China / Hong Kong Industry Focus

Sportswear Sector

Refer to important disclosures at the end of this report

DBS Group Research . Equity 9 Jan 2025

Finding resilience

- **Global sportswear industry to post low-to-mid-single digit y/y growth, fuelled by product differentiation, innovation, and largely normalised inventory levels**
- **While challenger brands emerge, companies that enhance market responsiveness and agility should stand as outperformer**
- **China's favourable policy & stimulus on its sports industry, and the potential heightening of "guochao" under Trump's US leadership could also reinforce performance of Chinese brands. Our top picks are Anta Sports on brand diversification and continued share buybacks, and Adidas on a firm recovery and core market resilience.**

Economic headwinds driving softer spending. The global sportswear industry is entering 2025 with revenue expansion easing to an estimated low-to-mid single-digit rate (Source: Euromonitor) (2024: 4%). While macroeconomic uncertainty will likely continue to dampen global discretionary spending, sportswear brands with premium product positioning coupled with technical expertise and smart wearable integration, such as On's LightSpray or Hoka's Meta-Rocker, are expected to continue to attract consumer demand, driving full price realisation and brand loyalty.

Pressure mounts on incumbents. The sportswear sector continues to face heightened competition from challenger brands including On, Hoka (Deckers), New Balance, and Asics. Smaller rivals experienced robust growth in recent years through product innovation, specialised sports categories, and strategic marketing. Incumbent brands like Nike and Adidas will need to diversify their offerings and cultivate more authentic partnerships with athletes and celebrities to drive further breakthroughs. Meanwhile, Lululemon also faces headwinds in its home market, with its net sales in the Americas rising by only 2% y/y in 3Q24, due to rival brands such as Alo Yoga and Vuori, prompting it to seek growth in overseas markets.

Top picks: Anta and Adidas. Chinese sportswear brands have shown agility in responding to shifting consumer demand and exploration new geographic regions. They are also poised to benefit from the government's domestic stimulus as well as its goal of expanding the Chinese sports industry to Rmb5tn by 2025 (2022: Rmb3.3tn). To mitigate the impact of market volatility, key players are actively reducing excess stock and maintaining healthy inventory levels (Anta/ Fila at 5x inventory to sales). Overall, with the global sportswear industry expected to sustain a decent topline CAGR of 6.3% in 2024-27 (source: Euromonitor), brands that can improve their resilience and responsiveness to market changes are likely to outperform. Anta Sports has continually reinvented itself with the introduction of new brands such as Kolon Sports and Descente to offset softer growth in Fila. Valuation appears attractive at 14x FY25E PE against global players of 32x FY25E PE with 18.7m+ in share repurchases since Aug-24. We also turn positive on Adidas due to its resilience in its core EU market and recovery in Asia Pacific.

HSI: 19,280

ANALYST
Alison Fok +852 36684170 alisonfok@dbs.com
Mavis Hui +852 36684188 mavis_hui@dbs.com

Recommendation & valuation

Company		Price Local$	Target Price Local$	Recom	Mkt Cap US$m
Anta Sports (2020 HK)	HKD	75.25	108.00	BUY	27,294
Li Ning (2331 HK)	HKD	16.38	24.40	BUY	5,440
Nike (NKE US)	USD	71.29	75.00	HOLD	105,455
Adidas (ADS GR)	EUR	244.7	285.00	BUY	45,274
Puma (PUM GR)	EUR	42.99	59.00	BUY	6,634
Lululemon (LULU US)	USD	392.92	281.00	FV	47,851

Source: Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK")

DBS Insights Direct

Watchlist the stock on Insights Direct to receive prompt updates

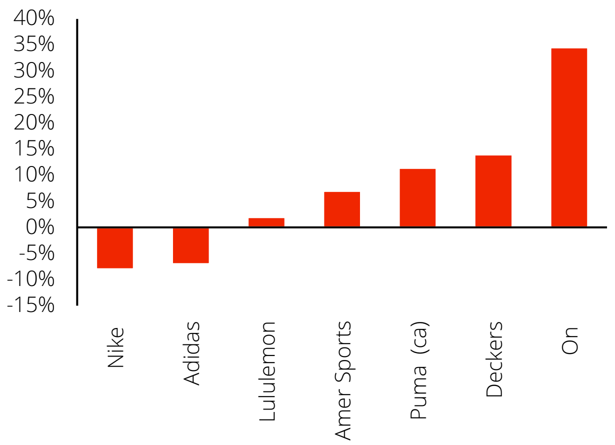
ed- BM / sa-CS / AH

Market leaders struggle due to fragmentation of core markets in the US and EU

The sportswear sector faces increasing fragmentation with the rise of specialised competitors. Nike's withdrawal of FYMay25 guidance in 2QFY25 and cost-saving plan reflects an increasingly challenging landscape for incumbent brands, with smaller rivals gaining market share. Coupled with scaled back consumer spending, the shift is particularly evident in the US market – Nike reported an 8% sales decline (constant currency) in 2QFY25 with weakness in footwear (-14%), while Adidas recorded a 7% sales drop y/y in North America in 3Q24.

