

# Malaysia Construction

# NEUTRAL

[Downgrade]

## Going gets tough

### Downgrade to NEUTRAL

New public infrastructure spending has been slow YTD due to pandemic management and we expect this to persist into most of 2H21. We anticipate two major trends: (i) PFI as the financing mode for new major infrastructure projects; (ii) restructuring of highway concessions - both to alleviate the government's fiscal burden. Amid a challenging landscape, we prefer stocks with strong balance sheet and delivery track record; keeping our BUY on IJM, GAM and LTK.

### Analyst

Wong Chew Hann  
(603) 2297 8686  
wchewh@maybank-ib.com

### Expect weak 2Q/3Q earnings

With a FMCO being in full-force for a month plus (from 1 Jun), and an 80% workforce capacity cap under FMCO Phase 2 (anticipated in Jul/Aug), we expect core earnings delivery in the construction/infra sector to be weak in 2Q/3Q21, with 2Q21 to potentially revisit 2Q20 levels. Earnings in 4Q21 will depend on how well the pandemic is managed and the vaccination pace. Traffic at toll highways may not recover as fast with the work-from-home directive likely to be enforced throughout most of 3Q21, and social and education sectors likely to re-open in 4Q21.

### Slow public infrastructure spend

Government net development spend in 1Q21 was down 24% QoQ to MYR15.3b, at 22% of the MYR68.2b allocated under Budget 2021. View from the ground is that new public spending for infrastructure has been slow YTD. We expect this situation to persist into most of 2H21 as focus will remain on pandemic management, and in mitigating livelihood impact from the FMCO, with full opening of economic and social sectors anticipated only from November.

### Near-term unlikely to excite

News flow over the near-term is unlikely to excite. Coupled with the considerations outlined above, we revise down our top-down sector view from POSITIVE. From a bottom-up perspective, we had downgraded our calls on SCGB to HOLD in Apr 2021 due to limited upside to our PER-based TP, and CMS to HOLD too, as we incorporate a governance risk factor into valuations pending outcome of an independent investigation relating to its Group CFO.

### Abbreviation

PFI = Private Finance Initiative  
FMCO = Full Movement Control Order  
12MP = 12<sup>th</sup> Malaysia Plan (2021-25)

KVMRT3 = Klang Valley Mass Rapid Transit Phs 3  
HSR = High Speed Rail  
PSI = Penang South Island

Stock	Bloomberg code	Mkt cap (USD'm)	Rating	Price (LC)	TP (LC)	Upside (%)	P/E (x)		P/B (x)		Div yld (%)	
							21E	22E	21E	22E	21E	22E
Gamuda	GAM MK	1,840	Buy	3.08	4.05	34	17.8	12.0	0.9	0.8	0.0	3.9
IJM Corp	IJM MK	1,590	Buy	1.81	2.18	23	18.3	20.2	0.6	0.6	3.6	2.5
Sunway Const'n	SCGB MK	518	Hold	1.66	1.72	7	19.3	15.8	3.2	3.0	3.6	4.2
Lingkar Trans I	LTK MK	474	Buy	3.69	4.90	33	10.0	9.4	1.7	1.5	5.2	5.4
Cahaya Mata S.	CMS MK	290	Hold	1.12	1.73	57	8.2	7.4	0.4	0.4	3.6	4.0

## 2H21 Outlook & Lookouts

### 1H21: Disrupted again!

Construction activities (except for critical works) halted again from 1 Jun under Malaysia's FMCO. This came just one week after a 60% workforce capacity directive was enforced from 25 May under MCO 3.0. In 1Q21, construction activities of PLCs under our research coverage had normalised closer to their pre-MCO levels, building on from 3Q/4Q20, after a disruption in 2Q20. Elsewhere, toll traffic at Gamuda and IJM's urban highways was impacted again during MCO 2.0 (from 13 Jan) and MCO 3.0 (from 7 May).

**Fig 1: Pandemic induced movement restrictions in the Klang Valley**

2020	2021
18 Mar - 3 May → MCO	14 Oct 2020 - 12 Jan → CMCO 2.0
4 May - 9 Jun → Conditional MCO (CMCO)	13 Jan - 4 Mar → MCO 2.0
10 Jun - 13 Oct → Recovery MCO (RMCO)	5 Mar - 5 May → CMCO 3.0
14 Oct - 12 Jan 2021 → CMCO 2.0	6 May - 31 May → MCO 3.0
	1 Jun - mid Jul → Full MCO (FMCO) Phs 1 *
	Jul - Aug → FMCO Phs 2 *
	Sep - Oct → FMCO Phs 3 *
	Nov - Dec → FMCO Phs 4 *

