



99 Speed Mart Retail

Self-reinforcing Moat

Main Market
Consumer Products & Services Sector
SUBSCRIBE
IPO Price: RM1.65
Fair Value: RM1.99

Valuation / Recommendation

We have a **SUBSCRIBE** recommendation on 99 Speed Mart Retail Holdings Bhd (99Speedmart) with an **FV of RM1.99 based on 29x FY25F EPS**, translating to a 21% upside to the IPO price. Our target PE is pegged to the average valuation of large-cap consumer stocks listed on Bursa Malaysia. We like the stock for its leading position as a grocery retailer, aggressive outlet expansion, and self-reinforcing moat of its business model (convenience and competitive pricing).

Investment Highlights

Leading grocery retailer. With over 2,651 outlets throughout Malaysia, 99Speedmart is the largest player in the mini-market industry (40.1% market share) and the leading grocery retailer (11.6% market share) based on 2023 revenue. Despite already having a substantial revenue base, the company still achieved an impressive 3-year revenue CAGR of 10.4% from FY20-23, outpacing its competitors and expanding its market share. This growth was largely driven by 1) Aggressive store expansion into new regions; and 2) A positive trend in SSSG, reflecting a shift in consumers' preference towards small-format stores for convenience.

Aggressive outlet expansion. Across FY19-23, 99Speedmart opened about 247 new outlets annually on average, focusing on under-penetrated areas such as the Northern and East Coast regions of Peninsular Malaysia, as well as East Malaysia. Management alluded that it could expand up to 5,000 outlets nationwide, indicating ample room for growth before hitting saturation. 99Speedmart is still maintaining the same aggressive pace of store expansion in FY25F-FY27F, targeting to open 250 new outlets annually. The company will also build new distribution centres (DC) with a target of 25 by 2027 (from 19 DCs currently) to support its outlet expansion.

Self-reinforcing moat. We believe a combination of unique propositions (convenience and competitive pricing) has helped 99Speedmart establish a strong moat for its business model. Its strategy of offering low prices while achieving high sales volumes enables the company to negotiate better terms and benefits from suppliers. These benefits (i.e. product display fees, target incentives, and DC fees) allow 99Speedmart to maintain its low pricing, achieve better profitability, and fund further outlet expansion. Higher number of outlets leads to higher sales, thereby creating a self-reinforcing cycle that further solidifies 99Speedmart's position as Malaysia's leading grocery retailer.

Risk factors for 99Speedmart include (1) Supply chain disruptions, (2) Dependency on the ability to maintain competitive pricing, and (3) Risk of delay in operations due to IT infrastructure disruption.

FY Dec	FY22	FY23	FY24F	FY25F	FY26F
Revenue (RM m)	8,075.3	9,210.5	10,063.7	10,799.0	11,954.5
EBITDA (RM m)	732.0	804.4	961.1	1,045.0	1,134.0
PAT (RM m)	326.7	400.2	522.7	576.1	634.2
PAT Margin (%)	4.0	4.3	5.2	5.3	5.3
EPS (sen)	4.1	5.0	6.2	6.9	7.6
EPS Growth (%)	(22.1)	22.5	24.4	10.2	10.1
BV Per Share (sen)	4.8	6.0	7.1	8.1	8.2
PE (x)	40.4	33.0	26.5	24.1	21.9
Net Gearing (%)	Cash	Cash	Cash	Cash	Cash
ROE (%)	51.7	73.9	35.7	32.9	30.7

Business Overview

99 Speed Mart Retail Holdings Bhd operates the well-known "99 Speed Mart" chain of mini-market outlets involved in retailing daily necessities.

Listing Details

Listing date	9 September 2024
Shariah compliant	No
New shares (m)	400.0
Offer for sale (m)	1,028.0
Funds raised (RM m)	660.0

Post Listing

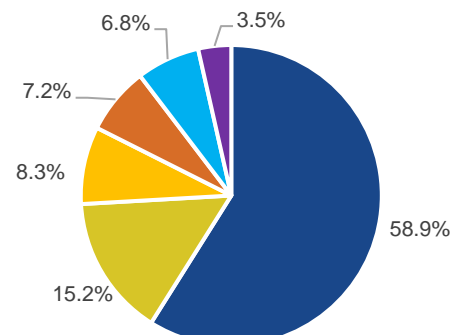
Ordinary shares (m)	8,400
Market cap (RM m)	13,860
Free float (%)	17.0
P/E (FY24F)	26.5

