

V.S. Industry (VSI MK)

Rising concerns from operational disruptions

D/G to HOLD with lower TP of RM1.07 (-38%)

VSI 1HFY22 results came in below our expectations. We cut our FY22/23/24E earnings assumptions by -36%/-16%/-3%, and lower our TP to RM1.07 (-38%), pegged to a revised PER multiple of 16.7x (vs. 20.0x previously), at the company's 5-years hist. PER mean (from +1.5SD previously). We have now removed the PER premium for the company, taking into account the on-going operational disruptions arising from its labour issues and raw material shortages, higher costs pressure, as well as risks of weakening orderbook in view of rising inflation eroding demand.

Labour and components shortages dragged earnings

VSI's 1HFY22 core net profit (CNP) came in at MYR81m (-39% YoY), the underperformance being mainly due to (i) lower orders for PCBA; (ii) components shortage; (iii) increased labour and raw material costs; and (iv) higher depreciation costs. Variance vs. our forecast stemmed largely from lower-than-expected revenue, thought to be due to components supply disruptions, as well as the labour shortage issue, that has restricted the company's ability to ramp up its new order capacity.

QoQ core profit improvement may not be sustainable

VSI 2Q22 CNP of RM42m (+10% QoQ, -35% YoY) was in line with its higher revenue QoQ (+5%). This could be partly due to higher production at VSI's Malaysia operations as it resumed full operational capacity from mid-September (vs. previous government mandated 60% workforce capacity, which impacted half of VSI's 1Q22), coupled with the absence of vaccination-related costs for its workforce. These, however, are one-off uplifts, in our view, which will normalise in the following quarters.

Rising costs and inflation headwinds ahead

We turn cautious on VSI's near term outlook. Additional foreign labour is expected to arrive in the coming months, easing labour shortage pressures - however, the company will continue to be hit by higher labour and raw material cost in FY22E (after imputing the time lag in its cost pass-through mechanism). Beyond FY22E, industry prospects have turned gloomy on the back of rising inflationary pressures, which could affect consumer demand for the premium consumer electronic products assembled by VSI.

FYE Jul (MYR m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	3,243	4,002	4,356	4,940	5,364
EBITDA	227	439	355	471	552
Core net profit	105	274	182	277	342
Core FDEPS (sen)	2.8	7.3	4.3	6.4	7.8
Core FDEPS growth(%)	(74.5)	161.1	(40.4)	48.0	22.5
Net DPS (sen)	2.6	3.7	2.1	3.1	3.9
Core FD P/E (x)	25.0	19.0	23.1	15.6	12.8
P/BV (x)	1.5	2.6	1.8	1.7	1.5
Net dividend yield (%)	3.7	2.7	2.1	3.1	3.9
ROAE (%)	5.4	13.1	8.7	12.4	14.3
ROAA (%)	3.6	8.5	5.0	7.4	8.7
EV/EBITDA (x)	11.4	12.2	10.0	7.3	5.9
Net gearing (%) (incl perps)	net cash	1.2	net cash	net cash	net cash
Consensus net profit	-	-	272	359	383
MKE vs. Consensus (%)	-	-	(33.2)	(23.0)	(10.5)

Loh Yan Jin
lohyanjin.loh@maybank-ib.com
(603) 2297 8687

HOLD

[Prior:BUY]

Share Price MYR 1.00
12m Price Target MYR 1.07 (+10%)
Previous Price Target MYR 1.73

Company Description

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

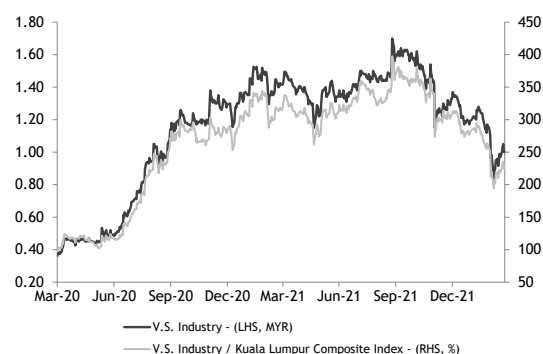
Statistics

52w high/low (MYR) 1.70/0.84
3m avg turnover (USDm) 3.0
Free float (%) 65.6
Issued shares (m) 3,828
Market capitalisation MYR3.8B
USD909M

