

Singapore Post Ltd (SPOST SP)

Management not yet delivering the e-commerce turnaround

Reduced forecasts due to continued postal weakness

FY18 core earnings missed consensus/our estimate by 6%/12%. This was due to weaker operating profit for the mail segment after the revised terminal dues started in Jan 2018 and unexpected losses for an associate. We cut our FY19-20E EPS by 5% but maintain our DCF-based TP of SGD1.50 (WACC 7.6%, LTG 1.0%). Operations for all the other sectors, including international mail, US e-commerce, property income and logistics, continued to perform well. Management remains positive on building the e-commerce logistics platform and expects its mitigating measures for revised terminal dues to deliver better results in the coming quarters.

Positive financials for all sectors and better FCF

All the key business units continued to deliver good progress in 4Q18. Specifically in the quarter: 1) continued robust revenue growth for international mail, 4Q18 revenue grew 37.4% YoY; 2) US e-commerce segment operating loss narrowed to SGD5.8m from SGD15.1m in 4Q17; 3) better property income from SingPost Mall, which grew 29% QoQ, to SGD11.6m; and 4) logistics segment 4Q18 operating profit grew 109% YoY as three out of four sub-segments delivered operating profit growth. Furthermore, FCF improved significantly, from SGD0 to SGD136m in FY18, due to lower capex after completing two projects.

Terminal-dues impact should be mitigated

Management is confident in managing the earnings drag from new terminal dues, as it has put in place several mitigating measures including a price revision, and has formed more bi-lateral agreements with other postal providers. The full extent of these measures will come into effect progressively over the next few quarters.

Continued to build e-commerce logistics businesses

The e-commerce logistics hub continued to show good progress, where the utilisation rate of warehousing has increased to 96% in 4Q18 from 87% in 3Q18. Management is seeking to tie-up with more players to grow the business for SP Parcels.

FYE Mar (SGD m)	FY17A	FY18A	FY19E	FY20E	FY21E
Revenue	1,349	1,464	1,599	1,795	2,006
EBITDA	201	209	233	255	287
Core net profit	116	90	129	145	175
Core EPS (cts)	5.1	4.0	5.7	6.4	7.7
Core EPS growth (%)	(28.5)	(21.4)	42.9	12.4	20.3
Net DPS (cts)	3.5	3.5	4.0	4.5	5.4
Core P/E (x)	26.7	34.0	23.8	21.2	17.6
P/BV (x)	2.3	2.2	2.2	2.1	2.1
Net dividend yield (%)	2.6	2.6	2.9	3.3	4.0
ROAE (%)	2.6	8.1	9.1	10.1	11.9
ROAA (%)	4.5	3.3	4.7	5.2	6.1
EV/EBITDA (x)	15.6	14.7	13.3	12.0	10.5
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	137	152	na
MKE vs. Consensus (%)	-	-	(5.5)	(4.2)	na

John Cheong, CFA
johncheong@maybank-ke.com.sg
(65) 6231 5845

BUY

Share Price	SGD 1.36
12m Price Target	SGD 1.50 (+11%)
Previous Price Target	SGD 1.50

Company Description

SingPost is a national postal provider that has branched into global e-commerce and fulfilment logistics services.

Statistics

52w high/low (SGD)	1.44/1.23
3m avg turnover (USDm)	6.1
Free float (%)	62.7
Issued shares (m)	2,275
Market capitalisation	SGD3.1B
	USD2.3B

Major shareholders:

Singapore Telecommunications Ltd.	21.7%
Alibaba Investment Ltd	14.4%

Price Performance



	-1M	-3M	-12M
Absolute (%)	4	(5)	(2)
Relative to index (%)	2	(9)	(10)

Source: FactSet

Fig 1: Revisions to estimates

FYE Mar (Fig in SGD m)	New FY19E	New FY20E	Old FY19E	Old FY20E
Revenue	1,599	1,795	1,641	1,844
% change	-2.6%	-2.7%		
Core net profit	129	145	136	152
% change	-4.9%	-4.6%		

