Regional Daily

Ideas Troika

Top Stories

China Overseas Land & Investment (688 HK) Property - Real Estate BUY HKD23.60 TP: HKD27.00 Mkt Cap : USD24,823m	**Pg2**	COLI's FY14 recurring profit beat consensus. Upgrade to BUY with a higher TP, set at a 10% discount of end-FY15F ENAV of HKD30.00. We believe the asset injection from its parent company would enlarge COLI's landbank at reasonable cost. *Analyst: Toni Ho (toni.ho@rhbgroup.com)*
GD Express Courier (GDX MK) Transport - Logistics BUY MYR1.66 TP: MYR2.05 Mkt Cap : USD540m	**Pg3**	GDEX's exposure in the growing online retail industry (which accounts for just 10% of total revenue) is still at an early stage. BUY with a higher MYR2.05 TP (24% upside). In view of its aggressive expansion ahead, we lift our FY15F-17F earnings by 10%/19%/27%. *Analyst: Ahmad Maghfur Usman (ahmad.maghfur.usman@rhbgroup.com)*
SingHaiyi Group (SHG SP) Property - Real Estate BUY SGD0.14 TP: SGD0.19 Mkt Cap : USD294m	**Pg4**	Initiate BUY on SingHaiyi with TP of SGD0.19. It is a premium property developer with slightly more than one-third RNAV exposure to the US. With rising US property prices and a stronger USD vis-à-vis SGD, the risk is skewed to the upside for SingHaiyi. *Analyst: Ong Kian Lin (ong.kian.lin@rhbgroup.com)*

Other Key Stories

Hong Kong		
SPT Energy Group (1251 HK) Energy & Petrochemicals - Oil & Gas Services NEUTRAL HKD1.28 TP: HKD1.12	**Pg5**	FY14 Largely In Line But Tough Times Ahead *Analyst: Charles Zhang (charles.zhang@rhbgroup.com)*
KWG Property Holding (1813 HK) Property - Real Estate BUY HKD5.15 TP: HKD7.60	**Pg6**	Sound Fundamentals Remain Intact *Analyst: Toni Ho (toni.ho@rhbgroup.com)*
Malaysia		
Auto & Autoparts NEUTRAL	**Pg7**	A Quiet February *Analyst: Alexander Chia (alexander.chia@rhbgroup.com)*

China Overseas Land & Investment (688 HK)

Buy (from Take Profit)

Property - Real Estate

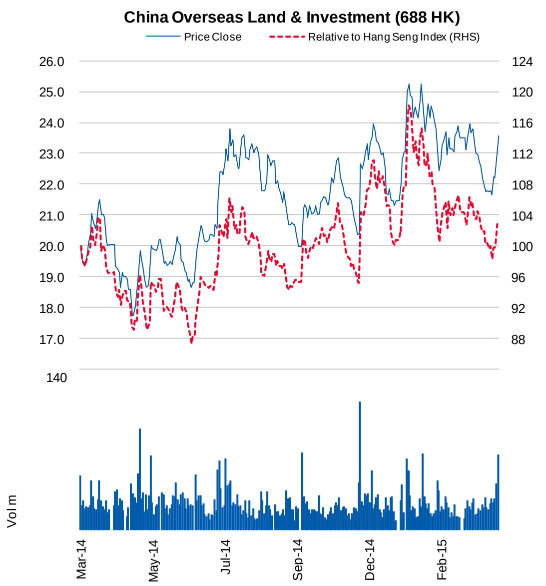
Market Cap: USD24,823m

Target Price: HKD27.00

Price: HKD23.60

Growth Momentum To Pick Up

Macro ◆◆
Risks ◆
Growth ◆◆
Value ◆◆



Source: Bloomberg

Avg Turnover (HKD/USD)	517m/66.7m
Cons. Upside (%)	19.1
Upside (%)	14.6
52-wk Price low/high (HKD)	17.7 - 25.3
Free float (%)	40
Share outstanding (m)	8,174
Shareholders (%)	
China State Construction Engineering	53.1
JPMorgan	7.0

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	2.2	1.9	9.8	13.5	18.2
Relative	(1.6)	2.9	4.9	11.1	6.1

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COLI's FY14 recurring profit beat consensus on higher sales booking and steady profit margin. Move to BUY with a higher TP of HKD27.00 (15% upside, from HKD22.60), at a 10% discount (+1.5SD of 5-year mean) of end-FY15F ENAV of HKD30.00 (from HKD25.20). We believe the asset injection from its parent company would enlarge COLI's landbank at reasonable cost, even though its Tier-3 cities exposure and profitability remain a concern.

