

# Velesto Energy Berhad (VEB MK)

## 4Q23 results preview: Best quarterly performance in years

### Maintain BUY with a higher TP of MYR0.34 (Top Pick)

We tweak our FY23-25E net profit forecasts by -5%/-10%/+6% based on the latest guidance provided by management with the group having 4 SPS (special periodical surveys) scheduled for FY24E. Our revised assumptions are: i) utilisation rates of 81%/82%/85%; and ii) blended DCRs of USD93k/112k/130k for FY23-25E respectively. We maintain a BUY on Velesto with a higher TP of MYR0.34 (+4sen) based on rolled-over 14x PER (unchanged) on mid-FY25E EPS (FY24E previously).

### We expect a strong showing in 4Q23

Velesto's 4Q23 results will be released on 27 Feb 2024. We expect its 4Q23 utilisation rate to be high at 89% (with all JU rigs up and running; 3Q23: 62%) and an average blended DCR of USD97.5k (3Q23: USD97k). Our revised estimates imply that Velesto will rake in a 4Q23 core net profit of MYR25m (3Q23: MYR1.2m), barring any unforeseen cost swings - which would be the group's best quarterly performance in years (since 3Q19).

### 4 SPS in FY24E, we now project dividends in FY25E

Post-meeting with management, we have imputed 4 SPS (with a capex of USD10m each) in FY24E, resulting in a downward revision in our utilisation rate estimates for 3Q24 and 4Q24 respectively (see Figure 1). And with all of the SPS being loaded in FY24E, coupled with renewal of contracts on higher average DCR of around USD130k in FY25E, we think that the group will be in a net cash position as early as end-FY25E without a dividend policy. With that, we believe it is reasonable to now project a dividend payment at a 30% payout of PATAMI in FY25E, amounting to approximately 0.9sen/share (net gearing: 0.03x after dividends in FY25E).

### Expect some contract wins soon, in our view

With 3 of Velesto's rigs slated to complete/end their current jobs by early-2Q24: i) Vestigo (Naga 2) by mid-1Q24; ii) Petronas Carigali (Naga 4) by mid-1Q24; and iii) Hess (Naga 5) by early-2Q24, we expect some contract wins soon as the group aims to fill up its rig job schedule.

FYE Dec (MYR m)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	378	581	1,120	1,304	1,493
EBITDA	112	114	310	436	536
Core net profit	(186)	(72)	58	160	239
Core EPS (sen)	(2.3)	(0.9)	0.7	2.0	2.9
Core EPS growth (%)	nm	nm	nm	176.1	49.1
Net DPS (sen)	0.0	0.0	0.0	0.0	0.9
Core P/E (x)	nm	nm	36.1	13.1	8.8
P/BV (x)	0.4	0.5	0.9	0.8	0.8
Net dividend yield (%)	0.0	0.0	0.0	0.0	3.4
ROAE (%)	(4.0)	(4.4)	2.5	6.6	6.5
ROAA (%)	(5.7)	(2.4)	1.9	5.1	7.5
EV/EBITDA (x)	11.4	14.6	7.9	5.4	4.0
Net gearing (%) (incl perps)	12.8	19.3	15.5	11.0	2.7
Consensus net profit	-	-	61	144	151
MIBG vs. Consensus (%)	-	-	(4.5)	11.4	58.3

Jeremie Yap  
jeremie.yap@maybank-ib.com  
(603) 2297 8688

# BUY

Share Price	MYR 0.26
12m Price Target	MYR 0.34 (+33%)
Previous Price Target	MYR 0.30

### Company Description

Velesto Energy provides drilling and oilfield services for the oil and gas industry.

