

Singapore

ADD (no change)

Consensus ratings*: Buy 8 Hold 0 Sell 1

Current price:	S\$0.091
Target price:	S\$0.14
Previous target:	S\$0.164
Up/downside:	53.8%
CGSI / Consensus:	-16.2%
Reuters:	SEAT.SI
Bloomberg:	STM SP
Market cap:	US\$4,620m
	S\$6,208m
Average daily turnover:	US\$23.16m
	S\$31.02m
Current shares o/s:	68,237m
Free float:	64.5%

*Source: Bloomberg

Key changes in this note

- Core EPS up 9% for FY24F but down 24% for FY25F to reflect adjusted number of shares 68.2bn to 62.27bn.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-12.5	-15.8	-28.9
Relative (%)	-12.9	-18.3	-25.5

Major shareholders	% held
Temasek	35.5

Analyst(s)



LIM Siew Khee

T (65) 6210 8664

E siewkhee.lim@cgsi.com

Seatrium Ltd

Scrubbed clean, overhang removed

- Brazilian litigation overhang on STM has been largely removed. It reached an in-principal agreement with authorities with S\$265m provisions made.
- S\$1.795bn of provisions were made in 2H23 for write-down of non-core asset surplus, closure of yards, onerous contracts and Brazilian settlement.
- We estimate 2H23 core GM at 3-5%, on +53% hoh in turnover to S\$4.4bn.
- Catalysts: order wins, improvement in margins. Risks: project cost overrun. Reiterate Add but reduce TP to S\$0.14 (still 1.4x P/BV, reflecting FY23 BV).

\$S1.795bn of provisions in 2H23, likely to be final

Seatrium (STM) recorded a net loss of S\$1.7bn for 2H23; FY23 net loss of S\$1.9bn was wider than our loss forecast of S\$655m. Post-strategic review, a total of S\$1.795bn of provisions were made for the write-down of the surplus of non-core assets, closure of yards, onerous contracts and Brazilian settlement (see Fig 1 for details). This included reaching a resolution with Brazilian authorities on Operation Car Wash, which resulted in a total provision of S\$265m (S\$183m for the Brazilian authorities and S\$82m for Keppel Corp as indemnity). We believe most of the provisions are contained, pending the resolution with Singapore's CPIB as the investigation is ongoing. STM is also proposing a 20:1 share consolidation pending AGM approval on 26 Apr 2024F. STM's Investor Day will be held on 15 Mar 24.

Good revenue run-rate on order book of S\$16.2bn

2H23 revenue came in at S\$4.4bn (+53% hoh), mainly due to the recognition of the P-series FPSOs for Petrobras, including the P-78 (delivery due in 2024F), P80 and P82 (delivery due in 2027F). Ship repair revenue in 2H23 rose 5% hoh to S\$531m. Order book as at end-2023 stood at S\$16.2bn, with order wins of S\$4.5bn achieved in 2023. Including the **third Tennet** order recently announced, we estimate its current order book at S\$18bn.

Gradual improvement in operating leverage

STM's 2H23 core EBITDA margin came in at 8.4% (1H23: 8.9%). We estimate 2H23 core GM excluding provisions and write-downs to be in the range of 3-5% as the core gross profit amount was undisclosed. We keep our FY24F GM estimate of 5.5% but cut our FY25F GM to 8.5%, assuming a gradual pace of improvement. STM said legacy projects that are loss-making make up c.10% of its order book. Post write-down of surplus assets and yard closure, we estimate the full effects of the S\$90m-100m in depreciation and amortisation savings to only kick in from FY25F as it takes time for yard closures.

Path to profitability remains by FY24F; lower TP to S\$0.14

We keep our FY24F net profit largely unchanged but cut FY25F's by 30%, mainly on lower GM and higher SG&A. Reiterate Add on strong orderbook and margin improvement. We reduce TP to S\$0.14 (still 1.4x P/BV, reflecting FY23 BV). Re-rating catalysts: two units of FPSO orders from Petrobras (US\$2.8bn-3bn/unit), drilling rigs orders and more HVDC contracts from Tennet, clarity on returns/synergy savings. Key risks: order cancellations impacting revenue recognition, and project cost overruns affecting profitability.

Financial Summary

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue (S\$m)	1,947	7,291	8,814	9,425	10,000
Operating EBITDA (S\$m)	(36)	(1,116)	659	883	1,111
Net Profit (S\$m)	(141.0)	(28.0)	93.9	297.3	491.0
Core EPS (S\$)	(0.026)	(0.000)	0.002	0.005	0.008
Core EPS Growth	(88%)	(98%)		217%	65%
FD Core P/E (x)	NA	NA	60.35	19.06	11.54
DPS (S\$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	NA	NA	8.62	5.62	3.67
P/FCFE (x)	0.48	NA	9.36	26.81	14.70
Net Gearing	33.4%	19.7%	2.5%	(8.0%)	(19.6%)
P/BV (x)	0.13	0.88	0.86	0.83	0.77
ROE	(3.63%)	(0.55%)	1.44%	4.43%	6.91%
% Change In Core EPS Estimates			9.1%	(23.7%)	
EPS/Consensus EPS (x)			0.75	0.60	0.79

