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KEY HIGHLIGHTS

Company Update

Astro Malaysia (ASTRO MK/BUY/RM0.99/Target: RM1.08) Page 2

Expect strong sequential earnings for 4QFY22 with the recovery of business sentiment and stabilised ARPU. The stock offers a dividend yield of 8-9% for FY23-24.

Inari Amertron (INRI MK/BUY/RM3.07/Target: RM4.30) Page 5

Despite material constraints and softer seasonality, Inari's key segments are expected to remain resilient in FY22.

UOBKH Highlights

CIMB Group (CIMB MK/BUY/RM5.29/Target: RM5.95) Page 8

4Q21: Results above expectations.

TRADERS' CORNER Page 9

Astro Malaysia Holdings (ASTRO MK): Technical BUY

Kawan Food (KFB MK): Technical BUY

KEY INDICES

	Index	pt chg	% chg
FBMKLCI	1,582.69	(20.4)	(1.3)
Bursa Emas	11,321.77	(129.7)	(1.1)
Ind Product	207.83	(3.8)	(1.8)
Finance	16,414.85	14.2	0.1
Consumer	587.33	(2.1)	(0.4)
Construction	153.25	1.6	1.0
Properties	741.81	18.8	2.6
Plantations	7,785.82	(334.4)	(4.1)

BURSA MALAYSIA TRADING & PARTICIPATION

Malaysia Turnover	21-Feb-22	% chg
Volume (m units)	4,017	3.8
Value (RMm)	3,077	2.9

By Investor type	(%)	ppt chg
Foreign investors	22.0	4.2
Local retail	32.4	3.7
Local institution	45.6	(7.8)

TOP VOLUME / GAINERS / LOSERS

	Price	Chg	Volume
Top Volume	(RM)	(%)	('000)
Inari Amertron	3.07	(4.1)	34,331
Bumi Armada	0.50	(1.0)	25,553
Malayan Banking	8.80	1.6	14,517
Datasonic Group	0.48	0.0	12,044
Jaya Tiasa Holdings	0.79	(2.5)	9,736
Top Gainers			
IOI Properties	1.13	5.6	7,998
Gamuda	3.00	3.8	7,252
DRB-Hicom	1.50	2.0	1,182
Malayan Banking	8.80	1.6	14,517
Cahya Mata Sarawak	1.27	1.6	3,982
Top Losers			
Maxis Bhd	4.18	(5.4)	5,452
Dayang Enterprise	0.88	(4.9)	9,016
Kuala Lumpur Kepong	25.20	(4.8)	2,375
Digi.com	3.98	(4.6)	5,200
IOI Corp	4.42	(4.1)	7,805

OTHER STATISTICS

	21-Feb-22	chg	% chg
RM/US$	4.18	(0.01)	(0.1)
CPO 3rd mth future (RM/mt)	5,675	136.0	2.5

Top volume, gainers and losers are based on FBM100 component stocks

COMPANY UPDATE

Astro Malaysia (ASTRO MK)

Expect Improved Earnings Outlook With Stabilised TV ARPU And Churn

We expect Astro's upcoming 4QFY22 earnings to grow stronger sequentially with the improvement in business sentiment, stabilised TV ARPU, and lower content cost. We also expect Astro to deliver a final dividend of 2.5-3 sen/share, which translates to a yield of around 3% for the quarter. Maintain BUY and a target price of RM1.08. Expect earnings outlook to improve with stabilised TV churn and ARPU via its content enriching initiatives. The stock offers an attractive yield of 8-9% for FY23-24.

