

I Malaysia

ADD

Consensus ratings*: Buy 0 Hold 0 Sell 0

Current price: RM1.65
 Target price: RM2.40
 Previous target: na
 Up/downside: 45.5%
 CIMB / Consensus: na

Reuters: EITA.KL
 Bloomberg: EITA MK
 Market cap: US\$48.38m
 RM214.5m

Average daily turnover: US\$0.09m
 RM0.41m

Current shares o/s: 130.0m
 Free float: 40.4%

*Source: Bloomberg

Key changes in this note

None.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	26	43.5	21.3
Relative (%)	24.9	39.9	20.1

Major shareholders	% held
CBG Holdings	23.8
Fu Wing Hoong	20.2
Lin Joo Swee	15.6

Analyst(s)



Nigel FOO
 T (60) 3 2261 9069
 E nigel.foo@cimb.com

EITA Resources Bhd

Ready for liftoff

- EITA's core business is manufacture of elevators, escalators and busduct products..
- Tenders for MRT 2 and LRT 3 packages expected to be awarded over the next few quarters; EITA stands a strong chance of getting at least one of the infra packages.
- To benefit from the constant flow of affordable high-rise condominium launches.
- EITA's ROE is the highest among our small-mid-cap construction stock universe.
- Initiate with an Add. Catalyst is securing the MRT 2 job. Target price is at RM2.40.

Specialist in the manufacturing of elevators

Listed on the Main Board, EITA's core business is the manufacture and installation of elevators, escalators and busduct systems. Other businesses include distribution of electrical and electronics (E&E) components and service maintenance of elevators.

Leading domestic player in this market

In just 10 years, EITA has transformed from a manufacturer into the leading domestic player in the elevator market, with 10% market share nationwide. This is an impressive achievement and an indication of the management's strength and experience as this market is competitive, dominated by top international brands. In the elevator infra market, EITA is considered the number one player after they secured the MRT job.

Completion of MRT job should open doors for more jobs

The completion of the existing MRT installation elevator project by mid-2017 should boost EITA's track record, putting them in a strong position to secure more elevator jobs like MRT 2 and LRT 3, which is expected to be awarded over the next few quarters. We have not assumed any potential earnings from LRT 3 and MRT 2 jobs.

Sustained demand from construction of affordable condominiums

We believe EITA's elevator manufacturing business should also benefit from the constant flow of affordable condominium launches in the country over the next few years. Property consultant Jones Lang Wotton has projected cumulative completed medium-cost condominiums in Klang Valley alone to rise from 300,000 units currently to 420,000 by 2020, a 120,000-unit or 40% increase. This is equivalent to a potential RM800m elevator industry orderbook just in the Klang Valley alone.

Weaker FY9/17F core net profit but project recovery in FY9/18F

FY09/16 was the best year so far for EITA, when it recorded RM24.8m core net profit. As the MRT job is targeted to complete by mid-2017, we project a weaker FY9/17F core profit before an earnings recovery in FY9/18F, supported by expected higher exports and higher earnings from TCSB (which was acquired in Jan 2016).

Highest ROE among small-mid-cap construction stock universe

EITA's return on equity (ROE) is the highest among our small and mid-cap stock universe. ROE measures how well a company uses its resources to generate profits.

Cheap, high ROE, initiate with an Add call

We initiate coverage with an Add call. Valuation is attractive at 2018F 8.4x P/E, 43% discount to 2018 14.4x P/E for the smallcap construction sector. As there are no listed companies in similar businesses, we value EITA at 2018 12x P/E, a 20% discount to the construction sector's 15x target P/E - discount to reflect its small market cap and indirect exposure to the sector - deriving a RM2.40 target price. Potential rerating catalyst is securing the MRT 2 elevator job and strong export sales. Risks are failure to get the MRT 2 elevator job and weak export sales.

Financial Summary

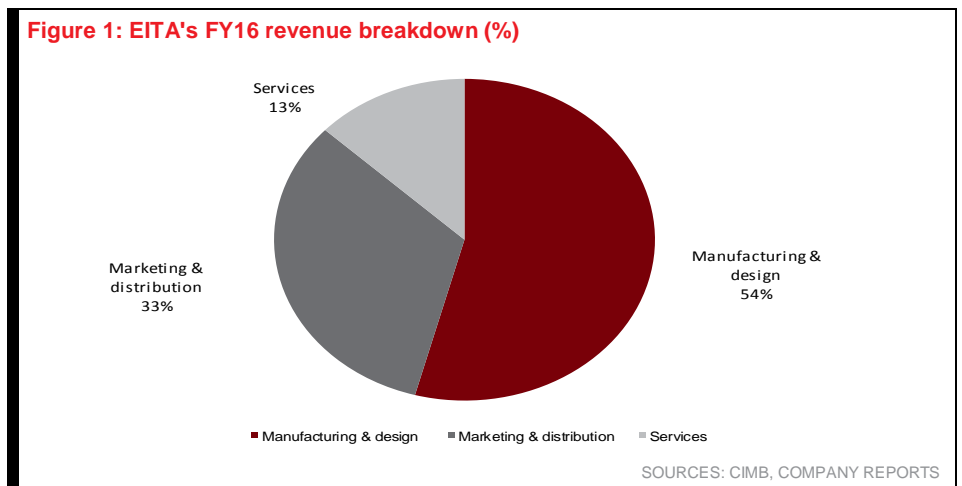
	Sep-15A	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Revenue (RMm)	214.9	288.0	265.0	312.2	340.6
Operating EBITDA (RMm)	17.63	37.89	33.30	36.20	39.00
Net Profit (RMm)	19.57	15.64	21.08	25.15	26.78
Core EPS (RM)	0.09	0.19	0.16	0.19	0.21
Core EPS Growth	(8%)	114%	(15%)	19%	6%
FD Core P/E (x)	18.43	8.63	10.18	8.53	8.01
DPS (RM)	0.040	0.040	0.050	0.060	0.065
Dividend Yield	2.42%	2.42%	3.03%	3.64%	3.94%
EV/EBITDA (x)	11.29	5.87	5.32	5.41	5.25
P/FCFE (x)	NA	10.46	4.13	NA	NA
Net Gearing	(12.2%)	4.4%	(24.9%)	(12.0%)	(6.5%)
P/BV (x)	1.63	1.51	1.37	1.23	1.11
ROE	9.4%	18.1%	14.1%	15.2%	14.6%
% Change In Core EPS Estimates					
CIMB/consensus EPS (x)					

SOURCE: COMPANY DATA, CIMB FORECASTS

Ready for liftoff

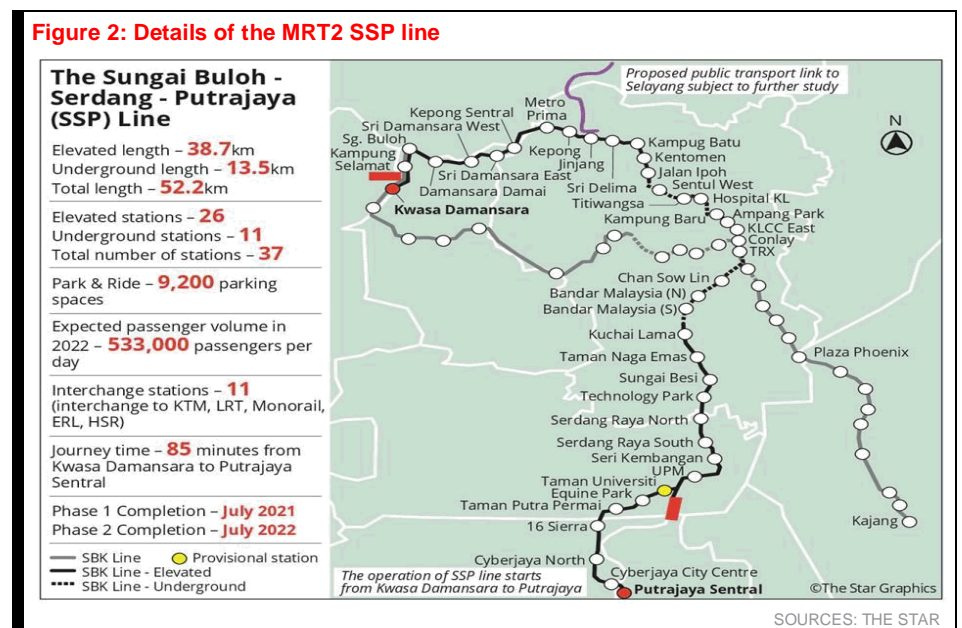
Investment thesis ►

EITA's core business is the manufacture and installation of elevators, escalators and busduct products. Other divisions include the distribution of E&E equipment and elevator maintenance services.



Strong chance of getting MRT2 jobs ►

In just ten years (from 2002 to 2012), EITA (using its home brand EITA Schneider) has transformed from just a manufacturer into the leading domestic player, with a 10% market share nationwide. This is impressive considering the industry is dominated by international brands. EITA's management has proven themselves to be able to compete with the best; finishing the MRT job will further boost their reputation in both domestic and regional markets. We also believe the company's solid track record puts EITA in a strong position to grab a slice of the MRT 2 and LRT 3 elevator jobs, which are expected to be awarded over the next few quarters. We have not assumed any potential earnings from MRT 2 or LRT 3 jobs.

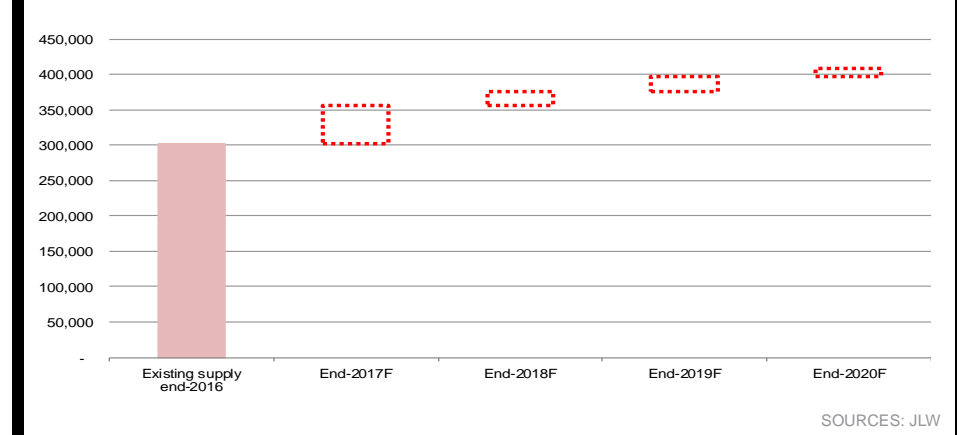


Sustained flow of orders from launch of affordable condominiums ➤

Over the next few years, we expect EITA's elevator manufacturing business to see sustained demand from the constant flow of affordable condominium launches. Property consultant Jones Lang Wotton has projected that cumulative completed medium-cost condominiums in Klang Valley alone should rise from 300,000 units currently to 420,000 by 2020, a 120,000-unit or 40% increase.

Assuming each upcoming condominium block has on average 120 units, 1,000 condominium blocks will be built in Klang Valley alone up till 2020. All high-rise condominiums need elevators and, at an average price of RM0.8m per elevator, we estimate there will be RM800m worth of condominium elevator jobs in the Klang Valley alone over the next four years. EITA's positioning in the elevator manufacturing business is in the mid-market segment.

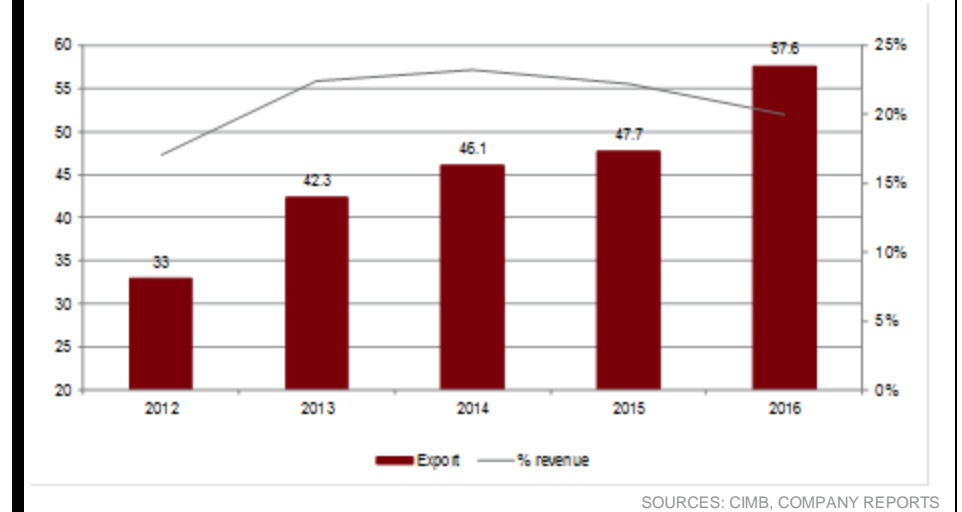
Figure 3: Projected completed units of 'mass-market' condominiums in the Klang Valley (ranked '4-star' or lower)



Growing export markets ➤

EITA has been growing its export market over the past few years. Its 4-year CAGR export revenue was an impressive 22% and the company is continuing efforts to move into new markets. Export products, include elevators, busducts and cables. Its main export market remains ASEAN and, in 2017, the company managed to penetrate Cambodia and the Kenya elevator markets. Exports contributed 20% of group revenue in FY16.

Figure 4: EITA export revenue (RMm) and % to group revenue



Major customers ►

EITA's major domestic customers include MRT Corp, Kerjaya Prospek Group (KPG MK, Non Rated) and Hong Kong's listed Country Garden (2007 HK, Reduce). The company has also done work for Johor's Forest City development.

Initiate with an Add recommendation ►

EITA is under-researched. The stock currently has no active research coverage and only one institutional shareholder, which owns a 2.1% equity stake in the company. Stock valuation is attractive at only 8.4x 2018F P/E, which is a 43% discount to the small-cap construction sector's 14.4x 2018 P/E. As there are no direct listed companies in businesses similar to EITA, we value EITA at 12x 2018 P/E, which is a 20% discount to the construction sector's 15x target P/E; the discount is to reflect its small market cap and the indirect exposure to the construction sector. Our target price is set at RM2.40. EITA's ROE is the highest among the small-mid-cap construction companies in our coverage universe.

There is upside to our EPS forecasts as we have not included potential earnings from MRT 2 and LRT 3 elevator jobs. Potential re-rating catalysts include securing MRT 2 and LRT 3 elevator jobs and higher export revenue. Risks to our call are failure to clinch MRT 2 elevator jobs and weak export sales.

