

Malaysia Marine Heavy Engr (MMHE MK)

Targets for 2022

Maintain BUY and MYR0.85 TP

MMHE prioritises for: (i) a stronger orders pipeline (heavy engineering & marine services), (ii) the delivery of existing projects on time, on schedule and on budget, (iii) improvement on its cost management and (iv) return to profitability this FY. We remain positive on MMHE - cash rich with undemanding valuations and a direct proxy play to PETRONAS' domestic offshore fabrication activity. Our TP is unchanged, pegged to 0.8x EV/ order backlog (mean valuation) expectation of MYR1.2b.

Short-term challenges

We visited its Pasir Gudang yard recently. Activities, especially at its heavy engineering ops, are ongoing albeit not as robust as its pre-Covid days (2019) as it progressively resumes operations, after having experienced multiple lockdowns in 2021. The marine repair & conversion ops are still doing fairly well (cashflow positive) despite the challenges faced now. That said, activities there has yet to return to normalcy, for it faces: (i) competition from its Singapore peers, which offer sizeable price discounting for vessels repair works (volume) and (ii) travel restrictions (unavailability of key consultants/ engineers).

Aspires for an improved 2022

While the sub-par 2021 is well-flagged, MMHE is optimistic of an improved 2022. There is a realistic chance for MMHE to secure MYR1b worth of new orders this FY (order backlog: MYR2.5b @ Sep 2021), based on the tenders pipeline (MYR10b; 20% domestic; 80% overseas). We envisage that most of these new projects will likely be announced in 2H22. For this, MMHE targets to financially turnaround in 2022. To break-even, we estimate that it needs to realise gross profits of MYR100m/ MYR80m p.a. at its heavy engineering/ marine repair ops.

Going green too

Operations/ earnings turnaround aside, ESG improvements remain key too. While its ESG progress has been commendable vis-à-vis MY peers, setting up: (i) a more comprehensive 'E' agenda (carbon reduction, offsets, carbon neutral, energy transition/ decarbonisation) and (ii) short-/mid-/long-term sustainability framework, would be well-received.

FYE Dec (MYR m)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	1,010	1,567	1,431	1,629	1,650
EBITDA	47	126	(42)	148	154
Core net profit	(20)	63	(116)	72	77
Core EPS (sen)	(1.3)	4.0	(7.3)	4.5	4.8
Core EPS growth (%)	nm	nm	nm	nm	6.7
Net DPS (sen)	0.0	0.0	0.0	0.0	0.0
Core P/E (x)	nm	11.4	nm	9.1	8.5
P/BV (x)	0.6	0.4	0.4	0.4	0.3
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	(1.4)	(18.3)	(10.3)	4.0	4.1
ROAA (%)	(0.6)	2.0	(3.9)	2.4	2.5
EV/EBITDA (x)	19.2	2.6	nm	2.3	1.6
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	(183)	25	26
MKE vs. Consensus (%)	-	-	(4.5)	190.2	194.4

Liaw Thong Jung

tjliaw@maybank-ib.com

(603) 2297 8688

BUY

Share Price	MYR 0.41
12m Price Target	MYR 0.85 (+107%)
Previous Price Target	MYR 0.85

Company Description

MMHE is involved in the offshore fabrication and marine repair services operations

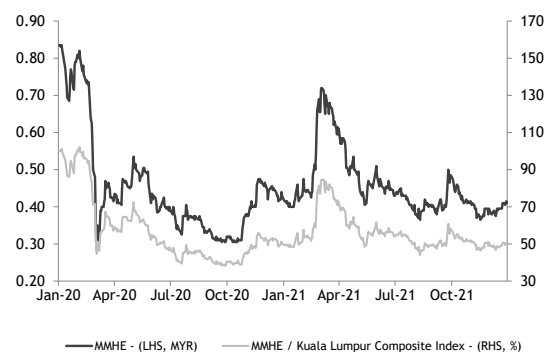
Statistics

52w high/low (MYR)	0.72/0.37
3m avg turnover (USDm)	0.1
Free float (%)	18.1
Issued shares (m)	1,600
Market capitalisation	MYR656.0M USD157M

Major shareholders:

