

Headline	Winners amid slump		
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Ringgit gainers

The weak currency does not always bring gloom and doom. Thanks to investments abroad and hedging, many listed companies have enjoyed substantial foreign exchange gains. **10-12** (Focus List)



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by Stephanie Jacob

Not all companies suffer due to the weak ringgit. Those with investments and cash reserves abroad and engaged in hedging will enjoy foreign exchange (forex) gains.

Last year, the ringgit depreciated 22.1% against the US dollar from RM3.516 to RM4.294. This year, it has shed 4.69% to RM4.42 as of Nov 22, driven by various factors including domestic concerns, lower commodity prices and uncertainty when the US Federal Reserve (Fed) would raise its interest rates.

In the weeks since Donald Trump's victory in the US presidential election, the local note has weakened further. Trump has promised to scrap the Trans-Pacific Partnership Agreement and imposed stricter trade barriers on exporters.

Other proposals include embarking on large infrastructure stimulus which would quicken inflation and likely lead to more interest rate hikes by the Fed. These may in turn lead to large outflows from emerging markets like Malaysia.

Thus, the ringgit's depreciation has been bane for many Malaysian companies, particularly those holding significant foreign-denominated debt. However, some companies have made gains from the weakening ringgit, boosting their revenues, earnings and share prices (*see table*).

Many exporters have also benefited from higher sales, particularly those which use raw materials denominated in ringgit and sell products in US dollar.

Gains on financial assets

However, non-exporters have also been able to realise gains on their investments in foreign-denominated financial assets, through hedging and from higher forex translations from overseas operations. Our Focus List shines a light on the top 20 Bursa-listed companies which gained from forex-denominated investments and operations. The cut-off date for their

share prices was Nov 17.

Six of the companies featured made their gains on forex-denominated financial assets. They include the biggest gainer Genting Bhd, which posted massive forex gains of RM491.7 mil for the financial year ended Dec 31, 2015, from just RM33 mil in the previous corresponding period. Genting's share price has increased by 9.3% to RM7.75 from RM7.09 year to date.

Its financial assets comprise available-for-sale financial assets, trade and other receivables, derivative financial instruments, restricted cash, cash and cash equivalents.

Others with healthy gains from foreign-denominated financial assets include SapuraKencana Petroleum Bhd, UMW Holdings Bhd, Dialog Group Bhd, JCY International Bhd and Hap Seng Consolidated Bhd.

The sharp appreciation of the US dollar the past two years also produced gains for four companies on our list which hold financial assets denominated in greenback. Genting Malaysia accrued the biggest forex gain of RM161.3 mil from such assets for its financial year ended Dec 31, 2015, enabling it to overturn a forex loss of RM10.1 mil in the previous financial year.

AMMB Holdings Bhd, Kossan Rubber Industries Bhd, Time dotcom Bhd and Petronas Dagangan Bhd also recorded higher year-on-year forex gains from US dollar-denominated financial assets.

Better translations from foreign operations

Some companies with operations outside Malaysia also posted translation gains from foreign operations. IOI Properties Group Bhd made a forex gain of RM69 mil for its financial year ended June 30, 2016 from just RM7 mil in the previous financial year. Year-to-date, its share price has risen by 8.6% to RM2.39 from RM2.20.

The property group has five developments in Singapore comprising four condominium projects and a mixed development. On Nov 22, the ringgit hit a one-year low of RM3.1108 to one Singapore dollar.

IOI Properties also has two mixed developments in Xiamen, China.

Others that booked forex translation
▶ Continues next page

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Tenaga top forex loser

► From previous page gains from foreign operations were Mulpha International Bhd, PPB Group Bhd and AirAsia X Bhd.

AirAsia X posted the biggest leap in its share price year-to-date among the companies featured, up 113.8% to 38 sen from 18 sen. On Nov 22, the long-haul budget airline announced its fourth straight quarter of net profits.

As most of the airline's costs are denominated in US dollars, its appreciation would normally be a cause for concern. However, MIDF Research

argues that concerns over its impact on the carrier are overblown, as a significant portion of the airline's revenue is from other foreign currencies.

