

Winners of *THE EDGE* BILLION RINGGIT CLUB corporate awards 2019

VALUE CREATOR

OUTSTANDING CEO OF MALAYSIA

DR CHIA SONG KUN

Executive chairman, QL Resources Bhd

COMPANY OF THE YEAR

PRESS METAL ALUMINIUM HOLDINGS BHD

SPECIAL AWARD

CONTRIBUTION TO NATION BUILDING

The Employees' Provident Fund

BEST CR INITIATIVES

SUPER BIG CAP COMPANIES

Above RM40 billion market capitalisation

Malayan Banking Bhd

BEST CR INITIATIVES

BIG CAP COMPANIES

RM10 billion to RM40 billion market capitalisation

IOI Corp Bhd

BEST CR INITIATIVES

Below RM10 billion market capitalisation

Carlsberg Brewery Malaysia Bhd

SUPER BIG-CAP COMPANIES

Above RM40 billion market capitalisation

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Maxis Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

CIMB Group Holdings Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Hong Leong Bank Bhd

BIG-CAP COMPANIES

RM10 billion to RM40 billion market capitalisation

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Digi.Com Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

Press Metal Aluminium Holdings Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Press Metal Aluminium Holdings Bhd

CONSTRUCTION SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Sunway Construction Group Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

Kerjaya Prospek Group Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Kerjaya Prospek Group Bhd

CONSUMER PRODUCTS & SERVICES SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

British American Tobacco (M) Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

AirAsia Group Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Guan Chong Bhd

ENERGY SECTOR

RETURN ON EQUITY OVER THREE YEARS

Petron Malaysia Refining & Marketing Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

Dialog Group Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Hibiscus Petroleum Bhd

FINANCIAL SERVICES SECTOR

RM10 billion and above market capitalisation

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Public Bank Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

CIMB Group Holdings Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Hong Leong Bank Bhd

FINANCIAL SERVICES SECTOR

Below RM10 billion market capitalisation

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Syarikat Takaful Malaysia Keluarga Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

Syarikat Takaful Malaysia Keluarga Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

AEON Credit Service (M) Bhd

HEALTHCARE SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Hartalega Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

Hartalega Holdings Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Apex Healthcare Bhd

INDUSTRIAL PRODUCTS & SERVICES SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

ATA IMS Bhd

(formerly Denko Industrial Corp Bhd)

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

Press Metal Aluminium Holdings Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Press Metal Aluminium Holdings Bhd

PLANTATION SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

IOI Corp Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

IOI Corp Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Far East Holdings Bhd

PROPERTY SECTOR

RM3 billion and above market capitalisation

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

UOA Development Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

UEM Sunrise Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

UOA Development Bhd

PROPERTY SECTOR

Below RM3 billion market capitalisation

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Matrix Concepts Holdings Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

IGB Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Matrix Concepts Holdings Bhd

REIT SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

IGB REIT

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

MRCB-Quill REIT

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

YTL Hospitality REIT

TECHNOLOGY SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

ViTrox Corp Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

ViTrox Corp Bhd, GHL Systems Bhd, Pentamaster Corp Bhd and Frontken Corp Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Pentamaster Corp Bhd

TELECOMMUNICATIONS & MEDIA SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Digi.Com Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

Astro Malaysia Holdings Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

TIME dotCom Bhd

TRANSPORTATION & LOGISTICS SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Lingkar Trans Kota Holdings Bhd

HIGHEST GROWTH IN PROFIT

AFTER TAX OVER THREE YEARS

Lingkar Trans Kota Holdings Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Malaysia Airports Holdings Bhd

UTILITIES SECTOR

HIGHEST RETURN ON EQUITY

OVER THREE YEARS

Gas Malaysia Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX

OVER THREE YEARS

Gas Malaysia Bhd

HIGHEST RETURN TO SHAREHOLDERS

OVER THREE YEARS

Mega First Corp Bhd

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

PROPERTY (BELOW RM3 BILLION MARKET CAPITALISATION)

IGB Bhd

RESTRUCTURING AIDS IMPROVED PERFORMANCE

BY AHMAD NAQIB IDRIS

IGB Bhd completed a major restructuring exercise last year, putting it in a better position to improve its performance going forward, given the current challenges of soft a property market.

IGB, which owns a 52.9% stake in IGB Real Estate Investment Trust, saw 10% growth in profit after tax (PAT) to RM235.64 million for its financial year ended Dec 31, 2018 (FY2018), despite the prolonged slowdown in the property market.

Instead of pushing on with new projects, the group reduced its project output and focused on existing ongoing developments. IGB launched a co-living space at Damai Residence and fully sold units at Damai 15, Seri Ampang Hilir, 328 Tun Razak and Bentong Hills during the year.

In FY2017, IGB — then known as Goldis Bhd prior to the streamlining exercise — achieved a 30% year-on-year increase in PAT to RM215.14 million amid a one-off gain from the sale of land by a subsidiary.

The group's revenue remained above the RM1 billion mark for FY2017 and FY2018, at

RM1.22 billion and RM1.3 billion respectively.

From FY2015 to FY2018, IGB's PAT grew at a three-year compound annual growth rate of 29.3%, which landed the group *The Edge* BRC award for the highest growth in PAT over three years among property developers with a market capitalisation below RM3 billion.