Top 3 Shareholders

Lee LYG Holdings	51.5%
Lee Thiam Wah	25.7%
Ng Lee Tieng	3.2%

Utilisation of Proceeds

	RM m
Expansion of network of outlets	389
Establishment of new DCs	100
Purchase of delivery trucks	55
Upgrading of existing outlets	47.6
Repayment of existing bank borrowings	45
Listing expenses	23.4



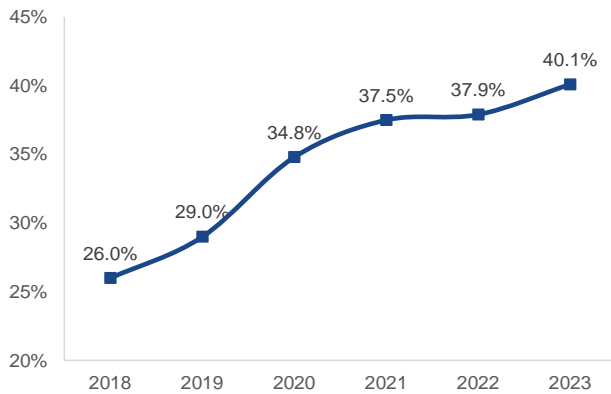
Source: Company, Mercury Securities



Financial Highlights and Valuation

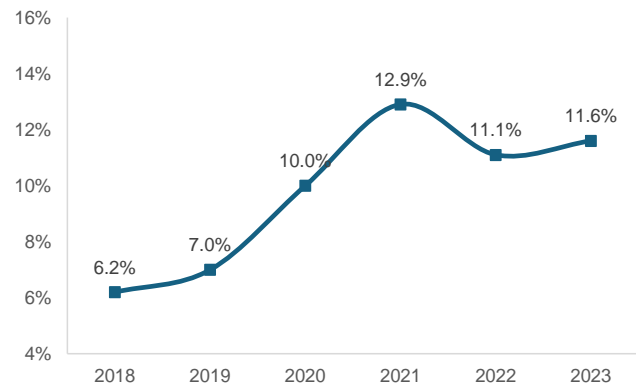
Mini-market industry leader. With over 2,651 outlets throughout Malaysia, 99Speedmart is the largest player in the mini-market industry (40.1% market share) and the leading grocery retailer (11.6% market share) in terms of 2023 revenue, according to market research by Frost & Sullivan (refer to Figures 1 and 2). Despite already having a substantial revenue base (approximately double that of the next largest grocery retailer), the company still achieved an impressive 3-year revenue CAGR of 10.4% from FY20-23, outpacing its competitors and expanding its market share. This growth was largely driven by 1) Aggressive store expansion into new regions; and 2) A positive trend in same-store sales growth (SSSG), reflecting a shift in consumers' preference towards small-format stores for convenience.

Figure 1: 99Speedmart's market share in the mini-market industry, %



Source: Frost & Sullivan, IPO Prospectus

Figure 2: 99Speedmart's market share in the grocery-based retail industry, %

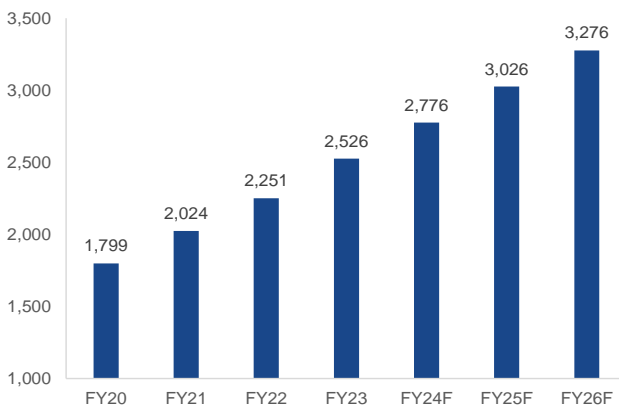


Source: Frost & Sullivan, IPO Prospectus

Aggressive outlet expansion, with ample room for growth. Across FY19-23, 99Speedmart opened approximately 247 outlets annually on average, amounting to a 4-year CAGR of 12.8%. The focus of 99Speedmart's expansion has been on under-penetrated areas such as the Northern and East Coast regions of Peninsular Malaysia, and East Malaysia (see Figure 4). In regions with already high outlet penetration rates (currently at about 2,300 household coverage per outlet), new stores are still being added, albeit at a slower pace, when opportunities arise such as in new township developments.

