STRATEGY

Singapore

Singapore Strategy

Reflections 2022

2022 was bad. It also had silver linings

For many investors, 2022 was an *annus horribilis*. Dislocations brought about by invasion, interest rates and inflation drove volatility and torpedoed valuations. Nevertheless, underneath these headlines there were notable positive developments that promise to drive long-term earnings and valuations higher. These largely fell into three categories: (a) enablement through technology; (b) reorganization amidst deglobalisation; and (c) constructive policy shifts. In the long term, we believe **AEM, BAL, CD, CIL, DBS, FCT, FR, RFMD, SCI, ST, STE, UMS, VMS** could be key beneficiaries from these trends.

Pivotal developments through the year…

The banking sector's investments in Artificial Intelligence and Big Data has reached a point of commercial deployment with use cases in hyper-personalised services being offered to customers at scale. The first industrial deployment of 5G mmWave technology - critical for the development of smart cities, IoT and other high bandwidth uses - was completed by SingTel ushering in a new stage of sector development. Amidst pressures of deglobalisation and supply chain reorganization, the technology manufacturing sector emerged with larger market share wins and new capacity additions. Elsewhere, the shift of Singapore's policy towards preventative care vs. the current reactive care following the introduction of the Healthier SG whitepaper promises to remake the healthcare landscape going forward. In real estate, a dramatic reversal of fortunes took place in retail sales surpassing pre-Covid levels and property prices remaining supported despite cooling measures and higher rates.

…with positive long-term upside potential

The scaling of AI/Big Data could enable banks to enjoy the dual tailwinds of broadening revenues, while also avoiding costs. This may also blur the differentiation between banks and platform players leading to broadening of addressable markets for the sector. In telecoms, the deployment of 5G technologies increases upside risks to ARPUs and volumes, while also having beneficial impacts across industries through driving efficiencies and reducing costs. With increasing demand for friend-shoring and establishing supply chain security, the capacity additions in Singapore technology manufacturing could become a critical competitive advantage, in our view. Separately, the reorganization of healthcare could likely support the growth of primary care networks in terms of volumes and margins. Singapore real estate could likely remain supported with the populations expected to surpass pre-Covid levels (through increased inflows), large levels of liquidity in the banking system and unsold housing inventories at hovering at cycle lows.

Pick sector winners

We filter for stocks that have the strongest gearing towards these emerging developments and those that can deliver potential upside surprises to ROEs. These picks are highlighted in Fig 1.

Analysts

Thilan Wickramasinghe
(65) 6231 5840
thilanw@maybank.com

Eric Ong
(65) 6231 5924
ericong@maybank.com

Kelvin Tan
(65) 6231 5837
kelvin.tan1@maybank.com

Li Jialin
(65) 6231 5845
jialin.li@maybank.com

Jarick Seet
(65) 6321 5848
jarick.seet@maybank.com

Fig 1: Long term trend beneficiaries

Stock	BBG Code	M.Cap (USDm)	Rec	Price LCY	TP LCY
AEM	AEM SP	849	Hold	3.69	3.43
Bumitama Agri	BAL SP	765	Buy	0.59	0.89
CapitaLand Inv't	CLI SP	13,898	Buy	3.62	4.30
ComfortDelgro	CD SP	1,983	Buy	1.24	1.60
DBS	DBS SP	64,208	Buy	33.63	42.69
First Res.	FR SP	1,718	Buy	1.47	1.79
Frasers Ct.pt.	FCT SP	2,552	Buy	2.03	2.80
Raffles Med	RFMD SP	1,911	Buy	1.38	1.60
Sembcorp Ind.	SCI SP	4,230	Buy	3.22	4.00
Singtel	ST SP	31,560	Buy	2.59	3.15
ST Engineering	STE SP	7,626	Buy	3.31	4.30
UMS	UMSH SP	623	Buy	1.26	1.20
Venture	VMS SP	3,692	Buy	17.14	20.20

Source: Maybank IBG Research, Factset

Co. Reg No: 198700034E MICA (P) : 099/03/2012

1. Banks and Financials

- **Singapore banks are at an acceleration point in deploying AI and Big Data. Quantification of revenue upside and opex savings is becoming increasingly clearer vs. being known-unknowns earlier.**
- **Increasing deployment of hyper-personalisation in banking services could drive material EPS upgrades in the medium term. Longer term, the 'deterministic' data advantage of the sector could open new revenue sources and non-traditional partnerships.**
- **All three Singapore banks are set to benefit, but DBS is likely to lead in the near term.**

1.1 Clear revenue pathways emerging from AI+Big Data

The banks are reaching an acceleration point in deploying hyper-personalised financial services through leveraging big data in conjunction with artificial intelligence (AI). DBS has spent SGD1bn annually for the past 4-years, while UOB is planning to spend SGD500m to scale digital offerings until 2026, on top of the average SGD535m spent on technology annually in the past 4-years. Together with OCBC's AI Lab established in 2019, these investments are now reaching commerciality. These are increasingly enabling the banks to leverage customer data and relationship-driven insights. In retail banking, this is initially translating in to serving up personalized product offerings including targeted deals, discounts etc. In addition, customized insights on customer spending habits as well as automated assistance on payments and subscriptions are becoming standard offerings on their digital Apps. DBS reports it sends out 30m personalized insights to 3.5m customers, while OCBC reports that it processes 1b data points monthly to create individual recommendations. UOB has provided 37.3m personalized insights to 1m customers in 1H22 alone. The first quantified data points on revenue and opex savings from the deployment of AI and Big Data become available this year, with DBS reporting SGD150m of additional revenues and SGD25m of loss prevention and productivity gains in 2021. While still small, the Group is estimating economic value from these could reach >SGD1b by 2026E (15% of 2021 earnings). Similar trends are likely for OCBC and UOB going forward, we believe.

1.2 Broader addressable markets, potential EPS upside

The move up the hyper-personalisation curve could enable the sector to enjoy dual tailwinds of broadening revenues, while avoiding costs. With quantitative measurements of their impact emerging, risks for earnings upgrades attributable to technology deployment is on the upside. In the near term, where wealth management is facing challenges to growth from market volatility and interest rates, the deployment of hyper-personalisation could broaden the addressable market by cost effectively targeting mass-market wealth. UOB uses machine learning to profile customer personas and match them to the right relationship manager, while DBS has observed a 4x increase in investment completions through AI investment advisory. Over the longer term, these pathways may blur the differentiation between regional platform players and the banks. The data banks possess is "deterministic" – based on verified personal data and real transactions – while platform players possess mostly "probabilistic" data - developed by observing and inferring from customer digital behaviour. However, bank data have traditionally existed in silos, which diminished their utility. With AI and Big Data strategies inevitably driving greater data interconnectivity, we expect more revenue accretive use cases to emerge even in traditionally non-banking segments such as lifestyle services. There is also potential for more collaborative activities with non-financial sector partners that leverages on these hyper-personalised platforms.

