

China / Hong Kong Company Update

WH Group Ltd.

Bloomberg: 288 HK Equity | Reuters: 0288.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

29 Mar 2022

BUY

Last Traded Price (28 Mar 2022): HK\$4.74 (HSI : 21,685)
Price Target 12-mth: HK\$6.57 (39% upside) (Prev HK\$6.30)

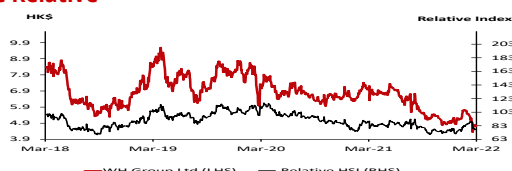
Analyst

Mavis Hui +852 36684188 mavis_hui@dbs.com
Clement Xu clementxu@dbs.com

What's New

- FY21 earnings grew 7.2% y-o-y, slightly below consensus
- Profitability to improve in China, especially for 1H22 on low hog prices. US operations should also benefit from further revival across the restaurant & catering channels
- Maintain BUY with TP of \$6.57 in view of better recovery ahead in both China and the US.

Price Relative



Forecasts and Valuation

FY Dec (US\$m)	2020A	2021A	2022F	2023F
Turnover	25,589	27,293	28,147	29,170
EBITDA	2,113	2,435	2,421	2,556
Pre-tax Profit	1,500	1,658	2,212	2,363
Net Profit	973	1,047	1,404	1,519
Net Pft (Pre Ex) (core profit)	973	1,047	1,404	1,519
Net Profit Gth (Pre-ex) (%)	(29.5)	7.6	34.1	8.1
EPS (US\$)	0.07	0.07	0.11	0.12
EPS (HK\$)	0.52	0.58	0.86	0.93
Core EPS (US\$)	0.07	0.07	0.11	0.12
Core EPS (HK\$)	0.52	0.58	0.86	0.93
EPS Gth (%)	(29.4)	12.5	47.9	8.1
Core EPS Gth (%)	(29.4)	12.5	47.9	8.1
Diluted EPS (HK\$)	0.52	0.58	0.86	0.93
DPS (HK\$)	0.18	0.20	0.30	0.32
BV Per Share (HK\$)	5.30	4.84	5.98	6.61
PE (X)	9.2	8.2	5.5	5.1
CorePE (X)	9.2	8.2	5.5	5.1
P/Cash Flow (X)	3.8	3.8	6.0	5.8
P/Free CF (X)	5.0	5.2	11.2	10.6
EV/EBITDA (X)	5.2	4.9	4.5	4.2
Net Div Yield (%)	3.7	4.2	6.2	6.7
P/Book Value (X)	0.9	1.0	0.8	0.7
Net Debt/Equity (X)	0.1	0.2	0.2	0.2
ROAE (%)	10.4	11.2	15.1	14.7

Earnings Rev (%)			9	7
Consensus EPS (US\$)			0.10	0.11
Other Broker Recs:		B:18	S:0	H:1

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

Steady recovery ahead

Investment Thesis

China operations to recover. WH Group should ride on the relatively lower hog prices in China for better profitability, especially in 1H22. Hog prices should also remain manageable even with market expectations of a steady increase by 2H22, while this could also provide additional opportunities for its imported frozen meat division in China. We expect mid- to high-single digit volume growth in both pork and packaged meat segments and higher unit profit this year.

US business to stage stronger. We expect WH Group's packaged meat business in the US to enjoy ongoing recovery of the food service channels. Hence, FY22 sales volume could be comparable to the pre-COVID level and margins should stay supportive.

Long-term growth. The company could continue to seek suitable M&A targets in Europe, and further expand its hog production in China over the longer run to foster better growth prospects.

Valuation:

We raised FY22/FY23 earnings by 9%/7%, in view of better sales recovery and profitability ahead. Our new TP of HK\$6.57 is based on SOTP valuation, where we value China operations at 13x FY22 PE and US operations at 6x, same basis of previous TP.

Where we differ:

We are slightly more prudent on FY22/FY23 earnings while we expect to see faster sales growth in FY22/FY23. Consensus EPS estimates are skewed downwards as we believe that the number of shares has not fully accounted for the company's share buybacks.

Key Risks to Our View:

Declining domestic demand; volatility in raw material prices; regulatory changes; food safety issues; disease outbreaks.

