

# United Overseas Bank Limited

## Aggressive pursuit of deposits bites NIM

### SINGAPORE | BANKING | 1Q19 RESULTS

- 1Q19 revenue and PATMI were in line with our estimates, meeting 25% and 24% of our full-year forecasts respectively.
- NIM fell 5bps YoY and 1bps QoQ to 1.79% due to competitive loan repricing conditions and excess deposits gathered. LDR fell to 86.6% (4Q18: 88.2%).
- Robust loans growth of 12.2% YoY was led by a broad-based increase across all territories and industries.
- Trading income and gain from investment securities rose 38.9% YoY and 133.3% YoY, benefitting from a rebound in financial markets.
- Allowances for non-impaired assets rose in tandem with loan growth while asset quality remained resilient with NPL ratio at 1.5% (1Q18: 1.7%).
- Downgrade to ACCUMULATE with a lower target price of S\$30.90 (previously S\$32.00), due to recent share price movement.** The lower target price was derived after raising our operating expense forecasts 5% higher, giving us an FY19e CIR of 44% (previously 42%).

#### Results at a glance

(SGD mn)	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)	Comments
Net interest income	1,587	1,470	8.0%	1,608	-1.3%	Strong loan growth of 12.2% YoY offset NIM compression of 5bps YoY to 1.79%.
Fees & Comm	479	517	-7.4%	467	2.6%	Fee income was dampened by lower wealth management and fund management fees as market sentiment was more subdued this quarter as compared to 1Q18.
Other Non Int Income	341	243	40.3%	141	141.8%	Trading income and gain from investment securities rose 38.9% YoY and 133.3% YoY due to a rebound in financial markets.
<b>Total Revenue</b>	<b>2,407</b>	<b>2,230</b>	<b>7.9%</b>	<b>2,216</b>	<b>8.6%</b>	
Expenses	1,073	987	8.7%	984	9.0%	Cost-to-income ratio (CIR) rose slightly to 44.6% (1Q18: 44.3%) due to higher staff costs and IT-related expenses.
Allowances	93	80	16.3%	128	-27.3%	Expected Credit Losses (ECL) for non-impaired assets rose in tandem with loan growth this quarter. NPL resilient at 1.5%.
<b>PATMI</b>	<b>1,052</b>	<b>978</b>	<b>7.6%</b>	<b>916</b>	<b>14.8%</b>	

Source: Company, PSR

#### Positives

**+ Loan growth performed better than expected at 12.2% YoY, led by a broad-based increase across all territories and industries.** Housing loans grew 3.3% YoY, outpacing Singapore's housing loan growth of only 0.9% YoY in 1Q19. UOB's mortgage loan business is facing intensifying competition for refinancing and lesser new mortgage loan bookings due to a lower volume of property launches. Building and Construction loans registered a growth of 22.3% YoY (the highest in three years) due to the progressive drawdown on development project loan commitments made during the en-bloc fever phase last year. Property launches are seasonally weaker in the first half of the year, and customers should re-enter the market as en-bloc funds kick in this year. Hence, we expect mortgage loan growth to pick up in 2H19, and we pen in a higher FY19e loan growth estimate at 5.9% (previously 5.0%), in line with the mid-single-digit guidance.

**+ Other non-interest income surged 40.3% YoY.** Net trading income grew 38.9% YoY to S\$243mn due to a rebound in financial markets. Gains from investment securities rose 133.3% YoY to S\$28mn, recovering from 4Q18's loss of S\$59mn from market volatility.

**+ Credit costs for impaired loans stable at 13 bps (1Q18: 12 bps).** Overall credit costs rose 8bps YoY to 19bps due to higher ECL provided for non-impaired loans which grew in tandem with higher loan growth this quarter. We raise our credit costs to 20 bps from 16 bps in tandem with higher ECL for non-impaired loans, in line with guidance of 20-25 bps. Asset quality remained resilient with NPL ratio at 1.5% (1Q18: 1.7%).



