



Sunway Construction SCOG.KL SCGB MK

EQUITY: ENGINEERING & CONSTRUCTION

3Q24: Earnings from DC jobs ramp up Quick Note

Results snapshot – core earnings still slightly below: SunCon's 3Q24 net income of MYR46mn was up 33% y-y and 20% q-q. The sequential growth in earnings was driven by an acceleration in data centre (DC) project billings, and a ~MYR10mn reversal of previously recognized provisions during the quarter related to a legacy hospital project. 9M24 net income formed 63%/66% of our/Bloomberg consensus FY24 estimates, as the pace of recognition from the new DC projects has not yet fully ramped up.

SunCon's net gearing ratio currently stands at 0.34x vs a net cash position of MYR55mn as of end-2022 and net gearing of 0.51x as of end-2023, due to receivables from Indian highways and LSS4 projects which have deferred payment terms.

SunCon declared a second interim dividend of 2.50 sen which came as a surprise to us, as it does not usually declare a dividend in 3Q. One reason for this might be the upcoming introduction of dividend tax in 2025, in our view, and so this 3Q dividend might be a one-off. There was also no change to the company's payout ratio guidance (50-60%, 9M24: 66%).

Construction segment review: Construction revenue for 3Q24 was at MYR832mn, up 39% q-q, driven by the progress in data centre projects. PBT was up 46% q-q, with PBT margin at 8.2% in 3Q24 vs 7.8% in 4Q24. Outstanding orderbook from DC projects stands at MYR3.85bn, and based on our calculations DC jobs burn rate in 3Q24 was at MYR369mn. Management expects DC jobs burn rate to increase further in 4Q24 given project schedules, and further 4Q is also a seasonally strong quarter for the company. As a result, we should see a further pickup in 4Q24F results.

New orderbook replenishment in YTD 2024 stands at MYR4bn, which is within SunCon's orderbook replenishment target of MYR4-5bn for FY24E. With just a month remaining till year-end, management does not foresee any new major job wins for the remainder of the year, and any potential upsizing from existing DC jobs is now expected to come only in 2025. The company's outstanding orderbook currently stands at MYR7.1bn, while the active tender book stands at MYR10.6bn (down from MYR13.7bn as of end-2Q24). Management believes that it will be able to repeat 2024's strong orderbook replenishment next year as well, with MYR4-5bn of new jobs possible. Main contributions to this should be DC projects, warehousing and some E&E factory projects, Sunway Carnival mall in Penang (internal project) and selective infrastructure jobs.

The company reported operating cash flows (OCF) of MYR23mn vs MYR149mn in 2Q24. Long-term receivables balance reduced to MYR374mn vs MYR437mn as of end-2Q24 on its balance sheet. These receivables relate to its two India projects (which have deferred the payment terms for 60% of the project value) and also two LSS4 (Large Scale Solar 4) projects (payment terms 3-6 months after commercial operations date [COD]).

SunCon received a commercial operation date for one of the India highway projects (Meensurutti - Chidambarm) in mid-Feb'24 and has received one annuity payment, and signed a settlement agreement for the other TJ (Thorapalli Jittandahalli) highway project in India, which removes uncertainty about the status of the project, and sets a definite timeline for the project conclusion, which can pave the way for monetizing receivables by 2025, in our view.

According to management, next year's minimum wage hike, proposed EPF for foreign workers, and subsidy rationalization may lead to an increase in costs, which might impact margins.

Rating Remains	Buy
Target price Remains	MYR 4.80
Closing price 21 November 2024	MYR 4.43

Research Analysts

Malaysia Engineering & Construction

Tushar Mohata, CFA - NSM
tushar.mohata@nomura.com
+60(3)20276895

Malaysia Engineering & Construction - Research Associate

Alpa Aggarwal, CFA - NSFSP

Pre-cast segment review: Precast revenue/PBT for 3Q24 came in at MYR34mn/MYR2mn (-38%/ -40% q-q). PBT margin was flat q-q. Management expects precast earnings to grow in 2025 as there has been some delay in the delivery of new projects.

Reiterate Buy: With another strong year of job wins likely in 2025F, we think the stock will maintain its positive momentum. Likely catalysts for the stock are a sharp acceleration in earnings as project progress accelerates, further phases of data center projects, and receivables monetization. Our target price of MYR4.80 is based on target P/E of 19x on FY25F EPS of 25sen. The stock currently trades at 17.8x FY25F P/E.

