

# CNMC Goldmine Holdings Limited

Halfway to production turnaround



StocksBnB.com

## SINGAPORE | MINING | 2Q18 RESULTS

17 August 2018

- Revenue met expectations but net profit missed due to higher operating expenses and listing expense.
- Carbon-in-leach (CIL) plant elevated production volume.
- Operating and non-operating expenses ate up revenue growth.
- We revise down FY18e and FY19e EPS to 0.3 US cents and 1.7 US cents (previously 1.9 US cents and 2.7 US cents) due to higher operating expenses and one-off listing charges. We maintain our BUY recommendation with a lower TP of S\$0.29.

### Results at a glance

(USD mn)	2Q18	2Q17	YoY (%)	Comments
Revenue	9.32	4.86	91.7	Increase in production and sales volume of fine gold and average realised gold price
Operating profit	(0.39)	0.30	N.M.	Higher site and factory expenses due to CIL plant operation; Listing expenses incurred due to application for dual primary listing in Hong Kong; Unrealised FX loss due to appreciation of UAD against MYR
PBT	(0.26)	0.49	N.M.	In line with the above
PATMI	(0.34)	0.48	N.M.	In line with the above
PATMI, adjusted	0.74	0.48	54.8	Listing expenses of US\$814k, Performance share plan of US\$468k

N.M.: not meaningful  
Source: Company, PSR

### The Positives

**+ CIL plant elevated production volume:** As shown in Figure 1, the rebound in revenue was attributable to the surge in volumes due to the CIL plant. During 2Q18, CIL plant effectively operated for 2 months with an average gold recovery rate of 93%. Based on the data from the first gold pour announced in Apr-18, monthly production from the CIL plant ranges from c.1.6k to 1.8k oz, which is in line with the increment of volume in 2Q18. We forecast production to almost double this year to 28,757oz.

Figure 1: Substantial turnaround in production

	2Q18	2Q17	YoY (%)	1Q18	QoQ (%)
Production/Sales volume (oz)	7,188	3,836	87%	4,519	59%
ASP (US\$/oz)	1,296	1,267	2%	1,349	-4%
Total revenue (US\$ mn)	9.3	4.9	92%	6.1	53%

Source: Company, PSR

### The Negatives

**- Operating and non-operating expenses ate up revenue growth:** During 2Q18, overhead costs surged, resulting in losses at the operating level. Site and factory expenses jumped by 117% to US\$3.2mn due to higher operating expenses from the CIL plant. Listing fees amounted to US\$814k in 2Q18 (US\$995k in 1H18). Management reiterated that the total cost would be less than SG\$5mn. Another US\$2mn listing expenses is expected in 2H18.

### BUY (Maintained)

CLOSING PRICE	SGD 0.230
FORECAST DIV	SGD 0.003
TARGET PRICE	SGD 0.290
TOTAL RETURN	27.4%

### COMPANY DATA

Bloomberg Code	CNMC SP
O/S SHARES (MN)	408
MARKET CAP (USD mn / SGD mn)	68 / 94
52 - WK HI/LO (SGD)	0.33 / 0.22
3M Average Daily T/O (mn)	0.2

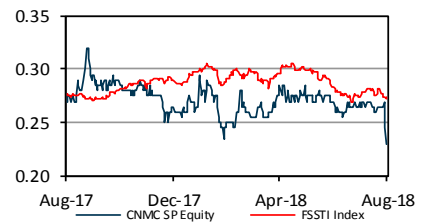
### MAJOR SHAREHOLDERS (%)

INNOVATION CHINA LIMITED	26.2%
MESSIAH LIMITED	12.4%
NG ENG TIONG	6.0%

### PRICE PERFORMANCE (%)

	1M TH	3M TH	1YR
COMPANY	(13.2)	(16.4)	(14.2)
STI RETURN	0.8	(7.5)	17

### PRICE VS. STI



Source: Bloomberg, PSR

### KEY FINANCIALS

Y/E Dec (US cents)	FY 16	FY 17	FY 18e	FY 19e
Revenue (USD mn)	35	19	37	46
EBIT (USD mn)	11	2	1	8
Net Profit (USD mn)	9	3	1	7
P/E (x)	13	29	53	10
P/B (x)	3	2	2	2
EV/EBITDA (x)	6	13	9	4
Dividend Yield (%)	2.4	10	0.6	2.4

