

Malaysia Company Guide

Berjaya Sports Toto

Version 10 | Bloomberg: BST MK | Reuters: BSTB.KL

Refer to important disclosures at the end of this report

DBS Group Research . Equity

24 Jan 2020

BUY

Last Traded Price (23 Jan 2020): RM2.56 (KLCI : 1,574.44)

Price Target 12-mth: RM3.10 (21% upside) (Prev RM3.10)

Analyst

King Yoong CHEAH +60 32604 3908 cheahky@alliancedbs.com

What's New

- Strong 2QFY20 results expected due to double digit growth in gaming revenue per outlet per draw
- Upcoming implementation of minimum penalties - a key re-rating catalyst for the NFO sector
- Attractive dividend yield of >6%
- Maintain BUY with RM3.10 TP; top pick for the sector

Price Relative



Forecasts and Valuation

FY Jun (RMm)	*2019A	2020F	2021F	2022F
Revenue	6,699	5,876	6,164	6,231
EBITDA	545	484	505	517
Pre-tax Profit	403	421	441	455
Net Profit	235	264	276	285
Net Pft (Pre Ex.)	286	264	276	285
Net Pft Gth (Pre-ex) (%)	25.4	(7.6)	4.6	3.2
EPS (sen)	17.5	19.7	20.6	21.3
EPS Pre Ex. (sen)	21.3	19.7	20.6	21.3
EPS Gth Pre Ex (%)	25	(8)	5	3
Diluted EPS (sen)	21.3	19.7	20.6	21.3
Net DPS (sen)	16.0	17.6	18.4	19.0
BV Per Share (sen)	60.2	62.3	64.6	66.9
PE (X)	14.6	13.0	12.4	12.0
PE Pre Ex. (X)	12.0	13.0	12.4	12.0
P/Cash Flow (X)	8.9	10.6	10.2	10.0
EV/EBITDA (X)	7.6	8.5	8.1	7.8
Net Div Yield (%)	6.3	6.9	7.2	7.4
P/Book Value (X)	4.3	4.1	4.0	3.8
Net Debt/Equity (X)	0.8	0.7	0.6	0.5
ROAE (%)	30.6	32.2	32.5	32.4
Earnings Rev (%):		0	0	0
Consensus EPS (sen):		19.2	19.9	20.3
Other Broker Recs:		B: 4	S: 1	H: 6

Source of all data on this page: Company, AllianceDBS, Bloomberg Finance L.P

*FY19 constitutes 14 months to end June 2019

Don't miss this Jackpot!

Time to raise your bet! We maintain our bullish stance on Berjaya Sports Toto's (BST) earnings prospects. We are anticipating the group to report strong 2QFY20 results, mainly driven by; (1) stricter enforcement by authorities to clamp down on illegal number forecast operators (NFOs), (2) higher sales from its 4D Jackpot game on the back of high 4D Jackpot prizes and, (3) contribution from its new game variant 4D Zodiac since June 2019. Furthermore, we are optimistic that the upcoming implementation of minimum penalties will serve as a key re-rating catalyst for the sector and improve the group's outlook. We believe the stock's attractive dividend yield of >6% will continue to support its share price.

Where we differ: A more positive stance than consensus. Our target price (TP) is higher than consensus as we have adopted a more aggressive valuation basis. We believe that the market has underappreciated the intensified efforts by the authorities to curb illegal NFO activities and upcoming implementation of minimum penalties. Furthermore, its attractive dividend yields of >6% will continue to support its share price.

Potential catalysts: Higher-than-expected ticket sales. Higher-than-expected ticket sales could result from; (1) intensified efforts by the authorities to curb the activities of illegal NFOs, (2) successful launch of new game variants and, (3) stronger-than-expected recovery in consumer sentiment.

Valuation:

We maintain our BUY recommendation for the group with an unchanged dividend discount model (DDM)-based TP of RM3.10. BST is our top pick for exposure to the gaming sector.

Key Risks to Our View:

Lower-than-expected ticket sales on intensifying industry competition and weaker consumer sentiment would pose key risks.