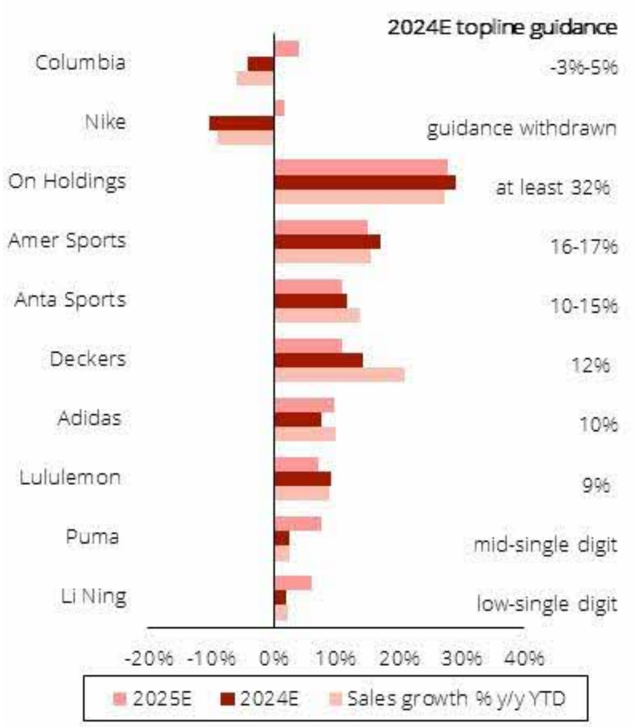
Emerging players demonstrated significantly stronger momentum in the region, catching the downturn of the incumbent brands, with On Running delivering sales growth of 34.5% y/y in the Americas in 3Q24, driven by its LightSpray technology and celebrity partnerships such as with actress Zendaya, as well as collaboration with luxury brands such as Loewe. Deckers also recorded a 14% y/y increase in its domestic market in 2QFY25, where its Hoka brand's consolidated sales recorded a 34.7% y/y increase over the same period. New Balance has also successfully repositioned itself with lifestyle crossover appeal in the US market.

Latest US quarterly sales changes (% y/y)



Source: Company data

Forecast topline growth (% y/y)



Source: Company data, Refinitiv

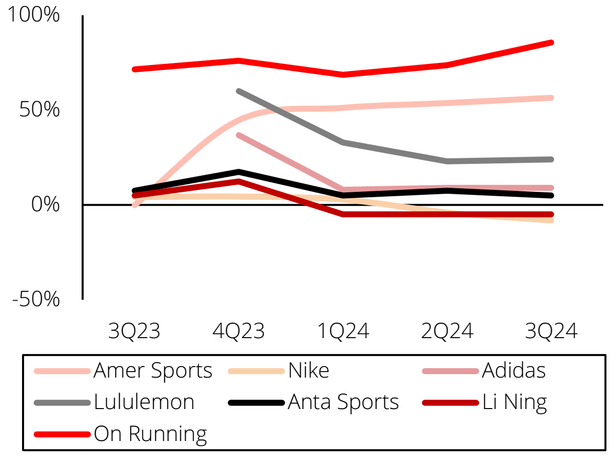
Nike: FYMay25 guidance withdrawn; Columbia (9M24), Nike (1HFYMay25); On (9M24), Amer Sports (9M24), Anta Sports (1H24), Deckers (1HFY25), Adidas (9M24), Lululemon (9M24), Puma (9M24), Li Ning (1H24)

China market share shift: Local brands and newcomers gain ground.

Prior to COVID-19, Nike and Adidas were the dominant players in China's sportswear industry. However, the rise of guochao as well as the appetite for new brands have led to a reshuffling of market dynamics, with emerging players gaining momentum, as highlighted in the latest quarterly results. Lululemon recorded a 36% y/y sales growth (constant currency) in China in 3Q24, while Nike recorded a 11% sales decline (currency adjusted) in 2QFY25. Adidas recorded a gradual sales recovery of 9% in 3Q24.

