

Singapore Telecommunications (ST SP)

Cleaning up the present, moving to the future

Exceptional losses mostly non-cash; Maintain BUY

Singtel is booking a net exceptional loss of SGD1.2b, of which 94% are non-cash impairments against its digital assets and Optus' legacy network. The impairment is part of Singtel's strategic review of its digital assets. Overall, the share price may experience some weakness in view of the exceptional losses announced. That said, it is all set for Singtel CEO Yuen Kuan Moon's announcement of its long-term strategic direction, alongside with its results release in approximately 2 weeks' time. We maintain BUY with SOTP-based TP of SGD2.88 as we see deep value in Singtel. The market is ascribing almost zero value to its SG and Australia operations, while offer 5.3% FY22E yield.

Cleaning up its books

Singtel is booking a net exceptional loss of SGD1.2b. This includes impairment charges of SGD589m and SGD336m against its investments in AdTech Amobee and Cybersecurity business Trustwave. Concurrently, Optus has undertaken a review of its network assets and it's recording an impairment of SGD204m due to its legacy fixed access network, which will no longer be used with the completion of the National Broadband Network rollout. Optus has reviewed its staff compensation and it's recording an exceptional charge of SGD101m for payroll adjustments, professional fees and remediation of its systems - this is consistent with other Australian-based companies. The exceptional losses will be partially offset by one-off gains of SGD98m arising from BHARTI (BHARTI IN, CP: INR562, BUY, TP: INR750).

Part of its strategic review

On the impairment against Amobee and Trustwave, the move comes amid Covid-19 impacts and structural shifts in the digital marketing and cybersecurity industries. While the two companies are seeing slight recovery in business, rebound has been uneven across the sectors, which Amobee and Trustwave are exposed to. Management foresees that growth will be pushed back by 1-2 years for Amobee.

More to come

Overall, the impairment exercise is part of Singtel's strategic review to clean up its digital assets and focus on growth thereafter, in our view. The exceptional charges are mainly non-cash, so they do not derail our DCF-based valuation of Singtel's core business. Its long-term growth strategy is likely to be revealed during results in approximately two weeks' time. We think NCS could be one of the focus areas, as the company is now an autonomous unit, which reports directly to Singtel's CEO. NCS was also mentioned during the investors' conference as an area for growth.

| FYE Mar (SGD m) | FY19A | FY20A | FY21E | FY22E | FY23E |
|------------------------------|--------|--------|--------|--------|--------|
| Revenue | 17,372 | 16,541 | 15,207 | 15,810 | 16,119 |
| EBITDA | 4,691 | 4,540 | 3,853 | 4,206 | 4,321 |
| Core net profit | 2,994 | 2,455 | 1,663 | 2,770 | 3,280 |
| Core FDEPS (cts) | 18.3 | 15.0 | 10.2 | 17.0 | 20.1 |
| Core FDEPS growth(%) | 0.0 | (18.0) | (32.3) | 66.6 | 18.4 |
| Net DPS (cts) | 17.5 | 17.5 | 9.7 | 12.7 | 15.1 |
| Core FD P/E (x) | 16.5 | 16.9 | 22.8 | 13.7 | 11.6 |
| P/BV (x) | 1.8 | 1.5 | 1.4 | 1.4 | 1.4 |
| Net dividend yield (%) | 5.8 | 6.9 | 4.2 | 5.5 | 6.5 |
| ROAE (%) | 10.4 | 3.8 | 6.2 | 10.2 | 11.8 |
| ROAA (%) | 6.2 | 5.0 | 3.4 | 5.7 | 6.6 |
| EV/EBITDA (x) | 12.7 | 12.0 | 13.2 | 11.7 | 11.1 |
| Net gearing (%) (incl perps) | 34.1 | 49.1 | 48.3 | 41.9 | 35.2 |
| Consensus net profit | - | - | 2,005 | 2,623 | 3,123 |
| MKE vs. Consensus (%) | - | - | (17.1) | 5.6 | 5.0 |

Kareen Chan

kareench@maybank.com

(65) 6231 5926

BUY

| | |
|-----------------------|-----------------|
| Share Price | SGD 2.32 |
| 12m Price Target | SGD 2.88 (+24%) |
| Previous Price Target | SGD 2.88 |

Company Description

Singtel is the largest integrated telecommunications service provider in Singapore and has significant share in Australia, India and ASEAN

Statistics

| | |
|------------------------|-----------|
| 52w high/low (SGD) | 2.70/2.00 |
| 3m avg turnover (USDm) | 54.1 |
| Free float (%) | 42.4 |
| Issued shares (m) | 16,515 |
| Market capitalisation | SGD38.3B |
| | USD28.7B |

