



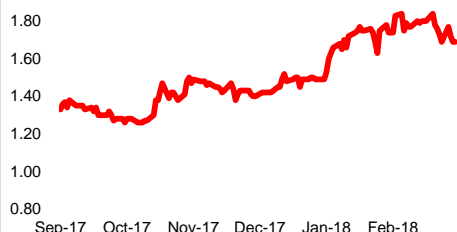
DESCRIPTION

Primarily engaged in the integrated water works industry in the early years, and now moved into infrastructural projects and land development in both domestic and international market. The new focus now is on its 30%-owned JV to build a 1200MW coal fired power plant in Vietnam.

12-Month Target Price RM1.75
Current Price RM1.69
Expected Return +6%

Market Sector Main Construction
Bursa Code 4723
Bloomberg Ticker JAK MK
Shariah Compliant Yes

SHARE PRICE CHART



52 Week Range (RM) RM1.10 – RM1.84
3-Month Average Vol ('000) 3,156.4

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	-2.9	20.7	27.1
Relative Returns	-2.2	11.7	21.4

KEY STOCK DATA

Market Capitalisation (RM m)	836.5
No. of Shares (m)	495.0

MAJOR SHAREHOLDERS

	%
Koon Yew Yin	20.5
Ang Lam Poah	8.8
Tan Pheng Kit	8.3

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Lifted by Land Sale Gain

JAKS Resources (JAKS)'s 4QFY17 came in stronger at RM107.5m (>100% YoY, >100% QoQ) primarily due to gains from land sale. The gain from disposal of a property in Subang Jaya amounted to RM11.2m while the other was the disposal of USJ land which recorded an RM76.8m gain. Unrealised foreign exchange gain of RM5.7m was also recognized during the quarter. Stripping-out the one-off items, the Group's net profit is estimated to be c.RM33m, which is slightly below at 91% of our and consensus full year estimates. We understand that construction works for its Vietnam EPC construction are progressing well, with total revenue of RM401.3m billed so far with more billings expected in the next 2 years. As reported earlier, we would rather err on the side of caution until we see more billings from Vietnam and hence, maintain our **Neutral** call for now, with unchanged RM1.75 TP, derived from c.20% discount to our SOTP estimates of RM2.20.

§ **Construction's 4Q17 revenue rose 79% YoY to RM166m.** Key revenue drivers again were from construction with local and Vietnam jobs alone contributing 79% of the total revenue, while 20% was from property and 1% from the trading business. Net gearing improved to 0.44x (from 0.69x in 3QFY17) with part proceeds of USJ 1 land and Lot 541 received in 4QFY17. Outstanding orderbook is estimated at RM2.3bn (from RM2.4bn in 3QFY17). Key contracts underpinning near term earnings are the EPC contract for Vietnam IPP (RM1.5bn) and Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) job (RM433m).

Separately, its Evolve Concept Mall is still in the red after registering a net loss of RM6.6m (JAKS' 51% share is RM3.3m). Currently, it is 62% occupied and in FY18, it plans to revamp and rejuvenate the mall with the aim to improve the footfall and ultimately to dispose it at a right price.

§ **Bank Guarantee of RM50m issued to Star Media Group.** Solicitors for the Group have on Feb 21 and 23 Feb filed for injunction with the High Court in Kuala Lumpur to restrain the issuing financial institutions of the bank guarantee from releasing the proceeds. An interim stay restraining the payment was granted and would last until High Court could hear the inter-parte injunction applications filed by the solicitors which hearing has been fixed next week on Mar 7, 2018. We understand that the Group has valid and sufficient grounds to support the view that the claim is baseless. The argument is Star Media had in the course of the Tower A construction instructed various changes that caused the delays.

