

Singapore Company Update

SIA Engineering

Bloomberg: SIE SP | Reuters: SIAE.SI

Refer to important disclosures at the end of this report.

DBS Group Research . Equity

9 Nov 2021

BUY Upgrade from HOLD

Last Traded Price (8 Nov 2021): S\$2.29 (STI : 3,263.90)

Price Target 12-mth: S\$2.65 (16% upside) (Prev S\$2.05)

Analyst

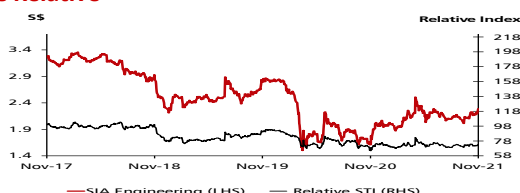
Suvro SARKAR +65 81893144 suvro@db.com

Jason SUM, CFA +65 66823711 jasonsum@db.com

What's New

- 1HFY22 net profit of S\$25m in line with estimates, no room for dividends though
- Optimism on recovery prospects increase from launch of multiple VTLs in Singapore
- Recovery of air travel over next 2 years should lead to strong earnings rebound in FY23/24
- Upgrade to BUY with higher TP of S\$2.65

Price Relative



Forecasts and Valuation

FY Mar (\$m)	2021A	2022F	2023F	2024F
Revenue	443	520	689	872
EBITDA	86.1	113	167	207
Pre-tax Profit	(35.6)	49.9	104	144
Net Profit	(11.2)	51.9	95.5	132
Net Pft (Pre Ex.)	40.3	51.9	95.5	132
Net Pft Gth (Pre-ex) (%)	(79.0)	28.8	84.0	38.0
EPS (S cts)	(1.0)	4.62	8.51	11.7
EPS Pre Ex. (S cts)	3.59	4.62	8.51	11.7
EPS Gth Pre Ex (%)	(79)	29	84	38
Diluted EPS (S cts)	(1.0)	4.59	8.44	11.7
Net DPS (S cts)	0.0	0.0	8.00	10.0
BV Per Share (S cts)	137	141	150	154
PE (X)	nm	49.5	26.9	19.5
PE Pre Ex. (X)	63.8	49.5	26.9	19.5
P/Cash Flow (X)	15.5	60.6	29.7	20.3
EV/EBITDA (X)	23.8	17.6	11.3	8.8
Net Div Yield (%)	0.0	0.0	3.5	4.4
P/Book Value (X)	1.7	1.6	1.5	1.5
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	(0.7)	3.3	5.8	7.7
Earnings Rev (%):		2	(16)	-
Consensus EPS (S cts):		3.70	7.10	3.00
Other Broker Recs:		B: 1	S: 1	H: 1

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

VTLs spur more optimism

Investment Thesis:

Upgrade to BUY, play on reopening of borders, though core profitability still some way away. The launch of Vaccinated Travel Lanes (VTL) between Singapore and Malaysia from end-November, in addition to other VTLs, should boost sentiment for the stock, and aid the slow recovery in flight traffic at Singapore Changi Airport, the main base for SIE's line maintenance operations. Accounting for better market sentiment, we raise our valuation pegs and revise up our target price (TP) to S\$2.65. However, note that core earnings turnaround is still a few quarters away. Despite the launch of more VTLs in Singapore, the absence of a domestic aviation market and delays in full opening of international borders in the region will continue to constrain SIE's earnings recovery over the next two quarters, as will the tapering of wage subsidies. Beyond that, earnings recovery in FY23/24 should be more material, as air traffic trends normalise.

Potential M&A target on the table provides excitement. SIE has signed an MoU to explore the acquisition of SR Technics Malaysia, which, if completed, will ensure SIE has a foothold in the higher growth narrow-body aircraft component MRO space, as compared to its current widebody fleet expertise.

Other key upside catalysts include privatisation potential, faster-than-expected rollouts of antiviral pills and speedy restoration of international flights. We are factoring in 20% privatisation premium in our TP.

Valuation:

Upgrade to BUY with higher TP of S\$2.65. The TP is based on a blended valuation framework (growth + cash flows).

