

Singapore Company Update

SATS

Bloomberg: SATS SP | Reuters: SATS.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

25 Jul 2022

HOLD

Last Traded Price (22 Jul 2022): S\$3.99 (STI : 3,181.34)
Price Target 12-mth: S\$4.30 (8% upside) (Prev S\$4.50)

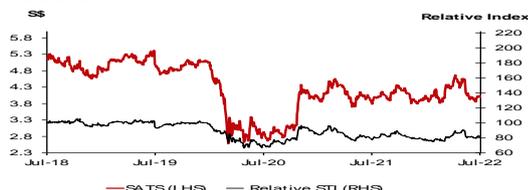
Analyst

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

What's New

- 1QFY23 results slightly below expectations
- Robust turnaround in activity levels in the aviation segment was better than anticipated
- Operating margins improved sequentially in 1QFY23 but will require more time to turn positive
- Cut FY23F net profit estimate by 34.1%; lower TP slightly to S\$4.30 to factor higher cost of capital

Price Relative



Forecasts and Valuation

FY Mar (S\$m)	2021A	2022A	2023F	2024F
Revenue	970	1,177	1,720	2,205
EBITDA	120	77.1	191	395
Pre-tax Profit	(146)	(27.1)	46.6	261
Net Profit	(78.9)	20.4	37.2	210
Net Pft (Pre Ex.)	(7.2)	8.20	37.2	210
Net Pft Gth (Pre-ex) (%)	nm	nm	353.3	465.8
EPS (S cts)	(7.1)	1.82	3.32	18.8
EPS Pre Ex. (S cts)	(0.6)	0.73	3.32	18.8
EPS Gth Pre Ex (%)	nm	nm	353	466
Diluted EPS (S cts)	(7.1)	1.82	3.32	18.8
Net DPS (S cts)	0.0	0.0	0.0	16.0
BV Per Share (S cts)	138	143	147	165
PE (X)	nm	218.9	120.1	21.2
PE Pre Ex. (X)	nm	544.6	120.1	21.2
P/Cash Flow (X)	37.9	71.7	35.9	14.6
EV/EBITDA (X)	38.3	61.6	24.5	11.3
Net Div Yield (%)	0.0	0.0	0.0	4.0
P/Book Value (X)	2.9	2.8	2.7	2.4
Net Debt/Equity (X)	CASH	0.0	CASH	CASH
ROAE (%)	(5.0)	1.3	2.3	12.1

Earnings Rev (%): (34) (3)
Consensus EPS (S cts): 10.8 21.8
Other Broker Recs: B: 6 S: 1 H: 1

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

Still not the time to go long

Investment Thesis

Greater clarity on recovery trajectory for travel segment.

Singapore's new Vaccinated Travel Framework and the harmonised reopening of countries in the region will drive a meaningful rebound in travel-related revenue for the group from 1QFY23 onwards.

Resilient cargo demand and growth in non-aviation food business to propel recovery. Robust demand for air cargo, underpinned by strong e-commerce volumes and prolonged widespread supply chain disruptions, coupled with its pivot to non-aviation food channels, should accelerate SATS's recovery.

However, cost pressures will weigh on operating margins in the near term; valuation seems fair at current price levels.

Costs are likely to increase at a faster rate than revenue until 2QFY23 due to multiple cost headwinds like front-loaded employee headcount additions, absence of government grants, wage inflation, and rising food costs. We believe that the company's recovery prospects are aptly baked into its share price with SATS trading at 22-24x FY24F earnings.

Valuation:

Blended DCF and PE valuation methodology. Our TP of S\$4.30 is based on the average of a: (i) Discounted cash flow valuation (7.0% weighted average cost of capital and 3.0% terminal growth) and (ii) price-to-earnings (PE) valuation pegged to peers at 30x FY23/24F PE.

Where we differ:

Our earnings projections are lower than the consensus, as we are more conservative on our operating cost assumptions.

Key Risks to Our View:

Travel activity rebounding more sharply than anticipated, SATS demonstrating stronger-than-expected cost control, and surprise M&A activity.

At A Glance

Issued Capital (m shrs)	1,122
Mkt. Cap (S\$m/US\$m)	4,477 / 3,225
Major Shareholders (%)	
Temasek Holdings Pte Ltd	39.7
Free Float (%)	60.3
3m Avg. Daily Val (US\$m)	7.6

GIC Industry : Industrials / Transportation



Watchlist the stock on Insights Direct to receive prompt updates



Live more, Bank less

WHAT'S NEW**1QFY23 results slightly below expectations on cost pressures**

1QFY23 results fell short of expectations. SATS reported a net loss of S\$22.5m in 1QFY23, a sequential improvement from 4QFY22 (net loss of S\$26.8m) but slightly behind the street's full-year net profit projection of S\$62.0m even after factoring a back-ended recovery. Barring government grants (1QFY23 should be the final quarter of government support), SATS would have booked a core net loss of S\$31.9m.