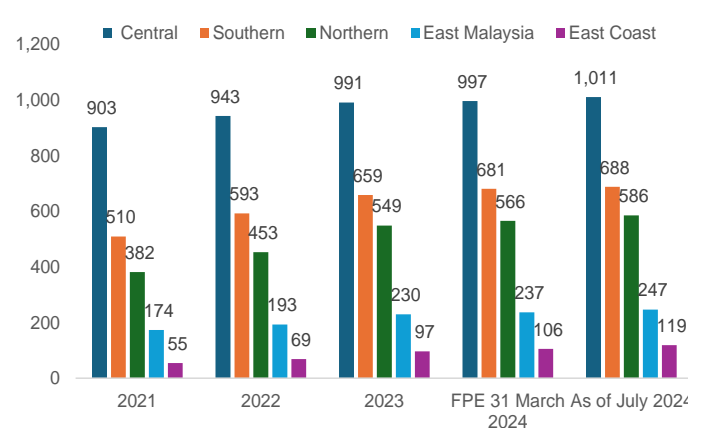
Management estimates it can push the population coverage to 1,500 households per outlet before store cannibalisation becomes a concern. With Malaysia's population size of nearly 34m, this suggests that 99Speedmart mini-mart could expand to more than 5,000 outlets nationwide, indicating ample room for growth before hitting saturation. As such, it is not surprising to see that 99Speedmart is still maintaining the same aggressive pace of store expansion in FY25F-FY27F (see Figure 3), targeting to open 250 new outlets annually, with plans to launch 600 new outlets in Peninsular Malaysia and 150 new outlets in East Malaysia by the end of 2027.

Figure 3: Total number of 99Speedmart outlets



Source: Company, Mercury Securities

Figure 4: Regional breakdown of 99Speedmart outlets



Source: Company, Mercury Securities



Short payback period. Given the relatively low capex requirement of RM300k to open a new outlet, the payback period for 99Speedmart's new outlets is typically less than three years on average. According to management, it usually takes just three to five years for new outlets to mature and achieve sales levels comparable to other existing outlets in the vicinity.

Figure 5: Regional breakdown of 99Speedmart outlet network, as of July 2024

Region	Number of Households ('000)	Area (km ²)	Household Density (household per km ²)	Outlets Count (as of July 2024)	Population Coverage (household per outlet)
Peninsular Malaysia					
- Central	2,359	8,233	286.5	1,011	2,333
- East Coast	1,022	64,124	15.9	119	8,587
- Northern	1,738	32,504	53.5	586	2,966
- Southern	1,571	27,631	56.8	688	2,283
East Malaysia	1,220	198,363	6.1	247	4,938

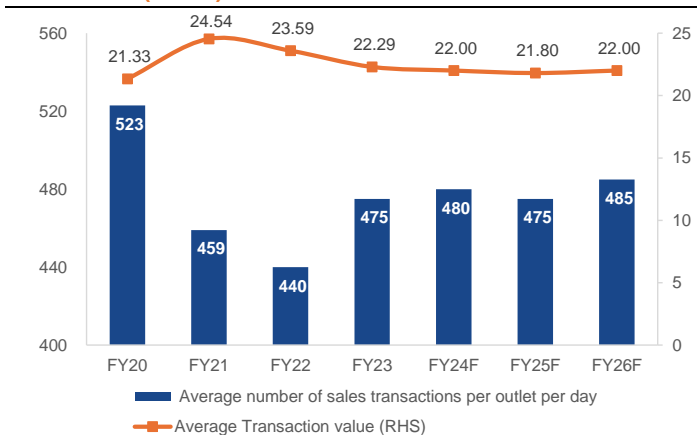
Source: Company, Mercury Securities

New DCs crucial to support expansion. In tandem with its outlet expansion, 99Speedmart will also build new DCs to meet the increasing logistic needs and better serve its outlets. The company's current plan includes building a new DC in Sarawak by the end of 2024 and another one in Selangor by 2025. With the funds raised from its IPO, 99Speedmart aims to establish at least six new DCs within the next three years. Currently, only Kedah, Sabah, and Pahang have been identified as the locations for three new DCs. By the end of 2027, 99Speedmart expects to operate at least 25 DCs.

Positive SSSG trend reflecting preference shift towards small-format stores. From the pre-pandemic period of FY19 to FY23, 99Speedmart has achieved a gross SSSG of 21.8%, representing a 4-year CAGR of 5.1% (calculated based on 1,272 outlets). We believe this positive trend reflects a persistent shift in consumer preference towards small-format stores in Malaysia, whose distributed network of stores offers enough convenient options for shopping close to home. This is evident in the increase in 99Speedmart's average number of sales transactions per outlet per day to 475 in 2023, reflecting an 8% rise from the post-COVID normalised rate of 440 transactions in 2022.

