

21 June 2021

Basic Materials | Mining

**OM Holdings (OMH MK)****Vertically Integrated Ferroalloy Producer**

- **Fair value of MYR3.07 based on 1.7x FY22F P/BV.** OM Holdings (OMH), an Australian Stock Exchange (ASX)-listed mining and ferroalloy smelting company, is set to debut on Bursa Malaysia's Main Market on 22 Jun in a secondary listing exercise. At least 10m shares will be committed for trading liquidity on Bursa Malaysia, where the listing's reference price will be based on its ASX closing price on 21 Jun, converted at the prevailing AUD/MYR FX rate.
- **Vertically integrated manganese ore and ferroalloy producer.** With >20 years of operating track record, OMH is involved in the mining, smelting and trading of manganese ores and ferroalloys which are primarily fed into the steel industry's production process. Its mining assets are in Australia and South Africa, while smelting operations are in Sarawak and Qinzhou, China.
- **Prospects tied to regional steel sector.** The key earnings contributor lies in its primary ferroalloy smelting hub, OM Materials (Sarawak) or OMS, a 75%-owned business with Cahya Mata Sarawak (CMS MK, NEUTRAL, TP: MYR1.70). OMS has a rated capacity of around 500,000 tonnes pa comprising ferrosilicon (FeSi) and ferromanganese/silico-manganese (FeMn/SiMn) products, with key customers that include regional steelmakers such as POSCO, Nippon Steel, and JSW. The Samalaju-based smelter enjoys a relatively lower cost position, thanks to hydropower sourced from Sarawak Energy, in addition to its 10-year tax holiday period.
- **Earnings outlook.** Ferroalloy selling prices have surged YTD in tandem with the steel sector uptrend, while demand in the long run is seen to be supported by new steel capacity additions in South-East Asia. However, its Sarawak smelter has been affected by COVID-19, which resulted in partial idling of FeSi furnaces since 1H20, in addition to a full shutdown since end-May due to a recent outbreak amongst OMS employees. This is mitigated, to a certain extent, by forward sales agreements remaining in effect once production resumes. Management is anticipated to provide an update on the resumption of OMS at a later date.
- **Salient points.** Upon completion of the secondary listing, all shares quoted on both Bursa Malaysia and ASX will be fully fungible. At least 10m of the company's existing 738.62m share base shall be transferred from ASX to support trading liquidity on the Bursa Malaysia, while there is no new issuance of shares under the listing exercise. Note that earnings reporting will be done on a half-yearly basis in line with ASX's ruling, although this is supplemented by quarterly operational updates provided by the company.
- **Valuation and key risks.** Our MYR3.07 FV is based on 1.7x P/BV applied on FY22F BVPS and a AUD/MYR current FX rate of 3.10. Key risks are: Operational disruptions arising from COVID-19, fluctuations in regional ore and ferroalloy prices, as well as supply-demand imbalances.

Fair Value:	MYR3.07 (AUD0.99)
Listing Price:	TBA
Reference Pricing Date:	21 June 2021
Indicative Listing Date:	22 June 2021

**Analyst**

Lester Siew, CFA  
+603 9280 2181  
[lester.siew@rhbgroup.com](mailto:lester.siew@rhbgroup.com)

**Company Description**

Incorporated in 1997 and listed on the Australian Stock Exchange in 1998, OM Holdings is a manganese and ferroalloy producer involved in upstream exploration and mining of manganese ore, as well as downstream processing and trading of manganese ore and ferroalloys.

**Listing Details**

Minimum share transfer	10m
Share base	738.6m
Current market cap	MYR1,990m

**Major Shareholders**

Huang Gang	14.0%
Marc Chan	13.6%
Low Ngee Tong	9.2%

**Additional Info**

Listing Market	MAIN
Stock Code	5298

Forecasts and Valuation	Dec-19	Dec-20	Dec-21F	Dec-22F	Dec-23F
Total turnover (AUDm)	1,026.5	784.6	893.1	1,144.2	1,138.0
Recurring net profit (AUDm)	56.6	5.4	31.2	49.0	51.7
Recurring net profit growth (%)	-65.0	-90.6	483.8	56.9	5.5
Recurring EPS (AUD)	0.08	0.01	0.04	0.07	0.07
Recurring P/E (x)	11.3	120.1	20.6	13.1	12.4
P/BV (x)	1.6	1.7	1.6	1.5	1.4
P/CF (x)	-	-	15.4	12.6	16.0
Dividend Yield (%)	2.3	-	0.9	1.5	1.6
EV/EBITDA (x)	9.3	16.0	7.8	5.7	5.5
ROAE (%)	11.8	1.1	6.4	9.1	8.6
Net debt to equity (%)	81.0	75.3	57.4	38.7	25.7

