

3 April 2024

Basic Materials | Metals

Vale Indonesia (INCO IJ)

Buy (Maintained)

Short-Term Uncertainties Impacting Share Price; BUY

Target Price (Return):	IDR4,810 (16.5%)
Price (Market Cap):	IDR4,130 (USD2,615m)
ESG score:	2.9 (out of 4)
Avg Daily Turnover (IDR/USD)	59,132m/4.05m

- **Still BUY, new IDR4,810 TP (DCF) from IDR6,000, 17% upside.** Stable cashflow from Vale Indonesia's nickel-matte exposure still presents a long-term upside. FY24F-25F earnings are revised by -39% and -32% following a cut in our ASP estimates. INCO's share price is also under pressure due to market concerns on its performance going forward, with potential further [structural changes in its management](#). We incorporated a 2% ESG discount into INCO's intrinsic value, as its 2.9 ESG score is below the country median.
- **Limited upside for volume growth, for now.** INCO's nickel matte production for this year is expected to be relatively flat (+1% YoY at 70,800 tonnes), as part of a strategy to stabilise overall margins (INCO's EBITDA has been relatively stable over the years; Figure 6) amidst the current downtrend in commodity prices (FY24F average: c.USD18,500/tonne; -16% YoY vs YTD: c.16,600/tonne). We expect lower production next year due to indications of heavy maintenance works, before output jumps back to optimal levels (Figure 5). Note that INCO's overall earnings are quite sensitive to changes in ASP ($\pm 1\%$ changes have $\pm 5\text{-}6\%$ impact on EPS) as it is the closest proxy to LME movement, given the high-grade nickel content produced by INCO.
- **Challenges will persist before upside factors emerge.** INCO is awaiting the official extension of its Special Mining Business Permit (IUPK; set to expire in Dec 2025) post its share divestment to Mineral Industri Indonesia (MIND ID). Note that a spokesperson from the Ministry of Energy and Mineral Resources had earlier confirmed that INCO's permit will be extended. The permit is crucial for the company to meet the targeted timelines for its current projects (Figure 7). While management will need more funding to support its future expansions (c.US\$800m shortfall vs latest net cash of c.US\$700m), it has decided not to pursue a bond issuance for this purpose.
- **We shift our valuation to DCF** (Figure 1) for a broader picture of INCO's profitability from its current businesses - its cash flow remains healthy for the foreseeable future. The share price has fallen by 39% in the past 12 months (-4% YTD, but moved up 7% post its share divestment at end-February). INCO is now trading at c.6x EV/EBITDA (relatively close to its mean valuation level; Figure 4).
- **We expect the share price overhang to remain in place** pending further clarity on domestic factors, especially political risks, as the new Government comes into power in early 4Q34. Further clarity on such factors will provide a better view of INCO's performance going forward, given the risk of an overhaul of the management team (still a possibility) and potential further stake divestments to the Government (in our view). Nevertheless, we expect INCO's resilience to help it manage the challenges ahead.

Analyst

Indonesia Research
+6221 5093 9888
rhb.id.research@rhbgroup.com

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(4.2)	0.7	(6.6)	(25.9)	(37.9)
Relative	(3.3)	2.2	(5.0)	(29.4)	(43.8)
52-wk Price low/high (IDR)				3,660	-7,075



Source: Bloomberg

Overall ESG Score: 2.9 (out of 4)

E: GOOD

INCO received a Green PROPER (beyond compliance) - Indonesia's pollution control, evaluation, and rating programme - recognition from the Ministry of Environment & Forestry in 2020. This is for its initiatives in environmental management systems, efficient utilisation of resources, and community empowerment. INCO will contribute to Vale Global's goal to reduce 33% of emissions produced by 2030.

S: GOOD

A community development programme was built through active participation between the company, the community, and the Government. INCO's successful programmes includes the organic rice and herbal garden businesses. In 2020, it disbursed c.US\$4.1m (+21% YoY) for community development and empowerment.