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 1: We estimate 2H23F core GM to be in the range of 3-5%

	2H23	1H23	FY23	Classification
Write-down of property, plant and equipment	867		867	Other opex
Write-down of right-of-use assets	278		278	Other opex
Write-down of intangible assets	88		88	Other opex
Provision for restoration costs, net	11	(2)	9	Other opex
Property, plant and equipment written off	4		4	Other opex
Write-down of investment in associates	17		17	Non opex
Provision for legal claims	182		182	Non opex
Provision for corporate claims	82		82	Non opex
Write-down of inventories	113	8	121	COS
Provision for onerous contract (non-cash)	85	124	209	COS
Impairment losses on trade receivables and contract assets, net	6	(1)	5	SG&A
Implied merger expenses and other legal costs	63	102	165	SG&A
Total provisions	1,795	231	2,026	
Total provisions in COS	198	132	330	
Turnover	4,406	2,886	7,291	
Reported COS	(4,465)	(3,036)	(7,501)	
Reported Gross profit / (loss)	(59)	(150)	(209)	
Turnover	4,406	2,886	7,291	
COS ex-provisions	(4,267)	(2,904)	(7,171)	
Core Gross profit / (loss)	139	(18)	120	
<i>Gross margin in 2H23 if merger expenses and other legal costs are classified as SG&A</i>	3.1%	-0.6%	1.7%	
Turnover	4,406	2,886	7,291	
COS ex provisions	(4,204)	(2,802)	(7,006)	
Core Gross profit	202	84	285	
<i>Gross margin in 2H23 if merger and other legal costs classified as COS</i>	4.6%	2.9%	3.9%	

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 2: Reconciling core EBITDA margin

	2HFY23	1HFY23	FY2023
EBIT	(1,400)	(173)	(1,573)
D&A	256	200	456
EBITDA	(1,144)	27	(1,116)
Write-down of property, plant and equipment	867		867
Write-down of right-of-use assets	278		278
Write-down of intangible assets	88		88
Write-down of inventories	113	8	121
Company-reported EBITDA	201	36	236
Provision for onerous contract (non-cash)	85	124	209
Provision for restoration costs, net	11	(2)	9
Property, plant and equipment written off	4		4
Impairment losses on trade receivables and contract assets, net	6	(1)	5
Implied merger expenses and other legal costs	63	101	165
Adjusted EBITDA	370	258	628
<i>Adj. EBITDA margin</i>	8.4%	8.9%	8.6%

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 3: Results comparison

FYE Dec (\$\$ m)			hoh% ch.	Prev.		Comments
	2HFY23	1HFY23		FY2023	FY2023F	
Revenue	4,406.0	2,885.5	52.7%	7,291.5	6,049.3	
Operating costs	(5,549.7)	(2,858.1)	-94.2%	(8,407.8)	(5,830.4)	Incl. S\$1.7bn of write-downs of non-core assets and excess/obsolete
EBITDA	(1,143.8)	27.4	nm	(1,116.4)	218.9	
EBITDA margin (%)	-26.0%	0.9%		-15.3%	3.6%	After adjusting for exceptional items noted above, EBITDA margin was 8.4%
Depn & amort.	(256.3)	(200.0)	-28.1%	(456.3)	(406.4)	
EBIT	(1,400.0)	(172.6)	-711.1%	(1,572.6)	(187.5)	
Interest expense	(129.5)	(158.7)	18.4%	(288.2)	(363.0)	
Interest & invt inc	104.2	92.1	13.1%	196.2	193.6	
Associates' contrib	8.3	(1.3)	755.9%	7.1	(5.0)	
Non-operating inc / (exp.)	(281.8)	-	nm	(281.8)	(250.0)	
Pretax profit	(1,698.8)	(240.5)	-606.3%	(1,939.4)	(611.9)	Incl. S\$182m of settlements as a result of the Brazilian Operation Car Wash investigations, and S\$82m related to indemnity for Keppel Corp.
Tax	12.5	(26.3)	147.3%	(13.9)	(55.1)	
Tax rate (%)	0.7%	-10.9%		-0.7%	-9.0%	
Minority interests	10.5	2.5	323.8%	13.0	12.2	
Net profit	(1,675.8)	(264.4)	-533.9%	(1,940.2)	(654.7)	
EPS (cts)	(2.46)	(0.47)	-422.4%	(3.12)	(0.96)	
Core Net Profit	33.0	(61.0)	154.1%	(28.0)	(654.7)	Net profit missed on reported basis, but beat estimates after adjusting for write-downs, one-off provisions, and merger expenses.
Core EPS (cts)	0.05	(0.11)	144.6%	(0.04)	(0.96)	

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 4: Segmental revenue breakdown

