



# Q & M Dental Group Ltd

## Rebound on track

### SINGAPORE | HEALTHCARE | 2Q21 RESULTS

- 2Q21 PATMI within expectations, at 49% of our adjusted FY21e forecast. Revenue spiked 105% YoY to S\$50.8mn. Normalised PATMI was up 10x. 1-for-5 bonus issue and 1 cent quarterly dividend announced.
- Earnings from Acumen Diagnostics' COVID-19 PCR tests were an estimated S\$3mn, up from S\$0.6mn the previous quarter.
- Maintain BUY. Target price dips to S\$0.98 from S\$1.00 as we revamp our valuations. We now peg Acumen at S\$60mn, at the proposed purchase price by Aoxin for a 49% stake. We roll over our 25x core P/E valuation to FY22e. Another S\$0.04 has been added from the market value of listed associate, Aoxin Q & M Dental (S\$0.225, Not Rated), at a 20% discount.

#### Results at a glance

SGD '000	2Q21	2Q20	YoY	Comments
Revenue	50,809	24,851	104.5%	No. of clinics rose 9.2% YoY to 131.
Gross profit	43,444	21,565	101.5%	
PBT	12,633	7,617	65.9%	
Other gains	-217	-32	n.m.	
Associates	-181	350	-151.7%	
PATMI	8,383	6,824	22.8%	
PATMI - adjusted	8,179	746	n.m.	Excl. Rental rebate and JSS of 2Q21: 0.6mn vs 2Q20 S\$2.3mn ; Excl. 2Q20 S\$1.3mn disposal
Gross Margins	85.5%	86.8%	-1.3%	
DPS - Interim (cents)	1.00	0.40	150.0%	Paid 1st interim of 1 cent in 1Q21.

Source: Company, PSR

#### The Positives

**+ Bounce in revenue.** Increased demand for dental procedures due to closed borders, PCR test revenue and a higher number of dental clinics led to a 105% YoY surge in revenue. This was aided by a lower base last year due to circuit breaker. Core dental service rose 86% YoY to S\$38mn. Medical equipment sales, including PCR tests, tripled to S\$12.7mn. Revenue per dental clinic jumped 71% YoY to around S\$308k in 2Q21. Pre-pandemic revenue per clinic in 2Q19 was around S\$295k, a modest 5% lower. Industry data point to slower dental admissions in May and June 2021, likely due to the Phase 2HA lockdown.

**+ COVID-19 PCR test earnings spiked.** Earnings from PCR tests were around S\$3mn this quarter, based on minority interest. This was a jump from S\$0.6mn in the previous quarter. No details were disclosed. We model around S\$7mn from PCR tests for FY21e.

#### The Negative

**- New-clinic openings below run rate, for now.** Q & M opened seven new clinics in 1H21: four in Singapore and three in Malaysia. This was below our forecast of 25. It plans to open 30 p.a. In Singapore, another six sites have been secured with 10 more to be completed. Singapore appears on course for 20 new clinics but expansion in Malaysia remains fluid due to the pandemic. Revenue per clinic in Singapore is typically 4x higher than Malaysia.

23 August 2021

#### BUY (Maintained)

CLOSING PRICE	SGD 0.775
FORECAST DIV	SGD 0.035
TARGET PRICE	SGD 0.98
TOTAL RETURN	31.0%

#### COMPANY DATA

Bloomberg CODE:	QNMSP
O/S SHARES (MN):	787.3
MARKET CAP (USD mn / SGD mn):	448 / 610
52 - WK HI/LO (SGD):	0.88 / 0.42
3M Average Daily T/O (mn):	4.84

