

Singapore Company Guide

Centurion Corporation

Version 3 | Bloomberg: CENT SP | Reuters: CNCL.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

27 Mar 2020

DBS is supported by the Research Talent Development Grant Scheme which aims to groom research talent to expand research coverage of small-mid cap SGX listed companies

HOLD (Downgrade from BUY)

Last Traded Price (26 Mar 2020): S\$0.385 (STI: 2,487.56)

Price Target 12-mth: S\$0.41 (6% upside) (Prev S\$0.53)

Analyst

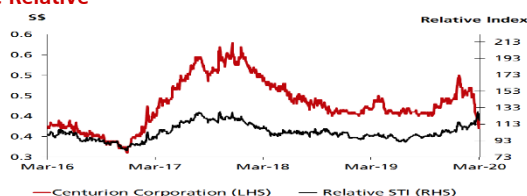
Lee Keng LING +65 6682 3703 leekeng@db.com

Singapore Research Team equityresearch@db.com

What's New

- COVID-19 drives FY20F/FY21F earnings cut by 16%/9%
- Recession and O&G turmoil may lead to dip in Singapore PBWA occupancies
- PBSA occupancies to decline on movement restrictions
- Cut to HOLD with TP of S\$0.41; Centurion offers resilient FY20F yield of 5.2% as global slowdown looms

Price Relative



Forecasts and Valuation

FY Dec (\$m)	2019A	2020F	2021F	2022F
Revenue	133	126	141	149
EBITDA	82.7	77.5	85.5	91.4
Pre-tax Profit	111	44.8	52.4	58.1
Net Profit	100.0	32.1	37.1	41.2
Net Pft (Pre Ex.)	39.7	32.1	37.1	41.2
Net Pft Gth (Pre-ex) (%)	14.3	(19.3)	15.7	10.9
EPS (S cts)	11.9	3.82	4.42	4.90
EPS Pre Ex. (S cts)	4.73	3.82	4.42	4.90
EPS Gth Pre Ex (%)	14	(19)	16	11
Diluted EPS (S cts)	4.57	3.82	4.42	4.90
Net DPS (S cts)	2.00	2.00	2.00	2.00
BV Per Share (S cts)	70.4	72.3	74.7	77.6
PE (X)	3.2	10.1	8.7	7.9
PE Pre Ex. (X)	8.1	10.1	8.7	7.9
P/Cash Flow (X)	4.6	9.6	7.6	7.0
EV/EBITDA (X)	12.4	13.5	12.1	11.0
Net Div Yield (%)	5.2	5.2	5.2	5.2
P/Book Value (X)	0.5	0.5	0.5	0.5
Net Debt/Equity (X)	1.1	1.1	1.0	0.9
ROAE (%)	18.2	5.4	6.0	6.4
Earnings Rev (%):		(16)	(9)	(1)
Consensus EPS (S cts):		4.70	5.00	5.10
Other Broker Recs:		B: 2	S: 0	H: 1

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

Rising pressures

Downgrade to HOLD with revised TP of S\$0.41. Wide-ranging restrictions such as shutdowns and a closure of borders have been implemented in the UK and Australia. While occupancies for the current semester have been locked in, we see challenges for purpose-built student accommodation (PBSA) occupancies in the upcoming semester given the sizeable international student population. Domestic students who live near universities may also opt to stay at home. We have lowered average PBSA occupancies to c.78% for UK and c.70% for Australia. Similarly, the purpose-built workers accommodation (PBWA) segment faces a soft Singapore construction industry (which declined an estimated 4.3% y-o-y in 1Q20) and turmoil in the oil and gas (O&G) sector following a steep fall in oil prices. As a result, taking into account the segment's resilience where Singapore PBWA occupancies have never fallen below 84%, we believe FY20F PBWA occupancies could decline to c.90%. Overall, we forecast FY20F and FY21F earnings to decrease by 16% and 9% respectively.