"Our positive view stems from AirAsia X deriving 30% to 40% of its revenue in foreign currencies such as the Australian dollar and the renminbi," it says.

"[Furthermore] October to November 2016's average USD/RM exchange rate stands at 4.22, still below 4.28 recorded in Q4FY15. Recall that despite the weaker ringgit, AirAsia X recorded core net profit of RM60 mil in Q4FY15."

To further cushion against forex volatility, MIDF Research notes that the airline is working to increase sales in the Australian dollar, creating new payment channels that convert receipts into US

dollars and increasing average base fares to provide a buffer against the slide in the ringgit. It has upgraded its call on AirAsia X to buy.

Financial liabilities hurt some

On the other hand, some companies were hurt as they held financial liabilities in currencies which strengthened against the ringgit. For example, six were impacted by their financial liabilities denominated in net foreign currencies, and one from its financial liabilities in US dollars.

Of the 20 losers on our list, Tenaga Nasional Bhd incurred the most significant forex loss of RM358.2 mil for its financial year ended Aug 31, 2016, due to borrowings denominated in foreign currencies. However, it was lower than RM932.3 mil in the previous year. [Read more](#)

Top share price gainers

#	Company	Price increase
1	AirAsia X	113.89%
2	Hap Seng Con	21.09%
3	MAHB	12.73%
4	Genting	9.31%
5	IOI Prop	8.64%
6	Genting Malaysia	8.37%
7	Sime Darby	8.05%
8	CIMB	7.56%
9	TIME	6.98%
10	PPB	2.05%

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The top three share price gainers are AirAsia X, Hap Seng Con and MAHB

Top 20 forex gainers

#	Company	Sector	Net forex gain latest FY (RM'000)	Net forex gain previous FY (RM'000)	Reason for gain	Total debt latest FY (RM'000)	Total debt previous FY (RM'000)
1	Genting	Trading/Services	491,700	33,100	Net foreign currency-denominated financial assets*	18,504,700	12,552,600
2	SapuraKencana Petroleum	Trading/Services	363,143	51,168	Net foreign currency-denominated financial assets*	18,329,167	16,953,266
3	CIMB Group Holdings	Finance	192,503	152,576	Gain on hedging instruments	68,557,562	71,193,305
4	Genting Malaysia	Trading/Services	161,300	(10,100)	Net US-denominated financial assets*	4,625,000	1,618,000
5	AMMB Holdings	Finance	145,332	37,369	Net US-denominated financial assets*	18,381,234	17,954,177
6	Wah Seong Corporation	Industrial Products	87,166	2,535	Gain on hedging instruments	1,222,425	1,015,810
7	UMW Holdings	Consumer Products	78,533	(14,493)	Net foreign currency-denominated financial assets*	6,014,752	4,189,775
8	IOI Properties Group	Properties	69,050	7,042	Translation of foreign operations	4,262,032	2,999,010
9	Malaysia Airports Holdings	Trading/Services	67,215	3,553	Settlement of bridge loan	5,898,315	6,325,019
10	Sime Darby	Trading/Services	59,700	174,600	Gain on hedging instruments	15,833,600	18,063,000
11	Mulpha International	Trading/Services	59,104	30,511	Translation of foreign operations	2,247,024	1,957,727
12	PPB Group	Consumer Products	41,132	3,079	Translation of foreign operations	726,837	553,273
13	Kossan Rubber Industries	Industrial Products	35,758	10,346	Net US-denominated financial assets*	223,292	206,096
14	TIME dotCom	IPC	35,416	7,341	Net US-denominated financial assets*	147,790	140,225
15	Diaing Group	Trading/Services	29,899	5,290	Net foreign currency-denominated financial assets*	875,082	858,917
16	AirAsia X	Trading/Services	27,675	(31,565)	Translation of foreign operations	1,429,087	1,579,345
17	Petronas Dagangan	Trading/Services	25,601	6,416	Net US-denominated financial assets*	211,820	494,364
18	JCY International	Technology	25,231	3,517	Net foreign currency-denominated financial assets*	138,567	82,469
19	Amcorp Properties	Properties	24,283	5,924	Gain on hedging instruments	150,425	350,340
20	Hap Seng Consolidated	Trading/Services	23,373	(611)	Net foreign currency-denominated financial assets*	4,191,936	2,618,872

