Singapore Company Focus

BRC Asia Ltd

Bloomberg: BRC SP | Reuters: BRCA.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

8 Jun 2022

DBS is supported by the Research Talent Development Grant Scheme, which aims to groom research talent to expand research coverage of small to mid-cap SGX-listed companies.

BUY

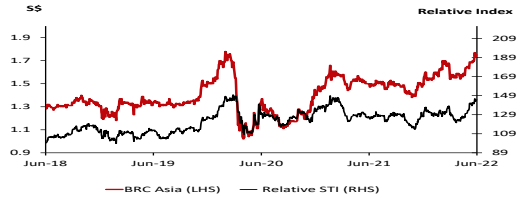
(Initiating Coverage)

Last Traded Price (7 Jun 2022): S$1.75 (STI : 3,231.54)
Price Target 12-mth: S$2.40 (37% upside)

Potential Catalysts: Rapid rebound of construction activity, developments in large-scale infrastructure projects

Analyst
LEE Eun Young +65 6682 3708 eunyoung@dbs.com
Singapore Research Team equityresearch3@dbs.com

Price Relative



Forecasts and Valuation

FY Dec (S$m)	2021A	2022F	2023F	2024F
Revenue	1,169	1,638	1,778	1,692
EBITDA	79.7	119	122	118
Pre-tax Profit	58.4	96.5	97.8	95.0
Net Profit	47.0	80.1	81.1	78.9
Net Pft (Pre Ex.)	47.0	80.1	81.1	78.9
EPS (S cts)	19.2	29.0	29.4	28.6
EPS Pre Ex. (S cts)	19.2	29.0	29.4	28.6
EPS Gth (%)	122	51	1	(3)
EPS Gth Pre Ex (%)	122	51	1	(3)
Diluted EPS (S cts)	19.2	29.0	29.4	28.6
Net DPS (S cts)	12.0	14.5	14.7	14.3
BV Per Share (S cts)	123	140	155	169
PE (X)	9.1	6.0	6.0	6.1
PE Pre Ex. (X)	9.1	6.0	6.0	6.1
P/Cash Flow (X)	nm	nm	12.0	3.7
EV/EBITDA (X)	9.7	6.9	6.7	6.2
Net Div Yield (%)	6.9	8.3	8.4	8.2
P/Book Value (X)	1.4	1.2	1.1	1.0
Net Debt/Equity (X)	1.1	0.9	0.8	0.5
ROAE (%)	16.6	23.3	19.9	17.6
Consensus EPS (S cts):		29.7	33.3	34.5
Other Broker Recs:		B: 3	S: 0	H: 1

GIC Industry : Industrials
GIC Sector: Capital Goods
Principal Business: BRC Asia Limited designs, manufactures, and markets steel reinforcement solutions. The Company's products include mesh, cut & bend, and a wide range of prefabricated products.

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

Riding on strong recovery of construction activity

- Higher construction output to lift sales volumes following easing of labour constraints and pending projects
- Margin improves from FY21 low due to cost synergies from higher volumes and stronger bargaining power
- Market leader with a market share of 60%-70% after the acquisition of Lee Metal
- Initiate coverage with BUY, TP of S$2.40

Strong revenue growth fuelled by increased construction activity. The BCA estimates 2022 construction output to be between S$29-32bn, roughly 12%-24% higher than 2021amidst the pent-up backlog from delayed projects. We expect that BRC's sales volume of rebar will increase 16% in 2022. This should boost revenue growth by a whopping 40% in 2022.

Cost synergies to lift margins from FY21 low. Strong sales volume growth and higher market share after the acquisition of Lee Metal allows BRC to have higher bargaining power for purchase of rebar. We believe that the stronger pricing power on the back of higher sales volumes will translates into cost synergies, leading to an improvement in margins from 7.0% in FY21 to 8.7% through the forecasted period.

Dominant market position brightens growth outlook. With a market share of 60-70%, BRC's large market share implies that the group is well positioned will ride the growth of the industry. According to our checks, customers with big projects are more inclined to choose BRC because of its ability to handle large scale projects, which places the group in a good position to benefit from the upcoming ramp up of HDB projects, and other major projects such as the Changi Airport Terminal 5 and expansion of the integrated resorts.

Valuation:

Initiate coverage with BUY, TP of S$2.40. Our target price is based on a one year forward PE of 8.2x, a c.15% discount to the five-year historical mean in view of global economic uncertainty.

Key Risks to Our View:

Disruptions in construction activity, prolonged labour supply issues, huge swings in steel prices, and developers' cautious sentiment.

At A Glance

Issued Capital (m shrs)	274
Mkt. Cap (Sm/USm)	480 / 349
Major Shareholders (%)	
Esteel Entreprise Pte Ltd	61.2
Hong Leong Asia Inv	20.0
Free Float (%)	18.8
3m Avg. Daily Val (US$m)	0.11

ed: BM/ sa: DT, PY, CS

Table of Contents

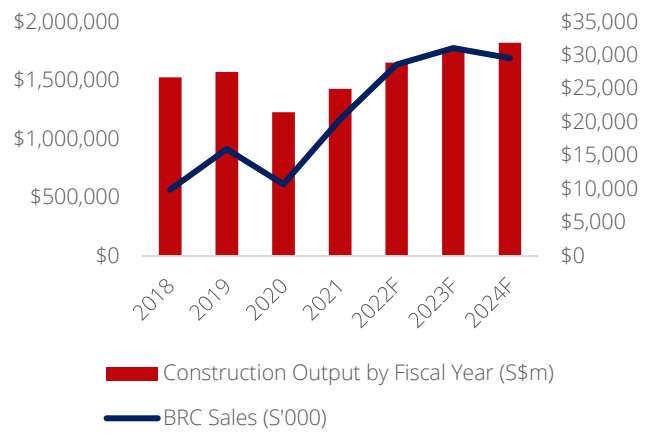
Investment Thesis

Initiate with BUY, TP S$2.40 for 37% upside. We believe our BUY recommendation is justified, given the recovery of the construction sector, improvement in the company's margins, its dominant market position, attractive dividend yield, and undemanding valuation.

