

V.S. Industry (VSI MK)

On the growth path, eyes on year-end sales performance

Cautiously optimistic post results briefing

We are cautiously optimistic post VSI's recent results briefing. We maintain our earnings forecasts and MYR1.05 TP, based on 19x FY24E PER (5Y mean). Anticipated growth in FY24E hinges on the introduction of new models for its existing clients and inaugural contribution from a novel customer. We expect margins to improve on higher productivity as volume increases. We have largely reflected this in our existing forecasts.

Key customers update

VSI anticipates modest demand growth by Customer X in FY24E, with further clarity post 2023 YE sales. Conversely, it forecasts robust growth (+20%-30%) from its coffee brewer and pool cleaning customers, whom are actively launching new models (now in production). Likewise, sales to its US-based customers are projected to increase, albeit on a lower single-digit rate. Customer Y is poised to double its sales from a modest base.

New customer acquisition along with HTPW

Regarding the recent HTPW acquisition, which specializes in metal stamping, design & fabrication, machining, and anodizing, VSI envisions synergies through the broadening of the group's service portfolio. Presently, the bulk of the group's earnings is contributed by Customer X. Growth prospects will rest on the new US-based customer, potentially adding on MYR100m in revenue annually. Furthermore, streamlined operations and upgraded machinery should enhance utilization and margins, offering long-term cross-selling potential.

In the right direction for long term growth

We anticipate a gradual earnings recovery for VSI moving forward, with contribution from its new customer to take time to grow. Global economic challenge is a key risk to the group's near-term outlook. Positively, VSI's proactiveness in streamlining its operations and enhancing product offerings could yield the desired return in the long run.

FYE Jul (MYR m)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	3,914	4,600	4,968	5,635	6,249
EBITDA	335	394	487	575	656
Core net profit	206	195	232	298	359
Core FDEPS (sen)	4.9	4.7	5.5	6.9	7.8
Core FDEPS growth(%)	(30.8)	(4.7)	16.9	26.2	12.5
Net DPS (sen)	2.0	1.9	2.4	3.1	3.7
Core FD P/E (x)	20.5	19.0	18.1	14.3	12.7
P/BV (x)	1.8	1.5	1.6	1.5	1.3
Net dividend yield (%)	2.0	2.1	2.4	3.1	3.8
ROAE (%)	8.1	8.2	9.8	11.8	13.2
ROAA (%)	5.4	4.7	5.2	6.4	7.2
EV/EBITDA (x)	13.0	10.1	8.8	7.4	6.4
Net gearing (%) (incl perps)	13.8	15.5	12.1	10.7	7.8
Consensus net profit	-	-	238	277	na
MIBG vs. Consensus (%)	-	-	(2.5)	7.8	na

Loh Yan Jin

lohyanjin.loh@maybank-ib.com

(603) 2297 8687

HOLD

Share Price	MYR 1.00
12m Price Target	MYR 1.05 (+8%)
Previous Price Target	MYR 1.05

Company Description

V.S. Industry Bhd is the 26th largest EMS provider in the world by revenue, ranked according to Manufacturing Market Insider in 2020.

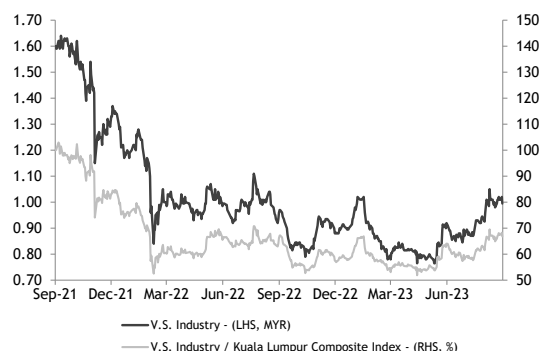
Statistics

52w high/low (MYR)	1.05/0.77
3m avg turnover (USDm)	1.1
Free float (%)	63.3
Issued shares (m)	3,870
Market capitalisation	MYR3.9B
	USD818M

Major shareholders:

Kumpulan Wang Persaraan	9.0%
BEH KIM LING	7.6%
BEH HWEE SZE	7.3%

Price Performance



	-1M	-3M	-12M
Absolute (%)	7	8	4
Relative to index (%)	7	4	1

Source: FactSet

ESG@MAYBANK IBG
Tear Sheet Insert

Risk Rating & Score ¹	9.5
Score Momentum ²	-3.8
Last Updated	17 May 2022
Controversy Score ³ (Updated: 01 Jan 2000)	0