- **FY14 results beat consensus.** China Overseas Land & Investment's (COLI) recurring profit rose 25.7% YoY to HKD23.83bn, on par with our forecast and 6% above consensus, attributed to higher sales revenue booking and better cost control. Gross margin remained steady at 32.7% (FY13/1H14: 32.5%/33.6%), bucking the margin erosion fear. 2H14 recurring profit rose 19.6% YoY (in line with our forecast), while GPM dropped to 32.1%. Net gearing stayed healthy at 32%. Full-year dividend rose 17% YoY to HKD0.55/share.

- **Cautiously optimistic on asset injection.** The long-awaited asset injection from COLI's parent company has been finalised. The bunch of assets has a total GFA of 10.9m sq m, equivalent to 23% of COLI's enlarged landbank. The total consideration of HKD42.8bn will be settled by share issuance. We believe the transaction would enable COLI to enlarge its landbank without a huge cash outflow and being involved in land market competition. However, we are concerned with the company's Tier-3 exposure (45% of volume for the injected assets) and the profitability of those projects.

- **Aggressive sales target for FY15.** COLI is determined to see a pickup in contracted sales momentum by targeting a 19% YoY growth in sales revenue to HKD168bn in FY15. While contribution from the newly-acquired assets is yet to be known, we believe management is more upbeat on property sales in this year.

- **Move to BUY (from Take Profit), new TP of HKD27.00 (from HKD22.60).** We revise our FY15/FY16 recurring profit forecasts by 9%/3% to reflect higher contracted sales for booking. We introduce FY17F recurring profit with a 13% YoY growth and a CAGR of 12% for FY14-17F. We raise our end-FY15F ENAV to HKD30.00 (from HKD25.20). We lift our TP to HKD27.00, on a 10% ENAV discount (+1.5 SD of 5-year historical mean).

Forecasts and Valuations	Dec-13	Dec-14	Dec-15F	Dec-16F	Dec-17F
Total turnover (HKDm)	82,469	119,997	135,149	149,063	175,106
Reported net profit (HKDm)	23,044	27,680	27,146	29,613	33,360
Recurring net profit (HKDm)	18,960	23,830	27,146	29,613	33,360
Recurring net profit growth (%)	18.6	25.7	13.9	9.1	12.7
Recurring EPS (HKD)	2.32	2.92	3.32	3.62	4.08
DPS (HKD)	0.55	0.55	0.66	0.72	0.82
Recurring P/E (x)	10.2	8.1	7.1	6.5	5.8
P/B (x)	1.75	1.44	1.24	1.08	0.94
Dividend Yield (%)	2.3	2.3	2.8	3.1	3.5
Return on average equity (%)	23.4	22.8	18.8	17.7	17.4
Return on average assets (%)	8.8	8.6	7.2	6.9	6.9
Net debt to equity (%)	28.2	31.7	28.1	36.0	45.8
Our vs consensus EPS (adjusted) (%)			4.1	(1.0)	(13.5)

Source: Company data, RHB

GD Express Courier (GDX MK)

Buy (Maintained)

