UOBKayHian

your trusted financial partner

SINGAPORE
HONG KONG

Retail Market Monitor

Thursday, 14 November 2024

WHAT HAPPENED LAST NIGHT

US stocks were mixed on Wednesday, as gains in the consumer discretionary, energy and real estate sectors led shares higher and losses in the financials, industrials and energy sectors led shares lower. At the close of the NYSE, the DJIA gained 0.11%, while the S&P 500 index rose 0.02%, and the NASDAQ Composite index fell 0.23%. Falling stocks outnumbered advancing ones on the NYSE by 1,648 to 1,137 and 80 ended unchanged; on the Nasdaq Stock Exchange, 2,776 declined and 1,459 advanced, while 144 ended unchanged. (Source: WSJ, Bloomberg)

WHAT'S IN THE PACK

Singapore Company Results:

AEM Holdings - 3Q24: Earnings below estimate and outlook remains uncertain; maintain SELL.

(AEM SP/SELL/S$1.42/Target:S$1.10)

AEM reported a 3Q24 loss of S$0.9m and 9M24 loss of S$0.1m. Earnings missed our 2024 estimate…

Singapore Telecommunications - 1HFY25: Results in line as business outlook improves.

(ST SP/BUY/S$3.19/Target: S$3.58)

For 1HFY25, Singtel reported a higher underlying net profit of S$1.2b (+6.1% yoy), driven by…

StarHub - 3Q24: Results in line, DARE+ nearing its end.

(STH SP/BUY/S$1.19/Target: S$1.41)

For 3Q24, StarHub reported higher PATMI (+11.0% yoy), driven by realised cost efficiencies…

Valuetronics - 1HFY25: Results in line; new customers and JV paving way for growth.

(VALUE SP/BUY/S$0.635/Target: S$0.78)

VALUE's 1HFY25 net profit of HK$91m (+10% yoy) is in line. Revenue dipped 3% yoy, as new…

China/HK Company Results:

Tencent Holdings - 3Q24: Solid earnings beat; mini shop and potential blockbuster as key catalysts.

(700 HK/BUY/HK$403.80/Target: HK$570.00)

Tencent reported a solid earnings beat for 3Q24. Revenue grew 8% yoy to Rmb167.2b, in line with consensus…

Singapore Technical Analysis:

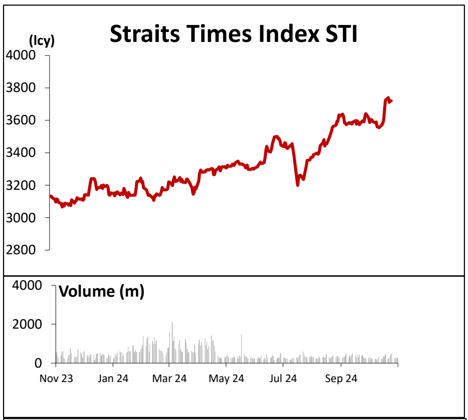
Propnex (PROP SP) - Trading BUY

Price is trading far above the cloud, suggesting a strong uptrend. There is a bullish conversion and base lines crossover. MACD is bullish and is rising…

AEM Holdings (AEM SP) - Trading BUY

Price rebounded from its previous price low support zone. It moved and closed above the middle Bollinger band, aka the 20MA. The RSI is rising above its neutral level…

PRICE CHART



KEY INDICES

	Prev Close	1M %	YTD %
DJIA	43958.2	2.6	16.6
S&P 500	5985.4	2.9	25.5
FTSE 100	8030.3	(2.7)	3.8
AS30	8450.9	(0.9)	7.9
CSI 300	4110.9	3.8	19.8
FSSTI	3720.3	3.5	14.8
HSCEI	7130.9	(5.9)	23.6
HSI	19823.5	(6.0)	16.3
JCI	7308.7	(3.3)	0.5
KLCI	1611.5	(1.5)	10.8
KOSPI	2417.1	(7.9)	(9.0)
Nikkei 225	38721.7	(2.2)	15.7
SET	1451.5	(1.3)	2.5
TWSE	22860.2	(0.5)	27.5
BDI	1630	(9.9)	(22.2)
CPO (RM/mt)	5181	17.6	39.4
Brent Crude (US$/bbl)	72	(8.9)	(6.5)

Source: Bloomberg

Get up to speed by learning from our experts - Sign up for a seminar today!

YESTERDAY IN SINGAPORE

The Straits Times Index (STI) closed 8.86pt higher to 3,720.34. Among the top active stocks were DBS (+1.0%), Genting Singapore (-1.3%), Singtel (+1.0%), Rex International (-1.8%) and SIA (-1.0%). The FTSE ST Mid Cap Index fell 0.5%, while the FTSE ST Small Cap Index was down 0.7%. The broader market saw 257 gainers and 315 losers with total trading value of S$1.18b.

SINGAPORE

TOP TRADING TURNOVER

Company	Price (S$)	Chg (%)	5-day ADT (S$m)
DBS Group Holdings	42.78	1.0	346.7
United Overseas Bank	35.50	(0.1)	232.2
Oversea-Chinese Banking Corp	16.26	0.6	157.8
Singapore Telecommunications	3.19	0.9	89.0
Yangzijiang Shipbuilding	2.60	1.2	88.8

TOP GAINERS

Company	Price (S$)	Chg (%)	5-day ADT (S$m)
Riverstone Holdings	0.94	3.9	1.1
Frasers Property	0.92	3.4	0.1
Sinarmas Land	0.31	3.3	0.1
Thai Beverage	0.52	2.0	8.2
Pacific Century Region Devel	0.32	1.6	0.0

TOP LOSERS

Company	Price (S$)	Chg (%)	5-day ADT (S$m)
Singapore Post	0.51	(3.8)	6.1
Nio Inc-Class A	4.71	(3.7)	2.2
First Resources	1.55	(3.1)	1.2
Olam Group	1.16	(2.5)	2.0
Hongkong Land Holdings	4.40	(2.0)	29.2

*ADT: Average daily turnover

HONG KONG

TOP TRADING TURNOVER

Stock	Price (HK$)	Chg (%)	5-day ADT (HK$m)
Tracker Fund Of Hong Kong-B	19.94	(0.2)	1,400,206
Gcl Technology Holdings Ltd	1.53	(1.9)	410,082
China Tower Corp Ltd-H	1.04	3.0	382,382
Sensetime Group Inc-Class B	1.61	0.0	325,116
China Construction Bank-H	5.93	(0.3)	246,328