Major shareholders:

| | |
|------------------------|-------|
| Temasek Holdings | 51.9% |
| Central Provident Fund | 5.7% |
| Capital Research | 3.3% |

Price Performance



| | -1M | -3M | -12M |
|-----------------------|-----|-----|------|
| Absolute (%) | (4) | (3) | (13) |
| Relative to index (%) | (0) | (7) | (28) |

Source: FactSet

ESG@MKE
Tear Sheet Insert

Value Proposition

- Telco conglomerate whose companies have significant, if not leading, shares in their markets.
- High-growth phase for wireless segment has passed. Competition is generally on the rise in this segment in most markets.
- Enterprise and digital services to provide next legs of growth while cash is harvested from wireless leadership to support investments and capex.
- Healthy balance sheet backs fixed DPS payout ratio of 75%. Proceeds from sale of non-core assets are partly committed to exceptional payouts.

Singtel's SOTP breakdown

| Valuation | Valuation method | Valuation (LC) | Exch rate (SGD/LC) | Valuation (SGD m) | Per share (SGD) | % of total |
|-------------------------------|---------------------------------------|----------------|--------------------|-------------------|-----------------|-------------|
| SingTel | DCF (6.9% WACC, 0% TG, 0.90 beta) | 17,339 | 100 | 17,339 | 1.06 | 37% |
| Optus | DCF (6.0% WACC, 0% TG, 0.71 beta) | 9,808 | 100 | 9,808 | 0.60 | 21% |
| (Less) Consol Net Debt | | | | -13,173 | -0.81 | |
| Sub Total | | 27,147 | | 13,974 | 0.86 | 30% |
| Associates & | | | | | | |
| Valuation | Valuation method | Valuation (LC) | Exch rate (S\$/LC) | Valuation (SGD m) | Per share (SGD) | % of total |
| Telkomsel (Indonesia) | 70% of Market Cap listed Telkom | 64,558,849 | 10,807 | 5,974 | 0.37 | 13% |
| Bharti Airtel (India) | DCF (8.9% WACC, 0.25% TG, 10 beta) | 1041806 | 54.00 | 19,293 | 1.18 | 41% |
| AIS (Thailand) | DCF (7.0% WACC, 2% TG, 10 beta) | 58,640 | 22.98 | 6,903 | 0.42 | 5% |
| Globe (Philippines) | Market Cap | 125,285 | 35.80 | 3,500 | 0.21 | 7% |
| Intouch (Thailand) | SOTP (AIS TP and mkt cap of THCOM TB) | 44,374 | 22.98 | 1,931 | 0.12 | 4% |
| NetLink NBN Trust (Singapore) | DDM (COE 6% 0% LTG, 0.5 beta) | 1034 | 100 | 1,034 | 0.06 | 2% |
| SingPost (Singapore) | Market Cap | 237 | 100 | 237 | 0.01 | 1% |
| Sub Total | | | | 38,635 | 2.38 | 83% |
| Associates' value | 5% discount | | | | -0.36 | |
| Total Equity Value | | | | 52,608 | 2.88 | 100% |

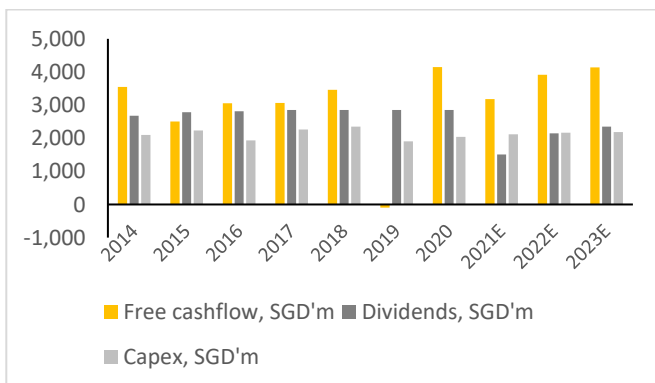
Source: Maybank Kim Eng

Financial Metrics

- We forecast EBITDA to grow at 5.9% CAGR over FY21-23E due to earnings recovery following Covid-19.
- Pretax associate income could contribute to bottom line by growing 27% over the same period, led by Bharti's swing to net profit from net loss.

We expect net debt to EBITDA, including associate dividends, to remain healthy at 1.6x-2.2x in FY21-23E; providing support to its fixed DPS commitment.

