

Singapore Company Guide

Chip Eng Seng

Version 2 | Bloomberg: CHIP SP | Reuters: CESE.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

14 Feb 2018

BUY

Last Traded Price (13 Feb 2018): S\$0.95 (STI : 3,415.07)

Price Target 12-mth: S\$1.18 (24% upside)

Analyst

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What's New

- FY17 revenue and PATMI of S\$859.7m and S\$35.5m came in within expectations on higher development sales
- Spotlight for 2018 and 2019 remains on upcoming launches at Woodleigh and Changi
- Meanwhile, growing recurring income and strong dividend track record (even in 2009) are attractive attributes; Proposes 4 Sct dividend for FY17, representing 4.2% yield
- Maintain BUY with TP of S\$1.18

Price Relative



Forecasts and Valuation

| FY Dec (S\$ m) | 2016A | 2017A | 2018F | 2019F |
|--------------------------|--------|-------|--------|-------|
| Revenue | 748 | 860 | 799 | 1,228 |
| EBITDA | 98.6 | 102 | 108 | 164 |
| Pre-tax Profit | 76.1 | 70.2 | 67.2 | 121 |
| Net Profit | 35.7 | 35.5 | 31.7 | 58.3 |
| Net Pft (Pre Ex.) | 35.7 | 35.5 | 31.7 | 58.3 |
| Net Pft Gth (Pre-ex) (%) | (43.3) | (0.5) | (10.6) | 83.7 |
| EPS (S cts) | 5.75 | 5.72 | 5.11 | 9.39 |
| EPS Pre Ex. (S cts) | 5.75 | 5.72 | 5.11 | 9.39 |
| EPS Gth Pre Ex (%) | (43) | (1) | (11) | 84 |
| Diluted EPS (S cts) | 5.75 | 5.72 | 5.11 | 9.39 |
| Net DPS (S cts) | 4.00 | 4.00 | 4.00 | 4.00 |
| BV Per Share (S cts) | 123 | 125 | 126 | 131 |
| PE (X) | 16.5 | 16.6 | 18.6 | 10.1 |
| PE Pre Ex. (X) | 16.5 | 16.6 | 18.6 | 10.1 |
| P/Cash Flow (X) | nm | nm | 11.0 | 2.8 |
| EV/EBITDA (X) | 13.1 | 18.6 | 18.8 | 12.4 |
| Net Div Yield (%) | 4.2 | 4.2 | 4.2 | 4.2 |
| P/Book Value (X) | 0.8 | 0.8 | 0.8 | 0.7 |
| Net Debt/Equity (X) | 0.9 | 1.6 | 1.7 | 1.5 |
| ROAE (%) | 4.7 | 4.6 | 4.1 | 7.3 |
| Earnings Rev (%): | | 5 | 27 | 17 |
| Consensus EPS (S cts): | | 5.50 | 4.00 | 8.00 |
| Other Broker Recs: | | B: 2 | S: 0 | H: 0 |

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

Attractive Valuations and Yield

Integrated real estate developer with strong capability to leverage upcoming property upturn. Singapore-based Chip Eng Seng Corporation (CES) has been selectively acquiring projects in Singapore and overseas which are ripe for the picking. Most of the group's residential projects have already been substantially sold and, together with an estimated construction order book of S\$560m (as at Jan 2018), CES has locked in at least S\$1bn in sales – which will be recognised progressively, underpinning strong earnings visibility in the coming years.

Meanwhile, plans to launch recently acquired residential sites at Woodleigh and Changi in 2H18 and 1H19 respectively, should boost the group's earnings and NAV in the medium term.

Where we differ: A largely uncovered stock, we like CES for its strong earnings visibility and the potential to unlock its undervalued hotel portfolio.

Potential catalysts: Successful pre-sales, landbanking activities

Potential unlocking of undervalued hotel portfolio. The group has also built up a sizable hotel and commercial portfolio. The jewel is Park Hotel Alexandra, which is recorded in its book at an estimated S\$210m (S\$475k/key) but potential realisable value, if sold, could be as high as S\$376m (S\$850k/key), which means a 27Scts upside to current NAV. While the hotel provides stable recurring cash flow to the group, substantial value could be unlocked, given the robust demand for hotel assets in Singapore.

