

Singapore Company Guide

Venture Corporation

Version 17 | Bloomberg: VMS SP | Reuters: VENM.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

12 Jul 2019

BUY

Last Traded Price (12 Jul 2019): S\$14.90 (STI : 3,354.74)
Price Target 12-mth: S\$18.60 (25% upside) (Prev S\$21.70)

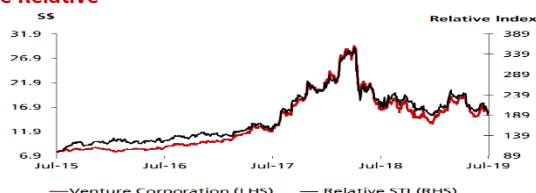
Analyst

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What's New

- Expect weak 2Q19; cut earnings forecasts by 6-8% for FY19F/FY20F
- Test & Measurement, Medical & Devices and Life Science segments to drive growth
- Still positive on Venture despite weaker earnings for its premium quality; strong financials
- Maintain BUY with lower TP of S\$18.60

Price Relative



Forecasts and Valuation

FY Dec (\$m)	2017A	2018A	2019F	2020F
Revenue	4,005	3,485	3,641	3,823
EBITDA	480	465	462	494
Pre-tax Profit	444	433	426	460
Net Profit	373	370	364	392
Net Pft (Pre Ex.)	361	370	364	392
Net Pft Gth (Pre-ex) (%)	100.1	2.4	(1.5)	7.6
EPS (S cts)	131	128	126	136
EPS Pre Ex. (S cts)	127	128	126	136
EPS Gth Pre Ex (%)	96	1	(2)	8
Diluted EPS (S cts)	131	128	126	136
Net DPS (S cts)	60.0	70.0	70.0	70.0
BV Per Share (S cts)	762	813	869	935
PE (X)	11.4	11.6	11.8	11.0
PE Pre Ex. (X)	11.7	11.6	11.8	11.0
P/Cash Flow (X)	9.4	16.9	7.3	8.0
EV/EBITDA (X)	7.3	7.7	7.0	6.0
Net Div Yield (%)	4.0	4.7	4.7	4.7
P/Book Value (X)	2.0	1.8	1.7	1.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	18.1	16.4	15.0	15.0
Earnings Rev (%):			(8)	(6)
Consensus EPS (S cts):			129	139
Other Broker Recs:		B: 4	S: 2	H: 4

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

Buy on dips

Maintain BUY on lower TP of S\$18.60. We have cut our earnings forecasts for Venture by 6-8%, mainly premised on the cloudy outlook and product transition period for some of its customers. We expect a weaker 2Q19 both on a y-o-y and q-o-q basis, and a stronger 2H19 vs 1H19. Despite the cut in earnings, we are maintaining our BUY call. Venture stands out for its strength in the various technology domains and its partnership with key industry leaders. Its above-average net margin is a key differentiating factor from its peers. The strong net cash should support expectations of a repeat of the higher 70-Sct DPS in FY19F, which works out to a yield of 4.7%. Venture is one of the few blue chips that still offers an attractive yield in this yield-hungry environment.

Where we differ: We remain positive on Venture's ability to monetise its unique offerings, know-how and hard-to-replicate ecosystems.

Potential catalysts: New products and continued expansion into non-traditional markets with higher margins, and new customers. Customer M&As and US-China trade developments, while a noise in the near-term, may give rise to new business opportunities ahead.

Valuation:

Maintain BUY; TP of S\$18.60. Our TP is pegged to Venture's 10-year average PE of 13.7x on FY20F earnings.

Key Risks to Our View:

Weakening client or global growth prospects. A broad global slowdown is likely to impact Venture due to its vulnerability to business cycles. Potential weakening of clients' end-demand and/or the USD could also dampen revenue growth.

