STRATEGY – SINGAPORE

To Indonesia Via Singapore

Indonesia's economic performance has been strong on a ytd basis with the rupiah outperforming its regional peers, thus resulting in the JCI outperforming its peers in US dollar terms. We highlight various sectors and stocks listed on the SGX that could benefit from this strength with our top picks being Delfi, Marco Polo Marine and Raffles Medical.

WHAT'S NEW

- **Exposure to Indonesia.** The Jakarta Composite Index has outpaced its Asia-Pacific peers in US dollar terms on a ytd basis. After the peak of COVID-19, Indonesia has recovered strongly with the country recording above-consensus 1Q23 GDP growth of 5.03% as well as a very strong 16% yoy growth in total investment for the quarter. In addition, consumer confidence continued its revival in the latest Apr 23 readings while May 23's inflation of 4.0% was lower mom vs 4.3% in Apr 23. In this report, we highlight a few companies listed on the SGX that could benefit from Indonesia's strong economic fundamentals.

- **Selective consumer exposure.** The key consumer plays in our universe are Delfi, Jardine Cycle & Carriage (JCNC) and Singapore Telecommunications (SingTel). With about 70% of its revenue from Indonesia, Delfi reported a record-high 1Q23 EBITDA (+25% yoy) and we remain bullish about the company's growth prospects in the country. It has a dominant market share in Indonesia, and we forecast its Indonesian revenue to grow 10% over 2023-25. Delfi's share price should continue to outperform given its healthy balance sheet, positive operating cash flow and a consistent dividend payout ratio. JCNC has automotive exposure to Indonesia via its Astra subsidiary and Tunas Ridean JV. However, we believe that high interest rates could be a key negative factor going forward. SingTel is a consumer play given its ownership of Telkomsel which has a commanding 73% market share in fixed broadband.

- **The inevitable commodity plays.** Within the 11 companies that we have highlighted, resources stocks are featured with Geo Energy in coal and RH Petrogas (RHP) in upstream oil & gas. Geo Energy has benefitted from Indonesian demand for coal which has risen by 5% CAGR over the 2011-21 period (vs flat global demand during the same period). Meanwhile, RH Petrogas has been able to grow its oil production at a steady pace of around 5% p.a. in the past few years in contrast to Indonesia's oil production which has declined at a 3% CAGR over the 2011-21 period.

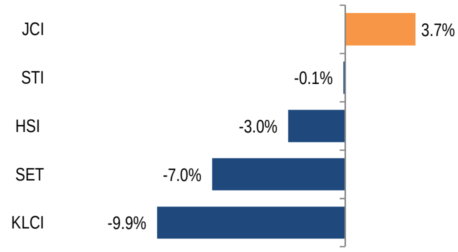
- **The post-pandemic-peak return of healthcare tourism.** While Raffles Medical (RFMD) does not have any assets in Indonesia, we estimate that the large majority of its hospital segment revenue (which generates 30% of its total revenue) comes from Indonesian healthcare tourists. With unfettered air and sea travel now the norm, this should underpin our 25% yoy revenue growth forecast for the company's hospital segment. Another interesting play could be LHN with its new serviced residences that is close to the Mt. Elizabeth hospital.

TOP BUYS

Company	Rec	------ Price (S$/share) ------ 6 Jun	Target
Bumitama	HOLD	0.55	0.55
Delfi	BUY	1.29	1.71
First Resources	HOLD	1.48	1.55
Geo Energy	NR	0.24	NA
Golden Agri Res	NR	0.265	NA
Japfa	HOLD	0.23	0.23
Jardine C&C	NR	33.44	NA
Marco Polo Marine	HOLD	0.051	0.048
Raffles Medical	BUY	1.34	1.9
RH Petrogas	BUY	0.187	0.255
Samudera Shipping	NR	0.88	NA
SingTel	BUY	2.47	3.15

