CIO Weekly GLOBAL EQUITIES

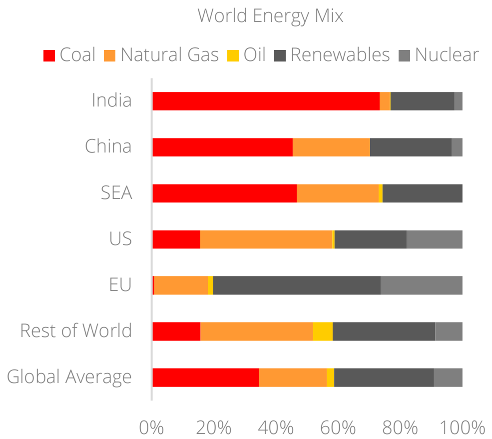
25 Jun 2025

Equities Market Overview

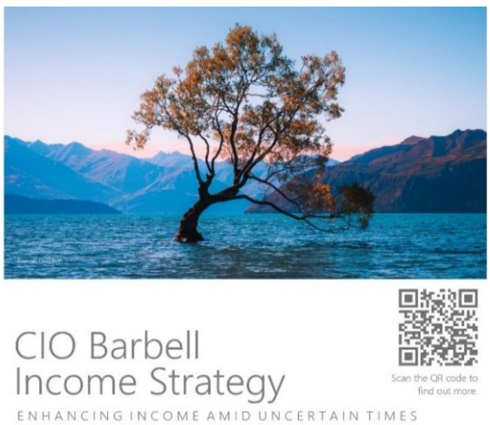
	YTD Returns (%)	1Y Returns (%)	1Y Fwd P/E (x)
Global Equities	5.8	11.1	19.4
US	2.5	10.9	23.4
Europe	5.3	3.5	15.2
Asia ex-Japan	9.7	10.6	14.1
Japan	-2.0	-0.1	16.3
Global Sectors			
Comm Services	8.7	19.4	19.7
Cons. Disc.	-2.3	12.6	22.1
Cons. Staples	8.1	7.6	20.4
Energy	4.6	-1.0	14.0
Financials	11.4	25.7	13.5
Healthcare	-1.5	-7.8	16.8
Industrials	12.8	17.3	22.0
Materials	7.4	-1.2	16.9
Real Estate	5.4	11.2	25.4
Technology	3.6	8.7	28.6
Utilities	12.3	17.2	16.1

Source: Bloomberg as at 23 Jun 2025

Figure 1: World energy distribution (2024)



Source: IEA, Bloomberg, DBS



Focus of the Week

Energy transition: Grid resilience vital as world shifts to renewables. Recent high-profile failures, including the Iberian Peninsula blackout and Heathrow shutdown, exposed vulnerabilities in aging grid infrastructure. Although clean energy sources accounted for only 32% of global energy in 2024, key sources – particularly wind, solar, and nuclear energy – continue to gain momentum, driven by rising environmental awareness, policy support, and surging AI-related power demand. In India, the world's second-largest coal consumer, solar power rose to a record high in the period from January to April, while coal plateaued and natural gas output declined 27%. Meanwhile, China has accelerated its nuclear development, with the State Council approving 10 new reactors backed by over USD27.45bn in investments.

However, the transition introduces new risks of grid instability, given that renewables lack the stability of traditional energy plants. Against the backdrop of the ongoing Middle East conflict and heightened geopolitical tensions, which underscore the urgency of energy self-sufficiency, the global pivot to renewable energy reinforces the pressing need to modernise grid infrastructure. In Southeast Asia alone, the Asian Development Bank forecasts that a minimum of USD100bn will be needed by 2045 to develop transmission lines for the integration of regional power grids, highlighting the scale of capital deployment ahead. With this structural shift, we see long-term tailwinds for players across the power value chain – notably transmission networks and grid infrastructure – with sustained upside for wind and solar farm operators, nuclear developers as well as grid providers.

Equity fund flows: Flows recovered across the board for the week ending 18 Jun. Emerging Market (EM) Equity Funds recorded net inflows of USD3.4bn, reversing the previous week's outflows, while Developed Market (DM) Equity Funds saw a more pronounced rebound with USD41.9bn in inflows. Investor sentiment towards US equities strengthened notably, with US Equity Funds posting their first inflow of USD36.9bn after four consecutive weeks of redemptions, supported by resilient macro data. European Equity Funds also experienced a swing, shifting from outflows to USD6.9bn in inflows, reflecting improving optimism around fiscal support in the Eurozone. In Asia, flows were mixed – China attracted USD0.67bn in inflows, while Japan saw USD0.98bn in outflows.

Equity Research Highlights

United States & Europe	
Aptargroup Margin expansion and pharma strength offset revenue headwinds	Nico Chen
Starbucks Uncertainty in core markets	Alison Fok Mavis Hui
Tesla Cedes EV crown to BYD	Elizabelle Pang Rachel Miu
Adidas Tariff war headwinds	Alison Fok Mavis Hui
Infineon Technologies Leading power semiconductor player	Amanda Tan Lee Keng Ling

Asia ex-Japan	
Bank of China Overseas presence is not a major concern	Manyi Lu Ken Shih
Li Ning Cautious outlook	Alison Fok Mavis Hui
New World Development Debt refinancing in focus	Jeff Yau Percy Leung
Lendlease Global Commercial REIT Emerging Singapore retail titan	Geraldine Wong Derek Tan
Airports of Thailand Flying through turbulence	Nantika Wiangphoem

DBS

US EQUITY RESEARCH

20 June 2025

Aptargroup Inc

Analyst:
Nico Chen | dbsvhk@dbs.com

Margin expansion and pharma strength offset revenue headwinds

Company Overview

AptarGroup, Inc. (Aptar) is a designer and manufacturer of a range of drug delivery and consumer product dispensing, sealing and packaging solutions and services. Aptar operates through three segments by FY24 revenue: Pharma (46%), Beauty + Home (34%), and Food + Beverage (20%). It mainly generates its revenues from: Europe (50%), US (32%) and Asia (10%).

