

Frequently Asked Questions (FAQs) & Sample Report

1. What is RAM CreditSCAN?

RAM CreditSCAN is RAM’s general credit assessment (GCA) of a company’s relative credit risk ranking. It is not an opinion on any specific financial obligation and terms thereof nor its enforceability, unless otherwise stated. The assessment considers a company’s business and operating risks and financial performance.

2. What is a RAM CreditSCAN Quick Score?

The Quick Score is a GCA which is derived solely from a company’s publicly available historical financial performance, relative to sector peers. It is only meant as a quick indicator of risk but it is not the final outcome and may differ from the final GCA of a company when other aspects of business, operating risks and management are included in the assessment.

3. How is RAM CreditSCAN different from RAM’s mandated bond ratings?

RAM’s main grading system uses a 7-grade credit rating scale with subscripts of 1,2 or 3 applied to each rating grade to indicate ranking within a category. Similar main grades are used for other assessment services, although different symbols are applied to distinguish between service offerings and/or type of entity evaluated. While both mandated bond ratings and RAM CreditSCAN GCAs relate to credit risk, the latter is expressed in lower-case letters to distinguish it from RAM’s mandated bond ratings. Other key differences between the services are summarised in the table below.

	RAM CreditSCAN GCA	RAM Mandated Bond Ratings
Solicited by company being assessed	Yes/No [^]	Yes
Assessment based on publicly available information	Yes	Yes
Access to or receipt of non-public information	Yes/No [*]	Yes
Discussion with company management	No	Yes
Deliberation by external Rating Committee	No	Yes

[^] A RAM CreditSCAN GCA can be solicited (by the company being assessed or a third party) or unsolicited (based on public interest).

^{*} A company soliciting a RAM CreditSCAN GCA on itself may opt to provide information for the assessment. Where applicable, this will be disclosed accordingly.

4. Are the rating outcomes comparable across the different service(s)?

A RAM CreditSCAN outcome is **not to be equated** to RAM’s mandated ratings for fixed income issues or issuers that are subject to a rating committee approval process and typically benefit from access to management and/or more granular or non-public information provided by the company being rated. Should a company seek a mandated rating from RAM subsequent to receiving the RAM CreditSCAN GCA, there is no guarantee that the mandated rating outcome will equate to the RAM CreditSCAN GCA.

RAM CreditSCAN FAQs & Sample Report

5. What are the benefits of RAM CreditSCAN GCA?

As an evaluation from an independent and trusted credit risk assessment institution, RAM CreditSCAN GCA is useful in several ways. For financiers and companies, a RAM CreditSCAN GCA provides insights on firms' relative credit risk, supplementing internal credit/risk evaluations or funding plans. The GCA is also a useful reference for counterparty, investment and customer or supply chain screening. More generally, RAM CreditSCAN evaluations have found widespread use for all stakeholders interested a company's financial health.

6. What are the contents of a RAM CreditSCAN report?

i. RAM CreditSCAN Quick Score

A company's Quick Score, brief company description, Quick Score components and selected financial statistics. These reports are readily available for purchase at <https://analytics.ram.com.my>.

ii. RAM CreditSCAN GCA (Comprehensive Report)

A company's GCA, accompanied by analytical evaluations of its company profile, industry segment, and business & financial assessment. Also includes financial statistics, a peer comparison and where relevant, details of other risk drivers.

A sample RAM CreditSCAN™ Quick Score report is attached herein. For a comprehensive RAM CreditSCAN GCA report, kindly contact us.

For more information on RAM CreditSCAN, please visit <https://analytics.ram.com.my> or contact:

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ABC Holdings Berhad

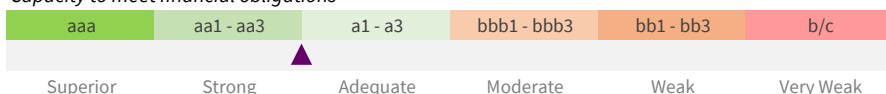
Consumer Products & Services | Retailers

Set up in 2001, ABC Holdings Berhad is a Bursa Malaysia-listed company that operates a chain of supermarkets and convenience stores nationwide.