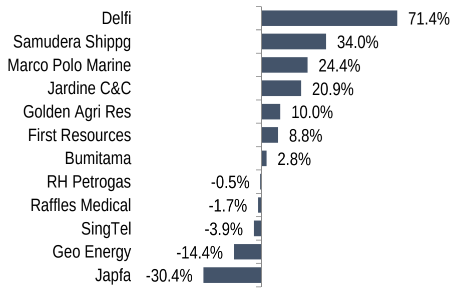
Source: UOB Kay Hian

TOTAL RETURN YTD: JCI VS REGIONAL PEERS (USD BASIS)



Source: Bloomberg

TOTAL RETURN YTD OF TOP PICKS



Source: Bloomberg

ANALYST(S)

Adrian Loh
+65 6590 6633
adrianloh@uobkayhian.com

Singapore Research Team
+65 6535 6868
Research@uobkayhian.com

PEER COMPARISON

Company	Ticker	Rec	--------- Price (S$) --------- 6 Jun	Target	--------- Upside to --------- TP (%)	2022F	----------- PE (x) ----------- 2023F	2024F	-------- 2023F (%) -------- Yield	ROE	M.cap S$m	P/B (x) 2023F
Bumitama	BAL SP	HOLD	0.55	0.55	0.0	3.6	6.1	5.7	6.6	13.6	945.1	0.9
Delfi	DELFI SP	BUY	1.29	1.71	32.6	13.1	12.5	11.7	4.0	18.3	794.5	2.4
First Resources	FR SP	HOLD	1.48	1.55	4.7	5.3	8.5	8.3	8.2	15.3	2,350.6	1.3
Geo Energy	GERL SP	NR	0.24	NA	NM	2.1	NA	NA	28.8*	42.8*	321.1	0.6
Golden Agri Res	GGR SP	NR	0.265	NA	NM	3.2	6.8	7.3	5.1	13.1	3,360.6	0.5
Japfa	JAP SP	HOLD	0.23	0.23	0.0	40.8	9.0	7.0	4.4	4.6	458.2	0.4
Jardine C&C	JCNC SP	NR	33.44	NA	NM	11.4	10.2	8.4	3.9	12.9	13,102.1	1.3
Marco Polo Marine	MPM SP	HOLD	0.051	0.048	(5.9)	8.1	11.7	10.4	0.0	10.4	187.7	1.3
Raffles Medical	RFMD SP	BUY	1.34	1.9	41.8	17.2	19.0	22.8	2.6	12.9	2,474.1	2.4
RH Petrogas	RHP SP	BUY	0.187	0.255	36.4	5.5	5.5	7.8	0.0	53.3	154.5	2.9
Samudera Shipping	SAMU SP	NR	0.88	NA	NM	1.0	NA	NA	1.2	73.3	477.1	0.6*
SingTel	ST SP	BUY	2.47	3.15	27.5	18.5	17.0	15.1	4.0	9.6	41,252.6	1.7

*Note: * 2022A; NR = Not Rated – using Bloomberg consensus numbers*
Source: Bloomberg, UOB Kay Hian

- **Our house view is to accumulate plantation stocks on weakness to position for recovery in CPO prices** due to lower-than-expected supply growth. Regardless of the severity of El Nino in 2023, we still expect the dry weather that palm oil-producing countries are experiencing to be the straw that breaks the camel's back. This is due to the continuous disruption caused by: a) three years of La Nina (high rainfall), b) flooding in some estates, and c) a lack of fertiliser application over the last 3-4 years. These have affected FFB yields and will continue to do so until 1H24. Thus, we recommend investors to accumulate plantation companies − especially upstream companies with high beta to CPO prices − once their share prices weaken and when the expected weak 1H23 results are announced.

- **Marine-related stocks – Riding on Indonesian and other tailwinds.** In addition to its shipyard in Batam, Indonesia (which makes up about 30% of FY22 shipbuilding revenue), Marco Polo Marine (MPM) also has a shipping business which has seen an increase in both charter rates as well as utilisation rates due to Indonesia's robust economic performance coming out of the peak of the pandemic.

