

Singapore Company Update

PropNex Ltd

Bloomberg: PROP SP | Reuters: PROP.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

11 Nov 2022

HOLD (Upgrade from FULLY VALUED)

Last Traded Price (10 Nov 2022): S\$1.47 (STI : 3,173.18)

Price Target 12-mth: S\$1.61 (10% upside) (Prev S\$1.19)

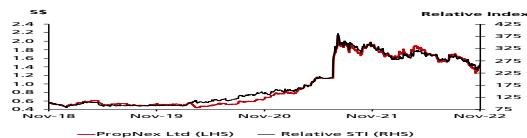
Analyst

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

What's New

- Healthy 3Q22 but expect 4Q22 to be weaker from impact of recent cooling measures
- PropNex expects 9% to 10% y-o-y increase in prices for both private home and HDB resale segments in 2022
- Market adapting better after each round of cooling measures
- Upgrade to HOLD with a higher TP of S\$1.61

Price Relative



Forecasts and Valuation

FY Dec (\$m)	2021A	2022F	2023F	2024F
Revenue	957	920	909	1,002
EBITDA	81.9	73.9	72.3	81.6
Pre-tax Profit	78.7	71.8	70.6	80.1
Net Profit	60.0	55.7	54.2	61.4
Net Pft (Pre Ex.)	60.0	55.7	54.2	61.4
Net Pft Gth (Pre-ex) (%)	106.3	(7.2)	(2.5)	13.2
EPS (S cts)	16.2	15.0	14.7	16.6
EPS Pre Ex. (S cts)	16.2	15.0	14.7	16.6
EPS Gth Pre Ex (%)	106	(7)	(3)	13
Diluted EPS (S cts)	16.2	15.0	14.7	16.6
Net DPS (S cts)	12.5	12.0	12.0	12.0
BV Per Share (S cts)	29.6	32.6	35.3	39.9
PE (X)	9.1	9.8	10.0	8.9
PE Pre Ex. (X)	9.1	9.8	10.0	8.9
P/Cash Flow (X)	6.5	9.0	8.9	7.4
EV/EBITDA (X)	4.9	5.3	5.3	4.5
Net Div Yield (%)	8.5	8.2	8.2	8.2
P/Book Value (X)	5.0	4.5	4.2	3.7
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	61.9	48.4	43.2	44.2
Earnings Rev (%)		26	60	48
Consensus EPS (S cts):		13.3	13.8	14.0
Other Broker Recs:		B: 2	S: 0	H: 3

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

Sustainable demand and stable prices to provide support

Investment Thesis:

Market adapting better after each round of cooling measures. After several rounds of cooling measures, the market is taking a shorter time now to adjust to it. The knee-jerk reaction period became shorter during the rounds of cooling measures in 2018 and 2021, to about one to two quarters, vs. about four years in 2013, using the Private Property Price Index as a gauge. This time round, we expect a weaker 4Q22 and likely 1Q23 as well.

Property market supported by strong pipeline of new launches, stable prices, and demand. Overall, the property market is expected to remain resilient in 2023, supported by the strong pipeline of new launches and resilient demand from both locals and foreigners. The pace of price increases, however, could be muted given the macro headwinds including rising inflation and slower economic growth.

Valuation:

Upgrade to HOLD with a higher TP of S\$1.61. We have revised our earnings up significantly on the back of higher transaction volume assumptions. Our TP is raised to S\$1.61 (S\$1.19 previously). This is based on 11x FY23F PE, which is at +1SD of its historical mean. We believe PropNex deserves a higher valuation vs. its peers, given its growing dominance in the Singapore property market. Upgrade to HOLD.

Where we differ:

We are more cautious on the outlook on the back of the macro headwinds

Key Risks to Our View:

Property cooling measures, a rise in interest rates, delays in new launches due to lockdowns, tightening of foreign worker policy, and rise of disruptors in the industry.

At A Glance

Issued Capital (m shrs)	370
Mkt. Cap (\$m/US\$m)	544 / 388
Major Shareholders (%)	
P&N HOLDINGS PTE LTD	55.6
Gafoore Mohamed Isma	9.3
Seong Kelvin Fong Ke	8.8
Free Float (%)	26.3
3m Avg. Daily Val (US\$m)	0.15
GIC Industry : Real Estate / Real Estate Management & Development	



Watchlist the stock on Insights Direct to receive prompt updates

WHAT'S NEW

Healthy 3Q22 but expect 4Q22 to be weaker from impact of recent cooling measures

Stronger performance in the leasing, private resale, and HDB resale segments offsets weaker project marketing.