Major shareholders:

Kumpulan Wang Persaraan 8.9%
BEH KIM LING 7.7%
BEH HWEE SZE 7.3%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(15)	(24)	(29)
Relative to index (%)	(15)	(28)	(29)

Source: FactSet

Figure 1: V.S. Industry results summary

FY Jul (MYR m)	Quarterly results					Cumulative results		
	2Q22	1Q22	%QoQ	2Q21	%YoY	1H22	1H21	%YoY
Turnover	1,014.1	968.0	4.8	999.3	1.5	1,982.1	1,986.4	(0.2)
EBIT	56.3	52.9	6.4	86.8	(35.2)	109.1	176.7	(38.2)
Interest expense	(2.6)	(2.9)	(10.8)	(2.7)	(2.6)	(5.5)	(5.9)	(5.8)
Interest income	0.9	0.9	(6.9)	1.0	(13.6)	1.8	2.1	(15.6)
Associate	(0.3)	(0.6)	(46.0)	0.2	(302.5)	(0.9)	0.7	(232.3)
Pre-tax profit	54.2	50.3	7.8	85.2	(36.4)	104.5	173.7	(39.8)
Taxation	(11.8)	(12.5)	(6.1)	(21.7)	(45.7)	(24.3)	(46.2)	(47.4)
Minority interest	0.0	1.6	(100.0)	0.2	(100.0)	1.6	3.0	(45.7)
Net profit	42.4	39.4	7.7	63.8	(33.5)	81.8	130.5	(37.3)
E.I.	(0.0)	(0.7)	(94.2)	1.7	(102.4)	(0.8)	1.8	(142.7)
Core net profit	42.4	38.7	9.6	65.5	(35.3)	81.1	132.3	(38.7)
	2Q22	1Q22	+/- ppt	2Q21	+/- ppt	1H22	1H21	+/- ppt
Pretax profit margin (%)	4.2	4.0	0.2	6.6	(2.4)	4.1	6.7	(2.6)
Tax rate (%)	21.7	24.9	(3.2)	25.4	(3.7)	23.3	26.6	(3.4)
	2Q22	1Q22	%QoQ	2Q21	%YoY	1H22	1H21	%YoY
Revenue (MYR m)	1,014.1	968.0	4.8	999.3	1.5	1,982.1	1,986.4	(0.2)
Malaysia	895.6	854.5	4.8	846.2	5.8	1,750.1	1,719.6	1.8
Indonesia	89.1	79.4	12.2	105.2	(15.3)	168.5	173.6	(2.9)
China	23.9	31.9	(25.3)	44.6	(46.5)	55.8	86.8	(35.7)
Others	5.6	2.1	161.2	3.3	66.9	7.7	6.5	18.9
Pretax profit (MYR m)	54.2	50.3	7.8	85.2	(36.4)	104.5	173.7	(39.8)
Malaysia	54.0	50.4	7.2	79.5	(32.0)	104.4	171.5	(39.1)
Indonesia	4.0	2.1	90.6	4.7	(14.9)	6.1	5.2	17.1
China	(5.5)	(3.2)	73.8	(0.6)	795.9	(8.7)	(6.1)	41.6
Others	1.7	1.0	72.2	1.7	0.6	2.6	3.0	(13.2)
Pretax profit margins (%)	2Q22	1Q22	+/- ppt	2Q21	+/- ppt	5.3	8.7	(3.5)
Malaysia	6.0	5.9	0.1	9.4	(3.4)	6.0	10.0	(4.0)
Indonesia	4.5	2.7	1.9	4.5	0.0	3.6	3.0	0.6
China	(23.1)	(9.9)	(13.2)	(1.4)	(21.7)	(15.6)	(7.1)	(8.5)

Source: Company, Maybank IBG Research

Figure 2: Revenue forecasts of selected key customers (Previous)