MACROECONOMIC POSITIVES

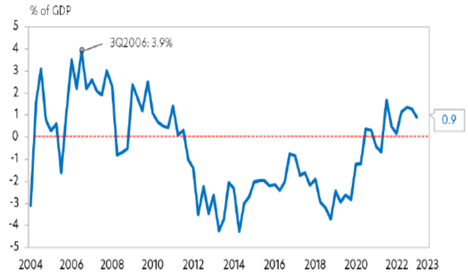
- **Still-robust GDP growth in 2023.** UOB Global Economics & Markets Research (UOBGEMR) expects Indonesia to undergo a slight downwards taper in GDP growth in 2023, growing at 5.0% amid challenging macroeconomic environments globally. This is still a remarkable feat, given that Indonesia has grown 5.3% in 2022, and ranks second in 2023 GDP growth among large Asian economies, only behind India (5.4%), but still ahead of the global average of 1.9%. 1Q23 GDP growth of 5.03% yoy was higher than consensus forecast of 4.97%. For the remainder of 2023, GDP is expected to be supported by improvement in purchasing power, income expectations optimism, and increasing community mobility. In addition, exports are expected to grow better driven by commodity price hikes and high global demand (see chart on RHS). An upside risk that might boost the national economic growth is the ongoing construction of national strategic project (Proyek Strategis Nasional, PSN) in 2023 which is estimated to carry out 152 projects, which potentially will enhance investment growth.

- **Indonesia continued to attract higher total investment in early 2023** at Rp328.9t, registering a robust 16.5% yoy growth with the key driver being investment in the metal processing industries in line with the government's programme to enhance the down-streaming capacities onshore and strengthen the domestic value chain capabilities. In terms of job creation, investment into Indonesia in 1Q23 contributed 385,000 new jobs, rising a stellar 21% yoy or 46,000 addition vs the previous quarter. Business sentiment is strong, with PMI expanding and with capacity utilisation not yet maximised. Credit growth is likely to continue on an upward trajectory, with the loan-to-deposit ratio siting at around 81.5%, which is below pre-pandemic levels. With the government's pro-investment focus, a 7% increase on infrastructure activity is expected in 2023. Capex might be tightened, with firms cognisant of a slowdown globally.

- **Consumer confidence not far from all-time highs.** Indonesia's Consumer Confidence Index (CCI) rose to 123.3 in Mar 23 from 122.4 in Feb 23and only 5.6pt from its highest level of 128.9 in May 22. Increase in purchases of durable goods, especially by people with expenditure levels of more than Rp5m/month had contributed to the improvement of the CCI. Improvement in business activity, people mobility, and the 7.5% increase in average minimum wage were the supporting factors of higher domestic consumption in 1Q23.

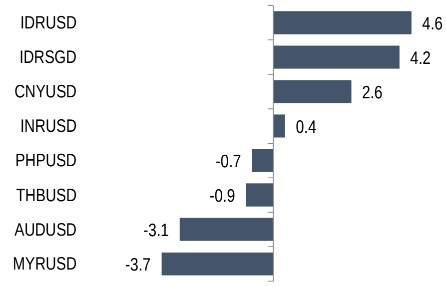
- **Benign inflation ahead.** In the afterglow of a festive month, Indonesia's headline inflation eased further to 4.0% yoy in May 23 vs 4.3% yoy in Apr 23, chiefly due to lower and stable food & transportation prices as the government managed better the logistics last month. May 23's inflation data has reinforced UOBGEMR's 2023 inflation forecast of 4% (2022: 4.2%) and for inflation to edge back to be within Bank Indonesia's target range of 2-4% in 2H23.

INDONESIA'S CURRENT ACCOUNT SURPLUS HAS GROWN STEADILY IN 2023



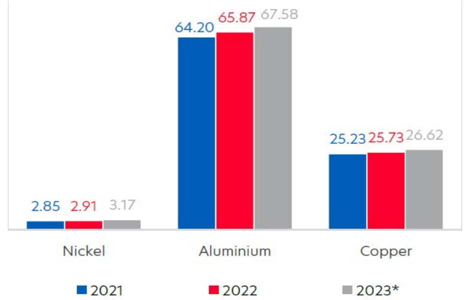
Source: Macrobond

INDONESIAN RUPAIH HAS OUTPERFORMED ITS REGIONAL PEERS (YTD, %)



Source: Bloomberg

GLOBAL DEMAND FOR THREE EXPORT-BASED COMMODITIES IN INDONESIA (MILLION TONS P.A.)