Where we differ: We have factored in an impact on Centurion's PBSA occupancies based on movement restrictions for foreigners extending into 3Q20.

Potential catalysts: Asset divestments, asset acquisitions or greenfield developments, regulatory changes, significant improvement in COVID-19 situation.

Valuation:

Cut to HOLD with DCF-based TP of S\$0.41. We lower TP to S\$0.41 to reflect a higher WACC due to market volatility and a lower earnings forecast stemming from lower occupancies. At the current price, Centurion offers FY20F yield of c.5.2%.

Key Risks to Our View:

Unfavourable changes in the regulatory environment; foreign exchange volatility; sustained deterioration in economic outlook for Singapore and Malaysia affecting foreign worker demand; worsening of or extended COVID-19 outbreak.

At A Glance

Issued Capital (m shrs)	841
Mkt. Cap (\$m/US\$m)	324 / 226
Major Shareholders (%)	
Centurion Properties Pte Ltd	50.6
Teo Peng Kwang	7.6
Free Float (%)	41.8
3m Avg. Daily Val (US\$m)	0.32
GIC Industry : Real Estate / Real Estate Management & Development	



Live more, Bank less

WHAT'S NEW

Rising pressures

UK COVID-19 lockdown

- As a measure to deal with the COVID-19 outbreak, the UK has gone into lockdown and implemented restrictions on the movement of people
- Universities in the UK have been affected by these measures with many suspending face-to-face teaching and closing non-essential facilities
- UK university residences, which includes Centurion's PBSAs, shall remain open during the lockdown
- We expect these measures to have an impact on Centurion's occupancies for the next academic year (Sep 2020 – Jun 2021)
- For the current academic year (Sep 2019 – Jun 2020), we believe most rentals have been paid for and so will remain financially occupied even if they may not be physically occupied
- Centurion's concerns are now more operational in nature while securing occupants for the next academic year could also be challenging
- As a result, we are pencilling in lower operating margins for FY20F driven by higher operating costs (from having to implement measures such as delivered catering) and lower occupancies in the second academic year

Tumbling oil prices

- Oil prices fell sharply as Saudi Arabia launched a price war and announced intentions to increase production
- As of end-FY19, Centurion's PBWA assets derived c.27% of revenue from providing accommodation to workers in the O&G industry
- An extended price war may soften demand for these workers, resulting in lower PBWA occupancies
- That said, Centurion's Singapore PBWA occupancies have historically been resilient, never dipping below 84%
- In light of this and the imminent recession, we are assuming slight declines in PBWA occupancies

Malaysia curfew

- As of 26 Mar 2020, Malaysia has also gone into lockdown and has extended the period until 14 April
- Currently, we do not see significant impact on Centurion's Malaysian PBWA occupancies as the lockdown is for a relatively short period as compared to the PBWA rental terms
- Singapore PBWAs could also see slight upside from Malaysians looking for a temporary residence after border restrictions came into effect between Malaysia and Singapore

Australian restrictions

- Australia has similarly implemented widespread restrictions, closing establishments such as cinemas and gyms
- Many universities including RMIT University and the University of South Australia (Centurion's PBSAs serve students from these universities) have also shifted classes online
- As the semester for these universities began in early March before the restrictions were announced, we think Centurion's Australian PBSAs are mostly substantially occupied
- The challenge will be in securing occupants for the next semester beginning in July
- We have assumed lower Australian PBSA occupancies for FY20F due to this challenge

We downgrade to HOLD with a revised TP of S\$0.41. Our DCF valuation was based on lowered FY20F average PBSA occupancies of c.78% for UK and c.70% for Australia. The relatively stronger PBSA performance in the UK reflects UK PBSA's higher domestic student base as compared to Australia. Singapore and Malaysia PBWA occupancies were also lowered due to the O&G turmoil and weak manufacturing sentiment. In addition, our WACC is raised to 5.9% from 5.6% to account for higher market volatility and risk premiums. Given the above, we further acknowledge that the situation remains fluid and a worsening or extended COVID-19 outbreak could impact Centurion.

