Singapore Telecommunications Ltd

Eyeballing cost and AI opportunity

SINGAPORE | TELECOMMUNICATIONS| UPDATE

- 2024 Investor Day: The effects of higher mobile prices in Australia, India, and Thailand will flow into upcoming quarters via higher margins. The S$200mn cost out p.a. in Optus and Singapore are on track together with an additional 20% cut in S$150mn corporate cost. Capital expenditure has peaked and will gradually decline.
- The most exciting division is Digital Infrastructure, which has three major growth drivers. Firstly, data centre (attributable) capacity will almost triple from 62MW currently to 166MW by 2026. Besides capacity, a new GPU-as-a-service revenue streaming service utilising Nvidia AI chips will be rolled out. Finally, revenue from its patented Paragon platform is beginning to surge as deployment is underway in multiple countries.
- We maintain our ACCUMULATE recommendation with an unchanged target price of S$3.44. We expect earnings growth to be largely driven by cost savings, higher mobile prices, and data centre capacity. Paragon and GPU-as-a-Service are two new growth drivers and share price catalysts. AI is also an opportunity for NCS as a catalyst for new application and integration projects. The pace of earning growth for the group will depend on currency and the health of consumer spending, especially in Thailand and Australia.

Key Highlights from Singtel Investor Day 2024

A) CORPORATE

CEO: Emphasis on delivering Singtel 28.

1. Launched on 23 May 2024, Singtel 28 is to drive revenue growth, leaner cost, expand outside mobile for regional associates, and proactive capital management.
2. Revenue growth for Singtel Singapore is from existing infrastructure such as 5G slicing, IOT connection, and global account wins. Optus will build on the momentum from higher mobile prices and expand into corporates and small businesses. The fastest revenue growth will come from NCS and Digital InfraCo.
3. Of the S$200mn cost-savings target in FY25, 26% was delivered in 1Q25 via workforce optimisation, a rationalised product line-up and digitalisation. A new area of cost cuts will include a 20% cut in mid-term of the S$150mn of current corporate costs. 5G capex has peaked, and Singtel will share more capex spend via partnerships.
4. Regional mobile associates will look for growth in fibre broadband and new segments such as enterprise and ICT. There will also be more asset recycling and dividend upstreaming.
5. The ~S$6bn asset recycling mid-term target from associates, non-core assets and properties remains on track. Tapping on alternative sources of capital, such as private equity, can recognise the value of assets better.

B) SUBSIDIARIES

Optus: Grinding higher

1. Optus was the first to raise prices, the other two operators behaved rationally with their own price adjustments. Mobile and wholesale prices for Mobile Virtual Network Operators (MVNOs) have risen. Optus is at the end of a 6-7% price increase and is unlikely to raise prices over the next few months. Inflation is moderating slowly, but consumers are still facing cost-of-living pressures. The price gap is too wide compared with MVNOs. The 40 MVNOs in the mobile market are still disrupting prices and gaining

01 September 2024

ACCUMULATE (Maintained)

CLOSING PRICE	SGD 3.130
FORECAST DIV	SGD 0.158
TARGET PRICE	SGD 3.440
TOTAL RETURN	15.0%

COMPANY DATA

BLOOMBERG CODE:	ST SP
O/S SHARES (MN) :	16,513
MARKET CAP (USD mn / SGD mn) :	37356 / 49209
52 - WK HI/LO (SGD) :	3.11 / 2.25
3M Average Daily T/O (mn) :	39.93

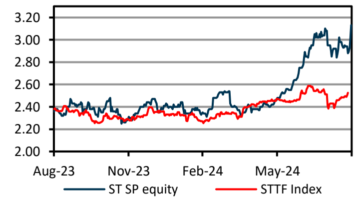
MAJOR SHAREHOLDERS

Temasek Holdings Pte Ltd	50.3%

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	0.3	25.9	23.9
STTF	(2.0)	3.2	7.8

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Mar, SGDbn	FY23	FY24	FY25e	FY26e
Revenue	14.62	14.13	14.57	15.04
EBITDA	3.69	3.60	3.84	4.05
Net Profit	2.05	2.26	2.36	2.65
DPS (cents)	14.9	15.0	15.8	16.3
EPS-adj. (cents)	12.4	13.7	14.3	16.1
P/E (X)-adj.	25.2	22.9	21.9	19.5
Dividend Yield	4.8%	4.8%	5.0%	5.2%
ROE	7.6%	8.9%	9.3%	10.3%
ROA	4.3%	4.9%	5.1%	5.8%

Source: Company, PSR

VALUATION METHOD

Sum Of Parts - 6x EV/EBITDA; 20% disc. on assoc.