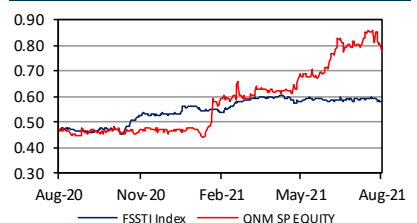
#### MAJOR SHAREHOLDERS

Quan Min Holdings Pte Ltd	51.3%
Heritas Helios Investments Pte Ltd	6.8%

#### PRICE PERFORMANCE

	1MTH	3MTH	YTD
COMPANY	(3.7)	13.8	78.1
STI RETURN	0.9	1.0	12.2

#### PRICE VS. STI



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Dec, SGD (mn)	FY19	FY20	FY21e	FY22e
Revenue	128.0	137.6	212.8	222.4
EBITDA	23.6	29.7	57.2	51.3
PATMI	18.0	19.7	35.6	33.1
PATMI, adjusted	8.7	19.4	30.3	32.5
EPS (SGD cents)	2.3	2.5	4.5	4.2
P/E (X) - adjusted	69.7	31.3	20.1	18.8
Dividend Yield	3.6%	4.4%	4.5%	4.5%
ROE	14.6%	15.9%	28.0%	24.1%
ROA	5.9%	7.2%	12.5%	11.5%

Source: Company, PSR

#### VALUATION METHOD

25x PE FY22e adj. + Associate market cap

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

## Outlook

We expect dental admissions to remain healthy in 2H21. New clinics are expected to form the foundation of revenue growth in Singapore. Despite a rebound in revenue per clinic, industry patient volumes are still below pre-pandemic levels.

We forecast lower PCR testing income for FY22e. As the country moves towards higher vaccination rates and an endemic COVID-19, there is less clarity on the number of tests which will be administered in the next two years. That said, testing should remain an important tool as the country opens its borders. PCR testing will likely be required for vaccinated travellers, unlinked cases and routine tests.

## Maintain BUY with lower TP of S\$0.98, from S\$1.00

We keep FY21e earnings unchanged but our valuation metrics has changed (Figure 1). Earlier, Acumen Diagnostics was valued together with group earnings at 25x FY21e PE. We now separately value Acumen. Associate Aoxin is proposing to acquire the remaining 49% stake in Acumen for S\$29.4mn via the issuance of 127.3mn shares at S\$0.231 per share. The vendors are Acumen Holdings and Ong Siew Hwa (Figure 2). Our valuation for Acumen Diagnostics is now pegged to its implied S\$60mn valuation.

Figure 1: Valuing core dental business and Acumen separately

	Per Share S\$	Comment
Core dental	0.91	25x PE FY22e
Acumen	0.04	51% of S\$60mn
Aoxin	0.04	20% discount
	<u>0.98</u>	

Source: PSR, Bloomberg

Secondly, we roll over to FY22e. FY22e will capture a normalised dental admissions and the expansion in clinics. We also move our benchmark from Q & M's historical PE to industry valuations (Figure 3). The regional dental industry from clinics to equipment makers trades at around 28x 2-year forward PE. As highlighted in our initiation report dated 8 February 2021, Q & M historically traded in a wide range, from 26x to 65x, with an average of 38x. We view industry peers as more transparent proxies. Valuation range is relatively narrower and peer comparables are available.

