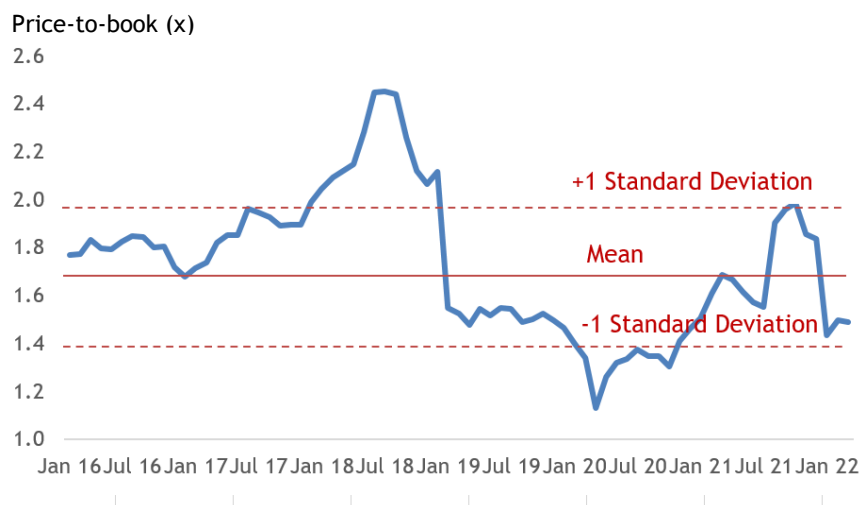


In conjunction with the launch of our Progress with Opportunities campaign, the Bursa Digital Research (BDR) team will be featuring a series of sectors and their investability. For this month, we would like to highlight Consumer Food and Beverage.

