2 December 2021

Industrials | Industrial Products

Aurelius Technologies (ATECH MK)

Auspicious Prospects On Ambitious Expansion

Fair Value (Return)	MYR1.73 (+27%)
IPO Price:	MYR1.36
Closing Application Date:	5pm, 3 Dec 2021
Indicative Listing Date	16 Dec 2021

- **MYR1.73 FV on 18x FY23F (Jan) P/E.** Aurelius Technologies (ATech) will raise MYR105m from its IPO to fund its ambitious expansion plan and deleverage. The forecasted explosive 3-year earnings CAGR of 36% is premised on robust job orders from existing customers, and progressive contributions from a new one in the semiconductor space. Priced at a >20% discount to the EMS sector average, we believe its valuation is attractive – considering the earnings growth and promising prospects, while the 100% local labour force should alleviate intensifying concerns on migrant workers.
- **Exciting new semiconductor exposure.** ATech has transformed and ventured into the semiconductor arena in FY20 after securing an electronics manufacturing services (EMS) agreement with Customer F (Figure 4). Revenue from the semiconductor product surged to MYR5.3m in 7MFY22 from MYR1.3m in 7MFY21, following the ramp-up in production and the group recorded a gross profit of MYR3m (GPM: 57%) from a loss a year ago. After adding two more production lines in August and October to bring the total to four, ATech is aiming to further increase the production lines to seven by end-2023 to accommodate the volume demanded by Customer F. As such, we expect this division to contribute more significantly going forward, and consequently lifting group margins. We forecast net margin to expand to 8.2% in FY23, from 6.6% in 7MFY21.
- **Massive capacity expansion to anchor long-term growth.** ATech has set aside MYR16m to build a new plant – of which construction began in May, and operations are expected to commence by 1H2022. The new plant, which is adjacent to ATech's existing one, will extend the group's total floor space by 61.9k sq ft, or by c.69% to 132.8k sq ft. The additional space will house production that caters to additional volume from existing customers, whilst providing more capacity for ATech to secure more customers. This should support its forecasted 3-year revenue CAGR of 9%. It will also enable ATech to further diversify its product offerings to cover lithium-ion battery pack systems. On this, the group is in the development phase and working in collaboration with a third party – it expects to begin commercial production by end-2022.
- **No headaches over migrant workers.** Notwithstanding the relatively smaller profit base vs other EMS peers, we believe ATech's valuation may catch up to that of its competitors, due to a more compelling risk-reward profile. This is considering the factors of semiconductor exposure and a 100% local labour force – the former provides a sustainable uplift to margins, whilst the latter spares ATech from issues related to migrant workers. Essentially, we highlight ATech has complied with the code of conduct set by Responsible Business Alliance (RBA), the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. On top of that, ATech is upgrading its facilities towards Industry 4.0 – encompassing the use of automation, artificial intelligence, Internet of Things (IoT) and real-time data – to increase productivity and reduce its dependence on human labour.
- **Risks to our recommendation include** a change in customer concentration, major disruptions to the supply chain, and delays in its expansion plans.

Forecasts and Key Data	Jan-20	Jan-21	Jan-22F	Jan-23F	Jan-24F
Total turnover (MYRm)	389.3	362.2	399.0	433.4	465.5
Gross margin (%)	11.9	8.3	12.0	12.8	13.0
Recurring net profit (MYRm)	23.6	15.1	26.6	34.2	38.1
Recurring net profit growth (%)	-1.2	-36.0	76.4	28.5	11.2
Net margin (%)	6.1	4.2	6.7	7.9	8.2
Recurring P/E (x)	20.6	32.3	18.3	14.2	12.8
P/BV (x)	5.0	4.3	3.0	2.5	2.1
Dividend Yield (%)	7.9	1.0	1.1	1.5	1.8
Return on average equity (%)	32.6	18.0	22.6	23.6	21.9
Net debt to equity (%)	1.4	1.4	0.9	0.5	0.4

Source: Company data, RHB

Analyst

Soong Wei Siang
+603 9280 8865
soong.wei.siang@rhbgroup.com

Company Description

Aurelius Technologies (ATech), through its subsidiary BCM Electronics, is principally a provider of EMS for industrial electronics products, and has an established track record of 28 years. ATech has carried out EMS for three product categories: i) Communication and IoT products; ii) electronic devices; and iii) semiconductor components.