Paul Chew (+65 6212 1851)
Head Of Research
paulchewkl@phillip.com.sg

market share. The leaders Aldi and Woolworths need to raise prices before the rest follow.
2. Around 12% of headcount was costed out last year, with another 4 to 5% this year. Automation and self-service processes will be used more.
3. The average ROIC is 2%, with capex-to-revenue ratio at 20% over the past 2-3 years. With 5G capex peaking, expect this to decline to the mid-teens and essentially maintain capex.
4. Enterprise has been an extremely challenging segment for the industry, as reflected in the collapse in Telstra's EBIT. Optus's enterprise market share is only 10% and will drive a mobile-led strategy for this segment. Optus won a Services Australia* contract in June 2024 that was with Telstra for 15 years.
5. On the outages, there are still class and regulatory actions pending the cyber breach. Shortening the headline news on such matters will be the best outcome and will not damage the brand.

** Services Australia is an Australian Government agency responsible for delivering a range of government services to the community, including Medicare, Centrelink, Child Support, Australian Hearing and Health Direct.*

Singtel Singapore: New pressure on EBIT

1. There is likely clearance to launch the 700MHz^ later this year. It will cost S$376mn but will raise the amortisation cost. This spectrum will provide wider coverage and reduced congestion, especially in dense areas. Singtel network is 700MHz ready.
2. ARPU rose in 1Q25 due to roaming revenue. The number of active roamers has risen from 50% pre-COVID to 60-70% currently. But enterprise roaming is recovering slower. MVNOs are the disrupters and will look to raise wholesale prices, but not in the near term. There are no signs of reduced price competition and a race to the bottom. Singtel will use its other brands (e.g. GOMO) for value-conscious subscribers.
3. The cost-out plans are on track and have taken out 10%. Planned cost savings include the additional amortisation cost.
4. Legacy voice and IDD revenue have been a headwind for the group. It generates around $100mn in revenue with 8% erosion per year. Pay TV has turned cash-flow positive without the EPL content. Target customers are ethnic and lifestyle viewers.
5. Secured a global partnership with a Global 50 company despite British Telecom, Orange, and NTT competition. It was a digital solution with a single dashboard for customers to monitor inventory, energy, performance, and cyber vulnerability. An added benefit was Singtel's access to China.

^ IMDA awarded the 700MHz spectrum auction in April 2017. Singtel secured 40MHz (S$376mn), Starhub 30MHz (S$282mn) and M1 20MHz (S$188mn). The delivery of the spectrum had been delayed. We view the license delivery as a negative because there is limited incremental revenue to support the payback. However, the license could be an impetus for consolidation.

NCS: Post-investment phase, margin expansion

1. It is the largest IT Service company in SE Asia, with S$2.8bn in revenue, 4000 active projects, and more than 13,000 employees. The company's go-to-market strategy is government, enterprise, and telcos. Government accounts for 67% of revenue. There are global and local competitors, but no single Asian competitor.
2. The differentiated services are AI and digital resiliency. Generative AI is just an application for which customers will require data security and operation responsiveness. GenAI will add complexity to existing software and platforms, from supply chain to HR systems. Global AWS is now training multiple NCS teams for L400 plus certification. NCS expects a large GenAI spending wave coming.
3. The last two years have been in the investment stage, especially with four acquisitions in Australia. FY24 EBITDA margins were 9.6% and climbed to 12% in 1Q25. Margin expansion will be the key theme for NCS. Japan is four times the size of Australia. NCS will look for opportunities in Japan through partnerships rather than acquisitions. As the country pursues its digital transformation, it may be short of capability and talent.
4. Two AI use cases were mentioned: foreign object detection on Changi runway, where the camera can identify objects in poor lighting and weather conditions. Another was utilising the existing 1500 cameras of a mining company in China to identify breaches in safety protocol and workplace efficiency.
5. Around 70% of revenue can come from 40 customers. Prefer to have a deeper share of IT budget from a single customer than multiple. Managing labour utilisation is critical. Whilst digital projects have higher margins, the project period is short (e.g. three months) and the workforce could turn idle thereafter.