At A Glance

Issued Capital (m shrs)	288
Mkt. Cap (S\$m/US\$m)	4,293 / 3,163
Major Shareholders (%)	
Wong Ngit Liong	7.1
Schroders Plc	6.0
Blackrock Inc	6.0
Free Float (%)	71.0
3m Avg. Daily Val (US\$m)	17.0
ICB Industry : Industrials / Electronic & Electrical Equipment	

Bloomberg ESG disclosure score (2017)^ 22.7
- Environmental / Social / Governance 10.9 / 19.3 / 53.6

[^ refer to back page for more information](#)



Live more, Bank less

WHAT'S NEW

Expect weak 2Q19; cut earnings forecasts by 6-8% for FY19F/FY20F

Earnings cut on prolonged trade war uncertainty, widening gap during product transition period

We have cut our earnings forecasts for Venture by 6-8% for FY19F/FY20F, and expect a weak 2Q19, both on a y-o-y and q-o-q basis. Our earnings cut is mainly premised on:

- 1) The prolonged trade war uncertainty, which leads to muted outlook for most of Venture's key business segments.
- 2) Widening gap during the product transition period for some of its customers.

Dissecting outlook for Venture's technology domain via leading industry players

Venture's performance is largely linked to its customers in the various technology domain. Given the group's technical knowledge and skillsets across the diverse industries, Venture is able to partner and support many global technology industry leaders in a wide-ranging domain. Its top 10 customers account for about 50-60% of revenue, a similar proportion seen in the last few years.

Test & Measurement, Medical & Devices and Life Science segments to drive growth

The Test & Measurement, Medical & Life Science domain is expected to drive Venture's next growth phase. Venture's strategy in this space is to forge strategic partnerships with its customers to collaborate on the development of their new product offerings and replacement product launches. One example is the collaboration with a leading laboratory analytical instrument company, which is a long-term partner in the liquid chromatography domain. Leveraging on this long-term partnership, Venture has expanded into manufacturing their next-generation mass spectrometry instruments. Going forward, Venture can continue to leverage on its strong relationship with key customers to target opportunities in other new ecosystems.

Overall, this cluster is still at the nascent stage of development. The global genomics market is projected to reach US\$35.7bn by 2024 from US\$18.9bn in 2019, at a CAGR of 13.5% during the forecast period, according to market research. Factors such as the rising government funding and growth in the number of genomics projects, decreasing sequencing costs, growing application areas of genomics, and the entry of new players and start-ups in the genomics field are driving the growth of the genomics market.

Key players in the Test & Measurement, Medical & Devices and Life Science segments, including Agilent, Illumina, PerkinElmer and Thermo Fisher, are expected to do well.

Agilent is guiding for single-digit growth in FY October 2019. In 2Q19, revenue for the Life Sciences and Applied Markets division was down 1% y-o-y while that for the Diagnostics and Genomics segment grew 5% y-o-y. Genome sequencing firm **Illumina** is still expected to register topline growth of 6%, albeit at a lower rate, vs its previous estimate of 13-14%. **Thermo Fisher** and **PerkinElmer**, both in the analytical and life sciences space, expect forward earnings growth of 10-20% based on consensus estimate. **Waters Corporation**, an analytical instrument manufacturer, is forecast to deliver single-digit topline growth but its earnings are expected to ease slightly in the next 1-2 years. **Philip Morris** lowered its earnings forecast for 2019 but the IQOS segment did well. Sales rose 35% for IQOS in 1Q19 amid a 0.2% decline in cigarette sales.

Muted growth for most other technology domains

In the PC related and Printing segment, **Hewlett Packard** raised its FY 2019 outlook during its 2Q19 results release but overall, the market is expecting a slight negative growth of 2-5% in earnings. Consensus also expects earnings for **IBM Corp** to ease slightly in the next 1-2 two years.

The 5G, wireless, equipment testing and infrastructure segment could be another growth area for Venture but the group's current exposure to the 5G network and technology is still relatively small.

For the Retail Store Solutions & Industrial Products segment, we expect muted growth ahead as we believe most of Venture's customers in this space are moving beyond the Point of Sale (POS) system solution, and the Fintech sector has already reached the mature stage. **NCR Corporation**, which makes self-service kiosks, point-of-sale terminals, automated teller machines, check processing systems, barcode scanners, and business consumables, is guiding for a flat FY19.

