

## Sector Note

## Malaysia

Overweight *(no change)*

## Highlighted companies

## Gamuda

ADD, TP RM6.15, RM5.01 close

Gamuda provides the largest exposure to tenders for new rail contracts. The group is keen to tender for the ECRL and HSR projects. Total targeted ECRL scope could be worth RM6bn-RM7bn by our estimates.

## IJM Corp Bhd

ADD, TP RM3.87, RM3.22 close

IJM's position as shareholders of Kuantan Port and MCKIP is deemed to be a big advantage for its bid in the ECRL project. The group's spun piles manufacturing division could also stand to benefit.

## Sunway Bhd

ADD, TP RM2.09, RM1.69 close

Via Sunway Construction, the group is targeting to tender for the 157km viaduct portion of the ECRL contract. 25% of the total ECRL alignment will be above ground, similar to the structures of the MRT and LRT projects.

## Summary valuation metrics

P/E (x)	Dec-17F	Dec-18F	Dec-19F
Gamuda	18.26	15.20	13.17
IJM Corp Bhd	17.06	16.37	14.34
Sunway Bhd	14.37	13.55	12.44

P/BV (x)	Dec-17F	Dec-18F	Dec-19F
Gamuda	1.56	1.48	1.46
IJM Corp Bhd	1.56	1.52	1.49
Sunway Bhd	1.37	1.30	1.24

Dividend Yield	Dec-17F	Dec-18F	Dec-19F
Gamuda	2.31%	2.31%	2.31%
IJM Corp Bhd	3.15%	3.53%	3.56%
Sunway Bhd	3.23%	3.23%	3.23%

## Analyst(s)



## Sharizan ROSELY

T (60) 3 2261 9077

E sharizan.rosely@cimb.com

## Construction

## Tracking the rail theme at Construction &amp; Infra Day

- We hosted our second Construction & Infrastructure Day which was well-attended.
- The RM55bn ECRL project could begin awarding contracts in Dec at the earliest.
- The KL-Singapore HSR project is to launch its alignment in Nov and the region's biggest international AssetsCo tenders by end-2017.
- MCKIP would benefit from the two ECRL stations to be built on its land.
- Most contractors that participated in our infra day are potential early beneficiaries of the ECRL and the KL-Singapore HSR. Gamuda remains our big cap rail pick.

## All about rail at our Construction &amp; Infrastructure Day

We hosted our second Construction and Infrastructure Day on 23 Oct 2017. The event was well attended by over 100 buy-side analysts and fund managers. This year, we featured key expert speakers from MyHSR, Malaysia Rail Link (MRL) and Malaysia-China Kuantan Industrial Park (MCKIP), as we wanted to focus on the catalysts and beneficiaries of the RM55bn East Coast Rail Link (ECRL) and the RM50bn-RM60bn KL-Singapore High Speed Rail (HSR).

## Positive surprises and new developments

One positive surprise in terms of timing was that MyHSR will launch the public display of the railway scheme for the entire 350km alignment from Bandar Malaysia in Kuala Lumpur (KL) to Jurong East in Singapore. This will be held for approximately 3 months from Nov. For the ECRL project, pre-qualification rounds for the civil works portion and minor realignment at the east-coast area were new positive developments. Phase 2 of the ECRL (Gombak – Port Klang) is likely to be launched with detailed alignment by Nov.

## ECRL's pre-qualification and tender phase is ahead of the HSR

Discussions on the HSR and ECRL did not dwell too much on the cost of construction and the scope for local contractors, as it was previously guided that at least 30% of total project value will be allocated to local players. The expert speaker sessions were more focused on the next milestones, in that, the ECRL would be the first to execute its pre-qualification, tender and award phase (likely from end-2017 onwards), while the HSR project will launch the region's largest international AssetCo tender by Dec 17.

## Estimated RM32bn worth of ECRL and HSR jobs for local boys

From our checks with industry players during the conference, the local portion for both ECRL and KL-Singapore HSR projects could be approximately 30% of project value, suggesting a RM15bn local scope for the HSR (est. RM50bn total cost), and RM16.5bn local scope for the ECRL (RM55bn total cost). The ECRL scopes, given funding certainty, will be awarded ahead of the HSR contracts. As for the HSR civil works scope, the award timeline remains unknown at this point, though the 2026 target for completion is intact.

## Remain Overweight on the rail theme

We came away from our Construction & Infrastructure Day with greater clarity on the progress and timeline of tenders/awards for both the ECRL and HSR projects, which now appear to have little execution risks, considering the pre-General Election rollout of contracts in 2018. Gamuda, the biggest bidder of ECRL (thus far), remains our top big cap rail pick. Other big cap potential winners of new rail jobs in our coverage are IJM Corp and Sunway (via Sunway Construction). Funding and delays are key sector risks.

Figure 1: Summary of participating industry speakers and companies

	Related project/areas
<b>Organisations (Expert speaker session)</b>	
Malaysia Rail Link (MRL)	ECRL
Malaysia-China Kuantan Industrial Park (MCKIP)	Medium and heavy industries
My High Speed Rail (MyHSR)	HSR
<b>Companies (small group meeting sessions)</b>	
Gamuda	ECRL/HSR
IJM Corp	ECRL/HSR
YTL Corp	ECRL/HSR
HSS Engineers	ECRL/HSR
George Kent	ECRL/HSR
Kimlun Corporation	ECRL/HSR
Sunway Construction Group	ECRL/HSR
Kerjaya Prospek	NA