WHAT'S NEW

- **Recovery on track; expect strong sequential growth in 4QFY22.** Our recent meeting with Astro Malaysia (Astro) suggests that recovery is on track after the lockdown. Notable trends in 4QFY22 include: a) encouraging take-up of the higher priced new packages (launched in Nov 21) among its existing customers, b) stabilised TV ARPU, c) recovery in commercial and hospitality segments that should boost TV revenue; and d) improvement of business sentiments during the festive seasons that saw higher adex demand. All in all, we expect 4QFY22 earnings to come in at RM140m-150m, which is a strong sequential improvement of 40-50% qoq growth (but flat yoy) given the reopening of economies and lower content cost. Risks include soft consumer sentiment that was impacted by the lockdown and flood.
- **Another exciting year ahead.** After launching Disney+ Hotstar, Netflix, and TVB anywhere in FY22, Astro now covers a total of seven subscription video on demand (SVOD) streaming apps (see RHS table). Stepping into FY23, Astro will continue to forge more partnerships with various global Over The Top (OTT) players with an aim of having 15 SVOD under one subscription. Astro believes the partnerships will be a win-win situation for it and the OTT players in view of its massive customer penetration. We expect these deals to materialise in the next 12-15 months. Besides, Astro also aims to roll out its own broadband product line-ups in mid-/late-FY23, and integrate it with the new pricing packages as part of its convergence strategy.
- **FY23: Expect stabilised TV churn and ARPU.** We expect to see a stabilised TV churn rate and improved ARPU outlook with the introduction of its new TV pricing packages and enriched content offerings. Adex is also expected to recover with the resumption of corporate sentiments. We expect margin for FY23 to be similar to that of FY22 with the airing of sports events such as the Winter Olympics 2022 and FIFA World Cup. This will see content cost as a percentage of revenue sit at mid-high 30% (9MFY22: 37.5%, FY21: 34%). Our earnings forecast has also factored in a guided higher capex in FY23 for the investments in set-up boxes, fibre infrastructure, digitalisation, etc.

KEY FINANCIALS

Year to 31 Jan (RMm)	2020	2021	2022F	2023F	2024F
Net turnover	4,912	4,360	4,529	4,643	4,523
EBITDA	1,722	1,471	1,412	1,496	1,499
Operating profit	1,072	876	868	900	932
Net profit (rep./act.)	654	540	494	575	610
Net profit (adj.)	655	534	494	575	610
EPS (sen)	12.6	10.2	9.5	11.0	11.7
PE (x)	7.8	9.6	10.3	8.9	8.4
P/B (x)	6.0	4.7	4.3	3.8	3.4
EV/EBITDA (x)	4.4	5.2	5.4	5.1	5.1
Dividend yield (%)	7.7	8.2	7.3	8.4	8.9
Net margin (%)	13.3	12.4	10.9	12.4	13.5
Net debt/(cash) to equity (%)	372.0	255.0	201.3	163.2	135.0
Interest cover (x)	8.2	8.0	8.4	10.0	11.1
ROE (%)	90.7	55.8	43.4	45.2	42.9
Consensus net profit	-	-	476	547	582
UOBKH/Consensus (x)	-	-	1.04	1.05	1.05

Source: Astro , Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM0.99
Target Price	RM1.08
Upside	+9.1%

COMPANY DESCRIPTION

Pay-TV operator

STOCK DATA

GICS sector	Communication Services
Bloomberg ticker:	ASTRO MK
Shares issued (m):	5,214.5
Market cap (RMm):	5,110.2
Market cap (US$m):	1,220.8
3-mth avg daily t'over (US$m):	0.5

Price Performance (%)

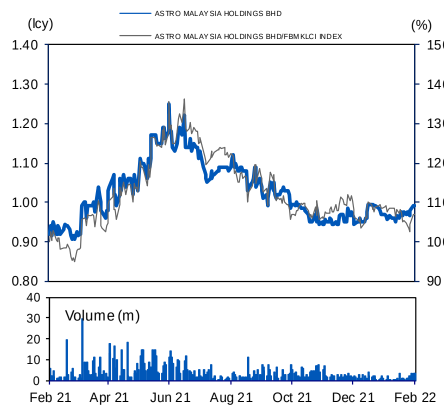
52-week high/low RM1.25/RM0.905

1mth	3mth	6mth	1yr	YTD
(0.5)	1.6	(10.1)	6.5	3.2

Major Shareholders	%
Pantan Cahaya Bulan Ventures Sdn	20.7
All Asia Media Equities Limited	19.4
East Asia Broadcast Network MV	8.1

FY23 NAV/Share (RM)	0.26
FY23 Net Debt/Share (RM)	0.42

PRICE CHART



Source: Bloomberg

ANALYST(S)

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STOCK IMPACT

- **New TV packages offer value that outweighs the incremental pricing.** Astro has revamped its TV packages to a simplified and aggregated version with six pricing packages (starting from RM59.99/month), and offers zero, 12-month or 24-month contracts options to cater to different segments and customers' needs. While the new pricing packages appear to be higher than the legacy (old) pricing, the contents offered now are much better value for money. For example, customers with platinum packages priced at RM194.99/month can now enjoy all five streaming services (worth about RM137.20/month if subscribed individually without Astro) as opposed to just two streaming services with the old packages (see table overleaf for full comparison). Importantly, existing customers could choose to stay on their legacy packages until their contracts end.