Transport - Logistics

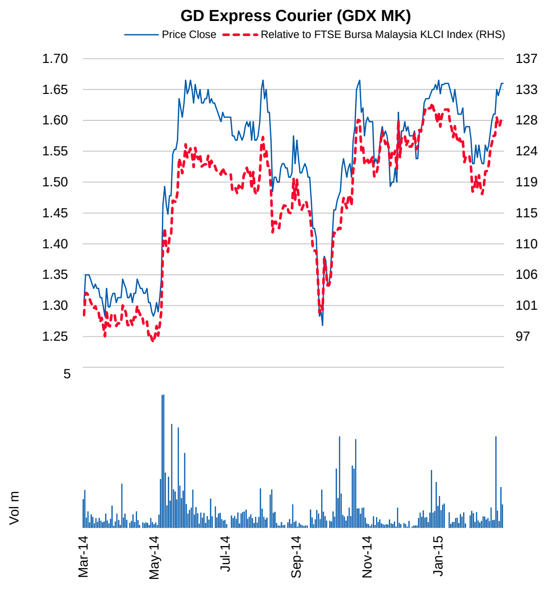
Market Cap: USD540m

Target Price: MYR2.05

Price: MYR1.66

Defying Valuations With Its Earnings Trajectory

Macro	◆◆◆
Risks	◆◆
Growth	◆◆◆
Value	◆◆◆



Source: Bloomberg

Avg Turnover (MYR/USD)	0.66m/0.18m
Cons. Upside (%)	12.7
Upside (%)	23.7
52-wk Price low/high (MYR)	1.27 - 1.67
Free float (%)	27
Share outstanding (m)	1,201
Shareholders (%)	
GD Express (M) SB	31.1
Singapore Post	24.2
GD Holdings International	9.7

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	5.4	5.7	7.4	8.5	22.2
Relative	3.0	6.0	4.3	10.5	23.1

***Shariah* compliant**

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GDEX's exposure in the growing online retail industry (which accounts for just 10% of total revenue) is still at an early stage. BUY with a higher MYR2.05 TP (24% upside), assuming a slightly higher 6.9% WACC. In view of its aggressive expansion ahead, we lift our FY15F-17F earnings by 10%/19%/27%. GDEX could bear more fruit ahead as its capex outlay relative to its strong operating cash flow churn is minimal.

- **Riding on the eCommerce bandwagon.** While 40% of GD Express Courier's (GDEX) volume comprises household products, only 10% of its total volume handled is from business-to-consumer (B2C) customers like Lazada, Zalora and Go Shop, Astro's Home TV shopping arm. As online retail continues to grow, we believe GDEX is poised to be on a growing earnings trajectory ahead. Astro, which kicked off Go Shop in Nov 2014, is becoming one of its fastest-growing customers and could become a Top 5 customer if its home-shopping business does well going forward.
- **Forecasts.** In view of GDEX's aggressive expansion ahead, we lift our volume projections for FY15/FY16/FY17 by 12%/25%/37% which, coupled with the expectation of further improvement in its operating efficiency and lower petrol pump prices, have led us to increase our earnings projections by 10%/19%/27% respectively.
- **A cash cow.** We expect GDEX's outlook to be rosy ahead with very minimal capex outlay relative to its strong operating cash flow churn. As it could be embarking on an exponential growth trajectory, dividends could be minimal for now but as the courier industry matures eventually without needing any major capex, GDEX's payout ratio could potentially increase from 35% currently.
- **Still a BUY, but with a higher TP.** We maintain our BUY recommendation. Following the upward revision in earnings, our TP rises to MYR2.05 (from MYR1.82), premised on a slightly higher WACC of 6.9% (from 6.8% earlier). GDEX's share price has defied all price-relative valuation metrics. Its average trailing P/E (for four quarters) since 2005 has hovered around 61.4x. Given its expected earnings growth, superior ROEs and strong free cash flow growth trajectory, we deem as reasonable its high P/E multiple.
- **Risks.** The industry is competitive which could impact pricing; any economic slowdown may result in lower business volumes.

Forecasts and Valuations	Jun-13	Jun-14	Jun-15F	Jun-16F	Jun-17F
Total turnover (MYRm)	135	159	204	258	319
Reported net profit (MYRm)	13.6	23.4	30.5	41.3	56.6
Recurring net profit (MYRm)	14.5	23.2	30.5	41.3	56.6
Recurring net profit growth (%)	65.7	59.8	31.5	35.5	36.9
Recurring EPS (MYR)	0.02	0.03	0.02	0.03	0.05
DPS (MYR)	0.01	0.01	0.01	0.01	0.02
Recurring P/E (x)	89.7	58.3	67.7	50.0	36.5
P/B (x)	20.0	13.9	16.1	13.3	10.8
P/CF (x)	76.5	50.8	65.5	49.0	36.1
Dividend Yield (%)	0.7	0.7	0.5	0.7	1.0
EV/EBITDA (x)	48.5	42.8	46.8	35.4	26.3
Return on average equity (%)	23.2	28.8	27.1	29.2	32.6
Net debt to equity (%)	12.7	net cash	net cash	net cash	net cash
Our vs consensus EPS (adjusted) (%)			0.0	0.0	0.0