At A Glance

Issued Capital (m shrs)	14,747
Mkt Cap (HK\$m/US\$m)	69,901 / 8,927
Major Shareholders (%)	
Rise Grand Group Ltd.	27.1
Wan (Long)	7.2
Mondrian Investment Partners Ltd.	6.0
Free Float (%)	59.7
3m Avg. Daily Val. (US\$m)	22.27
GICS Industry: Consumer Staples / Food, Beverage & Tobacco	



Watchlist the stock on Insights Direct to receive prompt updates



WH Group Ltd.
WHAT'S NEW

Results highlights. Revenue grew 6.7% y-o-y to US\$27.3bn, supported by the increase in revenue from packaged meat. Specifically, revenue/sales volume of packaged meat rose by 1.3%/13.5%. Gross margin declined slightly by 0.4ppt to 17.2% in FY21. Net earnings went up by 7.2% to US\$1,043m, below our expectations and market consensus, mainly due to lower-than-expected gross profit and higher-than expected tax expenses.

In China, sales volume decreased by 1.6% in packaged meat along with stagnant market demand. Operating profit from packaged meat rose 7.9%, thanks to weaker pork prices in FY21 vs. FY20. On the other hand, the fresh pork segment saw a 57% processing volume growth in FY21, while its operating loss amounted to US\$53m as a result of the significant price decline in fresh and imported pork.

In the North America (US & Mexico), with the recovery of catering channels and the surge of pork prices in the US last year, sales volume/revenue grew 3%/19% for the packaged meat segment while operating profit surged 55%. In the meantime, the processing volume of fresh pork declined slightly by 1% amid tightened hog supplies. The pork segment also saw a 94% increase in operating profit, to US\$64m, mainly due to the reduction in COVID-19 related expenses.

In Europe, packaged meat continued to expand at 13%/11% in sales volume/revenue during FY21. WH Group also attained a 17% growth in operating profit from packaged meat along with favourable pork prices. Pork segment saw a slight revenue decline and incurred operating loss of US\$8m.

China operations to see margin rebound in FY22. With hog prices hovering at a relatively low level at the moment, WH Group's pork segment in China should see better profitability in FY22 vs. FY21 as it benefits from a better meat-hog price spread. As the market expects hog prices to recover steadily by 2H22, WH Group could also resume its imports of frozen pork upon seeing potentially a more favourable price spread between China and the US then. Meanwhile, packaged meat sales may see near-term pressure due to the COVID-19 resurgence that have disrupted various channels including restaurants in selected cities of China. However, leveraging the current low pork prices and its strong pricing power, the company should continue to enjoy a unit profit of c.US\$600/mt in

the packaged meat segment in 1H22. WH Group should also further secure profits from packaged meat through product-mix upgrades, with increasing contribution from featured products that demand c.40% higher average selling prices.

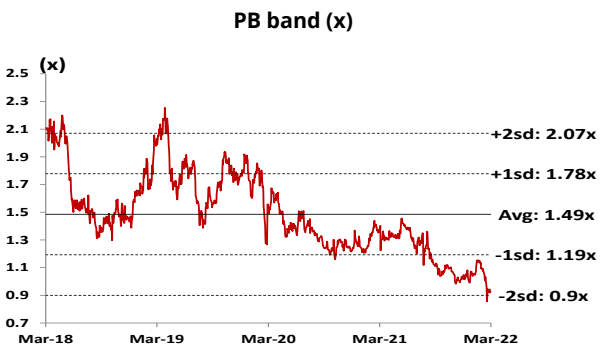
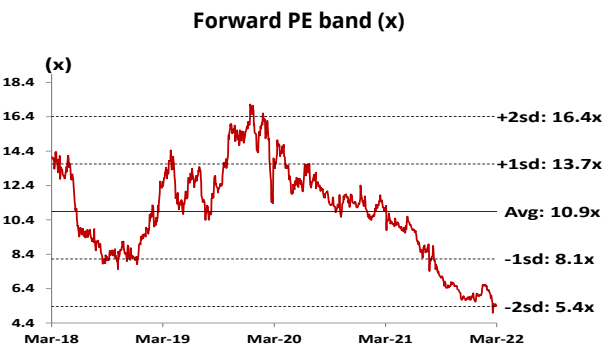
US business continues to enjoy higher demand. While the US business has benefited from a reopening of the economy, we expect WH Group to continue to enjoy the ongoing recovery in food service channels (with c.30% revenue contribution) and achieve a sales volume that approaches the 2019 level. As both feeds and pork prices have seen uptrends in the US, cost pressure should remain well under control this year, on a better upstream integration as well as potential adjustments in selling prices to mitigate rising cost impacts. We believe WH Group could also leverage on its hedging strategies and global sourcing powers to further cope with rising costs.