1.3 DBS at an advantage in the near term

We believe DBS (DBS SP, SGD33.63, BUY, TP: SGD42.69) UOB (UOB SP, SGD31.10, BUY, TP: SGD33.77) and OCBC (OCBC SP, SGD12.35, BUY, TP: SGD14.70) could all benefit from accelerating AI and Big Data operationalization. So far, disclosure levels are highest with DBS in terms of quantifying potential revenue uplift and cost savings. We believe improved transparency could drive medium-term earnings upgrades as well as contribute to determining competitive advantages vs. regional peers.

2. Healthcare

- **The resumption of global air travel is driving medical tourism in Singapore. Launch of "Healthier SG" whitepaper seeks to focus on preventive care.**
- **Expect continued recovery of local and foreign patients, while Covid-19-related revenues taper off.**
- **RFMD is our preferred stock pick, underpinned by strong core healthcare division. China reopening remains the wild card for long-term growth.**

2.1 Medical tourism back in vogue

Once again, medical tourists are returning to Singapore after more than two years of hiatus. Notwithstanding the keen competition, foreign patients - especially from regional countries - have been streaming in since Apr 2022, when the border restrictions were significantly eased. Prior to the pandemic, medical tourist arrivals in Singapore were estimated at around 500,000 a year. As many as 250k-300k come from Indonesia alone, followed by Malaysia and China. According to RFMD, foreigners historically make up about 30% of the volume load at its flagship hospital with higher average bill size of up to 2-3 times as they usually come for more complicated procedures. We think this trend will continue as China reopens further.

In Singapore, the Ministry of Health recently embarked on "Healthier SG" strategy, whereby local residents are encouraged to choose and enrol with a family doctor, who will then serve as a first point-of-contact to holistically manage their health. This is a refocusing of healthcare away from reactive to preventative.

2.2 Patient volumes up but Covid-19 services taper off

RFMD continues to benefit from pent-up demand for elective surgery and improving foreign patient numbers. Margins remain elevated due to tight cost control, coupled with lower inventories and consumables used as well as a reduction in purchased and contracted services. Outpatient volumes at its GP clinics have surpassed pre-pandemic levels amid the new wave of Covid-19 infections, driven by more transmissible sub-variants. The easing of the indoor mask requirement together with resumption of social/mass gatherings has made it easier for common illness such as cold and flu to spread. As such, we think volumes and revenue intensity are likely to stay high, which leads to better operating leverage and margins.

Separately, the increasing focus on preventive care would also benefit RFMD in terms of higher patient load when enrolment begins in 2H23 due to its wide network of primary care clinics in Singapore. However, QNM's (QNM SP, SGD0.33, HOLD, TP: SGD0.40) FY21E earnings was adversely impacted due to lower contribution from PCR testing, while its core dental business faces longer gestation period for new clinics.

2.3 RFMD is our top pick in the sector

Our preferred stock pick is RFMD (RFMD SP, SGD1.38, BUY, TP: SGD1.60) due to its integrated and multi-disciplinary services, as well as a potential beneficiary of "Healthier SG" initiative by leveraging on its extensive primary care network.

Meanwhile, the group is well on track to open its first In-Vitro Fertilisation/Assisted Reproductive Therapy centre in Hainan by 1Q23. The facility will complement its three existing China hospital offerings through forming a full life-cycle service chain within its O&G practices for its patients across China. As China relaxes its dynamic zero-Covid policy, we believe this could possibly result in a shorter gestation period for its China operations.

3. Industrials

- **Countries are seeking energy security within the current heightened macro environment. Clean energy transition is bringing a major structural change in the generation profile of electricity systems around the world. Variable renewable generation has already surged significantly, driven by reaching grid parity and favourable policy environments. This is a trend that is set to accelerate in line with climate change, we believe.**
- **Renewable technologies are helping to achieve energy independence and lower electricity pricing while also reducing the cost of production. This should be positive for margins.**
- **We believe Sembcorp and ST Engineering should benefit the most from this trend.**

3.1 Energy security matters more than ever

Global gas prices increased significantly in 2022 due to high demand and tight supply. The conflict in Ukraine has further exacerbated the risk of disruptions. At the same time, energy providers are dealing with heightened pressure from regulators and investors to curb emissions while supporting energy security and affordability. Volatility in the natural gas market and geopolitical shocks have made it necessary for countries to diversify their energy mix and reduce reliance on gas. Governments are keen to fill supply gaps with renewable energy, but for that to happen the renewables sector needs emerging technologies and markets to take a major leap forward. At the same time, with many Southeast Asian countries experiencing strong growth in electricity demand, regulators and energy providers face challenges in deciding the best energy mix. Importantly, more investments in the grid infrastructure is required to support a higher share of renewable energy. Continued global uncertainty, underinvestment in fossil fuels could likely create higher energy prices for longer. We believe this is creating significant opportunities for energy providers to enhance their addressable market and expand their renewable footprints going forward.

3.2 Technology advancement offer huge potential

We believe improving renewable technologies could help countries achieve energy independence — the ability to meet energy needs domestically, thereby reducing dependence on foreign nations and susceptibility to changing overseas energy prices. Increasing demand for new sources of green energy should drive research and spark technology advancements, bringing costs down further. Indeed, renewable energy is now comparable with the cost of building new coal and nuclear capacity. This means lower electricity pricing per unit, which should have positive spill-over effects on the broader economy. We believe this creates significant opportunities for transition for energy producers at a time when demand dynamics - from governments and corporates' strategies for lower emissions - are increasingly favourable.

3.3 Sembcorp Industrials and ST Engineering to benefit

We expect both Sembcorp Industries (SCI SP, SGD3.22, BUY, TP: SGD4.00) and ST Engineering (STE SP, SGD3.31, BUY, TP: SGD4.30) to benefit from the electricity security and grid parity trend. Since embarking on transforming its portfolio from brown to green, SCI has been supporting their net zero target by helping to shore the resilience of the electricity networks and further enable the growth of renewables. SCI has been focusing on locations for renewables as grid parity can vary by location and depends on factors such as the amount of sunlight available and existing energy prices. With the company's recent acquisition of Vector Green, SCI's Indian wind/solar portfolio will be rebalanced to 35%/65% solar and wind.

Separately, Sustainable Aviation Fuel (SAF) presents a unique opportunity for the aviation industry to achieve zero carbon emissions on flights. It is produced from sustainable feedstocks and is very similar in chemistry to traditional fossil jet fuel. Using SAF results in a reduction in carbon emissions compared to the traditional jet fuel it replaces over a lifecycle. However, SAF is more costlier than traditional fossil jet fuel, but as the technology matures, we expect costs to come off. With its expertise in aircraft design and MRO, STE could support industry initiatives to adopt the use of SAF for its aircraft and bring down costs over the long term.