Digital InfraCo: Golden decade ahead

1. The business can be segmented into three growth engines data centres (Nxera), GPU-as-a-Service (GPUaaS) and Paragon Platform.
2. Nxera has a pipeline of 420MW of power in the region (Figure 1), namely Singapore, Thailand and Malaysia. In terms of the timeline, Thailand will start with a rollout of 25 MW (2Q25), followed by 17MW Batam Indonesia (4Q25), 58MW Tuas Singapore (1Q26) and 64MW Johor Malaysia (4Q26). All the data centres will be AI-ready either co-location AI or GPUaaS. Johor is a natural place for large language model training due to its cheaper power and water. Connecting to Singapore as a submarine hub provides an added advantage in global connectivity.
3. Singtel will grow the GPUaaS capacity at a measured pace. The model is rent to customers the service from hourly to 3-year contracts. It views GPUaaS as perishable due to constant upgrading in technology where new and enhanced AI chips are introduced every year. Another risk is competition from China to hyperscalers to replace Nvidia as the de facto AI GPU. We believe the initial take-up will come from sovereign AI for Singapore, Indonesia and Thailand. Another group of customers will be enterprise where adoption of AI is only 6%.
4. Despite the potential technology obsolescence risk GPUaas may pose, we believe it is a strategic imperative. It becomes a new revenue stream for Singtel, reducing the data centre business reliance on hyperscalers. The advantage Singtel possesses is the Nvidia partners and early access to its GPUs. In addition, Singtel has submarine cable access points and expertise, and building up its liquid cooling capabilities. Customers may prefer GPUaaS because it is a manageable operating expense rather than lumpy capital expenditure.
5. Singtel's Paragon platform is generating revenue with high software leading margins. It allows enterprises to manage their digital network, 5G and cloud infrastructure on a single platform. For instance, customers can switch their public and edge cloud between vendors such as Azure, AWS and Google. It is partnering with telcos in the region for deployments and recently secured Hitachi Digital for Japan.

C) ASSOCIATES

Bharti Telecom: The benefit of higher prices will flow

1. A three-player structure avoids the spotlight of a duopoly. Further price repair is possible, but the timing is unclear. Since the three rounds of price repaid, the response has been better than expected and not the expected level of churn. Competitor Jio mentioned price tiering rather than one-size-fits-all pricing now. There is no reason to upgrade under such a price mechanism.
2. Capital expenditure peaked and will moderate this year. The net debt to EBITDA is under 2.5x, and we will look at reframing the dividend policy. In Africa, the Nigerian Naira continues to be a challenge despite 18% constant currency growth in the business. Africa is still attractive because data and mobility penetration is low, and growth prospects are strong.
3. Bharti will monitor GPUaaS because demand is from hyperscalers, not enterprises. There is a supply shortage currently, and that can equalise quickly. Technology is moving fast, and the chips can become redundant in three years. But if demand is evident, it is still early years and a 15-year trajectory for growth.
4. Regarding equipment cost, Bharti's bet on non-standalone 5G paid off. Bharti did not buy 700Mhz, and coverage was on the edge only. The cost of Capex was lower at 2.2 radio per site versus 6 for competitors. Capex and Opex were lower, but it had a better customer experience. All networks will move to standalone, and Bharti does not need new hardware (except some nine-year legacy equipment) but just turns on software.
5. The payments bank has 60mn users. The revenue model is based on remittance, insurance, and cash management. The business relies on scale and wafer-thin margins, not on balance sheet risk. There are some small ticket lending and partners with other banks. Credit bureau and telco data will help reduce delinquencies.

Advanced Info Service (AIS): Health of the consumer the worry

1. The focus is on value-based price and customised content-based subscriber packages (TikTok or YouTube).
2. Management guidance for FY24 is admittedly conservative despite the July and August months. Recent flooding in North Thailand is a concern if it impacts the economy more severely. Further political uncertainty cannot be ruled out as more court cases and petitions are filed against the new Prime Minister. Furthermore, the personal debt levels in Thailand are still high.
3. Competition has been stable, as DTAC and True are focused on their merger. Their price plans have not changed much, and they are trying to prevent customer churn. AIS removed the low-end Bt49 price packages and unlimited plans to raise ARPU. The target was unprofitable customers and rolling them up to higher prices. If competitors move prices, then they will follow and do not want a price war.
4. Digital banking is another service it can provide its 45mn customers. The initial capital together with other joint venture partners is Bt10bn. It can provide financing for the underserved and onboard them.
5. It aims to keep reducing costs every year. Last year, it did well in lowering marketing costs. Again, this year, this is the focus, plus the cost of service. Enterprise is a growth segment with strong demand for ICT services. Broadband is growing as customers upgrade to home fibre and IP cameras.

