



⊙ Action

We measured EVF's liquidity across 3 dimensions: trading activity, spread tightness and price resiliency. After accounting for its size and trading activity, we found that EVF's liquidity measures for the past 3 months were actually better than 6-28 of the FBMKLCI constituent stocks, depending on the metric measured. In the short term, investors should take advantage of the selling by HIMB Trading Ltd.

⚡ Catalysts

Improving sales and gross margins. We think the Street is underestimating EVF's potential earnings and believe earnings forecast upgrades will continue as the company posts results above expectations over the next few quarters.

⚓ Anchor themes

Medium density fibreboard consumption is closely correlated to GDP and is the fastest-growing primary wood product. We expect demand to improve the most in those regions emerging fastest from the recession.

Closing price on 28 Jun	RM1.51
Price target	RM3.41 (set on 1 Jun 10)
Upside/downside	125.8%
Difference from consensus	45.7%
FY10F net profit (RMmn)	144.1
Difference from consensus	38.4%
Source: Nomura	

Nomura vs consensus

We are more optimistic than consensus on Evergreen's sales and margin recovery.

Is liquidity really that low?

① Checking conventional wisdom

Consistent reference to EVF's supposedly poor liquidity by investors during our meetings prompted us to take a closer look at the stock's liquidity across three specific metrics (trading activity, spread tightness and price resiliency), and compare it against the FBMKLCI constituents.

② EVF more liquid than at first glance

Surprisingly, after adjusting for its size, EVF's recent trading activity exceeded that of 28 of the 30-member FBMKLCI (21 in the long run). While its performance under the spread tightness and price resiliency measures were less stellar, EVF still exhibited higher liquidity under these metrics than 6-12 index constituents after taking its trading activity into account. Most surprisingly, although EVF's liquidity indicators declined markedly faster than the average FBMKLCI member in the market downturn of 2008, its liquidity measures were still better than 4-13 of the index's constituent stocks throughout the year.

③ Potential for increased liquidity

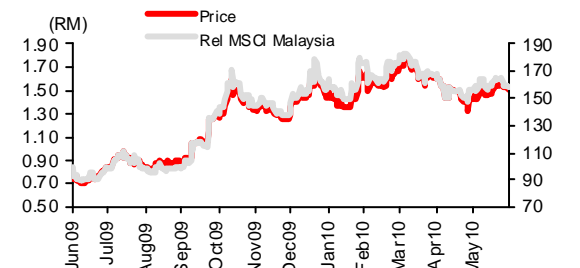
Going forward, there is the potential for bonus issues that would help to increase the stock's liquidity. In the near term, we believe investors keen to purchase the stock should take advantage of the recent selling activity seen on the part of HIMB Trading, between the range RM1.55 and RM1.76.

Key financials & valuations

31 Dec (RMmn)	FY08	FY09	FY10F	FY11F
Revenue	731	772	988	1,124
Reported net profit	76.7	85.0	144.1	173.8
Normalised net profit	76.7	85.0	144.1	173.8
Normalised EPS (RM)	0.15	0.17	0.28	0.34
Norm. EPS growth (%)	(35.4)	10.7	69.7	20.6
Norm. P/E (x)	10.1	9.1	5.4	4.5
EV/EBITDA (x)	10.4	7.6	4.2	2.9
Price/book (x)	1.3	1.1	1.0	0.8
Dividend yield (%)	2.8	0.0	6.6	7.3
ROE (%)	13.4	12.9	19.2	20.3
Net debt/equity (%)	64.4	42.6	25.0	3.6
Earnings revisions				
Previous norm. net profit		85.0	144.1	173.8
Change from previous (%)		-	-	-
Previous norm. EPS (RM)		0.17	0.28	0.34

Source: Company, Nomura estimates

Share price relative to MSCI Malaysia



	1m	3m	6m
Absolute (RM)	5.6	(9.6)	17.1
Absolute (US\$)	7.9	(7.3)	24.5
Relative to Index	0.8	(10.4)	15.0
Market cap (US\$m)			240.3
Estimated free float (%)			54.2
52-week range (RM)			1.76/0.70
3-mth avg daily turnover (US\$m)			0.178
Stock borrowability			Hard
Major shareholders (%)			
Kuo Family			45.8
Lembaga Tabung Haji			6.1

Source: Company, Nomura estimates

Any authors named on this report are research analysts unless otherwise indicated.
 See the important disclosures and analyst certifications on pages 14 to 17.

Investor feedback – liquidity

Liquidity most common concern

In recent weeks, EVF attended our NAEF conference in Singapore and hosted a plant visit for a small group of investors. Feedback from investors has for the most part been positive with regards to the company and management, with some varied concerns regarding industry fundamentals. Liquidity, however, has been the single most common issue brought up by investors.

We decided to take a closer look and try to quantify just how illiquid the stock is. We examined the three metrics of liquidity: activity, friction and price resiliency. Unfortunately, the lack of historical data on market depth prevented analysis involving this aspect. We used the FBMKLCI members as a benchmark as conventional wisdom suggests that they should be amongst the most liquid stocks in Malaysia.

Measuring EVF against FBMKLCI on three metrics of liquidity: activity, friction and resiliency

#1 – Trading activity

EVF's trading activity is low on an absolute basis primarily due to its smaller market cap. However, adjusted for its size, recent trading activity in EVF has surprisingly compared very favourably to the FBMKLCI's constituents (Exhibit 1). Exhibit 2 lists the same measure since EVF's listing, showing the same behaviour over a longer observation period.

Relative to its size, EVF's trading activity exceeds most of FBMKLCI members

Exhibit 1. Trading relative to market cap and shares outstanding (25 March 2010 – 25 June 2010)

