

# Sembcorp Industries Ltd

Expecting a turnaround in India operation



StocksBnB.com

## SINGAPORE | CONGLOMERATE | 1Q18 RESULTS

9 May 2018

- 1Q18 revenue met our expectation while net profit missed substantially, due mainly to weak performance from the marine segment.
- Utilities' Singapore operation remained flat, encountering margin compression.
- Utilities' India's performance was negatively impacted by SGPL and SGIL, due to a majority of short-term PPAs were contracted at lower tariffs under SGPL and low wind season in 1Q18 for SGIL.
- Marine segment continued to weaken the group's profitability.
- We tweak down the FY18e EPS from previous 19.8 SG cents to 18.9 SG cents, due to prolonged weak profitability from SMM. After incorporating a lower target price of S\$1.85 for SMM, based on sum-of-the-parts method, and we upgrade our call to BUY with a lower target price of S\$3.83 (previous S\$3.86) due to the higher expected return from last closing price

### Results at a glance

(SGD mn)	1Q18	1Q17	YoY (%)	Comments
<b>Revenue</b>	<b>2,758</b>	<b>2,122</b>	<b>30.0</b>	Higher turnover from Utilities segment from Singapore, China, and India markets; Higher turnover from Marine segment due to revenue recognition for delivery of 3 jack-ups and adoption of SFRS(I) 15
Gross profit	261	234	11.7	Higher contribution from Marine segment
PBT	116	145	(20.2)	Absence of non-operating income in 1Q18, gain on disposal of Cosco in 1Q17
<b>PATMI</b>	<b>79</b>	<b>131</b>	<b>(40.0)</b>	Higher effective tax rate due to absence of group tax relief in India and the tax benefit from losses of a subsidiary in India was not recognised

Source: Company, PSR

### The Positives

**+ Utilities' Singapore operation remained flat.** In 1Q18, net profit from Singapore arrived at S\$35.2mn (Up 3% YoY). Singapore operation continued to face margin compression due to higher high sulphur fuel oil (HSFO) price and competitive environment. Currently, the retail margin is higher than wholesale margin, and management expected the gap between both would narrow in the foreseeable future.

**+ Utilities' China operation was benefited by seasonality.** In 1Q18, net profit from China jumped by 48% YoY to S\$32.7mn, due to longer servicing hours from Anwen power plant, mine-mouth coal-based plant in Chongqing China. It was attributable to the abnormally cold weather during the winter period.

### The Negatives

**- Utilities' India's performance was negatively impacted by SGPL and SGIL.** In 1Q18 net losses from India dropped moderately by 6% YoY to S\$15.6. SGPL and SGIL reported losses of S\$24.5mn and S\$6.5mn respectively, due mainly to a temporary shut-down of plants for 2 weeks under SGPL and a low wind season for SGIL. 60% of capacity under short-term power purchase agreements (PPA) will be expired in May and June, and the rest were contracted till Sep-18. Medium and long-term contracts are not available currently. Therefore, those contacts that will be rolled down are expected to be contracted under short-term PPAs. However, the current spot and short-term tariff improved drastically; average monthly price in Apr-18 was Rs4.15/kWh (Up 53% YoY). The prevalent bid for short-term PPAs (6 months) ranges from Rs4/kWh to Rs7/kWh.

### BUY (Upgrade)

CLOSING PRICE	SGD 3.060
FORECAST DIV	SGD 0.070
TARGET PRICE	SGD 3.830
<b>TOTAL RETURN</b>	<b>27.5%</b>

### COMPANY DATA

Bloomberg code	SCISP
O/S SHARES (MN):	1785
MARKET CAP (USD mn / SGD mn):	4068 / 5461
52 - WK HI/LO (SGD):	3.6 / 2.89
3M Average Daily T/O (mn):	4.37363

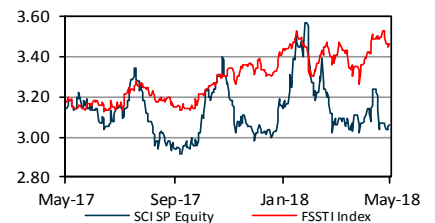
### MAJOR SHAREHOLDERS (%)