Source: Company data, RHB

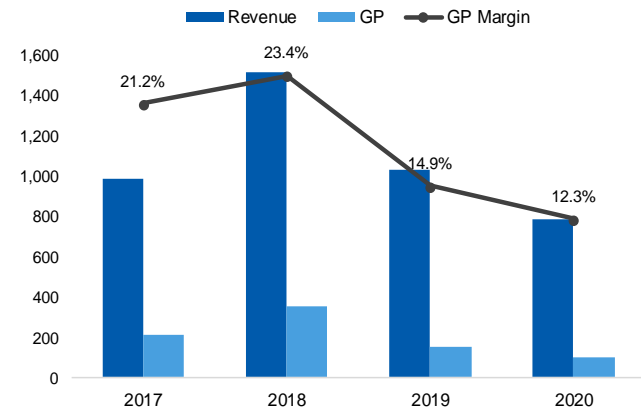
**Note:**

Small cap stocks are defined as companies with a market capitalization of less than USD1bn.

## Financial Overview & Valuation

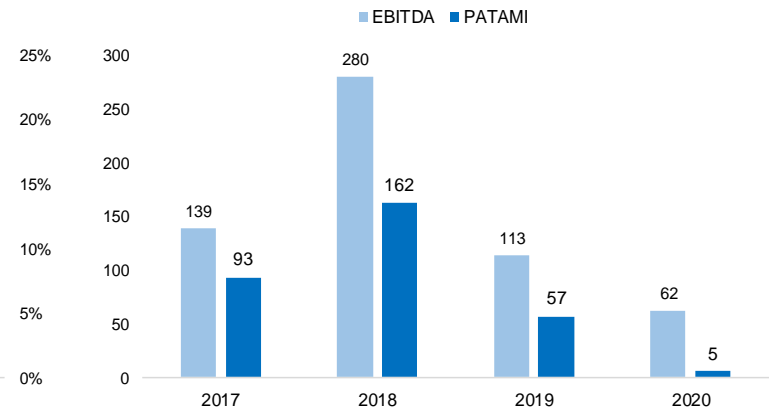
**FY20 results review.** Revenue fell 24% YoY to AUD784.6m, while group PATAMI tumbled 90% YoY to AUD5.4m as a result of the weak broader market during COVID-19, leading to ASP declines in addition to lower smelting production amid operational disruptions at OMS, which saw four out of 16 furnaces taken offline.