Source: Company, Maybank Kim Eng

Fig 2: FY18 results summary

FYE Mar	4Q18 (SGD m)	3Q18 (SGD m)	4Q17 (SGD m)	QoQ Chg. (%)	YoY Chg. (%)	FY18 (SGD m)	FY17 (SGD m)	Change (YoY %)	MBKE FY18E	YTD as a % of FY17E
Revenue	367.5	412.8	324.0	(11.0)	13.4	1,464.1	1,348.5	8.6	1,475.8	99.2
Other income	16.0	16.8	16.1	(5.0)	(1.0)	58.8	46.4	27.0	54.0	109.0
Labour & related expenses	(80.0)	(102.4)	(84.1)	(21.8)	(4.8)	(328.2)	(345.1)	(4.9)	(376.3)	87.2
Volume related expenses	(210.8)	(223.6)	(169.6)	(5.7)	24.3	(816.1)	(688.7)	18.5	(779.2)	104.7
Admin & other expenses	(41.1)	(40.0)	(36.5)	2.6	12.6	(154.7)	(144.3)	7.2	(157.9)	98.0
Depreciation & amortisation	(15.7)	(15.3)	(16.0)	3.0	(1.7)	(60.7)	(51.0)	19.1	(60.8)	99.9
Selling expenses	(3.3)	(2.1)	(6.2)	57.9	(46.1)	(15.1)	(15.3)	(1.5)	(16.2)	92.8
EBIT	32.5	46.2	27.8	(29.7)	17.0	148.2	150.4	(1.5)	139.3	106.4
Exceptional items	8.7	0.9	(93.1)	838.4	(109.3)	14.5	(88.7)	(116.4)	-	n/a
Associates & JV	(6.2)	1.0	(1.9)	(748.6)	n/a	(3.1)	(1.2)	163.3	5.0	(62.0)
Finance costs	(3.6)	(3.1)	(5.4)	13.8	n/a	(13.4)	(5.7)	136.4	(10.6)	126.4
Profit Before Tax	31.4	44.9	(72.6)	(30.1)	(143.3)	146.2	54.9	166.1	133.7	109.4
Taxation	(10.9)	(2.9)	1.8	269.5	(715.9)	(30.7)	(25.2)	21.5	(26.7)	114.7
Net profit	20.5	42.0	(70.8)	(51.1)	(129.0)	115.5	29.7	288.9	107.0	108.0
Net profit after NCI	23.9	43.0	(65.2)	(44.3)	(136.7)	126.4	33.4	278.4	119.7	105.6
Core net profit	15.3	42.1	21.4	(63.7)	(28.6)	105.0	115.6	(9.2)	119.7	87.7
EPS (cts)	1.06	1.89	(2.87)	(44.1)	(136.9)	5.6	1.5	280.3	5.26	106.2
Recurring EPS (cts)	0.67	1.85	0.94	(63.5)	(28.2)	4.6	5.1	(8.8)	5.26	88.1
DPS (cts)	2.00	1.50	0.50	33.3	n/a	3.5	3.5	-	3.68	95.1
				Change (ppt)						
EBIT margin	8.8	11.2	8.6	(2.4)	0.3	10.1	11.2	(1.0)	9.4	
PBT margin	8.6	10.9	(22.4)	(2.3)	30.9	10.0	4.1	5.9	9.1	
Core net margin	4.2	10.2	6.6	(6.0)	(2.4)	7.2	8.6	(1.4)	8.1	

