

Singapore Company Update

China Aviation Oil

Version 11 | Bloomberg: CAO SP | Reuters: CNAO.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

24 Aug 2020

BUY

Last Traded Price (21 Aug 2020): S\$0.86 (STI : 2,528.54)
Price Target 12-mth: S\$1.20 (40% upside) (Prev S\$1.65)

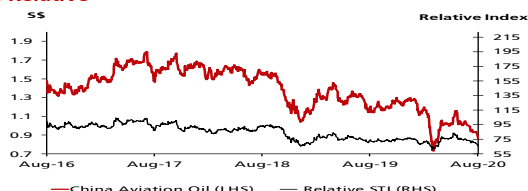
Analyst

Paul YONG, CFA +65 6682 3712 paulyong@db.com

What's New

- Strong trading activity and margins helped CAO record credible 1H20 earnings of US\$23.6m (-57% y-o-y)
- Recovery in departing frequencies at Shanghai Pudong International Airport should help drive a stronger 2H20
- Net cash accounts for c.74% of CAO's market cap and the stock trades at an attractive 1.5x FY20 ex-cash PE
- Maintain BUY with S\$1.20 target price

Price Relative



Forecasts and Valuation

FY Dec (US\$m)	2018A	2019A	2020F	2021F
Revenue	20,612	20,343	9,991	14,362
EBITDA	106	110	61.9	90.9
Pre-tax Profit	101	106	58.2	87.3
Net Profit	93.9	99.8	54.2	81.2
Net Pft (Pre Ex.)	93.9	99.8	54.2	81.2
Net Pft Gth (Pre-ex) (%)	10.5	6.4	(45.8)	49.8
EPS (S cts)	15.0	15.9	8.64	12.9
EPS Pre Ex. (S cts)	15.0	15.9	8.64	12.9
EPS Gth Pre Ex (%)	11	6	(46)	50
Diluted EPS (S cts)	15.0	15.9	8.64	12.9
Net DPS (S cts)	4.52	4.78	2.59	3.88
BV Per Share (S cts)	123	133	139	148
PE (X)	5.7	5.4	10.0	6.6
PE Pre Ex. (X)	5.7	5.4	10.0	6.6
P/Cash Flow (X)	3.7	9.6	6.9	38.4
EV/EBITDA (X)	1.7	1.5	1.4	0.6
Net Div Yield (%)	5.3	5.6	3.0	4.5
P/Book Value (X)	0.7	0.6	0.6	0.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	12.6	12.4	6.3	9.0
Earnings Rev (%):			(47)	(26)
Consensus EPS (S cts):			13.2	15.5
Other Broker Recs:		B: 2	S: 0	H: 1

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

Deep value at 1.5x FY20 ex-cash PE

Investment Thesis

Recommend BUY with TP of S\$1.20 as the stock is trading at just 1.5x FY20 ex-cash PE with improving outlook. CAO has net cash of c. US\$400m, representing 74% of its market cap, that it can utilize to fund accretive acquisitions.

Key associate SPIA to bounce firmly in 2H20. Departing frequencies at Shanghai Pudong International Airport has picked up substantially since May and should drive higher earnings at SPIA.

Stronger volumes ahead as air travel gradually recovers: CAO should also see higher supply and trading volumes driving better gross profits in 2H20 as air travel gradually recovers.

Valuation:

TP of S\$1.20 based on 11x blended FY20/21 PE. With the worst for the aviation sector likely behind us, we value the company based on 11x (+1 SD of its mean) blended FY20/21 PE as earnings are set to recover firmly in the next 18 months. Our TP is lowered from S\$1.65 previously as we cut FY20F/21F EPS by 47%/26%.

Where we differ:

We have higher FY20F and FY21F forecasts than consensus as we have a more optimistic view on international air travel recovery. We have also not factored in any potential accretive acquisitions in our assumptions.

Key Risks to Our View:

A sustained weaker demand for international air travel would negatively impact CAO's revenue and earnings. A sharp drop in oil prices would lead to mark-to-market losses for its key associate SPIA, which would impact its contribution to CAO.

At A Glance

Issued Capital (m shrs)	860
Mkt. Cap (S\$m/US\$m)	740 / 539
Major Shareholders (%)	
China National Aviation Fuel Group Ltd	51.3
BP Investments	20.2
Free Float (%)	28.5
3m Avg. Daily Val (US\$m)	0.40
GIC Industry : Energy / Oil, Gas & Consumable Fuels	



Live more, Bank less

China Aviation Oil

WHAT'S NEW

Strong trading profits offset by a plunge in contribution from SPIA, which is already seeing a rebound in traffic

Credible interim results. Total revenue fell 44.5% y-o-y to US\$5.4bn on a 22% y-o-y decline in overall volume to 5.49m tonnes. Despite jet fuel volumes falling by 30% y-o-y, gross profit fell by a slower 20% y-o-y to US\$22.9m as better trading profits helped to offset some of the lower supply volumes due to COVID-19. EBIT rose 6% y-o-y to US\$21.8m as there was a reversal of expected credit loss provision of US\$1m compared to an impairment provision of US\$6.2m in 1H19, which was due to lower receivables at end-June 2020.