Product transition period

Some of Venture's customers are in the midst of launching new products or enhancements to existing products. However, as a result of the trade war, outlook is cloudy and visibility is shortened. Some customers prefer to stay on the sidelines before launching their new products while older ones are already being phased out. Thus, the gap has widened during the product transition period. This might introduce near-term volatility to the group's performance, but the impact is expected to be partly mitigated by customers' successful new product launches in 2H19. Contributions from

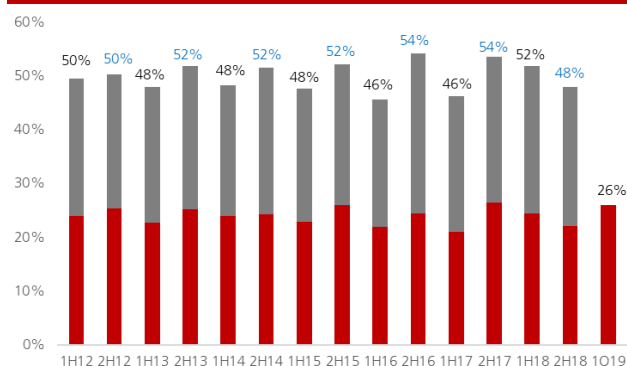
new customers secured in the past years are also expected to grow, as compared to the previous year. However, similar to new products, a gestation period is also needed for new customers.

Seasonally weak 1H vs 2H

In the last few years, Venture's 1H generally accounted for less than half of the full-year contribution, both on a revenue and net earnings basis, which is similar to most tech stocks due to their cyclical nature of business. For FY16/FY17/FY18, 1H revenue accounted for 46%/46%/52% of its full-year number, and 44%/32%/49% of net earnings.

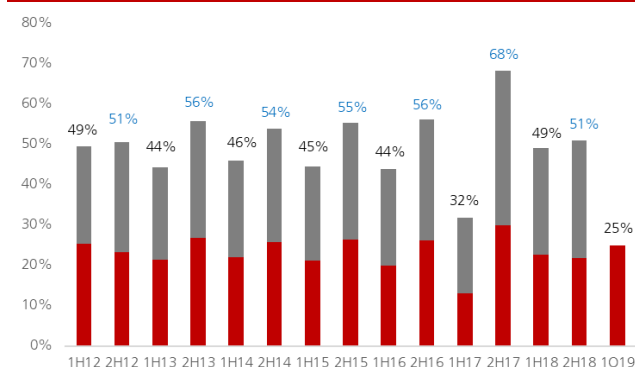
That said, the new challenges that the market is facing now could change this trend markedly. A prolonged trade war may result in a weak 2H vs 1H. However, if the US and China resolve their trade conflict, a smooth resolution would not only be a boon for tech, but the entire global economy. Overall, we are still expecting a stronger 2H for Venture.

Revenue: 1H vs 2H



Source: Company, DBS Bank

Net earnings: 1H vs 2H



Source: Company, DBS Bank

Still positive on Venture despite earnings cut

Despite the cut in earnings, we are maintaining our BUY call on Venture for:

- 1) Premium quality - Strong in R&D, entrenched position in a wide range of segments
- 2) Strong financials - High margins, attractive yield, almost zero debt
- 3) Decent valuations - PE below historical average
- 4) Tailwinds stronger than headwinds on trade war impact

Premium quality

Over the years, Venture has transformed into a global player in a wide range of industries. Venture stands out for its hard-to-replicate ecosystems and unique positioning at the forefront of technology. It has successfully steered its business towards more high value-added industries that require strong engineering capabilities, thus commanding an above-industry-average margin. Its partnerships with global technology leaders enable the group to gain new competencies to jump to the next phase of growth.

Strong financials

High margins, R&D. Venture's net margin has surged to >10% in the last two years, as the group steered its business towards more high value-added projects, vs the industry average of about 4-5%. For the last 16 years, Venture's share price has tracked 12-month forward EPS forecasts (correlation +0.80), which have largely been driven by changes in margins. In 2H18, its share price was affected by the downturn in the technology cycle on the back of global uncertainties. However, Venture continued to register higher margins, driven by operational efficiencies and improved product mix.

