

Singapore Company Guide

AEM Holdings Ltd

Version 1 | Bloomberg: AEM SP | Reuters: AEM.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

24 Jan 2020

BUY

Last Traded Price (23 Jan 2020): S\$2.05 (STI : 3,234.56)

Price Target 12-mth: S\$2.38 (16% upside)

Analyst

Lee Keng LING +65 6682 3703 leekeng@db.com
Singapore Research Team equityresearch@db.com

Price Relative



Forecasts and Valuation

FY Dec (S\$m)	2018A	2019F	2020F	2021F
Revenue	262	308	361	394
EBITDA	41.6	60.6	69.3	76.6
Pre-tax Profit	40.0	56.3	64.2	69.8
Net Profit	33.5	46.7	53.3	57.9
Net Pft (Pre Ex.)	33.5	46.7	53.3	57.9
Net Pft Gth (Pre-ex) (%)	4.1	39.4	14.1	8.8
EPS (S cts)	12.4	17.3	19.7	21.5
EPS Pre Ex. (S cts)	12.4	17.3	19.7	21.5
EPS Gth Pre Ex (%)	(75)	39	14	9
Diluted EPS (S cts)	12.4	17.3	19.7	21.5
Net DPS (S cts)	3.41	4.33	4.94	5.37
BV Per Share (S cts)	33.3	46.2	61.0	77.1
PE (X)	16.5	11.8	10.4	9.5
PE Pre Ex. (X)	16.5	11.8	10.4	9.5
P/Cash Flow (X)	16.2	15.4	10.3	8.7
EV/EBITDA (X)	11.8	7.9	6.4	5.3
Net Div Yield (%)	1.7	2.1	2.4	2.6
P/Book Value (X)	6.2	4.4	3.4	2.7
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	45.5	43.6	36.9	31.1
Earnings Rev (%)		0	0	0
Consensus EPS (S cts)		16.5	19.8	21.0
Other Broker Recs:		B: 4	S: 0	H: 0

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

Re-rating catalysts intact

Semiconductor recovery playing out; maintain BUY and TP of S\$2.38, pegged to +2 SD of its 2-year historical average. Recent data points and news surrounding the semiconductor industry reaffirm our view that the recovery is playing out. Although AEM's share price has increased to an all-time high and is trading at 10.4x FY2020F's earnings, we have noticed that AEM's forward PE closely tracks the semiconductor equipment billings, and remain bullish that the recovery will drive a re-rating of its forward PE upwards to 12.1x FY2020F earnings. We continue to believe that its key customer's requirement of more test handlers, a structural increase in test times, and a diversification of revenue through new projects and customers will drive AEM's growth.

Where we differ: We are more bullish on AEM's earnings in FY2020F/21F and believe an uptick in equipment billings should drive a re-rating in its forward PE.

Potential catalysts: Stronger semiconductor equipment billings, increased sales guidance, acquisitions, new revenue streams.

Valuation:

Maintain BUY and TP of S\$2.38, pegged to 12.1x FY2020F PE, +2 SD to its 2-year historical average. It is currently trading at 10.4x FY2020F earnings, which is below its peers, Teradyne and Advantest, who are trading at 22.9x and 31.6x FY2020F earnings. We are expecting a further re-rating of its forward PE upwards on the back of a recovery in the semiconductor cycle.

Key Risks to Our View:

Single-customer concentration risk, escalation or continued protraction of geopolitical events, and FX risk.

At A Glance

Issued Capital (m shrs)	270
Mkt. Cap (S\$m/US\$m)	553 / 410
Major Shareholders (%)	
Standard Life Aberdeen	7.7
Toh Ban Leng	7.6
Morgan Stanley	7.0
Free Float (%)	72.7
3m Avg. Daily Val (US\$m)	9.8
GIC Industry : Information Technology / Technology Hardware & Equipment	