G: EXCELLENT

INCO's sustainability management responsibilities and decision-making are carried out collectively by the board of directors, with the supervision of the board of commissioners. Moreover, the company has a strategic risk management, ie the Framework for Integrated Risk Management (FIRM), which is based on ISO 31000 standards.

Forecasts and Valuation	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Total turnover (USDm)	1,179	1,232	1,032	974	1,086
Recurring net profit (USDm)	216	273	136	117	136
Recurring net profit growth (%)	25.8	26.1	(50.0)	(14.2)	16.5
Recurring P/E (x)	12.09	9.59	19.18	22.36	19.19
P/B (x)	1.1	1.0	1.0	0.9	0.9
P/CF (x)	10.24	5.94	6.69	8.07	8.28
Dividend Yield (%)	na	na	na	na	na
EV/EBITDA (x)	4.37	4.02	5.97	6.57	5.50
Return on average equity (%)	8.9	11.2	5.3	4.4	4.9
Net debt to equity (%)	net cash				

Source: Company data, RHB

Financial Exhibits

Asia	Financial summary (USD)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Indonesia	Recurring EPS	0.02	0.03	0.01	0.01	0.01
Basic Materials	BVPS	0.24	0.26	0.27	0.28	0.30
Vale Indonesia	Return on average equity (%)	8.9	11.2	5.3	4.4	4.9
INCO IJ						
Buy						
	Valuation metrics	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Recurring P/E (x)	12.09	9.59	19.18	22.36	19.19
	P/B (x)	1.1	1.0	1.0	0.9	0.9
	FCF Yield (%)	2.8	6.5	(9.9)	(8.6)	2.5
	EV/EBITDA (x)	4.37	4.02	5.97	6.57	5.50
	EV/EBIT (x)	6.49	5.58	11.47	15.66	12.41
Valuation basis						
DCF, WACC at 9%, and TG at 3%						
Key drivers						
i. Improved ASPs from the increase in nickel prices;						
ii. Higher production and sales volumes;						
iii. Lower fuel costs.						
Key risks						
i. Nickel price trends;						
ii. Rising fuel costs;						
iii. Lower-than-expected output;						
iv. Shifts in domestic policies, ie higher royalty rates for certain nickel products.						
Company Profile						
Vale Indonesia produces nickel in matte, an intermediate product, from lateritic ores at its integrated metric and processing facilities near Sorowako, Sulawesi.						
	Income statement (USDm)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Total turnover	1,179	1,232	1,032	974	1,086
	Gross profit	314	347	205	173	204
	EBITDA	436	450	362	369	418
	Depreciation and amortisation	(143)	(126)	(174)	(214)	(233)
	Operating profit	294	325	188	155	185
	Net interest	4	26	4	(3)	(8)
	Pre-tax profit	276	353	182	159	186
	Taxation	(75)	(78)	(42)	(37)	(43)
	Reported net profit	200	274	140	122	143
	Recurring net profit	216	273	136	117	136
	Cash flow (USDm)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Change in working capital	(21)	59	81	20	(9)
	Cash flow from operations	255	440	391	324	316
	Capex	(182)	(271)	(650)	(550)	(250)
	Cash flow from investing activities	(218)	(286)	(709)	(613)	(250)
	Cash flow from financing activities	(1)	(65)	7	3	2
	Cash at beginning of period	506	634	699	346	73
	Net change in cash	36	89	(311)	(286)	67
	Ending balance cash	634	699	346	73	188
	Balance sheet (USDm)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Total cash and equivalents	634	699	346	73	188
	Tangible fixed assets	1,550	1,696	2,346	2,896	3,146
	Total investments	73	104	112	121	131
	Total assets	2,658	2,926	3,052	3,177	3,339
	Total long-term debt	0	0	4	4	5
	Total liabilities	303	361	347	350	369
	Total equity	2,355	2,565	2,705	2,827	2,970
	Total liabilities & equity	2,658	2,926	3,052	3,177	3,339
	Key metrics	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Revenue growth (%)	23.7	4.5	(16.2)	(5.6)	11.5
	Recurrent EPS growth (%)	25.8	26.1	(50.0)	(14.2)	16.5
	Gross margin (%)	26.6	28.2	19.9	17.8	18.8
	Operating EBITDA margin (%)	37.0	36.6	35.1	37.9	38.5
	Net profit margin (%)	17.0	22.3	13.6	12.5	13.2
	Capex/sales (%)	15.4	22.0	63.0	56.5	23.0
	Interest cover (x)	42.6	32.2	10.8	7.2	7.8