General Credit Assessment (GCA)

Current Quick Score	Previous Quick Score
aa3 - a1	-
Latest FY: 31-12-2020	-

Capacity to meet financial obligations



GCA Quick Score Components

Industry Risk

Favourable	Average	Unfavourable
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Scale and Profitability

Favourable	Average	Unfavourable
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Key Credit Metrics

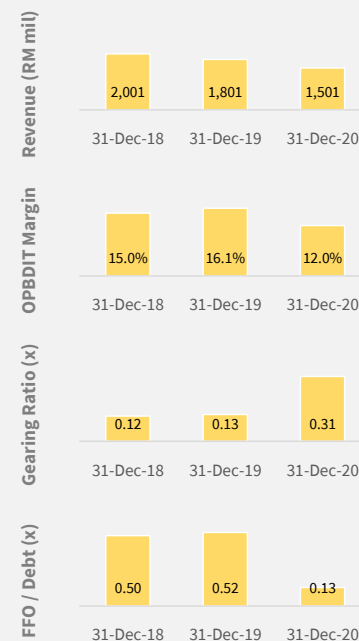
Favourable	Average	Unfavourable
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Liquidity Indicators

Pass	Below Thresholds
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Please see next page for descriptions of the components

Financial Trends



FFO = Funds from operations (i.e. Operating cashflows before working capital changes less taxation)

OPBDIT = Operating profit before depreciation, interest and tax

Financial Summary

MYR million (unless stated otherwise)

	31-Dec-18	31-Dec-19	31-Dec-20
Revenue	2,000.93	1,800.69	1,500.75
Operating Profit Before Depreciation, Interest and Tax	300.02	290.48	180.64
Pre-Tax Profit	347.61	270.22	153.67
Net Profit	270.62	202.59	104.05
Total Assets	6,000.40	6,700.83	6,900.98
Total Liabilities	2,100.72	1,900.46	2,600.62
Total Equity	4,800.68	4,800.37	4,200.36
Total Debt	570.26	605.17	1,284.14
Total Cash	615.25	437.37	621.02
Net Cashflow From Operations *	640.24	415.75	302.69
Free Operating Cashflow *	400.28	80.16	250.40

Selected Financial Ratios

Ratio	Unit	31-Dec-18	31-Dec-19	31-Dec-20
OPBDIT Margin (= OPBDIT / Revenue)	%	15.0%	16.1%	12.0%
Return On Capital Employed (= [Pre-Tax Profit + Finance Cost] / [Total Debt + Total Equity])	%	6.9%	5.3%	3.2%
Interest Coverage Ratio (= OPBDIT / Interest)	times	14.61	18.20	7.39
Funds From Operations Debt Coverage Ratio (= FFO / Debt) **	times	0.50	0.52	0.13
Net Operating Cashflow Debt Coverage Ratio (= Net Operating Cashflow / Debt) *	times	1.12	0.69	0.24
Gearing Ratio (= Debt / Equity)	times	0.12	0.13	0.31
Net Gearing Ratio (= Net Debt / Equity)	times	(0.01)	0.03	0.16
Current Ratio (= Current Assets / Current Liabilities)	times	3.02	3.37	3.43
Cash / Short-term Debt	times	4.95	3.18	18.84

* Shown as "N.a." if information on the cashflow statement is not available.

** OPBDIT Debt Coverage Ratio is shown here instead if information on the Company's cashflow statement is not available.

Sample

About RAM CreditSCAN and RAM CreditSCAN Quick Score

GCA Definitions

aaa	An entity assessed to be in this GCA category is expected to have a superior capacity to meet its financial obligations.
aa1 - aa3	An entity assessed to be in this GCA category is expected to have a strong capacity to meet its financial obligations. The entity is expected to be resilient against adverse changes in circumstances, economic conditions and/or operating environments.
a1 - a3	An entity assessed to be in this GCA category is expected to have an adequate capacity to meet its financial obligations. The entity is expected to be more susceptible to adverse changes in circumstances, economic conditions and/or operating environments than those in the higher GCA categories.
bbb1 - bbb3	An entity assessed to be in this GCA category is expected to have a moderate capacity to meet its financial obligations. The entity is more likely to be weakened by adverse changes in circumstances, economic conditions and/or operating environments than those in the higher GCA categories.
bb1 - bb3	An entity assessed to be in this GCA category is viewed to have a weak capacity to meet its financial obligations. The entity is expected to be highly vulnerable to adverse changes in circumstances, economic conditions and/or operating environments.
b	An entity assessed to be in this GCA category is viewed to have a very weak capacity to meet its financial obligations. The entity is expected to have a limited ability to withstand adverse changes in economic circumstances and/or operating environments.
c	An entity assessed to be in this GCA category is expected to have a high likelihood of defaulting on its financial obligations. The entity is highly dependent on favourable changes in circumstances, economic conditions and/or operating environments, the lack of which would likely result in it defaulting on its financial obligations.