TEMASEK HOLDINGS PRIVATE LTD	49.5%
MONDRIAN INVESTMENT PARTNERS LTD	4.9%
DIMENSIONAL FUND ADVISOR	18%

### PRICE PERFORMANCE (%)

	1M TH	3M TH	1YR
COMPANY	0.3	(7.0)	(2.8)
STIRETURN	4.0	5.0	13.2

### PRICE VS. STI



Source: Bloomberg, PSR

### KEY FINANCIALS

Y/E Dec (\$\$mn)	FY 16	FY 17	FY 18e	FY 19e
Revenue	7,907	8,346	11,660	14,760
Gross profit	1,105	946	1,430	1,818
Net profit	395	231	338	453
P/E (x)	14.3	28.8	16.2	12.1
P/B (x)	0.9	0.9	0.9	0.8
ROE, %	7%	4%	5%	7%
ROA, %	2%	1%	1%	2%
Dividend Yield, %	2.8	1.7	2.3	2.6

Source: Company, PSR

### VALUATION METHOD

SOTP

Chen Guangzhi (+65 6212 1859)

Investment Analyst

chengz@phillip.com.sg

- **Marine segment continued to weaken the group's profitability.** On Jan-18, SMM adopted Singapore Financial Reporting Standards (International) 15 (SFRS 15). Excluding the effects of SFRS 15, revenue would have only increased by 15% YoY, and a S\$33mn net loss reported. The net order book continued to decline (1Q18: S\$7.7bn vs FY17 (restated): S\$8.4bn).

### Outlook

For Utilities' segment, management expected India operation as a whole will be profitable on an annual basis, which is supported by the more than 70% of the capacity are contracted under higher value PPAs that management aims to secure, including short and medium terms. Moreover, both positive and negative seasonal impacts on China and India are expected to be smoothed on a full year basis. On the other hand, though oil prices continued to rally, and capex on upstream exploration and production improved gradually, the market will take a few more quarters to recover since oversupply prevails. Hence, the group will continue to be dragged by SMM's business in next few quarters.

We tweak down the FY18e EPS from previous 19.8 SG cents to 18.9 SG cents, due to prolonged weak profitability from SMM. After incorporating a lower target price of S\$1.85 for SMM, based on sum-of-the-parts method, and we upgrade our call to BUY with a lower target price of S\$3.83 (previous S\$3.86) due to the higher expected return from last closing price.

### Valuation table

Segments/Holdings	Multiples	BVPS (SG\$)	PPS (SG\$)	Holdings	Market Value (SG\$mn)
Utilities	PB of 1.2x	1.82	2.18		3,893
Others	PB of 1.0x	0.71	0.71		1,271
<b>EPS (SG\$)</b>					
Marine	PE of 51.4x	0.04	1.85	61%	2,357
<b>Market cap (SG\$mn)</b>					
Gallant Venture	Market value	688.5		12%	79
Total					7,600
PPS					4.3
<b>TP (after conglomerate discount of 10%)</b>					<b>3.83</b>

Source: PSR

## Financials

### Income Statement

Y/E Dec, SGD mn	FY15	FY16	FY17	FY18e	FY19e
<b>Turnover</b>	<b>9,545</b>	<b>7,907</b>	<b>8,346</b>	<b>11,660</b>	<b>14,760</b>
Gross revenue	732	1,105	946	1,430	1,818
<b>EBITDA</b>	<b>1,030</b>	<b>1,238</b>	<b>1,203</b>	<b>1,491</b>	<b>1,741</b>
Depreciation & Amortisation	405	454	571	627	687
<b>EBIT</b>	<b>625</b>	<b>784</b>	<b>631</b>	<b>865</b>	<b>1,054</b>
Net Finance (Expense)/Inc	(205)	(372)	(483)	(548)	(605)
Associates & JVs	6	125	164	180	226
<b>Profit Before Tax</b>	<b>426</b>	<b>537</b>	<b>312</b>	<b>497</b>	<b>674</b>
Taxation	28	(100)	(67)	(144)	(204)
<b>Profit After Tax</b>	<b>454</b>	<b>437</b>	<b>245</b>	<b>353</b>	<b>470</b>
Non-controlling interests	(94)	42	14	15	17
<b>PATMI</b>	<b>549</b>	<b>395</b>	<b>231</b>	<b>338</b>	<b>453</b>

### Per share data

Y/E Dec, SG Cents	FY15	FY16	FY17	FY18e	FY19e
EPS, basic	29.2	19.9	10.5	18.9	25.4
EPS, diluted	28.9	19.7	10.4	18.8	25.2
DPS, basic	11.0	8.0	5.0	7.0	8.0
DPS, diluted	10.9	7.9	5.0	7.0	8.0
BVPS, basic (SGD)	3.2	3.3	3.3	3.6	3.9
BVPS, diluted (SGD)	3.1	3.3	3.3	3.5	3.9