4. Internet and Telecom

- **Mobile operators are deploying millimetre wave (mmWave) 5G networks, which provide high level of transmission speeds and broader capacity in crowded urban areas. MmWave is best suited for environments that require ultra-low latency and higher speeds over shorter distances.**
- **A growing number of positive business cases are emerging for 5G mmWave deployments in high traffic, high-density scenarios, in both the consumer and industry markets.**
- **Singtel has been pushing its 5G dominance and we think it is in a forefront position to benefit from the global expansion of the mmWave technology.**

4.1 Unlocking full potential of 5G with mmWave

The migration from 4G LTE to 5G is a transformative process for the mobile industry, involving tremendous performance improvements and enabling networks to keep pace with the growing traffic demand. In particular, 5G Frequency networks operating in the mmWave frequencies (24 GHz and higher) are able to provides greatly increased bandwidth in localised areas at very low latency.

5G mmWave technology enables many more users and devices to connect to the internet with faster responses. 5G mmWave could catalyse the growth of smart cities, increase connected vehicles, and more industrial automation.

Indeed, for technologies such as driverless vehicles require ultra-low latency connectivity to receive inputs and process information in as close to real time as possible. This level of real-time communication was nearly impossible with previous cellular standards.

4.2 Utilising mmWave for Industrial use cases

Business use cases that take advantage of the capabilities of 5G mmWave continue to emerge, with the technology able to provide reliable, high performance connectivity anywhere in the world. Increasingly, mobile operators are deploying 5G mmWave networks in crowded urban areas, such as sports arenas, stadiums, airports, concerts and other large venues.

Specifically, smart port technology is one of the most developed industrial applications for 5G, promising to drive efficiency and reducing costs through the automation and remote operation of machinery. Logistics, mining and other distance-based industries could enhance productivity through this technology, we believe.

While consumer-facing mobile network operators talk predominantly about the speed of downloads, for manufacturing, the focus is on ultra-reliable low-latency, and ubiquitous connectivity. These characteristics could benefit beyond industrials, such as in transportation as well as in the provision of healthcare and access to essential services. For example, this could enable medical specialists to assist with diagnosis and treatments remotely. At the same time this technology could deliver remote training across industries with the leveraging of metaverse capabilities, such as augmented reality and virtual reality.

4.3 Singtel is our top pick to benefit from this trend

Singtel's (ST SP, SGD2.59, BUY, TP: SGD3.15) 5G Standalone (SA) network achieved over 95% 5G nationwide coverage in Singapore in 2022 and currently covers more than 1,300 outdoor locations and over 400 buildings. With the implementation of 5G mmWave spectrum, we think ST would continue its dominance in the 5G space.

Singtel has been appointed by Micron Technology (MU US, USD55.35, NR) to deploy its 5G mmWave solutions with localised edge core at its 3D NAND flash memory fabrication plant in Singapore. The customised solutions will be deployed at MU's cleanroom to support the development of a variety of digitally enabled and enhanced applications – from automated visual inspections of individual chips to augmented reality (AR) for operations and maintenance. This is an industry-first deployment and shows that 5G mmWave networks can be used for high-precision quality control and manufacturing operations.

We believe the sector is at an inflection point in deploying this technology as use cases accelerate.

5. Plantations

- **The downside of sustainability commitments has been a lack of new planting by the industry since 2015, which limits global palm oil supply growth in the coming years.**
- **Positively, this will help sustain CPO prices at MYR3,000-4,000/t in the near term, providing decent margins. The financial positions of planters have been boosted significantly recently.**
- **The sector is transitioning into high-dividend yields play given lack of growth opportunity. FR and BAL will turn net cash by end-FY22E/ FY23E, offering >5% net dividend yields.**

5.1 Relying of alternatives may be worse for environment

Since 2015, more and more large planters have made “no deforestation” pledges and gradually encouraging/ enforcing the same on their supply chains. While positive for the environment, the downside on the lack of new planting will be constrained supply of global palm oil in the coming years (as oil palm trees are perennial trees that bear little initial harvest after 3 years of planting before hitting prime harvest from the 8th year onwards). The industry’s CPO yield per hectare has been on a declining trend in recent years; in part due to the ageing trees and in part due to the lack of workers (especially in Malaysia). While steps have been taken to replant older estates with newer higher yielding planting materials, the pace of replanting has been rather slow. Furthermore, as oil palm is a non-GM crop, the pace of yield enhancement via R&D has lagged the other GM crops such as soybean. Meanwhile, the world has increased reliance on other vegetable oils to satisfy demand, fuelling greater acreage expansion in Brazil and Argentina. As oilseeds require more land to produce the same amount of oil as oil palm, the damage to the environment is likely to be far worse.

5.2 Underinvestment in upstream = sustained CPO price

Global palm oil supply has grown on average 2.7mt p.a. for the past 10 years. Going forward it is likely to average <1.0mt p.a, we estimate. Given the lack of greenfield opportunity, we foresee planters doubling down on R&D and invest more into technology in the coming years to boost oil yields to keep unit cost low by boosting mechanization and automation. For planters that fail to keep up with changes, they will be forced to consolidate. Hence, we believe M&A activities and market consolidation will continue to be a theme in the foreseeable future. Due to the structural underinvestment in oil palm expansion, global vegetable oil supply will be increasingly vulnerable to supply shocks. Positively, this will help sustain CPO prices at MYR3,000-4,000/t in the near term; providing decent margins to planters. Hence, we are unlikely to see a repeat of the low CPO prices of ~MYR2,000/t back in 2018/19 where planters barely cover their operating production costs.

5.3 FR & BAL are turning net cash, giving higher div. yields

High CPO prices the past 2 years have helped planters generate significant free cash flows so much so that we forecast First Resources (FR SP, SGD1.47, BUY, TP: SGD1.79) and Bumitama Agri (BAL SP, SGD0.59, BUY, TP: 0.89) to be in net cash positions by end-FY22E (for FR) / by FY23E (for BAL). FR and BAL have dividend payout policies to pay out up to 50%/40% of yearly PATAMI to reward shareholders, translating to net dividend yields of above 5%/ 7% for FY23E respectively. We like FR and BAL for their single-digit PER valuations and attractive dividend yields.

6. Real Estate

- **While inflation, interest rate and tech job cuts dominated headlines, residential fundamentals remain underpinned by rise in population, net job creation and fall in unsold inventory.**
- **The theme of China reopening has waxed and waned. Notwithstanding that, retail sales and hotel rates have scaled pre-pandemic peaks.**
- **Sustainability has taken centre stage for the sector with large sponsors enunciating Net Zero targets.**

6.1 Embracing cross winds

The year started with spiralling inflation and accelerated rate hikes. MAS has so far tightened policy five times this year including two inter-meeting adjustments. Mortgage rates have risen from less than 50bps to 450bps. On top of that, fresh round of property cooling measures came in September. Despite all these, private residential property price index rose 3.8% QoQ in 3Q, 8.2% YTD. Meanwhile, rental index rose 8.6% QoQ, the fastest pace since 2007. While we are cognizant of current negative yields, rising vacancy rates, declining private resale volumes and of the 20K units to be completed next year, we believe there are supportive factors, albeit with some slowdown. The population rose 3.4% YoY and going by, anecdotal evidences, may surpass the 2019 peak of 5.7m. Despite tech job cuts, the economy added 83K jobs in 3Q22. Cumulative job creation since 4Q21 has surpassed the job losses through the pandemic. Further, deposits have grown by 9% YTD or SGD144b, 90% of which are in foreign currencies. Finally, unsold inventory of c.16K units is close to the cycle bottom.