CRITICAL DATA POINTS TO WATCH

Critical Factors

Asset acquisitions and greenfield developments

In Malaysia, Centurion is in talks to develop the 6,100-bed Westlite Juru. Additionally, we think construction of the 3,600 bed Westlite Tampoi II remains on track for completion by 2H20 given the short shutdown period in Malaysia (roughly four weeks). While Centurion still has an estimated c.S\$120m in debt headroom to deploy in investment opportunities for PBSA, PBWA and alternative accommodation assets, we think any new acquisition plans may be put on hold until the COVID-19 situation improves.

Singapore construction industry outlook

The Singapore construction industry plays a crucial role in Centurion's business, contributing an estimated 27.1% of FY19 revenue. Singapore's construction industry has been heavily affected by the virus outbreak, with the MTI estimating a 4.3% decline y-o-y for 1Q20, largely due to labour crunches and supply chain disruptions. With the arrival of a recession coupled with the O&G turmoil, PBWAs could see dampened demand. As a result, we are forecasting a decline in Singapore PBWA occupancies to c.90%.

Regulatory changes

Following a surge in COVID-19 cases in the UK and Australia, both governments have implemented a wide range of movement restrictions that include a closure of borders to non-residents. This has impacted Centurion's PBSAs with demand expected to be weak if the situation does not improve. That said, an improvement could drive a lifting of regulations that may lead to a wave of students seeking residence in Centurion's PBSAs.

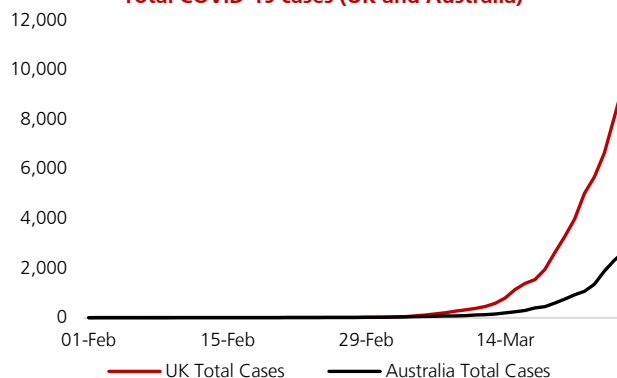
Occupancy and portfolio rental rates

The COVID-19 outbreak has disrupted universities in Australia and the UK with most shifting to virtual classrooms. We forecast average occupancies for PBSAs in Australia and the UK to decline to c.70% and c.78% respectively for FY20F to account for the expected weak demand for the next semester. Our assumption is premised on movement restrictions for foreigners remaining in place until 3Q20.

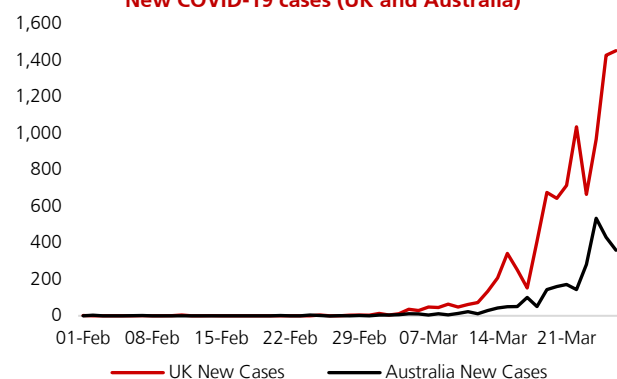
COVID-19 cases

The interlinkages between PBSA occupancies, regulatory changes and the number of COVID-19 cases in Australia, UK and other key markets makes the number of COVID-19 cases a critical factor. A successful "flattening of the curve" could signal a potential relaxation of restrictions. Conversely, an explosion in cases could lead to even stricter regulations.

