



MERCURY FOREIGN DESK SEPTEMBER EDITION

In September we issued a report on PVH Corp. We think that the recent sell-off in PVH has made the stock attractive from a Price/Earnings perspective. We also like PVH due to its strong portfolio of global apparel brands, namely Tommy Hilfiger and Calvin Klein.

Moving on to global equity markets, extreme fear seem to have gripped investors around the world. Fears of a global recession and rising interest rates in the US has resulted in a sell-off not just in equities but other asset classes such as bonds and commodities as well. The USD continued to strengthen against other major currencies as the Fed signalled that it will continue to be aggressive in combatting inflation. Investors also flocked to the USD due to it being perceived as a safe haven asset.

Due to high levels of uncertainty in equity markets, we think investors would be well-served to take a cautious approach and look for quality while avoiding overpaying for stocks.

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

First Republic Bank

Target Price: USD181.50

Price as at 26 September 2022: USD135.42

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

- 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 26 September 2022: USD105.18

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

Please click here to read our latest report on EOG:

<https://bit.ly/3dMHg6O>

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 920.7 thousand barrels of oil equivalents per day in 2Q22. Crude oil and condensate made up 50.4% of production and 96.2% of production is based in the US in 2Q22.

Investment Merits

- 2Q22 revenue surged 79.0% to USD7.4 bn driven by increased production and higher average crude oil, NGLs, and natural gas prices
- 2Q22 net income jumped 146.7% to USD2.2 bn
- EOG remains committed to returning capital to shareholders



Polaris Inc.

Target Price: USD158.71

Price as at 26 September 2022: USD98.49

Bloomberg: PII:US | Reuters: : PILN | Stock Code: NYSE: PII

Please click here to read our latest report on Polaris:

<https://bit.ly/3Cvj15U>

Company Overview

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

Investment Merits

- 2Q22 revenue rose 7.9% to USD2.06 bn on increased pricing, partially offset by lower volume
- 2Q22 net loss of USD4.6m; 2Q22 net profit from continuing operations of USD142.0m
- Divestment of Transamerican Auto Parts could allow Polaris to focus on growing its more profitable segments

RH

Target Price: USD243.53

Price as at 26 September 2022: USD240.62

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 26 September 2022: HKD167.50

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



PVH Corp

Target Price: USD74.76

Price as at 26 September 2022: USD46.08

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

Please click here to read our latest report on PVH:

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

Company Overview

PVH is one of the largest global apparel companies in the world with operations in more than 40 countries. PVH's portfolio of fashion brands includes Tommy Hilfiger, Calvin Klein, Warner's, Olga and True&Co.

Investment Merits

- Attractive valuation for a major player in the apparels industry
- Strong USD obscures strength of PVH's international business
- Committed to buying back shares

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Published and printed by:

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