SOURCES: CIMB RESEARCH, COMPANY

**Figure 2: Sector comparison**

Company	Bloomberg Ticker	Recom.	Price (local curr)	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	CY2019	CY2017	CY2018	CY2017	CY2018
Gamuda	GAM MK	Add	RM5.01	RM6.15	2,906	12.7	11.7	6.4%	1.69	1.56	9.0%	8.9%	10.0%	24.7	19.5	2.4%	2.4%
IJM Corp Bhd	IJM MK	Add	RM3.22	RM3.87	2,761	16.9	17.1	-3.6%	1.51	1.56	8.5%	9.0%	9.4%	17.9	18.3	1.8%	1.8%
Muhibbah Engineering	MUHI MK	Add	RM2.89	RM3.36	328	12.9	10.6	16.6%	1.39	1.31	11.7%	12.7%	12.8%	8.7	4.3	2.4%	1.5%
Salcon	SALC MK	Hold	RM0.42	RM0.45	66	25.1	12.8	62.7%	0.58	0.56	2.1%	4.5%	4.8%	na	0.5	0.0%	4.8%
Sunway Bhd	SWB MK	Add	RM1.69	RM2.09	1,938	14.0	14.4	-13.3%	1.10	1.37	9.1%	8.2%	9.9%	19.3	17.9	1.7%	1.5%
WCT Holdings	WCTHG MK	Hold	RM1.49	RM1.97	495	27.4	13.7	-22.5%	0.68	0.63	2.7%	4.6%	4.7%	33.7	34.0	0.0%	1.6%
YTL Corporation	YTL MK	Hold	RM1.31	RM1.46	3,326	na	40.8	na	0.97	1.01	-1.8%	2.4%	8.9%	16.9	12.7	6.0%	5.6%
<b>Average</b>						<b>14.5</b>	<b>15.0</b>	<b>2.4%</b>	<b>1.57</b>	<b>1.51</b>	<b>9.3%</b>	<b>8.4%</b>	<b>9.2%</b>	<b>19.5</b>	<b>17.6</b>	<b>2.0%</b>	<b>1.9%</b>

SOURCE: CIMB RESEARCH, COMPANY

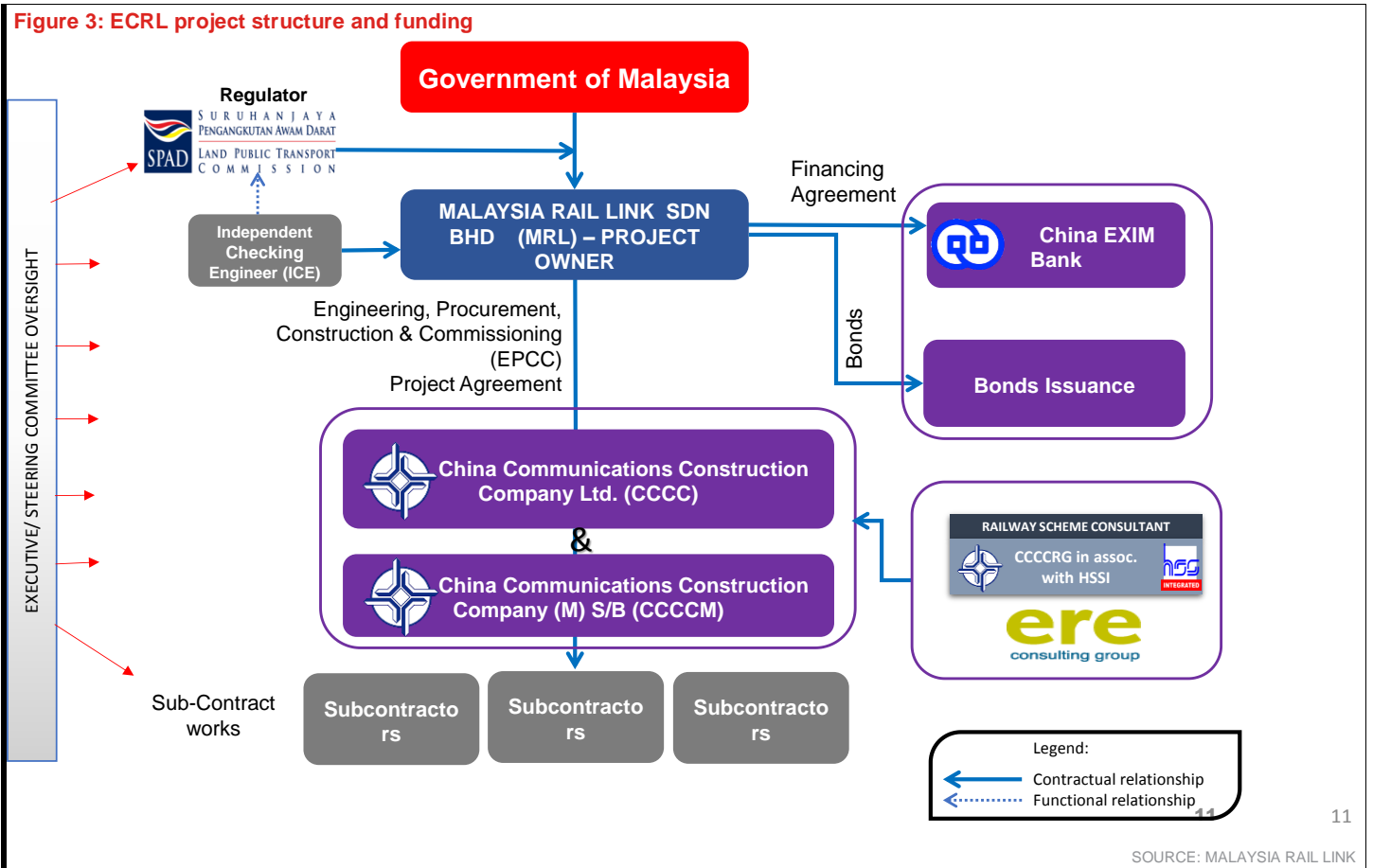
# Tracking the rail theme at Construction & Infra Day

## MRL: ECRL pre-qualification rounds have started

### RM55bn East Coast Rail Line (ECRL) likely to begin construction next year ▶

Malaysia Rail Link Sdn Bhd (MRL), a wholly-owned subsidiary of the Ministry of Finance (MOF), was established on 26 Sep 2016 as the asset owner of the East Coast Rail Line (ECRL). ECRL is a high-impact infrastructure project under the East Coast Economic Region (ECER) masterplan. MRL's expert speaker session was represented by Infra Director Tuan Haji Nor Rizan Mohd Akhir. The presentation was more focused on the execution plans of the ECRL project, now that final alignment for phase 1 (from Kota Bharu in Kelantan to Gombak in Selangor) has been approved. For phase 2, the alignment display will begin next month. Overall, we gathered that the construction of selected major civil works is likely to commence in 2018.

Figure 3: ECRL project structure and funding



### Key highlights from MRL's session include:

- Submission of pre-qualification documents by local contractors has been closed as at 23 Oct. However, the names remain confidential at this juncture.
- Certain portions of the ERCL alignment in the northern east coast states have been realigned, and for this, a new Public Information Update on the

minor realignment was launched on 22 Oct and will be displayed for one month.

