS OVER THE YEARS

Still hauling in first-rate returns for shareholders

BY ADAM AZIZ

Mega First Corp Bhd has made it on the award winner's list of *The Edge* Billion Ringgit Club for the fifth year running, as the utilities company's expansion strategies across three business segments — energy, oleochemicals and packaging — bear fruit.

Except for 2019, when it beat sectoral peers only on shareholder returns during the period in review, Mega First has won two awards every year since 2018, with the other being for highest growth in earnings over three years.

Despite the pandemic, the group smashed its own annual net profit records for three consecutive years from the financial year ended Dec 31, 2019 (FY2019) to FY2021.

Beginning with the completion of its Don Sahong hydro power plant project below cost in FY2019 — which pushed its profit after tax (PAT) to RM153.67 million from RM129.27 million in FY2018 — Mega First's FY2020 results were supercharged by energy sales from the power plant in Laos, doubling its bottom line to RM321.29 million that year.

In FY2021, its PAT jumped further to RM462.33 million on revenue of RM914.67 million, boosted by its 50%-owned oleochemicals joint-venture unit Edenor Technology Sdn Bhd, which it had invested in in 2021.

Mega First's earnings last year shored up the risk-weighted three-year PAT compound annual growth rate (CAGR) to 52.9%, bagging it the highest growth in PAT over three years award among utility sector players.

Concurrently, Mega First's share price stood at RM3.72 as at March 31, 2022, up by a CAGR of 26.4% from RM1.84 on March 29, 2019, again providing its shareholders with the highest returns over three years in the sector.

The growth trend continues this year. In 1HFY2022, Mega First's net profit rose 13.39% to RM182.18 million, from RM160.66 million, led by the additional earnings from the packaging segment. Revenue rose 50.48% to RM604.25 million, from RM401.56 million.

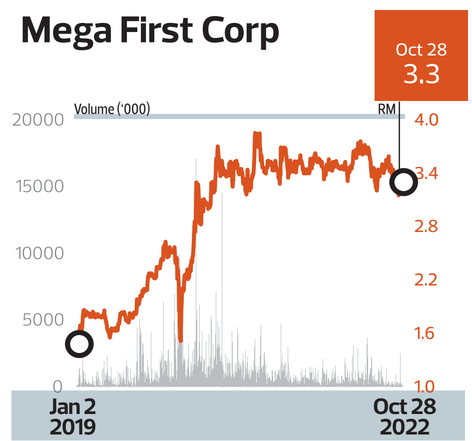
In the period, the group's earnings came from renewable energy (85.54%), the packaging segment (8.97%), resources segment operating the largest commercial quicklime production in Malaysia (4.07%), and others (1.4%).

Seen to boost FY2022 is the full-year contribution slated from its 75%-owned flexible packaging film manufacturer Stenta Films (M) Sdn Bhd.

Stenta's acquisition is one of many steps in Mega First's five-year expansion plan in the packaging segment.

The plan, executed in 2021-2025, includes increasing production capacities of paper bags and flexible packaging this year, the completion of a new factory in Melaka in 2023, and Stenta's capacity expansion by 1H2023.

The packaging division had already recorded its best financial results last year, representing the group's second-largest segment by income ahead of the resources division.



Meanwhile, FY2022 will also include the full-year performance of the oleochemical business Edenor.

To be sure, the FY2021 results include RM125 million in one-off unallocated bargain difference on the acquisition of the group's new venture.

That said, Mega First booked RM8.2 million in share of profit from Edenor in 1HFY2022, pointing to a successful start. The goal is to continue to look for efficiency improvements by 2024, and to improve PBT margins to between 5% and 10%, from 2% as at 1QFY2022.

In May, Mega First also stepped further into the semiconductor space through the RM5.56 million acquisition of a 28.83% stake in Integrated Smart Technology Sdn Bhd (IST). The company, which is involved in automated test machines for the semiconductor sector, churned out a better-than-expected RM3.5 million net profit in 2QFY2022 (or around RM1 million to Mega First based on its equity portion), according to analyst reports. A public listing could be in the works in the next two to three years, the reports say.

Expansion aside, Mega First's crown jewel is the renewable energy segment that operates the Don Sahong hydro plant. The segment may churn higher reported earnings due to the strengthening of the US dollar where 90% of its sales collection is derived from, offset by higher interest expenses on the ongoing US Federal Reserve rate hikes.