At A Glance

Issued Capital (m shrs)	1,347
Mkt. Cap (RMm/US\$m)	3,448 / 846
Major Shareholders (%)	
Tan Sri Vincent Tan	49.2
Free Float (%)	49
3m Avg. Daily Val (US\$m)	0.38



Live more, Bank less

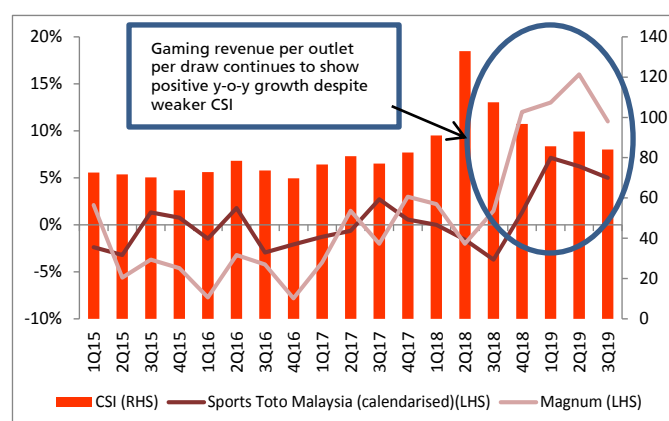
WHAT'S NEW

Good times keep rolling

Solid 2QFY20 expected: BST is announcing its 2QFY20 results on 18th February. We are optimistic that the group could register commendable gaming revenue per outlet per draw growth of 10-15% y-o-y for 2QFY20 driven mainly by; (1) stricter enforcement by authorities to clamp down on illegal NFOs, (2) higher sales from its 4D Jackpot game on the back of high 4D Jackpot prizes and, (3) contribution from its new game variant 4D Zodiac since June 2019.

As illustrated below, major NFOs in the market (BST and Magnum) have shown positive growth in their gaming revenue per outlet per draw since late 2018. Nonetheless, BST's gaming subsidiary Sports Toto Malaysia (STM) has thus far only been able to record single digit growth rate of gaming revenue per outlet per draw and continues to lag Magnum. As such, the strong growth in its gaming revenue per draw per outlet could attract buying interest in the group.

Gaming revenue per outlet per draw (y-o-y growth) vs. Consumer Sentiment Index (CSI)



Source: Company data, AllianceDBS

Besides that, we have only inputted FY20 gaming revenue per outlet per draw growth of 6% onto our earnings model. Therefore, we believe that is upside potential to our FY20 earnings forecasts if the group delivers growth of 10-15% with payout ratio not substantially higher than its theoretical rate of 61.5% in its 2QFY20 results.

Minimal near term earnings risks for PGMC. We understand that there were concerns about potential downside risks for Philippine Gaming Management Corporation (PGMC), a subsidiary of BToto that supplies computerised online lottery systems to Philippine Charity Sweepstakes Office (PCSO) in the Philippines. This is because PCSO is in the process of requesting for tenders to select suitable suppliers for its

lottery system. PGMC has expressed its interest in participating in the open tender.

Even if PGMC does not win the tender, we believe that earnings contributions from PGMC will still be secured in the near term given that; (1) it has obtained a contract extension from PCSO until August 2020 and, (2) we understand that the new supplier will take about one year or more to build and test the stability of the new lottery system before replacing the current system supplied by PGMC. Coupled with the duration involved in selecting a new supplier through the tender process, we anticipate a further contract extension by PCSO once the contract expires in August 2020. As such, we continue to see earnings visibility in the next 12 months.

Declining financial impact of PGMC contribution. On the other hand, we wish to highlight that profit contribution from PGMC has been declining over the past few years. We have estimated PCSO's earnings contribution to the group at <8% for FY20-22. With BST's Malaysian contribution gaining momentum going forward, we do not foresee any significant downside risks to the group's earnings even if PGMC does not win the tender.

Furthermore, we do not see any significant impact on BST's cash flow and its ability to pay out high dividends in a worst-case scenario where there is no contribution from PGMC which has not paid dividend to BST in recent years.

Upcoming implementation of minimum penalties - don't miss this significant catalyst. We believe that investors may have underappreciated the significant impact of upcoming implementation of minimum penalties in the NFO sector which could serve as a major deterrent in the illegal NFO market. In Budget 2020 the government proposed a higher minimum mandatory penalty of RM100,000 for punters patronising illegal gambling outfits, along with a minimum mandatory jail sentence of six months. For illegal operators, a higher minimum mandatory penalty of RM1m and a 12-month minimum mandatory jail sentence will be imposed.