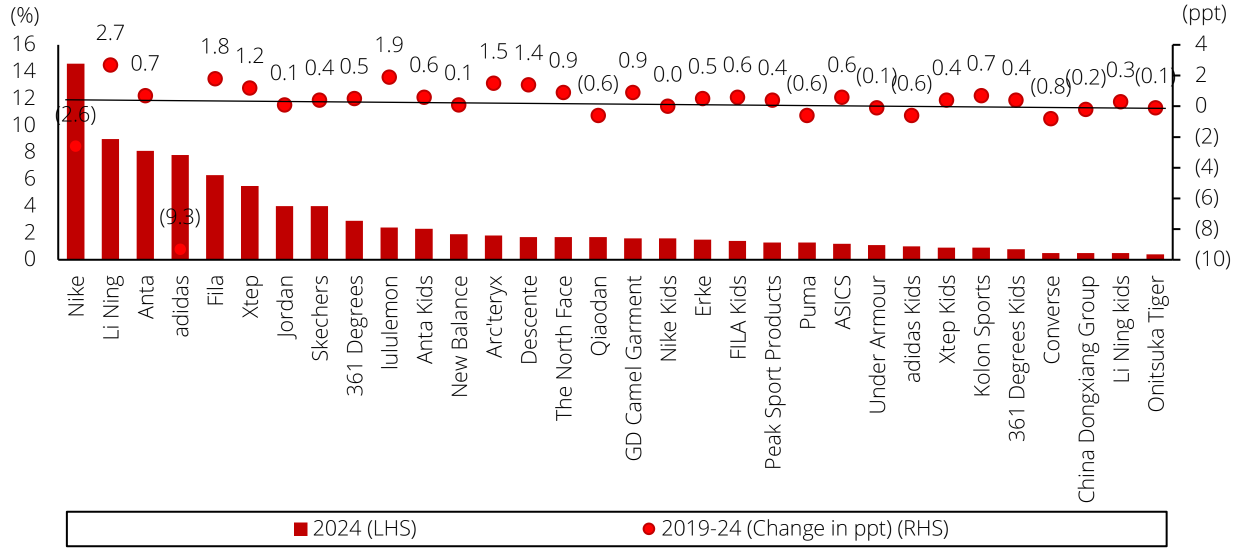
This shifting landscape reflects broader changes in consumer preferences, as newer entrants like Amer Sports and specialised players gain market share through product innovation and strong local appeal. Amer Sports achieved strong results across Greater China and Asia Pacific, with 3Q24 sales growth of 56% and 47% y/y respectively, driven by technical apparel (+34% y/y) of brands such as Arc'teryx and network expansion of Salomon footwear stores in China to 200 by end-2024. Its racket sports segment also experienced increased demand, thanks to Zheng Qin Wen's Olympic victory.

Sales growth rate diverging between brands in China



Source: Company data
Lululemon China comparable sales % y/y (constant change)
On Running as Asia Pacific (including Greater China)

2019 vs. 2024: Adidas and Nike's market share losses have led to gains by domestic brands such as Anta, Li Ning, Fila, Xtep, and emerging brands such as Skechers, Lululemon, Arc'teryx



Source: Euromonitor

Domestic stimulus to spur consumption spending.

The Ministry of Commerce, in collaboration with local governments of Shanghai, Beijing, Guangzhou, Tianjin, and Chongqing, has allocated domestic vouchers for dining, culture, tourism, and sports to boost business sales and encourage investment, particularly targeting low- and middle-income groups in Sept-24, as part of China's stimulus package with additional monetary and fiscal support.

Top officials have prioritized boosting consumption and stimulating overall domestic demand. While specific details have not been released, potential plans for 2025 may include expanding government subsidies for consumer goods purchases and providing targeted aid to families and lower-income groups. For example, China has expanded consumption subsidies to include smartphones and other electronics, with the current national trade-in program extending to personal devices such as phones, tablets, and smartwatches.

Consumption vouchers/ subsidies

Local governments	Domestic vouchers/ subsidies
Sichuan	Sichuan provincial department of commerce allocated RMB400m from fiscal budget to issue vouchers. Of which RMB300m will be earmarked in home improvement sector. The vouchers would be usable in both online and offline, with a discount of RMB600-4,000 based on the total amount spent in Sept-24.
Shanghai	Shanghai municipal government allocated Rmb500m on consumption vouchers for dining, accommodation, cinema, and sports sector. Of which, Rmb360m will be allocated to the dining sector, RMB90m to accommodation, RMB30m to cinema, RMB20m to sports in Sept-24. The government began distributing second batch of consumption vouchers for dining in Nov-24, with lower value with a discount of Rmb90 when spending up to RMB300, and the highest up to RMB30 in discount when spending up to RMB1000.
Beijing	Beijing announce distribution of more than 30,000 ice and snow consumption vouchers to promote sports and boost winter sports market in Nov-24.

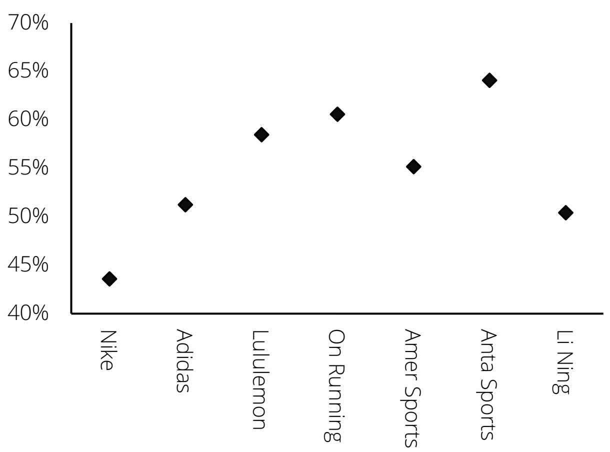
Source: Company data

Key sporting trends in 2025

The sportswear industry is experiencing strong growth in emerging sports categories, particularly racket sports, outdoor activities, and running. The rising popularity of padel and pickleball is driving significant new product launches among major brands. Wilson's ball & racquet sports segment, for instance, grew over 11% y/y in 3Q24, while On Running is leveraging successful partnerships with retired tennis player Roger Federer.