Group revenue surged by 36.2% y-o-y and 25.4% q-o-q to S\$375.5m, above our estimate of S\$360.0m. Growth was driven by the full contribution (S\$32.4m) of Asia Airfreight Terminal (AAT) during the quarter (consolidated from March-22), and strong recovery in travel-related revenue which was partly tempered by a decline in non-travel revenue.

Excluding AAT, travel-related revenue grew by 60.5% y-o-y and 28.8% q-o-q on the back of a marked rebound in activity levels in tandem with the reopening of borders in Asia and other regions. The number of flights handled were up by 233% y-o-y to 55% of pre-pandemic levels in 1QFY23, while cargo throughput increased by 53.2% y-o-y largely due to the consolidation of AAT. Meanwhile, non-travel revenue declined by 17.1% y-o-y and 8.9% q-o-q, primarily due to the negative impact of lockdowns in China on non-aviation food.

However, the group continued to report steep operating losses as cost pressures (staff, premises and other operating costs) remain. SATS achieved an operating loss of S\$34.3m in 1QFY23, a modest improvement from 4QFY22 (operating loss of S\$37.1m). Majority of cost items outpaced revenue growth during the period, in particular staff costs, premise costs and other operating expenses surged by 82.6%, 53.1% and 58.0% on an annual basis, largely attributable to the reduction of government grants, increase in headcount, and higher utility and fuel costs.

Surprisingly, the cost of raw materials only grew modestly by 4.1% y-o-y despite a 13.4% increase in gross meals produced due to the success of SATS's cost optimisation initiatives and a more favourable revenue mix (higher % of aviation food).

Solid improvement in contribution from associates and JVs. SATS's share of net profits from associates and JVs came in at S\$6.9m in 1QFY23, as compared to negative contribution of S\$1.2m in 1QFY22. SATS's associates and JVs in the food solutions segment were close to breakeven during the period, while units in the gateway services segment continued to report solid results.

Cut FY23F net profit estimates to factor cost headwinds; trimmed TP to S\$4.30 and maintain HOLD. We are raising our FY23F revenue projection slightly by 3.8% to reflect a more pronounced recovery in travel-related revenue as significant pent-up travel demand continues to be released over the short-term. However, we are lowering our FY23F net profit estimate by 34.1% to reflect narrower operating margins owing to stronger-than-expected inflation woes. Additionally, we are lowering our TP slightly to S\$4.30 as we assume a higher cost of capital (7.0% WACC vs 6.5% previously) in our discounted cash flow valuation.

Company Background

SATS is a leading provider of gateway services and food solutions in the region with the biggest market share in in-flight catering and ground-handling services at Singapore's Changi Airport. The company also provides aviation security, airline laundry, and airport cargo delivery management services. Additionally, it also offers catering services and food solutions to non-aviation sectors and manages a cruise centre.

SATS

Operational Statistics

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Passengers Handled (m)	22.5	23.2	23.7	15.2	0.2	1.8	1.1	1.0	0.9	0.9	3.6	5.0	9.7
Flights Handled ('000)	91.5	92.9	93.9	73.2	6.55	20.5	14.6	13.4	13.9	14.3	30.0	37.3	46.4
Cargo ('000 tonnes)	452	459	486.0	394.0	221	270.8	322.1	341.0	387.4	421.0	458.9	408.7	593.3
Gross Meals Produced (m)	19.3	20.4	25.4	17.4	9.4	11.3	11.5	11.5	12.9	13.4	13.0	13.1	14.6

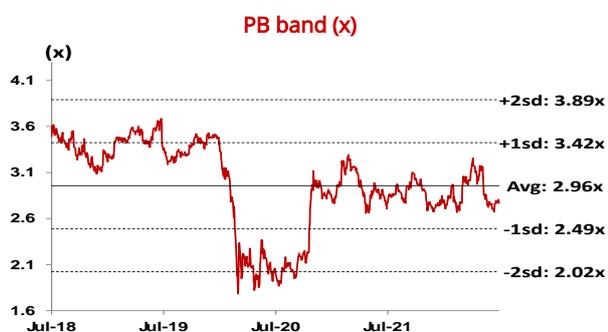
Source: Company, DBS Bank Ltd

Valuation table

Valuation methodology	Market value (\$m)	S\$/share	Remarks
PER	3,713	3.32	30x on FY23/24F earnings
DCF	5,841	5.22	WACC 7.0%, terminal growth 3%
Target price		4.30	