Figure 3: Proxies for dental valuations

Company	Country	1 Mth	3 Mth	YTD	Share Px Local Crcy	Mkt. Cap. (US\$ m)	PE			P/BV Yr 0	Dividend Yield	ROE Yr 0	EBITDA Margin
		Perf.	Perf.	Perf.			Yr 0	Yr +1	Yr +2				
Angelalign Tech.	Hong Kong	-15.9%	117.8%	117.8%	376.80	8,141	351.3	183.8	130.8	111.9	0.0%	37.7%	27.1%
Modern Dental	Hong Kong	18.8%	72.3%	498.0%	8.91	1,094	79.1	19.8	16.6	3.8	1.1%	5.0%	13.0%
Dental Corp	Thailand	-0.5%	-4.9%	24.5%	3.86	33	-142.4	-30.9	38.3	2.4	0.2%	-0.2%	7.9%
LDC Dental	Thailand	-3.0%	-1.5%	-5.2%	1.28	23	-5.5	-	-	3.6	0.0%	-6.6%	12.4%
Dentalcorp	Canada	1.5%	7.0%	7.0%	15.09	1,956	-16.0	-126.5	48.2	5.8	-	-	13.0%
Pacific Smiles	Australia	-6.7%	-10.4%	-12.2%	2.24	501	27.6	63.6	22.5	5.8	1.1%	26.4%	29.2%
1300 Smiles	Australia	0.3%	0.3%	4.3%	7.02	233	23.3	17.9	18.4	3.8	3.7%	20.3%	40.0%
SDI Ltd	Australia	16.5%	20.6%	30.6%	1.03	171	13.6	-	-	4.9	1.8%	14.6%	18.5%
	Excl. Angelalign	5.7%	22.7%	139.5%		4,012	-55.4	67.1	28.2	5.1	0.7%	6.4%	16.8%
Q & M Dental	Singapore	-3.7%	13.8%	78.1%	0.775	448	31.3	20.1	18.8	4.9	4.5%	28.0%	21.6%
Raffles Medical	Singapore	16.9%	27.8%	38.7%	1.38	331	39.1	36.6	34.5	2.8	1.8%	9.9%	21.7%

Source: PSR, Bloomberg

Figure 2: Shareholdings of Aoxin after Acumen Diagnostics acquisition

	Shares (mn)	Stake
Q & M Dental	167.7	33.0%
Acumen Holdings *	34.6	6.8%
Ong Siew Hwa	92.7	18.2%
Other shareholders	213.9	42.0%
	<u>508.8</u>	

Source: PSR, Aoxin, \* Shareholders Tan Lee Meng, HC Surgical, Shinex Capital, Ng Aik Hong

## Financials

### Income Statement

Y/E Dec, SGD '000	FY18	FY19	FY20	FY21e	FY22e
<b>Revenue</b>	<b>120,808</b>	<b>127,963</b>	<b>137,620</b>	<b>212,750</b>	<b>222,370</b>
Gross profit	106,573	112,217	120,725	172,328	166,778
<b>EBITDA</b>	<b>16,174</b>	<b>23,647</b>	<b>29,728</b>	<b>57,199</b>	<b>51,292</b>
Depreciation & amortisation	(3,306)	(3,281)	(3,458)	(4,136)	(4,510)
<b>EBIT</b>	<b>12,868</b>	<b>20,366</b>	<b>26,270</b>	<b>53,063</b>	<b>46,783</b>
Other gains	590	9,252	253	5,319	667
Net Finance Inc/(Exp)	(2,635)	(4,407)	(4,058)	(3,714)	(3,364)
Profit before tax	14,845	20,122	22,371	48,349	42,919
Taxation	(760)	(1,941)	(2,533)	(5,802)	(5,150)
Minority interest	(73)	(197)	(137)	(6,975)	(4,650)
<b>PATMI</b>	<b>14,012</b>	<b>17,984</b>	<b>19,701</b>	<b>35,572</b>	<b>33,118</b>
<b>PATMI, adjusted</b>	<b>13,612</b>	<b>8,732</b>	<b>19,448</b>	<b>30,253</b>	<b>32,451</b>

### Per share data (SGD Cents)

Y/E Dec	FY18	FY19	FY20	FY21e	FY22e
EPS, Reported	1.78	2.29	2.51	4.53	4.22
EPS, Adjusted	1.73	1.11	2.48	3.85	4.13
DPS	0.82	2.82	3.40	3.50	3.50
BVPS	14.2	15.7	15.8	16.2	17.5