\* Length of Phase 1-4 is dependent on how well the pandemic is contained/controlled

Source: Compiled by Maybank KE

**Fig 2: Traffic at Gamuda's toll highways (compared against pre-MCO levels)**

Highways	Mid-Mar to mid-Apr '20 (1 <sup>st</sup> mth of MCO 1.0)	Jun 2020 (during CMCO 1.0)	Sep 2020 (during RMCO)	Mid-Oct to Dec 2020 (during CMCO 2.0)	End-Feb 2021 (during MCO 2.0)	End-Apr 2021 (during CMCO 3.0)	End-May 2021 (during MCO 3.0)
KESAS	10-20%	90%	100%	71%	85%	95%	65%
LDP	10-20%	90%	100%	88%	90%	97%	69%
SPRINT	10-20%	90%	98%	61%	70%	90%	52%
SMART	10-20%	80%	88%	38%	50%	81%	37%

Source: Gamuda's results announcements

### Expect weak 2Q/3Q earnings

With a FMCO being in full-force for a month plus (from 1 Jun), and an 80% workforce capacity cap under FMCO Phase 2 (anticipated in Jul/Aug), we expect core earnings delivery to be weak in 2Q/3Q21, with 2Q21 to potentially revisit 2Q20 levels. Earnings in 4Q21 will depend on how well the pandemic is managed and the vaccination pace. Traffic at toll highways may not recover as fast with the work-from-home directive likely to be enforced throughout most of 3Q21, and social and education sectors likely to re-open only in 4Q21. Traffic at Gamuda's highways are down again to between 20-50% of their pre-MCO levels during the current FMCO Phase 1 (since 1 Jun).

## Slow public infra spend

Government net development spend in 1Q21 was down 24% QoQ to MYR15.3b, at 22% of the MYR68.2b allocated under Budget 2021. View from the ground is that new public spending for infrastructure has been slow YTD. We expect this situation to persist into most of 2H21 as focus will remain on pandemic management, and in mitigating livelihood impact from the FMO, with full opening of economic and social sectors anticipated only from November.

**Fig 3: Major infrastructure projects pipeline**

Project	Estd Value (MYR b)	Updates
<b>Digital</b>		
National Digital Infrastructure Plan (JENDELA)	21.0	<ul style="list-style-type: none"> <li>Phase 1 (2020-22): 96.9% mobile coverage (from 91.8%), 35 Mbps speed (from 25 Mbps) and 7.5 million premises passed.</li> <li>Phase 2 (2022-25): Full deployment of 5G, thus boosting digital connectivity nationwide.</li> </ul>
<b>Rail</b>		
JB-SG Rapid Transit System (RTS)	3.715 (MY's portion)	<ul style="list-style-type: none"> <li>G-to-G agreement inked on 30 Jul 2020.</li> <li>Ground-breaking ceremony held on 22 Nov 2020. <a href="#">[link]</a></li> <li>Under public inspection (15 Mar - 15 Apr 2021).</li> <li>Construction to be in full-swing in 2021; target completion in 2026.</li> </ul>
KV Double Track Phase 2 (KVD2T2)	4.475	<ul style="list-style-type: none"> <li>An earlier award to Dhaya Maju LTAT S/B was cancelled in Aug 2020.</li> <li>An independent checking consultant will be appointed before the appointment of a new contractor via an open tender.</li> </ul>
KV Mass Rapid Transit 3 (KVMRT3)	45.0 (original); 22.5 (rev 1.0) 30.0 (rev 2.0)	<ul style="list-style-type: none"> <li>2021 Budget Speech said that the project will proceed.</li> <li>Potential 50% reduction to its original cost of e.MYR45b.</li> <li>Cabinet has given the go-ahead to proceed with the project in Mar 2021; MRT Corp to update earlier studies with a view to kick-start works in 2H 2021. <a href="#">[link]</a></li> <li>The tender call is delayed by 2-3 months (from an earlier target of Aug 2021) due to changes in the project scope.</li> </ul>
High Speed Rail (HSR)	70.0	<ul style="list-style-type: none"> <li>G-to-G decision to cancel the project (on 1 Jan 2021) due to disagreement on some changes proposed by MY.</li> <li>MY has paid SG SGD102.8m/MYR320m for costs incurred (per joint announcement on 29 Mar 2021).</li> <li>MyHSR Corp Chairman said on 19 May 2021 that the HSR plan is still on track. <a href="#">[link]</a></li> </ul>
Kuching Autonomous Rapid Transit (ART)	6.0	<ul style="list-style-type: none"> <li>The ART system was proposed in Sep 2019 in favour of the LRT.</li> <li>Funding from the 12MP.</li> <li>Target commercial operations by 2025. <a href="#">[link]</a></li> </ul>
<b>Highways</b>		
Sarawak Coastal Road & 2 <sup>nd</sup> Trunk Road	11.0	<ul style="list-style-type: none"> <li>Coastal Road: Package 5 (MYR467m) awarded to a CMS led JV.</li> <li>2<sup>nd</sup> Trunk Road: Tenders are believed to have opened.</li> </ul>
Sabah-Sarawak Link Road	1.2	<ul style="list-style-type: none"> <li>Decision on Federal vs. State funding is pending.</li> </ul>
<b>Others</b>		
Penang Transport Master Plan (PTMP)	32.0	<ul style="list-style-type: none"> <li>PDP agreement between SRS Consortium (40% held by Gamuda) and Penang State inked on 1 Jul 2020.</li> <li>Federal Government had declined a MYR2b loan guarantee for the Bayan Lepas-Komtar LRT component.</li> <li>Island A development to be undertaken via a PFI structure (vs. PDP); SRS to enter into 2 JVs with the Penang State as Project Developer and Turnkey Contractor with Gamuda to take on Phase 1 reclamation works (announcement on 25 Mar 2021).</li> <li>Reclamation of Island A Phase 1 (1,200 acres) targeted to start in Aug 2021 after approval of its Environmental Management Plan (EMP).</li> </ul>