Figure 5: Sector comparisons

Company	Bloomberg Ticker	Reco m.	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)
					CY2017	CY2018		CY2017	CY2018	CY2017	CY2018	CY2017	CY2018	
EITA Resources Bhd	EITA MK	Add	RM1.66	RM2.40	49	9.9	8.4	3.0%	1.2	14.0%	14.6%	4.5	4.7	2.8%
Muhibbah Engineering	MUHI MK	Add	RM2.90	RM3.09	314	12.1	10.5	9.5%	1.3	11.2%	12.2%	4.1	3.5	1.5%
Salcon	SALC MK	Add	RM0.65	RM0.68	101	21.5	19.7	29.7%	1.0	4.5%	4.8%	5.1	4.9	4.2%
Signature International	SIGN MK	Add	RM0.92	RM1.30	52	14.5	14.6	1.0%	1.7	12.6%	11.4%	7.1	6.9	2.1%
WCT Holdings	WCTHG MK	Hold	RM1.86	RM2.00	598	19.4	18.7	27.9%	0.9	4.8%	5.0%	33.9	33.1	3.0%
Sector average ex-EITA					266	15.5	14.4	14.2%	1.2	9.4%	9.6%	12.5	12.1	2.7%

SOURCES: CIMB, COMPANY REPORTS

Start of a long-term uptrend, based on charts ►

After trading sideways for more than a year in a triangle formation consolidation, the stock finally broke out of its triangle this month. The monthly RSI resistance trendline was already broken, which is medium-term bullish, while the monthly MACD has just confirmed a bullish 'golden cross' formation. The medium-term trend is up.

Figure 6: EITA's monthly price chart (RM1.66)

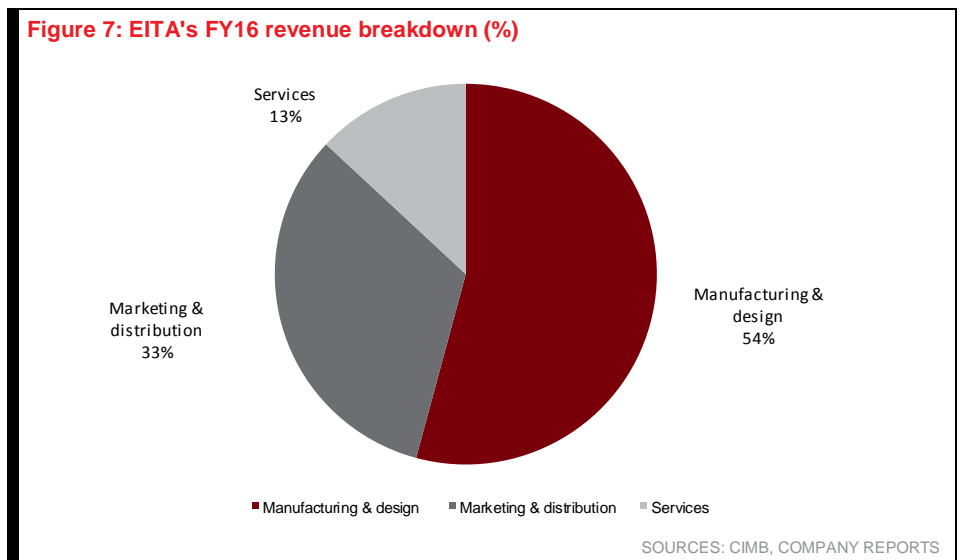


SOURCE: CIMB RESEARCH, BLOOMBERG

Background ▶

Listed in 2012 on the Main Board, EITA has three core businesses:

- manufacture and installation of elevators, escalators and busduct systems.
- marketing and distribution of E&E components and equipment.
- service maintenance of elevators and security system solutions.



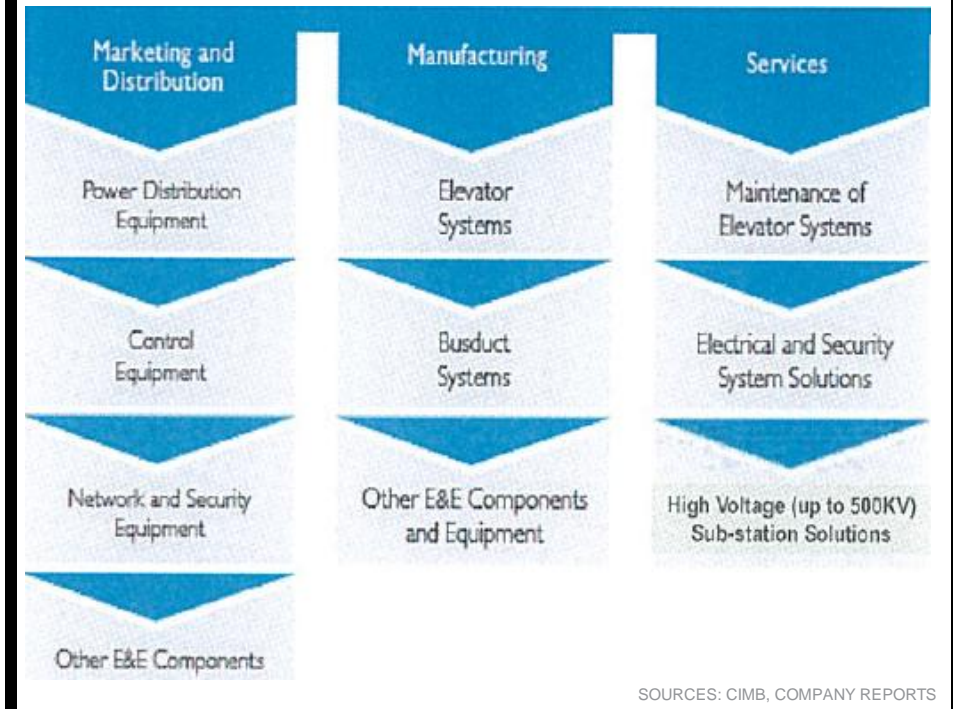
Founder and MD Fu is the company's main driver ▶

The company was founded in 1996 by Fu Wing Hoong, Lim Joo Swee and Chong Yoke Peng. Fu, who is currently group managing director, drives EITA's long-term strategy and direction. Fu has been involved in the electrical and the electronics (E&E) business for more than 30 years and has held different positions on The Council of Electrical and Electronic Association of Malaysia (TEEAM). He was the President of TEEAM in 2009-2013.

QL Resources's holding company is the largest shareholder ▶

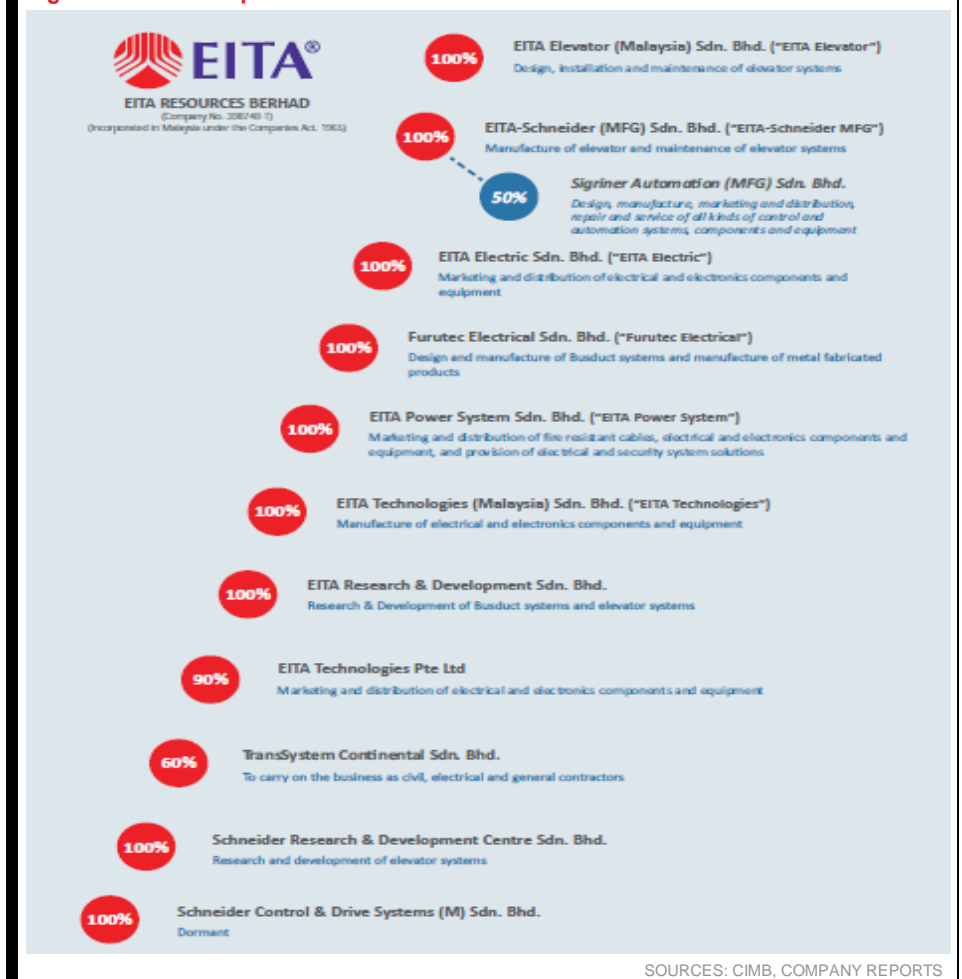
Fu owns 20.2% equity in EITA while Lim owns 15.6%. Interestingly, the largest shareholder in EITA is neither Fu nor Lim but CBG Holdings S/B (23.8%), which is also the holding company of listed QL Resources (QLG MK, Hold). CBG Holdings is, however, not involved in the management of EITA. The top three shareholders collectively own a 59.6% equity stake in the company. Based on EITA's latest annual report, it is under-owned by institutional investors, with only one institutional shareholder holding a 2.1% stake in the company.

Figure 8: EITA's core business activities



SOURCES: CIMB, COMPANY REPORTS

Figure 9: EITA's corporate structure



SOURCES: CIMB, COMPANY REPORTS

Figure 10: EITA's board of directors

Name	Designation
Dato' Siow Kim Lun	Independent Non-Executive Chairman
Fu Wing Hoong	Group Managing Director
Lim Joo Swee	Executive Director
Chong Yoke Peng	Executive Director
Lee Peng Sian	Executive Director
Chia Mak Hooi	Non-Independent Non-Executive Director
Chia Seong Pow	Non-Independent Non-Executive Director
Chong Lee Chang	Senior Independent Non-Executive Director
Tan Chuan Hock	Independent Non-Executive Director

SOURCES: CIMB, COMPANY REPORTS

Core business: design and manufacture of elevators ►

EITA's main revenue contributor is the design and manufacture of elevator and escalator systems. The manufacturing of elevator systems is performed by subsidiary EITA-Schneider (MFG) S/B while another subsidiary, EITA Elevator (M) S/B, handles the design, installation and maintenance of the systems.

Figure 11: EITA's corporate milestones

1996	Began marketing and distribution of busduct and fire resistant cables
2000	EITA Elevator installed first elevator project (40 lifts)
2002	EITA-Schneider entered into technical agreement with Schneider
2003	First overseas export of elevator system (to Thailand) through EITA-Schneider
2005	EITA Technologies Singapore set up to expand E&E marketing in Singapore
2008	Acquired Furutec, a busduct manufacturer
2009	Opened Vietnam representative office
2010	Furutec in R&D collaboration with Universiti Sains Malaysia
2011	EITA-Schneider acquired land at Bukit Raja, Klang for expansion
2012	EITA Resources listed on Bursa Main Board
2013	First time Manufacturing contribution exceeded 50% of Group's revenue
	First breakthrough busduct project in Myanmar
	Furutec signed S & P agreement to acquire land in Penang
2014	EITA Elevator awarded MRT project. Largest public sector contract (RM 94.3m)
2015	EITA-Schneider moved to expanded warehouse & manufacturing facility at Shah Alam, with 35k sq. ft.
	EITA Elevator awarded Arte+ Ampang project. Largest private sector contract (RM 19.3m)
2016	Acquired TransSystem Continental Sdn Bhd, a specialist in high voltage substation solutions
	Celebrated 20th Anniversary
2017	EITA-Schneider penetrated Cambodia and Kenya markets

SOURCES: CIMB, COMPANY REPORTS

Installer turned manufacturer in 2002 ►

In 1998, the company ventured into the installation and maintenance of elevator systems. The turning point for EITA was in 2002 when the company entered into a technical collaboration agreement with Schneider, a German company that specialised in elevator controller systems. EITA localised Schneider's technology and technical know-how and began manufacturing elevator systems in 2002.

Leading domestic player today ►

The domestic elevator market (ex-infra) is worth around RM750m-RM800m annually and is dominated by international players like Otis, Hitachi, Fuji Lift, MS Elevators, Otis and Kone. Even in such a competitive market, EITA has become the leading domestic elevator producer in just ten years (with its own house brand EITA Schneider). EITA holds a 10% market share nationwide and we understand there is no one dominant player in the market as the major players each hold around 10-15% market share.

Strength lies in its service and flexibility ►

We believe EITA's pricing is on par with its foreign peers and its strength lies in its flexibility to meet customer demand. While foreign players might find it difficult to customise client demands as their factories are outside the country, EITA has no issues as its factory is in the Klang Valley.

In addition, its domestic service and maintenance team can resolve any major problems immediately. It might take a little longer for some of the foreign players. EITA's major customers include MRT Corp S/B, Kerjaya Prospek Group (KPG MK, Non Rated) and Hong Kong's listed Country Garden (2007 HK, Non Rated). EITA has also done some work for the Forest City project.

Figure 14: EITA's announced elevator jobs

Client Name	Contract Value (RMm)	Project Duration
Kerjaya Prospek (M) Sdn Bhd	15.2	Sep-2016 to Oct-2019
Setiakon Builders Sdn Bhd	19.4	Mar-2015 to Jul-2018
MRT Corp Sdn Bhd	79.0	Nov-2014 to Dec-2016
MRT Corp Sdn Bhd	15.3	Aug-2014 to Dec-2016
Total	128.9	

SOURCES: CIMB, BMSB

Figure 15: A common type of travelator made by EITA-Schneider



SOURCES: CIMB, COMPANY REPORTS

Figure 16: Some of the elevator designs by EITA-Schneider



SOURCES: CIMB, COMPANY REPORTS

Winning MRT job was a major breakthrough ➤

At end-2014, the company had a major breakthrough when it clinched a RM94.3m contract for the supply, installation and commissioning of elevators and escalators for the MRT Sungai Buloh-Kajang line (MRT). This was the largest ever elevator contract secured by EITA. The company should complete the MRT job by mid-2017. With its solid track record and valuable experience gained from the MRT job, we believe EITA has the ability to handle other major infrastructure jobs in both domestic and regional markets. New domestic infrastructure projects EITA is looking at include LRT 3 and MRT 2 elevator jobs.