6 May 2019

### ACCUMULATE (Downgraded)

LAST TRADED PRICE	SGD 27.77
FORECAST DIV	SGD 1.23
TARGET PRICE	SGD 30.87
TOTAL RETURN	15.59%

#### COMPANY DATA

BLOOMBERG TICKER	UOB SP
O/S SHARES (MN) :	1666
MARKET CAP (USD mn / SGD mn) :	33911 / 46258
52 - WK HI/LO (SGD) :	29.95 / 23.8
3M Average Daily T/O (mn) :	2.25

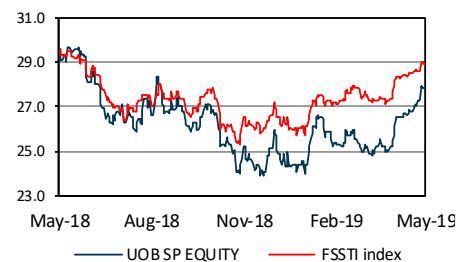
#### MAJOR SHAREHOLDERS (%)

Wee Investments	8.01%
Wah Hin & Co Pte Ltd	5.16%
BlackRock Fund Advisors	2.27%
Vanguard Group Inc	2.18%

#### PRICE PERFORMANCE (%)

	1M TH	3M TH	1YR
COMPANY	8.2	9.9	(5.4)
STIRETURN	4.18	7.50	(2.43)

#### PRICE VS. STI



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Dec	FY17	FY18	FY19e	FY20e
Total Inc (SGD mn)	8,563	9,115	9,859	10,474
Op Profit (SGD mn)	4,097	4,718	5,101	5,450
NPAT (SGD mn)	3,407	4,020	4,299	4,593
EPS (SGD)	1.94	2.35	2.47	2.58
PER, (X)	14.3	11.8	11.3	10.8
P/BV, (X)	14	13	12	12
DPS (SGD)	1.00	1.20	1.23	1.29
ROE	10.1%	11.2%	11.4%	11.4%

Source: Bloomberg, Company, PSR

#### Valuation Method:

Gordon Growth Model (COE: 9%, g: 3%)

Tin Min Ying (+65 6212 1853)

tinmy@phillip.com.sg

## Negatives

- **1Q19 NIM fell 5bps YoY 1.79% due to competitive loan repricing conditions and excess deposits gathered.** As a result, net interest income dipped slightly by 1.3% QoQ. LDR fell to 86.6% (4Q18: 88.2%) as deposits grew faster than loans at 12.4% YoY. Deposits growth came mainly from Singapore (+12% YoY) and Greater China (+16% YoY). However, the majority of UOB's fixed deposits have a short tenure of 3 to 6 months. UOB might let some of the deposits run off in the next few quarters to reduce some of the excess deposits gathered. Blending in the effects of loan repricing and reducing excess deposits to lower the cost of funds, NIM should recover in the next few quarters. We maintain NIM for FY19e at 1.82%, in line with flat NIM guidance.

- **Fee income fell 7.4% YoY to S\$479mn.** The contraction came mainly from a decline in fund management and wealth management fees by 23.5% YoY and 17.6% YoY respectively due to exceptionally buoyant market sentiments a year ago. However, wealth management fees rose 19.3% QoQ as market sentiments picked up since March this year. The wealth management business should continue to improve if the macroeconomic environment does not worsen.

## List of Abbreviations

WM – Wealth Management
IBG – Institutional Banking Group
CBG – Consumer Banking Group
NII – Net Interest Income
Non-II – Non-Interest Income
NIM – Net Interest Margin
ECL – Expected credit loss
CIR – Cost to income ratio
LDR – Loan to Deposit Ratio
NPL – Non-performing Loans
CASA – Current Account, Savings Account
IB – Investment Banking
O&G – Oil and Gas
SP – specific provisions
GP – general provisions
AUM – Asset Under Management
CIR – Cost-to-income ratio

**Table 1: UOB guidance vs PSR estimates for FY19e.**

Assumptions	UOB	PSR
NIM (%)	Flat at 1.82%	1.82%
Loan growth (%)	Mid-single-digit	5.7%
Cost-income ratio (%)	around 44%	44%
Credit Cost (bps)	20 - 25 bps	15
ROE (%)	12%	11.4%
NPL ratio (%)	marginally above 1.5%	1.6%

Source: Company, PSR

## Investment Actions

**Downgrade to ACCUMULATE with a lower target price of S\$30.90 (previously S\$32.00),** due to recent share price movement. The lower target price was derived after raising our operating expense forecasts 5% higher; giving us an FY19e CIR of 44% (previously 42%), resulting in lower FY19e revenue growth of 8.1% instead of 11.3% previously.