Name	Ticker	Market cap (US\$m)	Daily turnover (US\$m)		As a % of market cap		Daily vol (mn shares)		As a % of shares outstanding	
			Mean	S.Dev	Mean	S.Dev	Mean	S.Dev	Mean	S.Dev
CIMB Group Holdings	CIMB MK	15,337	26.10	10.30	0.17	0.07	12.82	5.13	0.18	0.07
Telekom Malaysia	T MK	3,697	5.20	2.14	0.14	0.06	5.11	2.25	0.14	0.06
Evergreen Fibreboard	EVF MK	241	0.36	0.33	0.14	0.12	0.73	0.62	0.14	0.12
AMMB Hldg Bhd	AMM MK	4,663	6.41	3.75	0.14	0.08	4.58	2.52	0.15	0.08
Berjaya Sports	BST MK	1,799	2.52	2.64	0.14	0.14	1.88	1.90	0.14	0.14
Malayan Banking	MAY MK	16,500	21.85	8.22	0.13	0.05	9.81	3.75	0.14	0.05
Genting Bhd	GENT MK	8,467	10.23	5.70	0.13	0.07	5.09	2.80	0.14	0.08
Tenaga Nasional	TNB MK	11,296	13.48	8.48	0.12	0.07	5.64	3.56	0.13	0.08
Sime Darby	SIME MK	14,971	17.14	19.05	0.11	0.12	6.87	7.46	0.11	0.12
IOI Corp Bhd	IOI MK	10,491	11.95	6.32	0.11	0.06	8.06	4.28	0.12	0.06
Axiata Group Bhd	AXIATA MK	10,233	10.05	5.08	0.10	0.05	9.01	4.38	0.11	0.05
Kuala Lumpur Kepong	KLK MK	5,378	5.03	4.21	0.09	0.08	1.03	0.89	0.10	0.08
Tanjong Plc	TJN MK	2,208	1.86	1.16	0.08	0.05	0.35	0.22	0.09	0.06
Genting Malaysia	GENM MK	5,050	4.19	2.84	0.08	0.06	6.90	7.41	0.12	0.13
PLUS Expressways	PLUS MK	5,213	3.98	2.14	0.08	0.04	4.33	2.51	0.09	0.05
Digi.Com Bhd	DIGI MK	5,490	3.82	4.38	0.07	0.08	0.59	0.66	0.08	0.09
Public Bank Bhd	PBK MK	12,926	8.73	4.63	0.07	0.04	2.50	1.32	0.07	0.04
RHB Capital Bhd	RHBC MK	3,934	2.68	1.43	0.07	0.04	1.58	0.84	0.07	0.04
PPB Group Bhd	PEP MK	6,023	4.06	4.20	0.07	0.07	0.84	0.97	0.07	0.08
UMW Hldg Bhd	UMWH MK	2,210	1.35	1.04	0.06	0.05	0.70	0.52	0.06	0.05
YTL Power Intl	YTLP MK	4,955	2.54	1.19	0.05	0.02	3.94	2.17	0.06	0.03
Maxis Bhd	MAXIS MK	12,202	6.32	3.93	0.05	0.03	4.05	2.54	0.05	0.03
Malaysian Airline System	MAS MK	2,159	1.06	0.81	0.05	0.03	1.61	1.17	0.05	0.04
Petronas Dagangan Bhd	PETD MK	2,841	1.33	1.64	0.05	0.06	0.50	0.59	0.05	0.06
MISC Bhd	MISC MK	11,944	4.85	5.30	0.04	0.04	1.91	2.07	0.04	0.05
Hong Leong Bank	HLBK MK	4,218	1.55	1.25	0.04	0.03	0.61	0.49	0.04	0.03
Petronas Gas Bhd	PTG MK	5,994	2.22	2.47	0.04	0.04	0.73	0.80	0.04	0.04
British American Tobacco	ROTH MK	3,910	1.23	1.18	0.03	0.03	0.10	0.09	0.03	0.03
Hong Leong Financial Group	HLFG MK	2,746	0.80	0.71	0.03	0.03	0.31	0.28	0.03	0.03
MMC Corp Bhd	MMC MK	2,332	0.62	0.71	0.03	0.03	0.83	0.93	0.03	0.03
YTL Corp Bhd	YTL MK	4,377	1.13	1.45	0.03	0.04	0.54	0.76	0.03	0.04

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

Exhibit 2. Trading relative to market cap and shares outstanding (Long-run: 10 March 2005 – 25 June 2010)

Name	Ticker	Market cap (US\$m)	Daily turnover (US\$m)		As a % of market cap		Daily vol (mn shares)		As a % of shares outstanding	
			Mean	S.Dev	Mean	S.Dev	Mean	S.Dev	Mean	S.Dev
AMMB Hldg Bhd	AMM MK	4,663	5.23	5.02	0.21	0.18	5.14	4.28	0.21	0.18
CIMB Group Holdings	CIMB MK	15,337	16.13	12.86	0.19	0.12	12.45	8.19	0.19	0.12
IOI Corp Bhd	IOI MK	10,491	14.56	12.69	0.19	0.16	11.45	9.90	0.18	0.16
Telekom Malaysia	T MK	3,697	10.58	11.18	0.17	0.17	5.80	5.95	0.17	0.17
Genting Malaysia	GENM MK	5,050	7.65	7.86	0.16	0.15	9.42	8.91	0.16	0.15
Genting Bhd	GENT MK	8,467	9.55	7.85	0.15	0.11	5.59	4.05	0.15	0.11
Kuala Lumpur Kepong	KLK MK	5,378	5.05	4.52	0.15	0.11	1.56	1.21	0.15	0.11
Sime Darby	SIME MK	14,971	22.02	21.01	0.15	0.11	8.77	6.43	0.15	0.11
Axiata Group Bhd	AXIATA MK	10,233	9.32	7.58	0.14	0.11	10.46	8.12	0.15	0.11
Evergreen Fibreboard	EVF MK	241	0.26	0.48	0.14	0.23	0.68	1.11	0.14	0.23
Digi.Com Bhd	DIGI MK	5,490	5.04	5.61	0.14	0.16	1.05	1.22	0.14	0.16
Tenaga Nasional	TNB MK	11,296	15.01	14.50	0.14	0.12	5.84	5.11	0.14	0.12
UMW Hldg Bhd	UMWH MK	2,210	1.93	2.08	0.12	0.11	1.26	1.19	0.12	0.11
Tanjong Plc	TJN MK	2,208	1.99	1.80	0.12	0.11	0.47	0.43	0.12	0.11
Berjaya Sports	BST MK	1,799	2.02	1.86	0.12	0.11	1.63	1.48	0.12	0.11
Malayan Banking	MAY MK	16,500	13.48	10.82	0.11	0.08	6.38	4.75	0.11	0.08
Maxis Bhd	MAXIS MK	12,202	12.06	34.02	0.10	0.28	7.94	22.21	0.11	0.30
YTL Corp Bhd	YTL MK	4,377	2.41	2.91	0.08	0.08	1.29	1.40	0.08	0.09
MMC Corp Bhd	MMC MK	2,332	1.56	1.90	0.08	0.09	2.32	2.77	0.08	0.09
RHB Capital Bhd	RHBC MK	3,934	1.68	2.48	0.07	0.11	1.46	1.96	0.08	0.11
PPB Group Bhd	PEP MK	6,023	2.20	2.45	0.07	0.07	0.87	0.83	0.07	0.07
Public Bank Bhd	PBK MK	12,926	6.79	5.61	0.07	0.05	2.64	1.98	0.08	0.06
British American Tobacco	ROTH MK	3,910	2.45	2.40	0.07	0.07	0.21	0.20	0.07	0.07
PLUS Expressways	PLUS MK	5,213	2.94	2.30	0.07	0.05	3.39	2.59	0.07	0.05
YTL Power Intl	YTLP MK	4,955	2.26	1.75	0.07	0.05	3.87	2.88	0.07	0.05
Hong Leong Bank	HLBK MK	4,218	1.63	1.48	0.06	0.05	0.96	0.87	0.06	0.05
Petronas Dagangan Bhd	PETD MK	2,841	0.87	0.99	0.05	0.05	0.45	0.46	0.05	0.05
Malaysian Airline System	MAS MK	2,159	0.58	0.97	0.03	0.05	0.69	1.30	0.03	0.05
Petronas Gas Bhd	PTG MK	5,994	1.55	1.58	0.03	0.03	0.57	0.58	0.03	0.03
Hong Leong Financial Group	HLFG MK	2,746	0.44	0.57	0.03	0.03	0.27	0.32	0.03	0.03
MISC Bhd	MISC MK	11,944	1.84	2.40	0.02	0.02	0.75	0.97	0.02	0.02

