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Singapore Technologies Engineering Ltd ("STENG")

OCBC Credit Research does not cover STENG. We present this paper as a special interest commentary.

Key Credit Considerations

- **Diverse business segments by applications and end markets:** STENG specialises in four main sectors across air, land and sea: Aerospace, Electronics, Land Systems, and Marine. Within each sector, STENG offers a myriad of products, services and solutions to different types of clients across the globe (Table 1). For the Aerospace sector, the end-clients range from commercial clients such as Boeing and Airbus to global military customers who are interested in STENG's technological expertise in new military equipment as well as maintenance solutions for their own military aircrafts. The other three main sectors Electronics, Land Systems, Marine also provide solutions for both of STENG's core defence sector and commercial sector. Military solutions from these three sectors for defence clients such as the U.S. Army and the Singapore Army range from military training and simulation systems to Armoured Fighting Vehicles, while commercial products and services include satellite communications, cybersecurity services, automotive vehicles, robotics and autonomous systems and ship repair. This highlights the cross functionality of STENG's products across clients and hence business sectors. As an example, STENG's growing exposure to the Smart City business is also supported by expertise from not just one sector but from both the Electronics and Land Systems sector.

Table 1: Key products and services of each segment

Business segment	Key products and services
Aerospace	• Airframe component and engine maintenance repair and overhaul (MRO) services • Engines nacelles production • Aviation materials and asset management services • Aircraft interior solutions • Air charter services • Freighter conversion facilities and know-how
Electronics	• Designs, develops and integrates electronics and communications systems • Information communication technologies (ICT) provider • Offers Smart City solutions such as smart security, environment and mobility solutions • Rail and road engineering • Satellite communications • Cybersecurity • Artificial intelligence • Training and simulation
Land Systems	• Integrated land systems • Security solutions • Armoured, autonomous and specialty vehicles • Other weapons and military products
Marine	• Shipbuilding, ship repair and ship conversion • Naval operations and integrated logistics solution services • Engineering services for a variety of commercial and naval vessels

Source: Company

- **Businesses poised to take advantage of future growth:** With no certainty in sight for the end of the global outbreak of COVID-19 and business and human interactions altered indefinitely, technology is proving to be indispensable to governments and organisations worldwide. This pandemic is likely to have changed societal norms, defining "new normals" under social distancing rules, and hence helped to accelerate amongst other things the adoption of STENG's Smart City business which includes areas of expertise in cyber security, autonomous robots, satellites and data analytics. Another core business of STENG – the Defence sector also stands to benefit with a spike in global defence spending even before the outbreak that could continue, driven by an increasingly de-globalized and possibly fragmented environment. The U.S. and Singapore governments, who are important defence clients to STENG, have been increasing their military spending in recent years and we expect defence spending by governments to continue on the back of rising tensions between countries. That said, governments may have less to spend on defence in years to come having already spent a large amount on fiscal stimulus to boost their economies that were severely impacted by the outbreak of COVID-19.

- **Successful execution of growth strategy:** STENG's current five-year growth strategy covering 2018-2022 is aimed at balancing the existing strength of its core Aerospace, Electronics, Land Systems and Marine businesses with investing into new growth areas. Such a strategy seeks to achieve STENG's goal to be a global technology, defence and engineering group. Key growth areas are in international defence (which has long gestation periods according to STENG's annual report) and smart cities (across mobility, security and environmental solutions). Both growth areas will leverage off of STENG's existing competencies with international defence achieving some success in the Land Systems and Marine businesses while STENG's smart cities business will be driven by the Electronics and Land Systems businesses. STENG is now involved in over 700 Smart City projects across 130 cities. Also key to the success of STENG's growth strategy is inorganic growth with STENG making three key strategic acquisitions in 2019 - MRA Systems, LLC (high-value original equipment manufacturing of engine nacelle systems) for the Aerospace business, and Newtec Group NV (satellite communications) and Glowlink Communications Technology, Inc (advanced satellite communications anti-jamming technologies) for the Electronics business. Satellite communications capabilities will also be applied in STENG's smart cities projects. As a result of these acquisitions, STENG has expanded by location (from air, land and sea to also space) and functionality by moving upstream within the Aerospace segment.