Top 20 forex losers

1	Tenaga Nasional	Trading/Services	(358,200)	(932,300)	Borrowings denominated in foreign currencies	40,255,500	31,406,100
2	IOI Corporation	Plantations	(318,500)	(735,300)	Borrowings denominated in US dollar	7,381,200	6,648,400
3	Axiata Group	Trading/Services	(294,551)	(207,752)	Financing activities	16,392,386	13,893,335
4	Press Metal	Industrial Products	(239,552)	(8,454)	Borrowings denominated in foreign currencies	3,414,751	2,350,425
5	IHH Healthcare	Trading/Services	(183,015)	(57,520)	Borrowings denominated in foreign currencies	6,696,450	4,269,318
6	RHB Bank	Finance	(126,322)	325,069	Borrowings/senior debt securities denominated in US dollar	41,812,419	38,172,189
7	Felda Global Ventures Holdings	Plantations	(108,874)	(29,091)	Trading activities (US dollar)	5,443,709	4,702,926
8	MISC	Trading/Services	(75,182)	(77,302)	Borrowings denominated in US dollar	6,504,403	8,739,163
9	Muhibbah Engineering (M)	Construction	(72,486)	590	Net foreign currency-denominated financial liabilities*	1,269,758	1,236,489
10	Guan Chong	Consumer Products	(68,507)	(21,641)	Net US-denominated financial liabilities*	829,625	865,814
11	Shell Refining Company (FOM)	Industrial Products	(62,575)	(17,026)	Trading activities	1,481,054	1,758,275
12	Favella Favco	Industrial Products	(61,936)	(635)	Net foreign currency-denominated financial liabilities*	64,011	77,417
13	Malaysia Smelting Corporation	Industrial Products	(54,555)	(10,409)	Trading activities	392,049	341,129
14	Petron Malaysia Refining & Marketing	Industrial Products	(52,387)	(28,980)	Net foreign currency-denominated financial liabilities*	543,822	988,276
15	Maxis	Trading/Services	(46,001)	(1,921)	Borrowings denominated in foreign currencies	9,906,664	9,026,959
16	DIGI.Com	IPC	(38,262)	(6,818)	Net foreign currency-denominated financial liabilities*	1,293,907	1,047,646
17	Malaysian Pacific Industries	Technology	(34,580)	(11,978)	Net foreign currency-denominated financial liabilities*	33,297	93,592
18	Berjaya Corporation	Trading/Services	(32,832)	(10,800)	Borrowings denominated in foreign currencies	7,010,905	7,218,894
19	Sarawak Oil Palms	Plantations	(31,959)	(9,503)	Borrowings denominated in US dollar	1,101,849	931,424
20	Boustead Holdings	Trading/Services	(31,400)	5,200	Net foreign currency-denominated financial liabilities*	8,033,900	7,080,700

*Financial assets include available-for-sale financial assets, trade and other receivables, derivative financial instruments, restricted cash, as well as cash and cash equivalents