Besides the expansion into lower tier cities by Anta, Nike and Adidas with more value proposition in the running shoes category, the outdoor category is demonstrating strong growth, particularly among specialised players adopting premium pricing strategies. This is demonstrated by the superior gross margins enjoyed by these emerging brands (On Running: 60.6%; Decker: 55.9%), thanks to their direct-to-consumer (DTC) model and premium pricing strategies, compared to traditional sportswear brands like Nike (43.6%). A case in point is Hoka's trail running shoes, which are priced at USD175-200, significantly higher than traditional athletic footwear, reflecting strong consumer willingness to pay for specialised performance-based products. Excluding Nike, sportswear players largely recorded an expansion in GP margins, with the largest expansion seen from Amer Sports (+4.2ppt), followed by Decker (+2.5ppt).

Latest GP margin



Source: Company data, Refinitiv

Tariff impact on supply chain: limited effect on domestic names while global leaders brace for impact.

During Donald Trump's campaign trail, the president elect promised tariffs of 10-20% on imports, with a blanket rate of 60% on all imports from China, creating negative rhetoric around the apparel & footwear trade. China is a dominant supplier to the US for toys and sports equipment, accounting for approximately 40% of US footwear imports as well as approximately 25% of textiles and apparel imports.

Since the last tariff shock, major apparel & footwear companies have taken the time to diversify their manufacturing supply chain from China towards Southeast Asia including Vietnam, Cambodia, Bangladesh, Indonesia. For example, Nike's footwear and apparel manufactured in China has reduced to 18% and 16% respectively vs. 26% and 26% in 2018. However, reshoring manufacturing from China may not result in manufacturers fully avoidant of tariffs. Vietnam rides on a large trade surplus with US which could be the next target. China domestic sportswear players may face limited impact due to limited exposure in the US markets.

2023 US imports (USD bn) by segment

	China, %	Total (USD Bn)
Machinery	18.3	445.5
Electronics and electrical machinery	27.0	444.0
Transportation equipment	4.0	417.9
Chemicals	6.3	327.5
Miscellaneous	12.6	314.0
Fuel	0.1	253.7
Metals	14.0	159.9
Stone and glass	5.9	115.7
Textiles and clothing	24.5	109.8
Plastics and rubber	20.6	100.4
Prepared foodstuffs	2.6	94.1
Vegetable products	2.7	76.8
Wood products	13.3	50.1
Toys and sports equipment	74.6	42.3
Animal products	3.5	41.0
Footwear	41.1	32.0
Hide and skins	21.8	14.1
Mineral products	4.3	8.9

Source: PIIE, US Census Bureau

Global players sourcing China exposure

Company	Sourcing capabilities
Nike	Nike outsources to 37 countries and up to 518 factories worldwide. Of which, China accounts for 22% of finished goods, or 9% of workers employed globally. Of the products produced, apparel accounted for the largest component of 57%, equipment 25% and footwear 33%
Adidas	Adida's primary suppliers (Tier 1) reflects factories where Adidas holds a direct contractual sourcing relationship for the supply of products whether for export of domestic need. Adidas has 81 suppliers in China, accounting for c.22% of its total factories worldwide.
Amer Sports	Greater China less than 30% of Amer Sports global sourcing Sourcing from China to the US market represent 10-12% of total Group revenue Ball & Racket is highest exposure segment, similar to last period of rising tariffs Performance equipment segment would be most impacted, tennis rackets, baseball balls and basketballs Lever to address potential tariff: price increases, supply chain
Deckers	Decker has a total of 226 Tier 2 suppliers (Apr-24) where China accounts for 125 suppliers or 55% of its suppliers.
Lululemon	China accounts for 16% of Tier 1/2 suppliers as disclosed.
Puma	China accounts for 34% of Puma's total factories worldwide

Source: Company data

Valuation

Top picks Anta Sports. Based on current valuations, premium growth players such as Lululemon, On Holdings, and Decker are trading at higher PEG ratios of 2.3-3.7, versus incumbent brands that are trading at 0.4-1.5 PEG ratio. We prefer Anta Sports, as we believe it offers compelling value now trading at 1SD below its 5-year average at 14x, with a stable growth outlook (22%+ core earnings growth) and growing market share in China. The Company looks to deliver new exciting IPs similar to Super Anta, Champion stores to encourage offline spending, with intention to expand further into 2nd to 3rd tier cities, and to overseas market (Southeast Asia, US, Middle East) in the medium term. Lastly, the Company has **initiated share buybacks** of 18.7m at an average price of HKD77.6/sh amounting to HKD1.45bn since 1H24 results release, utilising its **strong net cash position** of RMB32bn as of Jun'24 (Jun'23: Rmb33.6bn).

