

Singapore Company Guide

Cityneon Holdings

Version 3 | Bloomberg: CITN SP | Reuters: CNHL.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

29 Jun 2016

BUY

Last Traded Price: S\$0.895 (STI : 2,756.53)
Price Target : S\$1.20 (34% upside) (Prev S\$1.05)

Potential Catalyst: Securing of third IP

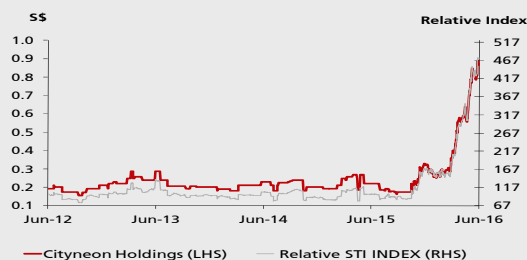
Analyst

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What's New

- Las Vegas site visit – seeing is believing
- Higher assumption of seven sets by end 2017
- Raised earnings for FY17F and FY18F by 11-14%
- Maintain BUY with higher TP of S\$1.20

Price Relative



Forecasts and Valuation

FY Dec (\$ m)	2015A	2016F	2017F	2018F
Revenue	96.5	101	127	149
EBITDA	2.63	15.1	34.6	43.3
Pre-tax Profit	0.79	9.37	24.9	31.3
Net Profit	0.87	7.41	19.3	24.0
Net Pft (Pre Ex.)	0.87	7.41	19.3	24.0
Net Pft Gth (Pre-ex) (%)	(62.9)	750.3	161.1	24.1
EPS (S cts)	0.39	3.08	8.03	9.97
EPS Pre Ex. (S cts)	0.39	3.08	8.03	9.97
EPS Gth Pre Ex (%)	(85)	680	161	24
Diluted EPS (S cts)	0.39	3.08	8.03	9.97
Net DPS (S cts)	0.40	0.0	0.0	0.0
BV Per Share (S cts)	22.4	22.6	29.6	37.7
PE (X)	226.9	29.1	11.1	9.0
PE Pre Ex. (X)	226.9	29.1	11.1	9.0
P/Cash Flow (X)	68.4	nm	9.3	6.7
EV/EBITDA (X)	70.5	15.3	6.5	4.7
Net Div Yield (%)	0.4	0.0	0.0	0.0
P/Book Value (X)	4.0	4.0	3.0	2.4
Net Debt/Equity (X)	CASH	0.3	0.1	CASH
ROAE (%)	2.3	14.3	30.8	29.6
Earnings Rev (%)		-	14	11
Consensus EPS (S cts)		2.8	7.0	9.5
Other Broker Recs:		B: 3	S: 0	H: 0

Source of all data: Company, DBS Bank, Bloomberg Finance L.P

Las Vegas jewel

Creator of innovative and interactive exhibitions, with explosive growth ahead. Trading at a low PE-to-growth multiple of <0.1x with explosive FY15-FY18F EPS CAGR growth of about 300%, Cityneon is attractive to investors seeking growth and unique ideas in the entertainment industry. An expanding project pipeline, plans to add a third Intellectual property rights (IP), and potential tie-ups with strategic investors like CMC Holdings are catalysts.

Scalable business model with low execution risk. Cityneon's earnings are directly correlated with the number of exhibits it has. So far, it has two permanent sets in Las Vegas and another two travelling sets; in just the month of June, Victory Hill Exhibitions (VHE) has already announced two additional locations – Australia and Singapore – to host and operate the Avenger S.T.A.T.I.O.N.

Raised our assumption to seven sets by end of 2017. We believe Cityneon would require more sets to meet the overwhelming demand. We now expect a total of seven sets by the end of 2017, up from six previously, and maintain our assumption of eight sets by the end of 2018. The group operates a relatively low execution risk model as outside the US, it will find partners in the target region to undertake the operating risks.

Potential for third IP. There is a huge pool of franchises that meet management's criteria of box office of >US\$1bn and with sequels in the pipeline. Some attractive options include Star Wars, Jurassic Park, Batman and Spiderman. We expect the VHE team to leverage their credentials in developing the Avengers and Transformers exhibits to leapfrog to the next IP.