Fig. 1: SunCon – 9M24 results snapshot

MYR mn	9M24	NMR FY24F	as % of NMR	Cons FY24F	as % of cons
Revenue	2,121	3,465	61%	3,111	68%
Adj PBT	162	242	67%	232	70%
Adj NPATAMI	118	187	63%	175	67%
Reported NPATAMI	118	187	63%	179	66%

Source: Company data, Bloomberg Finance L.P. consensus, Nomura estimates

Fig. 2: SunCon – 3Q24 results review

MYR mn	3Q24	3Q23	% chg y-y	2Q24	% chg q-q	9M24	9M23	% chg y-y	FY24F	as % of FY24F
Revenues	865	674	28%	651	33%	2,121	1,800	18%	3,465	61%
Construction	832	591	41%	598	39%	1,973	1,595	24%	3,077	64%
Precast concrete	34	83	(60%)	54	(38%)	148	204	(27%)	388	38%
Operating profit	65	54	20%	53	23%	171	142	20%	286	60%
Construction	60	45	35%	47	29%	153	123	25%		
Precast concrete	5	9	(51%)	6	(25%)	17	20	(12%)		
Adjusted Pretax profit	71	48	47%	50	40%	162	128	27%	242	67%
Construction	69	42	65%	47	46%	153	117	31%	220	70%
Precast concrete	2	6	(69%)	3	(40%)	9	11	(17%)	21	43%
Core PAT	49	36	37%	38	29%	119	97	22%	188	63%
Core PAT - equityholders	46	35	33%	39	20%	118	96	23%	187	63%
Other one-off charges	0	0	NM	0	NM	0	0	NM	0	NM
Headline NPAT - equityholders	46	35	33%	39	20%	118	96	23%	187	63%
Adj Pretax margins	8.2%	7.1%	1 ppt	7.7%	0 ppt	7.7%	7.1%	1 ppt	7.0%	
Construction	8.2%	7.0%	1 ppt	7.8%	0 ppt	7.8%	7.3%	0 ppt	7.2%	
Precast concrete	6.0%	7.8%	-2 ppt	6.2%	0 ppt	6.1%	5.4%	1 ppt	5.5%	

Source: Company data, Nomura estimates

Fig. 3: SunCon's outstanding orderbook

As of end-3Q24

MYR mn	Contract Sum	Outstanding order book
Infrastructure/Piling		
RTS Link Package 1B and 5	605	265
Building		
Oxley Tower + VO	76	25
Daiso	298	229
Data Centre		
JHB1X0 - Data Centre	3,650	3,029
K2 Datacentre	190	21
K2 Datacentre (CIMC)	99	17
ECI and Work order - MNC	60	45
PSR - MNC	748	739
India		
Thorapalli Agraharam - Jittandahalli	508	180
Renewable energy		
Cgpp - Green	46	46
Internal		
Sunway Belfield	428	29
South Quay Square - Superstructure + VO	1,103	544
Sw Carnival Mall - Refurbishment	253	113
Sunway Velocity 2B	276	19
Smc Damansara	234	20
Smc Ipoh + VO	217	14
SW Flora	276	161
SMC Fit-out	70	59
SMC4 Phase 3 - Fit-out	80	80
SW Ipoh Mall	721	694
SMC IPOH Phase 2 Fit out	18	18
SMC Damansara Phase 2 Fit out	9	9
Singapore		
Precast	512	281
External - New order 2024	441	430
Total	10,919	7,067
Orderbook burn rate (FY23, including internal)		3,499
Implied earnings visibility (years)		2.0