- Following the minor realignment, total length of the ECRL project measures 627.5km comprising 524.4km for phase 1 and 103.1km for phase 2. This excludes 79.4km of spur line. For both phase 1 and 2, 25% or 158km will be the construction of viaduct/guideways, 66% or 416km will be grade alignments, while 9% or 54.4km will be tunneling works. In total, 26 stations will be built.

**Figure 4: New breakdown of phase 1 and 2 of the ECRL**

ECRL scopes	Phase 1 (km)	Phase 2 (km)	*Total (km)
Elevated	128.2	29.3	157.5
At grade	356.9	58.7	415.6
Tunnel	39.3	15.1	54.4
<b>Total</b>	<b>524.4</b>	<b>103.1</b>	<b>627.5</b>
<i>*Excluding 79.4km of spur line</i>			
	% of total	% of total	% of total
Elevated	24%	28%	25%
At grade	68%	57%	66%
Tunnel	7%	15%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
No. of stations	22.0	4.0	26.0

SOURCE: MALAYSIA RAIL LINK

- In terms of construction, it was clarified that a single-track railway line on a double-track formation will be built, amounting to total construction cost of RM55bn.
- The RM55bn total construction cost of the ECRL comprises both phase 1 and phase 2. However, this excludes land acquisition costs, which is under the purview of the asset owner (MRL)/government and not the contractors.
- Total value of the land acquisition cost was not disclosed, however, according to the ECRL environmental impact assessment (EIA) report, land acquisition would involve a total of 6,302 ha (15,573 acres) of land.
- Land acquisition is therefore MRL's top priority in the coming months as a delay in land acquisition would in turn lead to delays in the construction works. Currently, the land acquisition process is running smoothly in the states of Terengganu, Kelantan and Pahang while Selangor is lagging behind.
- With Phase 1 of the ECRL out of the way, MRL will now concentrate on getting the Land Public Transport Authority's (SPAD) approval for phase 2 of the ECRL.
- Upon approval of phase 2's alignment, MRL will then launch the public display of the railway scheme similar to what was done for phase 1.
- Phase 2 is essentially a southern and northern extension of phase 1. The northern extension measures roughly 28km from Kota Bharu in Kelantan to Pengkalan Kubor, while the south-western extension measures c.78km from Gombak to Port Klang.
- Given that construction works are largely targeted to commence in 2018, we believe awards of the civil works should occur over the next 6-9 months.
- Once the ECRL is fully operational, it will initially handle 70% of cargo/freight capacity and 30% passenger capacity.
- Currently, only 10% of goods transported to and from Kemaman and Kuantan ports are handled by rail while the remaining 90% are by lorries.
- The ECRL project is targeted to be completed in Jun 2024, with the construction of the major civil works to commence from Jan 2018 to Dec 2022 for 60 months.

Figure 5: ECRL project time line

# WORKS PROGRAMME / TIMELINE

No.	Perkara	Mula	Tamat	Jangkamasa / Tarikh	Dec 2016												Jan 2017												Feb 2017												Mar 2017												Apr 2017												May 2017												Jun 2017												Jul 2017												Jan 2018												Feb 2018												Mar 2018												Apr 2018												Jun 2018												Jul 2018												Aug 2018												Dec 2020												Jan 2021												Feb 2021												Mar 2021												Dec 2022												Jan 2023												Feb 2023												Mar 2023												Dec 2023												Jan 2024												Feb 2024												Mar 2024												Apr 2024												May 2024												Jun 2024												Jul 2024											
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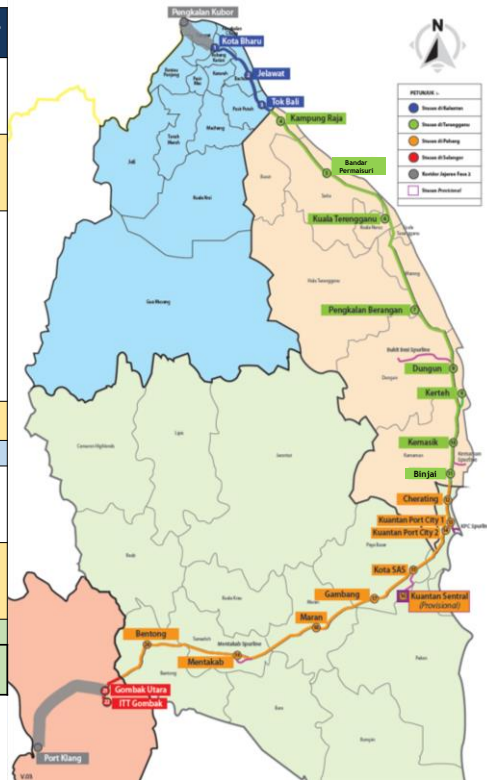
SOURCE: MALAYSIA RAIL LINK

Figure 6: Project details including stations

DETAILS		OVERALL ALIGNMENT	
Mainline Alignment (Phase 1)	Elevated	128.2 km	524.4 km
	At Grade	356.9 km	
	Tunnel	39.3 km	
Mainline Alignment (Phase 2)	Elevated	29.3 km	103.1 km
	At Grade	58.7 km	
	Tunnel	15.1 km	
Spur Line (Phase 11) (6 Nos)	1. Bukit Besi - 27.4 km	75.9 km	
	2. Kerteh* - 10.4 km		
	3. Kemaman - 15.0 km		
	4. Kuantan Port City - 14.6 km		
	5. Kuantan Sentral* - 5.8 km		
	6. Mentakab - 2.7 km		
Spur Line (Phase 2 2)	7. Wakaf Baru - 3.5 km	3.5 km	
Total length (Mainline & Spur) Phase 1 & 2		706.9 km	
Stations (Phase 1 1)	Passenger (P)	12 nos	22 nos**
	Kargo (F)	3 nos	
	Passenger & Kargo(P&F)	7 nos	
Stations (Phase 2 2)	Passenger (P)	1 no	4 nos**
	Kargo (F)	-	
	Passenger & Kargo(P&F)	3 nos	
Train Set	11 Passenger / 18 Locomotives / 1003 Wagon by 2024		
System Scope	Trackworks	Electrification Works	
	Signalling Works	Communication Works	

**INTERCHANGE STATIONS**

- Mentakab – Cargo interchange with KTM
- ITT Gombak – Passenger interchange with KLJ LRT



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SOURCE: MALAYSIA RAIL LINK



## MCKIP: To benefit from ECRL’s logistics upgrade

### The first large-scale industrial park within ECER and part of the OBOR initiative ➤

The Malaysia-China Kuantan Industrial Park (MCKIP) is deemed to be the largest industrial park of its kind located within the East Coast Economic Region (ECER) in Peninsular Malaysia. It is also located along the One Belt One Road (OBOR) initiative. MCKIP is also deemed to benefit from the logistics upgrade brought about by the ECRL project. As it stands, two ECRL stations will be located within the vicinity of MCKIP, which spans 3,000 acres over three development components.