Source: Company data, RHB

Initiating Coverage, 25 March 2015

Event | **Initiation** | Preview | Results | Strategy | Update

SingHaiyi Group (SHG SP)

Buy

Property - Real Estate

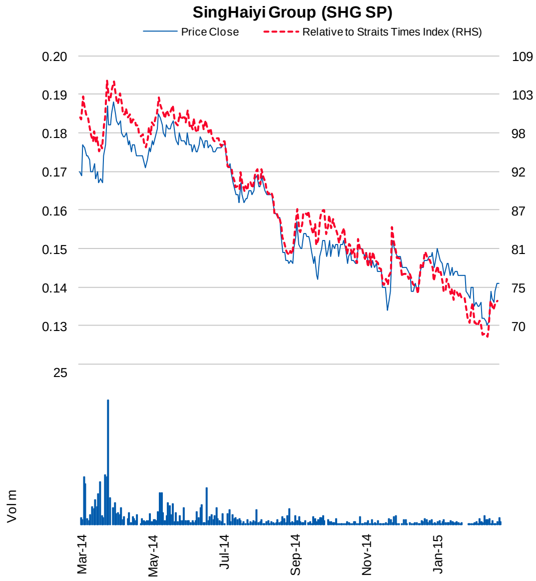
Market Cap: USD294m

Target Price: SGD0.19

Price: SGD0.14

Best SGX-listed Developer To Play US Property Revival

Macro	◆◆
Risks	◆◆
Growth	◆◆
Value	◆◆



Source: Bloomberg

Avg Turnover (SGD/USD)	0.05m/0.04m
Cons. Upside (%)	2,642.9
Upside (%)	31.9
52-wk Price low/high (SGD)	0.13 - 0.19
Free float (%)	27
Share outstanding (m)	2,863
Shareholders (%)	
Haiyi Holdings Pte Ltd	55.9
Hai Run Pte Ltd	8.3
Acquire Wealth Limited	7.7

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(2.8)	1.4	(5.4)	(4.1)	(17.6)
Relative	(4.2)	1.7	(7.8)	(7.6)	(28.6)

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We initiate coverage on SingHaiyi with BUY and a RNAV-derived TP of SGD0.19 (32% upside). It is a premium property developer/investor with assets in the US and Singapore. Using a value-added approach, it has one-third RNAV exposure to US properties, including an Ohio retail mall, a San Jose commercial development and a San Francisco prime residential estate. With rising US property prices and a stronger USD *vis-à-vis* SGD, the risk is skewed to the upside for SingHaiyi.

- **Distressed asset play in the US.** SingHaiyi Group (SingHaiyi) creates shareholder value through its savvy investments in undervalued assets in the US at attractive costs. The group bought three US properties at steep discounts to their market values over the past two years, some as large as a 77% discount to net book value, with a view to enhance their values via redevelopment. Two of the assets are in the buoyant San Francisco Bay Area. We expect the deep-value nature of such purchases to contribute meaningfully to earnings over the next 2-4 years.
- **Well-affiliated backing.** SingHaiyi's sponsor – American Pacific International Capital (APIC) – has over 13 years of experience in the US. APIC's management has Neil Bush (third of the five children of the 41st US President George H.W. Bush) as its Director and Gary Locke (former US Ambassador to China) as its Senior Advisor. In addition, APIC is also committed to offering all the US projects it encountered to SingHaiyi at the same cost. The value that SingHaiyi is able to extract from APIC's affiliated US network and at-cost right-of-first-refusal (ROFR) differentiates it from other SGX-listed developers, whereby none of them have any US backing.
- **Potential M&A kicker.** We estimate that APIC has in excess of USD250m-300m US assets, which may potentially be injected into SingHaiyi. However, this may take a few years and a faster option may be to consider merging the US operations into the group. With the uptrend in US property prices, this will be the quickest way for SingHaiyi to scale up its US exposure in our view.
- **Maiden dividend next year.** We expect SingHaiyi to pay dividends as it stabilises its investment properties and enlarges its recurring income base. We forecast a maiden dividend of 0.3 cent from FY16 (Mar) onwards, amounting to a modest dividend yield of 2.1%. This can grow further in subsequent years as SingHaiyi enlarges its recurring cash flow.
- **Key risks.** Foreign currency risk, interest rate risk, and property cycles risk (see page 14 for a detailed description of these risks)