To recap, in March last year, Goldis acquired the remaining equity interest in IGB Corp Bhd that it did not already own. IGB Corp was then delisted from the Main Market of Bursa Malaysia, with Goldis renamed IGB Bhd.

The acquisition saw the consolidation of the businesses of IGB and IGB Corp, creating a more cohesive, effective and efficient operating structure. The exercise, which saw minimal opposition from shareholders, comprised three options that valued IGB's shares at RM3 apiece at the time.

This was the second attempt for Goldis to privatise IGB Corp. The first proposal did not materialise, mainly because of valuation.

In its FY2018 annual report, IGB says the exercise was a new beginning as it made significant changes to its operating

IGB



structure, including the consolidation of back-office functions at Mid Valley City, one of the group's key assets.

It also carried out a rationalisation exercise, which saw the disposal of several non-core businesses, such as its organic fish farm as well as the assets of Elements Medical Fitness. The operations of GTower Hotel and MiCasa All-Suites Hotel were consolidated as well, with the management of both hotels now falling under one entity.

While the group was busy with its streamlining exercise amid the soft property market, it did not skimp on rewarding its shareholders. In fact, IGB paid out a dividend per share of two sen FY2018, amounting to RM13.38 million for the year, higher than the RM11.82 million and RM11.8 million paid out in the preceding two years.

For the first half of FY2019, the group's PAT grew 9% to RM82.31 million from RM75.35 million in 1H FY2018. Revenue for the period increased 11% to RM650.82 million from RM587.69 million.

Although IGB expects the challenges plaguing the industry to remain for the foreseeable future, PublicInvest Research expects profit to be stronger in 2H FY2019 as the research house expects full occupancy at Mid Valley Southkey, the group's new mall in Iskandar Malaysia, Johor. The mall saw its soft opening in April, with occupancy hovering around 80% as at end-August.

The research house maintains a "neutral" call on IGB with a target price of RM2.80, offering a 3% upside to its share price of RM2.72 at the time of writing.

REIT

IGB REIT

CONTINUES TO BUILD ON SOLID FOUNDATIONS

BY TAN XUE YING

IGB Real Estate Investment Trust (IGB REIT) has won this year's *The Edge* BRC corporate award for the highest return on equity (ROE) over three years in the REIT sector.

In FY2018, it turned in a net property income (NPI) of RM386.25 million on revenue of RM535.7 million, higher than its NPI of RM373.56 million and revenue of RM524.91 million in FY2017. In FY2016, its NPI and revenue stood at RM361.11 million and RM507.34 million respectively.

While unitholders received a distribution per unit (DPU) of 9.19 sen last year, slightly lower than the 9.28 sen in FY2017, IGB REIT's annualised distribution yield of 5.31% had improved from 5.16% the year before.

The REIT has the highest ROE among the BRC members in its sector, as its return on common equity had leapt from 7.57% in FY2016 to 8.91% in FY2018.

IGB REIT — whose portfolio comprises Mid Valley Megamall (MVM) and its adjacent The Gardens Mall (TGM), with a total net lettable area of 2.67 million sq ft — has

recorded steady income growth in the past three financial years.

The REIT says in its annual report that it had achieved growth despite a challenging operating landscape, with 2018 being a mixed bag of events that translated into a volatile year for the retail industry.

"Though overall sentiment has been positive, the year continued to be a challenging one as the nation adjusted to the new government, the industry saw increased competition with the opening of new malls, and online shopping continued to gain in popularity," it adds.

Yet, in FY2018, MVM achieved a 2.3% increase in gross revenue to RM375.05 million, while NPI grew 3.1% to RM286.36 million. Rental returns were higher after IGB REIT created 21 additional retail outlets and four casual leasing spaces by rejigging its space, according to its annual report.

TGM, meanwhile, saw its gross revenue increase 1.4% to RM160.64 million, translating into a 4.4% higher NPI of RM99.89 million, after IGB REIT refreshed the mall's tenant mix and increased the retail space on the lower ground floor.

IGB REIT



IGB REIT says it will continue to push ahead with its asset enhancement initiatives and bring in creative activities and exclusive events by working with its tenants as well as corporate partners to increase on-ground promotional activities for shoppers and visitors.

This is in line with the REIT manager's key objective to provide unitholders with regular and stable distributions and achieve long-term growth in net asset value per unit.

"The manager intends to increase [the] income and value of the investment proper-

ties through active asset management, asset enhancement initiatives, acquisition growth as well as capital and risk management strategies," it says.

Established in July 2012, IGB REIT is valued at RM7.34 billion based on its closing price of RM2.07 per unit as at the time of writing — up 63% from its closing price of RM1.268 on March 31, 2016.

Hong Leong Investment Bank research analyst Farah Diyana Kamaludin says in a report that the REIT is "stable as anticipated" and expects both its assets to continue to perform well as they are shielded from the challenging retail environment in the Klang Valley, thanks to their prominent location, which contributed to the increased footfall at the malls.

"We maintain 'buy' at a target price RM2.15 based on a targeted yield of 4.9%, which is derived from one standard deviation below the two-year historical average yield spread between IGB REIT and 10-year Malaysian Government Securities (MGS) ... in view of it being a major prime retail REIT. We continue to like IGB REIT for its concentration of prime retail assets," the analyst adds.