TOP GAINERS

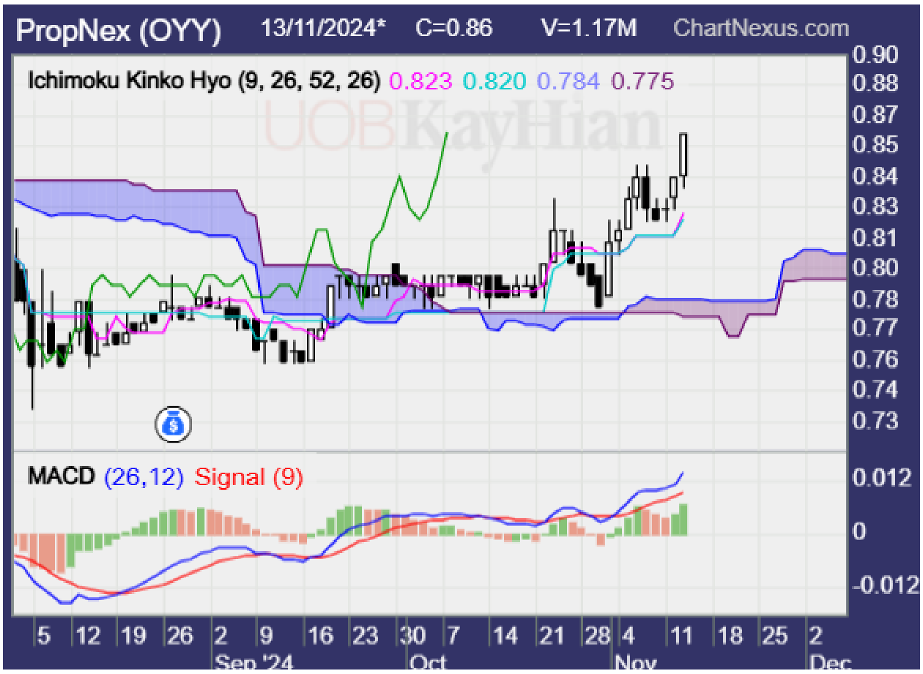
Stock	Price (HK$)	Chg (%)	5-day ADT (HK$m)
Zhongsheng Group Holdings	18.42	7.6	46,957
Kuaishou Technology	52.00	3.9	44,149
China Unicom Hong Kong Ltd	6.50	3.5	117,506
Jd Logistics Inc	15.82	3.1	8,766
China International Capita-H	15.20	3.0	51,885

TOP LOSERS

Stock	Price (HK$)	Chg (%)	5-day ADT (HK$m)
Smoore International Holding	9.76	(6.2)	25,231
Ke Holdings Inc-Cl A	53.15	(4.2)	2,620
Wuxi Biologics Cayman Inc	16.08	(3.4)	68,061
China Southern Airlines Co-H	3.29	(2.9)	22,510
Haidilao International Holdi	15.72	(2.7)	21,976

*ADT: Average daily turnover

SINGAPORE TRADERS' CORNER



Propnex (PROP SP)

Trading Buy Range: S$0.840-0.845

Last price: S$0.860

Target price: S$0.910

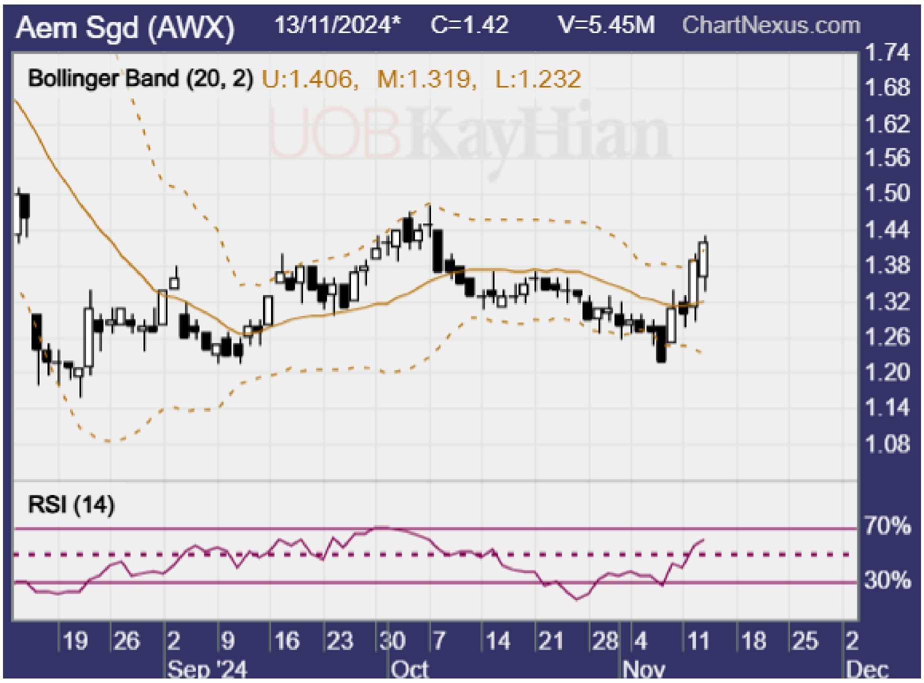
Protective stop: S$0.815

Price is trading far above the cloud, suggesting a strong uptrend. There is a bullish conversion and base lines crossover. MACD is bullish and is rising. These could increase chances of the stock price continuing to move higher.

We see increasing odds of stock price testing S$0.91. Stops could be placed at S$0.815.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$0.96.



AEM Holdings (AEM SP)

Trading Buy Range: S$1.29-1.30

Last price: S$1.42

Target price: S$1.50

Protective stop: S$1.20

Price rebounded from its previous price low support zone. It moved and closed above the middle Bollinger band, aka the 20MA. The RSI is rising above its neutral level. These could increase chances of the stock price moving higher.

We see increasing odds of stock price testing S$1.50. Stops could be placed at S$1.20.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental SELL and target price of S$1.04.

ANALYST(S)
Wong Shueh Ting, CFTe
+65 6590 6616
shuehting@uobkayhian.com

FROM THE REGIONAL MORNING NOTES...

AEM Holdings (AEM SP)

3Q24: Earnings Below Estimate And Outlook Remains Uncertain; Maintain SELL

AEM reported a 3Q24 loss of S$0.9m and 9M24 loss of S$0.1m. Earnings missed our 2024 estimate of S$10m. AEM has raised 2H24 revenue guidance to S$190m-210m, up from S$160m-180m as its key customer brings forward orders from 2025. Its outlook remains mixed with the company focusing on implementing four mid-term strategies. We raise our 2024 revenue estimate by 7% but keep earnings unchanged. Maintain SELL with a 5% higher target price of S$1.10.