### Statistics

52w high/low (MYR)	0.28/0.18
3m avg turnover (USDm)	2.2
Free float (%)	91.7
Issued shares (m)	8,216
Market capitalisation	MYR2.1B USD451M

### Major shareholders:

Permodalan Nasional Bhd.	46.6%
Bumiputra Investment Foundation	7.1%
The Vanguard Group, Inc.	1.7%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	13	(2)	59
Relative to index (%)	10	(5)	60

Source: FactSet

ESG@MAYBANK IBG  
Tear Sheet Insert

# ESG@MAYBANK IBG

jeremie.yap@maybank-ib.com

Risk Rating & Score <sup>1</sup>	21.7 (Medium)
Score Momentum <sup>2</sup>	+0.5
Last Updated	20 Apr 2023
Controversy Score <sup>3</sup>	na

## Business Model & Industry Issues

- Continues to improve on its sustainability journey & milestones: (i) started its Sustainability reporting in 2017, (ii) improved disclosures in 2018 (with a more systematic data-gathering approach), (iii) adoption of 6 UNSDGs in 2019, (iv) developed its Sustainability Blueprint in 2020 and (iv) set emissions intensity reduction goal in 2022: 10% by operating days & 30% by revenue.
- As a service provider in the O&G industry (drilling ops), Velesto’s operations have limited direct exposure to the risk of environmental damage but improved ‘E’ targets (i.e. carbon emissions, carbon neutral, net zero) would be well-received.
- We are comfortable with Velesto given its strong track record across the ESG parameters and compliance with international standards.

### Material E issues

- It consumed: (i) 16,426 MT of diesel (+4% YoY), (ii) 2,359 GJ of electricity (+107% YoY), (iii) 741.3 TJ (+4% YoY) of energy and (iv) 75.6k litres of water (3<sup>rd</sup> consecutive decline YoY) - used for drilling rig ops, mainly seawater and 60%-70% of water withdrawn is used for non-potable applications such as flushing & drilling) in FY22.
- Its: (i) GHG emissions (Scope 1 & 2), (ii) total waste generated in FY22 totalled 53,085 TCO<sup>2</sup>e (FY21: 53,189 TCO<sup>2</sup>e), 137 MT (-29% YoY) respectively.
- Reported zero major spills from its JUs in 2022 (FY21: one major spill).
- As a common practice, all its JUs continue to operate in marine locations deemed NOT high in biodiversity/ considered sensitive to ecological challenges.
- Participates in Plug and Abandonment decommissioning activities and complies with the local/ international conventions.

### Material S issues

- Has a diversified workforce, with 27% non-Malaysian employees in FY22 (FY21: 25%).
- Female representation in FY22 for: (i) executive positions (51%); (ii) managerial roles (29%); and (iii) non-executive roles (2%).
- Females accounted for 36% of senior management positions.
- Does not intend to set any target for gender diversity. Ensures equal opportunity and non-discrimination of Race, Religion, Gender, Age, and Marital Status.
- Registered: (i) zero Loss Time Incident (LTI), (ii) 0.5 recordable case (TRCF) incidents; (iii) zero fatalities; (iv) zero incidence of corruption in FY22.

### Key G metrics and issues

- A constituent of the FTSE4Good Index Series and a winner of the MSWG-ASEAN Corporate Governance Scorecard Award 2021 and MSOSH Gold Class 1 Award 2022.
- Velesto’s board comprises 9 directors - 4 Independent Non-Executive Directors (INEDs), 1 Senior INED (SINED), 3 NINEDs (incl. Chairman), and 1 ED (President).
- A very experienced and gender-diversified board - 56% are above 65 years old and 44% are female.
- PNB, a major shareholder of Velesto, has 1 board seat representation (direct appointment).
- The Executive Directors’ total remuneration package of MYR2.0m for FY22 accounted for 1.8% of the Group’s EBITDA.
- Velesto is audited by Ernst & Young PLT (EY), one of the Big Four accounting firms in the world.
- Its Audit Committee is made up of 3 INEDs and 1 SINED.
- Its Board Risk Management Committee is made up of 3 INEDs and 1 NINED.
- Its Board Nomination & Remuneration Committee comprise of 1 SIEND, 2 INED and 2 NINED.
- The de-merger of UMW Holdings and Velesto (formerly known as UMW O&G) in 2016 was completed in 2017.
- Subsequently, the planned merger with Icon Offshore and Orkim S/B in Jan 2017 was aborted in May 2017 following a due diligence exercise.
- Implemented a 14-for-5 rights issue @ MYR0.30/ unit in Oct 2017, raising MYR1.8b to recapitalise its balance sheet.