Shipbuilding Revenues Breakdown (\$\$'m)	FY22	FY23	1H23	2H23	hoh%
Ship and rig building or conversion	1,073	4,978	2,032	2,946	45%
Repair, maintenance and related services	506	1,035	504	531	5%
Offshore platforms	283	1,064	245	819	234%
Specialised shipbuilding	24	50	30	20	-33%
Others	38	131	52	79	53%
Total Rigs & floaters, RU, Offshore platforms, Specialised shipbuilding	1,925	7,258	2,863	4,395	54%

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Brazilian settlement, provided S\$265m in total ▶

STM reached in-principle settlement agreements with the authorities in Brazil, namely the Brazilian Attorney-General's Office (AGU), Comptroller General of the Union (CGU), and Public Prosecutor's Office in Brazil (MPF) (collectively, Brazilian Authorities), in relation to the Brazilian Authorities' Operation Car Wash investigations. Under the terms of the in-principle settlement agreements, STM has agreed to a settlement payment of R\$670.7m (**c.S\$182.4m**). The CGU and AGU will forward a communication of the in-principle settlement agreement to the Federal Court of Accounts (TCU), which has 90 days to consider it, to be followed by a Ministerial approval process.

The in-principle settlement agreement with the MPF is subject to ratification by the Fifth Chamber for Coordination and Review of the MPF, which has no statutory period by which it must complete its process.

STM does not expect there to be any further grounds for liability to the Brazilian Authorities in relation to the matters that are the subject of the leniency agreements. According to Brazilian legislation, the execution of the leniency agreements shall guarantee that STM may participate in future public bidding processes and execute contracts in Brazil.

In addition, due to the merger with Keppel Offshore & Marine (KOM), STM is also required to make a provision of **S\$82.4m** for Keppel Corp as indemnity.

Note that on 1 Jun 23, STM also announced that it was under investigation by the Singapore Corrupt Practices Investigation Bureau (CPIB) for the above matter. Investigations are still ongoing, and we believe there could be a final settlement upon finalisation. However, we believe the amount could be less than the Brazil settlement.

Figure 5: EPS changes

FYE Dec	FY23A	New			Old		Change	
		FY24F	FY25F	FY26F	FY24F	FY25F	FY24F	FY25F
Revenue (S\$m)	7,291	8,814	9,425	10,000	6,432	8,624	37%	9%
Gross profit (S\$m)	(209)	485	801	1,000	354	862	37%	-7%
Gross profit margin (%)	-2.9%	5.5%	8.5%	10.0%	5.5%	10.0%	0 pp	-1.5 pp
EBIT (S\$m)	(1,573)	185	452	700	289	733	-36%	-38%
EBIT margin (%)	-21.6%	2.1%	4.8%	7.0%	4.5%	8.5%	-2.4 pp	-3.7 pp
Net profit	(1,940)	94	297	491	94	427	0%	-30%
NPM (%)	-26.6%	1.1%	3.2%	4.9%	1.5%	5.0%	-0.4 pp	-1.8 pp
EPS (S\$)	(0.0312)	0.0015	0.0048	0.0079	0.0014	0.0063	8%	-24%



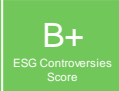
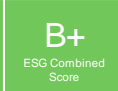