Source: Various (compiled by Maybank KE)

## Two major trends

Resuming fiscal consolidation will be of priority post the pandemic. Our Economics Team forecasts 2021 fiscal deficit to widen to -6.8% of GDP (2020: -6.2%), factoring the additional direct fiscal injection from stimulus package announced YTD and downward revision to GDP growth forecast. Against such backdrop, we see new major infra projects to be taken on via the PFI or deferred payment financing model. Elsewhere, the postponement of toll rate hike involving 20 highways (+2 bridges) this year, requiring MYR2.1b in government compensation, is a yearly recurring opex. Gamuda's planned MYR5.2b highway trust, offering no toll hikes and cash outflow (and guarantee) by the government, merits consideration. An alternative is perhaps an 'infrastructure REIT' structure.

## 12MP in 3Q/4Q?

We expect the details to be made known once Parliament sitting reconvenes. We expect the KVMRT3 project to feature, and the HSR too; MyHSR Corp Chairman had said on 19 May that the HSR plan is still 'on track'.

## NEUTRAL sector call

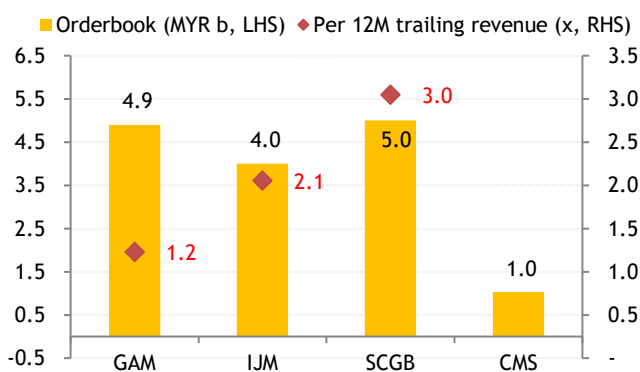
News flow over the near-term is unlikely to excite. Coupled with the considerations outlined above, we revise down our top-down sector view from POSITIVE. From a bottom-up perspective, we had downgraded our calls on SCGB to HOLD in Apr 2021 due to limited upside to our PER-based TP, and CMS to HOLD too in May 2021, as we incorporate a governance risk factor into valuations pending outcome of an independent investigation relating to its Group CFO, and clarity relating to recent abrupt movements in its Board of Directors.

## Sector BUYs

Amid a challenging backdrop, we prefer stocks with strong balance sheet and delivery track record.