PropNex reported a 17.8% y-o-y increase in 3Q22 net profit to S\$18.2m, on the back of the 10.2% gain in revenue to S\$258.4m. The bottom line was boosted by other income of S\$5.8m (vs. S\$1.5m in 3Q21), mainly due to an increase in advertising and marketing income and the derecognition of trade payables to agents.

For 9M22, revenue rose 2.1% to S\$730.8m but net profit eased 6.7% to S\$46.5m on lower contribution from the higher margin project marketing (new home) segment. Project marketing revenue of S\$271.8m (accounts for 37% of total revenue) saw a 16.6% decline for the nine-month period, due to fewer projects launched. Due to stronger performance in the leasing, private resale, and HDB resale segments y-o-y agency services revenue increased 17.5% y-o-y to S\$455.3m. Overall, net profit eased 6.7% to S\$46.5m but is still above our expectations.

Strong salesforce of 12,000 salespersons, +11.8% YTD.

The group saw an 11.8% increase in its salesforce headcount to 12,065 (as at 2 November 2022) from 10,796 salespersons since 1 January 2022.

8.2% increase in private home prices from January to September 2022; expect overall price increase of 9% to 10% for 2022. Overall private home prices grew for the 10th consecutive quarter by 3.8% in 3Q22 and climbed 8.2% from January to September 2022. PropNex expects an overall price increase of 9% to 10% for 2022, on the back of the tight unsold stock of new private homes and limited new launches in 4Q22. Transaction volumes are estimated at 8,000 to 8,500 units (ex. ECs) for the year.

Muted private residential resale volume, given tight resale inventory. Transaction volumes for private residential resale will likely remain muted given the tight resale inventory. Private homeowners looking to downgrade to HDB resale flats may now also hold back due to the newly imposed 15-month wait-out period, further crimping available resale stock.

PropNex projects HDB resale prices could rise 9% to 10% in 2022. The latest cooling measures introduced on 30 September 2022 affect the loan quantum for HDB buyers, as well as potentially delay cash-rich private home downgraders from entering the HDB resale market. For

the whole of 2022, PropNex projects that HDB resale prices could rise by a healthy 9% to 10%, slower than the 12.7% increase posted in 2021.

Ample new launches in the pipeline for 2023 to offset depleting inventory. PropNex has secured marketing mandates for 35 projects to be launched in 2023, with a total of c.11,000 units. This should help to offset the depleting stockpile.

Expect a weaker 4Q22 and 1Q23, as the impact from recent cooling measures sets in. The impact of the latest round of cooling measures that were introduced on 30 September 2022 are yet to be fully reflected in the real estate activities in 3Q22. We expect a weaker 4Q22 and 1Q23, as the impact from the new measures sets in, especially for the HDB resale segment.

Resale HDB flat prices rose by 2.6% q-o-q in 3Q22, following the 2.8% q-o-q gain in the previous quarter. The increase came amid a 10.7% growth in resale volume from 6,819 flats in 2Q22 to 7,546 flats in 3Q22. In the first nine months of the year, HDB resale prices have now risen by about 8% and total resale HDB flat transactions came up to 21,299 units.

Market takes shorter time now to adjust to the cooling measures. The market took a longer time to adapt to the earlier rounds of cooling measures as compared to the recent rounds. The gestation period became shorter during the rounds of cooling measures in 2018 and 2021, of about one to two quarters, vs. about four years in 2013, using the Private Property Price Index as a gauge.

Resilient market supported by strong project pipeline, stable prices, and demand. This time round, the impact may not be so huge, on the back of:

- 1) A strong supply pipeline for new launches of c.11,000 units for PropNex in 2023, vs. c. 4,000 units launched in 2022;
- 2) Higher selling prices. The Property Price Index has surged c.8.2% YTD and prices could still remain high going forward, though the pace of increase is expected to be moderate.