Investment Overview

Strong demand in proprietary drug delivery systems drives margin expansion despite revenue decline. Aptar reported 1Q25 adjusted EPS of USD1.20, exceeding consensus estimates of USD1.16 by 3.4%, even as revenue declined 3.1% y/y to USD887mn. The revenue shortfall was primarily due to a 3% foreign currency translation headwind, with core sales remaining flat. The Pharma segment demonstrated resilience, with core sales increasing 4% y/y, propelled by a 10% rise in prescription drug delivery systems, notably in emergency medicines, CNS therapeutics, and respiratory treatments. Conversely, the Beauty segment experienced a 6.6% y/y decline in revenue, attributed to reduced prestige fragrance volumes, while the Closures segment saw a 4.8% y/y decrease, impacted by lower tooling sales and strategic market exits.

Elevated 2Q guidance underscores confidence in Pharma growth amid ongoing inventory and currency challenges. Management projects 2Q25 adjusted EPS between USD1.56 and USD1.64, surpassing consensus estimates, driven by anticipated strength across all segments, particularly in Pharma. This outlook factors in a reduced effective tax rate of 19–21%, benefiting from a one-time tax advantage. The company anticipates continued robust demand for its proprietary drug delivery systems, supported by ongoing investments in innovation, such as the SmartTrack platform, which aims to expedite generic inhaled drug approvals through in-vitro-in-silico methods. However, challenges persist, including inventory destocking in the consumer healthcare segment, particularly for nasal decongestants and saline solutions, and foreign exchange headwinds.

Riding on biologics uptrend. Biological drugs are on the uptrend, contributing to 27.6% of the global pharmaceutical market in 2024 and expected to grow to 37.5% by 2030F, mainly due to their specificity and often higher efficacy than chemical drugs. To ride on this uptrend, Aptar has increased its US and France manufacturing capacity to produce more higher value elastomers for biologics injectables packaging. The company expects to invest another USD280mn for CAPEX into its pharma segment in FY25.

We have a rating of BUY, with TP of USD200. Our TP is based on 32.3x 25F PE, 1.3 S.D. above its 5-year average. We believe its exceptional product technology can continue to drive revenues and share price.

Risks

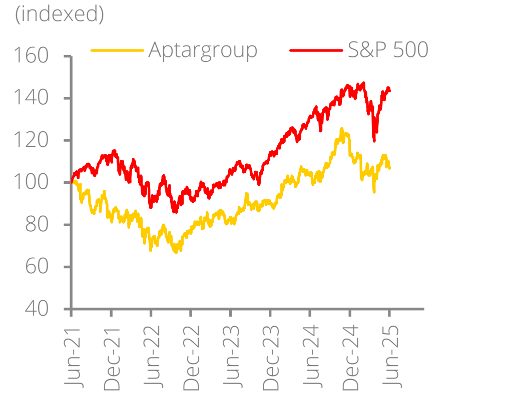
Low consumer spending may drag beauty segment. Aptar's Beauty segment, which makes up 34% of total sales, may see headwinds if consumer spending sentiments continue to stay low.

Key Financial Data

Bloomberg Ticker	ATR US
Sector	Materials
Share Price (USD)	149.7
DBS Rating	BUY
12-mth Target Price (USD)	200.00
Market Cap (USDb)	9.9
Volume (m shares)	383.17
Free float (%)	99.2
Dividend yield (%)	1.2
Net Debt to Equity (%)	34.9
Fwd. P/E (x)	25.4
P/Book (x)	4.3
ROE (%)	15.8

Closing Price as of 19 Jun 2025
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

The full report and disclaimers are accessible here:

DBS

US EQUITY RESEARCH

20 June 2025

Starbucks Corp

Uncertainty in core markets

Analysts:
Alison FOK | dbsvhk@dbs.com
Mavis HUI | dbsvhk@dbs.com

Company Overview

Starbucks Corporations is a coffee company, which roasts, markets and retails specialty coffee in the world. The Company operates in 86 markets and has over 40,000 stores worldwide. It has three segments: North America, International and Channel Development. North America segment includes the United States and Canada. International segment includes China, Japan, Asia Pacific, Europe, Middle East and Africa, Latin America and Caribbean. North America and International segments include both the Company-operated and licensed stores.

Investment Overview

Placing strong efforts in China, against macroeconomic headwinds. Accounting for 18% of stores worldwide, Starbucks expects that through rapid store expansion, investment in digital ecosystem and supply chain, extension in brand occasions should enable Starbucks to capture the enormous market potential. China's coffee consumption per capita averages at ~12 cups (Source: Euromonitor, Starbucks), where Shanghai's per capita consumption is much higher, thanks to early penetration in the area. This, compared with Japan's 200 cups and US' 380 cups, reflect strong opportunity for expansion. The Company targets to deliver 1 new store per every 9 hours, and targets to deliver 9,000 stores, entering over 300 cities in China by 2025E. In FY23-25E, annual forecast on net new store expansion reflects China's growth is expected to be approximately 13%, versus Global at about 7% and US at 3-4%. However, against growing economic headwinds, and keen competition from fast growing local coffee and tea chains that seem to undercut in pricing, Starbucks would likely face pressure on achieving sustainable profitability in the medium term.

'Back to Starbucks' strategy. US market remains the core focus, accounting for >40% of total store count. Starbucks aims to deliver an improvement in store productivity through product mix, customization, and food attachments. With the introduction of Clover Vertica brewer, Starbucks sees opportunities to develop food offerings and create new innovations for the product and the equipment. However, with growing labour pressure and keen competition from niche coffee chains, Starbuck's margin could see some pressure ahead.

Delivery Services & Digital Membership. Starbucks' partnerships with delivery service operators, such as MeiTuan and Doordash, act to strengthen sales. Moreover, there has also been significant growth in its digital membership, as the 90-day active customers have grown to 75mn globally. The Starbucks Reward members are also buying more and buying larger sizes, as well as increasing the stored value credit in their Starbucks card, showing growth potential for the future.