Business Model & Industry Issues

- VSI is Malaysia's leading integrated electronics manufacturing services (EMS) provider (ranked Global Top 50 for the past 15 years) with a proven track-record of manufacturing office and household electrical & electronic products for established global brand names.
- VSI's ESG rating has improved to the highest 4-star (representing the top 25% ESG ratings amongst PLCs in the FBM Emas Index) from 3-star in the recent F4GBM Index semi-annual review in June 2022. VSI is also a member of Responsible Business Alliance (RBA) since Dec 2018, having most of its facilities being RBA-compliant.
- In Feb 2022, VSI appointed PwC to conduct an independent third-party review of its labour practices. The review was completed in June 2022 with no evidence of systemic forced labour practices identified. Having said that, gaps and areas for improvement were highlighted to VSI, primarily relating to recruitment fees, overtime, accommodation and effective communication. VSI has acknowledged these matters and taken immediate remedial actions to rectify the issues.

Material E issues

- Most operational processes are ISO 14001:2015 certified - the global industry standard benchmark for environmental management measures. VSI has also been a F4GBM index constituent since Jun 2018.
- Waste management: VSI handles all hazardous waste in accordance with Environmental Quality (Scheduled Wastes) Regulations 2005 and other relevant environmental-related legislation in the Environmental Quality Act 1974 (EQA 1974). The volume of recycled waste was up by 3.9% YoY in FY22 at 1,714 tonnes (vs. 1,650 tonnes in FY21).
- Air pollution: Chimney emission testing are done regularly. In FY22, periodic tests showed its emissions complied with the Environmental Quality (Clean Air) Regulations 1978 and Environmental Quality (Clean Air) Regulations 2014.
- Water pollution: VSI has set targets (above regulatory requirements) at each plant to minimise resource use. All plants have achieved targets in total consumption per unit produced in FY22.

Material S issues

- Sustainable supply chain: Has an established Supplier Code of Conduct in place, covering areas such as human rights, labour conditions, environmental impacts, anti-corruptions, etc. In FY22, 63% of its procurement was from local suppliers (FY21: 57%).
- Occupational safety & health (OSH): VSI strives to minimise work-related accidents and injuries for its 9,805 strong workforce. In FY22, its employees Lost-Time Incident Rate (LTIR) improved to 14.27 from 15.68 in FY21, with zero fatality rate recorded during the year.
- Employee diversity: In FY22, VSI employed more women (52%) than men (48%), with 70% of its workforce under the age of 30. Also, estd total hours employees spent on training improved sharply to 1,400 hrs/yr from 475 hrs/yr in FY21.

Key G metrics and issues

- Independent Directors currently make up 45% of the Board (5 out of 11). Although the composition is in compliant with Bursa's Main Market Listing requirements, it fell short of the Malaysian Code on Corporate Governance (MCCG) practise of having $\geq 50\%$ of the Board comprising of Independent members.
- Female representation on the Board is currently lacking at only 9% or 1 of the 11 Board members (vs. 30% as recommended by MCCG).
- None of the group's Independent Board members have served a consecutive term of 9 years.
- The positions of Chairman and Managing Director are held by different individuals. All 3 Board committees (Audit & Risk, Nomination, Remuneration) are chaired by and comprise solely of Independent Directors.
- Directors' remuneration is relatively high at 21.8% of FY22 net profit.
- KPMG has been the external auditor for more than 24 years since VSI was listed on the Main Market of Bursa Malaysia in 1998.
- The group has a 43.3% stake in a Hong Kong-listed subsidiary, V.S. International Group (1002 HK, Not Rated; listed on Main Board of HKSE in 2002). In 2017, VSI subscribed to its entire allotted portion of 200 million rights issue shares (totalling HKD46 million) with proceeds intended for debt repayment, to increase manufacturing capacity and for working capital.
- Related-party transaction: In Apr 2023, VSI purchased two parcels of land (including factory and office) for MYR6m from a company owned by two of its Executive Directors cum substantial shareholder. The property was valued by a registered professional valuer and was deemed to be fair and reasonable to the group.

