

23 March 2016

Consumer Non-cyclical | Packaging

Scientex

Buy (Maintained)

A Convincing Growth Story

Target Price: MYR14.54
 Price: MYR12.94
 Market Cap: USD741m
 Bloomberg Ticker: SCI MK

We remain excited about Scientex's aggressive expansion plan to grow its consumer packaging capacity by a CAGR of 124% from 2014-2016, which would help drive an earnings CAGR of 36% in FY15-18F. Maintain BUY with a higher SOP-based MYR 14.54 TP (from MYR13.05, 12% upside), as we take into account new additional capacity that management is planning to bring on-stream by end-2016. The company proposed a 1-for-1 bonus issue to better reflect its larger scale of operations and improve trading liquidity.

Share Data

Avg Daily Turnover (MYR/USD) 3.01m/0.72m
 52-wk Price low/high (MYR) 6.58 - 12.9
 Free Float (%) 28
 Shares outstanding (m) 229
 Estimated Return 12%

More pleasant surprises. At the recent results briefing, management guided that it was looking to invest MYR30m to ramp up polyethylene (PE) film production capacity by 50% at Scientex Great Wall (Ipoh) SB's (SGW Ipoh) facility by end-2016. This is to cater for stronger orders as Scientex expands its footprint into new South-East Asian markets. We note that its new capacities are on track – with the cast polypropylene (CPP) film plant already starting production in January while commercial production for its biaxially oriented polypropylene (BOPP) plant should start by mid-2016

Shareholders (%)

Scientex Holdings Sdn Bhd 21.7
 Scientex Leasing Sdn Bhd 10.2
 Lim Teck Meng 8.3

Affordable housing the way to go. For FY16, Scientex targets to launch ~MYR600m worth of projects (FY15: MYR667.4m) and has launched five new projects worth MYR300.5m YTD February – mainly affordable residential properties. New property sales in this period remained resilient at ~MYR300m, ie almost on par with FY15 levels. Going forward, it plans to launch 1,000 terrace units in Pulai, Johor, with an expected MYR300m-400m GDV over the next 1-2 years to recoup the land acquisition cost of MYR219m.

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	32.7	20.7	36.1	83.5	94.3
Relative	30.8	17.7	31.1	78.0	98.7

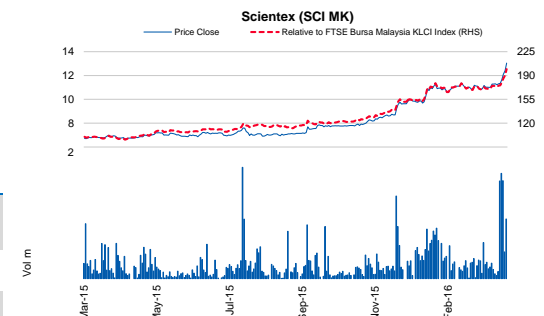
3QFY16 (Jul) earnings: in line with ours but above consensus' forecast

Source: Bloomberg

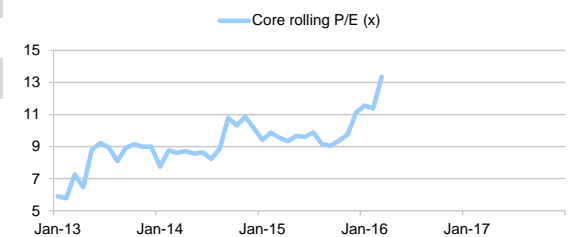
(MYRm)	2QFY16	1QFY16	QoQ (%)	2QFY15	YoY (%)	Comments
Revenue	545	551	(0.9)	463	17.8	Driven by all-round growth in its manufacturing and property divisions
EBITDA	92	96	(3.7)	59	56.7	
EBITDA (%)	16.9	17.4		12.7		
EBIT	79	82	(4.3)	48	63.6	
EBIT (%)	14.4	14.9		10.4		
NI	67	64	4.2	37	83.3	In line ours but above consensus' estimates
NI (%)	12.3	11.7		7.9		

Source: Company data, RHB

Maintain BUY. We raise our earnings forecast by 1-4% for FY16-18 to account for the new PE capacity expected to come online by end-2016 and stronger consumer packaging volume going forward. We raise our SOP-derived TP to MYR14.54, valuing its manufacturing segment using DCF (8% WACC, 2% TG) and property segment based on an unchanged 40% discount to RNAV.