KEY FORECAST TABLE

FYE Dec (RM m)	2016A	2017A	2018F	2019F	2020F	CAGR
Revenue	640.4	676.9	1,163.4	1,132.9	901.3	8.9%
Operating Profit	16.5	138.5	161.5	162.5	133.1	68.5%
Pre-tax Profit	-7.3	112.2	130.8	132.7	146.3	NM
Net Profit	-16.7	126.7	79.5	80.7	89.0	NM
EPS (Sen)	-3.4	25.6	16.1	16.3	18.0	NM
P/E (x)	-50.1	6.6	10.5	10.4	9.4	
DPS (Sen)	0.0	0.0	0.0	0.0	1.0	
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.6	

Source: Company, PublicInvest Research estimates

Table 1: Results Summary

Results Review (RM m)	4Q17	4Q16	3Q17	YoY (%)	QoQ (%)	YTD FY17	YTD FY16	YTD (%)
Revenue	210.7	141.1	140.4	49.3	50.1	676.9	632.2	7.1
EBIT	108.7	-22.7	18.1	578.3	500.5	138.5	16.8	722.8
PBT	102.6	-27.0	11.2	480.4	816.4	112.2	-6.9	1,721.8
Net profit	107.5	-24.0	9.7	548.5	1,014.0	126.7	0.8	15,814.1
Margins:								
EBIT	51.6	-16.1	12.9	67.7	38.7	20.5	2.7	17.8
PBT Margin	48.7	-19.1	8.0	67.8	40.7	16.6	-1.1	17.7
Net Profit Margin	51.0	-17.0	6.9	68.0	44.1	18.7	0.1	18.6

Source: Bloomberg, PublicInvest Research estimates

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RM m)	2016A	2017A	2018F	2019F	2020F
Revenue	640.4	676.9	1,163.4	1,132.9	901.3
Gross Profit	90.6	179.7	211.5	209.1	152.4
Operating expenses	-74.1	-41.2	-50.1	-46.6	-19.3
Operating Profit	16.5	138.5	161.5	162.5	133.1
Other Gains / (Losses)	0.4	8.4	4.1	5.3	48.3
Finance Costs	-24.2	-34.7	-34.8	-35.0	-35.2
Pre-tax Profit	-7.3	112.2	130.8	132.7	146.3
Income Tax	-8.7	-23.5	-31.4	-31.9	-35.1
Effective Tax Rate (%)	119.5	-20.9	-24.0	-24.0	-24.0
Minorities	-0.7	-14.9	-19.9	-20.2	-22.2
Net Profit	-16.7	126.7	79.5	80.7	89.0
Growth					
Revenue (%)	38.8	5.7	71.9	-2.6	-20.4
Gross Profit (%)	-2.5	98.3	17.7	-1.2	-27.1
Net Profit (%)	-140.3	-858.2	-37.2	1.5	10.2

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RM m)	2016A	2017A	2018F	2019F	2020F
Property, Plant & Equipment	17.1	18.0	18.8	19.8	20.8
Cash and Cash Equivalents	101.7	133.8	118.0	141.9	140.2
Receivables	263.6	274.0	318.7	310.4	310.6
Other Assets	1,175.5	1,207.9	1,241.8	1,283.2	1,329.8
Total Assets	1,557.9	1,633.6	1,697.4	1,755.3	1,801.5
Payables	443.8	443.8	443.8	443.8	443.8
Borrowings	530.9	533.4	535.9	538.4	541.0
Dues to Customers	0.0	0.0	0.0	1.0	2.0
Other Liabilities	0.17	34.80	40.42	38.27	18.67
Total Liabilities	974.9	1,012.0	1,020.1	1,021.5	1,005.4
Shareholders' Equity	504.8	543.4	599.1	655.6	717.9
Total Equity and Liabilities	1,557.9	1,633.6	1,697.4	1,755.3	1,801.5

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2016A	2017A	2018F	2019F	2020F
Book Value Per Share	1.0	1.1	1.2	1.3	1.5
NTA Per Share	0.7	0.8	0.9	1.0	1.2
EPS (Sen)	-3.4	25.6	16.1	16.3	18.0
DPS (Sen)	0.0	0.0	0.0	0.0	0.0
Payout Ratio (%)	0.0	0.0	0.0	0.0	0.0
ROA (%)	-1.1	7.8	4.7	4.6	4.9
ROE (%)	-3.3	23.3	13.3	12.3	12.4

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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