

# Sheng Siong Group

The worst is over



StocksBnB.com

## SINGAPORE | CONSUMER | 3Q17 RESULTS

26 February 2018

- FY17 Revenue/PATMI were in line with our full year estimations
- 11 new stores growth and improving macro backdrop to mitigate absence of contribution from the Verge and Woodlands Blk 6A
- Declared final dividend of 1.75 cents per share (Full year dividend of 3.30 cents, or 71.1% payout ratio in FY17)
- Maintain BUY and TP at S\$1.13

### Buy (Maintained)

LAST CLOSE PRICE	SGD 0.93
FORECAST DIV	SGD 0.03
TARGET PRICE	SGD 1.13
TOTAL RETURN	25.2%

#### COMPANY DATA

BLOOMBERG CODE	SSG SP
O/S SHARES (MN) :	1504
MARKET CAP (USD mn / SGD mn) :	1038 / 1398
52 - WK HI/LO (SGD) :	102 / 0.9
3M Average Daily T/O (mn) :	198

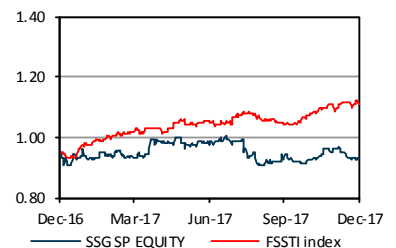
#### MAJOR SHAREHOLDERS (%)

SS HOLDINGS	29.85%
LIM HOCK CHEE	11.33%
LIM HOCK LENG	11.33%
LIM HOCK ENG	11.33%

#### PRICE PERFORMANCE (%)

	1M TH	3M TH	1Y R
COMPANY	(3.6)	0.0	0.3
STI RETURN	1.4	6.89	20.7

#### PRICE VS. STI



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Dec	FY 15	FY 16	FY17e	FY 18 e
Revenue (SGD mn)	764	797	841	883
EBITDA (SGD mn)	73	82	90	98
NPAT (adj.)	57	63	69	74
EPS (adj.)	3.78	4.17	4.61	4.93
PER, x (adj.)	21.9	22.4	20.2	18.9
P/BV, x	5.1	5.6	5.1	4.7
DPS (SGD cents)	3.50	3.75	3.25	3.45
Div Yield, %	3.8%	4.0%	3.5%	3.7%
ROE, %	23.6%	25.2%	26.4%	26.1%

Source: Company Data, PSR est.

#### Valuation Method

P/E Multiple @ 23x

Soh Lin Sin (+65 6212 1847)

Investment Analyst

[sohls@phillip.com.sg](mailto:sohls@phillip.com.sg)

#### Results at a glance

(SGD mn)	FY17	FY16	YoY (%)	Comments
Revenue	829.9	796.7	4.2%	+4.5% from new stores, +2.1% from mature stores, offset by -2.3% from Loyang Point, the Verge and Woodlands Blk 6A
Gross profit	217.4	204.7	6.2%	Lower input prices due to higher rebates from suppliers <i>Gross margin +0.5pp to 26.2% in FY17</i>
EBITDA	88.8	81.8	8.5%	Lower depreciation (equipment in central distribution centre fully depreciated)
EBIT	81.9	75.6	8.2%	<i>Operating margin +0.4pp to 9.9% in FY17</i>
PATMI	69.8	62.7	11.4%	\$2.2m tax refunds; ex. tax refunds, PATMI +7.9%
DPS (cents)	3.30	3.75	16.7%	Payout ratio: 71.1% in FY17 vs 90.0% in FY16

Source: Company, PSR

#### The Positive

- Consumer sentiment picked up in 2H17 and to extend into 2018 on the back of brighter economic prospect and a delay in GST hike.** Same-store-sales growth (SSSG), excluding contributions from Loyang, Verge and Woodlands Blk 6A stores, improved from FY16's 0.2% to 0.5% in 1H17 and 3% in 2H17. Overall SSSG was at 2.1% in FY17. Fewer and late store openings (opened 1 in Aug-17, and 2 in end-17) contributed to slower new stores growth in FY17 at 4.5% vs 6.2% a year ago.