IPO Details

Public Issue (%)	29
Shares outstanding (m)	358m
Implied market cap	MYR487m

Major Shareholders (%)

Main Stream Holdings	71.0

Utilisation of IPO Proceeds	MYRm
Purchase of new machinery	40
Repayment of bank borrowings	29.5
General working capital	28.1
Estimated listing expenses	7.1
TOTAL	**104.7**

Additional Data

Listing Market	Main Market
Bursa Code	5302
Shariah-compliant	Yes

Valuation

We believe ATech could trade at a FV of MYR1.73. The FV is derived by pegging 18x P/E to its FY23F EPS of 9.6 sen. The P/E implies a 5-20% discount from the valuations we ascribed to the EMS stocks under our coverage, given ATech's relatively smaller market capitalisation and profit base. This is in line with the current average of its peers' market valuations.

We chose not to widen the discount gap further, to take into account ATech's relatively faster earnings growth – we forecast a 3-year net profit CAGR of 36%, which is higher than the 18% and 20% forecasted for SKP Resources (SKP MK, BUY, TP: MYR2.40) and VS Industry (VSI MK, BUY, TP: MYR2.01). In addition, its exposure to the semiconductor sector and zero-reliance on foreign labour should also render its risk-reward profile more compelling than that of the typical EMS peer – the former should strengthen margins whilst the latter spares ATech from migrant worker-related issues.

We are generally positive on the EMS sector, premised on the robust job flows – underpinned by the established expertise of the local players and availability of a complete supply chain. This facilitates an efficient cost structure and solid execution, which should entice more customers to expand their manufacturing sources to Malaysia. Meanwhile, the cost-plus model commonly practiced in the EMS business is also attractive under the current environment of rising costs. Such growth dynamics will be appreciated by the investors seeking for growth amidst a challenging broad environment, which in turn would drive a valuation rerating.

Figure 1: Peer comparison

Company	FYE	Mkt Cap (USDm)	Last price (MYR)	P/E (x)			Div. Yld (%)	ROE (%)	EV/ EBITDA	NP Growth (%)	
				Actual	1 Yr Fwd	2 Yr Fwd	1 Yr Fwd	1 Yr Fwd	1 Yr Fwd	1 Yr Fwd	2 Yr Fwd
VS Industry	Jul	1289	1.42	21.6	16.2	13.8	3.0	15.2	9.8	33.4	17.8
SKP Resources	Mar	691	1.86	22.5	18.4	14.8	2.8	5.3	11.4	22.2	24.1
Kobay Technology	Jun	503	6.52	77.5	47.3	37.8	0.6	5.1	26.7	64.0	25.1
PIE Industrial	Dec	353	3.87	32.6	25.7	20.0	1.8	2.9	12.5	26.6	28.5
ATA IMS	Mar	123	0.43	3.4	33.3	11.4	2.6	0.5	10.1	-89.8	193.5
Salutica	Jun	54	0.535	-22.9	na	na	na	na	na	na	na
EG Industries	Jun	45	0.525	12.7	na	na	na	na	na	na	na
Mkt. Cap Weighted Avg.				**30.6**	**23.1**	**18.1**	**2.3**	**8.8**	**12.9**	**29.1**	**28.2**

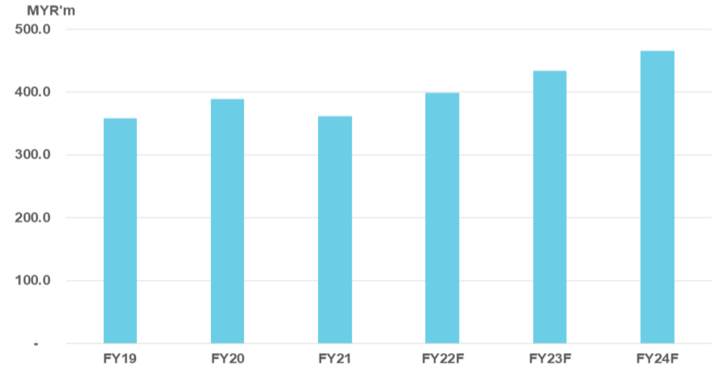
Source: Bloomberg, RHB

Financial Overview

Earnings forecasts. We are projecting a 3-year earnings CAGR of 36% for ATech, underpinned by robust demand flows from existing key customers whilst Customer F is expected to contribute more significantly moving forward. The volume growth will be captured by the ongoing and future capacity expansion, with the group's manufacturing floor space estimated to increase by c.69% to 133k sq ft by end-2021.

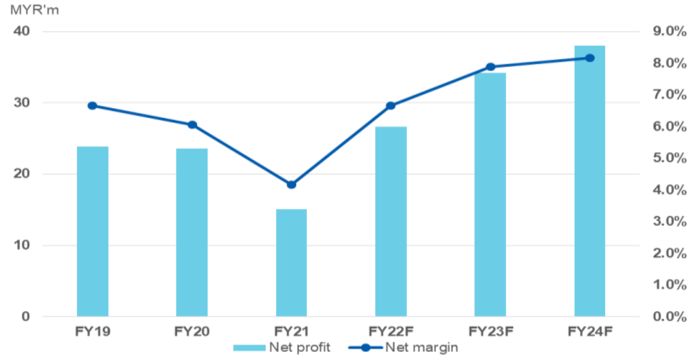
To cater for the high order demand from Customer F, the group is planning to increase the production lines earmarked for this customer to seven by end-2023, from four currently. Meanwhile, we forecast GPM to expand to 13% in FY23 from 12.3% in 7MFY22, primarily driven by progressively higher contributions from Customer F, which commands a much higher margin vs the other jobs. Together with the assumptions of a well-controlled opex and lower effective tax rate on tax incentives going forward, we forecast net profit to grow by 29% YoY in FY23, following a sharp rebound from a low base in FY22F (+76% YoY).

Figure 2: ATech's revenue trend (FY19-24F)



Source: IPO prospectus, RHB

Figure 3: Net profit and margin forecasts



Source: IPO prospectus, RHB

Net gearing and dividend payout. As at 7MFY21, ATech's net gearing stood at 1.2x. Post listing, c.MYR30m of IPO proceeds will be used to pare down borrowings and its net gearing to 0.5x. Meanwhile, the group targets a dividend payout ratio of not less than 20% of net profit, and we forecast DPS at 1.5 sen, 2 sen and 2.5 sen for FY22F-24. This translates to prospective dividend yields of 1.1-1.8%, based on the indicative IPO price of MYR1.36.

7MFY22 results review. ATech's 7MFY22 revenue grew 7.8% YoY to MYR200m, thanks to robust growth in electronic devices (+136%) and semiconductor components (to MYR5.3m from MYR1.3m). That more than offset the softness in communication and IoT products (-3.5%), which was relatively more affected by the workforce restrictions under the lockdown enforcements and partly due to seasonal factors. Its 7MFY22 gross margin expanded to 12.3% (+5.3ppt) on a favourable product mix and normalisation, as 7MFY21 was a low base due to the impact of the full lockdown. As a result, 7MFY22 net profit more than doubled to MYR13.2m, from MYR5.3m in 7MFY21.

Key Risks

Customer concentration

ATech's top five major customers accounted for c.89-91% of its FY19-21 revenue. In the event it loses these major customers, the group's performance could be materially impacted if it is unable to secure new major ones. In the event it loses these major customers spanning 5-24 years, there can be no assurance that they will issue new purchase orders or renew agreements upon expiry in the future.

In the event it loses these major customers, the group's performance could be materially impacted. ATech will need to increase sales from existing customers and/or secure new ones to substitute the loss of the major customers in a timely manner, to mitigate the impact of such a loss.

Figure 4: ATech's top five customers (90.9% of FY21 revenue) and Customer F

Customer	Principal activity	Length of relationship (years)	FY21 revenue contribution
A	Assembly and manufacture of computers, computer peripherals, electronic sub assembly, medical, telecommunications, multimedia, consumer and renewable energy products	5	35.9%
B	Provision of communication infrastructure, devices, accessories, software, services and systems integration for radio and TV broadcasting and communications equipment	23	24.1%
C	Provision of wireless IoT communication devices including telematics, GPS asset tracking, cellular modems, wireless telemetry, and rental applications	14	17.5%
D	Manufacture of machinery and equipment, and provision of support services for the energy industry	12	6.9%
E	Provision of wireless infrastructure communication systems, radio communications and its accessories	24	6.5%
F	Design, production, R&D and sales services of wireless communication modules and solutions in the IoT field	2	-

Source: Company data

Disruption in the global supply chain

ATech's manufacturing operations are dependent on imported input materials including printed circuit boards (PCBs), semiconductor components, and mechanical parts. The group sources for input materials from Malaysia as well as from foreign countries, with imported input materials accounting for c.70-75% of purchases of input materials for the FY under review.