Raise transaction volume projections for the various segments. We are now projecting new home sales of 8,500/9,000/9,500 units for 22F/23F/FY24F. For the private

resale segment, we project 14,000/13,000/15,000 for FY22F/23F/FY24F. Projection for HDB resale transactions has also been adjusted to 28,000/26,000/27,000 units for FY22F/23F/24F.

Raised earnings, upgrade to HOLD. Earnings for FY22F/23F/24F were raised significantly on the back of the higher transaction volume assumptions. Since our downgrade to FULLY VALUED on 30 September 2022 post the introduction of the latest cooling measures, the share price eased 17% to a low of c.\$1.25 three weeks later and has seen some rebound recently. The physical property market has also held up better than our earlier expectations. Given the more resilient property market now supported by a strong supply pipeline of new launches and

stable prices, we raise our TP to S\$1.61 (previously S\$1.19), pegged to 11x FY23F earnings, equivalent to +1SD of its average four-year PE, given its leadership position. Upgrade PropNex to HOLD from FULLY VALUED.

Company Background

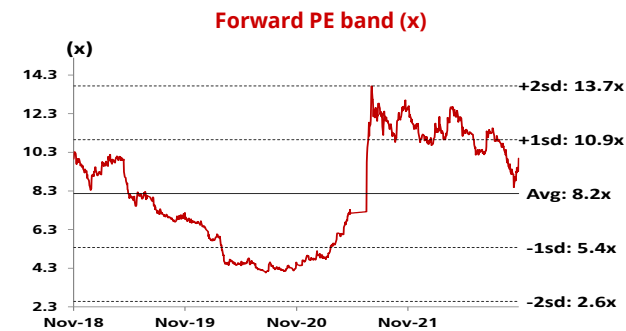
PropNex Limited (PROP SP) is Singapore's largest listed real estate broker. It was listed on the Mainboard of the Singapore Exchange on 2 July 2018 and is an integrated real estate services group that offers real estate brokerage, training, property management, and real estate consultancy services.

Quarterly / Interim Income Statement (\$m)

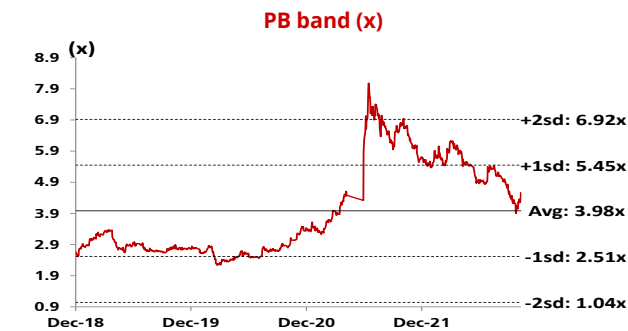
FY Dec	3Q2021	2Q2022	3Q2022	% chg yoy	% chg qoq
Revenue	234	231	258	10.2	12.0
Cost of Goods Sold	(210)	(207)	(232)	10.5	11.9
Gross Profit	24.7	23.7	26.7	8.0	12.9
Other Oper. (Exp)/Inc	(6.1)	(7.6)	(4.9)	(20.0)	(36.3)
Operating Profit	18.7	16.0	21.9	17.1	36.2
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	-	-
Associates & JV Inc	0.0	0.0	0.0	-	-
Net Interest (Exp)/Inc	0.08	0.15	0.28	262.8	93.8
Exceptional Gain/(Loss)	0.0	0.0	0.0	-	-
Pre-tax Profit	18.7	16.2	22.1	18.1	36.8
Tax	(3.2)	(2.8)	(3.9)	19.9	40.3
Minority Interest	(1.1)	(0.3)	(0.7)	37.3	120.8
Net Profit	14.5	13.1	17.6	21.6	34.0
Net profit bef Except.	14.5	13.1	17.6	21.6	34.0
EBITDA	19.5	17.0	22.8	17.0	34.3
Margins (%)					
Gross Margins	10.5	10.3	10.3		
Opg Profit Margins	8.0	7.0	8.5		
Net Profit Margins	6.2	5.7	6.8		

Source of all data: Company, DBS Bank

Historical PE and PB band



Source: Bloomberg Finance L.P., DBS Bank estimates



Source: Bloomberg Finance L.P., DBS Bank estimates

Key Assumptions

FY Dec	2020A	2021A	2022F	2023F	2024F
Private new launch market share (%)	49	55	57	58	58
Private resale market share (%)	48	50	52	51	52
HDB resale market share (%)	57	58	60	61	61