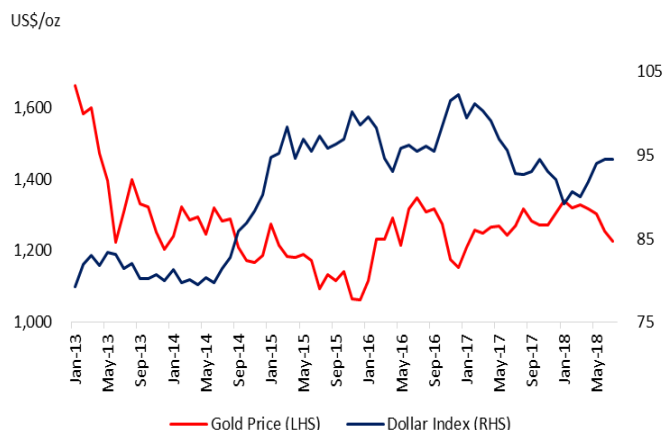
### VALUATION METHOD

DCF (Cost of Equity: 13%; Terminal g: 0%)

Chen Guangzhi (+65 6212 1859)  
Investment Analyst  
chengz@phillip.com.sg

**Double whammy from strengthening USD:** USD resumed its appreciation in Apr-18 (MYR/USD grew from 3.86 to 4.06 over 2Q18). On the macro side, strong USD has, in general, resulted in an inverse relationship or softer gold prices, see Figure 2. Moreover, strong USD will result in FX losses since CNMC’s functional currency is in MYR but reporting currency is in USD. Hence, 2Q18 performance was impacted by both situations negatively.

**Figure 2: Inverse correlation between the Dollar index and gold price**



Source: Bloomberg, PSR

**Outlook**

The turnaround of gold output could probably be realised in FY18. However, the one-off listing costs and higher plant operating expenses will offset the turnaround in earnings. Nonetheless, management sought to optimise the CIL operating costs by constructing a gold de-absorption and smelting facility next to the plant, aiming to boost production and improve efficiency. Furthermore, CNMC has started to construct the floatation facility and plans to monetise other minerals such as silver, lead, and zinc. The total capex will be similar to that of the CIL plant (less than MYR25mn/US\$5mn). The facility expected to commence operation by mid-FY19 and deliver output thereafter.

The exploration on KelGold and Pulai project is still ongoing. The dual primary listing is still on track, pending to HKEX’s review.

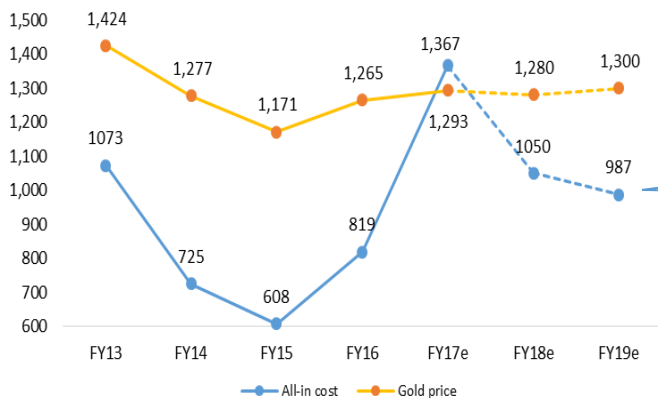
**Figure 2: Change in assumption**

Y/E Dec (US\$'000)	FY15	FY16	FY17	FY18e	FY19e
Ore tonnes processed (tonnes)	2,236,674	2,397,908	1,976,957	2,100,000	2,160,000
Capacity (tonnes)	1,000,000	1,133,333	1,200,000	1,350,000	1,350,000
Production volume (oz)	29,645	27,404	14,817	28,757	16,200
Implied gold grade (g/tonne)	0.43	0.36	0.23	0.39	0.46
Gold price (US\$/oz)	1,171	1,265	1,293	1,280	1,300
Total revenue	36,471	34,668	19,154	36,809	45,544