- **Turning the tides for sustainable growth.** We believe all these initiatives are a strategic move for Astro to pivot away from the ex-growth satellite pay-TV services, even though earnings impact could take a longer timeframe to materialise. These include enriching content offerings to sustain customer stickiness, and premiumisation strategy (such as introducing plug-and-play and broadband bundling) to rescue shrinking ARPU. This is apparent in Singapore's Starhub's pay-TV segment (now named entertainment) where churn rate has stabilised and ARPU has improved with the bundling of OTT streaming services.

EARNINGS REVISION/RISK

- None. Our FY22 earnings forecast has factored in a higher effective tax rate with the one-off prosperity tax in place. Management shared that only one entity under the group will be affected; hence the overall effective tax rate could be moderately above the statutory tax rate.

VALUATION/RECOMMENDATION

- **Maintain BUY with an unchanged DCF-based target price of RM1.08** (WACC: 7.7%, terminal growth: -1%). Our target price implies 11x FY22F PE (0.5SD below its five-year mean). We like management's concerted efforts to forge content partnerships and roll out new initiatives, which could allow them to defend the shrinking market share and ARPU over time.

- **4QFY22 yield at 2.6-3%.** In 9MFY22, Astro declared a total dividend of 4.5 sen/share (c.68% payout). As management remains committed to a 75% dividend payout policy, we expect 4QFY22 DPS to be backloaded at 2.5-3 sen/share. This will translate to a dividend yield of 2.6-3% for 4QFY22, and 7-8% for FY22-24.

- **Key re-rating catalysts** for the stock include: a) higher-than-expected dividend payout for FY21, b) higher-than-expected pay-TV ARPU, and c) regulator's stricter policy in cracking down on piracy.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

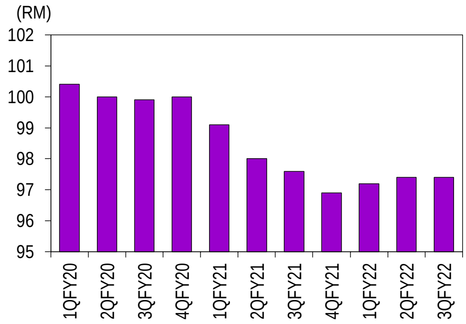
• **Environmental**
- Harvested 1.7m kWh of photovoltaic energy from 4,780 solar panels, saving 964 tCO2 carbon, which is equivalent to planting 24,718 trees. This also helped reduce greenhouse gas emissions by 2% to 25,423 tCO2e in FY21.
• **Social**
- Broadcasted over 16,000 hours of public service announcements in FY21. - Produced and commissioned over 9,000 hours of content, worth over RM320m.
• **Governance**
- Good company transparency along with an Anti-Bribery and Anti-Corruption Policy.

ASTRO'S CURRENT OTT STREAMING APPS

OTT	Launch Year
Astro Go	2017
HBO Go	2019
iQiyi	2019
Sooka	2021
TVB Anywhere	2021
Disney Hotstar	2021
Netflix	2021