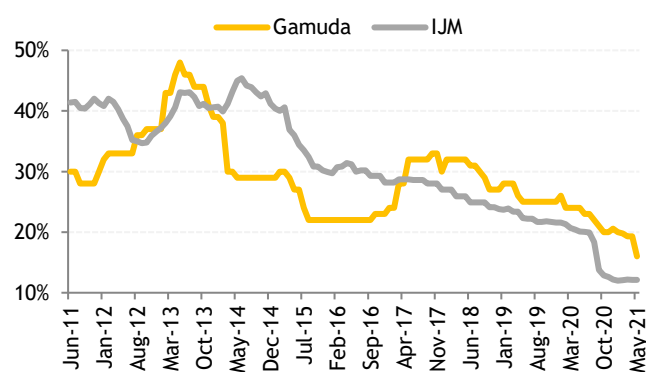
- IJM's balance sheet will strengthen considerably post its sale of 56.2% IJMP, with net gearing to be down to 0.24x from 0.44x end-FY21. With 48% of the MYR1.53b net cash proceed from the sale to be set aside for investment/capex and working capital, IJM is in a strong position to take on PFI projects.
- As for Gamuda, management has alluded to balance sheet capability to take on PFI projects alongside the PSI reclamation (its net gearing was 0.22x end-Apr 2021). We expect Gamuda to be a tier-1 beneficiary of the KVMRT3 roll-out, riding on its track record.
- For LITRAK, Gamuda's affirmation of a proposal to sell its highway concessions at fair market value to an independent entity, to be funded entirely by the private debt capital market, should help to unlock value.

**Fig 4: Outstanding orderbook @ end-Mar/Apr 2021 (MYR b)**



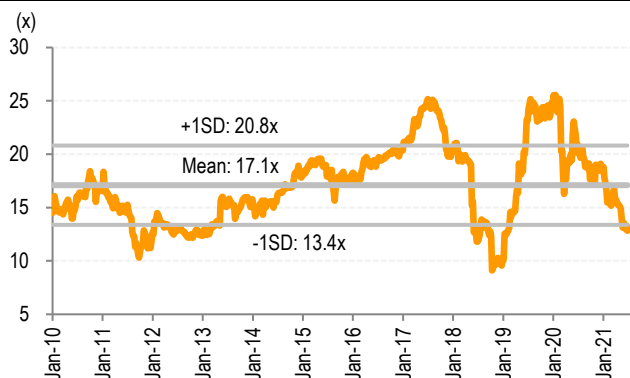
Note: As at end-Mar for IJM, SCGB, CMS; As at end-Apr for GAM;  
Source: Companies