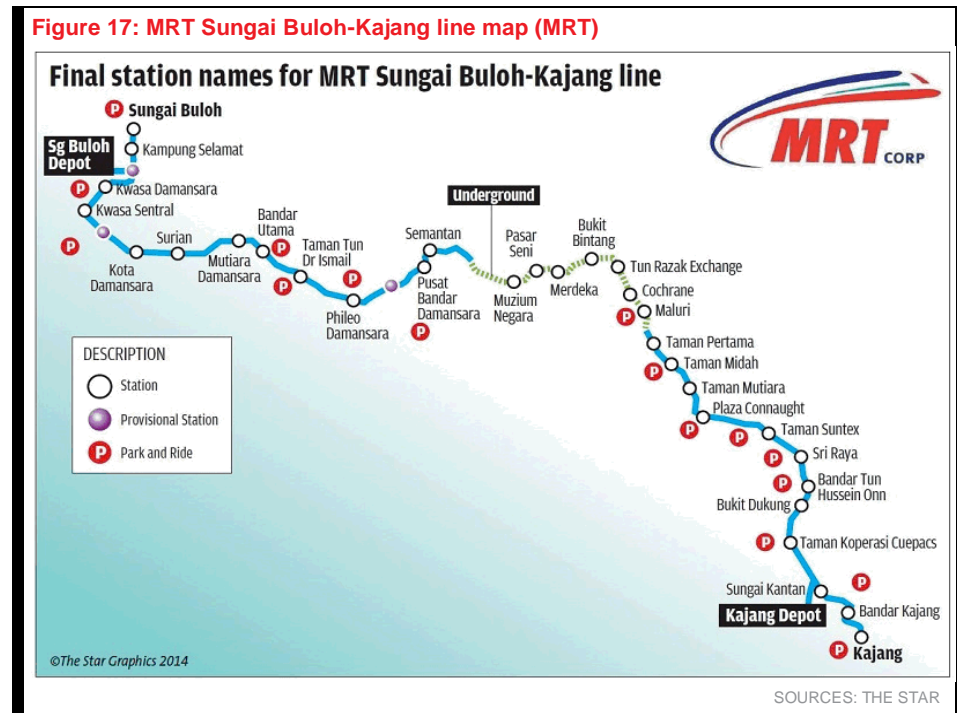


Figure 18: Some of EITA's major completed domestic projects

Project	Type	Year Completed
Encorp Strand Garden & Mall	Mixed	2013
Calvary Convention Centre	Church	2013
Glomac Damansara	Office	2013/4
Sierra Residence: Parcel 1/2/4	Residential	2013/4
The Maven, Balik Pulau/Penang	Residential	2014
The Shore, Malacca	Mixed	2014
Gleneagles Hospital, Johor	Hospital	2014
Condominium M3, KL	Residential	2014/5
Tiara Hills, KL (VCare Homelift)	Residential	2015
ArteS Penang	Mixed	2015
Arte+ Ampang, KL (high speed @ 5m/s)	Mixed	2015
MRT: Sg. Buloh - Kajang (elevator & escalator)	Infra	2014/6
Forest City Wharf, Johor	Mixed	2016
Forest City Hotel, Johor	Hotel	2016
Panasonic, Shah Alam, Selangor	Factory	2016/7
MSU Hospital, Shah Alam, Selangor	Hospital	2016/7

SOURCES: CIMB, COMPANY REPORTS

Figure 19: Some of EITA's major projects completed in ASEAN & Middle-East

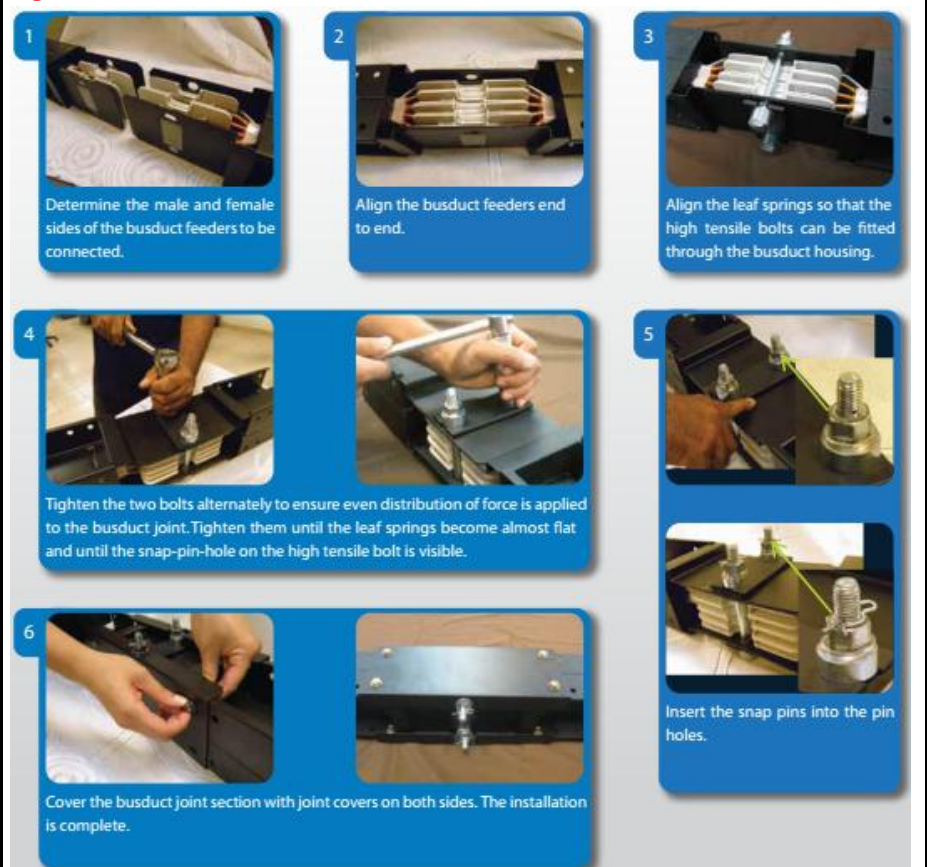
Project	Type	Year Completed
Talat Sao Mall, Laos	Mall	2008
West Bay Condominium, Singapore	Residential	2009
Baiduri Bank, Brunei	Bank	2009
Hotel 555, Hanoi, Vietnam	Hotel	2010
King Fahad Armed Forces Hospital, Saudi Arabia	Hospital	2011
Chateau Dale Bangsean, Pattaya, Thailand	Hotel	2013
Hanoi Air Traffic Control Centre, Vietnam	Infra	2013
Bacolod Adventist Medical Center, Philippines	Hospital	2013
Movenpick White Sands Beach Resort, Thailand	Hotel	2014
Dental College, Al Jouf University, Saudi Arabia	Education	2014/5
Community College, Al Jouf University, Saudi Arabia	Education	2015
Ratchaburi Hotel, Thailand	Hotel	2016
Al-Olla Taibah University, Saudi Arabia	Education	2016
Hotel & Mall - Shaqrah City, Saudi Arabia	Mixed	2016

SOURCES: CIMB, COMPANY REPORTS

Busduct systems ►

The other product the company designs and manufactures is the busduct system, a type of electrical power distribution system used within buildings and industrial areas that require high current loading. This manufacturing activity is done by EITA's subsidiary, Furutec Electrical S/B. Furutec has been manufacturing busduct systems since 1998 and EITA bought this company in 2008. Furutec is an established player in the region and has completed busduct installations locally and regionally in countries such as Singapore, Kuwait and Saudi Arabia. Its 3-acre factory is located in Penang.

Figure 20: How to construct a busduct



SOURCES: CIMB, FURUTEC WEBSITE

Figure 21: Examples of busducts by Furutec



SOURCES: CIMB, FUTUREC WEBSITE

Figure 22: Furutec - some major projects completed in Malaysia

Project	Type	Year Completed
Shah Alam Hospital, Selangor	Hospital	2013
Bank Kerjasama Rakyat, KL	Bank	2013
Gleneagles Medical Centre, Sabah	Hospital	2014
Sewage Treatment Plant, KL	Industrial	2014
The Face Condominium, KL	Residential	2014
STP Condominium, Penang	Residential	2014
Melawati Mall, KL	Mall	2015
UiTM Hostel, Selangor	Education	2015
Ivory City Mall, Penang	Mall	2015
Sky Commercial Tower & Apartment, Johor	Mixed	2015
Pinnacle 50, Selangor	Residential	2015
B Braun Medical Industries, Penang	Industrial	2015
MRT, Klang Valley (Package S3, S5 & S7)	Infra	2015
Astaka Padu Condominium, JB	Residential	2016

SOURCES: CIMB, COMPANY REPORTS

Figure 23: Furutec - some major projects completed in Singapore

Project	Type	Year Completed
National Art Gallery	Govt	2013
Changi Prison	Govt	2013
Singtel Data Centre (Phase 2 & 3)	Data Centre	2012-3
Microsoft Data Centre (various packages)	Data Centre	2014-5
Fusionpolis (Phase 5)	Mixed	2014
Marina Square Complex & Mall	Mixed	2014
Ng Teng Fong GH & Jurong Community Hospital	Hospital	2014
Yishun Community Hospital	Hospital	2015
StarHub Data Centre	Data Centre	2015
1-Net Data Centre (cast resin busduct)	Data Centre	2015
MapleTree Business City	Commercial	2015
DUO @ Ophir	Mixed	2015
JTC Aviation/Seletar Aerospace Park (cast resin)	Industrial	2015
Oasia Hotel & Office	Mixed	2015
School of Medicine - NTU (various packages)	Education	2015
National Institute of Infectious Disease	Medical	2016

SOURCES: CIMB, COMPANY REPORTS

Figure 24: Furutec - some major projects completed in ASEAN & Middle East

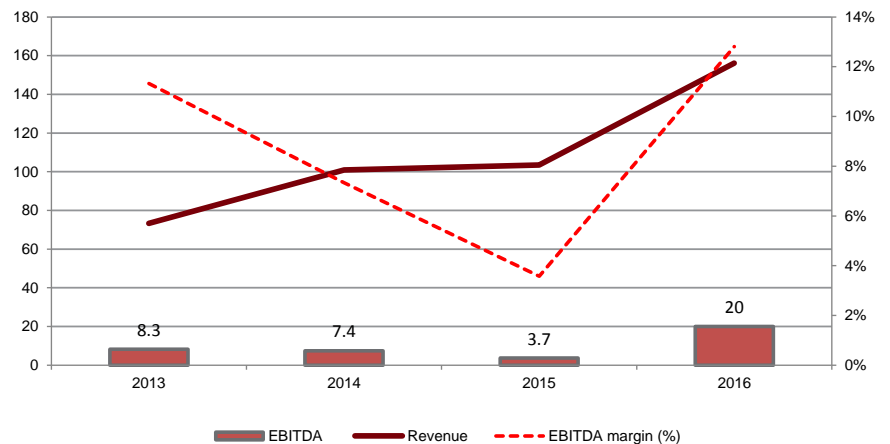
Project	Type	Year Completed
IEM Office Tower, Myanmar	Office	2014
M&A Office Tower, Myanmar	Office	2014
Network Apparel Factory, Bangladesh	Industrial	2014
ACE Sanofi, Vietnam	Industrial	2014
Holiday Express, Indonesia	Hotel	2014
WDC II, Kuwait	Office	2014
Europe & Asia Commercial Mfg Plant, Myanmar	Industrial	2015
Crown Plaza Hotel, Kuwait	Hotel	2015
Kuwait Medical Inst (aluminium housing busduct)	Hospital	2015
Magnolia Residences, Philippines	Residential	2015
Bridgetown Tera Tower, Philippines	Mixed	2015
Hau Giang Factory, Vietnam	Industrial	2016
Jabil Project, Indonesia	Industrial	2016
Sharjah Apartment, UAE	Residential	2016

SOURCES: CIMB, COMPANY REPORTS

Manufacturing revenue surged in FY16

Fig 25 shows the combined revenue and EBITDA of EITA’s elevator and busduct manufacturing divisions. The spike in FY16 revenue was mainly due to revenue recognised from ongoing work done on the MRT job. The FY15 EBITDA margin took a dip mainly due to the company hiring more staff to set up a new team after securing the MRT job at end-2014.

Figure 25: EITA’s combined elevator and busduct revenue and EBITDA ex-unrealised forex loss (RM m)

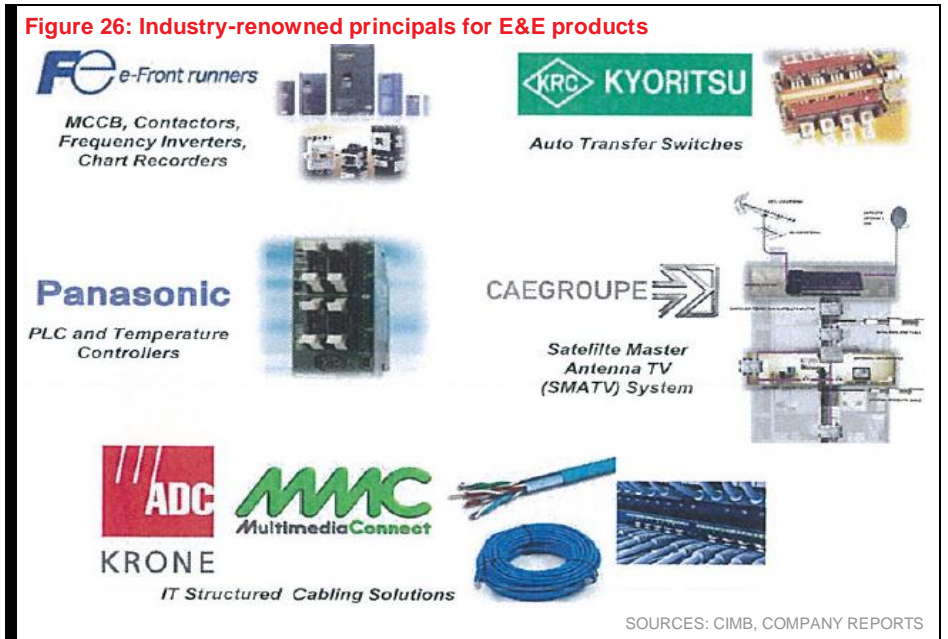


SOURCES: CIMB, COMPANY REPORTS

Marketing and distribution

EITA markets and distributes electrical and electronic (E&E) equipment for power distribution and control, IT networks and security solutions. These products are used in a wide range of applications. For example, power distribution equipment is used in many types of machinery and switchboards and control boards are found in many manufacturing industries.