¹Risk Rating & Score - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²Score Momentum - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. ³Controversy Score - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Quantitative Parameters (Score: 37)						
	Particulars	Unit	FY20	FY21	FY22	VMS (FY21)
E	Scope 1 emissions	tCO2e	442	447	455	68,061
	Scope 2 emissions	tCO2e	29,895	24,835	27,321	65,952
	Total	tCO2e	30,337	25,282	27,776	134,013
	Scope 3 emissions	tCO2e	N/A	N/A	17,549	N/A
	Total	tCO2e	-	-	45,325	-
	Emissions Intensity	kg CO2e/kg/unit	0.075	0.048	0.079	28.4
	Electricity consumption intensity	MWh	51,103	42,453	46,703	115,676
	Total Hazardous Waste Disposal	tonnes	1089	585	692	121
	Total water consumption	m3	245,752	216,091	349,613	685
	Cases of environmental non-compliance	number	N/A	N/A	2	0

S	% of women in workforce	%	57.0%	52.0%	52.0%	55.1%
	% of women in the mgmt role	%	N/A	N/A	N/A	N/A
	Total training hours	hrs/yr/em	1.5	1.0	1.0	34.0
	Lost-time incident rate	number	29.90	15.68	14.27	0.70
	Employee turnover rate	%	-	54%	41%	N/A
	Local suppliers	%	57%	57%	63%	N/A
	Investment in CSR initiatives	MYR '000	106	79	232	29

G	BOD's remuneration as % of reported net profit	%	24.6%	14.8%	21.8%	0.3%
	Independent directors (tenure <10 years)	%	33.3%	40.0%	45.0%	75.0%
	Women directors as a % of the board	%	11.1%	10.0%	9.1%	38.0%
	% of profits returned to shareholders	%	40.6%	45.4%	45.8%	70.0%
	Total corruption and bribery cases	number	0	0	0	0

Qualitative Parameters (Score: 67)

- a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of Risk committee?
Yes - it has an established sustainability framework. The Board oversees the development and adoption of sustainability strategies which is executed by a sustainability working group led by the Operations Director.
- b) Are the senior management's salaries linked to fulfilling ESG targets?
No.
- c) Does the company has human rights violation policies in place?
Yes.
- d) Is the company involved in any major adverse controversies relating to labor, corruption and bribery, environmental hazards?
No.
- e) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?
Yes - it calculates GHG emissions from point-to-point air travel as well as employees' daily commute to work.
- f) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?
VSI launched a resource-efficiency pilot program at one of its plants in FY22. The program monitors daily lighting energy usage and switches off lights when there is no production. Heavy machinery is operated or replaced at night to avoid peak demand. Air conditioning is set to 25°C except in specific areas, such as the Clean Room. Energy efficiency targets have been established for the plant.

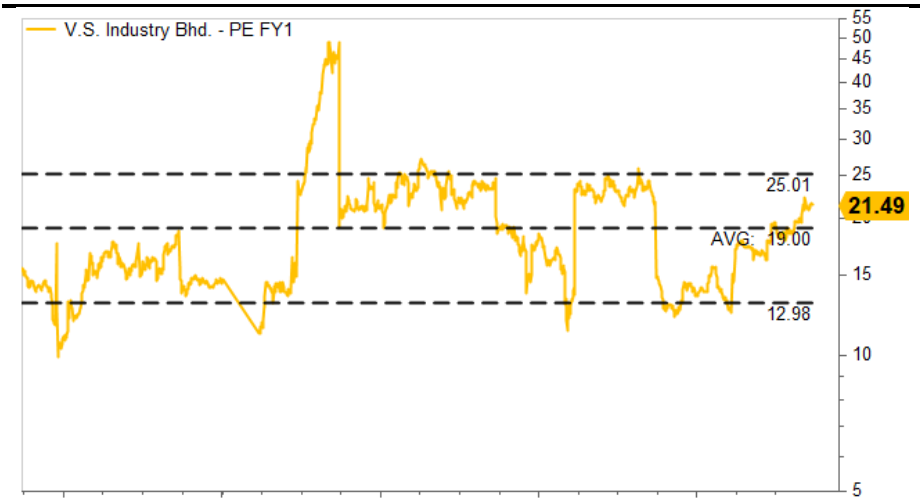
Target (Score: 83)