Figure 1: Revenue and gross profitability



Source: Company data

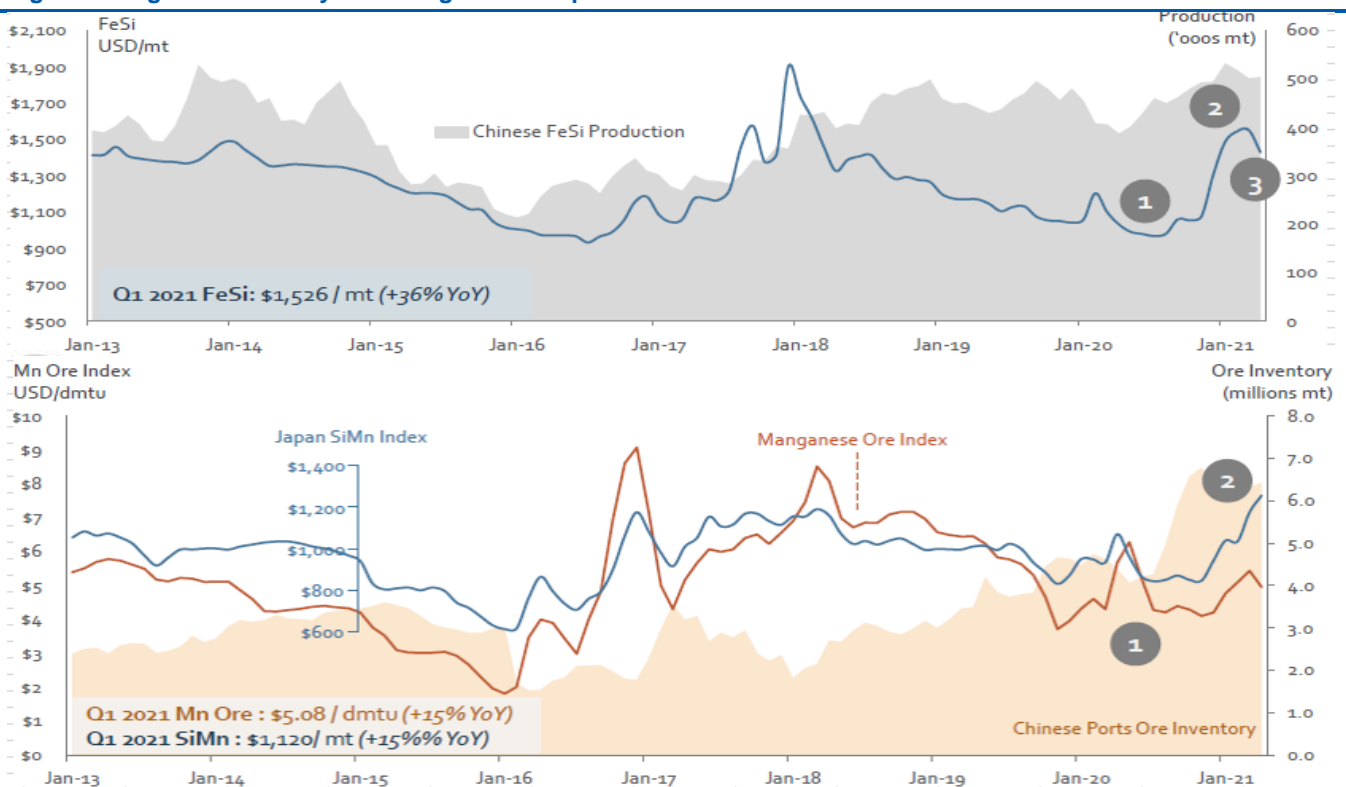
Figure 2: EBITDA and group PATAMI



Source: Company data

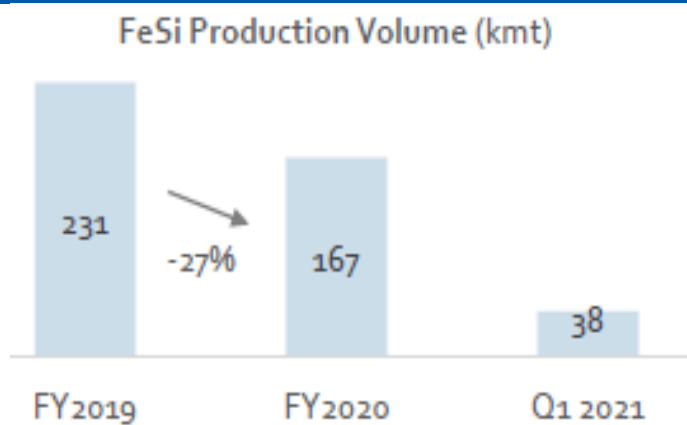
Market prices only began to recover towards end-2020, in tandem with the steel sector as demand from industrial sectors picked up once more. However, OMS continued to see a partial idling of its furnaces due to persistent labour constraints under MCO 3.0 in 1Q21, while operations have ground to a halt in May following a number of positive COVID-19 cases tested among its on-site employees. As such, OMS' production is likely to decline YoY in 1H21, while the resumption of works would require all employees at the plant to be tested negative for COVID-19. That said, OMS retains existing forward sales agreements with customers – which should help to smoothen its production planning process once operations are given the green light to recommence.

Figure 3: Regional ferroalloy and manganese ore prices



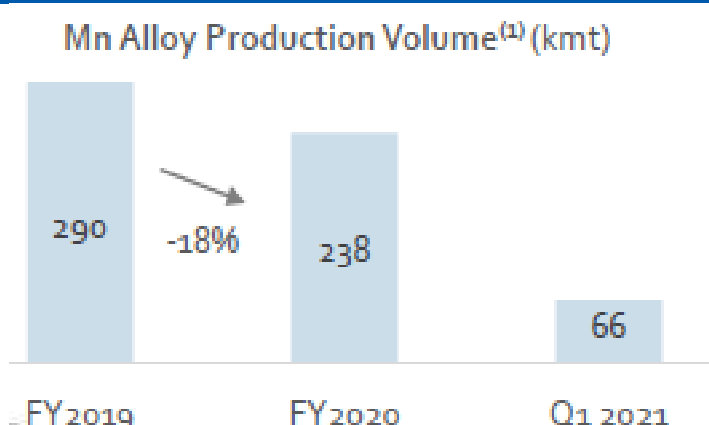
Source: Company data, Fastmarkets MB, Platts