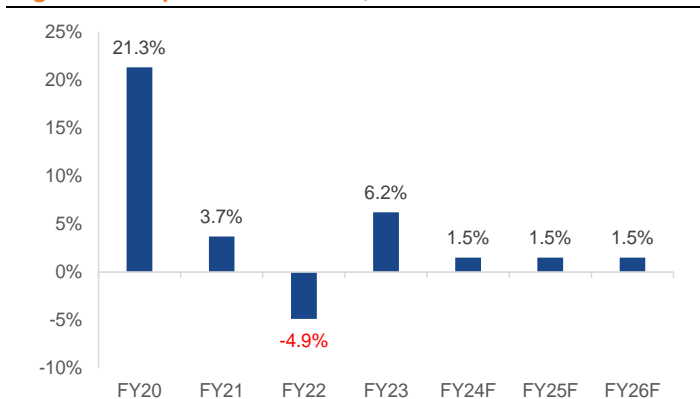
On a year-on-year basis, 99Speedmart had saw a significant increase in SSSG growth of 21.3% and 3.7% in 2020 and 2021 respectively, largely attributed to the COVID-19 lockdown, demonstrating the advantage of its outlets' proximity to residential communities. Despite experiencing a normalisation with negative SSSG of -4.9% in 2022 due to the easing of lockdown measures, there was a strong rebound back to 6.2% in 2023, driven by the robust economic recovery and was partially aided by pricing adjustments to account for inflation.

Figure 6: Average daily transactions and value per transaction (in RM)



Source: Company, Mercury Securities

Figure 7: 99Speedmart's SSSG, %



Source: Company, Mercury Securities

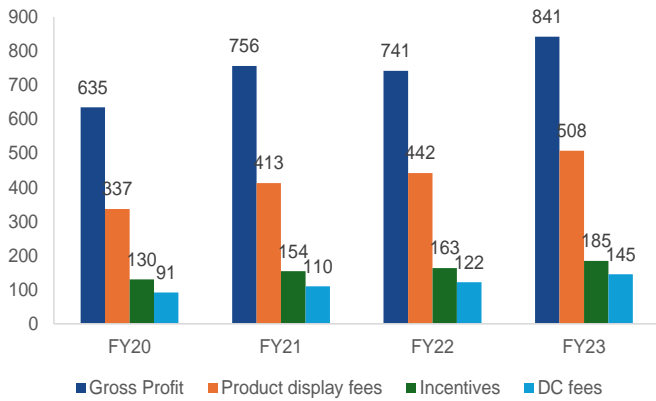


A self-reinforcing moat with its competitive pricing strategy. 99Speedmart's key business strategy is to sell its products at competitive prices to drive higher consumer demand and increase sales. By selling products in high volume, the company is able to negotiate with brand owners and wholesale suppliers for lower purchase costs. Even though its prices are lower than those of its competitors, 99Speedmart can still achieve better profit margins due to its low fixed operating costs, strict cost control, and economies of scale.

Given its extensive network of outlets, 99Speedmart is also able to take advantage of its bargaining power with suppliers to earn additional income through product display fees, target incentives, and DC fees (for handling distribution for certain suppliers). In fact, these additional income sources are quite significant, making up 8.3%-9.3% of revenue in FY20-23, on top of the 9.1%-9.6% gross margins that 99Speedmart already earns. See Figure 8.

We believe that this combination of unique propositions has helped 99Speedmart establish a strong moat for its business model. Its strategy of offering low prices while achieving high sales volumes enables the company to negotiate better terms and benefits from suppliers. These benefits allow 99Speedmart to maintain its low pricing, achieve better profitability, and fund further outlet expansion. Higher number of outlets leads to higher sales, thereby creating a self-reinforcing cycle that solidifies 99Speedmart's entrenched position as Malaysia's leading grocery retailer.

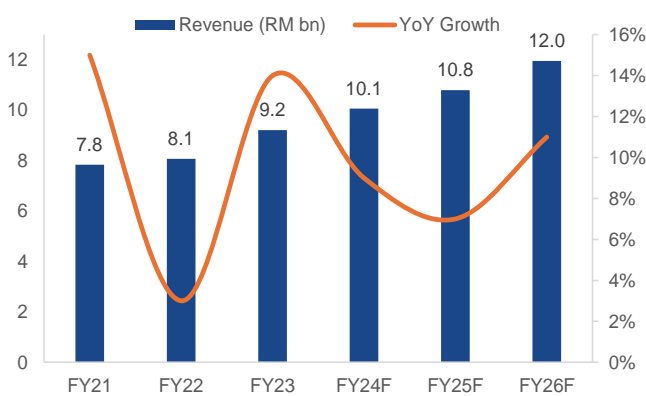
Figure 8: Gross profit and other operating income (in RM m)