Revenue by segment

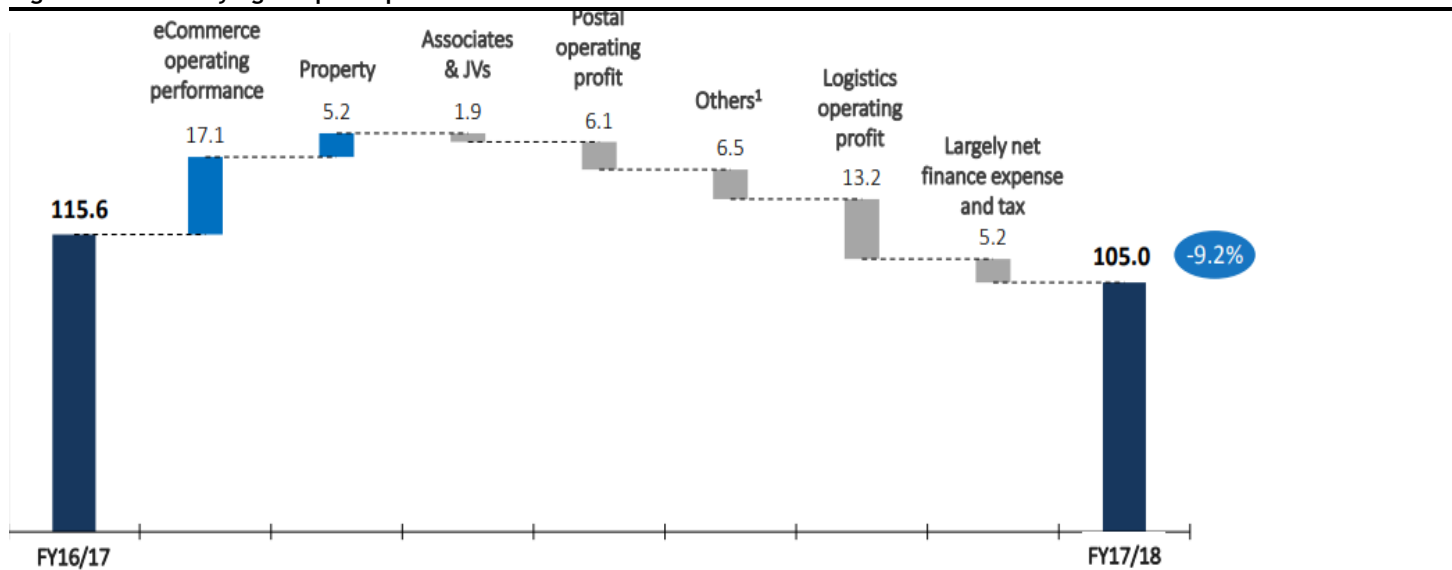
Mail	161.7	166.0	136.8	(2.6)	18.2	625.9	544.1	15.0
Logistics	157.9	173.9	154.7	(9.2)	2.0	663.9	636.8	4.3
E-commerce	65.3	97.1	56.7	(32.8)	15.2	265.6	266.3	(0.3)
Eliminations	(17.4)	(24.2)	(24.2)	(28.2)	(28.3)	(91.3)	(99.5)	(8.3)

Operating profit by segment

Mail	33.2	40.1	36.8	(17.3)	(9.8)	144.6	150.7	(4.0)
Logistics	5.3	4.9	2.6	9.3	108.7	10.4	23.6	(56.0)
E-commerce	(5.8)	(3.8)	(15.1)	55.9	n/a	(16.7)	(33.8)	(50.6)
Property	11.6	9.0	5.8	n/a	101.8	36.3	31.1	16.8
Others	(12.9)	(5.0)	(3.4)	n/a	279.9	(31.1)	(24.6)	26.6

Source: Company, Maybank Kim Eng

Fig 3: FY18 underlying net profit performance



Source: Company

Fig 4: DCF-based TP of SGD1.50 suggests 11% upside

FYE Mar (SGD m)	FY17	FY18	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E
WACC	7.6%											
Cost of equity	8.7%											
Cost of debt (pre-tax)	4.0%											
Optimum Debt/Capital ratio	20.0%											
Risk-free rate	2.5%											
Beta	0.95	Our assumption of 0.95 is slightly higher than 2-yr beta of 0.80 to reflect higher volatility from changing business model and uncertainties relating to assets impairments.										
Market return	9.0%											
Terminal growth	1.0%											

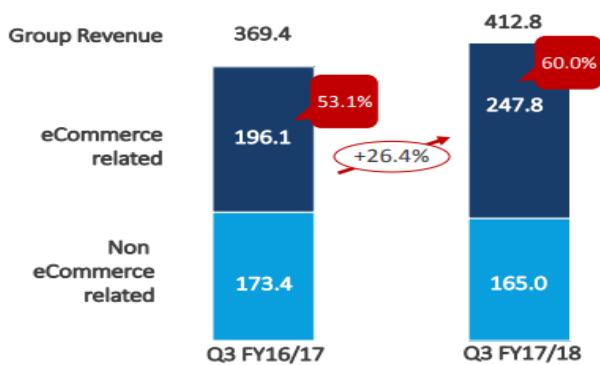
Revised forecast	Specific period forecast											Cash-cow phase (steady-state of 2% growth)		
	FY17-23E											FY24-27E		
	FY17	FY18	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY24E	FY27E
Core earnings (SGD m)	116	105	129	145	175	207	235	211	216	220	224	229		
% YoY growth	(24.7)	(9.2)	23.2	12.4	20.3	18.5	13.6	2.0	2.0	2.0	2.0	2.0		
Non-cash adjustments	167	81	104	104	106	110	118	112	114	117	119	121		
Changes in working capital	34	33	16	32	31	36	45	37	38	38	39	40		
Income tax paid	(31)	(31)	(34)	(40)	(48)	(57)	(64)	(58)	(59)	(60)	(62)	(63)		
Net cash from operations	200	198	214	247	270	303	341	309	316	322	328	335		
Net capex	(173)	(49)	(70)	(70)	(72)	(72)	(72)	(72)	(72)	(72)	(72)	(72)		
FCFE	27	149	144	177	198	231	269	237	244	250	256	263		
Terminal Value														4,023
PV	27	149	144	164	171	186	201	165	157	150	143	2,217		
Total discounted FCFE	3,696													
Less: FY17E net debt incl perps	(277)													
Intrinsic value	3,419													
Value/ Share (SGD)	1.50													

