

# SIA Engineering Company Ltd

On a path to recovery



StocksBnB.com

## SINGAPORE | TRANSPORT SERVICES | FY18 RESULTS

17 May 2018

- Revenue was within our and consensus expectation
- Adjusted PATMI was 4% lower our expectation; and in line with consensus
- Final dividend of 9 cents with no special dividend (FY17: 9 cents final, 5 cents special)
- Maintain Accumulate, higher target price of \$3.57 (previously \$3.51)

### Results at a glance

(SGD mn)	FY18	FY17	YoY	Comments
<b>Revenue</b>	<b>1,095</b>	<b>1,104</b>	<b>-0.8%</b>	<b>Lower fleet management</b>
EBIT, reported	76.4	72.0	6.1%	S\$21.3mn one-off provision for profit-linked component of staff remuneration made in 1Q17
EBIT, adjusted	76.4	93.3	-18.1%	Excluding one-off profit-linked component of staff remuneration described above
Associates & JV	109.8	96.5	13.8%	7.1% higher associates to \$69.5mn; 27.5% higher JV to \$40.3mn
<b>PATMI, reported</b>	<b>184</b>	<b>332</b>	<b>-44.6%</b>	<b>FY18 includes one-off \$14.3mn surplus on disposal of associated company in 4Q18</b> <b>FY17 includes one-off gains of S\$178mn from divestment of HAESL and corresponding impact of staff costs (net of tax adjustments) in 1Q17</b>
<b>PATMI, adjusted</b>	<b>170</b>	<b>172</b>	<b>-1.3%</b>	<b>Excluding one-offs described above</b>

Source: Company, PSR

### The Positives

- Higher JV contribution due to more RR Trent engine shop visits.** There were more shop visits for all Rolls Royce (RR) Trent models and not just the Trent 1000. Guidance was given on more engines coming in, but no detail on profit level nor timeline was disclosed.
- Dividend payout ratio has been maintained.** Including the interim dividend, total ordinary dividend for FY18 is 13 cents (same as FY17), but there was a special dividend of 5 cents in FY17. Payout ratio for ordinary dividend over adjusted PATMI remains comparable; FY18: 85.7% and FY17: 84.8% (5-year average: 85.9%)

### The Negatives

- Core Company EBIT remains weak.** Margin for adjusted EBIT compressed to 7.0% from 8.5%. Individual opex items were a mixed bag, with aggregate core opex increasing marginally YoY by 0.8% and compounding the lower revenue.
- Group FY18 PATMI (excluding one-offs) held stable despite the lower EBIT, but was due to an unsustainable spike in JV contribution in 3Q18.** We think the spike is not sustainable as it was from a particular one-off commitment to SAESL. 4Q18 JV contribution had subsequently tapered QoQ. Our expectation is for JV contribution to continue at current level, only to start some ramp-up in 2019.
- Total equity lower YoY by S\$58.1mn to S\$1,495.9mn.** This was mainly due to foreign currency translation of a weaker USD to SGD (Figure 1. overleaf). USD had depreciated an average of 2.0% over FY18.

### Outlook

The outlook is improving, but remains challenging. Management appears to have some visibility on the pipeline for engine shop visits. Our view is that even when engine shop visits return, the long-term normalised profit contribution will still be lower than historical level, due to lower work content. At the same time, competition from other MRO players is not expected to abate.

### Accumulate (Maintain)

LAST CLOSE PRICE	SGD 3.31
FORECAST DIV	SGD 0.130
TARGET PRICE	SGD 3.57
<b>TOTAL RETURN</b>	<b>11.8%</b>

### COMPANY DATA

BLOOMBERG CODE:	SIE SP
O/S SHARES (MN):	1.1B
MARKET CAP (USD mn / SGD mn):	2757 / 3701
52 - WK HI/LO (SGD):	4.16 / 3.08
3M Average Daily T/O (mn):	0.42

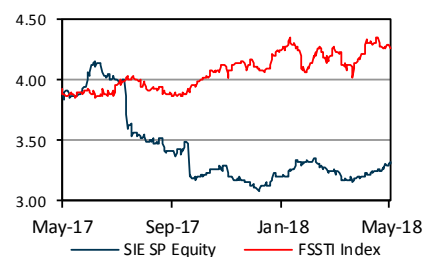
### MAJOR SHAREHOLDER (%)