The authorities are planning to table the proposal to amend the present legislation to in 1QCY20. We anticipate minimal opposition to such amendments given that the objective is to address illegal NFO activities to protect public interests. We are hopeful that these legislative amendments will be passed and implemented by 1HCY20.

Once the legislative amendments take effect, we expect legal NFOs to actively engage in campaigns and advertisements to educate the general public about the minimum penalties imposed for participating in the illegal NFO market.

Berjaya Sports Toto

Although there are no official estimates of illegal NFO's market size, its market size remains large and is estimated to be about 2x the legalised NFO market despite the more stringent enforcement by the authorities in curbing illegal NFO activities since 2H2018. As such, we are positive that high penalties and long jail terms imposed on both punters and illegal operators, if enforced and marketed effectively, could greatly discourage the illegal NFO market and improve the earnings prospects of the NFOs.

We have summarised the penalties in existing Acts and those announced under Budget 2020 in Appendix 1.

Brighter prospects + attractive yields = winning formula.

Currently, BST offers an attractive sustainable yield >6%. Investors could enjoy the attractive yield offered by the group while riding on these investment themes. Potential/ongoing monetary easing moves by major global central banks and Bank Negara Malaysia (BNM) could also promote a yield-seeking investing strategy, which favours companies like BST.

Maintain BUY with RM3.10 TP. We maintain our BUY recommendation for the group with an unchanged DDM-based TP of RM3.10. BST is our top pick for exposure to the gaming sector.

Appendix 1: Minimum penalties under Malaysian laws related to illegal NFO activities

Minimum penalties under existing Acts	Impact on buyer	Impact on seller	Minimum penalty
Pool Betting Act 1967	No	No	No
Lotteries Act 1952	No	No	No
Common Gaming Houses Act 1953	No	Yes	1. For buyer: No 2. For seller: RM20k ≤ Fine ≤ RM200k, and shall also be punishable with imprisonment ≤ 5 years
New minimum penalties proposed in Budget 2020	Impact on buyer	Impact on seller	Minimum penalty
Minimum penalties	Yes	Yes	1. For buyers: Minimum RM100k or/and imprisonment of six months 2. For sellers: Minimum RM1m or/and imprisonment of >1 year

Source: MOF, AllianceDBS

CRITICAL DATA POINTS TO WATCH

Ticket sales and prize payout ratio. As one of only three legal number forecast operators (NFOs) in Malaysia – the other two are Magnum and Da Ma Cai – BST's earnings are largely determined by its ticket sales and prize payout ratio.

Gaming revenue to trend higher going forward. We have estimated gaming revenue growth per draw per outlet of 6%/5%/2% for FY20/21/22, in view of its improving earnings prospects supported by the more stringent enforcement in curbing the activities of illegal NFOs. Nonetheless, we are anticipating relatively modest gaming revenue growth of 1.2% in FY20 partly dragged by the lower number of draws. To recap, the special draws for the NFOs will be reduced from 11 draws in CY19 to eight draws in CY20.

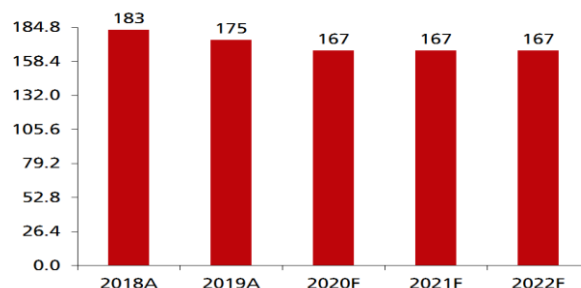
Luck factor – prize payout ratio. The group's earnings also move along with the prize payout ratio. A substantial deviation from its theoretical prize payout ratio of 61.5% will have a significant impact on reported earnings and our earnings forecasts.

Contribution from car dealership remains relatively small. To diversify its income base, the group increased its stake in HR Owen, a franchise motor vehicle dealership in the UK, to 72% in 2013. Nonetheless, profit contribution from HR Owen remained relatively small at 10% for FY19.