Particulars	Target	Achieved
Electricity consumption/unit	<7.09 kW/unit/mth	Yes
Water consumption/unit	<0.03 m3/unit/mth	No
Scheduled waste/unit	<0.0033 kg/unit/mth	Yes
Hazardous waste disposal	<2,842 kg	Yes
Net zero/carbon emission reduction targets	N/A	N/A
Cases of corruption and fines for unethical practices	N/A	Yes
Impact		
N/A		
Overall Score: 56		
As per our ESG matrix, VSI has an overall score of 56		

ESG score	Weights	Scores	Final Score
Quantitative	50%	37	18
Qualitative	25%	67	17
Target	25%	83	21
Total			56

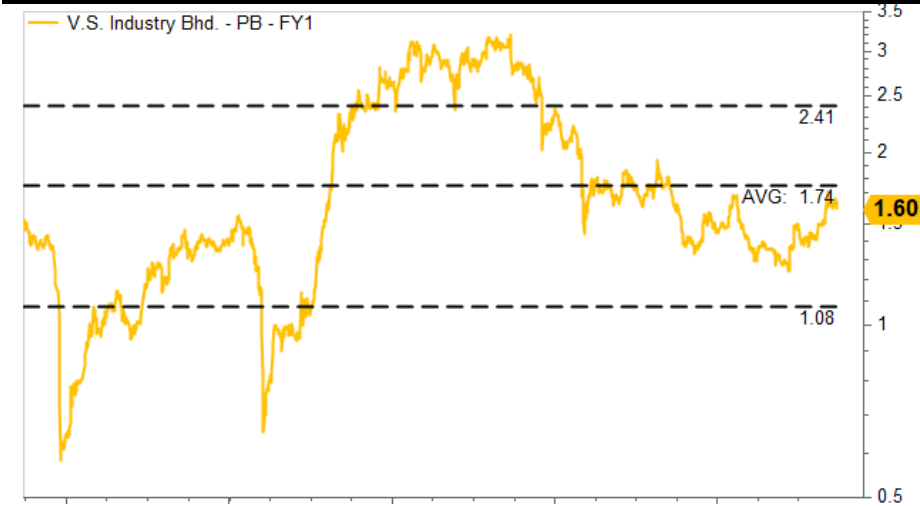
As per our ESG assessment, VSI has an established framework, internal policies, and tangible targets. However, there is still room for improvements on areas such as its commitments towards net zero/carbon emission reduction and Board diversity. VSI's overall ESG score is 56, above its industry's average, in our view (average ESG rating = 50; refer to App I for our ESG Assessment Scoring).

Figure 1: VSI's one-year forward PER at 21.5x now



Source: Factset, Maybank IBG Research

Figure 2: VSI's one-year forward PBV at 1.6x now



Source: Factset, Maybank IBG Research

Appendix I

Methodology of our proprietary ESG scoring methodology. We evaluate the ESG ratings based on quantitative, qualitative and ESG targets. We assign a score for each of these three parameters. The overall rating is based on the weighted average of the scores: quantitative (50%), qualitative (25%) and ESG target (25%). For the quantitative, qualitative and ESG target, the sub-parameters are assigned a score - '0' for data not available, '+1' for improving trajectory, positive change, 'Yes', better than peers or a positive number if historical is not available and '-1' for declining trajectory, negative change, 'No', lower than peers or a negative number. The total of the scores of all the sub-parameters is divided by the total number of sub-parameters is the score of each of the three parameters. The sub-parameters may be different for different industries depending on the key areas to monitor for each industry. A company should achieve a minimum score of 50 for an average ESG rating.

Risk statement

There are several risk factors that may impact our earnings estimates, target price and rating for VSI. Key risks include: (i) weaker-than-expected consumer demand for VSI's assembled products (due to a slower economic outlook); (ii) lower-than-expected margins (resulting from decreased productivity/efficiencies and costs inflation); and (iii) persistent operational disruptions from labour issues and/or components shortage. Positive catalysts include: (i) new customer acquisition; (ii) new model wins from its existing customers leading to increased production volume and utilisation rates; (iii) successful vertical integration/service expansion to enhance margins; and (iv) successful costs savings or higher-than-expected costs past through.