Expect NIM to pick up with more aggressive loan repricing and prudent management of excess deposits. Despite softer loan growth expectations due to market headwinds, UOB's solid loan growth in 1Q19 sets a positive tone for earnings as the loan book undergoes progressive repricing. There are currently no material concerns about portfolio quality, and housing loans remain protected by prudent underwriting measures. UOB remains attractive with healthy FY19e dividend yield of 4.4%.

## Valuation: Gordon Growth Model

Item	Description	Value
$R_f$	Risk-free rate	2.6%
E	Equity-risk premium	5.5%
B	Beta	1.1
COE	Cost of Equity	9.0%
ROE	FY19e Return on Equity	11.4%
g	Terminal growth rate	3%
$\frac{(ROE-g)}{(COE-g)}$	FY19e Target Price to Book	1.4
	FY19e BVPS, S\$	22
	FY19e Valuation, S\$	30.9

**Table 2: Growth in revenue**

SGD mn	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)
Net interest income	1,587	1,470	8.0%	1,608	-1.3%
Net fee and comm inc	479	517	-7.4%	467	2.6%
Other non-interest inc	341	243	40.3%	141	141.8%
<b>Total</b>	<b>2,407</b>	<b>2,230</b>	<b>7.9%</b>	<b>2,216</b>	<b>8.6%</b>

Strong loans growth of 12.2% YoY offset the 5bps contraction in NIM.

Wealth management and fund management fees declined YoY due to exceptionally buoyant market sentiments last year. However, market sentiments have returned, and investors are increasingly risk-on since March 2019.

Net trading income and net gain from investment securities rebounded after 4Q18 was dragged down by unrealised mark-to-market on investment securities arising from market volatility and lower gains from the sale of investment securities.

Loans growth was fairly broad-based. Building and Construction, Manufacturing and Financial Institution loans sustained double-digit loans growth.

The Group's LDR and Singapore dollar LDR remained healthy at 86.6% (1Q18: 88.2%) and 90.3% (1Q18: 93.5%) respectively.

The Group Wholesale business continues to be the best-performing.

In 1Q19, Singapore and Greater China contributed 59% (1Q18: 57%) and 9.6% (1Q18: 10%) of total earnings respectively.

**Table 3: Fee and commission income**

SGD mn	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)
Credit card	106	99	7.1%	123	-13.8%
Fund management	52	68	-23.5%	60	-13.3%
Wealth management	136	165	-17.6%	114	19.3%
Loan-related	154	141	9.2%	121	27.3%
Service charges	39	36	8.3%	43	-9.3%
Trade-related	70	72	-2.8%	76	-7.9%
Other	12	20	-40.0%	14	-14.3%
<b>Total</b>	<b>569</b>	<b>601</b>	<b>-5.3%</b>	<b>551</b>	<b>3.3%</b>

**Table 4: Other non-interest income**

SGD mn	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)
Net trading income	243	175	38.9%	118	105.9%
Other income	38	25	52.0%	52	-26.9%
Net gain/(loss) from inv. securities	28	12	133.3%	(59)	-147.5%
Dividend income	1	1	0.0%	1	0.0%
Rental income	31	30	3.3%	29	6.9%
<b>Total other non int inc</b>	<b>341</b>	<b>243</b>	<b>40.3%</b>	<b>141</b>	<b>141.8%</b>

**Table 5: Loans by Industries**

SGD mn	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)
Tpt, storage & comms	10,795	9,235	16.9%	10,185	6.0%
Building and construction	67,102	54,883	22.3%	63,139	6.3%
Manufacturing	23,440	19,993	17.2%	21,112	11.0%
Financial institutions	23,138	19,303	19.9%	23,199	-0.3%
General commerce	33,658	31,307	7.5%	32,928	2.2%
Professionals & Pri inv	29,230	28,360	3.1%	29,288	-0.2%
Housing loans	68,740	66,545	3.3%	68,387	0.5%
Others	13,580	11,160	21.7%	13,469	0.8%
<b>Total loans</b>	<b>269,683</b>	<b>240,786</b>	<b>12.0%</b>	<b>261,707</b>	<b>3.0%</b>

**Table 6: Loans by currencies**

SGD mn	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)
Singapore dollar	124,326	115,514	7.6%	123,347	0.8%
US dollar	52,632	46,402	13.4%	50,674	3.9%
Malaysian ringgit	25,532	24,976	2.2%	25,328	0.8%
Thai baht	16,441	14,473	13.6%	15,600	5.4%
Indonesian rupiah	5,445	4,769	14.2%	5,288	3.0%
Others	45,306	34,653	30.7%	41,471	9.2%
<b>Total loans</b>	<b>269,682</b>	<b>240,787</b>	<b>12.0%</b>	<b>261,708</b>	<b>3.0%</b>