Customer	Revenue forecasts (MYR'm)		
	FY22E	FY23E	FY24E
UK-based	1,434	1,433	1,403
US-based	1,050	1,092	1,134
Coffeemaker	748	806	868
Pool cleaner	445	542	649
Customer Y (Home appliances)	300	450	550

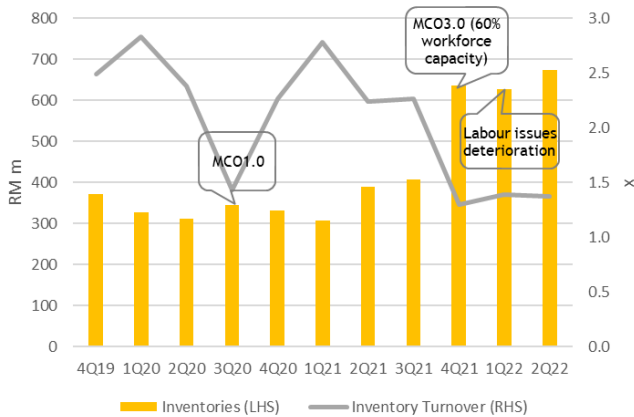
Source: Company, Maybank IBG Research

Figure 3: Revenue forecasts of selected key customers (Current)

Customer	Revenue forecasts (MYR'm)		
	FY22E	FY23E	FY24E
UK-based	1,407	1,414	1,415
US-based	987	1,050	1,092
Coffeemaker	748	806	868
Pool cleaner	344	468	558
Customer Y (Home appliances)	200	400	500

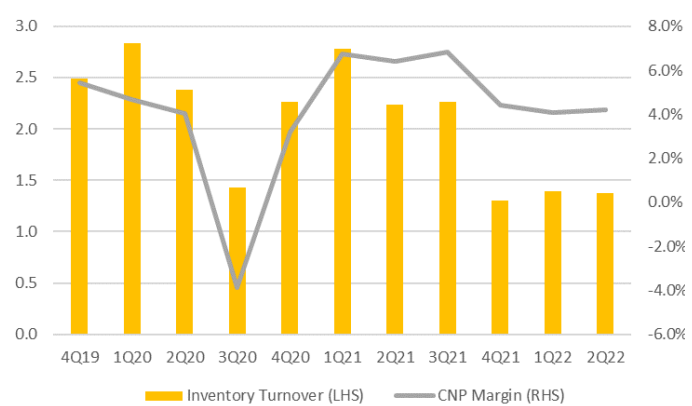
Source: Company, Maybank IBG Research

Figure 4: Inventories level jumped since 4Q21



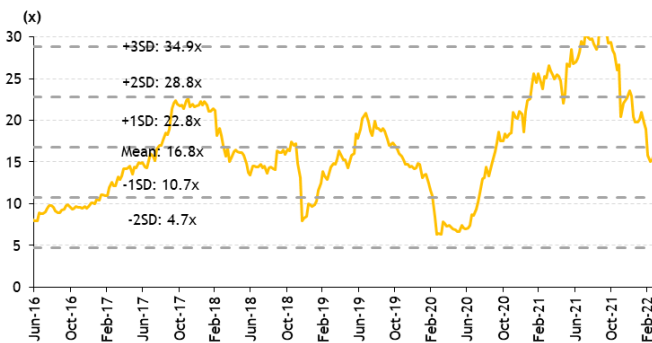
Source: Company, Maybank IBG Research

Figure 5: CNP margin weakened on lower inv. turnover



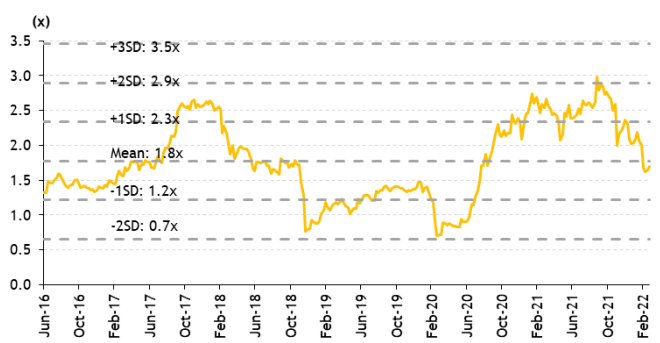
Source: Company, Maybank IBG Research

Figure 6: VSI's 12M forward PER (currently trades at 15.7x)