The group's high margins are also partly due to its investment in R&D. R&D expenses per unit sales is also in an uptrend. Venture has been pursuing innovation and technical competencies, building depth and density in engineering and research and development, as well as manufacturing operations and processes, to create distinct differentiators in its technology services, products and solutions.

Share price vs net margin



Source: Company, DBS Bank

Share price vs R&D expenses



Source: Company, DBS Bank

Attractive DPS. Venture has consistently been paying a DPS of at least 50 Scts per year in the last 10 years, which it increased to 60 Scts in FY17 and 70 Scts in FY18. Venture's net cash position has at least tripled since FY15 to c.S\$805m as at end-1Q19, which should support expectations of a repeat of the higher 70-Sct DPS in FY19F. The stock's current yield works out to an attractive 4.7%.

Near zero debt. Venture has traditionally been in a net cash position, at least in the last 10 years. Its strong net cash of S\$805m as at 1Q19 accounts for a healthy c.18% of its current market cap.

Decent valuations

At current PE of 11.8x, Venture is trading slightly below its long-term average PE of 13.7x.

10-yr Forward PE Band (x)



Source: Company, DBS Bank

Tailwinds stronger than headwinds on trade war impact

Out of Venture's 19 manufacturing plants, 15 are in Malaysia (Johor and Penang), two in Singapore, one in the US and another one in China (Shanghai). Venture has also recently acquired two new facilities. Its new plant in Milpitas, Silicon Valley, US, could enhance growth in its US cluster of facilities. The acquisition of a new facility in Tebrau, Johor, Malaysia, will fortify the group's strong foothold in Southeast Asia. With only one manufacturing plant in China, Venture is not adversely affected by the trade war. Only less than 2% of Venture's total revenue is derived from shipments from China to the US. In fact, the group could benefit from new business opportunities arising on the back of US-China trade diversions.

Earnings & Recommendation

Maintain BUY; cut earnings by 6-8% and lowered TP to S\$18.60. Our earnings cut is mainly premised on the prolonged trade war uncertainty and the widening of the product transition period for some of its customers. We expect pricing pressure to persist in FY19. Margins are hit and visibility remains low as customers are less willing to commit to orders in view of the cloudy outlook. Potential additional tariffs and the possibility of an all-out technology war between the US and China will have more detrimental impact. Though Huawei is now allowed to do business with US companies again in the latest development, uncertainty still prevails.

The product transition impact is expected to be partly offset by new product launches. Similarly, contributions from new customers acquired are also expected to contribute to the group gradually. Thus, overall, we lowered FY19F and FY20F earnings forecasts by 8% and 6% respectively. On the back of the cut in earnings, our TP is reduced to S\$18.60 (Previously S\$21.70), pegged to its 10-year average PE of 13.7x on FY20F earnings. Maintain BUY.

CRITICAL DATA POINTS TO WATCH

Critical Factors

Net margin is a critical factor driving share price, which is well supported by changing business mix. According to our critical factor analysis, Venture's net margins have a direct correlation with its share price. Venture's evolving business mix, with increasing contribution from the Test & Measurement, Medical & Devices and Life Science cluster and declining contribution from Computer Peripherals and Printing, is likely to improve its margins.

We believe that the specialised nature of the Medical and Life Science segment permits Venture to realise better margins on contracts. Coupled by higher operational efficiencies, this should continue to drive margins higher ahead.

Growing exposure to attractive, high-growth end markets, including the Test & Measurement, Medical & Devices and Life Science segments. Venture has established strong relationships with companies researching on genome sequencing, which could see healthy growth over the medium term with increasing investments and use of MedTech.