Valuation:

Maintain BUY with higher TP of S\$1.20. With the additional set assumed in FY17, we have raised our earnings for FY17F and FY18F by 14% and 11% respectively. Maintain BUY with higher TP of S\$1.20, up from S\$1.05, based on peer average PE valuation of 15x FY17F earnings.

Key Risks to Our View:

VHE's limited track record. VHE was formed in 2012 and the first exhibition was in New York in 2014.

At A Glance

Issued Capital (m shrs)	245
Mkt. Cap (\$m/US\$m)	219 / 161
Major Shareholders (%)	
Star Publications	52.5
Tan Aik Ti	16.4
Free Float (%)	31.1
3m Avg. Daily Val (US\$m)	2.7
ICB Industry : Consumer Services / Media	

WHAT'S NEW

Site visit and conference update

Update 1: Las Vegas site visit

Well attended opening ceremony. We had the opportunity to visit Cityneon's wholly-owned subsidiary, Victory Hill Exhibitions' (VHE) site in Las Vegas last week to commemorate the opening ceremony of the permanent exhibition set for the Avengers S.T.A.T.I.O.N. The event was well attended and attracted huge media attention, including USA Today, The Star in Malaysia, even before the official opening on 22 June.

Las Vegas attracts approximately 43m visitors in a year and VHE is targeting to secure 1% to 1.5% of that market to visit the attraction. This works out to about 430,000 to 645,000 visitors per year. We have assumed 500,000 visitors in our earnings model.

Official opening of the permanent Avengers S.T.A.T.I.O.N.



Source: DBS Bank, Company

Strategic location. The exhibition, which had a soft opening on 1 June, is located at Treasure Island, a strategic corner of the famous Las Vegas Strip, with a floor area of 28,000 sq ft. Marvel's Avengers S.T.A.T.I.O.N. is open daily from 10 a.m. to 10 p.m. Tickets are US\$24 for children, US\$34 for adults, with a US\$5 device rental or a free app download. We have assumed an average of US\$30 per ticket in our forecast.

Strategic location at Treasure Island

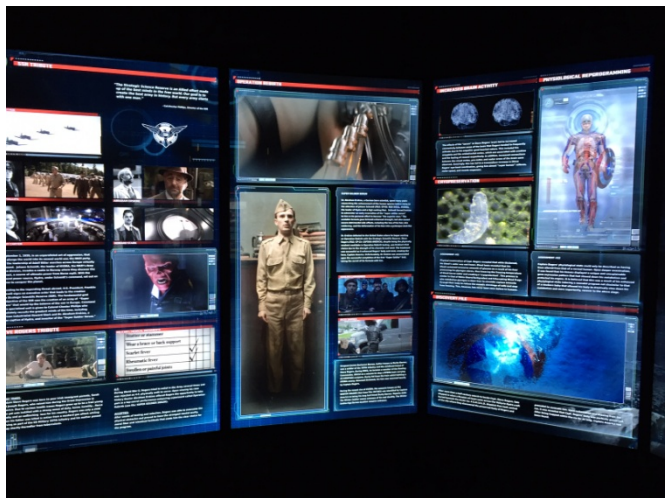


Source: DBS Bank, Company

Device as guide ensures consistent quality. The S.T.A.T.I.O.N. tour begins using a mobile device. Guests can rent a device and enter their information, which will be used to create a S.T.A.T.I.O.N. profile. With a device or phone in hand, visitors are transported into different rooms, each with its own theme, with the major rooms focusing on Captain America, The Incredible Hulk, Iron Man and Thor. The tour is not only experiential but educational, with background information on the characters in each room.

Using a device as a guide ensures consistent quality as compared to a physical tour guide. Guests can also tour at their own pace. A typical tour takes about 90 minutes to complete.