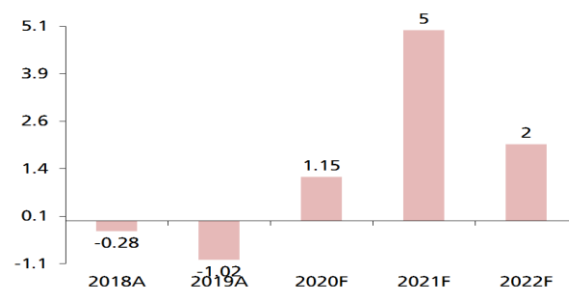
Earnings booster – new game variants. The group's ability to introduce successful new game variants (such as Toto 4D Jackpot and lotto games) will be a key earnings booster. However, this is subject to; (1) regulatory approvals and, (2) popularity of the game variants. These game variants will help the group expand its market share in the legitimate market and induce punters to shift from illegal to legitimate NFOs.

Although there is no official estimate of the size of the illegal market, we believe it to be about 2x that of the legal NFO market. Nonetheless, the illegal market is highly fragmented (though larger in size) which prevents it from introducing similar jackpot and lotto games which come with low betting fees and high prize payouts.

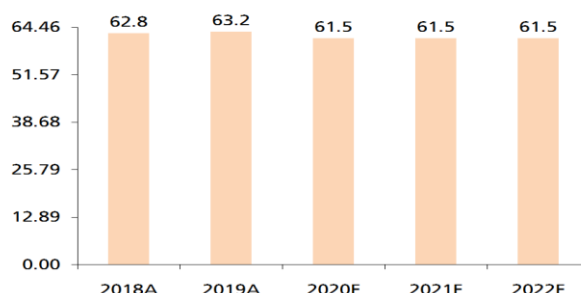
Number of draws



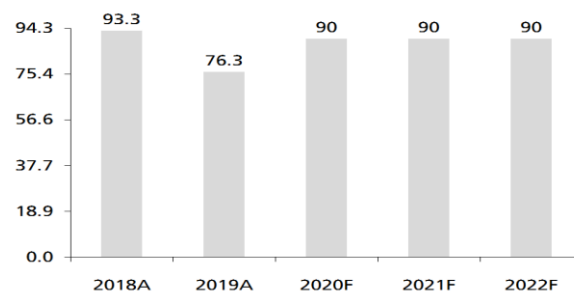
Gaming revenue growth (%)



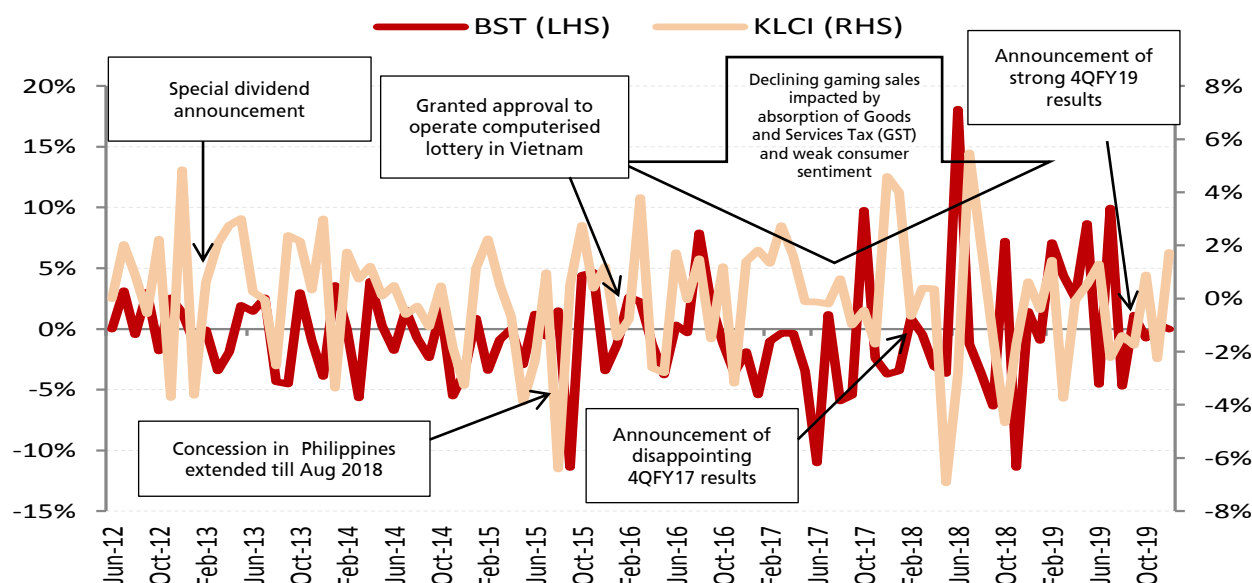
Estimated prize payout ratio (%)