Source: Company data, RHB

Figure 1: TP calculation

DCF calculation (in USDm)	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
EBIT	188	155	185	177	173	149	145	136	124	111	98
EBIT (1-t)	145	119	143	136	133	115	112	105	95	86	76
Depreciation & amortisation	174	214	233	248	263	277	288	300	310	320	330
Changes in working capital	38	4	(9)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capex	(650)	(550)	(250)	(200)	(200)	(200)	(150)	(150)	(135)	(135)	(135)
Free cash flow	(293)	(212)	117	183	194	191	249	253	268	269	269
Discounted FCF	(293)	(195)	99	143	140	127	152	143	140	129	119
Terminal Value											2,022
Terminal growth	3%										
WACC	9%										
Total discounted firm value	2,725										
24F Net debt	(333)										
24F Minority Interest	0										
Equity value (USDm)	3,058										
Equity value (IDRbn)	48,312										
Issued shares (bn)	9.9										
Equity value per share	4,900										
Discount ESG	-2%										
TP (final)*	4,810										

Note: Figure was rounded up due to currency translation

Source: Company data, RHB

Figure 2: WACC breakdown

Percentage of equity	89%
Percentage of debt	11%
Tax rate (t)	23%
Weighted average cost of capital (WACC)	9%
Cost of equity (CAPM)	9%
Risk free rate (Rf)	7%
Beta (b)	1.0
Market return (Rm)	10%
Risk premium	4%
Cost of debt (Kd)	9%
Terminal growth	3%