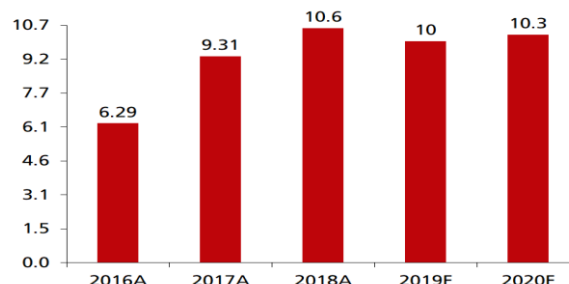
Further, an increased focus on lower-cost technologies in healthcare is likely to boost the Test & Measurement, Medical & Devices and Life Science segments. This cluster has contributed strongly to the top line in recent years, which has helped to offset the weak performance from the Computer Peripherals & Data Storage segments. Growing exposure to these high-growth segments should lead to higher earnings growth.

Investment in R&D. A key differentiating factor for Venture from its peers is its strong research and development (R&D) capabilities. Venture has been pursuing innovation and technical competencies, building depth and density in engineering and research and development, as well as manufacturing operations and processes, to create distinct differentiators in its technology services, products and solutions offerings.

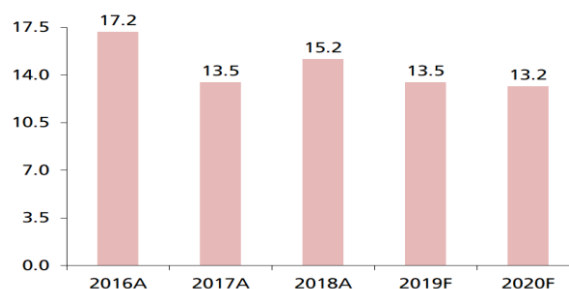
New sites acquired are at catchment areas for high-tech companies, which may benefit Venture

In January 2018, Venture acquired a freehold site in Milpitas (California) within the Silicon Valley. When ready, the Milpitas facilities will enhance its US cluster, creating opportunities for future growth. And in February 2019, Venture announced the acquisition of a new facility in Tebrau, Johor, Malaysia. This will fortify the group's strong foothold in Southeast Asia.

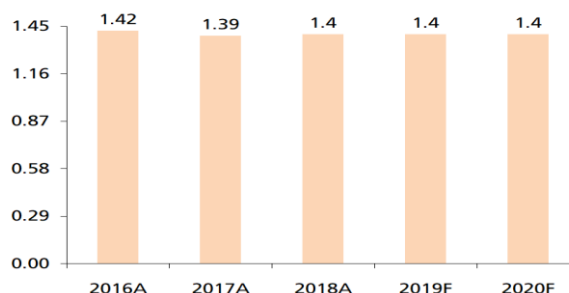
Net margin (%)



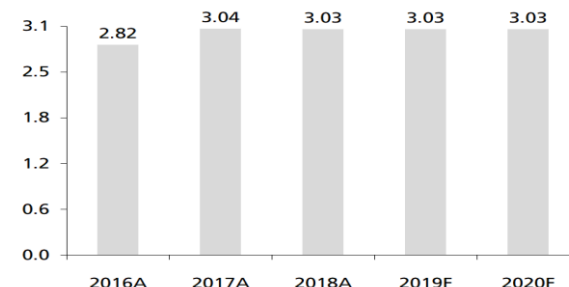
% of SGA (%)



USD/SGD



SGD/MYR



Source: Company, DBS Bank

Venture Corporation

Balance Sheet:

Strong balance sheet position. Venture's net cash position has at least tripled since FY15 to c.\$805m as at end-1Q19, which should support expectations of a repeat of the higher 70-Sct DPS in FY19F.

Share Price Drivers:

Expect more volatility ahead. With the cloudy outlook and shortened visibility as a result of the trade war, we expect more volatility in terms of Venture's quarterly results and also share price. On the back of this, we are expecting a weak 2Q19 results.

The group's strategy of pursuing the more resilient Test & Measurement, Medical & Devices and Life Science cluster has been successful in generating revenue and profits. We believe this strategy should help the group to buffer from the subdued or zero growth in other technology domain, and hopefully to deliver a stronger 2H19.