Source: Company data, Nomura research

Fig. 4: YTD 2024 orderbook replenishment

Project	Duration	Contract Sum (MYR mn)
Sunway Ipoh Mall	Jan-27	721
Early Contractor Involvement (ECI) Services - Package A	Aug-24	34
Early Contractor Involvement (ECI) Services - Package B	Aug-24	26
Ulu Pandan C1 & C2	Jun-27	103
Project Service Request	Apr-27	748
Bedok N2C23 - Watertanks	Sep-25	3
LPS Term Contract Batch 14	Sep-25	82
101 Neythal Road Redevelopment	Aug-25	6
Sunmed Phase 3 - Fit out works	Jun-26	80
JHB1X0 - Revised NTP works	Feb-26	1,500
Kallang Whampoa C53	Jul-27	100
Project C - Site 1	May-26	23
Project C - Site 2	Dec-26	40
Tanglin Halt C2	Oct-27	58
JHB1X0 - Tenant improvement works	Feb-26	83
SMC IPOH Phase 2 Fit out	Apr-25	18
Nursing home at Jelapang Road	Apr-26	11
Nursing home at Tampines Street 42	Apr-26	11
SMC Damansara Phase 2 Fit Out	May-25	9
JHB1X0 - Tenant improvement works	Feb-26	265
Tengah Brickland C2 MSCP LPS	Sep-25	4
JHB1X0 - Tenant improvement works	Feb-26	103
Total		4,028

Source: Company data, Nomura research

Appendix A-1

Analyst Certification

I, Tushar Mohata, hereby certify (1) that the views expressed in this Research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this Research report, (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report and (3) no part of my compensation is tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

Issuer Specific Regulatory Disclosures

The terms "Nomura" and "Nomura Group" used herein refer to Nomura Holdings, Inc. and its affiliates and subsidiaries, including Nomura Securities International, Inc. ('NSI') and Instinet, LLC ('ILLIC'), U. S. registered broker dealers and members of SIPC.

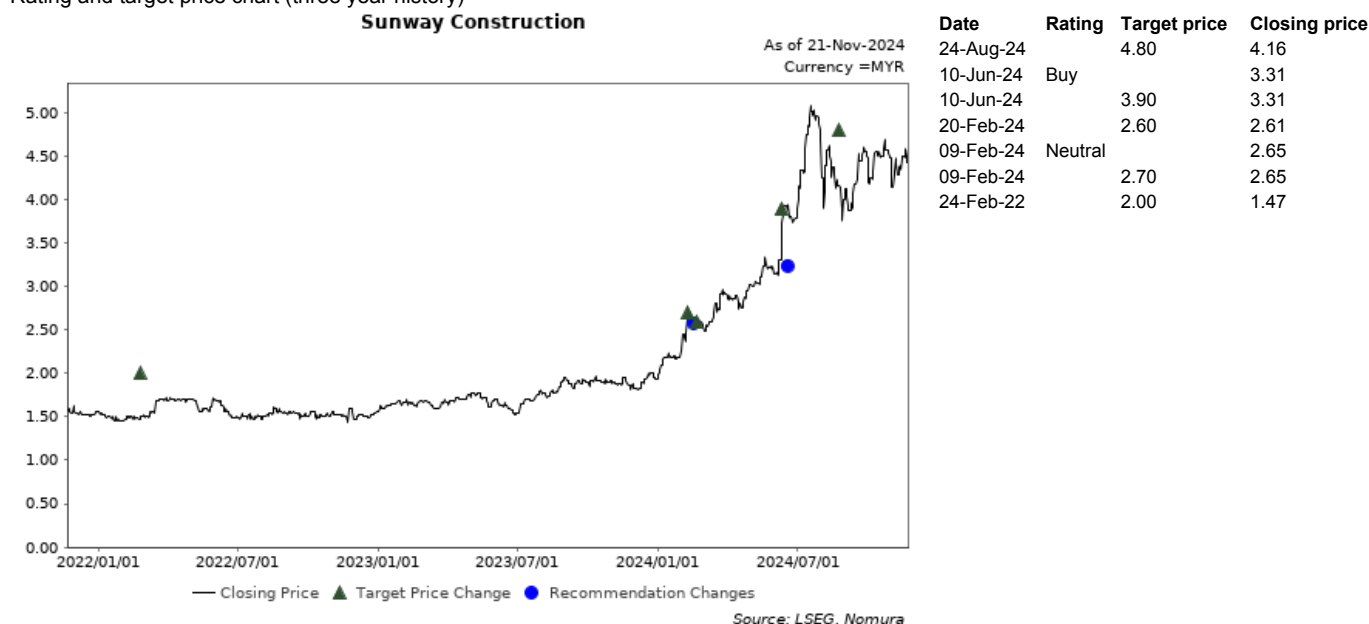
Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Sunway Construction	SCGB MK	MYR 4.43	21-Nov-2024	Buy	N/A	

Sunway Construction (SCGB MK)

MYR 4.43 (21-Nov-2024) Buy (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We value SunCon at a target P/E of 19x on FY25F earnings estimate of MYR327mn. We arrive at our TP of MYR4.80. The benchmark index for the stock is FTSE Bursa Malaysia KLCI Index.

