

Singapore Company Guide

mm2 Asia

Version 3 | Bloomberg: MM2 SP | Reuters: MM2A.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

24 Mar 2016

BUY

Last Traded Price: S\$0.52 (STI : 2,847.39)
Price Target : S\$0.63 (20% upside) (Prev S\$0.52)

Potential Catalyst: Earnings-accretive acquisitions

Analyst

LING Lee Keng +65 6682 3703 leekeng@dbs.com

What's New

- Collaboration with StarHub to produce up to S\$25m of local content productions
- Adjust earnings for FY17F and FY18F by 11% and 9% respectively
- Maintain BUY, TP raised to S\$0.63

Price Relative



Forecasts and Valuation

FY Mar (\$ m)	2015A	2016F	2017F	2018F
Revenue	24.3	43.9	92.0	106
EBITDA	9.92	14.8	25.0	29.4
Pre-tax Profit	6.58	9.82	20.0	24.4
Net Profit	5.08	8.15	16.6	20.3
Net Pft (Pre Ex.)	5.13	8.15	16.6	20.3
Net Pft Gth (Pre-ex) (%)	68.1	58.8	103.8	22.0
EPS (S cts)	1.23	1.67	3.13	3.82
EPS Pre Ex. (S cts)	1.24	1.67	3.13	3.82
EPS Gth Pre Ex (%)	68	35	87	22
Diluted EPS (S cts)	1.23	1.67	3.13	3.82
Net DPS (S cts)	0.0	0.0	0.0	0.0
BV Per Share (S cts)	4.64	7.83	13.7	17.5
PE (X)	42.3	31.1	16.6	13.6
PE Pre Ex. (X)	41.9	31.1	16.6	13.6
P/Cash Flow (X)	593.9	20.3	29.4	13.3
EV/EBITDA (X)	21.1	17.1	10.5	8.4
Net Div Yield (%)	0.0	0.0	0.0	0.0
P/Book Value (X)	11.2	6.6	3.8	3.0
Net Debt/Equity (X)	CASH	0.0	CASH	CASH
ROAE (%)	44.5	28.4	29.9	24.4
Earnings Rev (%):		0	11	9

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

Entry of a star

Raising profile with entry of StarHub. With StarHub now becoming a strategic investor with a 9.05% stake, mm2 can tap on the former's strong brand name and this could raise its profile and pave the way for bigger opportunities ahead. We maintain our BUY call on mm2 with a higher target price of S\$0.63. mm2 generates revenue by extracting fees from producing and distributing movies. It has a high-margin business model (Gross margin: 40-50%, Net margin: c.20%) with an impressive growth outlook. We expect mm2 to grow at an EPS CAGR of 59% for FY15 to FY18F, underpinned by growth in local productions, expansion into the China market, and contribution from cinema operations and newly acquired entertainment company, UnUsUal Group.

Spreading its wings in China to support growth. mm2 intends to spread its wings to one of the most lucrative movie markets – China. The group has already co-produced several productions in China since 2013 and is currently working on a few movies in China. Chinese films generally have bigger budgets and better margins than local productions.

Valuation:

Earnings for FY17F and FY18F adjusted up by 11% and 9% respectively, after accounting for StarHub's collaboration. mm2 is trading at 31x FYMar16F PE and 17x FY17F PE, based on its enlarged share capital, compared to peers' 20x FY17F PE. Using peers' average of 20x, we derive our target price of S\$0.63 on FYMar17F EPS, up from S\$0.525 previously. The stock offers potential upside of 20%, and trades at an attractive PEG of 0.35x. Maintain BUY.

Key Risks to Our View:

No long-term financing arrangements for productions. The commencement of each production is dependent on mm2's ability to secure funding.

Productions may be adversely affected by delays and cost overruns. The production process is subject to a number of uncertainties, most of which are beyond mm2's control.

