

Financial Year End	31/12/2015
Report Period Ending	30/09/2015
Reporting Quarter	3Q-2015

Recommendation	BUY
Target Price (MYR)	0.98
Current Price (MYR)	0.76

Industry Group	Food
Industry Sub Group	Poultry

Key Company Statistics

Bloomberg Ticker	CCK MK
Bursa Stock Code	7035
Issued Capital (mn shares)	157.7
Market Capitalisation (MYR mn)	119.0
52 week High (MYR)	0.95
52 week Low (MYR)	0.72
Average Volume (3 month) '000	6.3
1 Yr Return (%)	-15.9

Major Shareholders (%)

Central Coldstorage Sarawak Sdn Bhd	21.3
SK Tiong Enterprise Sdn Bhd	14.1
Chong Nyuk Kiong Enterprise Sdn Bhd	7.0

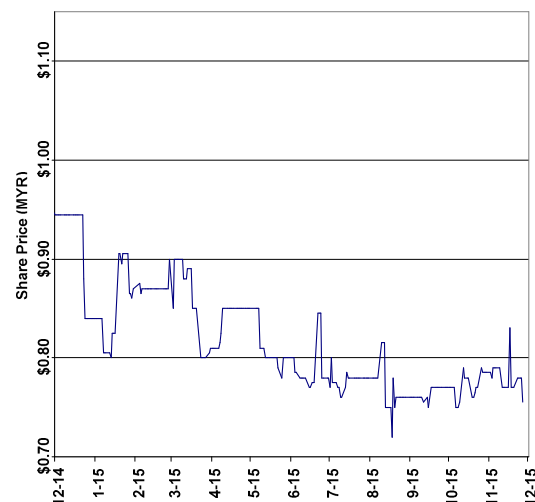
FTSE-BURSA INDEX MEMBERSHIP

FBM KLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

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SHARE PRICE LAST 12 MONTHS (MYR)



MALAYSIA EQUITY CCK CONSOLIDATED HOLDINGS BHD

RESULTS REPORT

YTD 3Q FY15 revenue rose 7.4% vs YTD 3Q FY14, whilst net profits rose 29.1% over the same period. YTD 3Q FY15 operating margins came in at 3.7% vs 3.5% YTD 3Q FY14. Retail and poultry comprise about 92% of sales, with the retail segment accounting for about 61% of sales. Operating margins in the poultry segment are recovering and averaging 4.5% YTD 3Q 2015. Lower commodity costs are helping to improve margins, but the low value of the MYR is a small drag. Retail and prawn sales picked up nicely YTD 3Q FY15 vs YTD 3Q FY14. CCK is doing a solid job of controlling costs and building up sales under very challenging conditions.

INVESTMENT RISKS

Risks to our recommendation and target price include: i) further increases in the price of feedstock, ii) lower value of the MYR, which would crimp personal spending and raise input costs, and iii) a sharp slowdown in the general level of economic activity in Malaysia.

RECOMMENDATION

We upgrade our recommendation on CCK to BUY, whilst maintaining our fair value estimate at MYR 0.98. CCK sells an affordable line of food products, which may be in higher demand as income continues to be squeezed in Malaysia.

CCK has a far better balance sheet than two out of three peers (see page two). Also, CCK presently has cash on hand of about 11 sen per share, amounting to about 14% of the current share price. There is not much downside to CCK's share price as the balance sheet is quite solid, sales are growing consistently higher, and margins seem like they are bottoming and headed higher.

COMPANY PROFILE

CCK Consolidated Holdings Berhad ("CCK") was established on 5 August 1996 as an investment holding company and was listed on 10 December 1997. The company's major lines of business are poultry, seafood and wholesale food retailing of the above products and others. CCK operates fifty-one retail stores and six wholesale stores in Indonesia (Pontianak), Peninsular Malaysia, Sabah and Sarawak. CCK also operates three processing plants.

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2013	2014	2015F	2016F
Revenue	435.7	468.3	520.7	555.0
Revenue g (%)	5.0	7.5	11.2	6.6
Net Profit	10.4	9.2	13.3	14.4
Net Profit g (%)	-39.2	-12.0	45.2	8.7
Dividends	3.1	2.3	3.1	2.3
Owners' Equity	146.1	152.7	163.7	175.8
Total Liabilities	81.0	90.9	89.5	88.5
Debt/Equity (%)	55.4	59.5	54.7	50.3
EPS (sen)	6.6	5.8	8.4	9.2
P-S (x)	0.3	0.3	0.2	0.2
P-E (x)	13.0	14.5	9.0	8.2
P-BV (x)	0.9	0.9	0.7	0.7
ROE %	7.1	6.0	8.1	8.2