Source: Company, PSR

We lower the average gold prices to US\$1,280/oz in FY18e and US\$1,300/oz in FY19e (previously US\$1,300/oz in FY18e and US\$1,320/oz in FY19e)

Figure 3: All-in cost & gold price trending down



Due to higher operating expenses, the all-in cost estimation is changed to US\$1,050/oz in FY18e and US\$987/oz in FY19e (previously US\$898/oz in FY18e and US\$853/oz in FY19e).

Source: Company, PSR

**Maintain BUY with a lower TP of S\$0.29**

Y/E Dec (US\$'000)	FY19e	FY20e	FY21e
CFO	11,792	12,382	14,239
FCinv	(3,545)	(1,950)	(2,145)
Net borrowing	(25)	(25)	(25)
FCFE	8,222	10,407	12,070
Terminal value			93,562
PV	7,276	8,150	73,208
Total PV	88,635		
Cost of equity			13.00%
Sustainable growth rate			0%
TP (US\$)	0.22		
TP (S\$)	<b>0.29</b>		

Source: Company, PSR

We revise down FY18e and FY19e EPS to 0.3 US cents and 1.7 US cents (previously 1.9 US cents and 2.7 US cents) due to higher operating expenses and one-off listing charges. We maintain our BUY recommendation with a lower TP of S\$0.29.

## Financials

### Income Statement

Y/E Dec (US\$'000)	FY15	FY16	FY17	FY18e	FY19e
<b>Revenue</b>	<b>36,471</b>	<b>34,668</b>	<b>19,154</b>	<b>36,809</b>	<b>45,544</b>
<b>EBITDA</b>	<b>17,962</b>	<b>15,828</b>	<b>5,437</b>	<b>6,189</b>	<b>13,645</b>
Dep & Amt	(3,986)	(4,527)	(3,652)	(5,086)	(5,489)
<b>EBIT</b>	<b>13,976</b>	<b>11,301</b>	<b>1,785</b>	<b>1,102</b>	<b>8,156</b>
Net Finance Inc/(Exp)	463	1,006	736	551	697
<b>PBT</b>	<b>14,438</b>	<b>12,307</b>	<b>2,521</b>	<b>1,654</b>	<b>8,853</b>
Tax	(1,010)	(792)	777	(116)	(620)
<b>PATMI</b>	<b>10,666</b>	<b>9,088</b>	<b>2,777</b>	<b>1,292</b>	<b>6,916</b>
Non-controlling interest	2,762	2,428	521	246	1,317

### Per share data

Y/E Dec (US cents)	FY15	FY16	FY17	FY18e	FY19e
EPS	2.6	2.2	0.7	0.3	1.7
DPS	0.7	0.7	0.2	0.1	0.4
BVPS	8.2	9.7	9.9	10.0	11.1