HOLD, with TP of USD78 per share. Our TP is based on 27x forward PE, in-line with its 5-year average PE, with TP at USD78/sh. The Company faces strong headwinds amidst uncertainty in both of its core markets given keen competition in the coffee and tea industry. Starbucks' premium valuation against its peers might also reflect potential downside ahead.

Risks

Better than expected comparable sales in core markets. Better than expected reception of Starbucks, and recovery in the macro-economic environment would serve to support an improvement in transacting volume and pricing.

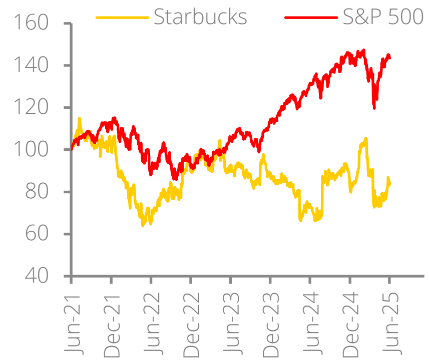
Sustainable margin trend from emerging market. Sustainability in margin trends from new growth markets such as China and Mexico, would support diversification in profit contribution and expand profitability for the Group in the medium term.

Key Financial Data

Bloomberg Ticker	SBUX US
Sector	Consumer Discretionary
Share Price (USD)	92.28
DBS Rating	HOLD
12-mth Target Price (USD)	78.00
Market Cap (USDb)	104.9
Volume (m shares)	7319.26
Free float (%)	97.9
Dividend yield (%)	2.6
Net Debt to Equity (%)	n.a.
Fwd. P/E (x)	37.8
P/Book (x)	n.a.
ROE (%)	48.7

Closing Price as of 19 Jun 2025
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance
(indexed)



Source: Bloomberg

The full report and disclaimers are accessible here:

US EQUITY RESEARCH

23 Jun 2025

Tesla

Cedes EV crown to BYD

Analysts
Elizabelle Pang | grouppresearch@dbs.com
Rachel Miu | groupresearch@dbs.com

Company Overview

Tesla, Inc. designs, develops, manufactures, sells, and leases fully electric vehicles and energy-generation and storage systems, and offers services related to its products, such as leasing of electric vehicles and sales of automotive regulatory credits. Its automotive products include the Model 3, Model Y, Model S, and Model X. Currently, the company produces its electric cars at gigafactories in the United States, Germany, and China.

Investment Overview

Leading EV manufacturer backed by economic MOATs. Tesla is a leading global EV manufacturer, backed by its firm market leadership with an estimated 20% market share based on global sales, and healthy automotive margins seen in the industry (FY23 at 17%, on top end range of peers between 10-20%) which we believe is a commendable feat given that many legacy OEMs are still witnessing losses in EV production. Tesla's leading market share is backed by its economic MOAT in EV charging infrastructure and supercharger network, which has seen rising adoption by other OEM competitors in North America. Furthermore, ongoing ramp-up and progress in its autonomous driving and other software (e.g., full self-driving aka FSD) could also emerge as another emerging economic MOAT for Tesla, with Tesla often being considered as a leader in autonomous driving (aka ADAS) especially among US OEMs.

1Q25 deliveries missed estimates on broad-based weakness. Tesla reported 1Q25 deliveries of 337k (-32% q/q, -13% y/y) which missed estimates by 11%, coming it at 18% of consensus' FY25F delivery estimate of 1.87mn. Tesla's Shanghai gigafactory delivered 173k units (which includes domestic sales and export sales), which shrank by 22% y/y to new low levels since 2Q22 on steep China competition. Separately, 2M25 Tesla registrations in the EU plunged by 43% y/y, despite growth witnessed by the broader EU EV industry at +28% y/y growth. 1Q25 marks the second quarter in which Tesla has lost its #1 BEV leadership position to BYD.

Potential downside risks to consensus estimates. Currently, consensus forecast FY25F deliveries at 1.87mn (+4% y/y), gross automotive margins of 13.5% (down from FY24A of 14.6%), EBIT margins of 8.0% (up from 7.2% in FY24) on cost reduction efforts, and finally, non-gaap EPS of USD2.59 (+7% y/y). We see some downside risks to consensus estimates given the latest 1Q25 delivery numbers, declining BEV market share and weakening consumer sentiment towards Tesla. Although Tesla has made efforts to position itself as an "AI" company over an "EV company", we await for more constructive evidence of its AI execution e.g., FSD breakthroughs. On a positive note, positive catalysts remain for the counter, such as: FSD win in China/Europe (L2+, expected in 2025), unsupervised FSD (i.e., implies L3 offering) launch in US (2025), release of next-gen vehicles (1H25 launch), release of Cybercab robo-taxi (volume production in 2026), mass production of Semi Truck (2026), and Optimus robot production (potentially in 2026). We maintain HOLD with TP of USD350.

Risks

Firstly, weaker-than-expected volume sales can lead to downside risks to Tesla's earnings, especially as EV competition heats up, noting rising competition and impressive EV sales growth from China OEM leaders such as BYD. Furthermore, the weakening macroeconomic environment in global/China markets can also pose headwinds to volume sales. Secondly, margin dilution remains as a risk to Tesla, especially amid the ongoing aggressive price cuts in the OEM industry.

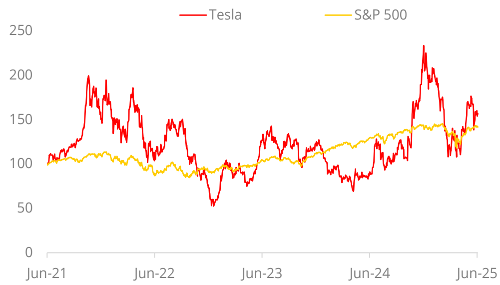
Key Financial Data

Bloomberg Ticker	TSLA US
Sector	Consumer Discretionary
Share Price (USD)	322.05
DBS Rating	HOLD
12-mth Target Price (USD)	350.0
Market Cap (USDbn)	1,037.3
Volume (mn shares)	95.1
Free float (%)	87.1
Dividend yield (%)	-
Net Debt to Equity (%)	-31.1
Fwd. P/E (x)	170.4
P/Book (x)	13.9
ROE (%)	9.2

Closing Price as of 19 Jun 2025

Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

The full report and disclaimers are accessible here:

DBS

US EQUITY RESEARCH

20 June 2025

Adidas AG

Analysts:
Alison FOK | dbsvhk@dbs.com
Mavis HUI | dbsvhk@dbs.com

Tariff war headwinds

Company Overview

Adidas AG is a Germany-based company that designs, develops, produces, and markets a range of athletic and sports lifestyle products. The Company's segments include Europe, North America, Asia-Pacific, Latin America. Each segment includes wholesale, retail and e-commerce business activities relating to the distribution and sale of products of the adidas brand to retail customers and end consumers. The Company has over 2,500 own-retail stores, mono-branded franchise stores, shop-in-shops, joint ventures with retail partners and co-branded stores and an e-commerce channel, which is available to customers in over 60 countries.

