

1 December 2022

Technology | Software & Services

ITMAX System (ITMAX MK)**The Smart Cities Solution Provider**

- **MYR1.24 FV, based on 20x FY23F P/E.** At MYR1.07/share, ITMAX System is set to raise MYR203.9m (320m shares) from its IPO. The proceeds will mainly fund working capital and its business expansion – to increase its presence in other states and the Federal Territories. Its future earnings (3-year CAGR: 35.6%) should be supported by a strong orderbook (MYR598.2m) and geographical and customer base expansions, buoyed by its customisable infrastructure and facilities solutions. The IPO price implies 17x FY23F P/E.
- **Established public space network system.** ITMAX's public space networked system focuses on lighting, traffic management and video surveillance, as well as communications network services in line with Malaysia's smart city initiatives of using information, communication and digital technology to improve urban management and quality of life, sustainability, efficiency and security. Being the solutions partner for the state-of-art integrated management system used by Kuala Lumpur City Hall (DBKL) as the foundation, it aims to offer video surveillance and traffic management systems to different domestic geographical markets in West Malaysia, and also venture into the private sector, eg working with mall operators.
- **Private metropolitan area network (MAN) in Kuala Lumpur.** ITMAX owns a MAN in Kuala Lumpur comprising approximately 400km of 48-core fibre optic cables, with associated transmission and switching equipment to provide broadband bandwidth of up to a maximum of 60 gigabits per second. This provides convenience to its customers, as it is able to configure and integrate various systems to its MAN. The group is able to meet the requirements of its service-level agreement without having to depend on third-party network providers, ie creating interdependency with its customer.
- **R&D expansion.** ITMAX is allocating MYR12.5m to expand its R&D capabilities. The group aims to create new and enhanced features to improve the user experience by recruiting additional talent. In addition, it plans to carry out two pilot projects – setting up a smart township and smart campus testbeds in order to deploy all the smart city-related hardware, software applications and related digital infrastructure, as a showcase to market its smart township and similar projects to attract new customers.
- **Earnings estimates and valuation.** We are projecting a 3-year earnings CAGR of 35.6%, mainly supported by major projects on hand (unbilled orders worth MYR598.2m, visibility up to FY29). Our FV of MYR1.24 is based on a target P/E of 20x on FY23F earnings, supported by high growth prospects on the back of a strong orderbook – buoyed by its geographical expansion and aggressive investment plans for infrastructure and facilities. In addition, ITMAX benefits from being a first-mover and the stickiness of its clientele, due to the opex model offered to clients, as ITMAX funds all the capex and owns the assets. Our target P/E of 20x is in line with its peer average and at c.5-year mean of the KLTec Index. Its above-industry average ROE and net margins of 28.2% and 39.7% are the other highlights.
- **Key risks:** Failure to secure new projects, delay in the completion of projects and loss of major customers.

Forecasts and Key Data	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Total turnover (MYRm)	47.5	79.8	124.6	148.6	167.0
Recurring net profit (MYRm)	13.2	29.2	49.5	63.5	72.9
Recurring net profit growth (%)	737.5	121.3	69.1	28.4	14.8
Recurring EPS (MYR)	0.01	0.03	0.05	0.06	0.07
Recurring P/E (x)	83.2	37.6	22.2	17.3	15.1
P/BV (x)	35.8	20.4	3.7	3.2	2.7
P/CF (x)	110.7	29.5	17.1	13.8	12.0
Dividend yield (%)	0.0	0.5	0.9	1.2	1.3
EV/EBITDA (x)	15.4	7.0	2.3	1.7	1.3
ROE (%)	54.6	69.1	28.2	19.7	19.3
Net debt to equity (%)	0.8	0.8	Net Cash	Net Cash	Net Cash

Source: Company data.

Fair Value (Return):	MYR1.24 (+16%)
IPO Price:	MYR1.07
Closing Application Date:	1 Dec 2022
Indicative Listing Date	13 Dec 2022

Analyst

Lee Meng Horng
+603 9280 8866
lee.meng.horng@rhbgroup.com

**Company Description**

ITMAX supplies, installs and provides public space networked systems and investment holdings. Its sole subsidiary, STS, is principally involved in R&D on systems and application software, the design and assembly of controllers, supply and installation of networked traffic management system, and providing leased and managed services of video surveillance and analytics systems.