At A Glance

Issued Capital (m shrs)	219
Mkt. Cap (S\$m/US\$m)	114 / 83.2
Major Shareholders (%)	
Wee Chye Ang	59.1
StarHub	9.1
Philip Apac Opp Fund	7.9
Free Float (%)	25.0
3m Avg. Daily Val (US\$m)	0.43

ICB Industry : Consumer Services / Media

WHAT'S NEW

Collaboration with StarHub to produce content

Collaboration with StarHub to produce up to S\$25m of local content productions

mm2 Asia has signed a non-binding memorandum of understanding (MOU) with StarHub to cooperate and collaborate on the production and distribution of original local productions. StarHub has just acquired a 9.05% stake in mm2. As part of the collaboration under the MOU, mm2 and StarHub are planning several projects which will be broadcast on StarHub's self-packaged TV channels and online platform. Both companies will work with advertisers and other partners to produce up to \$25m worth of original local content productions over a three-year period. StarHub has the option to renew the MOU for a further period of two years.

Our take

Adjust earnings for FY17F and FY18F by 11% and 9% respectively. Based on a production budget of about S\$8m per year for the 3-year period and assuming a net profit margin of 15%, mm2 could add about S\$1.2m to its bottom line.

Furthermore, with StarHub now becoming a strategic investor with a 9.05% stake, mm2 can tap on the former's strong brand name and this could raise its profile and pave the way for bigger opportunities ahead. mm2 could also leverage on StarHub to attract more sponsorship for its productions. StarHub can choose to tap on mm2's cineplex business to showcase its content, as well as gain access to top-rated concerts and artistes through UnUsUaL, in which mm2 owns a stake.

In all, we have adjusted net earnings for FY17F and FY18F by 11% and 9% respectively.

Maintain BUY, TP raised to S\$0.63

mm2 is trading at 31x FYMar16F PE and 17x FY17F PE, based on its enlarged share capital, compared to peers' 20x FY17F PE. Using peers' average of 20x, we derive our target price of S\$0.63 on FYMar17F EPS, up from S\$0.525 previously. We have removed the 30% discount that was applied earlier as mm2 is now able to raise its profile with StarHub as a strategic investor. The stock offers potential upside of 20%, and trades at an attractive PEG of 0.35x. Maintain BUY.

CRITICAL DATA POINTS TO WATCH

Earnings Drivers:

Acquisitions to strengthen competitive edge and build income base

Post IPO in December 2014, mm2 has made several acquisitions to maintain its competitive advantage. In April, mm2 acquired a 51% stake in a 3D animation company, Vividthree Productions, to strengthen its competitive advantage as a movie producer. Subsequent to that, mm2 acquired five cineplexes in Malaysia. The ownership of cinemas will provide a source of recurring income to the group and cost savings in the longer term, as mm2 usually has to pay about 50% of its gross intake for rental of cinemas. Cinema operation is a profitable business, and the group could be profitable even with less than 50% of the seats occupied. In December 2015, mm2 acquired a majority stake in a tech set-up that develops interactive solutions for digital users. The most recent one is UnUsUal Group for S\$26m. This will enable mm2 to better project its presence in the Southeast Asia and North Asia markets.

Consolidating its position in local market; tapping on StarHub's strong brand name

As the industry leader, mm2 is poised for more opportunities ahead. With the recent entry of StarHub with a 9.05% stake, mm2 can tap on the former's strong brand name and this could raise its profile and pave the way for bigger opportunities ahead. mm2 could also leverage on StarHub to attract more sponsorship for its productions. StarHub can choose to tap on mm2's cineplex business to showcase its content, as well as gain access to top-rated concerts and artistes through UnUsUal, in which mm2 owns a stake.