3Q24 RESULTS

Year to 31 Dec (S$m)	3Q24	3Q23	yoy % chg	9M24
Revenue	74.2	79.4	(6.5)	247.8
PBT (excluding exceptional items)	0.9	0.9	3.5	6.6
Pretax margin (excluding exceptional items)	1.2%	1.1%	0.1ppt	2.6%
Net loss	(0.9)	(1.5)	(39.5)	(0.1)
Net loss margin	(1.2%)	(1.9%)	(0.7ppt)	(0.0%)

Source: AEM, UOB Kay Hian

RESULTS

- **3Q24 earnings missed expectation due to weak margin and low revenue base.** AEM Holdings' (AEM) reported 3Q24 loss of S$0.9m (vs S$1.5m loss in 3Q23) and 9M24 loss of S$0.1m. Earnings appear to be a miss vs our 2024 estimate of S$10m. 3Q24 revenue of S$74m (-7% yoy) was largely in line, with 9M24 revenue of S$248m meeting 69% of our full-year estimate. AEM's 1.2% core PBT margin for 3Q24 is lower than our expectation due to a low revenue base. Despite a 6.5% qoq reduction in revenue compared with 2Q24, AEM managed to achieve a 3.5% qoq growth in core PBT, due to a favourable product mix and its operational agility to align the internal cost structure with external demand.

- **AEM has raised its 2H24 revenue guidance to S$190m-210m, up from S$160m-180m,** due to its key customer bringing forward systems' order from 2025 into 4Q24 under the non-cancellable, long-dated purchase order programme for inventory management purposes. This indicates 2024 revenue of S$364m-384m, which is slightly above our 2024 estimate of S$360m.

- **AEM has set forth a four-point mid-term strategy comprising the following: a) to achieve r**evenue growth from customer and market segment diversification; b) to continue to invest and retain Test 2.0 leadership; c) to achieve operational excellence; and d) cultivate talent and culture to consistently deliver results.

- **Mixed outlook with uncertainties remains.** AEM reiterated that the semiconductor industry continues its tale of two economies – with AI and high-performance compute continuing its positive momentum, and other segments, such as smartphones, automotive, traditional compute, and industrial facing headwinds characterised by a slower-than-expected recovery.

KEY FINANCIALS

Year to 31 Dec (S$m)	2022	2023	2024F	2025F	2026F
Net turnover	870	481	385	445	488
EBITDA	184	39	32	48	55
Operating profit	160	14	15	33	39
Net profit (rep./act.)	128	(1)	10	25	30
Net profit (adj.)	128	(1)	10	25	30
EPS (S$ cent)	41.3	(0.4)	3.1	7.8	9.5
PE (x)	3.4	n.a.	45.2	18.1	14.9
P/B (x)	0.9	0.9	0.9	0.9	0.9
EV/EBITDA (x)	2.4	11.3	14.0	9.2	8.1
Dividend yield (%)	7.3	0.0	0.6	1.4	1.7
Net margin (%)	14.7	(0.2)	2.6	5.5	6.1
Net debt/(cash) to equity (%)	3.2	5.2	(0.8)	6.5	11.5
Interest cover (x)	140.1	7.1	13.4	22.0	22.6
ROE (%)	28.8	(0.2)	2.1	5.1	5.9
Consensus net profit (S$m)	-	-	10	35	38
UOBKH/Consensus (x)	-	-	0.98	0.70	0.79

Source: AEM, Bloomberg, UOB Kay Hian

STOCK IMPACT

- **AEM continues to bring to market products from its intensive R&D efforts over the past several years.** The latest AMPS platform features the industry's first fully automated high-throughput burn-in capability, and is on track to be online at the customer's site in late-24. The AMPS platform also features System Level Test (SLT) capability, which empowers processor and DRAM manufacturers to achieve extensive test coverage in a cost-effective manner while accelerating their time to market. AEM announced during the quarter the commercialisation of its expanded AMPS platform, featuring both advanced automated burn-in capabilities along with SLT capabilities, all powered by AEM's PiXL thermal technology.

- **To seize the increasing opportunities associated with AI and enhance its ability to deliver long-term growth,** AEM remains steadfast in investing in differentiated test capabilities tailored for AI/HPC applications, including thermal management, application specific test instruments, and high-throughput automation. AEM is committed to reaching its mid-term targets through the continued growth and progress in customer deployments of its new product platforms and expansion into new test markets.

EARNINGS REVISION/RISK

- We adjust our 2024/25/26 earnings estimates by 1%/-2%/1% respectively after changing our revenue estimates by +7%/-7%/-6% to factor in the order pull-in from AEM's major customer, which will result in better 4Q24 but weaker 2025 revenue.

- We also tweak our gross margin estimate to account for slightly better improvement in operating efficiency because of more proactive cost management initiatives.

VALUATION/RECOMMENDATION

- **Maintain SELL with a 5% higher target price of S$1.10.** This is based on 14x 2025F PE (up from 13x), based on 0.5SD above the historical mean of AEM. This is to reflect an earnings trough cycle of AEM.

SHARE PRICE CATALYST

- Positive surprise in future revenue guidance and winning of more new customers.

FROM THE REGIONAL MORNING NOTES...

Singapore Telecommunications (ST SP)

1HFY25: Results In Line As Business Outlook Improves

For 1HFY25, Singtel reported a higher underlying net profit of S$1.2b (+6.1% yoy), driven by higher contributions from Optus and NCS, coupled with better cost discipline from the group's cost-out programme. The group has identified about S$6b of capital recycling which we reckon would likely come from paring down its stakes in its regional associates and non-core fixed assets. In view of a decent dividend yield of 5.2% and an improving outlook, we maintain BUY with the same target price of S$3.58.