### Cash Flow

Y/E Dec (US\$'000)	FY15	FY16	FY17	FY18e	FY19e
<b>CFO</b>					
Profit for the year	13,429	11,515	3,298	1,538	8,234
Adjustments	7,528	5,868	15	3,429	4,141
WC changes	(882)	(1,076)	(424)	(2,633)	(751)
Others	155	598	336	91	169
<b>Cashflow from ops</b>	<b>20,230</b>	<b>16,906</b>	<b>3,225</b>	<b>2,426</b>	<b>11,792</b>
<b>CFI</b>					
CAPEX, net	(2,894)	(894)	(6,521)	(3,245)	(3,545)
Exploration & Evaluation Exp	(1,253)	(5,509)	(1,871)	(1,200)	(1,400)
<b>Cashflow from investments</b>	<b>(4,146)</b>	<b>(6,403)</b>	<b>(8,392)</b>	<b>(4,445)</b>	<b>(4,945)</b>
<b>CFF</b>					
Dividends to Company	(2,155)	(2,888)	(2,714)	(1,040)	(1,176)
Dividends to NCI	(753)	(992)	(469)	(198)	(224)
Repayment of borrowings	-	-	(986)	(33)	(25)
Others	(143)	(47)	(166)	(405)	(40)
<b>Cashflow from financing</b>	<b>(3,050)</b>	<b>(3,928)</b>	<b>(4,334)</b>	<b>(1,677)</b>	<b>(1,465)</b>
<b>Net change in cash</b>	<b>13,034</b>	<b>6,575</b>	<b>(9,501)</b>	<b>(3,696)</b>	<b>5,382</b>
Effects of exchange rate	(3,239)	(1,754)	2,039	(1,000)	(800)
<b>Ending cash</b>	<b>22,135</b>	<b>26,955</b>	<b>19,492</b>	<b>14,796</b>	<b>19,378</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

\*Forward multiples & yields based on current market price; historical multiples & yields based

### Balance Sheet

Y/E Dec (US\$'000)	FY15	FY16	FY17	FY18e	FY19e
<b>ASSETS</b>					
Exploration & Evaluation Asset:	2,085	2,200	8,930	10,130	11,530
Mine Properties	9,617	14,129	14,049	13,550	12,885
Property, Plant and Equipment	8,163	6,384	10,505	10,515	10,396
Others	-	-	-	-	-
<b>Total non-current assets</b>	<b>19,866</b>	<b>22,713</b>	<b>33,484</b>	<b>34,194</b>	<b>34,811</b>
Cash	22,135	26,955	19,492	14,796	19,378
Trade receivables	832	1,397	1,468	5,284	5,813
Inventories	869	660	1,013	1,520	1,976
Others	-	-	-	-	-
<b>Total current assets</b>	<b>23,835</b>	<b>29,012</b>	<b>21,973</b>	<b>21,600</b>	<b>27,166</b>
<b>Total Assets</b>	<b>43,701</b>	<b>51,725</b>	<b>55,457</b>	<b>55,794</b>	<b>61,978</b>
<b>LIABILITIES</b>					
Trade payables	2,999	2,791	5,560	5,838	6,422
Borrowings	43	36	45	40	35
Dividend payable	917	1,030	438	192	659
Others	347	680	928	1,144	1,360
<b>Total current liabilities</b>	<b>4,305</b>	<b>4,537</b>	<b>6,971</b>	<b>7,215</b>	<b>8,476</b>
Borrowings	100	58	629	600	580
Others	1,250	1,581	660	339	339
<b>Total non-current liabilities</b>	<b>1,350</b>	<b>1,639</b>	<b>1,289</b>	<b>939</b>	<b>919</b>
<b>Total Liabilities</b>	<b>5,655</b>	<b>6,175</b>	<b>8,260</b>	<b>8,153</b>	<b>9,394</b>
<b>Shareholder Equity</b>	<b>33,495</b>	<b>39,635</b>	<b>40,442</b>	<b>40,880</b>	<b>45,346</b>
Non-controlling interest	4,551	5,914	6,755	6,760	7,237

### Valuation Ratios

Y/E Dec	FY15	FY16	FY17	FY18e	FY19e
P/E (x)	5.1	13.5	28.6	52.9	9.9
P/B (x)	1.6	3.1	2.0	1.7	1.5
EV/EBITDA (x)	2.1	5.9	12.5	8.8	3.6
Dividend yield (%)	5.3	2.4	1.0	0.6	2.4