IPO Details

Public Issue (%)	18.5
Offer for sale (%)	12.6
Shares outstanding (m)	1028
Implied market cap	MYR1.1bn

Major Shareholders (%)

Sena Holdings	51.3
GSSB	17.6

Utilisation of IPO proceeds

	MYRm
Smart city application expansion	85.0
Network and telecommunication infrastructure expansion	39.5
Working capital	29.1
Estimated listing expenses	9.8
Others	<u>40.5</u>
TOTAL	203.9

Additional data

Listing Market	Main Market
Bursa Code	5309

Note:

Small cap stocks are defined as companies with a market capitalisation of less than USD0.5bn.

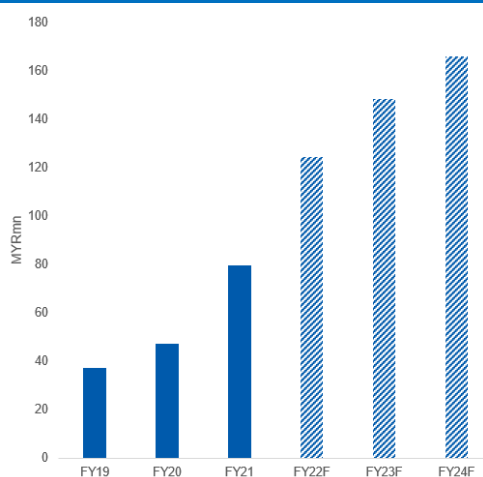
Financial Overview and Valuation

Results review. ITMAX recorded 1HFY22 revenue of MYR40.7m (+19.9% YoY). This was mainly attributed from the provision of networked facilities which accounts for MYR26m (+100.8% YoY), thanks to the increased total number of video cameras installed and connected to the control centre for use by DBKL. Nevertheless, the increase was partially offset by the decrease in revenue from the supply and installation of networked systems, which accounted for MYR14m (-25.0% YoY) following the completion of the supply and installation of networked lighting systems in FY21.

ITMAX recorded 1HFY22 core earnings of MYR15m (+2.5%YoY), in tandem with its revenue growth. However, its 1HFY22 GPM decreased by 1.5pts YoY to 71.1% due to the increase in the cost of maintenance works incurred, including hardware costs and subcontracted costs for the replacement of lighting equipment and traffic controllers and related electrical parts during the maintenance period.

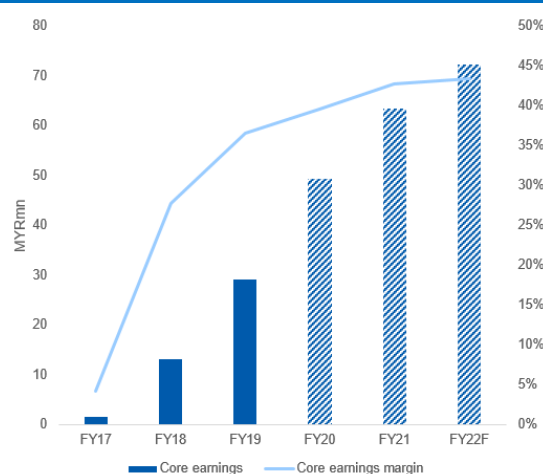
Dividends. ITMAX targets to distribute 20% of its after-tax profit to shareholders. We assumed a payout ratio of 20% to derive a DPS of 1.0-1.4sen for FY22-24F – which will translate into prospective yields of 0.9-1.3%, based on its IPO price of MYR1.07.