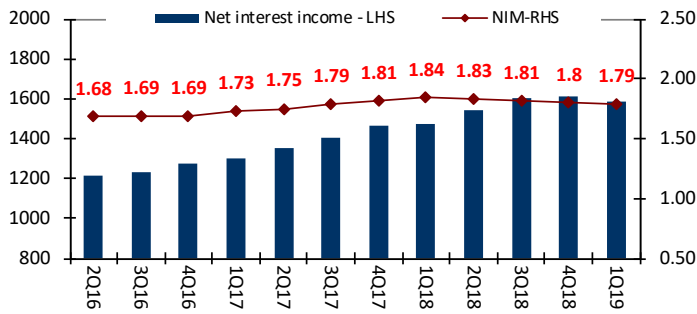
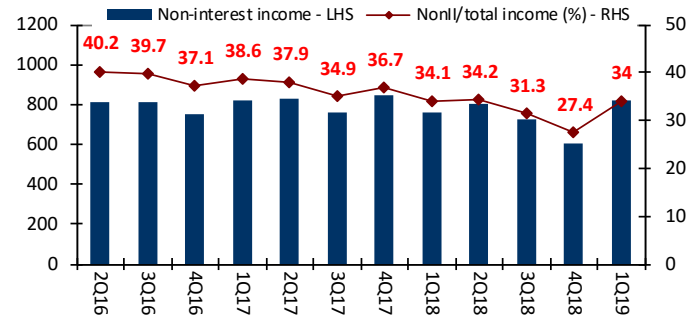
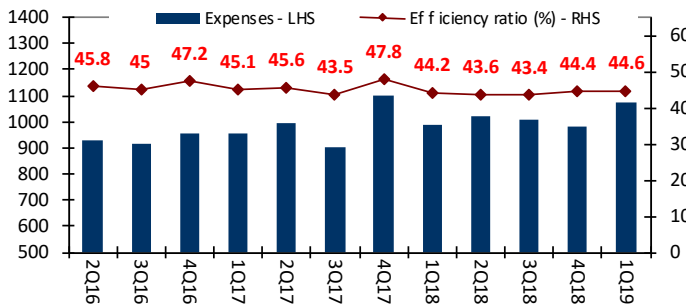
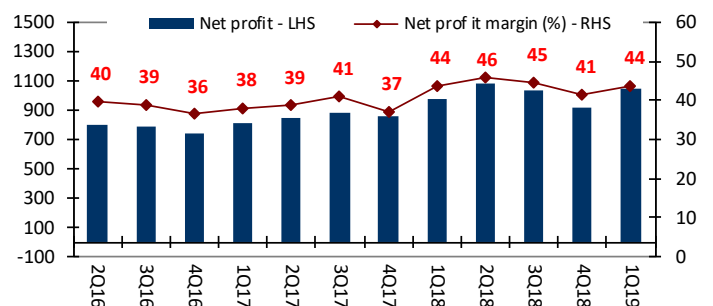
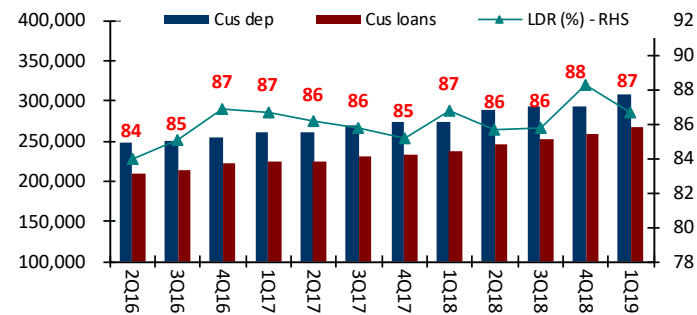
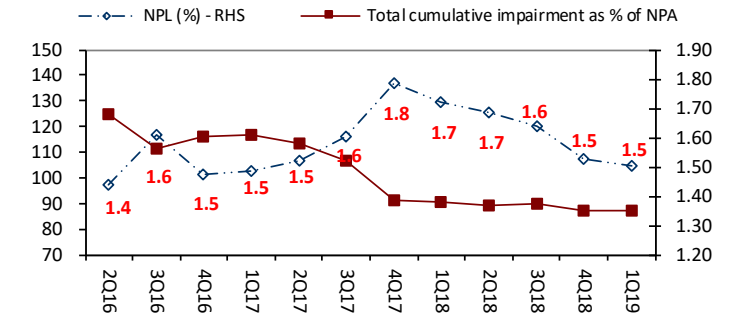
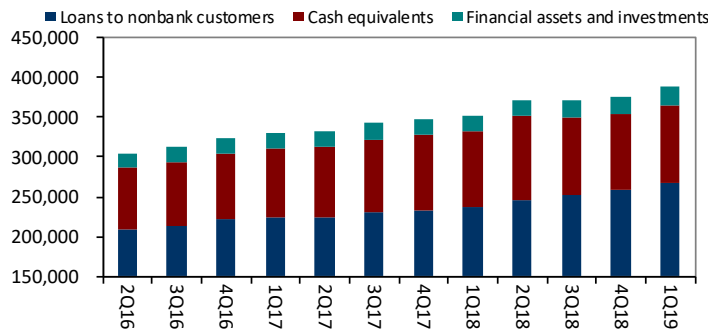
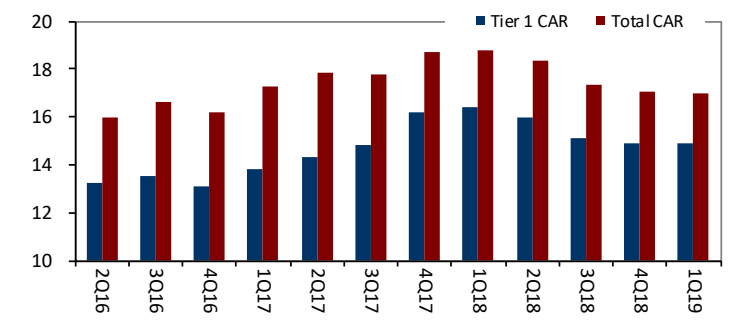
**Table 7: Profit before tax by Business segments**