FYE 31 Jul	FY22A	FY23A	FY24E	FY25E	FY26E
Key Metrics					
P/E (reported) (x)	27.5	18.5	16.4	12.8	10.6
Core P/E (x)	18.7	17.6	16.4	12.8	10.6
Core FD P/E (x)	20.5	19.0	18.1	14.3	12.7
P/BV (x)	1.8	1.5	1.6	1.5	1.3
P/NTA (x)	1.8	1.5	1.6	1.5	1.3
Net dividend yield (%)	2.0	2.1	2.4	3.1	3.8
FCF yield (%)	nm	0.6	5.0	4.3	6.2
EV/EBITDA (x)	13.0	10.1	8.8	7.4	6.4
EV/EBIT (x)	20.2	14.5	12.5	9.7	8.0

INCOME STATEMENT (MYR m)

Revenue	3,914.1	4,599.8	4,968.3	5,635.2	6,248.7
EBITDA	334.7	393.9	487.0	575.0	656.0
Depreciation	(118.7)	(120.1)	(143.3)	(138.1)	(133.4)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	216.0	273.8	343.7	436.9	522.6
Net interest income / (exp)	(9.7)	(29.7)	(31.7)	(31.5)	(31.3)
Associates & JV	(0.5)	1.5	1.5	1.5	1.5
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	205.8	245.6	313.5	407.0	492.8
Income tax	(54.4)	(71.2)	(90.9)	(118.0)	(142.8)
Minorities	19.4	9.5	9.5	9.5	9.5
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	170.8	183.9	232.1	298.5	359.4
Core net profit	206.0	195.4	232.1	298.5	359.4

BALANCE SHEET (MYR m)

Cash & Short Term Investments	278.6	323.8	361.0	378.5	443.6
Accounts receivable	1,092.3	1,283.6	1,386.5	1,572.6	1,743.8
Inventory	925.0	1,096.6	1,175.4	1,326.7	1,466.0
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	1,214.5	1,194.4	1,151.1	1,112.0	1,077.5
Intangible assets	0.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	469.8	439.0	437.3	431.6	425.9
Total assets	3,980.2	4,337.4	4,511.3	4,821.3	5,156.8
ST interest bearing debt	478.6	478.6	478.6	478.6	478.6
Accounts payable	860.3	1,019.9	1,093.2	1,233.9	1,363.4
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	125.2	225.2	196.2	196.2	196.2
Other liabilities	155.0	155.0	155.0	155.0	155.0
Total Liabilities	1,619.2	1,878.8	1,923.1	2,063.8	2,193.3
Shareholders Equity	2,190.3	2,297.4	2,436.4	2,615.2	2,830.7
Minority Interest	170.7	161.2	151.7	142.3	132.8
Total shareholder equity	2,361.0	2,458.6	2,588.2	2,757.5	2,963.5
Total liabilities and equity	3,980.2	4,337.4	4,511.3	4,821.3	5,156.8

CASH FLOW (MYR m)

Pretax profit	205.8	245.6	313.5	407.0	492.8
Depreciation & amortisation	118.7	120.1	143.3	138.1	133.4
Adj net interest (income)/exp	9.7	29.7	31.7	31.5	31.3
Change in working capital	(109.2)	(201.4)	(106.3)	(194.4)	(178.6)
Cash taxes paid	(54.4)	(71.2)	(90.9)	(118.0)	(142.8)
Other operating cash flow	0.5	(1.5)	(1.5)	(1.5)	(1.5)
Cash flow from operations	171.0	121.2	289.8	262.7	334.6
Capex	(207.6)	(100.0)	(100.0)	(99.0)	(99.0)
Free cash flow	(36.6)	21.2	189.8	163.7	235.6
Dividends paid	(84.0)	(73.6)	(92.8)	(119.4)	(143.8)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	0.0	100.0	(29.0)	0.0	0.0
Other invest/financing cash flow	(8.5)	(32.2)	(30.7)	(26.7)	(26.7)
Effect of exch rate changes	47.1	0.0	0.0	0.0	0.0
Net cash flow	(82.0)	15.5	37.2	17.5	65.1