Segmental Breakdown

FY Dec	2020A	2021A	2022F	2023F	2024F
Revenues (\$m)					
Agency Services	291	519	609	566	622
Project Marketing	219	436	308	340	377
Administrative Support	2.15	1.29	1.80	2.00	2.20
Training Services	1.23	1.42	1.40	1.40	1.40
Others	2.17	0.01	0.0	0.0	0.0
Total	516	957	920	909	1,002

Income Statement (\$m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Revenue	516	957	920	909	1,002
Cost of Goods Sold	(459)	(856)	(826)	(817)	(900)
Gross Profit	56.5	102	93.8	92.8	102
Other Opng (Exp)/Inc	(19.9)	(24.0)	(23.1)	(23.7)	(23.8)
Operating Profit	36.6	77.8	70.7	69.1	78.4
Other Non Opg (Exp)/Inc	0.0	0.64	0.0	0.0	0.0
Associates & JV Inc	(0.1)	(0.1)	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.64	0.32	1.13	1.53	1.67
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	37.2	78.7	71.8	70.6	80.1
Tax	(5.9)	(13.6)	(12.2)	(12.0)	(13.6)
Minority Interest	(2.1)	(5.1)	(4.0)	(4.4)	(5.0)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	29.1	60.0	55.7	54.2	61.4
Net Profit before Except.	29.1	60.0	55.7	54.2	61.4
EBITDA	40.3	81.9	73.9	72.3	81.6
Growth					
Revenue Gth (%)	22.8	85.7	(3.9)	(1.2)	10.2
EBITDA Gth (%)	42.5	103.4	(9.7)	(2.2)	12.9
Opg Profit Gth (%)	49.8	112.5	(9.1)	(2.3)	13.5
Net Profit Gth (Pre-ex) (%)	45.4	106.3	(7.2)	(2.5)	13.2
Margins & Ratio					
Gross Margins (%)	11.0	10.6	10.2	10.2	10.2
Opg Profit Margin (%)	7.1	8.1	7.7	7.6	7.8
Net Profit Margin (%)	5.6	6.3	6.1	6.0	6.1
ROAE (%)	37.8	61.9	48.4	43.2	44.2
ROA (%)	16.8	24.6	18.9	18.1	18.9
ROCE (%)	36.3	59.5	46.7	40.9	40.8
Div Payout Ratio (%)	70.0	77.1	79.8	81.9	72.3
Net Interest Cover (x)	NM	NM	NM	NM	NM

Source: Company, DBS Bank

Quarterly Income Statement (\$\$m)

FY Dec	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022
Revenue	234	242	242	231	258
Cost of Goods Sold	(210)	(216)	(218)	(207)	(232)
Gross Profit	24.7	26.0	24.1	23.7	26.7
Other Oper. (Exp)/Inc	(6.1)	(7.5)	(6.2)	(7.6)	(4.9)
Operating Profit	18.7	18.5	17.9	16.0	21.9
Other Non Opg (Exp)/Inc	0.0	0.64	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.08	0.08	0.08	0.15	0.28
Exceptional Gain/(Loss)	0.0	(0.7)	0.0	0.0	0.0
Pre-tax Profit	18.7	18.5	18.0	16.2	22.1
Tax	(3.2)	(3.2)	(3.1)	(2.8)	(3.9)
Minority Interest	(1.1)	(1.0)	(1.0)	(0.3)	(0.7)
Net Profit	14.5	14.3	13.9	13.1	17.6
Net profit bef Except.	14.5	14.9	13.9	13.1	17.6
EBITDA	19.5	20.2	18.8	17.0	22.8

Growth

Revenue Gth (%)	(10.0)	3.2	(0.2)	(4.5)	12.0
EBITDA Gth (%)	(14.5)	3.6	(6.9)	(9.7)	34.3
Opg Profit Gth (%)	(15.2)	(1.1)	(3.0)	(10.4)	36.2
Net Profit Gth (Pre-ex) (%)	(12.5)	3.2	(6.7)	(5.8)	34.0

Margins

Gross Margins (%)	10.5	10.7	10.0	10.3	10.3
Opg Profit Margins (%)	8.0	7.6	7.4	7.0	8.5
Net Profit Margins (%)	6.2	5.9	5.8	5.7	6.8