Source: Bloomberg, Maybank IBG Research

Figure 7: VSI's 12M forward P/BV (currently trades at 1.7x)



Source: Bloomberg, Maybank IBG Research

Risk statement

There are several risk factors for our earnings estimates, target price and rating for VSI. Key risks are: (i) weaker-than-expected consumer demand for VSI assembled products; (ii) lower-than-expected costs pass through (as the mechanism depends on the company's negotiation with its clients); (iii) persistent operational disruptions from labour issues and components shortage; and (iv) USD/MYR forex volatility (we estimate for every +/-1% change in USD/MYR, bottom line impact is +/-0.5%).

FYE 31 Jul	FY20A	FY21A	FY22E	FY23E	FY24E
Key Metrics					
P/E (reported) (x)	24.3	19.1	20.9	13.8	11.1
Core P/E (x)	24.6	18.7	20.9	13.8	11.1
Core FD P/E (x)	25.0	19.0	23.1	15.6	12.8
P/BV (x)	1.5	2.6	1.8	1.7	1.5
P/NTA (x)	1.5	2.6	1.8	1.7	1.5
Net dividend yield (%)	3.7	2.7	2.1	3.1	3.9
FCF yield (%)	4.7	4.2	6.0	5.6	9.1
EV/EBITDA (x)	11.4	12.2	10.0	7.3	5.9
EV/EBIT (x)	19.2	15.8	15.1	9.8	7.5

INCOME STATEMENT (MYR m)

Revenue	3,243.2	4,002.3	4,356.2	4,940.4	5,364.1
EBITDA	226.7	438.6	354.9	470.8	552.0
Depreciation	(89.5)	(99.1)	(118.7)	(116.5)	(114.5)
Amortisation	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
EBIT	134.9	337.1	233.8	352.0	435.2
Net interest income / (exp)	(10.2)	(7.3)	(14.0)	(11.5)	(8.3)
Associates & JV	2.3	(0.7)	(0.7)	(0.7)	(0.7)
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	126.9	329.1	219.2	339.8	426.2
Income tax	(48.9)	(87.5)	(48.2)	(81.5)	(102.3)
Minorities	12.0	3.7	10.9	18.5	18.6
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	90.0	245.3	181.8	276.7	342.5
Core net profit	104.6	274.3	181.8	276.7	342.5

BALANCE SHEET (MYR m)

Cash & Short Term Investments	404.5	402.4	863.0	930.4	1,078.4
Accounts receivable	877.6	992.1	895.1	1,015.2	1,053.2
Inventory	331.8	633.8	409.1	453.9	477.0
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	846.9	989.5	970.8	954.3	939.8
Intangible assets	0.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	364.7	577.8	473.5	467.5	461.5
Total assets	2,825.5	3,595.6	3,611.4	3,821.3	4,010.0
ST interest bearing debt	215.4	318.8	318.8	318.8	318.8
Accounts payable	576.0	844.2	767.3	838.2	879.6
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	47.0	109.4	109.4	109.4	80.4
Other liabilities	118.0	106.0	106.0	106.0	106.0
Total Liabilities	956.7	1,378.1	1,301.3	1,372.2	1,384.6
Shareholders Equity	1,702.4	2,040.5	2,144.0	2,301.4	2,496.3
Minority Interest	166.4	177.0	166.1	147.7	129.1
Total shareholder equity	1,868.8	2,217.5	2,310.1	2,449.1	2,625.4
Total liabilities and equity	2,825.5	3,595.6	3,611.4	3,821.2	4,010.0

CASH FLOW (MYR m)