MISC Bhd.	66.5%
TechnipFMC Plc	8.5%
Urusharta Jamaah Sdn. Bhd.	5.1%

Price Performance



	-1M	-3M	-12M
Absolute (%)	4	(15)	(5)
Relative to index (%)	(1)	(13)	0

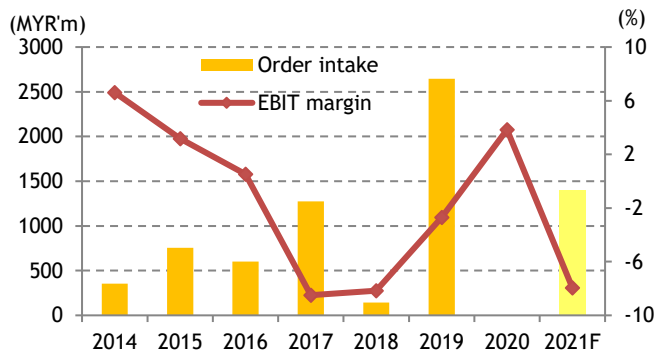
Source: FactSet

ESG@MAYBANK IBG
Tear Sheet Insert

Value Proposition

- Malaysia's largest and most sophisticated offshore fabrication operator engaged in: (i) engineering & construction; and (ii) marine repair & conversion works.
- Indirectly owned by PETRONAS via its ownership of MISC; a unique distinction in the industry, as almost all of the reputable regional yards are independently-run.
- Although unwritten, such parentage tends to offer an advantage over PETRONAS-related tender bids. A privatisation possibility, based on current depressed price.
- Faces orderbook replenishment risk and margin compression issues. Returns have been compressed by the severe cyclical headwinds with ROIC retreating to below WACC.

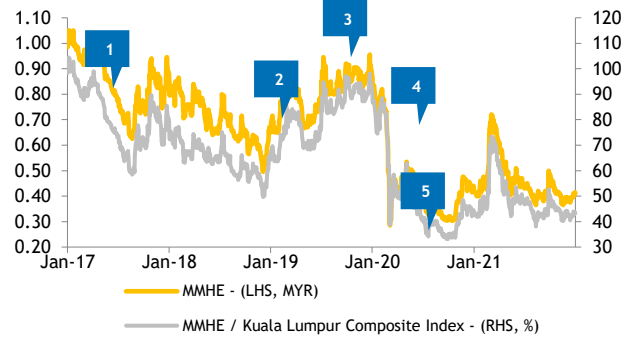
Snapshot of order intake and EBIT margin



Source: Company

Price Drivers

Historical share price trend



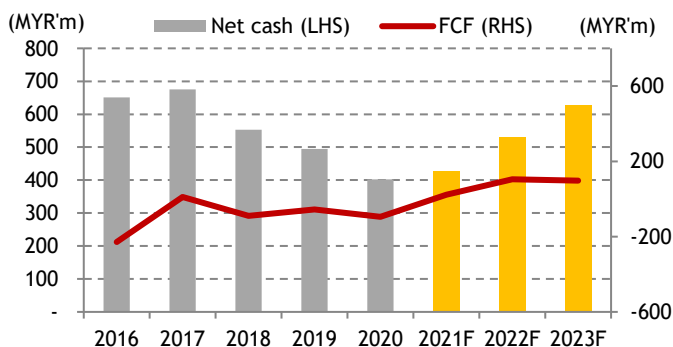
Source: Company, Maybank IBG Research

- Wan Mashitah becomes MD, CEO.
- Signs Long Term Offshore Agreement (LTOA) with Aramco.
- Secures Kasawari CPP EPCIC job in Aug 2019.
- OPEC+ alliance breaks up in Mar 2020.
- En. Pandai Othman replaced the retiring Wan Mashitah as MD, CEO; effective 1 Oct 2020.

Financial Metrics

- Order backlog, margins, order replenishment and opex are MMHE's key earnings drivers.
- Current order backlog of MYR1.9b offers a 3-year visibility with EBIT margin of 3-5%.
- On a cost cutting, cash flow preservation and yard optimisation drive.
- Tender pipeline is on the rise. MMHE remains net cash and as such, room for bank and bond financing is abundant.
- As earnings and cash flow are depressed in this cycle, MMHE will offer leverage to any technical rebound in oil prices and new job wins.

Net cash level & FCF trend



Source: Company

Swing Factors

Upside

- Rebound in crude oil prices a near term stock driver.
- Recovery in order replenishment and margin expansion are key catalysts.
- Though unlikely in our view, a potential privatisation exercise would likely generate excitement.