Additionally, the construction of its fifth turbine on-site is progressing according to schedule, with completion targeted sometime in 3QFY2024, Mega First adds.

One headwind is the elevated fuel prices, which has put pressure on the resources division's margins through 1H2022 and likely into the second half.

"Management will continue to progressively review its pricing and customer portfolio strategies to defray further production cost increases while defending sales volume," it says in its latest results.

Moving forward, Mega First has laid out clear plans across its slew of operations. With the risk of economic slowdown ahead, it would be interesting to see if the company can continue to maintain its impeccable growth momentum. E

The company was not spared the impact of the resurgence in Covid-19 cases and reimposition of the Movement Control Order, which led to a decline in natural gas volumes in the second half of 2021, Gas Malaysia says in its annual report. However, volumes recovered towards the end of the third quarter of 2021 as the government eased Covid-19 containment measures.

Gas Malaysia has consistently rewarded shareholders with dividends. A dividend of 17.67 sen was paid in FY2021 despite uncertain times, representing a total dividend of RM226.9 million. This is higher than the dividend paid in FY2020 of 15.05 sen (representing a total payout of RM193.4 million) and in FY2019 of 14.1 sen (RM181 million).

The local gas market is expected to be fully liberalised this year whereby gas will be traded at market price, including gas to the power sector, based on a willing buyer, willing seller basis. This will enable end users to have alternative sources of gas and attract third-party shippers to enter the market.

The liberalisation of the gas market is expected to have a limited impact on Gas Malaysia's earnings because its scale of operations gives it a competitive advantage in terms of lower gas costs over its rivals.

"We believe that the liberalisation of the gas market and third party access in 2022 will create a more vibrant yet competitive industry as it will open up to new industry players while simultaneously offering the group attractive growth opportunities throughout the value chain," Gas Malaysia chairman Tan Sri Wan Zulkiflee Wan Ariffin says in the group's annual report.

Notwithstanding that, Gas Malaysia will face speed bumps in the near future as global gas prices fall and glove demand slows, Kenanga Research says in a Sept 20 note.

"While Gas Malaysia no longer [shares its] gas volume data since 1QFY2022 for competitive reasons, under the more liberalised market environment, the company has guided for a slowdown in volume which we believe could be attributable to lower production by glove makers that typically contribute to a third of Gas Malaysia's business volume," adds Kenanga.

Glove manufacturers account for 33% of the company's gas demand, followed by consumer products (18%), other products (16%), oleochemical products (11%), glass products (11%), pulp and paper (6%), and steel/aluminium/copper (5%). The volume of gas sold by Gas Malaysia in 2021 stood at 203.3 million MMBtu, versus 200.1 million MMBtu in 2020 and 201.2 million MMBtu in 2019.

Kenanga has downgraded Gas Malaysia to "market perform" from "outperform" but left the target price at RM3.43. It believes the company's earnings will peak in FY2022 as gas prices soften.

Nonetheless, Gas Malaysia's long-term earnings remain defensive and supported by its regulated business (gas transport), which anchors its dividend yield of more than 6%, the research house says.

Gas Malaysia had seven "buy" and two "hold" calls with an average target price of RM4.33, Bloomberg data showed at the time of writing. E

THE EDGE BILLION RINGGIT Club 2022

BEST CR INITIATIVES (JOINT WINNER)

2 CR awards 2018 2022

3 BRC AWARDS OVER THE YEARS

SUPER BIG CAP — ABOVE RM40 BILLION MARKET CAPITALISATION

Petronas Chemicals Group Bhd

Climate action a top priority of its sustainability agenda

BY TAN CHOE CHOE

Last year, Petronas Chemicals Group Bhd's (PCG) overall sustainability efforts were recognised by the Dow Jones Sustainability World Indices (DJSI) 2021, which placed it among the top 10% of the largest 2,500 companies in the S&P Global BMI based on economic, environmental and social criteria. It also positioned PCG as one of the top 10 chemical companies in the world index and the top three in emerging markets.