6.2 Fortunes reverse for retail and hotel landlords

Retail sales index on a seasonally adjusted basis have scaled past pre-pandemic levels. Leading retail landlord, Frasers Centrepoint Trust (FCT SP, SGD2.03, BUY, TP: SGD2.80) reported portfolio tenant sales averaging 10% above pre-Covid levels in the first 3 quarters of 2022. Pent-up demand, tourist arrivals, nominal price increases as well as supportive retail rentals have most likely contributed to the growth. Rebound in tourism has also helped hotel RevPARs to surge past the pre-pandemic levels. In fact, average room rates have risen to decade-high level. Monthly visitor arrivals are about half of the pre-pandemic level but longer period of stay, inelastic demand and perhaps, better yield management is boosting sector fortunes. All this is happening in the absence of China demand, which, will further boost the sector outlook.

6.3 Sustainability takes centre stage

Developers, sponsors and REITs have further refreshed their ESG strategies. City Developments (CIT SP, SGD8.14, NR) continues its tradition of championing sustainability by becoming the first real estate conglomerate in Southeast Asia to commit to net zero carbon by 2030. Frasers Property Group (FPL SP, SGD0.94, NR) announced net zero carbon target by 2050 early last year. In May this year, CapitaLand Investment (CLI SP, SGD3.62, BUY, TP: SGD4.30) elevated its commitment to sustainability by aiming to achieve net zero emissions by 2050. Mapletree's refreshed sustainability strategy will include the development of a "Net-Zero by 2050" roadmap. REITs are likely to be guided by sponsor's sustainability targets as well.

7. Technology Manufacturing

- **Increasing diversification of supply chains and manufacturing infrastructure out of China.**
- **Southeast Asia manufacturing firms will continue to benefit significantly from this trend, especially in the mid-long term.**
- **We believe AEM, UMS and Venture will benefit the most from the trend due to their differentiating capabilities and respective strengths and manufacturing footprint.**

7.1 Diversification from China

Southeast Asia manufacturers, especially those with strong track records, have become vital to the supply chains as the diversification from China intensifies. Most of them have gained market share over the past 3-5 years. They have gone on to supply more products to their existing customers and, in some cases, secured more customers. Out of our coverage across the Singapore tech space, almost all of them have expansion plans already set in motion for new factories, mostly in Malaysia and with some gaining significant capacity in the process like AEM (AEM SP, SGD3.69, HOLD, TP: SGD3.43), UMS (UMSH SP, SGD1.26, BUY, TP: SGD1.34) and Venture (VMS SP, SGD17.14, BUY, TP: SGD20.20). In addition, with the prudent nature of these companies, they are likely to only expand if there are certain order guarantees from their customers. Most of them have also become key suppliers to their customers mainly due to their competitive pricing and reliability.

7.2 Beneficial for global manufacturers, especially SEA

The mid-long term outlook is positive for the sector giving the increased reliance and role local tech companies now play. In this context, we can expect them to secure even more new customers in the years ahead and we may potentially see these companies expand valuations and earnings to become large caps vs. small and mid-caps currently. With their manufacturing footprint is mainly in South-East Asia, which has a much lower labour cost base as compared to Europe or the US giving them a strong competitive advantage. In addition, more budget has been allocated to R&D to further aid their customers as well as to improve the automation processes within their manufacturing facilities. This should support raising standards against competitors globally. We believe Singapore manufacturing firms who meet the right standards will benefit significantly from this structural diversification. Lastly, due to the high barriers of entry, especially when qualifying for a blue-chip customers, it is also hard for any new entrants to grab market share. Qualifying typically takes years before mass volume ramp up of production can occur.

7.3 We favour AEM, UMS and Venture

We prefer AEM, UMS and Venture. AEM has managed to establish itself as a global leader in the fast-growing Test 2.0 market and has a full-stack solution composed for modern testing needs. They have expanded their R&D labs in Malaysia and in the US, namely Arizona and California to be able to work more closely with their customers. AEM's key customer has accelerated their product roadmap and is heavily reliant on the Group for testing equipment. AEM has also managed to secure three new customers who are on the critical path for the release of their next-generation devices, which should grow in scale over the years. Lastly, higher testing demand could likely drive equipment sales alongside its consumables business and also drive margins higher. These would indirectly point towards higher revenue and profitability for AEM in the future.

UMS has seen some order components that were earlier lost to Chinese competitors gradually coming back to them. This is partly due to the US-China trade war. Their key customer has guided that there could likely be more orders here in the future. With further expansion in Malaysia, UMS currently onboarding a new customer has the potential to double its revenue base in the next 3-4 years. We believe it is primed to secure more customers and expand their footprint in Malaysia and Singapore in the context of supply chain shifts to Southeast Asia.

For Venture, they already have a strong proven track record and are expanding its production in Malaysia which would grant them significantly more capacity. They have also bought additional land and could further expand in the future if needed. They are one of the key players in SE Asia who has the capacity to manufacture as well as aid customers in designing key components or products. They are aiming towards customers with higher technology domains as well as life sciences where margins are higher. As of FY22E, their net margins is close to 10%, which far exceed similar peers. The order book is robust and we expect growth to continue for the next few years. Lastly, we believe they have established themselves as one of the premium go-to manufacturers in Southeast Asia. Venture remains our top pick for the Singapore tech sector.

8. Transport

- **The sector has clearly benefitted from reopening tailwinds as many countries have relaxed restrictions and are adopting “living with Covid” strategy.**
- **While travel demand should remain firm in the near term, we need to watch closely for rising inflationary costs and margin compression.**
- **Prefer ComfortDelGro for its strong balance sheet, supported by undemanding valuations and decent dividend yield of 5%.**

8.1 Reopening theme is playing out well

The transport sector is one of the biggest beneficiaries from reopening as international travel resumes following the relaxation of border restrictions. SIA (SIA SP, SGD5.54, NR) has seen strong travel demand across most routes, with passenger capacity reaching ~71% of pre-pandemic levels in Oct 2022. The carrier recently announced that it will invest about SGD360m (excl. any capital injection in the future) for a 25.1% stake in Air India together with the Vistara merger. This would bolster SIA’s presence in India, strengthen its multi-hub strategy, and allow it to participate directly in a large and fast-growing aviation market. Likewise, ComfortDelGro (CD SP, SGD1.24, BUY, TP: SGD1.60) is also benefiting from increased mobility of its key operating markets. Its 74.4%-owned subsidiary, SBS Transit saw improving rail ridership in 3Q22 for the NEL and DTL lines, which reached around 85% and 83% respectively of pre-Covid levels. With more economic activity and tourist arrivals, taxi drivers in Singapore are currently enjoying higher bookings/income despite the higher fuel costs. With China planning to speed up vaccination among elderly, there is expectations of wider reopening in 2023. If restrictions are indeed lifted, we think the sector could see another wave of re-rating.