The company is a partner of renowned international organizations, such as Fuji Electric, Bosch, Panasonic, General Electric and others. The main products distributed by EITA include Fuji Electric’s E&E equipment/components and in-house brand Pyrotec fire-resistant cables.



The types of power distribution equipment that EITA supplies include fire-resistant cables, cabling systems for lighting, capacitors and automatic transfer switches. As for control equipment, EITA markets and distributes inverters, programmable logic controllers, timers, various types of metering devices and power quality management system, among others.



Pyrotec, product JV with Leader Universal ▶

The PYROTEC® brand of fire-resistant cables was launched in Aug 2014, co-owned by EITA and Leader Universal. Over the past few years, Pyrotec has gained market acceptance, with strong sales in both domestic and overseas markets. Several property developments and industrial projects in Indonesia, the Philippines, Vietnam and Thailand are already using Pyrotec cables.

Figure 28: Pyrotec - some major projects in Malaysia

Project	Type	Year Completed
The Face Condominium, KL	Residential	2014
Cargill Westport, Port Klang	Industrial	2014
MRT Sg. Buloh, Selangor	Infra	2014
Mydin Taman Pelangi, Johor Bahru	Mall	2014
Sunsuria Bukit Jelutong, Selangor	Mixed	2014
I-City Condominium, Selangor	Residential	2014
AEON Klebang, Malacca	Mall	2015
Casa Tropicana, PJ	Residential	2015
Hong Leong Bank (Data Centre), KL	Data Centre	2015
St. Regis Hotel & Residences, KL	Hotel	2015
Mydin Pulau Sebang, Malacca	Mall	2015
KVMRT - IBS, KL	Infra	2016
The News, KL	Residential	2016
Four Seasons Place - KLCC, KL	Hotel	2016

SOURCES: CIMB, COMPANY REPORTS

Figure 29: Pyrotec - some major projects in ASEAN

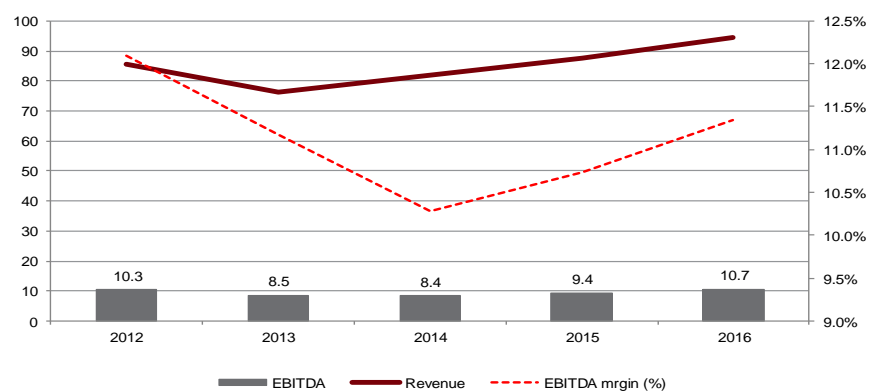
Project	Type	Year Completed
Duck King: HQ & Factory, Indonesia	Industrial	2014
Spindo Factory, Indonesia	Industrial	2014
Gunung Geulis Resort, Indonesia	Hotel	2015
Intermark BSD, Indonesia	Mixed	2015
Aeropolis Crystal 2 Apartment, Indonesia	Residential	2015
Robinson Galleria, Philippines	Mall	2015
Victoria Square - Cimone, Indonesia	Mixed	2016
Gramedia Mall, Indonesia	Mall	2016
Harco Glodok, Indonesia	Industrial	2016
Elvis Tower - Jababeka, Indonesia	Residential	2016
RS Omini - Cikarang, Indonesia	Residential	2016
Aeronautical Radio, Thailand	Industrial	2016
Phan Xuong Ben Tre Biological Breeding, Vietnam	Factory	2016

SOURCES: CIMB, COMPANY REPORTS

Revenue from marketing division ►

In FY16, EITA’s marketing and distribution segment contributed RM94.3m or 33% to group revenue compared to RM87.6m in FY15 (40.8% of group revenue). Marketing and distribution has been growing steadily over the past few years and EBITDA margin has been stable at 10-11%.

Figure 30: EITA’s distribution and marketing revenue (RMm) EBITDA margin (%)



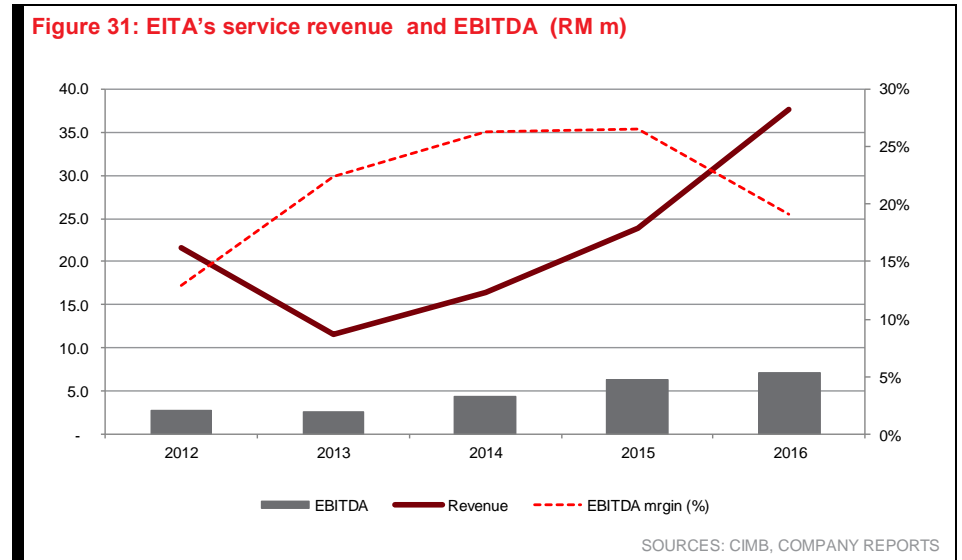
SOURCES: CIMB, COMPANY REPORTS

Service and maintenance ►

EITA also provides maintenance services for elevator systems that are either designed and manufactured by the group or by third parties. The elevator

maintenance services it provides include planned routine and preventive maintenance, required by the authorities to be done monthly as well as annually. EITA currently only services around 2,000 elevators annually. We believe this number should increase over the next few years as more than 90% of customers continue to contract EITA for service and maintenance after the warranty period (usually two or three years) for the elevators expires.

Figure 31: EITA's service revenue and EBITDA (RM m)



Other services revenue comes from electrical and security projects. EITA has also expanded into a new service business through the acquisition of TransSystem Continental S/B (TCSB), a specialist in high-voltage power distribution, especially turnkey sub-station installation up to 500kV. The spike in service revenue in FY16 was mainly due to contribution from TCSB, which was acquired in Jan 2016. Service division EBITDA margins have been stable at 20-25% over the past few years.

Figure 32: TransSystem Continental - some major projects completed in Malaysia

Project	Type	Year Completed
Slim River, Proton City, Ulu Yam & Bukit Beruntung	132KV switchgears	2009
PMU Ladang Kundung	132KV switchgears, 60MVAR	2010
PMU Bukit Ketari, PMU Taiping, PMU Bukit Tengah, PMU Kuala Perlis, PMU Kota Setar, PMU Gopen Road, PMU Parit Buntar	275KV & 132KV - replacement & refurbishment	2010 - 2011
PMU Bukit Merah, PMU Segari	275KV and upgrading	2012
PMU Pandamaran Extension	132KV	2012
PMU Gudang Darat, PMU Tanjung Langsat	2 x 132KV	2013
PMU Kuala Pilah	30MVAR	2014
PMU Pasir Besar	Increase transformer capacity	2015

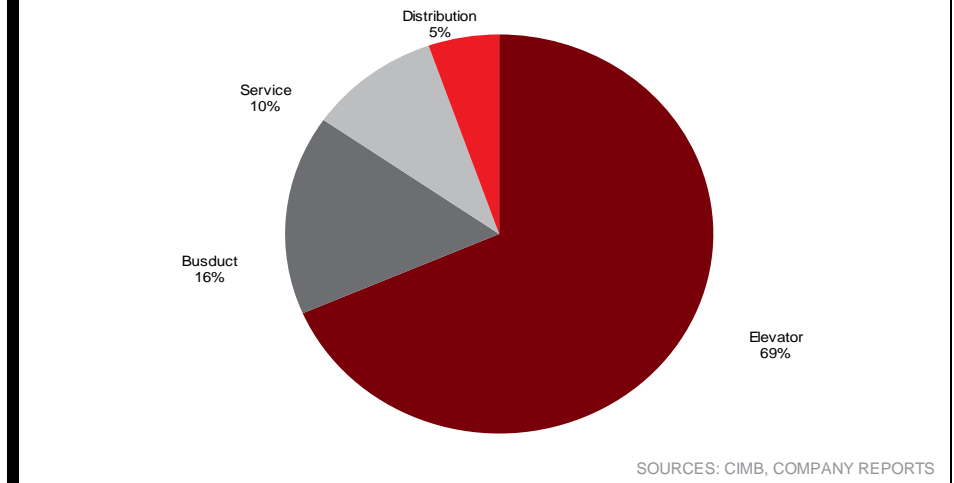
SOURCES: CIMB, COMPANY REPORTS

OUTLOOK

RM150m outstanding orderbook

As at end-2016, EITA's outstanding orderbook was at RM150m, of which the elevators accounted for 69%. While most of the elevator orders are from the domestic market, busduct manufacturing orders are export-dominated. The outstanding orderbook is, however, not a true reflection of its orderbook as most of its orders are short term in nature, typically 3-6 months. Only the MRT project has taken more than two years to complete.

Figure 33: EITA's outstanding orderbook breakdown as at end-2016 (%)



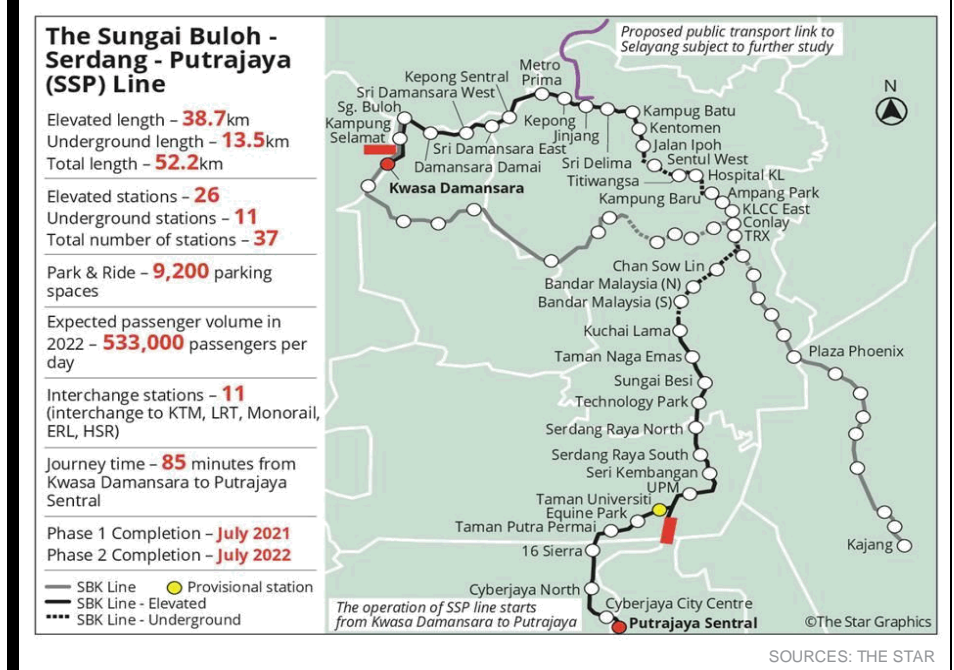
MRT 2 contract could be a major boost for EITA ▶

The outstanding MRT job should be completed by 1HCY17, according to the company. What could be interesting is if it could secure an elevator job from the MRT 2. We believe the MRT 2 elevator job will be broken into a few packages and awarded over the next few months.

Strong chance of winning MRT 2 job ▶

Given its strong track record for the MRT job, we believe EITA stands a good chance of securing one of MRT 2's contract packages for elevator construction and installation. We also believe that the size of this job should be similar to its first MRT job. However, we have not assumed any potential earnings from this.

Figure 34: Details of the MRT2 SSP line



Not forgetting LRT 3 ▶

According to our infrastructure analyst, the RM9bn LRT 3 (Bandar Utama-Klang) is currently in its tender phase and the award of the civil works packages (viaducts and stations) should commence in mid-2017.

There will be 26 stations along the 37km LRT 3 line, of which five will be integrated stations. The MRT 2 project also has 26 stations. EITA's management has indicated that it is also looking to bid for the elevator and escalator jobs for the LRT 3 project. We have not assumed any potential contribution from LRT 3 jobs.

Figure 35: Details of the LRT 3 project

Project name	: LRT 3 (Western corridor)
Coverage	: Bandar Utama - Klang
Project value	: RM9bn
Length	: 37km (includes a 2km underground scope)
No. of stations	: 26
PDP	: MRCB:George Kent JV (6% PDP fees on entire project value)
Prequalifiers	: 96 companies
Systems works	: 24 companies
Large Infra packages	: 22 Companies
Restricted Bumi tenders	: 22 Companies
Tunneling portion	: 8 Companies
Major prequalifiers	: Gamuda, WCT, IJM Corp, Ikhmas Jaya, Kimlun, SunCon, Bina Puri, Mudajaya
Timeline of awards	: May-2017 onwards
Completion target	: 2020
Rail operations	: Aug 2020

SOURCES: CIMB, COMPANY REPORTS

Also looking at HSR project ▶

EITA is also eyeing the KL-Singapore high speed rail (HSR) project. Preliminary plans indicate that eight stations will be built along the HSR track. As these stations will likely be major transportation hubs, we expect more elevators to be built to support the sizeable passenger movements. However, this project might need a few more years to take off.