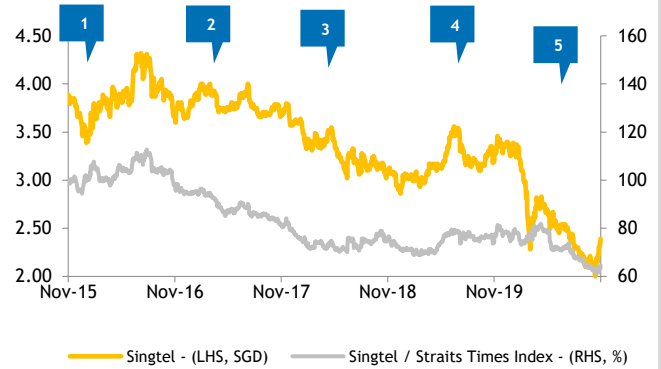
Free cash flow, dividends and capex



Source: Company, Maybank Kim Eng

Price Drivers

Historical share price trend



Source: Company, Maybank Kim Eng

1. Proposal for fourth mobile licence. Bharti's profits started to taper off.
2. TPG won licence in a general spectrum auction.
3. Proposal to increase effective stake in Bharti to 39.5%. Share price continued to be pressured by competitive environment.
4. Australia wireless pricing went through industry-wide reflation.
5. Earnings marred by weakness in ARPU on the back of lower usage of roaming and data given travel restriction and work-from-home arrangements.

Swing Factors

Upside

- Strong growth in enterprise and digital Life due to positive operating leverage.
- Stronger-than-expected ARPU due to easing in price competition in countries it operates in.
- Faster-than-expected monetisation of 5G development.

Downside

- Further wireless margin compression triggered by competition in Singapore and / or Australia.
- Worse-than-expected cannibalisation of wireless voice, SMS and roaming by data.
- Failure to monetise 5G development.

kareenchan@maybank.com

ESG@MKE

kareenchan@maybank.com

Business Model & Industry Issues

- Singtel is most exposed to cybersecurity and personal data leakage risks given its nature of business. There have been minor lapses due to IT, process and human errors over the years, and Singtel was penalised for an immaterial sum.
- Going forward, Singtel will continue to educate its staff and improve practices and processes to minimise data breaches.
- As Singtel is in the business of connectivity, it is supporting digital inclusion through connecting communities and supporting the disadvantaged.
- Notably in FY20, the telco supported migrant workers with free remittance service and their WiFi and mobile data needs. It also provided refurbished laptops and data SIMs to disadvantaged students for their home-based learning. In Australia, Optus scaled up “Donate Your Data” to support disadvantaged students by offering them free mobile data access for online learning.
- Singtel displays no exceptional risks for a telco operator for ESG and is in line with peers in tackling ESG issues.

Material E issues

- Achieved carbon emissions intensity reduction of 70% in 2020, well exceeding our 2030 target of 50%.
- Over 84% of waste generated disposed via reuse, recycling or incineration with energy recovered.
- Only Southeast Asian company among a pioneer group of 28 global companies in July 2019 that committed to keeping global temperature increase within 1.5°C and net zero emissions by 2050.

Key G metrics and issues

- Board consists of 10 directors, of which one is executive officer (MD/CEO), the remaining are non-executive & independent directors (including Chairman). 30% are female directors.
- The nomination, audit, investment and remuneration committees are chaired by independent directors.
- Key management/directors’ compensation accounted for 9.4%/1.3% of total employee compensation in 2019.
- There has been no corruption cases reported for the past three years.
- Cyber security and data leakage risks. Conducts its businesses in strict adherence to data protection laws - the Personal Data Protection Act in Singapore and the Privacy Act and Telecommunications Act in Australia.
- There have been minor lapses due to IT, process and human errors. Singtel will continue to educate its staff and improve practices and processes to minimise data breaches.

Material S issues

- 28% of female employees in middle and top management.
- Singtel was included in the 2020 Bloomberg Gender-Equality Index and the Refinitiv Global Diversity & Inclusion Index 2019 and named as one of the top 10 employers for Gender Diversity at The Leonie Awards 2019.
- Total training investment of SGD21.9m and pledged SGD45m to boost the digital skills of its workforce through company-wide initiatives over three years.
- Zero fatality rate across Singtel and Optus in FY20.
- To promote digital inclusion, Optus has launched “Donate Your Data” in Australia to help disadvantaged young people bridge the digital divide.
- Singtel also supported 1,000 vulnerable seniors under CareLine 24-hour telephone befriending service with free mobile phone services to promote digital inclusion and well-being.

