

Keppel Corporation

Transforming into asset light recurring income business model

SINGAPORE | CONGLOMERATE | RESULTS

31 July 2022

- 1H22 net profit below expectations, at 43% of FY22e profit but interim dividend of 15 cents exceeds expectations. Net profit of \$498mn (+66% YoY) was slightly under our expectations as Urban Development dragged due to headwinds from China's property market.
- \$710mn of assets monetised YTD, on-track to hit \$5bn target by end-2023. However, we expect that the Group will cross the \$5bn mark by 1Q23 should the proposed O&M transactions be completed on schedule in 4Q22.
- We welcome the bolder statements made on Keppel Land's transformation to be asset-light. We believe this will not only crystallise the value of its landbank, but it will also allow the Group to re-invest the proceeds into new growth areas and share some of the gains with shareholders through dividends.
- Maintain BUY with higher SOTP TP of \$8.95 (prev.\$7.07).** We revised our valuation on Keppel O&M (KOM) and Keppel Land after greater clarity on its monetisation path. We valued the Group based on the four new segments unveiled during Vision 2030 to better reflect the Group's reporting segments going forward. Our TP translates to about 1.2x FY22e book value, a slight premium to its historical average as the Group's transformation plans gain traction and ROE expands to 8.8%. Catalysts expected from approvals obtained for the transaction.

BUY (Maintained)

LAST CLOSE PRICE	SGD 6.880
FORECAST DIV	SGD 0.330
TARGET PRICE	SGD 8.950
TOTAL RETURN	34.9%

COMPANY DATA

BLOOMBERG CODE:	KEP SP
O/S SHARES (MN) :	1,771
MARKET CAP (USD mn / SGD mn) :	8815 / 12184
52 - WK HI/LO (SGD) :	7 / 5.04
3M Average Daily T/O (mn) :	3.70

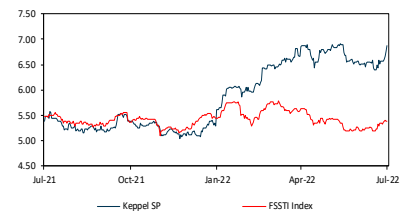
MAJOR SHAREHOLDERS (%)

TEMASEK HOLDINGS	21.0%
------------------	-------

PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
COMPANY	6.0	0.1	32.0
STI RETURN	3.6	(3.4)	5.3

PRICE VS. STI



Source: Bloomberg, PSR

Results at a glance

Revenue by segment

S\$mn	1H22	1H21	YoY	Comments
Energy & Environment	2,110	1,315	60.5%	Slightly under, due to project mix.
Urban Development	532	909	-41.5%	Results below, sales have fallen by ~50% in China. ASP's however have remained stable.
Connectivity	616	586	5.1%	In-line. Driven by M1's mobile and growing enterprise segment.
Asset Management	98	78	25.6%	In-line. Driven by higher fee income from capital market activity by REITS and Trust.
Total	3,356	2,888	16.2%	

Source: PSR, Company

Positives

+ 1H22 net profit below expectations, at 43% of FY22e profit but interim dividend exceeds expectations. Net profit of \$498mn (+66% YoY) was slightly under our expectations as Urban Development dragged due to headwinds from China's property market. Interim dividend of \$0.15, came ahead of our expectations of \$0.12, which we believe reflects management's confidence in FY22's outlook. We revise FY22e dividend to \$0.33 from \$0.29 with the payout ratio at 55% of earnings unchanged.

+ \$710mn of assets monetised YTD, ontrack to hit \$5bn target. The \$710mn of assets monetised YTD brings the cumulative amount announced to \$3.6bn since October 2020. Management remains confident of exceeding its \$5bn target by end-2023. We expect the conclusion of the proposed O&M transactions, still on track for completion by end-2022, to move the Group past its \$5bn target.

