

Singapore Company Update

Silverlake Axis

Bloomberg: SILV SP | Reuters: SLVX.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

27 Aug 2020

BUY

Last Traded Price (27 Aug 2020): S\$0.30 (STI : 2,542.08)

Price Target 12-mth: S\$0.40 (32% upside) (Prev S\$0.38)

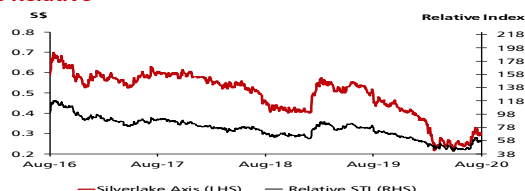
Analyst

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What's New

- FY20 revenue stable despite COVID-19; net profit boosted by lower tax rate. Without tax benefit, net profit would have plunged c.40%
- Weak project related revenue offset by stronger recurring revenue from Maintenance and Insurtech
- Healthy project pipeline, with c.RM300m close to signing. Expect a better FY21F
- Reiterate BUY with slightly higher TP of S\$0.40

Price Relative



Forecasts and Valuation

| FY Jun (RMm) | 2019A | 2020A | 2021F | 2022F |
|--------------------------|-------|-------|-------|-------|
| Revenue | 681 | 664 | 693 | 748 |
| EBITDA | 277 | 278 | 287 | 307 |
| Pre-tax Profit | 285 | 213 | 246 | 265 |
| Net Profit | 246 | 185 | 175 | 188 |
| Net Pft (Pre Ex.) | 190 | 185 | 175 | 188 |
| Net Pft Gth (Pre-ex) (%) | 41.7 | (2.8) | (5.5) | 7.9 |
| EPS (S cts) | 2.98 | 2.24 | 2.21 | 2.38 |
| EPS Pre Ex. (S cts) | 2.31 | 2.24 | 2.21 | 2.38 |
| EPS Gth Pre Ex (%) | 42 | (3) | (2) | 8 |
| Diluted EPS (S cts) | 2.98 | 2.24 | 2.21 | 2.38 |
| Net DPS (S cts) | 1.77 | 0.91 | 0.88 | 0.95 |
| BV Per Share (S cts) | 7.19 | 9.07 | 10.7 | 12.2 |
| PE (X) | 10.1 | 13.4 | 13.6 | 12.6 |
| PE Pre Ex. (X) | 13.0 | 13.4 | 13.6 | 12.6 |
| P/Cash Flow (X) | 7.6 | 11.8 | nm | 11.2 |
| EV/EBITDA (X) | 6.9 | 6.4 | 6.6 | 5.8 |
| Net Div Yield (%) | 5.9 | 3.0 | 2.9 | 3.2 |
| P/Book Value (X) | 4.2 | 3.3 | 2.8 | 2.5 |
| Net Debt/Equity (X) | CASH | CASH | CASH | CASH |
| ROAE (%) | 44.0 | 27.6 | 21.9 | 20.8 |
| Earnings Rev (%): | | | 1 | - |
| Consensus EPS (S cts): | | | 1.67 | 1.74 |
| Other Broker Recs: | | B: 3 | S: 0 | H: 1 |

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

Fintech accelerator

Investment Thesis

Attractive valuations. At the current PE of 13.6x/12.6x for FY21F and FY22F, the stock is trading below its 4-year average forward PE of 17.6x, and at a 40% discount to its global peers.

Recurrent revenues resilient amid COVID-19. We like Silverlake for its high recurring revenue of at least 60% of total revenue, and high gross margins of c.60%.

Beneficiary of digitalisation, accelerated by COVID-19. Though order win momentum for larger contracts has been slow amid the uncertain economic outlook, we expect the award of smaller contracts to fill the gap and maintain its order backlog of about RM300m.

Valuation:

Maintain BUY with higher TP of S\$0.40. Our S\$0.40 TP is pegged to its average PE of 17.6x on FY21F earnings. Its global peers are trading at average forward PEs of 26.5x and 23.3x over the next two years. We expect a better FY21F supported by award of projects that were postponed due to COVID.