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

#2 – Spread tightness

Another way to quantify liquidity is to look at the tightness of the bid/ask spread. On its own, the relative spread (defined here as bid/ask spread as a percentage of the bid/ask mid-price) for EVF over the past three months compares relatively poorly to the FBMKLCI members. However, when adjusted for the stock's relative trading activity, relative spreads on EVF trades have actually come in lower than 6-11 FBMKLCI constituents (Exhibit 3 and 4).

Taking into account trading activity, EVF's relative spread is lower than some FBMKLCI constituents

Exhibit 3. Bid/ask spread adjusted for relative trading activity (25 March – 25 June 2010)

Name	Ticker	Market cap (US\$m)	Relative spread (%)		Relative spread % / turnover (US\$m)		Relative spread % / turnover as % of mcap	
			Mean	S.Dev	Mean	S.Dev	Mean	S.Dev
CIMB Group Holdings	CIMB MK	15,337	0.20	0.11	8.6E-03	5.5E-03	1.32	0.86
Malayan Banking	MAY MK	16,500	0.20	0.18	1.0E-02	1.2E-02	1.70	1.87
Tenaga Nasional	TNB MK	11,296	0.24	0.37	2.3E-02	3.1E-02	2.57	3.54
Telekom Malaysia	T MK	3,697	0.35	0.14	7.8E-02	4.5E-02	2.94	1.73
AMMB Hldg Bhd	AMM MK	4,663	0.34	0.23	6.9E-02	8.6E-02	3.19	3.93
Genting Bhd	GENT MK	8,467	0.35	0.29	4.7E-02	5.7E-02	3.63	4.47
IOI Corp Bhd	IOI MK	10,491	0.30	0.18	3.4E-02	4.0E-02	3.69	4.05
Sime Darby	SIME MK	14,971	0.28	0.33	2.6E-02	3.3E-02	4.03	5.24
Public Bank Bhd	PBK MK	12,926	0.20	0.07	3.4E-02	3.6E-02	4.39	4.82
Axiata Group Bhd	AXIATA MK	10,233	0.44	0.49	4.9E-02	4.4E-02	4.92	4.45
Berjaya Sports	BST MK	1,799	0.43	0.27	3.6E-01	3.5E-01	6.55	6.23
Maxis Bhd	MAXIS MK	12,202	0.26	0.14	5.5E-02	3.6E-02	6.69	4.37
Tanjong Plc	TJN MK	2,208	0.52	0.47	3.5E-01	4.0E-01	7.82	9.09
RHB Capital Bhd	RHBC MK	3,934	0.39	0.32	2.0E-01	2.4E-01	7.97	9.76
Genting Malaysia	GENM MK	5,050	0.50	0.26	1.8E-01	1.5E-01	9.15	7.84
Kuala Lumpur Kepong	KLK MK	5,378	0.42	0.56	1.8E-01	3.2E-01	9.89	18.04
PLUS Expressways	PLUS MK	5,213	0.59	0.77	2.1E-01	2.9E-01	10.64	14.57
YTL Power Intl	YTLP MK	4,955	0.50	0.16	2.4E-01	1.3E-01	11.70	6.14
UMW Hldg Bhd	UMWH MK	2,210	0.47	0.37	6.3E-01	7.5E-01	13.99	16.64
Evergreen Fibreboard	EVF MK	241	0.93	0.46	6.1E+00	6.0E+00	14.40	14.09
PPB Group Bhd	PEP MK	6,023	0.48	0.52	2.6E-01	3.3E-01	16.54	21.50
Digi.Com Bhd	DIGI MK	5,490	0.57	0.96	4.3E-01	8.0E-01	23.70	44.35
MISC Bhd	MISC MK	11,944	0.35	0.34	2.2E-01	3.1E-01	25.88	35.32
Hong Leong Bank	HLBK MK	4,218	0.48	0.50	7.1E-01	1.0E+00	29.92	43.19
YTL Corp Bhd	YTL MK	4,377	0.53	0.46	8.5E-01	1.3E+00	37.01	56.57
Hong Leong Financial Group	HLFG MK	2,746	0.57	0.47	1.4E+00	1.6E+00	38.88	43.87
Petronas Gas Bhd	PTG MK	5,994	0.40	0.42	6.6E-01	1.1E+00	39.16	63.27
Malaysian Airline System	MAS MK	2,159	0.81	0.45	2.7E+00	7.3E+00	54.94	144.86
Petronas Dagangan Bhd	PETD MK	2,841	0.81	0.93	2.7E+00	5.3E+00	75.07	147.46
British American Tobacco	ROTH MK	3,910	0.71	0.55	2.4E+00	5.2E+00	95.41	204.92
MMC Corp Bhd	MMC MK	2,332	1.21	0.76	1.1E+01	2.2E+01	254.91	509.96

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

Exhibit 4. Bid/ask spread adjusted for relative trading activity (Long run: 10 March 2005 – 25 June 2010)