Source: Maybank Kim Eng

Value Proposition

- National postal provider that has branched into global e-commerce and fulfilment logistics, helping retail customers to sell online faster and more efficiently.
- Under transformation from a highly cash generative, but declining mail business to high-volume, high-growth e-commerce logistics.
- Offers cheapest e-commerce deliveries at home. In ASEAN, has tied up with other national postal providers to offer commercial delivery services.
- The earliest impact from the expansions should be in FY3/19. Additional growth will come from Alibaba's (BABA US, HOLD, TP USD190) volumes, a new logistics hub, and new US customers.
- Recent ROEs about 8.5%. Expect expansion from FY3/18 on revenue growth and cost synergies. FY18E ROIC of 5.9% vs WACC of 7.6%.

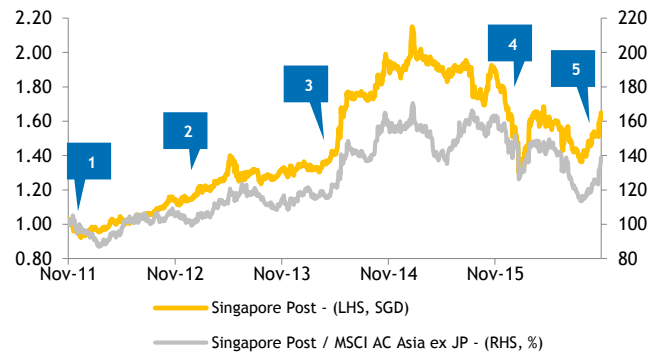
Transforming into an e-commerce logistics provider



Source: Company

Price Drivers

Historical share price



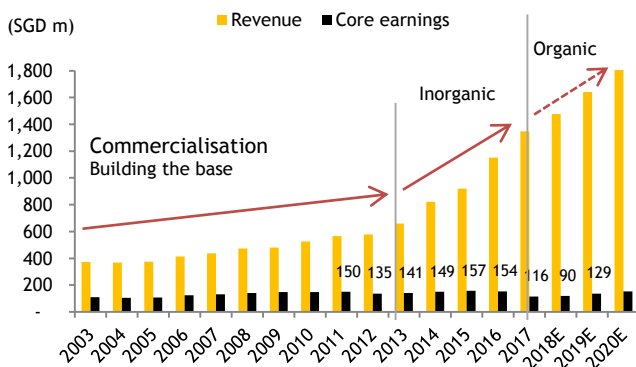
Source: Bloomberg, Maybank Kim Eng

1. Core mail volume declined in FY3/12 after growing 8% in FY11.
2. Re-rated in 2012-2014 after acquiring e-commerce logistics outfits, which bumped up its revenue growth.
3. Mar 2014: China's e-commerce juggernaut, Alibaba, took a 10% stake in SingPost and signed an MOU for a JV in international e-commerce logistics.
4. Dec 2015 - Jan 2016: CEO resigned, as well as disclosure a director's interest was not declared.
5. Oct 2016 - Alibaba's second investment in SingPost was approved by regulator allowing it to acquire a 30% stake in SingPost's subsidiary.

Financial Metrics

- Revenue CAGR of 12% the past five years, 10% for the next three years due to on-going digestion of M&As and declining traditional mail revenue.
- Expect profit growth in FY19E on turnaround of e-commerce segment, growth in mail segment and completion of mall refurbishment.
- FY19E total capex SGD70m, mainly for maintenance.
- ROE and FCF expected to grow, along with profits, from FY18E.

Profits should turn higher in FY19; 1st time since FY15



Source: Company, Maybank Kim Eng estimates.

Swing Factors

Upside

- Faster-than-expected turnaround of Trade Global, a newly acquired e-commerce enabler for fashion and lifestyle.
- Higher-than-expected revenue growth in e-commerce logistics, from more customers and services.
- Higher-than-expected margins for e-commerce logistics, from economies of scale and operating leverage.

Downside

- Inability to resolve corporate-governance conundrum, including independence of the board and inadequate disclosure.
- Failure to extract synergies and integrate its largest acquisition, Trade Global.
- Worse-than-expected deterioration in mail business before e-commerce logistics compensates.