**Fig 5: Foreign shareholding**



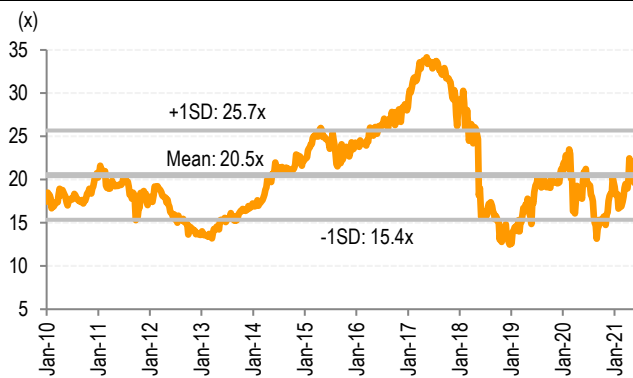
Source: Companies

**Fig 6: GAM - 12M forward PER at 12.4x (28 Jun)**



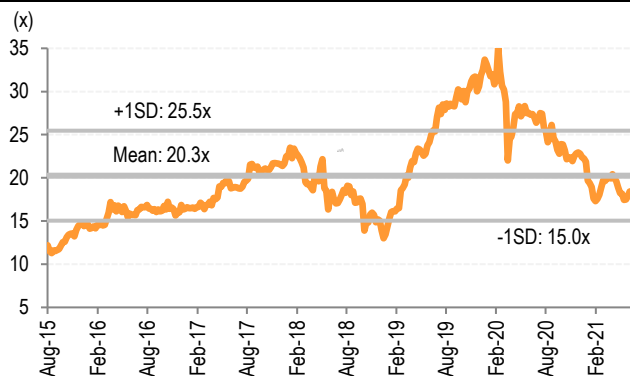
Source: Company data, Maybank KE

**Fig 7: IJM - 12M forward PER at 20.4x (28 Jun)**



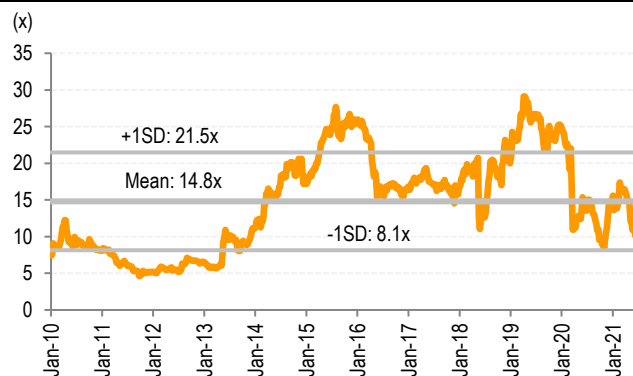
Source: Company data, Maybank Kim Eng

**Fig 8: SCGB - 12M forward PER at 17.4x (28 Jun)**



Source: Company data, Maybank KE

**Fig 9: CMS - 12M forward PER at 7.8x (28 Jun)**



Source: Company data, Maybank Kim Eng

## Risks

There are several risk factors for our earnings estimate, target price and rating for stocks in the construction/infra sector. Key risks are: (i) Prolonged movement restriction/lockdown affecting the work pace of construction and property projects, and traffic at the toll highways; (ii) Slow orderbook replenishment due to delays in major infra projects roll-outs; (iii) Continuous rise in material cost (steel bar: +21% in 2020; copper: +28%) and labour shortages (due to pandemic travel restrictions) which will cut into margins for jobs already secured.

## Research Offices

### ECONOMICS

**Suhaimi ILIAS**  
Chief Economist  
Malaysia | Philippines | Global  
(603) 2297 8682  
suhaimi\_ili@maybank-ib.com

**CHUA Hak Bin**  
Regional Thematic Macroeconomist  
(65) 6231 5830  
chuahb@maybank.com

**LEE Ju Ye**  
Singapore | Thailand | Indonesia  
(65) 6231 5844  
leejuye@maybank.com

**Linda LIU**  
Singapore | Vietnam |  
Cambodia | Myanmar | Laos  
(65) 6231 5847  
lindaliu@maybank.com

**Dr Zamros DZULKAFI**  
(603) 2082 6818  
zamros.d@maybank-ib.com

**Ramesh LANKANATHAN**  
(603) 2297 8685  
ramesh@maybank-ib.com

### FX

**Saktiandi SUPAAT**  
Head of FX Research  
(65) 6320 1379  
saktiandi@maybank.com.sg

**Christopher WONG**  
(65) 6320 1347  
wongkl@maybank.com.sg

**TAN Yanxi**  
(65) 6320 1378  
tanymx@maybank.com.sg

**Fiona LIM**  
(65) 6320 1374  
fionalim@maybank.com.sg

### STRATEGY

**Anand PATHMAKANTHAN**  
ASEAN  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com

### FIXED INCOME

**Winson PHOON, ACA**  
(65) 6340 1079  
winsonphoon@maybank.com

**SE THO Mun Yi**  
(603) 2074 7606  
munyi.st@maybank-ib.com

### REGIONAL EQUITIES

**Anand PATHMAKANTHAN**  
Head of Regional Equity Research  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com

**WONG Chew Hann, CA**  
Head of ASEAN Equity Research  
(603) 2297 8686  
wchewh@maybank-ib.com

**ONG Seng Yeow**  
Research, Technology & Innovation  
(65) 6231 5839  
ongsengyeow@maybank.com

### MALAYSIA

**Anand PATHMAKANTHAN** *Head of Research*  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com  
• Strategy

**WONG Chew Hann**  
(603) 2297 8686  
wchewh@maybank-ib.com  
• Non-Bank Financials (stock exchange)  
• Construction & Infrastructure

**Desmond CH'NG, BFP, CFA**  
(603) 2297 8680  
desmond.chng@maybank-ib.com  
• Banking & Finance

**LIAW Thong Jung**  
(603) 2297 8688 tjliaw@maybank-ib.com  
• Oil & Gas Services- Regional  
• Automotive

**ONG Chee Ting, CA**  
(603) 2297 8678 ct.ong@maybank-ib.com  
• Plantations - Regional

**YIN Shao Yang, CPA**  
(603) 2297 8916 samuel.y@maybank-ib.com  
• Gaming - Regional  
• Media • Aviation • Non-Bank Financials