Name	Ticker	Market cap (US\$mn)	Relative spread (%)		Relative spread % / turnover (US\$mn)		Relative spread % / turnover as % of mcap)	
			Mean	S.Dev	Mean	S.Dev	Mean	S.Dev
AMMB Hldg Bhd	AMM MK	4,663	0.52	0.31	2.3E-01	3.1E-01	4.52	5.69
Maxis Bhd	MAXIS MK	12,202	0.24	0.12	4.4E-02	3.2E-02	5.32	3.88
Sime Darby	SIME MK	14,971	0.61	0.38	4.7E-02	6.1E-02	5.61	5.62
CIMB Group Holdings	CIMB MK	15,337	0.78	0.46	1.0E-01	2.0E-01	6.24	8.60
IOI Corp Bhd	IOI MK	10,491	0.71	0.37	1.2E-01	2.6E-01	6.34	10.36
Axiata Group Bhd	AXIATA MK	10,233	0.58	0.38	1.3E-01	2.3E-01	7.02	10.52
Genting Bhd	GENT MK	8,467	0.67	0.38	1.6E-01	3.2E-01	7.90	12.67
Tenaga Nasional	TNB MK	11,296	0.70	0.36	9.3E-02	1.3E-01	8.76	11.33
Telekom Malaysia	T MK	3,697	0.68	0.32	1.3E-01	2.0E-01	9.14	14.62
Genting Malaysia	GENM MK	5,050	0.67	0.34	2.7E-01	5.9E-01	10.11	19.50
Berjaya Sports	BST MK	1,799	0.60	0.36	5.8E-01	1.1E+00	10.37	22.43
Malayan Banking	MAY MK	16,500	0.78	0.37	1.2E-01	1.7E-01	12.26	14.42
YTL Power Intl	YTLP MK	4,955	0.53	0.18	4.4E-01	6.0E-01	14.43	19.97
Digi.Com Bhd	DIGI MK	5,490	0.73	0.49	6.7E-01	2.2E+00	15.66	35.45
Public Bank Bhd	PBK MK	12,926	0.67	0.30	2.1E-01	2.6E-01	15.96	16.45
PPB Group Bhd	PEP MK	6,023	0.72	0.44	9.4E-01	1.9E+00	19.75	30.88
Tanjong Plc	TJN MK	2,208	0.82	0.47	1.3E+00	7.3E+00	20.94	110.13
UMW Hldg Bhd	UMWH MK	2,210	0.86	0.58	2.2E+00	8.9E+00	22.83	66.34
PLUS Expressways	PLUS MK	5,213	0.65	0.44	5.4E-01	1.7E+00	22.90	67.32
Kuala Lumpur Kepong	KLK MK	5,378	0.82	0.68	1.8E+00	2.7E+01	26.88	336.71
RHB Capital Bhd	RHBC MK	3,934	0.71	0.49	1.2E+00	2.0E+00	27.75	50.62
YTL Corp Bhd	YTL MK	4,377	0.82	0.43	1.0E+00	2.7E+00	32.64	91.54
Hong Leong Bank	HLBK MK	4,218	0.92	0.49	1.6E+00	2.9E+00	41.16	72.70
Brit Amer Tobacco	ROTH MK	3,910	0.84	0.57	2.2E+00	2.7E+01	73.71	894.11
Evergreen Fibreboard	EVF MK	241	1.32	1.45	1.2E+02	9.1E+02	113.55	613.74
MMC Corp Bhd	MMC MK	2,332	0.88	0.73	1.2E+01	1.6E+02	117.28	1,329.48
Petronas Dagangan Bhd	PETD MK	2,841	0.86	0.66	6.6E+00	3.7E+01	121.88	795.66
Malaysian Airline System	MAS MK	2,159	1.06	0.84	1.3E+01	4.4E+01	172.22	584.82
Petronas Gas Bhd	PTG MK	5,994	0.81	0.54	5.0E+00	1.1E+02	245.76	5,224.90
Hong Leong Financial Group	HLFG MK	2,746	0.96	0.71	1.9E+01	1.3E+02	246.92	1,520.09
MISC Bhd	MISC MK	11,944	0.79	0.60	2.3E+01	2.9E+02	2,052.58	25,207.84

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

#3 – Price resiliency

A crucial measure of liquidity is the ability to buy/sell the asset without significantly affecting the prevailing price. As an indicator for this, we tried to measure the degree of trading that could be “absorbed” before a certain price change was observed.

Specifically, we used the ratio of

- trading volume (as a percentage of shares outstanding) to daily price change
- trading turnover (as a percentage of market cap) to the intra-day price range (as a % of intra-day range mid-price).

EVF's price resiliency has been comparable to several FBMKLCI constituents

Exhibits 5 and 6 below indicate that this aspect of EVF's liquidity is comparable with a number of FBMKLCI members, both in the short and long run.

Exhibit 5. Price resiliency (25 March – 25 June 2010)

Name	Ticker	Market cap (US\$m)	Vol as % of shares out / daily return (%)		Turnover as % of mcap / intraday range (%)	
			Mean	Std Dev	Mean	Std Dev
CIMB Group Holdings	CIMB MK	15,337	0.31	0.37	0.16	0.11
Malayan Banking	MAY MK	16,500	0.22	0.29	0.14	0.06
Kuala Lumpur Kepong	KLK MK	5,378	0.21	0.40	0.15	0.21
Tenaga Nasional	TNB MK	11,296	0.21	0.30	0.15	0.12
AMMB Hldg Bhd	AMM MK	4,663	0.19	0.27	0.12	0.10
Sime Darby	SIME MK	14,971	0.17	0.30	0.11	0.11
IOI Corp Bhd	IOI MK	10,491	0.17	0.26	0.12	0.10
Digi.Com Bhd	DIGI MK	5,490	0.16	0.28	0.16	0.20
Genting Bhd	GENT MK	8,467	0.14	0.21	0.07	0.04
Telekom Malaysia	T MK	3,697	0.14	0.20	0.11	0.08
Public Bank Bhd	PBK MK	12,926	0.13	0.20	0.12	0.11
Tanjong Plc	TJN MK	2,208	0.12	0.23	0.08	0.06
Axiata Group Bhd	AXIATA MK	10,233	0.11	0.14	0.07	0.03
Berjaya Sports	BST MK	1,799	0.11	0.16	0.09	0.09
PPB Group Bhd	PEP MK	6,023	0.11	0.21	0.06	0.06
UMW Hldg Bhd	UMWH MK	2,210	0.10	0.16	0.07	0.06
PLUS Expressways	PLUS MK	5,213	0.10	0.15	0.08	0.07
Petronas Dagangan Bhd	PETD MK	2,841	0.09	0.26	0.07	0.19
Genting Malaysia	GENM MK	5,050	0.09	0.12	0.05	0.03
RHB Capital Bhd	RHBC MK	3,934	0.09	0.14	0.09	0.08
MISC Bhd	MISC MK	11,944	0.08	0.23	0.04	0.05
Hong Leong Bank	HLBK MK	4,218	0.08	0.15	0.06	0.07
Maxis Bhd	MAXIS MK	12,202	0.08	0.11	0.08	0.06
Petronas Gas Bhd	PTG MK	5,994	0.08	0.17	0.06	0.06
Evergreen Fibreboard	EVF MK	241	0.06	0.10	0.07	0.07
British American Tobacco	ROTH MK	3,910	0.06	0.16	0.12	0.42
YTL Power Intl	YTLP MK	4,955	0.05	0.08	0.06	0.04
YTL Corp Bhd	YTL MK	4,377	0.05	0.09	0.03	0.02
Malaysian Airline System	MAS MK	2,159	0.03	0.05	0.02	0.01
Hong Leong Financial Group	HLFG MK	2,746	0.03	0.06	0.02	0.03
MMC Corp Bhd	MMC MK	2,332	0.02	0.04	0.02	0.03