Risks that may impede the achievement of the target price Downside risk to our view are: 1) delays in construction project awards; 2) lower-than-expected margins; 3) lower pre-cast earnings; 4) a lack of new projects; 5) risk of project cancellation, delays or arbitration, 6) delay in monetisation of receivables.

Important Disclosures

Online availability of research and conflict-of-interest disclosures

Nomura Group research is available on www.nomuranow.com/research, Bloomberg, Capital IQ, Factset, LSEG.

Important disclosures may be read at <http://go.nomuranow.com/research/m/Disclosures> or requested from Nomura Securities International, Inc. If you have any difficulties with the website, please email grpsupport@nomura.com for help.

The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by Investment Banking activities. Unless otherwise noted, the non-US analysts listed at the front of this report are not registered/qualified as research analysts under FINRA rules, may not be associated persons of NSI, and may not be subject to FINRA Rule 2241 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Nomura Global Financial Products Inc. (NGFP) Nomura Derivative Products Inc. (NDP) and Nomura International plc. (Nlplc) are registered with

the Commodities Futures Trading Commission and the National Futures Association (NFA) as swap dealers. NGFP, NDPI, and Nlplc are generally engaged in the trading of swaps and other derivative products, any of which may be the subject of this report.

Distribution of ratings (Nomura Group)

The distribution of all ratings published by Nomura Group Global Equity Research is as follows:

53% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 40% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services** by the Nomura Group.

43% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 55% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group

4% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 3% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group.

As at 30 September 2024.

*The Nomura Group as defined in the Disclaimer section at the end of this report.

** As defined by the EU Market Abuse Regulation

Definition of Nomura Group's equity research rating system and sectors

The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst's target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

STOCKS

A rating of **'Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of **'Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of **'Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: <http://go.nomuranow.com/research/m/Disclosures>; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan**: Russell/Nomura Large Cap.

SECTORS

A **'Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months. A **'Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months. A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months. Sectors that are labelled as **'Not rated'** or shown as **'N/A'** are not assigned ratings. Benchmarks are as follows: **United States**: S&P 500; **Europe**: Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia. **Japan/Asia ex-Japan**: Sector ratings are not assigned.

Target Price

A Target Price, if discussed, indicates the analyst's forecast for the share price with a 12-month time horizon, reflecting in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

Disclaimers

This publication contains material that has been prepared by the Nomura Group entity identified on page 1 and, if applicable, with the contributions of one or more Nomura Group entities whose employees and their respective affiliations are specified on page 1 or identified elsewhere in this publication. The term "Nomura Group" used herein refers to Nomura Holdings, Inc. and its affiliates and subsidiaries including: (a) Nomura Securities Co., Ltd. ('NSC') Tokyo, Japan, (b) Nomura Financial Products Europe GmbH ('NFPE'), Germany, (c) Nomura International plc ('Nlplc'), UK, (d) Nomura Securities International, Inc. ('NSI'), New York, US, (e) Nomura International (Hong Kong) Ltd. ('NIHK'), Hong Kong, (f) Nomura Financial Investment (Korea) Co., Ltd. ('NFIK'), Korea (Information on Nomura analysts registered with the Korea Financial Investment Association ('KOFIA') can be found on the KOFIA Intranet at <http://dis.kofia.or.kr>), (g) Nomura Singapore Ltd. ('NSL'), Singapore (Registration number 197201440E, regulated by the Monetary Authority of Singapore) (h) Nomura Australia Ltd. ('NAL'), Australia (ABN 48 003 032 513), regulated by the Australian Securities and Investment Commission ('ASIC') and holder of an Australian financial services licence number 246412, (i) Nomura Securities Malaysia Sdn. Bhd. ('NSM'), Malaysia, (j) NIHK, Taipei Branch ('NITB'), Taiwan, (k) Nomura Financial Advisory and Securities (India) Private Limited ('NFASL'), Mumbai, India (Registered Address: Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai- 400 018, India; Tel: 91 22 4037 4037, Fax: 91 22 4037 4111; CIN No:

U74140MH2007PTC169116, SEBI Registration No. for Stock Broking activities : INZ000255633; SEBI Registration No. for Merchant Banking : INM000011419; SEBI Registration No. for Research: INH000001014 - Compliance Officer: Ms. Pratiksha Tondwalkar, 91 22 40374904, grievance email: india.compliance-in@nomura.com.