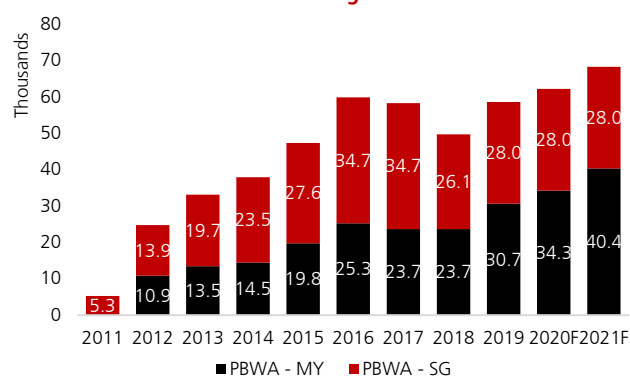
Total COVID-19 cases (UK and Australia)



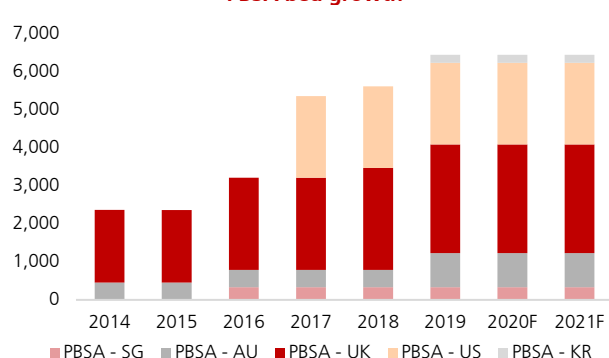
New COVID-19 cases (UK and Australia)