Globe Telecom: Creating a parallel banking eco-system

1. Mobile price competition is rational and market repair is underway. Even the third player has started to monetise. 2H24 is seasonally stronger, supported by recent interest rate cuts and lower inflation or rice prices. The third operator has been less aggressive in its network rollout compared to last year.
2. On broadband, the priority is to monetise the fibre built. Globe, PLDT, and Converge have built out fibre, and prepaid fibre is the new battleground. Globe deploys prepaid that can cover upfront costs. This requires no agents and commission paid, and servicing is done online. So far, 70% of the base continues to reload. The prepaid ARPU is P700, against postpaid's P1500. Consumers have a budget for mobile data and Wi-Fi. There may be some cannibalisation as they spend more on broadband.
3. With the recent (net) capital injection of $163mn from Mitsubishi UFJ Financial Group (MUFG)** into GCash, there is no urgency to float. The recent financing round valued GCash at US$5bn. To IPO requires 20% public float and liquidity to be part of major indices. MUFG can be a partner for lending.
4. 8 in 10 Filipinos use GCash. The largest revenue segment is payments. It remains a payment bank where there is lighter regulation. It provides personal loans based on a credit score. Repayment of the loans can be deducted directly from the digital wallet. The value of the eco-system is critical. Borrowers need money in the wallets to be part of the ecosystem and can build up their credit scores. GCash managed to scale up quickly during the pandemic. The fear of handling cash and lockdowns triggered a rush for digital payments.
5. There is increased demand for data centres from corporates and small businesses. Globe is working on a joint venture with STT and Ayala for two data centres: 25MW (April 2025) and 6MW (Mid-25).

***Aug24, MUFG will acquire an 8% stake in Globe Telecom's GCash (or Mynt) for $393mn. It includes new shares and a stake sale by other investors. Ayala will buy an additional 8% stake to 13% for US$393mn. Globe stake is 34.3%.*

Financials

Income Statement

Y/E Mar, SGD 'Mn	FY22	FY23	FY24	FY25e	FY26e
Revenue	**15,339**	**14,624**	**14,128**	**14,567**	**15,041**
Operating Profit	3,614	3,491	3,378	3,689	3,855
EBITDA	**3,767**	**3,686**	**3,597**	**3,839**	**4,047**
Depreciation & Amortisation	(2,723)	(2,574)	(2,444)	(2,499)	(2,588)
EBIT	**1,045**	**1,112**	**1,153**	**1,340**	**1,459**
Net Finance Inc/(Exp)	(404)	(416)	(444)	(399)	(381)
Associates	1,653	1,827	1,362	1,922	2,127
Profit before tax	2,621	2,598	961	2,995	3,249
Taxation	(662)	(365)	(158)	(539)	(585)
Non-controlling interest	(11)	(8)	(9)	(12)	(13)
Net profit, reported	**1,949**	**2,225**	**795**	**2,444**	**2,651**
Exceptional	25	172	(1,466)	88	-
Net profit, adjusted	**1,924**	**2,053**	**2,261**	**2,356**	**2,651**

Per share data (SGD Cents)

Y/E Mar	FY22	FY23	FY24	FY25e	FY26e
EPS, reported	11.8	13.5	4.8	14.8	16.1
EPS, adjusted	11.6	12.4	13.7	14.3	16.1
DPS	9.3	14.9	15.0	15.8	16.3
BVPS	169.9	157.6	151.0	154.3	158.3

Cash Flow

Y/E Mar, SGD 'Mn	FY22	FY23	FY24	FY25e	FY26e
CFO					
Profit before tax	**2,621**	**2,598**	**961**	**2,995**	**3,249**
Adjustments	1,136	1,048	2,600	932	798
WC changes	270	(70)	85	(536)	(14)
Cash generated from ops	4,027	3,576	3,646	3,391	4,033
Tax paid	(352)	(347)	(341)	(539)	(585)
Cashflow from ops	**5,298**	**4,776**	**4,718**	**3,964**	**4,704**
CFI					
CAPEX & IA, net	(2,217)	(2,162)	(2,150)	(2,800)	(2,300)
Others	1,850	(21)	2,610	44	45
Cashflow from investments	**(644)**	**(2,302)**	**247**	**(2,756)**	**(2,255)**
CFF					
Share issuance, net	-	-	-	-	-
Loans, net of repayments	(1,650)	542	1,169	(500)	(500)
Dividends	(1,139)	(1,964)	(2,146)	(1,898)	(1,997)
Others	(477)	(1,519)	(1,015)	(399)	(381)
Cashflow from financing	**(3,266)**	**(2,941)**	**(1,993)**	**(2,797)**	**(2,879)**
Net change in cash	1,387	(467)	2,973	(1,589)	(430)
CCE, end	**2,149**	**1,644**	**4,595**	**3,006**	**2,576**