MALAYSIA EQUITY
CCK CONSOLIDATED HOLDINGS BHD

QUARTERLY RESULTS TABLE (All figures in MYR mn unless otherwise indicated)

FY Dec	3Q-15	3Q-14	Q-o-Q %chg	YTD FY15	YTD FY14	Y-o-Y %chg
Revenue	135.7	122.8	10.5	381.2	355.0	7.4
Operating Profit	6.0	4.0	50.4	15.4	12.4	24.2
Other Income	1.9	1.5	27.6	5.6	4.7	17.7
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-3.3	-3.4	-3.1	-9.2	-8.8	4.6
Finance Costs	-0.6	-0.9	-30.2	-2.2	-2.1	6.3
Pre Tax Profit	5.4	3.1	72.8	13.2	10.3	27.9
Tax	-1.5	-0.8	90.3	-3.6	-2.8	28.0
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	3.9	2.3	67.1	9.7	7.5	29.1
Dividends	3.1	0.0	na	3.1	2.3	33.3
EPS (sen)	2.5	1.5	67.1	6.1	4.7	29.1
DPS (sen)	2.0	0.0	na	-2.0	-1.5	33.3
Operating Margin (%)	4.4	3.3	36.1	4.0	3.5	15.7
Net Margin (%)	2.9	1.9	51.2	2.5	2.1	20.2
Effective Tax Rates (%)	27.5	24.9	10.1	27.3	27.2	0.1
NTA/share (RM)				1.02	0.96	5.9

Comments

YTD 3Q FY15 revenue increased 7.4% vs. YTD 3Q FY14. Sales increase driven mainly by retail and prawn segments.

YTD 3Q FY15 net profit rose 29.1% vs. YTD 3Q FY14. Net margins are moving up a bit but still lower than five year average of 3.3%

Operating margins seem to have bottomed

COMPETITOR'S METRICS (All figures in MYR mn unless otherwise indicated)

Current Year Ending	CCK			
	Consolidated Holdings Bhd Dec-15	Farm's Best Bhd Dec-15	Kawan Food Bhd Dec-15	Lay Hong Bhd Mar-16
Revenue	520.7	360.4	165.0	638.0
Net Profit*	13.3	0.5	33.3	22.2
Owners' Equity	163.7	94.7	187.6	155.8
Dividends	3.1	0.0	0.0	2.5
Market Cap	119.0	35.1	528.4	319.7
P-S (x)	0.2	0.1	3.2	0.5
P-E (x)	9.0	70.2	15.9	14.4
P-BV (x)	0.7	0.4	2.8	2.1
Div Yield (%)	2.6	0.0	0.0	0.8
Net Margins (%)	2.6	0.1	20.2	3.5
ROE (%)	8.1	0.5	17.8	14.3
Payout Ratio (%)	23.4	0.0	0.0	11.3
Sales Growth (%)	11.2	-13.9	10.4	-5.0
Total Debt/Equity (%)	54.7	339.9	17.1	173.3

*Consensus data used for peers where available

MALAYSIA EQUITY
CCK CONSOLIDATED HOLDINGS BHD

PROFIT & LOSS (All figures in MYR mn unless otherwise indicated)

FY Dec	2013	2014	2015F	2016F
Revenue	435.7	468.3	520.7	555.0
Operating Profit	18.8	16.4	20.7	21.3
Other Income	4.4	7.9	6.4	3.5
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-10.3	-11.9	-12.5	-13.8
Finance Costs	-1.3	-3.0	-2.4	-0.9
Pre Tax Profit	15.5	12.9	18.4	20.6
Tax	-5.2	-3.7	-5.1	-6.0
Minority Interest	0.0	0.0	-0.1	-0.2
Net Profit to Shareholders	10.4	9.2	13.3	14.4
Operating Margin (%)	4.3	3.5	4.0	3.8
PBT Margin (%)	3.6	2.8	3.5	3.7
Net Margin (%)	2.4	2.0	2.6	2.6
Effective Tax Rate (%)	33.4	29.0	27.7	29.0

BALANCE SHEET (All figures in MYR mn unless otherwise indicated)

FY Dec	2013	2014	2015F	2016F
Total Assets	227.4	244.0	253.6	264.7
Fixed Assets	122.8	129.9	134.5	139.9
Current Assets	102.8	111.6	116.8	122.3
Other LT Assets	1.8	2.5	2.4	2.5
Current Liabilities	74.3	85.3	83.4	81.7
LT Liabilities	6.7	5.7	6.1	6.7
Total Liabilities	81.0	90.9	89.5	88.5
Share Capital	78.8	78.8	78.8	78.8
Minority Interest	0.4	0.4	0.4	0.4
Owners' Equity	146.1	152.7	163.7	175.8
Total Equity	146.5	153.1	164.1	176.2
Total Liabilities & Equity	227.4	244.0	253.6	264.7