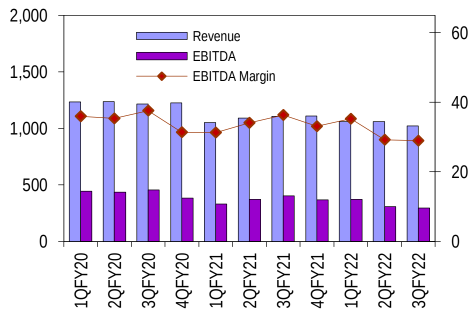
Source: Astro, UOB Kay Hian

TV ARPU SAW STABILISATION



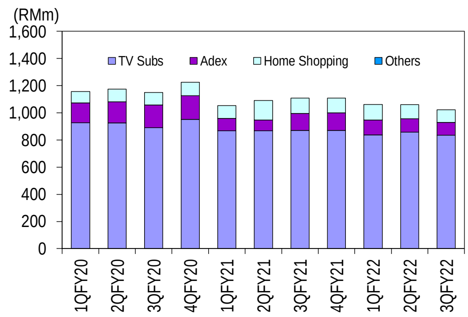
Source: Astro, UOB Kay Hian

REVENUE AND EBITDA



Source: Astro, UOB Kay Hian

REVENUE BREAKDOWN



Source: Astro, UOB Kay Hian

PROFIT & LOSS

Year to 31 Jan (RMm)	2021	2022F	2023F	2024F
Net turnover	4,360	4,529	4,643	4,523
EBITDA	1,471	1,412	1,496	1,499
Deprec. & amort.	595	545	596	567
EBIT	876	868	900	932
Net interest income/(expense)	(183)	(169)	(149)	(135)
Pre-tax profit	693	699	751	797
Tax	(165)	(217)	(188)	(199)
Minorities	12	12	12	12
Net profit	540	494	575	610
Net profit (adj.)	534	494	575	610

BALANCE SHEET

Year to 31 Jan (RMm)	2021	2022F	2023F	2024F
Fixed assets	1,725	1,543	1,458	1,388
Other LT assets	2,319	2,319	2,319	2,319
Cash/ST investment	265	668	890	1,064
Other current assets	1,476	1,499	1,514	1,498
Total assets	5,785	6,028	6,181	6,270
ST debt	323	323	323	323
Other current liabilities	1,318	1,377	1,398	1,346
LT debt	2,691	2,763	2,763	2,763
Other LT liabilities	305	305	305	305
Shareholders' equity	1,078	1,201	1,345	1,498
Minority interest	71	59	47	35
Total liabilities & equity	5,785	6,028	6,181	6,270

CASH FLOW

Year to 31 Jan (RMm)	2021	2022F	2023F	2024F
Operating	1,683	1,232	1,314	1,265
Pre-tax profit	693	699	751	797
Tax	(165)	(217)	(188)	(199)
Deprec. & amort.	595	545	596	567
Associates	0	0	0	0
Working capital changes	153	36	6	(36)
Other operating cashflows	408	169	149	135
Investing	(534)	(330)	(456)	(429)
Capex (maintenance)	(249)	(362)	(511)	(497)
Others	(285)	33	55	68
Financing	(1,179)	(500)	(635)	(661)
Dividend payments	(417)	(371)	(432)	(457)
Issue of shares	0	0	0	0
Proceeds from borrowings	(508)	72	0	0
Others/interest paid	(253)	(201)	(204)	(204)
Net cash inflow (outflow)	(30)	402	222	174
Beginning cash & cash equivalent	338	265	668	890
Changes due to forex impact	(43)	0	0	0
Ending cash & cash equivalent	265	668	890	1,064

KEY METRICS

Year to 31 Jan (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	33.7	31.2	32.2	33.2
Pre-tax margin	15.9	15.4	16.2	17.6
Net margin	12.4	10.9	12.4	13.5
ROA	9.0	8.4	9.4	9.8
ROE	55.8	43.4	45.2	42.9
Growth				
Turnover	(11.2)	3.9	2.5	(2.6)
EBITDA	(14.6)	(4.0)	5.9	0.2
Pre-tax profit	(19.5)	0.9	7.4	6.1
Net profit	(17.4)	(8.4)	16.4	6.0
Net profit (adj.)	(18.5)	(7.4)	16.4	6.0
EPS	(18.5)	(7.4)	16.4	6.0
Leverage				
Debt to total capital	72.4	71.0	68.9	66.8
Debt to equity	279.6	256.8	229.4	206.0
Net debt/(cash) to equity	255.0	201.3	163.2	135.0
Interest cover (x)	8.0	8.4	10.0	11.1

COMPANY UPDATE

Inari Amertron (INRI MK)

Decent Visibility In FY22; Gearing Up For Next Growth Engine

Despite material constraints and softer seasonality, Inari's key segments are expected to remain resilient in FY22. Besides modules assembly services, the group is also exploring new trade-diversion opportunities in LED packaging and substrate level. We increase our earnings forecasts by 8-11% for FY23-24. Further earnings-accretive M&A activities would uplift its market cap to strengthen its position as an FBMKLCI constituent. Maintain BUY. Target price increased to RM4.30.