Fig 1: SOTP valuation

| Valuation | Stake (%) | Valuation method | Valuation (LC) | Valuation (SGD m) | Per share (SGD) |
|-------------------------------------|-----------|---|----------------|-------------------|-----------------|
| SingTel | 100.0 | DCF (6.9% WACC, 0% TG, 0.90 beta) | 17,339 | 17,339 | 1.06 |
| Optus | 100.0 | DCF (6.0% WACC, 0% TG, 0.71 beta) | 9,808 | 9,808 | 0.60 |
| (Less) Consol Net Debt | | | | -13,173 | -0.81 |
| Sub Total | | | 27,147 | 13,974 | 0.86 |
| | Stake (%) | Valuation method | Valuation (LC) | Valuation (SGD m) | Per share (SGD) |
| Associates & Investments | | | | | |
| Telkomsel (Indonesia) | 35.0 | 70% of Market Cap listed Telkom | 64,558,849 | 5,974 | 0.37 |
| Bharti Airtel (India) | 31.9 | DCF (9.4% WACC, 3% TG, 1.0 beta), mcap of africa and tower businesses | 1,304,712 | 24,161 | 1.48 |
| AIS (Thailand) | 23.3 | DCF (7.0% WACC, 2% LTG, 1.0 beta) | 162,104 | 7,054 | 0.43 |
| Globe (Philippines) | 46.9 | DCF (5.7% WACC, 1% LTG, 0.7 beta) | 132,669 | 3,706 | 0.23 |
| Intouch (Thailand) | 21.0 | SOTP (AIS TP and mkt cap of THCOM TB) | 44,710 | 1,946 | 0.12 |
| NetLink NBN Trust (Singapore) | 24.8 | DDM (COE 6%, 0% LTG, 0.5 beta) | 1,034 | 1,034 | 0.06 |
| SingPost (Singapore) | 21.7 | Market Cap | 365 | 365 | 0.02 |
| Sub Total | | | | 43,875 | 2.71 |
| | | 25% discount | | | (0.68) |
| Associates' value | | | | | 2.03 |
| Total Equity Value | | | | | 2.88 |

Source: Maybank Kim Eng

| FYE 31 Mar | FY19A | FY20A | FY21E | FY22E | FY23E |
|------------------------|-------|-------|-------|-------|-------|
| Key Metrics | | | | | |
| P/E (reported) (x) | 16.7 | 48.8 | 22.8 | 13.7 | 11.5 |
| Core P/E (x) | 16.5 | 16.9 | 22.8 | 13.7 | 11.5 |
| Core FD P/E (x) | 16.5 | 16.9 | 22.8 | 13.7 | 11.6 |
| P/BV (x) | 1.8 | 1.5 | 1.4 | 1.4 | 1.4 |
| P/NTA (x) | 0.9 | 3.2 | 2.9 | 2.8 | 2.6 |
| Net dividend yield (%) | 5.8 | 6.9 | 4.2 | 5.5 | 6.5 |
| FCF yield (%) | 0.0 | 0.8 | 11.2 | 7.8 | 8.9 |
| EV/EBITDA (x) | 12.7 | 12.0 | 13.2 | 11.7 | 11.1 |
| EV/EBIT (x) | 24.1 | 27.9 | 39.7 | 32.8 | 30.4 |

INCOME STATEMENT (SGD m)

| | | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue | 17,372.1 | 16,541.0 | 15,207.1 | 15,810.4 | 16,118.7 |
| EBITDA | 4,691.1 | 4,540.3 | 3,853.3 | 4,205.7 | 4,321.4 |
| Depreciation | (2,222.0) | (2,580.0) | (2,575.0) | (2,703.8) | (2,747.8) |
| Amortisation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 2,469.1 | 1,960.3 | 1,278.3 | 1,501.9 | 1,573.6 |
| Net interest income / (exp) | (355.0) | (282.0) | (314.4) | (307.0) | (306.9) |
| Associates & JV | 1,537.0 | 1,742.7 | 1,208.1 | 2,443.8 | 3,047.5 |
| Exceptionals | 269.0 | (1,381.4) | 0.0 | 0.0 | 0.0 |
| Other pretax income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pretax profit | 1,537.0 | 1,742.7 | 1,208.1 | 2,443.8 | 3,047.5 |
| Income tax | (849.0) | (988.0) | (531.8) | (890.9) | (1,056.3) |
| Minorities | 23.0 | 22.4 | 22.4 | 22.4 | 22.4 |
| Discontinued operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reported net profit | 3,094.1 | 1,074.0 | 1,662.6 | 2,770.2 | 3,280.3 |
| Core net profit | 2,993.7 | 2,455.4 | 1,662.6 | 2,770.2 | 3,280.3 |