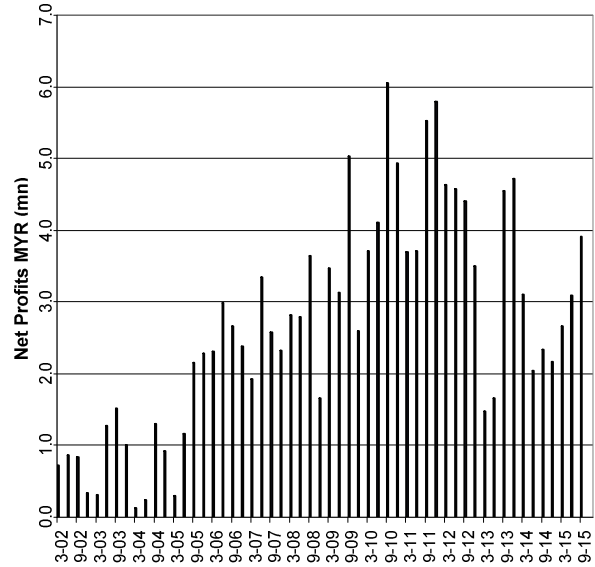
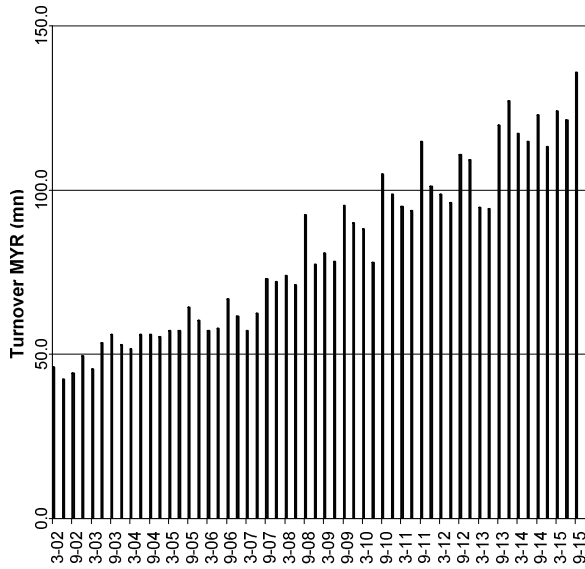
PER SHARE DATA (All figures in sen unless otherwise indicated)

FY Dec	2013	2014	2015F	2016F
Revenue	276.3	297.0	330.2	352.0
Cash Flow	13.2	13.4	16.4	17.9
Earnings	6.6	5.8	8.4	9.2
Dividends	1.9	1.5	2.0	1.5
Book Value	92.6	96.8	103.8	111.5
Payout (%)	29.4	25.4	23.4	16.1
P-S (x)	0.3	0.3	0.2	0.2
P-CF (x)	6.5	6.3	4.6	4.2
P-E (x)	13.0	14.5	9.0	8.2
P-BV (x)	0.9	0.9	0.7	0.7
Dividend Yield (%)	2.3	1.8	2.6	2.0
ROE (%)	7.1	6.0	8.1	8.2
Total Debt/Equity (%)	55.4	59.5	54.7	50.3

MALAYSIA EQUITY
CCK CONSOLIDATED HOLDINGS BHD

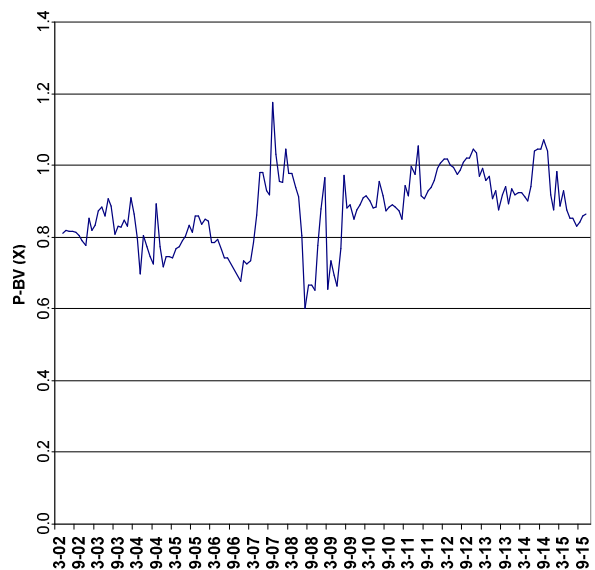
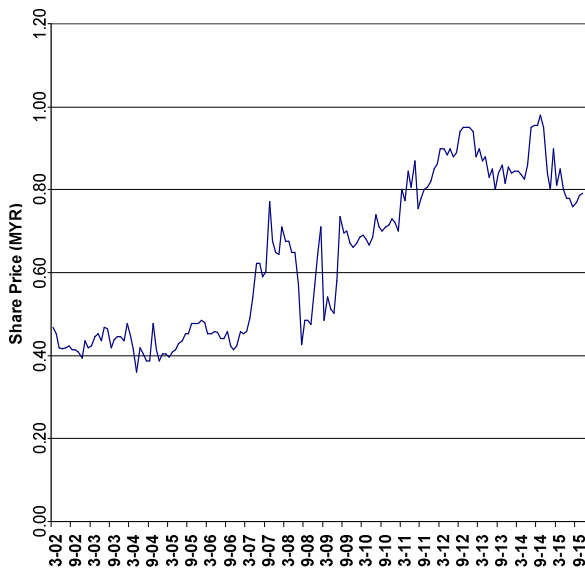
REVENUE (QUARTERLY, LAST 13 YEARS, MYR mn)