Figure 4: Ferrosilicon production volume



Source: Company data

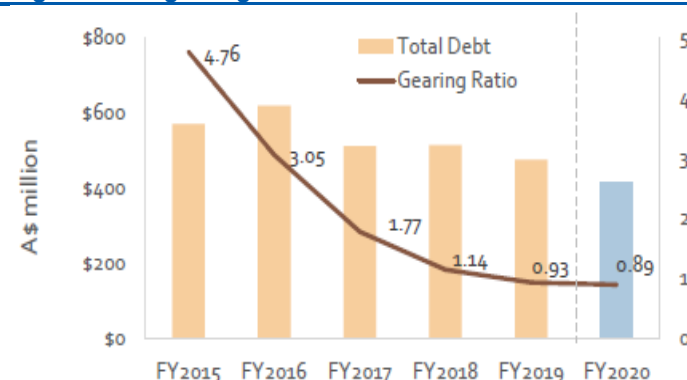
Figure 5: Manganese alloy production volume



Source: Company data

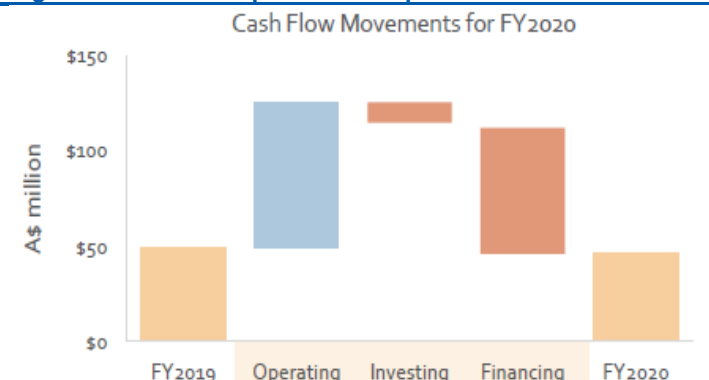
**Focused on deleveraging balance sheet.** Despite FY20's tough operating conditions, cash flow generation remained healthy – which allowed the group to continue paring down its debt. Certain capex-intensive projects were temporarily postponed last year, although these are expected to move further along from 2021F onwards.

Figure 6: Net gearing levels



Source: Company data

Figure 7: Cash flows prioritised to pare down debt levels

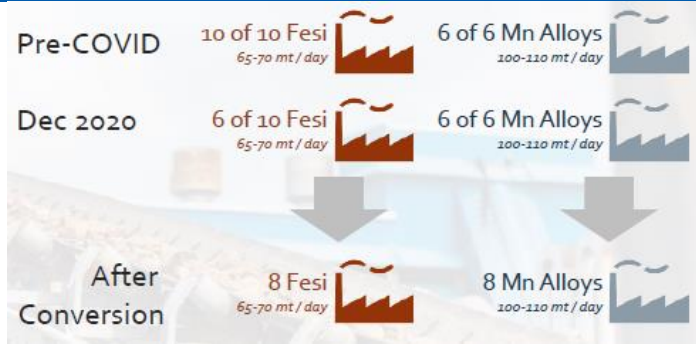


Source: Company data

**Future plans.** OMH's expansion plans are centred on expanding its smelting capabilities, namely with OMS. In the near term, the group will look to convert two of its ferrosilicon (FeSi) furnaces into manganese alloy production, giving a balanced 50-50 footprint of eight FeSi and eight ferro manganese (FeMn)/silico manganese (SiMn) furnaces subsequently. Production capacity, however, would expand by virtue of manganese alloy furnaces having a higher daily production output of 100-110 tonnes, vs 65-70 tonnes per day for FeSi furnaces.

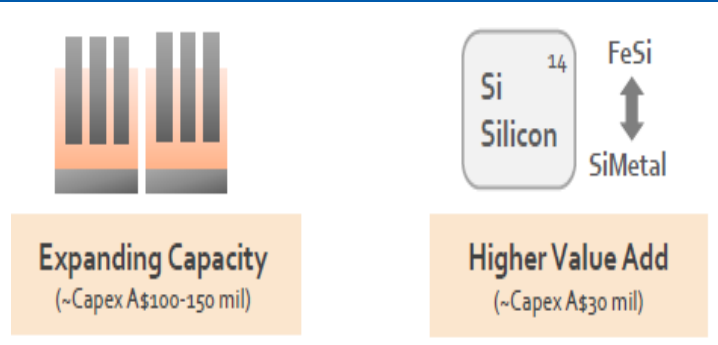
Beyond that, the group is also looking to set up additional smelting furnaces for the production of manganese alloys, slated for 2023F, while exploring potential opportunities to expand its manganese exposure across the entire value chain. At the same time, OMH is also seeking to tap into higher value-added products such as the production of metallic silicon, which garners healthy demand from the aluminium, chemicals and solar downstream industries.