DBS
Live more, Bank less

AEM Holdings Ltd

CRITICAL DATA POINTS TO WATCH

Critical Factors

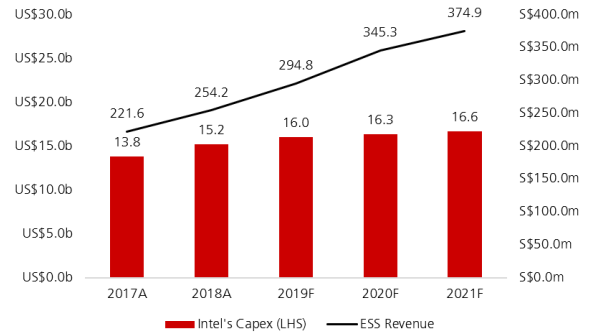
Intel's capital expenditure guidance. AEM supplies test handlers as well as provides diversified services to facilitate back-end testing of Intel's semiconductors. More than 90% of its revenue is currently derived from its key customer, Intel, and is captured in Intel's capex. Most of its revenue from Intel is classified under revenue from its 'Equipment Systems Solutions (ESS)'. Intel aims to spend c.20% of its revenue on R&D, which we believe will increase along with the upturn in the semiconductor cycle and its fast-growing total addressable market (TAM) as it shifts towards a data-centric focused business.

US semiconductor equipment billings. AEM's 12-month rolling forward PE correlates closely to the 3-month rolling US semiconductor equipment billings. SEMI and semiconductor market research firms (VLSI Research, IDC, WSTS) are projecting a recovery in the semiconductor industry in 2020. We are also positive on the industry and are expecting the equipment billings to trend upwards on the back of the development of 5G and advanced devices. We believe this will continue to drive a re-rating of AEM's forward PE.

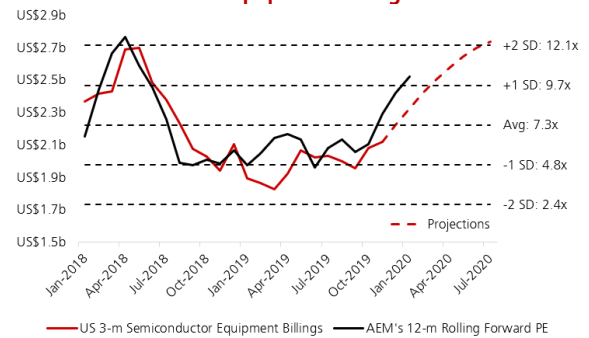
AEM's sales mix. AEM's Consumables and Services generally have slightly higher margins as compared to Tools and Machines. In 9M19, AEM's gross profit margin increased to 37.1%, from 34.0% in FY2018 largely due to a shift in revenue mix. As of 3Q19, Intel has sufficient test handlers from AEM to meet its existing production capacity. However, in Intel's 3Q19 earnings call, it guided that it will be increasing the production capacities of its 14-nm and 10-nm chips by 25% each in 2020. We believe Intel will continue to procure more test handlers from AEM, allowing it to maintain its gross profit margin.

Inventory levels of top chip makers as well as equipment suppliers in the US. Inventory levels of chip makers and equipment suppliers are a function of anticipated demand and current demand. Chip makers and equipment suppliers have built up their inventory levels ahead of the anticipated recovery in the semiconductor cycle. As the US-China trade situation improved from aggressive tariffs to a standstill to a trade deal, inventory levels fell in 3Q19. This is likely due to an overall recovery in the sector as well as an uplift in business activity following the slight easing of the US-China trade war. We believe inventory levels will decline slightly or remain at the same level as demand for chips picks up.

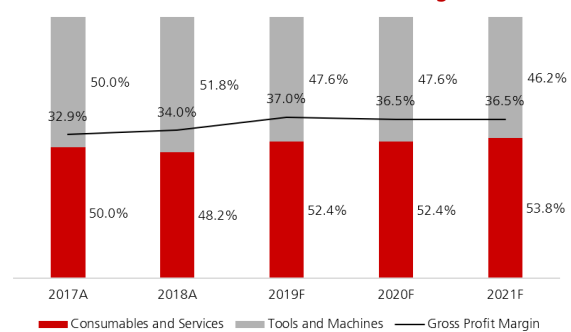
Intel's Capital Expenditure vs Equipment Systems Solutions Revenue



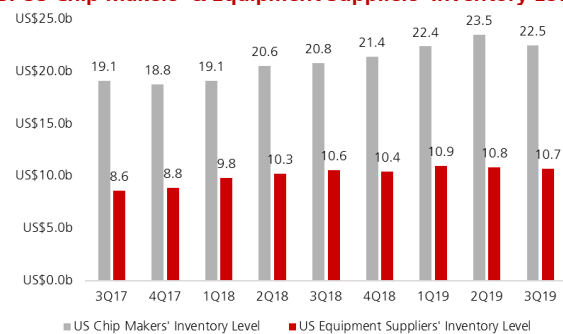
US Semiconductor Equipment Billings vs Forward PE



Revenue Mix vs Gross Profit Margin



BI US Chip Makers' & Equipment Suppliers' Inventory Levels



Source: Company, DBS Bank

AEM Holdings Ltd

Balance Sheet:

Net cash position with no debt. As of 3Q19, AEM has a cash balance of S\$64.8m and no borrowings. In the last five years, AEM had close to negligible debt levels and has been financing its operations and acquisitions through its own cashflow. It is currently on the lookout for potential acquisitions that could create synergies with its existing business.