Where we differ:

More optimistic, expect rebound in project revenue. We remain optimistic on Silverlake Axis' business given its market leader position in core banking solutions segment. Digitalisation has now become a necessity instead of good to have. The Maintenance & Enhancement and the Insurtech divisions are expected to expand at a high single digit rate of about 8% to generate a healthy increase in recurring revenues.

Key Risks to Our View:

1) Slowdown in IT spending on the back of the weak global economy could lead to lower orderbook; **2) Concerns on corporate governance issues.** Interested party transactions with Mr Goh's private companies over the past few years have raised concerns on corporate governance.

At A Glance

| | |
|---|-----------|
| Issued Capital (m shrs) | 2,589 |
| Mkt. Cap (S\$m/US\$m) | 777 / 569 |
| Major Shareholders (%) | |
| Goh Peng Ooi | 68.0 |
| Ntasia Discovery Master Fund | 5.1 |
| HNA Group Co Ltd | 5.0 |
| Free Float (%) | 21.9 |
| 3m Avg. Daily Val (US\$m) | 1.7 |
| GIC Industry : Information Technology / Software & Services | |



Live more, Bank less

WHAT'S NEW

FY20 revenue stable despite COVID; net profit boosted by lower tax rate

FY20 revenue stable; weak project related revenue offset by stronger Maintenance and Insurtech. Full year revenue at RM663.7m was a marginal 3% reduction from FY19. Software licensing revenue was down 44% to RM56.1m and project services revenue down 28% to RM74.3m. The Maintenance and Enhancement, and Insurtech divisions grew by 9% and 4% respectively.

On a quarterly basis, 4QFY20 revenue of RM156.8m was 17% lower y-o-y, mainly dragged down by the slowdown in project related segments. Insurtech was also weak, down 30% y-o-y, impacted by governments movement restriction orders that affected transaction volumes.

Robust growth momentum in recurring revenue segments.

Recurring revenue (from Maintenance and Enhancement, and Insurtech divisions), remained strong, representing 75% of total revenue in FY20, vs 67% in FY19.

Lower gross margin due to lower contribution from project related segment. Silverlake Axis recorded gross profit of RM391.7m in FY2020, 8% lower y-o-y. Gross profit margin of 59% was also lower than the 63% in FY19, mainly due to lower contribution from higher margin business segments such as software licensing and software project services.

Net profit boosted by lower tax rate; without the tax allowance, net profit would have plunged c.40%. FY20 pretax profit of RM212.6m (-25.3% y-o-y) was in line but net profit of RM184.7m (-24.8% y-o-y) was boosted by lower tax rate of 13%, vs c.26% in 9MFY20. Without the tax benefit, net profit would have plunged about 40%. The lower tax was mainly due to the recognition of deferred tax assets on tax allowance claimable on the intellectual property rights acquired in Singapore in the current financial year. The decrease was partially offset by higher tax expenses due to the expiry of pioneer status of a Malaysian subsidiary in 1QFY20. Beyond FY20, we expect tax rate to normalise to close to the 30% level.

Lower DPS; payout ratio 40% vs 60% last year. A final DPS of 0.33 Scts was declared. Together with the interim DPS, this works out to a full year dividend payout ratio of 40%, vs 60% in FY19. The group prefers to conserve cash, especially during the current uncertainties due to COVID-19.

Healthy project pipeline, with c.RM300m close to signing.

The deal pipeline is healthy at c.RM1.6bn to RM1.7bn, from Southeast Asia, as well as Eastern Europe and Africa. Out of this, about RM300m is close to signing. Though the award of larger contracts in excess of RM100m has been slow, to close the gap, the group is targeting smaller contracts of c.RM10m each and these include digital contracts which are generally smaller in size.

With these smaller contracts, orderbook backlog is now about RM390m. Over the last one to two years, new order wins were about RM50m to RM70m per quarter, to be completed within 12 to 18 months from the signing of the contracts, which helps to maintain the orderbook at above the RM200m level. In 4QFY20, Silverlake clinched RM41m of new contracts, which was lower than the RM65m order wins in 3QFY20.

Expect a better FY21F. The award of a number of projects had been postponed due to the COVID-19. We expect some of these projects to be awarded in FY21F. Furthermore, the pandemic has also led to the acceleration of digitalisation, hence financial institutions need to have robust core banking systems to avoid being rendered obsolete by the rising Fintech trend.

