

# Singapore Company Guide

## ComfortDelGro

Version 14 | Bloomberg: CD SP | Reuters: CMDG.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

4 Jul 2018

### BUY (Upgrade from HOLD)

Last Traded Price ( 3 Jul 2018): S\$2.30 (STI : 3,235.90)

Price Target 12-mth : S\$2.59 (13% upside) (Prev S\$2.12)

#### Analyst

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### What's New

- A window of opportunity to accumulate with recent retreat in share price
- Receding competition threat in taxi likely to sustain; further expansion a price catalyst
- Project earnings to revert to growth in FY19F; public transport resilient through economic cycles
- Upgrade to BUY, TP: S\$2.59, current yield at 4.6%

#### Price Relative



#### Forecasts and Valuation

FY Dec (\$m)	2017A	2018F	2019F	2020F
Revenue	3,971	3,790	3,944	4,095
EBITDA	823	819	853	889
Pre-tax Profit	425	416	439	463
Net Profit	302	293	308	323
Net Pft (Pre Ex.)	302	293	308	323
Net Pft Gth (Pre-ex) (%)	(4.9)	(2.7)	4.9	4.8
EPS (S cts)	13.9	13.5	14.2	14.9
EPS Pre Ex. (S cts)	13.9	13.5	14.2	14.9
EPS Gth Pre Ex (%)	(5)	(3)	5	5
Diluted EPS (S cts)	13.9	13.5	14.2	14.8
Net DPS (S cts)	10.4	10.6	11.1	11.9
BV Per Share (S cts)	121	124	128	131
PE (X)	16.5	17.0	16.2	15.5
PE Pre Ex. (X)	16.5	17.0	16.2	15.5
P/Cash Flow (X)	8.6	6.6	6.3	6.0
EV/EBITDA (X)	6.2	6.2	5.8	5.3
Net Div Yield (%)	4.5	4.6	4.8	5.2
P/Book Value (X)	1.9	1.9	1.8	1.8
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	11.8	11.1	11.3	11.5
Earnings Rev (%)		4	4	N/A
Consensus EPS (S cts):		14.0	14.8	15.3
Other Broker Recs:		B: 11	S: 0	H: 6

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

### Opportunity to board

**Upgrade to BUY, TP raised to S\$2.59.** We upgrade our recommendation to BUY from HOLD, and a revised TP of S\$2.59, on the back of: (i) bottoming out in taxi fleet contraction in Singapore with potential increase; (ii) earnings upside revision from further acquisitions. Looking into 2Q18, while we still expect the group to post y-o-y declines in profits, we expect them to be of a smaller magnitude vis-à-vis that seen in 1Q18, suggesting improvement in operations. We project operations to improve sequentially in 2H18, reversing back into growth profile in FY19F. With competition ceding, we believe downside risks are limited, coupled with its public transport exposure which is relatively resilient through economic cycles.

**Where we differ: High DPS despite lower profits.** We are at the lower end of consensus in terms of our earnings forecasts, likely due to a more conservative view on taxi fleet size and rail contribution leading to a marginal contraction in FY18F earnings. However, we believe DPS will increase marginally on the back of a higher payout ratio, providing yields of c.4.6%, thus supporting the share price.

**Potential catalysts:** A stronger-than-expected expansion in taxi fleet, and/or partnership with private ride-hailing companies could be catalysts. Regulatory changes could aid its taxi operations. Inorganic growth acquisitions could also support its growth profile. Conversely, a pick-up in competitive pressure could lead to further contraction in its taxi fleet.

#### Valuation:

Our target price is revised to S\$2.59, on the back of a 4% upward adjustment in our earnings forecasts, coupled with revising our valuation to average PE of 18x FY18F/19F earnings. Our TP is based on average of discounted cash flow (DCF) and price-earnings ratio (PE) valuation methods.

#### Key Risks to Our View:

Loss of bus contracts, continued slump in taxi fleet, changes in regulations on operations, heightened competition, and currency swings may impact our forecast.

#### At A Glance

Issued Capital (m shrs)	2,165
Mkt. Cap (S\$m/US\$m)	4,979 / 3,648
Major Shareholders (%)	
Blackrock	6.8
Capital Group Companies	6.0
Free Float (%)	87.2
3m Avg. Daily Val (US\$m)	17.6

ICB Industry : Consumer Services / Travel & Leisure

## WHAT'S NEW

## Looking towards a smoother ride

**Towards a smoother ride, upgrade to BUY, TP: S\$2.59.** The trend of rapid taxi fleet contraction seen since late 2016 seems to be firmly over, in our view. While we expect CD's profits, particularly in 2Q18F, to still show a y-o-y decline, it should be of a lower magnitude seen in 1Q18 (-20% y-o-y). Looking into **FY19F/20F**, we project **profits to increase by 5% per annum, from a 3% decline in FY18F**. We have revised up our net profit projections by 4% for FY18F/19F mainly on the back of: (i) higher taxi fleet assumption; (ii) contribution from recent acquisitions.

While share price has performed well, up by 16% YTD and a reversal from the c.25% drop in 2017, we expect upside catalyst from further expansion in taxi fleet, coupled with potential upside from acquisitions. **Current dividend yield at 4.6% (assuming 78% payout) should cushion downside risk** in share price. We believe the recent retreat in share price presents a window of opportunity to re-enter this counter.

**Taxi fleet contraction stabilised.** With the exit of Uber, it seems that the worst for CD's taxi operations is over. As of April figures, CD's Singapore taxi fleet stood at 12,627. Though it is still down from 15,800 in April 2017, this has stayed somewhat flat compared to March 2018 (12,687).

**CD's Singapore taxi fleet should move back up to 13,000, in our view.** CD recently announced that it was placing orders for 700 new taxis. Of these, we understand that the initial 200 taxis have been delivered and are already rented out. The remaining orders for the other 500 have yet to be awarded, but we believe they are likely to be introduced over the course of 2H18. With that, we expect **total fleet to hover back up to c.13,000 by the close of 2018**. Hence, we raised our **average taxi fleet assumption to 12,800 and 13,200** for FY18 and FY19 respectively, from 12,500 and 12,000 previously.

**Reduced promos by competition and higher TDVLs a positive sign.** Based on our checks and anecdotal evidence, we understand Grab has reduced drivers' incentives and marketing promotions, that would result in lower income for Private Hire Car (PHC) drivers, making it less lucrative. In addition, we also saw a net increase in total number of 388 Taxi Driver's Vocational Licence (TDVL) holders to 95,895 in April 2018 – a first since December 2016. We believe this trend should continue and will bode well for CD's taxi operations.

**Further escalation of competition unlikely.** There have been media reports that Go-Jek is looking to enter Singapore, and the widely speculated partner for Go-Jek is ComfortDelGro. While it seems sensible, there has been no confirmed indications of this. That said, we believe that the likelihood of irrational competition is low given Grab's already-dominant position. In fact, Go-Jek has established local companies for Vietnam and Thailand, but we have yet to see its progress in Singapore.

**A partnership with potential entrant Go-Jek could catalyse share price.** We believe that in the event Go-Jek eventually starts operating in Singapore and in partnership with CD, this could provide a catalyst for share price as it could be seen as an additional avenue for CD to be within the private car hire space. This could complement its existing taxi business, as well as other ancillary businesses such as automotive engineering, insurance, and vehicle inspection, among others.

## Valuation &amp; Recommendation

**Raised profit forecasts by 4% for FY18F/19F.** Our revenue projections are revised down by c.4.5%/2.7% to reflect the adopted SFRS1 on revenue recognition. However, we have raised our profit forecasts by 4% each for FY18F/19F, and now project a smaller decline of 3% in profits for FY18F, coupled with a reversal to growth of 5% for FY19F. This is on the back of: (i) bigger taxi fleet in Singapore, from a decline previously; (ii) contribution from its recent acquisitions amounting to c.S\$107m since February 2018.

**Window of opportunity; upgrade to BUY, TP raised to S\$2.59.** While share price has outperformed the overall market YTD, it has retreated from its recent high achieved in May. We believe there should be further upside and re-rating catalyst moving into FY19F as the group returns to its earnings growth trajectory. On the back of higher earnings projections and revision in earnings multiple, we raised our TP to S\$2.59. This is based on the average of 18x FY18F/19F PE and discounted cashflow (WACC 9.1%, terminal growth 0.5%). At current price, the counter provides a yield of c.4.6%/4.8% for FY18F/19F, based on our payout assumption of 78%/80% respectively.