Forecasts and Valuations	Mar-13	Mar-14	Mar-15F	Mar-16F	Mar-17F
Total turnover (SGDm)	17	57	276	30	102
Reported net profit (SGDm)	1.7	23.2	44.7	30.6	26.5
Recurring net profit (SGDm)	1.7	23.2	44.7	30.6	26.5
Recurring net profit growth (%)	0.0	1277.6	93.0	(31.5)	(13.3)
Recurring EPS (SGD)	0.00	0.01	0.02	0.01	0.01
DPS (SGD)	0.000	0.000	0.000	0.003	0.003
Recurring P/E (x)	199	18	9	14	16
P/B (x)	2.71	0.99	0.95	0.90	0.86
Dividend Yield (%)	0.0	0.0	0.0	2.1	2.1
Return on average equity (%)	0.0	8.1	10.5	6.8	5.6
Return on average assets (%)	0.0	4.3	4.2	2.4	2.2
Net debt to equity (%)	39.4	7.4	84.6	96.2	84.7

Source: Company data, RHB

SPT Energy Group (1251 HK)

Neutral (Maintained)

Energy & Petrochemicals - Oil & Gas Services

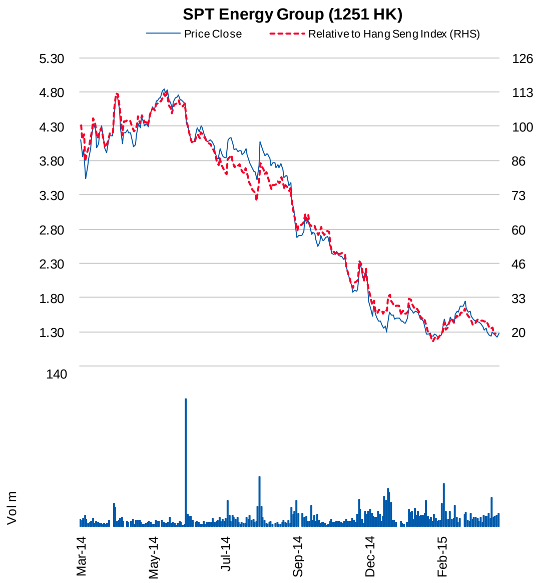
Market Cap: USD253m

Target Price: HKD1.12

Price: HKD1.28

FY14 Largely In Line But Tough Times Ahead

Macro ◆◆
Risks ◆◆
Growth ◆◆
Value ◆◆



Source: Bloomberg

Avg Turnover (HKD/USD)	12.8m/1.64m
Cons. Upside (%)	82.0
Upside (%)	-12.5
52-wk Price low/high (HKD)	1.21 - 4.85
Free float (%)	58
Share outstanding (m)	1,535
Shareholders (%)	
Wang Guoqiang	42.3
Greenwoods Asset Management Limited	7.8
China Everbright Group Ltd.	6.0

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(10.5)	(22.0)	(14.7)	(60.0)	(68.8)
Relative	(13.8)	(20.5)	(19.1)	(61.9)	(80.4)

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The 61.3% YoY drop in SPT's FY14 reported net profit (NP) was largely anticipated as it has issued a profit warning. Maintain NEUTRAL with a slightly lower TP of HKD1.12 (from HKD1.15, 13% downside). Recurring NP fell 53.4% YoY, 2.3% above consensus but 22% below our estimate as we had forecasted a higher exchange loss. We expect the industry outlook to remain gloomy as oil prices continue to stay weak. We slash our FY15/FY16 recurring earnings by 27.6%/25.9%.