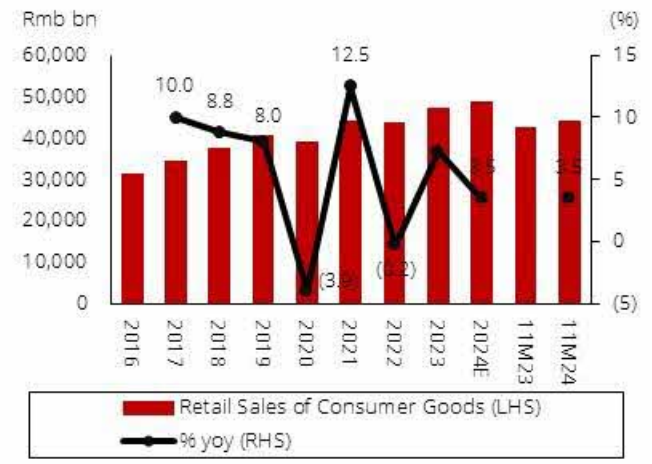
Adidas. We are also turning more positive on Adidas, as we expect the **sales declines in North America to narrow** and expect **recoveries in Greater China and Japan/South Korea**, with its footwear models including Samba, Gazelle, Spezial, and Campus garnering popularity. Adidas's valuation, at 32.5x FY25E PE, reflects a recovering story of over 80% y/y in 2025E.

Sportswear peers table

Company Name	Code	Currency	Price Local$	Mkt Cap US$m	Fiscal Yr	PE 24F x	PE 25F x	Yield 24F %	Yield 25F %	P/Bk 24F x	P/Bk 25F x	EV/EBITDA 24F x	EV/EBITDA 25F x	ROE 24F %	ROE 25F %
China Sportswear															
Anta Sports*	2020 HK	HKD	75.25	27,294	Dec	16.2	14.4	1.6	1.8	3.1	2.7	9.5	8.3	19.8	19.2
Li Ning*	2331 HK	HKD	16.38	5,440	Dec	12.1	11.5	3.7	3.9	1.5	1.4	4.6	3.8	12.5	12.3
Xtep International	1368 HK	HKD	5.55	1,914	Dec	11.0	9.9	7.5	5.2	1.4	1.3	5.6	5.1	13.2	13.9
361 Degrees Intl.	1361 HK	HKD	4.01	1,065	Dec	6.9	6.0	5.5	6.7	0.8	0.7	2.6	2.3	11.2	11.9
Pou Sheng Int'l	3813 HK	HKD	0.485	332	Dec	4.8	3.9	9.1	10.0	0.3	0.3	n.a.	n.a.	5.9	6.7
Topsports#	6110 HK	HKD	2.91	2,318	Feb	11.5	9.5	7.7	9.4	1.7	1.7	4.6	4.2	13.9	17.0
MC wt. avg						14.7	13.1	2.7	2.9	2.6	2.3	8.0	7.0	17.8	17.5
Global Sportswear															
Nike#	NKE US	USD	71.29	105,455	May	34.1	28.8	2.1	2.2	8.3	9.8	25.8	23.1	24.9	29.0
Adidas	ADS GR	EUR	244	45,274	Dec	62.3	32.5	0.7	1.2	8.4	7.1	17.6	13.5	14.9	22.8
Puma	PUM GR	EUR	42.99	6,634	Dec	20.5	15.6	1.9	2.4	2.4	2.2	7.2	6.5	12.3	14.5
Lululemon Athletica#	LULU US	USD	392.92	47,851	Jan	27.7	25.9	0.0	0.0	10.1	8.1	14.2	13.4	39.0	35.5
Under Armour A#	UA US	USD	8.09	3,498	Mar	28.1	20.3	0.0	0.0	1.9	1.8	13.1	11.0	6.3	8.6
On Holding A	ONON US	USD	55.54	35,223	Dec	62.8	49.0	0.0	0.0	11.1	9.1	38.9	28.7	18.9	19.7
Deckers Outdoor#	DECK US	USD	207.52	31,527	Mar	37.4	32.7	0.0	0.0	12.1	9.9	24.1	21.4	33.5	31.3
Asics	7936 JP	JPY	3116	15,145	Dec	35.3	29.1	0.8	1.1	11.2	9.5	17.2	14.8	31.1	33.2
Columbia Sportswear	COLM US	USD	82.62	4,725	Dec	21.3	19.3	1.5	1.5	2.5	2.3	13.5	10.9	12.0	12.6
Amer Sports	AS US	USD	30.53	15,435	Dec	65.4	45.1	0.0	0.0	3.4	3.2	17.1	14.0	8.7	7.4
MC wt. avg						41.9	31.9	0.9	1.0	8.9	8.4	22.6	19.1	24.6	26.6