KEY FINANCIALS

Y/E Dec (\$, 'mn)	FY20	FY21	FY22e	FY23e
Revenue	6,574	8,625	8,533	8,449
EBIT	37	1,009	1,042	1,148
NPAT	(508)	1,010	1,077	1,151
Dividend yield	1.3%	4.8%	4.7%	5.1%
P/NAV (x)	1.1	1.0	1.0	0.9
P/E (x)	(24.8)	12.2	11.6	10.8
ROE (%)	-4.5%	8.6%	8.5%	8.8%

Source: Company, PSR

VALUATION METHOD

SOTP valuation

Terence Chua (+65 6212 1852)
Senior Research Analyst
terencechuatl@phillip.com.sg

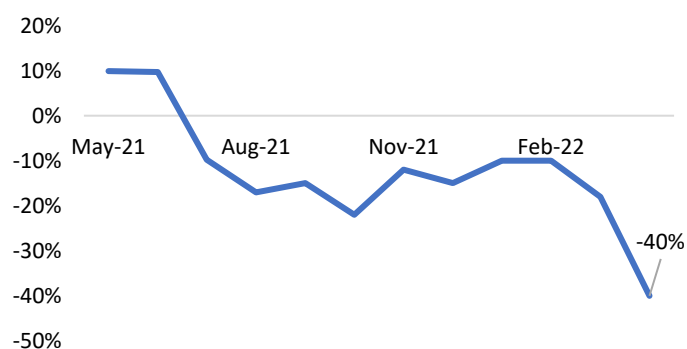
+ Bolder statement on transformation of Keppel Land. We welcome the management's bolder statements on its plan forward for its Urban Development business. As part of its asset-light strategy, the Group has set out its plan to accelerate landbank monetisation in China and Vietnam in the next 1-2 years. We believe this can also be done through injections into Keppel-managed funds.

Transformation of Keppel Land into an asset-light urban space solutions provider will accelerate the growth of the Group's recurring income (40.6% of 1H22 net profit vs. 35% FY19). The move is in line with its asset-light strategy established in Vision 2030. It will also accelerate the growth of the Group's recurring income closer to our longer-term target of 60% which we have modelled.

Negatives

+ Headwinds in China property market weigh on Keppel Land's China property sales. Keppel Land's 1H22 China sales fell by ~69%, which is a steeper drop than most of the largest developers in the market, who have seen an average 50% drop (Figure 2). For FY22e, we do not expect any impairments for its China property business as ASPs have remained stable and the cost of its landbanks are also cheap. ASPs have largely held up as most of its projects are located in key cities across China. Its landbank, which have an average age of seven years, is also at a much lower price than the market value today.

Figure 2: China Property sales declined at an accelerated pace in April 2022 as lockdown across cities cooled demand



Source: Company, PSR

Figure 3: Net profit was lower than our estimates in 1H22

Net profit by segment

S\$mn	1H22	1H21	YoY	Comments
Energy & Environment	109	(179)	N.m.	Profit turnaround driven by higher revenue from O&M and Keppel Infrastructure.
Urban Development	168	279	-39.8%	Results below, sales of units fell 69% in China.
Connectivity	10	27	-63.0%	In-line. Lifted by M1's monetisation of network asset
Asset Management	155	117	32.5%	In-line. Lifted by higher fee income and fair value gains on investments.
Total	442	244	81.1%	

Source: PSR, Company

1H22 segment developments

Outlook for O&M positive with potential for S\$8bn contracts for Petrobras's P-80 FPSO project. In the latest Petrobras tender, Keppel O&M was selected as the only qualified bidder

for the P-80 FPSO project. It is currently in advanced discussions for the P-80 contract as well as an option for a second FPSO. The two FPSO contracts, if awarded, would add over \$8bn to its O&M orderbook. We believe this is testament to KOM's competency over its peers, like Sembcorp Marine (SMM SP, Non-rated), which was also vying for the same contract. KOM secured \$255mn of orders in 1H22 bringing its orderbook to \$4.4bn in 1H22, down slightly from the \$5.1bn in end-2021.

Infrastructure's renewables portfolio expand to 1.8GW, still on track for 7GW by 2030. Higher power prices and spark spreads in 1H22 lifted profits 77% YoY for 1H22. Keppel Infrastructure's renewables portfolio co-investment of a European onshore wind energy asset will add 258MW to its renewable energy portfolio.

Advancing the transformation of Keppel Land into an asset-light business model to crystallise gains which can be shared with shareholders. The management has laid out more substantive plans to significantly monetise Keppel Land's landbank in China and Vietnam over the next one to two years. This includes the possibility of injecting its landbank into funds managed by Keppel. We believe this will not only crystallise the value of its landbank, but it will also allow the Group to re-invest the proceeds into new growth areas and share some of the gains with shareholders through dividend distribution.