FYE 31 Mar	FY17A	FY18A	FY19E	FY20E	FY21E
Key Metrics					
P/E (reported) (x)	nm	26.5	23.8	21.2	17.6
Core P/E (x)	26.7	34.0	23.8	21.2	17.6
P/BV (x)	2.3	2.2	2.2	2.1	2.1
P/NTA (x)	3.2	3.0	3.0	2.9	2.8
Net dividend yield (%)	2.6	2.6	2.9	3.3	4.0
FCF yield (%)	0.9	5.0	4.7	5.7	6.4
EV/EBITDA (x)	15.6	14.7	13.3	12.0	10.5
EV/EBIT (x)	20.9	20.7	18.0	15.6	13.2
INCOME STATEMENT (SGD m)					
Revenue	1,348.5	1,464.1	1,598.8	1,794.6	2,005.9
Gross profit	1,348.5	1,464.1	1,598.8	1,794.6	2,005.9
EBITDA	201.5	208.9	232.9	255.2	286.7
Depreciation	(51.0)	(60.7)	(60.3)	(59.7)	(59.4)
Amortisation	1.0	0.0	0.0	0.0	0.0
EBIT	150.4	148.2	172.6	195.5	227.3
Net interest income / (exp)	(5.7)	(13.4)	(11.5)	(9.0)	(6.5)
Associates & JV	(1.2)	(3.1)	2.5	5.0	8.0
Exceptionals	(88.7)	0.0	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	54.9	131.7	163.6	191.5	228.8
Income tax	(25.2)	(30.7)	(34.4)	(40.2)	(48.0)
Minorities	3.7	10.9	0.0	(6.0)	(6.0)
Perpetual securities	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	33.4	111.9	129.3	145.3	174.7
Core net profit	115.6	90.4	129.3	145.3	174.7
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET (SGD m)					
Cash & Short Term Investments	366.6	314.1	245.0	246.0	250.1
Accounts receivable	199.0	271.6	293.5	329.4	368.2
Inventory	4.5	1.0	1.0	1.0	1.0
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	565.6	532.3	624.5	634.8	647.4
Intangible assets	400.7	385.7	385.7	385.7	385.7
Investment in Associates & JVs	117.8	114.9	117.4	122.4	130.4
Other assets	1,062.5	1,105.2	1,105.2	1,105.2	1,105.2
Total assets	2,716.6	2,724.7	2,772.3	2,824.5	2,888.0
ST interest bearing debt	148.8	23.5	30.0	30.0	30.0
Accounts payable	395.1	525.8	556.7	624.2	694.2
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	215.2	220.5	200.0	150.0	100.0
Other liabilities	200.0	165.0	172.0	172.0	172.0
Total Liabilities	958.9	934.8	958.5	976.0	995.9
Shareholders Equity	1,359.3	1,402.7	1,426.6	1,455.3	1,492.9
Minority Interest	51.6	40.3	40.3	46.3	52.3
Total shareholder equity	1,410.9	1,443.1	1,467.0	1,501.7	1,545.2
Perpetual securities	346.8	346.8	346.8	346.8	346.8
Total liabilities and equity	2,716.6	2,724.7	2,772.3	2,824.5	2,888.0
CASH FLOW (SGD m)					
Pretax profit	54.9	131.7	163.6	191.5	228.8
Depreciation & amortisation	50.0	60.7	60.3	59.7	59.4
Adj net interest (income)/exp	5.4	3.9	11.5	9.0	6.5
Change in working capital	33.7	33.3	15.8	31.5	31.2
Cash taxes paid	(30.5)	(31.2)	(34.4)	(40.2)	(48.0)
Other operating cash flow	92.7	(4.9)	(2.5)	(5.0)	(8.0)
Cash flow from operations	200.0	198.2	214.3	246.5	269.8
Capex	(200.6)	(62.7)	(70.0)	(70.0)	(72.0)
Free cash flow	27.7	153.2	144.3	176.5	197.8
Dividends paid	(119.5)	(45.4)	(90.5)	(101.7)	(122.3)
Equity raised / (purchased)	189.6	(15.7)	0.0	0.0	0.0
Perpetual securities	0.0	0.0	0.0	0.0	0.0
Change in Debt	167.2	(119.6)	(14.0)	(50.0)	(50.0)
Perpetual securities distribution	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)
Other invest/financing cash flow	(182.0)	(51.5)	(81.5)	(79.0)	(78.5)
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	240.5	(48.8)	13.4	1.0	4.1

