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# GLCs sitting on RM47.7 bil cash

THE top 14 government-linked companies (GLCs) on our list collectively sat on a substantial cash pile of RM47.7 bil as of June 30, marginally lower than last year's RM49 bil.

As in last year, Petronas Chemicals Group Bhd takes top spot with a total cash of RM7.6 bil, 11% lower than the RM8.5 bil a year ago. Interestingly, it had no debt as of its latest quarter ended June 30.

The group saw a weaker second quarter of financial year 2017 (Q2FY17) as both revenue and core net profit slipped. Nonetheless, the results were still within expectations, said an Affin Hwang Capital report.

Looking ahead, the research house sees continued earnings weakness in H2 FY17, but believes this has already been priced into the group's stock price.

"Despite the softer H2FY17, we expect Petronas Chemicals to register earnings per share growth in 2017. Hence, we upgrade the stock to a buy at a higher target price," it said.

Axiata Group Bhd is ranked second by amassing cash of RM7.3 bil, up slightly from last year's RM7.2 bil. In contrast, its debts slipped to RM20 bil from RM21.5 bil. Net gearing also fell to 63.36% from 81.65%.

The telco's Q2FY17 core earnings were down 5% despite a 14% increase in revenue. This was after a better performance from its Indonesian, Sri Lanka and Nepal operations was offset by losses incurred by other associates, noted a Public Investment Bank research report.

Nonetheless, Axiata's H1FY17 results were largely in line with expectations and the research house maintains a hold call on the group.

MISC Bhd also retains third spot with cash of RM5.4 bil on its balance sheet, up from last year's RM4.9 bil. Its total debts stood at RM11.3 bil and net gearing at 29.9%.

In Q2FY17, the group's revenue fell on the back of lower contributions from the petroleum and heavy engineering segments. However, core net profit rose and overall H1FY17 were in line with expectations, noted the report.

The research house remains cautious on the shipping group's prospects for H2FY17. "We remain cautious on earnings in the coming quarters due to lower charter rates on the back of oversupply of tonnage for the petroleum and liquefied natural gas segments as well as a lower order book for the heavy engineering segment," it said.

Meanwhile, the impact of the recent hurricanes Harvey and Irma on group's operations also remains uncertain. UOB KayHian opines there will definitely be some impact given MISC's large operations in the US Gulf coast.

"While we believe lightering rates had spiked since end-August, this could be offset by uncertainties in cost and operational delays. Overall, we do not expect this to be a positive catalyst, while sequentially weaker Q3FY17 earnings are expected," said the report. UOB KayHian maintains its sell call on MISC.

## Dividends

Petronas Dagangan again offered its investors the best dividend of 70 sen per share. This is 70 times higher than the one sen distributed by plantation player Felda Global Ventures Holdings Bhd.

Petronas Gas paid the second highest dividend of 62 sen per share and utility giant Tenaga Nasional Bhd the third highest at 32 sen.