Source: S&P Global

FOCUS STOCK PICKS FOR INDONESIA EXPOSURE

Company/Ticker	Key Points
Bumitama (BAL SP)	• In-line 1Q23 but may deliver better earnings in 2H23. Recent 1Q23 results were in line with expectations. We expect BAL's 2Q23 earnings to be weaker qoq and yoy due to lower sales volume, lower ASP and higher cost of production due to fertiliser prices. However, BAL may deliver better earnings in 2H23 as due to stronger production and higher CPO prices in 2H23. • Management maintains its guidance for FFB production growth to range 3-7% yoy for 2023 albeit at the lower end of the range. • Maintain HOLD with target price of S$0.55, based on 6x 2023F PE.
Delfi (DELFI SP)	• Delfi is a dominant market leader of chocolate confectionary products in Indonesia with around 55% market share. Focusing on its premiumisation strategy to offer differentiated products based on changing consumer taste and increasing its focus on the modern trade sector. • It has driven innovation momentum by introducing a pipeline of healthier snacks due to younger consumers' preferences for healthier choices such as launch of SilverQueen Very Berry Yoghurt and SilverQueen Green Tea Matcha bars. • We expect Delfi's earnings to grow close to double digit in 2023 and 2024 as Indonesia's economy and consumers emerge stronger after the peak of the pandemic. Delfi reported strong 2022 earnings of US$44m (+49.9% yoy), driven by strong performance in Indonesia, which recorded 17.5% yoy growth in revenue. Gross profit margin also expanded by 1.2ppt to 30.7%, due to greater contributions from the premium product segment and higher sales volume. • We have a BUY call at target price of S$1.71, based on 17x 2023F PE, pegged to its long-term mean.
First Resources (FR SP)	• Better downstream margins in 2Q23. Recent 1Q23 results were in line with expectations. We expect 2Q23 core net profit to come in flat or higher qoq, on the back of better FFB production and sales volume, and better downstream margin in 2Q23 as the Indonesian government has revised down the total cooking oil volume under the DMO. • Guidance for better FFB yield. FR maintains its guidance for nucleus FFB production growth to range between 0-5% on the back of better yield. • Maintain HOLD with target price of S$1.55. Our valuation is pegged to 9x 2023F PE.
Geo Energy (GERL SP)	• Seasoned mine operator with strong net cash balance for potential expansion. Geo Energy is a major Indonesian coal producer with an established track record in operating coal mines, producing and selling coal. As of Mar 23, the group owns four mining concessions in South and East Kalimantan, Indonesia. With its strong net cash balance of US$83.5m, Geo Energy is well-positioned to acquire to expand its portfolio. • Higher expected sales from rising coal export volumes. The company should benefit from continued robust global coal demand, which is expected be sustained at 8b tonnes through 2025 according to the International Energy Agency (IEA). • While coal continues to be preferred by the power generation and industrial sectors, higher royalty rates imposed by the Indonesian government in Sep 22 could see margin compression.