- **…leading to stable financials and strong liquidity although its financial profile is likely to weaken in the future:** Given STENG's diversified business and solid relationships with clients, its financial performance has been historically solid. Although not under our official coverage, STENG is a very high grade name in our view holding the top rating from international credit rating agencies. STENG's net debt-to-EBITDA and net debt-to-equity was improving up to the financial year ended December 2018 ("FY2018") reaching strong levels. Sales revenue has also been on a general upward trend for the past five years, with FY2019 revenue and net profit after tax being record highs (+17.5% y/y to SGD7.87bn and +14.8% y/y to SGD595mn respectively) boosted by contributions from the three acquisitions which made up around 9% of total revenue. STENG's order book also provides a seemingly clear visibility of future revenues, with the company expecting to recognise around SGD5.9bn of contract revenue in FY2020. That said, recent growth has been debt funded and given STENG's growth strategy which tolerates further inorganic growth funded by debt and the current operating environment, we expect STENG's financial profile to weaken. This was already seen in FY2019 results with net debt-to-EBITDA jumping to 1.63x and net debt-to-equity jumping to 0.76 when the numbers for the previous four financial years (FY2015 to FY2018) had been below 0.30x and 0.12x respectively. In addition, as a technology company that emphasizes innovation to drive commercial business growth, expenditure on Research and Development is expected to remain high. Offsetting this however is STENG's strong liquidity. Though cash and bank balances (which includes fixed deposits but excludes deposits pledged) of SGD452mn could only cover 0.24x of current borrowings, we expect STENG to have strong access to external liquidity through its ability to issue commercial paper (STENG's USD1.5bn Commercial Paper matured in March 2020), recent bond issue of USD750mn and access to SGD11.5bn of banking facilities (24% utilized as at 31 December 2019).

- **Strategic importance to Singapore:** STENG's strong liquidity is also the result of its close relationship with the Singapore government. In our view, STENG has an important role as the largest defence service and equipment provider to the Singapore Government. Temasek Holdings (Private) Ltd ("Temasek") owns ~52% in STENG. Reflecting this strong connection, STENG's board of directors includes various current members of the Ministry of Defence including the Permanent Secretary (Defence Development), Chief of Defence Force and Chief Defence Scientist. In addition, the Minister for Finance (Incorporated) ("MOF Inc.") also holds a special share in STENG that restricts the Board of Directors from passing certain resolutions that relate to the security of Singapore without the prior approval of MOF Inc. These aspects in our view indicate a strong desire to oversee STENG's strategic direction and highlight the company's strategic importance to the Singapore government. Although STENG's growth strategy involves somewhat of a shift away from its core domestic defence business to international defence and smart cities, we think STENG's strategic importance will endure. This is not only due to its legacy national defence role, but its growing commercial and civil roles for the Singapore government as a solutions provider for other Singapore governmental agencies. Amidst a highly challenging environment for airlines due to COVID-19, Temasek, as major shareholder of Singapore Airlines Ltd ("SIA", Issuer Profile: Neutral (5)) shored up the capital base and liquidity of SIA. In providing financial assistance to SIA and the aviation sector, the government also highlighted SIA's and air transport's strategic role for Singapore as a global and regional hub. MOF Inc. also holds a special share in SIA.

I) Company Background

Listed on the Singapore Stock Exchange ("SGX") in December 1997, STENG was formed also in 1997 by amalgamating ST Aerospace, ST Electronics, ST Automotive and ST Marine. However, the history of STENG dates way back to 1967, two years after Singapore's independence, when the Chartered Industries of Singapore was formed to support Singapore's national defence with the manufacture of ammunition for the M16 rifle. Between 1969 and 1976, the precursors of ST Marine, ST Electronics, ST Aerospace were formed with the initial purposes of providing local capability to build and repair naval vessels, provide the Singapore Armed Forces ("SAF") with electronic and electrical services, and provide services for the Republic of Singapore Armed Forces respectively. Throughout this time until listing, the STENG group of companies undertook several re-organisations to ensure the group both supported Singapore's defence needs and remained commercially viable.

After five decades, STENG today is a global technology, defence and engineering group and is one of the largest companies listed on SGX based on market capitalization (~SGD10.4bn as at 8 July 2020). It has a global network of over 100 subsidiaries and associated companies in more than 20 countries with a workforce of approximately 23,000 employees worldwide. By country of incorporation, around 65% of FY2019 revenue came from Asia (with most revenue from subsidiaries located in Singapore), 27% from the U.S. and 8% from Europe (with around 75% of Europe revenue from subsidiaries located in Germany). Breaking revenue down by type, around 71% of FY2019's revenue was commercial-based and the remaining defence-related. Based on sector, STENG specialises in four main sectors: Aerospace (44% of FY2019 Revenue), Electronics (29% of FY2019 Revenue), Land Systems (12% of FY2019 Revenue) and Marine (8% of FY2019 Revenue).