In FY18e, we would see the full impact from the closure of the Verge and Woodlands Blk 6A stores, which contributed 5.3% to FY17 Revenue. Nonetheless, improving consumer sentiment coupled with expanded store count should mitigate the negative shortfall. We think 1Q18 should be a strong start, owing to seasonality – there is a 2-weeks window shift in 2018 Chinese New Year (Feb-18 vs Jan-17).

- Gross margin continued to improve; sustainable at c.26% in FY18e.** Margin drivers remain intact: efficiency gains derived from the central distribution centre, favourable input prices (still a buyer's market for groceries), as well as higher Fresh products penetration rate (44% of FY17 Revenue, +1% point from FY16's).

- Strong financial position with zero debt and cash position of S\$73.4mn as at end-FY17.** Free cash flow turned positive from -S\$11.2mn to S\$60.9mn in FY17. We believe that the Group's free cash flow should improve further in FY18, as (a) set up costs of Kunming store in China has incurred in FY17; and (b) absence of huge ticket purchase in FY18 (such as FY16's S\$89.9mn purchases of retail space).

After accounting for S\$31mn FY18e CapEx (including S\$16mn for the construction of central warehouse, and the remaining being new stores' fitting costs and maintenance CapEx), we expect FY18e free cash flow to be S\$65.6mn. Growing free cash flows could be a prelude to a higher dividend payout in future. Meanwhile, the expansion to the warehouse is on-track to be completed by FY18, adding c.97k sqft of storage area.

### The Negative

- **Gestation of Kunming store could take time.** Its first flagship store in China has soft-launched in Nov-17 but may take a longer period to breakeven. Including pre-operating costs, the Group's share of the losses was S\$0.4m in FY17 and could increase up to S\$1mn in FY18e.

### Outlook

**Outlook remains positive.** Tailwinds from favourable macro backdrop:

- (a) Inflation to remain benign and stronger confidence to spur consumer spending.
- (b) Government grants to support bottom line. FY18e Other Income to be comparable to FY17's S\$10.3mn. The recent 2018 Singapore Budget has extended the Wage Credit Scheme (WCS) to 2020, though the level of co-funding will be tapered. It will provide co-funding of 20% for 2018 (same as 2017), 15% for 2019 and 10% for 2020. On the other hand, it has obtained approval for S\$1mn productivity grant YTD, (37% of FY17's S\$2.7mn).
- (c) **11 new stores continue to underpin FY18e growth.** 7 new stores opened in 2016-17, together with the 4 new HDB stores gained from the recent bidding exercise would mitigate the closure of two big stores. The 4 new stores will increase net retail area by 7.9% by Apr-18 as compared to end-FY17 (see Figure 2).

**Maintained BUY with TP at S\$1.13.** We kept dividend payout for FY18e to c.70%, an implied dividend yield of 3.7%.

**Re-rating catalysts:** (i) Successful bidding of new stores; and (ii) Improvement of product mix.

**Healthy pipeline of new stores up for bidding in 2018.** There are 13 new supermarkets units pending completion by 2018, according to data on HDB HBiz website. However, management shared its concern on the proximity of these locations with existing stores, which include those under Sheng Siong's brand.