In terms of shareholders, 51% is owned by a Malaysian consortium; comprising IJM Land (40%), Sime Darby (30%), and Pahang State (30%). The remaining 49% is controlled by a China consortium; comprising Guangxi Beibu (95%) and Qinzhou Investment (5%). MCKIP’s session was presented by President Dato’ Soam Heng Choon, who took the opportunity to refute some misconceptions on the MCKIP.

Figure 7: Shareholding structure of MCKIP

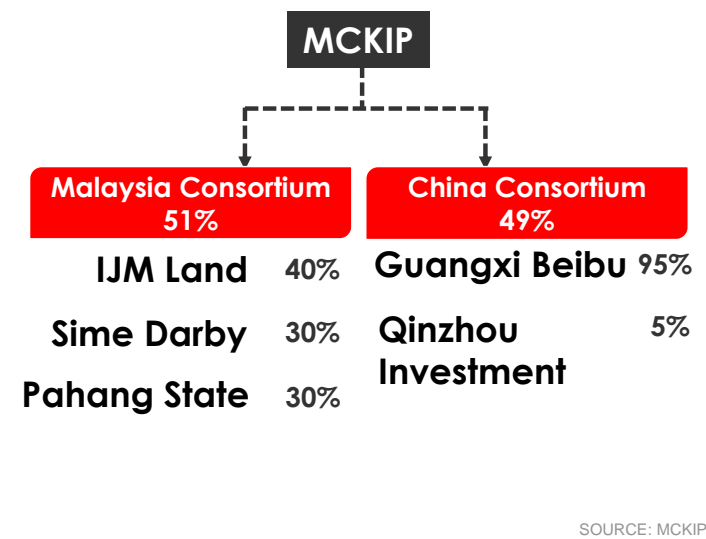
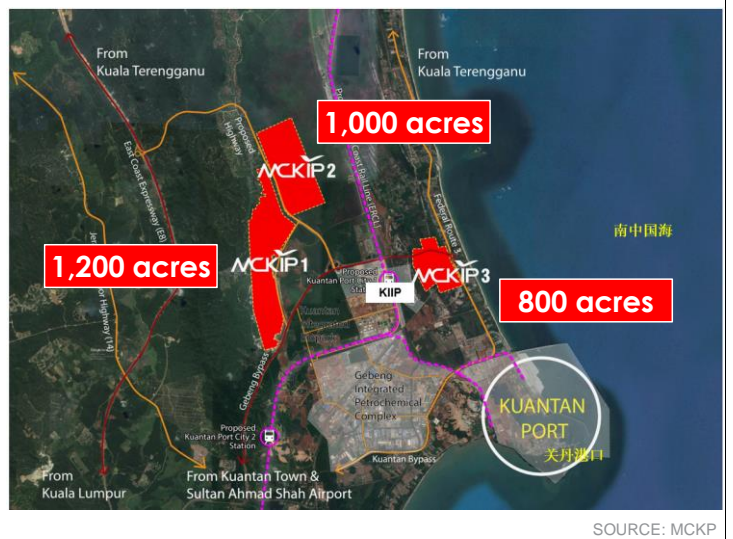


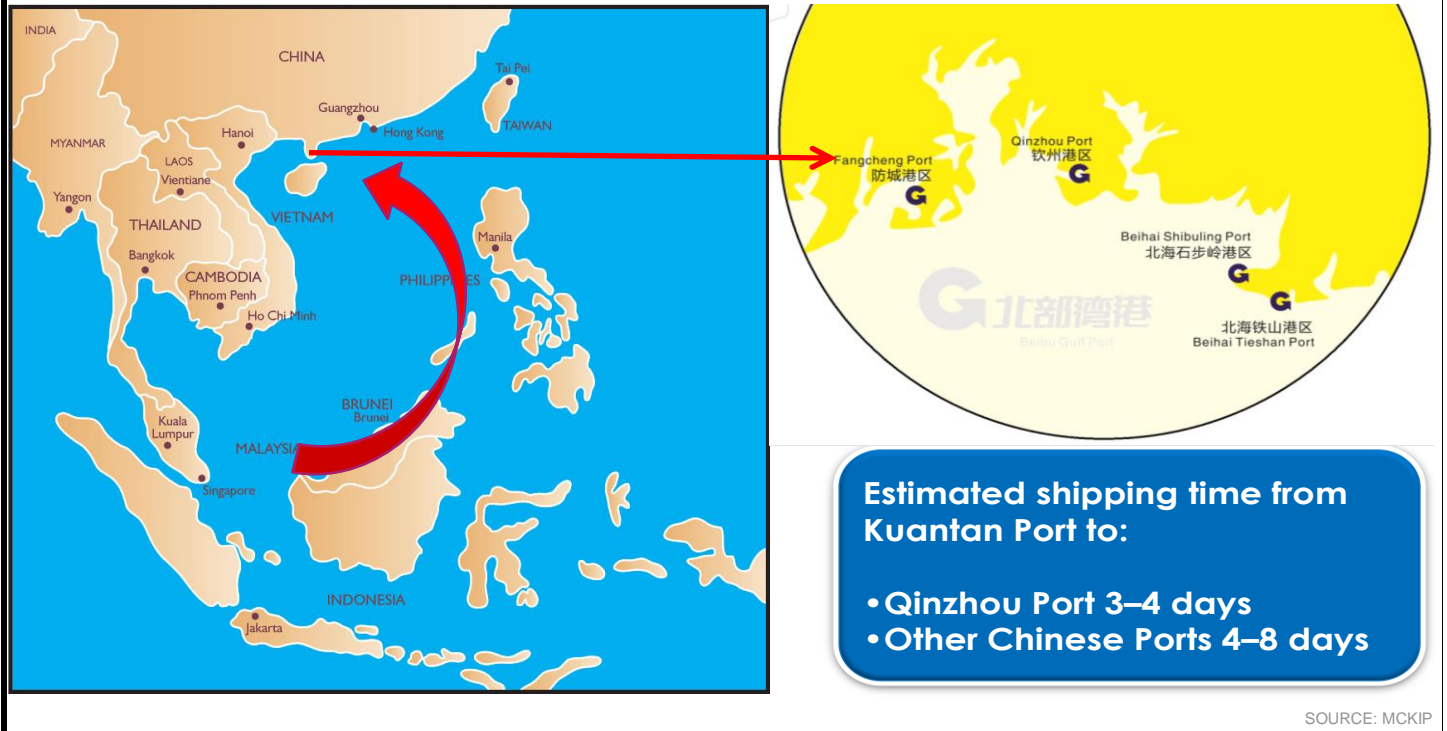
Figure 8: Three components of MCKIP spanning 3,000 acres