Educational and interactive



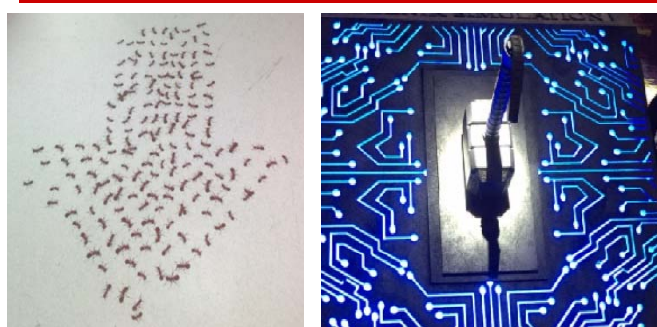
Source: DBS Bank, Company

The device is also used to quiz guests on Marvel trivia (points are tallied at the end), and let the guests take photos that are printed in a collage along with the official S.T.A.T.I.O.N. ID card. The collage is on sale at US\$34.95 each.

Enhancement of set. Since the soft launch on 1 June, VHE has been enhancing the exhibition set. The beauty of this permanent set is that new features can be added on an adhoc basis. So far, new features added include the “ants” at the entrance of the room and Thor’s hammer. The “ants” on the floor acts as a guide for visitors and will dissipate when you step on it. Visitors can also try to lift Thor’s hammer.

“Ants” at entrance of room

Thor’s hammer



Source: DBS Bank, Company

OUR TAKE

Raise our assumption to seven sets by end 2017. VHE has already announced two additional locations – Australia and Singapore - to host and operate the Avenger S.T.A.T.I.O.N, and this was just in the month of June. We believe that more sets would be needed to fulfill the overwhelming demand. Thus, we now expect the group to have seven sets by the end of 2017, up from six sets previously. We maintain our assumption of eight sets by 2018.

Adjust earnings for FY17F and FY18F up by 12-14%. With the additional set in FY17, earnings for FY17F and FY18F are raised by 14% and 12% respectively. Maintain BUY with higher TP of S\$1.20, up from S\$1.05, based on peer average PE valuation of 15x FY17F earnings.

Update 2: DBS-SGX conference takeaways

Cityneon participated in the corporate access day that was co-organised by DBS and SGX on 28 June. The response was overwhelming, with >30 attendees.

Key takeaways:

Difference between theme park experience and the attractions that VHE offers. The management elaborated on the key difference between a theme park experience and the immersive attractions that VHE offers. Basically, a theme park ride can be as short as 90 seconds for the thrilling ones, vs about 90 minutes for the immersive attractions that VHE offers. A 90-minute session is more demanding to do as visitors have freedom to move around on their own. The exhibits must be interesting and interactive enough to continue engaging the visitor’s attention, and this could be challenging. Furthermore, management has two criteria for their exhibits: 1) they should have box office takings of over US\$1bn globally; and 2) there must be sequels in the pipeline. This will limit the availability of exhibits.

Cirque du Soleil getting on the bandwagon; provides further endorsement to VHE’s business model. VHE was first modeled after Cirque du Soleil, the theatrical company known for its graceful aerial performances and acrobatics. However, the key difference is that VHE’s exhibits can be replicated easily, unlike live performances that Cirque du Soleil offers. In fact, Cirque du Soleil is also getting into the immersive attraction business that VHE is offering. It announced on 24 June that it is partnering with the US National Football league (NFL) to create an interactive sports exhibit. The new four-storey attraction in Times Square will open in the fall of 2017. This provides a strong endorsement to VHE’s business model.

Staff retention benefits. Some of the attendees are concerned about how management rewards their staff, especially the creative team, which is the brain centre of the company. Basically, the team members are not shareholders of the company and their remuneration is based on performance, just like most other companies.

Risk of termination of IP rights. Termination of contract can be from either party – VHE or Marvel / Hasbro. Incidents that could lead to termination of contract include misrepresentation of brands and bankruptcy.

Marvel’s proposition on the IP rights. The royalty that Marvel gets from the IP rights granted to VHE is very insignificant to Marvel. The key purpose is mainly as an extension of the brand, for branding purposes.