PBWA bed growth

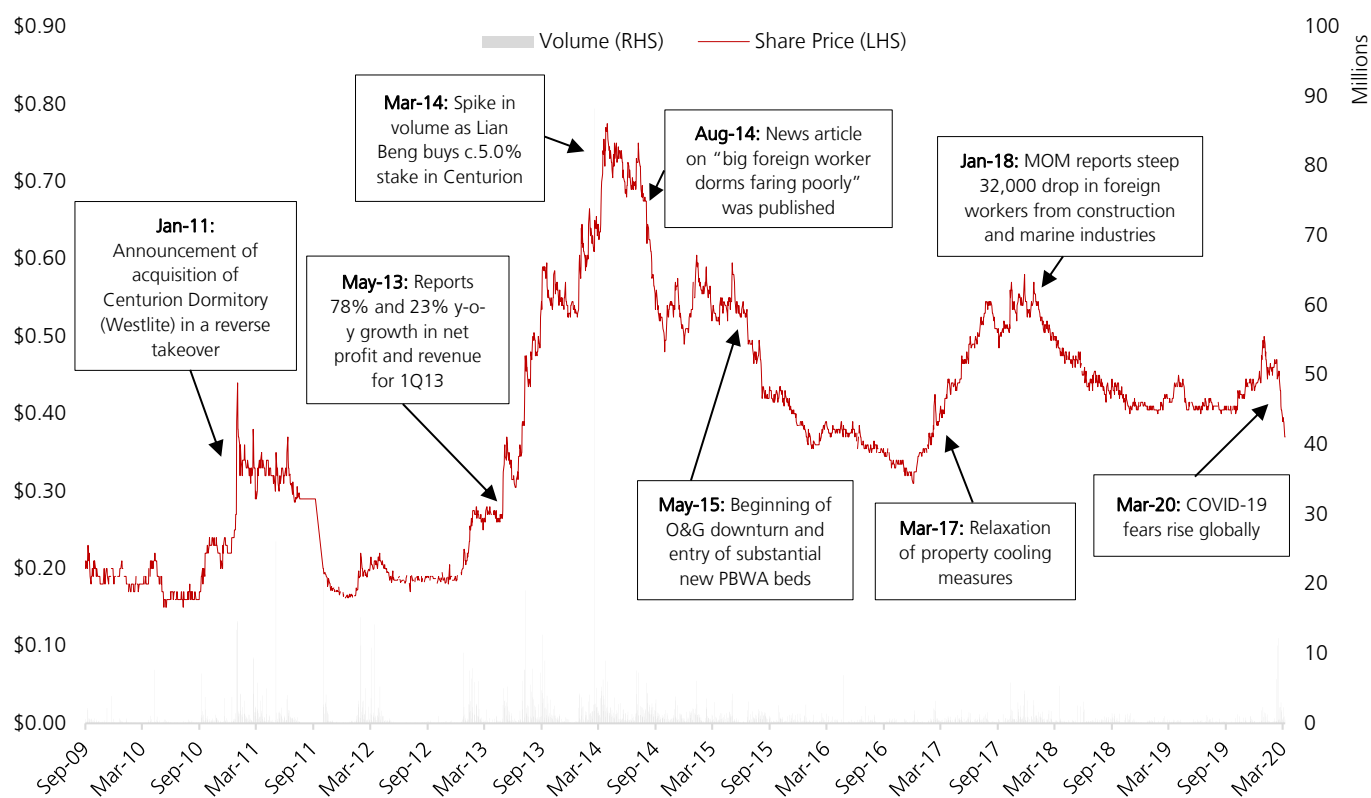


PBSA bed growth

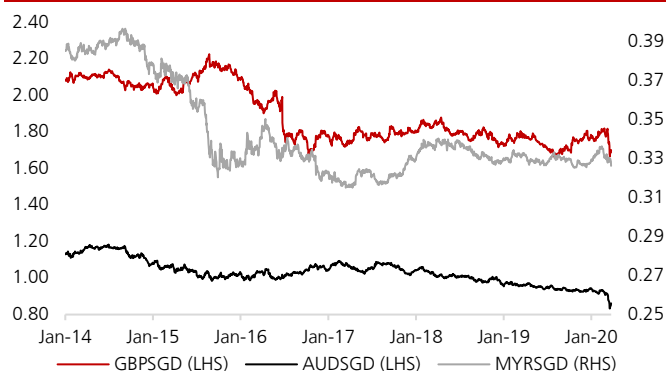


Source: Company, DBS Bank

Appendix 1: A look at Company's listed history – what drives its share price?



MYR, AUD, GBP have depreciated against SGD



Source: Bloomberg Finance L.P., DBS Bank

Centurion Corporation

Balance Sheet:

Net debt/equity was at 1.17x as at end-FY19 with S\$575.9m (78% of borrowings) of liabilities being secured over bank deposits and investment properties. Debt repayments for FY20 and FY21 looks to be manageable with c.S\$56m and c.S\$90m due respectively representing c.8% and c.12% of total borrowings. Additionally, Centurion's business is a highly cash flow generative business with net cash from operations amounting to S\$70.2m in FY19.

Share Price Drivers:

Bed growth. The acquisition of Archer House added 177 beds to the PBSA portfolio. More beds are in the pipeline with Westlite Tampoi II being constructed and Westlite Juru under negotiations.

New regulations. Amid the COVID-19 outbreak, regulations relating to universities have affected demand for PBSAs. An improvement in the COVID-19 situation resulting in a lifting of these would likely drive a recovery in share price.

Key Risks:

COVID-19. In a turn of events, Europe has seen a spike in new COVID-19 cases that has caused the implementation of lockdowns. UK and Australian Universities have been affected with most shifting to online modes of teaching. Demand for Centurion's PBSAs for the next semester is expected to slow until the situation improves.

