

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 2021

BUY

Last Traded Price (26 Aug 2021): S\$0.265 (STI : 3,109.42)
Price Target 12-mth: S\$0.38 (43% upside) (Prev S\$0.33)

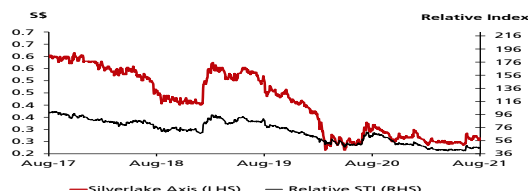
Analyst

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

What's New

- FY21 net profit of RM143m in line, recurring revenue accounts for 81% of total revenue
- Order backlog of RM450m; outlook improving with healthy project pipeline
- MOBIUS system to be the game changer; expect more contracts ahead
- Raised FY22-23F earnings by 7% each; maintain BUY with higher TP of S\$0.38

Price Relative



Forecasts and Valuation

FY Jun (RMm)	2020A	2021A	2022F	2023F
Revenue	664	626	656	694
EBITDA	278	235	277	290
Pre-tax Profit	213	187	228	242
Net Profit	185	143	155	164
Net Pft (Pre Ex.)	185	143	155	164
Net Pft Gth (Pre-ex) (%)	(2.8)	(22.5)	8.5	5.9
EPS (S cts)	2.21	1.78	1.93	2.05
EPS Pre Ex. (S cts)	2.21	1.78	1.93	2.05
EPS Gth Pre Ex (%)	(3)	(19)	8	6
Diluted EPS (S cts)	2.21	1.78	1.93	2.05
Net DPS (S cts)	0.90	0.50	0.58	0.61
BV Per Share (S cts)	8.93	13.1	14.5	16.0
PE (X)	12.0	14.9	13.7	13.0
PE Pre Ex. (X)	12.0	14.9	13.7	13.0
P/Cash Flow (X)	10.6	10.8	14.8	10.9
EV/EBITDA (X)	5.5	6.1	4.8	4.1
Net Div Yield (%)	3.4	1.9	2.2	2.3
P/Book Value (X)	3.0	2.0	1.8	1.7
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	27.6	15.9	14.0	13.4
Earnings Rev (%):			7	7
Consensus EPS (S cts):			1.50	2.10
Other Broker Recs:		B: 2	S: 0	H: 2

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

Banking on a gamechanger system

Investment Thesis:

New open banking platform could be a game changer. We believe Silverlake's new open banking platform, MOBIUS, that combines the customer-facing digital capabilities with core banking processing capabilities, could be a game changer. The group has already signed its first contract with a major bank in Thailand in 4Q FY21. The group is beginning to close more deals and is seeing an increase in enquiries in its range of solutions and capabilities for the financial services market sector in countries like Malaysia, Indonesia, and Thailand. In this digital age, customers continue to make IT investment decisions despite the ongoing pandemic.

Recurring revenues resilient amid COVID-19.

We like Silverlake for its high recurring revenue contribution of at least 60% of total, and impressive gross margin of c.60%. In FY21, recurring revenue formed 81% of total revenue.

Valuation:

Maintain BUY with higher TP of S\$0.38. Our S\$0.38 TP is pegged to its average PE of c.19x on FY22F earnings. Global peers are trading at average forward PE multiples of 25.9x and 22.9x over the next two years.

Where we differ:

More optimistic, expect recurring income to expand further.

We remain optimistic on Silverlake's business given its market leader position in core banking solutions segment. Digitalisation has now become a necessity instead of something good to have.