Valuation:

Maintain BUY and SOTP-based TP of S\$1.18. Assuming a conservative 45% discount (vs larger peers' 10%) to RNAV of S\$1.88 and valuing its construction business at peers' average of 8x FY18F PE, we arrive at a SOTP-based TP of S\$1.18. A prospective 4.2% yield is also on offer.

Key Risks to Our View:

(i) Execution risk, (ii) Weaker demand, (iii) Competition, (iv) Equity fund raising risk

At A Glance

| | |
|---|-----------|
| Issued Capital (m shrs) | 621 |
| Mkt. Cap (S\$m/US\$m) | 590 / 446 |
| Major Shareholders (%) | |
| Tiam Seng Lim | 12.5 |
| Tiang Chuan Lim | 7.1 |
| Lee Meng Chia | 4.1 |
| Free Float (%) | 76.3 |
| 3m Avg. Daily Val (US\$m) | 1.3 |
| ICB Industry : Financials / Real Estate | |

WHAT'S NEW

Chip Eng Seng's FY17 results in line; Maintains 4 Sct dividend

FY17 PATMI of S\$35.5m; Results in line. In 4Q17, CES delivered PATMI of S\$14.5m on revenue of S\$256.1m (+22.4% q-o-q), primarily on stronger contributions from the Property Development and Hotel segments, which helped offset weakness in the Construction division.

On a full-year basis, revenue was up 14.9% to S\$859.7m, while earnings (PATMI) held relatively steady y-o-y at S\$35.5m, in line with our expectations.

The Property Development segment was the key revenue driver for the group this quarter, contributing S\$194m (or c.76% of sales) on the progressive recognition of ongoing development projects (High Park Residences and Grandeur Park Residences) and proceeds from the handover of completed townhouses in Doncaster, Melbourne, which should continue to contribute positively to 1Q18 revenue.

The Hospitality division continued to gain traction during the quarter, gaining 31.8% q-o-q to S\$13.7m on the back of higher occupancies for its key hotel assets, Park Hotel Alexandra (Singapore) and Grand Park Kodhipparu (Maldives), which only commenced operations in June 2017. Contributions from a newly-added asset, The Sebel Mandurah in Australia, also helped.

Expanding investment portfolio to further boost recurring income. While dwarfed at the top-line (c.6.1% of sales), we estimate that CES' portfolio of investment assets roughly contributed c.13% of FY17 EBIT.

With the recent addition of a Grade-A office building at 205 Queen Street (Auckland) at end-2017 and the proposed acquisition of its fourth hospitality asset, Mercure & Ibis Styles Grosvenor Hotel in Adelaide, we believe contributions from this segment will be even more meaningful in FY18F.

Proposes 4Sct dividend for FY17, which is expected to be paid on 23 May 2018.

Maintain BUY with TP of S\$1.18; Offers attractive 4.2% yield. Apart from the strong earnings visibility from ongoing development projects and the potential unlocking of its undervalued hotel portfolio, we also like CES for its strong dividend payment record.

Notably, the company has consistently paid dividends through the property cycle – even in 2008/2009, and has maintained a fixed dividend of 4 Scts over the last eight years.

Quarterly / Interim Income Statement (\$m)

| FY Dec | 4Q2016 | 3Q2017 | 4Q2017 | % chg yoy | % chg qoq |
|-------------------------|-------------|-------------|-------------|---------------|-------------|
| Revenue | 250 | 209 | 256 | 2.4 | 22.4 |
| Cost of Goods Sold | (204) | (174) | (204) | (0.1) | 17.2 |
| Gross Profit | 45.7 | 35.1 | 52.1 | 14.0 | 48.5 |
| Other Oper. (Exp)/Inc | (10.4) | (4.8) | (21.5) | 106.9 | 349.8 |
| Operating Profit | 35.3 | 30.3 | 30.6 | (13.4) | 1.0 |
| Other Non Opg (Exp)/Inc | 0.0 | 0.0 | 0.0 | - | - |
| Associates & JV Inc | 0.0 | 0.02 | 0.39 | nm | nm |
| Net Interest (Exp)/Inc | (4.7) | (5.9) | (4.8) | (1.0) | 18.1 |
| Exceptional Gain/(Loss) | 0.0 | 0.0 | 0.0 | - | - |
| Pre-tax Profit | 30.6 | 24.5 | 26.2 | (14.3) | 7.1 |
| Tax | (7.7) | (5.7) | (4.5) | (41.0) | (21.2) |
| Minority Interest | 0.0 | (4.7) | (7.2) | nm | 53.9 |
| Net Profit | 22.9 | 14.0 | 14.5 | (36.6) | 3.5 |
| Net profit bef Except. | 22.9 | 14.0 | 14.5 | (36.6) | 3.5 |
| EBITDA | 37.2 | 32.9 | 35.5 | (4.4) | 7.9 |
| Margins (%) | | | | | |
| Gross Margins | 18.3 | 16.8 | 20.4 | | |
| Opg Profit Margins | 14.1 | 14.5 | 12.0 | | |
| Net Profit Margins | 9.2 | 6.7 | 5.7 | | |