Source: Bloomberg



Source: Bloomberg

Forecasts and Valuations	Jul-14	Jul-15	Jul-16F	Jul-17F	Jul-18F
Total turnover (MYRm)	1,590	1,802	2,536	3,293	3,873
Reported net profit (MYRm)	148	158	244	328	401
Recurring net profit (MYRm)	146	158	244	328	401
Recurring net profit growth (%)	19.1	8.5	54.1	34.5	22.3
Recurring EPS (MYR)	0.66	0.69	1.06	1.43	1.75
DPS (MYR)	0.21	0.22	0.32	0.43	0.53
Recurring P/E (x)	19.6	18.7	12.2	9.0	7.4
P/B (x)	4.02	3.15	2.66	2.21	1.83
P/CF (x)	18.6	27.5	11.6	8.4	6.8
Dividend Yield (%)	1.6	1.7	2.5	3.3	4.1
EV/EBITDA (x)	12.7	16.7	8.3	6.0	4.6
Return on average equity (%)	22.1	19.1	23.7	26.7	27.1
Net debt to equity (%)	34.9	13.4	16.9	3.9	net cash
Our vs consensus EPS (adjusted) (%)			6.0	9.3	11.4

Source: Company data, RHB

Analyst

Christine Chua
 +603 9207 7620
christine.chua@rhbgroup.com

Financial Exhibits

Profit & Loss (MYRm)	Jul-14	Jul-15	Jul-16F	Jul-17F	Jul-18F	Cash flow (MYRm)	Jul-14	Jul-15	Jul-16F	Jul-17F	Jul-18F
Total turnover	1,590	1,802	2,536	3,293	3,873	Operating profit	190	225	327	441	530
Cost of sales	(1,274)	(1,414)	(1,978)	(2,571)	(3,036)	Depreciation & amortisation	53	(39)	52	64	69
Gross profit	316	388	557	722	838	Change in working capital	(36)	(34)	(50)	(53)	(41)
Gen & admin expenses	(91)	(117)	(165)	(198)	(221)	Other operating cash flow	(17)	-	-	-	-
Selling expenses	(41)	(52)	(75)	(96)	(101)	Operating cash flow	190	152	329	453	558
Other operating costs	5	6	9	12	13	Tax paid	(37)	(44)	(74)	(100)	(122)
Operating profit	190	225	327	441	530	Cash flow from operations	154	108	255	353	436
EBITDA	243	186	380	505	599	Capex	(66)	(100)	(240)	(100)	(70)
Depreciation of fixed assets	(53)	39	(52)	(64)	(69)	Other investing cash flow	(84)	63	(0)	-	-
Operating profit	190	225	327	441	530	Cash flow from investing activities	(149)	(37)	(240)	(100)	(70)
Net income from investments	4	4	3	4	5	Dividends paid	(58)	(48)	(73)	(98)	(120)
Interest expense	(7)	(8)	(7)	(10)	(3)	Increase in debt	(8)	(121)	247	(30)	(10)
Pre-tax profit	186	221	323	434	531	Other financing cash flow	(7)	23	(7)	(10)	(3)
Taxation	(35)	(59)	(74)	(100)	(122)	Cash flow from financing activities	(73)	(146)	167	(138)	(133)
Minority interests	(3)	(4)	(5)	(7)	(8)	Cash at beginning of period	152	84	91	273	387
Reported net profit	148	158	244	328	401	Total cash generated	(68)	(75)	182	114	233
Recurring net profit	146	158	244	328	401	Implied cash at end of period	84	9	273	387	620