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 6: Peer comparison

Company	Bbg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)		2-year EPS CAGR (%)		P/BV (x)		Recurring ROE (%)	Dividend Yield (%)
						CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY23F
Keppel Ltd	KEP SP	Add	7.21	8.98	9,455	13.3	12.8	12.2	10.3%	1.20	1.16	8.5%	4.7%
Capitaland Investment	CLI SP	Add	2.77	4.30	10,450	18.3	15.3	14.2	37.8%	0.87	0.83	4.9%	4.3%
Integrated global asset management - big cap simple average						15.8	14.1	13.2	24.1%	1.03	1.00	6.7%	4.5%
Seatrium Ltd	STM SP	Add	0.09	0.14	4,620	na	60.3	19.1	na	0.88	0.86	-1.0%	0.0%
Singapore offshore - big cap simple average						na	60.3	19.1	na	0.88	0.86	-1.0%	0.0%
COSCO SHIPPING International S	COS SP	NR	0.14	na	230	na	na	na	na	na	na	na	na
China CSSC Holdings Ltd	600150 CH	NR	32.86	na	20,419	48.8	22.6	15.9	503.1%	3.00	2.67	6.1%	0.7%
China Shipbuilding Industry Co	601989 CH	NR	4.43	na	14,035	na	34.1	19.3	na	1.22	1.18	-0.9%	na
CSSC Offshore and Marine Engin	600685 CH	NR	24.83	na	3,638	108.0	31.0	21.8	28.2%	2.21	2.06	2.0%	na
Yangzijiang Shipbuilding	YZJSGD SP	Add	1.69	1.96	4,968	9.0	8.0	7.5	26.5%	1.79	1.57	21.1%	4.2%
Chinese Shipbuilder simple average						55.3	23.9	16.1	185.9%	2.05	1.87	7.1%	2.5%
Korea Shipbuilding & Offshore	009540 KS	Add	111,500	136,000	5,928	39.9	12.9	6.2	na	0.79	0.73	2.1%	0.0%
Hyundai Mipo Dockyard	010620 KS	Reduce	62,300	60,000	1,869	na	222.9	14.2	na	1.25	1.24	-7.0%	0.0%
Samsung Heavy Industries	010140 KS	Add	7,410	10,900	4,899	na	31.4	12.5	na	1.97	1.85	-8.3%	0.0%
Hanwha Ocean	042660 KS	Add	22,950	27,400	5,282	29.3	39.4	20.2	na	1.41	1.36	5.6%	0.0%
Sejin Heavy Industries Co Ltd	075580 KS	NR	6,050	na	258	21.4	23.2	12.9	11.0%	2.09	2.01	9.8%	2.5%
Korean Shipbuilder simple average						30.2	66.0	13.2	11.0%	1.50	1.44	0.4%	0.5%
Mitsui E&S Co Ltd	7003 JP	NR	1,744	na	1,194	9.8	9.4	na	68.0%	1.58	1.42	15.1%	0.0%
Japan Shipbuilder simple average						11.1	9.4	na	68.0%	1.58	1.42	15.1%	0.0%
Brookfield Corp	BN US	NR	41.25	na	67,663	67.6	19.0	12.8	33.4%	1.62	1.50	2.4%	0.7%
US Shipbuilder simple average						67.6	19.0	12.8	33.4%	1.62	1.50	2.4%	0.7%
CSE Global	CSE SP	Add	0.43	0.57	194	11.7	9.0	7.7	83.1%	1.21	1.14	10.5%	6.5%
SATS Ltd	SATS SP	Add	2.63	3.44	2,917	129.3	40.5	21.5	na	1.82	1.84	1.3%	0.5%
Sembcorp Industries	SCI SP	Add	5.20	7.01	6,888	9.1	10.0	9.6	13.9%	2.02	1.76	23.4%	2.5%
ST Engineering	STE SP	Add	3.97	4.36	9,197	21.3	18.1	15.8	23.8%	5.04	4.69	23.5%	4.0%
SIA Engineering	SIE SP	Add	2.29	2.70	1,913	24.9	18.6	16.6	52.3%	1.50	1.45	6.1%	3.1%
Industrial/conglomerate / airport services simple average						39.2	19.3	14.2	43.3%	2.32	2.18	13.0%	3.3%

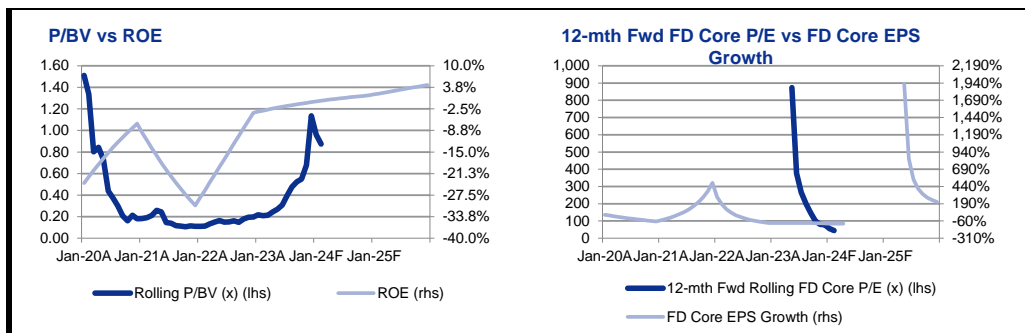
DATA AS AT 26 FEB 2024

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG
Estimates for Not Rated (NR) companies are based on Bloomberg consensus' estimates

