

China / Hong Kong Company Update

Lenovo Group

Bloomberg: 992 HK EQUITY | Reuters: 0992.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

11 Aug 2022

BUY

Last Traded Price (10 Aug 2022): HK\$6.90 (HSI : 19,611)
Price Target 12-mth: HK\$11.90 (72% upside) (Prev HK\$13.00)

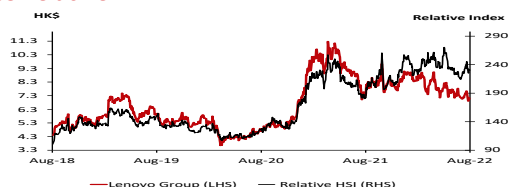
Analyst

Jim Au +852 3668 4172 jimau@dbs.com
Tsz Wang Tam +852 36684195 tszwangtam@dbs.com

What's New

- 1Q net profit increased 11% y-o-y to US\$ 516m, ahead of the market consensus by 6%, driven by margin expansion
- Operating margin increased 0.2ppt y-o-y to 4.6%, due to increased contribution from the service business
- Cut FY3/23 and FY3/24 earnings forecast by 13%/4% to reflect the cut in shipment and margin assumption
- Lower TP of HK\$ 11.9 on lower EPS; maintain BUY on a 19% FY22-25F earnings CAGR and an undemanding valuation

Price Relative



Forecasts and Valuation

FY Mar (US\$m)	2022A	2023F	2024F	2025F
Turnover	71,618	71,141	80,241	87,326
EBITDA	4,338	4,293	5,424	6,130
Pre-tax Profit	2,768	2,833	3,957	4,666
Net Profit	2,030	2,068	2,888	3,406
Net Pft (Pre Ex) (core profit)	2,030	2,068	2,888	3,406
Net Profit Gth (Pre-ex) (%)	67.6	1.9	39.7	17.9
EPS (US\$)	0.16	0.16	0.22	0.26
EPS (HK\$)	1.22	1.24	1.73	2.04
EPS Gth (%)	52.6	1.9	39.7	17.9
Diluted EPS (HK\$)	1.24	1.24	1.73	2.04
DPS (HK\$)	0.31	0.41	0.57	0.67
BV Per Share (HK\$)	3.25	4.01	5.16	6.57
PE (X)	5.7	5.6	4.0	3.4
P/Cash Flow (X)	2.8	3.3	2.2	2.1
P/Free CF (X)	4.1	5.2	3.1	2.8
EV/EBITDA (X)	2.6	2.4	1.6	1.1
Net Div Yield (%)	4.5	5.9	8.2	9.7
P/Book Value (X)	2.1	1.7	1.3	1.1
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE(%)	47.5	37.1	41.1	37.9
Earnings Rev (%)		(13)	(4)	New
Consensus EPS (US\$)		0.16	0.16	0.18
Other Broker Recs:		B:19	S:1	H:6

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

Service-led transformation on track

Investment Thesis

Tech hardware giant transforming into a service-led company by leveraging the world's largest active PC user base (218m) and its strong reputation in hardware products, channeling growth into the services and solutions business.

New SSG business's operating profit is projected to grow at a CAGR of 30% in FY22-25F, on a strong industry trend and low attached rate, boosting the company's operating margin to 5.7% in FY3/25 from 4.3% in FY3/22, as SSG's operating margin is 22% (vs. 4% of the group).

FY3/24 and FY3/25 net profit 24% and 37% higher than the market, due to a stronger boost from structural growth in data centres, edge computing, investment in the "Eastern Data, Western Computing" initiative, and higher contributions from the services and solutions business.

Valuation:

We set our TP at HK\$11.9, based on an 8.5x FY23 PE, in line with the historical average. The re-rating is supported by a stronger growth profile over the next two to three years.

Where we differ:

FY3/24 and FY3/25 net profits are 24% and 37% higher than the market due to stronger operating margins of SSG and IDG.

Key Risks to Our View:

Rigorous competition in PCs, smartphones, and servers. Prolonged weak consumer sentiment for consumer electronics.

At A Glance

Issued Capital (m shrs)	12,042
Mkt Cap (HKm/US\$m)	83,090 / 10,589
Major Shareholders (%)	
Legend Holdings Corporation	29.9
Union Star Ltd	6.0
Sureinvest Holdings Ltd.	5.2
Free Float (%)	58.9
3m Avg. Daily Val. (US\$m)	43.5
GICS Industry: Information Technology / Technology Hardware & Equipment	



Watchlist the stock on Insights Direct to receive prompt updates



Live more, Bank less

Lenovo Group

WHAT'S NEW

Margin expansion from higher service contribution, PC shipment growth in 2H slowed

1QFY3/23 results highlights

1QFY3/23 results ahead: 1Q revenue was flat at US\$17.0bn y-o-y, due to sluggish growth in consumer electronics caused by supply chain and logistics challenges and economic headwinds, in line with market expectations.