SGD mn	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)
Group Retail	471	466	1.1%	465	1.3%
Grp Wholesale	677	710	-4.6%	616	9.9%
Global Mkts and IM	80	60	33.3%	56	-42.9%
Others	29	(49)	-159.2%	(39)	-174.4%
<b>Total NPBT</b>	<b>1,257</b>	<b>1,187</b>	<b>5.9%</b>	<b>1,098</b>	<b>14.5%</b>

**Table 8: Profit before tax by Geographical segments**

SGD mn	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)
Singapore	744	679	9.6%	734	1.4%
Malaysia	154	159	-3.1%	153	0.7%
Thailand	98	77	27.3%	65	50.8%
Indonesia	19	40	-52.5%	21	-9.5%
Greater China	121	118	2.5%	57	112.3%
Others	121	120	0.8%	75	61.3%
<b>Total NPBT</b>	<b>1,257</b>	<b>1,193</b>	<b>5.4%</b>	<b>1,105</b>	<b>13.8%</b>

Source (Table 2-8): Company, PSR

**Figure 1: Net interest margin**

**Figure 2: NonII/Total revenue**

**Figure 3: Efficiency ratio**

**Figure 4: Net profit margin**

**Figure 5: Deposits, Loans, LDR**

**Figure 6: NPA, NPL**

**Figure 7: Growth in selected asset items**

**Figure 8: CAR**


Source (Figure 1-8): Company, PSR

## Financials

### Income Statement

Y/E Dec, SGD mn	FY16	FY17	FY18	FY19e	FY20e
Net Int Income	4,991	5,528	6,220	6,699	7,003
Fees and Commission	1,931	1,873	1,966	2,110	2,427
Other Non-int income	1,138	1,162	929	1,050	1,044
<b>Total operating income</b>	<b>8,060</b>	<b>8,563</b>	<b>9,115</b>	<b>9,859</b>	<b>10,474</b>
Operating expenses	3,697	3,739	4,004	4,355	4,577
Provisions	594	727	393	402	447
<b>Operating profit</b>	<b>3,769</b>	<b>4,097</b>	<b>4,718</b>	<b>5,101</b>	<b>5,450</b>
Associates & JVs	5	110	107	126	132
<b>Profit Before Tax</b>	<b>3,774</b>	<b>4,207</b>	<b>4,825</b>	<b>5,227</b>	<b>5,582</b>
Taxation	669	800	805	928	989
<b>Profit After Tax</b>	<b>3,105</b>	<b>3,407</b>	<b>4,020</b>	<b>4,299</b>	<b>4,593</b>
Non-controlling Interest	12	16	13	17	22
<b>Net Income, reported</b>	<b>3,093</b>	<b>3,390</b>	<b>4,007</b>	<b>4,283</b>	<b>4,571</b>
<b>Net Income, adj.</b>	<b>3,093</b>	<b>3,391</b>	<b>4,007</b>	<b>4,283</b>	<b>4,571</b>