Figure 1: Revenue trend



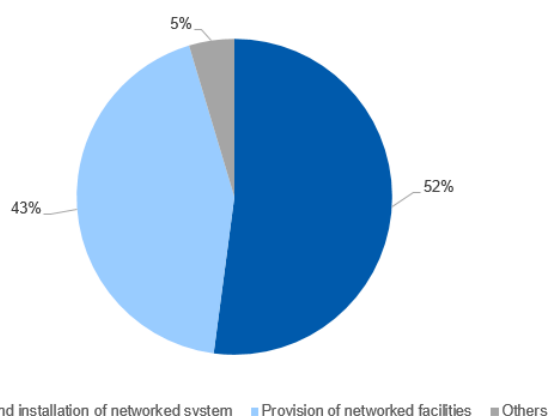
Source: Company data, RHB

Figure 2: Core profit trend



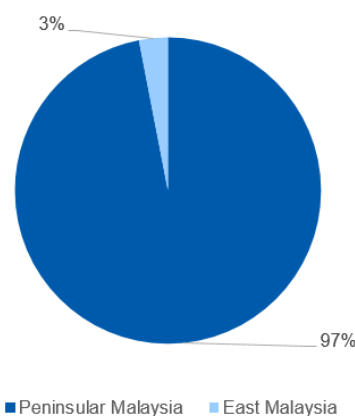
Source: Company data, RHB

Figure 3: FY21 revenue breakdown



Source: Company data, RHB

Figure 4: Revenue by geographical location



Source: Company data, RHB

Malaysia's smart city framework. A smart city refers to an urbanised area that uses information and communications technology (ICT) and technological advancements to address urban issues including improving the quality of life, promoting economic growth, developing a sustainable and safe environment, and encouraging efficient urban management practices. According to the Ministry of Housing and Local Government, there were approximately 100 smart city projects implemented across Malaysia as of Jun 2021. Some projects include Jalinan Digital Negara (JENDELA), Smart Selangor (2020-2025) project, Kuala Lumpur Smart City Master Plan (2021-2025) and Kuala Lumpur Safe City (2004-2024).

1 December 2022

Technology | Software & Services

ITMAX is involved in smart living, with:

- i. Its networked video surveillance facilities under smart surveillance and integrated closed-circuit television (CCTV) projects;
- ii. Smart environment, with its networked lighting system with the incorporation of light-emitting diode (LED) street lights under the green technology projects;
- iii. Smart government, with its integrated networked systems and platform under the integrated operations centre projects;
- iv. Smart mobility, with its networked traffic management system under the smart traffic light projects; and
- v. Smart digital infrastructure, with its fibre optic network in Kuala Lumpur under the connectivity plan projects.

Earnings forecasts. We are projecting a 3-year earnings CAGR of 35.6%, mainly supported by the major projects on hand (unbilled orderbook of MYR598.2m up to FY29) comprising the provision of networked facilities. These, in turn, are largely made up of:

- i. Video surveillance facilities for DBKL and the Royal Malaysian Police's lock-up facilities;
- ii. The leasing of telecommunication towers and monopoles;
- iii. The supply and installation of networked systems.

We believe that the earnings of its project-based contracts and asset ownership operating model are sustainable – given its geographical and customer base expansions, buoyed by its customisable infrastructure and facilities solutions. The involvement of ITMAX in Malaysia's smart city initiative should provide opportunities for the group to boost its orderbook.

Valuation. Our FV of MYR1.24 is based on a target P/E of 20x on FY23F earnings, supported by high growth prospects (3-year CAGR of 35.6%). This, in turn, is premised on the back of the group's strong orderbook – buoyed by geographical expansion and aggressive investment plans for infrastructure and facilities. Our target P/E of 20x is in line with its peer average and at the c.5-year mean of the KLTEC Index. Besides, its above-industry average ROE and net margin of 28.2% and 39.7% are the other highlights. We note that there could be further upside if the group is able to achieve stronger-than-expected earnings growth ahead.