Contribution from **Shanghai Pudong International Airport Aviation Fuel Supply Co.**, (SPIA) plunged by 94% y-o-y to US\$2.1m due to lower volumes and lower oil prices caused by the COVID-19 outbreak. As a result, net profit for the year fell by 57% y-o-y to US\$23.6m.

CAO's 1H20 results at a glance

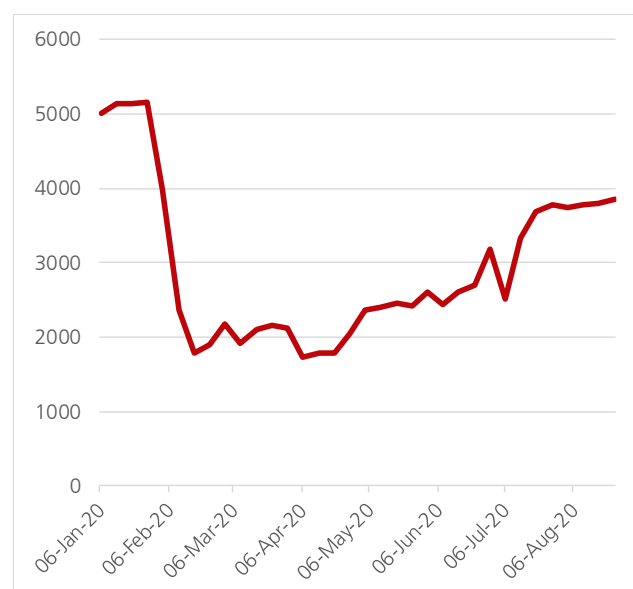
US\$m	1H19	1H20	% Chg y-o-y
Revenue	9683.3	5373.4	-45%
Cost of Sales	(9654.6)	(5350.5)	-45%
Gross Profit	28.7	22.9	-20%
Other op. income	4.2	3.3	-21%
Admin Expenses	(5.9)	(5.0)	-15%
Other Op. Expenses	(6.6)	0.6	-109%
Operating Profit	20.5	21.8	6%
Finance Costs	(1.2)	(0.5)	-59%
Associates	38.3	3.9	-90%
Pretax Profit	57.6	25.2	-56%
Tax	(2.8)	(1.6)	-41%
PAT	54.8	23.6	-57%

Source: Company, DBS Bank Estimates

Banking on a recovery at SPIA in 2H20. Profit contribution from SPIA made up 59-76% of CAO's total net profit from FY15- FY19 but accounted for just 9% of its profit in the first half of 2020. Besides lower volumes, the plunge in contribution from SPIA is also likely due to marked-to-market losses on lower fuel prices.

We believe that SPIA will see a rebound in its profit contribution to CAO in the second half of 2020 as the number of weekly departing frequencies averaged less than 2,000 from mid-February to end-April but has now rebounded to c. 3,800 in August, which is about 20% off its pre-COVID-19 levels. Additionally, the mark-to-market losses that SPIA incurred in the first half of 2020 are unlikely to recur unless jet fuel prices plunge even further. Our house view for oil price is that it will gradually firm up as demand rebounds in line with the easing of social distancing measures globally, and as supply remains disciplined.

Pudong Int'l Airport – Weekly departing frequencies



Source: CAPA, DBS Bank Estimates



Historical PE and PB band



Source: Bloomberg Finance L.P., DBS estimates



Source: Bloomberg Finance L.P., DBS estimates

China Aviation Oil

Key Assumptions

FY Dec	2017A	2018A	2019A	2020F	2021F
Middle Distillates Volumes	19.8	18.2	22.3	16.7	19.2
Other Oil Product	16.1	14.3	14.7	11.0	12.7
Implied Average Middle	65.2	85.6	82.5	48.3	60.4
Gross Profit per Tonne	1.08	1.54	1.58	1.74	1.65
Contribution from	71.5	72.1	65.5	25.0	50.5

Segmental Breakdown

FY Dec	2017A	2018A	2019A	2020F	2021F
Revenues (US\$m)					
Middle distillates	10,233	12,362	13,594	6,397	9,195
Other oil products	6,034	8,250	6,749	3,595	5,167
Total	16,268	20,612	20,343	9,991	14,362

Income Statement (US\$m)