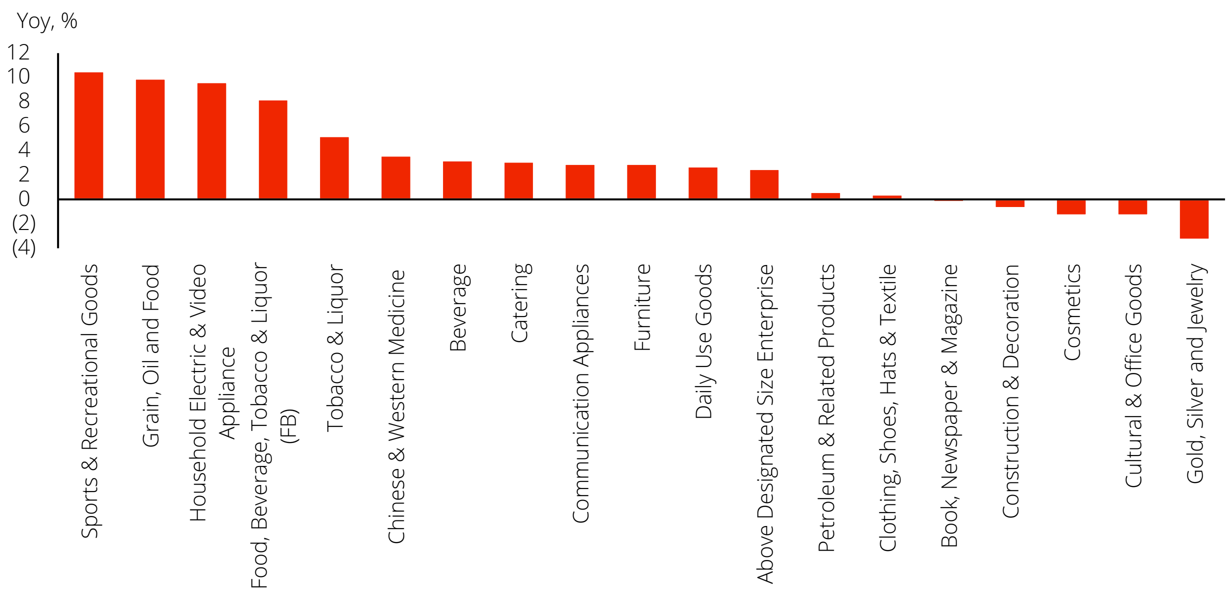
 # FY24: FY25; FY25: FY26
*Source: Thomson Reuters, *DBS HK*

China retail sales



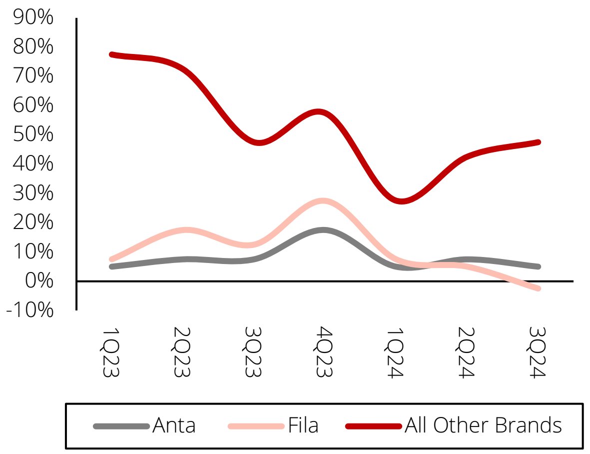
Source: NBS

Retail sales of consumer goods (above scale) YTD y/y



Source: NBS

Anta Sports quarterly same-store sales change (%)

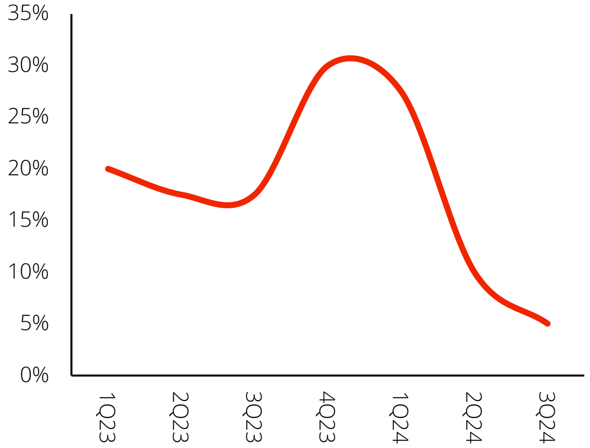


Source: Company data

Li Ning quarterly same-store sales change (%)

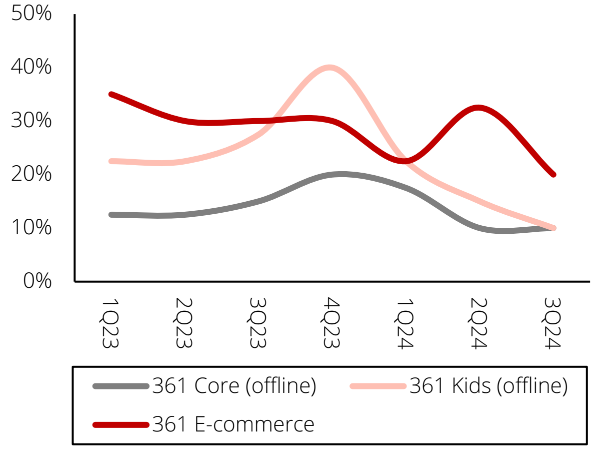
Source: Company data

Xtep quarterly retail sell-through rate (%)