Figure 5: Peer comparison

Company	Country	FYE	Mkt Cap (USDm)	Price	PER (x)			Div. Yld (%)	ROE (%)	EV/ EBITDA	NP Growth (%)		PEG
				30-Nov-22	Actual	1 Yr Fwd	2 Yr Fwd	1 Yr Fwd	1 Yr Fwd	1 Yr Fwd	1 Yr Fwd	2 Yr Fwd	
				(Local Currency)									
ITMAX System	MA	Dec	1100.0	1.07	37.6	22.2	17.3	0.9	28.2	2.3	69.1	28.4	0.6
Peers													
My EG Services	MA	Dec	1481.2	0.89	19.4	18.6	17.3	1.9	23.2	15.7	4.3	7.8	2.2
Uchi Technologies	MA	Dec	343.7	3.36	15.6	14.0	13.8	6.5	57.3	12.0	11.1	1.4	10.2
Datasonic Group	MA	Mar	312.3	0.49	127.3	18.7	15.8	2.2	22.0	12.5	582.3	18.3	0.9
Microlink Solutions	MA	Mar	247.7	1.03	40.6	NA	NA	NA	NA	NA	NA	NA	NA
Infomina	MA	May	78.5	0.58	19.3	NA	NA	NA	NA	NA	NA	NA	NA
Awanbiru Technology	MA	Jun	69.2	0.39	66.3	79.4	55.3	NA	2.0	40.7	-16.5	43.5	1.3
Kronologi Asia	MA	Jan	66.3	0.41	11.6	19.0	13.1	NA	4.5	NA	-38.7	44.6	0.3
Omesti	MA	Mar	54.7	0.46	-11.3	NA	NA	NA	NA	NA	NA	NA	NA
Censof Holdings	MA	Mar	32.3	0.26	7.3	NA	NA	NA	NA	NA	NA	NA	NA
Ramssol Group	MA	Dec	20.1	0.39	12.3	16.5	10.9	NA	13.3	14.3	-25.7	51.7	0.2
Mkt. Cap Weighted Avg.			920.5		33.5	19.8	17.5	2.7	26.9	15.4	81.9	10.8	3.1
Simple Avg.			270.6		30.8	27.7	21.0	3.6	20.4	19.0	86.1	27.9	2.5

Source: Bloomberg, RHB

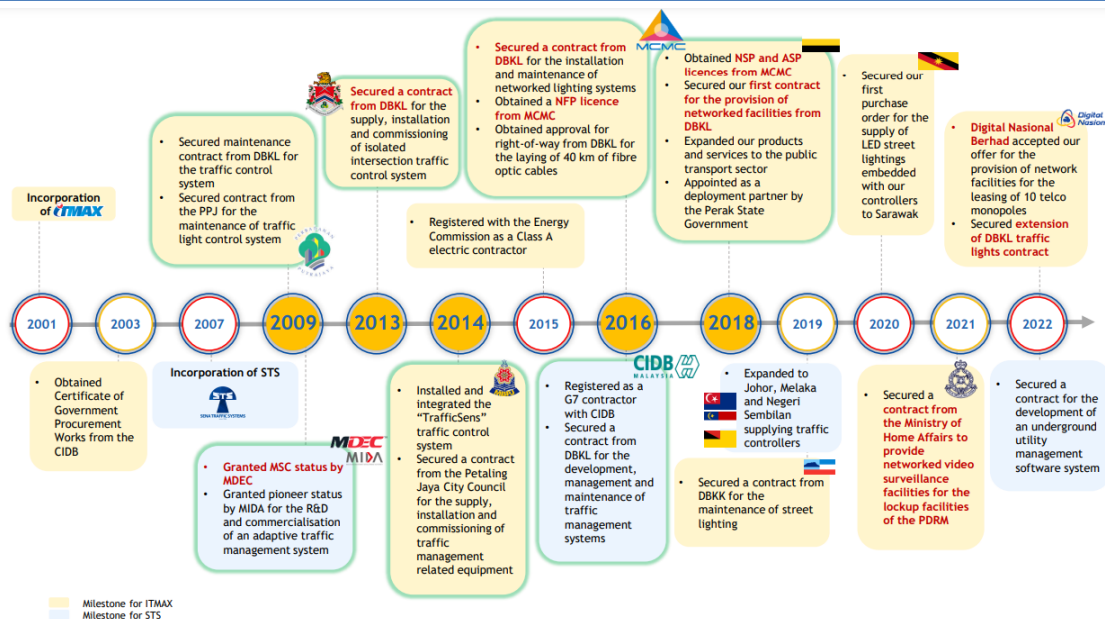
Company Overview

ITMAX is a provider of public space networked systems focusing on lighting, video surveillance and traffic management, as well as communications network services.