WHAT'S NEW

- **Pulling in legacy products to cushion seasonality.** Inari Amertron's (Inari) strongest ever earnings (at RM107.2m in 2QFY22; sixth consecutive yoy growth) was mainly driven by its radio frequency (RF) business. RF sales, which contributed 65% of 1HFY22 revenue, improved further by 15% on healthy utilisation of 22 of its System-In-Package lines. Moving into 3Q, we expect volume loadings to normalise on soft seasonality as evidenced in the past. Management expects the RF segment to see an overall uptrend in FY22 and is pulling in more legacy builds to cushion for the coming smartphone cycle.
- **Optoelectronics – on the mend.** For its optical/communication segment, visibility is strong as its new higher speed fibre products are being deployed rapidly. While the automobile segment is still plagued by material constraints (sales volumes could have been 30% more if not for this issue), the loadings are picking up with a new customer pilot line installed at P55 (being its new revenue stream). Meanwhile, demand for Industrial products remains strong. Note that Amertron Clark won a contract to produce a new opto-product early-Nov 21. In summary, all of its business units are seeing tight shipment schedules and Inari is working closely with its customers and suppliers to prioritise line items.
- **New business expansion underway.** The new business ventures with MNC customers on assembly services related to: a) power modules, b) optical transceiver modules, and c) chips and modules are progressing as planned. For the power modules, Inari has scheduled production in Mar 22 for its System On Module products with its first customer, and is in discussions with its second customer for the commencement of production in 2Q22. For the optical transceiver modules, the production of 10Gbps and 25Gbps products has started since 3Q21 in both of its Penang and Philippines plants. The group is exploring turnkey jobs which could fetch higher margins. For the new RF double-sided moulding packaging, which is a new platform, prototyping of the New Product Introduction will be carried out in May 22 at its P34 plant. We believe net margins should be lucrative (at least 15%) once optimal utilisation is reached.

KEY FINANCIALS

Year to 30 Jun (RMm)	2020	2021	2022F	2023F	2024F
Net turnover	1,058	1,429	1,729	1,956	2,199
EBITDA	274	456	522	584	651
Operating profit	174	353	411	466	527
Net profit (rep./act.)	156	330	386	437	495
Net profit (adj.)	149	322	386	437	495
EPS (sen)	4.6	9.6	10.5	11.9	13.5
PE (x)	66.5	31.8	29.2	25.8	22.8
P/B (x)	8.2	7.4	4.6	4.5	4.4
EV/EBITDA (x)	39.0	22.7	18.1	16.2	14.6
Dividend yield (%)	1.4	3.6	3.1	3.5	4.0
Net margin (%)	14.7	23.1	22.3	22.4	22.5
Net debt/(cash) to equity (%)	(48.8)	(65.8)	(73.8)	(71.7)	(70.0)
Interest cover (x)	341.3	871.3	3,258.3	3,640.8	4,057.0
ROE (%)	13.4	25.6	20.3	17.8	19.8
Consensus net profit	-	-	398	458	509
UOBKH/Consensus (x)	-	-	0.97	0.96	0.97

Source: Inari Amertron , Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM3.07
Target Price	RM4.30
Upside	+40.1%
(Previous TP	*RM4.00)*

COMPANY DESCRIPTION

Inari is the largest semiconductor company in Malaysia and a top OSAT supplier for Broadcom's Radio Frequency (RF) components. It also manufactures and assembles optoelectronics and fibre-optics related components.

STOCK DATA

GICS sector	Information Technology
Bloomberg ticker:	INRI MK
Shares issued (m):	3,704.6
Market cap (RMm):	11,854.7
Market cap (US$m):	2,832.1
3-mth avg daily t'over (US$m):	23.4

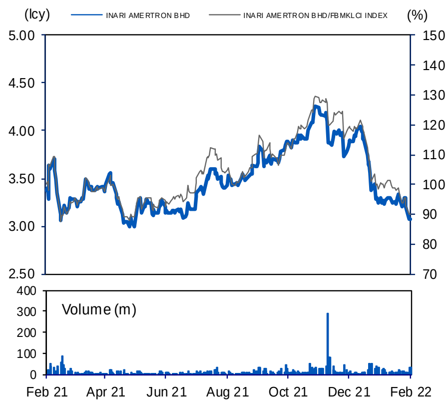
Price Performance (%)

52-week high/low RM4.25/RM2.98

1mth	3mth	6mth	1yr	YTD
(7.0)	(24.2)	(6.4)	(3.9)	(20.0)

Major Shareholders	%
Insas Berhad	14.3
Kumpulan Wang Persaraan	8.9
Employees Provident Fund	6.0
FY22 NAV/Share (RM)	0.67
FY22 Net Cash/Share (RM)	0.50

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- **Exploring two other new ventures.** Management noted that it is exploring a new opportunity related to US-China trade diversion with a new customer for high power LED package. Note that this customer is relocating its China business to Penang to support its US market business. Inari targets to commence production for this customer in 4Q22. Meanwhile, the group is also exploring opportunities in the field of advance embedded material, where it has obtained a Japanese end-customer's green light to start production for optical substrates by Mar 22 in Penang.