Downside

- Further weakness in oil price will hurt share price performance.
- Execution mishap, cost overruns and / or absence of new orders will cause adverse reaction.
- Acquisition of non-core assets or ill-usage of capex will not be well received, particularly at this point of industry cycle.

Risk Rating & Score ¹	NA
Score Momentum ²	NA
Last Updated	NA
Controversy Score ³ (Updated: NA)	NA

Business Model & Industry Issues

- Has been consistently tracking and disclosing its natural capitals since 2014 and banned the usage of polystyrene in the yard in 2018. That said, it has yet to establish a baseline target, climate goals aspiration and decarbonisation roadmap.
- Setting up: (i) a more comprehensive 'E' targets/ agenda (i.e. baseline, reduction, offsets, carbon neutral, energy transition/ decarbonisation) and (ii) short-/mid-/long-term sustainability framework would be well-received.
- Has started to integrate ESG factors into its energy transition plans. MMHE has begun to green its operations, by venturing into offshore wind EPC opportunities (but not on a BOO model yet), installing rooftop solar panels at its premises, to name a few.
- Its ESG disclosures, progress and aspirations tend to be broadly aligned to its parent company's (MISC, PETRONAS) roadmap.
- MMHE is a constituent of the FTSE4Good Index Series.

Material E issues

- GHG emissions (tonnes CO₂e) in 2020: (i) Scope 1: 9,672, (ii) Scope 2: 36,031. Refrigerant consumption: 3,415 kg.
- Consumed: (i) 52,677 MWh of electricity, (ii) 1,028 tonnes CO₂e of gas, (iii) 23,303 litres of petrol, (iv) 1.9m litres of diesel & (v) 497,177 m³ of water. Discharged 94.3 m³ of waste water and managed 13,936 MT of hazardous waste (76.9% was Spent Copper Slag) in 2020.
- Recorded 12.9m man-hours and 17.3m safe man-hours in 2020. Continued to maintain a good safety record. Achieved zero Lost Time injury frequency, zero total recordable fatality and 0.23 total recordable cases.
- Green initiatives: (i) 1 office is Green Seal Green Office certified (7 offices pending), (ii) used 5,775 units of LED light bulbs in the yard, (iii) 113 units of motion sensors installed for office toilets and streetlights and (iv) 7 buildings installed with solar panel, with a total capacity of 8WP, which is expected to save an estimated MYR8.5m over 21 years and reduce 7.0k tonnes of CO₂ p.a.

Material S issues

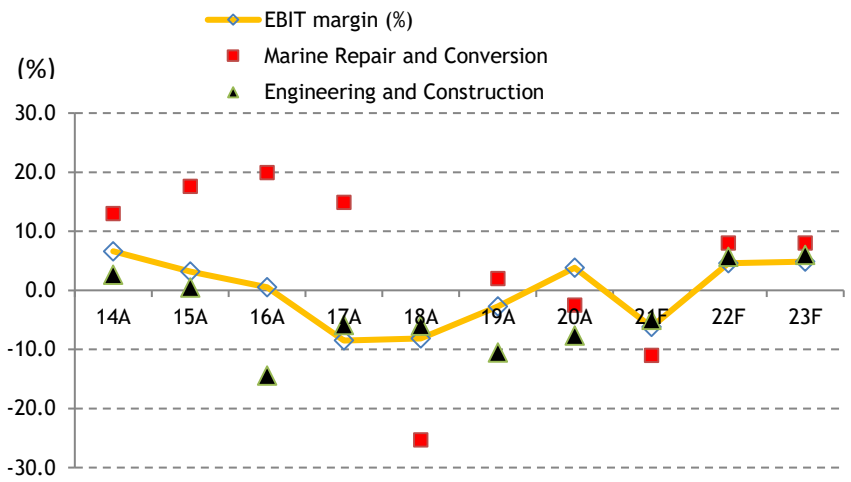
- Employed 2,625 staff (2,211 technical; 414 non-technical), with a 10% turnover rate in 2020.
- 48:52 of its staff are permanent: contract workers and female employees made up 18% of its workforce in 2020.
- Age diversity: 5%/ 25%/ 57%/ 13% of its employees are baby boomers/ Gen-X/ millennials/ post millennials.
- Recorded 73.9k total hours of employees (41.7 hours per staff) training in 2020.
- Labour practice standards: No child or forced labour, against discriminatory practices, right to minimum wage.
- It is ISO 45001:2018, 14001:2015, 9001:2015, 3834-2:2005 & 29001:2020 & EN 1090-1:2009 + A1:2011 certified.
- A recipient of the: (i) Gold Class 1 in Malaysian Society for Occupational Safety and (ii) Health (MSOSH) Occupational Safety and Health (OSH) in 2020.