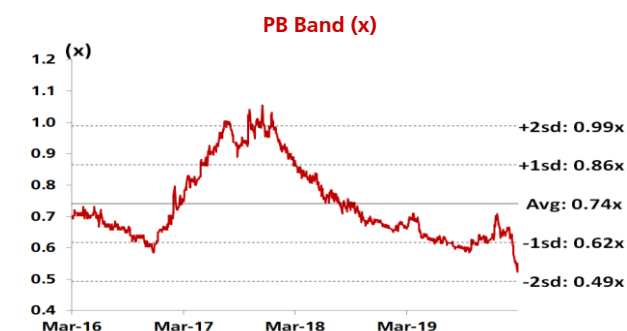
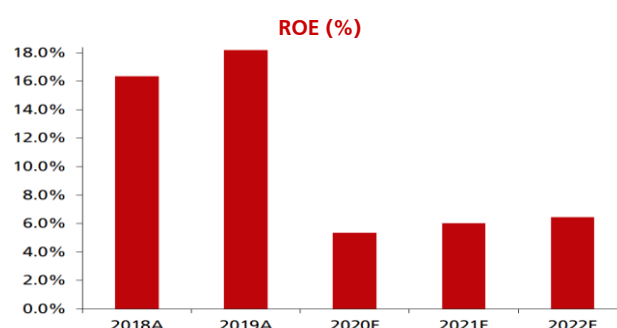
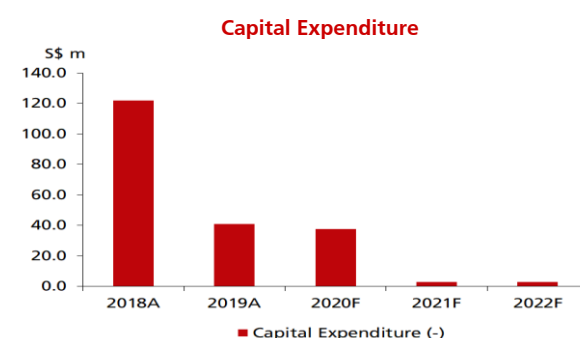
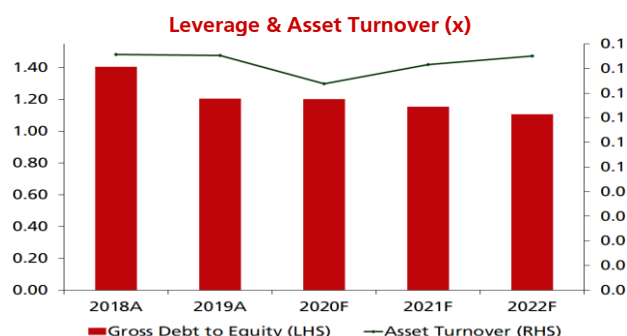
Oversupply of PBWA or PBSA beds. New PBWA or PBSA beds could result in excessive bed supply that may pressure Centurion's asset occupancies and rental rates. This was evident in 2015 when occupancies and bed rentals declined 3.9ppts and 6.7% y-o-y respectively.

Environment, Social, Governance:

From 2017 to 2018, Centurion's greenhouse gas intensity and water intensity increased by 1.9% and 5.6% respectively. That said, electricity intensity improved by a significant 13.1% to 542 kWh/person. For 2019, Centurion has doubled down on its sustainability efforts, having constructed a 170 kWp solar power system on top of ASPRI-Westlite Papan. The system is expected to generate 220,000 kWh annually and reduce greenhouse emissions by 92 tons per year.

Company Background

Centurion Corporation Limited (Centurion) owns, develops and manages worker accommodation assets in Singapore and Malaysia, and student accommodation assets in Singapore, Australia, South Korea, the UK and the US.