Growing connectivity solutions. Connectivity's net profit was in-line with our forecasts, down 65% YoY from the absence of gain from the disposal of Keppel Logistics (Foshan). This was offset by M1's net profit, which grew 62% YoY to \$34mn, from the monetisation of its network assets in 1H22. In the 2Q22, M1's revenue rose in tandem with borders re-opening, and is roughly half of pre-Covid levels.

Asset management continue to grow from strength to strength, with \$200bn target. 1H22 profit was up 32.5% YoY, in-line with our estimates. Along with the transformation of Keppel Land into an asset-light business model, its asset management division is expected to grow from the injection of assets into its funds. Current AUM is at \$42bn with a target to grow this to \$200bn.

Outlook

Preparations to complete the proposed O&M transactions are progressing well. Management is hopeful on meeting the time line for completion. KOM is making encouraging progress with its legacy rigs, and is confident these rigs can be substantially monetised over the next three to five years.

We lower our revenue and earnings estimates for Keppel Land by 3% and 7% respectively on the worsening outlook in China's property market. Keppel Land will launch 895 units in 2H22 and 2,664 units in China in FY23e, and we expect the response to be slightly muted with the current macro backdrop.

We continue to monitor the approval of the combined entity, and outcome of the remaining 10% of the combined entity shares which will be deposited into a segregated account for certain identified contingent liabilities and its plans for the \$500mn cash.

We will provide updates of these developments as they come along.

ESG

Keppel Corp has the highest triple-A rating MSCI ESG ratings. It has held the triple-A rating since February 2020. Keppel is ranked among the top 8% of global industrial conglomerates, based on ESG criteria, in the MSCI All Country World Index.

Keppel has been recognised by Corporate Knight's Clean 200, as one of the companies leading the way in the transition to a cleaner energy future. We view its Vision 2030 plan to reach 7GW of renewable energy positively as it should lead to better profitability over time.

Maintain BUY with higher SOTP target price of \$8.95 (prev. \$7.07)

We maintain our BUY recommendation with a higher SOTP TP of \$8.95. We revised our valuation on KOM and Keppel Land with greater clarity on its monetisation plan. For its Energy & Environment business, we valued its O&M division at 0.8x book value but crank up the realisable value of its rigs. Keppel Infrastructure Holdings is valued at 10x FY22e earnings. For its Urban Development segment, we lowered the discount on Keppel Land's RNAV to 35% (prev.40%) on better clarity on the monetisation plans for its Urban Development portfolio and 1.5x price to book value of the Sino-Singapore Tianjin Eco-City. In the Connectivity segment, we valued M1 at 9x FY22e earnings. For the Asset Management division, we valued Keppel Capital at 10x FY22e earnings, a slight discount to its peers.

We also applied a holding-company discount of 20% to the Group. Our TP translates to about 1.2x FY22e book value, a slight premium to its historical average as the Group's transformation plans gain traction. As Keppel accelerates its transformation into an integrated asset-light business, we believe there is room for a further reduction in the Holdco discount we apply to the Group over time. We will review the discount we apply to the Group as the Group continues its transformation.

Risks to our view include: 1) a delay in the approvals required for the Keppel-Sembmarine transaction; and 2) a worsening global economy.

Figure 4: Keppel SOTP valuation

SOTP valuation S\$mn	Basis	% owned	Multiple (x)	Book value / RNAV / Earnings	Share of Book value / RNAV / Earnings	/ share
Business Segments						
Energy & Environment						
Keppel O&M	Net asset	100%	0.8	4,882	4,882	2.68
Keppel Infrastructure Holdings	10x FY22e earnings	100%	10.0	158	1,581	0.87
Urban Development						
Keppel Land	35% discount to RNAV	100%	35%	12,938	8,410	4.62
Sino-Singapore Tianjin Eco-City (SSTEC)	Net asset	50%	1.5	420	315	0.17
Connectivity						
M1 Limited	9x FY22e earnings	84%	9.0	62	468	0.26
Asset Management						
Keppel Capital	10x FY22e earnings	100%	10.0	131	1,314	0.72
Listed entities						
Market values						
- Keppel REIT		49.0%	1.0	3,906	1,914	1.05
- Keppel DC REIT		20.9%	1.0	4,304	900	0.49
- Keppel Infra Trust		18.2%	1.0	2,720	495	0.27
- Keppel Pacific Oak US REIT		7.3%	1.0	1,093	80	0.04
Fair value of Keppel Corp (before Holdco discount)						11.18
Holdco discount						20%
Fair value of Keppel Corp						8.95

