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SJ Securities report indicates top 11 stocks to watch in 2011

Property developer Mah Sing one of the favourites to do well as market expected to see robust growth

by **ISHUN P AHMAD**

THERE are 11 stocks to watch in 2011 on the back of the continued robust growth in the local market, said SJ Securities Sdn Bhd in a recent research report.

The 11 stock picks are Glomac Bhd, Mah Sing Group Bhd, Mulpha International Bhd, Century Logistics Holdings Bhd, DRB-Hicom Bhd, TH Plantations Bhd, Hap Seng Plantations Holdings Bhd, Gamuda Bhd, TRC Synergy Bhd, Sunway Holdings Bhd, and United U-Li Corp Bhd.

The local broking house is bullish on Bursa Malaysia for 2011 and sees strong economic indicators like government-

led initiatives with proactive partnerships with the private sector to spur economic growth and expansion.

"The need for more capital will augur well for the capital market especially the stock market. Malaysia has launched the Economic Transformation Programme with attractive entry point projects to propel it to reach the goal of a higher income nation," it said in a report entitled "2011 Trading Ideas".

As for Mah Sing, SJ believes the property developer, which is trading at a forward price earning ratio (PER) of only nine times, is highly undervalued.

This is considering the fact that Mah Sing is one of the top developers with excellent product innovation, exceptional landbank abilities and amazing earnings visibility, as well as the fact it repays shareholders with dividends.

SJ values Mah Sing at RM2.60 based on a forward

PER of 13 times.

"Mah Sing has an unbilled sales of RM1.2 billion and a total gross development value and unbilled sales of RM9.4 billion. This is extremely high compared to Mah Sing's FY2009 revenue of RM700 million. This existing pipeline alone would keep Mah Sing busy and growing for the next 5-10 years," said SJ.

The broking house also sees Mulpha International as highly undervalued compared to its revalued net tangible assets.

It said corporate exercises or businesses that could unlock its value could boost Mulpha International's share price.

The other property company SJ sees as significantly undervalued is Glomac, which currently trades at only PER of 7.5 times and is also one of the best dividend players in the industry with dividend yields of 5%-5.5%.

SJ likes Glomac for its

strong growth prospects, consistent dividends and deep value. It believes there is much upside to Glomac considering its significant undervaluation. SJ values Glomac at RM2.30 based on a forward PER of 10 times.

Its other stock picks like DRB-Hicom trades at a discount to its industry peers, where the automaker PER stands at nine times compared to the industry average of 11.5 times. It values DRB-Hicom at RM2.50 with an earnings per share of 28 sen.

As for TH Plantations, SJ said the stock is trading at 13.6 times PER against the industry average of 16 times and offers good dividend payouts. Its fair value for TH Plantation is RM2.80 on a forward PER of 14 times.

SJ also values Hap Seng at RM3.80, Gamuda at RM4.30, TRC Synergy at RM1.66, Sunway Holdings at RM2.99, and United U-Li at 99 sen.