### Key highlights from MCKIP’s session include:

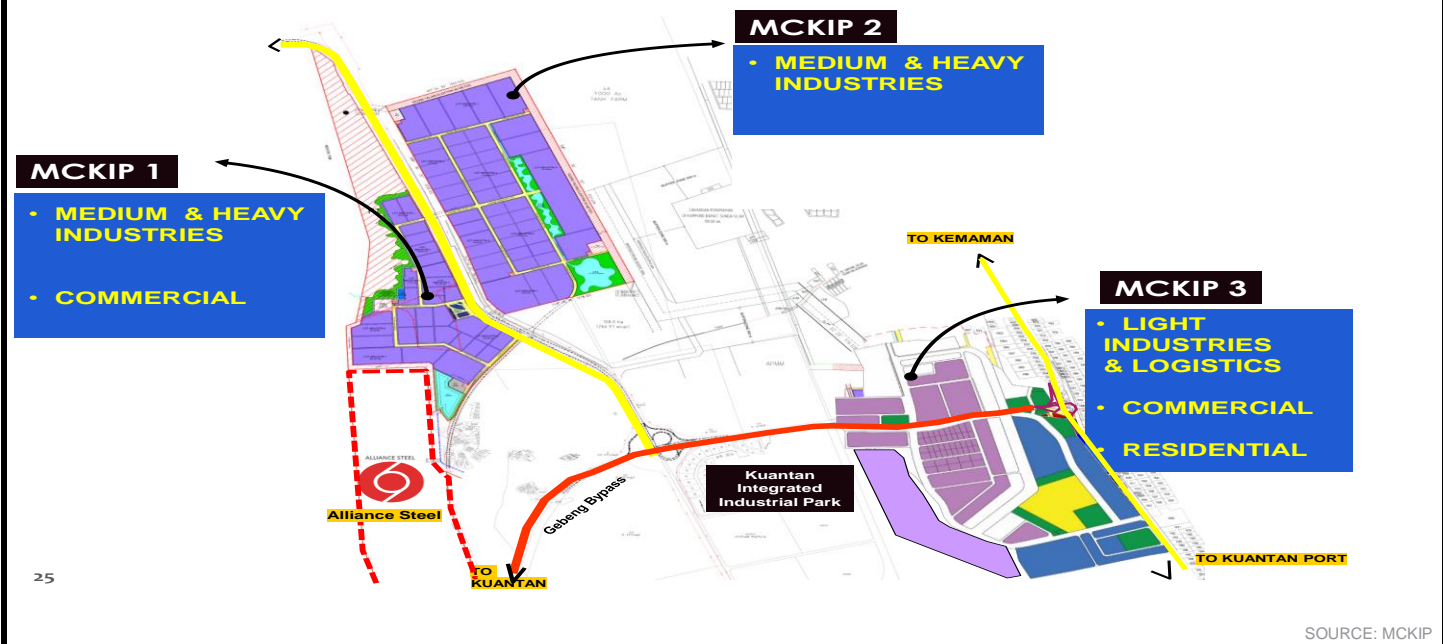
- The MCKIP is located not too far from the Kuantan Port, which, under the OBOR initiative, is to be the gateway for the import and export of goods/raw materials to and from Qinzhou Port in West China – China’s next growth area.
- The Belt and Road Initiative was proposed by China’s President Xi Jinping in 2013 and aims to improve trade relations with ASEAN, Central Asian and European countries.
- The Belt and Road Initiative facilitates industries from China to invest and broaden its market and facilitate stronger bilateral links to support economic growth and trade.
- Total combined planned and committed investments in the MCKIP and Kuantan Port amount to RM20bn, comprising (apart from Alliance Steel) 1) RM0.2bn by Zkenegy (Yiyang) New Resources Science & Technology Co, Ltd - renewable energy, 2) RM1bn by LJ Hightech Material Sdn Bhd – concrete panels, 3) RM1.6bn by Maxtrex Tyre Limited – passenger car radial tyres, 4) RM2bn by Guangxi Zhongli Enterprice Group Co., Ltd – clay porcelain, 5) RM0.6bn by Guangxi Investment Group Co., Ltd – aluminium processing plant, 6) RM4bn by Wuxi Suntech Power –crystalline silicon solar cells and modules, 7) RM0.3bn by Sichuan Migao Chemical Fertilizer – compound fertilisers, and 8) RM5bn by NewOcean Energy Holdings – oil refinery.

**Figure 9: Kuantan Port's proximity to China (West China)**



- The MCKIP1 (1,200 acres) is the first investment initiative. Alliance Steel (M) Sdn Bhd is currently building a steel manufacturing facility for a 3.5m tonnes p.a. capacity of high carbon steel (HCS) and H-shape steel.
- Alliance's steel facility occupies a 710 acre site with an RM5.6bn total investment. The steel plant will start production in 1Q18. 90% of the plant's output will be exported, instead of catering to the construction of the ECRL, as generally expected. The key export market will be Africa.

**Figure 10: MCKIP development components**



- The next big challenge, despite the MCKIP's huge potential for job creation, is to attract local workers. Due to the industrial nature of the jobs in the MCKIP, there are difficulties in attracting a local workforce, making it inevitable for the MCKIP to employ foreign workers, even though the average wage/salary is attractive or at least far exceeding the minimum wage level (with a starting pay that can go as high as RM6,000 a month).
- It is estimated that 95% of hard labour in Malaysia is by foreigners – with most being Bangladeshis, Indonesians, and Indians. The reason there is more Chinese recruitment at the companies operating at the MCKIP is due to the sophisticated nature of the industries that the companies are in. Some of these industries include renewable energy, steel manufacturing, oil refinery, and aluminium processing.
- With that in mind, MCKIP will embark on a nationwide roadshow to attract locals/Malaysians to consider working in the MCKIP.