FY Dec	2017A	2018A	2019A	2020F	2021F
Revenue	16,268	20,612	20,343	9,991	14,362
Cost of Goods Sold	(16,229)	(20,562)	(20,285)	(9,943)	(14,310)
Gross Profit	38.7	50.0	58.5	48.2	52.7
Other Opng (Exp)/Inc	(15.7)	(16.9)	(14.8)	(12.2)	(13.2)
Operating Profit	23.1	33.1	43.7	36.0	39.5
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	71.5	72.1	65.5	25.0	50.5
Net Interest (Exp)/Inc	(2.8)	(4.6)	(2.8)	(2.8)	(2.8)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	91.8	101	106	58.2	87.3
Tax	(6.9)	(6.7)	(6.6)	(4.1)	(6.1)
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	84.9	93.9	99.8	54.2	81.2
Net Profit before Except.	84.9	93.9	99.8	54.2	81.2
EBITDA	95.5	106	110	61.9	90.9
Growth					
Revenue Gth (%)	39.0	26.7	(1.3)	(50.9)	43.7
EBITDA Gth (%)	1.3	11.1	3.8	(43.8)	46.9
Opg Profit Gth (%)	(13.8)	43.4	32.0	(17.6)	9.8
Net Profit Gth (Pre-ex) (%)	(4.5)	10.5	6.4	(45.8)	49.8
Margins & Ratio					
Gross Margins (%)	0.2	0.2	0.3	0.5	0.4
Opg Profit Margin (%)	0.1	0.2	0.2	0.4	0.3
Net Profit Margin (%)	0.5	0.5	0.5	0.5	0.6
ROAE (%)	12.4	12.6	12.4	6.3	9.0
ROA (%)	5.2	5.3	5.7	3.2	5.1
ROCE (%)	2.7	3.8	5.0	3.8	4.0
Div Payout Ratio (%)	34.1	30.2	30.0	30.0	30.0
Net Interest Cover (x)	8.3	7.1	15.9	13.1	14.4

Source: Company, DBS Bank

China Aviation Oil

Balance Sheet (US\$m)

FY Dec	2017A	2018A	2019A	2020F	2021F
Net Fixed Assets	5.19	5.25	4.91	4.81	4.72
Invts in Associates & JVs	321	311	362	368	376
Other LT Assets	7.53	6.17	25.4	25.1	24.9
Cash & ST Invts	300	358	379	459	491
Inventory	210	111	58.7	28.8	41.4
Debtors	1,066	862	894	439	631
Other Current Assets	0.0	0.0	145	145	145
Total Assets	1,910	1,653	1,868	1,470	1,714
ST Debt	120	0.0	0.0	0.0	0.0
Creditor	1,060	875	860	421	607
Other Current Liab	0.95	0.83	158	160	162
LT Debt	0.0	0.0	3.92	3.92	3.92
Other LT Liabilities	7.92	8.05	11.7	11.7	11.7
Shareholder's Equity	721	769	835	873	930
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Cap. & Liab.	1,910	1,653	1,868	1,470	1,714
Non-Cash Wkg. Capital	215	96.6	79.5	31.1	48.6
Net Cash/(Debt)	180	358	375	456	487
Debtors Turn (avg days)	18.6	17.1	15.8	24.3	13.6
Creditors Turn (avg days)	18.5	17.2	15.6	23.5	13.1
Inventory Turn (avg days)	4.3	2.8	1.5	1.6	0.9
Asset Turnover (x)	10.0	11.6	11.6	6.0	9.0
Current Ratio (x)	1.3	1.5	1.5	1.8	1.7
Quick Ratio (x)	1.2	1.4	1.3	1.5	1.5
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	0.4	N/A	14.7	14.7	14.7
Z-Score (X)	12.3	14.0	12.3	12.4	12.2

Source: Company, DBS Bank

Cash Flow Statement (US\$m)

FY Dec	2017A	2018A	2019A	2020F	2021F
Pre-Tax Profit	91.8	101	106	58.2	87.3
Dep. & Amort.	0.94	0.94	11.6	0.94	0.94
Tax Paid	(0.7)	(0.7)	(0.8)	(2.1)	(4.1)
Assoc. & JV Inc/(loss)	(71.5)	(72.1)	(65.5)	(25.0)	(50.5)
Chg in Wkg.Cap.	(46.1)	118	16.0	46.4	(19.6)
Other Operating CF	(1.7)	(0.4)	(11.4)	0.0	0.0
Net Operating CF	(27.2)	146	56.3	78.5	14.0
Capital Exp.(net)	(0.4)	(1.1)	(0.6)	(0.6)	(0.6)
Other Invts.(net)	0.0	(7.6)	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	45.5	67.4	3.62	19.0	42.8
Other Investing CF	3.60	4.58	0.0	0.0	0.0
Net Investing CF	48.7	63.2	3.05	18.4	42.2
Div Paid	(27.7)	(29.2)	(28.5)	(16.3)	(24.3)
Chg in Gross Debt	20.0	(120)	(10.7)	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(1.6)	(3.2)	0.0	0.0	0.0
Net Financing CF	(9.3)	(152)	(39.2)	(16.3)	(24.3)
Currency Adjustments	0.62	0.24	0.90	0.0	0.0
Chg in Cash	12.8	57.7	21.1	80.7	31.9
Opg CFPS (S cts)	3.00	4.51	6.43	5.12	5.36
Free CFPS (S cts)	(4.4)	23.2	8.89	12.4	2.14

Source: Company, DBS Bank



Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	26 Feb 20	1.16	1.65	BUY

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

Source: DBS Bank

Analyst: Paul YONG, CFA

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 Aug 2020 19:02:27 (SGT)

Dissemination Date: 24 Aug 2020 19:27:46 (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 Jul 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. 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 is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. 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	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 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.
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.

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