Aviation services and products provided by STENG's Aerospace sector include airframe, component and engine maintenance, repair and overhaul ("MRO") services, engines nacelles production, aviation materials and asset management services, aircraft interior solutions and air charter services. It also offers solutions for both Airbus and Boeing through three business groups comprising Aircraft Maintenance and Modification (AMM), Component/Engine Repair and Overhaul (CERO) and Engineering and Materials Services (EMS). Next, STENG's Electronics sector designs, develops and integrates electronics and communications systems across multiple industries with applications in satellite communications, earth observation, mobility, public safety and security, cyber-security and defence to name a few. For the Land Systems sector, it provides integrated land systems and security solutions that meet the operational requirements for defence, homeland security and commercial applications and its products include armoured, autonomous and specialty vehicles, munitions and weapons, soldier systems, robotics and unmanned systems. Lastly, the Marine sector provides shipbuilding, ship repair and ship conversion, naval operations and integrated logistics solution services as well as engineering services for a variety of commercial and naval vessels.

As at 2 March 2020, STENG is 52.05% owned by Temasek Holdings (Private) Limited ("Temasek") with one special share owned by Minister for Finance (Incorporated) ("MOF").

II) Company Overview and Analysis

Smart City concept increasingly important, adoption accelerated by COVID-19: With areas of expertise including cyber security, autonomous robots, satellites, data analytics, and Internet of Things ("IoT"), STENG's Smart City business is primarily driven by the Electronics sector, and supported by the Land Systems sector. Per STENG, a key focus in 2020 is to grow its Smart City market share globally. Year 2020 is also the year where technology is proving to be indispensable as employees around the globe work from home while students engage in home-based online learning. At a time like this, cyber security becomes critical to governments and organisations worldwide. To better manage the outbreaks, countries around the world have increased the use of data analytics and technologies. For instance, we can expect a surge in demand for autonomous robots, as seen in Singapore for use of patrolling in parks and foreign worker dormitories to ensure safe distancing. STENG's acquisition of Aethon in 2017 also proved to be a good choice as Aethon has developed and deployed mobile robots used for material transportation in sectors such as healthcare and hospitality. With no certainty of an end to COVID-19 in sight, two things have become apparent – societal norms have changed and smart technology is likely to become more and more important. STENG is aiming to double its 2017 revenue from their Smart City business to SGD2bn by 2022, which we think is achievable.

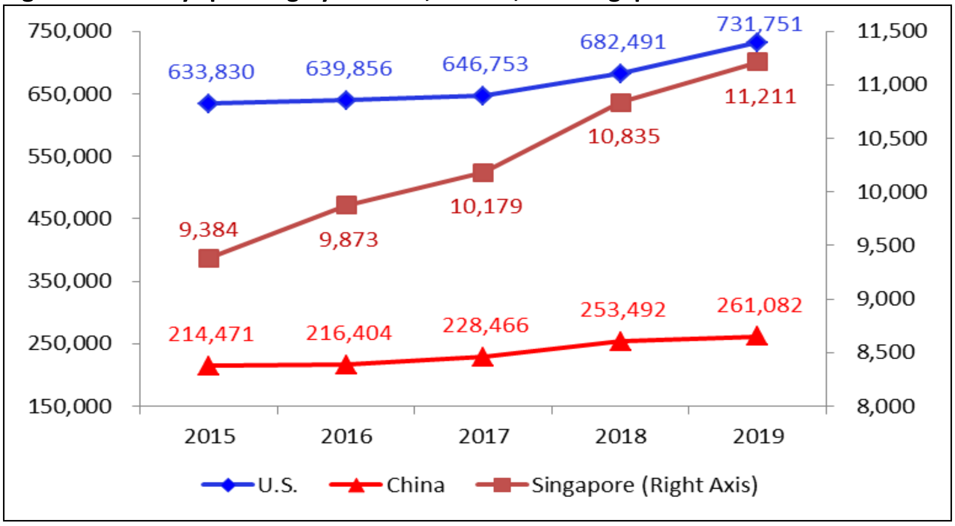
Commercial Aerospace sector hit by COVID-19 but could be softened: Unlike SARS in 2003, the outbreak of COVID-19 is a global one, with over 11 million cases worldwide in countries which include the U.S., Spain, United Kingdom and Singapore. As a result, countries started implementing lockdowns and travel bans and airlines started to ground their flights. For airlines under our coverage, Singapore Airlines ("SIA", Issuer Profile: Neutral (5)), who is also majority owned by Temasek and has one Special Share held by MOF, had announced on 4 May 2020 that the reduction of services were around 96% of original passenger capacity, while Qantas Airways Limited ("Qantas", Issuer Profile: Neutral (5)) on 5 May also announced that it was operating at around 5% of its pre-COVID-19 domestic passenger network and around 1% of its international network based on an Available Seat Kilometre basis. As a result, with passenger air travel declining sharply and increased aircraft order deferrals, the demand for STENG's aviation products by major airlines will fall. Although STENG did not disclose the proportion of commercial Aerospace revenue, the drop in passenger air travel will cause STENG's commercial Aerospace sector to be hurt, which may impact STENG's overall financial performance since the aerospace sector is the largest contributor to total revenue (44% of FY2019 revenue).