FYE 31 Mar	FY17A	FY18A	FY19E	FY20E	FY21E
Key Ratios					
Growth ratios (%)					
Revenue growth	17.1	8.6	9.2	12.2	11.8
EBITDA growth	(10.5)	3.7	11.5	9.6	12.3
EBIT growth	(22.1)	(1.5)	16.5	13.3	16.3
Pretax growth	(80.9)	139.7	24.2	17.0	19.5
Reported net profit growth	(86.6)	234.9	15.5	12.4	20.3
Core net profit growth	(24.7)	(21.8)	42.9	12.4	20.3
Profitability ratios (%)					
EBITDA margin	14.9	14.3	14.6	14.2	14.3
EBIT margin	11.2	10.1	10.8	10.9	11.3
Pretax profit margin	4.1	9.0	10.2	10.7	11.4
Payout ratio	238.3	70.8	70.0	70.0	70.0
DuPont analysis					
Net profit margin (%)	2.5	7.6	8.1	8.1	8.7
Revenue/Assets (x)	0.5	0.5	0.6	0.6	0.7
Assets/Equity (x)	2.0	1.9	1.9	1.9	1.9
ROAE (%)	2.6	8.1	9.1	10.1	11.9
ROAA (%)	4.5	3.3	4.7	5.2	6.1
Liquidity & Efficiency					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	54.6	57.9	63.6	62.5	62.6
Days inventory outstanding	nm	nm	nm	nm	nm
Days payables outstanding	nm	nm	nm	nm	nm
Dividend cover (x)	0.4	1.4	1.4	1.4	1.4
Current ratio (x)	1.0	1.1	0.9	0.9	0.9
Leverage & Expense Analysis					
Asset/Liability (x)	2.8	2.9	2.9	2.9	2.9
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	26.5	11.1	15.0	21.7	35.0
Debt/EBITDA (x)	1.8	1.2	1.0	0.7	0.5
Capex/revenue (%)	14.9	4.3	4.4	3.9	3.6
Net debt/ (net cash)	(2.6)	(70.1)	(15.0)	(66.0)	(120.1)

Source: Company; Maybank

Research Offices

REGIONAL

Sadiq CURRIMBHOY
Regional Head, Research & Economics
(65) 6231 5836
sadiq@maybank-ke.com.sg

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

ONG Seng Yeow
Regional Head of Retail Research
(65) 6231 5839
ongsengyeow@maybank-ke.com.sg

TAN Sin Mui
Director of Research
(65) 6231 5849
sinmui@kimeng.com.hk

ECONOMICS

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

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

LEE Ju Ye
Singapore
(65) 6231 5844
leejuy@maybank-ke.com.sg

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

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

FX

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

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

Leslie TANG
(65) 6320 1378
leslietang@maybank.com.sg

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

STRATEGY

Sadiq CURRIMBHOY
Global Strategist
(65) 6231 5836
sadiq@maybank-ke.com.sg

Willie CHAN
Hong Kong / Regional
(852) 2268 0631
williechan@kimeng.com.hk

FIXED INCOME

Winson Phoon, ACA
(65) 6231 5831
winsonphoon@maybank-ke.com.sg

Se Tho Mun Yi
(603) 2074 7606
munyi.st@maybank-ib.com

MALAYSIA

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

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

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

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

Mohshin AZIZ
(603) 2297 8692 mohshin.aziz@maybank-ib.com
• Aviation - Regional • Petrochem

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

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
• Building Materials • Glove • Ports • Shipping

Ivan YAP
(603) 2297 8612 ivan.yap@maybank-ib.com
• Automotive • Semiconductor • Technology

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

LIEW Wei Han
(603) 2297 8676 weihan.l@maybank-ib.com
• Consumer Staples

Adrian WONG
(603) 2297 8675 adrian.wkj@maybank-ib.com
• Constructions • Healthcare

Jade TAM
(603) 2297 8687 jade.tam@maybank-ib.com
• Media • Building Materials

Mohd Hafiz Hassan
(603) 2082 6819 mohdhafiz.ha@maybank-ib.com
• Small & Mid Caps

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

SINGAPORE

Neel SINHA *Head of Research*
(65) 6231 5838 neelsinha@maybank-ke.com.sg
• Strategy
• SMID Caps - Regional

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

Derrick HENG, CFA
(65) 6231 5843 derrickheng@maybank-ke.com.sg
• Property • REITs (Office)