NET PROFIT (Q'TERLY, LAST 13 YRS, MYR mn)



SHARE PRICE - MONTHLY LAST 13 YEARS (MYR)

P-BV (X) - MONTHLY LAST 13 YEARS



MALAYSIA EQUITY
CCK CONSOLIDATED HOLDINGS BHD

RECENT COMPANY NEWS

CCK has been aggressively expanding its production facilities and marketing network over the past few years. Fixed assets stood at MYR 83.7 mn at period ending 31 Dec 2011, growing to MYR 133.1 mn for period ending 31 Sep 2015. This investment has helped CCK maintain a respectable growth in revenue. Moving forward, however, CCK will focus more on cost control. The pace of expansion will be lower and some outlets may be merged or closed.

The table below details the actual and expected roll-out of new retail outlets and processing plants. Margins have already responded to cost control measures and are expected to remain as they are or rise slightly.

	2011	2012	2013	2014	2015E	5 yr CAGR
Retail Outlets	39	47	51	50	51	5.5%
West Malaysia	5	5	5	4	3	-9.7%
East Malaysia	34	42	46	46	48	7.1%
Wholesale Outlets	6	6	6	6	6	0.0%
Total Outlets	45	53	57	56	57	4.8%
Processing Plants	2	2	3	3	3	8.4%

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	Price At Date of Recommendation	% Price Change Since Prior Recommendation
CCK MK Equity	25-Feb-11	BUY	0.91	0.71	
CCK MK Equity	12-Apr-11	BUY	0.91	0.78	9.9%
CCK MK Equity	23-May-11	BUY	1.08	0.92	17.9%
CCK MK Equity	23-Aug-11	BUY	1.08	0.78	-15.2%
CCK MK Equity	22-Nov-11	BUY	1.08	0.84	7.7%
CCK MK Equity	21-Feb-11	BUY	1.12	0.90	7.1%
CCK MK Equity	17-May-12	BUY	1.12	0.90	0.0%
CCK MK Equity	22-Aug-12	BUY	1.18	0.89	-1.1%
CCK MK Equity	28-Nov-12	BUY	1.12	0.96	7.9%
CCK MK Equity	27-Feb-13	HOLD	0.90	0.91	-5.2%
CCK MK Equity	28-May-13	HOLD	0.90	0.92	0.5%
CCK MK Equity	30-Aug-13	HOLD	0.90	0.80	-12.6%
CCK MK Equity	27-Nov-13	BUY	1.08	0.82	2.5%
CCK MK Equity	27-Feb-14	BUY	1.18	0.83	1.2%
CCK MK Equity	27-May-14	BUY	1.08	0.86	3.6%
CCK MK Equity	27-Aug-14	BUY	1.08	1.02	18.6%
CCK MK Equity	24-Nov-14	BUY	0.98	0.89	-13.2%
CCK MK Equity	27-Feb-15	HOLD	0.98	0.90	1.7%
CCK MK Equity	27-May-15	HOLD	0.98	0.80	-11.1%
CCK MK Equity	27-Nov-15	BUY	0.98	0.76	-5.6%
Results Since Inception of Coverage					14.6%



ANALYST'S DISCLOSURE

BUY: Share price may exceed 10% over the next 12 months

TRADING BUY: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

HOLD: Share price may fall within the range of +/- 10% over the next 12 months

TAKE PROFIT: Target price has been attained. Look to accumulate at lower levels

SELL: Share price may fall by more than 10% over the next 12 months

NOT RATED (NR): Stock is not within regular research coverage

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