- **FY14 results largely in line with market expectations.** Reported net profit dropped 61.3% YoY to CNY116m, slightly higher than the company's guided 55-60% decrease, and 8.5% below our and market forecasts. Recurring NP fell 53.4% YoY to CNY137m based on our estimate, 2.3% above consensus but 22% below our estimate as we had forecasted a higher exchange loss related to the devaluation of the KZT. Revenue dropped 9% YoY to CNY2,187m, 1.8%/1% above our/consensus forecasts.

- **Impacted by low oil prices and KZT devaluation.** The company attributed the declines in revenue and profits to: i) major clients cutting exploration and development spending amid low oil prices, ii) intensified oilfield services market competition, which led to lower margins, while staff costs increased as the company hired more employees, iii) losses related to the devaluation of the KZT in Feb 2014.

- **Tough times ahead**. Management revealed that the most difficult period was 4Q14 when clients began to cut spending and delay projects, and it expects 2015 to be more challenging if oil prices continue to stay at the current low levels. In light of tough times ahead, we slash our revenue forecasts for FY15/FY16 both by 9.3%, but maintain our gross and operating margins estimates. Overall, we cut our FY15/FY16 earnings forecasts by 27.6%/25.9%, implying an 8.7% YoY decrease and a 31.5% YoY increase in FY15 and FY16 recurring net profits respectively.

- **Maintain NEUTRAL with a slightly lower TP of HKD1.12.** We cut our TP slightly to HKD1.12 (from HKD1.15), based on 11x FY15 P/E, 0.75SD below the stock's 5-year forward P/E mean (from 8x, 1SD below mean), as we see that most of the negatives have been priced in.

Forecasts and Valuations	Dec-13	Dec-14	Dec-15F	Dec-16F	Dec-17F
Total turnover (CNYm)	2,403	2,187	2,046	2,537	2,791
Reported net profit (CNYm)	300	116	125	164	185
Recurring net profit (CNYm)	294	137	125	164	185
Recurring net profit growth (%)	13.6	(53.4)	(8.7)	31.5	12.9
Recurring EPS (CNY)	0.19	0.09	0.08	0.11	0.12
DPS (CNY)	0.05	0.00	0.00	0.00	0.00
Recurring P/E (x)	5.3	11.5	12.6	9.6	8.5
P/B (x)	0.88	0.89	0.83	0.77	0.72
P/CF (x)	6.18	na	5.97	4.84	4.31
Dividend Yield (%)	4.8	0.0	0.0	0.0	0.0
EV/EBITDA (x)	2.59	5.31	4.20	3.14	2.48
Return on average equity (%)	17.8	6.5	6.8	8.4	8.8
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash
Our vs consensus EPS (adjusted) (%)			(63.0)	(59.6)	(54.4)

Source: Company data, RHB

KWG Property Holding (1813 HK)

Buy (Maintained)

Property - Real Estate

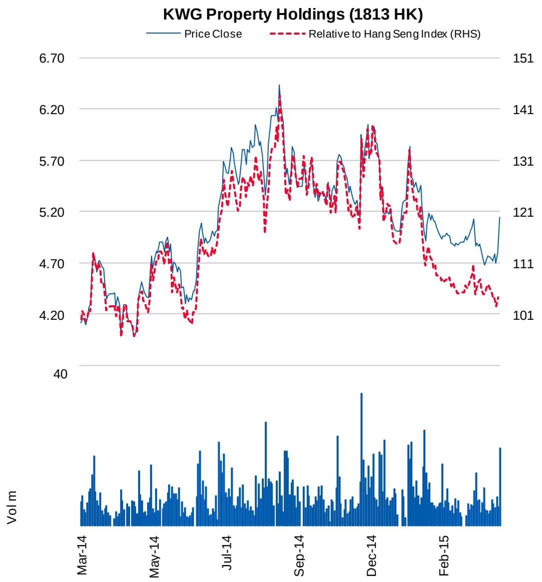
Market Cap: USD1,957m

Target Price: HKD7.60

Price: HKD5.15

Sound Fundamentals Remain Intact

Macro	◆◆
Risks	◆◆
Growth	◆◆
Value	◆◆◆



Source: Bloomberg

Avg Turnover (HKD/USD)	36.6m/4.59m
Cons. Upside (%)	41.2
Upside (%)	47.6
52-wk Price low/high (HKD)	3.98 - 6.44
Free float (%)	40
Share outstanding (m)	2,946
Shareholders (%)	
Kong's family	60.5