(1) En route to pre-pandemic levels; BRC's revenue to surge 40% on increased construction activity

Higher construction output to lift BRC's sales volumes by 16%. The Building and Construction Authority (BCA) estimates 2022 construction output to be between S$29-32bn, roughly 12%-24% higher than 2021. We think that this can be ascribed to construction recovery amidst the pent-up backlog from delayed projects. In general, BRC's sales tie in with total construction output – also known as construction certified progress payments. In 2020, when construction output declined by 21.9%, BRC's sales also dipped by 32.9%. Amidst the economic recovery in 2021, the construction contracts awarded increased by 16.1%. The recovery from a low base led to a growth of more than 90% in BRC's sales. From our analysis, we derive that higher construction output will spur demand for steel reinforcement solutions, which should lead to larger sales volumes. We have estimated a 16% increase in sales volume, and this would translate into revenue growth of 40%.

Construction output vs. BRC's sales



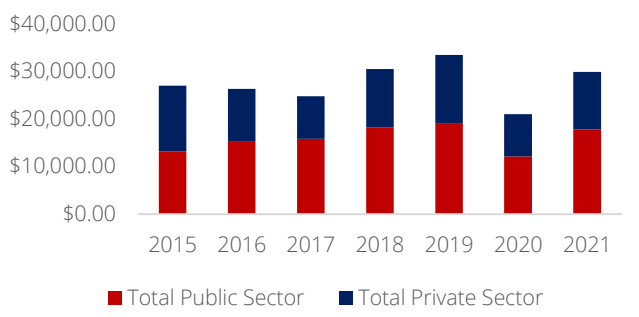
Source: Company, BCA, DBS Bank

Longer term outlook positive for BRC, as healthy construction demand in 2023-2026 backs construction output. We have forecasted sales volume increases of 16%/7%/3% for FY22/FY23/FY24 given the healthy construction demand. The BCA expects construction demand to be between S$25-32bn per year between 2023-2026. The public sector will be supported by a strong pipeline of projects including public housing developments, the Cross Island Line (Phases 2 & 3), the redevelopment of Alexandra Hospital, a new integrated hospital in Bedok, and the Toa Payoh Integrated Development project. In addition, private sector construction demand is expected to "remain steady" on the back of Singapore's strong economic fundamentals. We remain optimistic that the healthy construction demand will back construction output, driving steady demand for BRC's steel reinforcement solutions. Therefore, sales volume is poised on an uptrend through the forecasted period.

	Construction demand* (S$bn)			Construction output^ (S$bn)
Year	Public	Private	Total	Total
2020	12.2	8.9	21.1	19.7
2021 preliminary	18.16	11.78	29.94	25.9
2022 forecast	16-19	11-13	27-32	29-32
2023-2026 forecast	14-18 per year	11-14 per year	25-32 per year	

**Construction demand: Value of contracts awarded*
^Construction output: Value of certified progress payments
Source: BCA, DBS Bank

Construction demand (S$m)



Source: BCA, DBS Bank

Easing of labour constraints to clear backlog, thereby boosting construction activity. Despite growing construction demand and increasing business activity, estimates by the Ministry of Trade and Industry in Singapore (MTI) show that the value addition by the construction sector is 25.3% below pre-pandemic levels as of the first quarter of 2022. Nonetheless, we expect labour constraints to improve upon the removal of sectoral COVID-19 measures for the construction sector since March 2022. Currently, employers no longer need to cohort workers, stagger the use of share

facilities, or implement group size limits and safe distancing measures. The Singapore Government has also relaxed border restrictions, resulting in improved labour supply. With improving labour supply, we are of the view that construction activity and construction output will rebound to pre-pandemic levels, translating into higher demand for BRC's steel reinforcement solutions.

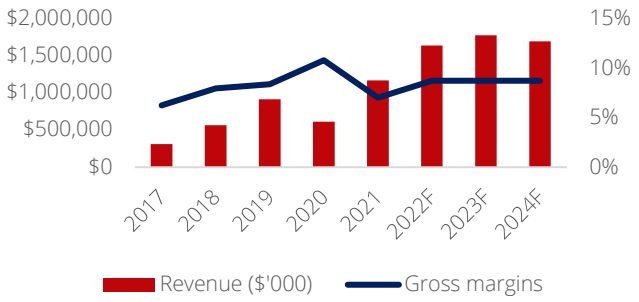
(2) Margin improves from FY21 low on the back of cost synergies from higher volumes and stronger bargaining power

Improvement in margins due to cost synergies, with increased volumes and better pricing power. With the exception of FY21, when gross margins declined from 10.8% in FY20 to 7.0% in 2021, gross margins have been on an uptrend as a result of cost synergies associated with bulk raw material purchases and better pricing power. Going forward, we believe that the buoyant construction demand will support BRC's sales volume, which in turn translates into further cost synergies, stronger bargaining power, and better margins.

Guaranteed gross profit margins in lieu of contract structure. BRC operates by both fluctuation and fixed contracts. Fluctuation contracts enable BRC to pass on any price increases to their customers as the prices are based on an index. On the other hand, fixed-price contracts are established with a price agreed by the contractual parties hence BRC would not be able to pass on cost price increases. Nonetheless, our checks indicate that all fixed contracts are profitable on a gross basis, as BRC first ensures it is able to secure the rebar supply at profitable levels. In other words, on a project accounting basis, the margins are relatively stable and each contract that the company takes on is lucrative.

Impact of onerous contracts; reversals positive for margins. We note that the decline in FY21's gross margins is mainly attributed to higher provisions for onerous contracts. This is due to the mismatch in inventory costs owing to timing differences, especially for fixed contracts with longer tenures. We think that there could be reversals of provisions for onerous contracts as steel rebar prices have fallen from its peak of US$953/tonne to US$748/tonne. In our view, there is room for steel prices to fall further with the falling prices of coking coal, an essential input for steel production. However, we note that the Russia-Ukraine crisis is still ongoing, due to which steel prices are likely to remain at elevated levels, as Russia and Ukraine are the fifth and 14th largest steel producers, respectively. We forecast gross margins to increase to 8.7% for FY22/FY23/FY24 from 7.0% in FY21.