However, when one door closes, another opens. The fall in demand for air travel presents another opportunity for STENG – increased passenger-to-freighter conversion business. It is also comforting to know that about 74% of the Aerospace sector's total FY2019 revenue was from contract revenue (although the company did not disclose the number of contracts with enforceable right to payment). Additionally, grounded flights still require maintenance and can provide a steady stream of revenue for STENG. The deferral of aircraft orders by major airlines can also mean increased demand for STENG's maintenance and repair business as airlines choose to extend the lifespan of old planes rather than ordering new ones. Furthermore, as major economies look to ease lockdown restrictions, some countries have created "travel bubbles" and started to resume flights. Airlines under our coverage SIA and Qantas have also moved to resume flights and increase capacity in early

June although we note that the direction of economies reopening and flights resuming remain highly uncertain with infections rising. We thus expect that the hit to STENG's results from the pandemic could be somewhat contained.

Spike in global defence spending: The total global defence expenditure in 2019 was estimated to have been USD197bn, the highest amount since 1988, and 3.6% higher in real terms than 2018 according to the Stockholm International Peace Research Institute ("SIPRI"). In view of the increasingly uncertain world we live in, this phenomenon can be explained by the theory of prisoners' dilemma where countries lack trust for one another and hence would likely choose to increase their military spending (should they be able to afford to). The defence sector is core to STENG with defence revenue being a stream of stable, non-cyclical and more predictable revenue and we can thus expect STENG's defence revenue to continue to remain stable from the spike in global defence spending. Two of STENG's important clients the U.S. and Singapore government have been increasing its defence expenditure over the years, according to SIPRI figures. If we zoom in on the U.S., it had the largest military expenditure in the world and the government's military spending over the years has also been steadily increasing. Due to the recently reignited U.S.-China trade tensions, coupled with China's increasing estimated military spending, it is likely that the U.S.' defence expenditure will continue to rise in the near future. That said, as the development of the U.S.' budget is the responsibility of the President, the U.S. military spending is dependent on the outcome of the U.S. elections happening this coming November. Also, the large amounts of fiscal stimulus to tackle the challenges brought about by the outbreak of COVID-19 may have already put a strain on the government's finances and may render less available to be spent on defence and security in the years to come. Singapore's Defence Minister has recently announced that the Ministry of Defence will reduce spending for the foreseeable future until the economy sees signs of recovery from the impact of COVID-19.