STOCK IMPACT

- **War chest ready for M&A activities.** Inari completed its 10% private placement on 30 Jul 21. The sizeable proceeds of RM1.03b came as a surprise considering 4QFY21's strong net cash position of RM905m. With RM1.87b net cash currently, we believe part of the proceeds could be used to either acquire entity(s) or for capital requirement, to complement its OSAT/ISAT expertise or/and module assembly services, which is in line with the group's ambition to double its revenue size/capacity by 2022-23.

- **First multi-pronged growth strategy; partnering with CFTC for OSAT jobs in China.** Inari had on 18 Oct 21 entered into a non-binding MOU with China Fortune-Tech Capital Co. (CFTC) with the intention to set up a JV company in China (CJV) to carry out OSAT manufacturing and related businesses in China for the China market. We understand that the CJV will first look for a floorspace which is a few times bigger than Amertron Technology Kunshan's (ATK) floorspace (ATK: 100,000sf) to cater for such a venture.

- While there is paucity of details, for illustration purposes, we assume a 10% net profit margin, five-year JV ROI with investment of RM800m on the CJV. This could hypothetically result in potential revenue of RM1.5b-1.6b from the CJV, and potentially contribute an additional RM83m-88m (55%) or 18% to Inari's FY23 bottom line. Upon successful execution which could be earnings accretive, its market cap would be further uplifted to strengthen its position as an FBMKLCI constituent.

EARNINGS REVISION/RISK

- We increase our FY23-24 earnings forecasts by 8-11% to account for the new earnings stream from its latest business ventures.

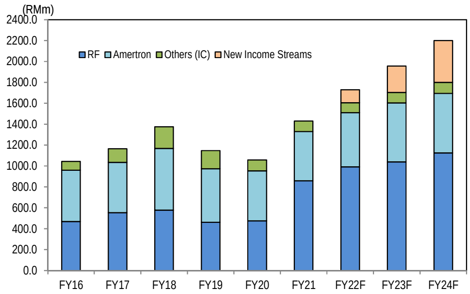
VALUATION/RECOMMENDATION

- **Maintain BUY with a higher target price of RM4.30,** still based on 36.0x FY23F PE (+1SD above its five-year mean forward PE) and we have also accounted for 10% higher share base post private placement exercise. This is to account for the super growth cycle with the emerging 5G transition in 2021 and an option value for the potential earnings from new customers. As the direct beneficiary of the 5G upgrade cycle, the group is benefitting from the low-hanging fruit of the long overdue refreshment cycle, which will see a three-year net profit CAGR of 37% in FY20-23.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

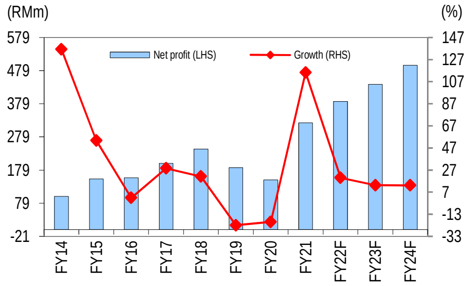
• **Environmental**
- Inari has met the globally recognised standards and has been qualified for inclusion into the FTSE4Good Bursa Malaysia Index since 22 Jun 20. - For FY20, Inari generated 574 tonnes of waste and 90.06% of the waste was recycled, re-used and recovered.
• **Social**
- Only foreign workers with legal work permits are hired, while all employees receive at least minimum wages.
• **Governance**
- The company has an Anti-Corruption and Bribery Policy in place which complies with all applicable laws, including the MACC Act 2009 (Amendment 2018). No reported incidents of corruption or breaches against policy in 2020.