Its business segments comprise the following:

- i. **Supply and installation of networked systems including networked lighting systems, networked traffic management system, and other related systems (52.1% of FY21 revenue).** The group provides end-to-end services from supply, installation and up to testing and commissioning of the networked systems, as well as connection to a designated control centre. Through its R&D efforts which are undertaken by STS, the group developed and owns system and application software and hardware that are mainly marketed under “Selmos” for networked lighting systems and “TrafficSens” for networked traffic management systems. Its proprietary system and application software is used to operate and manage the systems including the equipment and devices, networks and control centre.
- ii. **Provision of networked facilities, mainly in the form of leasing of networked video surveillance facilities and communications network (43.3% of FY21 revenue).** The operating model for the networked facilities is based on asset ownership where the group owns all the facilities and charges a fee for the use of the facilities as well as value-added features. The group owns assets including approximately 8,600 video cameras and related infrastructure, control centre facilities, a communications network comprising approximately 400km of underground fibre optic cables with associated networking devices within the federal territory of Kuala Lumpur, and 14 telecommunication monopoles and two towers located in Perak, and one monopole in Selangor; and low voltage power cables.
- iii. **Others (4.6% of FY21 revenue).** These mainly involve the supply of related products including providing uninterrupted power supply equipment and traffic controllers.

Figure 6: Key milestones



Source: Company data, RHB

ITMAX principally operates in Malaysia to serve customers in various states in Malaysia. The main contribution of revenue is derived from central West Malaysia, covering Kuala Lumpur and Selangor – which jointly accounted for more than 90% of revenue in FY19-21. ITMAX mainly adopts a direct distribution channel, where the group secures contracts directly from users of its networked systems which mainly comprise local governments, ministries and telecommunications service providers. Its indirect distribution channel is where it works with contractors that purchase its networked products including traffic management controllers as well as third-party sourced uninterruptable power supply or UPS equipment for their projects.

Figure 7: Top customers (FY21)

	Type of services/products provided	% of FY21 total revenue	Length of relationship (years)
DBKL	Networked systems	73.2	12
Norangkasa Enterprise	Communications network facility and networked lighting system	4.8	9
Gadang Engineering (M)	Networked lighting system	4.3	2
WCT	Networked lighting system	4.1	2
Trans Resources Corporation	Networked lighting system	3.6	2

Source: Company data, RHB

ITMAX has an advantage being the first mover and benefits from the stickiness of the clientele (DBKL) due to its unique asset ownership operating model. The upfront cost of developing and constructing the entire facilities was borne by ITMAX, while DBKL only pays leasing fees - thereby avoiding the need of the administration to pay upfront capital cost for the entire facilities. Therefore, it is unlikely for DBKL to change suppliers or to bring the entire facilities in-house because then, it would need to come up with the full capital cost of constructing the entire video surveillance facility.

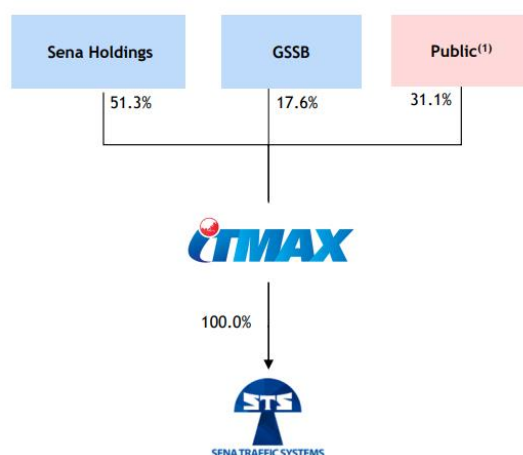
Figure 8: Top suppliers (FY21)

		Total purchases (MYRm)	% of purchases	Length of relationship (years)
Hikvision (M)	Cameras and storage equipment	18.9	28.9	1
Power Great Trading	LED lights and displays	8.6	13.2	5
CMS Construction (M)	Subcontractor for civil works	7.8	12.0	1
Tec D Distribution (Malaysia)	Computers and software	4.7	7.3	<1
LED Vision	LED lights	2.5	3.8	9

Source: Company data, RHB

ITMAX is led by an experienced management team. Managing Director Tan Wei Lun who has contributed to the growth and development of the group, brings with him approximately seven years of experience in the public space networked system industry. Shaun Tee, the CFO, has over 10 years of experience in the finance industry. They are supported by the rest of the senior management team, who are experienced in their respective fields.