Source: Company data, RHB

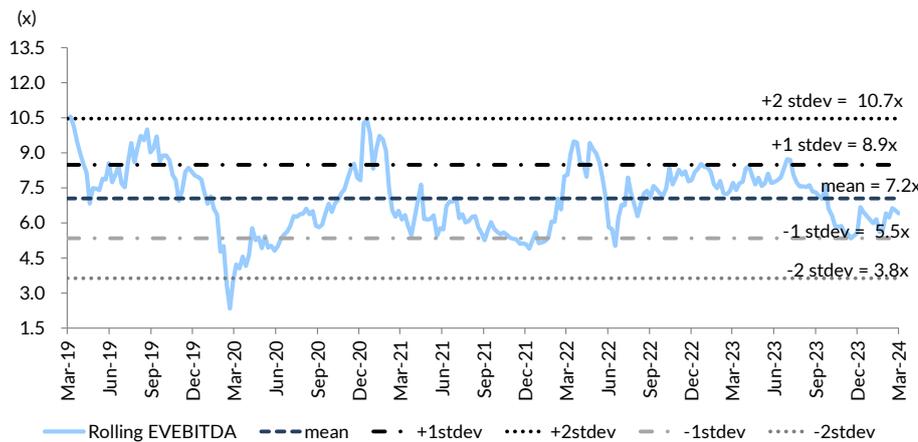
Figure 3: RHB vs Street's estimates

(USDm)	RHB (new)			RHB (old)			Change			RHB vs Street		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenue	1,032	974	1,086	1,134	1,066	1,191	-9%	-9%	-9%	8%	-5%	-4%
Gross profit	205	173	204	305	271	309	-33%	-36%	-34%	8%	-17%	-25%
Operating profit	188	155	185	280	246	291	-33%	-37%	-36%	19%	-21%	-30%
EBITDA	362	369	418	415	355	453	-13%	4%	-8%	13%	2%	-6%
Net profit	140	122	143	231	181	219	-39%	-32%	-35%	11%	-21%	-29%
Margins												
Gross	20%	18%	19%	27%	25%	26%						
EBIT	18%	16%	17%	25%	23%	24%						
EBITDA	35%	38%	39%	37%	33%	38%						
NPM	14%	13%	13%	20%	17%	18%						
Key assumptions												
Vol. production (m tonnes)	70,800	65,000	72,500	70,000	65,000	72,500	1%	0%	0%			
ASP (USD/tonne)	14,580	14,985	14,985	16,200	16,400	16,432	-10%	-9%	-9%			
Cash cost (USD/tonne)*	8,961	8,804	8,739	9,628	10,260	9,635	-7%	-14%	-9%			

Note: *Ex-royalty payments

Source: Company data, RHB

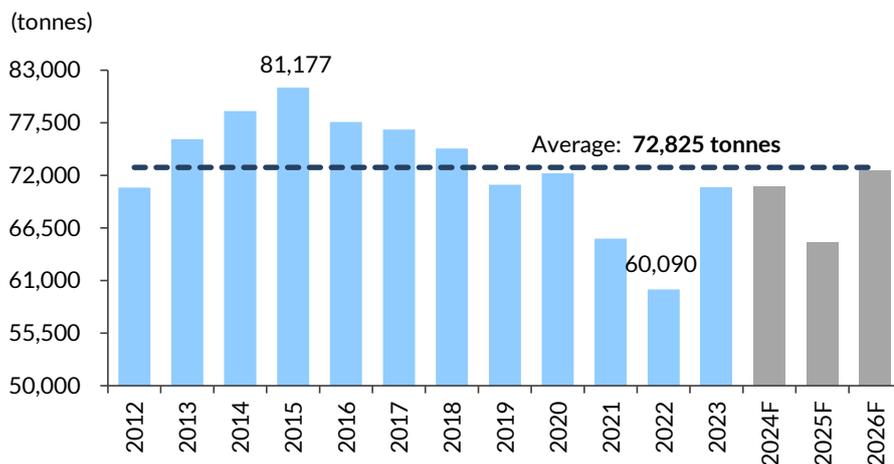
Figure 4: INCO's 5-year average EV/EBITDA band



Source: Bloomberg, RHB

- ◆ INCO is now trading near the mean level of its 5-year historical valuation (current FY24F EV/EBITDA at c.6x vs multiple target of c.7x)
- ◆ Although we have an optimistic view of a recovery in the global economy to spur demand for hard commodities in general (better selling prices), there is possibility of changes in INCO's management team ahead of MIND ID's increased control in the company. However, INCO's performance should continue regardless of these changes, in our view.

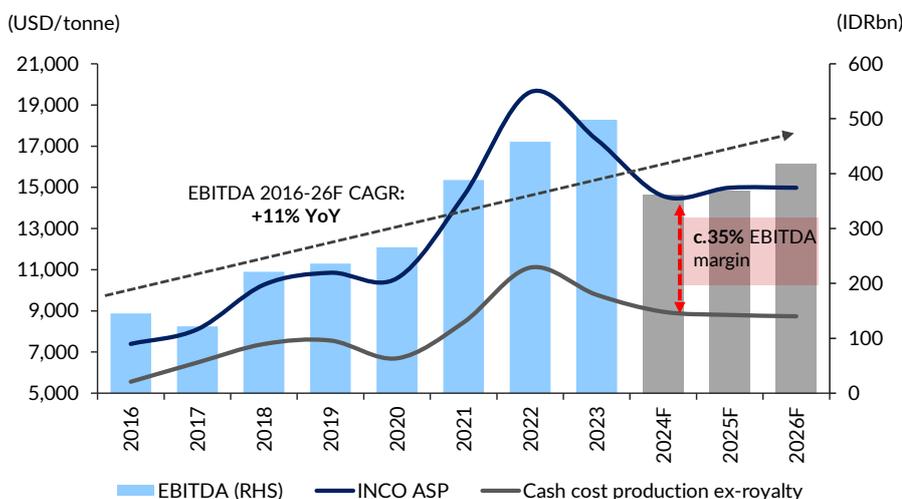
Figure 5: INCO's nickel matte production trend