Source of all data: Company, DBS Bank

CRITICAL DATA POINTS TO WATCH

Critical Factors

Substantial proportion of ongoing developments pre-sold ahead of completion. The progressive sale and revenue recognition from six available-for-sale development properties provides earnings visibility over the next few years. Recent launches have been well received. As at 31 Dec 2017, a substantial proportion of units at ongoing developments were pre-sold ahead of their completion – at least 87.5% for Grandeur Park Residences (which was only launched in March 2017) to 100% for High Park Residences (a collaboration between CES, Heeton Holdings, and KSH Holdings).

Growing landbank signals earnings potential beyond 2021.

Beyond the existing development projects, we believe that CES' unutilised landbank is indicative of the group's longer-term earnings potential and cash flow generation capability. While the majority of CES' landbank currently lies in Australia, we are comforted by the group's recent moves to replenish its Singapore landbank.

We believe that both the Woodleigh and Changi land plots, which are slated for launch in 2H18 and 1H19 respectively, could add more than 1,000 new units for sale, with an estimated combined GV of close to S\$1.5 bn.

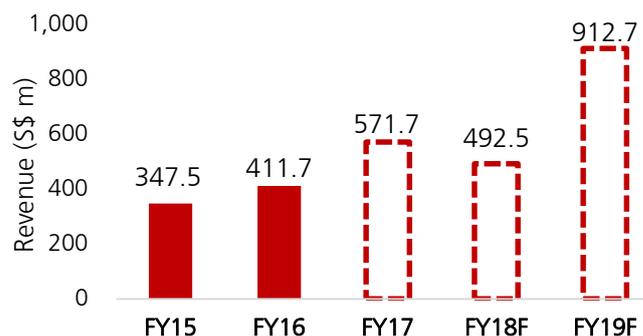
Net construction order book estimated at S\$560m. CES' construction revenues are mainly derived from Singapore public housing, public transport infrastructure, and private residential projects. While local construction outlook still appears favourable at this juncture, the extent to which CES is able to truly benefit from these positive trends hinges upon the success and viability of its tenders. Following its recent S\$168m contract win in Jan 2018, we estimate CES' construction order book to be closer to S\$560m (vs S\$397.1m at end-4Q17).

Recurring income pool to see further boost on steady expansion in Hotels and Investments portfolio. Over the years, CES has been increasingly active in the management of its hotel and investment portfolio, resulting in a growing asset base (to c.9 properties at end-FY17) and higher recurring income.

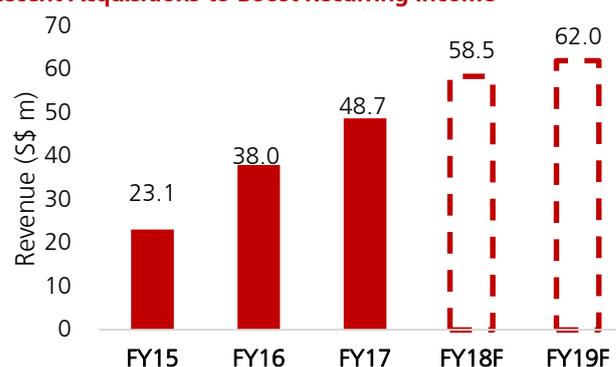
With the recent addition of 4.5-star The Sebel Mandurah (purchase includes strata restaurant property) in Nov 2017 and a Grade-A office building at 205 Queen Street, Auckland - through a 50%-joint venture with Roxy-Pacific, we estimate that CES' recurring income base would see a 20% boost y-o-y to c.S\$58.5m in FY18F.

This would represent approximately 6.7% of consolidated revenue, up from 5.1% in FY16. Further acquisitions, including the completion of its proposed acquisition of Mercure & Ibis Styles Grosvenor Hotel in Adelaide, could provide more upside.