Spreading its wings in China

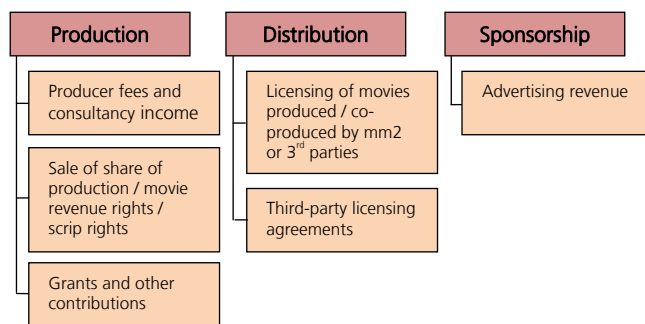
mm2 also intends to spread its wings to one of the most lucrative movie markets – China. The group has already co-produced several productions in China since 2013. Chinese films generally have bigger budgets and better margins than local productions.

On top of producing films that are made and distributed in China, mm2 also hopes to distribute China-made films overseas. mm2 may also look into producing reality TV, which makes up a sizeable segment of the China entertainment market.

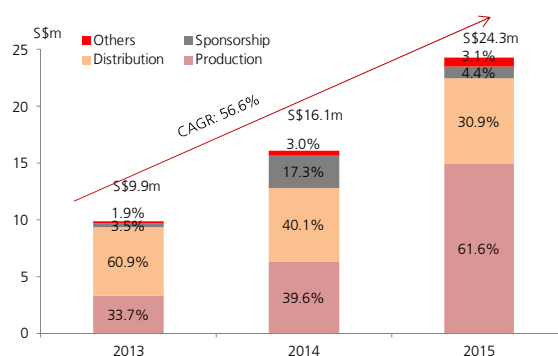
To further cement its foothold in China, mm2 has placed more shares to Hesheng Media, which is principally involved in the business of film and television investment, production, marketing and distribution in China. Hesheng Media has been a shareholder of the group even prior to mm2's initial public offering. Together with the recent placement, Hesheng's stake in mm2 has increased to about 1.5%.

Thus, we expect contribution from the China market to increase from FY17 onwards, from 5% in FY15 in terms of total revenue breakdown.

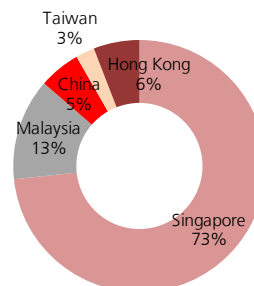
Revenue Contribution



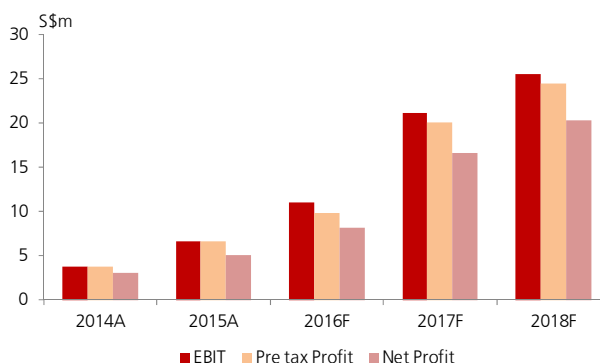
Revenue Breakdown by Segment



FY15 Revenue Breakdown by Country



Profitability Trend



Source: Company, DBS Bank

mm2 Asia

Balance Sheet:

Decent debt-to-equity ratio. Debt-to-equity ratio as at Sep-15 was 0.32x. We expect mm2 to take on more debt, as the group is constantly on the lookout for acquisitions that can complement its existing business, and also to build its recurring income base. On a debt-to-equity basis, the ratio is expected to fall as the equity base increases.

Asset-light business model. More than half of its assets are current assets, comprising mainly cash and receivables.

Share Price Drivers:

More acquisitions or strategic investments on the cards?

In just slightly more than a year since listing in Dec-14, mm2 has made several acquisitions and undertaken a few fund-raising exercises to fund the acquisitions. Besides acquiring cinemas, entertainment company, UnUsUal Group and other related businesses, mm2 has also managed to attract strategic investors like StarHub and Hesheng Media, a film and TV production company in China. With such an active flow of activities, we would not rule out further acquisitions or strategic investments going forward.