Source: Bloomberg, RHB

- ◆ INCO's outlook for production activities will be better going forward, as major maintenance works on its facility have been completed.
- ◆ Demand for nickel matte (c.76% Ni content; Vale SA and Sumitomo as the offtakers) will remain stable, in our view, supported by growth in both stainless steel and EV supply chains.

Figure 6: INCO's ASP trend vs cash cost



Source: Bloomberg, RHB

- ◆ Despite risks of fluctuations in energy prices (c.20% of total cash cost; high-CV coal and diesel fuel), management should be able to manage the issue going forward via its renewable energy (since 1979) with c.365MW of hydro power, combined with future initiatives related to gas-powered utilities, and further trials on the use of EV trucks
- ◆ INCO's margins have been quite stable in recent years - FY24F EBITDA margin of c.35% vs 6-year average of c.30%.

Figure 8: List of INCO's expansions and operating assets

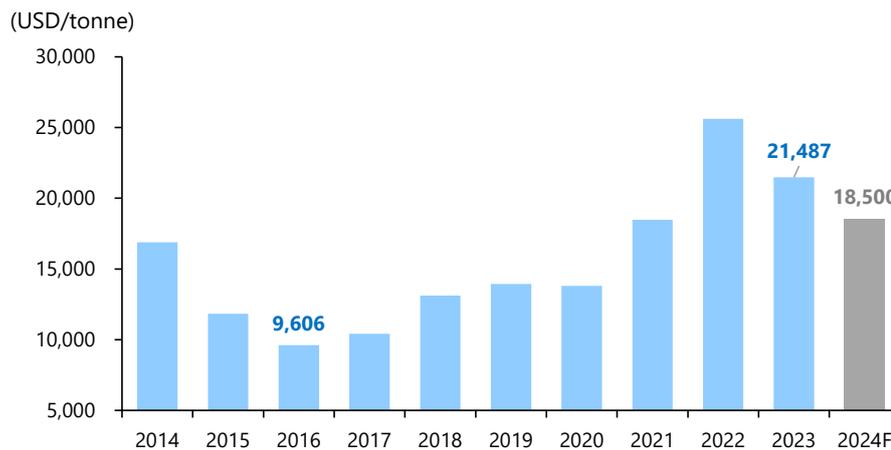
Specific locations (in Sulawesi)	Project	Total investment (USDbn)	INCO's ownership	Partnership	COD
Morowali	RKEF: 73-80k tonnes capacity	2.6	49%	Tisco & Xinhai	2026
Pomalaa	HPAL: 120k tonnes capacity	4.5	30%	Huayou & Ford	2026
TBA; still inside Sulawesi	SOA HPAL: 60k tonnes capacity	2.0	-	-	-
Sorowako	HPAL: 60k tonnes capacity	2.0	30%	Huayou	2027
	Electric furnace: c.70k tonnes capacity	-	100%	-	Operational

◆ Massive capex (vs FY23's net cash of c.USD700m) is needed – we remain optimistic on the realisation of these projects, given the support from major partners and also goodwill from the Government.