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. Related 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)	2,570
Mkt. Cap (S\$m/US\$m)	681 / 504
Major Shareholders (%)	
Goh Peng Ooi	71.4
Ntasian Discovery Master Fund	5.1
Free Float (%)	23.5
3m Avg. Daily Val (US\$m)	0.40
GIC Industry : Information Technology / Software & Services	



Live more, Bank less

Silverlake Axis

WHAT'S NEW

FY21 results in line; stable recurring revenue

FY21 results in line, recurring revenue accounts for 81%. FY21 revenue of RM626.1m was 6% lower y-o-y due to lower contributions from project related revenue. Maintenance and enhancement services revenue recorded a slight growth of 3%. The increase came from new maintenance contracts secured as well as revision of maintenance fees for existing contracts. Enhancement services revenue, which accounts 52% of the total maintenance and enhancement services revenue, continued to maintain momentum in FY21 with a 4% y-o-y increase. Software-as-a-Service (SaaS) insurance processing saw a decline of 1% y-o-y, as the prolonged pandemic and movement control restrictions have resulted in lower claims processing activities.

Recurring revenue segments comprising maintenance and enhancement services, and SaaS remained a key revenue driver, contributed 81% of total group revenue in FY21.

4Q21 revenue of RM176.9m also saw the first revenue growth after five quarters of consecutive negative growth.

Improvement in gross margin to 60%. Gross profit margin rose to 60% in FY21, from 57% in FY20, as a result of higher margins from software project, maintenance and enhancement services. Overall, the group reported net profit of RM143.1m, (-23% y-o-y), in line. Core net profit would have been higher if not for the one-off administrative charge of RM24m due to fair value adjustment for the acquisition of XIT Group.

Lower DPS. A DPS of 0.52 Scts was declared. Dividend payout ratio reduced to only 28%, vs 41% in FY20.

Revenue breakdown by business activities

(RMm)	FY21	FY20	Change (%)
Software licensing	40.0	56.1	-29
Software project services	65.4	74.3	-12
Maintenance and enhancement services	475.0	460.3	+3
Sales of software and hardware products	10.7	26.9	-60
Software-as-a-Service			
- Insurance processing	34.2	34.7	-1
- Retail	0.71	0.48	+47
Credit and cards processing	-	-	-
TOTAL	626.1	663.7	-6

Source: Company; DBS Bank

Order backlog of RM450m; outlook improving with healthy project pipeline. Silverlake's current order backlog is about RM450m. This should keep the group busy for the next 1-2 years. Project pipeline remains healthy, at about RM1.45bn. Out of this, about RM325m can be expected to be closed soon. Silverlake is beginning to close more deals and is seeing an increase in enquiries in its range of solutions and capabilities for the financial services market sector. In this digital age, customers continue to make IT investment decisions despite the ongoing pandemic.

MOBIUS system to be the game changer.

MOBIUS is a strategic Open Banking Platform that combines the customer-facing digital capabilities with core banking processing capabilities, which is Silverlake's key strength, to create a digital, unified, open end-to-end platform for commercial banking. This allows industry players to take their core banking systems across to the Möbius platform, thereby allowing them to fully integrate all their operations onto one major platform.

The group has signed a significant MOBIUS deal in Thailand in 4Q FY21 with a new customer. It is pursuing more deals for the new MOBIUS as well as existing systems in countries like Malaysia, Indonesia, and Thailand.

MOBIUS can be implemented in many ways. It can be used to create new products to target new markets for both new and existing customers. For existing customers, there is also a bridging function to link the current core banking system with the new MOBIUS open platform. Hence, both systems can exist seamlessly in the initial years and the customers can gradually migrate to the new MOBIUS system in stages. The total cost of owning the MOBIUS system is lower than the traditional ones as minimal hardware is required as the system is cloud-based vs on-site for the existing ones.

Opportunity to participate in Malaysia digital banking.

Silverlake is also working with three other bidders for the Malaysia digital bank licence, to provide technical support for the core banking system. With over 40% market share in the core banking system space in South East Asia, we believe Silverlake stands a chance to participate in the implementation of digital banks in Malaysia, though contract values may not be big.

Silverlake Axis

Raised FY22-23F earnings by 7% each; maintain BUY with higher TP of S\$0.38. Given the improving outlook and potential contract wins from the new MOBIUS system and the existing core banking system, we have raised earnings by 7% each for FY22F and FY23F. MOBIUS contracts tend to have a longer tenure, hence contribution per year would be smaller. Our TP is raised to S\$0.38 (previously S\$0.33), pegged to average 4-year PE of c.19x.