**Figure 2: 11 new stores to underpin FY18e growth**

	Location	Targeted / Effective Date	Total Gross Floor Area (sqft)	Remarks
<b>A. 2 Store closures</b>				
1.	The Verge	Jun-17	45,000	Contributed 5.3% to FY17 Revenue.
2.	Woodlands Blk 6A	Oct-17	41,500	
<b>B. 11 new stores opened between 2016 and Apr-18</b>				
1.	Block 18B Circuit Road	Apr-16	3,500	Taking into consideration of the 2 store closures (in Point A) and the 3 new stores, total retail area was <i>down</i> by 10.2% to 404,000 sqft as at end-FY17.
2.	Block 11 Upper Boon Keng Road	Apr-16	3,000	
3.	Block 473 Fernvale Street	Jun-16	3,300	
4.	Yishun Junction 9	Sep-16	15,500	
5.	Block 446 Fajar Road	Aug-17	4,000	
6.	Block 660A Edgedale Plain	Nov-17	3,100	
7.	Woodlands Street 12	Dec-17	11,800	
8.	Block 417 Fernvale Street	18 Jan-18	5,600	The 4 new stores to <i>add</i> 7.9% retail space.
9.	Block 338 Anchorvale Crescent	18 Jan-18	5,200	
10.	Block 105 Canberra Street	3 Feb-18	11,300	
11.	ITE Ang Mo Kio	Early Apr-18	10,000	
<b>C. Other</b>				
1.	Kunming, China	Nov-17	50,000	97,000 sqft of additional storage space (up from previous estimate of 50,000 sqft). Remaining construction cost is estimated to be c.S\$16mn.
2.	Land adjacent to central warehouse	4Q18	597,000	

Source: Company, PSR

SSG is currently trading at 20.0x trailing PER, which is below its regional peers' average of 39.3x. It also provides an attractive FY18e dividend yield of 3.7%, as compared to its regional peers' average of 1.6%.

**Figure 3: Peers comparison**

Company	Mkt Cap (SGD mn)	EV/EBITDA TTM	EV/EBITDA FY1	P/E	P/E FY1	Net D/E (%)	ROA (%)	ROE (%)	P/B	Div. yield FY1 (%)
Sheng Siong Group	1,398.3	14.0	15.0	20.0	23.0	Net Cash	18.7	27.9	5.5	3.7
<b>Singapore</b>										
Dairy Farm Intl Hldgs Ltd	15,172.6	16.9	17.6	23.8	23.2	40.6	9.6	32.5	7.3	2.7
<b>Hong Kong</b>										
Lianhua Supermarket Holdings Co Ltd	487.2	N/A	N/A	N/A	N/A	Net Cash	-2.8	-17.0	0.9	0.0
China Resources Enterprise	16,964.3	15.7	21.6	68.3	48.7	21.4	2.8	8.2	4.4	0.6
<b>Market Cap Weighted Average</b>		15.3	21.0	66.4	47.3	20.8	2.6	7.5	4.3	0.6
<b>Indonesia</b>										
Matahari Putra Prima Tbk PT	226.3	11.8	13.4	N/A	N/A	20.6	-1.6	-4.5	1.0	0.0
Hero Supermarket Tbk Pt	383.6	11.8	N/A	21.0	N/A	Net Cash	1.9	2.7	0.7	N/A
Ramayana Lestari Sentosa Tbk PT	780.7	7.5	11.1	18.5	19.2	Net Cash	9.3	12.3	2.2	2.9
<b>Market Cap Weighted Average</b>		9.4	8.4	16.2	10.8	3.4	5.5	6.9	1.6	1.6
<b>Malaysia</b>										
7-Eleven Malaysia Holdings Bhd	568.7	N/A	14.7	38.5	39.0	188.2	N/A	N/A	32.0	1.6
Parkson Holdings	179.8	6.1	3.1	N/A	16.7	Net Cash	-1.1	-4.2	0.2	4.4
<b>Market Cap Weighted Average</b>		6.0	3.4	1.1	17.3	5.3	-1.0	-4.1	1.1	4.3
<b>Thailand</b>										
Big C Supercenter Pcl	N/A	17.3	N/A	N/A	21.5	25.7	6.3	11.7	N/A	N/A
CP All Pcl	31,708.0	20.4	20.1	38.6	32.7	170.5	5.6	30.5	10.0	1.6
Robinson Department Store Pcl	3,278.6	48.5	13.5	28.5	24.4	Net Cash	10.1	17.3	4.7	2.0
Siam Makro Pcl	8,925.2	18.4	19.6	34.3	31.3	26.6	11.0	37.1	12.1	2.3
<b>Market Cap Weighted Average</b>		22.1	19.5	37.0	31.8	128.5	7.0	30.9	10.0	1.7
<b>Philippines</b>										
Robinsons Retail Holdings Inc	3,321.0	16.7	15.2	25.9	24.7	Net Cash	7.0	10.4	2.6	0.8
Puregold Price Club	3,456.5	14.8	13.3	23.5	22.2	2.5	9.4	13.0	2.9	0.7
<b>Market Cap Weighted Average</b>		15.7	14.2	24.7	23.4	1.3	8.2	11.7	2.7	0.7
<b>Market Cap Weighted Average (Excl. SSG)</b>		18.9	18.8	39.3	32.4	78.9	6.6	24.2	7.8	1.6