Key G metrics and issues

- Adopts these policies: (i) Code of Conduct & Business Ethics, (ii) whistleblowing, (iii) anti-bribery & corruption (ABC), (iv) no gift, (v) no conflict of interest, (vi) corporate privacy, (vii) public position and (viii) human rights commitment, to name a few.
- MMHE's board comprises 9 directors - 4 Independent Non-Executive Director (INEDs; incl. chairman), 1 Senior Independent Non-Executive Director (SINED), 3 Non-Independent Non-Executive Directors (NINEDs) and 1 Non-Independent Executive Director (NIED; MD & CEO).
- A very experienced board with a good mix of tenure of service - 56% are above 60 years old and 33%/ 33%/ 33% have served <1/ 2-4 years/ >5 years respectively.
- A male-dominated board. Only 1 out of 9 of its BODs is female represented (11%), below the 30% threshold.
- The BOD's total remuneration packages of MYR2.2m for 2020 accounted for 1.7% of the Group's EBITDA.
- Its Audit Committee is made up of 1 SINED, 2 INEDs and 1 NINED.
- Its Nomination & Remuneration Committee is made up of 1 SINED, 1 INED and 1 NINED.
- Its Risk Committee is made up of 2 INEDs & 1 NINED.
- MMHE is audited by Ernst & Young PLT (EY), one of the Big Four accounting firms in the world, since 2004. EY has a policy ensuring its partner does not stay beyond 7 years at the assigned Company, to ensure independence.
- PETRONAS is a major shareholder of MMHE, being the holding company of MISC. MISC, in turn owns a 66.5% stake in MMHE.
- Related party transactions (RPTs) in 2020 mainly consisted of provision of services for repairs, engineering and construction works, conversion of vessels and drydocking to other related companies of ultimate holding company (MYR1.1b).

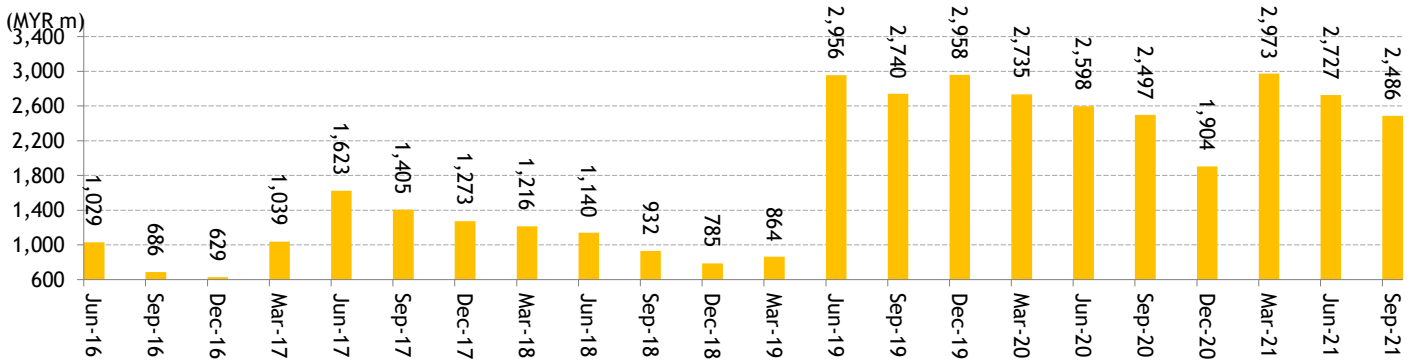
¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²**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. ³**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).