Segment wise, Intelligent Devices Group (IDG) revenue decreased slightly, by 2.7% y-o-y, due to a decline in PC shipments caused by supply and logistics woes and weak consumer sentiment. Solutions and Services Group (SSG) revenue increased 22.9% y-o-y to US\$1.5bn due to the continuous penetration of its attached service. Server business (ISG) revenue increased 13.7% y-o-y to US\$2.1bn as a result of structural growth in the data centre, edge computing, and hybrid cloud segments.

Operating margin (OPM) increased 0.2ppt y-o-y to 4.6%, due to increased contribution from the high-margin service segment. IDG operating margin was maintained at 7.5% while ISG/SSG's operating margin increased 1.1/0.4 ppt y-o-y to 0.5%/22.6%, respectively. These are driven by the ramp-up in the scale of the server and service business.

Accordingly, net profit increased by 10.7% y-o-y to US\$ 514m, ahead of the market consensus by 6.4%, driven by operating margin expansion.

Our View

We expect the weak PC shipments caused by weak market sentiment to be maintained in 2HFY3/23. Meanwhile, we are more optimistic about Lenovo's server business on the back of the continuous structural growth in the data center, edge computing, and hybrid cloud computing segments, which are catalysed by the "Eastern Data, Western Computing" initiative in China. The service and solutions business will continue to be driven by the penetration of the service business in the company's large PC user base in the coming few years.

We revised down the PC shipment forecast by 8.4% in FY3/23 to reflect the continuation of weak consumer sentiment for smart devices and PCs in 2H22.

Meanwhile, we revised up the OPM forecast for ISG by 0.3ppt to 0.8% in FY3/23 due to increased operating efficiency as a result of it ramping up scale. We also cut OPM for the SSG segment by 1.5ppt each to 22.5% and 23.5% for FY3/23 and FY3/24, respectively, to reflect the smoother progress in margin improvements. Therefore, overall OPM decreased by 0.4ppt and 0.4ppt for FY3/23 and FY3/24.

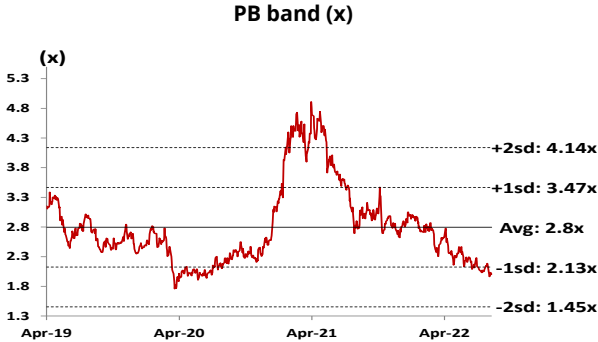
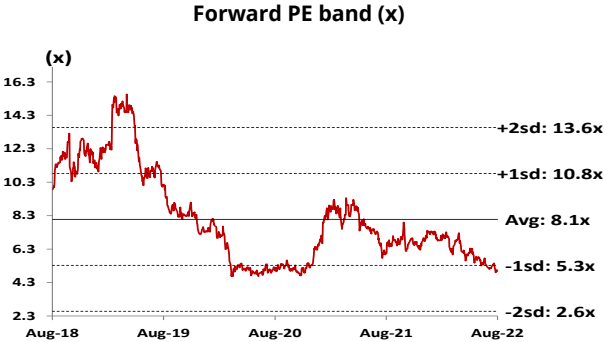
Accordingly, we decrease the earnings forecast for FY3/23 and FY3/24 by 12.9%, 3.9%, and revised our TP to HK\$11.9 on a lower FY3/23 EPS. Lenovo is currently trading at 4.9x FY3/23 PE, well below its five-year average of 8.5x. We maintain our BUY rating and TP based on its undemanding valuation and strong earnings growth profile of 18.8% FY22-25F CAGR.

Company Background

Founded in 1984 and listed in 1994, Lenovo is the largest global PC vendor, with a 24% global market share in 2021. Lenovo expanded into the server business through the acquisition of IBM's x86 server business and the smartphone business through the acquisition of Motorola Mobility in 2014. (1) Intelligent Devices Group (IDG), (2) Infrastructure Solutions Group (ISG), and (3) Solutions and Services Group (SSG) accounted for 89.6%, 10.4%, and 8.0% of FY3/20 gross revenue, respectively. Yang Yuanqing, the Chief Executive Officer (CEO) and Chairman of Lenovo, holds a c.9.3% stake in the company.