Figure 36: Updated details of KL-Singapore HSR

Project name	: KL-Singapore High Speed Rail (HSR) project
Distance	: 350km (including a rail bridge over the Straits of Johor)
Breakdown of alignment	: Malaysia: 335km (95.7% of total length), Singapore: 15km (4.3% of total length)
Travel time	: 90 minutes
Number of stations	: 8
Station locations	: Bandar Malaysia, Putrajaya, Seremban, Ayer Keroh, Muar, Batu Pahat, Iskandar Puteri, Singapore
Speed	: c.300 kmh
Earlier estimated cost	: RM60-65bn based on recent press reports
Tender type	: International tender

SOURCES: CIMB, PRESS REPORTS

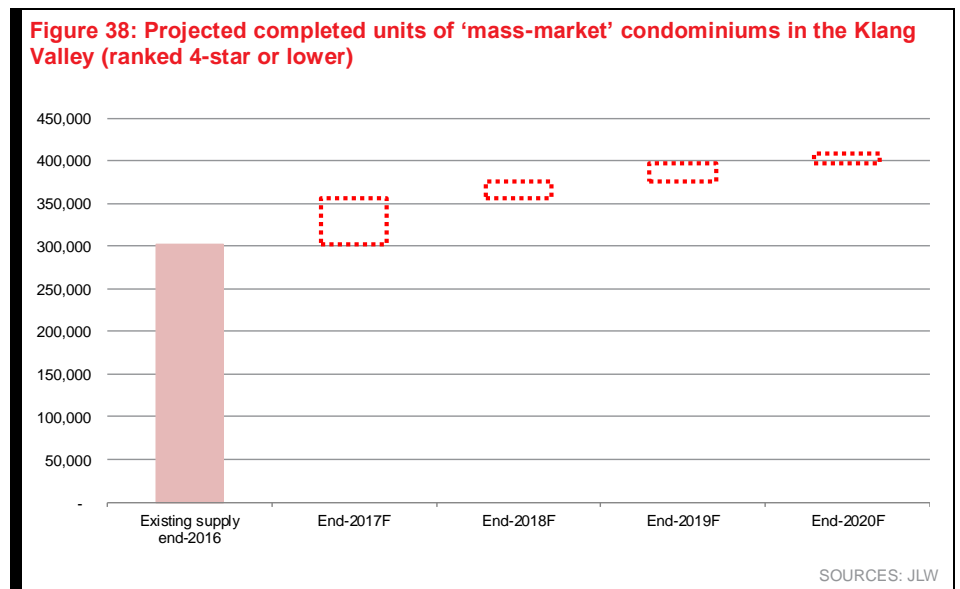
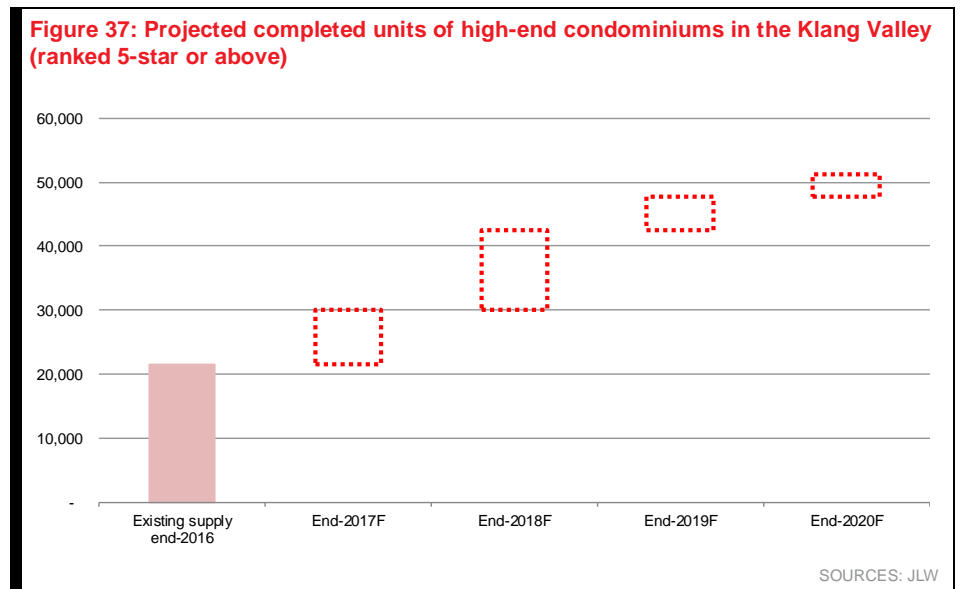
Construction of high-rise condominiums to benefit EITA ▶

Our property analyst shared with us that property consultant Jones Lang Wotton indicated that the number of completed Klang Valley condominiums categorised as 'five-star or above' doubled in 2011-2016 and this number is expected to increase by another c.40% by the end of this year. Jones Lang Wotton projects that high-end condominiums will rise from 21,000 units currently to more than 50,000 by 2020.

120,000 affordable condos to be ready by 2020 ▶

In addition, the supply of condominiums categorised as ‘four-star or lower’ in the Klang Valley rose at a slower 40% in 2011-2016. From 300,000 units in 2016, it projects that this market segment will increase 18% this year and rise to 420,000 by 2020.

Assuming each condominium block has on average 120 units, 1,000 condominium blocks will be constructed over the next 4 years in Klang Valley. With an elevator priced at an average RM0.8m, we estimate that there will be RM800m worth of elevator jobs up to 2020.

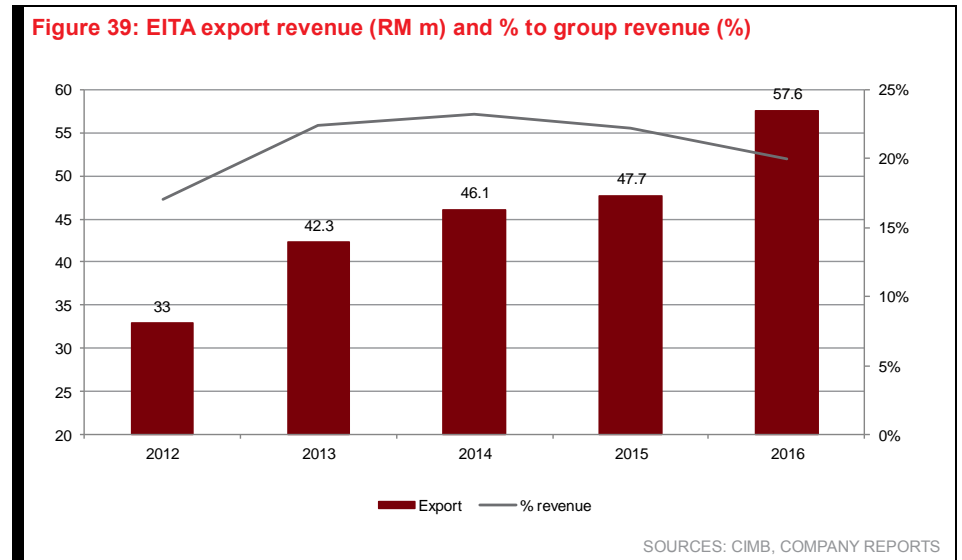


New elevator factory in 2018 ▶

In anticipation of more elevator and escalator manufacturing jobs, the company is setting up a new factory in Bukit Raja, Klang. The new factory sits on a 3-acre land plot, almost 4x the land of the existing facility. We expect the new factory to be ready by 2018. The company forecasts capex of RM12m for this project.

Looking to grow export market »

Exports contributed 20% to FY16 Group revenue and, over the next few years, EITA is looking to boost export contribution to 50% of group revenue. 4-year export revenue CAGR was an impressive 22% and the company is continuing efforts to penetrate new markets. Export products include elevators, busducts and cables. The main export market remains ASEAN and, in 2017, the company managed to penetrate the Cambodia and Kenya elevator markets.



M&As to strengthen its businesses »

EITA is also looking at M&As and synergistic partnerships locally and abroad to further strengthen its manufacturing businesses. It is on the watch for sub-contractors or installers for its elevator division and partners to strengthen its busduct business.

SWOT analysis »

Findings from our SWOT analysis on EITA show that the region offers huge growth prospects for the company. In addition, many infrastructure jobs that are to be implemented over the next few years could benefit the company. However, the company is still relatively small compared to regional and global competitors and, as such, EITA needs to grow larger to improve its economies of scale. Funding its expansion is not a concern for the company as its balance sheet should be net cash in FY17F.

Figure 40: SWOT analysis on EITA

Strengths	Opportunities
Experienced management	Region offers strong growth prospects
Leader in local infra elevator market	Still many local infra. projects yet to be announced
Strong balance sheet	Middle East market has potential
Cost competitive	
Weaknesses	Threats
Need greater economies of scale	Competition from international players
Still small player in the region	

SOURCES: CIMB, COMPANY REPORTS

RISKS

Delays in implementing domestic infra projects ▶

Delays in implementing new major infrastructure projects like MRT 2 and LRT 3 could hurt its elevator manufacturing business. To be less dependent on domestic jobs, the company is looking to grow its export revenue from 20% of group revenue currently to 50% in the next few years.

Delays in high-rise condominium projects ▶

Weak property market conditions could see delays in the completion of property projects in the country. Delays in condominium projects could hurt EITA's elevator manufacturing business. Demand for medium-cost condominiums in the country remains strong and this market segment should not be affected by any slowdown, in our view.

Forex volatility and rising cost of raw materials ▶

As the company imports raw materials from countries like China, Japan, the US and Europe, forex volatility could hurt its profit margins. As such, the company usually practices hedging to lock in raw material prices at a certain exchange rate. For long-term projects like the MRT project, which could take 2-3 years to complete, the company hedges for the entire period of the job.

FINANCIALS

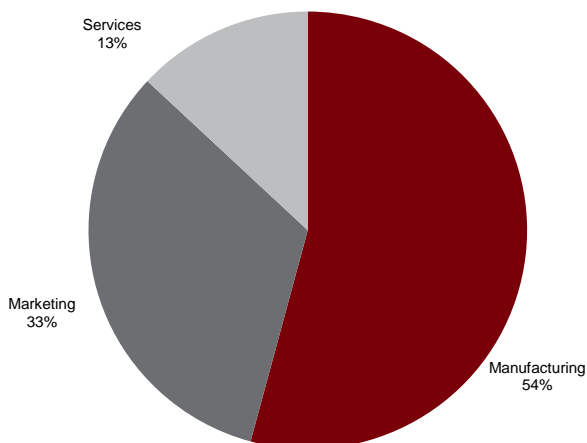
Manufacturing division main profit contributor▶

The breakdown of EITA's FY16 revenue and pretax profit (excluding unrealised forex loss) shows us that the manufacturing division is the main revenue and profit contributor. The manufacturing and marketing pretax profit margin is 10-11% while that for the service division is a higher 17-18%.

FY17F a negative year but...recovery in FY18F ▶

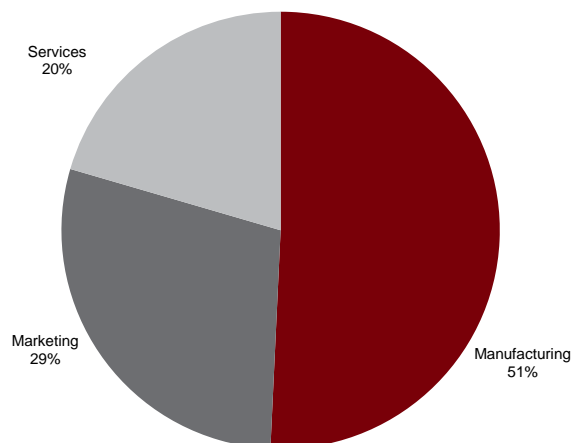
FY16 was a record year for the company. Recognising more than half of the work done on the MRT job, FY16 core net profit (excluding unrealised forex gain/(loss) was RM24.8m, the best year ever for the company. However, with the MRT project to be completed soon, we are looking at a negative year in FY17F. However, FY18F net profit should recover strongly, driven by higher export sales and rising TCSB revenue. We have not assumed any earnings from potential MRT 2 and LRT 3 jobs.

Figure 41: EITA FY16 revenue breakdown (%)



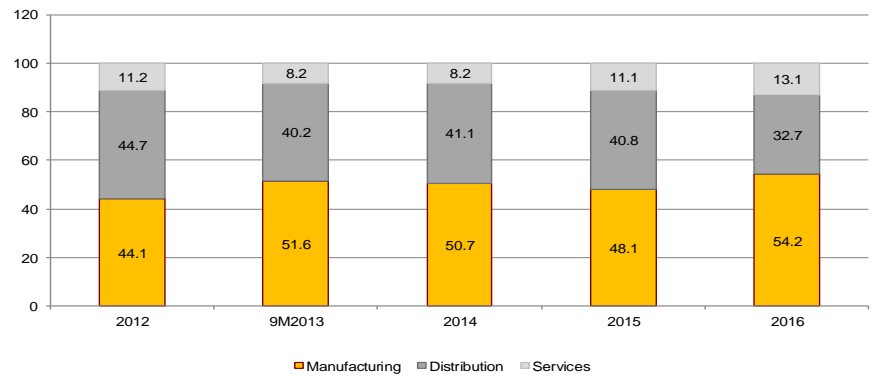
SOURCE: CIMB RESEARCH, COMPANY

Figure 42: EITA FY16 PBT breakdown excluding unrealised forex loss



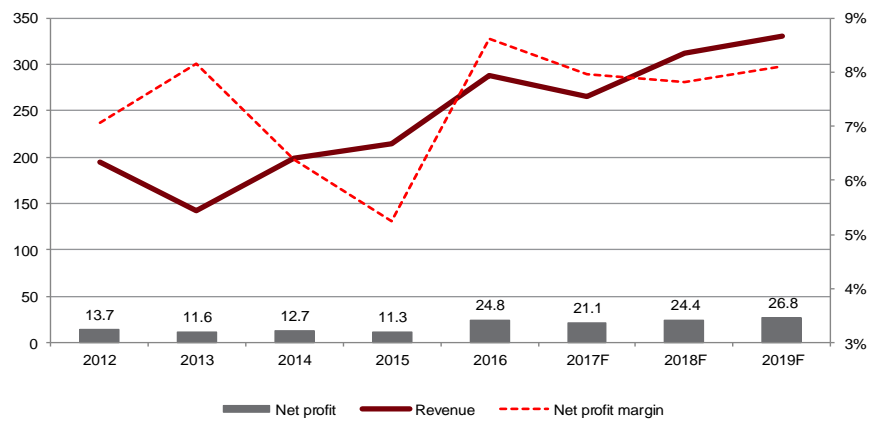
SOURCE: CIMB RESEARCH, COMPANY

Figure 43: EITA revenue breakdown by sector (%)



SOURCES: CIMB, COMPANY REPORTS

Figure 44: EITA's Group revenue and core net profit forecast (RM m)



SOURCES: CIMB, COMPANY REPORTS

FY15/16 earnings distorted by unrealised forex loss

A closer look at the FY15 and FY16 reported net profit numbers tells us the reported core net profit was distorted by unrealised forex gain and loss. In FY15, the company recognised RM11.1m unrealised forex gain and a RM12.2m unrealised forex loss in FY16. The unrealised forex gain/(loss) in FY15/16 was due to hedging activities from the forward exchange contracts on imported raw material purchases for the MRT project. There were no unrealised forex gains or losses in earlier years. Ex-unrealised forex gain/(loss), FY15 and FY16 net profit was RM11.2m and RM24.8m, respectively.