Source: Company data, RHB

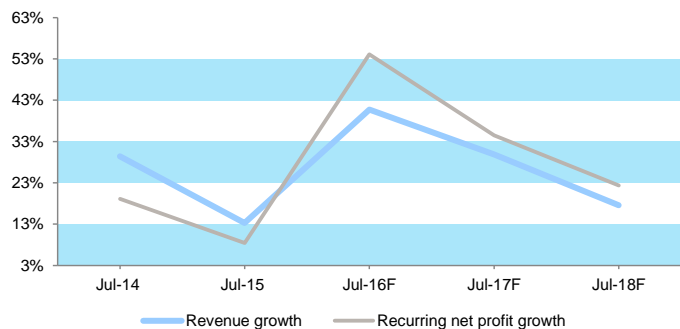
Source: Company data, RHB

Key Ratios	Jul-14	Jul-15	Jul-16F	Jul-17F	Jul-18F	Balance Sheet (MYRm)	Jul-14	Jul-15	Jul-16F	Jul-17F	Jul-18F
Revenue growth (%)	29.4	13.3	40.7	29.9	17.6	Total cash and equivalents	84	91	273	387	620
Operating profit growth (%)	29.8	18.6	45.4	34.7	20.2	Inventories	109	112	141	183	216
Recurring net profit growth (%)	19.1	8.5	54.1	34.5	22.3	Accounts receivable	243	322	458	596	700
Recurrent EPS growth (%)	16.3	4.7	54.1	34.5	22.3	Other current assets	105	136	136	136	136
Gross margin (%)	19.9	21.5	22.0	21.9	21.6	Total current assets	541	661	1,009	1,302	1,673
Operating EBITDA margin (%)	15.3	10.3	15.0	15.3	15.5	Total investments	47	66	68	72	77
Operating margin (%)	11.9	12.5	12.9	13.4	13.7	Tangible fixed assets	813	911	1,099	1,134	1,135
Recurring net profit margin (%)	9.2	8.8	9.6	10.0	10.4	Total non-current assets	860	977	1,167	1,207	1,212
Return on average assets (%)	11.1	10.4	12.8	14.0	14.9	Total assets	1,400	1,638	2,176	2,509	2,885
Return on average equity (%)	22.1	19.1	23.7	26.7	27.1	Short-term debt	263	150	236	221	216
Net debt to equity (%)	34.9	13.4	16.9	3.9	(11.0)	Accounts payable	272	308	424	550	647
Interest cover (x)	27	27	49	44	191	Other current liabilities	11	42	42	42	42
Capex/Free cash flow (%)	42.8	92.7	94.1	28.4	16.1	Total current liabilities	547	500	702	814	906
BVPS (MYR)	3.22	4.11	4.86	5.86	7.09	Total long-term debt	78	76	236	221	216
DPS (MYR)	0.21	0.22	0.32	0.43	0.53	Other liabilities	41	57	57	57	57
Dividend payout ratio (%)	31.3	31.4	30.0	30.0	30.0	Total non-current liabilities	118	133	294	279	274
Free cash flow per share (MYR)	0.40	0.03	0.07	1.10	1.60	Total liabilities	665	633	996	1,092	1,179
						Share capital	115	115	115	115	115
						Retained earnings reserve	-	-	171	400	681
						Other reserves	598	827	827	827	827
						Shareholders' equity	713	942	1,113	1,342	1,623
						Minority interests	23	63	68	75	83
						Other equity	0	-	-	-	-
						Total equity	735	1,005	1,180	1,417	1,706
						Total liabilities & equity	1,400	1,638	2,176	2,509	2,885