Company Background

Silverlake Axis (Silverlake) is the market leader in core banking software in ASEAN where it deploys its proprietary software to major organisations in banking, insurance, payments, retail, and logistics industries. It is also an Insurtech market leader in providing collaborative and information exchange platforms for the insurance industry.

Interim Income Statement (RMm)

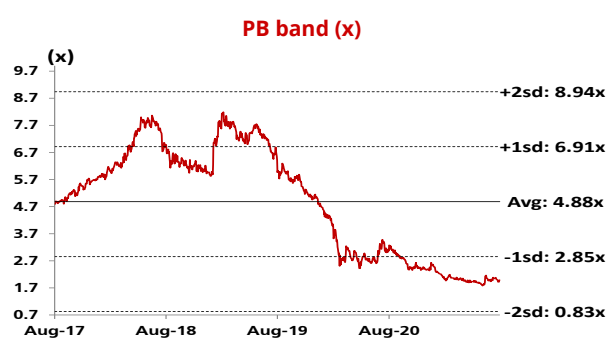
FY Jun	2H2020	1H2021	2H2021	% chg yoy	% chg hoh
Revenue	308	308	318	3.2	3.0
Cost of Goods Sold	(138)	(117)	(133)	(3.6)	13.8
Gross Profit	170	192	185	8.7	(3.5)
Other Oper. (Exp)/Inc	(85)	(75)	(104)	21.9	39.0
Operating Profit	96	117	81	(15.3)	(30.7)
Other Non Opg (Exp)/Inc	0	0	0	-	-
Associates & JV Inc	0	0	1	nm	nm
Net Interest (Exp)/Inc	(16)	(12)	(1)	94.5	92.4
Exceptional Gain/(Loss)	0	0	0	nm	nm
Pre-tax Profit	80	105	81	1.8	(22.8)
Tax	(27)	(38)	(6)	(78.8)	(84.7)
Minority Interest	0	0	0	-	-
Net Profit	53	68	76	43.7	11.9
Net profit bef Except.	53	68	76	43.7	11.9
EBITDA	113	136	101	(11.0)	(25.8)
Margins (%)					
Gross Margins	55.3	62.2	58.3		
Opg Profit Margins	31.1	37.9	25.5		
Net Profit Margins	17.1	21.9	23.8		

Source of all data: Company, DBS Bank

Historical PE and PB band



Source: Bloomberg Finance L.P., DBS Bank estimates



Source: Bloomberg Finance L.P., DBS Bank estimates

Silverlake Axis

Key Assumptions

FY Jun	2019A	2020A	2021A	2022F	2023F
Revenue growth (%)	25.7	(2.5)	(5.7)	4.72	5.90
Gross Margins (%)	62.6	59.0	60.2	61.0	61.0

Segmental Breakdown

FY Jun	2019A	2020A	2021A	2022F	2023F
Revenues (RMm)					
Software Licensing	101	56.1	40.0	44.8	49.3
Software Project Services	103	74.3	65.4	73.3	80.6
Maintenance &	422	460	475	499	524
Sale of Software &	11.0	26.9	10.7	2.15	0.43
Others	11.0	10.9	0.0	0.0	0.0
Total	681	663	626	656	694

Income Statement (RMm)