SINGAPORE AIRLINES LTD	77.8%
SEAFARER CAPITAL PARTNERS LLC	13%
MATTHEWS INTERNATIONAL CAPITAL	12%

### PRICE PERFORMANCE (%)

	1M TH	3M TH	1YR
COMPANY	4.1	0.0	(12.2)
STI RETURN	2.2	4.1	12.1

### PRICE VS. STI



Source: Bloomberg, PSR

### KEY FINANCIALS

Y/E Mar	FY 17	FY 18	FY 19e	FY 20e
Revenue (SGD mn)	1,104	1,095	1,114	1,140
EBIT (SGD mn)	72	76	82	87
Assoc. & JVs (SGD mn)	97	110	101	114
PATMI, adj (SGD mn)	172	170	166	182
EPS, adj. (cents)	15.3	15.2	14.8	16.3
P/E, adj. (x)	24.0	21.2	22.4	20.3
BVPS (cents)	139	134	136	139
P/B (x)	2.7	2.4	2.4	2.4
DPS (cents)	13.0	13.0	13.0	14.0
Div. Yield (%)	3.5	4.0	3.9	4.2

Source: Company Data, PSR est.

### VALUATION METHOD

DCF (WACC: 7.0%; Terminal g: 2.0%)

Richard Leow, CFA, CFTe, FRM (+65 6212 1848)

Investment Analyst

richardleowwt@phillip.com.sg

### Maintain Accumulate; higher target price of S\$3.57 (previously \$3.51)

We have retained our Accumulate rating despite expecting lower PATMI in FY19e. The return of engine shop visits will be a positive catalyst for re-rating. However, we believe the profit recovery will be L-shaped. We expect FY20e earnings growth to be driven by contribution from the associates/JVs. SIAEC has a strong balance sheet in a net cash position and has positive free cash flow. Current dividend level of 13 cents is sustainable for a current yield of 3.9%.

### Key Takeaways

Management shared some insights to strategy.

#### New areas being pursued to grow the business: Line maintenance & Cabin services

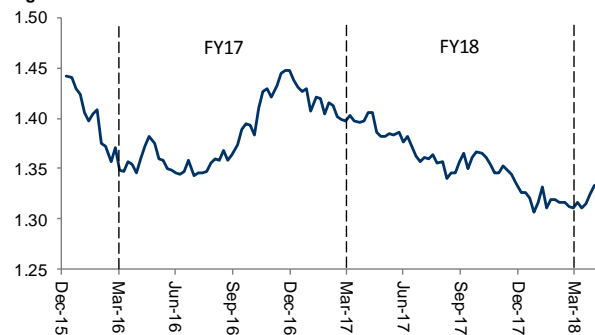
- This is as a consequence to the lower work content for aircraft heavy checks due to better airframe reliability from materials such as composites
- Line maintenance: work content in moving from the hangar to the apron, so the Group strategy is to expand to other geographies to create a network and cross-sell the line maintenance service to customers
- Cabin services: cabin interior refresh is unavoidable for airlines in order to remain competitive

#### Not looking to engage in PTF activity

- SIAEC had done passenger-to-freighter (PTF) work on the B747-400 in the past
- The experience is there is a high start-up cost, and demand can be volatile

### Appendix

Figure 1: Price of 1 USD in SGD



Source: Bloomberg, PSR

Figure 2. Key developments

### Services Agreement with SilkAir



- 37 Boeing 737 MAX aircraft
- 12 year-term with option to renew for 5 years

### Maintenance Agreement with Thales



- In-Flight Entertainment and Connectivity Agreement to maintain Singapore Airlines' A350 XWB aircraft fitted with Thales' AVANT IFE system
- 10-year term

## MOUs to collaborate in Data Analytics



- Collaborate with CaseBank Technologies on research, development and commercialisation of advanced diagnostic software



- Collaborate with Safran Analytics on research and development of software for predictive maintenance



**PAPAS**

### New Shareholder in Line Maintenance JV

- Hong Kong Airlines is new shareholder of our line maintenance JV in Hong Kong, Pan Asia Pacific Aviation Services



HONGKONG AIRLINES  
香港航空



SIA ENGINEERING  
(PHILIPPINES)

### Non-binding LOI with Cebu Air to expand MRO Services in the Philippines

- Two existing JVs in the Philippines with Cebu Air
- Explore feasibility of potential growth through expansion of line maintenance operations and training academy services, and growth of hangar facilities



### Joint Venture Agreement with GE Aviation to form Engine Overhaul JV

- SIAEC 49%, GE Aviation 51%
- Full range of engine MRO services for the GE90 and GE9X engines