BALANCE SHEET (SGD m)

| | | | | | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cash & Short Term Investments | 513.0 | 999.6 | 619.7 | 2,052.7 | 3,616.4 |
| Accounts receivable | 5,993.0 | 5,559.4 | 5,111.1 | 5,313.8 | 5,417.5 |
| Inventory | 418.0 | 279.6 | 304.1 | 316.2 | 322.4 |
| Reinsurance assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Property, Plant & Equip (net) | 11,050.0 | 10,363.8 | 9,988.8 | 9,485.0 | 8,937.2 |
| Intangible assets | 2,019.0 | 2,020.0 | 2,021.0 | 2,022.0 | 2,023.0 |
| Investment in Associates & JVs | 15,565.0 | 16,287.3 | 16,287.3 | 16,287.3 | 16,287.3 |
| Other assets | 13,357.0 | 13,445.2 | 13,444.2 | 13,443.2 | 13,442.2 |
| Total assets | 48,915.0 | 48,954.9 | 47,776.3 | 48,920.2 | 50,045.9 |
| ST interest bearing debt | 1,880.0 | 3,970.5 | 3,970.5 | 3,970.5 | 3,970.5 |
| Accounts payable | 6,905.0 | 6,594.0 | 6,321.7 | 6,836.8 | 7,234.5 |
| Insurance contract liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| LT interest bearing debt | 8,784.0 | 10,202.1 | 9,549.0 | 9,549.0 | 9,540.4 |
| Other liabilities | 1,536.0 | 1,374.0 | 1,207.0 | 1,207.0 | 1,207.0 |
| Total Liabilities | 19,105.0 | 22,140.9 | 21,047.9 | 21,563.1 | 21,952.2 |
| Shareholders Equity | 29,810.0 | 26,814.0 | 26,728.3 | 27,357.1 | 28,093.7 |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total shareholder equity | 29,810.0 | 26,814.0 | 26,728.3 | 27,357.1 | 28,093.7 |
| Total liabilities and equity | 48,915.0 | 48,954.9 | 47,776.3 | 48,920.2 | 50,045.9 |

CASH FLOW (SGD m)

| | | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Pretax profit | 1,537.0 | 1,742.7 | 1,208.1 | 2,443.8 | 3,047.5 |
| Depreciation & amortisation | 2,222.0 | 2,580.0 | 2,575.0 | 2,703.8 | 2,747.8 |
| Adj net interest (income)/exp | 355.0 | 282.0 | 314.4 | 307.0 | 306.9 |
| Change in working capital | (126.0) | 78.8 | 151.4 | 300.4 | 287.9 |
| Cash taxes paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other operating cash flow | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Cash flow from operations | 5,368.1 | 2,666.5 | 5,497.4 | 5,212.4 | 5,850.0 |
| Capex | (1,905.0) | (2,036.6) | (2,200.0) | (2,200.0) | (2,200.0) |
| Free cash flow | 3,461.1 | (92.4) | 3,297.4 | 3,012.4 | 3,650.0 |
| Dividends paid | (2,857.0) | (2,856.2) | (2,856.7) | (1,579.5) | (2,077.6) |
| Equity raised / (purchased) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in Debt | (416.1) | (166.7) | (167.5) | 0.0 | 0.0 |
| Other invest/financing cash flow | 2,837.1 | 2,880.2 | 2,644.3 | 3,012.4 | 3,641.4 |
| Effect of exch rate changes | (1.0) | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash flow | (12.0) | 486.6 | (379.9) | 1,432.9 | 1,563.7 |