<sup>1</sup>**Risk 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. <sup>2</sup>**Score 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. <sup>3</sup>**Controversy 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: 55)						
	Particulars	Unit	FY20	FY21	FY22	YNS MK (FY23)
E	Scope 1 emissions	m tCO2e	0.0627	0.0530	0.0549	0.0441
	Scope 2 emissions	m tCO2e	0.0001	0.0005	0.0005	0.0004
	<b>Total</b>	<b>m tCO2e</b>	<b>0.0629</b>	<b>0.0535</b>	<b>0.0554</b>	<b>0.0446</b>
	Scope 3 emissions	m tCO2e	N/A	N/A	0.0328	1.73
	<b>Total</b>	<b>m tCO2e</b>	<b>0.0629</b>	<b>0.0535</b>	<b>0.0882</b>	<b>1.7742</b>
	GHG intensity (Scope 1 and 2)	tCO2e/RM mil	115.0000	141.0000	95.0000	280.60
	Energy intensity	MWh/RM mil	NA	NA	NA	542.00
	Total solid and chemical waste generated	MT	280.0	201.6	N/A	0.0005
	% of waste recycled	%	N/A	N/A	N/A	45.46%
	Average Water Consumption per rig	MT	13,184.0	10,544.0	16,426.0	NA
	Wastewater discharge (COD)	Ml	N/A	151.9	N/A	2894.6
	Cases of environmental non-compliance	number	N/A	0	0	0
	NOx	tonnes of CO2e	134.20	113.37	113.53	1,398.9
NH4	tonnes of CO2e	70.90	59.89	59.89	NA	
PM	tonnes of CO2e	N/A	N/A	N/A	NA	
S	% of women in workforce	%	16.0%	N/A	N/A	21.5%
	% women in management roles	%	42.0%	43.0%	29.0%	9.1%
	Avg number of training days per employee	days	2.1	1.5	N/A	NA
	Lost time injury (LTIF)	number	0	0.5	0.5	0
	% of local suppliers	%	70%	73%	72%	85%
	% of women in workforce	%	16.0%	N/A	N/A	21.5%
G	MD/CEO salary as % of revenue	%	0.70%	0.42%	0.72%	0.08%
	Board salary as % of revenue	%	0.41%	0.26%	0.29%	0.03%
	Independent directors on the Board	%	56%	56%	56%	54.55%
	Female directors on the Board	%	44%	33%	44%	36%