Figure 45: EITA reported and core net profit (RM m)

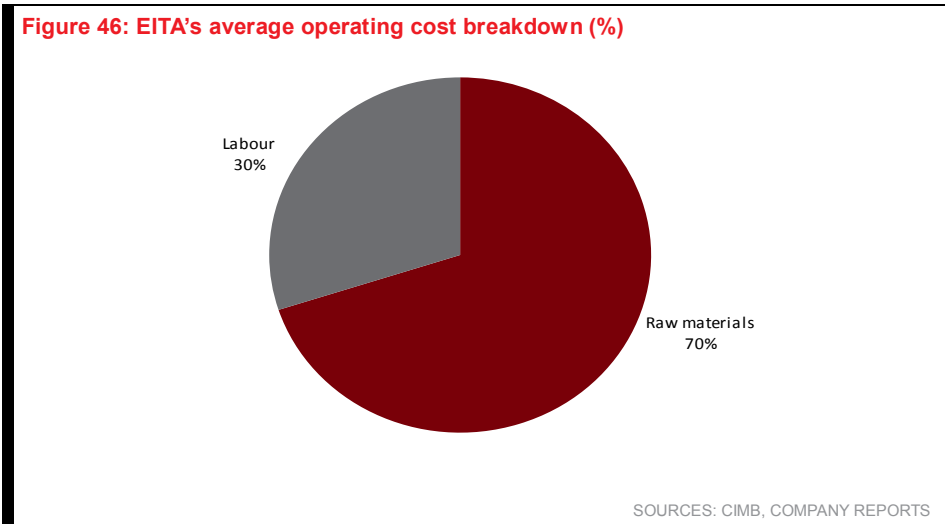
Y/E Sep (RMm)	2012	2013#	2014	2015	2016	2017F	2018F
Revenue	194.1	189	198.9	214.9	288	312.2	340.2
Reported net profit	13.7	15.4	12.7	19.6	15.6	21.1	25.2
Unrealised forex gain/(loss)	-	-	-	11.1	(12.2)	-	-
Core net profit*	13.7	15.4	12.7	11.2	24.8	21.1	25.2

*tax on unrealised forex gain/(loss), # annualised

SOURCES: CIMB, COMPANY REPORTS

Raw material contributes 70% operating costs

We estimate that raw materials account for around 70% of EITA's operating costs. The company imports elevator/escalator components and parts from countries such as China, Japan, US and Europe.



Hedged imported raw material for MRT project ▶

At end-2014, the company secured the RM94.3m MRT job. As this job was expected to take 2-3 years to complete and to ensure the project's profit margin, EITA conservatively hedged its raw material costs. This proved to be the right strategy as the ringgit weakened against most major currencies from early-2015 onwards.



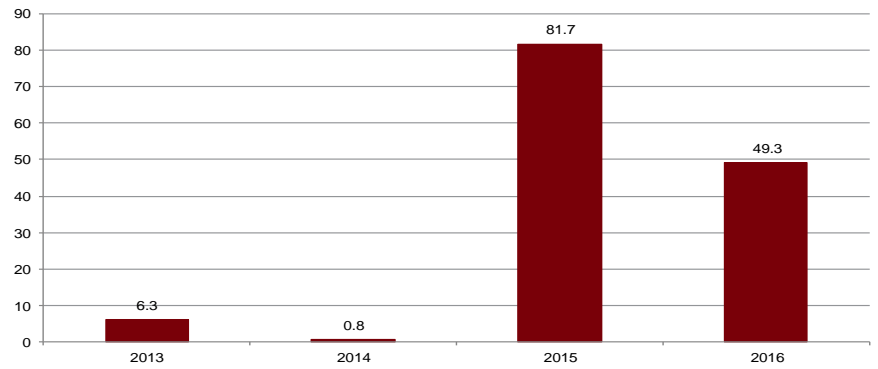
We show an example of the unrealised forex gain/(loss) for EITA. Fig 47 is the yuan-ringgit currency chart. We assume EITA hedged its raw material cost at end-2014 at Rmb1.77/RM until the end of the contract (mid-2017). In end-Sep 2015 (Sep FY), the ringgit weakened to Rmb1.45/RM and, as such, EITA recorded an unrealised forex gain.

However in end-Sep 2016 (Sep FY), the ringgit strengthened from Rmb1.45/RM to Rmb1.62/RM and, as such, EITA recorded an unrealised forex loss. Assuming EITA completes the MRT project today and because of its hedging policy at end-2014 of Rmb1.77/RM, the company's Rmb/RM cost is Rmb1.77/RM instead of the current Rmb1.54/RM exchange rate. The company could have recorded a loss on the MRT job if it did not hedge its imported raw material cost.

Hedging contract value drops in FY16 ▶

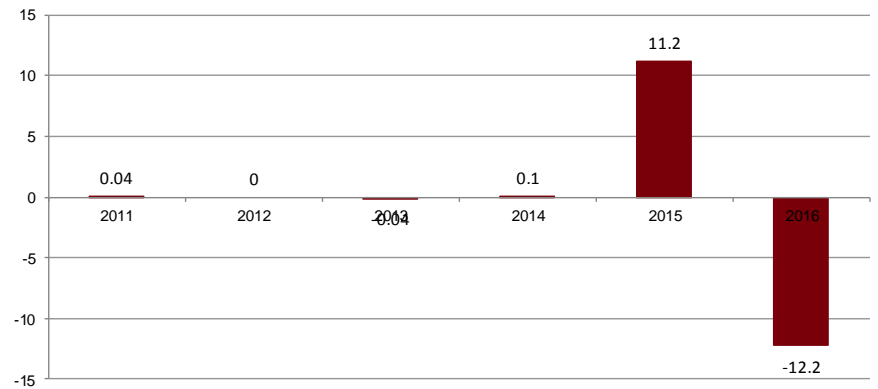
Fig 48 shows the nominal forward foreign exchange contract, the value for which peaked in FY15 when EITA started work on the MRT project. The hedging exposure dropped in FY16 as the company completed more of the MRT job during the year.

Figure 48: EITA's nominal value forward foreign exchange contracts (RM m) as at end-Sep



SOURCES: CIMB, COMPANY REPORTS

Figure 49: Net fair value gain/(loss) on forward exchange contracts (RM m) as at end-Sep

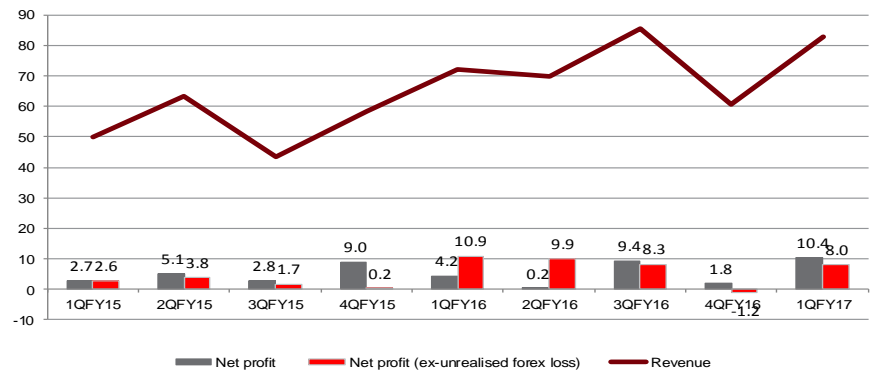


SOURCES: CIMB, COMPANY REPORTS

Quarterly profit is lumpy

EITA's quarterly profit is volatile. This is largely because revenue is recognised only when the job is delivered (for short-term contracts). In addition, quarterly reported profits are also affected by unrealised forex gains or losses.

Figure 50: EITA's quarterly reported net profit and net profit ex-unrealised forex loss (RM m)



SOURCES: CIMB, COMPANY REPORTS

DuPont ROE analysis

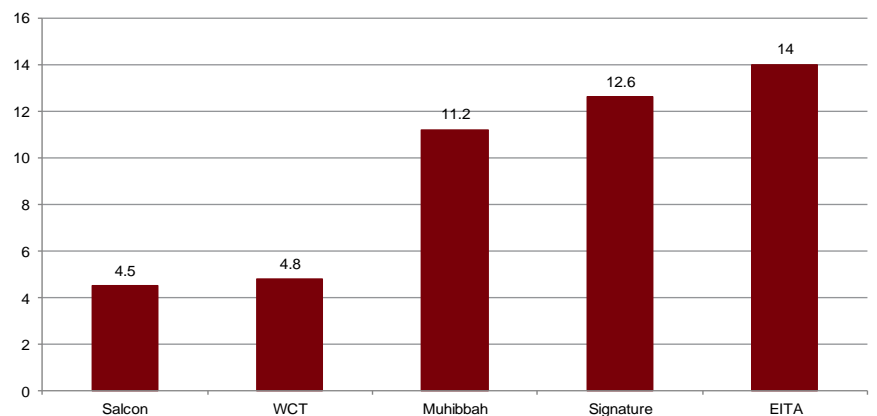
Our DuPont analysis on EITA's ROE tells us future ROE should be driven mainly by rising asset turnover. With the completion of the MRT job, the group EBIT margin should drop marginally in FY17 before rising again in FY18, driven by expected higher exports and rising contribution from TCSB. EITA's FY17F ROE is the highest among the small- and mid-cap construction stocks in our stock universe.

Figure 51: EITA Dupont ROE breakdown

FYE Sep	2015	2016	2017F	2018F	2019F
ROE (%)	8.6%	17.5%	13.4%	14.4%	13.9%
Tax & MI retention (%)	0.4	1.2	0.7	0.7	0.7
Interest burden (%)	1.8	0.6	0.9	1.0	1.0
EBIT margin (%)	7.2%	12.4%	11.6%	10.7%	10.6%
Asset turnover (x)	1.07	1.14	0.97	1.02	1.02
Equity multiplier (x)	1.52	1.77	1.74	1.75	1.73

SOURCES: CIMB, COMPANY REPORTS

Figure 52: Small- and mid-cap construction stocks' CY17F ROE (%)

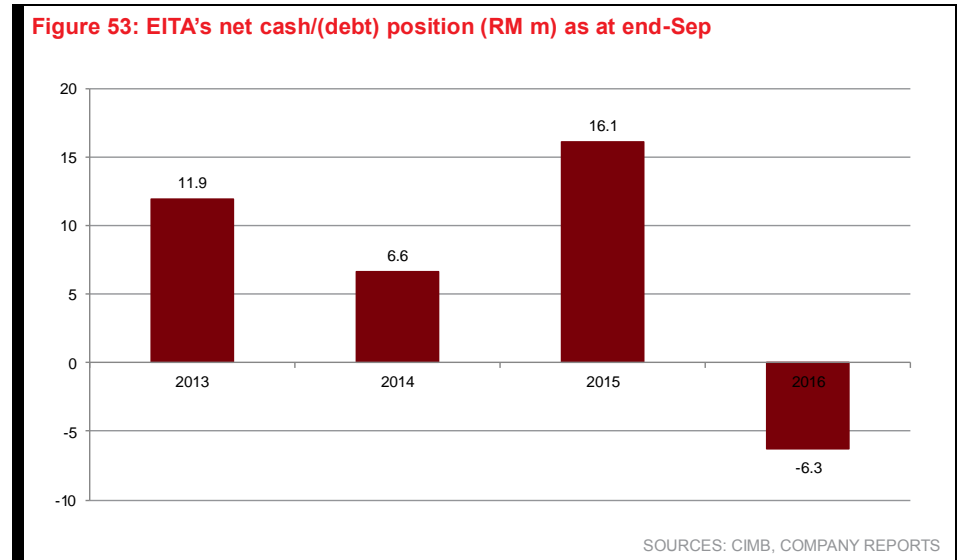


SOURCES: CIMB

Usually net cash balance sheet

Over the past few years, EITA's balance sheet has remained in a net cash position. The company fell into a net debt position only in FY16, recording RM6.3m net debt or 0.05x net gearing. We believe the company borrowed short-term to finance working capital needs. In FY16, trade receivables rose 55% yoy to RM126.5m. We believe the higher receivables came from work that was done for the MRT project but which had yet to receive payment. EITA should be net cash position in FY17F.

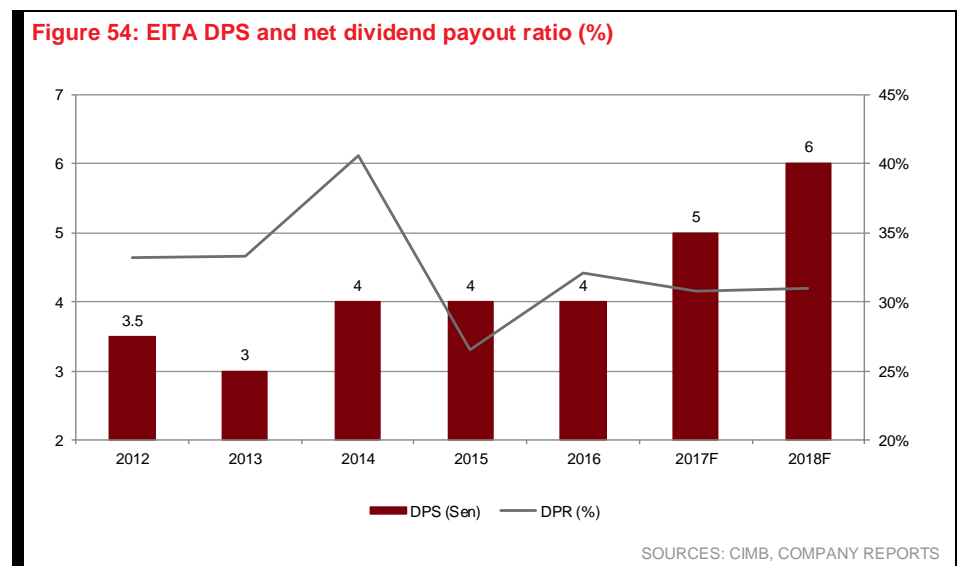
Figure 53: EITA's net cash/(debt) position (RM m) as at end-Sep



Looking at higher DPS in FY17F

EITA has a dividend policy to pay up to 30% of its net profit, which it has adhered to over the past few years. Assuming there are no more unrealised forex losses in FY17F, we are looking at a 5 sen DPS in FY17F. This should translate into 3% dividend yield. Although FY16 core net profit was at a record high, EITA's dividend payout ratio was based on its reported net profit.