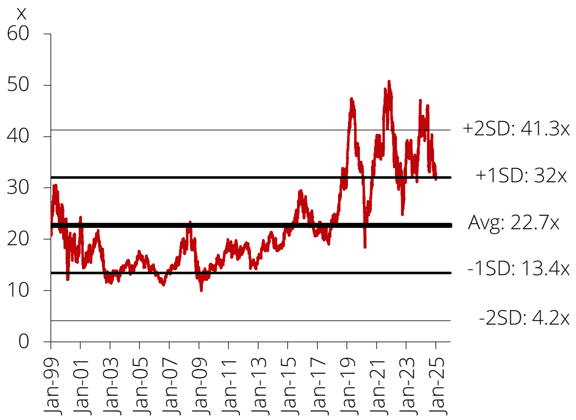
Source: Company data

361 Degree quarterly retail sales (%)

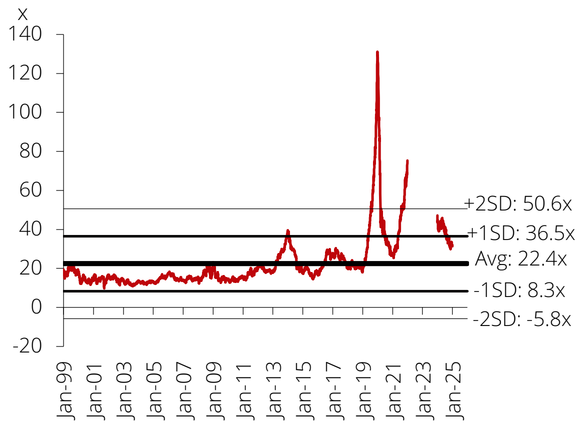


Source: Company data

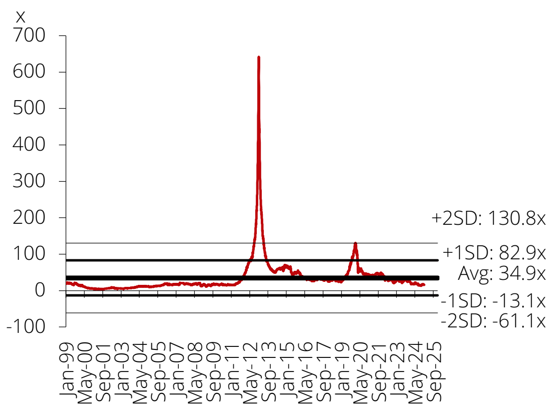
NIKE (NKE US) PE chart



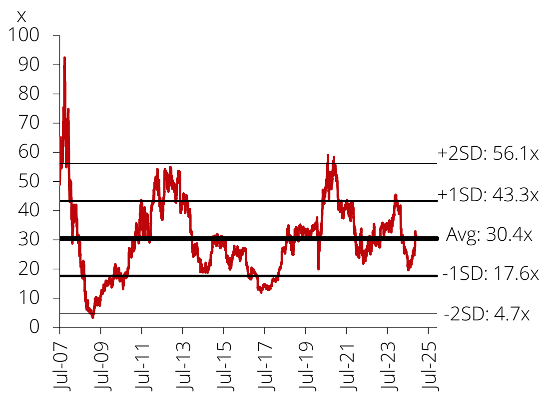
Adidas (ADS GR) PE chart



Puma (PUMG DE) PE chart

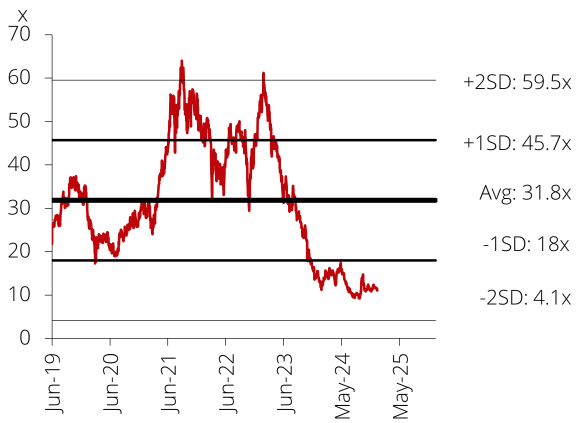


Lululemon Athletica (LULU US) PE chart



Anta Sports (2020 HK) PE chart

Li Ning (2331 HK) PE chart



Source: Thomson Reuters, DBS HK

Sportswear companies' guidance

Company	Latest Outlook
Nike (NKE US)	Nike has **withdrawn its financial guidance** and postponed its investor day scheduled in Nov-2024 to provide chance for incoming CEO Elliot Hill to review current strategies and plan future ones. Prior guidance expected topline to decline by low-single digit in 1HFYMay25. (Oct-2024)
Adidas (ADS SE)	Adidas expects **10% currency neutral revenue growth** in 2024 (Previously: increase by high-single digit). Operating profit is expected to reach EUR1.2bn (Previously: EUR1bn). This assumes Yeezy inventory will be sold at cost with additional revenue of EUR50m, with no profit contribution in 4Q24. (Oct-2024)
Lululemon (LULU US)	Lululemon expects **net revenue to rise by 9%** (Previously: 8-9%) in 2024 to USD10.452-10.487bn, or 7% excluding 53rd week of 2024. Diluted EPS is expected to be between USD14.08-14.16/sh (Previously: USD13.95-14.15/sh). (Dec-2024)
On Holdings (ONON US)	On raises its **2024 net sales growth outlook to at least 32%** on a constant currency basis to CHF2.29bn (9M24: 27.3% y/y), reflecting of an acceleration in net sales growth, offset by foreign exchange headwinds. On expects GP margin to be at 60.5%, with adjusted EBITDA between 16.0-16.5%. (Nov-2024)
Deckers (DECK US)	**FYMar25 revenue expected to increase by 12%** to USD4.8bn. GP margin is expected to be between 55-55.5%. OP margin is expected to be between 20-20.5% Diluted EPS is expected to be in the range of USD5.15-5.25/sh.
Puma (PUM SE)	Puma expects a **mid-single digit currency-adjusted sales growth** in 2024, while operating income (EBIT) to be in the range of EUR620m-EUR670m (2023: EUR622m), while net income (2023: EUR304.9m) to be in-line with operating results. (Nov-2024)
Amer Sports (AS US)	**2024 Outlook:** Amer Sports expects to record **revenue growth of 16-17%** in 2024 (Previously: 15-17%), with GP margin at 55.3-55.5% (Previously: 54.5%). OP margin will lean towards the higher end of 10.5-11.0%, with fully diluted EPS at USD0.43-0.45 (Previously: USD0.40-0.44), versus 2023 adjusted diluted loss per share of USD0.35. By segment, technical apparel will record 34% topline growth (Previously: >30%), with OP margin slightly above 20% (unchanged), outdoor performance at 8% topline growth (Previously: mid-to-high single digit growth), with OP margin at high-single digit (unchanged). Ball & racquet is expected to record a 4% revenue growth (Previously: low-to-mid single diigt growth), with OP margin at low-to-mid single digit (unchanged). *(Nov-2024)* **2025 Outlook.** Amer Sports has provided initial 2025 outlook to achieve reported revenue growth of 10-15%, with OP margin to deliver 0.3-0.7ppt expansion. *(Nov-2024)*
ANTA Sports (2020.HK)	Anta Sports maintains guidance of **10-15% revenue growth for Anta brand** in 2024, while reducing guidance for FILA from teens to a high-single digit growth due to changes in fashion preference and changing consumer environment in the children's segment. (Aug-2024)