Japfa (JAP SP)	• Long-term beneficiary of rising protein consumption from growing middle class and population. Japfa operates PT Japfa Tbk, the second largest integrated industrialised poultry company in Indonesia, which accounted for 74.2% of FY22 revenue. According to management, low per capita consumption has impacted profitability in the recent quarter, as a result of COVID-19 and inflation reducing consumer purchasing power. In the longer term, Japfa should benefit from Indonesia's poultry consumption per capita which is forecast to increase by 13% to 9.3kg/capita over the 2022-29 period. • Demand to pick up with government culling programme and COVID-19 recovery. The Indonesian government has continued supporting the poultry industry by implementing a 2nd culling programme in Apr 23 to reduce the oversupply and help increase ASPs. Japfa is poised to benefit from more stable broiler & day-old-chick (DOC) prices, as well as higher consumer demand. • We rate the company as a HOLD with an SOTP-based target price of S$0.23. We believe there will be limited near term catalysts until the ASPs for Indonesia and Vietnam swine recover more significantly.
Jardine C&C (JCNC SP)	• Significant exposure to Indonesia. About 82% of JCNC's 2022 underlying net profit was derived from Indonesia, underpinned by two principal Indonesian entities including: a) Astra (50.1%-owned subsidiary of JCNC), a prominent Indonesian group with a widely diversified business portfolio comprising automobile, financial services, heavy equipment, mining, construction & energy, agribusiness, infrastructure, IT and property; and b) Tunas Ridean (49.9%-owned JV), a leading Indonesian automotive dealer group with a network of 91 motorcycle and 70 passenger car facilities across Indonesia. • Record 2022 profit. Thanks to the strong contribution from Astra, JCNC posted a record underlying profit of US$1.1b in 2022. The 2022 underlying EPS of 187 US cents and DPS of 111 US cents (based on a consistent 40% dividend payout ratio) translate to a moderate trailing PE of 12.9x and a decent trailing dividend yield of 4.6%. • Deeply entrenched in the fast-growing Southeast Asia region (forecasted GDP growth of 4.6%/4.8% in 2023/24 by OECD), JCNC has a target to grow even faster than the Southeast Asian economy by leveraging its portfolio of market leading businesses in the region. • We do not have a rating on JCNC, however we rate Astra (ASII IJ) as a HOLD with an SOTP-based target price of Rp6,300. We forecast 10% yoy decline in car sales volumes, and 5% yoy decline for two-wheelers as historical data has shown that such volumes drop in the face of higher interest rates.
LHN Limited (LHN SP)	• Well-established real estate management services group operating across Asia. Founded in the early 1990s, LHN Limited (LHN) has been providing integrated real estate management services across Asia for over 30 years. Its business segments consist of space optimisation, facilities management and logistics management in Singapore, its key market (making up 89.6% of FY22 revenue). Despite macroeconomic uncertainties such as geopolitical tensions and rising inflation, LHN reported stable 1HFY23 PBT growth (+20.2% yoy), excluding one-off items such as fair value gains on investment properties. Additionally, as at end-1HFY23, it continues to generate positive operating cash flow (+ 41.8% yoy) and net asset value has grown sequentially to S$0.48/sh (+7% hoh, around 40% above trading price).