Figure 8: Upgrading plans for OMS smelter



Source: Company data

Figure 9: Subsequent plans to expand smelting footprint



Source: Company data

**Earnings forecast.** OMH's 1H21 performance is expected to be impacted by the temporary suspension of OMS' operations, in addition to the persisting labour constraints affecting its smelting run-rates. The delicate operating environment amidst COVID-19 and labour movement restrictions may continue to pose downside risks to its 2H21 performance. On the other hand, this is expected to be somewhat mitigated by the lofty ferroalloy prices, in addition to higher output of manganese ore from its mining operations. We project FY21 earnings to rebound 484% YoY off FY20's low base to AUD31.2m, before rising 57% YoY further to AUD49m in FY22, as smelting utilisation rates normalise subsequently post-pandemic.

Valuation

**Fair value of MYR3.07 based on 1.7x FY22F P/BV.** Our target multiple is based on the group's historical 5-year mean P/BV. This is to reflect the balance of risks between the upcycle in ferroalloy prices and steel sector demand, vis-à-vis the current operational disruptions surrounding OMS. Direct listed peer comparisons are limited in view of the niche ferroalloy market, in addition to the differing asset bases between individual mining companies. Our MYR fair value is arrived at after converting our AUD0.99 FV based on current AUD/MYR rates of ~3.10.

Figure 10: OMH 5-year historical P/BV



Source: Bloomberg, RHB

## Outlook

**New regional steelmaking capacity additions to drive ferroalloy demand.** According to Organisation for Economic Co-operation and Development's estimates, South-East Asia's steel industry is expected to grow at a healthy pace over the coming years to cater to rising urbanisation trends, with capacity additions of 61.5m tonnes pa based on identified projects touted for the region. As such, this is anticipated to drive the long-term growth in regional demand for ferroalloys and benefit OMH's ferroalloy smelting prospects down the road.

**Near-term ASP support provided by China's decarbonisation policies.** Similar to other industrial metals, Chinese production of ferroalloys may drop off subsequently as China's government moves to control greenhouse gas emissions by power-intensive industrials as such as steelmaking and also ferroalloy production. On 28 Apr, the country's administration raised the export tax rate for FeSi further to 25% from 20%, while power usage restrictions have been enacted on industrial metals producers, which could subsequently spill over to ferroalloy producers as well. As for manganese, the decoupling between manganese alloy vs manganese ore prices this year suggests that the smelting industry is facing relatively tight supply balances as compared to the ore miners. This bodes well for OMH's ferroalloy sales prospects in the current market cycle.

## Key risks

**Prolonged operational disruptions.** Given OMH's reliance on OMS as a key earnings driver, a longer-than-expected suspension of operations due to recurring COVID-19 positive cases amongst employees, persisting labour movement restrictions, and/or delays in vaccinations may impact the group's performance beyond 1H21. This may also hold back OMS' plant upgrading works due to the need for foreign contractors to kick-start the commissioning of its manganese alloy furnace conversions.

**Supply-demand imbalances.** Ferroalloy market prices could be exposed to heavy fluctuations, depending on the state of supply-demand dynamics governing both the industry as well as the downstream steelmaking sector. For instance, an uneven cutback in steel producers' utilisation rates in China relative to ferroalloy production in the country amid the decarbonisation transition may lead to a temporary market dislocation affecting regional ferroalloy prices.

**Raw material cost and forex fluctuations may impact margins.** As the primary smelting cost component, the company is susceptible to unfavourable fluctuations in key raw material unit costs such as that of unprocessed ores and quartz, while FX volatility may also impact margins due to the group's operational exposure to various currencies including USD and AUD.

**Cross-listing frictions.** The trading and settlement of shares under Bursa Malaysia and ASX would be governed by different sets of rules, which may result in a share price divergence from time to time. Also, the transfer of shares between both exchanges is subject to time lag, which may take at least three market days or more. Variations in market liquidity may also arise between both exchanges.