8.2 But margins could come under some pressure

Travel demand is expected to be buoyant as we head into 2023. SIA’s management anticipates forward sales to stay robust in the coming weeks leading up to the Lunar New Year period. On the downside, passenger yield is likely to moderate as other airlines ramp up their capacity to cater for this surge in demand. The cargo markets may remain subdued due to the anticipated impact of global economic headwinds on consumer sentiment. The progressive return of industry belly-hold capacity with the resumption of more passenger flights could also put downward pressure on cargo yields. For land transport, we think incremental ridership growth will be harder to come by as hybrid/flexible working arrangement looks to be part of the “new normal”. At the same time, CD is facing some near-term costs pressures from driver shortages across all its key geographies and timing mismatch to pass on the higher opex even as it actively engages with the unions/regulators on wage negotiations. That said CD is likely to see the relevant wage & CPI-linked indexation for its public bus packages (government contracts) by 1Q23, which should provide much-needed relief to its margins, especially for its overseas operations.

8.3 Slower ride but stays long-term positive on CD

Despite the near-term challenges, we still like CD for its undemanding valuations and solid balance sheet with net cash of SGD647m (or SGD0.30/share). Supported by its relatively asset-light operator model and strong free cash flow, we believe the Group has sufficient room to increase its dividend payout ratio from the current 70% of underlying net profits. Other catalysts include better-than-expected margins and new overseas tender wins.

9. Appendix 1: Singapore Coverage Universe

Fig 2: Singapore coverage universe

Stock	BBG Code	M.Cap (USDm)	Rec	Price LCY	TP LCY	Upside (%)	EPS gr. (%) CY22E	EPS gr. (%) CY23E	P/E (x) CY22E	P/E (x) CY23E	ROE (%) CY22E	ROE (%) CY23E	P/B (x) CY22E	P/B (x) CY23E	Div Yield (%) CY22E	Div Yield (%) CY23E
DBS	DBS SP	64,208	Buy	33.63	42.69	26.9	24.6	2.5	9.3	8.6	17.1	16.1	1.4	1.3	4.8	5.6
OCBC	OCBC SP	41,141	Buy	12.35	14.70	19.0	14.7	2.0	8.2	7.7	12.2	11.6	0.9	0.9	5.7	5.7
UOB	UOB SP	38,687	Buy	31.10	33.77	8.6	16.9	5.4	10.0	9.7	11.8	11.7	1.1	1.0	4.8	4.8
SGX	SGX SP	7,211	Buy	9.12	10.65	16.8	5.5	8.9	18.5	18.7	29.5	29.3	5.5	5.1	3.7	3.8
Financials		**151,247**					**19.0**	**3.4**	**9.7**	**9.1**	**15.0**	**14.4**	**1.4**	**1.3**	**5.0**	**5.4**
Singtel	ST SP	31,560	Buy	2.59	3.15	21.6	16.6	13.9	14.7	13.2	9.3	10.2	1.5	1.4	3.8	4.3
StarHub	STH SP	1,329	Buy	1.04	1.33	27.9	14.3	11.1	12.5	11.6	16.8	17.4	2.3	2.2	4.8	5.8
Netlink NBN	NETLINK SP	2,415	Buy	0.84	1.02	21.4	-0.6	2.7	33.6	32.3	3.9	4.2	1.3	1.4	6.4	6.5
Telecoms		**35,304**					**15.3**	**13.0**	**15.9**	**14.5**	**9.2**	**10.1**	**1.5**	**1.4**	**4.0**	**4.5**
Sea Ltd	SE US	32,144	Buy	62.27	98.00	57.4	(57.1)	(123.7)	-	-	(19.1)	4.7	7.5	6.3	-	-
Grab Holdings	GRAB US	11,723	Hold	3.15	3.40	7.9	(37.0)	(48.7)	-	-	(14.3)	(7.7)	1.9	1.9	-	-
Internet		**43,867**					**(51.7)**	**(103.6)**	**0.0**	**0.0**	**(17.8)**	**1.4**	**6.0**	**5.1**	**0.0**	**0.0**
AEM	AEM SP	849	Hold	3.69	3.43	(7.0)	(9.6)	16.8	9.7	8.8	21.6	21.6	2.0	1.7	2.6	2.9
UMS	UMSH SP	623	Buy	1.26	1.20	(4.8)	0.6	12.9	7.5	6.8	25.6	23.9	1.9	1.5	4.8	4.8
Frencken	FRKN SP	312	Sell	0.99	1.02	3.0	14.2	7.2	8.2	8.0	13.1	12.9	0.9	0.9	3.6	3.7
Venture	VMS SP	3,692	Buy	17.14	20.20	17.9	2.2	3.7	12.5	11.5	12.7	12.3	1.6	1.5	4.4	4.4
Aztech	AZTECH SP	448	Hold	0.79	0.79	0.6	11.4	12.7	6.0	5.7	24.8	23.6	2.9	2.3	5.0	5.2
Technology		**5,925**					**1.7**	**7.4**	**10.8**	**10.0**	**16.3**	**15.8**	**1.8**	**1.6**	**4.2**	**4.2**
CDREIT	CDREIT SP	1,123	Buy	1.23	1.40	13.8	24.5	10.8	17.3	14.6	5.5	6.0	0.9	0.9	5.7	6.7
Far East Hosp.	FEHT SP	888	Buy	0.61	0.80	32.2	11.2	14.1	18.9	16.4	3.3	3.6	0.5	0.5	6.0	6.8
CapitaLand Ascott Trust	CLAS SP	2,491	Buy	0.98	1.40	42.9	25.9	0.7	22.8	20.4	5.0	5.1	0.9	0.9	6.0	6.5
Hospitality REITs		**10,410**					**2.9**	**4.6**	**17.5**	**16.7**	**6.0**	**6.2**	**1.0**	**1.0**	**6.0**	**6.2**
AAREIT	AAREIT SP	630	NR	1.19	-	-	(0.2)	0.8	11.8	11.8	-	-	-	-	7.9	7.8
ESR REIT	EREIT SP	1,810	Buy	0.37	0.55	50.7	20.7	2.9	13.0	12.2	6.1	6.2	0.8	0.8	8.2	8.5
Ascendas REIT	CLAR SP	8,400	Buy	2.71	3.50	29.2	(0.9)	2.8	17.4	17.0	6.4	6.5	1.1	1.1	6.1	6.1
Mapletree Ind.	MINT SP	4,401	Buy	2.19	3.00	37.0	1.8	3.4	15.9	15.6	7.0	7.1	1.1	1.1	6.2	6.2
Mapletree Log.	MLT SP	5,607	Buy	1.58	2.15	36.1	(1.5)	(0.4)	19.0	19.3	5.0	4.9	1.0	1.0	5.4	5.4
Industrial REITs		**20,848**					**1.4**	**2.0**	**17.0**	**16.8**	**5.9**	**6.0**	**1.0**	**1.0**	**6.2**	**6.2**