Pretax profit	126.9	329.1	219.2	339.8	426.2
Depreciation & amortisation	91.8	101.5	121.1	118.8	116.8
Adj net interest (income)/exp	10.2	7.3	14.0	11.5	8.3
Change in working capital	79.0	(266.9)	23.7	(77.4)	(1.8)
Cash taxes paid	(48.9)	(87.5)	(48.2)	(81.5)	(102.3)
Other operating cash flow	(31.2)	358.5	0.7	0.7	0.7
Cash flow from operations	227.9	442.1	330.4	311.8	447.9
Capex	(107.2)	(227.3)	(100.0)	(100.0)	(100.0)
Free cash flow	120.7	214.8	230.4	211.8	347.9
Dividends paid	(48.1)	(105.7)	(78.4)	(119.3)	(147.6)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	5.1	19.2	0.0	0.0	(29.0)
Other invest/financing cash flow	(19.0)	(18.1)	(25.2)	(25.2)	(23.3)
Effect of exch rate changes	21.9	19.1	0.0	0.0	0.0
Net cash flow	80.7	129.2	126.8	67.4	148.1

FYE 31 Jul	FY20A	FY21A	FY22E	FY23E	FY24E
Key Ratios					
Growth ratios (%)					
Revenue growth	(18.5)	23.4	8.8	13.4	8.6
EBITDA growth	(25.0)	93.5	(19.1)	32.7	17.3
EBIT growth	(33.6)	149.9	(30.6)	50.5	23.6
Pretax growth	(30.2)	159.3	(33.4)	55.0	25.4
Reported net profit growth	(45.6)	172.5	(25.9)	52.2	23.8
Core net profit growth	(46.6)	162.2	(33.7)	52.2	23.8
Profitability ratios (%)					
EBITDA margin	7.0	11.0	8.1	9.5	10.3
EBIT margin	4.2	8.4	5.4	7.1	8.1
Pretax profit margin	3.9	8.2	5.0	6.9	7.9
Payout ratio	106.8	56.2	43.1	43.1	43.1
DuPont analysis					
Net profit margin (%)	2.8	6.1	4.2	5.6	6.4
Revenue/Assets (x)	1.1	1.1	1.2	1.3	1.3
Assets/Equity (x)	1.7	1.8	1.7	1.7	1.6
ROAE (%)	5.4	13.1	8.7	12.4	14.3
ROAA (%)	3.6	8.5	5.0	7.4	8.7
Liquidity & Efficiency					
Cash conversion cycle	68.2	60.5	51.9	38.9	39.0
Days receivable outstanding	103.9	84.1	78.0	69.6	69.4
Days inventory outstanding	43.3	50.0	47.8	35.6	35.9
Days payables outstanding	79.1	73.6	73.8	66.3	66.3
Dividend cover (x)	0.9	1.8	2.3	2.3	2.3
Current ratio (x)	2.0	1.9	2.0	2.1	2.2
Leverage & Expense Analysis					
Asset/Liability (x)	3.0	2.6	2.8	2.8	2.9
Net gearing (%) (incl perps)	net cash	1.2	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	1.2	net cash	net cash	net cash
Net interest cover (x)	13.2	46.0	16.7	30.5	52.2
Debt/EBITDA (x)	1.2	1.0	1.2	0.9	0.7
Capex/revenue (%)	3.3	5.7	2.3	2.0	1.9
Net debt/ (net cash)	(142.1)	25.8	(434.8)	(502.2)	(679.3)

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

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

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

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

Brian LEE Shun Rong
(65) 6231 5846
brian.lee1@maybank.com

Luong Thu Huong
(65) 62315 8467
hana.thuhoang@maybank.com

FX

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

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

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

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

STRATEGY

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

FIXED INCOME

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

SE THO Mun Yi, CFA
(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

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

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

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

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

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

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

Kelvin TAN
(65) 6231 5837 kelvintan1@maybank.com
• Telcos

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
• Chartist

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 8500
willygoutama@maybank.com
• Consumer

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

THAILAND

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

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

Vanida GEISLER, CPA
(66) 2658 6300 ext 1394
vanida.g@maybank.com
• Property • REITs

Yuwanee PROMMAPORN
(66) 2658 6300 ext 1393
Yuwanee.P@maybank.com
• Services • Healthcare

Ekachai TARAPORNITIP *Head of Retail Research*
(66) 2658 5000 ext 1530
Ekachai.t@maybank.com