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(3.0)	4.7	2.8	(11.7)	25.0
Relative	(6.8)	5.7	(2.1)	(14.1)	12.9

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While FY14 recurring profit missed forecasts, KWG performed well in GPM and cost control. Maintain BUY and HKD7.60 TP (48% upside), at a 51% discount to our fine-tuned end-FY15F ENAV of HKD15.50 (from HKD15.20). We like KWG's focus on Tier-1&2 cites (at 92% of FY15F saleable resources), which should help to maintain steady contracted sales growth (10% YoY in FY15F), GPM (32-35% in FY15-17F) and recurring earnings growth (CAGR of 21.6% for FY14-17F).

- **FY14 performance dragged by delay in sales revenue booking.** Recurring profit rose 10% YoY to CNY2.58bn, but 9% below both our and consensus forecasts. It was mainly due to lower booked sales volume, which was 16% below our forecast, but the difference was partially offset by better gross margin and cost control. GPM stayed firm at 35.5% (FY13/1H14: 36.2%/35.7%). Selling, general and administrative (SG&A) expense rose 8% YoY but 11% below RHB forecast. Separately, 2H14 recurring profit dropped 1.9% YoY (17.2% below our forecast), with GPM of 35.3% (RHB forecast: 34.6%). Full-year DPS rose 14% YoY to CNY0.33/share.

- **Consolidated presence in Tier-1&2 cities**. This strategy lays down a solid foundation for KWG's sales growth, ASP and profit margin. The company targets a balanced growth of contracted sales target by 10% YoY to CNY22.5bn in FY15, in line with our estimate. 65%/27% of the saleable resources are located in Tier-1/Tier-2 cities, a similar distribution compared to that in FY14. Moreover, KWG is less burdened by inventory clearance (besides Hainan), with its inventories accounting for 2-3 months of sales volume only. On the other hand, we predict a slight profit margin retreat, given the rising land cost. That said, we expect its GPM to stay at 32-35% in FY15-17, which remains competitive among its peers, supported by the buoyant ASP.

- **Maintain BUY and TP of HKD7.60.** We adjust our FY15/FY16 recurring earnings estimates by -6%/+4%, based on slower revenue booking. We introduce FY17F recurring profit with 10.5% YoY growth and a CAGR of 21.6% for FY14-17F. We adjust our end-FY15F ENAV slightly to HKD15.50 (from HKD15.20), and maintain our TP at HKD7.60, representing a 51% NAV discount (+1 SD of 5-year historical mean). We still prefer KWG as our Top Pick among mid- to small-cap China property developers.

Forecasts and Valuations	Dec-13	Dec-14	Dec-15F	Dec-16F	Dec-17F
Total turnover (CNYm)	9,468	10,466	13,266	18,855	22,521
Reported net profit (CNYm)	2,750	3,264	3,393	4,198	4,639
Recurring net profit (CNYm)	2,343	2,577	3,393	4,198	4,639
Recurring net profit growth (%)	21.8	10.0	31.6	23.7	10.5
Recurring EPS (CNY)	0.81	0.88	1.16	1.44	1.59
DPS (CNY)	0.29	0.33	0.35	0.43	0.48
Recurring P/E (x)	5.10	4.67	3.55	2.87	2.59
P/B (x)	0.67	0.59	0.53	0.47	0.41
Dividend Yield (%)	7.0	8.1	8.5	10.5	11.6
Return on average equity (%)	16.6	17.1	15.8	17.4	16.9
Return on average assets (%)	5.0	4.9	4.3	4.7	4.6
Net debt to equity (%)	56.3	66.8	69.8	70.1	66.3
Our vs consensus EPS (adjusted) (%)			(1.2)	3.8	(0.3)