Stronger project pipeline, more productions

In terms of project pipeline to March 2017, we are expecting mm2 to produce 10 movies in Singapore with an estimated total production budget of about S\$10m, and another 18 films from Malaysia, Taiwan and Hong Kong. In China, mm2 is currently working on a few movies. We are expecting about five movies/dramas with a estimated total production cost of about S\$38m that could come on stream by Mar-17. Chinese films generally have bigger budgets and better margins than local productions. A stronger-than-expected project pipeline and higher production budget, especially in China, should help to boost bottom line and drive share price higher.

Key Risks:

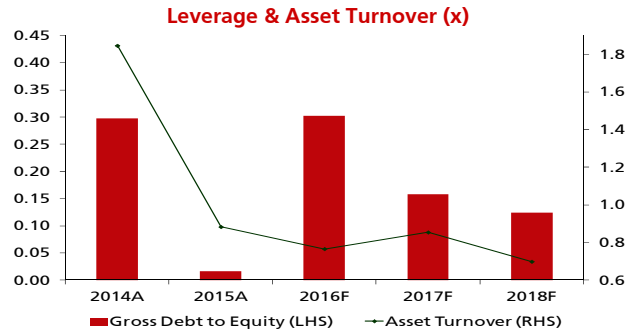
No long-term financing arrangements for productions. The commencement of each production is dependent on mm2's ability to secure funding.

Productions may be adversely affected by delays and cost overruns. The production process is subject to a number of uncertainties, most of which are beyond mm2's control.

Unable to predict the commercial success of movies produced. The commercial success of its productions is primarily determined by inherently unpredictable audience reactions.

Company Background

mm2 Asia is a leading producer of films and TV/online content in Asia. As a producer, mm2 provides services over the entire film-making process – from financing and production to marketing and distribution, and thus has diversified revenue streams.

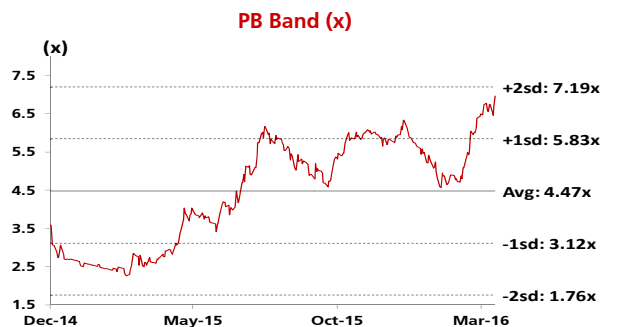
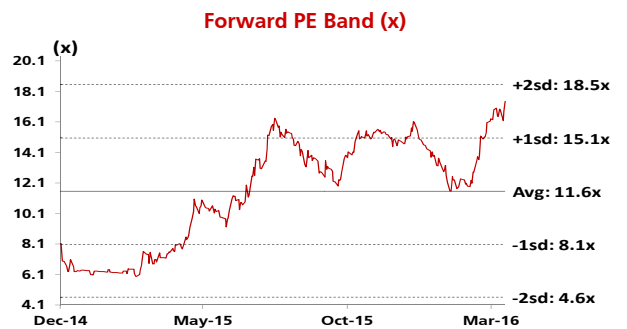


Project Pipeline to March 2017

Movies	Total production estimate (\$m)
Singapore	
10 movies	10
Malaysia	
6 movies	3
China	
5 movies / drama	38
Taiwan	
6 movies	11
Hong Kong	
6 movies	8
TOTAL	70

Number of movies produced

Year	Number of movies produced
FY Mar 2012	3
FY Mar 2013	6
FY Mar 2014	8
FY Mar 2015	9