"We also sustained a four-star rating from FTSE4Good Bursa Malaysia for our environmental, social and governance (ESG) disclosures," say its chairman Datuk Dr Abdul Rahim Hashim and managing director/CEO Mohd Yusri Mohamed Yusof in the group's latest annual report.

The group, which has been named a joint winner of *The Edge* Billion Ringgit Club's Best CR Initiatives award among the super big caps this year, also reached a key milestone with the establishment of its Net Zero Carbon Emissions (NZCE) roadmap, which aligns with Petronas Group's roadmap of achieving net-zero carbon emissions by 2050.

According to the report, climate action has become a top priority in the group's sustainability agenda, in line with Sustainable Development Goal 13, one of the 17 SDGs established by the United Nations General Assembly in 2015, which deals with climate action.

"Our ability to create long-term stakeholder value depends on how we mitigate and adapt to the imminent environmental threats and opportunities. With this in mind, we established PCG's NZCE roadmap to guide our climate change strategies and navigate the global shift to a low-carbon economy.

"The roadmap also aligns with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which help investors and other stakeholders fairly assess our climate resilience. Part of our climate strategy includes setting ambitious carbon reduction targets, starting with a 20% reduction by 2030, towards an ultimate goal of becoming net zero by 2050," say Abdul Rahim and Mohd Yusri.

According to the duo, part of the group's long-term approach to taking care of the environment includes contributing to a circular economy — a model of production and consumption that involves sharing, leasing, reusing and recycling existing materials and products as long as possible — in particular plastic waste.

"We will leverage our expertise and resources to accelerate the region's shift towards a New Plastics Economy (NPE), ensuring responsible consumption and production for a more sustainable planet. Our commitment to NPE includes exploring ways to convert end-of-life plastic waste into pyrolysis oil, creating an end product of certified circular polymer resins," they say.

In 2021, the group made progress with a process trial of converting plastic waste into circular naphtha at a Petronas refinery in Melaka. It also conducted a feasibility study on converting end-of-life polyethylene terephthalate (PET) articles to recycled food-grade PET resins.

"Our efforts to solve the plastic waste problem contribute to the Malaysia Plastics Sustainability Roadmap 2021-2030," say Abdul Rahim and Mohd Yusri.

The roadmap was launched by the Malaysian government in December 2021. It identifies strategies and action plans for achieving plastic circularity within the country. The roadmap governs plastic production, consumption, recycling and waste management in a holistic manner. It also identifies unnecessary single-use plastics that should be phased out by 2030 through redesign, innovation and reuse.

Apart from the environment, the group continued to provide support to the communities in which it operates via the Covid-19 Relief Programme last year, which included providing essential items and aid to the underprivileged and low-income groups. The group also supplied healthcare frontliners with gloves, masks and other protective gear.

The culture of helping those in need has also been instilled in its employees, many of whom reached out to those in need during the devastating floods — one of the worst in recent history — that hit the nation at the end of last year.

"As part of our corporate responsibility, employees collected and distributed food and other essential items at Petronas service stations, as well as made personal contributions to the National Disaster Management Agency (Nadma) worth over RM250,000 through PCG employees' own salary deductions. Their efforts helped minimise potential inequalities, hunger and poverty among hard-hit communities.

"We are proud of the progress made by our dedicated employees in driving PCG's sustainability agenda. It truly shows how businesses can achieve growth that creates positive outcomes for everyone. As we continue to prioritise shared value and positive EES (economic, environmental and social) impacts, we would like to thank our stakeholders for their roles. Solving sustainability challenges requires a collective effort, so we would not have made such progress without their trust and support. Moving forward, we will continue to embed sustainability at the core of everything we do," the duo adds. E

BEST CR INITIATIVES (JOINT WINNER)

CR award 2022

11 BRC AWARDS OVER THE YEARS

Company of the year 2019

SUPER BIG CAP — ABOVE RM40 BILLION MARKET CAPITALISATION

Press Metal Aluminium Holdings Bhd

Growing responsibly towards a sustainable future for all

BY HAILEY CHUNG

Southeast Asia's largest integrated aluminium producer, Press Metal Aluminium Holdings Bhd, has grown by leaps and bounds since it began its journey 36 years ago as a local aluminium extrusion company. Given its scale, the 2019 Company of the Year of *The Edge* Billion Ringgit Club (BRC) is consciously intensifying its efforts towards sustainable growth by reducing its own carbon footprint while also advocating "the inherent sustainability of aluminium due to its infinite recyclability characteristics" in all aspects of life — "from the automobile we drive, the buildings we dwell in, to the food and drinks we consume".