Refinitiv ESG Scores	
	
     	
<h3>ESG in a nutshell</h3> <p>STM (formerly Sembcorp Marine) scored a B+ in its ESG combined score by Refinitiv in FY22 — Environmental: B- (weightage: 34.18%); Social: B+ (weightage 37.34%); and Governance: A (weightage 28.48%). STM's 2025F ESG targets are: 1) achieving 30% of annual company turnover generated from sustainable product solutions; 2) achieving 100% compliance with product safety and health requirements; 3) maintaining above-95% customer satisfaction in all projects; 4) ensuring zero harm to the environment; and 5) having 100% contracted procurement spend in compliance with STM's Code of Business Conduct and Supplier Code of Conduct.</p>	
<h4>Keep your eye on</h4> <p>In Feb 24, STM reached in-principle settlement agreements with the authorities in Brazil, namely the Brazilian Attorney-General's Office (AGU), Comptroller General of the Union (CGU), and Public Prosecutor's Office in Brazil (MPF) (collectively, Brazilian Authorities), in relation to the Brazilian Authorities' Operation Car Wash investigations. Under the terms of the in-principle settlement agreements, STM has agreed to a settlement payment of R\$670.7m (c.S\$182.4m). In addition, it also provided S\$82.4m of indemnity for Keppel Corp for claims against Sembcorp Marine in respect to the above.</p> <p>Note that on 1 Jun 23, STM announced that it was under investigation by the Singapore Corrupt Practices Investigation Bureau (CPIB) for the above matter. Investigations are ongoing and provisions have not been made for this.</p>	<h4>Implications</h4> <p>We expect further provisions to be made upon finalisation of investigation by the Singapore CPIB.</p>
<h4>ESG highlights</h4> <p>According to Refinitiv, STM fares strongly against peers in all E, S, and G pillars. In particular, STM leads in the Social and Governance categories. On its Social aspect, STM clinched 24 awards at the national Work Safety and Health (WSH) Awards on 29 Jul 2021. STM also has an audited Health, Safety and Environment (HSE) integrated management system aimed at the elimination of harm to people, property, and the environment. As for Governance, STM successfully completed a surveillance audit for ISO 37001, an Anti-bribery Management System certification. There were also no material incidents of non-compliance, as well as zero legal actions for anti-competitive behaviours, anti-trust, and monopolistic practices.</p>	<h4>Implications</h4> <p>Accordingly, Community, Workforce, and Management were STM's three best performing categories in FY20. We believe the group stands to gain from its strong workplace safety policies through workforce productivity and cost minimisation.</p>
<h4>Trends</h4> <p>The group has put in place concrete goals for its Environmental pillar. With a target to avoid 15,000 tCO₂e annually by 2025, STM has since avoided 6,235 tCO₂e per year through the installation of solar roofs and LED lighting. In 1Q22, it also achieved its inaugural ISO50001 certification, which recognises the successful implementation of a structured Energy Management System.</p>	<h4>Implications</h4> <p>We believe that STM's continued investments in its Climate Programmes, coupled with its strong Social and Governance aspects, will attract investors who are conscious about E, S, and G performances.</p>

SOURCES: CGSI RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(\$m)	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Total Net Revenues	1,947	7,291	8,814	9,425	10,000
Gross Profit	(132)	(209)	485	801	1,000
Operating EBITDA	(36)	(1,116)	659	883	1,111
Depreciation And Amortisation	(170)	(456)	(474)	(431)	(411)
Operating EBIT	(206)	(1,573)	185	452	700
Financial Income/(Expense)	(34)	(92)	(86)	(123)	(150)
Pretax Income/(Loss) from Assoc.	1	7	8	8	8
Non-Operating Income/(Expense)	0	(282)	0	0	0
Profit Before Tax (pre-EI)	(240)	(1,939)	107	338	558
Exceptional Items	120	1,912	0	0	0
Pre-tax Profit	(120)	(27)	107	338	558
Taxation	(26)	(14)	(11)	(34)	(56)
Exceptional Income - post-tax					
Profit After Tax	(145)	(41)	96	304	502
Minority Interests	4	13	(2)	(7)	(11)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(141)	(28)	94	297	491
Recurring Net Profit	(141)	(28)	94	297	491
Fully Diluted Recurring Net Profit	(141)	(28)	94	297	491

Cash Flow

(\$m)	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
EBITDA	(36)	(1,116)	659	883	1,111
Cash Flow from Inv. & Assoc.					
Change In Working Capital	1,050	122	644	85	80
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	19	18	(86)	(123)	(150)
Tax Paid	(2)	(24)	(11)	(34)	(56)
Cashflow From Operations	1,031	(1,000)	1,206	811	985
Capex	(23)	(116)	(100)	(100)	(100)
Disposals Of FAs/subsidiaries	3	20	0	0	0
Acq. Of Subsidiaries/investments	(6)	750	0	0	0
Other Investing Cashflow	0	1	0	0	0
Cash Flow From Investing	(26)	654	(100)	(100)	(100)
Debt Raised/(repaid)	0	(1,017)	(500)	(500)	(500)
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	(0)	(3)	0	0	0
Dividends Paid	(0)	0	0	0	0
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(1)	(1,019)	(500)	(500)	(500)
Total Cash Generated	1,005	(1,365)	606	211	385
Free Cashflow To Equity	1,005	(1,362)	606	211	385
Free Cashflow To Firm	1,103	(93)	1,388	1,004	1,185

SOURCES: CGSI RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(S\$m)	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Total Cash And Equivalents	2,091	2,270	2,884	3,103	3,497
Total Debtors	572	1,159	2,448	2,618	2,778
Inventories	71	192	734	785	833
Total Other Current Assets	399	2,698	3,732	3,986	4,226
Total Current Assets	3,133	6,320	9,798	10,493	11,334
Fixed Assets	3,860	4,081	3,847	3,651	3,469
Total Investments	257	924	924	924	924
Intangible Assets	175	4,215	4,076	3,942	3,812
Total Other Non-Current Assets	1,677	687	687	687	687
Total Non-current Assets	5,969	9,907	9,533	9,203	8,892
Short-term Debt	1,695	788	788	788	788
Current Portion of Long-Term Debt					
Total Creditors	1,144	4,936	6,919	7,343	7,743
Other Current Liabilities	595	465	1,990	2,125	2,253
Total Current Liabilities	3,434	6,189	9,697	10,257	10,785
Total Long-term Debt	1,662	2,763	2,263	1,763	1,263
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	202	685	685	685	685
Total Non-current Liabilities	1,864	3,448	2,948	2,448	1,948
Total Provisions	16	98	98	98	98
Total Liabilities	5,313	9,735	12,744	12,803	12,831
Shareholders' Equity	3,769	6,471	6,565	6,862	7,353
Minority Interests	19	21	23	30	41
Total Equity	3,788	6,492	6,588	6,892	7,394