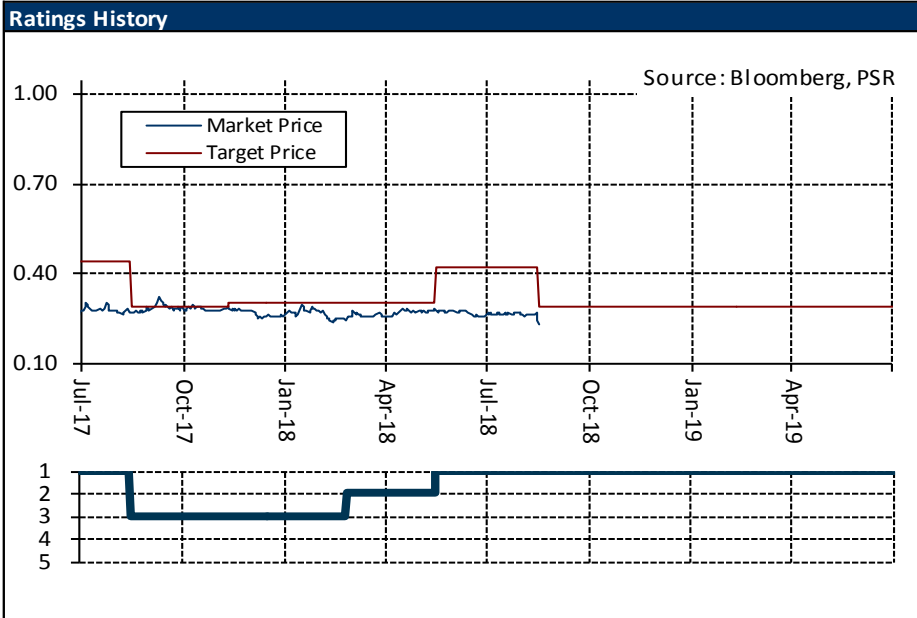
### Growth & Margins (%)

	FY15	FY16	FY17	FY18e	FY19e
<b>Growth</b>					
Revenue	9.8%	-4.9%	-44.8%	92.2%	23.7%
EBITDA	0.6%	-11.9%	-65.6%	13.8%	120.5%
EBIT	-5.5%	-19.1%	-84.2%	-38.2%	N.M.
PATMI	-12.9%	-35.0%	-75.4%	-27.6%	N.M.
<b>Margins</b>					
EBITDA margin	49.2%	45.7%	28.4%	16.8%	30.0%
EBIT margin	38.3%	32.6%	9.3%	3.0%	17.9%
NP margin	29.2%	26.2%	14.5%	3.5%	15.2%

### Key Ratios

	FY15	FY16	FY17	FY18e	FY19e
ROE (%)	32%	23%	7%	3%	15%
ROA (%)	24%	18%	5%	2%	11%
Net Debt or (Net Cash)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

N.M.: not meaningful



### 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

<b>Head of Research</b> Paul Chew – <a href="mailto:paulchewkl@phillip.com.sg">paulchewkl@phillip.com.sg</a>	<b>Contact Information (Singapore Research Team)</b>	<b>Marketing &amp; Operations</b> Mohamed Amiruddin - <a href="mailto:amiruddin@phillip.com.sg">amiruddin@phillip.com.sg</a>
<b>Banking and Finance</b> Tin Min Ying – <a href="mailto:tinmy@phillip.com.sg">tinmy@phillip.com.sg</a>	<b>Oil &amp; Gas   Energy</b> Chen Guangzhi - <a href="mailto:chengz@phillip.com.sg">chengz@phillip.com.sg</a>	<b>Telco   Technology</b> Alvin Chia - <a href="mailto:alvinchiawy@phillip.com.sg">alvinchiawy@phillip.com.sg</a>
<b>Transport   REITs (Industrial)</b> Richard Leow - <a href="mailto:richardleowwt@phillip.com.sg">richardleowwt@phillip.com.sg</a>	<b>REITs (Commercial, Retail, Healthcare)   Property</b> Dehong Tan - <a href="mailto:tandh@phillip.com.sg">tandh@phillip.com.sg</a>	<b>Technical Analysis</b> Jeremy Ng - <a href="mailto:jeremyngch@phillip.com.sg">jeremyngch@phillip.com.sg</a>
<b>REITs (Commercial, Retail, Healthcare)   Property</b> Tara Wong - <a href="mailto:tarawongsj@phillip.com.sg">tarawongsj@phillip.com.sg</a>	<b>US Equity</b> Ho Kang Wei - <a href="mailto:hokw@phillip.com.sg">hokw@phillip.com.sg</a>	<b>China/HK Equity</b> Zheng Jieyuan – <a href="mailto:zhengjy@phillip.com.sg">zhengjy@phillip.com.sg</a>