CRITICAL DATA POINTS TO WATCH

Earnings Drivers:

Scalable business model. The first set had cost around US\$8-9m to build but subsequent sets cost only about one-third of the original cost per set. Thus, Cityneon is able to achieve operational leverage with every subsequent set built. Cityneon has already announced two additional locations in June. We believe that more sets would be needed to fulfill the overwhelming demand. We now expect a total of seven sets by end-2017 up from six previously, and eight sets by 2018.

These seven to eight exhibition sets would enable Cityneon to hold exhibitions in various parts of the world. Only the Las Vegas sets in the US are permanent sets; the rest are travelling sets, and will be moved from one location to another after the exhibition ends, which usually lasts for a few months. For every location or project, Cityneon would be able to book revenue that includes licensing fees, minimum guarantees on royalties (which is an upfront fee paid by its partners to use the exhibition set built by Cityneon), and also from merchandise sales. Assuming that an exhibition lasts for about three to four months, theoretically, a set can be used two to three times per year based on a back-to-back schedule.

Manageable execution risk. Furthermore, execution risk is minimal for the travelling exhibits as the bulk of the risk is borne by the operator. For instance, in April 2016, VHE entered into a non-binding term sheet with Beijing Starclouds Entertainment Development to host and operate the Transformers Experience touring exhibitions in China for two years on an exclusive licence. Starclouds will bear the execution risk while Cityneon will mainly build and provide the sets for exhibition.

Project pipeline till 2017

VHE targets to launch Transformers in Las Vegas and China by the end of 2016. For next year, VHE intends to venture into Middle East, rest of Asia and others parts of China.

There are no limits on locations for its IP rights. VHE can venture into any part of the world with the two existing franchises. Though it makes more business sense to target the larger cities first, VHE has vast opportunities as there are >30 cities globally with populations of >10m.

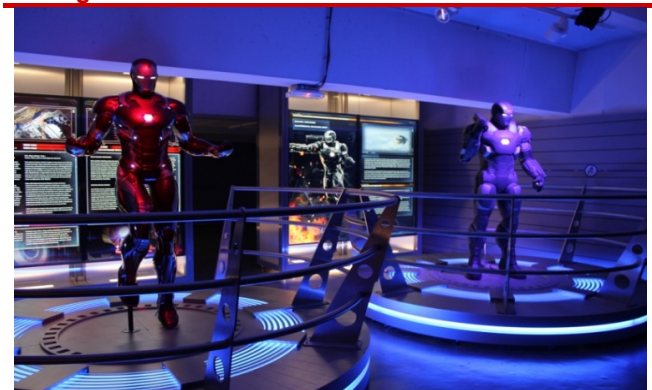
Strong pipeline of Avengers/Transformers movies bodes well for attracting visitors

Marvel has a strong movie pipeline stretching to 2020. The pipeline includes Guardians of the Galaxy 2, Thor and Spiderman in 2017; Avengers Infinity War part 1, Black Panther and Ant-man in 2018; Avengers Infinity War part 2, Captain Marvel and Inhumans in 2019, and yet-to-be-named movies in 2019/2020. For Transformers, there are four more films in the next ten years, with Transformers 5 slated to launch in June 2017.

The Las Vegas permanent attraction



Avengers S.T.A.T.I.O.N. Paris



Project pipeline assumption for 2016/2017

Country	Announced / Assumed	Exhibition
Las Vegas *	Announced – exhibition started in May 2016	Avengers
Las Vegas *	Announced – exhibition expected to start in October 2016	Transformers
Paris	Announced – exhibition from April 2016 to September 2016	Avengers
Australia	Announced – exhibition expected to start in December 2017	Avengers
Singapore	Announced – exhibition expected to start in October 2016	Avengers
China	Announced – exhibition expected to start in December 2016	Transformers
China	Assumed	Avengers
Taiwan	Assumed	Avengers
Sweden	Assumed	Avengers
Middle East	Assumed	Transformers
Europe	Assumed	Transformers