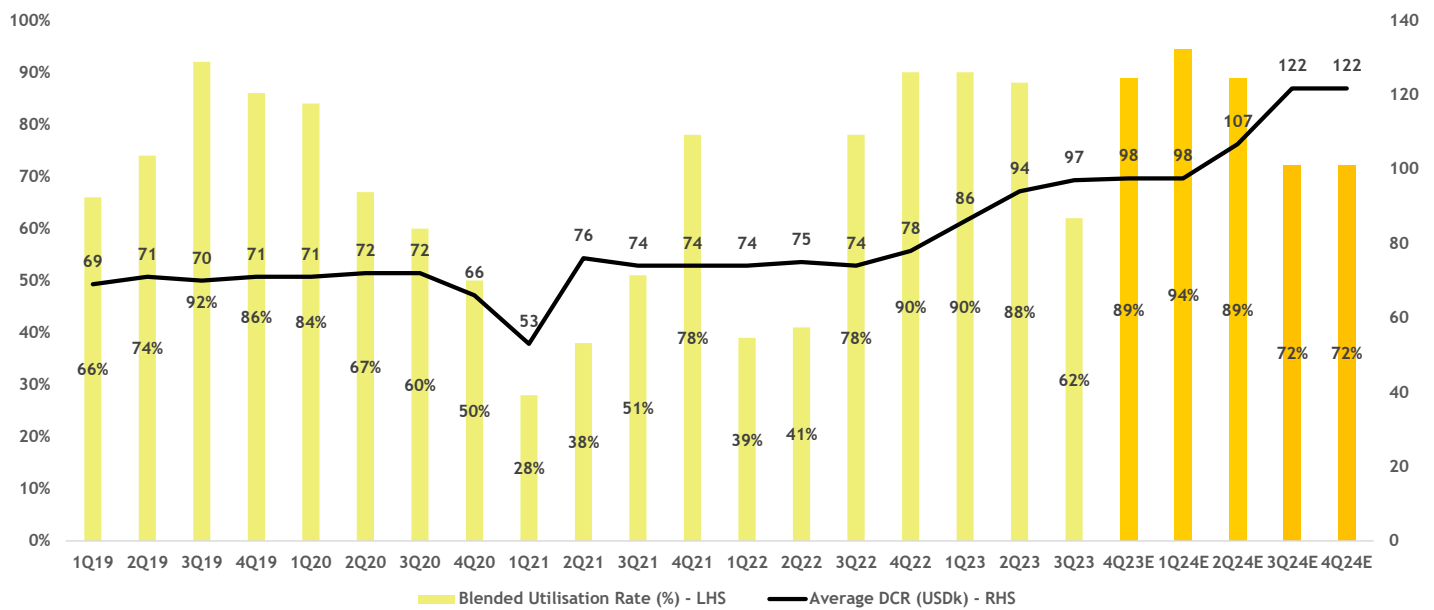
Qualitative Parameters (Score: 33)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes, there is an ESG policy in place and it is under a risk committee that is led by its Board of Directors.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>No.</i>
c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting?	<i>Yes, as disclosed in pages 54 to 67 of its AR 2022.</i>
d) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?	<i>Not yet.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Seawater is used instead of fresh water for rig operations. In collaboration with Kloth Cares, Velesto installed dedicated recycling bins outside its headquarters. Velesto is using more carbon efficient equipments to reduce carbon emissions.</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>Yes.</i>

Target (Score: 33)		
Particulars	Target	Achieved
Net carbon neutrality	2050	N/A
Exceeded Bursa Malaysia target for 30% female directorship by 2022	30%	40%
Emission reduction intensity	2030	N/A
<b>Impact</b>		
N/A		
<b>Overall Score: 44</b>		
As per our ESG matrix, Velesto (VEB MK) has an overall score of 44.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	55	27
Qualitative	25%	33	8
Target	25%	33	8
<b>Total</b>			<b>44</b>

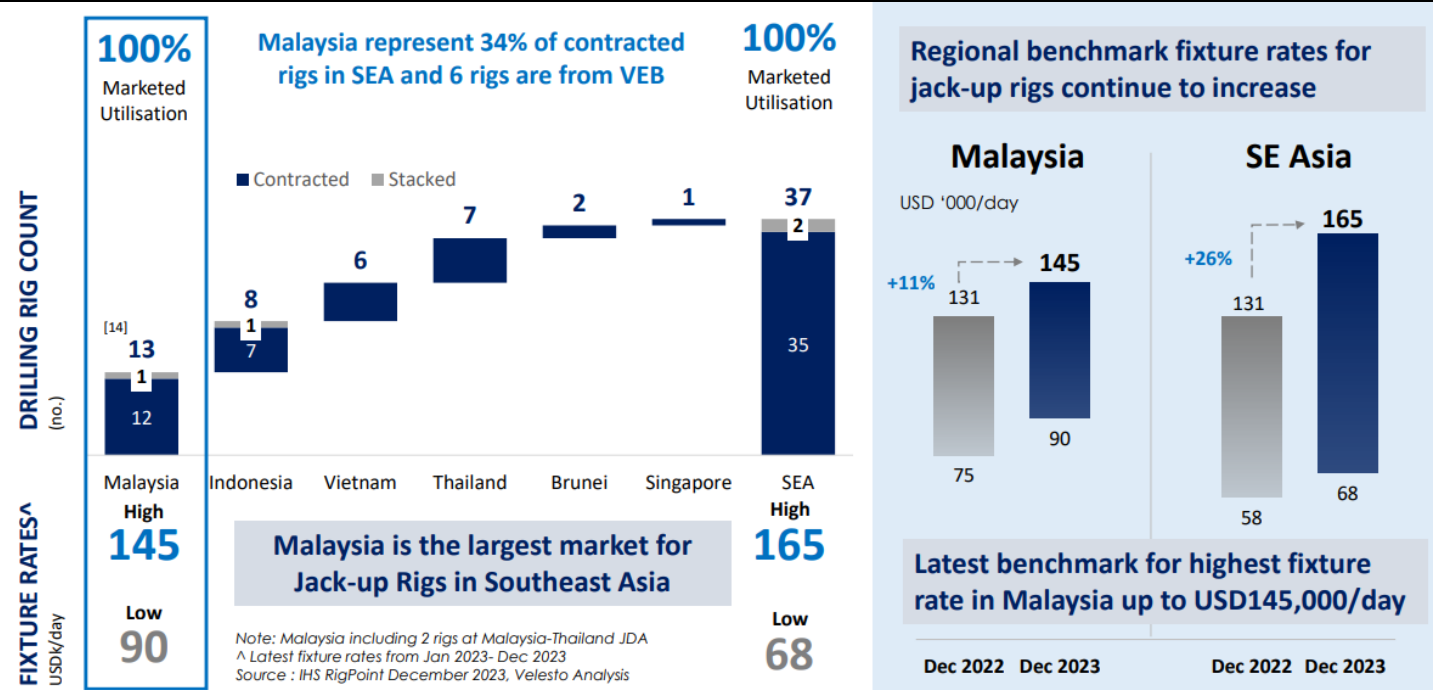
As per our ESG assessment, Velesto has an established framework, internal policies, and tangible mid/long-term targets but needs to make headway in improving its quantitative "E" metrics YoY. Velesto's overall ESG score is 44, which makes its ESG rating **slightly below average**, in our view (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