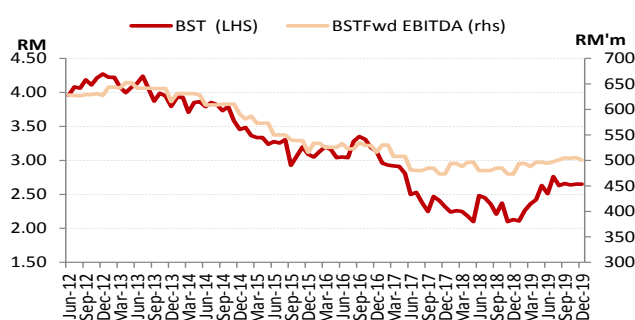
Dividend payout ratio (%)



Source: Company, AllianceDBS

BST's share price movement relative to FBM KLCI index movement (m-o-m)


Source: Company, Bloomberg Finance L.P., AllianceDBS

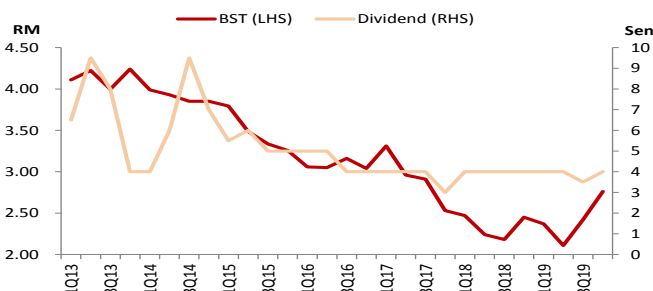
BST's share price vs expected forward EBITDA


Source: Company, Bloomberg Finance L.P., AllianceDBS

Remarks

BST's share price performance is highly correlated to market expectations of its forward earnings before interest, taxes, depreciation and amortisation (EBITDA) (correlation coefficient of ~0.9).

As such, more stringent enforcement in curbing illegal NFO activities and the potential introduction of successful new game variants could serve as key re-rating catalysts, as these efforts would improve the group's earnings prospects.

BST's share price vs dividend per share


Source: Company, Bloomberg Finance L.P., AllianceDBS

Remarks

Given its strong cash flow generating operations and consistently high dividend payouts, BST is viewed as a dividend yield stock by the investment community. As such, the group's share price performance is closely correlated with its ability to pay out high dividends (correlation coefficient of ~0.6), although the correlation has diverged somewhat since 1QFY18 due to concerns related to the uncertainties of its Philippine operations.

Nevertheless, near term earnings risks have been addressed with the extension of its lease deal for lottery equipment with the PCSO until August 2020. Therefore, we believe that the correlation will improve going forward.

Berjaya Sports Toto

Balance Sheet:

Healthy balance sheet with strong cash generating business.

BST's net gearing ratio is healthy at about 0.7x. Coupled with its strong cash generation capacity, this allows the group to; (1) sustain an 80% or more dividend payout ratio and, (2) continue with its share buyback scheme.

Share Price Drivers:

Improving earnings prospects and supportive dividend yield.

Improving earnings prospects due to more stringent enforcement in curbing the activities of illegal NFOs and high dividend yields of >6% should continue to support its share price.

Key Risks:

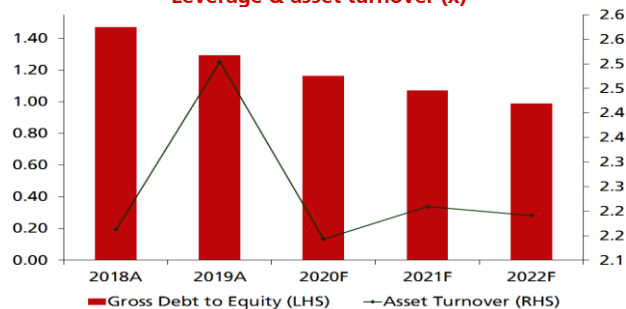
Lower ticket sales with rising competition and weak consumer sentiment. Increasing industry competition and weak consumer sentiment could hurt ticket sales.