1HFY25 RESULTS

Year to 31 Mar (S$m)	2QFY25	qoq % chg	yoy % chg	1HFY25	yoy % chg
Group Operating Revenue:*	3,580	4.9	1.1	6,992	(0.5)
Optus	1,849	7.4	3.5	3,570	0.0
Singapore Consumer	944	1.2	(1.3)	1,877	(0.9)
NCS	725	2.5	1.3	1,431	2.5
Digital InfraCo	111	1.8	11.0	219	8.2
Group EBITDA:*	969	(0.8)	9.5	1,947	9.0
Optus	508	6.9	10.2	983	7.2
Singapore Consumer	371	(3.6)	1.4	756	2.6
NCS	85	1.2	37.1	169	24.3
Digital InfraCo	56	3.7	12.0	111	(1.4)
EBITDA margin (%)	27.1	(1.5ppt)	2.1ppt	27.8	2.4ppt
Regional Mobile Associates	598	5.7	(1.0)	1,164	(1.9)
Underlying Net Profit	587	(2.7)	6.7	1,190	6.1

**Including intercompany eliminations, Trustwave, corporate overheads and currency movements.*
Source: Singtel, UOB Kay Hian

RESULTS

- **Stable 1HFY25 results.** For 1HFY25, Singapore Telecommunications (Singtel) reported slightly lower overall group revenue (-0.5% yoy) but higher EBITDA (+9.0% yoy) and underlying net profit (+6.1% yoy), forming 48%/52%/46% of our full-year forecasts respectively and in line with our expectations. Excluding Trustwave's contributions, both 2QFY25 revenue and EBITDA would have grown by 0.6% yoy and 6.1% yoy respectively. On a constant currency basis, contributions from regional associates were stable yoy, driven by market repair across several key markets.

- **Robust quarter.** 2QFY25 revenue (+1.1% yoy), EBITDA (+9.5% yoy) and underlying net profit (+6.7% yoy) were higher, driven by: a) strong performances from Optus and NCS on the back of price uplifts and higher margins, b) lower operating costs (S$100m yoy) from the group's cost-out programme, and c) robust revenue growth from Digital InfraCo.

- **Higher dividend.** Singtel declared a higher 1HFY25 core interim dividend of 5.6 S cents/share (1HFY24: 5.2 S cents/share) and a value realisation dividend (VRD) of 1.4 S cents/share, taking total 1HFY25 dividends to 7.0 S cents/share (+35% yoy) and implying an annualised yield of around 4.4%. Separately, the second tranche of 1.4 S cents/share FY24 VRD is also set to be paid out together with the 1HFY25 total dividend.

KEY FINANCIALS

Year to 31 Mar (S$m)	2023	2024	2025F	2026F	2027F
Net turnover	14,624	14,128	14,527	14,920	15,154
EBITDA	3,686	3,597	3,713	3,961	4,200
Operating profit	1,112	1,153	1,352	1,613	1,870
Net profit (rep./act.)	2,226	795	3,001	2,777	3,048
Net profit (adj.)	2,054	2,261	2,601	2,777	3,048
EPS (S$ cent)	12.4	13.7	15.7	16.8	18.4
PE (x)	25.7	23.4	20.3	19.0	17.3
P/B (x)	2.0	2.1	2.1	2.1	2.1
EV/EBITDA (x)	16.4	16.8	16.2	15.2	14.4
Dividend yield (%)	4.7	4.7	5.2	5.5	6.0
Net margin (%)	15.2	5.6	20.7	18.6	20.1
Net debt/(cash) to equity (%)	35.5	29.3	30.2	33.7	37.3
Interest cover (x)	10.3	11.9	12.3	12.6	12.9
ROE (%)	8.2	3.1	12.0	11.0	12.2
Consensus net profit	-	-	2,595	2,885	3,278
UOBKH/Consensus (x)	-	-	1.00	0.96	0.93

Source: Singapore Telecommunications, Bloomberg, UOB Kay Hian

STOCK IMPACT

- **Optus: Outperformer.** On a constant currency basis, 1HFY25 operating revenue was largely stable (+0.1% yoy). Mobile service revenue grew (+4.1% yoy), driven by higher postpaid ARPU from price uplifts and increased prepaid customers. National Broadband Network and fixed wireless access revenues were also higher yoy. With ongoing cost discipline initiatives coupled with higher margins from the enterprise segment, 1HFY25 EBITDA was up 7.4% yoy while EBIT surged 58.0% yoy. As a result, 1HFY25 EBITDA margin improved 1.8ppt yoy. Similarly, 2QFY25 revenue (+3.5% yoy) and EBITDA (+10.2% yoy) grew yoy. Postpaid ARPU inched marginally higher qoq at A$43/month due to implemented price uplifts with subscribers also increasing 26,000 qoq. Management expects that the ARPU uplift would likely flow through in the upcoming quarter. Prepaid ARPU was also stable qoq while subscribers grew 16,000 qoq. Following price uplifts from the incumbent telco operators, management noted that Tier 2 mobile data providers had also started to raise prices, supporting overall market repair.

- **Singapore: Improving margins.** Although 1HFY25 operating revenue (-0.9% yoy) dipped slightly, EBITDA (+2.6% yoy) was higher from better cost efficiencies. Despite intense pricing competition and an ongoing market shift to lower-end plans, 1HFY25 mobile service revenue increased 4.1% yoy on the back of higher roaming and IoT connectivity. In line with 1HFY25, 2QFY25 revenue softened 1.3% yoy, while EBITDA inched higher 1.4% yoy. Due to stiff competition, postpaid ARPU fell qoq to S$32/month (1QFY25: S$33/month), while postpaid subscribers decreased 16,000 qoq respectively. Prepaid ARPU was stable qoq at S$10/month while subscribers remained largely stable. Mobile customer market share fell qoq to 45.5% (1QFY25: 46.3%, 2QFY24: 45.3%).

- **NCS: Higher margins from better execution.** NCS reported steady 1HFY25 revenue growth of 2.5% yoy, driven by increased revenues from the Gov+ subsegment but offset by weakness in the enterprise and telco subsegments. However, 1HFY25 EBITDA (+24.3% yoy) and EBIT (+40.4% yoy) surged on the back of better realised cost efficiencies and higher revenue. 2QFY25 was a strong quarter whereby EBITDA surged 37% yoy while EBITDA margin expanded 2.1ppt yoy. 1HFY25 orderbook amounted to S$1.5b (1QFY25: S$800m), driven by new contract wins and contract renewals across various sectors.

- **Digital InfraCo: Still in gestation.** 1HFY25 overall revenue (+8.7% yoy) was higher, driven by the data centre (Nxera) business which saw revenue (+17.6% yoy) and EBITDA (+11.4% yoy) growing from utility pass-through and strong capacity demand. However, this was offset by lower project-based satellite fees and continued investment costs, which led to 1HFY25 overall EBITDA falling 1.4% yoy and EBITDA margin dropping 4.9ppt yoy. With upcoming new capacity from DC Tuas, Batam and Thailand, we expect these investment costs to continue rising, which could weigh on margins until FY26.