Investment Overview

Steady outlook driven by popular footwear models. Overall, all markets except North America have achieved healthier inventory levels with a better position to drive growth with new models. Footwear models such as Samba, Gazelle, Spezial, and Campus are performing well, while new models will be launched to target the footwear lifestyle segment. In the performance segment, Adidas will see upgrades to its Adizero running products and extend its product ranges towards the commercial everyday runner segment. In 2025, Adidas expects to deliver currency-neutral revenue at high-single digit rate, with double-digit growth expected by adidas brand, while operating profit is expected to rise to EUR1.7-1.8bn, excluding impact from Yeezy.

Channel investment towards DTC and football, running and outdoors category. Adidas has focused on the development of channel distribution, with greater contribution coming from the Company's direct to consumer (DTC) and wholesale platform. Within DTC channel, e-commerce account for more than 20% of the Group's total business. By product category, football, running and outdoors' revenue growth remains the strongest. This is in-line with Adidas' strategic focus of "Own the Game" whereby (1) >95% of sales growth is expected to come from 5 strategic categories including Football, Running, Training, Outdoor and Lifestyle, while (2) DTC channel is projected to account for 20% of total net sales by 2025E, and to generate more than 80% of the topline growth.

Steady revenue and EBITDA growth consistency. Adidas has demonstrated steady revenue and EBITDA margin growth in the past, except during the COVID pandemic period. With a change in Yeezy inventory strategy, Adidas' adjusted EPS growth forecast is well above industry average.

Buy at TP of EUR264 per share. We cut TP due to increased production costs from the latest US tariff hikes that take effect on 9 Apr 2025, which are expected to pressure profit margins and necessitate potential price increases that could also deter consumer demand. This combination of factors raises concerns about the company's ability to maintain profitability in a competitive market and amidst broader economic challenges. Our TP is trimmed to EUR264, 1-year forward 30x PE, 1SD above its 5-year average (pre-covid period), on a gradual earnings recovery path, with a PEG ratio of 0.5x.

Risks

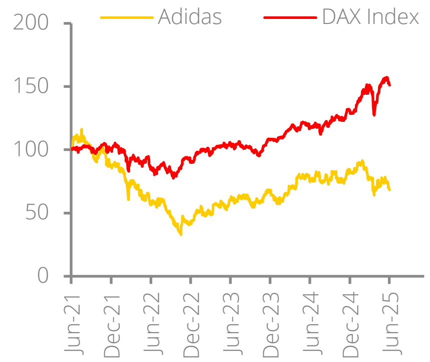
Market competition, macroeconomic slowdown, supply chain disruptions

Key Financial Data

Bloomberg Ticker	ADS GR
Sector	Consumer Discretionary
Share Price (EUR)	192.6
DBS Rating	BUY
12-mth Target Price (EUR)	264.00
Market Cap (USDb)	39.9
Volume (m shares)	334.55
Free float (%)	92.3
Dividend yield (%)	1.0
Net Debt to Equity (%)	43.2
Fwd. P/E (x)	25.9
P/Book (x)	7.7
ROE (%)	12.9

Closing Price as of 19 Jun 2025
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance (indexed)



Source: Bloomberg

The full report and disclaimers are accessible here:

EUROPE EQUITY RESEARCH

23 Jun 2025

Infineon Technologies

Analysts
Amanda Tan | groupresearch@dbs.com
Lee Keng Ling | groupresearch@dbs.com

Leading power semiconductor player

Company Overview

Infineon Technologies is a Germany-based semiconductor company. The Automotive division supports applications like electromobility and automated driving. Industrial Power Control provides solutions for energy generation, transmission, storage, and use. Power & Sensor Systems provides semiconductors and power and connectivity devices like chargers, servers, and mainboards. Connected Secure Systems provides IoT technologies like wireless connectivity.

Investment Overview

Maintains market leadership in power semiconductors through technological prowess. Infineon captures 20.8% of the USD35.7bn power discretes and modules market in 2023 with a large gap in market share between runners up ON Semiconductor at 9.2% and STMicroelectronics (STM) at 8.0%. IFX's core business includes power semiconductors which amounted to c.55% of IFX's revenue in FY24. By application, IFX leads the USD69.2bn automotive semiconductor in 2023 commanding a 13.7% market share followed by NXP and STM at 10.8% and 10.2% respectively. In addition, IFX leverages its leadership in power systems and continues to enhance its competence in power systems through wide bandgap materials such as SiC and GaN which is slated to grow at a CAGR of 30% and 53% through 2028, outpacing Si's CAGR of 4%.

Decarbonisation and digitalisation key long-term drivers for IFX; automotive to lead growth. Key applications underpinning IFX's topline growth are e-mobility, renewables, assisted driving, IoT, and AI/Data centre. Consensus forecasts topline growth with CAGR of 8% between FY24-FY27, mainly driven by automotive which is IFX's largest segment at 56% of FY24 revenue. Fueling the automotive segment are several structural trends (i) growth in share of BEVs (battery electric vehicle) produced from 15% in 2023 to 45% in 2030 (ii) higher share of level 2 and above assisted driver systems from 20% in 2023 to 55% in 2030 and (iii) 54% increase in semiconductor content per BEV to USD2000 in 2030 despite flattish light vehicle production. Energy efficient power solutions across areas such as renewable energy generation and EV charging are also long-term tailwinds for Infineon.