*permanent set

Historical box office takings – Avengers and Transformers

Name of movie	Release Date	#Rank by gross takings for that year	Gross takings (US\$m)	Grossing of the average movie that year
Transformers	Jul-07	3	319	15.4
Iron Man	May-08	2	318	16.0
The Incredible Hulk	Jun-08	17	135	16.0
Transformers: Revenge of the Fallen	Jun-09	2	402	20.8
Iron Man 2	May-10	3	312	19.1
Thor	May-11	10	181	16.8
Captain America: The First Avenger	Jul-11	12	177	16.8
Transformers: Dark of the Moon	Jun-11	2	352	16.8
The Avengers	May-12	1	623	16.4
Iron Man 3	May-13	2	409	15.9
Thor: The Dark World	Nov-13	12	206	15.9
Transformers: Age of Extinction	Jun-14	7	245	14.9
Captain America: The Winter Soldier	Apr-14	4	260	14.9
Avengers: Age of Ultron	May-15	3	459	15.9
Ant-Man	Jul-15	14	180	15.9
Total:			4,580	

Source: Company, DBS Bank

Balance Sheet:

Expansion should increase debt levels, but gearing will remain low in FY16. We believe the group will take on incremental debt of ~S\$10m in the near term to fund the building of new exhibits, increasing net gearing to 0.3x in FY16, but positive cash flows should bring the group back into a net cash position in FY17, barring other unexpected capex outlays. Thus, at this point, gearing remains insignificant.

Share Price Drivers:

Potential for third IP

There is a huge pool of franchises that meet the management’s criteria of box office of >US\$1bn and with sequels in the pipeline. Some attractive options include Star Wars, Jurassic Park, Batman and Spiderman. We expect the VHE team to leverage on their credentials in developing the Avengers and Transformers exhibits to leapfrog to the next IP.

Entry of strategic investor paves way for growth

The recent placement to a strategic investor like CMC Holdings, a media and entertainment investment with an operating platform in China, enhances collaboration opportunities between the two entities. Besides, this placement also helps to institutionalise Cityneon’s investor base and to increase liquidity.

Key Risks:

Limited track record for VHE

VHE was formed in 2012 and the first exhibition was in New York in 2014.

Earnings dependent on number of visitors

Though Cityneon will usually receive upfront payment fees from operators to use its exhibits, a higher number of visitors would enable the group to generate higher royalties in excess of the minimum guarantees on royalties. Furthermore, ancillary sales like merchandise, photos, food & beverage are also dependent on the number of visitors.

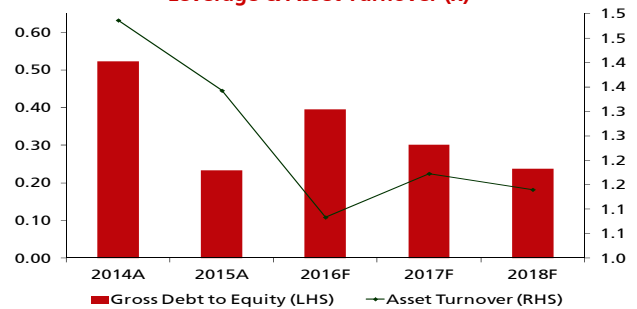
Low free float, key stakeholders control more than half of the group.

Shares in Cityneon are tightly held, with a free float of about 30%. Star Media still holds about 52.6% after the placement while CEO Ron Tan holds 16.4%.

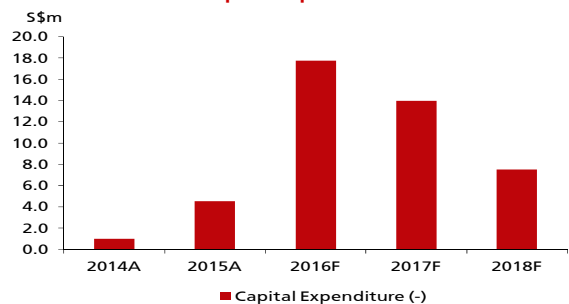
Company Background

With the acquisition of Victory Hill Exhibitions (VHE) in September 2015, Cityneon has evolved to become a creator of innovative and interactive exhibitions, focusing on creating captivating cutting-edge content, and delivering engaging and interactive exhibitions to audiences. To date, it has secured two IP rights – The Avengers from Marvel in 2013 and Transformers from HASBRO in 2015.