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Mar, SGD 'Mn	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
Accounts receivables	5,245	5,013	5,006	4,807	4,964
Cash	2,130	1,668	4,605	3,016	2,587
Inventories	270	346	301	291	301
Others	485	1,556	448	448	448
Total current assets	**8,130**	**8,583**	**10,360**	**8,562**	**8,299**
PPE & IA	22,870	21,374	18,274	18,575	18,286
Others	18,131	16,573	17,565	18,374	19,245
Total non-current assets	**41,001**	**37,947**	**35,838**	**36,949**	**37,531**
Total Assets	**49,131**	**46,530**	**46,199**	**45,511**	**45,830**
LIABILITIES					
Accounts payables	5,596	5,310	5,406	4,661	4,813
Short term loans	1,841	1,202	911	911	911
Tax payable	769	731	887	887	887
Total current liabilities	**9,055**	**8,299**	**7,649**	**6,905**	**7,056**
Long term loans	10,254	9,911	11,330	10,830	10,330
Deferred tax liabilites	499	543	540	540	540
Others	1,213	1,764	1,715	1,715	1,715
Total non-current liabilities	**11,967**	**12,217**	**13,584**	**13,084**	**12,584**
Total Liabilities	**21,022**	**20,516**	**21,234**	**19,989**	**19,641**
EQUITY					
Non-controlling interests	(15)	9	37	49	63
Shareholder Equity	**28,124**	**26,005**	**24,928**	**25,473**	**26,127**

Valuation Ratios

Y/E Mar	FY22	FY23	FY24	FY25e	FY26e
P/E (X)-adj.	26.9	25.2	22.9	21.9	19.5
P/B (X)	1.8	2.0	2.1	2.0	2.0
EV/EBITDA (X)	16.2	16.4	16.3	15.6	14.8
Growth & Margins					
Growth					
Revenue	-1.9%	-4.7%	-3.4%	3.1%	3.3%
EBITDA	-1.7%	-2.2%	-2.4%	6.7%	5.4%
EBIT	-8.9%	6.4%	3.7%	16.2%	8.8%
Net profit, adj.	11.0%	6.7%	10.1%	4.2%	12.5%
Margins					
Gross margin	23.6%	23.9%	23.9%	25.3%	25.6%
EBITDA margin	24.6%	25.2%	25.5%	26.4%	26.9%
EBIT margin	6.8%	7.6%	8.2%	9.2%	9.7%
Net profit margin	12.5%	14.0%	16.0%	16.2%	17.6%
Key Ratios					
ROE	7.0%	7.6%	8.9%	9.3%	10.3%
ROA	4.0%	4.3%	4.9%	5.1%	5.8%
Dividend Payout	80.0%	119.8%	311.4%	106.7%	101.5%
Dividend Yield	3.0%	4.8%	4.8%	5.0%	5.2%

Ratings History

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

Technical Analyst
Zane Aw – zaneawyx@phillip.com.sg

Property | REITs
Darren Chan – darrenchanrx@phillip.com.sg

Property | REITs
Liu Miaomiao – liumm@phillip.com.sg

Banking & Finance
Glenn Thum – glennthumjc@phillip.com.sg

US Tech Analyst (Digital Entertainment/Semicons)
Jonathan Woo – jonathanwookj@phillip.com.sg

US Tech Analyst (Software/Services)
Ambrish Shah – amshah@phillipventuresifsc.in

US Tech Analyst (Hardware/E-commerce/ETF)
Helena Wang – helenawang@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

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

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

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

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

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

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

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

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

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

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

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

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

TURKEY
PhillipCapital Menkul Degerler
Esentepe Mah. Harman 1 Sk.
Nida Kule Kat 3-12 Levent-Şişli
34394, İstanbul Turkey
Tel: +90 (212) 239 10 00
Fax: 0212 233 69 29
Website: www.phillipcapital.com.tr

DUBAI
Phillip Futures DMCC
Member of the Dubai Gold and
Commodities Exchange (DGCX)
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 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:

(i) 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

(ii) 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.