Where we differ:

We remain cautious on the pace of recovery for SIE from the opening of VTLs in Singapore in the near term.

Key Risks to Our View:

Downside risk from lack of corporate actions and slower-than-expected opening up of regional borders.

At A Glance

Issued Capital (m shrs)	1,123
Mkt. Cap (S\$m/US\$m)	2,571 / 1,904
Major Shareholders (%)	
Temasek Holdings Pte Ltd	77.5
Free Float (%)	22.5
3m Avg. Daily Val (US\$m)	0.74
GIC Industry: Industrials / Transportation	



WHAT'S NEW**Slow operational improvements to date**

2QFY22 net profits in line with expectations, supported by wage support grants. SIE booked net profits of S\$10.5m in 2QFY22, bringing 1H FY22 net earnings to S\$25.0m, accounting for around 50% of our full-year estimate. Excluding around S\$27m of government grants during the quarter, SIE would have incurred a core net loss of around S\$15.4m, which is moderately narrower compared to an estimated net loss (excluding wage subsidies) of S\$24.1m in 1QFY22. For 1H FY22, SIE recognised around S\$64.5m in Jobs Support Scheme (JSS) grants, compared to S\$95.7m recognised in 1H FY21. Thus, excluding JSS, SIE would have incurred a net loss of S\$39.5m in 1H FY22. However, the wage support is only available until early 2022, according to management indications. We believe total government support (from the Enhanced job support scheme and Aviation Workforce Retention Grant) covered 50% of monthly wages during the quarter but will taper down to 30% and 10% over the next two quarters respectively.

Slight improvement in work volumes in 2QFY22. Group revenue was at S\$138.2m in 2QFY22, up 32.2% y-o-y (off a low base) and 10.3% q-o-q, led by higher airframe overhaul and line maintenance revenue. Line maintenance activity rose marginally, as the number of flights handled in 2QFY22 only showed a modest uptick to around 26% of pre-crisis levels from 24% in 1QFY22. Meanwhile, base maintenance activity levels were mixed, with the number of light checks declining 9.4% on a sequential basis, while heavy checks increased 19.0% during the same period. Unfortunately, the increase in heavy checks was partly offset by an increase in checks with lower work content. SIE's share of profits from associates and JVs was on-par y-o-y but fell 19% q-o-q, primarily driven by flattish work activity and lower government support.

No dividend declared. Like previous semi-annuals, SIE will not be paying out any dividends for this period, though net cash levels remained healthy at c.S\$600m as of end-1H FY22 (up from S\$532m as of end-FY21, as collection trends remained robust). Management has indicated that the resumption of dividends will be contingent on the company achieving profitability without any government grants, which we envisage will not occur in 2H FY22 either. Hence, we are not expecting any dividends to be declared for the full year FY22, similar to FY21. Dividends will likely be restored from 1H FY23 onwards.

Launch of more VTLs in Singapore should boost activity levels for SIE as more flights resume. The recently announced and imminent implementation of more VTLs in the near term is a key positive for the stock sentiment wise, though we believe that Singapore's current reopening trajectory is insufficient for SIE to turn profitable in the face of lower government support over the next two quarters. We note that existing VTL countries comprised less than 20% of total traffic in 2019. With Singapore-KL coming in now, that number should be boosted though. Furthermore, international flight activity in Asia Pacific remained muted as of September 2021, with the Delta variant still causing concern across many countries in the region. While there are early signs of the COVID wave ebbing in the region, we foresee that it will take more time for countries in the region to ease travel restrictions, given the COVID-zero strategy adopted by some countries and slow pace of vaccination in some countries in the region.

Antiviral pill newsflow will be another catalyst for the aviation sector. Recent positive news flow from Pfizer and Merck regarding their COVID-19 antiviral pills is certainly a game-changer and important for the world to treat the pandemic as endemic, but more time is required for these treatments to become mainstream.

