



## MERCURY FOREIGN DESK OCTOBER EDITION

Global equities continued to be volatile in October. A number of US tech giants saw the prices of their stock plunge after releasing disappointing quarterly results. Apple was the exception as its stock surged after its quarterly results beat estimates. Despite the volatility in the markets, the S&P 500 recovered some ground rising to 3,901.06 on 28 October 2022 from 3,719.04 on 28 September 2022. While we expect global equities to remain volatile, we think investors have the potential to do well by taking the opportunity presented by this recent sell-off to cautiously build positions in high quality companies at reasonable prices.

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

### First Republic Bank

**Target Price: USD181.50**

**Price as at 28 October 2022: USD120.29**

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

Please click here to read our latest report on FRB:

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

#### 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

- 20.6% yoy increase in net interest income to USD1.3 bn in 3Q22
- Total deposits increased by 18.6% yoy to USD172.4 bn as at 30 September 2022
- Credit quality remains strong; Non-performing assets stood at only 6 basis points of total assets as at 30 September 2022

### EOG Resources Inc.

**Target Price: USD124.67**

**Price as at 28 October 2022: USD133.69**

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 28 October 2022: USD101.82**

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

Please click here to read our latest report on Polaris:

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

### Company Overview

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

### Investment Merits

- 3Q22 revenue jumped 31.7% to USD2.3 bn on the back of accelerated shipments towards the latter part of the quarter, higher pricing, and a favourable product mix
- 3Q22 PATMI surged 62.6% yoy to USD186.3m due to higher revenue as well as higher operating margin

## RH

**Target Price: USD243.53**

**Price as at 28 October 2022: USD255.58**

Bloomberg: RH:US | Reuters: RHLN | 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 28 October 2022: HKD126.60**

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 28 October 2022: USD52.33**

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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