High return on equity. AEM was able to achieve a high ROE of 73.1% and 45.5% in FY2017 and FY2018, respectively. This is higher than its industry peers such as Advantest, with a ROE of 28.7%.

Share Price Drivers:

US 3-month semiconductor billings. AEM's share price and forward PE correlate closely to the US 3-month semiconductor billings. We believe that the current recovery and end-demand led by 5G and advanced devices will drive semiconductor billings and re-rate AEM's forward PE.

Order book and sales guidance. Management provides guidance on its revenue which is estimated from its order book. In FY2018, AEM raised its sales guidance four times, which resulted in its share price increasing by an average of 4.0% on each of the days of the announcement.

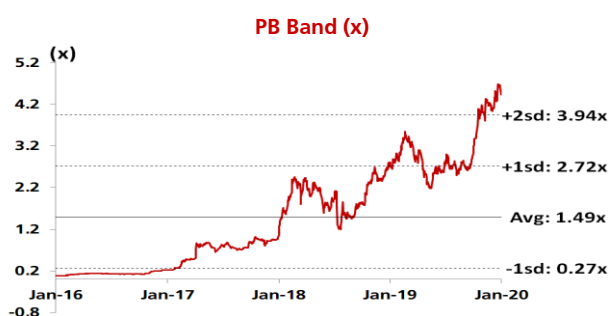
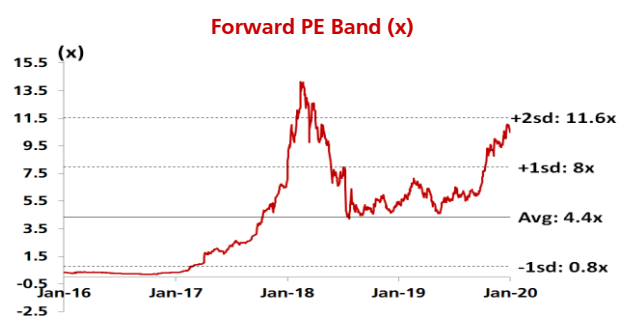
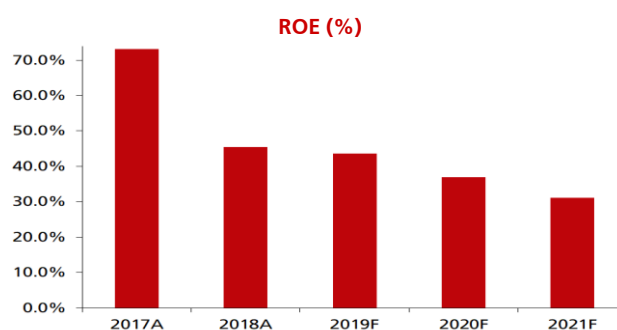
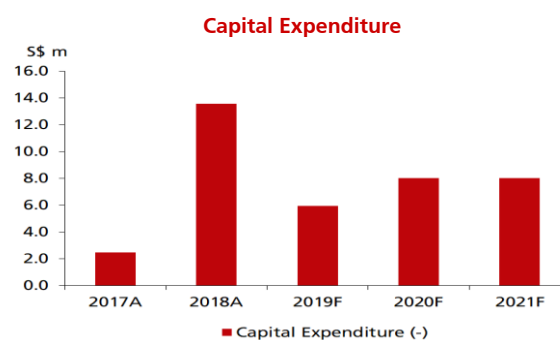
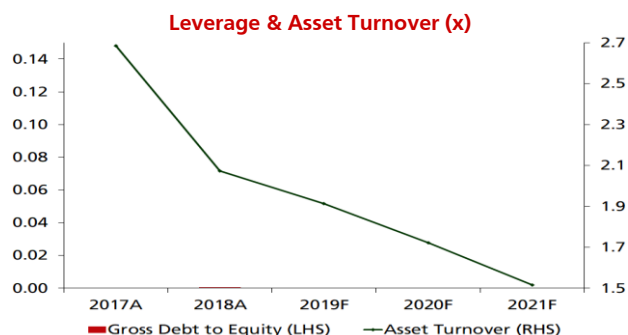
Key Risks:

Single-customer concentration risk. Around 90% of AEM's revenue is derived from Intel. Of which, c.50% of its revenue is from the sale of its equipment, which is lumpy in nature and dependent on Intel's need to replace existing machines or increase its production capacity.