VTLs may not be adequate to push SIE back into the black (positive core net profits without JSS) immediately, but we see a return in flight activity close to normalcy by FY24. We do not expect a sharp increase in flight activity levels over the next two quarters. Recovery will be in the medium term - over FY23 and FY24, for flight activity at Changi Airport to gradually return to more than 85% of pre-COVID levels. SIE's line maintenance division will continue to benefit from this, and parent company flights will likely resume at a faster pace than third-party customers. Hence, we are expecting net profit to double in FY23 and grow c.40% in FY24, though still below pre-COVID levels. SIE is also ramping up its internal engine services business by building capabilities for LEAP engines, which should help the growth trajectory. Inorganic growth through acquisitions is currently not factored in but could provide further upside to our earnings estimates.

Upgrade to BUY, SIE is a play on reopening of borders, though core profitability still some way away. Positive market sentiment driving recovery expectations to normalised levels in FY23/24, will lead to a re-rating. We revised up our target price (TP) to S\$2.65. The TP is based on a blended valuation framework (P/E, EV/EBITDA, dividend yield, and DCF). Dividends should be restored from FY23 onwards, in our view.

Company Background

SIA Engineering (SIE) is a leading regional aircraft maintenance, repair, and overhaul (MRO) company with bases in Singapore and the Philippines. A comprehensive cluster of JVs with renowned OEMs allows it to provide a full suite of MRO services.

Interim Income Statement (\$m)

FY Mar	1H2021	2H2021	1H2022	% chg yoy	% chg hoh
Revenue	223	220	264	18.2	19.8
Cost of Goods Sold	(250)	(218)	(270)	8.0	24.1
Gross Profit	(27)	2	(7)	75.4	nm
Other Oper. (Exp)/Inc	0	0	0	-	-
Operating Profit	(27)	2	(7)	(75.4)	(403.5)
Other Non Opg (Exp)/Inc	0	0	0	-	-
Associates & JV Inc	28	12	27	(5.5)	133.4
Net Interest (Exp)/Inc	1	0	0	-	-
Exceptional Gain/(Loss)	(41)	(11)	0	99.5	(98.1)
Pre-tax Profit	(38)	3	20	nm	686.4
Tax	11	5	5	(51.2)	4.4
Minority Interest	8	0	0	(99.5)	-
Net Profit	(19)	8	25	nm	220.9
Net profit bef Except.	22	19	25	17.4	34.3
EBITDA	39	14	52	32.7	279.8
Margins (%)					
Gross Margins	(12.2)	1.0	(2.5)		
Opg Profit Margins	(12.2)	1.0	(2.5)		
Net Profit Margins	(8.5)	3.5	9.5		

Source of all data: Company, DBS Bank

Company operating statistics at the Singapore base

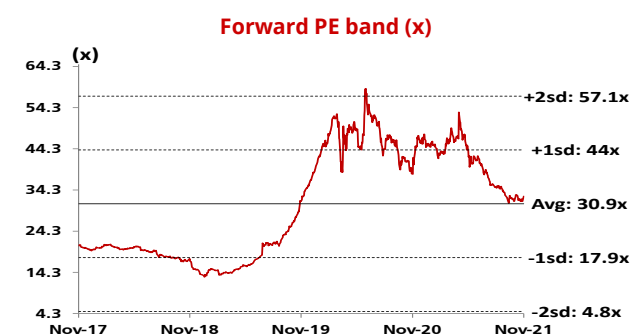
	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	y-o-y change	q-o-q change
Flights handled at Changi Airport by line maintenance	4,952	6,320	7,807	8,648	9,755	10,990	74%	13%
Number of heavy checks performed at Singapore base	15	9	16	20	21	25	178%	19%
Number of light checks performed at Singapore base	54	55	53	61	85	77	40%	-9%
Fleet size managed by fleet management business	86	82	79	80	79	77	-6%	-3%

Source: Company

Blended valuation summary

Method	Basis (FY22/23 blended)	Peg	Equity Value (\$m)	Comments
P/E	73.7	24.0	1769	Peer valuations
EV/EBITDA	68.7	14.0	2386	Peer valuations
DCF			3408	7.4% WACC, 2% terminal growth
Average (\$m)			2521	
Share cap			1123	
Value per share (\$)			2.20	
Add: Privatisation Premium			20%	
Target price (\$)			2.65	