### Cash Flow

Y/E Dec, SGD mn	FY15	FY16	FY17	FY18e	FY19e
<b>CFO</b>					
Profit for the period	454	437	245	353	470
Adjustments	896	888	982	1,156	1,289
WC changes	(1,961)	(367)	(506)	(65)	25
Cash generated from ops	(611)	958	720	1,444	1,783
Others	(150)	(86)	(70)	(144)	(204)
<b>Cashflow from ops</b>	<b>(761)</b>	<b>872</b>	<b>650</b>	<b>1,300</b>	<b>1,579</b>
<b>CFI</b>					
CAPEX, net	(1,325)	(740)	(459)	(997)	(1,103)
Others	126	(60)	367	210	223
<b>Cashflow from investments</b>	<b>(1,199)</b>	<b>(801)</b>	<b>(92)</b>	<b>(787)</b>	<b>(880)</b>
<b>CFF</b>					
Loans, net of repayments	2,050	1,107	779	479	380
Dividends	(415)	(225)	(162)	(116)	(185)
Others	254	(669)	(341)	(606)	(669)
<b>Cashflow from financing</b>	<b>1,890</b>	<b>214</b>	<b>276</b>	<b>(243)</b>	<b>(474)</b>
<b>Net change in cash</b>	<b>(70)</b>	<b>285</b>	<b>834</b>	<b>270</b>	<b>225</b>
Effects of exchange rate	15	(35)	(8)	10	15
<b>Ending cash</b>	<b>1,604</b>	<b>1,855</b>	<b>2,681</b>	<b>2,962</b>	<b>3,202</b>

### Balance Sheet

Y/E Dec, SGD mn	FY15	FY16	FY17	FY18e	FY19e
<b>ASSETS</b>					
PP&E	8,685	11,226	11,158	11,705	12,243
Associates and JVs	2,349	1,746	1,765	1,801	1,891
Receivables and prepayments	451	734	1,184	1,335	1,574
Others	823	960	1,018	917	917
<b>Total non-current assets</b>	<b>12,308</b>	<b>14,666</b>	<b>15,125</b>	<b>15,757</b>	<b>16,625</b>
Cash	1,606	1,883	2,687	2,962	3,202
Trade receivables	1,568	1,958	2,045	2,249	2,429
Inventories and WIP	4,233	3,466	3,733	3,425	3,380
Others	201	317	163	170	178
<b>Total current assets</b>	<b>7,608</b>	<b>7,624</b>	<b>8,627</b>	<b>8,806</b>	<b>9,189</b>
<b>Total Assets</b>	<b>19,915</b>	<b>22,290</b>	<b>23,753</b>	<b>24,563</b>	<b>25,814</b>

### LIABILITIES

Borrowings	5,032	7,096	8,275	8,441	8,695
Others	894	1,016	888	886	907
<b>Total non-current liabilities</b>	<b>5,926</b>	<b>8,112</b>	<b>9,163</b>	<b>9,326</b>	<b>9,601</b>
Trade payables	3,388	3,398	3,362	3,193	3,353
Borrowings	1,801	2,126	1,572	1,886	2,011
Others	758	492	1,482	1,331	1,244
<b>Total current liabilities</b>	<b>5,946</b>	<b>6,016</b>	<b>6,416</b>	<b>6,410</b>	<b>6,608</b>
<b>Total Liabilities</b>	<b>11,872</b>	<b>14,128</b>	<b>15,579</b>	<b>15,736</b>	<b>16,209</b>

### Shareholder Equity

	<b>5,630</b>	<b>5,898</b>	<b>5,940</b>	<b>6,361</b>	<b>6,962</b>
Perpetual securities	803	803	1,003	1,010	1,010
Non-controlling interests	1,610	1,461	1,231	1,456	1,633