## Company Overview

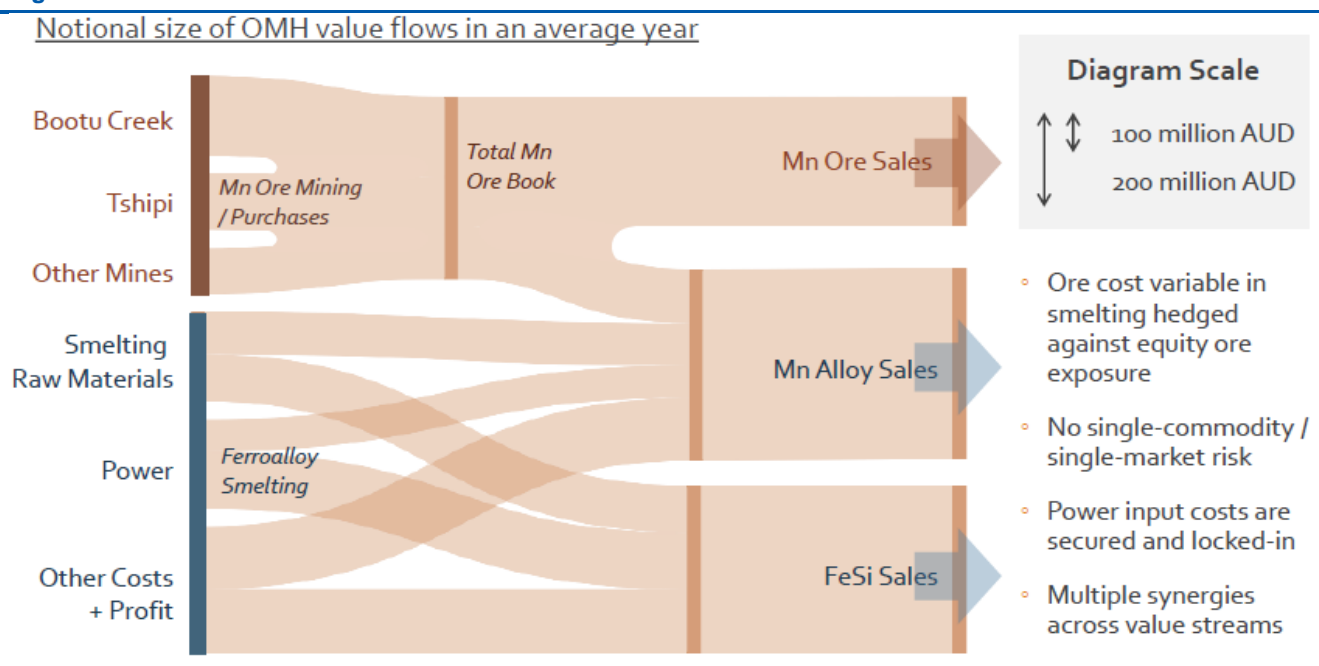
**Background.** OMH, together with its subsidiaries, is a vertically integrated manganese ore and ferroalloy producer. The group's business involves exploration, mining and trading of manganese ore, smelting and marketing of processed ferroalloys. With over 25 years in the industry, OMH was listed on the ASX in 1998, and has operations across Australia, China, Malaysia, Singapore, and South Africa. Today, the group supplies manganese ore, manganese ferroalloy and ferrosilicon, and seeks to be a major ferroalloy supply partner to major steel mills and other industries in the region and globally.

Figure 11: Overview of operating assets

Exploration & Mining	Smelting & Sintering	Marketing & Trading
<p><b>Bootu Creek - Australia</b> (100%) Manganese ore: 0.8 Mtpa</p> <p><b>Tshipi Borwa - South Africa</b> (13%*) Manganese ore: 3.0-3.6 Mtpa</p> <p><small>* Effective interest held via J/V with Ntsimbintle (a BEE group)</small></p>	<p><b>Qinzhou - China</b> (100%) Mn alloy: 80-95ktpa Sinter ore: 300ktpa</p> <p><b>Sarawak - Malaysia</b> (75%*) Mn alloy: 250-300ktpa Ferrosilicon: 200-210ktpa Sinter ore: 250ktpa <small>(estimated production capacity)</small></p> <p><small>* J/V with conglomerate Cahya Mata Sarawak, listed on Bursa Malaysia</small></p>	<p><b>Singapore/China</b> (100%) Global sales and procurement Manganese ore, Ferrosilicon, Silicomanganese, Ferromanganese, Quartz, Reductants (coke, coal), Fe units</p>