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

Exhibit 6. Price resiliency (10 March 2005 – 25 June 2010)

Name	Ticker	Market cap (US\$m)	Vol as % of shares out / daily return (%)		Turnover as % of mcap / intraday range (%)	
			Mean	Std Dev	Mean	Std Dev
AMMB Hldg Bhd	AMM MK	4,663	0.12	0.20	0.10	0.07
Sime Darby	SIME MK	14,971	0.12	0.22	0.09	0.09
CIMB Group Holdings	CIMB MK	15,337	0.11	0.22	0.10	0.08
Maxis Bhd	MAXIS MK	12,202	0.10	0.16	0.11	0.09
Telekom Malaysia	T MK	3,697	0.09	0.18	0.09	0.07
IOI Corp Bhd	IOI MK	10,491	0.09	0.15	0.09	0.08
Tenaga Nasional	TNB MK	11,296	0.09	0.18	0.09	0.09
Kuala Lumpur Kepong	KLK MK	5,378	0.09	0.21	0.09	0.11
Digi.Com Bhd	DIGI MK	5,490	0.09	0.17	0.11	0.14
Berjaya Sports	BST MK	1,799	0.08	0.16	0.08	0.08
Axiata Group Bhd	AXIATA MK	10,233	0.08	0.13	0.06	0.05
Genting Bhd	GENT MK	8,467	0.08	0.14	0.07	0.05
Genting Malaysia	GENM MK	5,050	0.08	0.12	0.07	0.05
Malayan Banking	MAY MK	16,500	0.07	0.14	0.07	0.05
Tanjong Plc	TJN MK	2,208	0.07	0.13	0.07	0.07
UMW Hldg Bhd	UMWH MK	2,210	0.07	0.12	0.09	0.10
Public Bank Bhd	PBK MK	12,926	0.06	0.13	0.06	0.06
British American Tobacco	ROTH MK	3,910	0.06	0.15	0.08	0.15
PLUS Expressways	PLUS MK	5,213	0.05	0.09	0.06	0.06
RHB Capital Bhd	RHBC MK	3,934	0.05	0.11	0.05	0.09
Evergreen Fibreboard	EVF MK	241	0.05	0.11	0.05	0.06
YTL Power Intl	YTLP MK	4,955	0.04	0.07	0.05	0.04
PPB Group Bhd	PEP MK	6,023	0.04	0.09	0.05	0.05
YTL Corp Bhd	YTL MK	4,377	0.04	0.07	0.04	0.05
Hong Leong Bank	HLBK MK	4,218	0.03	0.08	0.05	0.05
MMC Corp Bhd	MMC MK	2,332	0.03	0.07	0.03	0.03
Petronas Dagangan Bhd	PETD MK	2,841	0.03	0.09	0.04	0.08
Petronas Gas Bhd	PTG MK	5,994	0.02	0.07	0.03	0.05
Hong Leong Financial Group	HLFG MK	2,746	0.02	0.04	0.02	0.03
Malaysian Airline System	MAS MK	2,159	0.01	0.03	0.02	0.02
MISC Bhd	MISC MK	11,944	0.01	0.06	0.02	0.03

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

Liquidity during downturns

One thing that consistently cropped up in the results above was how volatile EVF's liquidity measures were compared to the FBMKLCI members. In a market downturn, we would expect that liquidity for small caps would dry up faster than for large caps. The liquidity difference between small caps and large caps should thus become greater during market downturns.

Unsurprisingly, the decline in our liquidity measures for EVF (vs the long-term mean) was on average greater than for the FBMKLCI in 2008 (when the FBMKLCI fell 39%).

EVF's liquidity declined faster than the FBMKLCI in 2008...

Exhibit 7. Variance between liquidity measures in 2008 and 2005-2010 average (%)

(% change in mean)	Turnover as % of mcap	Relative spread %	Relative spread % / turnover as % of mcap	Vol as % of shares out / daily return (%)	Turnover as % of mcap / intraday range (%)
EVF	(40.18)	96.35	7,448.57	(8.65)	(12.28)
FBMKLCI average	7.36	6.50	(1,532.71)	(0.47)	(15.24)
FBMKLCI min	(57.19)	(3.98)	(122,385.05)	(2.09)	(49.80)
FBMKLCI max	56.91	42.54	94,563.54	0.23	5.40

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

What was surprising, however, was that even during this downturn, EVF's liquidity measures still held up well against a number of individual FBMKLCI constituents.