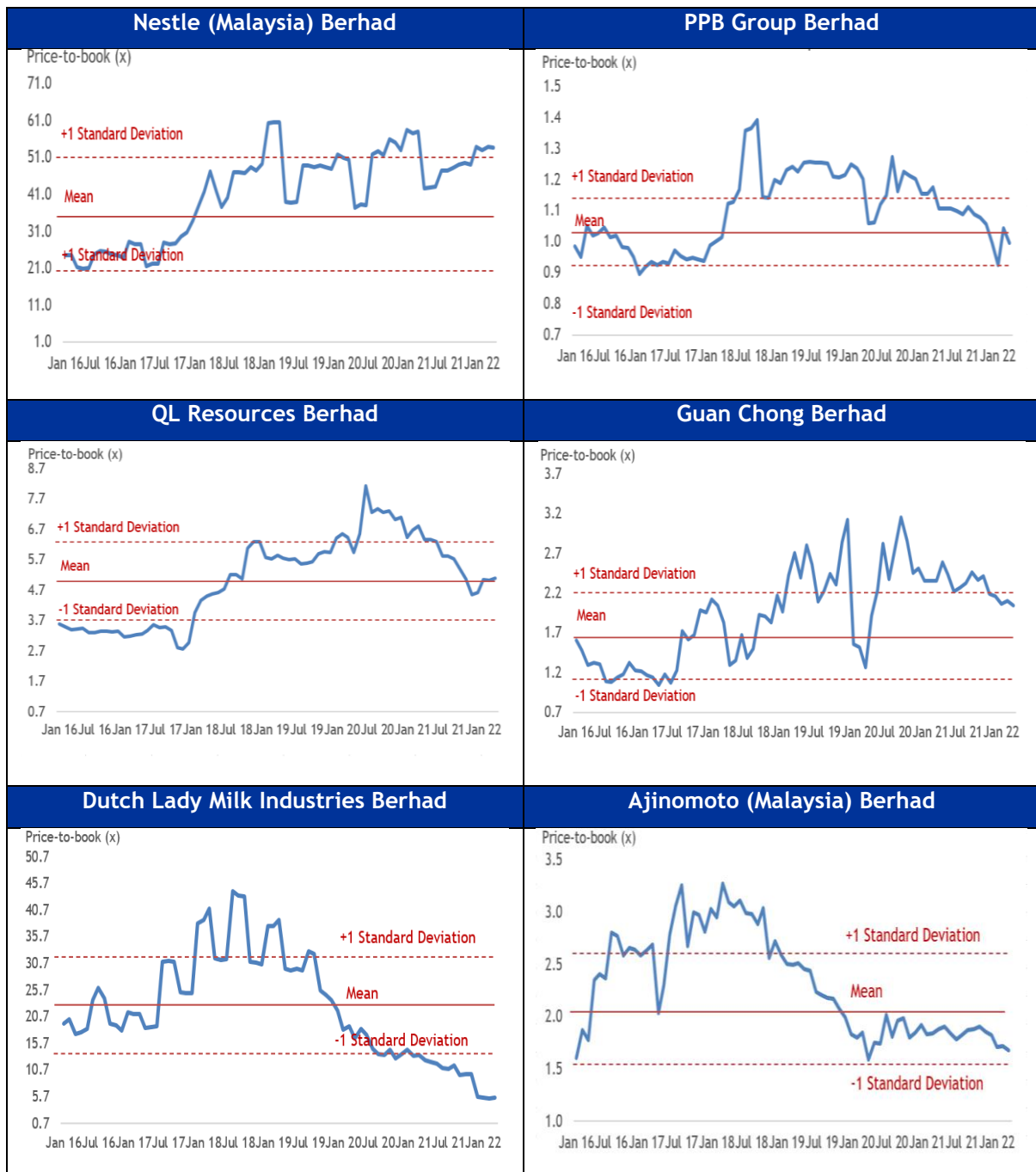
Based on our [analyst consensus compilation report dated 22 March 2022](#), 58% of the total analyst recommendations recorded Buy, 32% recorded Hold and 11% recorded Sell recommendations. Analysts are generally more positive towards the sector based on the view that the upcoming festivities and the pent-up demand from the easing restrictions would spur demand for consumer goods, translating to better topline and earnings. Nonetheless, analysts also caution the risk of margin pressure from elevated input costs resulting from the supply chain disruption worldwide.

We compare the consumer companies using the Price-to-Book (PB) band which plots the historical price trends to five-year historical PB ratios. The PB band helps investors gauge the value of the companies as PB band considers both the fundamental factor i.e. the book value of the company and its historical trading pattern, and price movement typically corresponds to the changes in the fundamental of the company. We chose PB ratio over Price-to-Earnings (PE) ratio because it eliminates the cyclicity of company’s earnings which may not give an accurate picture of the company’s overall trend. We constructed a PB band chart for the Bursa Malaysia Consumer Product Index (BCI*), it has been trading at one standard deviation below its five-year price-to-book mean. This means that the sector is currently trading at an undemanding valuation relative to its five-year average valuation. *The BCI represents all 164 consumer companies listed on Bursa Malaysia.