### Joint Venture Agreement with Stratasys to form Additive Manufacturing JV

- SIAEC 60%, Stratasys 40%
- Leverage additive manufacturing technology to produce plastic aircraft cabin interior parts as well as tooling for MRO providers

Source: Company FY17/18 presentation, 16 May 2018

## Financials

### Income Statement

Y/E Mar, SGD mn	FY16	FY17	FY18	FY19e	FY20e
<b>Revenue</b>	<b>1,113</b>	<b>1,104</b>	<b>1,095</b>	<b>1,114</b>	<b>1,140</b>
<b>EBITDA</b>	<b>148</b>	<b>125</b>	<b>133</b>	<b>138</b>	<b>142</b>
Depreciation & Amortisation	44	53	56	56	55
<b>EBIT</b>	<b>104</b>	<b>72</b>	<b>76</b>	<b>82</b>	<b>87</b>
Net Finance (Expense)/Inc	2	3	4	3	4
Other items	2	183	16	-	-
Associates & JVs	94	97	110	101	114
<b>Profit Before Tax</b>	<b>202</b>	<b>355</b>	<b>206</b>	<b>186</b>	<b>204</b>
Taxation	(21)	(18)	(21)	(19)	(21)
<b>Profit After Tax</b>	<b>181</b>	<b>337</b>	<b>185</b>	<b>167</b>	<b>183</b>
- Non-controlling interest	5	5	1	1	1
<b>PATMI, reported</b>	<b>177</b>	<b>332</b>	<b>184</b>	<b>166</b>	<b>182</b>
- Exceptional items	(4)	160	14	-	-
<b>PATMI, adj.</b>	<b>181</b>	<b>172</b>	<b>170</b>	<b>166</b>	<b>182</b>

### Per share data (cents)

Y/E Mar	FY16	FY17	FY18	FY19e	FY20e
EPS, reported	15.74	29.63	16.45	14.79	16.29
EPS, adj.	16.12	15.33	15.17	14.79	16.29
DPS, ordinary	14.0	13.0	13.0	13.0	14.0
DPS, special	-	5.0	-	-	-
BVPS	132	139	134	136	139

### Cash Flow

Y/E Mar, SGD mn	FY16	FY17	FY18	FY19e	FY20e
<b>CFO</b>					
PBT	202	355	206	186	204
Adjustments	(40)	(233)	(62)	(48)	(62)
WC changes	(66)	30	(71)	(6)	(3)
Cash generated from ops	96	152	74	132	139
Others	(19)	(20)	(19)	(19)	(21)
<b>Cashflow from ops</b>	<b>77</b>	<b>132</b>	<b>54</b>	<b>112</b>	<b>118</b>
<b>CFI</b>					
CAPEX, net	(41)	(37)	(27)	(39)	(43)
Divd from associates & JVs	79	62	105	84	98
Others	(16)	198	(14)	(5)	(6)
<b>Cashflow from investments</b>	<b>22</b>	<b>224</b>	<b>64</b>	<b>40</b>	<b>48</b>
<b>CFF</b>					
Share issuance, net	6	20	3	-	-
Loans, net of repayments	1	(9)	(2)	(5)	(5)
Dividends	(167)	(141)	(205)	(147)	(148)
Others	(0.3)	(0.7)	(0.8)	(0.4)	(0.4)
<b>Cashflow from financing</b>	<b>(161)</b>	<b>(130)</b>	<b>(206)</b>	<b>(152)</b>	<b>(153)</b>
<b>Net change in cash</b>	<b>(62)</b>	<b>225</b>	<b>(88)</b>	<b>(0)</b>	<b>13</b>
Effects of exchange rates	(1)	2	(4)	-	-
<b>CCE, end</b>	<b>394</b>	<b>602</b>	<b>500</b>	<b>499</b>	<b>513</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