Revenue and gross margin trends



Source: Company, DBS Bank

(3) Dominant market position

Market leader with a market share of 60%-70% by blended volume. After the acquisition of Lee Metal in 2018, BRC's market share, by capacity, rose from 20%-30% to 40%-50%. Likewise, the market share by monthly output has also increased from 20%-30% to 50%-70%. The next largest player has a market share of 10%-20% by monthly output, with a much smaller scale compared to BRC. With a larger market share, BRC is better able to guarantee a consistent and predictable supply, especially for larger projects. According to our checks, customers with big projects are more inclined to choose BRC because of its ability to handle large-scale projects, which places the group in a good position to benefit from upcoming major projects such as Changi Airport Terminal 5 and the North-South Corridor. Additionally, amid strong demand for public housing, the Housing Development Board will launch up to 23,000 new flats in 2022 and 2023. Notably, HDB projects generally have higher usage of mesh products which are more profitable. We believe that BRC is well poised to leverage on these opportunities given its dominant market position.

Stronger bargaining power on account of dominant market position. Commanding a larger share of the pie, BRC has also enjoyed greater efficiencies and economies of scale. With greater pricing power and the potential for cost synergies on raw material bulk purchases, we expect its dominant market position would enable it to enjoy better margins than the FY21 lows.

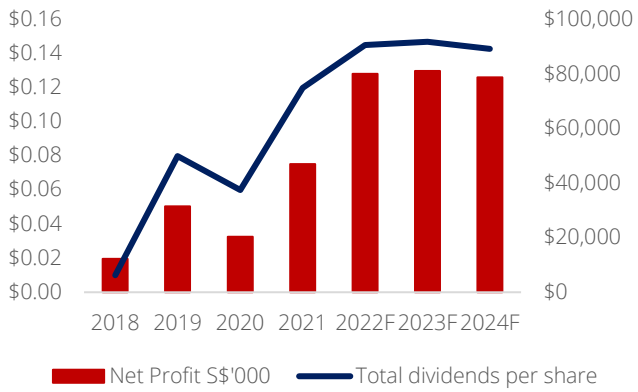
Company	Estimated market share by monthly output (%)
BRC	(50-70)
NatSteel	(10-20)
Angkasa	(0-10)
Ribar Industries	(0-10)
Super Bend	(0-10)
HG Metal	(0-10)
Others	(0-10)

Source: Competition & Consumer Commission Singapore, DBS Bank

(4) Undemanding valuation, trading at current dividend yield of 7%

BRC is currently trading at a forward PE of 5.8x, slightly below -1 standard deviation (SD) of its five-year historical mean. Owing to its undemanding valuations, it currently has an attractive dividend yield of 7%. Since 2019, BRC has been paying out c.60%-70% of its net profit as dividends. Riding on the construction upcycle, we believe that BRC would be able to sustain the level of dividends per share, making the stock an attractive dividend-paying stock. We forecast a payout ratio of 50%, translating into a forward dividend yield of close to 8%.

Total dividends per share vs. net profit



Source: Company, DBS Bank

Potential Catalysts

Changi Airport Terminal 5 and expansion of integrated resorts. After being put on hold due to the COVID-19 pandemic, work on Changi Airport Terminal 5 (T5) will resume, with construction expected to start in two to three years. The terminal is expected to be ready by the mid-2030s and it will be larger than T1, T2, and T3 combined. Additionally, the expansion of the two integrated resorts is worth S$9bn, which represents roughly two-thirds of the initial S$15bn investment in 2006.

The construction demand forecasts by BCA do not take into account the development of the Changi Airport's T5 and the expansion of the integrated resorts. We think that further developments of these large-scale infrastructure projects could be a potential share price catalyst, as it would provide additional visibility to earnings from these major projects.

Valuation

Initiate coverage with BUY, TP of S$2.40. Our target price is based on a one year forward PE of 8.2x, a c.15% discount to the five-year historical mean, in view of global economic uncertainty.

Key assumptions
We have forecasted revenue growth of 40%/9%/-5% for FY22F/FY23F/FY24F. We have assumed Singapore construction output and steel rebar prices would be the two key drivers of revenue growth. In light of the recovery of the construction sector and improving labour supply, we expect strong revenue growth for FY22 and FY23. However, falling steel prices are likely to weigh on FY24 revenue. We also expect higher gross margins of 8.7% compared to FY21's 7%. This is on account of the cost synergies from increasing sales volume and softer steel prices.

Overall, we believe our BUY recommendation is justified due to the recovery of the construction sector, the improvement in BRC's margins, its dominant market position, attractive dividend yield, and undemanding valuation.

Forward PE Band (x)

Source: Bloomberg Finance L.P., DBS Bank

Key Risks

Large fluctuations in steel rebar prices. Steel rebar prices are sensitive to steel price fluctuations since steel is the main constituent of steel rebars. Rebar costs make up approximately 80%-85% of BRC's revenue and large fluctuations in steel prices may increase provisions for onerous contracts and place pressure on margins. Nonetheless, we also note that BRC engages in the use of forward contracts to mitigate sharp swings in steel rebar prices, thereby protecting margins on a project accounting basis.

Foreign worker supply. The construction industry is relatively more labour intensive with a high dependence on foreign labour. Although border restrictions have eased, labour shortages are still likely to persist in the near term, as it will take some time for labour supply to bounce back to pre-pandemic levels. Any disruption in the labour supply will affect construction output and eventually lead to lower demand for steel reinforcement solutions.

Cautious sentiment surrounding private sector construction demand. The uncertain macroeconomic outlook amid geopolitical risks, rising interest rates, and inflation may weigh on private sector construction demand. The new property cooling measures introduced in end-2021 may result in moderated residential building demand. However, commercial building demand is expected to compensate for the shortfall in light of the revival of inbound tourism and redevelopment of older commercial buildings.

Credit risk. In FY21, 44% of BRC's trade receivables were due from 10 major customers. Any default by a major customer could result in significant losses. However, the group notes that there has been no significant increase in credit risk.