Lenovo Group

Historical PE and PB band



Source: Thomson Reuters, DBS HK

Lenovo Group

Key Assumptions

FY Mar	2021A	2022A	2023F	2024F	2025F
ISG Revenue ('000 USD)	6,331.1	7,140.1	8,810.5	14,296.0	16,803.8
Operating Margin (%)	(2.1)	0.1	0.8	4.2	4.2
SSG Revenue ('000 USD)	N/A	5,441.5	6,730.9	8,687.1	10,767.2
Operating Margin (%)	N/A	22.0	22.5	23.5	24.5

Source: Company, DBS HK

Segmental Breakdown (US\$ m)

FY Mar	2021A	2022A	2023F	2024F	2025F
Revenues (US\$ m)					
IDG	54,411	62,310	59,300	61,431	64,297
ISG	6,331	7,140	8,811	14,296	16,804
SSG	0	5,442	6,731	8,687	10,767
Intersegment cancellation	0	(3,274)	(3,700)	(4,173)	(4,542)
Total	60,742	71,618	71,141	80,241	87,326

Source: Company, DBS HK

Income Statement (US\$ m)

FY Mar	2021A	2022A	2023F	2024F	2025F
Revenue	60,742	71,618	71,141	80,241	87,326
Cost of Goods Sold	(50,974)	(59,569)	(59,078)	(65,935)	(71,450)
Gross Profit	9,768	12,049	12,063	14,306	15,876
Other Opng (Exp)/Inc	(7,587)	(8,968)	(8,909)	(10,048)	(10,935)
Operating Profit	2,180	3,081	3,154	4,257	4,941
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	(32)	(7)	(46)	(54)	(66)
Net Interest (Exp)/Inc	(374)	(306)	(276)	(247)	(208)
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	1,774	2,768	2,833	3,957	4,666
Tax	(461)	(622)	(652)	(910)	(1,073)
Minority Interest	(102)	(116)	(113)	(158)	(187)
Preference Dividend	0	0	0	0	0
Net Profit	1,211	2,030	2,068	2,888	3,406
Net Profit before Except.	1,211	2,030	2,068	2,888	3,406
EBITDA	3,219	4,338	4,293	5,424	6,130
Growth					
Revenue Gth (%)	19.8	17.9	(0.7)	12.8	8.8
EBITDA Gth (%)	33.9	34.8	(1.0)	26.3	13.0
Opg Profit Gth (%)	51.6	41.3	2.4	35.0	16.0
Net Profit Gth (%)	68.4	67.6	1.9	39.7	17.9
Margins & Ratio					
Gross Margins (%)	16.1	16.8	17.0	17.8	18.2
Opg Profit Margin (%)	3.6	4.3	4.4	5.3	5.7
Net Profit Margin (%)	2.0	2.8	2.9	3.6	3.9
ROAE (%)	35.8	47.5	37.1	41.1	37.9
ROA (%)	3.5	4.9	4.6	6.0	6.3
ROCE (%)	13.7	20.0	18.3	21.7	21.7
Div Payout Ratio (%)	35.9	23.6	30.2	30.2	30.2
Net Interest Cover (x)	5.8	10.1	11.4	17.3	23.7

Source: Company, DBS HK

Lenovo Group

Balance Sheet (US\$ m)

FY Mar	2021A	2022A	2023F	2024F	2025F
Net Fixed Assets	2,675	2,986	3,032	3,219	3,463
Invt in Associates & JVs	65	340	400	491	610
Other LT Assets	11,915	12,188	12,688	13,275	13,620
Cash & ST Invt	3,246	4,137	5,104	7,207	9,573
Inventory	6,381	8,301	8,245	8,864	9,647
Debtors	13,454	16,304	15,824	17,836	19,403
Other Current Assets	254	256	255	255	255
Total Assets	37,991	44,510	45,548	51,148	56,572
ST Debt	698	788	788	788	788
Creditors	25,332	30,370	29,797	32,900	35,571
Other Current Liab	1,342	1,601	1,728	2,004	2,196
LT Debt	3,300	2,633	2,633	2,633	2,633
Other LT Liabilities	3,709	3,724	3,854	4,081	4,210
Shareholder's Equity	3,559	4,991	6,152	7,908	10,076
Minority Interests	51	404	596	832	1,098
Total Cap. & Liab.	37,991	44,510	45,548	51,148	56,572
Non-Cash Wkg. Capital	(6,584)	(7,111)	(7,201)	(7,948)	(8,461)
Net Cash/(Debt)	(752)	715	1,682	3,786	6,151
Debtors Turn (avg days)	70.0	75.8	82.4	76.6	77.8
Creditors Turn (avg days)	161.4	174.4	189.7	176.8	178.0
Inventory Turn (avg days)	41.4	46.0	52.2	48.3	48.1
Asset Turnover (x)	1.7	1.7	1.6	1.7	1.6
Current Ratio (x)	0.9	0.9	0.9	1.0	1.0
Quick Ratio (x)	0.6	0.6	0.6	0.7	0.8
Net Debt/Equity (X)	0.2	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	0.2	CASH	CASH	CASH	CASH
Capex to Debt (%)	21.8	36.9	35.8	43.5	39.1
Z-Score (X)	0.0	0.0	0.0	NA	NA