Key Risks:

Dependent on global market conditions. As Venture has exposure to customers in the US, EU and Asia, a broad global slowdown is likely to impact Venture due to its vulnerability to business cycles. Possible weakness in the Eurozone arising from political instability or the adoption of restrictive trading policies by the US could weaken global growth prospects. We note that most electronic products do not carry tariffs in the US. Deterioration in the world economy could affect corporate spending, which will in turn adversely impact Venture's results.

Weakening USD could impact the top line. A weakening USD against SGD and a prolonged accommodative monetary policy could impact Venture's earnings. Our sensitivity analysis shows that every 1% appreciation of USD against SGD will increase net profit by ~1.9%.

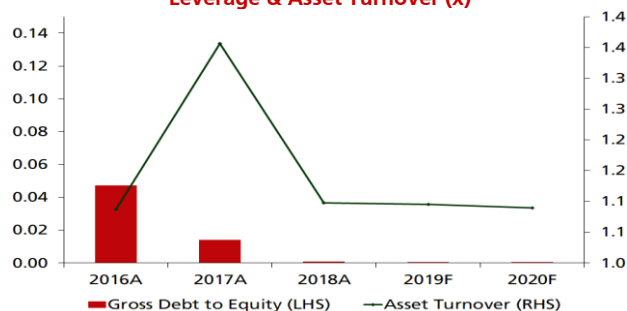
Environment, Social, Governance:

Venture issued its first sustainability report in 2017. Although Venture's ESG's score is below its peers, improving the sustainability performance is an ongoing process. In FY18, Venture introduced several sustainability initiatives such as launching of the Learning Management System, investing in energy efficiency solutions and enhancing policies and practices to safeguard confidential information.

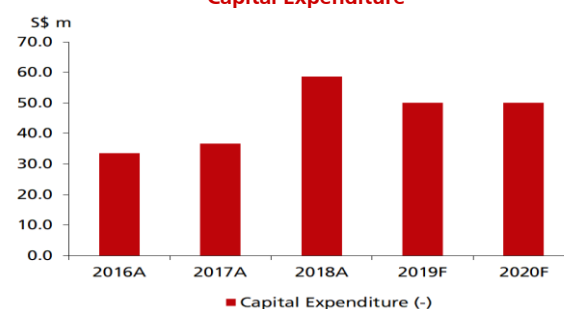
Company Background

Venture is a global provider of technology products and solutions. It is best known for its superior capabilities in Original Design Manufacturing (ODM) and in providing high-mix, high-value and complex manufacturing.

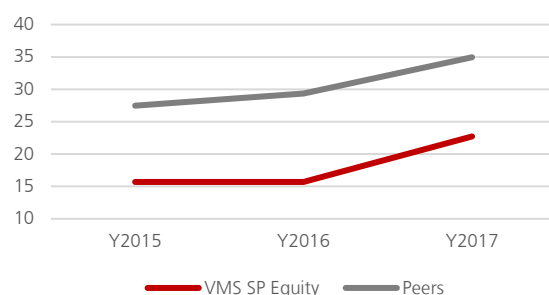
Leverage & Asset Turnover (x)



Capital Expenditure



Bloomberg ESR Disclosure Score



Forward PE Band (x)



PB Band (x)



Source: Company, DBS Bank

Key Assumptions

FY Dec	2016A	2017A	2018A	2019F	2020F
Net margin (%)	6.29	9.31	10.6	10.0	10.3
% of SGA (%)	17.2	13.5	15.2	13.5	13.2
USD/SGD	1.42	1.39	1.40	1.40	1.40
SGD/MYR	2.82	3.04	3.03	3.03	3.03

Segmental Breakdown

FY Dec	2016A	2017A	2018A	2019F	2020F
Revenues (\$\$m)					
Advanced Manufacturing & Design Solutions (AMDS)	2,155	3,205	2,600	2,730	2,894
Technology Products & Design Solutions (TPS)	719	800	885	911	930
Total revenue	2,874	4,005	3,485	3,641	3,823

Income Statement (\$\$m)