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

Jaroonpan WATTANAWONG
(66) 2658 5000 ext 1404
jaroonpan.w@maybank.com
• Transportation • Small cap

Thanatphat SUKSRICHAVALIT
(66) 2658 5000 ext 1401
thanatphat.s@maybank.com
• Media • Electronics

Wijit ARAYAPISIT
(66) 2658 5000 ext 1450
wijit.a@maybank.com
• Strategist

Theerasate PROMPONG
(66) 2658 5000 ext 1400
theerasate.p@maybank.com
• Equity Portfolio Strategist

Apiwat TAVESIRIVATE
(66) 2658 5000 ext 1310
apiwat.t@maybank.com
• 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 Securities USA Inc ("MSUS"), 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 MSUS in the US shall be borne by MSUS. 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 MSUS 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 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 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) **US:** Maybank Securities USA Inc is a member of/and is authorized and regulated by the FINRA - Broker ID 27861. **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 28 March 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 28 March 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 28 March 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

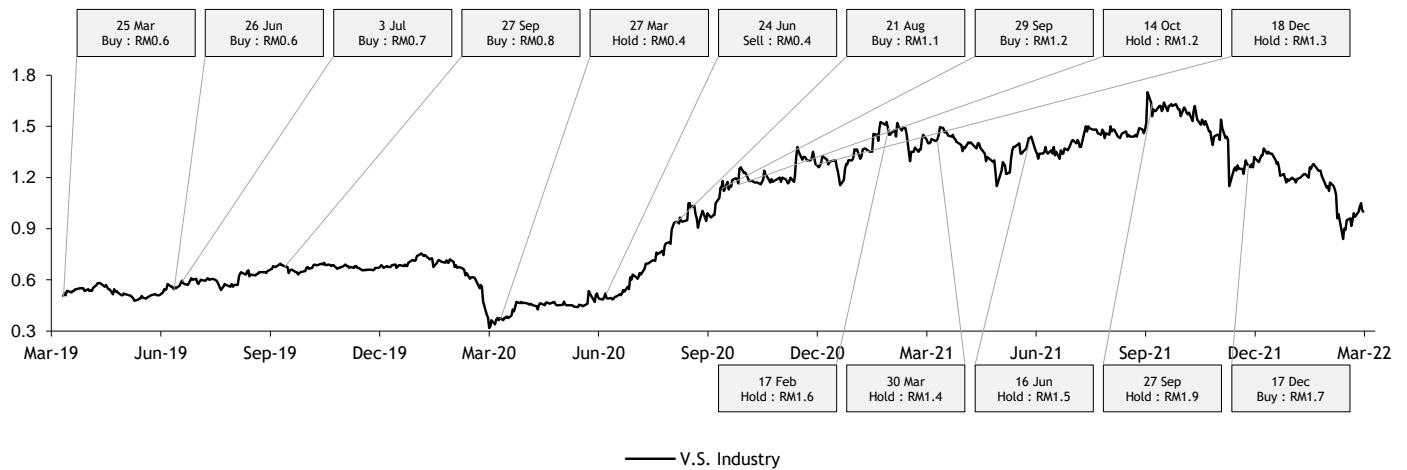
The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed 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: V.S. Industry (VSI MK)



Definition of Ratings

Maybank IBG Research uses the following rating system

- BUY** Return is expected to be above 10% in the next 12 months (including dividends)
- HOLD** Return is expected to be between 0% to 10% in the next 12 months (including dividends)
- SELL** Return is expected to be below 0% in the next 12 months (including dividends)

Applicability of Ratings

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

Malaysia

Maybank Investment Bank Berhad
(A Participating Organisation of
Bursa Malaysia Securities Berhad)
33rd Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur
Tel: (603) 2059 1888;
Fax: (603) 2078 4194
Stockbroking Business:
Level 8, Tower C, Dataran Maybank,
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (603) 2297 8888
Fax: (603) 2282 5136

Singapore

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

Tel: (65) 6336 9090

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

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

Vietnam

Maybank 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

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.com
Tel: (63) 2 848-5288

London

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

India

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