Figure 54: EITA DPS and net dividend payout ratio (%)



VALUATION AND RECOMMENDATION

MRT 2 job could be a major catalyst for EITA ▶

There is currently no active research coverage on the stock and it only has one institutional shareholder (owns a 2.1% stake). This could change soon. The next few months could be exciting for the company. MRT 2 jobs should be awarded in the next 3-6 months and we believe the company stands a strong chance of winning at least one of the elevator and escalator installation packages.

Do not forget about LRT 3 ▶

In addition, we understand the RM9bn LRT 3 (Bandar Utama-Klang) is currently in its tender phase and the award of its civil works packages (viaducts and stations) should commence in mid-2017. There will be 26 stations along the 37km LRT 3 line, of which five will be integrated stations. EITA has indicated that it is looking to bid for LRT 3's elevator and escalator jobs. We have not assumed any potential profits from MRT 2 or LRT 3 projects.

All condominiums need elevators ▶

Over the past few years, there has been strong demand for elevators, driven by the constant flow of affordable medium-cost condominium launches in the country. Property consultant Jones Lang Wotton has indicated that the supply of condominiums categorised as 'four-star or lower' in the Klang Valley could rise 40% from 300,000 units in 2016 to 420,000 by 2020, a 120,000-unit or 40% increase. This is positive for EITA as its elevator business targets the mid-market.

Initiate coverage with an Add call ▶

With several major infrastructure projects starting soon and given the huge number of condominiums to be delivered over the next few years, it is going to be an exciting time for EITA, in our view. Stock valuation is attractive at only 8.4x 2018F P/E, which is a 43% discount to the small-cap construction sector's 2018 14.4x P/E. As there are no direct listed companies in businesses similar to EITA's, we value EITA at a 20% discount to the construction sector's 2018 15x target P/E; the discount is to reflect its small market cap and indirect exposure to the construction sector.

Our target price is set at RM2.40, which does not take into account potential earnings from MRT 2 and LRT 3 jobs. EITA's return on equity (ROE) is the highest among the small- and mid-cap construction stocks in our universe. Potential re-rating catalysts include securing MRT 2 jobs and higher export revenue. Failure to clinch an MRT 2 job is a key risk to our call.

Figure 55: Sector comparisons

Company	Bloomberg Ticker	Reco m.	Target Price		Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)	Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)
			(local curr)	(local curr)		CY2017	CY2018			CY2017	CY2018	CY2017	CY2018	
EITA Resources Bhd	EITA MK	Add	RM1.66	RM2.40	49	9.9	8.4	3.0%	1.2	14.0%	14.6%	4.5	4.7	2.8%
Muhibbah Engineering	MUHI MK	Add	RM2.90	RM3.09	314	12.1	10.5	9.5%	1.3	11.2%	12.2%	4.1	3.5	1.5%
Salcon	SALC MK	Add	RM0.65	RM0.68	101	21.5	19.7	29.7%	1.0	4.5%	4.8%	5.1	4.9	4.2%
Signature International	SIGN MK	Add	RM0.92	RM1.30	52	14.5	14.6	1.0%	1.7	12.6%	11.4%	7.1	6.9	2.1%
WCT Holdings	WCTHG MK	Hold	RM1.86	RM2.00	598	19.4	18.7	27.9%	0.9	4.8%	5.0%	33.9	33.1	3.0%
Sector average ex-EITA					266	15.5	14.4	14.2%	1.2	9.4%	9.6%	12.5	12.1	2.7%

SOURCES: CIMB, COMPANY REPORTS

TECHNICAL ANALYSIS

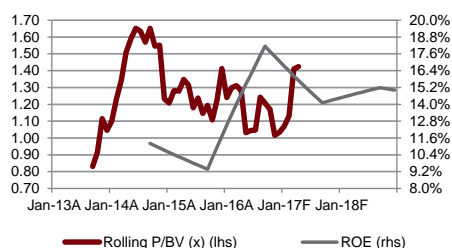
Triangle bullish breakout? ▶

Since its 2015 high of RM1.59, EITA's share price has been trading in a triangle formation consolidation. If we are right, this triangle consolidation ended this month, with the share price breaking out of its triangle resistance trendline. The monthly RSI resistance trendline was already broken, which is medium-term bullish, while the monthly MACD is on the verge of confirming its bullish 'golden cross' formation. The weekly chart shows a three-week triangle consolidation formation.

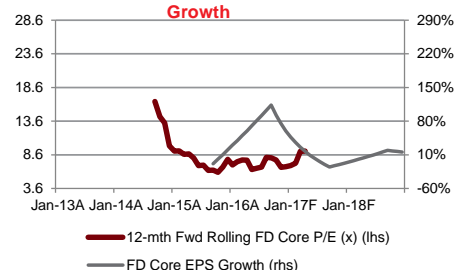


BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



FY16 core net profit at RM24.8m

Profit & Loss

(RMm)	Sep-15A	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Total Net Revenues	214.9	288.0	265.0	312.2	340.6
Gross Profit	214.9	288.0	265.0	312.2	340.6
Operating EBITDA	17.6	37.9	33.3	36.2	39.0
Depreciation And Amortisation	(2.1)	(2.3)	(2.5)	(2.9)	(3.0)
Operating EBIT	15.6	35.6	30.8	33.3	36.0
Financial Income/(Expense)	0.8	(1.9)	(1.9)	0.9	0.5
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	16.4	33.7	28.9	34.2	36.5
Exceptional Items	11.1	(12.2)	0.0	0.0	0.0
Pre-tax Profit	27.5	21.5	28.9	34.2	36.5
Taxation	(7.8)	(5.3)	(7.2)	(8.6)	(9.1)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0	0.0
Profit After Tax	19.6	16.2	21.7	25.7	27.4
Minority Interests	(0.1)	(0.6)	(0.6)	(0.5)	(0.6)
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0	0.0
Net Profit	19.6	15.6	21.1	25.2	26.8
Recurring Net Profit	11.6	24.8	21.1	25.2	26.8
Fully Diluted Recurring Net Profit	11.6	24.8	21.1	25.2	26.8

Capex for new elevator factory

Cash Flow

(RMm)	Sep-15A	Sep-16A	Sep-17F	Sep-18F	Sep-19F
EBITDA	17.63	37.89	33.30	36.20	39.00
Cash Flow from Inv. & Assoc.	0.00	0.00	0.00	0.00	0.00
Change In Working Capital	7.39	(41.85)	28.50	(40.56)	(31.14)
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00	0.00
Other Operating Cashflow	(11.20)	12.20	10.50	2.10	2.10
Net Interest (Paid)/Received	0.00	0.00	0.00	0.00	0.00
Tax Paid	(8.14)	(8.56)	(7.23)	(8.55)	(9.13)
Cashflow From Operations	5.68	(0.33)	65.08	(10.81)	0.84
Capex	(1.62)	(2.02)	(12.20)	(3.10)	(3.10)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00	0.00
Other Investing Cashflow	(2.80)	(1.15)	(0.90)	(0.90)	(0.90)
Cash Flow From Investing	(4.42)	(3.16)	(13.10)	(4.00)	(4.00)
Debt Raised/(repaid)	(8.10)	24.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00	0.00
Dividends Paid	(5.20)	(5.20)	(6.32)	(7.55)	(8.03)
Preferred Dividends	0.00	0.00	0.00	0.00	0.00
Other Financing Cashflow	1.80	0.40	2.00	3.20	2.10
Cash Flow From Financing	(11.50)	19.20	(4.32)	(4.35)	(5.93)
Total Cash Generated	(10.24)	15.71	47.65	(19.15)	(9.10)
Free Cashflow To Equity	(6.84)	20.51	51.98	(14.81)	(3.16)
Free Cashflow To Firm	1.26	(3.49)	51.98	(14.81)	(3.16)

SOURCE: CIMB RESEARCH, COMPANY DATA

BY THE NUMBERS... cont'd

Balance Sheet

Should be back to net cash in FY17F

(RMm)	Sep-15A	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Total Cash And Equivalents	29.5	36.4	82.2	64.0	55.5
Total Debtors	81.9	126.5	95.4	112.4	122.6
Inventories	40.9	51.1	47.7	80.7	107.3
Total Other Current Assets	17.2	5.1	5.1	5.1	6.9
Total Current Assets	169.5	219.1	230.4	262.2	292.3
Fixed Assets	23.7	24.6	34.3	34.5	34.6
Total Investments	0.0	0.0	0.0	0.0	0.0
Intangible Assets	2.1	2.3	2.3	2.3	2.3
Total Other Non-Current Assets	4.6	5.8	5.8	5.8	5.8
Total Non-current Assets	30.4	32.7	42.4	42.6	42.7
Short-term Debt	4.2	34.1	34.1	34.1	34.1
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0	0.0
Total Creditors	49.0	59.0	53.0	62.4	68.1
Other Current Liabilities	2.3	6.4	18.1	22.6	27.8
Total Current Liabilities	55.4	99.5	105.2	119.1	130.0
Total Long-term Debt	9.2	8.6	8.6	8.6	8.6
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	2.9	0.1	0.1	0.1	0.1
Total Non-current Liabilities	12.1	8.8	8.7	8.7	8.7
Total Provisions	0.0	0.0	0.0	0.0	0.0
Total Liabilities	67.6	108.2	113.9	127.9	138.7
Shareholders' Equity	131.8	142.1	156.8	174.4	193.2
Minority Interests	0.6	1.5	2.1	2.6	3.2
Total Equity	132.4	143.5	158.9	177.0	196.4

Key Ratios

Looking at stable Group EBITDA margin

	Sep-15A	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Revenue Growth	8.1%	34.0%	(8.0%)	17.8%	9.1%
Operating EBITDA Growth	14%	115%	(12%)	9%	8%
Operating EBITDA Margin	8.2%	13.2%	12.6%	11.6%	11.5%
Net Cash Per Share (RM)	0.12	(0.05)	0.30	0.16	0.10
BVPS (RM)	1.01	1.09	1.21	1.34	1.49
Gross Interest Cover	N/A	N/A	N/A	N/A	N/A
Effective Tax Rate	28.6%	24.5%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	61.4%	18.7%	24.7%	20.7%	19.4%
Accounts Receivables Days	129.5	132.4	152.8	121.5	125.9
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	10.5%	22.4%	15.4%	20.9%	17.3%
ROCE (%)	11.6%	20.3%	14.9%	16.2%	15.9%
Return On Average Assets	4.3%	13.2%	8.8%	8.6%	8.4%

Key Drivers

Looking at stronger orderbook

(RMm)	Sep-15A	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Outstanding Orderbook	150	150	170	190	210
Order Book Depletion	200	200	200	200	200
Orderbook Replenishment	N/A	250	270	300	330
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod./serv)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv)	N/A	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

DISCLAIMER

#01

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to CIMB and is distributed by CIMB.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CIMB may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CIMB is under no obligation to update this report in the event of a material change to the information contained in this report. CIMB has no, and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, CIMB, or any of their respective affiliates, or its related persons (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, CIMB disclaims all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon sources which CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CIMB or its affiliates to any person to buy or sell any investments.

CIMB, its affiliates and related companies, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CIMB, its affiliates and its related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CIMB or its affiliates may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CIMB may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. CIMB prohibits the analyst(s) who prepared this research report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CIMB entity as listed in the table below. The term "CIMB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, CIMB Group Holdings Berhad ("**CIMBGH**") and its affiliates, subsidiaries and related companies.

Country	CIMB Entity	Regulated by
Hong Kong	CIMB Securities Limited	Securities and Futures Commission Hong Kong
India	CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Indonesia	PT CIMB Securities Indonesia	Financial Services Authority of Indonesia
Malaysia	CIMB Investment Bank Berhad	Securities Commission Malaysia
Singapore	CIMB Research Pte. Ltd.	Monetary Authority of Singapore
South Korea	CIMB Securities Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Taiwan	CIMB Securities Limited, Taiwan Branch	Financial Supervisory Commission
Thailand	CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

(i) As of April 11, 2017 CIMB has a proprietary position in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -
 (ii) As of April 12, 2017, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -
 This report does not purport to contain all the information that a prospective investor may require. CIMB or any of its affiliates does not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CIMB nor any of its affiliates nor its related persons shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CIMB and its affiliates' clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CIMB Securities (Singapore) Pte. Ltd. and CIMB Securities Limited. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a "wholesale client". This research is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of the individual recipient. CIMB Securities (Singapore) Pte. Ltd. and CIMB Securities Limited do not hold, and are not required to hold an Australian financial services licence. CIMB Securities (Singapore) Pte. Ltd. and CIMB Securities Limited rely on "passporting" exemptions for entities appropriately licensed by the Monetary Authority of Singapore (under ASIC Class Order 03/1102) and the Securities and Futures Commission in Hong Kong (under ASIC Class Order 03/1103).

Canada: This research report has not been prepared in accordance with the disclosure requirements of Dealer Member Rule 3400 – Research Restrictions and Disclosure Requirements of the Investment Industry Regulatory Organization of Canada. For any research report distributed by CIBC, further disclosures related to CIBC conflicts of interest can be found at <https://researchcentral.cibcwm.com>.

China: For the purpose of this report, the People's Republic of China ("PRC") does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan. The distributor of this report has not been approved or licensed by the China Securities Regulatory Commission or any other relevant regulatory authority or governmental agency in the PRC. This report contains only marketing information. The distribution of this report is not an offer to buy or sell to any person within or outside PRC or a solicitation to any person within or outside of PRC to buy or sell any instruments described herein. This report is being issued outside the PRC to a limited number of institutional investors and may not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Germany: This report is only directed at persons who are professional investors as defined in sec 31a(2) of the German Securities Trading Act (WpHG). This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of the information.