FYE 31 Jul	FY22A	FY23A	FY24E	FY25E	FY26E
Key Ratios					
Growth ratios (%)					
Revenue growth	(2.2)	17.5	8.0	13.4	10.9
EBITDA growth	(23.7)	17.7	23.6	18.1	14.1
EBIT growth	(35.9)	26.8	25.5	27.1	19.6
Pretax growth	(37.5)	19.4	27.6	29.8	21.1
Reported net profit growth	(30.4)	7.7	26.2	28.6	20.4
Core net profit growth	(23.6)	(5.1)	18.8	28.6	20.4
Profitability ratios (%)					
EBITDA margin	8.6	8.6	9.8	10.2	10.5
EBIT margin	5.5	6.0	6.9	7.8	8.4
Pretax profit margin	5.3	5.3	6.3	7.2	7.9
Payout ratio	44.7	40.0	40.0	40.0	40.0
DuPont analysis					
Net profit margin (%)	4.4	4.0	4.7	5.3	5.8
Revenue/Assets (x)	1.0	1.1	1.1	1.2	1.2
Assets/Equity (x)	1.8	1.9	1.9	1.8	1.8
ROAE (%)	8.1	8.2	9.8	11.8	13.2
ROAA (%)	5.4	4.7	5.2	6.4	7.2
Liquidity & Efficiency					
Cash conversion cycle	88.4	99.1	103.2	100.8	101.9
Days receivable outstanding	95.9	93.0	96.7	94.5	95.5
Days inventory outstanding	80.0	87.5	91.8	89.6	90.5
Days payables outstanding	87.5	81.4	85.4	83.3	84.1
Dividend cover (x)	2.2	2.5	2.5	2.5	2.5
Current ratio (x)	1.8	1.9	1.9	2.0	2.0
Leverage & Expense Analysis					
Asset/Liability (x)	2.5	2.3	2.3	2.3	2.4
Net gearing (%) (incl perps)	13.8	15.5	12.1	10.7	7.8
Net gearing (%) (excl. perps)	13.8	15.5	12.1	10.7	7.8
Net interest cover (x)	22.3	9.2	10.8	13.9	16.7
Debt/EBITDA (x)	1.8	1.8	1.4	1.2	1.0
Capex/revenue (%)	5.3	2.2	2.0	1.8	1.6
Net debt/ (net cash)	325.2	380.0	313.8	296.3	231.1

Source: Company; Maybank IBG Research

Research Offices

ECONOMICS

Suhaimi ILIAS
Chief Economist
Malaysia | Philippines | Global
(603) 2297 8682
suhaimi_ilias@maybank-ib.com

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

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

Erica TAY
China | Thailand
(65) 6231 5844
erica.tay@maybank.com

Brian LEE Shun Rong
Indonesia | Singapore | Vietnam
(65) 6231 5846
brian.lee1@maybank.com

Fatin Nabila MOHD ZAINI
(603) 2297 8685
fatinnabila.mohdzaini@maybank-ib.com

Luong Thu Huong
(65) 6231 8467
hana.thuhoang@maybank.com

FX

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

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

Alan LAU
(65) 6320 1378
alanlau@maybank.com

Shaun LIM
(65) 6320 1371
shaunlim@maybank.com

STRATEGY

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

FIXED INCOME

Winson PHOON, FCA
Head of Fixed Income
(65) 6340 1079
winsonphoon@maybank.com

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

PORTFOLIO STRATEGY

ONG Seng Yeow
(65) 6231 5839
ongsenyeow@maybank.com

MIBG SUSTAINABILITY RESEARCH

Jigar SHAH
Head of Sustainability Research
(91) 22 4223 2632
jigars@maybank.com

Neerav DALAL
(91) 22 4223 2606
neerav@maybank.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

MALAYSIA

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

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

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

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 • Glove

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

Nur Farah SYIFAA
(603) 2297 8675
nurfarahsyifaa.mohamadfuad@maybank-ib.com
• Renewable Energy • REITs

LOH Yan Jin
(603) 2297 8687
lohyanjin.loh@maybank-ib.com
• Ports • Shipping • Automotive

Arvind JAYARATNAM
(603) 2297 8692
arvind.jayaratnam@maybank.com
• Petrochemicals • Technology

Jeremie YAP
(603) 2297 8688
jeremie.yap@maybank-ib.com
• Oil & Gas Services

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

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

SINGAPORE

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

Eric ONG
(65) 6231 5849
ericong@maybank.com
• Healthcare • Transport • SMIDs

Kelvin TAN
(65) 6231 5837
kelvin.tan1@maybank.com
• Telcos • Industrials

LI Jialin
(65) 6231 5845
jialin.li@maybank.com
• REITs

Jarick SEET
(65) 2 8849 5848
jarick.seet@maybank.com
• Technology

Krishna GUHA
(65) 6231 5842
krishna.guha@maybank.com
• REITs

PHILIPPINES

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

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

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

Alexa Mae CARVAJAL
(63) 2 8849 8838
alexamae.carvajal@maybank.com
• Consumer • Gaming • Property • REITs