Source: Company, DBS Bank Ltd

Historical PB Band



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

SATS

Key Assumptions

FY Mar	2020A	2021A	2022A	2023F	2024F
Passengers Handled (m)	84.6	4.12	10.4	46.9	84.4
Cargo ('000 tonnes)	1,791	1,155	1,676	2,514	2,665
Gross Meals Produced	82.5	43.7	52.4	60.3	75.3
Average no of employees	17,155	12,500	13,602	15,642	16,424

Segmental Breakdown

FY Mar	2020A	2021A	2022A	2023F	2024F
Revenues (\$\$ m)					
Food solutions	1,070	574	641	870	1,175
Gateway services	869	390	533	848	1,028
Corporate	2	7	3	2	2
Total	1,941	970	1,177	1,720	2,205
Operating profit (\$\$ m)					
Food solutions	136	(47)	(44)	8	125
Gateway services	101	39	7	25	108
Corporate	(11)	(2)	(5)	(5)	(5)
Total	226	(10)	(43)	29	227
Operating profit Margins (%)					
Food solutions	12.7	(8.2)	(6.9)	1.0	10.6
Gateway services	11.6	10.0	1.3	3.0	10.5
Total	11.7	(1.0)	(3.6)	1.7	10.3

Income Statement (\$\$ m)

FY Mar	2020A	2021A	2022A	2023F	2024F
Revenue	1,941	970	1,177	1,720	2,205
Cost of Goods Sold	0	0	0	0	0
Gross Profit	1,941	970	1,177	1,720	2,205
Other Opng (Exp)/Inc	(1,715)	(980)	(1,219)	(1,692)	(1,978)
Operating Profit	226	(10)	(43)	29	227
Other Non Opng (Exp)/Inc	0	0	0	0	0
Associates & IV Inc	12	(48)	17	34	51
Net Interest (Exp)/Inc	(4)	(16)	(14)	(16)	(17)
Exceptional Gain/(Loss)	(20)	(72)	12	0	0
Pre-tax Profit	214	(146)	(27)	47	261
Tax	(38)	36	31	(7)	(44)
Minority Interest	(7)	30	16	(2)	(6)
Preference Dividend	0	0	0	0	0
Net Profit	168	(79)	20	37	210
Net Profit before Except.	189	(7)	8	37	210
EBITDA	344	120	77	191	395
Growth					
Revenue Gth (%)	6.2	(50.0)	21.3	46.2	28.2
EBITDA Gth (%)	3.6	(65.0)	(35.9)	148.2	106.4
Opg Profit Gth (%)	(8.4)	(104.5)	321.8	(167.0)	695.8
Net Profit Gth (%)	(32.2)	nm	nm	82.2	465.8
Margins & Ratio					
Gross Margins (%)	100.0	100.0	100.0	100.0	100.0
Opg Profit Margin (%)	11.7	(1.0)	(3.6)	1.7	10.3
Net Profit Margin (%)	8.7	(8.1)	1.7	2.2	9.5
ROAE (%)	10.3	(5.0)	1.3	2.3	12.1
ROA (%)	6.2	(2.6)	0.6	1.1	6.1
ROCE (%)	8.1	(0.4)	(1.6)	0.8	6.4
Div Payout Ratio (%)	39.8	N/A	0.0	0.0	85.1
Net Interest Cover (x)	61.1	(0.6)	(3.1)	1.8	13.2

Source: Company, DBS Bank

SATS

Quarterly Income Statement (\$\$ m)

FY Mar	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020
Revenue	464	472	465	497	546
Cost of Goods Sold	0	0	0	0	0
Gross Profit	0	0	0	0	0
Other Oper. (Exp)/Inc	(399)	(421)	(408)	(432)	(483)
Operating Profit	65	51	57	65	63
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	21	9	15	14	15
Net Interest (Exp)/Inc	1	1	0	0	(1)
Exceptional Gain/(Loss)	0	(1)	(1)	0	0
Pre-tax Profit	86	60	71	78	77
Tax	(15)	(8)	(13)	(15)	(13)
Minority Interest	(2)	(2)	(3)	(2)	(4)
Net Profit	69	50	55	61	59
Net profit bef Except.	69	51	55	61	59
EBITDA	N/A	N/A	N/A	N/A	N/A

Growth

Revenue Gth (%)	2.4	1.6	(1.4)	6.9	9.7
EBITDA Gth (%)	nm	nm	nm	nm	nm
Opg Profit Gth (%)	(1.1)	(22.2)	11.8	14.4	(3.2)
Net Profit Gth (%)	4.9	(27.6)	9.6	11.0	(2.3)