	• **Higher expected revenue from expansion of co-living capacity.** In expanding its core space optimisation business, Coliwoo, LHN's co-living subsidiary brand, has launched a new property named Coliwoo Orchard in Feb 23. This residence is Orchard's second-largest co-living space, housing 411 keys across 135 fully furnished units (about 20% of total FY23 capacity). While residents have to stay for a minimum of six nights, rates are more affordable at around $150/night than the average hotel rate of around S$300/night. Moreover, its city centre location is perfect for working professionals in the city centre, or persons flying in for medical treatment, with Mount Elizabeth Medical Centre within walking distance. Since the lifting of COVID-19 travel restrictions, Singapore's healthcare industry has observed an increasing proportion of foreign patients (at least 20% of total patients), majority of which comes from Indonesia. LHN is therefore in a more favourable position with Coliwoo Orchard contributing from 2HFY23. Management targets to achieve 95% occupancy by end-FY23, up from the current 70%.
Marco Polo Marine (MPM SP)	• **Well-established regional marine logistic company with growing shipbuilding division.** MPM has one of the larger shipyards in Batam, Indonesia for shipbuilding purposes, making up 29.6% of shipbuilding revenue in FY22. The group is currently constructing its Commissioning Service Operation Vessel (CSOV), which is expected to enter the market in 1Q24. • **Higher charter rates and utilisation levels boost ship chartering segment.** MPM has an Indonesian presence through its subsidiary, PT BBR Tbk (70.7% stake) for ship chartering, and with 98% of its FY22 ship chartering revenue from Asia Pacific region, MPM should benefit from the improved economic outlook. In 1HFY23, we have already seen an 8ppt yoy increase in utilisation rates to 66%. • **Offshore renewables exposure.** MPM has an MoU with Vestas Taiwan for the deployment of the CSOV for offshore wind projects for the next three years. At the same time, MPM aims to secure more shipbuilding projects by actively engaging ship owners in Indonesia.
Raffles Medical (RFMD SP)	• **No assets in Indonesia, but bulk of foreign patients hail from Indonesia.** RFMD has seen a recovery of foreign patients at its Raffles Singapore Hospital which contributes 30% of its hospital segmental revenue. We estimate that the bulk (80-90%) of the revenue comes from Indonesian patients. After the easing of travel restrictions in 2H22, we have witnessed a strong uptick in hospital earnings. • **Solid growth in hospital services revenue.** Coupled with the return of foreign patients, domestic elective surgeries and the ramp-up of RFMD's Chinese operations, we expect FY23 segmental revenue from the hospital services to grow by 24.5% yoy. • **Maintain BUY with a PE-based target price of S$1.90** pegged to an unchanged 26x 2023F PE, -0.5SD to RFMD's long-term average mean PE. Coupled with favourable tailwinds, we like RFMD for its cheap 2023F PE valuation (19.6x) compared with regional peers (35.8x).
RH Petrogas (RHP SP)	• **Three high-impact exploration wells in 3Q23 will be the highlight.** RHP has a solid track record of operating its two mature oil fields onshore Indonesia, and with three potentially high-impact wells to be drilled in 3Q23, we initiated coverage with a BUY rating in Apr 23 and a target price of S$0.25. • **Track record of reserves growth plus oil price leverage.** Importantly, the company has grown its oil and gas reserves over the 2017-22 period without any acquisitions. Additionally, with oil making up nearly 80% of its production, RHP is very leveraged to the oil prices. • **We rate RH Petrogas as a BUY** with an SOTP-based target price of S$0.255.
Samudera Shipping (SAMU SP)	• **Reputable container shipping and agencies & logistics business with extensive network in Asia.** Incorporated in 1993, Samudera has expanded from a container shipping services provider into the bulk and tanker business and logistics business since, covering services in SEA, the Indian subcontinent and Far East. Indonesia alone contributed 36% of FY22 total revenue, up 8ppt yoy driven by the strong performance in the container shipping business. Moving forward, while freight rates will taper to a new normal, Samudera has timed the ins and outs of its fleet to achieve a younger and more efficient fleet in 2023 and better manage its charter costs. Additionally, it targets to expand its service network as countries like China continue to lift border restrictions. • **Improving prospects in the dry bulk and tanker market.** PT Samudera Shipping Indonesia, which provides sea transportation for bulk shipping and other maritime projects, and will hopefully be a revenue driver in the medium term as bulk and tanker freight rates have remained strong. Management's fleet expansion by two chemical tankers in FY22 reflects confidence in its outlook. • **Newly-acquired logistics subsidiary to contribute.** Samudera's agency & logistics revenue increased by 56.8% yoy to US$18.5m in 2022 after its acquisition of a 50% stake in Indonesia-based third-party logistics company, PT Samudera Logistics in Apr 22. 2023 will be the first full-year contribution from the new acquisition.
Singapore Telecommunications (ST SP)	• **ST has material Indonesian exposure** with 32% of FY23 PATMI contributions from Telkomsel, the leading cellular operator in Indonesia. Operating revenue was up 2% yoy, backed by recently implemented price increases, improved customer mix and post-COVID-19-peak reopening in Indonesia. • **Acquiring and retaining higher-value customers.** Despite losing 14% of its mobile customer base yoy, Telkomsel has shifted focus on acquiring and retaining higher-value customers which benefits from Indonesia's growing consumer confidence. • **With a commanding domestic market share of 75.2% for fixed broadband,** the integration of IndiHome into Telkomsel is set to be a revenue growth engine for Telkomsel in the medium-long term, given that this business has ARPUs that are around 6x higher than of mobile. This, in addition to Indonesia's rising affluence, positions Telkomsel for significant growth. • **We rate SingTel as a BUY** with a DCF-based target price of S$3.15.

Source: UOB Kay Hian

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore.Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which 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.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

http://research.uobkayhian.com

RCB Regn. No. 197000447W