THAILAND

Chak REUNGSINPINYA *Head of Research*
(66) 2658 5000 ext 1399
chak.reungsinpinya@maybank.com
• Strategy • Energy

Jesada TECHAHUSDIN, CFA
(66) 2658 5000 ext 1395
jesada.t@maybank.com
• Banking & Finance

Wasu MATTANAPOTCHANART
(66) 2658 5000 ext 1392
wasu.m@maybank.com
• Telcos • REITs

Surachai PRAMUALCHAROENKIT
(66) 2658 5000 ext 1470
surachai.p@maybank.com
• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB
(66) 2658 5000 ext 1430
suttatip.p@maybank.com
• Food & Beverage • Commerce

INDONESIA

Jeffrosenberg CHENLIM *Head of Research*
(62) 21 8066 8680
jeffrosenberg.lim@maybank.com
• Strategy • Banking & Finance • Property

Willy GOUTAMA
(62) 21 8066 8500
willy.goutama@maybank.com
• Consumer

Etta Rusdiana PUTRA
(62) 21 8066 8683
etta.putra@maybank.com
• Telcos • Internet • Construction

William Jefferson W
(62) 21 8066 8563
william.jefferson@maybank.com
• Property

Adi WICAKSONO
(62) 21 8066 8686
adi.wicaksono@maybank.com
• Plantations

Satriawan HARYONO, CEWA, CTA
(62) 21 8066 8682
satriawan@maybank.com
• Chartist

VIETNAM

Quan Trong Thanh *Head of Research*
(84 28) 44 555 888 ext 8184
thanh.quan@maybank.com
• Strategy • Banks

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

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

Nguyen Thi Sony Tra Mi
(84 28) 44 555 888 ext 8084
trami.nguyen@maybank.com
• Consumer Discretionary

Tran Thi Thanh Nhan
(84 28) 44 555 888 ext 8088
nhan.tran@maybank.com
• Consumer Staples

Nguyen Le Tuan Loi
(84 28) 44 555 888 ext 8182
loi.nguyen@maybank.com
• Property

Nguyen Thanh Hai
(84 28) 44 555 888 ext 8081
thanhhai.nguyen@maybank.com
• Industrials

Nguyen Thanh Lam
(84 28) 44 555 888 ext 8086
thanhlam.nguyen@maybank.com
• Retail Research

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, "Maybank IBG") and consequently no representation is made as to the accuracy or completeness of this report by Maybank IBG and it should not be relied upon as such. Accordingly, Maybank IBG 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. Maybank IBG 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.

Maybank IBG 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 Maybank IBG 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 Maybank IBG'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 Maybank IBG and Maybank IBG 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 Research Pte. Ltd. ("MRPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact MRPL 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), MRPL 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 Securities (Thailand) Public Company Limited. Maybank Securities (Thailand) Public Company Limited ("MST") 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 MST Institutional and Retail Research departments may differ in either recommendation or target price, or both. MST reserves the rights to disseminate MST 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 MST 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. MST 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, MST 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 Wedbush Securities Inc. ("Wedbush"), 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 Wedbush in the US shall be borne by Wedbush. This report is not directed at you if Wedbush 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 Wedbush 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: Wedbush Securities Inc. 1000 Wilshire Blvd, Los Angeles, California 90017, +1 (646) 604-4232 and not with the issuer of this report.

UK

This document is being distributed by Maybank Securities (London) Ltd (“MSUK”) 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 MRPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Sekuritas Indonesia (“PTMSI”) (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MST (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 Securities Inc (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** MIB Securities (Hong Kong) Limited (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** MIB Securities India Private Limited (“MIBSI”) 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). MIBSI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057). **UK:** Maybank Securities (London) Ltd (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest

Malaysia: Maybank IBG 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 September 2023, Maybank Research Pte. Ltd. and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MST 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. MST, 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 September 2023, MIB Securities (Hong Kong) Limited and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 29 September 2023, and at the end of the month immediately preceding the date of publication of the research report, MIBSI, 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 MIBSI 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.