...but it was still comparable to the FBMKLCI members

Exhibit 8. Trading relative to market cap and shares outstanding (1 Jan – 31 Dec 2008)

Name	Ticker	Market cap (US\$m)	Daily turnover (US\$m)	As a % of market cap	Daily vol (mn shares)	As % of shares outstanding				
IOI Corp Bhd	IOI MK	10,491	28.74	17.40	0.29	0.27	18.38	16.56	0.29	0.26
Telekom Malaysia	T MK	3,697	14.43	14.79	0.24	0.24	8.62	8.72	0.24	0.24
AMMB Hldg Bhd	AMM MK	4,663	5.65	4.42	0.22	0.16	5.92	4.26	0.22	0.16
Genting Malaysia	GENM MK	5,050	10.87	8.04	0.21	0.19	12.60	11.05	0.21	0.19
CIMB Group Holdings	CIMB MK	15,337	18.48	14.37	0.20	0.14	13.87	9.31	0.20	0.14
Sime Darby	SIME MK	14,971	28.74	21.35	0.18	0.10	10.66	6.08	0.18	0.10
Kuala Lumpur Kepong	KLK MK	5,378	7.83	5.50	0.18	0.12	1.89	1.26	0.18	0.12
Genting Bhd	GENT MK	8,467	10.80	7.62	0.17	0.12	6.35	4.34	0.17	0.12
Digi.Com Bhd	DIGI MK	5,490	8.80	7.59	0.16	0.14	1.26	1.09	0.16	0.14
UMW Hldg Bhd	UMWH MK	2,210	3.31	3.14	0.16	0.14	1.74	1.52	0.16	0.14
Tenaga Nasional	TNB MK	11,296	15.16	17.44	0.15	0.15	6.58	6.90	0.15	0.16
Axiata Group Bhd	AXIATA MK	10,233	8.85	7.66	0.14	0.10	7.47	5.38	0.14	0.10
Malayan Banking	MAY MK	16,500	14.46	15.23	0.13	0.12	6.84	6.33	0.13	0.12
Tanjong Plc	TJN MK	2,208	1.98	1.77	0.12	0.11	0.47	0.42	0.12	0.11
PPB Group Bhd	PEP MK	6,023	3.06	2.94	0.09	0.08	1.02	0.90	0.09	0.08
Public Bank Bhd	PBK MK	12,926	9.28	6.72	0.08	0.06	3.11	2.23	0.09	0.06
Evergreen Fibreboard	EVF MK	241	0.14	0.18	0.08	0.10	0.41	0.51	0.08	0.10
MMC Corp Bhd	MMC MK	2,332	1.90	1.78	0.08	0.07	2.37	2.15	0.08	0.07
Berjaya Sports	BST MK	1,799	1.53	1.25	0.08	0.06	1.12	0.90	0.08	0.07
YTL Corp Bhd	YTL MK	4,377	2.60	3.59	0.07	0.09	1.24	1.59	0.08	0.10
YTL Power Intl	YTLP MK	4,955	2.52	2.08	0.07	0.06	4.13	3.28	0.07	0.06
Hong Leong Bank	HLBK MK	4,218	1.80	1.57	0.07	0.06	1.03	0.87	0.07	0.06
British American Tobacco	ROTH MK	3,910	2.22	1.85	0.06	0.05	0.18	0.15	0.06	0.05
Petronas Dagangan Bhd	PETD MK	2,841	1.28	1.24	0.06	0.06	0.58	0.57	0.06	0.06
PLUS Expressways	PLUS MK	5,213	2.53	1.94	0.06	0.04	2.87	2.13	0.06	0.04
Petronas Gas Bhd	PTG MK	5,994	1.99	1.72	0.03	0.03	0.67	0.61	0.03	0.03
RHB Capital Bhd	RHBC MK	3,934	0.93	0.78	0.03	0.02	0.69	0.52	0.03	0.02
Malaysian Airline System	MAS MK	2,159	0.56	0.64	0.03	0.03	0.61	0.62	0.03	0.03
Hong Leong Financial Group	HLFG MK	2,746	0.33	0.35	0.02	0.02	0.23	0.23	0.02	0.02
MISC Bhd	MISC MK	11,944	1.43	1.82	0.01	0.02	0.54	0.66	0.01	0.02

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

Exhibit 9. Bid/ask spread adjusted for relative trading activity (1 Jan – 31 Dec 2008)

Name	Ticker	Market cap (US\$mn)	Relative spread (%)		Relative spread % / turnover (US\$mn)		Relative spread % / turnover as % of mcap)	
			Mean	S.Dev	Mean	S.Dev	Mean	S.Dev
IOI Corp Bhd	IOI MK	10,491	0.72	0.27	4.2E-02	5.5E-02	3.87	3.43
Genting Malaysia	GENM MK	5,050	0.56	0.22	7.7E-02	6.9E-02	4.07	3.50
AMMB Hldg Bhd	AMM MK	4,663	0.63	0.40	2.1E-01	3.4E-01	5.29	8.89
Telekom Malaysia	T MK	3,697	0.78	0.29	1.2E-01	1.8E-01	5.62	6.14
Sime Darby	SIME MK	14,971	0.79	0.27	5.1E-02	6.7E-02	6.34	5.79
CIMB Group Holdings	CIMB MK	15,337	0.85	0.36	8.4E-02	1.1E-01	6.59	6.69
Genting Bhd	GENT MK	8,467	0.84	0.33	1.2E-01	1.0E-01	7.95	6.81
Kuala Lumpur Kepong	KLK MK	5,378	0.83	0.43	2.3E-01	4.1E-01	8.48	11.68
Tenaga Nasional	TNB MK	11,296	0.76	0.26	9.6E-02	1.2E-01	8.70	9.44
Digi.Com Bhd	DIGI MK	5,490	0.76	0.58	2.1E-01	5.6E-01	10.76	27.10
Axiata Group Bhd	AXIATA MK	10,233	0.82	0.38	2.1E-01	3.5E-01	12.07	16.38
YTL Power Intl	YTLP MK	4,955	0.57	0.22	4.2E-01	5.3E-01	14.59	20.73
Malayan Banking	MAY MK	16,500	0.89	0.38	1.5E-01	2.0E-01	14.75	16.70
Public Bank Bhd	PBK MK	12,926	0.84	0.28	1.5E-01	1.4E-01	15.48	12.57
UMW Hldg Bhd	UMWH MK	2,210	1.07	0.64	9.1E-01	1.8E+00	17.08	31.17
Tanjong Plc	TJN MK	2,208	0.97	0.50	1.1E+00	1.7E+00	19.08	27.87
Berjaya Sports	BST MK	1,799	0.86	0.50	1.1E+00	2.2E+00	21.46	45.81
MMC Corp Bhd	MMC MK	2,332	0.82	0.56	9.5E-01	1.3E+00	21.73	29.99
PPB Group Bhd	PEP MK	6,023	0.95	0.48	6.4E-01	8.7E-01	21.87	28.55
PLUS Expressways	PLUS MK	5,213	0.84	0.56	8.3E-01	1.7E+00	37.00	79.46
YTL Corp Bhd	YTL MK	4,377	0.94	0.61	1.4E+00	4.8E+00	44.78	150.25
Hong Leong Bank	HLBK MK	4,218	1.04	0.46	2.1E+00	4.0E+00	54.14	106.44
British American Tobacco	ROTH MK	3,910	1.07	0.68	1.6E+00	4.0E+00	56.98	143.56
RHB Capital Bhd	RHBC MK	3,934	0.99	0.63	2.2E+00	3.2E+00	59.02	82.56
Malaysian Airline System	MAS MK	2,159	1.07	0.85	5.3E+00	8.9E+00	87.41	143.42
Evergreen Fibreboard	EVF MK	241	1.57	1.57	1.3E+02	3.7E+02	164.30	459.33
Petronas Dagangan Bhd	PETD MK	2,841	1.10	0.89	8.6E+00	3.3E+01	186.12	684.83
Petronas Gas Bhd	PTG MK	5,994	0.93	0.52	3.3E+00	4.3E+01	191.83	2,445.93
Hong Leong Financial Group	HLFG MK	2,746	1.15	0.82	4.0E+01	2.4E+02	505.24	2,825.01
MISC Bhd	MISC MK	11,944	1.03	0.82	1.2E+01	6.4E+01	1,139.01	5,986.94