EBIT margins



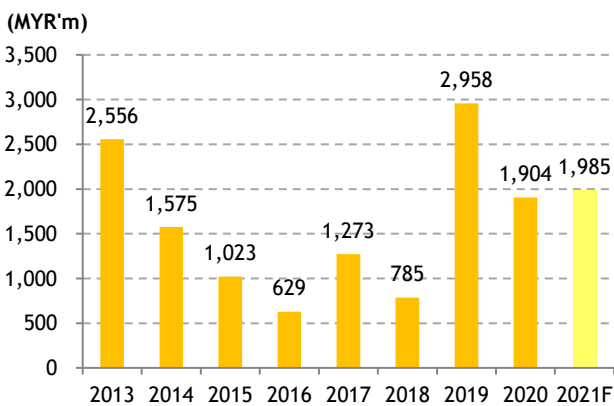
Source: Company, Maybank IBG Research

Heavy engineering order backlog (MYR'm)



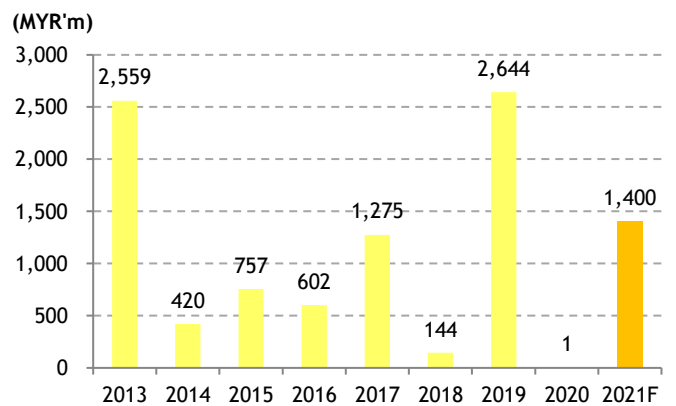
Sources: Company

Order backlog



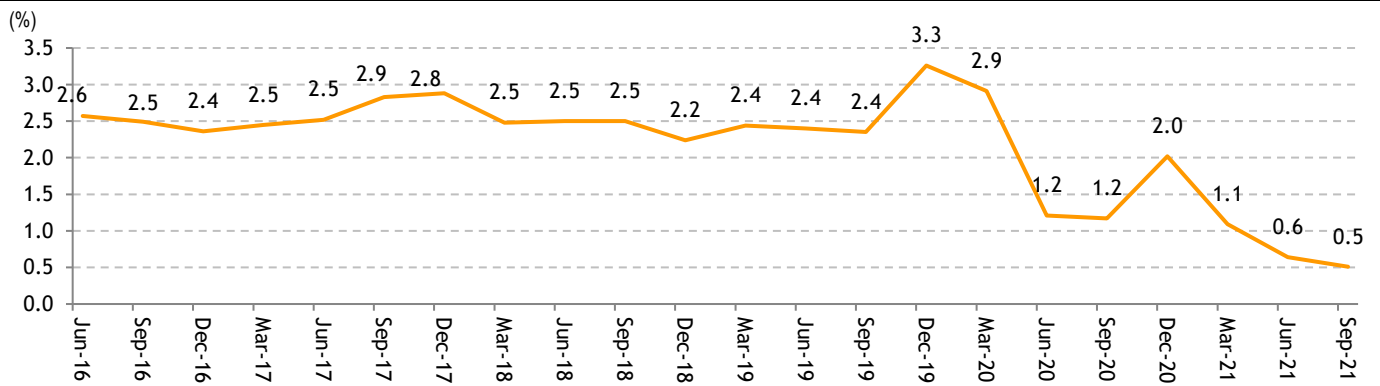
Source: Company, Maybank IBG Research

Order intake



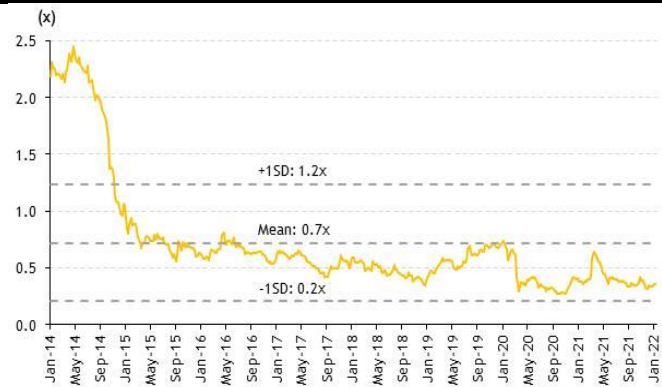
Source: Company, Maybank IBG Research

Foreign shareholding (%) ex Technip's 8.5% strategic stake



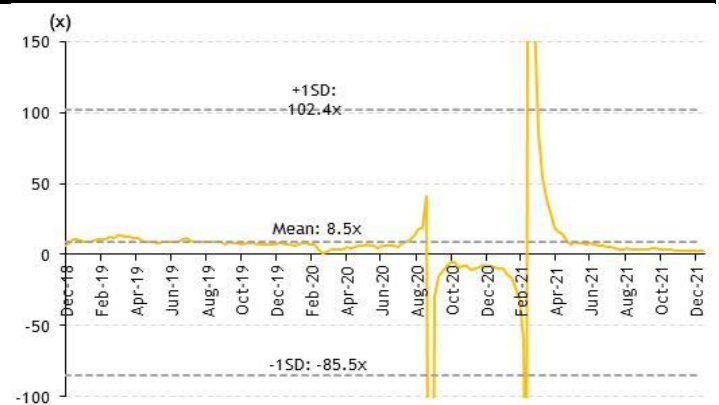
Sources: Company

1-year forward PBV



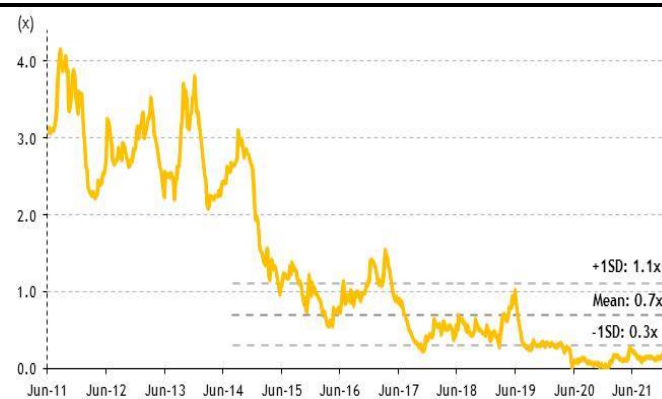
Source: Company, Maybank IBG Research

1-year forward EV/ EBITDA



Source: Company, Maybank IBG Research

1-year forward EV/ order backlog



Source: Company, Maybank IBG Research

FYE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Key Metrics					
P/E (reported) (x)	nm	nm	nm	9.1	8.5
Core P/E (x)	nm	11.4	nm	9.1	8.5
P/BV (x)	0.6	0.4	0.4	0.4	0.3
P/NTA (x)	0.6	0.4	0.4	0.4	0.3
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
FCF yield (%)	nm	nm	nm	18.8	14.6
EV/EBITDA (x)	19.2	2.6	nm	2.3	1.6
EV/EBIT (x)	nm	5.4	nm	4.6	3.1
INCOME STATEMENT (MYR m)					
Revenue	1,009.5	1,566.8	1,430.9	1,629.2	1,650.4
EBITDA	47.1	126.2	(42.3)	147.8	154.1
Depreciation	(74.4)	(66.2)	(71.5)	(72.9)	(74.3)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	(27.3)	60.0	(113.7)	74.9	79.8
Net interest income / (exp)	0.0	(0.9)	(2.5)	(2.5)	(2.5)
Associates & JV	1.3	(0.2)	0.0	0.0	0.0
Exceptionals	(13.8)	(460.2)	(75.0)	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	(39.8)	(401.3)	(191.2)	72.4	77.3
Income tax	5.5	0.0	0.0	0.0	0.0
Minorities	(0.0)	4.5	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	(34.2)	(396.8)	(191.2)	72.4	77.3