Maybank IBG 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

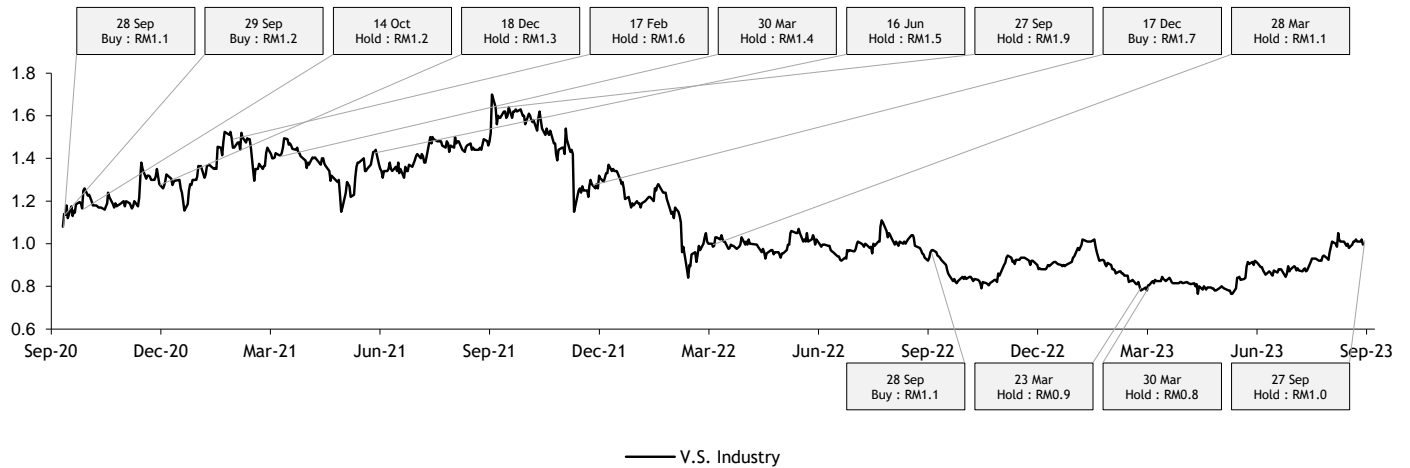
The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed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

Historical recommendations and target price: V.S. Industry (VSI MK)



Definition of Ratings

Maybank IBG Research uses the following rating system

BUY Return is expected to be above 10% in the next 12 months (including dividends)

HOLD Return is expected to be between 0% to 10% in the next 12 months (including dividends)

SELL 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

Singapore

Maybank Securities Pte Ltd
Maybank Research Pte Ltd
50 North Canal Road
Singapore 059304

Tel: (65) 6336 9090

Indonesia

PT Maybank Sekuritas Indonesia
Sentral Senayan III, 22nd Floor
Jl. Asia Afrika No. 8
Gelora Bung Karno, Senayan
Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188

Fax: (62) 21 2557 1189

Thailand

Maybank Securities (Thailand) PCL
999/9 The Offices at Central World,
20th - 21st Floor,
Rama 1 Road Pathumwan,
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)

Tel: (66) 2 658 6801 (research)

London

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

Tel: (44) 20 7332 0221

Fax: (44) 20 7332 0302

India

MIB Securities India Pte Ltd
1101, 11th 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

Vietnam

Maybank Securities Limited
Floor 10, Pearl 5 Tower,
5 Le Quy Don Street,
Vo Thi Sau Ward, District 3
Ho Chi Minh City, Vietnam

Tel : (84) 28 44 555 888

Fax : (84) 28 38 271 030

Hong Kong

MIB Securities (Hong Kong)
Limited
28/F, Lee Garden Three,
1 Sunning Road, Causeway Bay,
Hong Kong

Tel: (852) 2268 0800

Fax: (852) 2877 0104

Philippines

Maybank 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

Sales Trading

Indonesia

Helen Widjaja
helen.widjaja@maybank.com
(62) 21 2557 1188

Philippines

Keith Roy
keith_roy@maybank.com
Tel: (63) 2 848-5288

London

Greg Smith
gsmith@maybank.com
Tel: (44) 207-332-0221

India

Sanjay Makhija
sanjaymakhija@maybank.com
Tel: (91)-22-6623-2629

www.maybank.com/investment-banking
www.maybank-keresearch.com