Source: Company data, PSR

Financials
Income Statement

Y/E Dec, (\$'mn)	FY19	FY20	FY21	FY22e	FY23e
Revenue	7,580	6,574	8,625	8,533	8,449
Materials and Subcontract costs	(5,267)	(4,591)	(6,603)	(6,314)	(6,126)
Staff costs	(1,163)	(1,120)	(1,116)	(1,195)	(1,183)
Depreciation and amortisation	(375)	(414)	(406)	(425)	(431)
Other items	167	(412)	510	443	438
EBIT	941	37	1,009	1,042	1,148
Net finance expenses	(135)	(130)	(141)	(138)	(148)
Share of results of associates	147	(162)	467	478	478
Profit before tax	954	(255)	1,335	1,382	1,478
Taxation	(192)	(253)	(325)	(305)	(327)
Net Profit	761	(508)	1,010	1,077	1,151
Net Profit (excl. Impairments)	761	143	1,374	1,077	1,152
Profit attributable to owners	707	(506)	1,023	1,081	1,156

Per share data (\$)

Y/E Dec	FY19	FY20	FY21	FY22e	FY23e
BVPS	6.41	6.13	6.83	7.07	7.37
DPS	0.20	0.09	0.33	0.33	0.35
EPS	0.39	(0.28)	0.56	0.59	0.63

Cash Flow

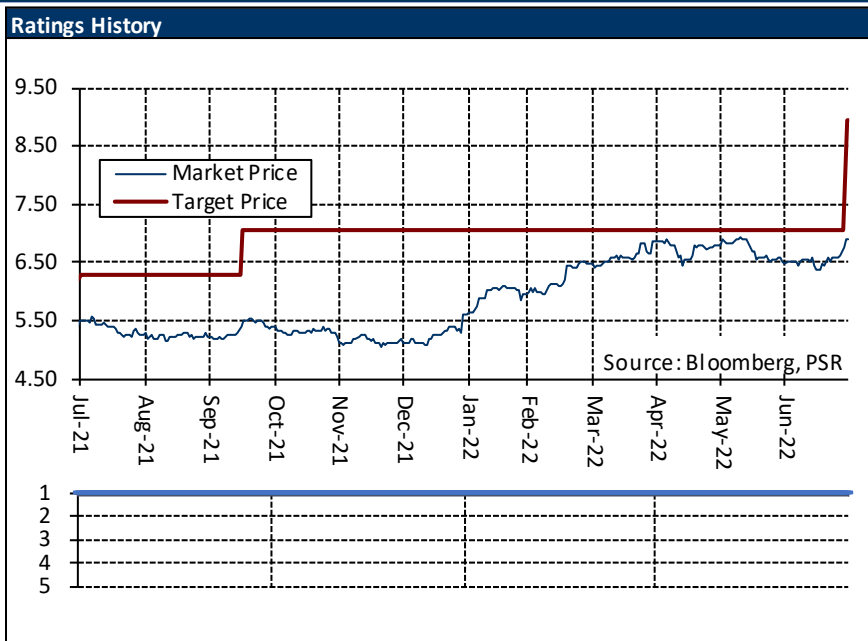
Y/E Dec, (\$'mn)	FY19	FY20	FY21	FY22e	FY23e
CFO					
Operating profit	877	8	898	849	914
Adjustments	117	91	(570)	(12)	(6)
WC changes	(1,437)	595	(187)	(1,176)	(156)
Cash generated from ops	(443)	694	142	(340)	752
Others	(382)	(430)	(417)	(444)	(474)
Cashflow from ops	(825)	263	(276)	(783)	278
CFI					
CAPEX, net	(517)	(488)	(538)	(557)	(562)
Others	(1,171)	214	2,564	2,112	1,923
Cashflow from investments	(1,688)	(274)	2,025	1,555	1,361
CFF					
Dividends paid to owners	(418)	(273)	(346)	(655)	(601)
Proceeds from borrowings, net	3,003	1,028	(668)	(628)	(656)
Proceeds from equity issuance	0	-	-	-	-
Others	(239)	(42)	345	(11)	(11)
Cashflow from financing	2,346	713	(668)	(1,295)	(1,268)
Net change in cash	(167)	702	1,082	(523)	371
Cash at the start of the period	2,429	1,778	2,408	3,544	3,021
Currency translation	(27)	(27)	(27)	(27)	(26)
Others	-	-	-	-	-
Ending cash	1,778	2,408	3,544	3,021	3,392