Source: Company, Mercury Securities

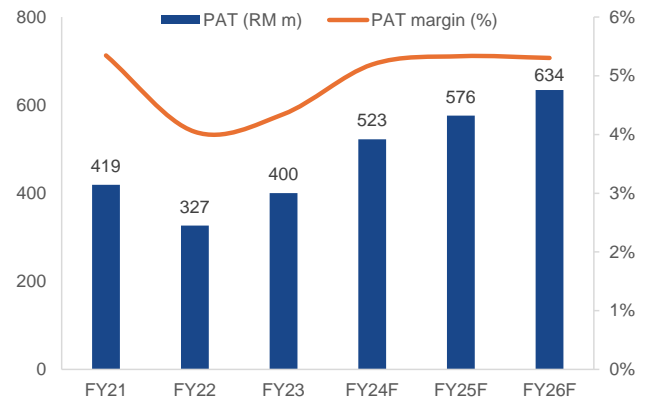
We project FY24F-26F earnings CAGR of 16.6% for 99Speedmart based on several key assumptions, which are 1) Stable SSSG of 1.5% p.a.; 2) Stable gross margins of 9.5%, with other operating income also at a similar level; and 3) 250 new outlets expansion annually. The company is committed to a 50% dividend payout policy, which is backed by strong free cashflow generation and a healthy balance sheet with net cash position.

Figure 9: Revenue trend



Source: Company, Mercury Securities

Figure 10: PAT trend



Source: Company, Mercury Securities



RM1.99 FV based on 29x FY25F EPS. We have identified four domestic peers from the consumer sector with large market capitalisation. We peg a target PE valuation of 29x for 99Speedmart, which is in line with the average forward PE valuation of its peers. Applying it to our FY25F EPS of 6.9 sen, we arrive at a fair value of RM1.99.

Non-shariah compliant. The stock is non-shariah compliant mainly because approximately 11.3% of its sales are from non-halal products such as alcohol and tobacco (more than the 10% cap). Management does not have an active plan to address this, but is likely to rely on organic growth of other products to bring the contribution of non-halal products to below the 10% cap.

Peer Comparison (as of 19 August 2024)

Company	Bloomberg Ticker	Share price (RM)	Mkt Cap (RM m)	EPS Growth (%)		P/E (x)		P/B		ROE (%)		Net Yield (%)
				2024	2025	2024	2025	2024	2025	2024	2025	
F&N	FNH MK	29.52	10,827	17.0	1.6	17.9	17.6	2.9	2.7	15.9	15.3	2.8
Mr DIY	MRDIY MK	2.10	19,853	14.5	13.2	30.9	27.3	9.8	8.4	34.3	34.0	1.9
Nestle	NESZ MK	105.10	24,646	(4.7)	12.1	39.2	35.0	39.4	37.2	92.9	102.9	2.6
QL Resources	QLG MK	6.70	16,302	8.2	5.7	36.3	34.4	5.1	4.6	14.9	13.7	1.0
Simple Average				8.7	8.2	31.1	28.5	14.3	13.2	39.5	41.5	2.1
99 Speed Mart	99SMART MK	1.65	13,860	13.5	7.2	26.5	24.1	7.1	8.1	35.8	32.9	1.9

Source: Bloomberg, Mercury Securities

Sensitivity Analysis (Fair Value)

FV (RM)		Gross Profit Margin				
1.99		9.1%	9.3%	9.5%	9.7%	9.9%
SSS	-0.5%	1.83	1.89	1.94	2.00	2.05
	0.5%	1.86	1.92	1.97	2.03	2.08
	1.5%	1.89	1.95	1.99	2.06	2.12
	2.0%	1.90	1.96	2.02	2.08	2.13
	2.5%	1.92	1.98	2.03	2.09	2.15