| FYE 31 Mar | FY19A | FY20A | FY21E | FY22E | FY23E |
|--|----------|----------|----------|----------|---------|
| Key Ratios | | | | | |
| Growth ratios (%) | | | | | |
| Revenue growth | 0.6 | (4.8) | (8.1) | 4.0 | 1.9 |
| EBITDA growth | (7.1) | (3.2) | (15.1) | 9.1 | 2.8 |
| EBIT growth | (11.8) | (20.6) | (34.8) | 17.5 | 4.8 |
| Pretax growth | (37.6) | 13.4 | (30.7) | 102.3 | 24.7 |
| Reported net profit growth | (43.5) | (65.3) | 54.8 | 66.6 | 18.4 |
| Core net profit growth | 0.0 | (18.0) | (32.3) | 66.6 | 18.4 |
| Profitability ratios (%) | | | | | |
| EBITDA margin | 27.0 | 27.4 | 25.3 | 26.6 | 26.8 |
| EBIT margin | 14.2 | 11.9 | 8.4 | 9.5 | 9.8 |
| Pretax profit margin | 8.8 | 10.5 | 7.9 | 15.5 | 18.9 |
| Payout ratio | 92.3 | nm | 95.0 | 75.0 | 75.0 |
| DuPont analysis | | | | | |
| Net profit margin (%) | 17.8 | 6.5 | 10.9 | 17.5 | 20.4 |
| Revenue/Assets (x) | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 |
| Assets/Equity (x) | 1.6 | 1.8 | 1.8 | 1.8 | 1.8 |
| ROAE (%) | 10.4 | 3.8 | 6.2 | 10.2 | 11.8 |
| ROAA (%) | 6.2 | 5.0 | 3.4 | 5.7 | 6.6 |
| Liquidity & Efficiency | | | | | |
| Cash conversion cycle | na | na | na | na | na |
| Days receivable outstanding | 114.3 | 125.7 | 126.3 | 118.7 | 119.8 |
| Days inventory outstanding | na | na | na | na | na |
| Days payables outstanding | na | na | na | na | na |
| Dividend cover (x) | 1.1 | 0.4 | 1.1 | 1.3 | 1.3 |
| Current ratio (x) | 0.8 | 0.7 | 0.6 | 0.7 | 0.9 |
| Leverage & Expense Analysis | | | | | |
| Asset/Liability (x) | 2.6 | 2.2 | 2.3 | 2.3 | 2.3 |
| Net gearing (%) (incl perps) | 34.1 | 49.1 | 48.3 | 41.9 | 35.2 |
| Net gearing (%) (excl. perps) | 34.1 | 49.1 | 48.3 | 41.9 | 35.2 |
| Net interest cover (x) | 7.0 | 7.0 | 4.1 | 4.9 | 5.1 |
| Debt/EBITDA (x) | 2.3 | 3.1 | 3.5 | 3.2 | 3.1 |
| Capex/revenue (%) | 11.0 | 12.3 | 14.5 | 13.9 | 13.6 |
| Net debt/ (net cash) | 10,151.0 | 13,173.0 | 12,899.8 | 11,466.8 | 9,894.5 |

Source: Company; Maybank

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

Linda LIU
Singapore | Vietnam |
Cambodia | Myanmar | Laos
(65) 6231 5847
lindaliu@maybank.com

Dr Zamros DZULKAFI
(603) 2297 8618
zamros.d@maybank-ib.com

Ramesh LANKANATHAN
(603) 2297 8685
ramesh@maybank-ib.com

William POH
(603) 2297 8683
william.poh@maybank-ib.com

FX

Saktiandi SUPAAT
Head of FX Research
(65) 6232 1379
saktiandi@maybank.com.sg

Christopher WONG
(65) 6320 1347
wongkl@maybank.com.sg

TAN Yanxi
(65) 6320 1378
tanyx@maybank.com.sg

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

STRATEGY

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

FIXED INCOME

Winson PHOON, ACA
(65) 6340 1079
winsonphoon@maybank.com

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

ONG Seng Yeow
Research, Technology & Innovation
(65) 6231 5839
ongsengyeow@maybank.com

MALAYSIA

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

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

LIAW Thong Jung
(603) 2297 8688 tliaw@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

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

LEE Yen Ling
(603) 2297 8691 lee.yl@maybank-ib.com
• Glove • Ports • Shipping • Healthcare
• Petrochemicals

Kevin WONG
(603) 2082 6824 kevin.wong@maybank-ib.com
• REITs • Technology

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

Fahmi FARID
(603) 2297 8676 fahmi.farid@maybank-ib.com
• Software

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

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

CHUA Su Tye
(65) 6231 5842 chuasutye@maybank.com
• REITs - Regional

LAI Gene Lih, CFA
(65) 6231 5832 laigenelih@maybank.com
• Technology • Healthcare

Kareen CHAN
(65) 6231 5926 kareench@maybank.com
• Transport • Telcos • Consumer

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

Matthew SHIM
(65) 6231 5929
matthewshim@maybank.com
• Retail Research

PHILIPPINES

Jacqui De JESUS *Head of Research*
(63) 2 8849 8844
jacqui.dejesus@maybank.com
• Strategy • Conglomerates

Romel LIBO-ON
(63) 2 8849 8844
romel_libo-on@maybank-atrke.com
• Property • Telcos

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

VIETNAM

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

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

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

Nguyen Thi Sony Tra Mi
(84 28) 44 555 888 ext 8084
mi.nguyen@maybank-kimeng.com.vn
• Consumer