Ongoing expansion. We believe WH Group will continue to look for M&A targets in Europe, while expanding its hog production capacity in China over the longer run in order to achieve better upstream integration. We raised FY22/FY23 earnings by 9%/7%, in view of a better outlook in its sales recovery and profitability. We maintain a BUY on WH Group and revise up our TP slightly of HK\$6.57, based on SOTP valuation with China operations valued at 13x and US operations at 6x.

Company Background

WH Group is the largest pork company in the world, with leading positions in China, the US, and key markets in Europe. The group operates an integrated pork business chain including hog production, fresh pork, and packaged meat. WH Group is a controlling shareholder of Shuanghui Development (000895:CH), with a 70.33% stake, Asia's largest meat processing business, and controls 100% of Smithfield. As at end-2021, the group had a total of 4.26m tonnes of packaged meat production capacity (US: 2.06m tonnes; China: 1.73m tonnes; Europe: 0.48m tonnes), and 64.78m heads of fresh pork production capacity (China: 23.13m heads; US: 34.02m heads; Europe: 7.63m heads).

Historical PE and PB band



Source: Thomson Reuters, DBS HK

WH Group Ltd.
Segmental Breakdown (US\$ m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenues (US\$ m)					
China	8,756	10,828	10,516	11,113	11,506
US	13,159	12,363	14,184	14,429	14,999
Others	2,188	2,398	2,593	2,604	2,665
Total	24,103	25,589	27,293	28,147	29,170
Segment result (US\$ m)					
China	957	1,140	930	1,210	1,218
US	932	415	919	936	1,047
Others	142	174	117	144	177
Total	2,031	1,729	1,966	2,291	2,442
Segment result Margins (%)					
China	10.9	10.5	8.8	10.9	10.6
US	7.1	3.4	6.5	6.5	7.0
Others	6.5	7.3	4.5	5.5	6.6
Total	8.4	6.8	7.2	8.1	8.4

Source: Company, DBS HK

Income Statement (US\$ m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenue	24,103	25,589	27,293	28,147	29,170
Cost of Goods Sold	(18,102)	(21,096)	(22,587)	(22,926)	(23,692)
Gross Profit	6,001	4,493	4,706	5,221	5,478
Other Opng (Exp)/Inc	(3,977)	(2,788)	(2,841)	(2,930)	(3,036)
Operating Profit	2,024	1,705	1,865	2,291	2,442
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	52	(87)	(98)	24	24
Net Interest (Exp)/Inc	(130)	(118)	(109)	(103)	(103)
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	1,946	1,500	1,658	2,212	2,363
Tax	(336)	(263)	(381)	(508)	(543)
Minority Interest	(230)	(264)	(230)	(299)	(301)
Preference Dividend	0	0	0	0	0
Net Profit	1,380	973	1,047	1,404	1,519
Net Profit before Except.	1,380	973	1,047	1,404	1,519
EBITDA	2,518	2,113	2,435	2,421	2,556
Growth					
Revenue Gth (%)	6.6	6.2	6.7	3.1	3.6
EBITDA Gth (%)	21.0	(16.1)	15.2	(0.6)	5.6
Opg Profit Gth (%)	24.1	(15.8)	9.4	22.8	6.6
Net Profit Gth (%)	31.8	(29.5)	7.6	34.1	8.1

Margins & Ratio

Gross Margins (%)	24.9	17.6	17.2	18.5	18.8
Opg Profit Margin (%)	8.4	6.7	6.8	8.1	8.4
Net Profit Margin (%)	5.7	3.8	3.8	5.0	5.2
ROAE (%)	16.8	10.4	11.2	15.1	14.7
ROA (%)	8.5	5.4	5.5	7.0	7.2
ROCE (%)	12.4	9.4	9.2	10.8	10.8
Div Payout Ratio (%)	43.3	34.2	34.5	34.5	34.5
Net Interest Cover (x)	15.6	14.4	17.1	22.2	23.7