Figure 1: Military spending by the U.S., China*, and Singapore in USD millions



Source: SIPRI, OCBC
**estimates by SIPRI*

Strategically important to Singapore's defence: STENG is to a very high degree strategically important to Singapore especially in terms of defence and security. As a small city state, the ability to fend for itself is critical for Singapore to maintain sovereignty. STENG's importance to Singapore's security can also be seen from its Board of Directors which comprises of three directors holding directorships or appointments in Defence Science and Technology Agency ("DSTA"), a statutory board under the Ministry of Defence ("MINDEF") which acquires defence equipment and develops defence infrastructure. As at February 2020, the defence sector received the highest allocation of total expected government expenditure, followed by health (16%), education (16%) and transport (13%), with SGD15.1bn allocated (18% of total expected expenditure, + 3% y/y) to the defence sector. Taking into consideration the history of supportive actions by Temasek and taking SIA and

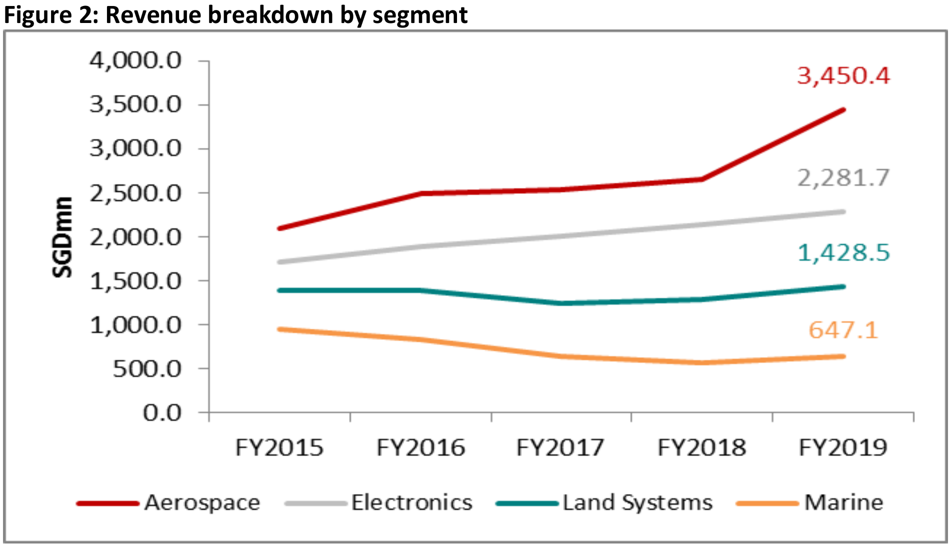
Sembcorp Industries Ltd (Issuer profile: Neutral (4)) as recent examples, we expect Temasek to provide some form of support should STENG one day need it so long as STENG remains the sole defence contractor and provider in Singapore.

III) Financial Analysis

Core defence sector steady, commercial revenue on the rise: STENG started out as a company to support Singapore's security and till date, the defence sector is still recognised as STENG's core, with stable revenue between SGD2.1bn to SGD2.3bn each year from FY2015 to FY2019. However, the core sector's contribution to total revenue has been steadily declining, from 36% in FY2015 to 29% in FY2019 as the company grew its commercial sector which is likely to be more profitable albeit more cyclical. An impending severe economic downturn may be a drag to the more cyclical commercial revenue, but this can be offset to an extent by STENG's areas of expertise in defence, engineering and technology.

Record high revenue in five years aided by recent acquisitions: Sales revenue has been on a general upward trend for the past five years, with each sector's revenue contribution steady. Notably, the most recent FY2019 revenue and net profit after tax ("NPAT") reached record highs at SGD7.87bn and SGD593mn respectively. Revenue for FY2019 has risen by 17.5% y/y from SGD6.70bn in FY2018, attributable to a 30% y/y revenue increase in the Aerospace sector, a 6% y/y rise from the Electronics sector, an 11% y/y increase from the Land Systems sector and a 13% y/y increase from the Marine sector. The Aerospace sector is the single biggest contributor to STENG's total revenue and the large y/y increase in Aerospace revenue from SGD2.65bn to SGD3.45bn was mostly due to the acquisition of 100% of MRA Systems, LLC ("MRAS"), an aircraft parts and equipment manufacturer, with MRAS contributing SGD728.6mn of revenue. Total revenue contributed by the three acquisitions completed in 2019 made up around 9% of total revenue. The growth in revenue and NPAT by acquisitions is not sustainable although per the company, STENG is still on the lookout for strategic acquisitions mostly outside of Singapore to build a more globally based production model. It aims to generate two-thirds of its five-year growth revenue outside of Singapore.