Source: Maybank IBG Research, Factset

Fig 3: Singapore coverage universe (cont'd)

Stock	BBG Code	M.Cap (USDm)	Rec	Price LCY	TP LCY	Upside (%)	EPS gr. (%)		P/E (x)		ROE (%)		P/B (x)		Div Yield (%)	
							CY22E	CY23E	CY22E	CY23E	CY22E	CY23E	CY22E	CY23E	CY22E	CY23E
CapitaLand ICT	CICT SP	9,742	Buy	1.99	2.55	28.1	3.0	2.3	16.2	15.7	5.5	5.3	0.9	0.9	6.1	6.2
Frasers Ct.pt.	FCT SP	2,552	Buy	2.03	2.80	37.9	3.6	0.6	15.9	-	4.9		0.8	-	6.3	-
Mapletree Comm	MPACT SP	6,413	Buy	1.66	2.25	35.5	9.9	4.1	17.7	17.5	8.3	8.4	1.4	1.4	5.7	5.7
Suntec REIT	SUN SP	2,971	Buy	1.40	1.85	32.1	(25.0)	0.9	19.2	18.9	3.4	3.4	0.6	0.6	6.6	6.8
Sasseur REIT	SASSR SP	675	Buy	0.75	1.08	45.0	5.1	4.6	9.0	8.6	7.3	7.5	0.7	0.7	10.2	10.7
Retail REITs		**22,353**					**1.4**	**2.5**	**16.7**	**14.6**	**6.0**	**5.4**	**1.0**	**0.9**	**6.2**	**5.6**
CapitaLand Inv't	CLI SP	13,898	Buy	3.62	4.30	18.8	10.9	4.6	18.4	14.8	6.9	6.7	1.0	0.9	3.6	4.1
Real Estate		**13,898**					**10.9**	**4.6**	**18.4**	**14.8**	**6.9**	**6.7**	**1.0**	**0.9**	**3.6**	**4.1**
Manulife US	MUST SP	595	Buy	0.34	0.85	153.7	(9.5)	2.0	6.7	6.7	6.6	6.7	0.5	0.5	16.1	16.4
Keppel REIT	KREIT SP	2,444	Buy	0.89	1.25	41.2	(4.1)	1.9	15.8	15.8	3.1	3.1	0.6	0.6	6.7	6.7
Office REITs		**2,444**					**(5.2)**	**1.9**	**14.0**	**14.0**	**3.8**	**3.8**	**0.6**	**0.6**	**8.5**	**8.6**
ST Engineering	STE SP	7,626	Buy	3.31	4.30	29.9	7.3	14.9	16.6	14.8	23.4	25.5	3.9	3.6	4.9	5.5
Sembcorp Industries	SCI SP	4,230	Buy	3.22	4.00	24.2	(18.3)	3.7	9.6	9.8	13.6	12.8	1.1	1.0	2.5	2.5
Industrials		**11,856**					**(1.8)**	**10.9**	**14.1**	**13.0**	**19.9**	**20.9**	**2.9**	**2.7**	**4.1**	**4.4**
ComfortDelgro	CD SP	1,983	Buy	1.24	1.60	29.0	11.7	4.3	16.1	15.7	8.4	8.8	1.0	1.0	4.4	4.4
Transport		**1,983**					**11.7**	**4.3**	**16.1**	**15.7**	**8.4**	**8.8**	**1.0**	**1.0**	**4.4**	**4.4**
Genting SG	GENS SP	7,942	Hold	0.89	0.88	(1.1)	56.1	13.6	16.5	16.8	6.8	7.6	1.3	1.3	4.5	4.5
Gaming		**7,942**					**56.1**	**13.6**	**16.5**	**16.8**	**6.8**	**7.6**	**1.3**	**1.3**	**4.5**	**4.5**
Raffles Med	RFMD SP	1,911	Buy	1.38	1.60	15.9	(13.3)	3.1	21.9	21.6	10.3	10.1	2.4	2.3	2.3	2.3
Q&M Dental	QNM SP	232	Hold	0.33	0.40	23.1	12.6	12.3	16.3	15.5	21.2	26.3	3.4	3.8	3.4	3.7
Healthcare		**2,143**					**(10.5)**	**4.1**	**21.3**	**20.9**	**11.5**	**11.8**	**2.5**	**2.4**	**2.4**	**2.5**
Bumitama Agri	BAL SP	765	Buy	0.59	0.89	50.8	(42.1)	(2.7)	5.4	5.6	16.6	14.7	0.9	0.8	7.4	7.2
First Res.	FR SP	1,718	Buy	1.47	1.79	21.8	(28.0)	(2.9)	9.2	10.0	16.0	14.6	1.1	1.1	5.4	5.0
Wilmar	WIL SP	19,466	Hold	4.12	4.27	3.6	(11.8)	7.9	11.6	11.3	8.9	9.2	0.9	0.8	4.6	4.8
Plantations		**21,949**					**(14.1)**	**6.7**	**11.2**	**11.0**	**9.7**	**9.8**	**0.9**	**0.9**	**4.8**	**4.9**
HRnetGroup Ltd	HRNET SP	593	Buy	0.80	1.07	34.6	3.5	3.8	11.2	10.9	17.1	16.6	1.8	1.7	5.4	5.5
PropNex Ltd	PROP SP	429	Buy	1.57	1.95	24.2	(2.7)	4.9	11.3	10.9	30.8	25.5	2.8	2.3	7.0	7.0
Civmec Ltd	CVL SP	212	Buy	0.57	0.94	64.9	8.8	9.9	5.6	5.6	14.3	14.4	0.7	0.6	4.9	4.9
Services		**1,234**					**2.3**	**5.2**	**10.3**	**10.0**	**21.3**	**19.3**	**2.0**	**1.7**	**5.9**	**5.9**

Source: Maybank IBG Research, Factset

Research Offices

ECONOMICS

Suhaimi ILIAS
Chief Economist
Malaysia | Philippines | Global
(603) 2297 8682
suhaimi_ilias@maybank-ib.com