Source: Company, DBS Bank

Income Statement (\$m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Revenue	120	133	126	141	149
Cost of Goods Sold	(33.7)	(36.4)	(35.2)	(38.4)	(40.8)
Gross Profit	86.3	96.9	90.5	102	109
Other Opng (Exp)/Inc	(20.9)	(24.2)	(22.7)	(26.8)	(27.3)
Operating Profit	65.4	72.7	67.9	75.5	81.3
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	10.6	6.85	6.28	6.70	6.93
Net Interest (Exp)/Inc	(23.9)	(28.8)	(29.4)	(29.9)	(30.1)
Exceptional Gain/(Loss)	44.6	60.2	0.0	0.0	0.0
Pre-tax Profit	96.6	111	44.8	52.4	58.1
Tax	(12.4)	(7.2)	(9.0)	(10.5)	(11.6)
Minority Interest	(4.8)	(3.8)	(3.7)	(4.8)	(5.3)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	79.3	100.0	32.1	37.1	41.2
Net Profit before Except.	34.8	39.7	32.1	37.1	41.2
EBITDA	79.0	82.7	77.5	85.5	91.4
Growth					
Revenue Gth (%)	(12.4)	11.1	(5.7)	12.0	6.1
EBITDA Gth (%)	(9.7)	4.6	(6.2)	10.3	6.9
Opg Profit Gth (%)	(3.2)	11.2	(6.6)	11.3	7.6
Net Profit Gth (Pre-ex) (%)	(20.1)	14.3	(19.3)	15.7	10.9
Margins & Ratio					
Gross Margins (%)	71.9	72.7	72.0	72.7	72.7
Opg Profit Margin (%)	54.5	54.5	54.0	53.6	54.4
Net Profit Margin (%)	66.1	75.0	25.5	26.4	27.6
ROAE (%)	16.4	18.2	5.4	6.0	6.4
ROA (%)	6.3	7.1	2.1	2.4	2.6
ROCE (%)	4.7	5.0	3.8	4.1	4.3
Div Payout Ratio (%)	21.2	16.8	52.4	45.3	40.8
Net Interest Cover (x)	2.7	2.5	2.3	2.5	2.7

Lower FY20F revenue driven by a decline in PBSA occupancies as a result of COVID-19

Source: Company, DBS Bank

Quarterly / Interim Income Statement (\$\$m)

FY Dec	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019
Revenue	31.3	31.3	32.9	33.1	36.0
Cost of Goods Sold	(8.4)	(8.9)	(8.3)	(9.9)	(9.3)
Gross Profit	22.9	22.3	24.7	23.2	26.7
Other Oper. (Exp)/Inc	(5.8)	(5.4)	(5.7)	(5.2)	(7.9)
Operating Profit	17.1	17.0	19.0	18.0	18.8
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	1.64	1.48	1.43	1.30	(3.4)
Net Interest (Exp)/Inc	(6.6)	(7.4)	(7.1)	(7.2)	(7.1)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	12.1	11.0	13.3	12.1	8.29
Tax	(6.6)	(1.9)	(1.9)	(1.9)	(1.5)
Minority Interest	(0.9)	(1.2)	(1.3)	(1.3)	0.0
Net Profit	4.56	7.88	10.2	8.82	6.79
Net profit bef Except.	4.56	7.88	10.2	8.82	6.79
EBITDA	18.7	18.4	20.4	19.3	15.4

Growth

Revenue Gth (%)	10.8	(0.1)	5.2	0.7	8.7
EBITDA Gth (%)	15.8	(1.5)	10.6	(5.3)	(20.4)
Opg Profit Gth (%)	17.0	(0.7)	11.8	(5.1)	4.3
Net Profit Gth (Pre-ex) (%)	(37.7)	72.8	29.4	(13.4)	(23.0)

Margins

Gross Margins (%)	73.2	71.4	74.9	70.1	74.2
Opg Profit Margins (%)	54.6	54.2	57.6	54.3	52.1
Net Profit Margins (%)	14.6	25.2	31.0	26.6	18.9

