



**Press Release**

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(Important: kindly note the embargo – see above)

7 October 2011

### **AmBank Issues Six New Call Warrants**

AmBank (M) Berhad (“AmBank”) is issuing six new European style cash-settled structured warrants to meet investor demand for trading opportunities and investment alternatives as the Malaysian government announces Budget 2012. For AmBank’s latest issuance, there will be six call warrants (“CW”) over the ordinary shares of KFC Holdings (Malaysia) Berhad (“KFC”), Parkson Holdings Berhad (“PARKSON”), AEON CO (M) Berhad (“AEON”), POS Malaysia Berhad (“POS”), IOI Corporation Berhad (“IOICORP”) and SP Setia Berhad (“SPSETIA”). The structured warrants will have tenures of approximately eight months and will be listed on 10 October 2011 with issue size of up to 100 million each.

“For AmBank’s upcoming tranche of structured warrants, we try to provide investors investment opportunities to ride on the positive news of Malaysia’s Budget for 2012. Budget 2012 is expected to provide relief to the people, especially the less-privileged in the face of higher cost of living. The relief could come in the form of cash vouchers, special rebates, a voluntary reduction in employee’s contribution to EPF or even a potential salary hike or bonus for civil servants. These initiatives would help to increase disposable income and subsequently boost demand for consumer goods in the domestic market. Stock counters such as KFC, PARKSON and AEON are well positioned to benefit from this. Besides consumer goods, AmBank is also issuing warrants on IOICORP, SPSETIA and POS, names that are market leaders in their respective industries. The six new warrants will complement the existing AmBank structured warrants in the market, such as the financial services and oil & gas counters. Some of these names have declined in line with the broader markets and may offer

investors trading opportunities on the back of government initiatives under Budget 2012,” said Ms Ng Ee Fang, Director/Head, Equity Derivatives, AmInvestment Bank Berhad.

Fast food operator KFC manages and runs the well known fast food restaurant chain of KFC as well as RasaMas restaurants. Currently it operates over 620 KFC outlets in Malaysia, Singapore, Brunei, Cambodia and India and over 29 RasaMas restaurants in Malaysia and Brunei. KFC reported higher net profit of RM36 million for 2QFY11 (ended June 30) bringing year-to-date profits to RM73 million. Revenue for 2Q also improved 7% q-o-q, driven by higher restaurant sales and 11 new KFC stores. Year-to-date the group had added 19 additional KFC outlets in Malaysia and 9 in India. Overall, KFC carries a well recognized global brand and enjoys stable sales in Malaysia with exciting growth potential abroad, especially in India. AmBank’s CW on KFC is priced at 15 sen with gearing of 5.48 times.

Department store operator PARKSON is on an expansion drive as it seeks to grow its number of stores regionally. PARKSON is reported to be looking to open 8-10 stores in China, 4 in Indonesia and 2 each in Malaysia and Vietnam every year to grow its presence in the region. For FY11, ended June 30, it registered a net profit of RM346 million on the back of strong same-store sales growth. PARKSON has also proposed the listing of its subsidiary Parkson Retail Asia Pte Ltd on the Singapore Stock Exchange to unlock the value of its retail assets in Southeast Asia. The listing of Parkson Retail Asia is expected to garner investors’ interest for PARKSON. AmBank’s CW on PARKSON is priced at 15 sen with gearing of 5.87 times.

Superstore and shopping center operator, AEON, registered 1HFY11(ended June 30) revenue and core net profit of RM1407.2 million and RM64.5 million respectively. Its newly renovated Jusco outlet in One Utama, which recently reopened in August, is expected to generate more revenue moving forward. AEON had opened 2 outlets in 2010 in Malacca 2 and Cheras Mahkota while for 2011 the group has planned for a new mall to be opened in Rawang with floor area of approximately 360,000 sqft. Another two outlets are planned for 2012 in

Ipoh and Manjung. AmBank's CW on AEON is priced at 15 sen with gearing of 4.56 times.

Plantations company, IOICORP, saw its palm oil fresh fruit bunch (FFB) production expand by 36% q-o-q to 919,786 tonnes in 4QFY11 (ended June 30). For FY11, total FFB production came in at 3.3 million tonnes with an realized average CPO price of RM2,945/tonne. Its plantation operations remain efficient with an estimated operating cost of only RM1,022/tonne, one of the lowest in the industry. Overall, profits of IOICORP's four operating divisions rose 19.3% q-o-q to RM775.2mil in 4QFY11. AmBank's CW on IOICORP is priced at 15 sen with gearing of 7.42 times.

Major property developer SPSETIA was in the headlines recently as state asset manager Permodalan Nasional Bhd (PNB) announced a conditional general offer for shares it does not already own in the company. The offer is deemed by the market as hostile with the offer price at RM3.90 cash per share, representing only a 11.4% premium over the pre-suspension price of RM3.50. Overall, SPSETIA enjoys strong unbilled sales as it is expected to surpass its new presales target of RM3bil this fiscal year while earnings are likely to exceed current consensus estimate of RM285mil. AmBank's CW on SPSETIA is priced at 15 sen with gearing of 5.60 times.

Postal services provider, POS, recorded a significant jump in 1HFY11 (ended June 30) core net profit which surged 87% y-o-y. The mail and courier segments drove earnings higher on the back of a new tariff that took place 1<sup>st</sup> July 2010. Moving forward, new shareholder DRB Hicom is expected to collaborate with and leverage on POS' extensive network of post offices for its financial arm. Another potential catalyst for POS is the unlocking of its strategic prime landbank in and around KL city. AmBank's CW on POS is priced at 15 sen with gearing of 5.27 times.

This offer is aimed at sophisticated traders who want to trade on the direction and volatility of KFC, PARKSON, AEON, IOICORP, SPSETIA and POS. The new CWs have gearings ranging between 4.56 and 7.42 and are targeted at investors

who want leveraged exposure to the underlying on both the upside and downside.

## **About AmBank Group**

Established in August 1975, AmBank Group is the fifth largest banking group in Malaysia by market capitalisation and comprises AMMB Holdings Berhad and its subsidiaries AmInvestment Bank Berhad, AmInvestment Group Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad, AmG Insurance Berhad and AmLife Insurance Berhad.

The Group provides a wide range of conventional and Islamic banking and financial solutions, including investment banking, commercial banking, corporate banking, retail banking as well as underwriting of life and general insurance.

Adding greater value to this one-stop financial hub is the Group's strategic partnership with the Australia and New Zealand Banking Group (ANZ), one of Australia's leading financial institutions, providing the synergy of a wide network, regional presence and international banking expertise.

For more information, please visit [ambankgroup.com](http://ambankgroup.com)

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***For more information on call warrants, please visit our website [www.amwarrants.com](http://www.amwarrants.com)***

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