**TAN Chi Wei, CFA**  
(603) 2297 8690 chiwei.t@maybank-ib.com  
• Power • Telcos

**WONG Wei Sum, CFA**  
(603) 2297 8679 weisum@maybank-ib.com  
• Property

**Kevin WONG**  
(603) 2082 6824 kevin.wong@maybank-ib.com  
• REITs • Technology

**Jade TAM**  
(603) 2297 8687 jade.tam@maybank-ib.com  
• Consumer Staples & Discretionary

**Fahmi FARID**  
(603) 2297 8676 fahmi.farid@maybank-ib.com  
• Software

**TEE Sze Chiah** *Head of Retail Research*  
(603) 2082 6858 szechiah.t@maybank-ib.com

**Nik Ihsan RAJA ABDULLAH, MSTA, CFTe**  
(603) 2297 8694  
nikmohdihsan.ra@maybank-ib.com  
• Chartist

**Amirah AZMI**  
(603) 2082 8769 amirah.azmi@maybank-ib.com  
• Retail Research

### INDIA

**Jigar SHAH** *Head of Research*  
(91) 22 4223 2632 jigars@maybank.com  
• Strategy • Oil & Gas • Automobile • Cement

**Neerav DALAL**  
(91) 22 4223 2606 neerav@maybank.com  
• Software Technology • Telcos

**Vikram RAMALINGAM**  
(91) 22 4223 2607  
vikram@maybank.com  
• Automobile • Media

### SINGAPORE

**Thilan WICKRAMASINGHE** *Head of Research*  
(65) 6231 5840 thilanw@maybank.com  
• Banking & Finance - Regional  
• Consumer

**CHUA Su Tye**  
(65) 6231 5842 chuasutye@maybank.com  
• REITs - Regional

**LAI Gene Lih, CFA**  
(65) 6231 5832 laigenelih@maybank.com  
• Technology • Healthcare

**Kareen CHAN**  
(65) 6231 5926 kareench@maybank.com  
• Transport • Telcos • Consumer

**Eric ONG**  
(65) 6231 5924 ericong@maybank.com  
• SMIDs

**Matthew SHIM**  
(65) 6231 5929  
matthewshim@maybank.com  
• Retail Research

### PHILIPPINES

**Jacqui de JESUS** *Head of Research*  
(63) 2 8849 8840  
jacqui.dejesus@maybank.com  
• Strategy • Conglomerates

**Romel LIBO-ON**  
(63) 2 8849 8844  
romel\_libo-on@maybank.com  
• Property • REITs • Telcos

**Rachelleen RODRIGUEZ, CFA**  
(63) 2 8849 8843  
rachelleen.rodriguez@maybank.com  
• Banking & Finance • Transport • Telcos

**Benedict CLEMENTE**  
(63) 2 8849 8846  
benedict.clemente@maybank.com  
• Utilities

**Daphne SZE**  
(63) 2 8849 8847  
daphne.sze@maybank.com  
• Consumer

### VIETNAM

**Quan Trong Thanh** *Head of Research*  
(84 28) 44 555 888 ext 8184  
thanq.uan@maybank-kimeng.com.vn  
• Banks

**Hoang Huy, CFA**  
(84 28) 44 555 888 ext 8181  
hoanghuy@maybank-kimeng.com.vn  
• Strategy • Technology

**Le Nguyen Nhat Chuyen**  
(84 28) 44 555 888 ext 8082  
chuyen.le@maybank-kimeng.com.vn  
• Oil & Gas

**Nguyen Thi Sony Tra Mi**  
(84 28) 44 555 888 ext 8084  
mi.nguyen@maybank-kimeng.com.vn  
• Consumer

**Tyler Manh Dung Nguyen**  
(84 28) 44 555 888 ext 8085  
dung.nguyen@maybank-kimeng.com.vn  
• Utilities • Property

**Tran Thi Thu Thao**  
(84 28) 44 555 888 ext 8180  
thao.tran@maybank-kimeng.com.vn  
• Industrials

**Nguyen Thi Ngan Tuyen**  
*Head of Retail Research*  
(84 28) 44 555 888 ext 8081  
tuyen.nguyen@maybank-kimeng.com.vn  
• Retail Research

**Nguyen Thanh Lam**  
(84 28) 44 555 888 ext 8086  
thanhlam.nguyen@maybank-kimeng.com.vn  
• Technical Analysis

### INDONESIA

**Isnaputra ISKANDAR** *Head of Research*  
(62) 21 8066 8680  
isnaputra.iskandar@maybank-ke.co.id  
• Strategy • Metals & Mining • Cement  
• Autos • Consumer • Utility

**Rahmi MARINA**  
(62) 21 8066 8689  
rahmi.marina@maybank-ke.co.id  
• Banking & Finance

**Willy GOUTAMA**  
(62) 21 8066 8500  
willy.goutama@maybank-ke.co.id  
• Consumer

**Farah OKTAVIANI**  
(62) 21 8066 8691  
farah.oktaviani@maybank-ke.co.id  
• Construction

### THAILAND

**Maria LAPIZ** *Head of Institutional Research*  
Dir (66) 2257 0250 | (66) 2658 6300 ext 1399  
Maria.L@maybank-ke.co.th  
• Strategy • Consumer • Materials • Services