Figure 2: Revenue breakdown by segment



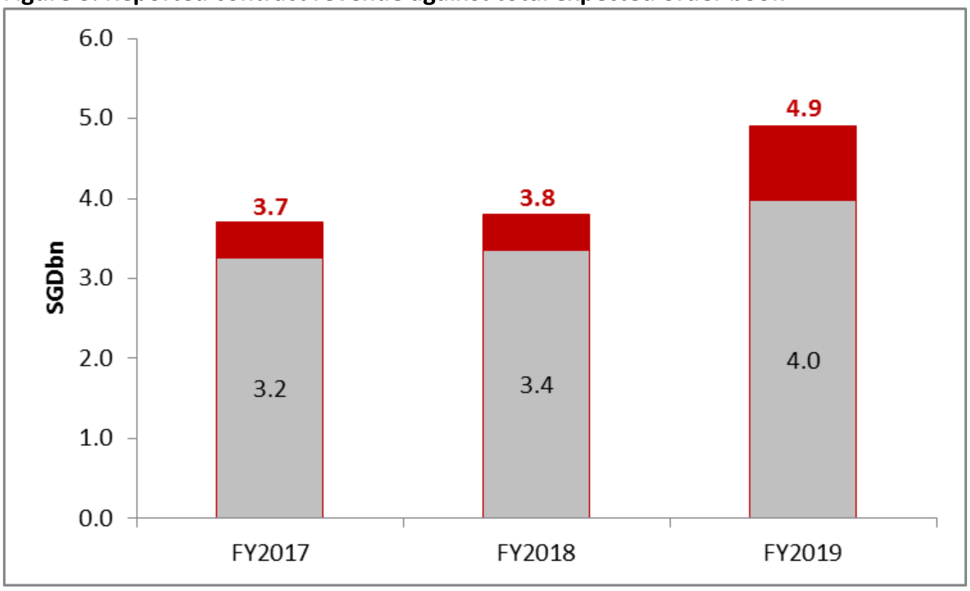
Source: Company, OCBC

Increasing leverage due to debt-funded acquisitions: Three acquisitions were completed in 2019 – 100% of MRAS, 100% of Newtec Group NV and 100% of Glowlink Communications Technology Inc, which totalled to a net cash consideration of SGD1.05bn (SGD689mn, SGD335mn and SGD26mn respectively). STENG took on debt to finance the acquisitions, driving reported gross debt-equity ratio to 1.0x in FY2019 from 0.3x in FY2018 (FY2017 and FY2016: 0.6x, reported gross debt numbers including bank loans, commercial papers, lease liabilities, capitalised lease obligations, present value for operating leases and financial guarantees). As at 31 December 2019, based on our calculation, short-term debt also ballooned from SGD225.4mn as at 31 December 2018 to SGD1.87bn as STENG set up a USD1.5bn Commercial Paper programme in August 2019. STENG issued another USD750mn 5-year bond in April 2020 (ie: the STESP 1.5% '25s), which would also be used for acquisitions. As STENG continues its quest for further strategic acquisitions, we expect its financial policy to become more tolerant towards increased leverage and its credit metrics could continue to weaken.

Liquidity still abundant: As at 31 December 2019, cash and bank balances (which includes fixed deposits but excludes deposits pledged) of SGD452mn could only cover 0.24x of current borrowings, a significant deterioration from 1.84x as at 31 December 2018. However, interest-coverage ratio had improved y/y from 16.8x to 22.7x as EBITDA rose 23% y/y on the back of higher revenue while interest expense fell. In addition, we expect STENG to have strong access to external liquidity through its ability to issue commercial paper (STENG's USD1.5bn Commercial Paper matured in March 2020), recent bond issue of USD750mn (after its first bond STESP 4.8% 10-year bond matured in 2019) and access to SGD11.5bn of banking facilities (24% utilized as at 31 December 2019). The very limited supply of STENG's highly rated bonds, with its recent issue being its second issue and the only STENG bond outstanding, may also help boost investor appetite and demand for future potential new issues.

Seemingly good visibility of future revenue due to strong order book: According to the company, STENG won SGD8bn worth of new contracts in 2019, amounting to a strong order book of SGD15.3bn as at 31 December 2019 (total order book as at 31 December 2018: SGD13.2bn, 31 December 2017: SGD13.4bn). STENG expects around SGD5.9bn of contracts to be recognized as revenue in FY2020, which can act as a strong cushion for STENG in 2020 amidst the pandemic. However, for the past three years, actual contract revenue delivered had fallen short of expected revenue to be recognised from order book (Figure 3). For instance, as at 31 December 2018, STENG had expected SGD4.9bn from the order book be recognized as 2019 revenue while only SGD4.0bn of contract revenue was actually recorded for the year. Thus it is likely that the contract revenue for FY2020 would be smaller than the expected amount of SGD5.9bn. STENG has said in May that it was in talks with its customers to adjust delivery schedules and address order cancellations. It expects FY2020 revenue to be between 5 to 15% lower than FY2019, with the Aerospace and Electronics units dragging the results due to the pandemic. One piece of good news though is STENG has secured more than SGD1.6bn worth of contracts in 1Q2020.