Source: Company, DBS Bank

Segmental Breakdown

FY Mar	2014A	2015A	2016F	2017F	2018F
Revenues (\$m)					
Production & Distribution	16.1	24.3	31.8	38.8	50.5
Cinema	0.0	0.0	6.67	20.0	20.0
Other investments	0.0	0.0	5.50	33.2	36.0
Total	16.1	24.3	43.9	92.0	106
Gross profit (\$m)					
Production & Distribution	5.09	9.58	12.7	17.5	22.7
Cinema	0.0	0.0	3.00	9.00	9.00
Other investments	0.0	0.0	2.50	11.9	13.1
Total	5.09	9.58	18.2	38.4	44.8
Gross profit Margins (%)					
Production & Distribution	31.6	39.5	40.0	45.0	45.0
Cinema	N/A	N/A	45.0	45.0	45.0
Other investments	N/A	N/A	45.5	36.0	36.3
Total	31.6	39.5	41.4	41.7	42.1

Full-year contributions from the five cinemas

Includes contribution from UnUsUal Group and collaboration with StarHub

Income Statement (\$m)

FY Mar	2014A	2015A	2016F	2017F	2018F
Revenue	16.1	24.3	43.9	92.0	106
Cost of Goods Sold	(11.0)	(14.7)	(25.7)	(53.6)	(61.7)
Gross Profit	5.09	9.58	18.2	38.4	44.8
Other Opng (Exp)/Inc	(1.4)	(3.0)	(7.3)	(17.3)	(19.2)
Operating Profit	3.72	6.62	11.0	21.2	25.6
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.0	0.0	(1.1)	(1.1)	(1.1)
Exceptional Gain/(Loss)	0.0	(0.1)	0.0	0.0	0.0
Pre-tax Profit	3.70	6.58	9.82	20.0	24.4
Tax	(0.7)	(1.5)	(1.7)	(3.4)	(4.2)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	3.04	5.08	8.15	16.6	20.3
Net Profit before Except.	3.05	5.13	8.15	16.6	20.3
EBITDA	7.16	9.92	14.8	25.0	29.4
Growth					
Revenue Gth (%)	N/A	50.7	80.8	109.5	15.7
EBITDA Gth (%)	nm	38.5	49.5	68.7	17.6
Opg Profit Gth (%)	nm	78.3	65.4	93.0	20.8
Net Profit Gth (Pre-ex) (%)	nm	68.1	58.8	103.8	22.0
Margins & Ratio					
Gross Margins (%)	31.6	39.5	41.4	41.7	42.1
Opg Profit Margin (%)	23.0	27.3	24.9	23.0	24.0
Net Profit Margin (%)	18.8	20.9	18.6	18.0	19.0
ROAE (%)	166.5	44.5	28.4	29.9	24.4
ROA (%)	34.8	18.5	14.2	15.4	13.3
ROCE (%)	104.8	37.7	19.2	22.5	19.8
Div Payout Ratio (%)	0.0	0.0	0.0	0.0	0.0
Net Interest Cover (x)	NM	NM	9.6	18.6	22.4

Source: Company, DBS Bank

Quarterly / Interim Income Statement (\$m)

FY Mar	1H2015	2H2015	1H2016
Revenue	9.7	14.6	12.7
Cost of Goods Sold	(4.0)	(10.7)	(4.3)
Gross Profit	5.7	3.9	8.4
Other Oper. (Exp)/Inc	(1.2)	(1.8)	(3.0)
Operating Profit	4.5	2.1	5.4
Other Non Opg (Exp)/Inc	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.0	0.0	0.0
Exceptional Gain/(Loss)	0.0	0.0	0.0
Pre-tax Profit	4.5	2.0	5.4
Tax	(0.9)	(0.6)	(0.9)
Minority Interest	0.0	0.0	0.0
Net Profit	3.6	1.5	4.5
Net profit bef Except.	0.0	0.0	0.0
EBITDA	5.3	4.6	6.7