- **Unlocking shareholder value.** Management noted that the group identified about S$6b of capital recycling in the medium term which we reckon would likely come from paring down its stakes in its regional associates and non-core fixed assets. Singtel currently has S$2b-3b of excess cash after accounting for current growth initiatives and 5G capex. We opine that the excess cash may lead to larger core dividends, likely towards the higher end of the group's 70-90% underlying PATMI dividend policy in 2HFY25. Additionally, we anticipate higher VRD, possibly reaching the mid-to-upper end of its 3-6 S cents/share FY25 full-year guidance, assuming any potential divestment or stake sale in 2HFY25. Every S$1b in cash would lead to a VRD of 5-6 S cents/share, around additional 1.5% dividend yield.

EARNINGS REVISION/RISK

- **We maintain our FY25-27 underlying net profit estimates.**

VALUATION/RECOMMENDATION

- **Maintain BUY with the same DCF-based target price of S$3.58,** (discount rate: 7%, growth rate: 2.5%). In our view, Singtel remains an attractive play against elevated market volatility, underpinned by improving business fundamentals and a decent FY25 5.2% dividend yield.

- **Key re-rating catalysts** include: a) successful monetisation of 5G, b) monetisation of data centres and/or NCS, and c) market repair in Singapore.

FROM THE REGIONAL MORNING NOTES...

StarHub (STH SP)

3Q24: Results In Line, DARE+ Nearing Its End

For 3Q24, StarHub reported higher PATMI (+11.0% yoy), driven by realised cost efficiencies and some DARE+ benefits. The group's mobile and entertainment segments continue to face headwinds while the broadband segment benefitted from more subscriptions. Armed with a lush 2024 dividend yield of 6.6%, we maintain BUY with the same target price of S$1.41.

3Q24 RESULTS

Year to 31 Dec (S$m)*	3Q24	qoq % chg	yoy % chg	9M24	yoy % chg
Operating Revenue:					
Mobile	143.3	(0.8)	(6.5)	433.0	(5.0)
Entertainment	52.1	(4.8)	(8.1)	161.5	(5.3)
Residential Broadband	63.2	2.8	1.4	186.1	(0.5)
Fixed Enterprise	235.0	7.0	(3.1)	652.3	5.4
Sales of Equipment/ others	81.6	15.3	(15.0)	238.8	(9.6)
Total Revenue	575.2	4.4	(5.8)	1,671.7	(1.5)
EBITDA	114.6	(3.0)	4.5	341.2	1.7
EBITDA Margin (%)	19.9	(1.5ppt)	2.0ppt	20.4	0.6ppt
Service Revenue	493.7	2.8	(4.1)	1,432.9	-
Core service EBITDA	108.9	(3.8)	6.6	323.4	4.1
Core service EBITDA margin (%)	22.1	(1.5ppt)	2.2ppt	22.6	0.9ppt
Core PATMI	40.4	(6.5)	11.0	123.7	9.5
Subscribers ('000)	2,251	2.5	4.4		
Post-paid ARPU	30	-	(6.3)		
Pre-paid ARPU	7	-	-		
Entertainment ARPU (S$/mth)	45	(2.2)	-		
Broadband ARPU (S$/mth)	35	2.9	2.9		

**Excluding D'CRYPT*
Source: StarHub, UOB Kay Hian

RESULTS

- **Results in line.** For 9M24, StarHub reported lower overall revenue (-5.0% yoy) but higher PATMI (+9.4% yoy), forming 69% and 73% of our full-year forecasts respectively. The softer-than-expected revenue was dragged by weaker enterprise revenue in 3Q24 due to the timing of project revenue recognition from cybersecurity services. Management noted that the deferred revenue would eventually be recognised in 4Q24. Both 9M24 service EBITDA (+4.1% yoy) and PATMI (+9.5% yoy) were higher on the back of better cost efficiencies and realisation of some DARE+ benefits (capex to opex model).
- **Nearing completion.** Dragged by most of the group's businesses, 3Q24 service revenue (-4.1% yoy) was softer yoy but offset by the broadband business. However, both 3Q24 service EBITDA (+6.6% yoy) and PATMI (+11.0% yoy) grew, driven by the realisation of ongoing cost efficiency efforts and some DARE+ benefits. The group expects S$10m-15m of DARE+ investments in 4Q24 and S$25m for 1H25. Management noted that the bulk of DARE+ efficiencies and benefits would likely come through from 2H25 onwards.

KEY FINANCIALS

Year to 31 Dec (S$m)	2022	2023	2024F	2025F	2026F
Net turnover	2,327	2,373	2,428	2,497	2,571
EBITDA	383	435	486	521	551
Operating profit	155	227	282	315	343
Net profit (rep./act.)	62	150	169	200	229
Net profit (adj.)	62	150	169	200	229
EPS (S$ cent)	3.6	8.7	9.8	11.6	13.3
PE (x)	33.1	13.7	12.1	10.3	9.0
P/B (x)	3.9	3.6	3.4	3.2	3.0
EV/EBITDA (x)	7.3	6.4	5.7	5.4	5.1
Dividend yield (%)	4.2	5.6	6.6	7.8	8.9
Net margin (%)	2.7	6.3	7.0	8.0	8.9
Net debt/(cash) to equity (%)	88.9	115.8	100.8	85.2	69.2
Interest cover (x)	10.4	18.3	9.0	10.6	14.6
ROE (%)	11.1	27.2	28.9	32.1	34.4
Consensus net profit	-	-	164	181	198
UOBKH/Consensus (x)	-	-	1.03	1.10	1.16

Source: StarHub, Bloomberg, UOB Kay Hian

KEY PERFORMANCE GUIDANCE FOR 9M24

	9M24 Performance	2024 Guidance	Performance	Remarks
Service Revenue	Stable yoy	1-3%	Missed	Timing of project revenue recognition.
Service EBITDA margin	22.6%	22%	Exceeded	
Capex commitment (of total revenue)	7.1%	11%-13%*	Exceeded	
Dividend/share	3.0 S cents	Higher of 6 S cents or 80% PATMI payout	Met	Expect 2024 dividend of 7.9 S cent/share

**Including DARE+ Initiatives and IT transformation*
Source: Starhub, UOB Kay Hian

- **In line with expectations.** For 3Q24, Starhub missed its service revenue guidance due to the timing of project revenue recognition as previously mentioned. Management noted that with the deferred revenue recognition in 4Q24, the group expects 2024 service revenue to still be within the full-year guidance. For 4Q24, we maintain our expectation of some downside to service revenue growth due to stiff competition in the group's consumer segments, which is likely to result in it meeting the lower end of its guidance. Also, with the group at the tail-end of its DARE+ programme, we expect service EBITDA margin to remain stable/improve slightly while capex commitment would likely not exceed its full-year guidance. Lastly, we maintain our 2024 dividend of around 7.9 S cents/share, implying an 80% PATMI payout and lush 6.6% dividend yield.