FY19F Potentially a Banner Year for Property Development



Recent Acquisitions to Boost Recurring Income



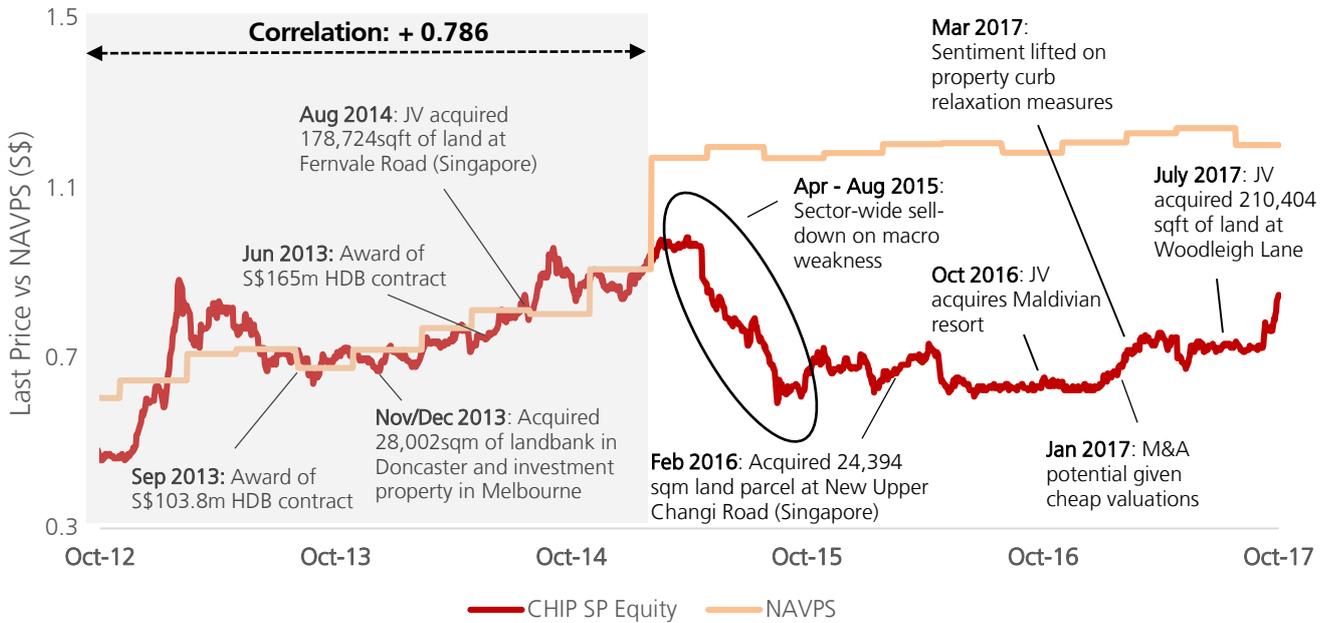
RNAV of S\$1.88 and SOTP-based TP of S\$1.18

| Breakdown of RNAV | | OMV (\$m) |
|--|--|--------------|
| Investment Properties | | |
| Investment Properties (Revalued) | | 320 |
| less book value | | -320 |
| Surplus / Deficit | | <u>0</u> |
| Development Properties | | |
| NPV of Development Profits | | <u>230</u> |
| Hotel Operations | | |
| less book value (Hotels + Assoc) | | -355 |
| Surplus / Deficit | | <u>166</u> |
| Book NAV | | <u>770</u> |
| RNAV | | 1,166 |
| Total Shares | | 621 |
| RNAV / Share (S\$) | | 1.88 |
| Discount | | 45% |
| Discounted RNAV / Share (S\$) | | <u>1.03</u> |
| SOTP Valuation | | |
| Discounted RNAV / Share (S\$) | | 1.03 |
| Value of Construction Business / Share | | 0.15 |
| SOTP-based TP (S\$): | | <u>1.18</u> |

Source: Company, DBS Bank

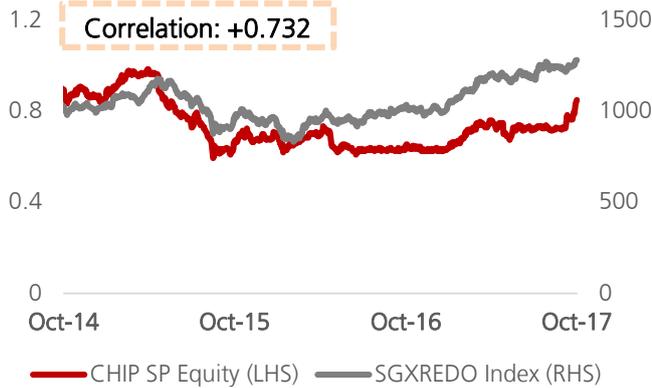
Appendix 1: A look at Company's listed history – what drives its share price?

Prior to May 2015, CHIP SP's share price was mainly driven by NAV growth



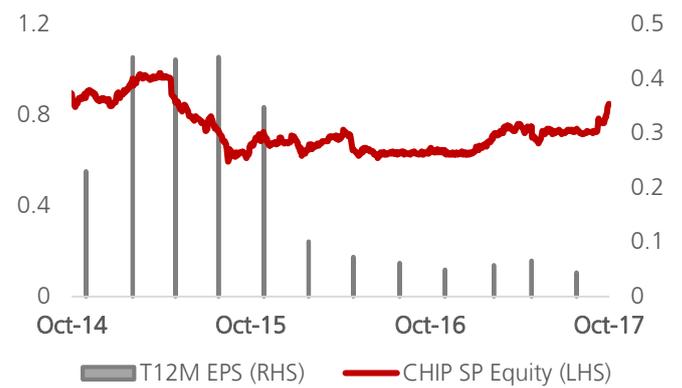
Source: DBS Bank, Bloomberg Finance L.P.

Strong Historical Correlation with SGXREDO Index



Source: DBS Bank, Bloomberg Finance L.P.

Little Correlation with Quarterly Earnings Performance



Source: DBS Bank, Bloomberg Finance L.P.

Balance Sheet:

Net gearing could rise from 0.9x in FY16 to c.2.2x following recent en-bloc and land tender wins. While this appears high at first look, successful sale of the Woodleigh site and Changi Garden will alleviate any potential concerns from its alleviated gearing level.

Share Price Drivers:

Acquisition of further landbank and/or a fourth hotel asset at a reasonable price.

Potential transactions in Singapore hotel space could spark revaluation of CES's Park Hotel Alexandra. On the back of strong transaction velocity in the office sector, investor attention has been moving to the hotel sector. Given robust demand for hotel assets in Singapore, we believe the potential realisable market valuation for Park Hotel Alexandra would be c. S\$850 a key (when pegged to peers' average) or close to S\$376m vs current book value of c.S\$210m.

Key Risks:

Weaker demand for private residential property across CES' key markets of Singapore and Australia could impact the success of its future launches significantly.

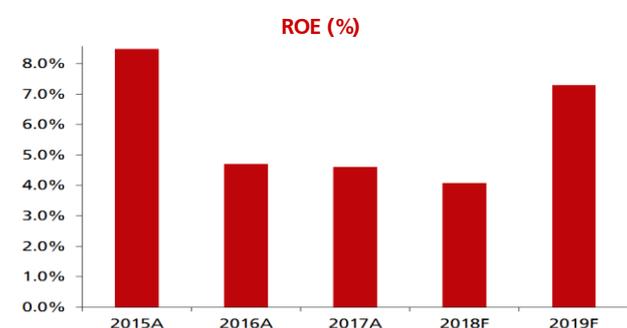
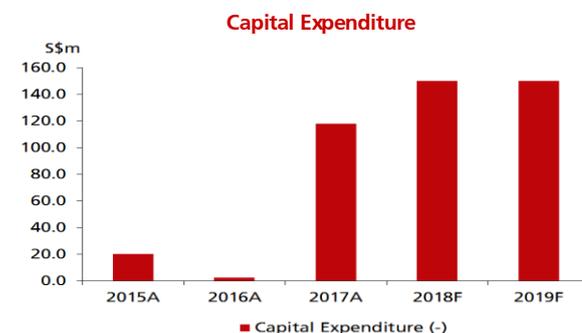
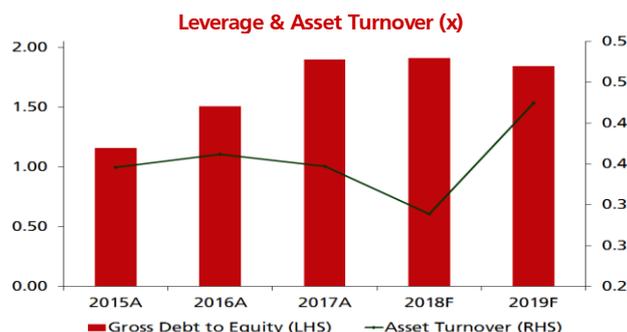
Keen competition across Property Development and Construction segments. Judging by the recent spike in en-bloc tenders at record sale prices and heightened competition for landbank, land prices are expected to rise further. This could impact CES' ability to replenish its landbank (at a reasonable price), which is imperative for future profitability and growth.

Meanwhile for the construction business, we note that EBIT margins have come off over the years and remain watchful of the competitive landscape in the local construction sphere as this could lead to more aggressive bidding among contractors and ultimately, compression of margins.

Possible equity fund-raising to pare down debt. We project that net gearing will rise to 2.2x over the next two years on the back of a rise in landbanking activity, which are primarily covered by loans. We believe that the company could potentially look at equity fund-raising ahead to pare down gearing to a more sustainable level.

Company Background

Founded in the 1960s as a construction company, Singapore-based Chip Eng Seng Corporation (CES) has expanded its scope and scale over the past five decades, and has gradually diversified into property development, investments, and hospitality businesses.



Source: Company, DBS Bank

Segmental Breakdown

| FY Dec | 2015A | 2016A | 2017A | 2018F | 2019F |
|-----------------------|------------|------------|------------|------------|--------------|
| Revenues (\$m) | | | | | |
| Property Development | 347 | 412 | 572 | 492 | 913 |
| Construction | 306 | 298 | 239 | 253 | 258 |
| Hotel Operations | 14.1 | 27.4 | 38.6 | 42.9 | 46.2 |
| Investment Properties | 8.97 | 10.6 | 10.1 | 10.4 | 10.7 |
| Others | 0.10 | 0.06 | 0.0 | 0.0 | 0.0 |
| Total | 676 | 748 | 860 | 799 | 1,228 |

Income Statement (\$m)

| FY Dec | 2015A | 2016A | 2017A | 2018F | 2019F |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 676 | 748 | 860 | 799 | 1,228 |
| Cost of Goods Sold | (515) | (602) | (707) | (653) | (985) |
| Gross Profit | 161 | 146 | 153 | 146 | 243 |
| Other Opng (Exp)/Inc | (81.0) | (54.3) | (62.0) | (54.3) | (95.0) |
| Operating Profit | 80.4 | 92.2 | 90.5 | 91.9 | 147 |
| Other Non Opg (Exp)/Inc | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Associates & JV Inc | 1.02 | (0.7) | 0.58 | 5.12 | 5.12 |
| Net Interest (Exp)/Inc | (13.9) | (15.4) | (20.9) | (29.8) | (31.6) |
| Exceptional Gain/(Loss) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 67.6 | 76.1 | 70.2 | 67.2 | 121 |
| Tax | (10.3) | (24.4) | (20.3) | (21.5) | (38.7) |
| Minority Interest | 5.74 | (16.0) | (14.4) | (13.9) | (23.9) |
| Preference Dividend | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Profit | 63.0 | 35.7 | 35.5 | 31.7 | 58.3 |
| Net Profit before Except. | 63.0 | 35.7 | 35.5 | 31.7 | 58.3 |
| EBITDA | 87.5 | 98.6 | 102 | 108 | 164 |
| Growth | | | | | |
| Revenue Gth (%) | (38.8) | 10.6 | 14.9 | (7.1) | 53.7 |
| EBITDA Gth (%) | (73.6) | 12.6 | 3.6 | 5.8 | 51.4 |
| Opg Profit Gth (%) | (74.1) | 14.6 | (1.8) | 1.5 | 60.5 |
| Net Profit Gth (Pre-ex) (%) | (77.8) | (43.3) | (0.5) | (10.6) | 83.7 |
| Margins & Ratio | | | | | |
| Gross Margins (%) | 23.9 | 19.6 | 17.7 | 18.3 | 19.8 |
| Opg Profit Margin (%) | 11.9 | 12.3 | 10.5 | 11.5 | 12.0 |
| Net Profit Margin (%) | 9.3 | 4.8 | 4.1 | 4.0 | 4.7 |
| ROAE (%) | 8.5 | 4.7 | 4.6 | 4.1 | 7.3 |
| ROA (%) | 3.2 | 1.7 | 1.4 | 1.1 | 2.0 |
| ROCE (%) | 2.8 | 1.1 | 0.6 | 0.1 | 1.0 |
| Div Payout Ratio (%) | 39.6 | 69.6 | 70.0 | 78.2 | 42.6 |
| Net Interest Cover (x) | 5.8 | 6.0 | 4.3 | 3.1 | 4.7 |