Guided by its mantra of "growing responsibly for a better future", its chairman Datuk Yvonne Chia says in its 2021 annual report that Press Metal started last year "on a green footing" as it adopted a carbon neutral policy on Jan 1, 2021 "in pursuit of carbon neutrality by 2050" even as its customers increasingly focus on the actual carbon footprint of its products.

That journey is still a "work in progress", but its efforts so far, and perhaps that image of a large green footprint on the cover of that annual report, won over the BRC's panel of judges for corporate responsibility (CR) this year as Press Metal was named a joint winner for Best CR Initiatives among super big cap (above RM40 billion market capitalisation) companies. Among other things, Press Metal says it avoided at least 210,729 tonnes in greenhouse gas (GHG) emissions in FY2021 by recovering 15,682 tonnes of post-consumer aluminium scrap and through the use of solar energy.

"The GHG emissions intensity was lowered by 5.9% in the fourth quarter of FY2021 which can be attributed to increased carbon consumption efficiency while the improved energy efficiency has lowered the GHG emissions intensity by 0.4% in the second half of FY2021 (2HFY2021)," the company says in its annual report.

Press Metal adds that its smelters also ramped up its pot relining efforts during 2HFY2021, potentially reducing about 2,700 tonnes CO2-eq per annum, and achieved a 94.5% waste recycling rate from the 129,923 tonnes of waste disposed of in FY2021. Water withdrawal intensity was reduced by 11.6% from 2016. It also reported zero biodiversity-related impacts and zero significant spills in FY2021. As for energy consumption, Press Metal says it registered a reduction of 1.1 million gigajoule (GJ) year on year. Headquartered in Selangor, Press Metal — with 1.08 million tonnes smelting capacity per annum — operates in Malaysia and China, while also keeping distribution offices in Australia, the US and Europe to meet local and regional demand.

"I am happy to say that for FY2021, Press Metal has moved a step forward in realising both its interim and long-term targets. The group continues to record an excellent occupational health and safety track record with zero fatalities and reduced loss time incidents.

"We remain on track to achieve carbon neutrality by 2050. It has been challenging but we are heartened by our progress and will continue to drive it forward," its group CEO Tan Sri Koon Poh Keong says in the annual report.

The group believes that the end products that the company manufactures support many sustainable or green industries, including sustainable building materials, electric vehicles, renewable energy and alternatives for plastic packaging, especially for consumer products.

To optimise its existing smelting technology, Press Metal has allocated RM28 million as an initial budget for FY2022 and beyond to fund investments in new technologies or innovation to reduce energy consumption and decarbonise production processes.

Besides that, Press Metal says it has supported local procurement to stimulate socio-economic development. According to the company, 95% of its suppliers were locally based in FY2021. Switching to a Malaysian supplier for distributor nozzle heads resulted in estimated cost savings of 66% to 90% from lower transport and material costs, Press Metal says, noting that the move has also allowed its business to benefit from fewer risks of supply chain disruption.

For its social performance, Press Metal says there were zero cases of grievances reported through either grievance channels or the whistle-blowing channel in FY2021. The company has a total of 7,230 full-time employees with a turnover rate of 13.37%. Press Metal says it had spent RM920,000 under employee engagement in FY2021, of which its sports, recreational, welfare and culture committee has organised activities and programmes to promote work-life balance.

Press Metal also gave RM5.8 million in total contribution of cash and in-kind support to various community causes and organisations, noting that assistance provided included Covid-19-related aid and education scholarships. In addition, the company contributed PCR test kit equipment worth RM435,950 to Bintulu Hospital, a frontline hospital, during the Covid-19 pandemic. E

THE EDGE BILLION RINGGIT Club 2022

BEST CR INITIATIVES

BIG CAP — RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

3 CR awards 2014, 2018 2022

1 BRC AWARD OVER THE YEARS

Sime Darby Bhd

A blueprint that strengthens its commitment to the highest ESG standards

BY TAN CHOE CHOE

This is the third time Sime Darby Bhd has won *The Edge* Billion Ringgit Club Best CR Initiatives award. It bagged the first one in its previous incarnation in 2014 and thereafter in 2018, not long after it drew up its Human Rights Charter in FY2016, which incorporated the Protect, Respect and Remedy framework outlined by the United Nations Human Rights Council. At the time, it won the award jointly with Sime Darby Plantations Bhd, which also adopted the charter following their demerger in November 2017.