**Key risks:** Resumption of intense competition from the private car hire/private car hailing app space, impacting on taxi rental and demand, further cuts in government budget, impacting on public transport service particularly for its overseas markets.

CD's Singapore taxi fleet (#) bottoming, to see expansion



Source: LTA, DBS Bank

Total TDVL holders show uptick in Apr'18



Source: LTA, DBS Bank

Acquisitions since Feb 2018

Ann. Date	Target Name	Value (\$m)	Remarks
2-Jul-18	Western Sydney Repair Centre Pty Ltd	0.94	49% stake not owned, for A\$0.935. No material impact on financials.
19-Apr-18	Dial-A-Cab Ltd	2.21	GBP1.2m deal
12-Apr-18	Tullamarine Bus Lines Pty Ltd	32.70	Operates seven metropolitan bus routes with 34 buses under LT contracts with Public Transport Victoria
10-Apr-18	AZ Bus	10.25	Singapore-based private charter hire, 94 buses and charter contracts
9-Apr-18	National Patient Transport Pty Ltd	30.20	A\$30m, 5.6x P/EBITDA, fleet of 144 vehicles for non-emergency patient transport services
8-Feb-18	ComfortDelGro Insurance Brokers	30.48	Acquired remaining 51% stake
	<b>Total</b>	<b>106.8</b>	

Source of all data: Company, DBS Bank

## CRITICAL DATA POINTS TO WATCH

## Critical Factors

**Taxis' hired-out rates and competition from private-hire vehicles.**

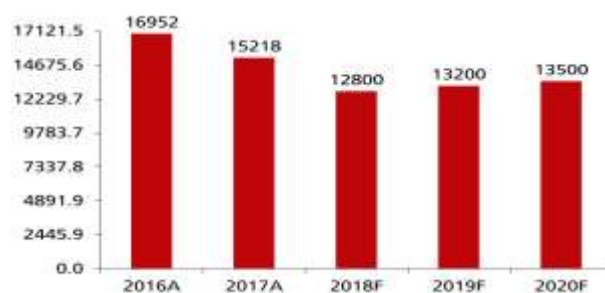
Taxi operations account for about one-third of the group's operating profit, with Singapore operations accounting for the majority (estimated at three-quarters of taxi contribution). Because of competition from private-car hire, the total taxi industry fleet has shrunk. Most recently, CD's total fleet size has also shrunk to 12,600 (as of April 2018) from about 16,800 taxis (in December 2016), with market share at around 57%. The exit of Uber has seen competition abating, and CD has recently indicated it is placing orders for 700 taxis. As per our continuing thesis, a key share-price driver would be the bottoming-out of taxi-fleet contraction and/or an improved operation environment. We continue to take the stance that private cars for hire and taxis would co-exist over the longer term.

**Public transport operations in Singapore and overseas.** The Public Transport Services segment accounted for c.60% and c.44% of group revenue and operating profit respectively, in FY17. The major profit contribution from its Public Transport comes from Singapore, the UK, followed by Australia. Within these areas of operations, revenue and earnings drivers are based on tenders for routes, coupled with CD meeting the service requirements set forth by the authorities. Over in Singapore, the model has transited to the Bus Contracting Model since 1 September 2016, under which the fare revenue risk has been transferred to the government, save for its rail operations.

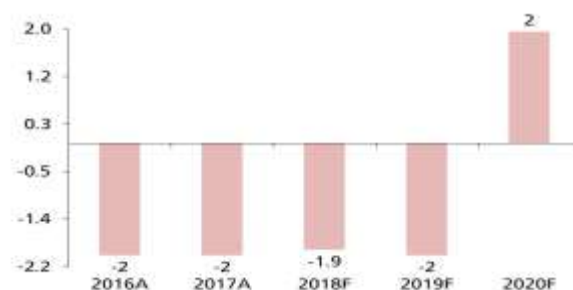
**Overseas presence through acquisitions.** Since 2003, revenue contribution from overseas has increased from 35% to 40% (as of end-2015), but that dialed back to 37.5% in 2017 partly due to translation effects. Operating profit contribution stands at 40% (from 26%) a decade ago. Management has indicated a target of further increasing contribution of overseas revenue to 70%. This is likely to be achieved through organic growth (winning of tenders) and inorganic sources, such as bite-sized acquisitions.

**Projected earnings growth to revert to growth in FY19F.** CD's earnings growth has been stable, posting an average CAGR of 6% in the past five years (2011-2016). Arising from challenges in the taxi industry, earnings saw a dip of 5% in FY17 and is expected to follow with a 3% decline in FY18F. This has had an impact on share price. Going forward, we believe the earnings decline trend is near the end, and we are projecting it to recover in FY19F, on the back of a stable taxi fleet, higher ridership, revenues from bus contracts, and recent acquisitions.

SGP avg taxi fleet (#)



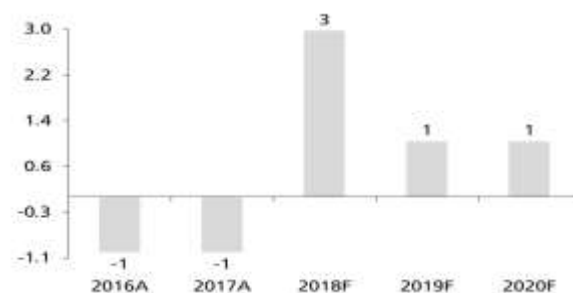
SGP fare chg (%)



Avg oil price (US\$)



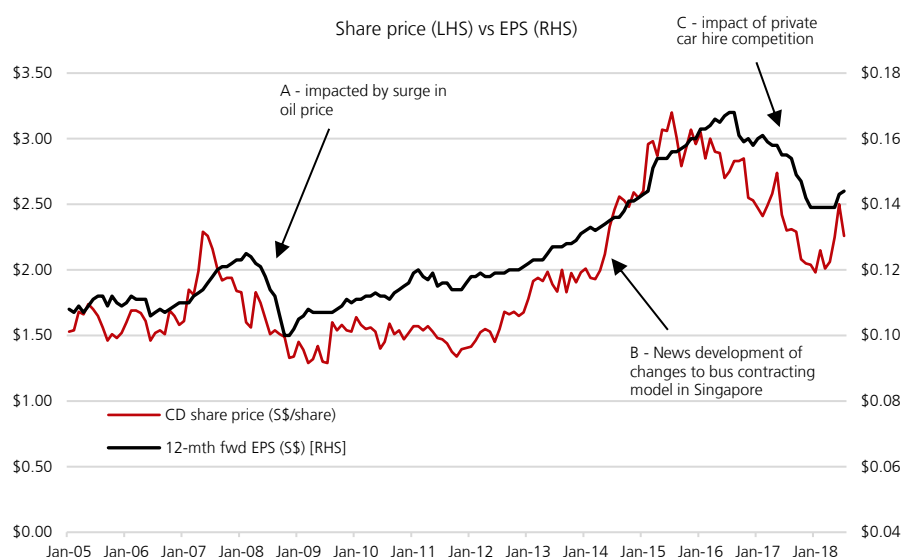
Chg in staff strength (%)



Source: Company, DBS Bank

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

### CD's share price vs 12-month forward EPS



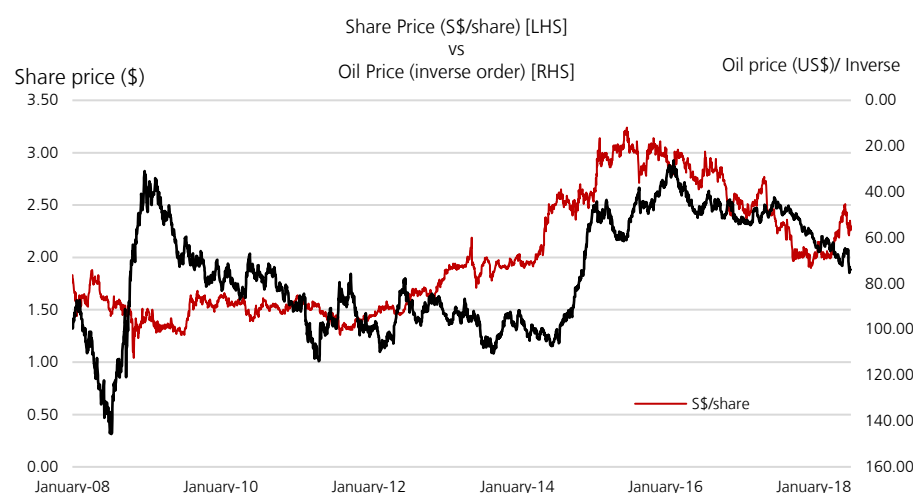
CD's share price has tracked 12-month forward EPS. Previously, back in 2008, EPS forecasts took a dip given expectations of lower profits with the surge in oil price (point A – see chart).

In 2014, the spike in share price was driven by news development of the bus contracting model in Singapore which would help earnings (B).

Most recently, EPS forecasts have tapered given the impact from private car hire (C), though this has receded with the exit of Uber.

Source: ThomsonReuters, DBS Bank

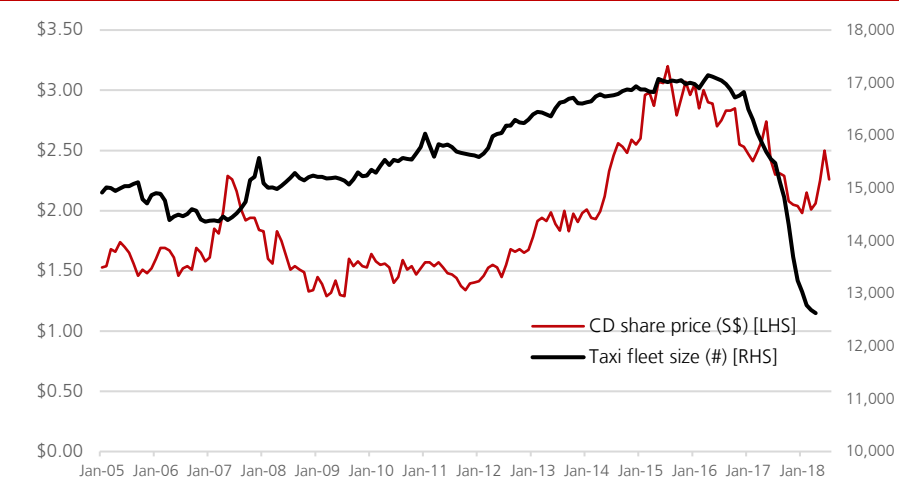
### CD's share price vs Oil Price (inverse scale)



CD's share price had previously tracked oil price given the cost of energy accounting for c.8% of total costs. However, with transition of business model into a contracting model in Singapore, and concerns over competition from private hire car on the taxi operations, the correlation has diminished.

Source: ThomsonReuters, DBS Bank

CD's share price (S\$/share) [LHS] vs Comfort/ CityCab total taxi fleet in Singapore [RHS]



Most recently, concerns on the competition from private car hailing apps and the impact on taxi fleet seems to have the biggest impact on share price. CD's total taxi fleet currently stands at around 12,600 (Apr 2018), which is similar to March. Recent developments for order of 700 new taxis points to a stabilisation in contraction, and possibly an eventual increase in fleet.

We estimate Singapore taxis accounts for a quarter of CD's revenue and operating profits.

Source: LTA, DBS Bank



### Balance Sheet:

**Low gearing provides opportunities for inorganic growth.** The group's balance sheet remains strong with gross debt-to-equity at <0.2x while net debt-to-equity hovers near zero. This provides the group with ample headroom for overseas acquisitions to supplement growth and further diversify its geographical exposure out of Singapore.

**Capex to continue tapering down.** We expect capex requirements to continue to taper, a trend seen since FY16, due to a step-down in its bus asset enhancement in Singapore as new buses will be funded by the authorities. In addition, with the challenges facing the taxi business, the group has also slowed down its taxi replacements in Singapore.

### Share Price Drivers:

**Abating taxi competition, landscape.** Based on our critical-factor study, CD's challenges in the taxi business has weighed down its share price. We believe a bottoming-out in taxi-fleet contraction could suggest that competition is abating and that the industry in reaching an equilibrium, which could be a catalyst for the share price.

**Higher dividend payout.** For FY16 and FY17, the group raised its payout ratio to 70%, from 64% (in FY15), and to a further 74.6% in FY17. We believe the group will continue to improve the payout ratio, which we project to move to 80% in FY18F.

**Acquisitions.** CD has successfully diversified its operations outside of Singapore over the past decade through bite-sized acquisitions. Further accretive acquisitions to leverage its strong balance sheet could provide further catalysts to its share price.

### Key Risks:

**Prolonged irrational competition from private-hire car apps/ disruptive technologies.** There have been concerns about the taxi industry being impacted by the aggressive competition from private-car operators. A further increase in the competitive landscape and investor funding to loss-making businesses could raise concerns about the profitability of taxi operations.

**Regulatory risks, government budget cuts.** Lower-than-expected fare increase and/or changes in regulations to the operations and government budget cuts may impact our forecasts.

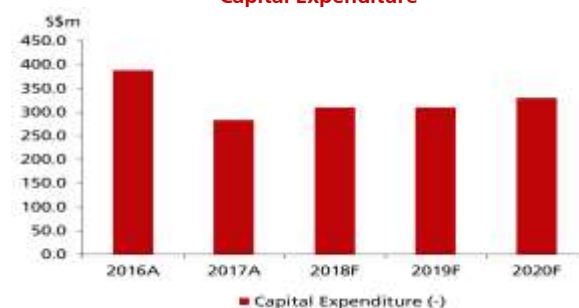
### Company Background

ComfortDelGro Corporation Limited (CD) is a land transport service company. Its business includes bus, taxi, rail, car rental and leasing, automotive engineering services, testing services, etc. Besides being a market leader for buses and taxis in Singapore, its business spans other geographies such as the UK, Australia, China, Vietnam, and Malaysia.

Leverage & Asset Turnover (x)



Capital Expenditure



ROE (%)



Forward PE Band (x)



PB Band (x)



Source: Company, DBS Bank

## Key Assumptions

FY Dec	2016A	2017A	2018F	2019F	2020F
SGP avg taxi fleet (#)	16,952	15,218	12,800	13,200	13,500
SGP fare chg (%)	(2.0)	(2.0)	(1.9)	(2.0)	2.00
Avg oil price (US\$)	45.0	52.0	70.0	75.0	75.0
Chg in staff strength (%)	(1.0)	(1.0)	3.00	1.00	1.00

## Segmental Breakdown

FY Dec	2016A	2017A	2018F	2019F	2020F
<b>Revenues (\$\$m)</b>					
Public Transport Svc	2,307	2,391	2,547	2,669	2,792
Taxi	1,341	1,209	870	892	921
Automotive Engn	205	171	173	185	185
Vehicle Inspection	104	101	99.7	98.7	97.7
Others	103	99.0	99.3	99.3	99.6
<b>Total</b>	<b>4,060</b>	<b>3,971</b>	<b>3,790</b>	<b>3,944</b>	<b>4,095</b>

Smaller fleet and adoption of SFRS1 on revenue recognition. FY17 not adjusted.

<b>EBIT (\$\$m)</b>					
Public Transport Svc	178	179	183	192	207
Taxi	168	135	131	143	147
Automotive Engn	50.7	33.9	32.8	35.2	35.2
Vehicle Inspection	34.8	32.6	33.9	33.6	33.2
Others	30.9	28.6	33.0	29.7	28.0
<b>Total</b>	<b>462</b>	<b>409</b>	<b>413</b>	<b>434</b>	<b>451</b>

Reversion of taxi fleet contraction.

<b>EBIT Margins (%)</b>					
Public Transport Svc	7.7	7.5	7.2	7.2	7.4
Taxi	12.5	11.2	15.0	16.0	16.0
Automotive Engn	24.8	19.8	19.0	19.0	19.0
Vehicle Inspection	33.6	32.4	34.0	34.0	34.0
Others	30.0	28.9	33.2	29.9	28.1
<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>10.9</b>	<b>11.0</b>	<b>11.0</b>

## Income Statement (\$\$m)

FY Dec	2016A	2017A	2018F	2019F	2020F
Revenue	4,060	3,971	3,790	3,944	4,095
Other Opng (Exp)/Inc	(3,597)	(3,562)	(3,376)	(3,511)	(3,645)
<b>Operating Profit</b>	<b>462</b>	<b>409</b>	<b>413</b>	<b>434</b>	<b>451</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	4.90	4.60	0.50	0.55	0.61
Net Interest (Exp)/Inc	(0.5)	11.6	2.23	4.84	11.2
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>467</b>	<b>425</b>	<b>416</b>	<b>439</b>	<b>463</b>
Tax	(88.2)	(76.5)	(74.9)	(79.0)	(83.3)
Minority Interest	(61.3)	(47.4)	(47.8)	(52.2)	(56.9)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>317</b>	<b>302</b>	<b>293</b>	<b>308</b>	<b>323</b>
Net Profit before Except.	317	302	293	308	323
EBITDA	863	823	819	853	889

## Growth

Revenue Gth (%)	(1.3)	(2.2)	(4.6)	4.1	3.8
EBITDA Gth (%)	2.2	(4.7)	(0.4)	4.2	4.1
Opg Profit Gth (%)	2.6	(11.5)	1.0	4.9	4.0
Net Profit Gth (Pre-ex) (%)	5.0	(4.9)	(2.7)	4.9	4.8

## Margins &amp; Ratio

Opg Profit Margin (%)	11.4	10.3	10.9	11.0	11.0
Net Profit Margin (%)	7.8	7.6	7.7	7.8	7.9
ROAE (%)	13.2	11.8	11.1	11.3	11.5
ROA (%)	6.2	6.1	6.0	6.2	6.4
ROCE (%)	8.9	8.2	8.4	8.6	8.8
Div Payout Ratio (%)	70.1	74.6	78.0	78.0	80.0
Net Interest Cover (x)	924.4	NM	NM	NM	NM

Source: Company, DBS Bank



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

FY Dec	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018
Revenue	870	987	991	1,020	879
Other Oper. (Exp)/Inc	(769)	(875)	(880)	(935)	(783)
<b>Operating Profit</b>	<b>101</b>	<b>112</b>	<b>112</b>	<b>85.3</b>	<b>95.7</b>
Other Non Opg (Exp)/Inc	13.7	2.20	3.80	2.70	3.10
Associates & JV Inc	1.70	0.50	0.20	2.20	0.10
Net Interest (Exp)/Inc	(2.9)	(2.7)	(2.8)	(2.4)	(2.5)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>113</b>	<b>112</b>	<b>113</b>	<b>87.8</b>	<b>96.4</b>
Tax	(18.7)	(20.2)	(21.0)	(16.6)	(17.8)
Minority Interest	(11.8)	(12.3)	(11.6)	(11.7)	(12.3)
<b>Net Profit</b>	<b>82.5</b>	<b>79.4</b>	<b>80.1</b>	<b>59.5</b>	<b>66.3</b>
Net profit bef Except.	82.5	79.4	80.1	59.5	66.3
EBITDA	219	217	218	191	197

Special dividends from CDCabcharge.

Project 2Q18 to show y-o-y decline but of a lower magnitude.

## Growth

Revenue Gth (%)	(15.2)	13.5	0.4	2.9	(13.9)
EBITDA Gth (%)	3.0	(0.8)	0.6	(12.4)	2.9
Opg Profit Gth (%)	(2.1)	11.3	(0.4)	(23.5)	12.2
Net Profit Gth (Pre-ex) (%)	15.9	(3.8)	0.9	(25.7)	11.4

## Margins

Opg Profit Margins (%)	11.6	11.3	11.2	8.4	10.9
Net Profit Margins (%)	9.5	8.0	8.1	5.8	7.5