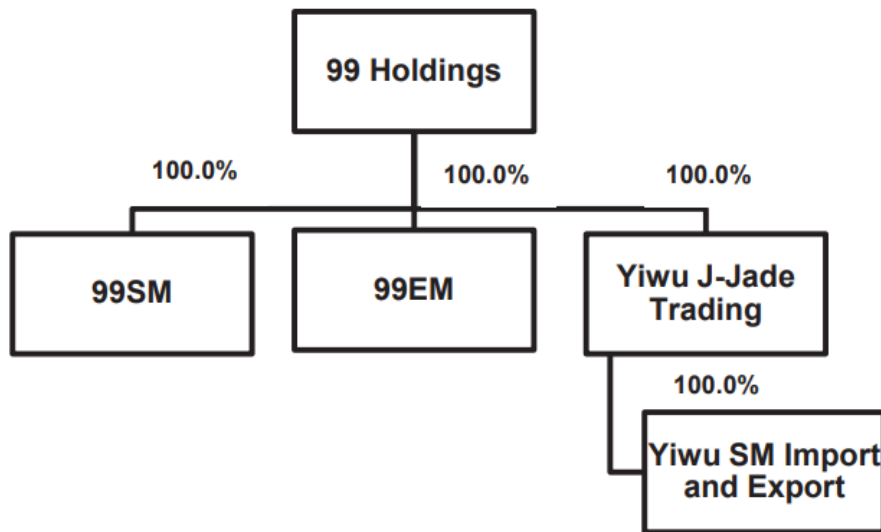


Company Background

A major FMCG retailer. 99 Speed Mart Retail Holdings Bhd operates the well-known “99 Speedmart” chain of mini-market stores with 2,651 outlets nationwide as of July 2024. Its merchandising strategy is to offer customers a wide range of daily necessities, mainly FMCG products like food and beverages, personal and baby care products, and household products.

99Speedmart has around 650 suppliers, with its top major suppliers being prominent FMCG producers or distributors in Malaysia such as Nestle, Dutch Lady, DKSH, L H Uni, and Great Plus. In September 2023, the company launched its online platform for bulk sales called "99 Bulksales". The company also recently incorporated subsidiaries in China to explore procuring new merchandise for sale in their outlets.

Figure 11: 99Speedmart Group Structure



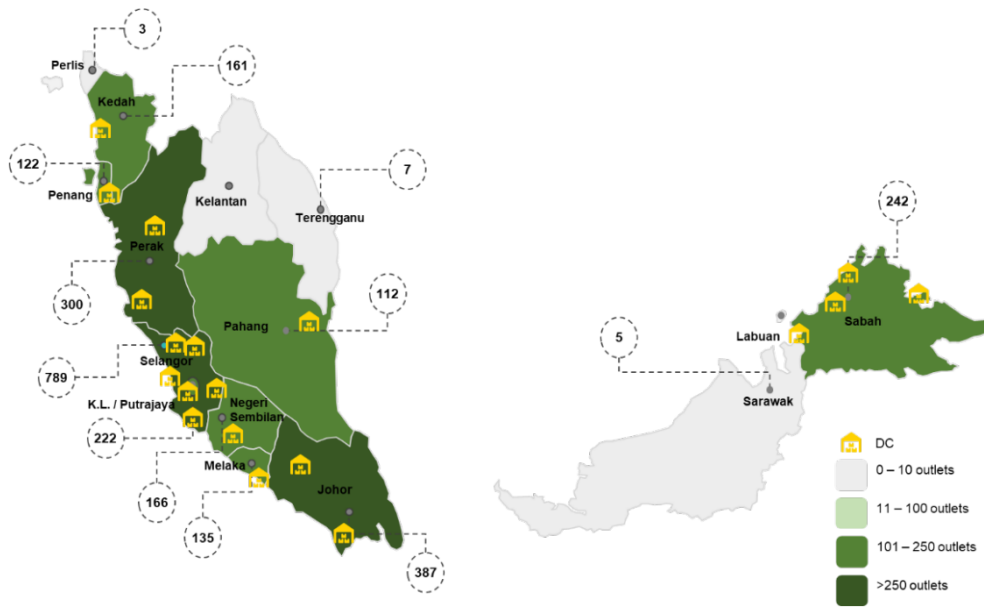
Source: Company

Competitively-priced FMCG products. The tagline "Near n' Save" originates from 99Speedmart's business model, which prioritises convenience and easy access for customers through a wide network of outlets located near residential communities. Each outlet stocks daily necessities, primarily FMCG products that are competitively priced. The company is also proactive in adjusting its pricing to ensure its product prices are among the lowest in the market.

Expanding into bulk sales business. In September 2023, 99Speedmart launched their bulk sales online platform called "99 Bulksales" on their website. This e-commerce business model is currently only available in Malaysia's Central and Southern regions. It allows both consumers and enterprise customers to purchase goods in larger quantities (RM500 minimum order). Customers will need to pick up orders from selected outlets for orders less than half a cubic meter, while orders exceeding half a cubic meter will be delivered for free. 99Speedmart's fleet of trucks will handle the delivery of these bulk orders to optimise efficiency.