Reliance on prefabricated steel as its main business activity. In the event a new construction technology replaces steel in reinforced concrete, business and profitability will be heavily impacted.

SWOT Analysis

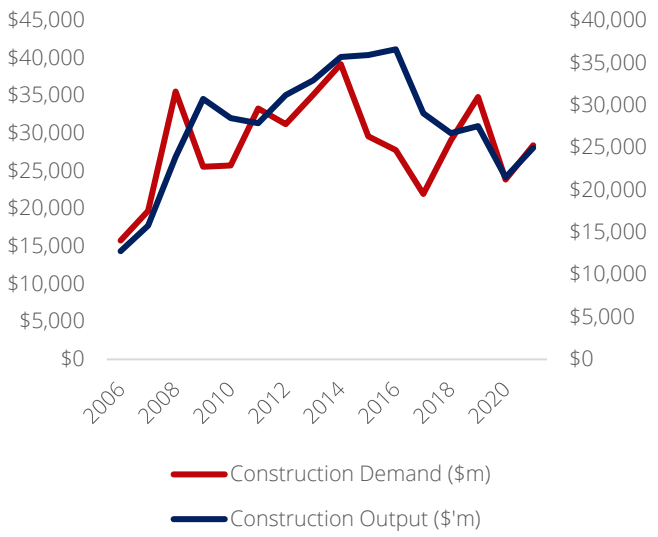
Strengths	Weakness
• **Market leader with a 60%-70% market share by volume.** BRC is the largest reinforcement steel solutions provider in Singapore with manufacturing and storage facilities spanning over 150,000m^2. BRC's market leadership enables it to gain economies of scale and enjoy better raw material prices and cost savings stemming from operational efficiencies. • **High barriers to entry.** BRC's business operations are capital intensive, requiring a large production area and heavy manufacturing equipment. The processes are also knowledge intensive and take time to develop, thus new entrants cannot easily replicate its production processes in a short span of time. • **Long-term relationship with customers and suppliers.** BRC generally has a long-term relationship with its customers and suppliers, which translates into a high level of repeat business.	• **Exposed to the cyclicality of the construction industry.** Given that BRC Asia supplies steel solutions to the construction industry, it is sensitive to business cycles, particularly construction demand and output in Singapore. BRC's customers are construction companies that tend to be cyclical in nature. Lowered construction output may lead to a lowered derived demand for steel reinforcement services and solutions. • **Higher net gearing levels.** As at FY21, the debt ratio stood at 49.3% compared to 41.8% in FY20. The increase in gearing is mainly due to increased working capital needs to secure inventory for the orderbook, most of which is financed via short-term bank facilities.
Opportunities	**Threats**
• **Recovery of the construction sector with a stable long-term outlook**. According to forecasts by the Building and Construction Authority (BCA), the value of construction contracts to be awarded in 2022 is between S$27-32bn, of which 60% comes from the public sector. The BCA also expects construction demand to be between S$25-32bn per year between 2023-2026.	• **Large fluctuations in steel prices.** Steel rebar prices are sensitive to steel price fluctuations since steel is the main constituent of steel rebars. Rebar costs make up approximately 80%-85% of BRC's revenue and huge increases in steel rebar prices may increase provisions for onerous contracts, placing pressure on margins.

Source: DBS Bank

Principal Share Price Drivers

Construction demand serves as a leading indicator of BRC's sales. According to the BCA, construction demand is defined as the number of construction contracts awarded, whereas construction output is defined as the certified progress payments of the construction industry in Singapore. Historically, construction output lags construction demand by one to two years, and this time lag can be attributed to the pre-construction phase, which consists of attaining regulatory approvals and site preparation works such as soil testing, clearing debris, levelling the ground, and transporting materials. Given the observed time lag, we are of the view that construction demand is foretelling of construction output, a key determinant of BRC's revenue.

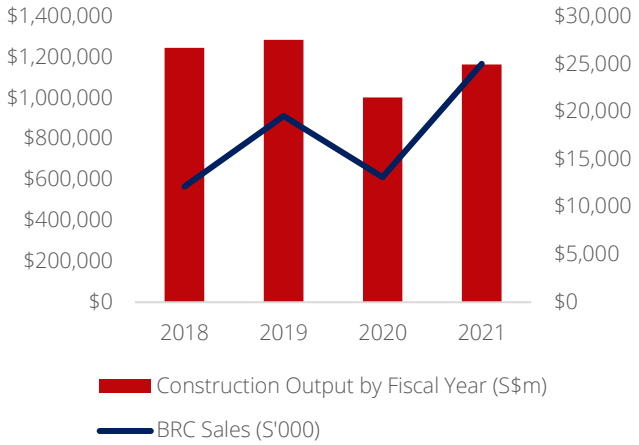
Construction output vs. construction demand



Source: BCA, DBS Bank
**Adjusted according to fiscal year*

Construction output is a key driver of BRC's revenue. Construction output, or certified progress payments, is a good proxy for construction output, as it measures the partial payment to a business after the completion of a predefined stage of work. When the construction spend is higher, there tends to be a greater demand for BRC's steel reinforcement solutions, which are integral in concrete construction. Historically, BRC's revenue reflects the construction industry output, given its 60%-70% market share after the acquisition of Lee Metal in 2018. Evidently, BRC's sales have been moving in a similar direction to total construction output in Singapore from 2018 onwards.