Source: Company data, RHB

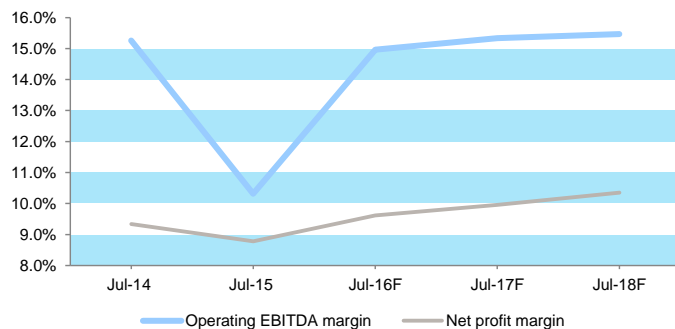
Source: Company data, RHB

Revenue growth vs Recurring net profit growth



Source: Company data, RHB

EBITDA margin vs Net profit margin



Source: Company data, RHB

A Convincing Growth Story

Figure 1: Scientex's results review

FYE Jul (MYRm)	2QFY15	1QFY16	2QFY16	QoQ (%)	YoY (%)	1HFY15	1HFY16	YoY (%)	Comments
Revenue	462.9	550.6	545.4	(0.9)	17.8	893.9	1,096.0	22.6	Higher revenue driven by all-round growth across manufacturing and property (Figure 2).
EBITDA	58.7	95.5	92.0	(3.7)	56.7	110.9	187.5	69.1	
Depreciation	(10.7)	(13.5)	(13.4)	(0.2)	25.7	(21.4)	(26.9)	25.7	
EBIT	48.0	82.1	78.6	(4.3)	63.6	89.5	160.6	79.5	
<i>EBIT Margin (%)</i>	<i>10.4</i>	<i>14.9</i>	<i>14.4</i>			<i>10.0</i>	<i>14.7</i>		
Interest expense	(1.9)	(3.1)	(2.6)	(15.7)	39.0	(3.8)	(5.7)	50.5	
Interest income	1.2	1.8	3.9	nm	nm	1.8	5.714	nm	
Associates	0.0	0.0	0.0	nm	nm	0.0	0.0	nm	
EI/Others	(0.5)	(3.5)	(2.4)	(30.1)	nm	(5.7)	(5.9)	2.4	
Pretax profit	47.3	80.8	79.853	(1.1)	68.8	87.5	160.6	83.7	Margins improvement due to economies of scale, operating efficiency, a favourable product mix and higher export sales.
<i>Pretax Margin (%)</i>	<i>10.2</i>	<i>14.7</i>	<i>14.6</i>			<i>9.8</i>	<i>14.7</i>		
Tax	(10.2)	(18.0)	(13.2)	(26.8)	29.6	(19.2)	(31.2)	63.0	
<i>Effective tax rate (%)</i>	<i>21.5</i>	<i>22.3</i>	<i>16.5</i>			<i>21.9</i>	<i>19.4</i>		
Minority Interest	1.1	1.9	2.0	6.8	91.7	2.0	3.9	98.1	
Net Profit	36.1	60.9	64.6	6.2	79.2	66.3	125.475	89.2	
Core Profit	36.6	64.3	67.0	4.2	83.3	72.1	131.4	82.3	In line with our forecast but above consensus estimates at 54%.
<i>Net Margin (%)</i>	<i>7.9</i>	<i>11.7</i>	<i>12.3</i>			<i>8.1</i>	<i>12.0</i>		

Source: Company, RHB

Figure 2: Scientex's segmental breakdown

FYE Jul (MYRm)	2QFY15	1QFY16	2QFY16	QoQ (%)	YoY (%)	1HFY15	1HFY16	YoY (%)	Comments
Revenue									Higher industrial packaging revenue in 1HFY16 (+7.3% YoY) due to increased ASP from a stronger USD/MYR translation and slight growth in volume.
Manufacturing	327.0	392.0	402.0	2.5%	22.9%	647.3	794.0	22.7%	Higher consumer packaging revenue in 1HFY16 (+46.1% YoY) due to contribution from SGW Ipoh, and expanded PE film capacity and clientele.
Property	135.9	158.6	143.4	-9.5%	5.6%	246.6	302.0	22.5%	Higher revenue recognition across all ongoing projects.
Total	462.9	550.6	545.4	-0.9%	17.8%	893.9	1096.0	22.6%	
EBIT									
Manufacturing	17.4	38.0	38.7	1.8%	121.8%	32.1	76.7	138.6%	
Property	40.3	47.5	36.4	-23.4%	-9.7%	72.3	83.9	16.1%	
Total	57.7	85.5	75.1			104.5	160.6		
EBIT Margin									
Manufacturing	5.3%	9.7%	9.6%			5.0%	9.7%		Margins improvement due to better efficiency, a favourable product mix and higher export sales.
Property	29.7%	30.0%	25.4%			29.3%	27.8%		

Source: Company data, RHB

Figure 3: Scientex's SOP-derived TP

Manufacturing	DCF (WACC: 8%)	2,764.0
Property	RNAV (Discount of 40%)	566.7
Total Equity Value		3,330.7
No. of shares (m)		229.0
TP per share (MYR)		14.54

Source: RHB

Figure 4: Scientex's DCF-derived valuation for the manufacturing segment

	FY16F	FY17F	FY18F	FY19F	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F
Free cash flow to firm (FCFF)	65.2	132.5	156.6	187.0	195.9	200.3	210.5	224.5	221.5	244.4
PV of FCFF	62.0	113.9	121.7	131.3	124.4	115.0	109.2	105.3	93.9	93.7
Sum of PV of FCFF	1070.5									
Terminal Value	4,015									
PV of Terminal Value	1,934									
Firm value	3,004.24									
Net debt	(240)									
Equity Value	2,764.0									
WACC computation										
Risk free rate	4.3%									
Market risk premium	6.7%									
Beta	0.7									
Cost of Equity	9.3%									
Cost of debt (after-tax)	3.8%									
WACC	8%									
Implied FY17F P/E	15									