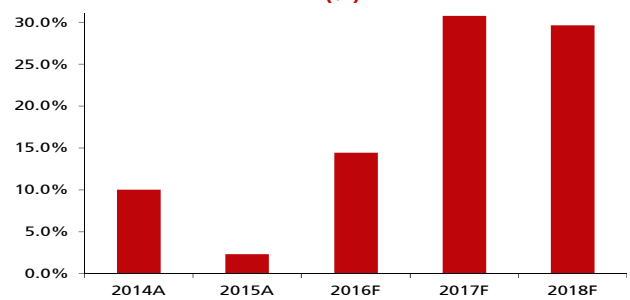
Leverage & Asset Turnover (x)



Capital Expenditure



ROE (%)



Victory Hill Exhibitions – two distinct models

Las Vegas (permanent sets)

Sources of revenue:

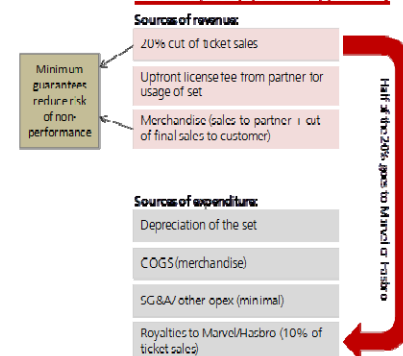
- Ticket sales (incl. processing charges)
- Merchandise sales / Photo ops
- Sponsorship revenue
- Naming rights

Sources of expenditure:

- Depreciation of the set
- COGS (merchandise)
- Rental expense
- SG&A/ other opex
- Royalties to Marvel/Hasbro (10% of net ticket sales)

Risk-reward profile:
Cityneon takes on execution risk.
Lower margin (DBS estimate of 25% net margin) but higher nominal take

Travelling sets (operated by partners)



Risk-reward profile:
No execution risk, partner runs the operations
High margins (DBS estimate 25-35% net margin) but lower nominal take

Source: Company, DBS Bank

Cityneon Holdings

Segmental Breakdown

FY Dec	2013A	2014A	2015A	2016F	2017F	2018F
Revenues (\$m)						
Old Business	67.8	78.0	96.5	79.5	70.0	77.0
Victory Hill Exhibitions (VHE)	n.a.	n.a.	n.a.	19.1	57.3	72.0
Total	67.8	78.0	96.5	101	127	149
Net Profit (\$m)						
Old Business	0.89	2.35	0.87	1.10	1.07	0.20
Victory Hill Exhibitions (VHE)	n.a.	n.a.	n.a.	5.6	18.3	23.8
Total	0.89	2.35	0.87	7.41	19.3	24.0
Net Profit Margins (%)						
Old Business	1.3	3.0	0.9	1.4	1.5	0.3
Victory Hill Exhibitions (VHE)	n.a.	n.a.	n.a.	30.0	31.9	33.0
Total	1.3	3.0	0.9	7.4	15.2	16.1

Income Statement (\$m)