Source: Bloomberg, PSR

**Figure 4. Trading below at its 3-Year Historical PER average**



## Financials

### Income Statement

Y/E Dec, SGD mn	FY15	FY16	FY17	FY18e	FY19e
<b>Revenue</b>	<b>764</b>	<b>797</b>	<b>830</b>	<b>859</b>	<b>893</b>
Gross profit	189	205	217	225	234
<b>EBITDA</b>	<b>73</b>	<b>82</b>	<b>89</b>	<b>94</b>	<b>97</b>
Depreciation & Amortisation	13	15	15	16	17
<b>EBIT</b>	<b>66</b>	<b>76</b>	<b>82</b>	<b>86</b>	<b>88</b>
Net Finance Inc/(Exp)	1	1	0	0	0
<b>Profit Before Tax</b>	<b>68</b>	<b>76</b>	<b>82</b>	<b>86</b>	<b>89</b>
Taxation	(11)	(13)	(13)	(15)	(15)
<b>Profit After Tax</b>	<b>57</b>	<b>63</b>	<b>70</b>	<b>72</b>	<b>74</b>
Non Controlling Interest	0	0	(0)	(1)	(1)
<b>Net profit, reported</b>	<b>57</b>	<b>63</b>	<b>70</b>	<b>72</b>	<b>74</b>
<b>Net profit, adj.</b>	<b>57</b>	<b>63</b>	<b>70</b>	<b>72</b>	<b>74</b>

### Per share data (SGD Cents)

Y/E Dec	FY15	FY16	FY17	FY18e	FY19e
EPS, reported	3.78	4.17	4.64	4.81	4.94
EPS, adj.	3.78	4.17	4.64	4.81	4.94
DPS	3.50	3.75	3.30	3.40	3.50
BVPS	16.24	16.76	18.00	19.40	20.82