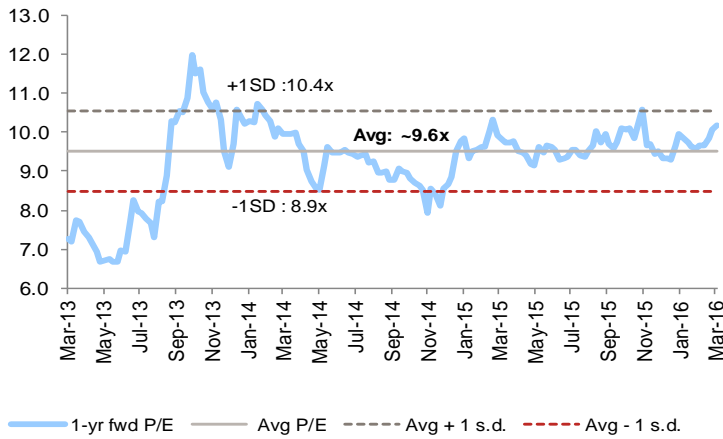
Source: RHB

Figure 5: Scientex's peers comparison

Company	Bloomberg Ticker	Rec	TP MYR	Price MYR	Mkt Cap (MYRm)	P/E (x)		P/BV (x)		DY (%)		ROE (%)		3-yr fwd CAGR
						FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	
Local peers														
Thong Guan Industries	TGI MK	Neutral	2.94	3.13	340.0	10.0	12.8	1.2	1.1	4.5	2.1	11.6	8.8	0.3
BP Plastics	BPP MK	NR	NR	1.60	0.0	13.3	10.7	1.90	1.90	4.5	5.5	13.8	6.5	n.a.
Daiboichi	DPP MK	Sell	1.65	2.18	595.7	15.0	18.8	3.12	2.92	3.0	3.2	16.1	16.1	3.0
Average					311.9	12.8	14.1	2.1	2.0	4.0	3.6	13.8	10.5	1.7
Scientex	SCI MK	Buy	14.54	12.94	2,935	12.2	9.0	2.7	2.2	2.5	3.3	23.7	26.7	0.3

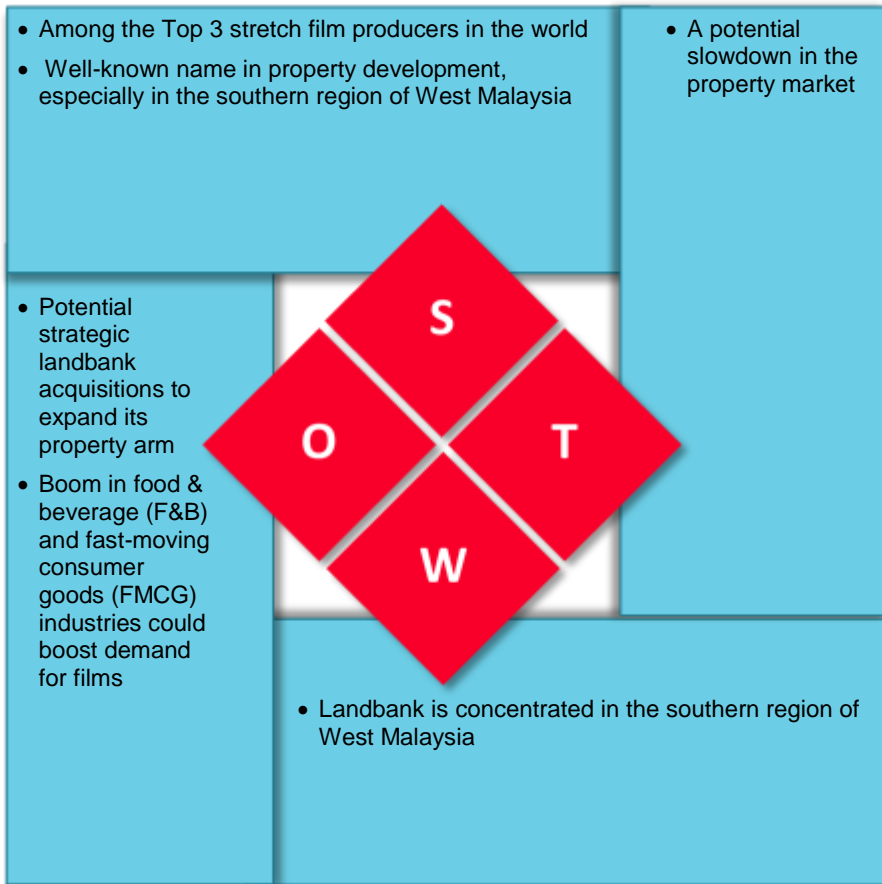
Source: Bloomberg, RHB

Figure 6: Scientex's 3-year historical average



Source: RHB

SWOT Analysis



Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2016-03-18	Buy	13.1	12.0
2015-12-18	Buy	10.7	9.5
2015-09-30	Buy	8.3	7.1
2015-08-06	Buy	8.8	7.5
2015-06-30	Buy	7.9	6.9
2015-03-24	Buy	8.2	6.6
2014-12-18	Buy	8.6	7.0
2014-09-25	Buy	8.6	7.1
2014-08-10	Buy	7.2	6.0
2014-03-21	Buy	7.2	5.8

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months

Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

Neutral: Share price may fall within the range of +/- 10% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels

Sell: Share price may fall by more than 10% over the next 12 months

Not Rated: Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this

report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

RHB and/or its affiliates and/or their directors, officers, associates, connected parties and/or employees, may have, or have had, interests in the securities or qualified holdings, in subject company(ies) mentioned in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, RHB and/or its affiliates may have, or have had, business relationships with the subject company(ies) mentioned in this report and may from time to time seek to provide investment banking or other services to the subject company(ies) referred to in this research report. As a result, investors should be aware that a conflict of interest may exist.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Research Institute Sdn Bhd. The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHB Research Institute Sdn Bhd has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Securities Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Research Institute Singapore Pte Ltd and it may only be distributed in Singapore to accredited investors, expert investors and institutional investors as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time. By virtue of distribution to these categories of investors, RHB Research Institute Singapore Pte Ltd and its representatives are not required to comply with Section 36 of the Financial Advisers Act (Chapter 110) (Section 36 relates to disclosure of RHB Research Institute Singapore Pte Ltd's interest and/or its representative's interest in securities). Recipients of this report in Singapore may contact RHB Research Institute Singapore Pte Ltd in respect of any matter arising from or in connection with the report.

Hong Kong

This report is issued and distributed in Hong Kong by RHB Securities Hong Kong Limited (興業僑豐證券有限公司) (CE No.: ADU220) ("RHBSHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact RHB Securities Hong Kong Limited.

United States

This report was prepared by RHB and is being distributed solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"). RHB is not registered as a broker-dealer in the United States and does not offer brokerage services to U.S. persons. Any order for the purchase or sale of the securities discussed herein that are listed on Bursa Malaysia Securities Berhad must be placed with and through Auerbach Grayson ("AG"). Any order for the purchase or sale of all other securities discussed herein must be placed with and through such other registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6.

This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable.

Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of Auerbach Grayson AG or such other registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading.

Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States.

The financial instruments discussed in this report may not be suitable for all investors.

Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

OWNERSHIP AND MATERIAL CONFLICTS OF INTEREST**Malaysia**

RHB does not have qualified shareholding (1% or more) in the subject company (ies) covered in this report except for:

a) -

RHB and/or its subsidiaries are not liquidity providers or market makers for the subject company (ies) covered in this report except for:

a) -

RHB and/or its subsidiaries have not participated as a syndicate member in share offerings and/or bond issues in securities covered in this report in the last 12 months except for:

a) -

RHB has not provided investment banking services to the company/companies covered in this report in the last 12 months except for:

a) -

Thailand

RHB Securities (Thailand) PCL and/or its directors, officers, associates, connected parties and/or employees, may have, or have had, interests and/or commitments in the securities in subject company(ies) mentioned in this report or any securities related thereto. Further, RHB Securities (Thailand) PCL may have, or have had, business relationships with the subject company(ies) mentioned in this report. As a result, investors should exercise their own judgment carefully before making any investment decisions.

Indonesia

PT RHB Securities Indonesia is not affiliated with the subject company(ies) covered in this report both directly or indirectly as per the definitions of affiliation above.

Pursuant to the Capital Market Law (Law Number 8 Year 1995) and the supporting regulations thereof, what constitutes as affiliated parties are as follows:

1. Familial relationship due to marriage or blood up to the second degree, both horizontally or vertically;
2. Affiliation between parties to the employees, Directors or Commissioners of the parties concerned;
3. Affiliation between 2 companies whereby one or more member of the Board of Directors or the Commissioners are the same;
4. Affiliation between the Company and the parties, both directly or indirectly, controlling or being controlled by the Company;
5. Affiliation between 2 companies which are controlled, directly or indirectly, by the same party; or
6. Affiliation between the Company and the main Shareholders.

PT RHB Securities Indonesia is not an insider as defined in the Capital Market Law and the information contained in this report is not considered as insider information prohibited by law.

Insider means:

- a. a commissioner, director or employee of an Issuer or Public Company;
- b. a substantial shareholder of an Issuer or Public Company;
- c. an individual, who because of his position or profession, or because of a business relationship with an Issuer or Public Company, has access to inside information; and
- d. an individual who within the last six months was a Person defined in letters a, b or c, above.

Singapore

RHB Research Institute Singapore Pte Ltd and/or its subsidiaries and/or associated companies do not make a market in any securities covered in this report, except for:

- (a) -

The staff of RHB Research Institute Singapore Pte Ltd and its subsidiaries and/or its associated companies do not serve on any board or trustee positions of any issuer whose securities are covered in this report, except for:

- (a) -

RHB Research Institute Singapore Pte Ltd and/or its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer of the securities covered in this report or any other relationship (including a shareholding of 1% or more in the securities covered in this report) that may create a potential conflict of interest, except for:

- (a) -

Hong Kong

RHBSHK or any of its group companies may have financial interests in relation to an issuer or a new listing applicant (as the case may be) the securities in respect of which are reviewed in the report, and such interests aggregate to an amount equal to or more than (a) 1% of the subject company's market capitalization (in the case of an issuer as defined under paragraph 16 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "Code of Conduct"); and/or (b) an amount equal to or more than 1% of the subject company's issued share capital, or issued units, as applicable (in the case of a new listing applicant as defined in the Code of Conduct). Further, the analysts named in this report or their associates may have financial interests in relation to an issuer or a new listing applicant (as the case may be) in the securities which are reviewed in the report.

RHBSHK or any of its group companies may make a market in the securities covered by this report.

RHBSHK or any of its group companies may have analysts or their associates, individual(s) employed by or associated with RHBSHK or any of its group companies serving as an officer of the company or any of the companies covered by this report.

RHBSHK or any of its group companies may have received compensation or a mandate for investment banking services to the company or any of the companies covered by this report within the past 12 months.

Note: The reference to "group companies" above refers to a group company of RHBSHK that carries on a business in Hong Kong in (a) investment banking; (b) proprietary trading or market making; or (c) agency broking, in relation to securities listed or traded on The Stock Exchange of Hong Kong Limited.

Kuala Lumpur	Hong Kong	Singapore
<p>RHB Research Institute Sdn Bhd Level 11, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur Malaysia Tel : +(60) 3 9280 2185 Fax : +(60) 3 9284 8693</p>	<p>RHB Securities Hong Kong Ltd. 12th Floor World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : +(852) 2525 1118 Fax : +(852) 2810 0908</p>	<p>RHB Research Institute Singapore Pte Ltd. 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315 Tel : +(65) 6533 1818 Fax : +(65) 6532 6211</p>
Jakarta	Shanghai	Bangkok
<p>PT RHB Securities Indonesia Wisma Mulia, 20th Floor Jl. Jenderal Gatot Subroto No. 42 Jakarta 12710, Indonesia Tel : +(6221) 2783 0888 Fax : +(6221) 2783 0777</p>	<p>RHB (China) Investment Advisory Co. Ltd. Suite 4005, CITIC Square 1168 Nanjing West Road Shanghai 20041 China Tel : +(8621) 6288 9611 Fax : +(8621) 6288 9633</p>	<p>RHB Securities (Thailand) PCL 10th Floor, Sathorn Square Office Tower 98, North Sathorn Road, Silom Bangrak, Bangkok 10500 Thailand Tel: +(66) 2 862 9999 Fax : +(66) 2 862 9799</p>