Margins

Gross Margins (%)	100.0	100.0	100.0	100.0	100.0
Opg Profit Margins (%)	14.1	10.8	12.2	13.1	11.5
Net Profit Margins (%)	14.8	10.6	11.8	12.2	10.9

Balance Sheet (\$\$ m)

FY Mar	2020A	2021A	2022A	2023F	2024F
Net Fixed Assets	602	707	902	896	900
Invts in Associates & JVs	689	578	454	453	464
Other LT Assets	691	484	640	583	532
Cash & ST Invts	549	880	786	845	1,071
Inventory	67	130	83	108	110
Debtors	386	292	388	430	441
Other Current Assets	26	21	39	39	39
Total Assets	3,011	3,092	3,292	3,354	3,557
ST Debt	132	159	143	143	143
Creditor	373	359	458	492	441
Other Current Liab	57	47	30	19	56
LT Debt	493	714	695	695	695
Other LT Liabilities	151	114	133	133	133
Shareholder's Equity	1,618	1,546	1,603	1,640	1,850
Minority Interests	188	153	231	233	239
Total Cap. & Liab.	3,011	3,092	3,292	3,354	3,557
Non-Cash Wkg. Capital	50	37	23	66	94
Net Cash/(Debt)	(75)	6	(52)	7	233
Debtors Turn (avg days)	64.6	127.5	105.3	86.8	72.1
Creditors Turn (avg days)	79.4	157.0	135.5	113.3	94.0
Inventory Turn (avg days)	10.5	42.4	35.4	22.8	22.0
Asset Turnover (x)	0.7	0.3	0.4	0.5	0.6
Current Ratio (x)	1.8	2.3	2.1	2.2	2.6
Quick Ratio (x)	1.7	2.1	1.9	2.0	2.4
Net Debt/Equity (X)	0.0	CASH	0.0	CASH	CASH
Net Debt/Equity ex MI (X)	0.0	CASH	0.0	CASH	CASH
Capex to Debt (%)	12.1	6.9	9.2	11.9	14.3
Z-Score (X)	3.3	2.8	3.1	1.6	1.6

Source: Company, DBS Bank

SATS

Cash Flow Statement (\$\$ m)

FY Mar	2020A	2021A	2022A	2023F	2024F
Pre-Tax Profit	214	(146)	(27)	47	261
Dep. & Amort.	118	130	120	163	168
Tax Paid	(53)	(21)	(17)	(18)	(7)
Assoc. & JV Inc/(loss)	(12)	48	(17)	(34)	(51)
Chg in Wkg.Cap.	(49)	7	0	(33)	(64)
Other Operating CF	26	99	4	0	0
Net Operating CF	244	118	62	124	306
Capital Exp.(net)	(76)	(60)	(78)	(100)	(120)
Other Invt.(net)	3	0	0	0	0
Invt in Assoc. & JV	(23)	0	0	0	0
Div from Assoc & JV	33	27	27	35	40
Other Investing CF	(55)	5	82	0	0
Net Investing CF	(117)	(28)	31	(65)	(80)
Div Paid	(212)	0	0	0	0
Chg in Gross Debt	301	245	(187)	0	0
Capital Issues	0	0	0	0	0
Other Financing CF	(23)	(5)	(2)	0	0
Net Financing CF	66	240	(189)	0	0
Currency Adjustments	6	2	2	0	0
Chg in Cash	199	331	(94)	59	226
Opg CFPS (S cts)	26.2	9.9	5.6	14.1	33.1
Free CFPS (S cts)	15.1	5.1	(1.4)	2.2	16.6

Source: Company, DBS Bank

Target Price & Ratings History



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

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	16 Nov 21	4.12	4.90	BUY
2:	24 Feb 22	3.97	4.90	BUY
3:	26 Feb 22	4.05	4.90	BUY
4:	01 Jun 22	4.26	4.50	HOLD

Source: DBS Bank

Analyst: Jason SUM, CFA

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 25 Jul 2022 17:25:21 (SGT)

Dissemination Date: 25 Jul 2022 17:44:53 (SGT)

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

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates have a proprietary position in SATS recommended in this report as of 30 Jun 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	<p>This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report has been prepared by a personnel of DBS Bank Ltd, who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited ("DBS HK"), a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 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 Sirithanarattanukul at research@th.dbs.com</p>

<p>United Kingdom</p>	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS 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.</p> <p>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.</p>
<p>Dubai International Financial Centre</p>	<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>

SATS

United States	<p>This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
Other jurisdictions	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

DBS Regional Research Offices
HONG KONG
DBS (Hong Kong) Ltd

Contact: 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