Fig 1: DCR and Utilisation Rate Projections



Source: Maybank IBG Research, Company

Fig 2: Regional Jack-Up Drilling Rig Outlook



Source: Company

**Risk Statement**

There are several risk factors that may impact our earnings estimates, target price and BUY rating for Velesto Energy. Key risks include: (i) a severe decline in crude oil prices; (ii) the group not being able to secure contracts, resulting in a decline in utilisation rates; and (iii) not being able to lock-in higher DCRs for future jobs.

## 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, to derive 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.

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Key Metrics</b>					
P/E (reported) (x)	nm	nm	36.1	13.1	8.8
Core P/E (x)	nm	nm	36.1	13.1	8.8
P/BV (x)	0.4	0.5	0.9	0.8	0.8
P/NTA (x)	0.4	0.5	0.9	0.8	0.8
Net dividend yield (%)	0.0	0.0	0.0	0.0	3.4
FCF yield (%)	nm	nm	3.7	4.3	13.0
EV/EBITDA (x)	11.4	14.6	7.9	5.4	4.0
EV/EBIT (x)	nm	nm	19.7	9.4	6.3

**INCOME STATEMENT (MYR m)**

Revenue	377.5	580.9	1,119.8	1,303.6	1,492.9
EBITDA	112.0	114.4	310.0	436.0	535.7
Depreciation	(157.0)	(167.9)	(185.0)	(185.0)	(191.0)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	(45.0)	(53.5)	125.0	251.0	344.7
Net interest income / (exp)	(40.3)	(31.8)	(48.5)	(40.0)	(30.1)
Associates & JV	0.2	0.2	0.0	0.0	0.0
Other pretax income	2.4	3.4	0.0	0.0	0.0
Pretax profit	(82.7)	(81.8)	76.4	211.0	314.6
Income tax	(8.1)	(18.6)	(18.3)	(50.6)	(75.5)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	(90.8)	(100.4)	58.1	160.3	239.1
Core net profit	(185.6)	(71.7)	58.1	160.3	239.1
Preferred Dividends	0.0	0.0	0.0	0.0	71.7