STOCK IMPACT

- **Mobile: Strong performance despite headwinds.** Mobile revenue for 3Q24 decreased 6.5% yoy from lower prepaid and postpaid revenue, dragged by a decline in valued added services, decreased plan and data subscriptions, coupled with lower voice and International Direct Dialing usage. However, despite stiff pricing competition, both postpaid and prepaid ARPU was stable qoq, driven by new add-on verticals such as cybersecurity and device protection products. Postpaid subscribers (+83,000 yoy, +63,000 qoq) surged in 3Q24, driven by a strong take up of its giga! and Mobile Virtual Network Operators (MVNO) brands. Prepaid subscribers also increased yoy (+12,000 yoy, -8,000 qoq), but softened sequentially on the cessation of promotional activities. Average monthly churn rate remained stable at 1.1% in 3Q24 (2Q24: 1.1%).

- **Entertainment: Soft performance.** 3Q24 revenue fell 8.1% yoy, on the back of a lower subscriber base (-32,000 yoy, -7,000 qoq) from the cessation of tactical promotions. ARPU was stable yoy at S$45/month but fell sequentially (2Q24: S$46/month) due to tactical promotions to drive customer retention and stickiness. Average monthly churn rate was slightly higher at 1.4% in 3Q24 (2Q24: 1.2%).

- **Broadband: Strong demand for faster speeds.** Despite stiff domestic competition, 3Q24 broadband revenue grew 1.4% yoy, driven by higher subscription revenue for its higher-speed 5Gbps and 10Gbps plans. Total subscribers inched higher (+1,000 yoy, +1,000 qoq) to 580,000 while ARPU increased to S$35/month (2Q24/3Q23: S$34/month).

- **Enterprise: Fundamentals remain intact.** 3Q24 enterprise revenue was slightly softer (-3.1% yoy) due to the timing of project revenue recognition from cybersecurity services (-26.0% yoy). However, both network solutions (+9.4% yoy) and regional ICT services (+29.2% yoy) revenues grew in the quarter, led by increased managed services revenue and higher project completions.

EARNINGS REVISION/RISK

- **We make no changes to our earnings estimates.**

VALUATION/RECOMMENDATION

- **Maintain BUY with the same DCF-based target price of S$1.41** (COE: 8.4%; terminal growth: 1%).

- At our fair value, the stock will trade at 6x 2025 EV/EBITDA, -1SD to its long-term average mean EV/EBITDA; it also offers a lush dividend yield of 6.6% for 2024.

SHARE PRICE CATALYST

- Market consolidation – exit of MVNOs.

- Faster-than-expected 5G adoption and new business cases in Singapore.

- Faster-than-expected realisation of DARE+ initiatives benefits.

FROM THE REGIONAL MORNING NOTES...

Valuetronics (VALUE SP)

1HFY25: Results In Line; New Customers And JV Paving Way For Growth

VALUE's 1HFY25 net profit of HK$91m (+10% yoy) is in line. Revenue dipped 3% yoy, as new customer contributions largely offset weaker demand from existing customers. Gross margin expanded for the fourth consecutive half-year period, on the back of a more favourable sales mix, lower material costs and lower labour costs. VALUE continues to seek new projects with existing customers and new customer acquisitions. Maintain BUY with an unchanged target price of S$0.78.

1HFY25 RESULTS

Year to 31 Mar (HK$m)	1HFY25	1HFY24	yoy % chg	2HFY24	hoh % chg
Revenue	862.1	891.3	(3.3)	778.5	10.7
Gross Profit	144.8	138.9	4.3	126.3	14.6
Gross Margin (%)	16.8	15.6	1.2ppt	16.2	0.6ppt
Net profit	90.5	82.1	10.2	77.4	16.9
Net margin (%)	10.5	9.2	1.3ppt	9.9	0.6ppt

Source: VALUE, UOB Kay Hian

RESULTS

- **Results in line with expectations.** Valuetronics' (VALUE) 1HFY25 net profit of HK$91m (+17% hoh, +10% yoy) is largely in line with our expectations, making up 53% of our full-year forecast. Revenue dipped 3% yoy to HKS$862m, as a result of weak demand from some existing industrial and commercial electronics (ICE) and consumer electronics (CE) customers. Gross profit improved 4% yoy to S$145m, while higher interest income of S$30m (+18% yoy) led to net margin expanding 1.3ppt yoy.
- **New customer contributions largely offset weaker existing customer demand.** VALUE's more diversified customer portfolio contributed to offsetting the soft demand from existing customers. CE revenue fell 18% yoy to HK$193m, led by poorer demand in end-markets for its legacy consumer lifestyle products. For ICE, revenue rose 2% yoy to HK$669m as its new customer, a Canada-based network access solutions provider, contributed more significantly to offset weaker demand from its existing customers.
- **Gross margin expansion for the fourth consecutive half-year period.** Gross margin continued to improve for the fourth consecutive half-year period to 16.8% (+0.6ppt hoh, +1.2ppt yoy). This was driven by: a) higher-margin new products, b) lower labour costs and manufacturing overheads from the depreciation of the renminbi, and c) lower material costs from an improvement in the component supply chain.
- **Interim dividend maintained.** VALUE declared an unchanged interim dividend of 4 HK cents/share and a special dividend of 4 HK cents/share to reward its shareholders.

KEY FINANCIALS

Year to 31 Mar (HK$m)	2023	2024	2025F	2026F	2027F
Net turnover	2,014	1,670	1,803	1,948	2,070
EBITDA	188	213	245	250	252
Operating profit	133	168	188	200	209
Net profit (rep./act.)	123	160	170	180	190
Net profit (adj.)	123	160	170	180	190
EPS (HK$ cent)	29.1	37.8	41.2	43.8	46.1
PE (x)	12.7	9.8	9.0	8.4	8.0
P/B (x)	1.1	1.1	1.0	1.0	1.0
EV/EBITDA (x)	1.3	1.2	1.0	1.0	1.0
Dividend yield (%)	5.4	6.8	7.0	7.7	8.1
Net margin (%)	6.1	9.6	9.4	9.3	9.2
Net debt/(cash) to equity (%)	(74.2)	(83.2)	(86.6)	(89.4)	(91.7)
Interest cover (x)	370.0	397.2	202.0	190.3	n.a.
ROE (%)	9.0	11.6	11.9	12.1	12.2
Consensus net profit	-	-	167	177	190
UOBKH/Consensus (x)	-	-	1.02	1.02	1.00

Source: VALUE, Bloomberg, UOB Kay Hian

STOCK IMPACT

- **Capturing the AI boom with new JV in Hong Kong.** VALUE has entered into a 55-45 JV called Trio AI with Hong Kong graphics processing unit (GPU) and artificial intelligence (AI) solutions provider SinnetCloud Group. In essence, Trio AI will provide GPU and AI-related cloud services in Hong Kong to tap on the rising computational needs and growing AI demand. VALUE will also enjoy additional income from leasing GPU servers and hardware to Trio AI over 60 months, at a rate that will cover the acquisition cost (~HK$60m). Management guides for Trio AI to start making positive contribution to revenue and profitability from FY26.