Li Ning (2331.HK)	Li Ning expects **revenue growth at low-single digit** in 2024, with 1ppt increase in GP margin lifted from gains in 1H24. (Oct-2024)

Source: Company data

DBS Group Research recommendations are based on an Absolute Total Return* Rating system, defined as follows:
STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 9 Jan 2025 16:09:38 (HKT)
Dissemination Date: 9 Jan 2025 18:02:08 (HKT)

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

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

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate[1] does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests[2] in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA, or their subsidiaries and/or other affiliates have proprietary positions in ANTA Sports Products Ltd (2020 HK) and Li Ning Co Ltd (2331 HK) recommended in this report as of 07 Jan 2025.

   DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA, or their subsidiaries and/or other affiliates have a proprietary position in NIKE Inc (NKE US), Lululemon Athletica Inc (LULU US) and On Holding AG (ONON US) recommended in this report as of 31 Dec 2024.

2. Compensation for investment banking services:
   DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

3. Disclosure of previous investment recommendation produced:
   DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA, or their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA, or their subsidiaries and/or other affiliates in the preceding 12 months.

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

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

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBS Vickers (Hong Kong) Limited ("DBSV HK"). DBS Bank Ltd holds Australian Financial Services Licence no. 475946. DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.
Hong Kong	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore. For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH 8290) at dbsvhk@dbs.com.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies. Wong Ming Tek, Executive Director, ADBSR
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd. For any query regarding the materials herein, please contact [Chanpen Sirithanarattanakul] at [research@dbs.com]
United Kingdom	This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.

Dubai International Financial Centre	This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules. This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates. DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our--network/default.page. Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC. Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010). The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way. Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.
United States	This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Bank (Hong Kong) Limited

13 th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

DBS Regional Research Offices

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

SINGAPORE
DBS Bank Ltd
Contact: Andy Sim
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA
PT DBS Vickers Sekuritas (Indonesia)
Contact: William Simadiputra
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

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