**BALANCE SHEET (MYR m)**

Cash & Short Term Investments	293.5	120.0	87.4	87.4	118.6
Accounts receivable	198.7	359.1	395.1	459.9	526.7
Inventory	173.5	185.2	203.7	237.1	271.6
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	2,294.3	2,408.1	2,358.1	2,373.1	2,282.1
Intangible assets	8.9	8.0	8.0	8.0	8.0
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	37.1	8.9	8.9	8.9	8.9
<b>Total assets</b>	<b>3,006.0</b>	<b>3,089.4</b>	<b>3,061.2</b>	<b>3,174.4</b>	<b>3,215.9</b>
ST interest bearing debt	279.9	255.0	155.0	75.0	55.0
Accounts payable	154.3	237.4	261.2	304.0	348.2
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	302.1	306.3	296.3	286.3	136.3
Other liabilities	12.0	9.0	9.0	9.0	9.0
<b>Total Liabilities</b>	<b>747.9</b>	<b>807.7</b>	<b>721.4</b>	<b>674.3</b>	<b>548.4</b>
Shareholders Equity	2,258.1	2,281.7	2,339.7	2,500.1	2,667.4
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Total shareholder equity</b>	<b>2,258.1</b>	<b>2,281.7</b>	<b>2,339.7</b>	<b>2,500.1</b>	<b>2,667.4</b>
<b>Total liabilities and equity</b>	<b>3,006.0</b>	<b>3,089.4</b>	<b>3,061.2</b>	<b>3,174.4</b>	<b>3,215.9</b>

**CASH FLOW (MYR m)**

Pretax profit	(82.7)	(81.8)	76.4	211.0	314.6
Depreciation & amortisation	157.0	167.9	185.0	185.0	191.0
Adj net interest (income)/exp	4.7	8.5	0.0	0.0	0.0
Change in working capital	3.7	(98.0)	(30.7)	(55.4)	(57.1)
Cash taxes paid	(20.1)	(14.6)	(18.3)	(50.6)	(75.5)
Other operating cash flow	(91.7)	(8.6)	0.0	0.0	0.0
Cash flow from operations	(29.1)	(26.4)	212.4	289.9	373.0
Capex	(71.9)	(147.4)	(135.0)	(200.0)	(100.0)
Free cash flow	(101.1)	(173.8)	77.4	89.9	273.0
Dividends paid	0.0	0.0	0.0	0.0	(71.7)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	(511.7)	(51.0)	(110.0)	(90.0)	(170.0)
Other invest/financing cash flow	645.0	64.2	0.0	0.0	0.0
Effect of exch rate changes	8.9	29.5	0.0	0.0	0.0
Net cash flow	41.2	(131.2)	(32.6)	(0.1)	31.3

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	(31.0)	53.9	92.8	16.4	14.5
EBITDA growth	(62.3)	2.1	171.0	40.7	22.9
EBIT growth	nm	nm	nm	100.9	37.3
Pretax growth	nm	nm	nm	176.1	49.1
Reported net profit growth	nm	nm	nm	176.1	49.1
Core net profit growth	nm	nm	nm	176.1	49.1
<b>Profitability ratios (%)</b>					
EBITDA margin	29.7	19.7	27.7	33.4	35.9
EBIT margin	nm	nm	11.2	19.3	23.1
Pretax profit margin	nm	nm	6.8	16.2	21.1
Payout ratio	0.0	0.0	0.0	0.0	30.0
<b>DuPont analysis</b>					
Net profit margin (%)	nm	nm	5.2	12.3	16.0
Revenue/Assets (x)	0.1	0.2	0.4	0.4	0.5
Assets/Equity (x)	1.3	1.4	1.3	1.3	1.2
ROAE (%)	(4.0)	(4.4)	2.5	6.6	6.5
ROAA (%)	(5.7)	(2.4)	1.9	5.1	7.5
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	164.9	172.9	121.2	118.1	119.0
Days inventory outstanding	nm	nm	nm	nm	nm
Days payables outstanding	nm	nm	nm	nm	nm
Dividend cover (x)	nm	nm	nm	nm	3.3
Current ratio (x)	1.6	1.4	1.6	2.1	2.3
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	4.0	3.8	4.2	4.7	5.9
Net gearing (%) (incl perps)	12.8	19.3	15.5	11.0	2.7
Net gearing (%) (excl. perps)	12.8	19.3	15.5	11.0	2.7
Net interest cover (x)	na	na	2.6	6.3	11.4
Debt/EBITDA (x)	5.2	4.9	1.5	0.8	0.4
Capex/revenue (%)	19.1	25.4	12.1	15.3	6.7
Net debt/ (net cash)	288.5	441.2	363.8	273.9	72.6