Near term outlook a mixed bag owing to uncertainty, but market share gains should help Infineon outperform peers. Inventory correction is progressing with bottoming expected in CY25, though Trump's broadening tariffs introduces risk to global trade and expectations for a modest recovery in 2H25. At the segmental level, we continue to see softness in the automotive segment owing to macro uncertainty and rising trade tensions. GIP continues to be impacted by cyclical market weakness in 2025 although renewables demand will continue to hold up due to global power and efficiency needs. For PSS, growth in the near term continues to be affected by inventory adjustments but there are nascent signs of recovery in the consumer, computing, and communications market after bottoming. IoT and security markets within CSS are also around the bottom with inventories normalizing. Amid the soft market environment, we believe Infineon can continue to outperform peers by supplying to AI data centres and gaining market share in automotive MCUs.

BUY IFX with TP EUR34.0 (vs previous TP EUR39.0). Our TP is based on peg of 2.4x one year forward PB, -0.5SD of the historical mean (vs previous peg at 2.8x, close to the historical mean). While the near-term demand environment remains challenging due to Trump's broad-based tariffs, automotive slowdown and still-elevated inventory levels, we favor IFX for its market leadership in power semiconductors, positioning it well to capitalize on long-term digitalization and decarbonization trends. Its growing market share in powering AI as well as automotive also supports its outperformance against peers.

Risks

Prolonged economic downturn and semiconductor cyclicality. While IFX is diversified across segments such as automotives, industrials, and power, the business is highly dependent on the global economy and the semiconductor cycle. Revenue exposure to the automotive segment is the highest at 56% followed by power and industrials at 21% and 13% respectively (as at FY24).

Key Financial Data

Bloomberg Ticker	IFX GR
Sector	Information Technology
Share Price (EUR)	33.89
DBS Rating	BUY
12-mth Target Price (EUR)	34.0
Market Cap (USDbn)	51.0
Volume (mn shares)	2.8
Free float (%)	93.9
Dividend yield (%)	1.0
Net Debt to Equity (%)	17.2
Fwd. P/E (x)	24.8
P/Book (x)	2.7
ROE (%)	4.9

Closing Price as of 19 Jun 2025
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance

Source: Bloomberg

The full report and disclaimers are accessible here:

CH/HK EQUITY RESEARCH

20 Jun 2025

Bank of China

Analysts
Manyi Lu | manyilu@dbs.com
Ken Shih | kenshih@dbs.com

Overseas presence is not a major concern

Company Overview

BANK OF CHINA LIMITED is a China-based commercial bank. The Bank is mainly engaged in the provision of banking and related financial services, including commercial banking business, investment banking business, insurance business, direct investments and investment management businesses, fund management business and aircraft leasing business, as well as others. The Company mainly provides loans to individual and corporate clients. The Bank mainly operates its businesses in China mainland, Hong Kong, Macau and Taiwan, as well as other countries.

Investment Overview

Higher-than-peers fee income growth supported by overseas business. BOC's fee income rose 2.1% y/y in 1Q25, after declining c.2.9% y/y in FY24, outperforming SOE banking peers. The growth was driven by overseas fee income while domestic fee income continued to decline. While tariffs could impact trade and clearing related business, BOC's low exposure to US-linked clearing and settlement fees implies that the overall impact is likely manageable.

Projecting 1.4% earnings CAGR in FY24-27F, with FY25/26F earnings assumptions unchanged. As the US potentially starts its rate cut cycle, BOC's overseas assets may face NIM compression. We expect its advantage over other banks in terms of NIM would narrow during the US rate downward cycle. Meanwhile, we expect BOC to record steady loan volume growth and stable NPL ratios in FY25-26F, in line with other SOE banks.

Overall tariff impact should be manageable. BOC's exposure to overseas operations and international trades is higher than peers. Its performance is more closely tied to China trade compared with peers. While geopolitical tensions could pose higher risks to BOC, only 16% of its customers have US exposure, a manageable level. Most of these clients are involved with clearing and settlement with BOC, and credit risk exposure on the loan book remains small.

Reiterate BUY with TP revised up to HKD 5.3 (vs. HKD5 previously), based on DDM model and assuming 11.8% COE (down from 12.5% previously to reflect lower systematic risk in China banks after capital injection and lower risk premium), unchanged 7.5% ROE, in line with other major SOE banks, and 1% terminal growth. Our TP implies c.0.58x FY25F P/BV. The stock offers c.5% dividend yield in FY25F even after factoring share dilution from capital injection.

Risks

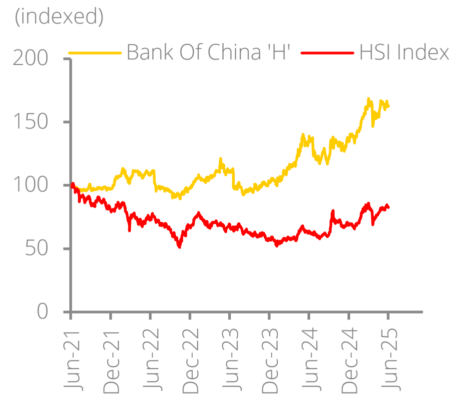
Tariff and geopolitical tensions to materially impact its overseas operations and trade related business

Key Financial Data

Bloomberg Ticker	3988 HK
Sector	Financial
Share Price (HKD)	4.47
DBS Rating	BUY
12-mth Target Price (HKD)	5.30
Market Cap (USDb)	210.0
Volume (m shares)	408.7
Free float (%)	80.2
Dividend yield (%)	5.8
Fwd. P/E (x)	5.8
P/Book (x)	0.5
ROE (%)	9.6

Closing Price as of 19 Jun 2025
Source: Bloomberg, DBS HK

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

The full report and disclaimers are accessible here:

CH/HK EQUITY RESEARCH

20 Jun 2025

Li Ning

Cautious outlook

Analysts
Alison Fok | alisonfok@dbs.com
Mavis Hui | mavis_hui@dbs.com

Company Overview

Li Ning Co Ltd is a company principally engaged in the research and development, design, manufacturing and sales of sporting goods. The Company is principally engaged in the operation of professional and leisure footwear, apparel, equipment and accessories under the LI-NING brand. The Company is also engaged in the manufacturing, development, marketing, distribution and sales of various sports products which are self-owned by or licensed to the Group, including Double Happiness (table tennis), AIGLE (outdoor sports) and Kason (badminton), which are operated through joint venture/associate with third parties of the Group. The Company principally conducts its businesses in domestic and overseas markets.