Balance Sheet (\$\$m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Net Fixed Assets	5.75	4.92	6.75	7.25	7.75
Invts in Associates & JVs	0.05	0.0	0.0	0.0	0.0
Other LT Assets	0.52	1.26	0.47	0.47	0.47
Cash & ST Invts	106	146	157	171	196
Inventory	0.0	0.0	0.0	0.0	0.0
Debtors	80.6	143	129	127	140
Other Current Assets	0.0	0.0	0.0	0.0	0.0
Total Assets	193	295	293	305	344
ST Debt	0.0	0.0	0.0	0.0	0.0
Creditor	94.3	164	149	148	163
Other Current Liab	9.63	16.2	14.4	14.2	15.8
LT Debt	0.0	0.0	0.0	0.0	0.0
Other LT Liabilities	1.23	1.49	1.49	1.49	1.49
Shareholder's Equity	84.6	109	121	131	148
Minority Interests	3.03	3.14	7.11	11.5	16.5
Total Cap. & Liab.	193	295	293	305	344
Non-Cash Wkg. Capital	(23.3)	(37.8)	(35.2)	(34.7)	(38.4)
Net Cash/(Debt)	106	146	157	171	196
Debtors Turn (avg days)	51.0	42.6	53.8	51.3	48.6
Creditors Turn (avg days)	66.5	55.4	69.6	66.6	63.2
Inventory Turn (avg days)	N/A	N/A	N/A	N/A	N/A
Asset Turnover (x)	3.0	3.9	3.1	3.0	3.1
Current Ratio (x)	1.8	1.6	1.7	1.8	1.9
Quick Ratio (x)	1.8	1.6	1.7	1.8	1.9
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	N/A	N/A	N/A	N/A	N/A

Source: Company, DBS Bank

Cash Flow Statement (\$m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Pre-Tax Profit	37.2	78.7	71.8	70.6	80.1
Dep. & Amort.	3.74	3.54	3.23	3.23	3.23
Tax Paid	(3.2)	(7.1)	(13.5)	(12.2)	(12.0)
Assoc. & JV Inc/(loss)	0.07	0.05	0.0	0.0	0.0
Chg in Wkg.Cap.	3.33	7.72	(1.3)	(0.2)	2.10
Other Operating CF	0.90	0.16	0.0	0.0	0.0
Net Operating CF	42.0	83.1	60.3	61.4	73.4
Capital Exp.(net)	(0.5)	0.05	(3.7)	(3.7)	(3.7)
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	(1.0)	0.0	0.0	0.0
Other Investing CF	0.73	0.37	0.0	0.0	0.0
Net Investing CF	0.23	(0.6)	(3.7)	(3.7)	(3.7)
Div Paid	(15.4)	(40.4)	(44.4)	(44.4)	(44.4)
Chg in Gross Debt	0.0	0.0	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(2.6)	(2.3)	0.0	0.0	0.0
Net Financing CF	(18.0)	(42.7)	(44.4)	(44.4)	(44.4)
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	24.2	39.8	12.2	13.3	25.3
Opg CFPS (S cts)	10.4	20.4	16.6	16.7	19.3
Free CFPS (S cts)	11.2	22.5	15.3	15.6	18.8

Source: Company, DBS Bank

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	11 Nov 21	1.92	1.84	HOLD
2:	25 Feb 22	1.76	1.71	HOLD
3:	30 Sep 22	1.50	1.19	FULLY VALUED

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

Source: DBS Bank

Analyst: Lee Keng LING

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 share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 11 Nov 2022 06:48:35 (SGT)

Dissemination Date: 11 Nov 2022 07:00:30 (SGT)

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

GENERAL DISCLOSURE/DISCLAIMER

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

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

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

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

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

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

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

ANALYST CERTIFICATION

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

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 31 Oct 2022.

Compensation for investment banking services:

2. 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.


Disclosure of previous investment recommendation produced:

3. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

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

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

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report has been prepared by a personnel of DBS Bank Ltd, who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited ("DBS HK"), a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact Chanpen Sirithanarattanakul at research@th.dbs.com</p>

United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our-network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>

United States	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 Regional Research Offices

HONG KONG

DBS (Hong Kong) Ltd

Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Paul Yong
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand