

27 May 2022

Industrials | Heavy Equipments

United Tractors (UNTR IJ)

Buy (Maintained)

Sailing An Optimistic Trajectory On Tailwinds; BUY

Target Price (Return): IDR34,700 (15.0%)
Price (Market Cap): IDR30,175 (USD7,703m)
ESG score: 2.80 (out of 4)
Avg Daily Turnover (IDR/USD) 144,905m/10.1m

- **Still BUY, new IDR34,700 TP from IDR31,400, c.15% upside and c.4% FY22F yield.** We upgrade FY22-23F earnings by 14% and 5%, on higher heavy equipment (HE) sales projections for this year (FY22 target: 5,300 units; +72% YoY). Strong demand from the mining activities revival so far has brought back positive sentiment on United Tractors' domestic HE sales trends and improvements in market share. We have incorporated an ESG discount of 4% to our valuation based on our in-house methodology.
- **Stellar HE sales trend remain, although a temporary halt may be a barrier in the road ahead.** Komatsu's April sales were down to 368 units (-42% MoM, +67% YoY; 4M22: 2,062 units; +127% YoY) due to lower working days from a larger number of public holidays – we expect a more stable recovery from June. However, the achievement is in line so far (at 39%) with our new full-year projection of c.400 units/month (minimum) for the rest of the year to achieve its target (current YTD average: c.510 units). Thanks to resiliencies and excellent qualities provided, Komatsu remains the most sought after brand by mining contractors in Indonesia (based on our channel checks), outweighing its relatively premium price. Note: UNTR has put a higher pricing on its HE products (based on ASP growth of 56% YoY during 1Q22 in terms of units sold) while still able to maintain its market share dominance (29% vs 22% during same period last year). This underpins our confidence for a better overall topline for the company due to higher contributions from this segment.
- **Mining contracting activity a bit under the weather.** Pama Persada Nusantara's 4M22 overburden (OB) removal volume stood at 281m bcm (+8% YoY), with coal production recorded at 32m tonnes (-13% YoY). The challenge from prolonged rainy season may dampen the segment's achievement, but hopefully it will get back on its track later this year, as Indonesia's weather seasonally dries out during 2H.
- **Coal sales are relatively stable,** despite a correction on its YTD achievements (4m tonnes, -14% YoY; 43% of the full-year target). Nevertheless, earnings support from this segment will remain beneficial, in our view, given the positive traction from benchmark prices (Newcastle Coal Futures 4M22 average: USD275.00/tonne; +209% YoY).
- **Gold sales weakened** to 97,000oz (-22% YoY), but were relatively in line within the company's full-year guidance (at 30% as per 4M22). Despite tougher mining efforts to secure reserves, the gold business will continue to supplement UNTR's overall business, in our view, given its hefty margins.
- **Downside risks:** i) Softening HE sales, ii) an unprecedented downturn in coal prices, and iii) prolonged COVID-19 waves that impact global coal demand. Main risks related to ESGs are probability of lower coal demand from renewable energy phasing out thermal powered plants, as well as limited funding ability from investment funds for coal-related projects.

Analysts

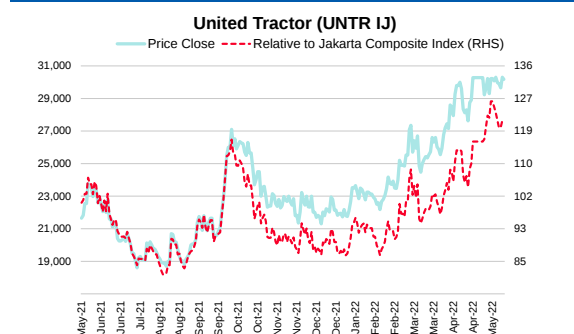
Indonesia Research
+6221 5093 9888
rhb.id.research@rhbgroup.com

Ryan Santoso
+6221 5094 0983
ryan.santoso@rhbgroup.com



Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	36.2	9.2	21.2	32.1	40.3
Relative	31.6	13.8	21.3	29.4	21.9
52-wk Price low/high (IDR)	18,600 – 30,300				



Source: Bloomberg

Forecasts and Valuation	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Total turnover (IDRb)	60,347	79,460	93,495	85,830	83,893
Recurring net profit (IDRb)	6,003	10,280	13,193	12,112	11,544
Recurring net profit growth (%)	(46.9)	71.2	28.3	(8.2)	(4.7)
Recurring P/E (x)	18.75	10.95	8.53	9.29	9.75
P/B (x)	2.0	1.8	1.5	1.4	1.3
P/CF (x)	3.00	2.40	3.00	2.88	3.09
Dividend Yield (%)	2.7	4.0	4.6	4.2	4.2
EV/EBITDA (x)	5.72	3.71	3.09	3.00	2.72
Return on average equity (%)	10.4	17.3	19.4	15.9	13.9
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, RHB

Overall ESG Score: 2.80 (out of 4)

E: GOOD

UNTR applies international standard ISO 14001: 2015 for environmental management systems, certified by an independent certification agency. It also applies the Astra Green Company practices of its parent company as a reference when implementing environmental impact management initiatives.

S: GOOD

UNTR is actively engaged in CSR activities. In 2020, it received a Padmamitra Award in the Disaster Fields category from the Ministry of Social Affairs and National Social Welfare CSR Forum.

G: GOOD

UNTR regularly conducts shareholders' meetings and ensures equal distribution of public information to all stakeholders. It has received numerous awards with regards its governance practices, one of them being Indonesia 2020 Best Rating on Governance Disclosures of Trading Sector, issued by Investor Magazine.

27 May 2022

Industrials | Heavy Equipments

Financial Exhibits

Asia	Financial summary (IDR)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Indonesia	Recurring EPS	1,609.44	2,755.85	3,536.74	3,247.02	3,094.78
Industrials	DPS	808.00	1,197.65	1,379.97	1,280.76	1,272.64
United Tractors	BVPS	14,776.89	17,066.18	19,468.40	21,335.45	23,149.47
UNTR IJ	Return on average equity (%)	10.4	17.3	19.4	15.9	13.9
Buy						
Valuation basis	Valuation metrics	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
P/E target at c.10x of FY22-23F EPS, at the mean line from its 5-year average forward-rolling P/E band.	Recurring P/E (x)	18.75	10.95	8.53	9.29	9.75
	P/B (x)	2.0	1.8	1.5	1.4	1.3
	FCF Yield (%)	30.7	39.0	28.9	30.0	27.6
	Dividend Yield (%)	2.7	4.0	4.6	4.2	4.2
	EV/EBITDA (x)	5.72	3.71	3.09	3.00	2.72
	EV/EBIT (x)	12.58	5.89	4.46	4.39	3.95
Key drivers	Income statement (IDRb)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
i. Increase in coal sales volumes;	Total turnover	60,347	79,460	93,495	85,830	83,893
ii. Increase in coal prices;	Gross profit	12,990	19,664	22,662	20,270	19,768
iii. Increase in coal-mining activities;	EBITDA	18,240	23,640	25,013	22,606	21,867
iv. Surge in gold prices.	Depreciation and amortisation	(9,946)	(8,765)	(7,642)	(7,143)	(6,772)
	Operating profit	8,294	14,875	17,370	15,463	15,095
	Net interest	(781)	118	(215)	(258)	(357)
	Pre-tax profit	7,011	14,462	17,090	15,540	15,078
	Taxation	(1,379)	(3,854)	(4,102)	(3,730)	(3,619)
	Reported net profit	6,003	10,280	13,193	12,112	11,544
	Recurring net profit	6,003	10,280	13,193	12,112	11,544
Key risks	Cash flow (IDRb)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
i. A longer-than-expected recovery from COVID-19;	Change in working capital	2,831	3,800	(2,646)	726	175
ii. Weakening coal and heavy equipment (HE) ASPs from demand stoppages due to decelerating economic growth.	Cash flow from operations	37,467	46,989	37,469	39,023	36,471
	Capex	(2,931)	(3,139)	(4,930)	(5,298)	(5,401)
	Cash flow from investing activities	(2,594)	(3,159)	(4,930)	(5,298)	(5,401)
	Dividends paid	(3,639)	(3,013)	(4,467)	(5,147)	(4,777)
	Cash flow from financing activities	(15,455)	(2,533)	(4,167)	(4,747)	(4,377)
	Cash at beginning of period	12,091	20,499	33,322	43,644	53,277
	Net change in cash	19,418	41,297	28,372	28,978	26,693
	Ending balance cash	20,499	33,322	43,644	53,277	61,905
Company Profile	Balance sheet (IDRb)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
UNTR distributes and leases construction machinery including the Komatsu, Nissan Diesel, Scania, Bomag, Valmet, and Tadano brands. The company also provides mining contracting services, and trades and assembles heavy equipment or HE.	Total cash and equivalents	20,499	33,322	43,644	53,277	61,905
	Tangible fixed assets	37,280	32,382	28,235	26,390	25,019
	Total investments	3,063	4,057	4,057	4,057	4,057
	Total assets	94,634	107,661	119,397	125,180	131,913
	Short-term debt	4,045	6,205	6,005	5,905	5,805
	Total long-term debt	8,436	2,982	3,482	3,982	4,482
	Total liabilities	36,654	40,739	43,718	42,838	42,890
	Total equity	57,981	66,922	75,679	82,342	89,023
	Total liabilities & equity	94,634	107,661	119,397	125,180	131,913
	Key metrics	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
	Revenue growth (%)	(28.5)	31.7	17.7	(8.2)	(2.3)
	Recurrent EPS growth (%)	(46.9)	71.2	28.3	(8.2)	(4.7)
	Gross margin (%)	21.5	24.7	24.2	23.6	23.6
	Operating EBITDA margin (%)	30.2	29.8	26.8	26.3	26.1
	Net profit margin (%)	9.9	12.9	14.1	14.1	13.8
	Dividend payout ratio (%)	50.2	43.5	39.0	39.4	41.1
	Capex/sales (%)	4.9	4.0	5.3	6.2	6.4
	Interest cover (x)	5.39	19.72	14.08	12.03	11.29

Source: Company data, RHB

27 May 2022

Industrials | Heavy Equipments

Figure 1: RHB vs Street's estimates

(IDRbn)	RHB (new)			RHB (old)			Change			Street			RHB vs Street		
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F
Revenue	93,495	85,830	83,893	83,256	84,345	85,272	12.3%	1.8%	-1.6%	93,251	92,773	91,532	0.3%	-7.5%	-8.3%
Gross profit	22,662	20,270	19,768	19,553	19,414	19,977	15.9%	4.4%	-1.0%	22,921	22,111	21,474	-1.1%	-8.3%	-7.9%
Operating profit	17,370	15,463	15,095	14,774	14,691	15,585	17.6%	5.3%	-3.1%	17,653	17,199	15,977	-1.6%	-10.1%	-5.5%
Net profit	13,193	12,112	11,544	11,577	11,525	11,901	14.0%	5.1%	-3.0%	13,331	13,255	12,785	-1.0%	-8.6%	-9.7%
Margin															
Gross	24.2%	23.6%	23.6%	23.5%	23.0%	23.4%				24.6%	23.8%	23.5%			
EBIT	18.6%	18.0%	18.0%	17.7%	17.4%	18.3%				18.9%	18.5%	17.5%			
NPM	14.1%	14.1%	13.8%	13.9%	13.7%	14.0%				14.3%	14.3%	14.0%			

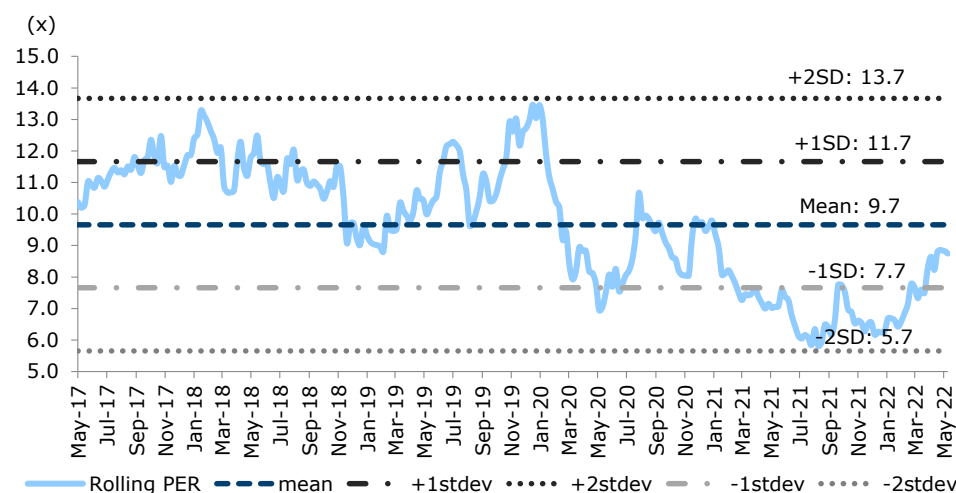
Source: Company data, RHB

Figure 2: Changes to our key assumptions

	RHB (new)			RHB (old)			Change		
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F
Komatsu HE sales (units)	5,300	4,200	4,225	3,700	3,850	3,927	43.3%	9.1%	7.6%
HE blended ASP (USDk/unit)	250	255	260	231	232	233	8.4%	10.0%	11.6%
OB Removal volume (m bcm)	893	859	827	860	925	981	3.9%	-7.2%	-15.6%
Contracting fee per coal produced (USD/tonne)	21.9	20.8	20.0	20.9	20.7	20.3	4.7%	0.5%	-1.6%
Coal production volume (m tonnes)	115	115	113	117	124	132	-2.2%	-7.8%	-13.9%
Coal mining – sales volume (m tonnes)	9.2	9.2	9.2	9.2	9.2	9.2	0.0%	0.0%	0.0%
Coal ASP target (USD/tonne)	112.0	84.8	80.0	96.0	80.0	76.0	16.7%	6.0%	5.3%
Gold volume (k oz)	328	324	321	328	324	321	0.0%	0.0%	0.0%
Gold ASP (USD/oz)	1,947	1,975	2,000	1,947	1,975	2,000	0.0%	0.0%	0.0%

Source: Company data, RHB

Figure 3: UNTR's 5-year average P/E band



◆ UNTR trading at around -0.5SD from its 5-year forward P/E band. This implies a c.15% upside to its P/E target at the mean line to FY22F-23F EPS

Source: Company data, RHB

27 May 2022

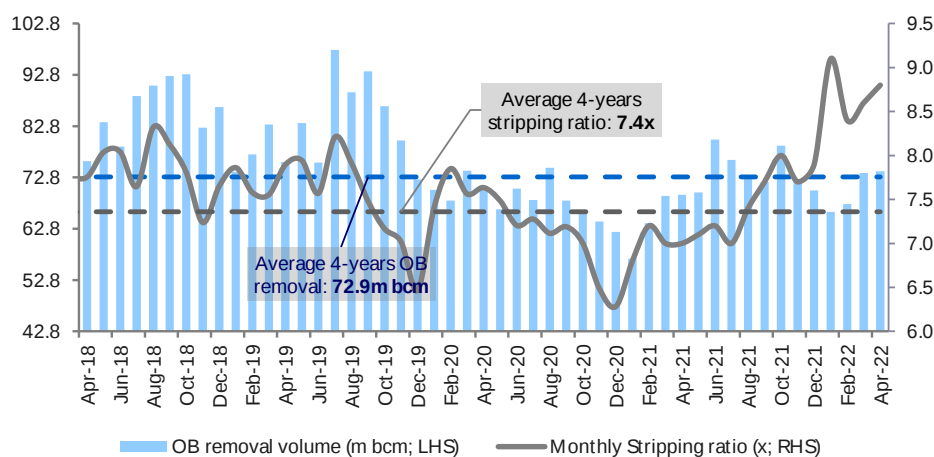
Industrials | Heavy Equipments

Figure 4: UNTR's operational statistics for April and cumulative 4M22 data

	Apr-21	Mar-22	Apr-22	% MoM	% YoY	4M21	4M22	% YoY	% FY22F	RHB guidance
UNTR's HE sales (Komatsu):										
Mining	117	413	243	-41%	107%	409	1,212	196%		
Forestry	22	57	33	-42%	50%	138	233	69%		
Construction	64	121	55	-54%	-14%	276	425	54%		
Agro	18	45	37	-17%	108%	87	192	122%		
Total	221	636	368	-42%	67%	909	2,062	127%	39%	5,300
Contribution per sector										
Mining	53%	65%	66%			45%	59%			
Forestry	10%	9%	9%			15%	11%			
Construction	29%	19%	15%			30%	21%			
Agro	8%	7%	10%			10%	9%			
Industry sales volume	1,005	2,315	1,269	-45%	26%	4,132	7,110	72%		
UNTR's market share	22%	27%	29%			22%	29%			
Mining contracting (Pama Persada):										
OB removal (m bcm)	69.4	73.7	74.0	0%	7%	259.5	281.4	8%	32%	860
Coal production (m tonnes)	9.9	8.5	8.4	-1%	-15%	37.1	32.2	-13%	28%	117
Stripping ratio (x)	7.0	8.7	8.8	2%	26%	7.0	8.7	25%		
Coal mining:										
Coal sales (m tonnes)	0.910	1.107	1.046	-6%	15%	4.6	4.0	-14%	43%	9.0
Newcastle coal prices (USD/tonne)	93.9	345.3	306.6	-11%	227%	89.1	274.9	209%		
Gold mining:										
Gold sales ('000oz)	29	24	23	-4%	-21%	124.0	97.0	-22%	30%	328

Source: Company data, RHB

Figure 5: UNTR's mining contracting trends



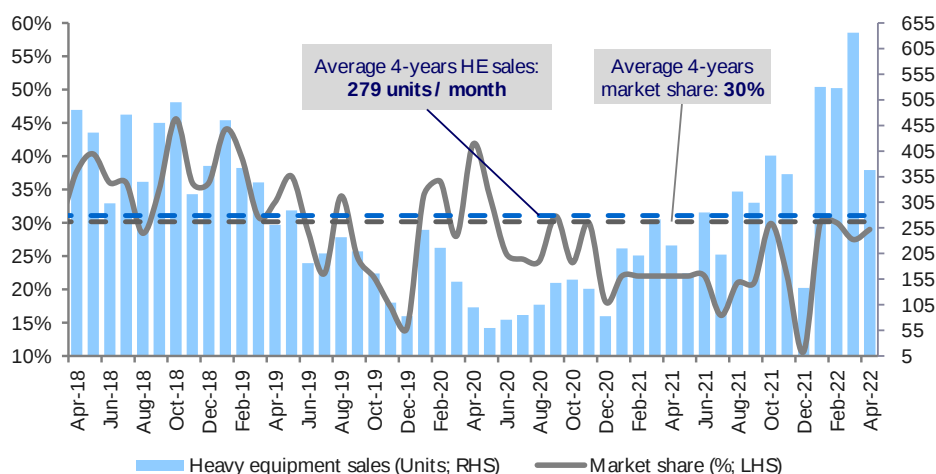
Source: Company data, RHB

◆ UNTR's OB volumes has been sustained thanks to prolonged pre-stripping activity on the back of a severe rainy season since the end of last year. We remain positive for the segment's continuation, along with the improvements in mining activity from a recovery in coal prices

27 May 2022

Industrials | Heavy Equipments

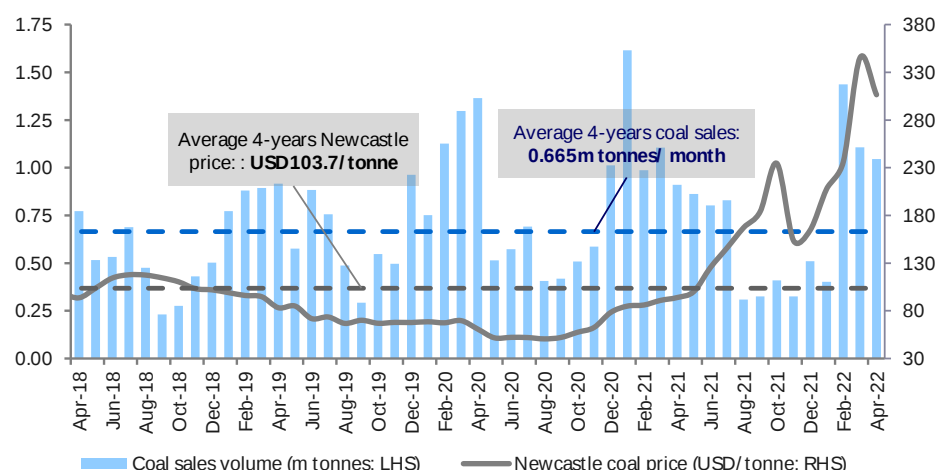
Figure 6: UNTR's HE sales trends



Source: Company data, RHB

- ◆ UNTR's monthly HE sales momentum is strong, given a surge in demand from the mining sector. The latter has been recovering pretty much since the uptrend in coal prices – the current level is higher than the average of the past few years
- ◆ Komatsu's higher monthly sales achievement has nurtured its market share close to the average level of c.30%

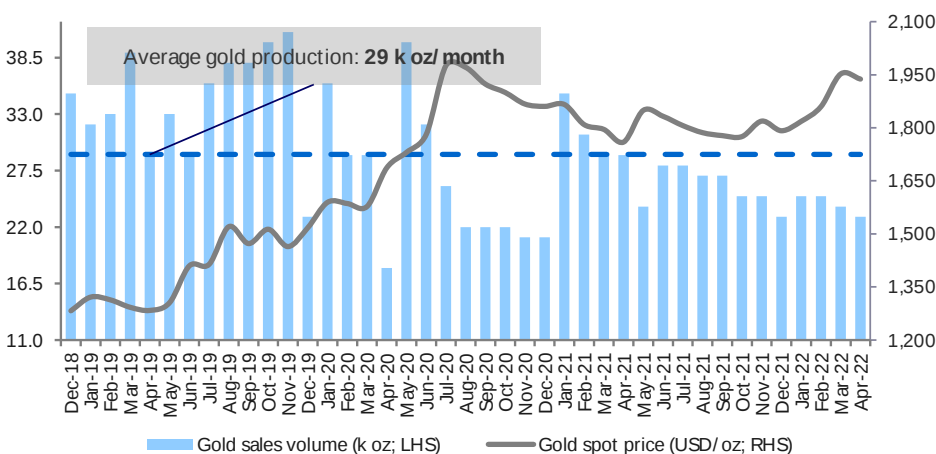
Figure 7: UNTR's coal sales trends



Source: Company data, RHB

- ◆ The risk of low coal inventory levels around the globe, due to constraints in the supply chain (instigated by the Russia-Ukraine conflict and challenging weather, which has disrupted mining and shipping activities), has catapulted coal prices to another record high. This factor provides ample support for the ASPs of UNTR's thermal and high calorific value coal
- ◆ We are optimistic that the uptrend will remain for a while

Figure 8: UNTR's gold sales trend



Source: Company data, RHB

- ◆ Gold volumes throughout 4M22 were gradually lower due to the adjustment of UNTR's mining plan to optimise reserves
- ◆ However, the achievement was still in line with the company's full-year target, emphasising our view for a recovery in gold production this year – supported also by relatively stable price. This marks this segment as a cushion for UNTR's overall profitability against fluctuations in the coal business

Recommendation Chart

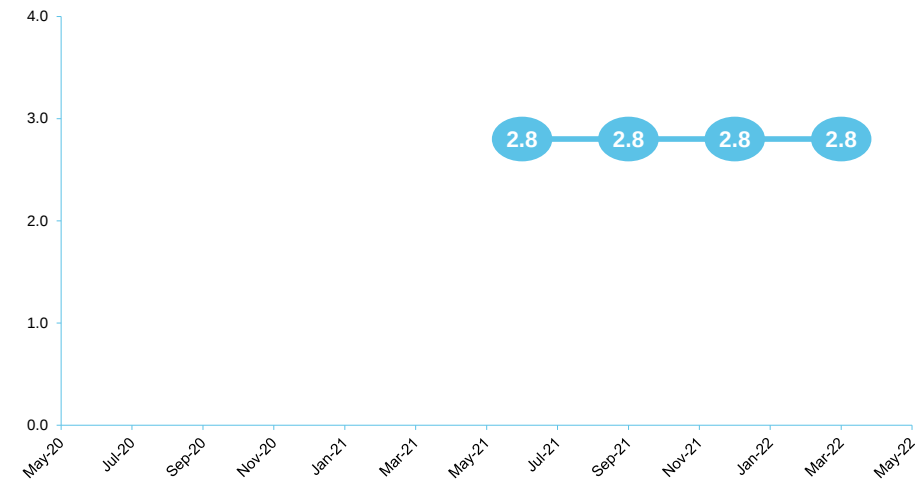


Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2022-03-01	Buy	31,400	24,850
2021-10-12	Buy	29,400	26,275
2021-09-27	Buy	27,700	22,875
2021-04-22	Buy	29,800	21,550
2020-12-10	Buy	35,000	26,025
2020-11-25	Buy	27,500	24,225
2020-07-27	Buy	25,000	21,000
2020-02-28	Buy	21,700	16,600
2019-11-01	Neutral	21,700	21,500
2019-09-25	Neutral	22,700	21,125

Source: RHB, Bloomberg

ESG Rating History



Source: RHB

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 - May 2022](#) 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 - May 2022](#) and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:

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

Indonesia

Save as disclosed in the following link [RHB Research conflict disclosures - May 2022](#) 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 - May 2022](#) 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