### Cash Flow

Y/E Dec, SGD '000	FY18	FY19	FY20	FY21e	FY22e
<b>CFO</b>					
<b>Profit before tax</b>	<b>14,845</b>	<b>20,122</b>	<b>22,371</b>	<b>48,349</b>	<b>42,919</b>
Adjustments	(1,272)	(827)	11,886	16,136	16,010
WC changes	(2,564)	5,012	(11,073)	(1,407)	(866)
Cash generated from ops	13,533	28,682	26,964	66,305	61,009
Tax paid	(444)	(728)	(1,162)	(5,802)	(5,150)
<b>Cashflow from ops</b>	<b>13,089</b>	<b>27,954</b>	<b>25,802</b>	<b>60,503</b>	<b>55,858</b>
<b>CFI</b>					
CAPEX, net	(2,747)	(6,852)	(6,390)	(7,000)	(7,000)
Others	(2,244)	(2,431)	46,193	488	418
<b>Cashflow from investments</b>	<b>(4,991)</b>	<b>(9,283)</b>	<b>39,803</b>	<b>(6,512)</b>	<b>(6,582)</b>
<b>CFE</b>					
Share issuance, net	(4,723)	-	(1,529)	-	-
Loans, net of repayments	(151)	5,175	(9,374)	(8,000)	(7,000)
Dividends	(10,468)	(6,442)	(22,222)	(39,274)	(27,492)
Others	(4,872)	(15,075)	(10,961)	(13,714)	(13,864)
<b>Cashflow from financing</b>	<b>(20,214)</b>	<b>(16,342)</b>	<b>(44,086)</b>	<b>(60,987)</b>	<b>(48,355)</b>
Net change in cash	(12,116)	2,329	21,519	(6,997)	921
<b>CCE, end</b>	<b>38,859</b>	<b>27,253</b>	<b>48,772</b>	<b>41,775</b>	<b>42,696</b>

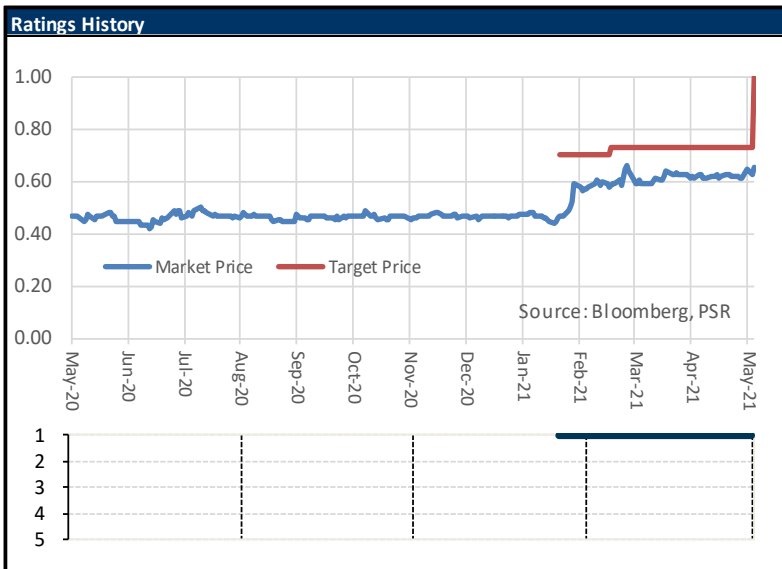
Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