Source: DBS Bank estimates

Historical PE and PB band


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



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

Key Assumptions

FY Mar	2020A	2021A	2022F	2023F	2024F
Airframe overhaul and line	879	377	443	590	761
Fleet management revenue	88.4	51.7	48.0	64.0	72.0
Engine & component	26.4	14.7	29.4	35.3	38.8
Profit from associates & JVs	128	39.9	62.3	81.0	89.1

Income Statement (\$m)

FY Mar	2020A	2021A	2022F	2023F	2024F
Revenue	994	443	520	689	872
Cost of Goods Sold	(926)	(468)	(534)	(668)	(819)
Gross Profit	67.7	(25.0)	(13.8)	21.2	52.7
Other Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Operating Profit	67.7	(25.0)	(13.8)	21.2	52.7
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	128	39.9	62.3	81.0	89.1
Net Interest (Exp)/Inc	6.60	1.00	1.42	1.77	2.55
Exceptional Gain/(Loss)	2.30	(51.5)	0.0	0.0	0.0
Pre-tax Profit	205	(35.6)	49.9	104	144
Tax	(14.0)	16.0	0.0	(10.4)	(14.4)
Minority Interest	3.30	8.40	2.00	2.00	2.00
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	194	(11.2)	51.9	95.5	132
Net Profit before Except.	192	40.3	51.9	95.5	132
EBITDA	272	86.1	113	167	207
Growth					
Revenue Gth (%)	(2.6)	(55.4)	17.4	32.6	26.4
EBITDA Gth (%)	11.2	(68.3)	31.8	47.3	23.7
Opg Profit Gth (%)	19.2	(136.9)	(44.8)	(253.4)	148.8
Net Profit Gth (Pre-ex) (%)	6.5	(79.0)	28.8	84.0	38.0
Margins & Ratio					
Gross Margins (%)	6.8	(5.6)	(2.7)	3.1	6.0
Opg Profit Margin (%)	6.8	(5.6)	(2.7)	3.1	6.0
Net Profit Margin (%)	19.5	(2.5)	10.0	13.9	15.1
ROAE (%)	12.3	(0.7)	3.3	5.8	7.7
ROA (%)	10.1	(0.6)	2.8	4.9	6.2
ROCE (%)	3.7	(1.5)	(0.8)	1.1	2.6
Div Payout Ratio (%)	46.4	N/A	0.0	94.0	85.1
Net Interest Cover (x)	NM	NM	NM	NM	NM

Source: Company, DBS Bank

Interim Income Statement (\$\$m)

FY Mar	1H2020	2H2020	1H2021	2H2021	1H2022
Revenue	513	481	223	220	264
Cost of Goods Sold	(475)	(451)	(250)	(218)	(270)
Gross Profit	37.3	30.4	(27.2)	2.20	(6.7)
Other Oper. (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Operating Profit	37.3	30.4	(27.2)	2.20	(6.7)
Other Non Op (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	53.4	74.5	28.4	11.5	26.8
Net Interest (Exp)/Inc	3.70	2.90	1.20	(0.2)	(0.3)
Exceptional Gain/(Loss)	2.40	(0.1)	(40.5)	(11.0)	(0.2)
Pre-tax Profit	96.8	108	(38.1)	2.50	19.7
Tax	(10.0)	(4.0)	10.9	5.10	5.32
Minority Interest	0.80	2.50	8.20	0.20	0.04
Net Profit	87.6	106	(19.0)	7.80	25.0
Net profit bef Except.	85.2	106	21.5	18.8	25.2
EBITDA	128	142	39.2	13.7	52.0

Includes S\$64.5m
wage subsidies

Growth

Revenue Gth (%)	0.2	(6.1)	(53.7)	(1.3)	19.8
EBITDA Gth (%)	(4.3)	11.1	(72.4)	(65.1)	279.8
Op (Exp) Profit Gth (%)	5.7	(18.5)	(189.5)	(108.1)	(403.5)
Net Profit Gth (%)	6.3	21.2	(117.9)	(141.1)	220.9

Margins

Gross Margins (%)	7.3	6.3	(12.2)	1.0	(2.5)
Op (Exp) Profit Margins (%)	7.3	6.3	(12.2)	1.0	(2.5)
Net Profit Margins (%)	17.1	22.1	(8.5)	3.5	9.5