Key Ratios

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue Growth	5%	274%	21%	7%	6%
Operating EBITDA Growth	(97%)	3003%	N/A	34%	26%
Operating EBITDA Margin	(1.8%)	(15.3%)	7.5%	9.4%	11.1%
Net Cash Per Share (S\$)	(0.24)	(0.02)	(0.00)	0.01	0.02
BVPS (S\$)	0.70	0.10	0.11	0.11	0.12
Gross Interest Cover	(1.51)	(5.46)	0.66	1.55	2.33
Effective Tax Rate	0.0%	0.0%	10.0%	10.0%	10.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	97.77	43.33	74.90	98.10	98.47
Inventory Days	12.11	6.40	20.36	32.17	32.82
Accounts Payables Days	218.1	126.3	225.4	268.0	273.5
ROIC (%)	(3.3%)	(31.4%)	2.4%	6.8%	11.3%
ROCE (%)	(1.4%)	(15.9%)	3.8%	6.5%	8.9%
Return On Average Assets	(2.5%)	(14.7%)	1.0%	2.2%	3.3%

Key Drivers

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Order win (S\$bn)	15.1	7.1	7.0	6.0	6.0

SOURCES: CGSI RESEARCH, COMPANY REPORTS

DISCLAIMER

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to CGS International. Reports relating to a specific geographical area are produced and distributed by the corresponding CGS International entity as listed in the table below.

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.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the “Restrictions on Distributions” set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CGS International.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CGS International may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CGS International has no obligation to update this report in the event of a material change to the information contained in this report. CGS International does not accept any obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, CGS International, its affiliates and related corporations shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, CGS International disclaims all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon sources which CGS International considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CGS International or any of its affiliates to any person to buy or sell any investments.

CGS International, its affiliates and related corporations and/or their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS International, its affiliates and their respective related corporations do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS International or its affiliates may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CGS International may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. The analyst(s) who prepared this research report is prohibited from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CGS International entity as listed in the table below. The term “CGS International” shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case except as otherwise stated herein, CGS International Securities Pte. Ltd. and its affiliates, subsidiaries and related corporations.

Country	CGS International Entity	Regulated by
Hong Kong	CGS International Securities Hong Kong Limited	Securities and Futures Commission Hong Kong
Indonesia	PT CGS International Sekuritas Indonesia	Financial Services Authority of Indonesia
Malaysia	CGS International Securities Malaysia Sdn. Bhd. (formerly known as CGS-CIMB Securities Sdn. Bhd.)	Securities Commission Malaysia
Singapore	CGS International Securities Singapore Pte. Ltd.	Monetary Authority of Singapore
South Korea	CGS International Securities Hong Kong Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CGS International Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

Other Significant Financial Interests:

(i) As of February 26, 2024 CGS International has a proprietary position in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) Seatrium Ltd

(ii) Analyst Disclosure: As of February 26, 2024, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

This report does not purport to contain all the information that a prospective investor may require. Neither CGS International nor any of its affiliates make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CGS International nor any of its affiliates nor their related corporations shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CGS International's clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report.

The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Restrictions on Distributions

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CGS International Securities Singapore Pte. Ltd. ("CGS SG") and CGS International Securities Hong Kong Limited ("CGS HK"). This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a "wholesale client". This research is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of the individual recipient. CGS SG and CGS HK do not hold, and are not required to hold an Australian financial services license. CGS SG and CGS HK rely on "passporting" exemptions for entities appropriately licensed by the Monetary Authority of Singapore (under ASIC Class Order 03/1102) and the Securities and Futures Commission in Hong Kong (under ASIC Class Order 03/1103).

Canada: This research report has not been prepared in accordance with the disclosure requirements of Dealer Member Rule 3400 – Research Restrictions and Disclosure Requirements of the Investment Industry Regulatory Organization of Canada. For any research report distributed by CIBC, further disclosures related to CIBC conflicts of interest can be found at <https://researchcentral.cibcwm.com>.

China: For the purpose of this report, the People's Republic of China ("PRC") does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan. The distributor of this report has not been approved or licensed by the China Securities Regulatory Commission or any other relevant regulatory authority or governmental agency in the PRC. This report contains only marketing information. The distribution of this report is not an offer to buy or sell to any person within or outside PRC or a solicitation to any person within or outside of PRC to buy or sell any instruments described herein. This report is being issued outside the PRC to a limited number of institutional investors and may not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Germany: This report is only directed at persons who are professional investors as defined in sec 31a(2) of the German Securities Trading Act (WpHG). This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of the information.