**Contact Information (Regional Member Companies)**

<p><b>SINGAPORE</b> Phillip Securities Pte Ltd Raffles City Tower 250, North Bridge Road #06-00 Singapore 179101 Tel +65 6533 6001 Fax +65 6535 6631 Website: <a href="http://www.poems.com.sg">www.poems.com.sg</a></p>	<p><b>MALAYSIA</b> 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: <a href="http://www.poems.com.my">www.poems.com.my</a></p>	<p><b>HONG KONG</b> Phillip Securities (HK) Ltd 11/F United Centre 95 Queensway Hong Kong Tel +852 2277 6600 Fax +852 2868 5307 Websites: <a href="http://www.phillip.com.hk">www.phillip.com.hk</a></p>
<p><b>JAPAN</b> 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: <a href="http://www.phillip.co.jp">www.phillip.co.jp</a></p>	<p><b>INDONESIA</b> 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: <a href="http://www.phillip.co.id">www.phillip.co.id</a></p>	<p><b>CHINA</b> 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: <a href="http://www.phillip.com.cn">www.phillip.com.cn</a></p>
<p><b>THAILAND</b> 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 <a href="http://www.phillip.co.th">www.phillip.co.th</a></p>	<p><b>FRANCE</b> King &amp; Shaxson Capital Limited 3rd Floor, 35 Rue de la Bienfaisance 75008 Paris France Tel +33-1 45633100 Fax +33-1 45636017 Website: <a href="http://www.kingandshaxson.com">www.kingandshaxson.com</a></p>	<p><b>UNITED KINGDOM</b> King &amp; Shaxson Capital Limited 6th Floor, Candlewick House, 120 Cannon Street, London, EC4N 6AS Tel +44-20 7426 5950 Fax +44-20 7626 1757 Website: <a href="http://www.kingandshaxson.com">www.kingandshaxson.com</a></p>
<p><b>UNITED STATES</b> 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: <a href="http://www.phillipusa.com">www.phillipusa.com</a></p>	<p><b>AUSTRALIA</b> Phillip Capital Limited Level 10, 330 Collins Street Melbourne, Victoria 3000, Australia Tel +61-03 8633 9803 Fax +61-03 8633 9899 Website: <a href="http://www.phillipcapital.com.au">www.phillipcapital.com.au</a></p>	<p><b>SRI LANKA</b> Asha Phillip Securities Limited 2<sup>nd</sup> Floor, Lakshmans Building, No. 321, Galle Road, Colombo 03, Sri Lanka Tel: (94) 11 2429 100 Fax: (94) 11 2429 199 Website: <a href="http://www.ashaphillip.net">www.ashaphillip.net</a></p>
<p><b>INDIA</b> 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: <a href="http://www.phillipcapital.in">www.phillipcapital.in</a></p>	<p><b>TURKEY</b> 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: <a href="http://www.phillipcapital.com.tr">www.phillipcapital.com.tr</a></p>	<p><b>DUBAI</b> Phillip Futures DMCC Member of the Dubai Gold and Commodities Exchange (DGEX) 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</p>
<p><b>CAMBODIA</b> 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: <a href="http://www.phillipbank.com.kh">www.phillipbank.com.kh</a></p>		

### 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.