Malaysian gaming tax hike. The NFO sector was spared in the recent Budget 2020, but remains vulnerable to potentially higher gaming tax going forward (pool betting tax was last raised in 2010, and gaming tax in 1998).

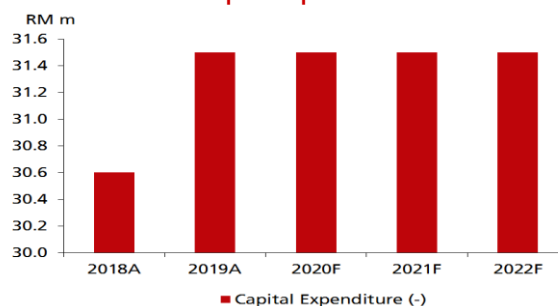
Company Background

BST is the largest number forecast operator (NFO) by market share among the three legal NFOs in Malaysia.

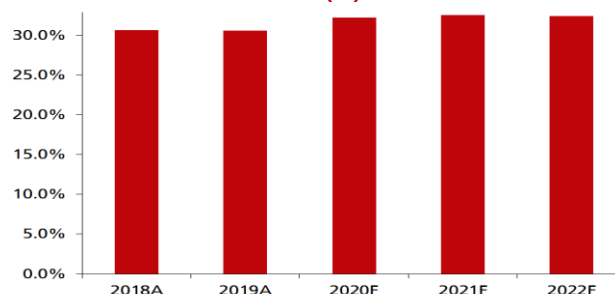
Leverage & asset turnover (x)



Capital expenditure



ROE (%)



Forward PE band (x)



PB band (x)



Berjaya Sports Toto

Key Assumptions

FY Jun	2018A	2019A	2020F	2021F	2022F
Number of draws	183	175	167	167	167
Gaming revenue growth (%)	(0.3)	(1.0)	1.15	5.00	2.00
Estimated prize payout ratio (%)	62.8	63.2	61.5	61.5	61.5
Dividend payout ratio (%)	93.3	76.3	90.0	90.0	90.0

Income Statement (RMm)

FY Jun	2018A	*2019A	2020F	2021F	2022F
Revenue	5,661	6,699	5,876	6,164	6,231
Cost of Goods Sold	(5,219)	(6,174)	(5,392)	(5,659)	(5,715)
Gross Profit	441	524	484	505	517
Other Opg (Exp)/Inc	(30.9)	(71.0)	(28.4)	(28.9)	(29.3)
Operating Profit	410	513	455	476	487
Other Non Opg (Exp)/Inc	3.10	(21.0)	3.00	3.00	3.00
Associates & JV Inc	(8.0)	(10.2)	(12.8)	(16.3)	(15.3)
Net Interest (Exp)/Inc	(29.8)	(28.1)	(24.3)	(22.0)	(20.2)
Exceptional Gain/(Loss)	1.69	(50.8)	0.0	0.0	0.0
Pre-tax Profit	377	403	421	441	455
Tax	(139)	(164)	(147)	(154)	(159)
Minority Interest	(8.3)	(4.5)	(9.6)	(10.0)	(10.3)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	230	235	264	276	285
Net Profit before Except.	228	286	264	276	285
EBITDA	441	545	484	505	517
Growth					
Revenue Gth (%)	(1.2)	18.3	(12.3)	4.9	1.1
EBITDA Gth (%)	0.4	23.5	(11.2)	4.4	2.3
Opg Profit Gth (%)	0.5	25.2	(11.3)	4.6	2.4
Net Profit Gth (Pre-ex) (%)	(7.9)	25.4	(7.6)	4.6	3.2
Margins & Ratio					
Gross Margins (%)	7.8	7.8	8.2	8.2	8.3
Opg Profit Margin (%)	7.2	7.7	7.7	7.7	7.8
Net Profit Margin (%)	4.1	3.5	4.5	4.5	4.6
ROAE (%)	30.6	30.6	32.2	32.5	32.4
ROA (%)	8.8	8.8	9.6	9.9	10.0
ROCE (%)	13.1	17.8	14.6	15.1	15.4
Div Payout Ratio (%)	94.1	92.0	90.0	90.0	90.0
Net Interest Cover (x)	13.8	18.3	18.7	21.6	24.1