CHUA Hak Bin
Regional Thematic Macroeconomist
(65) 6231 5830
chuahb@maybank.com

LEE Ju Ye
Singapore | Thailand | Indonesia
(65) 6231 5844
leejuye@maybank.com

Dr Zamros DZULKAFLI
(603) 2082 6818
zamros.d@maybank-ib.com

Fatin Nabila MOHD ZAINI
(603) 2297 8685
fatinnabila.mohdzaini@maybank-ib.com

Brian LEE Shun Rong
(65) 6231 5846
brian.lee1@maybank.com

Luong Thu Huong
(65) 6231 8467
hana.thuhuong @maybank.com

FX

Saktiandi SUPAAT
Head of FX Research
(65) 6320 1379
saktiandi@maybank.com

Fiona LIM
(65) 6320 1374
fionalim@maybank.com

Alan Lau
(65) 6320 1378
alanlau@maybank.com

Shaun Lim
(65) 6320 1371
shaunlim@maybank.com

STRATEGY

Anand PATHMAKANTHAN
ASEAN
(603) 2297 8783
anand.pathmakanthan@maybank-ib.com

FIXED INCOME

Winson PHOON, FCA
Head of Fixed Income
(65) 6340 1079
winsonphoon@maybank.com

SE THO Mun Yi, CFA
(603) 2074 7606
munyi.st@maybank-ib.com

PORTFOLIO STRATEGY

CHAN Han Chin
(603) 2297 8888
hanchin.chan@maybank-ib.com

ONG Seng Yeow
(65) 6231 5839
ongsengyeow@maybank.com

MIBG SUSTAINABILITY RESEARCH

Jigar SHAH
Head of Sustainability Research
(91) 22 4223 2632
jigars@maybank.com

Neerav DALAL
(91) 22 4223 2606
neerav@maybank.com

REGIONAL EQUITIES

Anand PATHMAKANTHAN
Head of Regional Equity Research
(603) 2297 8783
anand.pathmakanthan@maybank-ib.com

WONG Chew Hann, CA
Head of ASEAN Equity Research
(603) 2297 8686
wchewh@maybank-ib.com

MALAYSIA

Anand PATHMAKANTHAN *Head of Research*
(603) 2297 8783
anand.pathmakanthan@maybank-ib.com
• Strategy

WONG Chew Hann, CA
(603) 2297 8686
wchewh@maybank-ib.com
• Non-Bank Financials (stock exchange)
• Construction & Infrastructure

Desmond CH'NG, BFP, FCA
(603) 2297 8680
desmond.chng@maybank-ib.com
• Banking & Finance

LIAW Thong Jung
(603) 2297 8688 tjliaw@maybank-ib.com
• Oil & Gas Services- Regional
• Automotive

ONG Chee Ting, CA
(603) 2297 8678 ct.ong@maybank-ib.com
• Plantations - Regional

YIN Shao Yang, CPA
(603) 2297 8916 samuel.y@maybank-ib.com
• Gaming – Regional
• Media • Aviation • Non-Bank Financials

TAN Chi Wei, CFA
(603) 2297 8690 chiwei.t@maybank-ib.com
• Power • Telcos

WONG Wei Sum, CFA
(603) 2297 8679 weisum@maybank-ib.com
• Property • Glove

Jade TAM
(603) 2297 8687 jade.tam@maybank-ib.com
• Consumer Staples & Discretionary

Nur Farah SYIFAA
(603) 2297 8675
nurfarahsyifaa.mohamadfuad@maybank-ib.com
• Renewable Energy • REITs

Arvind JAYARATNAM
(603) 2297 8692
arvind.jayaratnam@maybank.com
• Petrochemicals • Technology

Shafiq KADIR, CFA
(603) 2297 8691
msshafiqk.abkadir@maybank-ib.com
• Healthcare • Software

LOH Yan Jin
(603) 2297 8687
lohyanjin.loh@maybank-ib.com
• Ports • Shipping

Eugene HOO Yee Hui
(603) 2082 6819
eugene.hoo@maybank.com

TEE Sze Chiah *Head of Retail Research*
(603) 2082 6858 szechiah.t@maybank-ib.com
• Retail Research

Nik Ihsan RAJA ABDULLAH, MSTA, CFTe
(603) 2297 8694
nikmohdihsan.ra@maybank-ib.com
• Chartist

Amirah AZMI
(603) 2082 8769 amirah.azmi@maybank-ib.com
• Retail Research

SINGAPORE

Thilan WICKRAMASINGHE *Head of Research*
(65) 6231 5840 thilanw@maybank.com
• Banking & Finance - Regional
• Consumer

Eric ONG
(65) 6231 5924 ericong@maybank.com
• Healthcare • Transport • SMIDs

Kelvin TAN
(65) 6231 5837 kelvintan1@maybank.com
• Telcos • Industrials

LI Jialin
(65) 6231 5845 jialin.li@maybank.com
• REITs

Jarick SEET
(65) 6231 5848 jarick.seet@maybank.com
• Technology

PHILIPPINES

Jacqui de JESUS *Head of Research*
(63) 2 8849 8840
jacqui.dejesus@maybank.com
• Strategy • Conglomerates

Rachelleen RODRIGUEZ, CFA
(63) 2 8849 8843
rachelleen.rodriguez@maybank.com
• Banking & Finance • Transport • Telcos

Daphne SZE
(63) 2 8849 8847
daphne.sze@maybank.com
• Consumer

Miguel SEVIDAL
(63) 2 8849 8844
miguel.sevidal@maybank.com
• REITs • Property • Gaming

Fiorenzo de JESUS
(63) 2 8849 8846
fiorenzo.dejesus@maybank.com
• Utilities

THAILAND

Malcolm LUI, CFA *Head of Research*
(66) 2658 6300 ext 1399
malcolm.lui@maybank.com
• Strategy

Jesada TECHAHUSDIN, CFA
(66) 2658 6300 ext 1395
jesada.t@maybank.com
• Banking & Finance

Yuwanee PROMMAPORN
(66) 2658 6300 ext 1393
Yuwanee.P@maybank.com
• Services • Healthcare

Wasu MATTANAPOTCHANART
(66) 2658 6300 ext 1392
wasu.m@maybank.com
• Telcos

Surachai PRAMUALCHAROENKIT
(66) 2658 5000 ext 1470
Surachai.p@maybank.com
• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB
(66) 2658 5000 ext 1430
suttatip.p@maybank.com
• Food & Beverage • Commerce

Jaroonpan WATTANAWONG
(66) 2658 5000 ext 1404
jaroonpan.w@maybank.com
• Transportation • Small cap

INDONESIA

Jeffrosenberg CHENLIM *Head of Research*
(62) 21 8066 8680
Jeffrosenberg.lim@maybank.com
• Strategy • Banking & Finance

Willy GOUTAMA
(62) 21 8066 8500
willy.goutama@maybank.com
• Consumer

Richard SUHERMAN
(62) 21 8066 8691
richard.suherman@maybank.com
• Metals & Mining