For reports with respect to Indian public companies or authored by India-based NFASL research analysts: (i) Investment in securities markets is subject to market risks. Read all the related documents carefully before investing. (ii) Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

(I) Nomura Fiduciary Research & Consulting Co., Ltd. ('NFRC') Tokyo, Japan. 'NSFSPL' next to an employee's name on the front page of a research report indicates that the individual is employed by Nomura Structured Finance Services Private Limited to provide assistance to certain Nomura entities under inter-company agreements. 'Verdhana' next to an individual's name on the front page of a research report indicates that the individual is employed by PT Verdhana Sekuritas Indonesia ('Verdhana') to provide research assistance to NIHK under a research partnership agreement and neither Verdhana nor such individual is licensed outside of Indonesia. For the avoidance of doubt and for the purpose of disclosure, Nomura Orient International Securities Co., Ltd ("NOI"), a joint venture amongst Nomura Group, Orient International (Holding) Co., Ltd and Shanghai Huangpu Investment Holding (Group) Co., Ltd is excluded from the definition of Nomura Group. An individual name printed next to NOI on the front page of a research report indicates that individual is employed by NOI to provide research assistance to NIHK under a research partnership agreement and neither NOI or such individual is licensed outside of Mainland China, PRC.

THIS MATERIAL IS: (I) FOR YOUR PRIVATE INFORMATION, AND WE ARE NOT SOLICITING ANY ACTION BASED UPON IT; (II) NOT TO BE CONSTRUED AS AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION WHERE SUCH OFFER OR SOLICITATION WOULD BE ILLEGAL; AND (III) OTHER THAN DISCLOSURES RELATING TO THE NOMURA GROUP, BASED UPON INFORMATION FROM SOURCES THAT WE CONSIDER RELIABLE, BUT HAS NOT BEEN INDEPENDENTLY VERIFIED BY NOMURA GROUP.

Other than disclosures relating to the Nomura Group, the Nomura Group does not warrant, represent or undertake, express or implied, that the document is fair, accurate, complete, correct, reliable or fit for any particular purpose or merchantable, and to the maximum extent permissible by law and/or regulation, does not accept liability (in negligence or otherwise, and in whole or in part) for any act (or decision not to act) resulting from use of this document and related data. To the maximum extent permissible by law and/or regulation, all warranties and other assurances by the Nomura Group are hereby excluded and the Nomura Group shall have no liability (in negligence or otherwise, and in whole or in part) for any loss howsoever arising from the use, misuse, or distribution of this material or the information contained in this material or otherwise arising in connection therewith.

Opinions or estimates expressed are current opinions as of the original publication date appearing on this material and the information, including the opinions and estimates contained herein, are subject to change without notice. The Nomura Group, however, expressly disclaims any obligation, and therefore is under no duty, to update or revise this document. Any comments or statements made herein are those of the author(s) and may differ from views held by other parties within Nomura Group. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The Nomura Group does not provide tax advice.

The Nomura Group, and/or its officers, directors, employees and affiliates, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. The Nomura Group companies may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

This document may contain information obtained from third parties, including, but not limited to, ratings from credit ratings agencies such as Standard & Poor's. The Nomura Group hereby expressly disclaims all representations, warranties or undertakings of originality, fairness, accuracy, completeness, correctness, merchantability or fitness for a particular purpose with respect to any of the information obtained from third parties contained in this material or otherwise arising in connection therewith, and shall not be liable (in negligence or otherwise, and in whole or in part) 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 or misuse of any of the information obtained from third parties contained in this material or otherwise arising in connection therewith. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third-party. Third-party content providers do not, express or implied, guarantee the fairness, accuracy, completeness, correctness, timeliness or availability of any information, including ratings, and are not in any way responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use or misuse 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 (in negligence or otherwise, and in whole or in part) 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 or misuse of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice. Any MSCI sourced information in this document is the exclusive property of MSCI Inc. ('MSCI'). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be duplicated, reproduced, re-disseminated, redistributed or used, in whole or in part, for any purpose whatsoever, including creating any financial products and any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all representations, warranties or undertakings of originality, fairness, accuracy, completeness, correctness, merchantability or fitness for a particular purpose with respect to any of this material or the information contained in this material or otherwise arising in connection therewith. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any

third party involved in, or related to, computing or compiling the information have any liability (in negligence or otherwise, and in whole or in part) for any damages of any kind. MSCI and the MSCI indexes are services marks of MSCI and its affiliates.