Luis HILADO
(65) 6231 5848 luishilado@maybank-ke.com.sg
• Telcos

John CHEONG, CFA
(65) 6231 5845 johncheong@maybank-ke.com.sg
• Small & Mid Caps • Healthcare • Transport

NG Li Hiang
(65) 6231 5840 nglihiang@maybank-ke.com.sg
• Banks

LAI Gene Lih
(65) 6231 5832 laigenetih@maybank-ke.com.sg
• Technology

HONG KONG / CHINA

Mitchell KIM *Head of Research*
(852) 2268 0634 mitchellkim@kimeng.com.hk
• Internet & Telcos

Christopher WONG
(852) 2268 0652
christopherwong@kimeng.com.hk
• HK & China Properties

Jacqueline KO, CFA
(852) 2268 0633 jacquelineko@kimeng.com.hk
• Consumer Staples & Durables

Ka Leong LO, CFA
(852) 2268 0630 kll@kimeng.com.hk
• Consumer Discretionary & Auto

Ricky NG, CFA
(852) 2268 0689 rickyng@kimeng.com.hk
• Regional Renewables
• HK & China Properties

Sonija LI, CFA, FRM
(852) 2268 0641 sonijali@kimeng.com.hk
• Gaming

Stefan CHANG, CFA
(852) 2268 0675 stefanchang@kimeng.com.hk
• Technology - Regional

Tony REN, CFA
(852) 2268 0640 tonyren@kimeng.com.hk
• Healthcare & Pharmaceutical

INDIA

Jigar SHAH *Head of Research*
(91) 22 6623 2632 jigar@maybank-ke.co.in
• Strategy • Oil & Gas • Automobile • Cement

Vishal MODI
(91) 22 6623 2607 vishal@maybank-ke.co.in
• Banking & Financials

Neerav DALAL
(91) 22 6623 2606 neerav@maybank-ke.co.in
• Software Technology • Telcos

Vishal PERIWAL
(91) 22 6623 2605 vishalperiwa@maybank-ke.co.in
• Infrastructure

INDONESIA

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

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

Aurellia SETIABUDI
(62) 21 8066 8691
aurellia.setiabudi@maybank-ke.co.id
• Property

Janni ASMAN
(62) 21 8066 8687
janni.asman@maybank-ke.co.id
• Cigarette • Healthcare • Retail

PHILIPPINES

Minda OLONAN *Head of Research*
(63) 2 849 8840
minda_olonan@maybank-atrke.com
• Strategy

Katherine TAN
(63) 2 849 8843
kat_tan@maybank-atrke.com
• Banks • Construction

Luis HILADO
(65) 6231 5848 luishilado@maybank-ke.com.sg
• Telcos

Romel LIBO-ON
(63) 2 849 8844
romel_libo-on@maybank-atrke.com
• Property

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 • Property/Ind. Estates • Oil & Gas • Telcos

Tanawat RUENBANTERNG
(66) 2658 6300 ext 1394
Tanawat.R@maybank-ke.co.th
• Banks & Diversified Financials

Ornmongkol TANTITANATORN
(66) 2658 6300 ext 1395
ormongkol.t@maybank-ke.co.th
• Oil & Gas

Sukit UDOMSIRIKUL *Head of Retail Research*
(66) 2658 5000 ext 5090
Sukit.u@maybank-ke.co.th

Ekachai TARAPORN TIP *Deputy Head*
(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
• Media • Commerce

Sutthichai KUMWORACHAI
(66) 2658 5000 ext 1400
sutthichai.k@maybank-ke.co.th
• Energy • Petrochem

Termporn TANTIVIVAT
(66) 2658 5000 ext 1520
termporn.t@maybank-ke.co.th
• Property

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

Sorabhol VIRAMETEEKUL *Head of Digital Research*
(66) 2658 5000 ext 1550
sorabhol.v@maybank-ke.co.th
• Food, Transportation

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

VIETNAM

LE Hong Lien, ACCA *Head of Institutional Research*
(84 28) 44 555 888 x 8181
lien.le@maybank-kimeng.com.vn
• Strategy • Consumer • Diversified

THAI Quang Trung, CFA, *Deputy Head, Institutional Research*
(84 28) 44 555 888 x 8180
trung.thai@maybank-kimeng.com.vn
• Real Estate • Construction • Materials

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

NGUYEN Thi Ngan Tuyen, *Head of Retail Research*
(84 28) 44 555 888 x 8081
tuyen.nguyen@maybank-kimeng.com.vn
• Food & Beverage • Oil & Gas • Banking