Source: Company data, RHB

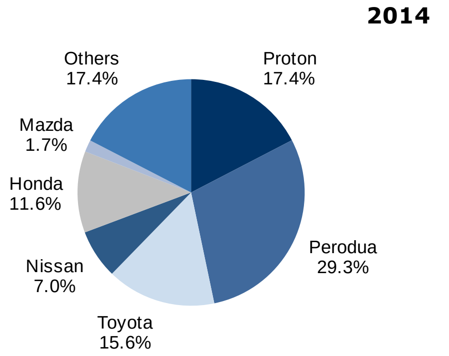
Auto & Autoparts

Neutral (Maintained)

A Quiet February

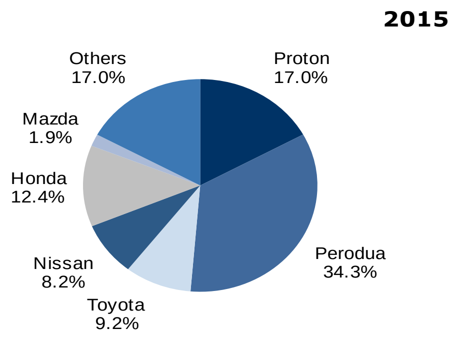
Macro ♦♦♦
Risks ♦♦
Growth ♦
Value ♦♦

2014 market share



Source: MAA

YTD 2015 market share



Source: MAA

Auto sales in February were soft as expected due to festive holidays which translated into a shorter working month. Auto sales contracted 0.4% MoM and 0.6% YoY, while cumulative YTD sales were flat. We believe the tepid sales were also a function of consumers holding back purchases ahead of the GST implementation against a backdrop of generally weaker consumer sentiment. Berjaya Auto is our Top Pick.

- **Seasonal factors in play.** Sluggish sales were expected for February on account of a shorter working month due to the Lunar New Year. According to the Malaysian Automotive Association (MAA), sales fell 0.4% MoM and 0.6% YoY to reach 50,390 units in February, while YTD total industry volume (TIV) was flat at 100,992 units (2014: 100,991 units). We believe this was also due to a combination of subdued consumer sentiment and the lingering confusion about how the goods and services tax (GST) – which will be implemented this April – would affect car prices, as the new 6% GST will replace the 10% sales tax.

- **Stellar showing from Mazda.** As deliveries of the new *Mazda 2* gather pace, Mazda sales rose 13.6% MoM as it continues to lead gains among non-national marques with its cumulative YTD increase of 39.6% YoY. After suffering from a low order bank in January, Toyota sales were up 25.6% MoM but down 34.7% YoY. YTD Toyota sales slumped 36.5% YoY to just 9,268 units, the worst performance among all major marques. Nissan sales in February fell 25.3% MoM, which we believe was likely attributed to the end of discounting for the pre-facelift models to clear stocks following the introduction of the facelifted *Almera* in Jan 2015. YTD, non-national passenger vehicle sales were down 10.6% YoY, reflecting consumer hesitation to commit to big-ticket consumer discretionary items.

- **Perodua up, Proton down.** Perodua sales rebounded 15.7% MoM as popular models such as *Axia* and the recently-launched facelifted *Myvi* continue to steal market share from its competitors. Cumulative Perodua sales advanced 25.1% YoY, lifting market share to 34.3% YTD from 31.8% last month. On the other hand, Proton sales were down 7.3% MoM in Feb, despite the discounts of up to MYR7,989 being offered for the 2014 *Iriz* models.

- **Outlook.** With the GST implementation on the horizon, we expect to see weaker auto sales in March as vehicle shoppers hold back purchases until the impact of the GST on vehicle prices becomes clearer.

Company	Price	Target	FY16F P/E (x)	FY16F P/BV (x)	NDY (%)	Rec
APM	MYR 4.60	MYR 4.30	9.2	0.72	4.8	SELL
Berjaya Auto^	MYR 3.70	MYR 4.35	9.5	3.8	4.5	BUY
DRB-HICOM^	MYR 2.00	MYR 2.70	14.6	0.5	1.7	BUY
MBM	MYR 3.26	MYR 3.80	7.6	0.7	2.5	BUY
Tan Chong	MYR 3.01	MYR 3.05	10.2	0.6	1.6	NEUTRAL
UMW^	MYR 10.98	MYR 9.65	13.8	2.0	5.5	SELL

Source: Company data, RHB ^FY16 valuations refer to FY17 data

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