Investment Overview

A leading domestic sportswear brand in China. Li Ning is a leading domestic sportswear brand in China with a market share of 10.3% as of 2024 (source: Euromonitor). The company has also developed its Li Ning Young and Li Ning China brands to incorporate youth culture trends. As of 2024, distributors accounted for 45% of sales, followed by e-commerce (29%), directly operated stores (25%), and international sales (2%).

Despite muted top-line guidance, we expect footwear sales growth could continue in 2025, offsetting softer apparel sales. Despite lower daily footfall impacting offline retail sales, the company has managed to improve its retail discount rate in its offline and e-commerce channels. We anticipate mild sales growth of 3%/6% in 2025/26, driven by a steady improvement in sports spending per capita and footwear sales. We expect the GP margin to record a mild change of -0.5ppt/+0.1ppt to 48.9%/49.0%.

Medium-term potential from running category. Retail sell-through saw strong demand from the running (FY24: +25% y/y) and fitness (+7% y/y) categories, while basketball and sports casual recorded contractions of 21% and 6% y/y, respectively. The company's running shoe category – including Super Light, Rouge Rabbit, and Feidian – achieved sales of 10.6mn pairs in 2024, strengthening the group's professional product portfolio. Offline inventory turnover stood high at 3.4x, with overall ageing structure remaining healthy.

Maintain BUY with TP at HKD18.6 (vs. HKD21.90 previously). We lower FY25 earnings by 15% on a lower sales and margin assumption and introduce FY26 forecasts. Our TP is adjusted to HKD18.6/sh based on an unchanged 15x FY25 PE. Key catalysts include (1) a pickup in consumption appetite and (2) positive reception for its professional shoe series under the running category.

Risks

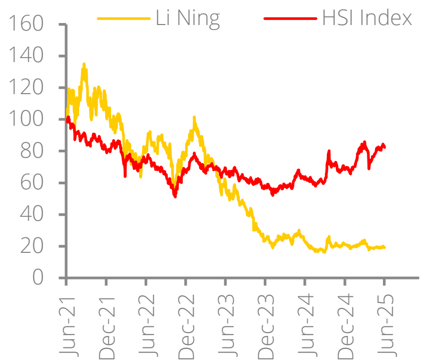
Market competition, macroeconomic environment, ad consumer confidence.

Key Financial Data

Bloomberg Ticker	2331 HK
Sector	Consumer Discretionary
Share Price (HKD)	15.00
DBS Rating	BUY
12-mth Target Price (HKD)	18.60
Market Cap (USDb)	4.9
Volume (m shares)	23873.0
Free float (%)	89.0
Dividend yield (%)	4.2
Net Debt to Equity (%)	CASH
Fwd. P/E (x)	12.0
P/Book (x)	1.3
ROE (%)	11.7

Closing Price as of 19 Jun 2025
Source: Bloomberg, DBS HK

Indexed Share Price vs Composite Index Performance (indexed)



Source: Bloomberg

The full report and disclaimers are accessible here:

CH/HK EQUITY RESEARCH

20 Jun 2025

New World Development

Debt refinancing in focus

Analysts
Jeff Yau | Jeff_yau@dbs.com
Percy Leung | percyleung@dbs.com

Company Overview

New World Development Co Ltd is an investment holding company mainly engaged in the property development. The Company operates its business through eight segments. The Property Development segment engages in the construction of the residential units, including MOUNT PAVILIA, The Masterpiece, FLEUR PAVILIA and the Double Cove series, among others. The Construction segment constructs commercial and residential projects, and government and institutional related projects. The Insurance segment sells life insurance and medical insurance products. The Property Investment segment engages in the property investment, its property investment portfolio includes commercial buildings and offices. The Roads segment operates toll roads and expressways. The Hotel Operations segment operates hotel business in China and Southeast Asia. The Aviation segment engages in commercial aircraft leasing business. The Other segment is engaged in facility management and free duty business.

Investment Overview

Portfolio expansion to enhance recurring income base. New World Development is expanding its rental income base, with the gradual completion of new rental properties such as K11 ECOAST in Shenzhen. New World is co-operating with SOEs such as China Resources Land and China Merchant Shekou Holdings to develop residential projects in the Northern Metropolis to unlock the hidden value of its farmland there.

Encouraging project sales response. The recent launch of State Pavilia was greeted with enthusiastic response with 72% of total units sold for c.HKD3.2bn. Since Jul-24, New World has sold HKD7.9bn worth of properties in Hong Kong, representing 72% of its full-year sales target. In 1HFY25, contracted sales from China reached Rmb7.5bn or 53% of its revised sales target.

Debt refinancing is key to monitor. Pre-financing cash flow is close to breakeven in 1HFY25. Total debt fell 3.4% h/h to HKD146.5bn with short-term debt reducing by HKD9.4bn to HKD32.2bn. Yet, net debt and gearing inched up slightly due to redemption of perpetual securities. Investors will be monitoring its debt refinancing which would play a key role in dictating its share price direction.

HOLD with HKD4.61 TP. The stock is trading at a 77% discount to our appraised current NAV. Maintain HOLD with TP lowered to HKD4.61, based on wider target discount of 80% to our Dec-25 NAV estimate.