Re-escalation of the US-China trade war. The US-China trade war weighed heavily on the global manufacturing cycle, reducing the demand for semiconductor-end products as well as disrupting the supply chain. A re-escalation of the trade war could hamper the recovery of the semiconductor industry.

Company Background

AEM is a solutions provider for the back-end testing of the semiconductor manufacturing process. It works closely with its key customer, Intel, to design, engineer, and manufacture the test handlers. AEM then provides field support and post-sales replacements.



Source: Company, DBS Bank

AEM Holdings Ltd

Income Statement (\$5m)

FY Dec	2017A	2018A	2019F	2020F	2021F
Revenue	222	262	308	361	394
Cost of Goods Sold	(149)	(173)	(194)	(229)	(250)
Gross Profit	73.0	89.1	114	132	144
Other Opng (Exp)/Inc	(35.4)	(49.4)	(58.1)	(68.1)	(74.4)
Operating Profit	37.6	39.8	56.0	63.8	69.4
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	(0.1)	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.04	0.26	0.26	0.39	0.39
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	37.5	40.0	56.3	64.2	69.8
Tax	(5.4)	(6.5)	(9.6)	(10.9)	(11.9)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	32.2	33.5	46.7	53.3	57.9
Net Profit before Except.	32.2	33.5	46.7	53.3	57.9
EBITDA	38.2	41.6	60.6	69.3	76.6
Growth					
Revenue Gth (%)	216.0	18.4	17.6	17.2	9.0
EBITDA Gth (%)	449.5	8.9	45.7	14.4	10.6
Opg Profit Gth (%)	474.5	5.7	40.9	13.9	8.8
Net Profit Gth (Pre-ex) (%)	575.3	4.1	39.4	14.1	8.8
Margins & Ratio					
Gross Margins (%)	32.9	34.0	37.0	36.5	36.5
Opg Profit Margin (%)	17.0	15.2	18.2	17.6	17.6
Net Profit Margin (%)	14.5	12.8	15.1	14.7	14.7
ROAE (%)	73.1	45.5	43.6	36.9	31.1
ROA (%)	39.0	26.5	29.0	25.4	22.3
ROCE (%)	72.4	44.7	42.6	36.3	30.8
Div Payout Ratio (%)	24.9	27.4	25.0	25.0	25.0
Net Interest Cover (x)	NM	NM	NM	NM	NM

Source: Company, DBS Bank

Quarterly / Interim Income Statement (\$5m)

FY Dec	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019
Revenue	72.7	84.7	39.4	52.7	97.9
Cost of Goods Sold	(49.8)	(57.5)	(22.8)	(32.6)	(62.8)
Gross Profit	22.9	27.2	16.6	20.2	35.2
Other Oper. (Exp)/Inc	(11.4)	(13.5)	(12.2)	(12.3)	(16.3)
Operating Profit	11.5	13.7	4.35	7.82	18.9
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.25	0.09	0.05
Net Interest (Exp)/Inc	0.04	0.07	0.09	0.08	0.07
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	11.5	13.8	4.68	7.98	19.0
Tax	(2.0)	(2.4)	(0.3)	(1.4)	(3.3)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	9.50	11.4	4.39	6.60	15.7
Net profit bef Except.	9.50	11.4	4.39	6.60	15.7
EBITDA	11.5	13.7	4.59	7.91	18.9
Growth					
Revenue Gth (%)	10.7	16.5	(53.5)	34.0	85.7
EBITDA Gth (%)	15.3	19.2	(66.4)	72.1	139.3
Opg Profit Gth (%)	13.4	19.1	(68.2)	79.8	141.4
Net Profit Gth (Pre-ex) (%)	15.5	19.9	(61.4)	50.2	138.1
Margins					
Gross Margins (%)	31.5	32.1	42.1	38.2	35.9
Opg Profit Margins (%)	15.8	16.2	11.0	14.8	19.3
Net Profit Margins (%)	13.1	13.5	11.2	12.5	16.0