Growth

Revenue Gth (%)		51	(13)
EBITDA Gth (%)		(54)	161
Opg Profit Gth (%)		(55)	165
Net Profit Gth (Pre-ex) (%)		(60)	208

Margins

Gross Margins (%)	58.7	26.7	66.1
Opg Profit Margins (%)	54.4	31.5	52.6
Net Profit Margins (%)	37.4	10.0	35.5

Volatile margins mainly due to different stages of revenue recognition

Balance Sheet (\$m)

FY Mar	2014A	2015A	2016F	2017F	2018F
Net Fixed Assets	3.86	6.45	34.8	49.2	53.6
Invt in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other LT Assets	0.14	0.01	(3.2)	(6.5)	(9.7)
Cash & ST Invt	0.60	5.76	11.3	23.7	39.5
Inventory	1.49	4.77	5.48	11.4	13.1
Debtors	11.4	20.6	28.9	60.5	70.0
Other Current Assets	0.0	0.0	0.0	0.0	0.0
Total Assets	17.5	37.6	77.2	138	167
ST Debt	0.10	0.22	0.22	0.22	0.22
Creditor	11.4	14.7	22.8	47.6	54.7
Other Current Liab	0.24	1.46	2.82	4.55	5.30
LT Debt	1.02	0.09	11.3	11.3	11.3
Other LT Liabilities	0.94	1.92	1.92	1.92	1.92
Shareholder's Equity	3.65	19.2	38.1	72.8	93.0
Minority Interests	0.13	0.0	0.0	0.0	0.0
Total Cap. & Liab.	17.5	37.6	77.2	138	167
Non-Cash Wkg. Capital	1.23	9.19	8.73	19.8	23.2
Net Cash/(Debt)	(0.5)	5.45	(0.3)	12.2	28.0
Debtors Turn (avg days)	128.6	240.0	205.5	177.3	223.8
Creditors Turn (avg days)	273.9	417.3	313.5	258.2	322.9
Inventory Turn (avg days)	35.9	100.2	85.6	62.0	77.5
Asset Turnover (x)	1.8	0.9	0.8	0.9	0.7
Current Ratio (x)	1.1	1.9	1.8	1.8	2.0
Quick Ratio (x)	1.0	1.6	1.6	1.6	1.8
Net Debt/Equity (X)	0.1	CASH	0.0	CASH	CASH
Net Debt/Equity ex MI (X)	0.1	CASH	0.0	CASH	CASH
Capex to Debt (%)	46.0	645.4	251.9	130.3	43.4
Z-Score (X)	9.5	7.6	4.7	4.2	4.1

Source: Company, DBS Bank

Cash Flow Statement (\$m)

FY Mar	2014A	2015A	2016F	2017F	2018F
Pre-Tax Profit	3.70	6.58	9.82	20.0	24.4
Dep. & Amort.	3.45	3.29	3.87	3.87	3.87
Tax Paid	0.67	1.50	(0.3)	(1.7)	(3.4)
Assoc. & JV Inc/(loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	(7.0)	(12.0)	(0.9)	(12.8)	(4.1)
Other Operating CF	1.00	1.00	0.0	0.0	0.0
Net Operating CF	1.87	0.36	12.5	9.39	20.8
Capital Exp.(net)	(0.5)	(2.0)	(29.0)	(15.0)	(5.0)
Other Invt.(net)	0.0	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.0	0.0	0.0	0.0	0.0
Net Investing CF	(0.5)	(2.0)	(29.0)	(15.0)	(5.0)
Div Paid	0.0	0.0	0.0	0.0	0.0
Chg in Gross Debt	0.0	2.94	11.2	0.0	0.0
Capital Issues	0.0	7.75	10.8	18.0	0.0
Other Financing CF	0.46	(1.7)	0.0	0.0	0.0
Net Financing CF	0.46	9.05	22.0	18.0	0.0
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	1.81	7.43	5.50	12.4	15.8
Opg CFPS (\$ cts)	2.13	2.99	2.75	4.18	4.69
Free CFPS (\$ cts)	0.33	(0.4)	(3.4)	(1.1)	2.98