### Per share data

Y/E Dec	FY16	FY17	FY18	FY19e	FY20e
EPS, reported	1.82	1.94	2.35	2.47	2.58
EPS, adj.	1.82	1.94	2.35	2.47	2.58
DPS	0.75	1.00	1.20	1.23	1.29
BVPS (less pref shares)	18.82	20.37	21.31	22.41	23.42
Dividend Pay-out Ratio	41%	52%	51%	50%	50%

### Supplementary items

Y/E Dec	FY16	FY17	FY18	FY19e	FY20e
CET1 CAR	13.0%	14.7%	13.9%	14.2%	14.6%
Tier 1 CAR	13.1%	16.2%	14.9%	14.2%	14.6%
Total CAR	16.2%	18.7%	17.0%	16.2%	16.6%

### Balance Sheet

Y/E Dec, SGD mn	FY16	FY17	FY18	FY19e	FY20e
Cash bal w central banks	24,322	26,625	25,252	34,865	39,867
Due from banks	40,033	52,181	50,800	49,587	52,744
Investment securities	11,640	11,273	13,553	12,208	12,235
Loans to non-bank cust	221,734	232,212	258,627	273,807	285,972
Others	42,299	36,301	39,861	43,671	42,630
<b>Total Assets</b>	<b>340,028</b>	<b>358,592</b>	<b>388,093</b>	<b>414,139</b>	<b>433,447</b>
Due to banks	11,855	11,440	13,801	13,173	13,288
Due to non-bank cust	255,314	272,765	293,186	320,704	336,604
Debts issued	26,143	25,178	30,606	26,927	27,162
Others	13,674	12,171	12,688	13,069	13,461
<b>Total liabilities</b>	<b>306,986</b>	<b>321,554</b>	<b>350,281</b>	<b>373,872</b>	<b>390,515</b>
Shareholder's equity	32,876	36,852	37,626	40,060	42,704
Non-controlling interest	169	187	190	207	228
<b>Total Equity</b>	<b>33,045</b>	<b>37,039</b>	<b>37,816</b>	<b>40,266</b>	<b>42,932</b>

### Valuation Ratios

Y/E Dec	FY16	FY17	FY18	FY19e	FY20e
P/E (X), adj.	15.3	14.3	11.8	11.3	10.8
P/B (X)	1.5	1.4	1.3	1.2	1.2
Dividend Yield	2.7%	3.6%	4.3%	4.4%	4.6%