## MyHSR: full steam ahead for AssetsCo tenders

### Working on the world's largest international tender ►

MyHSR was represented by its Director of Commercial, Mr. Tonny Yeap and Manager of Commercial, Mr. Derrick Yap. The biggest positive surprise from the session was that the AssetsCo tender for KL-Singapore High-Speed Rail's (HSR) is set to become the largest international tender, and could be launched by end-2017. Essentially, the AssetsCo will undertake the design, build, financing and maintaining of the HSR rolling stock (trains), as well as the design, build, financing, operating and maintaining of all HSR rail assets (track work, power, signaling and telecommunications). It will also coordinate the HSR system's network capacity for operations and maintenance needs. More importantly, AssetsCo will not be involved in the HSR civil works/construction.

### Land acquisition is underway ►

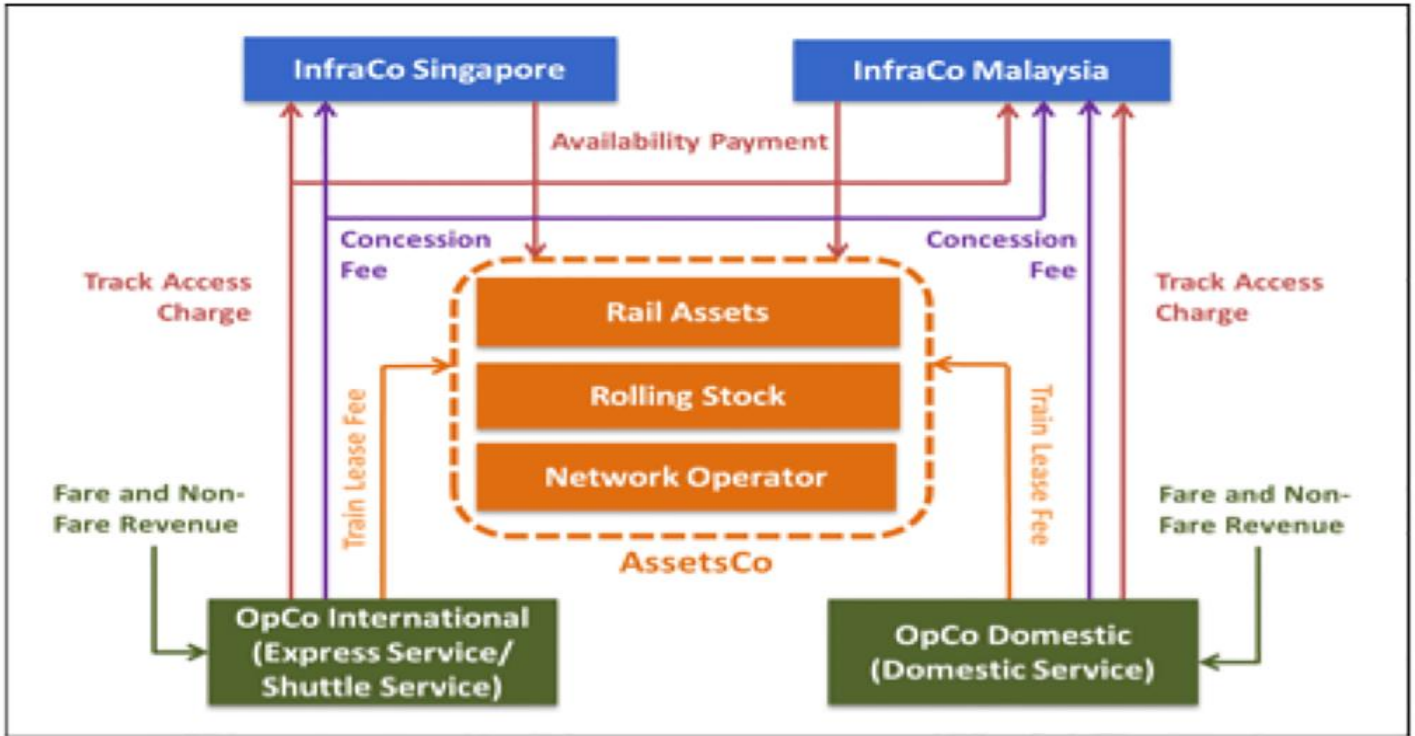
The land acquisition process for the Malaysian side of the project has started via a gazette notification under Section 4 of the Land Acquisition Act 1960, whereby, it involves the stoppage of developments in pre-selected areas along the alignment. Once confirmed, Section 8 of the Land Acquisition Act will be implemented to declare that the land is to be acquired. We understand from press reports that actual land acquisition could start by mid-2018.

### Key points during MyHSR's session include:

- The KL-Singapore HSR will be premised on a "system-neutral" design, which will be neither biased towards the Japanese HSR system, nor the European or Chinese systems. This means that at the point of tender and evaluation, the design of the rail track and infrastructure will be able to accommodate any HSR system, before a final decision is made.
- The system-neutral design concept will consequently make the AssetsCo tender the largest in the world, in terms of value bid and companies participated. This is deemed to be an advantage to Malaysia, as it would then eventually adopt the "best" and most suitable system. This would ultimately prevent design flaws and cost overrun.
- The AssetsCo will be a consortium comprising a reputable international HSR player and likely a local company. The two operating companies for the domestic and inter-state services (OpCo Domestic and OpCo International) will also likely be a concession.