Strategic outlet's location selection. 99Speedmart has a team dedicated to handling new outlet openings efficiently. The entire process, from site identification to outlet opening, usually takes only 1 to 2 months. 99Speedmart outlets are typically located in prime locations with easy customer access and high visibility. Factors such as population, customer traffic, competition, street visibility, and accessibility are carefully considered in selecting these locations. This thorough process helps the outlets reach more consumers easily, leading to improved sales performance.

Figure 12: Geographical distribution of outlets and DCs



Source: Company

Extensive logistic operation. 99Speedmart owns and operates its 19 DCs and 618 delivery trucks. This has helped the company control logistics operations better and achieve greater efficiency. Each DC will have store coverage of around 100km radius. Approximately 80% of 99Speedmart’s purchases are first delivered to the DCs, where they will be stored as inventories for redistribution to the outlets based on their requirements.

Having an efficient logistic operation with its own DCs and delivery trucks has allowed 99Speedmart to earn additional income in the form of DC fees from certain suppliers by handling their goods at its DCs. Combined with the high sales volume generated by the extensive network of its outlets, this has also enabled the company to negotiate favourable trading terms with its main suppliers, contributing to the increase in other operating income over the years.

Figure 13: Process flow of 99Speedmart’s centralised retail management and control system



Source: Company



Figure 14: Key Management Team

Name and Designation	Age	Profile
Lee Thiam Wah Founder Executive Director CEO	59	<ul style="list-style-type: none"> Over 36 years of experience and expertise in the retail industry In charge of the overall expansion of 99Speedmart as well as the corporate strategy planning and strategies on new product development to meet customers' expectations. Executive MBA programme from SPACE, in collaboration with Southern University College
Yong Eng Kwang COO	38	<ul style="list-style-type: none"> Over 17 years of experience in the retail industry In charge of overseeing the entire operations of the outlets of 99Speedmart and continues to oversee the industrial relations and government affairs of 99Speedmart Master of Management (Distinction) from the Open University Malaysia
Ong Yee Peng CFO	33	<ul style="list-style-type: none"> Over 11 years of experience in auditing and accounting. In charge of the financial management of the Company and Group, overseeing the statutory reporting and internal management reporting functions of 99Speedmart, ensuring appropriate financial planning and financial corporate compliance, treasury, tax and other finance operations. Bachelor of Business in International Business (Accounting) from Edith Cowan University, Australia
Leong Sau Chan Director of Business Development	46	<ul style="list-style-type: none"> Over 23 years of experience in the retail industry In charge of leading the Business Development team in identifying business and potential growth opportunities as well as analysing, identifying and implementing outlet expansion strategies. Bachelor of Arts in International Business Administration from the University of Northumbria at Newcastle, England
Foo Meng Kee General Manager of East Malaysia Operations	43	<ul style="list-style-type: none"> Joined 99EM as General Manager of East Malaysia Operations in March 2023 Over 18 years of experience in the FMCG retail industry. In charge of overseeing 99Speedmart's operations and government affairs in East Malaysia. Bachelor of Food Science and Technology from the Universiti Putra Malaysia Master of Business Administration from Universiti Utara Malaysia
Yong Kin Onn Director of Management Information System	66	<ul style="list-style-type: none"> Appointed Director of Management Information System in 2013 Over 37 years of experience in the IT industry In charge of designing, developing, implementing and deploying 99Speedmart's in-house warehouse management system and POS system at the outlets as well as developing the procedures for, amongst others, the security, disaster recovery and contingency plan for the systems. Bachelor of Science from the University of Guelph, Canada
Chia Yong Cherng Director of Logistics	44	<ul style="list-style-type: none"> Appointed as Director of Logistics in 2021 Over 15 years of experience in the retail industry In charge of overseeing 99Speedmart's supply chain, which includes the expansion and daily operations of DCs as well as the logistics of the distribution of products from the DCs to outlets. Bachelor of Arts in International Business Administration from the University of Northumbria at Newcastle, England

Source: Company

Inspirational and ambitious founder. Mr. Lee Thiam Wah's inspiring rags-to-riches story is well-documented. Despite his physical disability due to poliomyelitis and only six years of primary education, he emerged as a successful entrepreneur.