Due to a reduction in orders from its key customer

AEM Holdings Ltd

Balance Sheet (\$\$m)

FY Dec	2017A	2018A	2019F	2020F	2021F
Net Fixed Assets	3.62	5.73	5.26	6.89	6.93
Invts in Associates & JVs	4.13	4.15	4.15	4.15	4.15
Other LT Assets	3.45	17.8	19.6	20.4	21.2
Cash & ST Invts	46.1	58.9	77.2	109	150
Inventory	35.8	27.4	40.0	47.4	51.6
Debtors	23.6	18.0	35.2	41.3	46.6
Other Current Assets	0.0	4.49	4.49	4.49	4.49
Total Assets	117	136	186	234	285
ST Debt	0.01	0.0	0.0	0.0	0.0
Creditor	52.2	33.1	45.3	52.2	59.1
Other Current Liab	6.04	10.6	12.9	14.2	15.2
LT Debt	0.0	0.05	0.0	0.0	0.0
Other LT Liabilities	0.59	3.21	3.21	3.21	3.21
Shareholder's Equity	57.8	89.5	125	164	208
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Cap. & Liab.	117	136	186	234	285
Non-Cash Wkg. Capital	1.10	6.22	21.6	26.8	28.5
Net Cash/(Debt)	46.1	58.8	77.2	109	150
Debtors Turn (avg days)	34.0	28.9	31.4	38.6	40.7
Creditors Turn (avg days)	85.1	90.9	75.3	79.4	83.6
Inventory Turn (avg days)	65.7	67.4	64.9	71.2	74.3
Asset Turnover (x)	2.7	2.1	1.9	1.7	1.5
Current Ratio (x)	1.8	2.5	2.7	3.1	3.4
Quick Ratio (x)	1.2	1.8	1.9	2.3	2.7
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	34,971.4	27,632.7	N/A	N/A	N/A
Z-Score (X)	NA	NA	NA	NA	NA

Source: Company, DBS Bank

Cash Flow Statement (\$\$m)

FY Dec	2017A	2018A	2019F	2020F	2021F
Pre-Tax Profit	37.5	40.0	56.3	64.2	69.8
Dep. & Amort.	0.70	1.87	4.56	5.52	7.22
Tax Paid	(0.3)	(5.2)	(7.3)	(9.6)	(10.9)
Assoc. & JV Inc/(loss)	0.11	0.04	0.0	0.0	0.0
Chg in Wkg.Cap.	10.1	(4.7)	(17.7)	(6.5)	(2.6)
Other Operating CF	1.74	2.02	0.0	0.0	0.0
Net Operating CF	49.9	34.1	35.9	53.6	63.5
Capital Exp.(net)	(2.5)	(13.5)	(5.9)	(8.0)	(8.0)
Other Invts.(net)	0.0	0.0	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.07	0.30	0.0	0.0	0.0
Net Investing CF	(2.4)	(13.2)	(5.9)	(8.0)	(8.0)
Div Paid	(4.5)	(8.4)	(11.7)	(13.3)	(14.5)
Chg in Gross Debt	(0.1)	(0.3)	(0.1)	0.0	0.0
Capital Issues	0.15	0.63	0.0	0.0	0.0
Other Financing CF	(2.0)	(1.2)	0.0	0.0	0.0
Net Financing CF	(6.4)	(9.2)	(11.7)	(13.3)	(14.5)
Currency Adjustments	(1.4)	1.17	0.0	0.0	0.0
Chg in Cash	39.8	12.8	18.3	32.3	41.0
Opg CFPS (S cts)	60.7	14.4	19.9	22.3	24.5
Free CFPS (S cts)	72.4	7.64	11.1	16.9	20.6

Source: Company, DBS Bank

AEM Holdings Ltd

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	29 Nov 19	1.80	2.38	BUY

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

Source: DBS Bank

Analyst: Lee Keng LING

Singapore Research Team

DBS Bank 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 08:04:56 (SGT)

Dissemination Date: 24 Jan 2020 08:13:09 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. 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 DBS Bank Ltd.

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 a person(s) who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong 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 DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</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	<p>This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608 - 610, 6th 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.</p>
United Arab Emirates	<p>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.</p>
United States	<p>This report was prepared by DBS Bank Ltd. 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.</p>
Other jurisdictions	<p>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.</p>

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

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

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

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

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: indonesiaresearch@dbs.com