Reiterate BUY with slightly higher TP of S\$0.40. We have tweaked our FY21F earnings up slightly, mainly to account for the slightly higher gross margin of 60%, vs 56% previously, as we are expecting the resumption of contract wins that were postponed due to COVID, which should contribute to the higher-margin project related revenue. Our TP of S\$0.40 (prev S\$0.38) is pegged to its 4-year average PE level of 17.6x on FY21F earnings.

Quarterly / Interim Income Statement (RMm)

| FY Jun | 4Q2019 | 3Q2020 | 4Q2020 | % chg yoy | % chg qoq |
|-------------------------|-------------|-------------|-------------|---------------|--------------|
| Revenue | 189 | 151 | 157 | (17.2) | 3.7 |
| Cost of Goods Sold | (67.8) | (69.0) | (69.2) | 2.1 | 0.3 |
| Gross Profit | 121 | 82.1 | 87.5 | (28.0) | 6.6 |
| Other Oper. (Exp)/Inc | (39.4) | (48.8) | (36.6) | (7.2) | (24.9) |
| Operating Profit | 82.1 | 44.8 | 50.9 | (38.0) | 13.6 |
| Other Non Opg (Exp)/Inc | 0.0 | 0.0 | 0.0 | - | - |
| Associates & JV Inc | (0.4) | 0.0 | 0.0 | nm | - |
| Net Interest (Exp)/Inc | (6.0) | (8.0) | (7.9) | (31.1) | 1.7 |
| Exceptional Gain/(Loss) | 0.0 | 0.0 | 0.0 | nm | nm |
| Pre-tax Profit | 75.7 | 36.8 | 43.0 | (43.1) | 16.9 |
| Tax | (8.2) | (11.3) | 16.0 | nm | nm |
| Minority Interest | 0.00 | 0.0 | 0.01 | 156.8 | - |
| Net Profit | 67.5 | 25.6 | 59.1 | (12.4) | 131.2 |
| Net profit bef Except. | 67.5 | 25.6 | 59.1 | (12.4) | 131.2 |
| EBITDA | 88.2 | 53.6 | 59.6 | (32.5) | 11.2 |
| Margins (%) | | | | | |
| Gross Margins | 64.2 | 54.3 | 55.8 | | |
| Opg Profit Margins | 43.3 | 29.6 | 32.5 | | |
| Net Profit Margins | 35.6 | 16.9 | 37.7 | | |

Source of all data: Company, DBS Bank

Peer comparison table

| Company | Mkt Cap (US\$m) | PE (Act) | PE (Yr 1) | PE (Yr 2) | Revenue (US\$m) | Net Profit (US\$m) | Net Profit Margin (%) |
|--------------------------------|-----------------|-------------|-------------|-------------|-----------------|--------------------|-----------------------|
| SILVERLAKE AXIS | 576 | 16.2 | 13.8 | 12.8 | 163 | 44 | 27.8 |
| FIDELITY NATIONA | 90,072 | 71.4 | 26.4 | 21.6 | 10,333 | 298 | 2.9 |
| FISERV INC | 65,786 | 44.5 | 22.4 | 18.4 | 10,187 | 893 | 8.8 |
| INFOSYS LTD | 52,033 | 23.4 | 22.9 | 20.3 | 11,803 | 2,157 | 18.3 |
| ORACLE FINANCIAL | 3,431 | 18 | 16.1 | 14.7 | 632 | 190 | 30.1 |
| SAP SE-SPONS ADR | 203,416 | n.a. | 28.5 | 25.3 | 32,514 | 3,919 | 12.1 |
| TATA CONSULTANCY | 108,294 | 26.7 | 26.7 | 23.6 | 20,403 | 4,204 | 20.6 |
| TEMENOS AG-REG | 11,532 | 70.1 | 42.7 | 38.9 | 972 | 181 | 18.6 |
| Average (ex Silverlake) | | 42.3 | 26.5 | 23.3 | | | |

Historical PE and PB band [Pls always check if PE/ PB band is correctly represented]

Forward PE band (x)



Source: Bloomberg Finance L.P., DBS estimates

PB band (x)