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

### Balance Sheet

Y/E Mar, SGD mn	FY16	FY17	FY18	FY19e	FY20e
<b>ASSETS</b>					
PPE	341	332	301	289	284
Intangibles	63	65	68	71	75
Associates & JVs	492	542	544	562	578
Others	-	-	-	-	-
<b>Total non-current assets</b>	<b>896</b>	<b>939</b>	<b>913</b>	<b>922</b>	<b>936</b>
Inventories	41	37	34	36	36
Accounts receivables	77	88	268	273	279
Prepayments	14	15	20	17	19
Cash	394	602	500	499	513
Others	401	238	84	107	99
<b>Total current assets</b>	<b>926</b>	<b>979</b>	<b>906</b>	<b>933</b>	<b>946</b>
<b>Total Assets</b>	<b>1,822</b>	<b>1,918</b>	<b>1,819</b>	<b>1,855</b>	<b>1,882</b>
<b>LIABILITIES</b>					
Short term loans	9	4	5	5	4
Accounts payables	229	260	223	244	241
Others	18	16	20	20	20
<b>Total current liabilities</b>	<b>256</b>	<b>279</b>	<b>248</b>	<b>270</b>	<b>265</b>
Long term loans	25	22	17	12	8
Others	30	29	27	27	27
<b>Total non-current liabilities</b>	<b>54</b>	<b>51</b>	<b>44</b>	<b>39</b>	<b>35</b>
<b>Total Liabilities</b>	<b>310</b>	<b>330</b>	<b>291</b>	<b>308</b>	<b>300</b>
<b>EQUITY</b>					
Non-controlling interests	26	34	31	31	29
<b>Shareholder Equity</b>	<b>1,486</b>	<b>1,554</b>	<b>1,496</b>	<b>1,516</b>	<b>1,553</b>

### Valuation Ratios

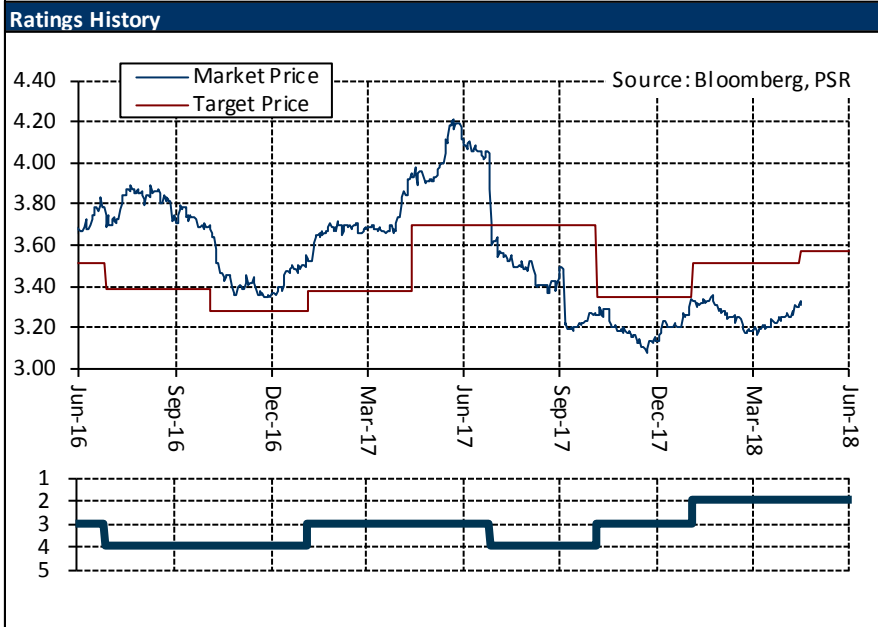
Y/E Mar	FY16	FY17	FY18	FY19e	FY20e
P/E (X), adj.	22.9	24.0	21.2	22.4	20.3
P/B (X)	2.8	2.7	2.4	2.4	2.4
EV/EBITDA (X), adj.	25.7	28.7	23.7	23.5	22.8
Dividend Yield (%)	3.8	3.5	4.0	3.9	4.2

### Growth & Margins (%)

	FY16	FY17	FY18	FY19e	FY20e
<b>Growth</b>					
Revenue	-0.7%	-0.8%	-0.8%	1.8%	2.3%
EBITDA	17.0%	-15.8%	6.3%	4.0%	2.6%
EBIT	24.3%	-31.0%	6.1%	7.2%	5.9%
Net Income, adj.	-1.3%	-4.9%	-1.3%	-2.5%	10.1%
<b>Margins</b>					
EBITDA margin	13.3%	11.3%	12.1%	12.4%	12.4%
EBIT margin	9.4%	6.5%	7.0%	7.3%	7.6%
Net Profit Margin	16.3%	30.5%	16.9%	14.9%	16.1%

### Key Ratios

	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
ROE	12.9%	11.3%	11.1%	11.0%	11.9%
ROA	10.4%	9.2%	9.1%	9.0%	9.8%
Dividend payout, ordinary	86.8%	84.8%	85.7%	87.9%	86.0%
Net Debt or (Net Cash)	(361)	(576)	(478)	(482)	(500)
Net Gearing (X)					



### 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>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:richardleowwyt@phillip.com.sg">richardleowwyt@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 63517000 / 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 licence 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.