Risks

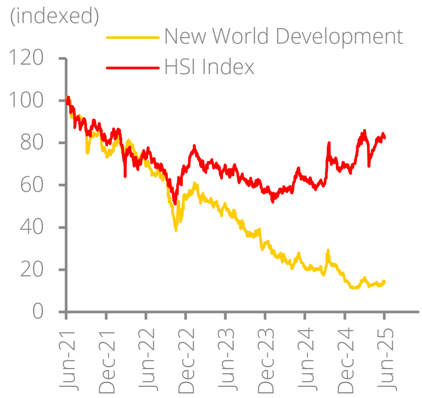
Any faster-than-expected financial deleveraging would prompt lead to better share price performance.

Key Financial Data

Bloomberg Ticker	17 HK
Sector	Real Estate
Share Price (HKD)	4.84
DBS Rating	HOLD
12-mth Target Price (HKD)	4.61
Market Cap (USDb)	1.6
Volume (m shares)	8045.33
Free float (%)	54.4
Dividend yield (%)	4.1
Net Debt to Equity (%)	0.5
Fwd. P/E (x)	nm
P/Book (x)	0.1
ROE (%)	(10.4)

Closing Price as of 19 Jun 2025
Source: Bloomberg, DBS HK

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

The full report and disclaimers are accessible here:

SINGAPORE EQUITY RESEARCH

20 Jun 2025

LendLease Global Commercial REIT

Emerging Singapore Retail Titan

Analysts
Geraldine WONG | geraldinew@dbs.com
Derek TAN | derektan@dbs.com

Company Overview

Lendlease Global Commercial REIT is a Singapore-based real estate investment trust. The Company is focused on investing, directly or indirectly, in a diversified portfolio of stabilized income-producing real estate assets located globally, which are used primarily for retail and/or office purposes. The Company operates through two geographical segments: Singapore and Italy. Singapore segment includes leasing of property retail mall in Singapore. Italy segment includes leasing of Sky Complex, comprising three office buildings in Milan, Italy. The Company's diversified portfolio comprises a leasehold interest in two properties located in Singapore and three freehold office properties located in Milan. Its investment portfolio includes Jem, Singapore; 313@Somerset, Singapore and Sky Complex, Milan, among others. The Company's investment manager is Lendlease Global Commercial Trust Management Pte. Ltd.

Investment Overview

BUY, TP maintained at SGD0.75. Our TP is based on DCF and factors in a higher interest cost, alongside a delay in contribution from the Grange carpark redevelopment.

Attractive returns for an emerging suburban landlord. We remain comfortable in our view that LREIT's Singapore-focused portfolio should be relatively sheltered from any risks of asset devaluation from within. The share price has rebounded to from low and currently trades at a FY24F yield of c.6.8% and P/B of c.0.8x, at -1 standard deviation of its historical mean.

Steady organic growth, recent acquisition of Parkway Parade will contribute in FY24-25F. We forecast LREIT's EBITDA would grow at a CAGR of c.7% in FY23-25F, driven by a further rental reversion upside for its key assets, 313@Somerset and JEM. We expect these properties to see positive rental reversions of 5%-15% in the coming years, underpinned by strong tenant sales, exceeding pre-COVID levels by 15%, and healthy occupancy cost levels. In addition, LREIT will see a boost from the completion of the lease restructuring at Sky Complex, which should see revenue from the asset stabilise at c.€30m per annum (FY27), a +20% uplift from the rental revenue seen prior to the lease restructuring.

Likely to opt for asset sale rather than equity fundraising at this price. Contrary to market speculation, we think management is unlikely to pursue equity fundraising (EFR) at 0.8x P/B, given its stable financial metrics and strong lender support, implying that the pressure it faces to reduce gearing is lower than the market's perception. Instead, our preferred scenario is the asset sale of the JEM Tower of Sky Complex, Milan. Selling this could reduce gearing to c.32% with minimal DPU dilution.

Risks

Interest rate risk: A higher-for-longer interest rate environment could prompt us to cut our estimates further.

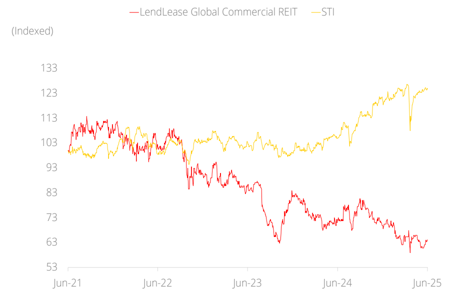
Key Financial Data

Bloomberg Ticker	LREIT SP
Sector	Real Estate
Share Price (SGD)	0.500
DBS Rating	BUY
12-mth Target Price (SGD)	0.75
Market Cap (USDb)	0.94
Volume (m shares)	3.5
Free float (%)	77.0
Dividend yield (%)	7.8
Net Debt to Equity (%)	0.7
Fwd. P/E (x)	15.5
P/Book (x)	0.7
ROE (%)	4.1

Closing Price as of 19 Jun 2025

Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

The full report and disclaimers are accessible here:

THAILAND EQUITY RESEARCH

20 Jun 2025

Airports of Thailand

Flying through turbulence

Analyst
Nantika WIANGPHOEM, CFA
nantikawiang@dbs.com

Company Overview

Airports of Thailand Public Company Limited is a Thailand-based company engaged in airport business and other services related to airport operation. The Company is primarily engaged in airport management business, hotel business, ground aviation services, security business and project on perishable goods business. The Company operates six international airports, such as Suvarnabhumi Airport (BKK), Don Mueang Airport (DMK), and four regional international airports, such as Chiang Mai (CNX), Hat Yai (HDY), Phuket (HKT) and Mae Fah Luang - Chiang Rai (CEI). The Company's operations involve both aeronautical and non-aeronautical activities. Its aeronautical activities are related to air traffic, such as landing and parking charges, departure passenger service charges and aircraft service charges. Its non-aeronautical activities include office and state property rents, service revenues and concession revenues. Its subsidiaries include Suvarnabhumi Airport Hotel Company Limited.

Investment Overview

Prime beneficiary of Thailand's tourism recovery in the mid- to long-term. We believe AOT is well positioned to benefit from rising international travel demand supported by its monopoly-like characteristics. Its revenue is directly linked to the number of passengers and aircraft at its airports. In the longer term, AOT has several projects in the works – such as airport city project and airport expansion plan – to unlock capacity constraints and support passenger growth.