Acquisition of five cinemas and a 3D company

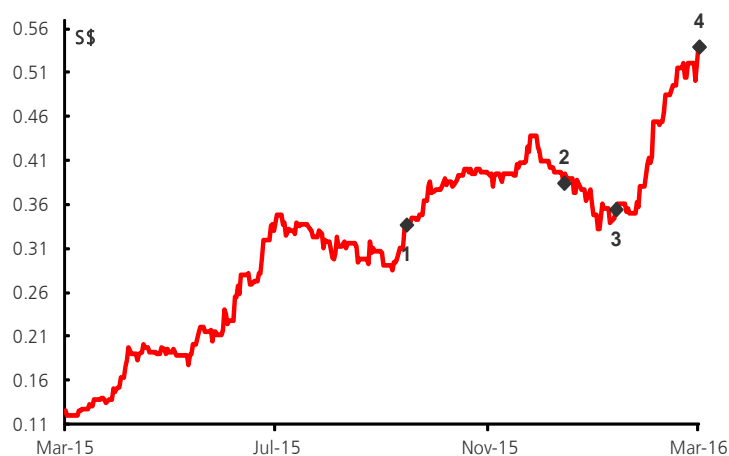
Placement of shares to StarHub

Issue of shares to finance recent acquisitions

Proceeds from IPO

Source: Company, DBS Bank

Target Price & Ratings History



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

S.No.	Date	Closing Price	Target Price	Rating
1:	06 Oct 15	0.34	0.42	NOT RATED
2:	05 Jan 16	0.39	0.52	BUY
3:	04 Feb 16	0.36	0.52	BUY
4:	23 Mar 16	0.54	0.52	BUY

Source: DBS Bank

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 catalysts within this time frame)

Share price appreciation + dividends

GENERAL DISCLOSURE/DISCLAIMER

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

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group")) do not make any representation or warranty as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document 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 and it may not contain all material information concerning the company (or companies) referred to in this report.

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.

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 U.S.-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 this report. As of 24 Mar 2016, the analyst(s) and his/her spouse and/or relatives who are financially dependent on the analyst(s), do not hold interests in the securities recommended in this report ("interest" includes direct or indirect ownership of securities).

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates have a proprietary position in StarHub recommended in this report as of 29 Feb 2016
2. DBS Bank Ltd does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.
3. **Compensation for investment banking services:**
DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.
4. **Directorship/trustee interests:**
Peter Seah Lim Huat, Chairman of DBS Group Holdings, is a Director of Starhub as of 28 Feb 2015.
Nihal Vijaya Devadas Kaviratne CBE, a member of DBS Group Holdings Board of Directors, is a Director of Starhub as of 28 Feb 2015.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is being distributed in Australia by DBS Bank Ltd. ("DBS") or DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), both of which 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, which differ from Australian laws. Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.
Hong Kong	This report is being distributed in Hong Kong by DBS Vickers (Hong Kong) Limited which is licensed and regulated by the Hong Kong Securities and Futures Commission.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Securities Indonesia.
Malaysia	This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.  Wong Ming Tek, Executive Director, ADBSR
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd. Research reports distributed are only intended for institutional clients only and no other person may act upon it.
United Kingdom	This report is being distributed in the UK by DBS Vickers Securities (UK) Ltd, who is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.

Dubai	This research report is being distributed in The Dubai International Financial Centre ("DIFC") by DBS Bank Ltd., (DIFC Branch) having its office at PO Box 506538, 3 rd Floor, Building 3, East Wing, Gate Precinct, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Bank Ltd

12 Marina Boulevard, Marina Bay Financial Centre Tower 3

Singapore 018982

Tel. 65-6878 8888

Company Regn. No. 196800306E