The intellectual property rights and any other rights, in Russell/Nomura Japan Equity Index belong to Nomura Fiduciary Research & Consulting Co., Ltd. ("NFRC") and Frank Russell Company ("Russell"). NFRC and Russell do not guarantee fairness, accuracy, completeness, correctness, reliability, usefulness, marketability, merchantability or fitness of the Index, and do not account for business activities or services that any index user and/or its affiliates undertakes with the use of the Index.

Investors should consider this document as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Nomura Group produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. The Nomura Group publishes research product in a number of different ways including the posting of product on the Nomura Group portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future or likely performance. Where the information contains an expectation, projection or indication of future performance and business prospects, such forecasts may not be a reliable indicator of future or likely performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns. Any figure, strategy or index created and published for illustrative purposes within this document is not intended for "use" as a "benchmark" as defined by the European Benchmark Regulation. Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

With respect to Fixed Income Research: Recommendations fall into two categories: tactical, which typically last up to three months; or strategic, which typically last from 6-12 months. However, trade recommendations may be reviewed at any time as circumstances change. 'Stop loss' levels for trades are also provided; which, if hit, closes the trade recommendation automatically. Prices and yields shown in recommendations are taken at the time of submission for publication and are based on either indicative Bloomberg, LSEG or Nomura prices and yields at that time. The prices and yields shown are not necessarily those at which the trade recommendation can be implemented.

The securities described herein may not have been registered under the US Securities Act of 1933 (the '1933 Act'), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via a Nomura entity in your home jurisdiction.

This document has been approved for distribution in the UK as investment research by NIplc. NIplc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. NIplc is a member of the London Stock Exchange. This document does not constitute a personal recommendation within the meaning of applicable regulations in the UK, or take into account the particular investment objectives, financial situations, or needs of individual investors. This document is intended only for investors who are 'eligible counterparties' or 'professional clients' for the purposes of applicable regulations in the UK, and may not, therefore, be redistributed to persons who are 'retail clients' for such purposes.

This document has been approved for distribution in the European Economic Area as investment research by Nomura Financial Products Europe GmbH ("NFPE"). NFPE is a company organized as a limited liability company under German law registered in the Commercial Register of the Court of Frankfurt/Main under HRB 110223. NFPE is authorized and regulated by the German Federal Financial Supervisory Authority (BaFin).

This document has been approved by NIHK, which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIHK. This document is intended only for investors who are 'professional investors' for the purposes of applicable regulations in Hong Kong and may not, therefore, be redistributed to persons who are not 'professional investors' for such purposes.

This document has been approved for distribution in Australia by NAL, which is authorized and regulated in Australia by the ASIC.

This document has also been approved for distribution in Malaysia by NSM.

In Singapore, this document has been distributed by NSL, an exempt financial adviser as defined under the Financial Advisers Act (Chapter 110), among other things, and regulated by the Monetary Authority of Singapore. NSL may distribute this document produced by its foreign affiliates pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the recipient of this document is not an accredited, expert or institutional investor as defined by the Securities and Futures Act (Chapter 289), NSL accepts legal responsibility for the contents of this document in respect of such recipient only to the extent required by law. Recipients of this document in Singapore should contact NSL in respect of matters arising from, or in connection with, this document. THIS DOCUMENT IS INTENDED FOR GENERAL CIRCULATION. IT DOES NOT TAKE INTO ACCOUNT THE SPECIFIC INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS OF ANY PARTICULAR PERSON. RECIPIENTS SHOULD TAKE INTO ACCOUNT THEIR SPECIFIC INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS BEFORE MAKING A COMMITMENT TO PURCHASE ANY SECURITIES, INCLUDING SEEKING ADVICE FROM AN INDEPENDENT FINANCIAL ADVISER REGARDING THE SUITABILITY OF THE INVESTMENT, UNDER A SEPARATE ENGAGEMENT, AS THE RECIPIENT DEEMS FIT.

Unless prohibited by the provisions of Regulation S of the 1933 Act, this material is distributed in the US, by NSI, a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934.