Etta Rusdiana PUTRA
(62) 21 8066 8683
etta.putra@maybank.com
• Telcos

Satriawan, CTA
(62) 21 8066 8682
satriawan@maybank.com
• Chartist

VIETNAM

Quan Trong Thanh *Head of Research*
(84 28) 44 555 888 ext 8184
thanh.quan@maybank.com
• Strategy • Banks

Hoang Huy, CFA
(84 28) 44 555 888 ext 8181
hoanghuy@maybank.com
• Strategy • Technology

Le Nguyen Nhat Chuyen
(84 28) 44 555 888 ext 8082
chuyen.le@maybank.com
• Oil & Gas • Logistics

Nguyen Thi Sony Tra Mi
(84 28) 44 555 888 ext 8084
trami.nguyen@maybank.com
• Consumer Discretionary

Tran Thi Thanh Nhan
(84 28) 44 555 888 ext 8088
nhan.tran@maybank.com
• Consumer Staples

Nguyen Le Tuan Loi
(84 28) 44 555 888 ext 8088
loi.nguyen@maybank.com
• Industrials

Nguyen Thi Ngan Tuyen
Head of Retail Research
(84 28) 44 555 888 ext 8081
tuyen.nguyen@maybank.com
• Retail Research

Nguyen Thanh Lam
(84 28) 44 555 888 ext 8086
thanhlam.nguyen@maybank.com
• Chartist

APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "Maybank IBG") and consequently no representation is made as to the accuracy or completeness of this report by Maybank IBG and it should not be relied upon as such. Accordingly, Maybank IBG and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. Maybank IBG expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Maybank IBG and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. One or more directors, officers and/or employees of Maybank IBG may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of Maybank IBG's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Maybank IBG and Maybank IBG and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

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. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Research Pte. Ltd. ("MRPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact MRPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), MRPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

Thailand

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Securities (Thailand) Public Company Limited. Maybank Securities (Thailand) Public Company Limited ("MST") accepts no liability whatsoever for the actions of third parties in this respect.

Due to different characteristics, objectives and strategies of institutional and retail investors, the research products of MST Institutional and Retail Research departments may differ in either recommendation or target price, or both. MST reserves the rights to disseminate MST Retail Research reports to institutional investors who have requested to receive it. If you are an authorised recipient, you hereby tacitly acknowledge that the research reports from MST Retail Research are first produced in Thai and there is a time lag in the release of the translated English version.

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. MST does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MST does not confirm, verify, or certify the accuracy and completeness of the assessment result.

US

This third-party research report is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Maybank Securities USA Inc ("MSUS"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by MSUS in the US shall be borne by MSUS. This report is not directed at you if Maybank IBG is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that MSUS is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Maybank Securities USA Inc. 400 Park Avenue, 11th Floor, New York, New York 10022, 1-(212) 688-8886 and not with, the issuer of this report.

UK
This document is being distributed by Maybank Securities (London) Ltd ("MSUK") which is authorized and regulated, by the Financial Conduct Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES
Legal Entities Disclosures
Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938- H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This report is distributed in Singapore by MRPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Sekuritas Indonesia ("PTMSI") (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MST (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank Securities Inc (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** MIB Securities (Hong Kong) Limited (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** MIB Securities India Private Limited ("MIBSI") is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India ("SEBI") (Reg. No. INZ000010538). MIBSI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057) **US:** Maybank Securities USA Inc is a member of/and is authorized and regulated by the FINRA – Broker ID 27861. **UK:** Maybank Securities (London) Ltd (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest
Malaysia: Maybank IBG and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 14 December 2022, Maybank Research Pte. Ltd. and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MST may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MST, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: As of 14 December 2022, MIB Securities (Hong Kong) Limited and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 14 December 2022, and at the end of the month immediately preceding the date of publication of the research report, MIBSI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report.

In the past twelve months MIBSI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

Maybank IBG may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

OTHERS
Analyst Certification of Independence
The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Reminder
Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of Maybank IBG.

Definition of Ratings
Maybank IBG Research uses the following rating system

BUY	Return is expected to be above 10% in the next 12 months (including dividends)
HOLD	Return is expected to be between 0% to 10% in the next 12 months (including dividends)
SELL	Return is expected to be below 0% in the next 12 months (including dividends)

Applicability of Ratings
The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

Malaysia

Maybank Investment Bank Berhad
(A Participating Organisation of
Bursa Malaysia Securities Berhad)
33rd Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur
Tel: (603) 2059 1888;
Fax: (603) 2078 4194

Stockbroking Business:
Level 8, Tower C, Dataran Maybank,
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (603) 2297 8888
Fax: (603) 2282 5136

Singapore

Maybank Securities Pte Ltd
Maybank Research Pte Ltd
50 North Canal Road
Singapore 059304

Tel: (65) 6336 9090

London

Maybank Securities (London) Ltd
PNB House
77 Queen Victoria Street
London EC4V 4AY, UK

Tel: (44) 20 7332 0221
Fax: (44) 20 7332 0302

Hong Kong

MIB Securities (Hong Kong) Limited
28/F, Lee Garden Three,
1 Sunning Road, Causeway Bay,
Hong Kong

Tel: (852) 2268 0800
Fax: (852) 2877 0104

Indonesia

PT Maybank Sekuritas Indonesia
Sentral Senayan III, 22nd Floor
Jl. Asia Afrika No. 8
Gelora Bung Karno, Senayan
Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188
Fax: (62) 21 2557 1189

India

MIB Securities India Pte Ltd
1101, 11th floor, A Wing, Kanakia
Wall Street, Chakala, Andheri -
Kurla Road, Andheri East,
Mumbai City - 400 093, India

Tel: (91) 22 6623 2600
Fax: (91) 22 6623 2604

Philippines

Maybank Securities Inc
17/F, Tower One & Exchange
Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines 1200

Tel: (63) 2 8849 8888
Fax: (63) 2 8848 5738

Thailand

Maybank Securities (Thailand) PCL
999/9 The Offices at Central World,
20th - 21st Floor,
Rama 1 Road Pathumwan,
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)
Tel: (66) 2 658 6801 (research)

Vietnam

Maybank Securities Limited
Floor 10, Pearl 5 Tower,
5 Le Quy Don Street,
Vo Thi Sau Ward, District 3
Ho Chi Minh City, Vietnam

Tel : (84) 28 44 555 888
Fax : (84) 28 38 271 030

Sales Trading

Kevin Foy
Regional Head Sales Trading
kevinfoy@maybank.com
Tel: (65) 6636-3620
US Toll Free: 1-866-406-7447

Indonesia
Helen Widjaja
helen.widjaja@maybank.com
(62) 21 2557 1188

London
Greg Smith
gsmith@maybank.co.uk
Tel: (44) 207-332-0221

Philippines
Keith Roy
keith_roy@maybank.com
Tel: (63) 2 848-5288

India
Sanjay Makhija
sanjaymakhija@maybank.com
Tel: (91)-22-6623-2629

www.maybank.com/investment-banking
www.maybank-keresearch.com