Source: Company, DBS HK

Cash Flow Statement (US\$ m)

FY Mar	2021A	2022A	2023F	2024F	2025F
Pre-Tax Profit	1,774	2,768	2,833	3,957	4,666
Dep. & Amort.	1,060	1,264	1,185	1,221	1,255
Tax Paid	(624)	(729)	(652)	(910)	(1,073)
Assoc. & JV Inc/(loss)	1	7	46	54	66
(Pft)/ Loss on disposal of FAS	(285)	(31)	0	0	0
Chg in Wkg.Cap.	1,661	365	91	747	513
Other Operating CF	65	434	(57)	81	14
Net Operating CF	3,653	4,077	3,446	5,149	5,441
Capital Exp.(net)	(872)	(1,263)	(1,225)	(1,488)	(1,339)
Other Invt.(net)	(58)	(118)	(15)	0	0
Invt in Assoc. & JV	(48)	(122)	(106)	(144)	(186)
Div from Assoc & JV	2	4	0	0	0
Other Investing CF	0	0	0	0	0
Net Investing CF	(976)	(1,498)	(1,346)	(1,632)	(1,525)
Div Paid	(434)	(479)	(625)	(873)	(1,029)
Chg in Gross Debt	(1,076)	(747)	0	0	0
Capital Issues	18	0	0	0	0
Other Financing CF	(1,736)	(531)	(394)	(489)	(570)
Net Financing CF	(3,228)	(1,757)	(1,019)	(1,362)	(1,599)
Currency Adjustments	69	41	(128)	(51)	48
Chg in Cash	(483)	862	952	2,104	2,365
Opg CFPS (US\$)	0.17	0.28	0.26	0.34	0.38
Free CFPS (US\$)	0.23	0.22	0.17	0.28	0.31

Source: Company, DBS HK

Lenovo Group

Target Price & Ratings History



S.No.	Date	Closing Price	Target Price	Rating
1	19-Nov-21	HK\$7.98	HK\$12.50	BUY
2	28-Feb-22	HK\$8.75	HK\$11.80	BUY
3	16-May-22	HK\$7.99	HK\$11.30	BUY
4	27-May-22	HK\$7.27	HK\$13.00	BUY

Source: DBS HK

Analyst: Jim Au

Tsz Wang Tam

Lenovo Group

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

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

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

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

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

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

*Share price appreciation + dividends

Completed Date: 11 Aug 2022 09:00:38 (HKT)

Dissemination Date: 11 Aug 2022 09:37:19 (HKT)

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

GENERAL DISCLOSURE/DISCLAIMER

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

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

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

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

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

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

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

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

Lenovo Group

ANALYST CERTIFICATION

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

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates have a proprietary position in Lenovo Group Ltd (992 HK) recommended in this report as of 05 Aug 2022.
2. **Compensation for investment banking services:**
DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Lenovo Group Ltd (992 HK) as of 31 Jul 2022.

DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA, within the next 3 months, will receive or intend to seek compensation for investment banking services from Lenovo Group Ltd (992 HK) as of 31 Jul 2022.

3. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Lenovo Group Ltd (992 HK) in the past 12 months, as of 31 Jul 2022.


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.

4. **Disclosure of previous investment recommendation produced:**
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;"> Wong Ming Tek, Executive Director, ADBSR</p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanaku] at [research@th.dbs.com]</p>
United Kingdom	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS Bank Ltd is regulated by the Monetary Authority of Singapore. 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>

Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our--network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
United States	<p>This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
Other jurisdictions	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

DBS Bank (Hong Kong) Limited

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

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

Lenovo Group

DBS Regional Research Offices

HONG KONG

DBS Bank (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 Pivat 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