**Jesada TECHAHUSDIN, CFA**  
(66) 2658 6300 ext 1395  
jesada.t@maybank-ke.co.th  
• Banking & Finance

**Kaushal LADHA, CFA**  
(66) 2658 6300 ext 1392  
Kaushal.l@maybank-ke.co.th  
• Oil & Gas - Regional  
• Petrochemicals - Regional  
• Utilities

**Vanida GEISLER, CPA**  
(66) 2658 6300 ext 1394  
Vanida.G@maybank-ke.co.th  
• Property • REITs

**Yuwane PROMMAPORN**  
(66) 2658 6300 ext 1393  
Yuwane.P@maybank-ke.co.th  
• Services • Healthcare

**Ekachai TARAPORNITIP** *Head of Retail Research*  
(66) 2658 5000 ext 1530  
Ekachai.t@maybank-ke.co.th

**Surachai PRAMUALCHAROENKIT**  
(66) 2658 5000 ext 1470  
Surachai.p@maybank-ke.co.th  
• Auto • Conmat • Contractor • Steel

**Suttatip PEERASUB**  
(66) 2658 5000 ext 1430  
suttatip.p@maybank-ke.co.th  
• Food & Beverage • Commerce

**Jaroontan WATTANAWONG**  
(66) 2658 5000 ext 1404  
jaroontan.w@maybank-ke.co.th  
• Transportation • Small cap

**Thanatphat SUKSRICHAVALIT**  
(66) 2658 5000 ext 1401  
thanatphat.s@maybank-ke.co.th  
• Media • Electronics

**Wijit ARAYAPISIT**  
(66) 2658 5000 ext 1450  
wijit.a@maybank-ke.co.th  
• Strategist

**Theerasate PROMPONG**  
(66) 2658 5000 ext 1400  
theerasate.p@maybank-ke.co.th  
• Equity Portfolio Strategist

### Apiwat TAVESIRIVATE

(66) 2658 5000 ext 1310  
apiwat.t@maybank-ke.co.th

• Chartist and TFX



## APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

### DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "MKE") and consequently no representation is made as to the accuracy or completeness of this report by MKE and it should not be relied upon as such. Accordingly, MKE and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. MKE expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

MKE and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. One or more directors, officers and/or employees of MKE may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of MKE's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MKE and MKE and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

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 law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

### Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

### Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Kim Eng Research Pte. Ltd. ("Maybank KERPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact Maybank KERPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), Maybank KERPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

### Thailand

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Kim Eng Securities (Thailand) Public Company Limited. Maybank Kim Eng Securities (Thailand) Public Company Limited ("MBKET") accepts no liability whatsoever for the actions of third parties in this respect.

Due to different characteristics, objectives and strategies of institutional and retail investors, the research products of MBKET Institutional and Retail Research departments may differ in either recommendation or target price, or both. MBKET reserves the rights to disseminate MBKET Retail Research reports to institutional investors who have requested to receive it. If you are an authorised recipient, you hereby tacitly acknowledge that the research reports from MBKET Retail Research are first produced in Thai and there is a time lag in the release of the translated English version.

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. MBKET does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MBKET does not confirm, verify, or certify the accuracy and completeness of the assessment result.

### US

This third-party research report is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Maybank Kim Eng Securities USA Inc ("Maybank KESUSA"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Maybank KESUSA in the US shall be borne by Maybank KESUSA. This report is not directed at you if MKE is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Maybank KESUSA is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Maybank Kim Eng Securities USA Inc. 400 Park Avenue, 11th Floor, New York, New York 10022, 1-(212) 688-8886 and not with, the issuer of this report.

**UK**

This document is being distributed by Maybank Kim Eng Securities (London) Ltd ("Maybank KESL") which is authorized and regulated, by the Financial Conduct Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

**DISCLOSURES****Legal Entities Disclosures**

**Malaysia:** This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938-H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This report is distributed in Singapore by Maybank KERPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Kim Eng Securities ("PTMKES") (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MBKET (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank ATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Kim Eng Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** KESHK (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** Kim Eng Securities India Private Limited ("KESI") is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India ("SEBI") (Reg. No. INZ000010538). KESI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057) **US:** Maybank KESUSA is a member of/ and is authorized and regulated by the FINRA - Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

**Disclosure of Interest**

**Malaysia:** MKE and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

**Singapore:** As of 29 June 2021, Maybank KERPL and the covering analyst do not have any interest in any companies recommended in this research report.

**Thailand:** MBKET may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MBKET, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

**Hong Kong:** As of 29 June 2021, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

**India:** As of 29 June 2021, and at the end of the month immediately preceding the date of publication of the research report, KESI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report.

In the past twelve months KESI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

MKE may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

**OTHERS****Analyst Certification of Independence**

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

**Reminder**

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of MKE.