FY Dec	2016A	2017A	2018A	2019F	2020F
Revenue	2,874	4,005	3,485	3,641	3,823
Cost of Goods Sold	(2,172)	(3,039)	(2,531)	(2,731)	(2,867)
Gross Profit	702	965	954	910	956
Other Opng (Exp)/Inc	(491)	(537)	(529)	(490)	(503)
Operating Profit	211	428	425	420	453
Other Non Opg (Exp)/Inc	3.06	3.80	9.21	6.00	6.00
Associates & JV Inc	2.96	1.67	(0.1)	(0.1)	(0.1)
Net Interest (Exp)/Inc	(0.9)	(1.0)	(1.0)	0.0	0.0
Exceptional Gain/(Loss)	0.0	11.4	0.0	0.0	0.0
Pre-tax Profit	216	444	433	426	460
Tax	(35.2)	(71.1)	(62.9)	(61.8)	(66.5)
Minority Interest	0.0	0.12	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	181	373	370	364	392
Net Profit before Except.	181	361	370	364	392
EBITDA	263	480	465	462	494
Growth					
Revenue Gth (%)	8.2	39.3	(13.0)	4.5	5.0
EBITDA Gth (%)	15.0	82.3	(3.2)	(0.6)	7.0
Opg Profit Gth (%)	18.6	103.1	(0.7)	(1.1)	7.7
Net Profit Gth (Pre-ex) (%)	17.3	100.1	2.4	(1.5)	7.6
Margins & Ratio					
Gross Margins (%)	24.4	24.1	27.4	25.0	25.0
Opg Profit Margin (%)	7.3	10.7	12.2	11.5	11.8
Net Profit Margin (%)	6.3	9.3	10.6	10.0	10.3
ROAE (%)	9.4	18.1	16.4	15.0	15.0
ROA (%)	6.8	12.6	11.7	11.0	11.2
ROCE (%)	8.6	16.9	15.9	14.7	14.8
Div Payout Ratio (%)	77.1	45.7	54.7	55.5	51.6
Net Interest Cover (x)	235.5	422.9	432.6	n.m.	n.m.

Source: Company, DBS Bank

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

FY Dec	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019
Revenue	856	952	770	906	929
Cost of Goods Sold	(628)	(685)	(556)	(662)	(702)
Gross Profit	228	268	214	244	227
Other Oper. (Exp)/Inc	(131)	(154)	(122)	(122)	(118)
Operating Profit	97.0	113	106	122	104
Other Non Opg (Exp)/Inc	1.95	2.02	2.36	2.88	2.48
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	(0.3)	(0.3)	(13.9)	(0.2)	(0.1)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	98.6	115	94.7	124	106
Tax	(14.9)	(17.3)	(13.9)	(16.8)	(15.4)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	83.7	97.9	80.8	108	90.9
Net profit bef Except.	83.7	97.9	80.8	108	90.9
EBITDA	109	125	118	134	117

Growth

Revenue Gth (%)	(21.2)	11.2	(19.1)	17.6	2.5
EBITDA Gth (%)	(38.9)	15.2	(5.4)	13.6	(12.7)
Opg Profit Gth (%)	(41.9)	17.0	(6.3)	14.7	(14.8)
Net Profit Gth (Pre-ex) (%)	(41.4)	17.0	(17.5)	33.3	(15.6)

Margins

Gross Margins (%)	26.6	28.1	27.8	27.0	24.5
Opg Profit Margins (%)	11.3	11.9	13.8	13.4	11.2
Net Profit Margins (%)	9.8	10.3	10.5	11.9	9.8

Balance Sheet (\$\$m)