*nm - not meaningful

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Dec, (\$'mn)	FY19	FY20	FY21	FY22e	FY23e
ASSETS					
PPE & Investment Properties	6,684	6,973	6,830	8,172	8,494
Others	10,339	10,745	10,647	10,647	10,647
Total non-current assets	17,023	17,717	17,477	18,819	19,141
Cash and cash equivalents	1,784	2,480	3,617	3,021	3,392
Stocks	5,543	4,959	4,604	5,076	5,076
Contract assets	3,497	2,657	3,170	4,134	4,173
Others	3,475	3,284	2,927	3,607	3,596
Total current assets	14,298	13,380	14,318	15,837	16,236
Assets classified as held for sale	-	1,009	528	528	528
Total Assets	31,322	32,106	32,323	35,184	35,906
LIABILITIES					
Trade and other payables	4,605	4,604	5,099	4,697	4,668
ST borrowings	4,623	4,502	4,749	4,749	4,749
Others	2,720	2,866	2,072	4,861	5,590
Total current liabilities	11,947	11,971	11,920	14,307	15,007
LT borrowings	7,034	8,101	7,268	6,977	6,650
Others	694	762	655	996	791
Total non-current liabilities	7,729	8,863	7,923	7,973	7,441
Liabilities classified as held for sale	-	115	38	38	38
Total liabilities	19,676	20,950	19,882	22,318	22,486
EQUITY					
Share Capital	1,292	1,306	1,306	1,306	1,306
Retained profits	9,933	9,436	10,354	10,775	11,326
Others	421	414	782	785	788
Total equity	11,646	11,156	12,441	12,865	13,419
Total equity and liabilities	31,322	32,106	32,323	35,184	35,906
Valuation Ratios					
Y/E Dec	FY19	FY20	FY21	FY22e	FY23e
P/E (x)	17.6	-24.8	12.2	11.6	10.8
P/B (x)	1.1	1.1	1.0	1.0	0.9
EV/EBITDA (x)	15.7	2434.5	21.9	23.1	21.5
Dividend yield (%)	2.9%	1.3%	4.8%	4.7%	5.1%
Growth & Margins (%)					
Growth					
Revenue	27.1%	-13.3%	31.2%	-1.1%	-1.0%
EBITDA	1.2%	-89.5%	619.4%	17.7%	3.3%
EBIT	-11.6%	-96.0%	nm	3.3%	10.1%
PBT	-23.4%	-126.7%	nm	3.5%	7.0%
Margins					
EBITDA margin	16.5%	2.0%	10.9%	13.0%	13.6%
EBIT margin	12.4%	0.6%	11.7%	12.2%	13.6%
Net profit margin	10.0%	-7.7%	11.7%	12.6%	13.6%
Key Ratios					
ROE	6.6%	-4.5%	8.6%	8.5%	8.8%
ROA	2.6%	-1.6%	3.1%	3.2%	3.2%
Net Gearing (%)	83.7%	89.5%	67.3%	67.5%	59.5%



PSR Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
< -20%	Sell	5

Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

Contact Information (Singapore Research Team)

Head of Research

Paul Chew – paulchewkl@phillip.com.sg

Research Admin

Qystina Azli - qystina@phillip.com.sg

Construction | Industrial | Conglomerates

Terence Chua – terencechuatl@phillip.com.sg

Banking & Finance

Glenn Thum – glennthumjc@phillip.com.sg

US Technology Analyst (Internet)