Core net profit	(20.4)	63.4	(116.2)	72.4	77.3
BALANCE SHEET (MYR m)					
Cash & Short Term Investments	673.9	651.1	439.8	563.3	659.0
Accounts receivable	504.1	591.7	540.4	615.3	623.3
Inventory	4.4	4.9	9.3	10.6	10.7
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	1,704.5	1,578.5	1,567.1	1,554.2	1,539.8
Intangible assets	0.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	9.1	8.9	8.9	8.9	8.9
Other assets	322.0	311.3	311.3	311.3	311.3
Total assets	3,218.0	3,146.3	2,876.7	3,063.6	3,153.1
ST interest bearing debt	0.0	20.8	20.8	20.8	20.8
Accounts payable	645.5	904.3	825.8	940.3	952.6
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	178.9	227.6	227.6	227.6	227.6
Other liabilities	12.0	28.0	28.0	28.0	28.0
Total Liabilities	836.5	1,180.6	1,102.2	1,216.7	1,228.9
Shareholders Equity	2,372.3	1,961.0	1,769.8	1,842.2	1,919.5
Minority Interest	9.2	4.7	4.7	4.7	4.7
Total shareholder equity	2,381.4	1,965.7	1,774.5	1,846.9	1,924.2
Total liabilities and equity	3,218.0	3,146.3	2,876.7	3,063.6	3,153.1
CASH FLOW (MYR m)					
Pretax profit	(39.8)	(401.3)	(191.2)	72.4	77.3
Depreciation & amortisation	74.4	66.2	71.5	72.9	74.3
Adj net interest (income)/exp	(2.0)	(1.0)	0.0	0.0	0.0
Change in working capital	62.2	154.3	(31.5)	38.3	4.1
Cash taxes paid	5.5	0.0	0.0	0.0	0.0
Other operating cash flow	0.7	1.2	0.0	0.0	0.0
Cash flow from operations	123.2	135.6	(151.3)	183.6	155.7
Capex	(178.4)	(230.4)	(60.0)	(60.0)	(60.0)
Free cash flow	(55.2)	(94.8)	(211.3)	123.6	95.7
Dividends paid	0.0	0.0	0.0	0.0	0.0
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	130.5	69.5	0.0	0.0	0.0
Other invest/financing cash flow	(3.0)	2.4	0.0	0.0	0.0
Effect of exch rate changes	(2.0)	(1.0)	0.0	0.0	0.0
Net cash flow	70.4	(23.9)	(211.3)	123.6	95.7