Balance Sheet (\$\$m)

FY Mar	2020A	2021A	2022F	2023F	2024F
Net Fixed Assets	328	241	216	191	166
Invt in Associates & JVs	617	602	618	639	663
Other LT Assets	62.5	40.4	40.4	40.4	40.4
Cash & ST Invt	520	616	664	771	834
Inventory	274	137	160	213	269
Debtors	60.3	34.8	40.8	54.1	68.5
Other Current Assets	144	139	139	139	139
Total Assets	2,006	1,810	1,879	2,047	2,179
ST Debt	27.2	28.8	28.8	28.8	28.8
Creditor	194	168	197	261	349
Other Current Liab	19.7	12.4	2.80	13.2	17.2
LT Debt	85.2	55.3	55.3	55.3	55.3
Other LT Liabilities	18.5	1.20	1.20	1.20	1.20
Shareholder's Equity	1,629	1,534	1,586	1,681	1,723
Minority Interests	32.2	10.6	8.60	6.60	4.60
Total Cap. & Liab.	2,006	1,810	1,879	2,047	2,179
Non-Cash Wkg. Capital	265	130	140	131	110
Net Cash/(Debt)	407	532	580	687	749
Debtors Turn (avg days)	26.0	39.2	26.6	25.2	25.7
Creditors Turn (avg days)	88.7	166.4	142.1	138.7	147.6
Inventory Turn (avg days)	105.9	188.9	115.7	112.9	116.6
Asset Turnover (x)	0.5	0.2	0.3	0.4	0.4
Current Ratio (x)	4.1	4.4	4.4	3.9	3.3
Quick Ratio (x)	2.4	3.1	3.1	2.7	2.3
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	33.2	15.0	47.6	47.6	47.6
Z-Score (X)	5.7	6.5	5.9	5.9	5.9

Source: Company, DBS Bank

Cash Flow Statement (\$m)

FY Mar	2020A	2021A	2022F	2023F	2024F
Pre-Tax Profit	205	(35.6)	49.9	104	144
Dep. & Amort.	76.1	71.2	65.0	65.0	65.0
Tax Paid	(18.1)	(12.7)	(9.6)	0.0	(10.4)
Assoc. & JV Inc/(loss)	(128)	(39.9)	(62.3)	(81.0)	(89.1)
Chg in Wkg.Cap.	(51.0)	126	(0.6)	(1.4)	16.8
Other Operating CF	7.50	57.1	0.0	0.0	0.0
Net Operating CF	91.1	166	42.4	86.6	127
Capital Exp.(net)	(37.3)	(12.6)	(40.0)	(40.0)	(40.0)
Other Invt.(net)	0.0	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	4.80	0.0	0.0	0.0	0.0
Div from Assoc & JV	84.0	29.5	46.0	59.9	65.8
Other Investing CF	10.9	6.00	0.0	0.0	0.0
Net Investing CF	62.4	22.9	6.05	19.9	25.8
Div Paid	(123)	(56.1)	0.0	0.0	(89.8)
Chg in Gross Debt	(34.3)	(30.0)	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(1.9)	(3.7)	0.0	0.0	0.0
Net Financing CF	(159)	(89.8)	0.0	0.0	(89.8)
Currency Adjustments	4.00	(2.6)	0.0	0.0	0.0
Chg in Cash	(1.9)	96.3	48.4	106	62.7
Opg CFPS (S cts)	12.6	3.57	3.83	7.83	9.78
Free CFPS (S cts)	4.79	13.6	0.21	4.15	7.72

Source: Company, DBS Bank

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	01 Feb 21	1.87	1.80	HOLD
2:	26 Jul 21	2.08	2.05	HOLD

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

Source: DBS Bank

Analyst: Suvro SARKAR

Jason SUM, 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: 9 Nov 2021 07:10:47 (SGT)

Dissemination Date: 9 Nov 2021 07:34:33 (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.

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 30 Sep 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 on page 1 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, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, 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 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 ("DBS HK"), 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

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

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: indonesiaesearch@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