Note: RKEF (Rotary Kiln-Electric Furnace); output on Fe-Ni. HPAL (High Pressure Acid Leach); output on MHP (mixed hydroxide precipitate). All ore feedstock needed (saprolite for RKEF (1.3-1.6% Ni content), limonite (1.0-1.2% Ni content) for HPAL) will come from INCO's concession area (adjacent to the smelters location) which is 100% owned by the company. Currently INCO's nickel matte (c.78% nickel matte) production comes from the electric furnace facility in Sorowako.

Source: Company data, RHB

Figure 9: Average nickel prices still show a potential uptrend (excluding one-off factors from geopolitical tensions in 2022)



◆ At this point, we are conservatively optimistic of positive changes in nickel prices, based on progress in the regional economy (especially China) to push commodities closely related to the industrial and manufacturing sectors.

◆ Nickel prices (LME) are hovering at the support level of c.USD16,000/tonne – we see the possibility of average prices reaching USD18,500/tonne (requires +6% QoQ movement until end-FY24), as better demand coupled with lower supply streams (pending permits for many ore mines in Indonesia, mine closures, and stalled smelter investments globally) should reduce the surplus amount (Street's FY24F scenario is c.100-200k tonnes, from c.300-350k tonnes previously).

Source: Bloomberg, RHB

Emissions And ESG

Trend analysis

INCO has not yet calculated scope 3 emissions but is gradually trying to reduce GHG emissions from its supply chain activities. Efforts to reduce emissions are progressing well despite fluctuations in the volume of GHG emissions every year (influenced by the proportion of fuel used in operations and amount of production). INCO is committed to reducing absolute GHG emissions from scopes 1 and 2 by 33% by 2030 and achieving net zero emissions by 2050.

For its nickel processing activities, INCO partly uses hydropower energy. Almost 94% of its electrical energy (besides fuel and coal) needs are obtained from three hydro-powered plants (PLTA): Laron (165 MW), Balambano (110 MW), and Karambe (90 MW). Of the total 365 MW of electricity output, c.11 MW were distributed to residential areas and its surroundings.

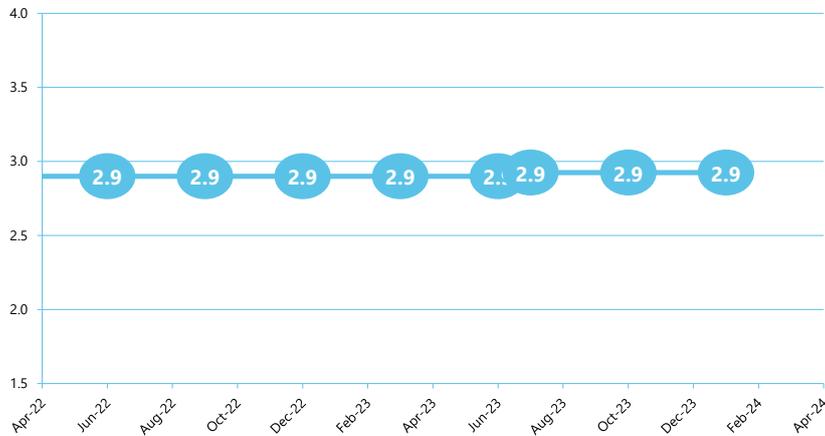
Emissions (tCO2e)	Dec-21	Dec-22	Dec-23
Scope 1	na	na	na
Scope 2	1,971,075	1,640,387	na
Scope 3	na	na	na
Total emissions	1,971,075	1,640,387	na

Source: Company data, RHB

Latest ESG-Related Developments

- INCO's main nickel plant in Sorowako has a carbon intensity of 27.30 tonnes of CO2eq/tonnes Ni, giving the company amongst the lowest carbon intensity levels in Indonesia.
- INCO started testing electric cars and trucks for operational purposes in Jan and Aug 2022.
- INCO has been progressively reclaiming post-mining land, targeting the reclamation of 70% of the total area by 2025, and rehabilitating watersheds. The area of land rehabilitated in 2022 is 10,280 hectares, comprising 10,000 hectares outside the operational area and 296 hectares within the operational area. The company also planted 3.7m trees, including endemic species.