FY Dec	2014A	2015A	2016F	2017F	2018F
Revenue	78.0	96.5	101	127	149
Cost of Goods Sold	(55.9)	(73.2)	(64.0)	(64.3)	(73.1)
Gross Profit	22.1	23.3	36.5	63.0	76.0
Other Opng (Exp)/Inc	(19.3)	(22.2)	(27.0)	(38.1)	(44.2)
Operating Profit	2.78	1.15	9.48	24.9	31.8
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.02	0.02	0.02	0.02
Net Interest (Exp)/Inc	(0.3)	(0.4)	(0.1)	(0.1)	(0.5)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	2.51	0.79	9.37	24.9	31.3
Tax	(0.2)	0.04	(1.9)	(5.5)	(7.2)
Minority Interest	0.03	0.04	(0.1)	(0.1)	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	2.35	0.87	7.41	19.3	24.0
Net Profit before Except.	2.35	0.87	7.41	19.3	24.0
EBITDA	4.02	2.63	15.1	34.6	43.3
Growth					
Revenue Gth (%)	15.1	23.7	4.2	26.7	17.0
EBITDA Gth (%)	65.8	(34.4)	475.0	128.6	25.2
Opg Profit Gth (%)	142.3	(58.8)	727.6	163.1	27.5
Net Profit Gth (Pre-ex) (%)	162.2	(62.9)	750.3	161.1	24.1
Margins & Ratio					
Gross Margins (%)	28.3	24.1	36.3	49.5	51.0
Opg Profit Margin (%)	3.6	1.2	9.4	19.6	21.3
Net Profit Margin (%)	3.0	0.9	7.4	15.2	16.1
ROAE (%)	10.0	2.3	14.3	30.8	29.6
ROA (%)	4.5	1.2	8.0	17.8	18.4
ROCE (%)	5.6	1.0	10.4	22.4	22.5
Div Payout Ratio (%)	0.0	101.6	0.0	0.0	0.0
Net Interest Cover (x)	10.4	3.1	79.1	352.0	60.7

Includes contribution from the Avengers set in Paris and Las Vegas, as well as partial upfront licence fee to be recognised in FY16 for the 2-year agreement in China

Source: Company, DBS Bank

Quarterly / Interim Income Statement (\$\$m)

FY Dec	2H2013	1H2014	2H2014	1H2015	2H2015
Revenue	44	30	48	41	56
Cost of Goods Sold	(30)	(20)	(36)	(31)	(42)
Gross Profit	15	10	12	10	14
Other Oper. (Exp)/Inc	(12)	(10)	(10)	(10)	(12)
Operating Profit	3	0	3	(1)	2
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	0	0	0	0	0
Net Interest (Exp)/Inc	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	3	0	2	(1)	2
Tax	0	0	0	0	0
Minority Interest	0	0	0	0	0
Net Profit	3	0	2	(1)	2
Net profit bef Except.	3	0	2	(1)	2
EBITDA	3	1	3	0	2

Growth

Revenue Gth (%)	88.3	(31.5)	57.3	(14.7)	37.1
EBITDA Gth (%)	nm	(77.4)	285.3	nm	nm
Opg Profit Gth (%)	nm	(91.7)	949.2	nm	nm
Net Profit Gth (Pre-ex)	nm	(95.6)	1,722.1	nm	nm

Margins

Gross Margins (%)	32.8	32.7	25.5	23.5	24.6
Opg Profit Margins (%)	6.6	0.8	5.3	(1.4)	3.1
Net Profit Margins (%)	6.2	0.4	4.7	(1.8)	2.8

Balance Sheet (\$\$m)

FY Dec	2014A	2015A	2016F	2017F	2018F
Net Fixed Assets	2.26	16.0	29.6	35.3	32.8
Invt in Associates & JVs	0.0	0.38	0.39	0.41	0.42
Other LT Assets	1.21	10.7	16.3	14.8	13.4
Cash & ST Invt	23.9	24.3	5.79	12.6	32.5
Inventory	0.32	0.19	0.36	0.36	0.41
Debtors	18.6	26.0	35.8	45.3	53.1
Other Current Assets	9.88	9.95	9.95	9.95	9.95
Total Assets	56.2	87.6	98.2	119	142
ST Debt	13.4	11.7	11.7	11.7	11.7
Creditor	14.8	23.8	17.7	17.8	20.2
Other Current Liab	2.18	0.97	2.86	6.43	8.19
LT Debt	0.0	0.0	10.0	10.0	10.0
Other LT Liabilities	0.22	1.10	1.10	1.10	1.10
Shareholder's Equity	25.1	49.6	54.3	71.3	90.7
Minority Interests	0.49	0.45	0.51	0.57	0.60
Total Cap. & Liab.	56.2	87.6	98.2	119	142
Non-Cash Wkg. Capital	11.8	11.4	25.6	31.5	35.1
Net Cash/(Debt)	10.5	12.6	(15.9)	(9.1)	10.8
Debtors Turn (avg days)	93.8	84.4	112.2	116.3	120.5
Creditors Turn (avg days)	88.2	98.2	129.6	118.3	112.5
Inventory Turn (avg days)	1.9	1.3	1.7	2.4	2.3
Asset Turnover (x)	1.5	1.3	1.1	1.2	1.1
Current Ratio (x)	1.7	1.7	1.6	1.9	2.4
Quick Ratio (x)	1.4	1.4	1.3	1.6	2.1
Net Debt/Equity (X)	CASH	CASH	0.3	0.1	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	0.3	0.1	CASH
Capex to Debt (%)	7.5	38.8	81.8	64.3	34.6