Y/E Dec, SGD '000	FY18	FY19	FY20	FY21e	FY22e
<b>ASSETS</b>					
Trade and other receivables	16,653	87,315	18,190	27,658	28,908
Cash	24,924	27,253	48,772	41,775	42,696
Inventories	6,945	7,035	16,092	23,403	24,461
<b>Total current assets</b>	<b>51,144</b>	<b>125,014</b>	<b>86,280</b>	<b>96,061</b>	<b>99,291</b>
PPE & IA	73,746	79,614	84,469	87,333	89,823
Others	89,262	101,146	103,031	101,031	100,031
<b>Total non-current assets</b>	<b>163,008</b>	<b>180,760</b>	<b>187,500</b>	<b>188,364</b>	<b>189,854</b>
<b>Total Assets</b>	<b>214,152</b>	<b>305,774</b>	<b>273,780</b>	<b>284,425</b>	<b>289,145</b>
<b>LIABILITIES</b>					
Accounts payable	14,018	27,080	16,541	31,913	33,356
Bank borrowings	443	32,576	1,941	1,941	1,941
Lease liabilities	-	10,211	9,131	9,131	9,131
Others	110	1,024	2,633	2,633	2,633
<b>Total current liabilities</b>	<b>14,571</b>	<b>70,891</b>	<b>30,246</b>	<b>45,618</b>	<b>47,061</b>
Deferred tax liabilities	1,072	1,371	1,160	1,160	1,160
Long-term borrowings	86,185	69,839	75,456	67,456	60,456
Others	638	40,543	42,993	42,993	42,993
<b>Total non-current liabilities</b>	<b>87,895</b>	<b>111,753</b>	<b>119,609</b>	<b>111,609</b>	<b>104,609</b>
<b>Total Liabilities</b>	<b>102,466</b>	<b>182,644</b>	<b>149,855</b>	<b>157,227</b>	<b>151,670</b>
<b>Equity</b>					
Non-controlling interests	1,035	1,157	2,845	9,820	14,470
<b>Shareholder Equity</b>	<b>111,686</b>	<b>123,130</b>	<b>123,925</b>	<b>127,199</b>	<b>137,476</b>

### Valuation Ratios

Y/E Dec	FY18	FY19	FY20	FY21e	FY22e
P/E (X) - adjusted	44.7	69.7	31.3	20.1	18.8
P/B (X)	5.5	4.9	4.9	4.8	4.4
EV/EBITDA (X)	36.2	26.0	18.9	10.0	11.1
Dividend Yield	1.1%	3.6%	4.4%	4.5%	4.5%
<b>Growth &amp; Margins</b>					
<b>Growth</b>					
Revenue	-2.2%	5.9%	7.5%	54.6%	4.5%
EBITDA	-40.2%	46.2%	25.7%	92.4%	-10.3%
EBIT	-45.7%	58.3%	29.0%	102.0%	-11.8%
Net profit, adj.	-41.3%	28.3%	9.5%	80.6%	-6.9%
<b>Margins</b>					
Gross margin	88.2%	87.7%	87.7%	81.0%	75.0%
EBITDA margin	13.4%	18.5%	21.6%	26.9%	23.1%
EBIT margin	10.7%	15.9%	19.1%	24.9%	21.0%
Net profit margin	11.6%	14.1%	14.3%	16.7%	14.9%
<b>Key Ratios</b>					
ROE	12.5%	14.6%	15.9%	28.0%	24.1%
ROA	6.5%	5.9%	7.2%	12.5%	11.5%
Net Gearing	55.2%	61.0%	23.1%	21.7%	14.3%
Net Debt/EBITDA (X)	3.8	3.2	1.0	0.5	0.4



### 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](mailto:paulchewkl@phillip.com.sg)
**Research Admin**

 Qystina Azli - [qystina@phillip.com.sg](mailto:qystina@phillip.com.sg)
**Consumer | Industrial | Conglomerates**

 Terence Chua - [terencechuatl@phillip.com.sg](mailto:terencechuatl@phillip.com.sg)
**Property | REITs**

 Natalie Ong - [natalieongpf@phillip.com.sg](mailto:natalieongpf@phillip.com.sg)
**US Technology Analyst (Hardware)**

 Timothy Ang – [timothyang@phillip.com.sg](mailto:timothyang@phillip.com.sg)
**Small-Mid Cap**

 Tan Jie Hui - [tanjh@phillip.com.sg](mailto:tanjh@phillip.com.sg)
**Small-Mid Cap**

 Vivian Ye Qianwei - [yeqw@phillip.com.sg](mailto:yeqw@phillip.com.sg)
**Technical Analyst**

 Chua Wei Ren – [chuawr@phillip.com.sg](mailto:chuawr@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](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, Bangkok,  
 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)

**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)

**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)

**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.