Any serious and prolonged global shortage of such input materials may lead to lost business opportunities and delays in production, which may affect the group's reputation and revenue recognition, while dampening growth. The cost of production is also dependent on the cost of input materials used which, in turn, is dependent on the prevailing price trends in the market.

That said, the group minimises its exposure to shortages and price fluctuations by purchasing from suppliers recommended by its customers, and sourcing from suppliers based on the concept of competitive priorities. Customers have generally accommodated price increases with respect to input materials, but there is no assurance that the group will be able to pass on the increase in the costs of input materials to customers.

FX fluctuations

ATech is exposed to FX fluctuation risks, as its revenue and purchases are principally denominated in USD and MYR (c.99-100% of revenue and c.98% of purchases in USD). Any fluctuation in USD would have an impact on revenue from the group's contract with customers, as well as on its cost of sales and GP margins. However, ATech currently does not use any financial instrument to hedge its exposure transactions in foreign currencies – as a significant portion of its EMS business is naturally hedged due to sales and purchases being principally denominated in the same currency.

Company Overview

Aurelius Technologies, through its subsidiary BCM Electronics, is principally a provider of EMS for industrial electronics products, with an established track record of 28 years. Currently, ATech has carried out EMS for three product categories:

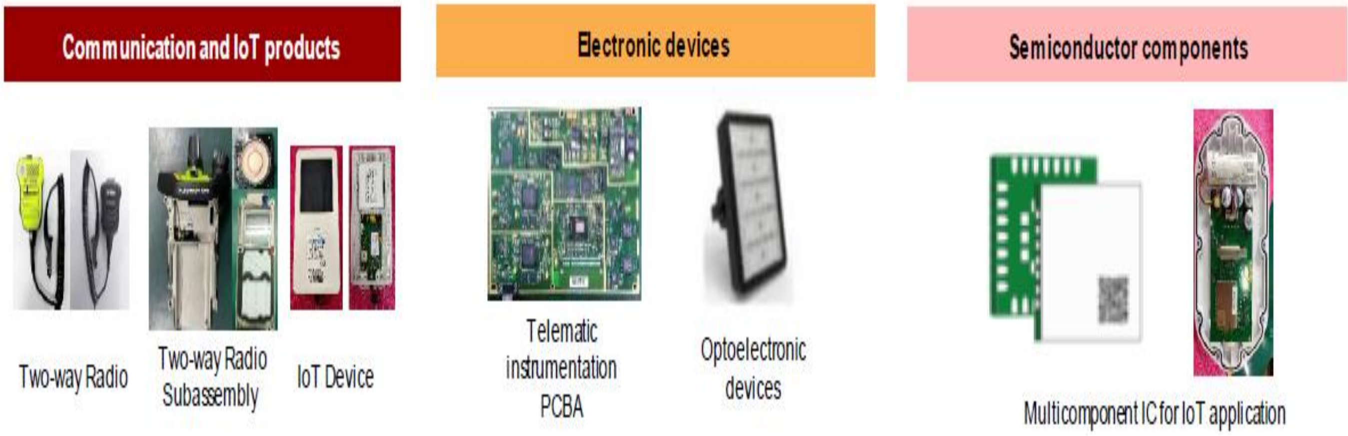
i. Communication and IoT products;

ii. Electronic devices; and

iii. Semiconductor components.

In FY21, the three categories accounted for 89.5%, 9.4% and 1.1% of ATech's revenue of MYR362.2m (ATech first started producing semiconductor components in FY21). ATech operates in Malaysia but serves customers across 11 countries, with the top three markets being the US, Malaysia and Singapore – which jointly accounted for 89.3% of its revenue in FY21.