Source: Company, DBS HK

WH Group Ltd.
Balance Sheet (US\$ m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	5,406	5,531	6,367	6,862	7,374
Invts in Associates & JVs	347	354	253	253	253
Other LT Assets	4,822	4,996	5,169	5,169	5,169
Cash & ST Invts	593	1,650	1,600	2,021	2,231
Inventory	2,903	2,641	2,625	2,664	2,753
Debtors	1,555	1,427	1,732	1,832	1,945
Other Current Assets	1,656	2,116	1,665	1,829	2,015
Total Assets	17,282	18,715	19,411	20,631	21,740
ST Debt	905	796	874	1,000	1,000
Creditors	720	1,223	1,222	1,276	1,310
Other Current Liab	2,244	2,048	2,479	2,513	2,591
LT Debt	2,187	1,840	3,140	3,140	3,140
Other LT Liabilities	1,774	1,823	2,009	1,969	1,930
Shareholder's Equity	8,684	10,005	8,748	9,794	10,829
Minority Interests	768	980	939	939	939
Total Cap. & Liab.	17,282	18,715	19,411	20,631	21,740
Non-Cash Wkg. Capital	3,150	2,913	2,321	2,536	2,812
Net Cash/(Debt)	(2,499)	(986)	(2,414)	(2,119)	(1,909)
Debtors Turn (avg days)	58.5	45.7	42.4	42.4	42.4
Creditors Turn (avg days)	21.7	15.8	18.6	18.6	18.6
Inventory Turn (avg days)	58.5	45.7	42.4	42.4	42.4
Asset Turnover (x)	1.5	1.4	1.4	1.4	1.4
Current Ratio (x)	1.7	1.9	1.7	1.7	1.8
Quick Ratio (x)	0.6	0.8	0.7	0.8	0.9
Net Debt/Equity (X)	0.3	0.1	0.2	0.2	0.2
Net Debt/Equity ex MI (X)	0.3	0.1	0.3	0.2	0.2
Capex to Debt (%)	22.0	20.9	14.9	14.5	14.5
Z-Score (X)	NA	NA	NA	NA	NA

Source: Company, DBS HK

Cash Flow Statement (US\$ m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	2,052	1,315	1,658	2,212	2,363
Dep. & Amort.	451	503	679	106	90
Tax Paid	(233)	(418)	(381)	(508)	(543)
Assoc. & JV Inc/(loss)	0	0	0	0	0
(Pft)/Loss on disposal of FAs	136	587	(230)	(299)	(301)
Chg in Wkg. Cap.	(930)	382	535	(215)	(276)
Other Operating CF	(13)	(12)	0	0	0
Net Operating CF	1,463	2,357	2,261	1,295	1,333
Capital Exp. (net)	(680)	(551)	(600)	(601)	(601)
Other Invts. (net)	0	0	0	0	0
Invts in Assoc. & JV	0	0	0	0	0
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	(116)	(412)	(791)	(40)	(38)
Net Investing CF	(796)	(963)	(1,391)	(641)	(639)
Div Paid	(375)	(599)	(333)	(358)	(484)
Chg in Gross Debt	2,457	3,279	1,378	126	0
Capital Issues	(132)	880	(1,917)	0	0
Other Financing CF	(2,543)	(4,039)	(41)	0	0
Net Financing CF	(593)	(479)	(913)	(232)	(484)
Currency Adjustments	0	0	0	0	0
Chg in Cash	74	915	(43)	421	209
Opg CFPS (US\$)	0.16	0.13	0.12	0.12	0.13
Free CFPS (US\$)	0.05	0.12	0.12	0.05	0.06

Source: Company, DBS HK

Target Price & Ratings History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	29-Apr-21	HK\$6.87	HK\$7.60	Buy
2:	27-Oct-21	HK\$5.23	HK\$7.30	Buy
3:	21-Jan-22	HK\$5.13	HK\$8.30	Buy
4:	9-Feb-22	HK\$5.30	HK\$6.30	Buy

Source: DBS HK

Analyst: Mavis Hui

Clement Xu

DBS HK 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: 29 Mar 2022 12:02:44 (HKT)

Dissemination Date: 29 Mar 2022 12:14:02 (HKT)

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

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), and DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), 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 HK.

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., DBS HK, DBSV HK, DBSVS, 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.

DBS Vickers Securities (USA) Inc ("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.

Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

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, DBSVS or their subsidiaries and/or other affiliates have a proprietary position in WH Group Ltd (288 HK) recommended in this report as of 23 Mar 2022.
2. **Compensation for investment banking services:**
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.
3. **Disclosure of previous investment recommendation produced:**
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA 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 HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA 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 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 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	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.
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 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanakul] at [research@th.dbs.com]</p>
United Kingdom	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</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 communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our-network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
United States	<p>This report was prepared by DBS HK. 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 Bank (Hong Kong) Limited

13th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

DBS Regional Research Offices

HONG KONG

DBS Bank (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

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: indonesiaresearch@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