FY Dec	2016A	2017A	2018A	2019F	2020F
Net Fixed Assets	203	198	231	245	260
Invts in Associates & JVs	20.3	0.79	0.73	0.67	0.61
Other LT Assets	661	669	667	667	667
Cash & ST Invts	500	752	713	1,054	1,343
Inventory	623	700	808	700	617
Debtors	713	766	736	728	637
Other Current Assets	38.3	58.3	49.2	49.2	49.2
Total Assets	2,759	3,144	3,205	3,445	3,574
ST Debt	92.6	30.8	1.80	1.80	1.80
Creditor	491	591	529	607	546
Other Current Liab	211	352	320	320	320
LT Debt	0.0	0.0	0.0	0.0	0.0
Other LT Liabilities	1.80	1.72	2.06	2.06	2.06
Shareholder's Equity	1,960	2,166	2,350	2,512	2,702
Minority Interests	2.42	2.31	2.23	2.23	2.23
Total Cap. & Liab.	2,759	3,144	3,205	3,445	3,574
Non-Cash Wkg. Capital	673	580	745	551	437
Net Cash/(Debt)	407	722	711	1,052	1,341
Debtors Turn (avg days)	81.5	67.4	78.6	73.4	65.2
Creditors Turn (avg days)	72.5	66.0	81.8	76.9	74.3
Inventory Turn (avg days)	101.3	80.7	110.1	102.1	84.8
Asset Turnover (x)	1.1	1.4	1.1	1.1	1.1
Current Ratio (x)	2.4	2.3	2.7	2.7	3.0
Quick Ratio (x)	1.5	1.6	1.7	1.9	2.3
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	36.2	119.2	3,261.4	2,780.9	2,780.9
Z-Score (X)	6.5	6.2	6.6	6.6	6.6

Source: Company, DBS Bank

Cash Flow Statement (\$m)

FY Dec	2016A	2017A	2018A	2019F	2020F
Pre-Tax Profit	216	444	433	426	459
Dep. & Amort.	46.4	46.4	30.7	35.7	34.9
Tax Paid	(33.5)	(50.3)	(56.3)	(61.8)	(66.5)
Assoc. & JV Inc/(loss)	(3.0)	(1.7)	0.06	0.06	0.06
Chg in Wkg.Cap.	(8.2)	13.8	(147)	194	114
Other Operating CF	13.6	(3.4)	(5.9)	0.12	0.12
Net Operating CF	231	449	254	594	541
Capital Exp.(net)	(33.5)	(36.7)	(58.6)	(50.0)	(50.0)
Other Invt.(net)	0.0	(15.3)	1.31	(0.1)	(0.1)
Invt in Assoc. & JV	0.0	31.6	0.0	0.0	0.0
Div from Assoc & JV	1.05	1.08	0.03	0.0	0.0
Other Investing CF	2.06	5.36	8.74	0.0	0.0
Net Investing CF	(30.4)	(14.0)	(48.6)	(50.1)	(50.1)
Div Paid	(138)	(141)	(230)	(202)	(202)
Chg in Gross Debt	(42.0)	(56.3)	11.3	0.0	0.0
Capital Issues	17.7	70.7	(18.1)	0.0	0.0
Other Financing CF	(1.1)	(25.0)	0.0	0.0	0.0
Net Financing CF	(164)	(151)	(237)	(202)	(202)
Currency Adjustments	3.33	(30.5)	(8.6)	0.0	0.0
Chg in Cash	40.5	253	(39.6)	341	289
Opg CFPS (\$ cts)	85.9	153	139	139	148
Free CFPS (\$ cts)	71.0	145	67.7	188	170

Source: Company, DBS Bank

Target Price & 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:	06 Aug 18	18.60	22.90	BUY
2:	05 Nov 18	14.75	21.30	BUY
3:	25 Feb 19	18.10	21.70	BUY
4:	26 Apr 19	17.52	21.70	BUY

Source: DBS Bank

Analyst: Lee Keng LING

^ Bloomberg ESG Disclosure Scores rate companies annually based on their disclosure of quantitative and policy-related ESG data. It is based on a scoring scale of 0-100, and calculated using a subset of more than 100 raw data points it collects on ESG. It is designed to measure the robustness of companies' disclosure of ESG information in their reporting/the public domain. Based on Bloomberg disclosures, as of 25 Jan 2019, the global ESG disclosure average score is 24.92 and 22.14, 28.26, 49.97 for Environmental, Social and Governance, respectively.

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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 share price catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 12 Jul 2019 17:22:22 (SGT)

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

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