Assume debt of \$\$10m to fund new sets

Source: Company, DBS Bank

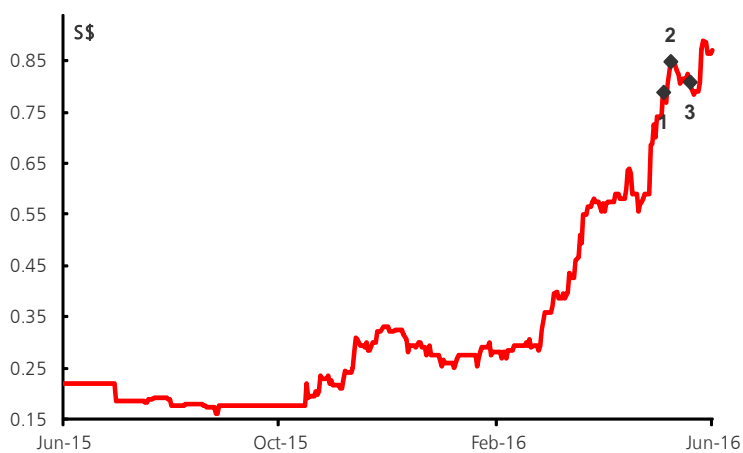
Cash Flow Statement (\$m)

FY Dec	2014A	2015A	2016F	2017F	2018F
Pre-Tax Profit	2.51	0.79	9.37	24.9	31.3
Dep. & Amort.	1.24	1.47	5.65	9.66	11.5
Tax Paid	0.03	(0.2)	0.0	(1.9)	(5.5)
Assoc. & JV Inc/(loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	5.85	0.80	(16.1)	(9.5)	(5.4)
Other Operating CF	(0.1)	0.07	0.0	0.0	0.0
Net Operating CF	9.55	2.89	(1.1)	23.1	31.9
Capital Exp.(net)	(1.0)	(4.5)	(17.8)	(14.0)	(7.5)
Other Invt.(net)	0.0	(1.1)	0.0	0.0	0.0
Invt in Assoc. & JV	0.0	(0.4)	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.08	(10.0)	(7.0)	0.0	0.0
Net Investing CF	(0.9)	(16.0)	(24.8)	(14.0)	(7.5)
Div Paid	0.0	(0.9)	0.0	0.0	0.0
Chg in Gross Debt	0.73	(3.1)	10.0	0.0	0.0
Capital Issues	0.0	15.7	0.0	0.0	0.0
Other Financing CF	0.0	0.87	(2.7)	(2.3)	(4.6)
Net Financing CF	0.69	12.6	7.34	(2.3)	(4.6)
Currency Adjustments	0.39	0.85	0.0	0.0	0.0
Chg in Cash	9.71	0.39	(18.5)	6.85	19.9
Opg CFPS (\$ cts)	4.18	0.95	6.22	13.5	15.5
Free CFPS (\$ cts)	9.65	(0.7)	(7.8)	3.82	10.1

Assume 7 sets by end-2017 and 8 sets for 2018

Source: Company, DBS Bank

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date	Closing Price	Target Price	Rating
1:	30 May 16	0.79	1.03	BUY
2:	03 Jun 16	0.85	1.03	BUY
3:	14 Jun 16	0.81	1.05	BUY

Source: DBS Bank

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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