Source: Company, DBS Bank

Quarterly / Interim Income Statement (S\$m)

| FY Dec | 4Q2016 | 1Q2017 | 2Q2017 | 3Q2017 | 4Q2017 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 250 | 182 | 213 | 209 | 256 |
| Cost of Goods Sold | (204) | (153) | (176) | (174) | (204) |
| Gross Profit | 45.7 | 29.2 | 36.1 | 35.1 | 52.1 |
| Other Oper. (Exp)/Inc | (10.4) | (11.8) | (23.9) | (4.8) | (21.5) |
| Operating Profit | 35.3 | 17.4 | 12.2 | 30.3 | 30.6 |
| Other Non Opg (Exp)/Inc | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Associates & JV Inc | 0.0 | 0.19 | 0.02 | 0.02 | 0.39 |
| Net Interest (Exp)/Inc | (4.7) | (4.7) | (5.6) | (5.9) | (4.8) |
| Exceptional Gain/(Loss) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 30.6 | 12.9 | 6.66 | 24.5 | 26.2 |
| Tax | (7.7) | (2.6) | (1.6) | (5.7) | (4.5) |
| Minority Interest | 0.0 | (4.2) | (4.2) | (4.7) | (7.2) |
| Net Profit | 22.9 | 6.11 | 0.82 | 14.0 | 14.5 |
| Net profit bef Except. | 22.9 | 6.11 | 0.82 | 14.0 | 14.5 |
| EBITDA | 37.2 | 19.4 | 14.4 | 32.9 | 35.5 |

Growth

| | | | | | |
|-----------------------------|-------|--------|--------|---------|------|
| Revenue Gth (%) | 64.7 | (27.3) | 16.9 | (1.6) | 22.4 |
| EBITDA Gth (%) | 95.3 | (47.9) | (25.8) | 129.1 | 7.9 |
| Opg Profit Gth (%) | 97.2 | (50.8) | (29.8) | 148.6 | 1.0 |
| Net Profit Gth (Pre-ex) (%) | 152.1 | (73.4) | (86.6) | 1,615.0 | 3.5 |

Margins

| | | | | | |
|------------------------|------|------|------|------|------|
| Gross Margins (%) | 18.3 | 16.1 | 17.0 | 16.8 | 20.4 |
| Opg Profit Margins (%) | 14.1 | 9.6 | 5.7 | 14.5 | 12.0 |
| Net Profit Margins (%) | 9.2 | 3.4 | 0.4 | 6.7 | 5.7 |

Balance Sheet (S\$m)

| FY Dec | 2015A | 2016A | 2017A | 2018F | 2019F |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Fixed Assets | 225 | 220 | 324 | 463 | 602 |
| Invts in Associates & JVs | 12.1 | 6.36 | 6.94 | 12.1 | 17.2 |
| Other LT Assets | 298 | 302 | 341 | 341 | 341 |
| Cash & ST Invts | 442 | 482 | 258 | 186 | 269 |
| Inventory | 625 | 1,128 | 1,689 | 1,714 | 1,603 |
| Debtors | 249 | 81.2 | 89.7 | 79.4 | 122 |
| Other Current Assets | 54.1 | 13.7 | 19.2 | 19.2 | 19.2 |
| Total Assets | 1,907 | 2,232 | 2,728 | 2,816 | 2,974 |
| ST Debt | 120 | 234 | 8.74 | 8.74 | 8.74 |
| Creditor | 117 | 86.4 | 58.5 | 66.8 | 101 |
| Other Current Liab | 79.6 | 81.6 | 95.3 | 104 | 121 |
| LT Debt | 738 | 937 | 1,524 | 1,574 | 1,624 |
| Other LT Liabilities | 109 | 117 | 233 | 233 | 233 |
| Shareholder's Equity | 748 | 766 | 774 | 781 | 815 |
| Minority Interests | (5.3) | 10.7 | 34.3 | 48.2 | 72.1 |
| Total Cap. & Liab. | 1,907 | 2,232 | 2,728 | 2,816 | 2,974 |
| Non-Cash Wkg. Capital | 733 | 1,055 | 1,644 | 1,642 | 1,522 |
| Net Cash/(Debt) | (416) | (689) | (1,275) | (1,396) | (1,364) |
| Debtors Turn (avg days) | 125.6 | 80.6 | 36.3 | 38.6 | 30.0 |
| Creditors Turn (avg days) | 81.5 | 62.3 | 38.0 | 35.6 | 31.4 |
| Inventory Turn (avg days) | 555.5 | 538.2 | 738.4 | 968.1 | 621.6 |
| Asset Turnover (x) | 0.3 | 0.4 | 0.3 | 0.3 | 0.4 |
| Current Ratio (x) | 4.3 | 4.2 | 12.7 | 11.1 | 8.7 |
| Quick Ratio (x) | 2.2 | 1.4 | 2.1 | 1.5 | 1.7 |
| Net Debt/Equity (X) | 0.6 | 0.9 | 1.6 | 1.7 | 1.5 |
| Net Debt/Equity ex MI (X) | 0.6 | 0.9 | 1.6 | 1.8 | 1.7 |
| Capex to Debt (%) | 2.3 | (0.2) | 7.7 | 9.5 | 9.2 |
| Z-Score (X) | NA | NA | NA | NA | NA |