Jonathan Woo – jonathanwookj@phillip.com.sg

US Technology Analyst (Software/Services)

Ambrish Shah – amshah@phillipcapital.in

Credit Analyst

Shawn Sng - shawnsngkh@phillip.com.sg

Contact Information (Regional Member Companies)

SINGAPORE

Phillip Securities Pte Ltd
Raffles City Tower
250, North Bridge Road #06-00
Singapore 179101
Tel +65 6533 6001
Fax +65 6535 6631
Website: www.poems.com.sg

JAPAN

Phillip Securities Japan, Ltd.
4-2 Nihonbashi Kabuto-cho Chuo-ku,
Tokyo 103-0026
Tel +81-3 3666 2101
Fax +81-3 3666 6090
Website: www.phillip.co.jp

THAILAND

Phillip Securities (Thailand) Public Co. Ltd
15th Floor, Vorawat Building,
849 Silom Road, Silom, Bangrak,
Bangkok 10500 Thailand
Tel +66-2 6351700 / 22680999
Fax +66-2 22680921
Website www.phillip.co.th

UNITED STATES

Phillip Capital Inc
141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel +1-312 356 9000
Fax +1-312 356 9005
Website: www.phillipusa.com

INDIA

PhillipCapital (India) Private Limited
No.1, 18th Floor, Urmi Estate
95, Ganpatrao Kadam Marg
Lower Parel West, Mumbai 400-013
Maharashtra, India
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969
Website: www.phillipcapital.in

MALAYSIA

Phillip Capital Management Sdn Bhd
B-3-6 Block B Level 3 Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur
Tel +603 2162 8841
Fax +603 2166 5099
Website: www.poems.com.my

INDONESIA

PT Phillip Securities Indonesia
ANZ Tower Level 23B,
Jl Jend Sudirman Kav 33A
Jakarta 10220 – Indonesia
Tel +62-21 5790 0800
Fax +62-21 5790 0809
Website: www.phillip.co.id

FRANCE

King & Shaxson Capital Limited
3rd Floor, 35 Rue de la Bienfaisance 75008
Paris France
Tel +33-1 45633100
Fax +33-1 45636017
Website: www.kingandshaxson.com

AUSTRALIA

Phillip Capital Limited
Level 10, 330 Collins Street
Melbourne, Victoria 3000, Australia
Tel +61-03 8633 9803
Fax +61-03 8633 9899
Website: www.phillipcapital.com.au

TURKEY

PhillipCapital Menkul Degerler
Dr. Cemil Bengü Cad. Hak Is Merkezi
No. 2 Kat. 6A Caglayan
34403 Istanbul, Turkey
Tel: 0212 296 84 84
Fax: 0212 233 69 29
Website: www.phillipcapital.com.tr

HONG KONG

Phillip Securities (HK) Ltd
11/F United Centre 95 Queensway
Hong Kong
Tel +852 2277 6600
Fax +852 2868 5307
Websites: www.phillip.com.hk

CHINA

Phillip Financial Advisory (Shanghai) Co Ltd
No 550 Yan An East Road,
Ocean Tower Unit 2318,
Postal code 200001
Tel +86-21 5169 9200
Fax +86-21 6351 2940
Website: www.phillip.com.cn

UNITED KINGDOM

King & Shaxson Capital Limited
6th Floor, Candlewick House,
120 Cannon Street,
London, EC4N 6AS
Tel +44-20 7426 5950
Fax +44-20 7626 1757
Website: www.kingandshaxson.com

CAMBODIA

Phillip Bank Plc
Ground Floor of B-Office Centre, #61-64,
Norodom Blvd Corner Street 306, Sangkat
Boeung Keng Kang 1, Khan Chamkamorn,
Phnom Penh, Cambodia
Tel: 855 (0) 7796 6151/855 (0) 1620 0769
Website: www.phillipbank.com.kh

DUBAI

Phillip Futures DMCC
Member of the Dubai Gold and
Commodities Exchange (DGCC)
Unit No 601, Plot No 58, White Crown Bldg,
Sheikh Zayed Road, P.O.Box 212291
Dubai-UAE
Tel: +971-4-3325052 / Fax: + 971-4-3328895

Important Information

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

1. recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
2. to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.