- **Room for expansion with Vietnam plant.** VALUE's Vietnam campus strategically positions it to meet changing customer needs, as customers may wish to de-risk from China given the potentially higher US trade tariffs under Trump's presidency. As of end-1HFY25, the Vietnam plant was operating at c.40% utilisation rate. This excess capacity allows room for production ramp-up, whether for existing customers or to add more new customers.

- **Strong free cash flow to support shareholder return**. VALUE has maintained robust free cash flow of HK$53m in 1HFY25, while net cash improved to HK$1.1b (or S$200m) that is equivalent to around 77% of its market cap. While its formal dividend policy dictates a 30-50% payout ratio, recall that FY23 and FY24 payout ratios were 68% and 64% respectively.

EARNINGS REVISION/RISK

- **None.**

VALUATION/RECOMMENDATION

- **Maintain BUY with a PE-based target price of S$0.78,** pegged to 10.8x PE for FY25. This is based on 1SD above VALUE's historical PE mean to account for potential strong demand from its four new customers and the upcoming JV contribution. VALUE is currently trading at only 2x FY24 ex-cash PE and offers an attractive FY25 dividend yield of 7%.

SHARE PRICE CATALYST

Higher-than-expected dividends and potential M&As.

Proactive management amid market challenges.

PEER COMPARISON

Company	Ticker	Trading Curr (lcy)	Price @ 13 Nov 24 (lcy)	Market Cap (US$m)	PE 2024 (x)	PE 2025 (x)	P/B 2024 (x)	P/B 2025 (x)	EV/EBITDA 2024 (x)	EV/EBITDA 2025 (x)	ROE 2024 (%)	Yield 2024 (%)	Net Gearing (%)
Aztech	AZTECH SP	SGD	0.69	398	7.4	7.1	1.5	1.5	3.3	3.1	20.4	12.3	(73.0)
Fu Yu	FUYU SP	SGD	0.135	77	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	(37.6)
Hon Hai	2317 TT	TWD	214.5	91,580	18.7	14.1	1.8	1.6	9.8	8.0	9.7	2.8	(21.8)
Sanmina	SANM US	USD	80.75	4,413	20.2	14.2	1.9	1.8	9.3	7.8	9.8	0.0	(13.1)
Venture	VMS SP	SGD	12.58	2,719	14.9	13.8	1.3	1.3	8.3	7.7	8.6	6.0	(41.0)
Average					15.3	12.3	1.6	1.5	7.7	6.7	12.1	5.3	(37.3)
Valuetronics	VALUE SP	SGD	0.635	194	9.0	8.4	1.0	1.0	1.6	1.6	11.8	7.0	(82.3)

Source: Bloomberg, UOB Kay Hian

FROM THE REGIONAL MORNING NOTES...

Tencent Holdings (700 HK)

3Q24: Solid Earnings Beat; Mini Shop And Potential Blockbuster As Key Catalysts

Tencent reported a solid earnings beat for 3Q24. Revenue grew 8% yoy to Rmb167.2b, in line with consensus estimates. Gross margin expanded 4ppt yoy to 53.1%, in line with consensus forecasts. Non-IFRS operating profit grew 18.6% yoy to Rmb61.3b, while non-IFRS operating margin expanded 3.2ppt yoy to 36.6% on a positive shift in revenue mix. Non-IFRS diluted EPS surged 36% yoy, beating consensus estimates by 10%. Maintain BUY with an unchanged target price of HK$570.00.

3Q24 RESULTS

Year to 31 Dec (Rmbm)	3Q23	2Q24	3Q24	UOBKHE	QoQ	YoY	Var	Cons	Var
Revenue	154,625	161,117	167,193	167,863	3.8%	8.1%	-0.4%	167,930	-0.4%
Social networking	29,748	30,322	30,895	31,255	1.9%	3.9%	-1.2%		
Online games	46,000	48,500	51,800	51,705	6.8%	12.6%	0.2%		
Marketing Services	25,721	29,871	29,993	29,813	0.4%	16.6%	0.6%		
Fintech and Cloud	52,048	50,440	53,089	53,096	5.3%	2.0%	0.0%		
Gross profit	76,523	85,895	88,828	90,208	3.4%	16.1%	-1.5%	89,718	-1.0%
Non-IFRS OP	51,668	58,443	61,274	61,405	4.8%	18.6%	-0.2%		
Non-IFRS Net Profit	44,921	57,313	59,813	54,351	4.4%	33.2%	10.0%	54,369	10.0%
Non-IFRS diluted EPS (Rmb)	4.66	6.01	6.34	5.70	5.5%	36.2%	11.3%	5.72	10.9%
GPM	*49.5%*	*53.3%*	*53.1%*	*53.7%*	*-0.2 ppts*	*3.6 ppts*	*-0.6 ppts*	*53.4%*	*-0.3 ppts*
Non-IFRS OPM	*33.4%*	*36.3%*	*36.6%*	*36.6%*	*0.4 ppts*	*3.2 ppts*	*0.1 ppts*		
Non-IFRS NPM	*29.1%*	*35.6%*	*35.8%*	*32.4%*	*0.2 ppts*	*6.7 ppts*	*3.4 ppts*	*32.4%*	*3.4 ppts*

Source: Tencent, UOB Kay Hian

RESULTS

- **Domestic games revenue growth re-accelerated.** Tencent Holdings' (Tencent) online games revenue growth grew 12.6% yoy to Rmb51.8b in 3Q24 (2Q24: 9% yoy; 1Q24: flat yoy), bolstered by revitalised domestic games revenue growth of 14% yoy. Meanwhile, international games (28% of game revenue) delivered stable revenue growth of 9% yoy, spurred by strong momentum from PUBG Mobile and Brawl Stars. Revenue growth for international games substantially lagged gross receipts growth, as improved retention rates for certain titles led to an elongated revenue deferral period. The accelerated domestic game revenue growth of 14% yoy was fuelled by grossing contribution from VALORANT, robust DnF Mobile and rejuvenation of evergreen titles including HoK and Peacekeeper Elite.