ESG Rating History



Source: RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2024-02-13	Buy	6,000	4,050
2023-12-05	Buy	6,000	4,320
2023-10-30	Buy	7,120	5,225
2023-07-21	Buy	8,300	6,600
2023-02-17	Buy	8,300	6,775
2023-01-03	Buy	8,300	7,100
2022-10-31	Buy	7,600	6,500
2022-10-18	Buy	8,300	6,650
2022-07-04	Buy	7,700	5,450
2022-05-23	Buy	9,000	7,725
2022-04-04	Buy	7,940	6,975
2022-01-30	Buy	6,000	4,700
2021-11-01	Buy	6,500	4,800
2021-08-15	Buy	6,200	5,100
2021-03-04	Neutral	6,600	5,525

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

Buy:	Share price may exceed 15% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the

Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (through its Singapore branch), and the disclaimers above similarly apply.

Malaysia

Save as disclosed in the following link [RHB Research Conflict Disclosures – Mar 2024](#) and to the best of our knowledge, RHBIB hereby declares that:

1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.

2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHBIB's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
**For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Thailand

Save as disclosed in the following link [RHB Research Conflict Disclosures – Mar 2024](#) and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:

1. RHB Securities (Thailand) PCL does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHB Securities (Thailand) PCL is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHB Securities (Thailand) PCL's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
**For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHB Securities (Thailand) PCL did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Indonesia

Save as disclosed in the following link [RHB Research Conflict Disclosures – Mar 2024](#) and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:

1. PT RHB Sekuritas Indonesia and its investment analysts, does not have any interest in the securities of the subject company(ies) covered in this report.
For the avoidance of doubt, interest in securities include the following:
 - a) Holding directly or indirectly, individually or jointly own/hold securities or entitled for dividends, interest or proceeds from the sale or exercise of the subject company's securities covered in this report*;
 - b) Being bound by an agreement to purchase securities or has the right to transfer the securities or has the right to pre subscribe the securities*.
 - c) Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering*.
 - d) Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
2. PT RHB Sekuritas Indonesia is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of PT RHB Sekuritas Indonesia's staff** or associated person serve as a director or board member* of the subject company(ies) covered in this report.
4. PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. PT RHB Sekuritas Indonesia** did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report:

Notes:

- *The overall disclosure is limited to information pertaining to PT RHB Sekuritas Indonesia only.
**The disclosure is limited to Research staff of PT RHB Sekuritas Indonesia only.

Singapore

Save as disclosed in the following link [RHB Research Conflict Disclosures – Mar 2024](#) and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (through its Singapore branch) hereby declares that:

1. RHB Bank Berhad, its subsidiaries and/or associated companies do not make a market in any issuer covered by the Singapore research analysts in this report.
2. RHB Bank Berhad, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered by the Singapore research analysts in this report.
3. RHB Bank Berhad's Singapore research staff or connected persons do not serve on the board or trustee positions of the issuer covered by the Singapore research analysts in this report.
4. RHB Bank Berhad, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered by the Singapore research analysts in this report or any other relationship that may create a potential conflict of interest.
5. RHB Bank Berhad's Singapore research analysts, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered by the Singapore research analysts in this report.
6. RHB Bank Berhad's Singapore research analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation on the issuer covered by the Singapore research analysts.

Analyst Certification

The analyst(s) who prepared this report, and their associates hereby, certify that:

(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

Analyst	Company
-	-

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.



KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 2302 8100
Fax : +603 2302 8134

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel: +6221 509 39 888
Fax : +6221 509 39 777

BANGKOK

RHB Securities (Thailand) PCL
10th Floor, Sathorn Square Office Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +66 2088 9999
Fax :+66 2088 9799

SINGAPORE

RHB Bank Berhad (Singapore branch)
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531
Fax: +65 6509 0470