The current prices/yields in this issue are based upon closing prices from Bloomberg as of the day preceding publication. Please note that neither the German Federal Financial Supervisory Agency (BaFin), nor any other supervisory authority exercises any control over the content of this report.

Hong Kong: This report is issued and distributed in Hong Kong by CIMB Securities Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CIMB Securities Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK.

CIMB Securities Limited does not make a market on other securities mentioned in the report.

India: This report is issued and distributed in India by CIMB Securities (India) Private Limited ("CIMB India") which is registered with the National Stock Exchange of India Limited and BSE Limited as a trading and clearing member under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992. In accordance with the provisions of Regulation 4(g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CIMB India is not required to seek registration with the Securities and Exchange Board of India ("SEBI") as an Investment Adviser. CIMB India is registered with SEBI as a Research Analyst pursuant to the SEBI (Research Analysts) Regulations, 2014 ("Regulations").

This report does not take into account the particular investment objectives, financial situations, or needs of the recipients. It is not intended for

and does not deal with prohibitions on investment due to law/jurisdiction issues etc. which may exist for certain persons/entities. Recipients should rely on their own investigations and take their own professional advice before investment.

The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CIMB India or its affiliates.

CIMB Securities (India) Pte Ltd has not received any investment banking related compensation from the companies mentioned in the report in the past 12 months.

CIMB Securities (India) Pte Ltd has not received any compensation from the companies mentioned in the report in the past 12 months.

Indonesia: This report is issued and distributed by PT CIMB Securities Indonesia ("CIMBI"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBI has no obligation to update its opinion or the information in this research report. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations.

This research report is not an offer of securities in Indonesia. The securities referred to in this research report have not been registered with the Financial Services Authority (Otoritas Jasa Keuangan) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market law and regulations.

Ireland: CIMB is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CIMB acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

Malaysia: This report is issued and distributed by CIMB Investment Bank Berhad ("CIMB") solely for the benefit of and for the exclusive use of our clients. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMB has no obligation to update, revise or reaffirm its opinion or the information in this research reports after the date of this report.

New Zealand: In New Zealand, this report is for distribution only to persons who are wholesale clients pursuant to section 5C of the Financial Advisers Act 2008.

Singapore: This report is issued and distributed by CIMB Research Pte Ltd ("CIMBR"). CIMBR is a financial adviser licensed under the Financial Advisers Act, Cap 110 ("FAA") for advising on investment products, by issuing or promulgating research analyses or research reports, whether in electronic, print or other form. Accordingly CIMBR is a subject to the applicable rules under the FAA unless it is able to avail itself to any prescribed exemptions.

Recipients of this report are to contact CIMB Research Pte Ltd, 50 Raffles Place, #19-00 Singapore Land Tower, Singapore in respect of any matters arising from, or in connection with this report. CIMBR has no obligation to update its opinion or the information in this research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CIMBR directly, you may not rely, use or disclose to anyone else this report or its contents.

If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CIMBR accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. If the recipient is an accredited investor, expert investor or institutional investor, the recipient is deemed to acknowledge that CIMBR is exempt from certain requirements under the FAA and its attendant regulations, and as such, is exempt from complying with the following :

- (a) Section 25 of the FAA (obligation to disclose product information);
- (b) Section 27 (duty not to make recommendation with respect to any investment product without having a reasonable basis where you may be reasonably expected to rely on the recommendation) of the FAA;
- (c) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03];
- (d) MAS Notice on Recommendation on Investment Products [Notice No. FAA-N16];
- (e) Section 36 (obligation on disclosure of interest in securities), and
- (f) any other laws, regulations, notices, directive, guidelines, circulars and practice notes which are relates to the above, to the extent permitted by applicable laws, as may be amended from time to time, and any other laws, regulations, notices, directive, guidelines, circulars, and practice notes as we may notify you from time to time. In addition, the recipient who is an accredited investor, expert investor or institutional investor acknowledges that a CIMBR is exempt from Section 27 of the FAA, the recipient will also not be able to file a civil claim against CIMBR for any loss or damage arising from the recipient's reliance on any recommendation made by CIMBR which would otherwise be a right that is available to the recipient under Section 27 of the FAA, the recipient will also not be able to file a civil claim against CIMBR for any loss or damage arising from the recipient's reliance on any recommendation made by CIMBR which would otherwise be a right that is available to the recipient under Section 27 of the FAA.

CIMB Research Pte Ltd ("CIMBR"), its affiliates and related companies, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CIMBR, its affiliates and its related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such

investment, advisory or other services from any entity mentioned in this report.

As of April 11, 2017, CIMBR does not have a proprietary position in the recommended securities in this report.

CIMB Research Pte Ltd does not make a market on the securities mentioned in the report.

CIMB Securities Singapore Pte Ltd does not make a market on the securities mentioned in the report.

CIMB Bank Berhad, Singapore branch does not make a market on the securities mentioned in the report.

South Korea: This report is issued and distributed in South Korea by CIMB Securities Limited, Korea Branch ("CIMB Korea") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea. In South Korea, this report is for distribution only to professional investors under Article 9(5) of the Financial Investment Services and Capital Market Act of Korea ("FSCMA").

Spain: This document is a research report and it is addressed to institutional investors only. The research report is of a general nature and not personalised and does not constitute investment advice so, as the case may be, the recipient must seek proper advice before adopting any investment decision. This document does not constitute a public offering of securities.

CIMB is not registered with the Spanish Comision Nacional del Mercado de Valores to provide investment services.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Switzerland: This report has not been prepared in accordance with the recognized self-regulatory minimal standards for research reports of banks issued by the Swiss Bankers' Association (Directives on the Independence of Financial Research).

Taiwan: This research report is not an offer or marketing of foreign securities in Taiwan. The securities as referred to in this research report have not been and will not be registered with the Financial Supervisory Commission of the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold within the Republic of China through a public offering or in circumstances which constitutes an offer or a placement within the meaning of the Securities and Exchange Law of the Republic of China that requires a registration or approval of the Financial Supervisory Commission of the Republic of China.

Thailand: This report is issued and distributed by CIMB Securities (Thailand) Company Limited ("CIMBS") based upon sources believed to be reliable (but their accuracy, completeness or correctness is not guaranteed). The statements or expressions of opinion herein were arrived at after due and careful consideration for use as information for investment. Such opinions are subject to change without notice and CIMBS has no obligation to update its opinion or the information in this research report.

If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient are unaffected.

CIMB Securities (Thailand) Co., Ltd. may act or acts as Market Maker, and issuer and offerer of Derivative Warrants and Structured Note which may have the following securities as its underlying securities. Investors should carefully read and study the details of the derivative warrants in the prospectus before making investment decisions.

AAV, ADVANC, AMATA, AOT, AP, BA, BANPU, BBL, BCH, BCP, BDMS, BEAUTY, BEC, BEM, BH, BIG, BLA, BLAND, BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, DELTA, DTAC, EGCO, EPG, GLOBAL, GLOW, GPSC, GUNKUL, HANA, HMPRO, ICHI, IFEC, INTUCH, IRPC, ITD, IVL, KAMART, KBANK, KCE, KKP, KTB, KTC, LH, LHBANK, LPN, MAJOR, MINT, MTL, PLANB, PSH, PTG, PTT, PTTTP, PTTGC, QH, ROBINS, RS, S, SAMART, SAWAD, SCB, SCC, SCN, SGP, SIRI, SPALI, SPCG, SPRC, STEC, STPI, SUPER, TASCOC, TAP, THAI, THANI, THCOM, TISCO, TKN, TMB, TOP, TPIPL, TRUE, TTA, TTCL, TTW, TU, TVO, UNIQ, VGI, VIBHA, VNG, WHA.

Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 - 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom: In the United Kingdom and European Economic Area, this report is being disseminated by CIMB Securities (UK) Limited ("CIMB UK"). CIMB UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 27 Knightsbridge, London, SW1X7YB. Unless specified to the contrary, this report has been issued and approved for distribution in the U.K. and the EEA by CIMB UK. Investment research issued by CIMB UK has been prepared in accordance with CIMB Group's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. This report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (c) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, or (e) are persons to whom an invitation or inducement to engage in

investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with any investments to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Where this report is labelled as non-independent, it does not provide an impartial or objective assessment of the subject matter and does not constitute independent “investment research” under the applicable rules of the Financial Conduct Authority in the UK. Consequently, any such non-independent report will not have been prepared in accordance with legal requirements designed to promote the independence of investment research and will not be subject to any prohibition on dealing ahead of the dissemination of investment research. Any such non-independent report must be considered as a marketing communication.

United States: This research report is distributed in the United States of America by CIMB Securities (USA) Inc, a U.S. registered broker-dealer and a related company of CIMB Research Pte Ltd, CIMB Investment Bank Berhad, PT CIMB Securities Indonesia, CIMB Securities (Thailand) Co. Ltd, CIMB Securities Limited, CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as “U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CIMB Securities (USA) Inc.

CIMB Securities (USA) Inc does not make a market on other securities mentioned in the report.

Neither CIMB Securities (USA) Inc., nor its affiliates have managed or co-managed a public offering of any of the securities mentioned in the past 12 months.

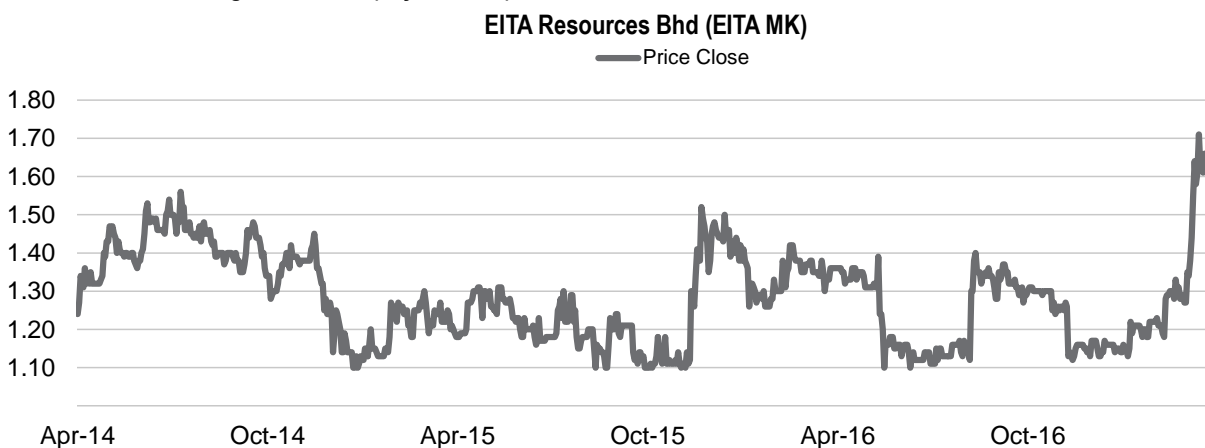
Neither CIMB Securities (USA) Inc., nor its affiliates have received compensation for investment banking services from any of the company mentioned in the past 12 months.

Neither CIMB Securities (USA) Inc., nor its affiliates expects to receive or intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2016		
1626 companies under coverage for quarter ended on 31 December 2016		
	Rating Distribution (%)	Investment Banking clients (%)
Add	58.4%	5.4%
Hold	29.6%	1.4%
Reduce	11.6%	0.4%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2016, Anti-Corruption 2016.

AAV – Very Good, n/a, **ADVANC** – Very Good, Certified, **AEONTS** – Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Very Good, Declared, **AOT** – Excellent, Declared, **AP** – Very Good, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – not available, Declared, **BCP** - Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, Declared, **BEC** - Good, n/a, **BH** - Good, Declared, **BIGC** - Excellent, Declared, **BJC** – Good, n/a, **BLA** – Very Good, Certified, **BPP** – not available, n/a, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – not available, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DTAC** – Excellent, Certified, **EA** – Very Good, Declared, **ECL** – Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Good, n/a, **GFPT** - Excellent, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Very Good, Declared,

HANA - Excellent, Certified, **HMPRO** - Excellent, Declared, **ICHI** - Very Good, Declared, **INTUCH** - Excellent, Certified, **ITD** - Good, n/a, **IVL** - Excellent, Certified, **JAS** - not available, Declared, **JASIF** - not available, n/a, **JUBILE** - Good, Declared, **KAMART** - not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KGI** - Good, Certified, **KKP** - Excellent, Certified, **KSL** - Very Good, Declared, **KTB** - Excellent, Certified, **KTC** - Excellent, Certified, **LH** - Very Good, n/a, **LPN** - Excellent, Declared, **M** - Very Good, Declared, **MAJOR** - Good, n/a, **MAKRO** - Good, Declared, **MALEE** - Very Good, Declared, **MBKET** - Very Good, Certified, **MC** - Very Good, Declared, **MCOT** - Excellent, Declared, **MEGA** - Very Good, Declared, **MINT** - Excellent, Certified, **MTLS** - Very Good, Declared, **NYT** - Excellent, n/a, **OISHI** - Very Good, n/a, **PLANB** - Very Good, Declared, **PSH** - not available, n/a, **PSL** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** - Excellent, Declared, **RATCH** - Excellent, Certified, **ROBINS** - Very Good, Declared, **RS** - Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** - Good, n/a, **SAT** - Excellent, Certified, **SAWAD** - Good, n/a, **SC** - Excellent, Declared, **SCB** - Excellent, Certified, **SCBLIF** - not available, n/a, **SCC** - Excellent, Certified, **SCN** - Good, Declared, **SCCC** - Excellent, Declared, **SIM** - Excellent, n/a, **SIRI** - Good, n/a, **SPALI** - Excellent, Declared, **SPRC** - Very Good, Declared, **STA** - Very Good, Declared, **STEC** - Excellent, n/a, **SVI** - Excellent, Certified, **TASCO** - Very Good, Declared, **TCAP** - Excellent, Certified, **THAI** - Very Good, Declared, **THANI** - Very Good, Certified, **THCOM** - Excellent, Certified, **THRE** - Very Good, Certified, **THREL** - Very Good, Certified, **TICON** - Very Good, Declared, **TISCO** - Excellent, Certified, **TK** - Very Good, n/a, **TKN** - Good, n/a, **TMB** - Excellent, Certified, **TOP** - Excellent, Certified, **TPCH** - Good, n/a, **TIPIP** - not available, n/a, **TRUE** - Very Good, Declared, **TTW** - Very Good, Declared, **TU** - Excellent, Declared, **UNIQ** - not available, Declared, **VGI** - Excellent, Declared, **WHA** - not available, Declared, **WHART** - not available, n/a, **WORK** - not available, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

CIMB Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.