



MERCURY FOREIGN DESK JULY EDITION

In July's edition of Mercury foreign desk we are adding Meituan and RH to our list of foreign stocks that we find attractive should they fall below our target price. While the market has tried to stage a recovery in the past week, we think that global equity markets remain fragile. We opine that investors should gradually build positions in stocks with good fundamentals at reasonable prices.

The following are highlights of foreign stocks that we have issued reports on:

RH

Target Price: USD243.53

Price as at 22 July 2022: USD269.22

Bloomberg: RH:US | Reuters: RH.N | Stock Code: NYSE:RH

Please click here to read our latest report on RH:

<https://bit.ly/3oqF5aX>

Company Overview

RH offers merchandise assortments across a number of categories, including furniture, lighting, textiles, bathware, décor, outdoor and garden, and child and teen furnishings. RH has retail locations throughout the United States, Canada, and the U.K.

Investment Merits

- Focus on upgrading retail store portfolio has driven commendable growth
- Revenue grew at a 4-year CAGR of 11.4% to USD3.8 bn in FY21, while RH Galleries (excluding Waterworks Showrooms) dipped from 70 at end-FY17 to 67 at end-FY21
- Continuously upgrading product assortment to be more compelling to the luxury customer
- Expansion into Europe could become a significant driver of growth

Meituan

Target Price: HKD253.94

Price as at 22 July 2022: HKD191.7

Bloomberg: 3690:HK | Reuters: 3690.HK | Stock Code: 3690.HK

Please click here to read our latest report on Meituan:

<https://bit.ly/3RYlrRj>

Company Overview

Meituan operates a web-based shopping platform for consumer products and retail services. Meituan connects consumers and businesses to provide online eating delivery services while also engaging in the operation of a bike-sharing app, Mobike. Meituan also provides community group buying (CGB) services through Meituan Select.

Investment Merits

- Food delivery is staging a turnaround following the relaxation of the total lockdown policy
- Though a late comer in the Community Group Buying business, Meituan managed to rival market leader Pinduoduo by securing 35% market share

First Republic Bank

Target Price: USD178.02

Price as at 22 July 2022: USD158.66

Bloomberg: FRC:US | Reuters: FRC.N | Stock Code: FRC

Please click here to read our latest report on FRB:

<https://bit.ly/3RYLuIc>

Company Overview

First Republic Bank (FRB) is a California-chartered commercial bank and trust company headquartered in San Francisco with deposits insured by the FDIC. FRB offer private banking, private business banking and private wealth management, including investment, trust and brokerage services.

Investment Merits

- 2Q22 Deposits rose 23.0% yoy to USD165.6 bn as at 30 June 2022
- Revenue increased 22.6% yoy to USD1.5 bn in 2Q22; net interest income rose 24.1% to USD1.2 bn
- Credit quality remained strong with nonperforming assets standing at 7 basis points of total assets as at 30 June 2022



EOG Resources Inc.

Target Price: USD124.67

Price as at 22 July 2022: USD101.00

Bloomberg: EOG:US | Reuters: : EOG.N | Stock Code: EOG:NYSE

Please click here to read our latest report on EOG:

<https://bit.ly/39kdch5>

Company Overview

EOG Resources, Inc. is one of the largest crude oil and natural gas exploration and production companies in the United States. EOG produced 828.9 thousand barrels of oil equivalents per day in FY21. Crude oil and condensate made up 53.7% of production and 95.3% of production is based in the US.

Investment Merits

- Strong free cash flow driven by high crude oil, NGL and natural gas prices
- Premium drilling inventory
- Committed to returning capital to shareholders; potential to return over USD4.8 bn to shareholders in 2022 at WTI USD95

Polaris Inc.

Target Price: USD158.71

Price as at 22 July 2022: USD114.08

Bloomberg: PII:US | Reuters: : PII.N | Stock Code: NYSE: PII

Please click here to read our latest report on Polaris:

<https://bit.ly/3zzApGD>

Company Overview

Polaris Inc. is engaged in the manufacturing of powersports vehicles namely snowmobiles, off-road vehicles (ORV), motorcycles, boats, and parts, garments & accessories. The Group's portfolio of brands include Polaris Snowmobiles, Indian Motorcycle, RZR off-road vehicles, and Bennington boats.

Investment Merits

- Strong portfolio of brands provide pricing power
- Potential for introduction of more electric recreational vehicles to attract more customers

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