Hiccups in FY25F. We expect AOT's passenger volume to increase from 119mn in FY24 to 125mn/136mn in FY25F/FY26F (vs. 142mn in FY19) compared to AOT's target of min. 130mn in FY25F. We estimate lower concession revenue this year from the reclamation of duty-free areas and duty-free contract termination with King Power in Don Mueang (DMK) and regional airports. We also conservatively assume that the duty-free concession contract will be changed to 20% sharing instead of minimum guarantee per head at Suvarnabhumi Airport (BKK) from July 2025.

Spike in non-current trade A/R raises concerns on potential provisions. In 1HFY25, non-current trade A/R saw a substantial increase from THB2bn at end-FY24 to THB6.5bn – mainly due to King Power's request to delay concession revenue payments for 18 months (August 2024 to February 2025) under its retail concession agreement, and until April for its duty-free concession agreement. Although King Power has started to pay the minimum guarantee from March and May 2025, we believe this issue remains an overhang issue for AOT and may potentially lead to future provisions for King Power or renegotiation of the remaining concession agreement with AOT.

Maintain HOLD with an unchanged DCF-based TP of THB28.0. We maintain our earnings forecast, pending the resolution for concession contracts with King Power. Our current forecast factors the termination duty-free concession agreement with King Power in DMK and regional airports and assuming 20% revenue sharing of duty-free and commercial concession revenue at BKK instead of minimum guarantee per head scheme. With limited upside and on-going overhand issues on King Power concession agreement, we maintain HOLD.

Risks

A slowdown in Thailand's tourism industry recovery, a further reclamation of commercial areas, the termination of existing concession agreements, and regulatory risks.

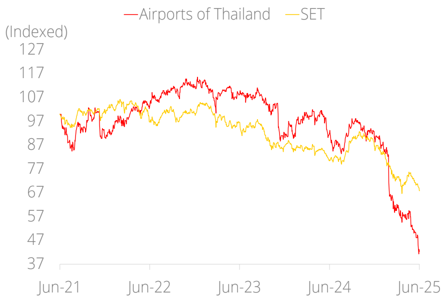
Key Financial Data

Bloomberg Ticker	AOT TB
Sector	Industrials
Share Price (THB)	28.00
DBS Rating	HOLD
12-mth Target Price (THB)	28.00
Market Cap (USDbn)	11.6
Volume (mn shares)	10.5
Free float (%)	30.0
Dividend yield (%)	2.8
Net Debt to Equity (%)	CASH
Fwd. P/E (x)	23.1
P/Book (x)	3.2
ROE (%)	16.3

Closing Price as of 18 Jun 2025

Source: Bloomberg, DBSVTH

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

The full report and disclaimers are accessible here:

Disclaimers and Important Notes

This information herein is published by DBS Bank Ltd. ("DBS Bank") and is for information only. This publication is intended for DBS Bank and its subsidiaries or affiliates (collectively "DBS") and clients to whom it has been delivered and may not be reproduced, transmitted or communicated to any other person without the prior written permission of DBS Bank.

This publication is not and does not constitute or form part of any offer, recommendation, invitation or solicitation to you to subscribe to or to enter into any transaction as described, nor is it calculated to invite or permit the making of offers to the public to subscribe to or enter into any transaction for cash or other consideration and should not be viewed as such.

The information herein may be incomplete or condensed and it may not include a number of terms and provisions nor does it identify or define all or any of the risks associated to any actual transaction. Any terms, conditions and opinions contained herein may have been obtained from various sources and neither DBS nor any of their respective directors or employees (collectively the "DBS Group") make any warranty, expressed or implied, as to its accuracy or completeness and thus assume no responsibility of it. The information herein may be subject to further revision, verification and updating and DBS Group undertakes no responsibility thereof.

All figures and amounts stated are for illustration purposes only and shall not bind DBS Group. DBS Group does not act as an adviser and assumes no fiduciary responsibility or liability for any consequences, financial or otherwise, arising from any arrangement or entrance into any transaction in reliance on the information contained herein. The information herein does not have regard to the investment objectives, financial situation and particular needs of any specific person. In order to build your own independent analysis of any transaction and its consequences, you should consult your own independent financial, accounting, tax, legal or other competent professional advisors as you deem appropriate to ensure that any assessment you make is suitable for you in light of your own financial, accounting, tax, and legal constraints and objectives without relying in any way on DBS Group or any position which DBS Group might have expressed in this document or orally to you in the discussion.

Companies within the DBS Group or the directors or employees of the DBS Group or persons/entities connected to them may have positions in and may affect transactions in the underlying product(s) mentioned. Companies within the DBS Group may have alliances or other contractual agreements with the provider(s) of the underlying product(s) to market or sell its product(s). Where companies within the DBS Group are the product provider, such company may be receiving fees from the investors. In addition, companies within the DBS Group may also perform or seek to perform broking, investment banking and other banking or financial services to the companies or affiliates mentioned herein.

This publication may include quotation, comments or analysis. Any such quotation, comments or analysis have been prepared on assumptions and parameters that reflect our good faith, judgement or selection and therefore no warranty is given as to its accuracy, completeness or reasonableness. All information, estimates, forecasts and opinions included in this document or orally to you in the discussion constitute our judgement as of the date indicated and may be subject to change without notice. Changes in market conditions or in any assumptions may have material impact on any estimates or opinion stated.

Prices and availability of financial instruments are subject to change without notice. Any information relating to past performance, or any future forecast based on past performance or other assumptions, is not necessarily a reliable indicator of future results. Future results may not meet our/ your expectations due to a variety of economic, market and other factors.

This publication has not been reviewed or authorised by any regulatory authority in Singapore, Hong Kong, Dubai International Financial Centre, United Kingdom or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

If this publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of the Information, which may arise as a result of electronic transmission. If verification is required, please request for a hard-copy version.

The investment product(s) mentioned herein is/are not the only product(s) that is/are aligned with the views stated in the research report(s) and may not be the most preferred or suitable product for you. There are other investment product(s) available in the market which may better suit your investment profile, objectives, and financial situation.

This publication 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.