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FY-end	Revenue latest FY (RM'000)	Revenue previous FY (RM'000)	Net profit latest FY (RM'000)	Net profit previous FY (RM'000)	Net profit cumulative quarter (RM'000)	Latest quarter	Share price Jan 4	Share price Nov 17	Gain/loss in share price
12/2015	18,100,400	18,216,500	2,597,700	3,153,600	918,211	Q2	7.09	7.75	9.31%
01/2016	10,184,031	9,943,019	(791,445)	1,433,460	221,668	Q2	1.94	1.43	-26.29%
12/2015	24,157,665	21,549,379	2,895,945	3,174,557	2,754,536	Q3	4.37	4.70	7.56%
12/2015	8,395,900	8,229,400	1,243,000	1,140,300	609,396	Q2	4.18	4.53	8.37%
03/2016	8,416,039	9,142,521	1,399,479	2,044,553	359,445	Q1	4.50	4.06	-9.78%
12/2015	1,839,524	2,438,620	(11,868)	147,109	(7,692)	Q2	0.95	0.84	-11.58%
12/2015	14,441,583	14,932,490	2,192	1,213,005	(8,659)	Q2	7.62	5.15	-32.41%
06/2016	3,024,940	1,906,491	1,100,259	900,597	1,100,259	Q4	2.20	2.39	8.64%
12/2015	3,870,207	3,343,721	40,112	663,339	36,046	Q3	5.50	6.20	12.73%
06/2016	43,962,800	43,728,700	2,600,200	2,548,900	2,600,163	Q4	7.45	8.05	8.05%
12/2015	888,639	958,682	163,282	124,559	(25,647)	Q2	0.25	0.20	-19.61%
12/2015	4,048,314	3,701,008	1,076,119	938,917	200,010	Q2	15.62	15.94	2.05%
12/2015	1,639,509	1,301,740	206,319	148,836	94,149	Q2	9.04	6.94	-23.23%
12/2015	682,364	596,283	465,375	172,402	237,391	Q2	7.45	7.97	6.98%
06/2016	2,534,483	2,358,183	301,349	285,298	301,349	Q4	1.57	1.55	-1.27%
12/2015	3,062,553	2,936,727	(349,616)	(519,443)	180,508	Q2	0.18	0.38	113.89%
12/2015	25,171,210	32,340,998	794,624	508,150	686,049	Q3	23.64	23.44	-0.85%
09/2015	1,942,312	1,867,170	209,500	109,885	6,367	Q3	0.86	0.53	-38.01%
03/2016	168,244	173,606	86,845	36,697	12,538	Q2	0.89	0.76	-15.08%
12/2015	4,393,338	3,768,049	969,385	816,326	751,723	Q2	6.45	7.81	21.09%
08/2016	44,531,500	43,286,800	7,320,800	6,060,900	7,320,800	Q4	13.28	14.22	7.08%
06/2016	11,739,300	11,541,500	646,300	54,800	112,000	Q1	4.22	4.38	3.79%
12/2015	19,883,460	18,711,777	2,636,068	2,368,521	633,468	Q2	6.30	4.56	-27.62%
12/2015	4,321,271	4,091,017	160,969	265,967	444,100	Q3	2.05	1.63	-20.49%
12/2015	8,455,468	7,344,019	1,052,095	943,284	556,446	Q2	6.44	6.35	-1.40%
12/2015	10,826,707	10,413,246	1,524,033	2,063,464	920,214	Q2	4.28	4.60	7.36%
12/2015	15,558,769	15,258,162	301,277	538,652	4,672	Q2	1.64	1.91	16.46%
12/2015	10,908,386	9,296,254	2,535,107	2,320,037	2,293,534	Q3	9.27	7.21	-22.22%
12/2015	1,604,836	1,733,620	137,214	118,856	60,778	Q2	2.20	2.23	1.36%
12/2015	2,380,669	1,818,871	22,376	(17,292)	24,687	Q2	1.28	1.14	-10.94%
12/2015	9,079,637	14,262,773	351,788	(1,188,768)	208,322	Q2	4.90	3.04	-37.96%
12/2015	792,431	797,895	93,866	84,012	30,239	Q2	2.84	2.34	-17.61%
12/2015	1,464,855	1,915,179	(4,800)	(9,970)	31,950	Q3	2.45	4.00	63.27%
12/2015	8,150,293	10,901,829	220,599	(64,478)	78,145	Q2	5.48	4.19	-23.54%
12/2015	8,600,573	8,388,502	1,747,091	1,724,824	1,508,000	Q3	6.70	5.73	-14.48%
12/2015	6,913,984	7,018,507	1,722,550	2,031,088	1,258,031	Q3	5.25	5.00	-4.76%
06/2016	1,460,653	1,389,203	196,821	122,610	49,609	Q1	9.47	7.54	-20.38%
04/2016	9,016,774	9,514,106	(117,089)	1,242,256	(42,235)	Q1	0.37	0.33	-9.59%
12/2015	3,670,787	2,874,718	91,903	123,399	58,913	Q2	4.42	3.40	-23.08%
12/2015	8,662,500	10,608,200	139,400	533,300	310,900	Q2	2.71	2.11	-22.08%

Sources: Bursa, Bloomberg | Researched by Mathenny K and Johnny Loh