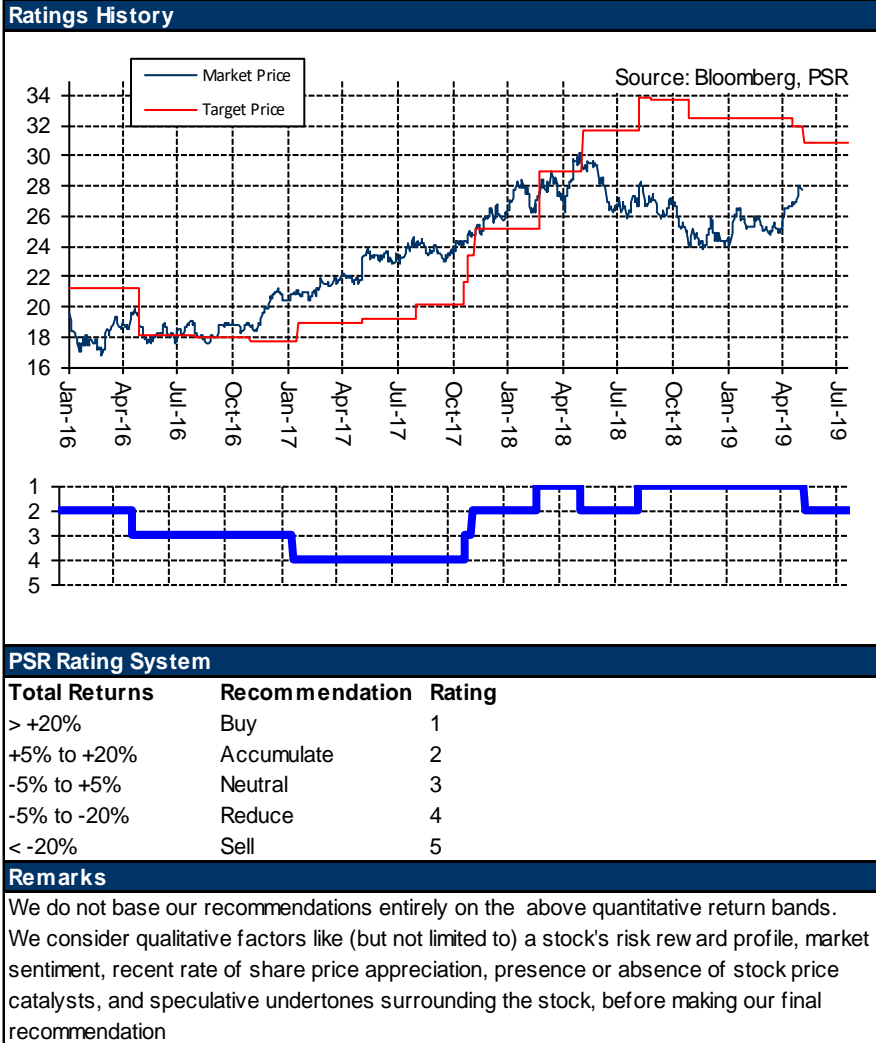
### Growth & Margins

Growth					
Net interest income	1.3%	10.8%	12.5%	7.7%	4.5%
Non interest income	-1.7%	-1.1%	-4.6%	9.2%	9.8%
Pre provision op profit	0.1%	6.2%	6.4%	8.2%	6.2%
Operating income	-0.3%	8.7%	15.2%	8.1%	6.8%
Net income, reported	-3.6%	9.6%	18.2%	6.9%	6.7%
Margins					
Net interest margin	1.71%	1.77%	1.82%	1.82%	1.84%

### Key Ratios

ROE	10.1%	10.1%	11.2%	11.4%	11.4%
ROA	0.9%	1.0%	1.0%	1.0%	1.1%
RORWA	1.4%	1.7%	1.8%	1.7%	1.8%
Non-int/total income ratio	38.1%	35.4%	31.8%	32.1%	33.1%
Cost/income ratio	45.9%	43.7%	43.9%	44.2%	43.7%
Loan/deposit ratio	86.8%	85.1%	88.2%	85.4%	85.0%
NPL ratio	1.5%	1.8%	1.5%	1.6%	1.5%

Source: Company, PSR



**Contact Information (Singapore Research Team)**

**Head of Research**

Paul Chew – [paulchewkl@phillip.com.sg](mailto:paulchewkl@phillip.com.sg)

**Research Admin**

research@phillip.com.sg

**Banking and Finance | Healthcare**

Tin Min Ying – [tinmy@phillip.com.sg](mailto:tinmy@phillip.com.sg)

**Oil & Gas | Energy**

Chen Guangzhi - [chengz@phillip.com.sg](mailto:chengz@phillip.com.sg)

**Telco | Technology**

Alvin Chia - [alvinchiawy@phillip.com.sg](mailto:alvinchiawy@phillip.com.sg)

**REITs**

Natalie Ong - [natalieongpf@phillip.com.sg](mailto:natalieongpf@phillip.com.sg)

**China/HK Equity**

Zheng Jieyuan – [zhengjy@phillip.com.sg](mailto:zhengjy@phillip.com.sg)

**REITs (Commercial, Retail, Healthcare) | Property**

Tara Wong - [tarawongsi@phillip.com.sg](mailto:tarawongsi@phillip.com.sg)

**US Equity**

Edmund Xue – [edmundxueji@phillip.com.sg](mailto:edmundxueji@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)

**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)

**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)

**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)

**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)

**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)

**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)

**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)

**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)

**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)

**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)

**SRI LANKA**

**Asha Phillip Securities Limited**  
No. 60, 5th Lane,  
Colombo 3, Sri Lanka  
Tel: (94) 11 2429 100  
Fax: (94) 11 2429 199  
Website: [www.ashaphillip.net](http://www.ashaphillip.net)

**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)

**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)

**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

**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)



### 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.