This year, Sime Darby, which employs over 22,000 employees in 19 countries and territories, is winning the award on its own.

A glance at its latest annual report will show the group's numerous corporate social responsibility efforts, from reducing water consumption that includes wastewater recycling and rainwater harvesting, to making its yearly contributions to Yayasan Sime Darby (YSD) to support various community development programmes — be it in education, environment, community and health, sports, or arts and culture. YSD is the philanthropic arm of Sime Darby, to which the group contributes RM20 million a year.

But what stands out in the report is how the group has further strengthened its commitment to protect the environment and ensure its people behave responsibly in the communities they operate in by putting in place a new holistic Sustainability Blueprint in FY2021.

"The blueprint is fundamental to how we want to do business to create long-term value for our stakeholders and to strengthen our commitment to the highest standards of corporate governance, environmental sustainability and social responsibility," says chairman Tan Sri Samsudin Osman in the group's Annual Report 2022.

"We believe our focus on sustainability not only strengthens our social licence to operate but also enhances our ability to run our businesses efficiently, competitively and generatively into the future," says Samsudin.

The blueprint was developed around four key sustainability themes: i) optimising the group's environmental and social footprint; ii) inspiring its employees to deliver meaningful change; iii) engaging in sustainable partnerships; and iv) driving sustainable innovation and technology. They aim to embed environmental, social, governance and economic factors into the group's strategic decision-making.

"Within the past year, the blueprint's relevance to the group's sustainability agenda has expanded rapidly through the applicability of the seven Flagship Initiatives. The initiatives provide operational guidance and a mechanism for environmental, social and governance (ESG) reporting across the business. An internal governance structure supports the integration and reporting of the initiatives. This structure aligns with the overarching oversight of ESG practice at Sime Darby," says group chief safety and sustainability officer Glenn Sheahan.

The seven initiatives are as follows: i) investment in renewable energy across all countries of operation; ii) responsible supply chain; iii) investment in cleaner, more efficient technology; iv) mobility as a service; v) consolidate ESG understanding through training and development; vi) corporate social responsibility activities across all countries of operation; and vii) embed inclusion and diversity in human resources and operational activities.

And guided by this blueprint, the group has set sustainability targets for itself, such as a 30% reduction of emissions by 2030 from 2020 levels, and making more than 50% of the products in its portfolio by 2025 more energy efficient than its 2020 portfolio. It is also targeting a minimum of RM250 million in investments in ESG innovation by 2025.

According to Sheahan, the blueprint — developed after a year-long engagement process with its key internal and external stakeholders — has been instrumental in guiding the group's businesses through the transition to a lower carbon economy. "Utilised as a roadmap for aligning to social and environmental opportunities, the blueprint supports group strategy, risk management and our Value Creation Plan (VCP)," he says.

The VCP is Sime Darby's five-year plan that guides the group in its strategy and decision-making to ensure it stays on track in growing core businesses, enhancing revenue and optimising costs, and rationalising non-core assets. The plan is reviewed yearly.

"Throughout the organisation, the blueprint is also used as a tool to instil, shift or enhance a culture based on more sustainable practices. During the past year, a sustainability-focused culture has rapidly expanded throughout the organisation due to the influence of the blueprint and its corresponding training," says Sheahan.

Sustainability-based initiatives across the group have been and will remain at the forefront of its future planning and operational decision-making, he adds.

"We will be focusing on making further progress on our sustainability targets, ensuring better alignment with the initiatives and their corresponding activities. Together with our VCP, we are confident the blueprint will drive the group's capacity to deliver a sustainable future and sustained value to our stakeholders," says Sheahan. E

BEST CR INITIATIVES

BELOW RM10 BILLION MARKET CAPITALISATION

CR award 2022

1 BRC AWARD OVER THE YEARS

KPJ Healthcare Bhd

Caring for lives sustainably

BY CHERYL POO

When KPJ Healthcare Bhd turned 40 in 2021, the healthcare provider commemorated the event by doing what it does best — caring for lives amid ongoing Covid-19 challenges while championing its sustainability agenda and balancing its economic ambitions with social and environmental considerations.