TRUONG Quang Binh, *Deputy Head, Retail Research*
(84 28) 44 555 888 x 8087
binh.truong@maybank-kimeng.com.vn
• Rubber Plantation • Tyres & Tubes • Oil & Gas

TRINH Thi Ngoc Diep
(84 28) 44 555 888 x 8208
diep.trinh@maybank-kimeng.com.vn
• Technology • Utilities • Construction

NGUYEN Thi Sony Tra Mi
(84 28) 44 555 888 x 8084
mi.nguyen@maybank-kimeng.com.vn
• Port Operation • Pharmaceutical
• Food & Beverage

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

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 reports of MBKET Institutional and Retail Research Department may differ in either recommendation or target price, or both. MBKET Retail Research is intended for retail investors (<http://kelive.maybank-ke.co.th>) while Maybank Kim Eng Institutional Research is intended only for institutional investors based outside Thailand only.

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. 777 Third Avenue 21st Floor New York, New York 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 14 May 2018, 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 14 May 2018, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 14 May 2018, and at the end of the month immediately preceding the date of publication of the research report, KESI, 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

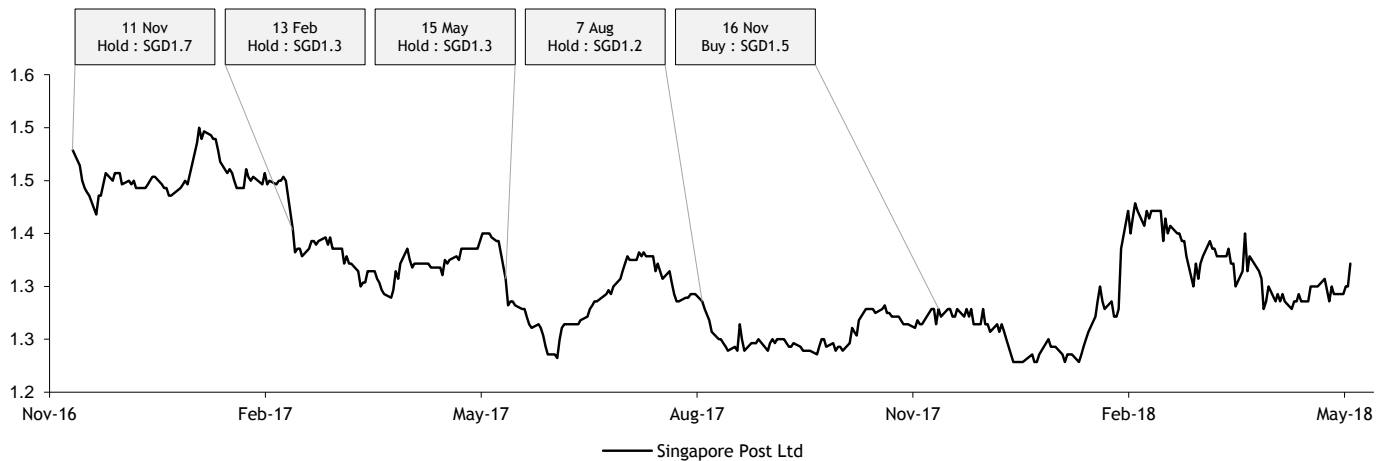
The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed 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 Post Ltd (SPOST 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 (excluding dividends)
HOLD	Return is expected to be between - 10% to +10% in the next 12 months (excluding dividends)
SELL	Return is expected to be below -10% in the next 12 months (excluding 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) 2 849 8888
Fax: (63) 2 848 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

Malaysia

Joann Lim
joann.lim@maybank-ib.com
Tel: (603) 2717 5166

Indonesia

Hariato Liong
hariato.liong@maybank-ke.co.id
Tel: (62) 21 2557 1177

New York

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

Vietnam

Patrick Mitchell
patrick.mitchell@maybank-kimeng.com.vn
Tel: (84)-8-44-555-888 x8080


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

Thailand

Tanasak Krishnasreni
Tanasak.K@maybank-ke.co.th
Tel: (66)2 658 6820

London

Mark Howe
mhowe@maybank-ke.co.uk
Tel: (44) 207-332-0221

India

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

Philippines

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


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
2nd Floor, The International,
16, Maharishi Karve Road,
Churchgate Station,
Mumbai City - 400 020, India

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


Saudi Arabia

In association with
Anfaal Capital
Villa 47, Tujjar Jeddah
Prince Mohammed bin Abdulaziz
Street P.O. Box 126575
Jeddah 21352

Tel: (966) 2 6068686
Fax: (966) 26068787