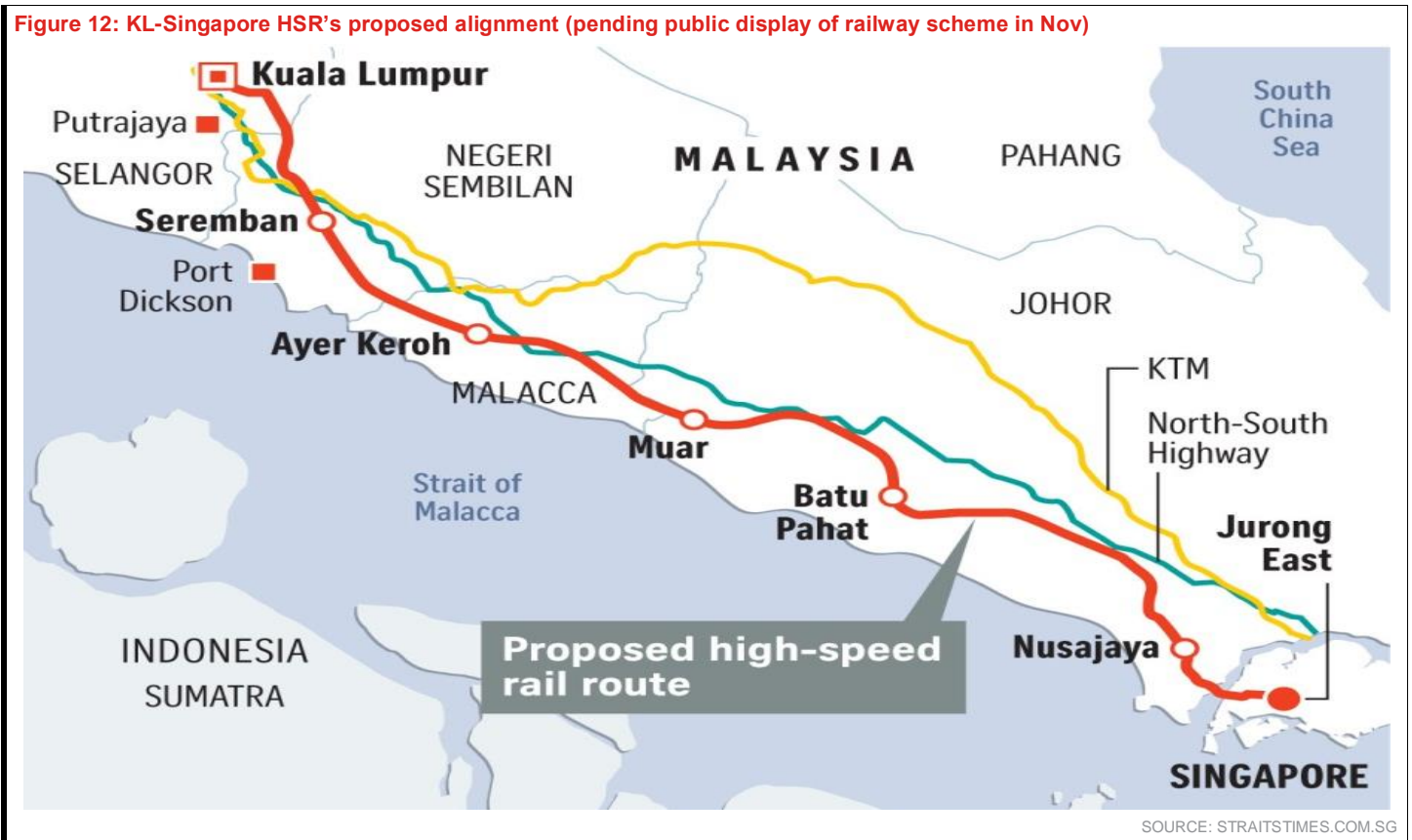


Figure 11: HSR's detailed operating structure



SOURCE: RAILWAY GAZETTE

- In terms of project cost, no details were discussed. The estimated HSR cost as widely reported ranged between RM50bn and RM60bn. The actual construction cost should be able to be determined once all tenders (including station scopes) are launched and awarded.
- The good news is that MyHSR will begin launching the railway scheme or public display of the HSR alignment in November, after which investors can expect more details on the breakdown of the alignment, similar to the details of the ECRL project, in our view.
- 335km of the alignment is located in Peninsular Malaysia while the remaining 15km will be in Singapore.
- Two comprehensive industry briefings were held in Singapore and London which were intended for major international HSR players. Consequently, the AssetsCo tenders are likely to be called in Dec, while deadline of the tenders are to be submitted by mid-2018.
- However, the timing of the civil work tenders is unknown at this juncture.
- MyHSR also revealed that Country Garden Holdings Co Ltd's proposal to have a HSR station built in its Forest City development is not the first such proposal by a private company. MyHSR said it will have to evaluate this proposal though it is not a priority at this point.
- The design of the seven HSR stations located on Malaysian soil (excluding the Jurong East station in Singapore) was also recently unveiled.



## Key takeaways from company meetings

### Estimated RM32bn worth of ECRL and HSR jobs for local boys

From our checks with industry players during the conference, the local portion for both ECRL and KL-Singapore HSR projects could be approximately 30% of project value, suggesting a RM15bn local scope for the HSR (est. RM50bn total cost), and RM16.5bn local scope for the ECRL (RM55bn total cost). The ECRL scopes, given funding certainty, will be awarded ahead of the HSR contracts. As for the HSR's civil works scope, the award timeline remains unknown at this point, though the 2026 target for completion is intact.

### Rail job targets for contractors ▶

Almost all contractors that participated in the small group meetings were potential beneficiaries of both the ECRL and KL-Singapore HSR, in our view. Apart from Kerjaya Prospek (KPG MK, NR) the other seven companies/contractors that participated in our event were keen and will be positioning to tender for both the ECRL and HSR projects. Below are key takeaways from selected companies that were more upbeat on the rail contracts:

**Gamuda (GAM MK, ADD)** commands the largest exposure to rail jobs, representing 89% of its total outstanding order book of RM7.8bn. Gamuda provides the largest tender exposure to new rail contracts, comprising an estimated RM6bn-RM7bn from the ECRL (based on company's guidance) and this does not include the estimated RM30bn-RM40bn MRT 3 Circle line, and potential civil works for the KL-Singapore HSR project. In our view, the upcoming launch of phase 2 of the ECRL project that runs along fairly heavy populated areas (and this being a larger and more specialised tunneling scope) from Gombak to Port Klang could provide a stronger advantage for Gamuda too. Gamuda remains an Add and our top big cap rail pick. Our RNAV-based target price of RM6.15 implies an upside of 23% (10% discount to RNAV)

**IJM Corp's (IJM MK, ADD)**, the outstanding order book of RM8.7bn is also predominantly rail-based. For new rail jobs, the group is optimistic about landing a package of the ECRL contract, given that two ECRL stations and a depot will be built at the MCKIP, in which it has a stake. Also, the group's spun piles could also benefit from ECRL considering that a portion of the ECRL will be built on the soft coastal soil around the MCKIP. IJM plans to increase the building material facility's capacity by 200,000MT to accommodate for the project. We maintain Add with RM3.87 RNAV-based target price (10% discount to RNAV), which offers a 20% potential upside.