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  
ongsengyeow@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

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

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

**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 • Automotive • Technology (EMS)

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

**Arvind JAYARATNAM**  
(603) 2297 8692  
arvind.jayaratnam@maybank.com  
• Technology (Semicon & Software)

**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

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

**Jarick SEET**  
(65) 6231 5848  
jarick.seet@maybank.com  
• Technology

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

### PHILIPPINES

**Rachelleen RODRIGUEZ, CFA Head of Research**  
(63) 2 5322 5007  
rachelleen.rodriguez@maybank.com  
• Banking & Finance • Transport • Telcos  
• Utilities

**Daphne SZE**  
(63) 2 5322 5008  
daphne.sze@maybank.com  
• Consumer

**Alexa Mae CARVAJAL**  
(63) 2 5322 5006  
alexamae.carvajal@maybank.com  
• Consumer • Gaming

**Raffy MENDOZA**  
(63) 2 5322 5010  
joseraphael.mendoza@maybank.com  
• 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 • Technology • REITs • Property  
• Consumer Discretionary

**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

**Natchaphon RODJANAROWAN**  
(66) 2658 5000 ext 1393  
natchaphon.rodjanarowan@maybank.com  
• Utilities

**Boonyakorn AMORNANSANK**  
(66) 2658 5000 ext 1394  
boonyakorn.amornsank@maybank.com  
• Services

### 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 15 January 2024, 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 15 January 2024, 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 15 January 2024, 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

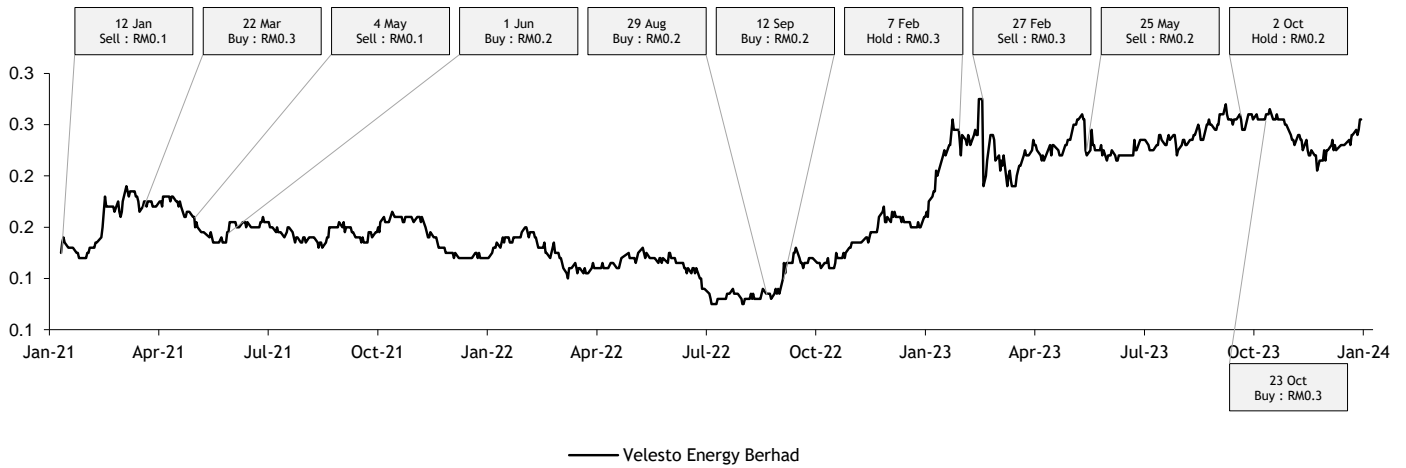
The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed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

 **Thailand**

Maybank Securities (Thailand) PCL  
 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)

 **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, 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

 **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](http://www.maybank.com/investment-banking)  
[www.maybank-keresearch.com](http://www.maybank-keresearch.com)