The current prices/yields in this issue are based upon closing prices from Bloomberg as of the day preceding publication. Please note that neither the German Federal Financial Supervisory Agency (BaFin), nor any other supervisory authority exercises any control over the content of this report.

Hong Kong: This report is issued and distributed in Hong Kong by CGS HK which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CGS HK. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CGS HK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CGS HK.

CHK does not make a market on other securities mentioned in the report.

Indonesia: This report is issued and distributed by PT CGS International Sekuritas Indonesia ("CGS ID"). The views and opinions in this research report are our own as of the date hereof and are subject to change. CGS ID has no obligation to update its opinion or the information in this research report. This report is for private circulation only to clients of CGS ID. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations.

This research report is not an offer of securities in Indonesia. The securities referred to in this research report have not been registered with the Financial Services Authority (Otoritas Jasa Keuangan) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market law and regulations.

Ireland: CGS International is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CGS International acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

Malaysia: This report is distributed in Malaysia by CGS International Securities Malaysia Sdn. Bhd. (formerly known as CGS-CIMB Securities Sdn. Bhd.) ("CGS MY") solely for the benefit of and for the exclusive use of our clients. Recipients of this report are to contact CGS MY, at Level 29, Menara Aras Raya, No. 11, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia, in respect of any matters arising from or in connection with this report. CGS MY has no obligation to update, revise or reaffirm its opinion or the information in this research report after the date of this report.

New Zealand: In New Zealand, this report is for distribution only to persons who are wholesale clients pursuant to section 5C of the Financial Advisers Act 2008.

Singapore: This report is issued and distributed by CGS SG. CGS SG is a capital markets services licensee under the Securities and Futures Act 2001. Accordingly, it is exempted from the requirement to hold a financial adviser's licence under the Financial Advisers Act, 2001 ("FAA") for advising on investment products, by issuing or promulgating research analyses or research reports, whether in electronic, print or other form. CGS SG is subject to the applicable rules under the FAA unless it is able to avail itself to any prescribed exemptions.

Recipients of this report are to contact CGS SG, 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #09-01, Singapore 018983 in respect of any matters arising from, or in connection with this report. CGS SG has no obligation to update its opinion or the information in this research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CGS SG directly, you may not rely, use or disclose to anyone else this report or its contents.

If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CGS SG accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. If the recipient is an accredited investor, expert investor or institutional investor, the recipient is deemed to acknowledge that CGS SG is exempt from certain requirements under the FAA and its attendant regulations, and as such, is exempt from complying with the following:

- (a) Section 34 of the FAA (obligation to disclose product information);
- (b) Section 36 (duty not to make recommendation with respect to any investment product without having a reasonable basis where you may be reasonably expected to rely on the recommendation) of the FAA;
- (c) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03];
- (d) MAS Notice on Recommendation on Investment Products [Notice No. FAA-N16];
- (e) Section 45 (obligation on disclosure of interest in specified products), and
- (f) any other laws, regulations, notices, directive, guidelines, circulars and practice notes which are relates to the above, to the extent permitted by applicable laws, as may be amended from time to time, and any other laws, regulations, notices, directive, guidelines, circulars, and practice notes as we may notify you from time to time. In addition, the recipient who is an accredited investor, expert investor or institutional investor acknowledges that as CGS SG is exempt from Section 36 of the FAA, the recipient will also not be able to file a civil claim against CGS SG for any loss or damage arising from the recipient's reliance on any recommendation made by CGS SG which would otherwise be a right that is available to the recipient under Section 36 of the FAA.

CGS SG, its affiliates and related corporations, their directors, associates, connected parties and/or employees may own or have positions in specified products of the company(ies) covered in this research report or any specified products related thereto and may from time to time add to or dispose of, or may be materially interested in, any such specified products. Further, CGS SG, its affiliates and its related corporations do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in specified products of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS SG does not make a market on the securities mentioned in the report.

South Korea: This report is issued and distributed in South Korea by CGS International Securities Hong Kong Limited, Korea Branch ("CGS KR") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea. In South Korea, this report is for distribution only to professional investors under Article 9(5) of the Financial Investment Services and Capital Market Act of Korea ("FSCMA").

Spain: This document is a research report and it is addressed to institutional investors only. The research report is of a general nature and not personalised and does not constitute investment advice so, as the case may be, the recipient must seek proper advice before adopting any investment decision. This document does not constitute a public offering of securities.

CGS International is not registered with the Spanish Comision Nacional del Mercado de Valores to provide investment services.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Switzerland: This report has not been prepared in accordance with the recognized self-regulatory minimal standards for research reports of banks issued by the Swiss Bankers' Association (Directives on the Independence of Financial Research).