The entity that prepared this document permits its separately operated affiliates within the Nomura Group to make copies of such documents available to their clients.

This document has not been approved for distribution to persons other than 'Authorised Persons', 'Exempt Persons' or 'Institutions' (as defined by the Capital Markets Authority) in the Kingdom of Saudi Arabia ('Saudi Arabia') or a 'Market Counterparty' or a 'Professional Client' (as defined by the Dubai Financial Services Authority) in the United Arab Emirates ('UAE') or a 'Market Counterparty' or a 'Business Customer' (as defined by the Qatar Financial Centre Regulatory Authority) in the State of Qatar ('Qatar') by Nomura Saudi Arabia, NIplc or any other member of the Nomura Group, as the case may be. Neither this document nor any copy thereof may be taken or transmitted or distributed, directly or indirectly,

by any person other than those authorised to do so into Saudi Arabia or in the UAE or in Qatar or to any person other than 'Authorised Persons', 'Exempt Persons' or 'Institutions' located in Saudi Arabia or a 'Market Counterparty' or a 'Professional Client' in the UAE or a 'Market Counterparty' or a 'Business Customer' in Qatar. Any failure to comply with these restrictions may constitute a violation of the laws of the UAE or Saudi Arabia or Qatar.

For report with reference of TAIWAN public companies or authored by Taiwan based research analyst:

THIS DOCUMENT IS SOLELY FOR REFERENCE ONLY. You should independently evaluate the investment risks and are solely responsible for your investment decisions. NO PORTION OF THE REPORT MAY BE REPRODUCED OR QUOTED BY THE PRESS OR ANY OTHER PERSON WITHOUT WRITTEN AUTHORIZATION FROM NOMURA GROUP. Pursuant to Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers and/or other applicable laws or regulations in Taiwan, you are prohibited to provide the reports to others (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities in connection with the reports which may involve conflicts of interests. INFORMATION ON SECURITIES / INSTRUMENTS NOT EXECUTABLE BY NOMURA INTERNATIONAL (HONG KONG) LTD., TAIPEI BRANCH IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT BE CONSTRUED AS A RECOMMENDATION OR A SOLICITATION TO TRADE IN SUCH SECURITIES / INSTRUMENTS.

This material may not be distributed in Indonesia or passed on within the territory of the Republic of Indonesia or to persons who are Indonesian citizens (wherever they are domiciled or located) or entities of or residents in Indonesia in a manner which constitutes a public offering under the laws of the Republic of Indonesia. The securities mentioned in this document may not be offered or sold in Indonesia or to persons who are citizens of Indonesia (wherever they are domiciled or located) or entities of or residents in Indonesia in a manner which constitutes a public offering under the laws of the Republic of Indonesia.

This document is prepared by Nomura Group or its subsidiary or affiliate (collectively, "Offshore Issuers") that is not licensed in the People's Republic of China ("PRC", excluding Hong Kong, Macau and Taiwan, for the purpose of this document) to provide securities research and this research report is not approved or intended to be circulated in the PRC. The A-share related analysis (if any) is not produced for any persons located or incorporated in the PRC. The recipients should not rely on any information contained in the research report in making investment decisions and Offshore Issuers take no responsibility in this regard.

NO PART OF THIS MATERIAL MAY BE (I) COPIED, PHOTOCOPIED, REPRODUCED OR DUPLICATED IN ANY FORM, BY ANY MEANS; OR (II) REDISSEMINATED, REPUBLISHED OR REDISTRIBUTED WITHOUT THE PRIOR WRITTEN CONSENT OF A MEMBER OF THE NOMURA GROUP. If this document has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability (in negligence or otherwise, and in whole or in part) for any errors or omissions in the contents of this document, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

The Nomura Group manages conflicts with respect to the production of research through its compliance policies and procedures (including, but not limited to, Conflicts of Interest, Chinese Wall and Confidentiality policies) as well as through the maintenance of Chinese Walls and employee training.

Additional information regarding the methodologies or models used in the production of any investment recommendations contained within this document is available upon request by contacting the Research Analysts of Nomura listed on the front page. Disclosures information is available upon request and disclosure information is available at the Nomura Disclosure web page:

<http://go.nomuranow.com/research/m/Disclosures>

Copyright © 2024 Nomura Securities Malaysia Sdn. Bhd. All rights reserved.