### Valuation Ratios

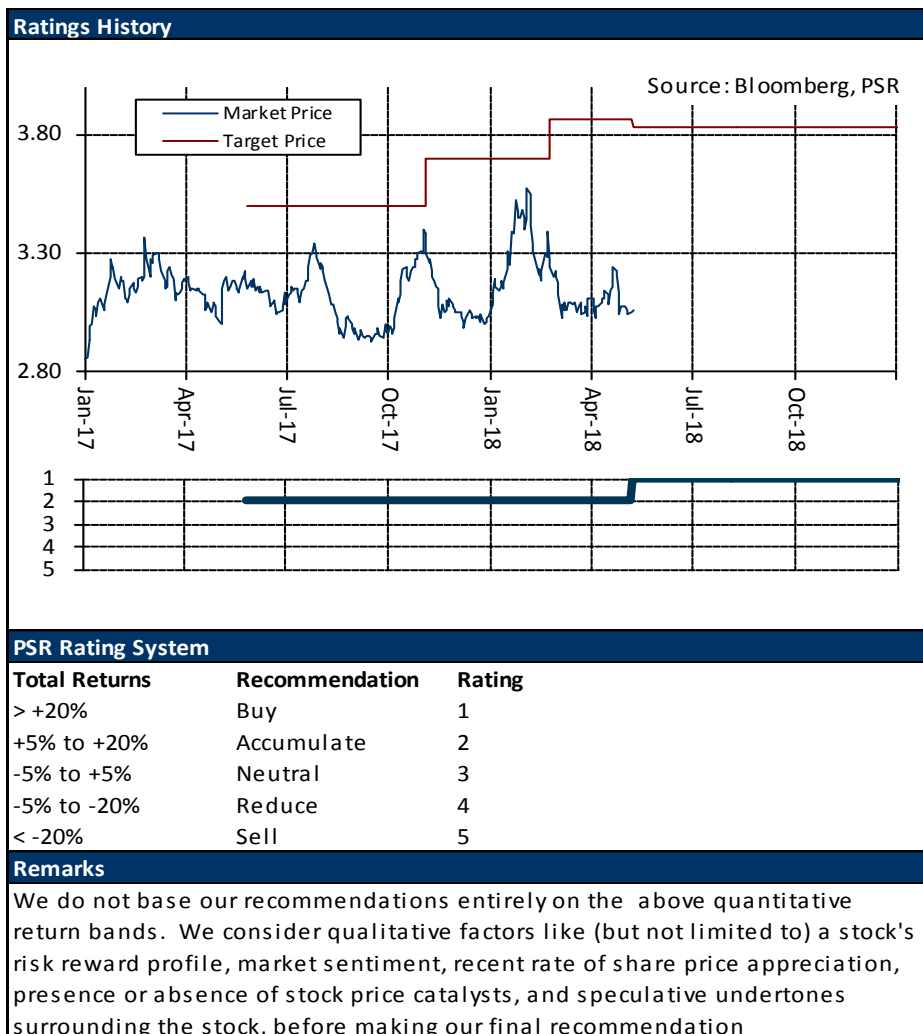
Y/E Dec	FY15	FY16	FY17	FY18e	FY19e
P/E (x)	10.5	14.3	28.8	16.2	12.1
P/B (x)	1.0	0.9	0.9	0.9	0.8
EV/EBITDA (x)	12.4	11.9	11.9	8.6	7.4
Dividend yield (%)	3.6	2.8	1.7	2.3	2.6

### Growth & Margins (%)

<b>Growth</b>					
Revenue	-12%	-17%	6%	40%	27%
Gross profit	-48%	51%	-14%	51%	27%
EBIT	-45%	25%	-19%	37%	22%
Net income	-31%	-28%	-42%	46%	34%
<b>Margins</b>					
GP margin	8%	14%	11%	12%	12%
EBIT margin	7%	10%	8%	7%	7%
NP margin	6%	5%	3%	3%	3%
<b>Key Ratios</b>					
ROE (%)	10%	7%	4%	5%	7%
ROA (%)	3%	2%	1%	1%	2%
Net Debt or (Net Cash)	5,226	7,339	7,161	7,364	7,505
Gearing (%)	65%	90%	88%	83%	78%

Source: Company, Phillip Securities Research (Singapore) Estimates

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



<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>Research Associate</b> Alvin Chia - <a href="mailto:alvinchiawy@phillip.com.sg">alvinchiawy@phillip.com.sg</a>	<b>Research Operations Officer</b> Mohamed Amiruddin - <a href="mailto:amiruddin@phillip.com.sg">amiruddin@phillip.com.sg</a>
<b>Consumer   Healthcare</b> Soh Lin Sin - <a href="mailto:sohls@phillip.com.sg">sohls@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>Macro</b> Pei Sai Teng - <a href="mailto:peist@phillip.com.sg">peist@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:tarawongsi@phillip.com.sg">tarawongsi@phillip.com.sg</a>	<b>US Equity</b> Ho Kang Wei - <a href="mailto:hokw@phillip.com.sg">hokw@phillip.com.sg</a>	

**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](http://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](http://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](http://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](http://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](http://www.phillipcapital.in)

**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](http://www.phillipbank.com.kh)

**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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://www.kingandshaxson.com)

**SRI LANKA**

**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: [www.ashaphillip.net](http://www.ashaphillip.net)

**DUBAI**

**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

## 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.