**Sunway Construction (SCGB MK, NR)** has submitted pre-qualification tenders for the ECRL project and will capitalise on its experience in viaduct construction for a portion of the ECRL. Based on the minor realignment of the ECRL, 25% or 157km will run on elevated tracks/guideways. SunCon has been aggressively building up its rail-based construction track record. YTD, the company has won RM2.4bn worth of MRT 2 and LRT 3 projects. In total, SunCon has secured RM3.9bn new contract awards YTD – nearly double its RM2bn FY17 replenishment target.

**Kimlun Corp's (KICB MK, NR)** exposure to rail construction comes from its manufacturing division, which supplies tunnel lining segments (TLS) and segmental box girders (SBG) to MRT projects in the Klang Valley and Singapore. As at 30 Jun, 87.5% of Kimlun's RM320m manufacturing order book was for MRT 2 construction materials (SBG, TLS, and precast concrete). Though data on the TLS and SBG market in Malaysia is scant due to its niche nature; we understand that there are only four or five players that provide the materials in Malaysia and Singapore. Separately, Kimlun's two manufacturing plants are located in the vicinity of the HSR alignment, which gives the company a geographical advantage if it secures orders for the project.

**HSS Engineers (HSS MK, NR)** is touted as the leading domestic consulting and engineering services player domestically with a strong track record in key infra projects. The group has a strong presence in the rail segment as it has secured several railway scheme, reference design packages, construction supervision and independent checking consultants across almost all major rail contracts. The group is already one of the key consultants for the ECRL and HSR projects. 40% of its outstanding order book of RM400m is made up of rail jobs.

**George Kent (GKEN MK, NR)**. With its expertise in the integrated system works solution for rail construction and its prior relationship to the main contractor, China Communications Construction Co (CCCC), George Kent is keen to tender for the system works portion for ECRL project. This contract is possibly for the sub-subcontract work for the Chinese-based contractor who will be handling the system works. The group estimated that the system works for the ECRL is worth up to 20% of the overall construction cost of RM55bn. However, the addressable value for the group could be smaller as the packages are likely to be subcontracted.

The group also highlighted that it has recently signed a consortium agreement with the Siemens group of companies for the HSR AssetsCo scope, though still at a preliminary stage. Currently, 89% of George Kent's outstanding order book is largely made up of LRT 3's project delivery partner (PDP) portion.

**Figure 13: Companies featured at the Infrastructure & Construction Day 2017**

Companies	Bloomberg ticker	Market	Outstanding	% of rail		
		Capitalisation (RM m)	order book (RM m)	contract in order book	Targeted rail contracts	
Gamuda	GAM MK	12,297.9	7,800	88.5%	Yes	Yes
IJM Corp	IJM MK	11,682.5	8,700	NA	Yes	Yes
YTL Corp	YTL MK	14,077.1	4500	NA	Possible	Yes
HSS Engineers	HSS MK	354.2	400	40.0%	Yes	Yes
George Kent	GKEN MK	1,841.9	5,900	88.9%	Yes	Yes
Kimlun Corporation	KICB MK	735.1	2,300	14.3%	Yes	yes
Sunway Construction Group	SCGB MK	2,946.3	6,715	46.6%	Yes	Yes
Kerjaya Prospek	KPG MK	2,174.0	3,150	NA	No	No

SOURCE: CIMB RESEARCH, COMPANY

**Figure 14: List of organisations, companies and speakers**

<b>Organisations</b>	<b>Speaker(s)</b>	<b>Related project/areas</b>
Malaysia Rail Link (MRL)	Tuan Haji Nor Rizan Mohd Akhir, Infra Director	ECRL
Malaysia-China Kuantan Industrial Park (MCKIP)	Dato' Soam Heng Choon, President	Medium and heavy industries
My High Speed Rail (MyHSR)	Mr. Tonny Yeap, Director of Commercial Mr. Derrick Yap, Manager of Commercial	HSR
<b>Companies</b>		
Gamuda	Mr. Clarence Gerard Boudville, Senior Group General Manager - Investor Relations	ECRL/HSR
IJM Corp	Dato' Soam Heng Choon, Chief Executive Officer/Managing Director Mr. Shane Thakurta, General Manager, Investor Relations	ECRL/HSR
YTL Corp	Dato' Lucius Chong, Director/Head Of Investor Relations	ECRL/HSR
HSS Engineers	Dato' Ir Nitchiananthan, Chief Executive Officer/Executive Director Ms. Ng Kuan Yee, Chief Financial Officer Mr. Reuben Selvarajah, General Manager (Special Projects) Mr. Sivaanathan Chelladurai, General Manager (Special Projects) Ms. Stephanie Liew, Corporate Communication Manager Ms. Julia Pong, Investor Relations	ECRL/HSR
George Kent	Mr. Bernie Ooi, Executive Director Mr. Phoon Hee Yau, General Manager Mr. Ong Kum Weng, Assistant General Manager Mr. Mahathir Mahzan, Investor Relations Mr. Samuel Lo, Manager	ECRL/HSR
Kimlun Corporation	Mr. Sim Tian Liang, Chief Executive Officer / Executive Director Ms. Vennessa Yam, Chief Financial Officer / Executive Director Mr. Yap Seng Tan, Investor Relations	ECRL/HSR
Sunway Construction Group	Ms. Ng Bee Lien, Chief Financial Officer Ms. Elaine Lai, Accountant	ECRL/HSR
Kerjaya Prospek	Dato' Tee Eng Ho, Executive Chairman Mr. Stanley Khoo, Investor Relations	NA

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#03

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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2017		
1285 companies under coverage for quarter ended on 30 September 2017		
	Rating Distribution (%)	Investment Banking clients (%)
Add	53.5%	4.3%
Hold	35.9%	2.6%
Reduce	9.7%	0.2%

#### 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, **BGP** – 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, **BJCHI** – Good, Declared, **BLA** – Very Good, Certified, **BPP** – not available, n/a, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Good, n/a, **CCET** – not available, n/a, **CENDEL** – 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, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Very Good, Declared, **ECL** – Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Good, n/a, **GFPT** – Excellent, Declared, **GGC** – not available, n/a, **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, **III** – not available, n/a, **INTUCH** – Excellent, Certified, **IRPC** – 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, **MACO** – Very Good, n/a, **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, **PLAT** – 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, **SPA** – 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, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Good, n/a, **TMB** – Excellent, Certified, **TNR** – not available, n/a, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – not available, n/a, **TRUE** – Very Good, Declared, **TTW** – Very Good, Declared, **TU** – Excellent, Declared, **TVO** – Very Good, 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.