Mainly due to goodwill impairment of its Philippine operations

Source: Company, AllianceDBS

*FY19 constitutes 14 months to end June 2019

Berjaya Sports Toto

Quarterly / Interim Income Statement (RMm)

FY Jun	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020
Revenue	1,501	1,353	1,362	1,509	1,437
Cost of Goods Sold	(1,369)	(1,237)	(1,260)	(1,390)	(1,342)
Gross Profit	132	116	101	119	95.3
Other Oper. (Exp)/Inc	10.3	(10.5)	3.00	(6.6)	1.90
Operating Profit	142	105	104	112	97.2
Other Non Opg (Exp)/Inc	0.70	0.70	0.0	0.0	10.7
Associates & JV Inc	(4.4)	(1.5)	(1.2)	(1.6)	(0.8)
Net Interest (Exp)/Inc	(7.4)	(7.5)	(8.2)	(1.8)	(11.2)
Exceptional Gain/(Loss)	2.10	(2.4)	(0.5)	0.0	7.00
Pre-tax Profit	133	94.3	94.4	109	103
Tax	(43.6)	(31.6)	(34.0)	(37.8)	(34.9)
Minority Interest	(3.3)	(2.4)	(1.3)	(1.0)	(1.0)
Net Profit	86.2	60.3	59.1	70.2	67.0
Net profit bef Except.	84.1	62.7	59.6	70.2	60.0
EBITDA	150	113	112	120	97.2

Growth

Revenue Gth (%)	7.1	(9.9)	0.7	10.8	(4.8)
EBITDA Gth (%)	56.1	(24.9)	(0.9)	7.6	(19.2)
Opg Profit Gth (%)	61.3	(26.1)	(0.7)	7.8	(13.5)
Net Profit Gth (Pre-ex) (%)	35.2	(25.4)	(4.9)	17.8	(14.5)

Margins

Gross Margins (%)	8.8	8.5	7.4	7.9	6.6
Opg Profit Margins (%)	9.5	7.8	7.7	7.4	6.8
Net Profit Margins (%)	5.7	4.5	4.3	4.7	4.7

Balance Sheet (RMm)

FY Jun	2018A	2019A	2020F	2021F	2022F
Net Fixed Assets	183	181	185	187	189
Invt in Associates & JVs	83.1	83.1	83.1	83.1	83.1
Other LT Assets	1,045	1,045	1,045	1,045	1,045
Cash & ST Invt	418	463	458	458	458
Inventory	407	427	449	471	494
Debtors	489	514	539	566	595
Other Current Assets	5.90	5.90	5.90	5.90	5.90
Total Assets	2,631	2,719	2,764	2,816	2,871
ST Debt	626	620	590	590	590
Creditor	652	685	719	755	792
Other Current Liab	10.3	10.3	10.3	10.3	10.3
LT Debt	530	510	470	430	390
Other LT Liabilities	25.8	21.4	64.2	80.5	95.8
Shareholder's Equity	731	806	835	865	895
Minority Interests	55.0	66.4	76.0	86.0	96.3
Total Cap. & Liab.	2,631	2,719	2,764	2,816	2,871
Non-Cash Wkg. Capital	240	252	265	278	292
Net Cash/(Debt)	(739)	(667)	(602)	(562)	(522)
Debtors Turn (avg days)	31.8	27.3	32.7	32.7	34.0
Creditors Turn (avg days)	44.7	39.7	47.7	47.8	49.7
Inventory Turn (avg days)	27.8	24.8	29.8	29.8	31.0
Asset Turnover (x)	2.2	2.5	2.1	2.2	2.2
Current Ratio (x)	1.0	1.1	1.1	1.1	1.1
Quick Ratio (x)	0.7	0.7	0.8	0.8	0.8
Net Debt/Equity (X)	0.9	0.8	0.7	0.6	0.5
Net Debt/Equity ex MI (X)	1.0	0.8	0.7	0.7	0.6
Capex to Debt (%)	2.6	2.8	3.0	3.1	3.2
Z-Score (X)	4.2	4.8	4.3	4.4	4.4