Balance Sheet (\$\$m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Net Fixed Assets	1,105	1,286	1,327	1,334	1,341
Invts in Associates & JVs	121	114	115	116	117
Other LT Assets	0.98	1.15	1.15	1.15	1.15
Cash & ST Invts	72.2	57.8	59.1	82.9	110
Inventory	0.09	0.04	0.04	0.05	0.05
Debtors	12.0	8.06	7.60	8.51	9.03
Other Current Assets	9.71	12.2	12.2	12.2	12.2
Total Assets	1,322	1,479	1,522	1,555	1,591
ST Debt	43.0	55.8	60.0	60.0	60.0
Creditor	41.9	40.5	39.2	42.8	45.4
Other Current Liab	8.02	13.8	15.7	17.2	18.4
LT Debt	695	683	700	700	700
Other LT Liabilities	8.47	71.7	74.4	76.9	79.2
Shareholder's Equity	507	592	607	628	652
Minority Interests	17.6	21.7	25.4	30.2	35.4
Total Cap. & Liab.	1,322	1,479	1,522	1,555	1,591
Non-Cash Wkg. Capital	(28.2)	(34.0)	(35.0)	(39.2)	(42.4)
Net Cash/(Debt)	(666)	(681)	(701)	(677)	(650)
Debtors Turn (avg days)	38.9	27.4	22.7	20.9	21.4
Creditors Turn (avg days)	515.7	451.5	456.5	424.8	427.6
Inventory Turn (avg days)	1.0	0.7	0.5	0.5	0.5
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1
Current Ratio (x)	1.0	0.7	0.7	0.9	1.1
Quick Ratio (x)	0.9	0.6	0.6	0.8	1.0
Net Debt/Equity (X)	1.3	1.1	1.1	1.0	0.9
Net Debt/Equity ex MI (X)	1.3	1.2	1.2	1.1	1.0
Capex to Debt (%)	16.5	5.5	4.9	0.4	0.4
Z-Score (X)	0.8	0.8	0.8	0.8	0.8

Source: Company, DBS Bank

Cash Flow Statement (\$m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Pre-Tax Profit	47.8	49.5	44.8	52.4	58.1
Dep. & Amort.	3.09	3.11	3.37	3.26	3.19
Tax Paid	(9.9)	(7.0)	(7.1)	(9.0)	(10.5)
Assoc. & JV Inc/(loss)	(10.6)	(6.8)	(6.3)	(6.7)	(6.9)
Chg in Wkg.Cap.	(0.1)	1.93	(0.9)	2.69	2.09
Other Operating CF	27.1	29.6	0.0	0.0	0.0
Net Operating CF	57.5	70.2	33.9	42.7	46.0
Capital Exp.(net)	(122)	(40.8)	(37.5)	(3.0)	(3.0)
Other Invt.(net)	2.00	0.50	0.0	0.0	0.0
Invt in Assoc. & JV	(6.3)	0.0	0.0	0.0	0.0
Div from Assoc & JV	5.25	7.82	5.13	5.48	5.70
Other Investing CF	3.76	(1.3)	0.0	0.0	0.0
Net Investing CF	(117)	(33.8)	(32.4)	2.48	2.70
Div Paid	(21.0)	(16.8)	(16.8)	(16.8)	(16.8)
Chg in Gross Debt	97.9	(2.8)	21.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(28.5)	(32.4)	(4.3)	(4.5)	(4.7)
Net Financing CF	48.4	(52.0)	(0.2)	(21.3)	(21.5)
Currency Adjustments	(0.5)	0.58	0.0	0.0	0.0
Chg in Cash	(11.8)	(15.0)	1.34	23.8	27.2
Opg CFPS (\$ cts)	6.85	8.12	4.13	4.75	5.22
Free CFPS (\$ cts)	(7.7)	3.50	(0.4)	4.72	5.11

Source: Company, DBS Bank

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:	25 Oct 19	0.43	0.52	BUY
2:	13 Nov 19	0.42	0.52	BUY
3:	28 Feb 20	0.45	0.53	BUY

Source: DBS Bank

Analyst: Singapore Research Team

Lee Keng LING

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: 27 Mar 2020 11:42:50 (SGT)

Dissemination Date: 27 Mar 2020 12:37:51 (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 28 Feb 2020.
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. DBS Bank Ltd, DBS HK, DBSVS their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Centurion Corporation as of 28 Feb 2020.
4. 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:

5. 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). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</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

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: indonesiaresearch@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