Tyler Manh Dung Nguyen
(84 28) 44 555 888 ext 8085
dung.nguyen@maybank-kimeng.com.vn
• Utilities • Property

Tran Thi Thu Thao
(84 28) 44 555 888 ext 8180
thao.tran@maybank-kimeng.com.vn
• Industrials

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

Nguyen Thanh Lam
(84 28) 44 555 888 ext 8086
thanhlam.nguyen@maybank-kimeng.com.vn
• Technical Analysis

INDIA

Jigar SHAH *Head of Research*
(91) 22 4223 2632 jigars@maybank.com
• Strategy • Oil & Gas • Automobile • Cement

Neerav DALAL
(91) 22 4223 2606 neerav@maybank.com
• Software Technology • Telcos

Kshitiz PRASAD
(91) 22 4223 2607
kshitiz@maybank.com
• Banks

Vikram RAMALINGAM
(91) 22 4223 2607
vikram@maybank.com
• Automobile • Media

INDONESIA

Isnaputra ISKANDAR *Head of Research*
(62) 21 8066 8680
isnaputra.iskandar@maybank-ke.co.id
• Strategy • Metals & Mining • Cement
• Autos • Consumer • Utility

Rahmi MARINA
(62) 21 8066 8689
rahmi.marina@maybank-ke.co.id
• Banking & Finance

Willy GOUTAMA
(62) 21 8066 8500
willy.goutama@maybank-ke.co.id
• Consumer

THAILAND

Maria LAPIZ *Head of Institutional Research*
Dir (66) 2257 0250 | (66) 2658 6300 ext 1399
Maria.L@maybank-ke.co.th
• Strategy • Consumer • Materials • Services

Jesada TECHAUSUDIN, CFA
(66) 2658 6300 ext 1395
jesada.t@maybank-ke.co.th
• Banking & Finance

Kaushal LADHA, CFA
(66) 2658 6300 ext 1392
Kaushal.l@maybank-ke.co.th
• Oil & Gas - Regional
• Petrochemicals - Regional
• Utilities

Vanida GEISLER, CPA
(66) 2658 6300 ext 1394
Vanida.G@maybank-ke.co.th
• Property • REITs

Yuwanee PROMMAPORN
(66) 2658 6300 ext 1393
Yuwanee.P@maybank-ke.co.th
• Services • Healthcare

Ekachai TARAPORN TIP *Head of Retail Research*
(66) 2658 5000 ext 1530
Ekachai.t@maybank-ke.co.th

Surachai PRAMUALCHAROENKIT
(66) 2658 5000 ext 1470
Surachai.p@maybank-ke.co.th
• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB
(66) 2658 5000 ext 1430
suttatip.p@maybank-ke.co.th
• Food & Beverage • Commerce

Jaroonpan WATTANAWONG
(66) 2658 5000 ext 1404
jaroonpan.w@maybank-ke.co.th
• Transportation • Small cap

Thanatphat SUKSRICHAVALIT
(66) 2658 5000 ext 1401
thanatphat.s@maybank-ke.co.th
• Media • Electronics

Wijit ARAYAPISIT
(66) 2658 5000 ext 1450
wijit.a@maybank-ke.co.th
• Strategist

Theerasate PROMPONG
(66) 2658 5000 ext 1400
theerasate.p@maybank-ke.co.th
• Equity Portfolio Strategist

Apiwat TAVESIRIVATE
(66) 2658 5000 ext 1310
apiwat.t@maybank-ke.co.th
• Chartist and TFE

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, "MKE") and consequently no representation is made as to the accuracy or completeness of this report by MKE and it should not be relied upon as such. Accordingly, MKE 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. MKE 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.

MKE 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 MKE 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 MKE'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 MKE and MKE 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 Kim Eng Research Pte. Ltd. ("Maybank KERPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact Maybank KERPL 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), Maybank KERPL 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 Kim Eng Securities (Thailand) Public Company Limited. Maybank Kim Eng Securities (Thailand) Public Company Limited ("MBKET") 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 MBKET Institutional and Retail Research departments may differ in either recommendation or target price, or both. MBKET reserves the rights to disseminate MBKET 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 MBKET 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. MBKET 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, MBKET 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 Kim Eng Securities USA Inc ("Maybank KESUSA"), 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 Maybank KESUSA in the US shall be borne by Maybank KESUSA. This report is not directed at you if MKE 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 Maybank KESUSA 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 Kim Eng 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 Kim Eng Securities (London) Ltd (“Maybank KESL”) 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 Maybank KERPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Kim Eng Securities (“PTMKES”) (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MBKET (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 ATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Kim Eng Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** KESHK (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** Kim Eng Securities India Private Limited (“KESI”) 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). KESI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057) **US:** Maybank KESUSA is a member of / and is authorized and regulated by the FINRA - Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest

Malaysia: MKE 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 16 May 2021, Maybank KERPL and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MBKET 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. MBKET, 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 16 May 2021, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 16 May 2021, and at the end of the month immediately preceding the date of publication of the research report, KESI, a 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 KESI 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.