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

Exhibit 10. Price resiliency (1 Jan – 31 Dec 2008)

Name	Ticker	Market cap (US\$mn)	Vol as % of shares out / daily return (%)		Turnover as % of mcap / intraday range (%)	
			Mean	Std Dev	Mean	Std Dev
Telekom Malaysia	T MK	3,697	0.12	0.26	0.10	0.07
IOI Corp Bhd	IOI MK	10,491	0.10	0.15	0.07	0.04
Genting Malaysia	GENM MK	5,050	0.10	0.14	0.08	0.05
AMMB Hldg Bhd	AMM MK	4,663	0.09	0.14	0.08	0.06
Digi.Com Bhd	DIGI MK	5,490	0.09	0.14	0.10	0.09
CIMB Group Holdings	CIMB MK	15,337	0.08	0.12	0.08	0.06
Kuala Lumpur Kepong	KLK MK	5,378	0.07	0.11	0.07	0.05
Sime Darby	SIME MK	14,971	0.07	0.09	0.07	0.04
Genting Bhd	GENT MK	8,467	0.06	0.10	0.06	0.04
Tenaga Nasional	TNB MK	11,296	0.06	0.09	0.06	0.03
UMW Hldg Bhd	UMWH MK	2,210	0.06	0.12	0.10	0.11
Malayan Banking	MAY MK	16,500	0.05	0.09	0.05	0.06
Berjaya Sports	BST MK	1,799	0.05	0.08	0.04	0.02
Axiata Group Bhd	AXIATA MK	10,233	0.05	0.07	0.05	0.04
Tanjong Plc	TJN MK	2,208	0.04	0.07	0.05	0.04
YTL Power Intl	YTLP MK	4,955	0.04	0.06	0.04	0.03
PPB Group Bhd	PEP MK	6,023	0.04	0.06	0.04	0.04
Public Bank Bhd	PBK MK	12,926	0.04	0.05	0.04	0.03
PLUS Expressways	PLUS MK	5,213	0.03	0.05	0.04	0.04
British American Tobacco	ROTH MK	3,910	0.03	0.06	0.04	0.04
YTL Corp Bhd	YTL MK	4,377	0.03	0.05	0.04	0.05
MMC Corp Bhd	MMC MK	2,332	0.03	0.04	0.03	0.02
Hong Leong Bank	HLBK MK	4,218	0.03	0.05	0.04	0.05
Petronas Dagangan Bhd	PETD MK	2,841	0.03	0.06	0.04	0.06
Evergreen Fibreboard	EVF MK	241	0.02	0.05	0.03	0.04
Petronas Gas Bhd	PTG MK	5,994	0.02	0.04	0.03	0.04
Malaysian Airline System	MAS MK	2,159	0.01	0.03	0.02	0.02
RHB Capital Bhd	RHBC MK	3,934	0.01	0.02	0.01	0.01
Hong Leong Financial Group	HLFG MK	2,746	0.01	0.02	0.01	0.02
MISC Bhd	MISC MK	11,944	0.01	0.01	0.01	0.01

Source: Bloomberg, Nomura research. Data as of 25 June 2010.

Near-term and future liquidity improvement

Management has indicated that bonus issues may be possible in the future to help boost liquidity further. In the near term, we believe investors interested in purchasing the stock should take advantage of the recent selling activity seen on the part of HIMB Trading Ltd (controlled by Tan Sri Quek Leng Chan), which currently holds 5.4%. To recap, EVF purchased Hume Industries (Malaysia) Bhd's (HIMB) MDF business (250,000 m³ capacity) in 2008 for RM213mn, of which RM170m was paid in cash, and the remaining RM43mn in 33 million of EVF's shares at a price of RM1.31.

According to filings with Bursa Malaysia, HIMB Trading was selling down its initial 6.4% stake between 5 April and 3 May 2010, when the stock price closed between RM1.55 and RM1.76. While this selling activity by HIMB Trading may provide a short-term overhang on the stock price, it represents a good opportunity for investors keen to purchase the stock.

Bonus issues and Kuo family divestments possible in the future

Valuation methodology and risks to our investment view

- **Valuation:** To derive our price target of RM3.41 for EVF, we ascribe to our 12-month forward earnings estimate a P/E of 11x, which is +1 standard deviation above the historical mean for EVF's 12-month forward P/E using actual earnings.
- **Risks:** Due to the high correlation between MDF consumption and GDP, a slower-than-expected global economic recovery would likely cause MDF demand to recover at a slower rate. Given that a significant proportion of its sales comes from Asia Pacific and the Middle East (85% of FY09 revenue), slower-than-expected economic recoveries in these regions would impact EVF's sales and margins. Higher-than-expected costs would also cause EVF's margins to fall short of our expectations. As the company primarily does not hedge export sales, large and sudden currency swings may result in weaker-than-expected sales.