Figure 9: Post-IPO shareholding structure



Source: Company data, RHB

Future Plans And Strategies

Geographical expansion. The group envisages providing public space networked systems outside of the central region of West Malaysia. For FY19-21, revenue from regions outside of the central region were 1.6% (MYR0.6m), 7.4% (MYR3.5m) and 3.1% (MYR2.5 m) of its revenue respectively.

Communication network facilities expansion. ITMAX plans to expand the fibre optic communications network by building an additional 200 km of fibre optic network, with a combination of 12-core and 24-core fibre optic cables in West Malaysia and Sabah. These additional 12-core and 24-core fibre optic cables are mainly to branch out from its existing 48-core fibre optic network, as well as to cater for other parts of West Malaysia and Sabah requiring lower capacity compared to Kuala Lumpur. Upon completion, its total fibre optic communications network will be approximately 600 km by 2024, in West Malaysia and Sabah. The group has approximately 400 km of fibre optic communications network of 48-core fibre optic cables in Kuala Lumpur.

Setting up a data lake facility in the Klang Valley. ITMAX is not currently involved in the provision of cloud services, and one of its business strategies is to set up a new data lake facility to expand its capabilities to provide cloud services in the future. It envisages setting up a data lake facility in the Klang Valley, which is a central storage repository that holds data under a secured and managed manner. This will be an offsite facility to manage incoming big data and will be accessible online by users securely. The operation of this data lake is under the provision of cloud services, which is regulated by the Malaysian Communications and Multimedia Commission, where a provider is required to be an applications service provider licence holder. As for the provision of networked facilities to its existing customers, the group has installed the data storage servers in its customers' control centres.

New targeted segments. The group plans to leverage its core competencies in networked systems to address opportunities in townships, malls, office towers, hospitals and healthcare facilities covering public and private spaces to grow its business. It also plans to extend its expertise to highways, mainly for its networked street lighting and video surveillance systems.

R&D expansion. ITMAX intends to expand its R&D team by recruiting a total of 23 personnel who will focus on the development of system and software applications for its networked system platform. In addition, it envisages carrying out two pilot projects, namely setting up smart township and smart campus testbeds that incorporate smart digital infrastructure using its in-house developed public space networked systems – focusing on lighting, video surveillance and traffic management.

IPO Details

Figure 10: Indicative IPO timeline

Opening of the Institutional Offering	25 Nov 2022
Issuance of the Prospectus/Opening of the Retail Offering	10am, 25 Nov 2022
Closing of the Retail Offering	5pm, 1 Dec 2022
Closing of the Institutional Offering	1 Dec 2022
Price determination Date	2 Dec 2022
Balloting of applications for the Issue Shares under the Retail Offering	5 Dec 2022
Allotment/transfer of the IPO Shares to successful applicants	12 Dec 2022
Listing	13 Dec 2022

Source: Company, RHB

Figure 11: Utilisation of IPO proceeds

	Estimated timeframe	MYRm	% of proceeds
Smart city application expansion to other local governments, federal ministries, and existing customers	Within 36 months	85.0	41.7
Expansion of R&D capabilities	Within 36 months	12.5	6.1
Expansion into enterprise market	Within 36 months	20.0	9.8
Network and telecommunication infrastructure expansion	Within 36 months	39.5	19.4
Working capital	Within 12 months	29.1	14.3
Repayment of borrowing	Within 6 months	8.0	3.9
Defray fees and expenses for our IPO and Listing	Within 6 months	9.8	4.8
Total		203.9	100.0