### Cash Flow

Y/E Dec, SGD mn	FY15	FY16	FY17	FY18e	FY19e
<b>CFO</b>					
<b>Profit before tax</b>	<b>68</b>	<b>76</b>	<b>82</b>	<b>86</b>	<b>89</b>
Adjustments	12	14	15	16	17
WC changes	3	1	-9	8	-5
Cash generated from ops	82	91	87	110	100
Others	(9)	(13)	(9)	(15)	(15)
<b>Cashflow from ops</b>	<b>73</b>	<b>78</b>	<b>79</b>	<b>96</b>	<b>85</b>
<b>CFI</b>					
CAPEX, net	(30)	(89)	(18)	(30)	(27)
Others	1	1	0	0	0
<b>Cashflow from investments</b>	<b>(29)</b>	<b>(89)</b>	<b>(17)</b>	<b>(30)</b>	<b>(26)</b>
<b>CFF</b>					
Share issuance, net	0	0	0	0	0
Loans, net of repayments	0	0	0	0	0
Dividends	(49)	(55)	(51)	(51)	(52)
Others	0	0	0	0	0
<b>Cashflow from financing</b>	<b>(49)</b>	<b>(55)</b>	<b>(51)</b>	<b>(51)</b>	<b>(52)</b>
<b>Net change in cash</b>	<b>(5)</b>	<b>(66)</b>	<b>10</b>	<b>15</b>	<b>6</b>
Effects of exchange rates	0	0	(0)	0	0
<b>CCE, end</b>	<b>126</b>	<b>64</b>	<b>73</b>	<b>89</b>	<b>95</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 Dec, SGD mn	FY15	FY16	FY17	FY18e	FY19e
<b>ASSETS</b>					
PPE	178	252	255	269	279
Others	0	0	0	0	0
<b>Total non-current assets</b>	<b>178</b>	<b>252</b>	<b>255</b>	<b>269</b>	<b>279</b>
Accounts receivables	12	10	15	13	13
Cash	126	64	73	89	95
Inventories	52	62	61	63	65
Others	0	0	0	0	0
<b>Total current assets</b>	<b>190</b>	<b>136</b>	<b>149</b>	<b>164</b>	<b>173</b>
<b>Total Assets</b>	<b>368</b>	<b>388</b>	<b>404</b>	<b>433</b>	<b>452</b>
<b>LIABILITIES</b>					
Accounts payables	109	118	111	120	117
Short term loans	0	0	0	0	0
Others	13	13	17	17	17
<b>Total current liabilities</b>	<b>121</b>	<b>131</b>	<b>128</b>	<b>136</b>	<b>134</b>
Long term loans	0	0	0	0	0
Others	2	2	3	3	4
<b>Total non-current liabilities</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>4</b>
<b>Total Liabilities</b>	<b>124</b>	<b>133</b>	<b>130</b>	<b>140</b>	<b>138</b>
<b>EQUITY</b>					
Non-controlling interests	0	3	2	2	1
<b>Shareholder Equity</b>	<b>244</b>	<b>252</b>	<b>271</b>	<b>292</b>	<b>313</b>

### Valuation Ratios

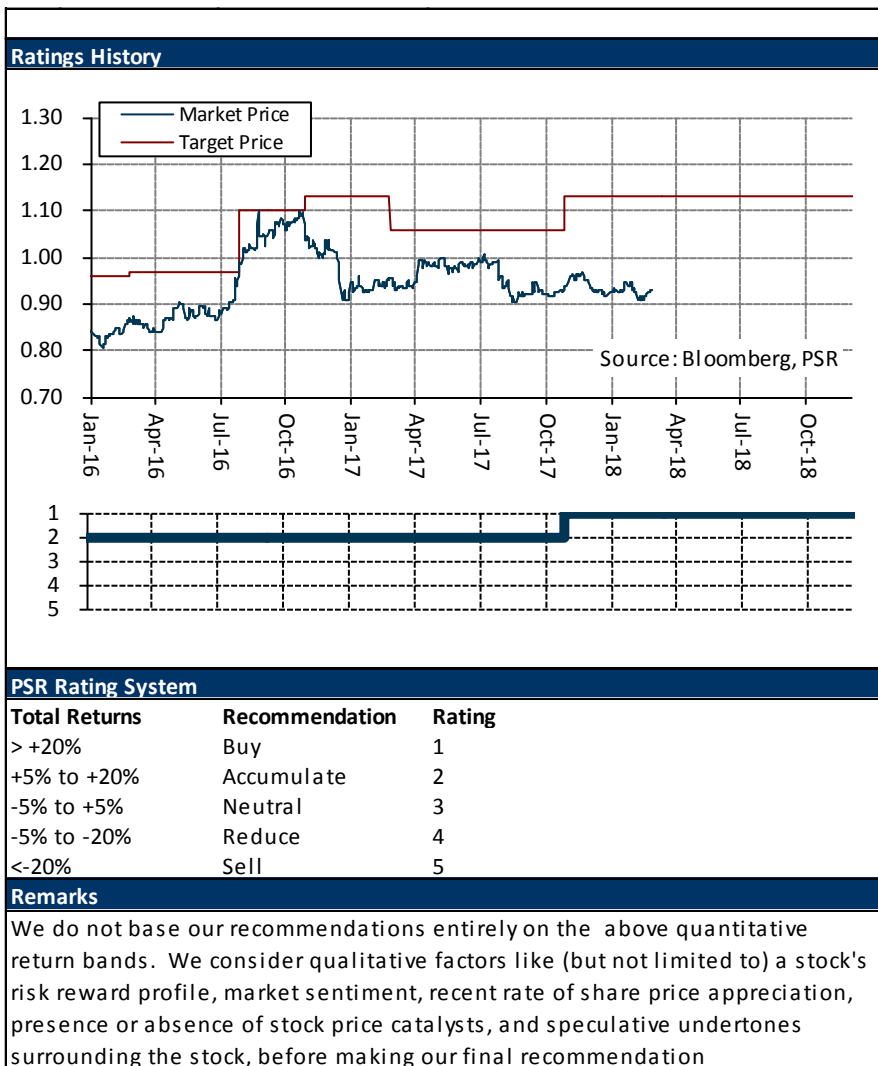
Y/E Dec	FY15	FY16	FY17	FY18e	FY19e
P/E (X), adj.	21.9	22.4	20.0	19.3	18.8
P/B (X)	5.1	5.6	5.2	4.8	4.5
EV/EBITDA (X), adj.	15.4	16.4	15.0	13.9	13.4
Dividend Yield (%)	3.8%	4.0%	3.5%	3.7%	3.8%