FY Jun	2019A	2020A	2021A	2022F	2023F
Revenue	681	664	626	656	694
Cost of Goods Sold	(255)	(272)	(249)	(256)	(271)
Gross Profit	426	392	377	400	424
Other Opng (Exp)/Inc	(171)	(150)	(179)	(160)	(171)
Operating Profit	255	242	198	239	253
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	(1.7)	1.39	0.0	0.0	0.0
Net Interest (Exp)/Inc	(23.8)	(30.7)	(11.3)	(11.3)	(11.3)
Exceptional Gain/(Loss)	55.6	0.0	0.0	0.0	0.0
Pre-tax Profit	285	213	187	228	242
Tax	(39.2)	(28.0)	(43.7)	(73.0)	(77.4)
Minority Interest	0.01	0.0	0.01	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	246	185	143	155	164
Net Profit before Except.	190	185	143	155	164
EBITDA	277	278	235	277	290
Growth					
Revenue Gth (%)	25.7	(2.5)	(5.7)	4.7	5.9
EBITDA Gth (%)	65.9	0.4	(15.4)	17.6	4.9
Opg Profit Gth (%)	57.7	(5.0)	(18.2)	21.0	5.7
Net Profit Gth (Pre-ex) (%)	41.7	(2.8)	(22.5)	8.5	5.9
Margins & Ratio					
Gross Margins (%)	62.6	59.0	60.2	61.0	61.0
Opg Profit Margin (%)	37.4	36.5	31.6	36.5	36.4
Net Profit Margin (%)	36.1	27.8	22.9	23.7	23.7
ROAE (%)	44.0	27.6	15.9	14.0	13.4
ROA (%)	22.4	13.9	10.1	10.9	10.6
ROCE (%)	24.5	21.6	14.3	13.6	13.1
Div Payout Ratio (%)	59.3	40.7	28.2	30.0	30.0
Net Interest Cover (x)	10.7	7.9	17.6	21.3	22.5

Source: Company, DBS Bank

Silverlake Axis

Interim Income Statement (RMm)

FY Jun	2H2019	1H2020	2H2020	1H2021	2H2021
Revenue	323	355	308	308	318
Cost of Goods Sold	(124)	(134)	(138)	(117)	(133)
Gross Profit	199	221	170	192	185
Other Oper. (Exp)/Inc	(44.6)	(75.2)	(85.4)	(74.9)	(104)
Operating Profit	154	146	95.7	117	81.1
Other Non Op (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	(1.0)	1.39	0.0	0.0	1.15
Net Interest (Exp)/Inc	(12.0)	(14.8)	(15.8)	(11.5)	(0.9)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	141	133	79.9	105	81.3
Tax	(21.3)	(32.8)	(27.3)	(37.9)	(5.8)
Minority Interest	0.00	0.01	0.01	0.00	0.00
Net Profit	120	100	52.6	67.5	75.5
Net profit bef Except.	120	100	52.6	67.5	75.5
EBITDA	165	165	113	136	101

Growth

Revenue Gth (%)	nm	9.9	(13.3)	0.2	3.0
EBITDA Gth (%)	nm	(0.3)	(31.4)	20.0	(25.8)
Opp Profit Gth (%)	nm	(5.3)	(34.5)	22.2	(30.7)
Net Profit Gth (%)	nm	(16.8)	(47.4)	28.4	11.9

Margins

Gross Margins (%)	61.6	62.4	55.3	62.2	58.3
Opp Profit Margins (%)	47.8	41.2	31.1	37.9	25.5
Net Profit Margins (%)	37.2	28.2	17.1	21.9	23.8

Balance Sheet (RMm)

FY Jun	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	14.9	13.6	11.6	13.9	16.2
Invts in Associates & JVs	8.62	0.00	0.00	0.00	0.00
Other LT Assets	317	404	404	427	398
Cash & ST Invts	623	837	734	827	967
Inventory	0.97	1.08	0.0	1.00	1.00
Debtors	134	140	139	145	154
Other Current Assets	83.6	72.9	76.4	76.4	76.4
Total Assets	1,182	1,468	1,364	1,491	1,613
ST Debt	11.3	9.66	9.38	9.38	9.38
Creditor	70.7	359	76.9	35.9	38.0
Other Current Liab	140	136	145	202	206
LT Debt	63.1	141	16.8	16.8	16.8
Other LT Liabilities	305	76.5	62.1	62.1	62.1
Shareholder's Equity	592	747	1,054	1,165	1,280
Minority Interests	0.06	0.06	0.05	0.05	0.05
Total Cap. & Liab.	1,182	1,468	1,364	1,491	1,613
Non-Cash Wkg. Capital	7.94	(280)	(6.2)	(15.0)	(12.9)
Net Cash/(Debt)	549	686	707	800	941
Debtors Turn (avg days)	73.3	75.4	81.3	79.2	78.7
Creditors Turn (avg days)	109.7	330.1	375.1	94.3	57.8
Inventory Turn (avg days)	0.8	1.6	0.9	0.8	1.6
Asset Turnover (x)	0.6	0.5	0.4	0.5	0.4
Current Ratio (x)	3.8	2.1	4.1	4.2	4.7
Quick Ratio (x)	3.4	1.9	3.8	3.9	4.4
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	6.8	3.9	4.8	22.9	22.9
Z-Score (X)	5.1	4.1	5.8	5.8	5.8