Source: Bloomberg Finance L.P., DBS estimates

Key Assumptions

| FY Jun | 2018A | 2019A | 2020A | 2021F | 2022F |
|--------------------|-------|-------|-------|-------|-------|
| Revenue growth (%) | 6.98 | 25.7 | (2.5) | 4.42 | 8.00 |
| Gross Margins (%) | 56.3 | 62.6 | 59.0 | 60.0 | 60.0 |

Segmental Breakdown

| FY Jun | 2018A | 2019A | 2020A | 2021F | 2022F |
|---------------------------|------------|------------|------------|------------|------------|
| Revenues (RMm) | | | | | |
| Software Licensing | 40.0 | 101 | 56.1 | 61.7 | 67.9 |
| Software Project Services | 51.8 | 103 | 74.3 | 81.7 | 89.9 |
| Maintenance & | 392 | 422 | 460 | 497 | 537 |
| Sale of Software & | 8.04 | 11.0 | 26.9 | 5.39 | 1.08 |
| Others | 19.6 | 11.0 | 10.9 | 5.44 | 2.72 |
| Total | 542 | 681 | 663 | 693 | 748 |

Income Statement (RMm)

| FY Jun | 2018A | 2019A | 2020A | 2021F | 2022F |
|-----------------------------|------------|------------|------------|------------|------------|
| Revenue | 542 | 681 | 664 | 693 | 748 |
| Cost of Goods Sold | (237) | (255) | (272) | (277) | (299) |
| Gross Profit | 305 | 426 | 392 | 416 | 449 |
| Other Opng (Exp)/Inc | (143) | (171) | (150) | (163) | (177) |
| Operating Profit | 162 | 255 | 242 | 253 | 272 |
| Other Non Opng (Exp)/Inc | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Associates & JV Inc | (15.9) | (1.7) | 1.39 | 0.0 | 0.0 |
| Net Interest (Exp)/Inc | 1.51 | (23.8) | (30.7) | (6.7) | (6.7) |
| Exceptional Gain/(Loss) | 0.0 | 55.6 | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 147 | 285 | 213 | 246 | 265 |
| Tax | (13.1) | (39.2) | (28.0) | (71.3) | (76.9) |
| Minority Interest | 0.0 | 0.01 | 0.0 | 0.0 | 0.0 |
| Preference Dividend | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Profit | 134 | 246 | 185 | 175 | 188 |
| Net Profit before Except. | 134 | 190 | 185 | 175 | 188 |
| EBITDA | 167 | 277 | 278 | 287 | 307 |
| Growth | | | | | |
| Revenue Gth (%) | 7.0 | 25.7 | (2.5) | 4.4 | 8.0 |
| EBITDA Gth (%) | (82.7) | 65.9 | 0.4 | 3.3 | 6.8 |
| Opg Profit Gth (%) | (83.0) | 57.7 | (5.0) | 4.4 | 7.7 |
| Net Profit Gth (Pre-ex) (%) | (84.2) | 41.7 | (2.8) | (5.5) | 7.9 |
| Margins & Ratio | | | | | |
| Gross Margins (%) | 56.3 | 62.6 | 59.0 | 60.0 | 60.0 |
| Opg Profit Margin (%) | 29.8 | 37.4 | 36.5 | 36.4 | 36.3 |
| Net Profit Margin (%) | 24.7 | 36.1 | 27.8 | 25.2 | 25.2 |
| ROAE (%) | 16.0 | 44.0 | 27.6 | 21.9 | 20.8 |
| ROA (%) | 11.0 | 22.4 | 13.9 | 12.7 | 14.0 |
| ROCE (%) | 13.9 | 24.5 | 21.6 | 17.5 | 17.0 |
| Div Payout Ratio (%) | 175.0 | 59.3 | 40.7 | 40.0 | 40.0 |
| Net Interest Cover (x) | NM | 10.7 | 7.9 | 37.8 | 40.7 |