Figure 3: Reported contract revenue against total expected order book



Source: Company, OCBC

Consistent large cash outflows to shareholders: With a dividend yield of 4% for FY2019, STENG has so far maintained its gross dividend per share at 15 Singapore cents since 2013. As a result, each year between 2017 to 2019, around SGD468mn of dividends has been paid out consistently to shareholders, rendering the dividend payout as one of the highest outflows under financing cash flows. This is a large amount considering cash and bank balances (including fixed deposits but excluding deposits pledged) as at 31 Dec 2019 summed up to SGD452mn.

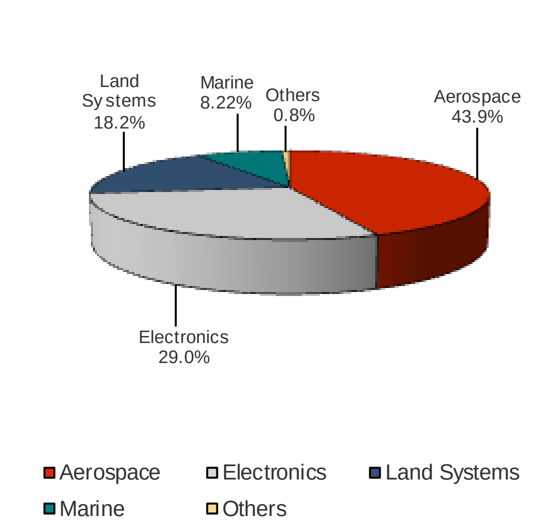
Singapore Technologies Engineering Ltd

Table 1: Summary Financials

Year End	FY2017	FY2018	FY2019
Income Statement (SGD'mn)			
Revenue	6,521.1	6,697.9	7,868.3
EBITDA	886.2	939.5	1,156.1
EBIT	669.3	695.5	787.9
Gross interest expense	57.7	55.9	50.9
Profit Before Tax	611.8	620.7	695.2
Net profit	526.1	516.4	592.7
Balance Sheet (SGD'mn)			
Cash and bank deposits	997.6	414.4	452.1
Total assets	8,024.4	7,573.0	9,521.3
Short term debt	221.6	225.4	1,868.8
Gross debt	1,116.1	495.8	2,337.7
Net debt	118.5	81.4	1,885.6
Shareholders' equity	2,496.3	2,534.6	2,491.0
Cash Flow (SGD'mn)			
CFO	736.7	617.0	580.5
Capex	272.6	336.1	290.1
Acquisitions	85.8	34.3	1,078.9
Disposals	10.3	31.9	133.1
Dividend	483.7	472.2	480.4
Interest paid	-41.8	-49.4	-56.2
Free Cash Flow (FCF)	464.2	280.9	290.4
Key Ratios			
EBITDA margin (%)	13.6	14.0	14.7
Net margin (%)	8.1	7.7	7.5
Gross debt to EBITDA (x)	1.26	0.53	2.02
Net debt to EBITDA (x)	0.13	0.09	1.63
Gross Debt to Equity (x)	0.45	0.20	0.94
Net Debt to Equity (x)	0.05	0.03	0.76
Gross debt/total assets (x)	0.14	0.07	0.25
Net debt/total assets (x)	0.01	0.01	0.20
Cash/current borrowings (x)	4.50	1.84	0.24
EBITDA/Total Interest (x)	15.4	16.8	22.7