### Growth & Margins (%)

<b>Growth</b>					
Revenue	5.3%	4.2%	4.2%	3.5%	4.0%
EBITDA	11.8%	12.6%	8.5%	6.0%	3.5%
EBIT	17.0%	13.7%	8.2%	5.0%	3.0%
Net profit, adj.	19.3%	10.3%	11.4%	3.7%	2.6%
<b>Margins</b>					
Gross margin	24.7%	25.7%	26.2%	26.2%	26.2%
EBITDA margin	9.5%	10.3%	10.7%	11.0%	10.9%
EBIT margin	8.7%	9.5%	9.9%	10.0%	9.9%
Net profit margin	7.4%	7.9%	8.4%	8.4%	8.3%

### Key Ratios

ROE (%)	23.6%	25.2%	26.7%	25.7%	24.5%
ROA (%)	15.9%	16.6%	17.6%	17.3%	16.8%
Net Debt/(Cash)	(126)	(64)	(73)	(89)	(95)
Net Gearing (X)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash



**Contact Information (Singapore Research Team)**
**Head of Research**

 Paul Chew – [paulchewkl@phillip.com.sg](mailto:paulchewkl@phillip.com.sg)
**Research Operations Officer**

 Mohamed Amiruddin - [amiruddin@phillip.com.sg](mailto:amiruddin@phillip.com.sg)
**Consumer | Healthcare**

 Soh Lin Sin - [sohls@phillip.com.sg](mailto:sohls@phillip.com.sg)
**Oil & Gas | Energy**

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

 Pei Sai Teng - [peist@phillip.com.sg](mailto:peist@phillip.com.sg)
**Transport | REITs (Industrial)**

 Richard Leow - [richardleowwt@phillip.com.sg](mailto:richardleowwt@phillip.com.sg)
**REITs (Commercial, Retail, Healthcare) | Property**

 Dehong Tan - [tandh@phillip.com.sg](mailto:tandh@phillip.com.sg)
**Technical Analysis**

 Jeremy Ng - [jeremyngch@phillip.com.sg](mailto:jeremyngch@phillip.com.sg)
**Banking and Finance**

 Jeremy Teong - [jeremyteongfh@phillip.com.sg](mailto:jeremyteongfh@phillip.com.sg)
**US Equity**

 Ho Kang Wei - [hokw@phillip.com.sg](mailto:hokw@phillip.com.sg)
**REITs (Commercial, Retail, Healthcare) | Property**

 Tara Wong - [tarawongsi@phillip.com.sg](mailto:tarawongsi@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 9629 8288  
 Fax +61-03 9629 8882  
 Website: [www.phillipcapital.com.au](http://www.phillipcapital.com.au)
**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)
**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.