MKE 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

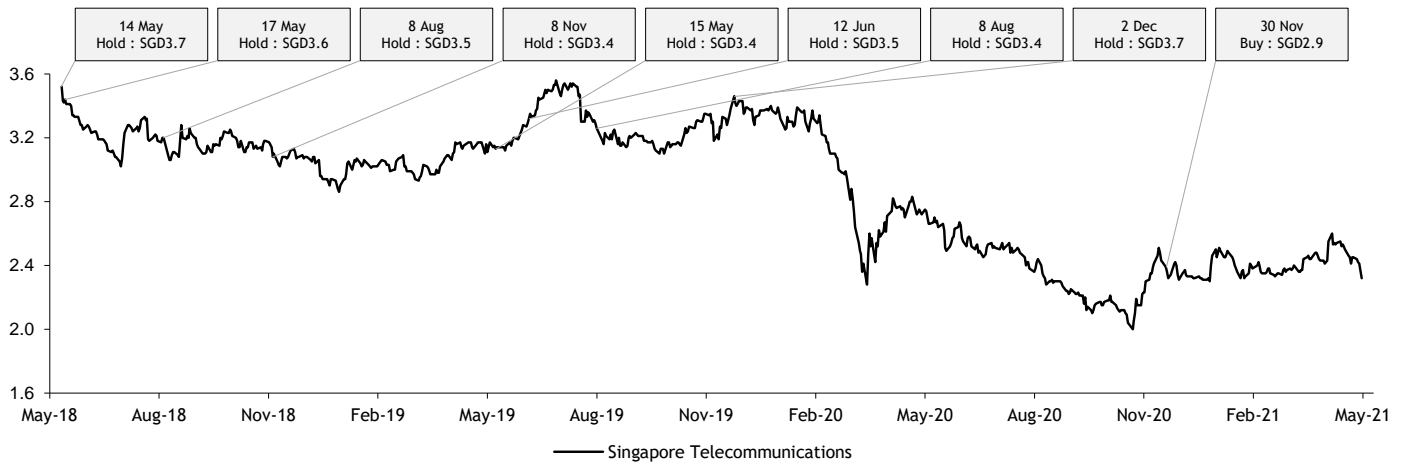
The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed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

Historical recommendations and target price: Singapore Telecommunications (ST SP)



Definition of Ratings

Maybank Kim Eng 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


Philippines

Maybank ATR Kim Eng 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


South Asia Sales Trading

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

Indonesia

Iwan Atmadjaja
iatmadjaja2@bloomberg.net
(62) 21 8066 8555

New York

James Lynch
jlynch@maybank-keusa.com
Tel: (212) 688 8886

Philippines

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


Singapore

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

Tel: (65) 6336 9090


Hong Kong

Kim Eng Securities (HK) Ltd
28/F, Lee Garden Three,
1 Sunning Road, Causeway Bay,
Hong Kong

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


Thailand

Maybank Kim Eng Securities
(Thailand) Public Company Limited
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)


North Asia Sales Trading

Andrew Lee
andrewlee@kimeng.com.hk
Tel: (852) 2268 0283
US Toll Free: 1 877 837 7635

London

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

India

Sanjay Makhija
sanjaymakhija@maybank-ke.co.in
Tel: (91)-22-6623-2629


London

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

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


Indonesia

PT Maybank Kim Eng Securities
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


Vietnam

Maybank Kim Eng Securities Limited
4A-15+16 Floor Vincom Center Dong
Khoi, 72 Le Thanh Ton St. District 1
Ho Chi Minh City, Vietnam

Tel : (84) 844 555 888
Fax : (84) 8 38 271 030


New York

Maybank Kim Eng Securities USA
Inc
400 Park Avenue, 11th Floor
New York, New York 10022,
U.S.A.

Tel: (212) 688 8886
Fax: (212) 688 3500


India

Kim Eng Securities India Pvt 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


Saudi Arabia

In association with
Anfaal Capital
Ground Floor, KANOO Building
No.1 - Al-Faisaliyah, Madina Road,
P.O.Box 126575 Jeddah 21352
Kingdom of Saudi Arabia

Tel: (966) 920023423