FYE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Key Ratios					
Growth ratios (%)					
Revenue growth	3.6	55.2	(8.7)	13.9	1.3
EBITDA growth	nm	167.9	nm	nm	4.3
EBIT growth	nm	nm	nm	nm	6.5
Pretax growth	nm	nm	nm	nm	6.7
Reported net profit growth	nm	nm	nm	nm	6.7
Core net profit growth	nm	nm	nm	nm	6.7
Profitability ratios (%)					
EBITDA margin	4.7	8.1	nm	9.1	9.3
EBIT margin	nm	3.8	nm	4.6	4.8
Pretax profit margin	nm	nm	nm	4.4	4.7
Payout ratio	0.0	0.0	0.0	0.0	0.0
DuPont analysis					
Net profit margin (%)	nm	nm	nm	4.4	4.7
Revenue/Assets (x)	0.3	0.5	0.5	0.5	0.5
Assets/Equity (x)	1.4	1.6	1.6	1.7	1.6
ROAE (%)	(1.4)	(18.3)	(10.3)	4.0	4.1
ROAA (%)	(0.6)	2.0	(3.9)	2.4	2.5
Liquidity & Efficiency					
Cash conversion cycle	(74.4)	(60.7)	(85.8)	(100.4)	(107.3)
Days receivable outstanding	205.8	125.9	142.4	127.7	135.1
Days inventory outstanding	2.1	1.1	1.9	2.6	2.8
Days payables outstanding	282.2	187.7	230.1	230.7	245.2
Dividend cover (x)	nm	nm	nm	nm	nm
Current ratio (x)	1.8	1.3	1.1	1.2	1.3
Leverage & Expense Analysis					
Asset/Liability (x)	3.8	2.7	2.6	2.5	2.6
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	nm	65.9	na	30.1	32.1
Debt/EBITDA (x)	3.8	2.0	nm	1.7	1.6
Capex/revenue (%)	17.7	14.7	4.2	3.7	3.6
Net debt/ (net cash)	(495.0)	(402.7)	(191.4)	(314.9)	(410.7)

Source: Company; Maybank

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

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

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

FX

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

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

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

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

STRATEGY

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

FIXED INCOME

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

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

REGIONAL EQUITIES

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

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

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

MALAYSIA

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

WONG Chew Hann, 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

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

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

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

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

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

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

Syifaa' Nur FARAH
(603) 2297 8675
nurfarahsyifaa.mohamadfuad@maybank-ib.com
• Construction • Renewable Energy • REITs

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

Shafiq KADIR
(603) 2297 8691
msshafiq.abkadir@maybank-ib.com
• Healthcare • 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

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

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

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

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.rodriquez@maybank.com
• Banking & Finance • Transport • Telcos

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

Miguel SEVIDAL
(63) 2 8849 8844
miguel.sevidal@maybank.com
• REITs • Property

Fiorenzo de JESUS
(63) 2 8849 8846
fiorenzo.dejesus@maybank.com
• Utilities

VIETNAM

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

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

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

Tyler Manh Dung Nguyen
(84 28) 44 555 888 ext 8085
manhdung.nguyen@maybank.com
• Utilities • Property

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

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

INDIA

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

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

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

INDONESIA

Rahmi MARINA
(62) 21 8066 8689
rahmi.marina@maybank.com
• Banking & Finance

Willy GOUTAMA
(62) 21 8066 8600
willy.goutama@maybank.com
• Consumer

Farah OKTAVIANI
(62) 21 8066 8691
farah.oktaviani@maybank.com
• Construction

THAILAND

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

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

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

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

Yuwanee PROMMAPORN
(66) 2658 6300 ext 1393
yuwanee.p@maybank-ke.co.th
• Services • Healthcare

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

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

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

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

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

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

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

Apiwat TAVESIRIVATE
(66) 2658 5000 ext 1310
apiwat.t@maybank-ke.co.th
• Chartist and TFE

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

UK

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

DISCLOSURES

Legal Entities Disclosures

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938- H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This report is distributed in Singapore by 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:** MBST (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank ATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank 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) **US:** Maybank KESUSA is a member of/ and is authorized and regulated by the FINRA - Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest

Malaysia: 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 17 January 2022, 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 17 January 2022, 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 17 January 2022, 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

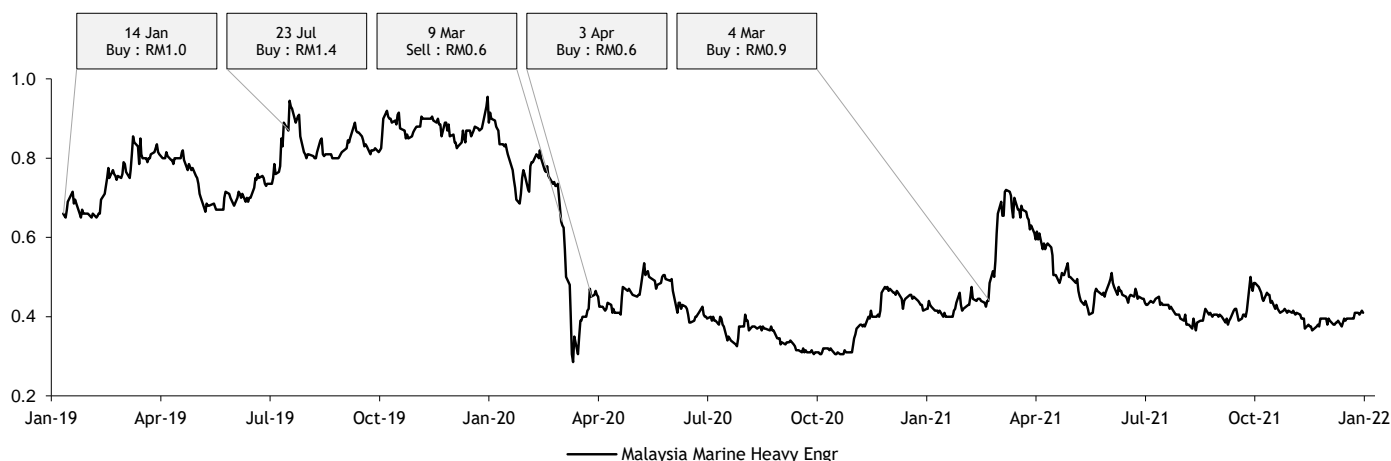
The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed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

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

London

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

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

Indonesia

PT Maybank 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

New York

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

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

India

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

Philippines

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

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

Thailand

Maybank Securities (Thailand) Public
Company Limited
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)

Vietnam

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

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

Saudi Arabia

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

Tel: (966) 920023423

Sales Trading

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

Indonesia

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

New York

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

Philippines

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

London

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

India

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