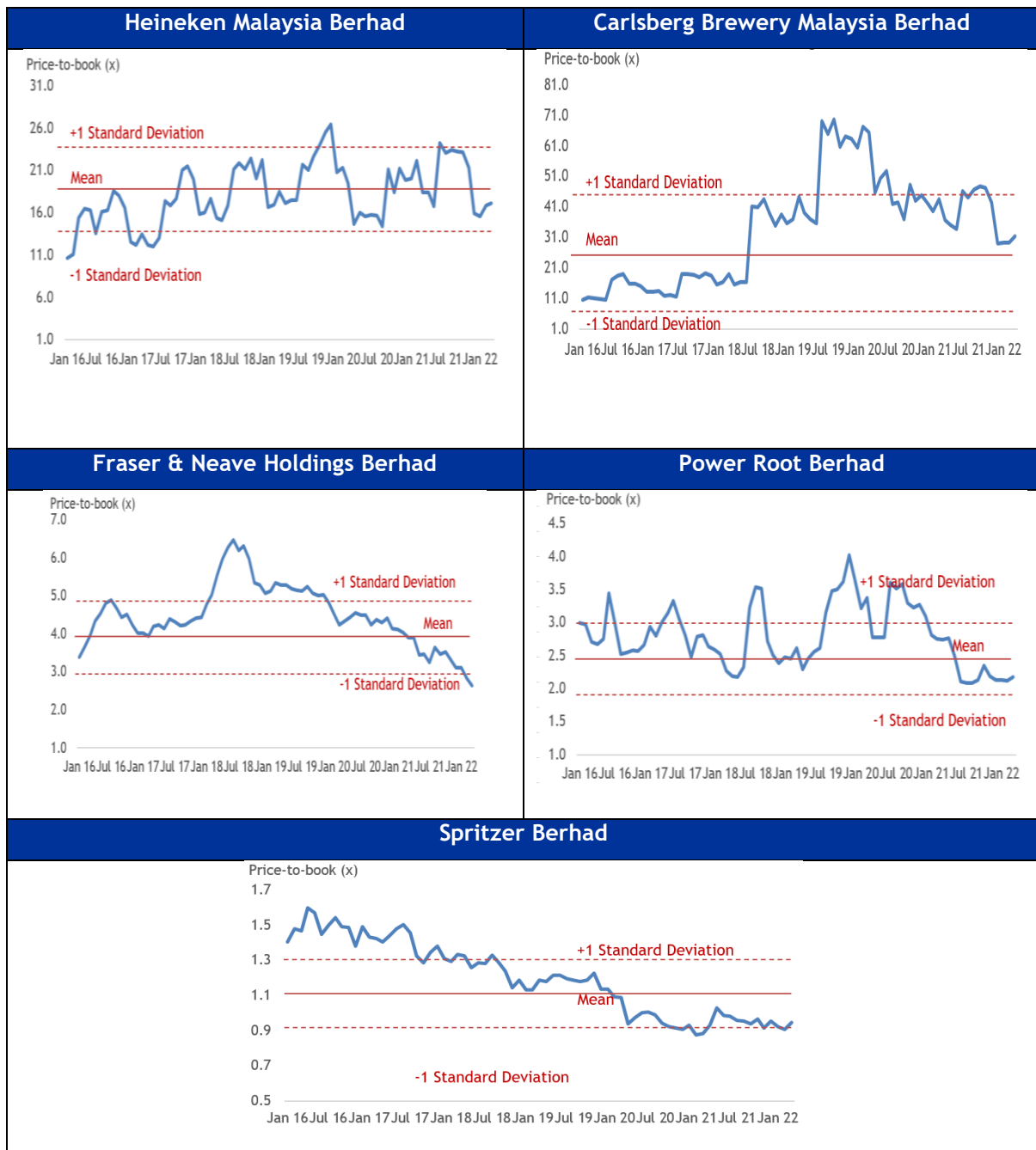
Figure 1: Bursa Malaysia Consumer Product Index Price-to-Book band



In line with the sector focus of the month, we would like to highlight the food and beverage companies within the BCI. Under the consumer food segment, we have selected six consumer food companies, which represented 88% of the weight of consumer food companies within the BCI. We have observed 67% of the six companies are trading near or below the five-year mean. Meanwhile, Nestle Malaysia and Guan Chong are both trading at above mean.



As for the consumer beverage segment, we have selected five consumer beverage companies, including the brewers. This represented 100% of the weight of consumer beverage companies within the BCI. We have observed four of the five companies are trading below the five-year mean except for Carlsberg which is trading closer to the mean.



We see opportunities in the sector given the sector’s cheap valuation and potential for topline and earnings growth from improved outlook.

Follow us for more opportunities, please go to: <https://www.bursamarketplace.com/opportunities/>

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