Source: Company, DBS Bank

Cash Flow Statement (S\$m)

| FY Dec | 2015A | 2016A | 2017A | 2018F | 2019F |
|-------------------------|---------------|--------------|---------------|--------------|--------------|
| Pre-Tax Profit | 67.6 | 76.1 | 70.2 | 67.2 | 121 |
| Dep. & Amort. | 6.09 | 7.09 | 11.1 | 11.1 | 11.1 |
| Tax Paid | (27.2) | (34.2) | (22.2) | (12.8) | (21.5) |
| Assoc. & JV Inc/(loss) | (1.0) | 0.66 | (0.6) | (5.1) | (5.1) |
| Chg in Wkg.Cap. | 255 | (292) | (524) | (6.8) | 102 |
| Other Operating CF | (0.4) | (14.3) | (25.9) | 0.0 | 0.0 |
| Net Operating CF | 300 | (257) | (492) | 53.6 | 208 |
| Capital Exp.(net) | (20.0) | 2.28 | (118) | (150) | (150) |
| Other Invts.(net) | (1.1) | (2.5) | 72.0 | 0.0 | 0.0 |
| Invts in Assoc. & JV | (1.4) | 8.20 | (28.6) | 0.0 | 0.0 |
| Div from Assoc & JV | 4.52 | 1.07 | 0.30 | 0.0 | 0.0 |
| Other Investing CF | 0.0 | 0.0 | (0.1) | 0.0 | 0.0 |
| Net Investing CF | (17.9) | 9.03 | (74.2) | (150) | (150) |
| Div Paid | (37.4) | (24.8) | (24.8) | (24.8) | (24.8) |
| Chg in Gross Debt | (80.8) | 312 | 364 | 50.0 | 50.0 |
| Capital Issues | (6.3) | 0.05 | 3.29 | 0.0 | 0.0 |
| Other Financing CF | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Financing CF | (124) | 287 | 342 | 25.2 | 25.2 |
| Currency Adjustments | (0.2) | (0.2) | (0.1) | (0.1) | (0.1) |
| Chg in Cash | 157 | 39.1 | (224) | (71.4) | 82.9 |
| Opg CFPS (S cts) | 7.24 | 5.68 | 5.25 | 9.73 | 17.0 |
| Free CFPS (S cts) | 44.9 | (41.0) | (98.1) | (15.5) | 9.31 |

Source: Company, DBS Bank

Target Price & Ratings History



| S.No. | Date of Report | Closing Price | 12-mth Target Price | Rating |
|-------|----------------|---------------|---------------------|--------|
| 1: | 17 Oct 17 | 0.91 | 1.18 | BUY |
| 2: | 06 Nov 17 | 0.95 | 1.18 | BUY |
| 3: | 01 Feb 18 | 1.02 | 1.18 | BUY |

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

Source: DBS Bank

Analyst: Carmen Tay
Derek TAN

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

Completed Date: 14 Feb 2018 09:25:19 (SGT)

Dissemination Date: 14 Feb 2018 10:12:29 (SGT)

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