Financial statements

Income statement (RMmn)					
Year-end 31 Dec	FY07	FY08	FY09	FY10F	FY11F
Revenue	732	731	772	988	1,124
Cost of goods sold	(476)	(533)	(562)	(666)	(739)
Gross profit	256	198	209	322	385
SG&A	(120)	(127)	(129)	(152)	(171)
Employee share expense	-	-	-	-	-
Operating profit	136	71	81	170	215
EBITDA	165	111	140	230	276
Depreciation	(28)	(40)	(59)	(60)	(61)
Amortisation	(0)	(0)	(1)	(0)	(0)
EBIT	136	71	81	170	215
Net interest expense	(3)	(9)	(16)	(10)	(5)
Associates & JCEs	3	2	2	4	5
Other income	4	0	14	-	-
Earnings before tax	141	64	81	164	214
Income tax	(9)	5	0	(16)	(28)
Net profit after tax	131	69	81	148	187
Minority interests	(13)	8	4	(3)	(13)
Other items	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Normalised NPAT	119	77	85	144	174
Extraordinary items	-	-	-	-	-
Reported NPAT	119	77	85	144	174
Dividends	(26)	(22)	-	(51)	(56)
Transfer to reserves	92	55	85	93	117
Valuation and ratio analysis					
FD normalised P/E (x)	6.5	10.1	9.1	5.4	4.5
FD normalised P/E at price target (x)	14.7	22.8	20.6	12.1	10.1
Reported P/E (x)	6.5	10.1	9.1	5.4	4.5
Dividend yield (%)	3.4	2.8	-	6.6	7.3
Price/cashflow (x)	4.6	5.8	5.4	4.3	3.1
Price/book (x)	1.5	1.3	1.1	1.0	0.8
EV/EBITDA (x)	5.1	10.4	7.6	4.2	2.9
EV/EBIT (x)	6.2	16.1	13.0	5.6	3.7
Gross margin (%)	35.0	27.1	27.1	32.6	34.3
EBITDA margin (%)	22.5	15.2	18.2	23.3	24.6
EBIT margin (%)	18.6	9.7	10.5	17.2	19.1
Net margin (%)	16.2	10.5	11.0	14.6	15.5
Effective tax rate (%)	6.7	(8.3)	(0.3)	10.0	13.0
Dividend payout (%)	22.2	28.2	-	35.6	32.5
Capex to sales (%)	24.3	34.0	2.5	2.0	2.2
Capex to depreciation (x)	6.3	6.2	0.3	0.3	0.4
ROE (%)	24.0	13.4	12.9	19.2	20.3
ROA (pretax %)	41.5	7.5	7.2	14.8	18.8
Growth (%)					
Revenue	38.5	(0.1)	5.6	28.0	13.8
EBITDA	89.7	(32.8)	26.6	63.9	20.2
EBIT	110.7	(48.1)	14.3	109.6	26.6
Normalised EPS	98.7	(35.4)	10.7	69.7	20.6
Normalised FDEPS	98.7	(35.4)	10.7	69.7	20.6
Per share					
Reported EPS (RM)	0.23	0.15	0.17	0.28	0.34
Norm EPS (RM)	0.23	0.15	0.17	0.28	0.34
Fully diluted norm EPS (RM)	0.23	0.15	0.17	0.28	0.34
Book value per share (RM)	1.04	1.19	1.37	1.55	1.78
DPS (RM)	0.05	0.04	-	0.10	0.11

Source: Nomura estimates

Cashflow (RMmn)					
Year-end 31 Dec	FY07	FY08	FY09	FY10F	FY11F
EBITDA	165	111	140	230	276
Change in working capital	(19)	22	(8)	(32)	5
Other operating cashflow	21	0	11	(16)	(28)
Cashflow from operations	167	133	143	182	253
Capital expenditure	(178)	(248)	(19)	(20)	(25)
Free cashflow	(10)	(116)	124	162	228
Reduction in investments	-	-	-	-	-
Net acquisitions	(14)	(161)	-	-	-
Reduction in other LT assets	(3)	(2)	(2)	(4)	(5)
Addition in other LT liabilities	1	(9)	(3)	-	-
Adjustments	(29)	22	7	9	12
Cashflow after investing acts	(55)	(265)	126	167	235
Cash dividends	(26)	(22)	-	(51)	(56)
Equity issue	-	-	-	-	-
Debt issue	76	234	(67)	(97)	(89)
Convertible debt issue	-	-	-	-	-
Others	(0)	(12)	(22)	(15)	(12)
Cashflow from financial acts	50	200	(90)	(163)	(158)
Net cashflow	(6)	(65)	37	3	78
Beginning cash	147	142	76	113	116
Ending cash	142	76	113	116	194
Ending net debt	86	393	300	199	33

Source: Nomura estimates

Balance sheet (RMmn)					
As at 31 Dec	FY07	FY08	FY09	FY10F	FY11F
Cash & equivalents	142	76	113	116	194
Marketable securities	-	-	-	-	-
Accounts receivable	52	44	57	72	75
Inventories	82	137	112	183	144
Other current assets	72	33	28	49	39
Total current assets	348	289	310	420	452
LT investments	-	-	-	-	-
Fixed assets	517	903	885	845	809
Goodwill	14	18	18	18	18
Other intangible assets	10	15	15	14	14
Other LT assets	19	21	23	27	32
Total assets	908	1,246	1,251	1,324	1,324
Short-term debt	88	255	102	94	59
Accounts payable	46	56	47	75	60
Other current liabilities	78	96	81	127	101
Total current liabilities	211	407	231	296	220
Long-term debt	140	215	310	221	167
Convertible debt	-	-	-	-	-
Other LT liabilities	17	8	5	5	5
Total liabilities	369	630	546	523	393
Minority interest	7	6	2	5	18
Preferred stock	-	-	-	-	-
Common stock	120	128	128	128	128
Retained earnings	318	373	458	551	668
Proposed dividends	-	-	-	-	-
Other equity and reserves	95	110	118	118	118
Total shareholders' equity	533	611	704	797	914
Total equity & liabilities	908	1,246	1,251	1,324	1,324

Liquidity (x)

Current ratio	1.64	0.71	1.35	1.42	2.05
Interest cover	47.1	8.0	5.0	17.6	40.2

Leverage

Net debt/EBITDA (x)	0.52	3.55	2.13	0.87	0.12
Net debt/equity (%)	16.2	64.4	42.6	25.0	3.6

Activity (days)

Days receivable	24.8	24.0	23.8	23.8	23.8
Days inventory	56.1	75.0	80.8	80.8	80.8
Days payable	31.1	35.0	33.5	33.5	33.5
Cash cycle	49.8	64.0	71.1	71.1	71.1

Source: Nomura estimates

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Issuer	Ticker	Price (as at last close)	Closing Price Date	Rating	Disclosures
Evergreen Fibreboard Bhd	EVF MK	1.51 MYR	28 Jun 2010	Buy	

Previous Ratings

Issuer	Previous Rating	Date of change
Evergreen Fibreboard Bhd	No Rating	01 Jun 2010

Three-year stock price and rating history

Not Available for Evergreen Fibreboard Bhd

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- A "**Neutral**" recommendation indicates that upside or downside is less than 10%.
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