Source: Company, AllianceDBS

Berjaya Sports Toto

Cash Flow Statement (RMm)

FY Jun	2018A	2019A	2020F	2021F	2022F
Pre-Tax Profit	377	403	421	441	455
Dep. & Amort.	30.9	31.2	28.4	28.9	29.3
Tax Paid	(139)	(169)	(147)	(154)	(159)
Assoc. & JV Inc/(loss)	8.00	10.2	12.8	16.3	15.3
Chg in Wkg.Cap.	16.3	(12.2)	(12.8)	(13.5)	(14.1)
Other Operating CF	18.5	120	21.3	19.0	17.2
Net Operating CF	312	384	323	337	343
Capital Exp.(net)	(30.6)	(31.5)	(31.5)	(31.5)	(31.5)
Other Invt.(net)	0.0	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	(69.7)	(40.0)	(40.0)	(40.0)	(40.0)
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	31.4	32.9	27.3	27.1	27.1
Net Investing CF	(68.9)	(38.6)	(44.2)	(44.4)	(44.4)
Div Paid	(149)	(241)	(236)	(247)	(255)
Chg in Gross Debt	13.6	0.0	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(53.8)	(59.2)	(48.6)	(46.2)	(44.4)
Net Financing CF	(189)	(300)	(284)	(293)	(299)
Currency Adjustments	(11.9)	0.0	0.0	0.0	0.0
Chg in Cash	41.9	45.0	(5.0)	0.05	0.04
Opg CFPS (sen)	22.1	29.6	25.1	26.2	26.7
Free CFPS (sen)	21.0	26.3	21.8	22.8	23.3

Source: Company, AllianceDBS

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	19 Mar 19	2.31	2.45	BUY
2:	03 Apr 19	2.52	2.65	BUY
3:	19 Jun 19	2.66	2.64	BUY
4:	04 Jul 19	2.81	3.10	BUY
5:	09 Jul 19	2.78	3.10	BUY
6:	20 Aug 19	2.73	3.04	BUY
7:	20 Nov 19	2.62	3.10	BUY

Source: AllianceDBS

Analyst: King Yoong CHEAH

[^] Bloomberg ESG Disclosure Scores rate companies annually based on their disclosure of quantitative and policy-related ESG data. It is based on a scoring scale of 0-100, and calculated using a subset of more than 100 raw data points it collects on ESG. It is designed to measure the robustness of companies' disclosure of ESG information in their reporting/the public domain. Based on Bloomberg disclosures, as of 25 Jan 2019, the global ESG disclosure average score is 24.92 and 22.14, 28.26, 49.97 for Environmental, Social and Governance, respectively.

AllianceDBS recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 24 Jan 2020 08:11:26 (MYT)

Dissemination Date: 24 Jan 2020 08:13:17 (MYT)

Sources for all charts and tables are AllianceDBS unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by AllianceDBS Research Sdn Bhd ("AllianceDBS"). This report is solely intended for the clients of DBS Bank Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of AllianceDBS Research Sdn Bhd ("AllianceDBS").

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 31 Dec 2019.
2. Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

Compensation for investment banking services:

3. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.


Disclosure of previous investment recommendation produced:

4. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report has been prepared by an entity(ies) which is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited, a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).</p> <p>For any query regarding the materials herein, please contact Carol Wu (Reg No. AH8283) at dbsvhk@dbs.com</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.

Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	<p>This report is produced by AllianceDBS Research Sdn Bhd which is regulated by the Securities Commission Malaysia.</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608 - 610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	This report was prepared by AllianceDBS Research Sdn Bhd ("AllianceDBS"). DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Berjaya Sports Toto

DBS Regional Research Offices

HONG KONG

DBS (Hong Kong) Ltd

Contact: Carol Wu
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel: 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand

MALAYSIA

AllianceDBS Research Sdn Bhd

Contact: Wong Ming Tek (128540 U)
19th Floor, Menara Multi-Purpose,
Capital Square,
8 Jalan Munshi Abdullah 50100
Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesia@research@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E