Figure 5: ATech's product portfolio



Source: Company

ATech has the facilities to handle a range of EMS requirements from customers, offering end-to-end solutions such as engineering support services, manufacturing services, and customised test development. A key strength for ATech is its in-house-designed manufacturing execution systems (MES) that enables full traceability of all material movements and manufacturing processes in the production facility in real time. The reports generated by this system provide greater transparency among customers.

Additionally, ATech has various certifications to substantiate its ability to meet the quality standards and expectations of customers, including the ATEX Certification, a European Union certification for equipment intended for use in a potentially explosive atmosphere. This indicates that its ATEX-certified radio equipment is manufactured based on a stringent set of requirements, which serves as a positive reference point for customers.

ATech is led by an experienced management team. CEO Lee Chong Yeow has over 42 years of operational knowledge of the manufacturing industry. Loh Hock Chiang, the group CFO, has 28 years of experience in operational and finance-related functions within the industry. They are supported by the rest of the senior management team, who all have over 20 years of experience in the field, with most having joined BCM Electronics since the early 2000s.

Future Plans And Strategies

Expansion into semiconductor component manufacturing

The group is targeting to have a total of seven production lines dedicated to semiconductor manufacturing for Customer F by end-2023 to cater for its increased demand. This is based on the mutual understanding in terms of the quantity the customer requires, and takes into account the prospects of the industry's growth.

Expansion of production facilities

The group has commenced construction of a new manufacturing plant on the plot of vacant land spanning approximately 3 acres, which is adjacent to its existing manufacturing plant. The new single-storey manufacturing plant's footprint is 62k sq ft, which will increase its total floor space by c.69% to 133k sq ft by end-2021. The group targets to increase its annual capacity by close to two times by end-2023, when there will be a total of 15 surface-mounted technology or SMT lines in its production facilities. This will cater to the business expansion and growth of its existing business. The total cost for the purchase of machinery and equipment is estimated at MYR43.3m – of which MYR30m is to be funded by IPO proceeds, and remaining MYR13.3m from internally generated funds and bank borrowings.

Upgrading of manufacturing facilities towards Industry 4.0

It aims to upgrade its facility, adopting an automated material handling system through Automated Guided Vehicle (AGV) and undertaking the development and implementation of customised software and systems for factory automation including smart warehousing system and production operations. The total cost to develop and integrate the customized software and system is estimated at MYR4m, which will be funded though internally generated funds and bank borrowings. The upgrade is targeted to be completed progressively, by end-2023.

Introduction of new products

ATech plans to manufacture lithium-ion battery pack systems for use in light vehicles including golf carts/electric carts, forklifts and AGVs. It is currently working in collaboration with a third party for the development phase of the lithium-ion battery pack system. The company expects to commercialise the lithium-ion battery pack system by the end of 2022. The estimated cost for the development of this new product is MYR5.3m – which is expected to be funded through internally generated funds.

IPO Details

Figure 6: Indicative IPO timeline

Opening of institutional offering	**29 November 2021**
Issuance of the prospectus/opening of the retail offering	**10am, 29 November 2021**
Closing of the institutional/retail offering	**5pm, 3 December 2021**
Price determination date	**6 December 2021**
Allotment	**15 December 2021**
Listing	**16 December 2021**

Source: Company data

Figure 7: Utilisation of IPO proceeds

Details of use of proceeds	**Estimated timeframe**	**MYRm**	**% of proceeds**
Purchase of new machinery and equipment	Within 24 months	40	38.2
Repayment of borrowings	Within 6 months	29.5	28.2
Working Capital	Within 36 months	28.1	26.9
IPO expenses	Within 6 months	7.1	6.7
Total		**104.7**	**100.0**

Source: Company data

Figure 8: Offering structure

	m shares	**% of enlarged share base**
Institutional	**81**	**22.6%**
Bumi	*44.8*	*12.5%*
non-Bumi	*36.2*	*10.1%*
Retail	**22.9**	**6.4%**
Eligible persons (directors, employees and etc)	*5*	*1.4%*
Public	*17.9*	*5.0%*
Total IPO offering (74% primary:26% secondary)	**103.9**	**29%**

Source: Company data

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 2021 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 – Nov 2021 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
1. *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 – Nov 2021 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 – Nov 2021 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 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