## Balance Sheet (\$\$m)

FY Dec	2016A	2017A	2018F	2019F	2020F
Net Fixed Assets	2,815	2,723	2,628	2,518	2,411
Invts in Associates & JVs	11.2	9.00	6.50	4.05	1.66
Other LT Assets	972	930	1,067	1,104	1,141
Cash & ST Invts	779	607	668	840	968
Inventory	81.7	114	108	113	117
Debtors	237	251	237	247	256
Other Current Assets	153	195	195	195	195
<b>Total Assets</b>	<b>5,049</b>	<b>4,828</b>	<b>4,909</b>	<b>5,021</b>	<b>5,090</b>
ST Debt	169	114	100	100	100
Creditor	718	677	642	668	694
Other Current Liab	152	154	176	180	185
LT Debt	176	208	200	150	50.0
Other LT Liabilities	643	637	637	637	637
Shareholder's Equity	2,476	2,618	2,687	2,765	2,848
Minority Interests	717	420	467	520	576
<b>Total Cap. &amp; Liab.</b>	<b>5,049</b>	<b>4,828</b>	<b>4,909</b>	<b>5,021</b>	<b>5,090</b>
Non-Cash Wkg. Capital	(398)	(271)	(278)	(294)	(311)
Net Cash/(Debt)	434	284	368	590	818
Debtors Turn (avg days)	19.3	22.4	23.5	22.4	22.4
Creditors Turn (avg days)	88.4	80.7	81.1	77.4	77.5
Inventory Turn (avg days)	8.9	11.3	13.6	13.0	13.1
Asset Turnover (x)	0.8	0.8	0.8	0.8	0.8
Current Ratio (x)	1.2	1.2	1.3	1.5	1.6
Quick Ratio (x)	1.0	0.9	1.0	1.1	1.3
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	112.5	88.0	103.3	124.0	220.0
Z-Score (X)	3.3	3.4	3.5	3.6	3.6

Source: Company, DBS Bank

## Cash Flow Statement (\$m)

FY Dec	2016A	2017A	2018F	2019F	2020F
Pre-Tax Profit	467	425	416	439	463
Dep. & Amort.	396	409	405	419	437
Tax Paid	(63.4)	(72.0)	(52.2)	(74.9)	(79.0)
Assoc. & JV Inc/(loss)	(4.9)	(4.6)	(0.5)	(0.6)	(0.6)
Chg in Wkg.Cap.	8.50	(146)	(15.9)	12.1	11.9
Other Operating CF	(100)	(30.1)	0.0	0.0	0.0
<b>Net Operating CF</b>	<b>703</b>	<b>582</b>	<b>753</b>	<b>795</b>	<b>832</b>
Capital Exp.(net)	(388)	(284)	(310)	(310)	(330)
Other Invtg.(net)	(0.8)	0.0	(150)	(50.0)	(50.0)
Invtg in Assoc. & JV	0.60	0.0	0.0	0.0	0.0
Div from Assoc & JV	3.40	6.80	3.00	3.00	3.00
Other Investing CF	13.8	22.9	13.0	13.0	13.0
<b>Net Investing CF</b>	<b>(371)</b>	<b>(254)</b>	<b>(444)</b>	<b>(344)</b>	<b>(364)</b>
Div Paid	(199)	(225)	(225)	(229)	(240)
Chg in Gross Debt	(209)	(51.5)	(22.3)	(50.0)	(100.0)
Capital Issues	12.7	12.2	0.0	0.0	0.0
Other Financing CF	75.3	(243)	0.0	0.0	0.0
<b>Net Financing CF</b>	<b>(321)</b>	<b>(507)</b>	<b>(247)</b>	<b>(279)</b>	<b>(340)</b>
Currency Adjustments	(18.9)	(4.1)	0.0	0.0	0.0
Chg in Cash	(8.5)	(183)	61.2	172	128
Opg CFPS (\$ cts)	32.2	33.6	35.5	36.1	37.8
Free CFPS (\$ cts)	14.6	13.8	20.4	22.4	23.1

Source: Company, DBS Bank

## Target Price &amp; Ratings History



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

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	14 Aug 17	2.30	2.33	HOLD
2:	23 Aug 17	2.36	2.33	HOLD
3:	13 Nov 17	2.10	2.18	HOLD
4:	11 Dec 17	2.03	2.18	HOLD
5:	14 Feb 18	2.02	2.12	HOLD
6:	15 Feb 18	2.05	2.12	HOLD
7:	20 Feb 18	2.04	2.12	HOLD
8:	26 Mar 18	2.04	2.12	HOLD
9:	14 May 18	2.34	2.12	HOLD

Source: DBS Bank

Analyst: Andy SIM, CFA

DBS Bank recommendations are based on 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: 4 Jul 2018 08:17:11 (SGT)

Dissemination Date: 4 Jul 2018 08:48:56 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

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