REVENUE BY SEGMENT



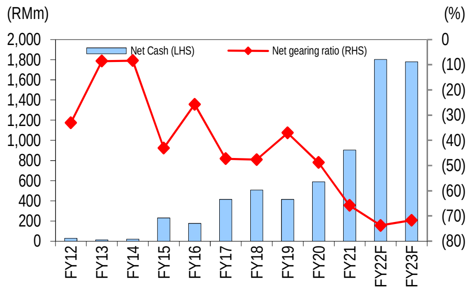
Source: UOB Kay Hian

CORE NET PROFIT



Source: Inari, UOB Kay Hian

NET CASH AND NET GEARING



Source: Inari, UOB Kay Hian

PROFIT & LOSS

Year to 30 Jun (RMm)	2021	2022F	2023F	2024F
Net turnover	1,429	1,729	1,956	2,199
EBITDA	456	522	584	651
Deprec. & amort.	103	111	118	124
EBIT	353	411	466	527
Associate contributions	0	0	0	0
Net interest income/(expense)	(1)	0	0	0
Pre-tax profit	352	411	466	527
Tax	(22)	(25)	(28)	(32)
Minorities	0	0	0	0
Net profit	330	386	437	495
Net profit (adj.)	322	386	437	495

BALANCE SHEET

Year to 30 Jun (RMm)	2021	2022F	2023F	2024F
Fixed assets	472	519	551	578
Other LT assets	23	23	23	23
Cash/ST investment	905	1,802	1,781	1,770
Other current assets	419	549	617	690
Total assets	1,819	2,894	2,973	3,060
ST debt	1	1	1	1
Other current liabilities	425	431	470	511
LT debt	0	0	0	0
Other LT liabilities	16	16	16	16
Shareholders' equity	1,373	2,441	2,481	2,527
Minority interest	4	4	4	4
Total liabilities & equity	1,819	2,894	2,973	3,060

CASH FLOW

Year to 30 Jun (RMm)	2021	2022F	2023F	2024F
Operating	486	370	523	584
Pre-tax profit	352	411	466	527
Tax	(25)	(25)	(28)	(32)
Deprec. & amort.	103	111	118	124
Working capital changes	42	(127)	(33)	(35)
Other operating cashflows	15	0	0	0
Investing	(96)	(150)	(150)	(150)
Capex (growth)	(98)	(150)	(150)	(150)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	2	0	0	0
Financing	(73)	685	(394)	(445)
Dividend payments	(218)	(348)	(394)	(445)
Issue of shares	151	1,032	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	(6)	0	0	0
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	318	905	(21)	(12)
Beginning cash & cash equivalent	585	897	1,802	1,781
Changes due to forex impact	2	0	0	0
Ending cash & cash equivalent	905	1,802	1,781	1,770

KEY METRICS

Year to 30 Jun (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	31.9	30.2	29.9	29.6
Pre-tax margin	24.7	23.8	23.8	24.0
Net margin	23.1	22.3	22.4	22.5
ROA	20.1	16.4	14.9	16.4
ROE	25.6	20.3	17.8	19.8
Growth				
Turnover	35.0	21.0	13.1	12.4
EBITDA	66.3	14.7	11.7	11.4
Pre-tax profit	104.4	16.7	13.2	13.1
Net profit	112.2	16.9	13.3	13.1
Net profit (adj.)	115.3	20.1	13.3	13.1
EPS	108.8	9.2	13.3	13.1
Leverage				
Debt to total capital	0.1	0.0	0.0	0.0
Debt to equity	0.1	0.0	0.0	0.0
Net debt/(cash) to equity	(65.8)	(73.8)	(71.7)	(70.0)
Interest cover (x)	871.3	3,258.3	3,640.8	4,057.0

UOBKH HIGHLIGHTS

CIMB Group (CIMB MK/BUY/RM5.29/ Target: RM5.95)

4Q21: Results Above Expectations

Year to 31 Dec	4Q21 (Rpb)	4Q21 (Rpb)	qoq (% chg)	yoy (% chg)	2021 (Rpb)	yoy (% chg)
Net-Interest Income	3,201	3,213	(4.4)	(0.4)	13,089	5.0
Non-Interest Income	1,042	865	9.9	20.5	4,479	15.2
Operating Expenses	(2,029)	(2,005)	1.4	1.2	(8,060)	0.7
Loan Loss Provision	(1,067)	(1,750)	12.6	(39.0)	(4,170)	(22.8)
PBT	1,147	323	(15.0)	255.1	5,338	81.1
Core Net Income	992	148	(6.2)	678.2	4,101	103.8
Key Analysis (%)	4Q20	1Q21	2Q21	3Q21	4Q21	
Net Interest Margin	4.72	5.12	5.05	4.84	4.47	
Gross NPL ratio	3.6	3.8	3.2	3.4	3.5	
Gross Loans Growth (qoq % chg)	(3.4)	(0.8)	0.0	2.1	2.6	
LLC	114.6	115.2	110.2	103.8	108.6	
Cost/Income Ratio	49.1	44.0	45.3	46.6	47.8	
ROE	1.5	10.5	12.3	10.7	9.7	