**Definition of Ratings**

Maybank Kim Eng Research uses the following rating system

<b>BUY</b>	Return is expected to be above 10% in the next 12 months (including dividends)
<b>HOLD</b>	Return is expected to be between 0% to 10% in the next 12 months (including dividends)
<b>SELL</b>	Return is expected to be below 0% in the next 12 months (including dividends)

**Applicability of Ratings**

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.



## **Malaysia**

**Maybank Investment Bank Berhad**  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)  
33rd Floor, Menara Maybank,  
100 Jalan Tun Perak,  
50050 Kuala Lumpur  
Tel: (603) 2059 1888;  
Fax: (603) 2078 4194

Stockbroking Business:  
Level 8, Tower C, Dataran Maybank,  
No.1, Jalan Maarof  
59000 Kuala Lumpur  
Tel: (603) 2297 8888  
Fax: (603) 2282 5136

## **Philippines**

**Maybank ATR Kim Eng Securities Inc.**  
17/F, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines 1200

Tel: (63) 2 8849 8888  
Fax: (63) 2 8848 5738

## **South Asia Sales Trading**

Kevin Foy  
Regional Head Sales Trading  
kevinfoy@maybank-ke.com.sg  
Tel: (65) 6636-3620  
US Toll Free: 1-866-406-7447

### **Indonesia**

Iwan Atmadjaja  
iatmadjaja2@bloomberg.net  
(62) 21 8066 8555

### **New York**

James Lynch  
jlynch@maybank-keusa.com  
Tel: (212) 688 8886

### **Philippines**

Keith Roy  
keith\_roy@maybank-atrke.com  
Tel: (63) 2 848-5288

## **Singapore**

**Maybank Kim Eng Securities Pte Ltd**  
**Maybank Kim Eng Research Pte Ltd**  
50 North Canal Road  
Singapore 059304

Tel: (65) 6336 9090

## **Hong Kong**

**Kim Eng Securities (HK) Ltd**  
28/F, Lee Garden Three,  
1 Sunning Road, Causeway Bay,  
Hong Kong

Tel: (852) 2268 0800  
Fax: (852) 2877 0104

## **Thailand**

**Maybank Kim Eng Securities**  
**(Thailand) Public Company Limited**  
999/9 The Offices at Central World,  
20<sup>th</sup> - 21<sup>st</sup> Floor,  
Rama 1 Road Pathumwan,  
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)  
Tel: (66) 2 658 6801 (research)

## **North Asia Sales Trading**

Andrew Lee  
andrewlee@kimeng.com.hk  
Tel: (852) 2268 0283  
US Toll Free: 1 877 837 7635

### **London**

Greg Smith  
gsmith@maybank-ke.co.uk  
Tel: (44) 207-332-0221

### **India**

Sanjay Makhija  
sanjaymakhija@maybank-ke.co.in  
Tel: (91)-22-6623-2629

## **London**

**Maybank Kim Eng Securities**  
**(London) Ltd**  
PNB House  
77 Queen Victoria Street  
London EC4V 4AY, UK

Tel: (44) 20 7332 0221  
Fax: (44) 20 7332 0302

## **Indonesia**

**PT Maybank Kim Eng Securities**  
Sentral Senayan III, 22<sup>nd</sup> Floor  
Jl. Asia Afrika No. 8  
Gelora Bung Karno, Senayan  
Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188  
Fax: (62) 21 2557 1189

## **Vietnam**

**Maybank Kim Eng Securities Limited**  
4A-15+16 Floor Vincom Center Dong  
Khoi, 72 Le Thanh Ton St. District 1  
Ho Chi Minh City, Vietnam

Tel : (84) 844 555 888  
Fax : (84) 8 38 271 030

## **New York**

**Maybank Kim Eng Securities USA**  
**Inc**  
400 Park Avenue, 11th Floor  
New York, New York 10022,  
U.S.A.

Tel: (212) 688 8886  
Fax: (212) 688 3500

## **India**

**Kim Eng Securities India Pvt Ltd**  
1101, 11<sup>th</sup> floor, A Wing, Kanakia  
Wall Street, Chakala, Andheri -  
Kurla Road, Andheri East,  
Mumbai City - 400 093, India

Tel: (91) 22 6623 2600  
Fax: (91) 22 6623 2604

## **Saudi Arabia**

*In association with*  
**Anfaal Capital**  
Ground Floor, KANOO Building  
No.1 - Al-Faisaliyah, Madina Road,  
P.O.Box 126575 Jeddah 21352  
Kingdom of Saudi Arabia

Tel: (966) 920023423