Mainly due to impairment loss by joint venture entity, Silverlake HGH

Fair value adjustment for past acquisitions

High payout ratio in FY18 from proceeds of GIT sale

Source: Company, DBS Bank

Quarterly Income Statement (RMm)

| FY Jun | 4Q2019 | 1Q2020 | 2Q2020 | 3Q2020 | 4Q2020 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 189 | 164 | 191 | 151 | 157 |
| Cost of Goods Sold | (67.8) | (59.2) | (74.5) | (69.0) | (69.2) |
| Gross Profit | 121 | 105 | 116 | 82.1 | 87.5 |
| Other Oper. (Exp)/Inc | (39.4) | (42.1) | (33.1) | (48.8) | (36.6) |
| Operating Profit | 82.1 | 63.1 | 83.1 | 44.8 | 50.9 |
| Other Non Opg (Exp)/Inc | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Associates & JV Inc | (0.4) | 0.97 | 0.42 | 0.0 | 0.0 |
| Net Interest (Exp)/Inc | (6.0) | (7.3) | (7.5) | (8.0) | (7.9) |
| Exceptional Gain/(Loss) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 75.7 | 56.8 | 76.0 | 36.8 | 43.0 |
| Tax | (8.2) | (9.6) | (23.2) | (11.3) | 16.0 |
| Minority Interest | 0.00 | 0.00 | 0.01 | 0.0 | 0.01 |
| Net Profit | 67.5 | 47.2 | 52.8 | 25.6 | 59.1 |
| Net profit bef Except. | 67.5 | 47.2 | 52.8 | 25.6 | 59.1 |
| EBITDA | 88.2 | 72.6 | 92.3 | 53.6 | 59.6 |

Deferred tax assets on tax allowance claimable on intellectual property rights

Growth

| | | | | | |
|-----------------------------|------|--------|------|--------|-------|
| Revenue Gth (%) | 22.8 | (13.1) | 16.0 | (20.7) | 3.7 |
| EBITDA Gth (%) | 19.8 | (17.7) | 27.1 | (42.0) | 11.2 |
| Opg Profit Gth (%) | 22.1 | (23.1) | 31.7 | (46.1) | 13.6 |
| Net Profit Gth (Pre-ex) (%) | 28.1 | (30.0) | 11.9 | (51.6) | 131.2 |

Margins

| | | | | | |
|------------------------|------|------|------|------|------|
| Gross Margins (%) | 64.2 | 64.0 | 60.9 | 54.3 | 55.8 |
| Opg Profit Margins (%) | 43.3 | 38.4 | 43.6 | 29.6 | 32.5 |
| Net Profit Margins (%) | 35.6 | 28.7 | 27.7 | 16.9 | 37.7 |

Balance Sheet (RMm)

| FY Jun | 2018A | 2019A | 2020A | 2021F | 2022F |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Fixed Assets | 20.4 | 14.9 | 13.6 | 15.7 | 17.8 |
| Invt in Associates & JVs | 9.67 | 8.62 | 0.00 | 0.00 | 0.00 |
| Other LT Assets | 223 | 317 | 404 | 429 | 404 |
| Cash & ST Invt | 498 | 623 | 837 | 624 | 756 |
| Inventory | 0.0 | 0.97 | 1.08 | 0.0 | 1.00 |
| Debtors | 139 | 134 | 140 | 146 | 158 |
| Other Current Assets | 117 | 83.6 | 72.9 | 72.9 | 72.9 |
| Total Assets | 1,007 | 1,182 | 1,468 | 1,288 | 1,409 |
| ST Debt | 25.4 | 11.3 | 9.66 | 9.66 | 9.66 |
| Creditor | 68.0 | 70.7 | 359 | 19.0 | 20.5 |
| Other Current Liab | 115 | 140 | 136 | 191 | 197 |
| LT Debt | 2.93 | 63.1 | 141 | 141 | 141 |
| Other LT Liabilities | 272 | 305 | 76.5 | 76.5 | 76.5 |
| Shareholder's Equity | 523 | 592 | 747 | 850 | 964 |
| Minority Interests | 0.08 | 0.06 | 0.06 | 0.06 | 0.06 |
| Total Cap. & Liab. | 1,007 | 1,182 | 1,468 | 1,288 | 1,409 |
| Non-Cash Wkg. Capital | 72.4 | 7.94 | (280) | 8.63 | 14.2 |
| Net Cash/(Debt) | 470 | 549 | 686 | 473 | 605 |
| Debtors Turn (avg days) | 95.6 | 73.3 | 75.4 | 75.3 | 74.1 |
| Creditors Turn (avg days) | 113.7 | 109.7 | 330.1 | 284.0 | 27.2 |
| Inventory Turn (avg days) | N/A | 0.8 | 1.6 | 0.8 | 0.7 |
| Asset Turnover (x) | 0.4 | 0.6 | 0.5 | 0.5 | 0.6 |
| Current Ratio (x) | 3.6 | 3.8 | 2.1 | 3.8 | 4.3 |
| Quick Ratio (x) | 3.1 | 3.4 | 1.9 | 3.5 | 4.0 |
| Net Debt/Equity (X) | CASH | CASH | CASH | CASH | CASH |
| Net Debt/Equity ex MI (X) | CASH | CASH | CASH | CASH | CASH |
| Capex to Debt (%) | 10.3 | 6.8 | 3.9 | 4.0 | 4.0 |
| Z-Score (X) | 5.0 | 4.8 | 4.5 | 4.5 | 4.5 |