Source: Company, DBS Bank

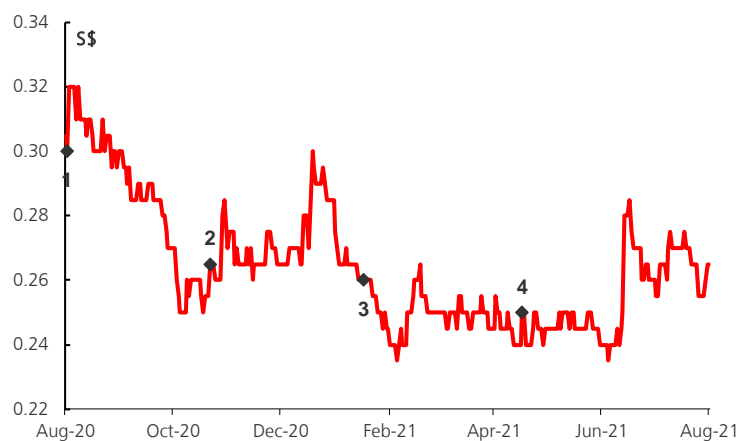
Silverlake Axis

Cash Flow Statement (RMm)

FY Jun	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	285	213	187	228	242
Dep. & Amort.	24.0	34.6	37.3	37.3	37.3
Tax Paid	(40.2)	(65.8)	(47.2)	(73.0)	(77.4)
Assoc. & JV Inc/(loss)	1.72	(1.4)	0.00	0.0	0.0
Chg in Wkg.Cap.	58.5	292	(274)	(48.6)	(6.5)
Other Operating CF	(3.6)	(262)	294	0.0	0.0
Net Operating CF	325	210	197	144	195
Capital Exp.(net)	(5.1)	(5.9)	(1.3)	(6.0)	(6.0)
Other Invs.(net)	16.2	(9.0)	(54.9)	0.0	0.0
Invs in Assoc. & JV	(52.7)	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.82	0.97	0.0	0.0
Other Investing CF	(30.2)	(22.6)	(27.8)	0.0	0.0
Net Investing CF	(71.7)	(36.7)	(83.0)	(6.0)	(6.0)
Div Paid	(152)	(105)	(25.8)	(45.0)	(48.6)
Chg in Gross Debt	37.1	48.0	(132)	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(17.9)	(56.8)	(20.4)	0.0	0.0
Net Financing CF	(133)	(114)	(179)	(45.0)	(48.6)
Currency Adjustments	17.7	(4.7)	(15.0)	0.0	0.0
Chg in Cash	138	54.7	(79.7)	92.9	141
Opg CFPS (S cts)	3.19	(1.0)	5.87	2.40	2.51
Free CFPS (S cts)	3.83	2.44	2.44	1.72	2.36

Source: Company, DBS Bank

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	27 Aug 20	0.30	0.40	BUY
2:	16 Nov 20	0.27	0.38	BUY
3:	11 Feb 21	0.26	0.36	BUY
4:	12 May 21	0.25	0.33	BUY

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

Source: DBS Bank

Analyst: Lee Keng LING

Silverlake Axis

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 Aug 2021 07:09:47 (SGT)
Dissemination Date: 27 Aug 2021 08:00:49 (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, DBS Vickers Securities (Singapore) Pte 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.

Silverlake Axis

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 2021.
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>DBS, 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>

Silverlake Axis

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
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
Co. Regn No. 198401015984 (128540-U)

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@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: indonesia@research@dbs.com