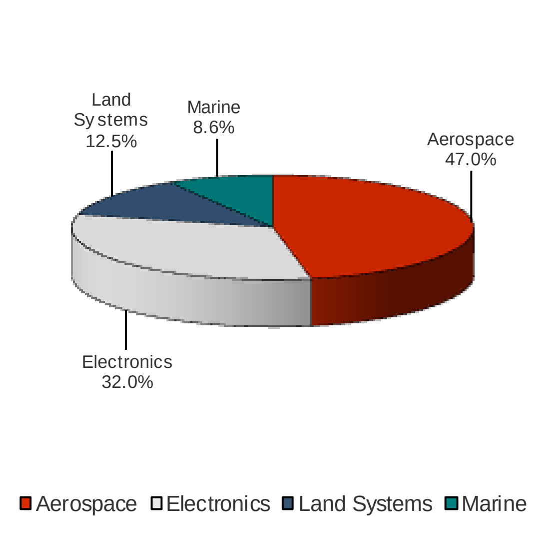
Source: Company, OCBC estimates

Figure 1: Revenue breakdown by Segment - FY2019



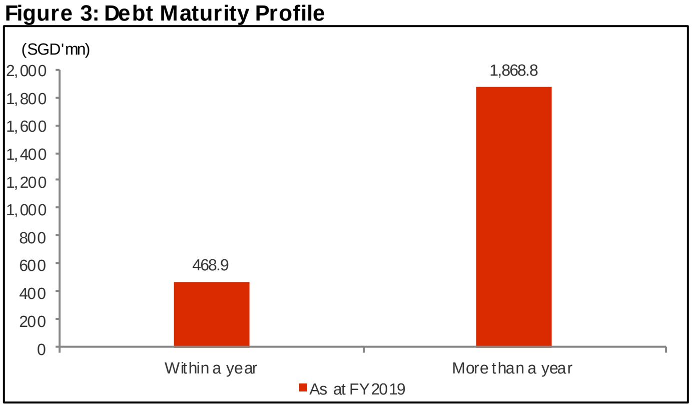
Source: Company

Figure 2: PBT breakdown by Segment - FY2019



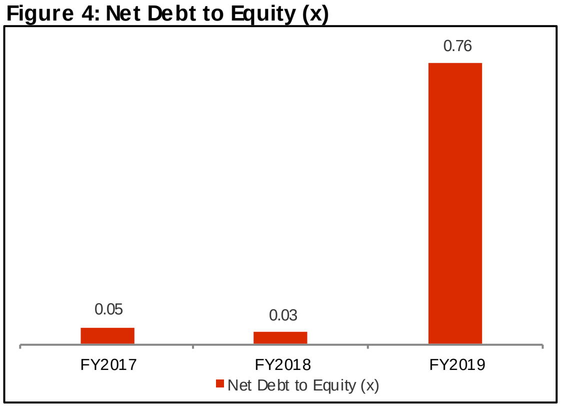
Source: Company | Excludes Others, Elimination

Figure 3: Debt Maturity Profile



. *Source: Company*

Figure 4: Net Debt to Equity (x)



Source: Company

Explanation of Issuer Profile Rating / Issuer Profile Score

Positive ("Pos") – The issuer's credit profile is either strong on an absolute basis, or expected to improve to a strong position over the next six months.

Neutral ("N") – The issuer's credit profile is fair on an absolute basis, or expected to improve / deteriorate to a fair level over the next six months.

Negative ("Neg") – The issuer's credit profile is either weaker or highly geared on an absolute basis, or expected to deteriorate to a weak or highly geared position over the next six months.

To better differentiate relative credit quality of the issuers under our coverage, we have further sub-divided our Issuer Profile Ratings into a 7 point Issuer Profile Score scale.

IPR	Positive		Neutral			Negative	
IPS	1	2	3	4	5	6	7

Please note that Bond Recommendations are dependent on a bond's price, underlying risk free rates and an implied credit spread that reflects the strength of the issuer's credit profile. Bond Recommendations may not be relied upon if one or more of these factors change.

Explanation of Bond Recommendation

Overweight ("OW") – The bond represents **better relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Neutral ("N") – The bond represents **fair relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Underweight ("UW") – The bond represents **weaker relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Other

Suspension – We may suspend our issuer rating and bond level recommendation on specific issuers from time to time when OCBC is engaged in other business activities with the issuer. Examples of such activities include acting as a joint lead manager or book runner in a new issue or as an agent in a consent solicitation exercise. We will resume our coverage once these activities are completed.

Withdrawal ("WD") – We may withdraw our issuer rating and bond level recommendation on specific issuers from time to time when corporate actions are announced but the outcome of these actions are highly uncertain. We will resume our coverage once there is sufficient clarity in our view on the impact of the proposed action.

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