Thailand: This report is issued and distributed by CGS International Securities (Thailand) Co. Ltd. ("CGS TH") based upon sources believed to be reliable (but their accuracy, completeness or correctness is not guaranteed). The statements or expressions of opinion herein were arrived at after due and careful consideration for use as information for investment. Such opinions are subject to change without notice and CGS TH has no obligation to update its opinion or the information in this research report.

Corporate Governance Report (CGR): ([Thai CGR and Anti-Corruption of Thai Listed Companies - Click here](#))

The disclosure of the survey result of the Thai Institute of Directors Association (“IOD”) regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS TH does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom and European Economic Area (EEA): In the United Kingdom and European Economic Area, this material is also being distributed by CGS International Securities UK Ltd. (“CGS UK”). CGS UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 53 New Broad Street, London EC2M 1JJ. The material distributed by CGS UK has been prepared in accordance with CGS International’s policies for managing conflicts of interest arising as a result of publication and distribution of this material. This material is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CGS UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (c) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, material(all such persons together being referred to as “relevant persons”). This material is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons. This material is categorised as non-independent for the purposes of CGS UK and therefore does not provide an impartial or objective assessment of the subject matter and does not constitute independent research. Consequently, this material has not been prepared in accordance with legal requirements designed to promote the independence of research and will not be subject to any prohibition on dealing ahead of the dissemination of research. Therefore, this material is considered a marketing communication.

United States: This research report is distributed in the United States of America by CGS International Securities USA, Inc, a U.S. registered broker-dealer and an affiliate of CGS MY, CGS SG, CGS ID, CGS TH and CGS HK and is distributed solely to persons who qualify as “U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CGS International Securities USA, Inc. (“CGS US”) is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS US.

CGS-CIMB Securities (USA) Inc. does not make a market on other securities mentioned in the report.

CGS US has not managed or co-managed a public offering of any of the securities mentioned in the past 12 months.

CGS US has not received compensation for investment banking services from any of the company mentioned in the past 12 months.

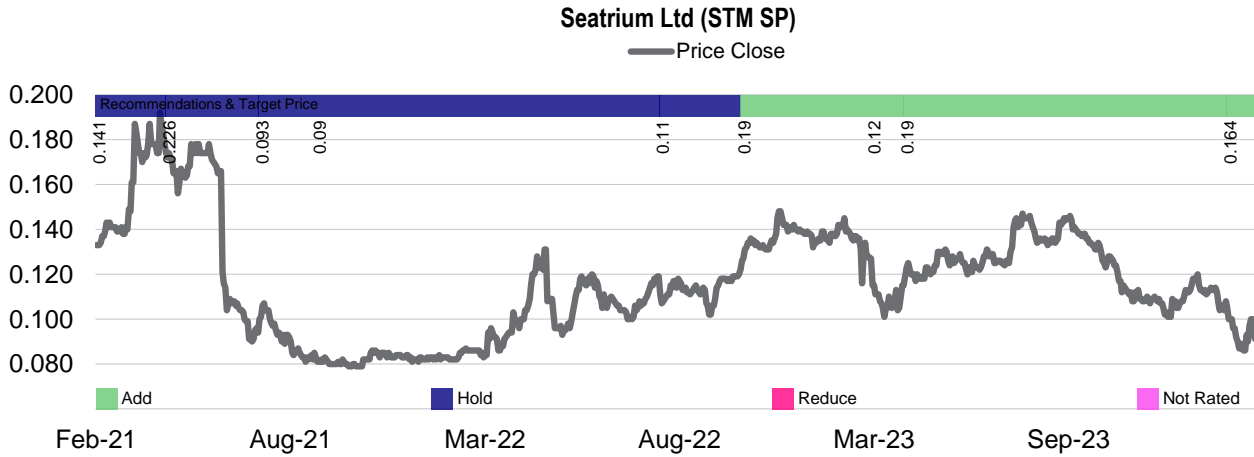
CGS US neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

United States Third-Party Disclaimer: If this report is distributed in the United States of America by Raymond James & Associates, Inc (“RJA”), this report is third-party research prepared for and distributed in the United States of America by RJA pursuant to an arrangement between RJA and CGS International Securities Pte. Ltd. (“CGSI”). CGSI is not an affiliate of RJA. This report is distributed solely to persons who qualify as “U.S. Institutional Investors” or as “Major U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934, as amended. This communication is only for U.S. Institutional Investors or Major U.S. Institutional Investor whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major U.S. Institutional Investor must not rely on this communication. The delivery of this report to any person in the U.S. is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. If you are receiving this report in the U.S from RJA, a FINRA/SIPC member, it takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS US or RJA.
<https://raymondjames.com/InternationalEquityDisclosures>

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2023		
636 companies under coverage for quarter ended on 31 December 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.5%	1.3%
Hold	22.5%	0.0%
Reduce	10.1%	0.2%

Spitzer Chart for stock being researched (2 year data)



Recommendation Framework

Stock Ratings

Definition:

Add The stock's total return is expected to exceed 10% over the next 12 months.

Hold The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

Reduce The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.

Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.