Includes software development expenditure, proprietary software and goodwill from acquisitions

The increase was mainly due to the contingent consideration for acquisition of SIL Group, which is likely to be settled via issue of treasury shares

Source: Company, DBS Bank

Cash Flow Statement (RMm)

| FY Jun | 2018A | 2019A | 2020A | 2021F | 2022F |
|-------------------------|--------------|---------------|---------------|---------------|---------------|
| Pre-Tax Profit | 147 | 285 | 213 | 246 | 265 |
| Dep. & Amort. | 21.3 | 24.0 | 34.6 | 34.6 | 34.6 |
| Tax Paid | (20.0) | (40.2) | (65.8) | (71.3) | (76.9) |
| Assoc. & JV Inc/(loss) | 15.9 | 1.72 | (1.4) | 0.0 | 0.0 |
| Chg in Wkg.Cap. | 271 | 58.5 | 292 | (345) | (11.2) |
| Other Operating CF | (291) | (3.6) | (262) | 0.0 | 0.0 |
| Net Operating CF | 145 | 325 | 210 | (135) | 212 |
| Capital Exp.(net) | (2.9) | (5.1) | (5.9) | (6.0) | (6.0) |
| Other Invt.(net) | 0.0 | 16.2 | (9.0) | 0.0 | 0.0 |
| Invt in Assoc. & JV | (0.8) | (52.7) | 0.0 | 0.0 | 0.0 |
| Div from Assoc & JV | 0.20 | 0.0 | 0.82 | 0.0 | 0.0 |
| Other Investing CF | 295 | (30.2) | (22.6) | 0.0 | 0.0 |
| Net Investing CF | 292 | (71.7) | (36.7) | (6.0) | (6.0) |
| Div Paid | (387) | (152) | (105) | (71.2) | (74.0) |
| Chg in Gross Debt | 127 | 37.1 | 48.0 | 0.0 | 0.0 |
| Capital Issues | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Financing CF | (305) | (17.9) | (56.8) | 0.0 | 0.0 |
| Net Financing CF | (564) | (133) | (114) | (71.2) | (74.0) |
| Currency Adjustments | 11.2 | 17.7 | (4.7) | 0.0 | 0.0 |
| Chg in Cash | (116) | 138 | 54.7 | (213) | 132 |
| Opg CFPS (S cts) | (1.5) | 3.24 | (1.0) | 2.65 | 2.82 |
| Free CFPS (S cts) | 1.72 | 3.89 | 2.48 | (1.8) | 2.60 |

Source: Company, DBS Bank

Target Price & Ratings History



| S.No. | Date of Report | Closing Price | 12-mth Target Price | Rating |
|-------|----------------|---------------|---------------------|--------|
| 1: | 26 Aug 19 | 0.50 | 0.60 | BUY |
| 2: | 15 Nov 19 | 0.43 | 0.57 | BUY |
| 3: | 14 Feb 20 | 0.38 | 0.48 | BUY |
| 4: | 15 May 20 | 0.25 | 0.38 | BUY |

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

Source: DBS Bank

Analyst: 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*

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

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