Source: CIMB Niaga, UOB Kay Hian

RESULTS

- **CIMB Niaga reported 4Q21 net profit of Rp992m (-6.2% qoq, +678% yoy)** bringing FY21 core earnings to Rp4,215b (+109% yoy). CIMB Niaga's 2021 earnings were broadly in line, comprising 103% of consensus and our full-year estimates. 4Q21 earnings rose seven-fold on the back of positive Jaws (total income grew 4% against flattish opex) and lower provisions (-39%). Revenue growth was underpinned by non-interest income which grew 20.1% with broad based growth across most segments (fee income, wealth management, trading income and recoveries). Net interest income was flattish as a pickup in loans growth momentum was offset by a 25bp yoy dip in NIM. 4Q21 NIM was impacted by lumpy reversal of accrued interest income. We expect NIM to recover sequentially as such lumpy reversal is expected to taper off significantly. On a qoq comparison, earnings dipped 6% qoq due to a 13% qoq increase in provisions and weaker net-interest income (-5% qoq) due to lower NIM.
- **CIMB Niaga's loans growth recovery improving.** Loans growth momentum continues to gain traction with overall loans expanding 2.6% qoq, bringing 2021 loans growth to 3.9% yoy vs 2.3% yoy contraction in 9M21. The improved qoq growth momentum was underpinned by: a) mortgages, b) auto loans, and c) corporate loans. However, commercial banking loans remain relatively weak contracting, 2.8% qoq and 11% yoy. That said, 70% of the group's loans base comprises of consumer and corporate loans combined, which are showing promising signs of growth recovery.
- **CIMB Niaga's credit cost continues to improve**. Gross NPL ratio edged up 10bp qoq to 3.5% as the group gradually unwinds its loans repayment scheme which declined further to 11.9% in 4Q21 vs 13.3% in 3Q21 of CIMB Niaga's overall loans base. Management expects it to decline further to below 5% over the subsequent quarters. As such, management opines that despite the expected rise in NPL ratio, the worst is likely over in terms of provisions. Net credit cost came in at 210bp in 4Q21 (3Q21: 210bp) while LLC remains at a healthy 212%.
- **CIMB Group: Maintain BUY and target price of RM5.95 (0.90x 2022F P/B, 8.1% ROE).** Given its strong earnings growth off a low base, attractive valuations, large cap and liquid high-beta nature, we continue to believe that the group remains well-positioned to benefit from the economic recovery and reopening theme.

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TRADERS' CORNER

Source: BursaStation Professional

Astro Malaysia Holdings (ASTRO MK)

Technical BUY on breakout with +19.8% potential return

Last price: RM0.99

Target price: RM1.11, RM1.21

Support: RM0.945

Stop-loss: RM0.94

BUY on breakout with a target price of RM1.21 and stop-loss at RM0.94. A bullish crossover from the MACD could lift share price while a closing above RM1.00 should create a base for the new up-leg. Moving forward, we expect ASTRO to move higher and above our targets once it penetrates above the breakout level of RM1.01. This is supported by an uptick in the RSI, and the DMI is currently on a bullish crossover.

Expected timeframe: Two weeks to two months.

** Not available for CFD Trading*

Source: BursaStation Professional

Kawan Food (KFB MK)

Technical BUY with +15.0% potential return

Last price: RM1.60

Target price: RM1.77, RM1.84

Support: RM1.45

Stop-loss: RM1.44

BUY with a target price of RM1.84 and stop-loss at RM1.44. Based on the daily chart, share price is climbing gradually after having established support at RM1.45. Yesterday, KFB managed to penetrate the breakout level of RM1.56 with higher trading volume. Positive readings in both the DMI and the MACD should translate into stronger momentum for the share price. This is supported by an uptick in the RSI. We peg our targets at RM1.77 and RM1.84 in the near term.

Expected timeframe: Two weeks to two months.

** Not available for CFD Trading*

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