- **Revenue growth of marketing services remained intact.** Marketing services revenue growth moderated slightly to 17% yoy to Rmb30b, mainly fuelled by robust advertiser demand for Video Accounts, Mini Programs and Weixin Search inventories and contributions from Paris Olympics-related brand advertising.

- **Mini programs gross merchandise value (GMV) grew in the high teens yoy** to over Rmb2t in 3Q24, driven by the company's strategic upgrade and better coverage for use cases such as food ordering, electric vehicle charging and medical services.

KEY FINANCIALS

Year to 31 Dec (Rmbm)	2022	2023	2024F	2025F	2026F
Net turnover	554,552	609,015	660,876	716,673	765,088
EBITDA	188,554	176,654	227,526	255,425	284,439
Operating profit	150,622	163,633	213,905	241,204	269,618
Net profit (rep./act.)	103,159	111,057	174,277	195,882	222,712
Net profit (adj.)	30,565	153,529	205,244	224,549	253,315
EPS (Fen)	312.8	1,597.6	2,168.8	2,378.7	2,690.1
PE (x)	119.7	23.4	17.3	15.7	13.9
P/B (x)	5.0	4.4	3.4	2.9	2.6
EV/EBITDA (x)	18.3	19.6	15.2	13.5	12.1
Dividend yield (%)	0.4	0.9	1.3	1.5	1.7
Net margin (%)	18.6	18.2	26.4	27.3	29.1
Net debt/(cash) to equity (%)	2.6	3.1	(7.9)	(10.6)	(12.5)
Interest cover (x)	20.2	14.4	17.4	22.4	28.6
ROE (%)	13.5	14.5	19.1	17.9	17.6
Consensus net profit	-	-	181,997.6	204,358.5	228,871.4
UOBKH/Consensus (x)	-	-	1.13	1.10	1.11

Source: Tencent Holdings, Bloomberg, UOB Kay Hian

STOCK IMPACT

- **FBS and social network segment.** The fintech and business services' (FBS) segment revenue growth decelerated further to 2% yoy (2Q24: +4%) to Rmb53.1b. Revenue of finTech services remained largely stable yoy on aggregate, with the decline in payment services dragged by the subdued macro, but offset by positive yoy growth in wealth management services revenues. Business services delivered positive yoy growth, bolstered by cloud services revenue and e-commerce technology service fees. Social network revenue growth recovered to 4% yoy to Rmb30.9b, supported by growth in app-based game virtual item sales and music subscription revenues.

- **Robust game outlook in 2025.** Deferred revenue ramped up 24% yoy to Rmb106.6b in 3Q24, implying a promising 4Q24 and 1Q25 momentum. In 3Q24, Tencent released Delta Force which achieved high average user daily time spent and retention rates, demonstrating evergreen potential. The monetisation for Delta Force has been particularly strong, outperforming other large-scale PVP games at launch. In the long term, the potential launch of HoK World and HoK Breaking Dawn in 2025 is expected to be a key catalyst, with total monthly revenue projected to reach Rmb1.5b-2.5b.

- **AI as the key to foster online ad revenue growth.** Tencent released Tencent Hunyuan Turbo in 3Q24, an upgraded foundation model utilising a heterogeneous Mixture-of-Experts (MoE) architecture, which doubled training and inference efficiency, and halved inference cost. The significant impact of AI is in the areas of content recommendation and targeting. Meanwhile, we opine the integration with Taobao, Tmall, and WeChat Pay, is expected to drive online ad revenue growth in 2025.

- **Margin expansion remains solid.** Gross profit was Rmb88.8b, up 3.6% yoy with gross margin expanding 3.6ppt yoy to 53.1%. By segment, value-added services' (VAS) gross margin grew 2ppt yoy to 57.5%, fuelled by heightened revenues from both domestic and international games. Marketing services gross margin was 53% vs 52.3% in 3Q23, as a result of revenue growth from Video Accounts, Mini Programs and Weixin Search. FBS gross margin rose 7ppt yoy to 45.2%, attributed to improved cost efficiency in cloud services business. Operating margin improved 1ppt yoy to 36.6%.

- **Shareholder returns.** In 3Q24, Tencent repurchased a total of 94.9m shares for an aggregate amount of HK$35.9b (1% of market cap), with weighted average number of shares for calculating diluted EPS dropping 2.5% yoy. Tencent is on track to repurchase over HK$100b of shares in 2024 (HK$88.2b in 9M24).

EARNINGS REVISION/RISK

- We keep our 4Q24/2024 revenue estimates largely unchanged at 8%/8.5% yoy growth, respectively. We raise our non-IFRS net profit forecasts for 4Q24/2024 by 6%/2% respectively, implying a 30%/28% yoy growth and net margin of 32%/31%.

- **Risks:** Regulatory risks and slowing growth from game revenue.

VALUATION/RECOMMENDATION

- **Maintain BUY with an unchanged target price of HK$570.00 based on our 2025F SOTP valuation.** Our target price implies 22x 2025F PE. The company currently trades at 15x 2025F PE, 1SD below its historical mean of 25.3x.

SHARE PRICE CATALYST

a) Improving online advertising from Wechat video account, b) game licence approval, and c) collaboration with various internet platform operators on Tencent's WeChat ecosystem.

SOTP-BASED VALUATION

(Rmb m)	2025F revenue	2025F non-GAAP earnings	2025E non-GAAP earnings CAGR	Valuation 2025 (x)	Value (LC bn)	Tencent's holding (%)	Est. fair value to Tencent (RMB bn)	Fair value to Tencent (US$ b)	Fair value/ share (HK$)
Online game (PC + Mobile game)	217,347	77,649	17%	18x PE	1,398	100	1,398	197	161
Social networking (QQ + Wexin VAS)	127,750	45,640	11%	16x PE	730	100	730	103	84
Online ads (Portal + Video + Social ads)	138,025	44,879	39%	20x PE	898	100	898	127	103
Payment	176,878	44,573		18x PE	802	100	802	113	92
Cloud	56,673			3x PS	170	100	170	24	20
Total EV	483,122	212,741	8%	14x PE	3,025	100	3,025	343	460
Total (10% discount)							781.1	111.9	89.7
2024F cash per share (HK$)									18
Target price (HK$)									568

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 or jurisdictions 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