GCA Quick Score Components

Industry Risk	Assessment of industry characteristics such as growth prospects, level of competition, barriers to entry, threat of substitutes and vulnerability to external factors.
Scale and Profitability	Assessment of an entity's size and profitability relative to its peers in similar industries as well as the broader peer group. A company that is larger and more profitable than its peers will receive a more favourable assessment.
Key Credit Metrics	Assessment of an entity's leverage position (Debt/Equity and Net Debt/Equity) and debt-servicing capacity (FFO/Debt or OPBDIT/Debt). A profitable and lowly-leveraged (or debt-free) company will be accorded a more favourable assessment.
Liquidity Indicators	"Pass" indicates all of the following indicators are met as at end-of the company's latest financial year: Current Ratio > 1.2x; Cash/Short-Term Debt > 1x; and Cash/Operating Expenditure > 45 days. "Below Thresholds" indicates at least one of the conditions is not met.

Contact Us

For a comprehensive assessment of each company or to learn how RAM CreditSCAN can be tailored to your needs:

RAM Data Analytics

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General Disclosures and Disclaimers

About RAM CreditSCAN

RAM CreditSCAN is RAM's general credit assessment (GCA) of a company's relative credit risk ranking that is available for sale at <https://analytics.ram.com.my> or by way of authorised resellers. Notwithstanding the manner of access thereof, the following provisions shall apply.

RAM CreditSCAN is not an opinion on any specific financial obligation and terms thereof nor its enforceability, unless otherwise stated in the RAM CreditSCAN report. The assessment considers a company's business and operating risks and its historical and projected financial performance and trends over a time period. A RAM CreditSCAN Quick Score is an automatically generated GCA based on a company's latest available historical financial performance, scale and profitability relative to peers and RAM's industry risk assessment. It is expressed as a range of a company's possible GCA. A full assessment of the GCA by RAM's analyst could result in a final GCA rating within this range. A RAM CreditSCAN GCA is an unsolicited credit assessment that is based strictly on publicly available information, unless it has been solicited by the company being evaluated. Any information provided by the company shall be disclosed accordingly.

While the GCA is benchmarked to RAM's corporate ratings criteria, its outcome is not to be equated to RAM's mandated ratings for fixed income issues or issuers that are subject to a rating committee approval process and typically benefit from access to management and/or more granular or non-public information provided by the company being rated. Should a company seek a mandated rating from RAM subsequent to receiving the RAM CreditSCAN GCA, there is no guarantee that the mandated rating outcome will equate to the RAM CreditSCAN GCA.

RAM CreditSCAN GCA is expressed in lower-case letters to distinguish it from RAM's mandated ratings. There is a total of 7 GCA grades from aaa to c, with the latter signifying highest credit risk. Companies currently rated by RAM ratings and/or whose ratings had expired less than 3 years from the date of last publication are ineligible for RAM CreditSCAN coverage. RAM reserves the right to add, remove, amend or revise, as it deems fit, any details related to any company for whom it has produced a RAM CreditSCAN GCA without prior notice to users. From time to time, RAM may also amend, revise or make improvement changes to the RAM CreditSCAN report format for the benefit of users.

Sources of Information

RAM CreditSCAN information is sourced from the public domain, unless otherwise stated in the report. The company profile, industry sector classification and financial information used in RAM CreditSCAN reports are based primarily on information from Bursa Malaysia, market data aggregators and/or RAM's databases. Data adjustments, including sector classification, are made without notice as and when necessary, for better accuracy and/or analytical purposes.

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