Source: Company data

Figure 12: Value chain illustration

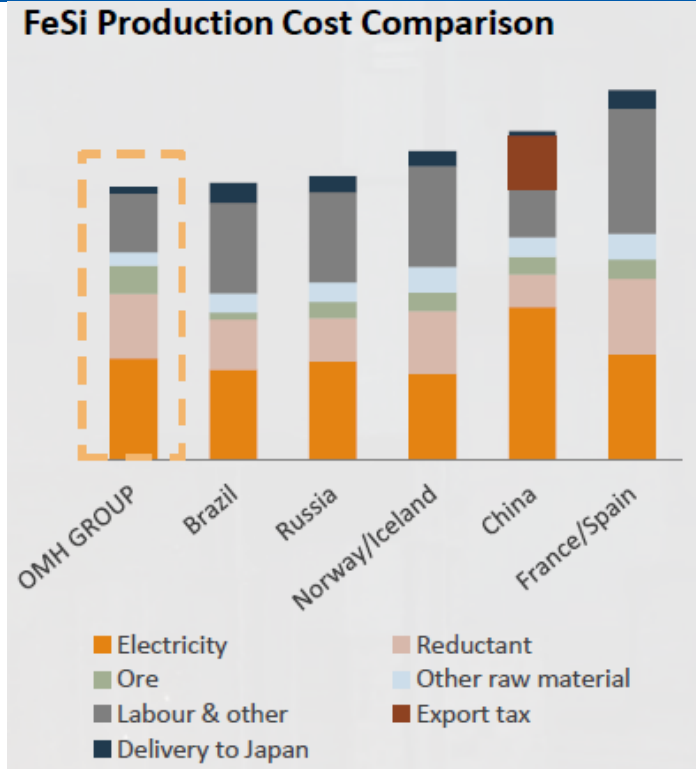


Source: Company data

**Cost-competitive ferroalloy smelting operations.** OMS is the group’s primary smelting hub and major earnings contributor, residing at the lower end of the industry’s cost curve while benefitting off a 20-year power purchase agreement for environmentally friendly hydropower supply from Sarawak Energy, in addition to being eligible for a 10-year tax-exemption period until 2027. OMS has a rated capacity of approximately 500,000 tonnes pa comprising FeSi, SiMn as well as FeMn alloy production.

Figure 13: Indicative position on industry cost curve

Figure 14: OMS smelting cost structure



Source: Company data



Source: Company data

Figure 15: Overview of product applications

Critical alloying element to steel - a product essential to basic industries and modern infrastructure



**Manganese Ore**

Manganese is the 4<sup>th</sup> most consumed metal behind iron, aluminium and copper.

Steel accounts for over 90% of manganese ore consumption, with batteries a small but growing market.

Products: **Manganese Ore**



**Manganese Alloys**

Main alloying element – **Manganese**

- Deoxidises and desulphurises steel
- Acts as a hardening agent
- No known substitute and cannot be recycled
- 6 manganese alloys furnaces

Products: **Ferro-manganese, Silico-manganese**



**Silicon Alloys**

Main alloying element – **Silicon**

- Deoxidises steel
- Used in specialty electrical steels for transformers
- No known substitute and cannot be recycled
- 10 ferrosilicon furnaces

Products: **Ferrosilicon**

Source: Company data

**ESG profile.** OMH's environmental credentials are anchored by its energy-intensive smelting operations' primary reliance on renewable hydropower, resulting in a lower carbon footprint relative to industry peers that are running on fossil fuels such as coal. Social exposure is more pronounced, given that the group is culpable to operational hazards – as highlighted by a fatal accident occurring at its Bootu Creek mine on Aug 2019, which led to a 4-month production suspension. As for the governance factor, OMH's board comprises five out of seven independent non-executive directors, whereas management provides quarterly updates on the group's operations to supplement its semi-annual reporting intervals under ASX rules.