The history of 99Speedmart's business dates back to 1987 when Mr. Lee Thiam Wah established a traditional sundry shop in Klang. In 1992, he began setting up a mini-market chain under the sole proprietorship of Ninety-Nine Market, operating under the name "Pasar Mini 99". In 2000, Lee Thiam Wah incorporated 99Speedmart which operated its own outlets as well as franchise-operated outlets. However, all franchise-operated outlets were phased out by 2010 due to a change in expansion strategy. Over the past two decades, under Lee Thiam Wah's leadership, 99Speedmart has rapidly expanded to reach 2,651 outlets across Malaysia as of July 2024.



Future Plans & Business Strategies

Expanding footprint across Malaysia. The company aims to open 250 new outlets annually, with plans to launch 600 new outlets in Peninsular Malaysia and 150 new outlets in East Malaysia by the end of 2027. The focus will be on areas with lower outlet penetration rates (such as Northern, East Coast of Peninsular Malaysia, and East Malaysia). Having said that, 99Speedmart will also expand in regions with high outlet penetration rates when opportunities exist, such as in new township developments.

Adding new DCs and replacing older delivery trucks. 99Speedmart already planned to open two new DCs using its own funds – one in Sarawak by the end of 2024 and one in Selangor by 2025. These locations are expected to be more strategic and closer to some of its outlets in order to accommodate the growing number of outlets. With an allocation of RM100m from its IPO proceeds, the company aims to build at least six additional DCs within the next three years. So far, only Kedah, Sabah, and Pahang have been identified as locations for three new DCs. The new DC in Sabah is proposed to replace the Sipitang DC, which is currently rented. By the end of 2027, 99Speedmart expects to operate at least 25 DCs.

For delivery trucks, the company plans to improve its fleet by prioritising the phase-out and replacement of trucks over 15 years old. RM55m will be allocated from IPO proceeds to fund the purchase of new delivery trucks from 2025 to 2027. This will help to improve 99Speedmart's last-mile logistic capabilities and reduce operating costs in the long run.

Opportunities in international market. 99Speedmart plans to enhance its sourcing capabilities by exploring new markets in the Asia Pacific region, especially those offering a wide range of competitively priced products. The company has recently started procuring certain household products from China, which it believes can provide better value to its customers. Having an international supply chain makes 99Speedmart well-positioned to reduce costs potentially and further enables the company to assess opportunities to establish an international outlet presence.

Exploring bulk sales with e-commerce. 99Speedmart targets to gradually roll out its bulk sales operations throughout the regions or states in which it operates. The company believes this will appeal to a broader customer base, including retailers and enterprise customers looking to purchase supplies and materials in bulk.

Key Risks

Supply chain disruption. Despite long-standing relationships with some key suppliers, there is no assurance of the continued commitment from the supplier to 99Speedmart. If the company needs to seek alternative suppliers, it may involve substantial time, cost and resources. Negotiating commercially acceptable terms and conditions with new suppliers may also be challenging.

Continued success depends on ability to maintain competitive pricing. There is no assurance of the benefits received or product purchasing prices from suppliers, as it depends on 99Speedmart's ability to remain competitive. If these benefits are not secured, 99Speedmart may need to increase selling prices and/or accept lower margins, which could impact its business and financial performance

Brand and reputation risks. Customer complaints about failure to meet consumer expectations regarding the products and services provided by 99Speedmart could harm its reputation if not handled properly. This could further impact the customer base and negatively affect business performance and future expansion plans.

Non-renewal of licenses and business permits. As of July 2024, 99Speedmart has 456 outlets and 2 DCs operating without the necessary fire safety certification. Additionally, 124 outlets are operating without a business license and 20 outlets are operating without a rice license. Moreover, there are 10 residential properties and 28 shop lots being used as employee hostels that have not obtained the Certificate of Accommodation. The company is confident that these issues will not significantly impact



its business operations since the costs of rectification and potential penalties are not considered material. The non-compliant outlets are spread across various locations in Malaysia and fall under the jurisdiction of different local authorities.

IT infrastructure disruptions causing operational delays. 99Speedmart relies on IT systems for managing inventory, sales tracking, payment processing, accounting, human resources, and payroll. Any disruptions to these systems could result in data loss and affect its daily operations. This may lead to inventory problems and loss of customer confidence.

IPO Details

	Offer for Sale (m)	Public Issue (m)	Total (m)	(%)
<u>Retail Offering</u>				
Eligible Persons	-	42.0	42.0	0.5
Malaysian Public (Bumiputera)	-	84.0	84.0	1.0
Malaysian Public (Non-Bumiputera)	-	84.0	84.0	1.0
<u>Institutional Offering</u>				
Selected investors	1,028.0	190	1,218.0	14.5
<u>Total</u>	1,028.0	400.0	1,428.0	17.0

Source: Company



Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.



Recommendation Rating

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my