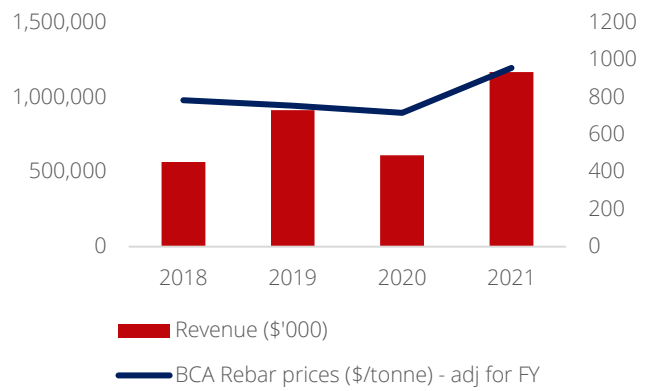
BRC sales vs. construction output



Source: Company, BCA, DBS Bank

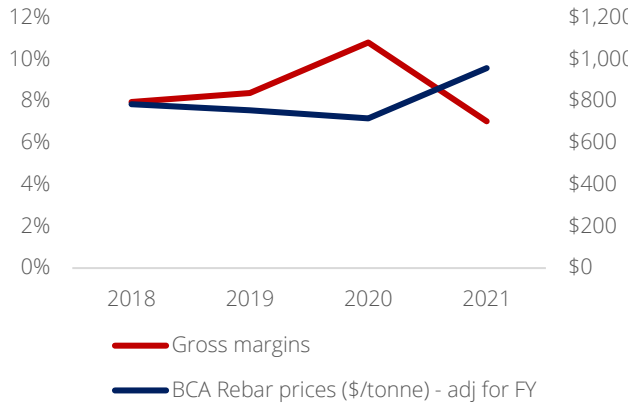
Steel rebar prices a key indicator of revenue and margins. Owing to the cost pass-through business model that BRC adopts, higher steel prices result in increased revenue and costs, ceteris paribus. We postulate that the 91% growth in FY21's revenue can be partially attributed to the 34% growth in steel rebar prices. In addition, gross margins are also impacted by steel rebar prices through onerous contracts. In general, a higher provision for onerous contracts is detrimental to margins. In FY21, the group recorded S$45.3m in provisions for onerous contracts in response to rebar prices climbing by 34%. As a result, gross margins plummeted from 10.8% in 2020 to 7.0% in 2021. From our analysis, in a period of rising steel prices, there tends to be more provisions than reversals of onerous contracts, which places downward pressure on gross margins, ceteris paribus. Conversely, in a period of falling steel prices, there tends to be more reversals than provisions, which will lift margins.

BRC revenue vs. BCA rebar prices



Source: Company, BCA, DBS Bank

BRC gross margins vs. BCA rebar prices



Source: BCA, Company, DBS Bank

Financials

Key Assumptions

FY Dec	2019A	2020A	2021A	2022F	2023F	2024F
Steel Rebar Prices (S$/tonne)	755	717	957	1083	953	943
Construction Output (S$m)	27,563	21,518	24,989	28,924	30,949	31,877
Estimated Rebar Sales Volume (thousand tonnes)	1,095	752	1,286	1,489	1,593	1,641
Gross Margins (%)	8.38%	10.80%	7.03%	8.74%	8.74%	8.74%

Segmental Breakdown

FY Dec	2019A	2020A	2021A	2022F	2023F	2024F
Revenues (S$m)						
Fabrication and Manufacturing	913	612	1,130	1,638	1,778	1,692
Others	0.0	0.0	38.4	0.0	0.0	0.0
Total	913	612	1,169	1,638	1,778	1,692

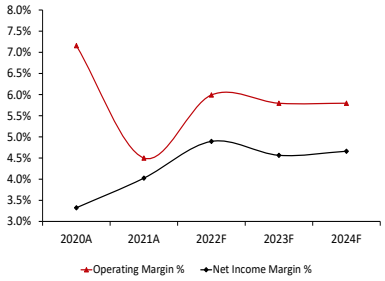
Source: Company, DBS Bank

Income Statement (S$m)

FY Dec	2019A	2020A	2021A	2022F	2023F	2024F
Revenue	913	612	1,169	1,638	1,778	1,692
Cost of Goods Sold	(837)	(546)	(1,087)	(1,495)	(1,622)	(1,544)
Gross Profit	76.6	66.2	82.1	143	155	148
Other Opng (Exp)/Inc	(29.7)	(22.3)	(29.5)	(45.0)	(52.3)	(49.8)
Operating Profit	46.8	43.8	52.6	98.1	103	98.1
Other Non Opg	0.98	2.63	7.20	1.30	0.0	0.0
Associates & JV Inc	(0.9)	(14.1)	1.95	1.48	1.54	1.60
Net Interest (Exp)/Inc	(8.5)	(5.4)	(3.4)	(4.3)	(6.8)	(4.7)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	38.4	27.0	58.4	96.5	97.8	95.0
Tax	(6.9)	(6.6)	(11.4)	(16.4)	(16.6)	(16.2)
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	31.6	20.4	47.0	80.1	81.1	78.9
Net Profit before	31.6	20.4	47.0	80.1	81.1	78.9
EBITDA	63.0	51.4	79.7	119	122	118
Growth						
Revenue Gth (%)	61.1	(32.9)	90.8	40.1	8.6	(4.8)
EBITDA Gth (%)	112.9	(18.4)	55.1	49.4	2.8	(3.8)
Opg Profit Gth (%)	140.8	(6.4)	20.0	86.6	5.0	(4.8)
Net Profit Gth (Pre-ex)	162.1	(35.5)	131.1	70.4	1.3	(2.8)
Margins & Ratio						
Gross Margins (%)	8.4	10.8	7.0	8.7	8.7	8.7
Opg Profit Margin (%)	5.1	7.2	4.5	6.0	5.8	5.8
Net Profit Margin (%)	3.5	3.3	4.0	4.9	4.6	4.7
ROAE (%)	12.6	7.7	16.6	23.3	19.9	17.6
ROA (%)	4.5	3.1	6.3	8.5	7.9	7.6
ROCE (%)	6.3	5.7	6.5	10.2	9.9	9.4
Div Payout Ratio (%)	59.6	69.3	62.5	50.0	50.0	50.0
Net Interest Cover (x)	5.5	8.2	15.6	22.6	15.1	21.0

Source: Company, DBS Bank

Margin Trend



Interim Income Statement (S$m)

FY Dec	2H2H	1H2020	2H2020	1H2021	2H2021	1H2022
Revenue	444	459	154	493	676	793
Cost of Goods Sold	(399)	(403)	(143)	(453)	(633)	(725)
Gross Profit	45.7	55.2	11.0	39.7	42.5	68.8
Other Oper. (Exp)/Inc	(18.4)	(22.6)	0.27	(16.3)	(13.2)	(20.9)
Operating Profit	27.3	32.6	11.2	23.3	29.3	47.9
Other Non Opg	0.41	0.86	1.76	3.59	3.60	1.30
Associates & JV Inc	(0.2)	(1.9)	(12.2)	(1.2)	3.13	0.53
Net Interest (Exp)/Inc	(3.1)	(3.9)	(1.5)	(2.2)	(1.2)	(2.3)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	24.4	27.8	(0.8)	23.6	34.8	47.4
Tax	(4.3)	(5.1)	(1.5)	(4.4)	(7.0)	(7.6)
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	20.1	22.7	(2.3)	19.2	27.9	39.8
Net profit bef Except.	20.1	22.7	(2.3)	19.2	27.9	39.8
EBITDA	36.2	41.5	9.92	34.6	45.4	58.6
Growth						
Revenue Gth (%)	(5.3)	3.2	(66.5)	220.3	37.2	17.4
EBITDA Gth (%)	35.0	14.6	(76.1)	248.5	31.2	29.1
Opg Profit Gth (%)	39.4	19.6	(65.6)	107.7	25.6	63.5
Net Profit Gth (%)	74.1	13.0	(110.2)	(929.4)	45.6	42.9
Margins						
Gross Margins (%)	10.3	12.0	7.1	8.0	6.3	8.7
Opg Profit Margins (%)	6.1	7.1	7.3	4.7	4.3	6.0
Net Profit Margins (%)	4.5	4.9	(1.5)	3.9	4.1	5.0

Source: Company, DBS Bank

Balance Sheet (S$m)

FY Dec	2019A	2020A	2021A	2022F	2023F	2024F
Net Fixed Assets	134	155	144	129	115	99.8
Invts in Associates & JVs	26.2	12.3	17.7	17.0	14.8	16.4
Other LT Assets	2.49	6.81	8.43	8.43	8.43	8.43
Cash & ST Invts	74.6	85.2	92.9	105	106	113
Inventory	232	237	466	553	600	572
Debtors	195	89.8	156	197	213	203
Other Current Assets	30.1	33.9	0.0	0.0	0.0	0.0
Total Assets	695	620	885	1,009	1,058	1,012
ST Debt	269	180	358	368	368	288
Creditor	67.2	27.9	69.2	97.2	105	100
Other Current Liab	21.8	35.0	68.8	68.8	68.8	68.8
LT Debt	60.7	99.2	77.7	77.7	77.7	77.7
Other LT Liabilities	13.1	13.3	10.1	10.1	10.1	10.1
Shareholder's Equity	263	265	301	387	427	467
Minority Interests	0.0	0.0	0.0	0.0	0.0	0.0
Total Cap. & Liab.	695	620	885	1,009	1,058	1,012
Non-Cash Wkg. Capital	368	298	484	584	640	605
Net Cash/(Debt)	(255)	(194)	(343)	(341)	(340)	(253)
Debtors Turn (avg days)	75.1	85.0	38.3	39.2	42.1	44.9
Creditors Turn (avg	27.9	32.9	16.6	20.6	23.0	24.6
Inventory Turn (avg	111.7	162.4	120.1	126.0	131.2	140.1
Asset Turnover (x)	1.3	0.9	1.6	1.7	1.7	1.6
Current Ratio (x)	1.5	1.8	1.4	1.6	1.7	1.9
Quick Ratio (x)	0.8	0.7	0.5	0.6	0.6	0.7
Net Debt/Equity (X)	1.0	0.7	1.1	0.9	0.8	0.5
Net Debt/Equity ex MI	1.0	0.7	1.1	0.9	0.8	0.5
Capex to Debt (%)	0.7	0.9	0.4	0.7	0.8	0.9

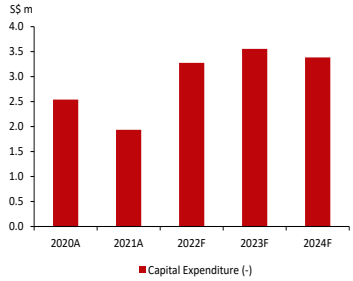
Source: Company, DBS Bank

Cash Flow Statement (S$m)

FY Dec	2019A	2020A	2021A	2022F	2023F	2024F
Pre-Tax Profit	38.4	27.0	58.4	96.5	97.8	95.0
Dep. & Amort.	16.0	19.0	18.0	18.2	17.9	18.2
Tax Paid	(2.7)	(5.6)	(9.5)	(16.4)	(16.6)	(16.2)
Assoc. & JV Inc/(loss)	0.85	14.1	(2.0)	(1.5)	(1.5)	(1.6)
Chg in Wkg.Cap.	25.9	76.2	(241)	(107)	(57.2)	34.9
Other Operating CF	0.76	(8.5)	50.0	0.0	0.0	0.0
Net Operating CF	79.3	122	(126)	(9.8)	40.3	130
Capital Exp.(net)	(2.3)	(2.5)	(1.9)	(3.3)	(3.6)	(3.4)
Other Invts.(net)	0.20	0.33	0.33	0.0	0.0	0.0
Invts in Assoc. & JV	(10.4)	0.0	0.44	0.0	0.0	0.0
Div from Assoc & JV	1.05	0.0	0.0	2.11	3.77	0.0
Other Investing CF	0.16	0.80	0.04	0.0	0.0	0.0
Net Investing CF	(11.3)	(1.4)	(1.1)	(1.2)	0.21	(3.4)
Div Paid	(2.3)	(18.7)	(24.3)	(40.1)	(40.6)	(39.4)
Chg in Gross Debt	(22.9)	41.4	(80.5)	10.0	0.0	(80.0)
Capital Issues	0.0	0.0	14.2	45.9	0.0	0.0
Other Financing CF	(18.2)	(135)	227	0.0	0.0	0.0
Net Financing CF	(43.4)	(112)	136	15.8	(40.6)	(119)
Currency Adjustments	0.07	(0.2)	0.0	0.0	0.0	0.0
Chg in Cash	24.7	8.66	8.53	4.84	0.0	7.50
Opg CFPS (S cts)	22.7	19.6	46.9	35.1	35.3	34.6
Free CFPS (S cts)	32.8	50.9	(52.3)	(4.7)	13.3	46.0

Source: Company, DBS Bank

Capital Expenditure

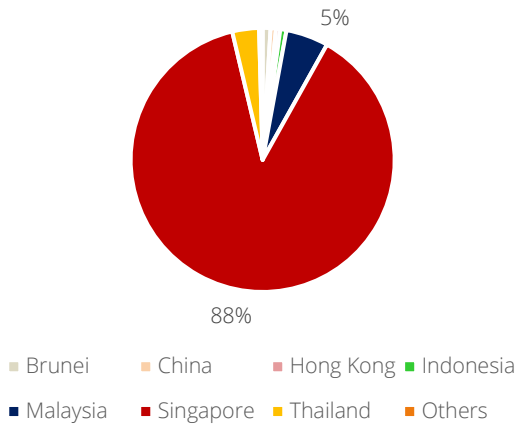


Company Background

Corporate history. BRC Asia was incorporated in 1938 as the Malayan Wire Mesh & Fencing Co. Ltd. and was listed on the SGX mainboard in 2020. They are a leading steel reinforcement solutions provider in Singapore with a dominant market share of ~60%-70% after the acquisition of Lee Metal in 2018.

Geographic segmentation. BRC operates in Singapore, Malaysia, and China, with revenue contributions from Singapore amounting to 88% of total revenue, which presents its largest geographical segment. Malaysia is the second largest segment; however, its revenue contribution is much smaller, at 5% of total revenue. BRC has seven factories in Singapore and one factory in Johor, Malaysia. It operates in China through a joint venture – Anhui BRC & Ma Steel Weldmesh Co. Ltd. Revenue from other countries are mainly from pass-on trades and sub-sales.

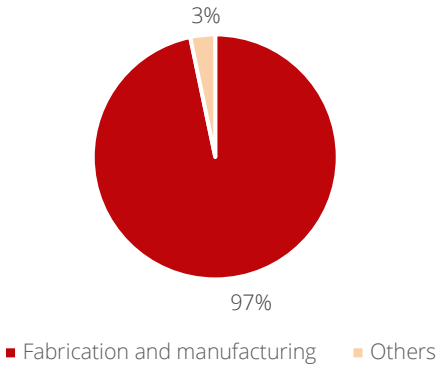
Geographical segmentation



Source: Company, DBS Bank

Business segmentation. Fabrication and manufacturing is the main business unit of BRC, contributing 97% of total revenue. Key business activities in the fabrication and manufacturing statement are the prefabrication of steel reinforcement for use in concrete, trading of steel reinforcement bars, and manufacturing and sale of wire fences. The others segment refers to property development and interest in associates involved in the management of airport, hotel, and resort, as well as property development. In FY21, there was a sale of a 1,235sqm property for S$38,380,000, contributing c.3% to total revenue.

Business segmentation



Source: Company, DBS Bank

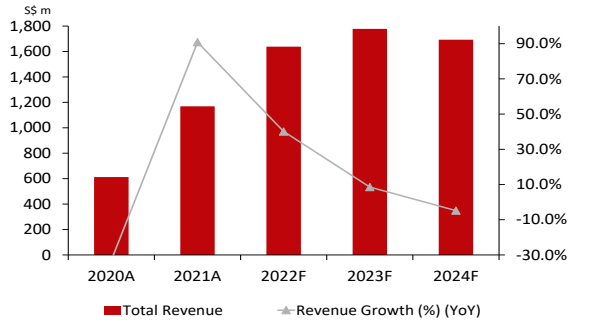
Business model

BRC provides steel reinforcement products such as rebar, weld fences, cages, wires, and mesh, as well as prefabrication and cut and bend services. The key value proposition to its customers is higher site efficiency and increased productivity. Specifically, contractors enjoy a shorter construction cycle, lower labour costs, and less material wastage by using prefabricated products. The products are also customisable to the project's requirement, resulting in better buildability. For example, a slab mesh for a four-room public residential unit would take 10 hours via the conventional method of tying loose reinforcement bars. In contrast, a prefabricated slab mesh would take four hours to lay, achieving a time savings of 70%. In addition, BRC also delivers on a just-in-time basis with a response time of 24 hours. The just-in-time service that BRC prides itself on enables construction companies to enjoy better cash flow, which is a key consideration for the industry.

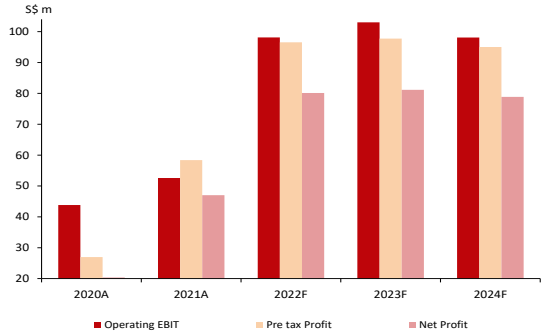
Onerous contracts

An onerous contract is a contract where the unavoidable cost of meeting the contract obligations is more than the expected economic benefits. Unavoidable costs are defined as the lower of (1) compensation or penalties associated with the failure to fulfil a contract or (2) the cost of fulfilling the contract. The unavoidable costs are calculated based on the summation of value of existing inventory, estimated costs of inventory purchases, and conversion costs. We note that onerous contracts affect fixed-price contracts due to the mismatch in inventory costs. When steel rebar prices are rising, there may be an increase in provisions for onerous contracts on fixed-price contracts, placing pressure on margins.

Sales trend

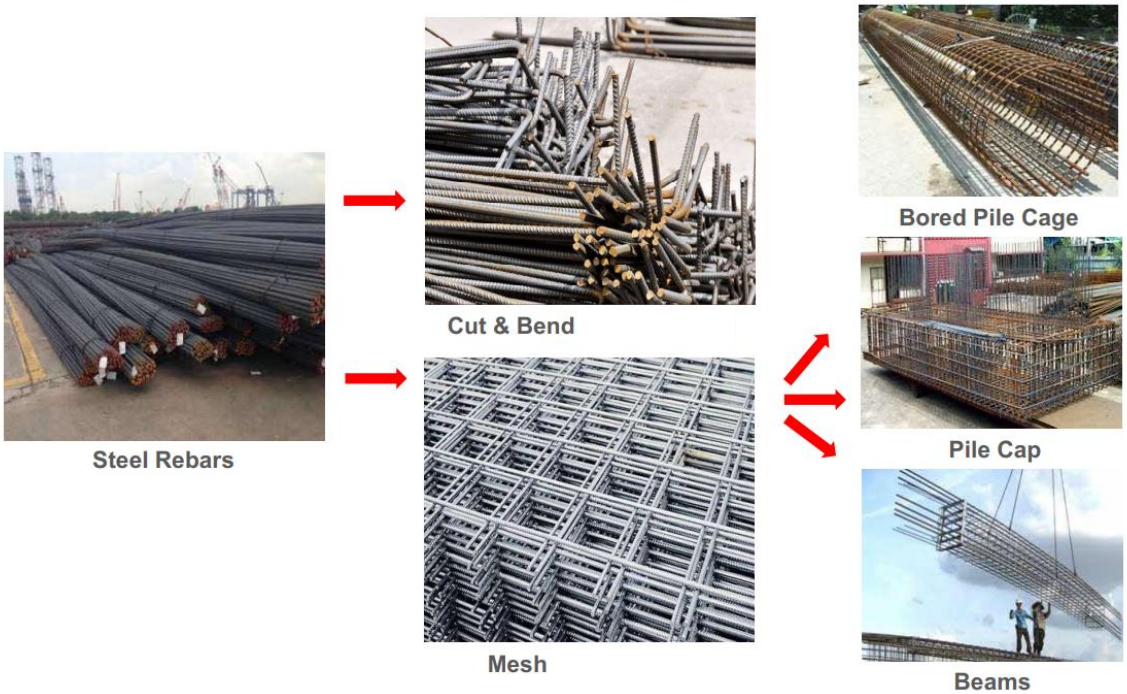


Profitability trend



Source: Company, DBS Bank

Company products



Source: Company

Project portfolio


Railroads / MRT


Highways / Roads


Bridges


Industrial Buildings


Residential and Commercial Buildings


HDB Projects

Source: Company

Management

Name and Designation	Background and Experience
SEAH KIIN PENG Executive director and chief executive officer	• Seah Kiin Peng was appointed the chief executive officer of the group on 26 September 2018. Seah is responsible for the group's business performance. He oversees the development and implementation of its business plans and strategies. • Since joining the group in March 2010 as an executive director, Seah had assisted the previous group managing director in running the businesses of the group. From October 2016, Seah ran the operations of the group, successfully steering it through a challenging period, amidst weaknesses in the construction sector, as well as completing the S$200m takeover of Lee Metal Group Ltd. in 2018. • Seah holds a Bachelor and Master of Science in Management from the London School of Economics and Political Science.
LEE CHUN FUN Chief financial officer and company secretary	• Lee Chun Fun is responsible for the group's financial and treasury management while overseeing the human resources and administration department. • She started her career in auditing with a public accounting firm and has experience in finance, treasury, and credit control functions. • Lee holds a Master's degree in Business Administration from the University of Strathclyde and a Bachelor's degree in Accountancy from the National University of Singapore.
ZHANG XINGWANG Executive director and chief operating officer	• Zhang Xingwang was appointed an executive director of the group on 5 December 2017. Zhang is responsible for the development of strategies for the group. He also assists the CEO of the group with manufacturing and operations. • Prior to joining the group, Zhang was a director of a company in iron ore trading. He was a deputy director within the raw material department of WISCO International Economy & Trading Limited. • Zhang holds an MBA from Wright State University in USA and a Bachelor's degree in Mineral Engineering from Central South University in China.
TAN LAU MING Deputy chief operating officer	• Tan Lau Ming is responsible for the group's prefabrication production, operational matters, and cut and bend services while overseeing safety, security, and dormitories. • Tan has over 20 years of experience in production operations, which include manufacturing, planning, resource allocation, industrial engineering, and process control. • Tan holds a Master's degree in Engineering Management from the University of Wollongong.

Management (continued)

Name and Designation	Background and Experience
ONG LIAN TECK Chief commercial officer	• Ong Lian Teck oversees the sales and marketing department and is responsible for formulating marketing plans and strategies as well as the delivery of engineering support services to customers. • He also assists the CEO in business development efforts and the chief procurement officer in steel inventory management. He has over 20 years of experience in the industry. • Ong graduated from Nanyang Technological University with a Bachelor's degree (Honours) in Engineering (Civil).
XU JIGUO Executive director and chief procurement officer	• Xu Jiguo was appointed an executive director of the group on 28 November 2017. Xu is responsible for the trading activities of the group. He also assists the CEO of the group with steel procurement. • Xu has more than 20 years of experience in shipping and trading. Prior to joining the group, he was a deputy general manager in Bright Point Pte. Ltd., a steel trading company. • Xu holds an MBA from the University of South Australia.

Source: Company, DBS Bank

DBS Bank recommendations are based on 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: 8 Jun 2022 07:10:05 (SGT)
Dissemination Date: 8 Jun 2022 07:41:54 (SGT)

Sources for all charts and tables are DBS Bank Ltd 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, DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), DBSVI, DBSVTH, DBS Vickers Securities (USA) Inc ("DBSV USA"), DBS Bank Ltd (London Branch) ("DBS UK"), 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 associate[1] 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 interests[2] 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 Apr 2022.

Compensation for investment banking services:

2. 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:

3. 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	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. 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. Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.
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. 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. For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	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. Wong Ming Tek, Executive Director, ADBSR

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	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd. For any query regarding the materials herein, please contact [Chanpen Sirithanarattanakul] at [research@th.dbs.com]
United Kingdom	This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore. This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, 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 UK, 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.
Dubai International Financial Centre	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. 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. 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. 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. 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). 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. 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.
United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Regional Research Offices

HONG KONG
DBS (Hong Kong) Ltd
Contact: Dennis Lam
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: Paul Yong
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