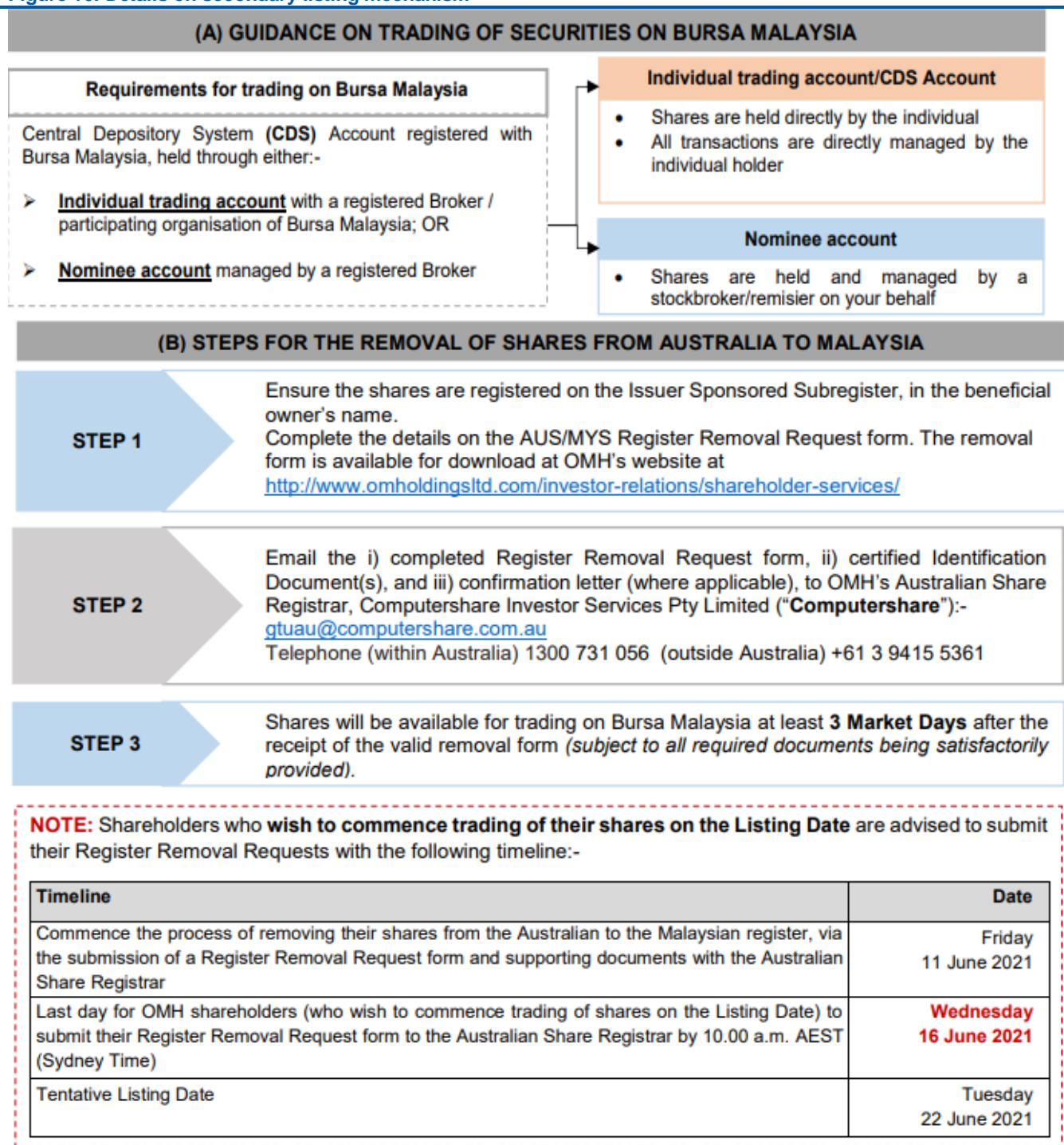
**Management team.** The group's senior management includes long-standing co-founders, Low Ngee Tong which serves as Executive Chairman, and Heng Siow Kee as the group's human resources director and also Managing Director of OMS. Other key personnel also includes industry veterans fulfilling various operational and financial roles within the group's business functions.

Salient details of OMS' secondary listing are on the next page.



## Secondary Listing Salient Details

Figure 16: Details on secondary listing mechanism



Source: Company

## RHB Guide to Investment Ratings

<b>Buy:</b>	Share price may exceed 10% over the next 12 months
<b>Trading Buy:</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
<b>Sell:</b>	Share price may fall by more than 10% over the next 12 months
<b>Not Rated:</b>	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 (Singapore branch) which is a holder of a full bank licence and an exempt capital markets services licence and financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (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 (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 (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 (Singapore branch), and the disclaimers above similarly apply.

#### Malaysia

Save as disclosed in the following link [RHB Research conflict disclosures – June 2021](#) 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 – June 2021](#) 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 – June 2021](#) 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 – June 2021](#) and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (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