Source: Company, RHB

Figure 12: Offering structure

	No. of IPO shares	% of enlarged share base ⁽¹⁾
Public Issue		
Retail Offering:		
Eligible Persons		
- Directors	1,750,000	0.17
- Eligible employees of the group	4,530,000	0.44
- Person who contributed to success of the group	4,000,000	0.39
Malaysia Public		
- Bumiputera	10,280,000	1.00
- Non-Bumiputera	10,280,000	1.00
Institutional Offering:		
- Other Malaysian institutional and selected investors	159,713,600	15.54
Sub-total	190,553,600	18.54
Offer for Sale		
Institutional Offering:		
- Bumiputera investors approved by the MITI	128,500,000	12.50
- Other Malaysian institutional and selected investors	946,400	0.09
Sub-total	129,446,400	12.59
Total	320,000,000	31.13

Note (1): Based on enlarged issued Shares of 1,028,000,000 after IPO

Source: Company, RHB

Key Risks

Failure to secure new projects. ITMAX's business and financial performance are dependent on its ability to continually secure new projects of similar or large value, or a similar number of projects on a continuous basis to expand its orderbook and sustain its business. As public space networked system projects are subject to competitive bidding and tenders, the group continues to submit tenders and proposals where it would compete against peers for new projects.

Delay in completion of projects. It is subject to the risk of delays in the completion of its projects which may give rise to liquidated ascertained damages claims from customers. The timely completion of its projects including supply and installation works are dependent on – among others – delays in site possession, obtaining permits or approvals from regulatory authorities, delays in the delivery of equipment and materials, workplace hazards and accidents, weather conditions, outbreaks, epidemics or pandemics, where any one or a combination of these factors may interrupt its on-site operations.

Dependent on major customers. The group is dependent on its major customer, DBKL which accounted for MYR23.1m (62.2%), MYR28.9m (60.7%), and MYR58.4m (73.2%) of group revenue in FY19, FY20 and FY21. The group has three subsisting contracts with DBKL with total unbilled orders of MYR510.4m. These consist of the supply and installation of public space networked systems, as well as the provision of networked facilities. In the event of any reduction of contracts or delays or postponement of these projects, in particular the ITIS Contract, from the said customer and if not replaced in a timely manner, this would adversely affect its operational numbers and financial condition.

Negative effect of FX fluctuations. ITMAX has purchased materials and services including subcontractors' costs in USD and SGD terms. It is exposed to the risk of FX fluctuations, since 22.7% (MYR7.7m), 25.1% (MYR14.9m) and 13.6% (MYR8.9 m) of its purchases of materials and services include subcontractors' costs for FY19, FY20 and FY21. Any adverse movements in the USD/MYR rate will impact its operational performance.

COVID-19. COVID-19 outbreaks that lead to restrictive measures such as the MCO will significantly affect a large population. If more restrictions are imposed, this will result in similar interruptions to ITMAX's operations, and financial performance, not to mention hamper the implementation of its business strategies and expansion plans.

Competition risk. The group competes with other public space networked system providers that may be able to offer similar facilities. Some competitors may compete with ITMAX based on, among others, better or more innovative technologies, more value-added services and/or lower pricing. Competitive bidding from competitors may result in the group losing the tenders against its competitors. ITMAX may also have to lower prices to match competitors' rates, to retain its existing contracts. ITMAX is confident that it will be able to maintain its competitive advantage by focusing on providing high value-added services and continuous system development and improvement. Nevertheless, there can be no assurance that the group will be able to compete effectively with current and new entrants into its industry in the future, and that the level of competition will not intensify in the future.

Political, economic, social and regulatory risk. The group may be affected by political, economic, social and regulatory changes. Such developments include, but are not limited to, changes in interest rates, fluctuation in FX rates, political leadership, geopolitical events such as the Russian-Ukraine conflict, global economic downturns, expropriation, nationalisation, and unfavourable changes in government policies and regulations. Any adverse developments of such nature could materially and adversely affect its business, operations and financial performance.

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% 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 – Nov 2022](#) and to the best of our knowledge, RHBIB hereby declares that:

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

- 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*
- RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
- 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 – Nov 2022](#) and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:

- 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.
- 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.
- 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*
- RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
- 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 – Nov 2022](#) and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:

- 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:
 - 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*;
 - 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*.
 - Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering*.
 - Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
- 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.
- 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.
- PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
- 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 – Nov 2022](#) and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (through its Singapore branch) hereby declares that:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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:

- 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 9280 8888
Fax : +603 9200 2216

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