That probably won KPJ points with the panel of judges for the corporate responsibility (CR) portion of *The Edge* Billion Ringgit Club awards, bagging the company the accolade of Best CR Initiatives: Below RM10 Billion Market Capitalisation.

As public hospitals buckled under the volume of positive Covid-19 cases during the height of the pandemic in 2020, KPJ — in partnership with the Ministry of Health — offered more than 100 types of services and procedures to MoH-decanted non-Covid-19 patients, emerging as the single largest private services provider to assist the government in treating such cases.

For perspective, KPJ has nine sustainability goals that guide its journey: adherence to regulatory requirements, anti-corruption, responsible products and services, anti-competitive behaviour, energy and resources management, community investment, safety and health, workforce inclusion and diversity as well as human resources management.

Acknowledging the importance of sustainability to KPJ's long-term agenda, the group has shifted its focus to establishing a low-carbon health ecosystem throughout its operations and is in the process of building more green-building hospitals, it says in its 2021 annual report.

KPJ's digital transformation journey has also seen the group installing a new core IT system for the entire organisation — Hospital Information System (HIS) — not just to enhance the doctor-patient relationship, but also to provide a wide range of solutions from the predictive, preventive, curative, promotive and rehabilitative aspects. KPJ's new HIS was slated to be rolled out at its new KPJ Damansara Specialist Hospital 2 by the third quarter.

On the environmental front, KPJ saw to the reduction of hazardous waste by 4.2% in 2021 from the year before, while recording 99 cu m of water usage per employee (hitting its target of not more than 111 cu m per employee) and achieving its target of not exceeding 27.69kWh psf for electricity consumption.

The top three institutions that garnered the highest annual electricity savings last year were KPJ Penang Specialist Hospital (RM382,499.67 a year), KPJ Klang Specialist Hospital (RM327,938.69) and KPJ Tawakkal Specialist Hospital (RM349,747.68).

KPJ's social initiatives over the year saw to growth opportunities for the group's employees and KPJ University College (KPJUC) students, while continuing relief efforts via the group's flagship Klinik Wakaf An-Nur (KWAN clinics for the underprivileged and B40 groups at affordable rates), mobile clinics and Briged Waqaf volunteers. Activities conducted within these programmes included basic healthcare screening, public health talks and campaigns to advocate healthy lifestyles and good hygiene where the group invested a total of RM9.2 million in its community programmes over the year. More than 1.7 million patients have been treated in KWAN clinics since the programme was first launched in 1998. As at 2021, KPJ had 44,005 KWAN clinic patients and 12,286 mobile clinic patients.

Briged Waqaf was formed as a voluntary group in 2007 by KPJ's parent company Johor Corp through Waqaf An-Nur Corp Bhd (WANCorp). Spearheaded by KPJ's employees, Briged Waqaf's disaster relief missions include the provision of treatments and distribution of medicines to survivors of disasters such as the floods that devastated parts of the Klang Valley last year. Briged Waqaf had in the past participated in humanitarian relief efforts such as the earthquake in Padang, West Sumatra, in 2009, Kedah flood in 2010 and Kelantan flood in 2014 and 2015.

KPJUC, which is an established provider of nursing diplomas, also has a scholarship programme that disbursed in-kind financial aid to 464 students in 2021, with an allocation of RM1.7 million. The university college also sponsored 90 staff members and students pursuing the post-basic nursing programme.

The healthcare provider's economic highlights for 2021 included the opening of its second Ambulatory Care Centre in Bandar Kinrara, Puchong, in Selangor, as well as having a further six of its hospitals assessed and recognised by Sirim SCM, bringing the total to nine hospitals.

"No matter what the state of the economy is, our practices remain grounded in deep-rooted principles of improving the quality of life of our patients and communities. Our unrelenting focus on providing a strong and robust continuum of care remains a topmost priority as we believe this is the best way to create long-term sustainable value.

"To realise our goals, we proactively assess the evolution of technology and societal values and execute strategies that will give us the competitive edge in caring for lives," KPJ says. E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