

# Singapore Company Guide

## UMS Holdings

Version 17 | Bloomberg: UMSH SP | Reuters: UMSH.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

24 Oct 2019

**BUY** (Upgrade from Fully Valued)

Last Traded Price ( 23 Oct 2019): S\$0.705 (STI : 3,144.28)

Price Target 12-mth: S\$0.87 (24% upside) (Prev S\$0.49)

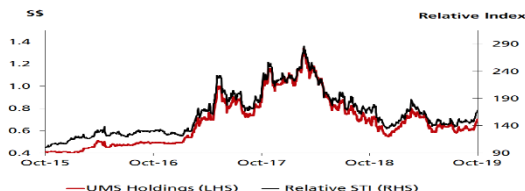
**Analyst**

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### What's New

- Upgrade to BUY with higher TP of S\$0.87 as we turn positive on semiconductor
- Strong recovery in semiconductor sales after every major crisis
- Bottoming out in Singapore manufacturing
- Optimistic on the renewal of contract with key customer AMAT

### Price Relative



### Forecasts and Valuation

FY Dec (\$m)	2018A	2019F	2020F	2021F
Revenue	128	125	144	159
EBITDA	51.6	40.0	46.6	52.9
Pre-tax Profit	45.5	34.4	41.4	47.7
Net Profit	43.1	32.5	38.9	44.8
Net Pft (Pre Ex.)	43.1	32.5	38.9	44.8
Net Pft Gth (Pre-ex) (%)	(17.2)	(24.6)	19.8	15.2
EPS (\$ cts)	8.03	6.06	7.26	8.36
EPS Pre Ex. (\$ cts)	8.03	6.06	7.26	8.36
EPS Gth Pre Ex (%)	(17)	(25)	20	15
Diluted EPS (\$ cts)	8.03	6.06	7.26	8.36
Net DPS (\$ cts)	4.50	3.50	3.50	3.50
BV Per Share (\$ cts)	42.6	45.2	48.9	53.8
PE (X)	8.8	11.6	9.7	8.4
PE Pre Ex. (X)	8.8	11.6	9.7	8.4
P/Cash Flow (X)	9.8	7.5	10.3	8.4
EV/EBITDA (X)	7.4	9.1	7.5	6.2
Net Div Yield (%)	6.4	5.0	5.0	5.0
P/Book Value (X)	1.7	1.6	1.4	1.3
Net Debt/Equity (X)	0.0	CASH	CASH	CASH
ROAE (%)	19.4	13.8	15.4	16.3
Earnings Rev (%)		10	30	new
Consensus EPS (\$ cts)		5.7	5.9	-
Other Broker Recs:		B: 0	S: 1	H: 1

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

## Turning positive on semiconductor

**Upgrade to BUY from Fully Valued with higher TP of S\$0.87.**

Our upgrade call is premised on the resumption of the growth in semiconductor equipment sales in 2020. SEMI forecasts the equipment market to jump 11.6% in 2020. The recovery is on the strength of memory spending and new projects in China. More upside is likely if the macro economy improves and trade tensions subside in 2020. Our analysis also shows a strong recovery in semiconductor equipment sales after every major crisis (refer to chart on page 3).

At the company level, our channel checks show that UMS is beginning to see a pick-up in semiconductor sales, which should be reflected in its coming quarters' results. Hence, we raised our earnings forecasts for FY19F and FY20F by 10-30%. Upgrade to BUY with a higher TP of S\$0.87, pegged to smaller peer average of 12x PE.

**Where we differ:** We are more positive on the semiconductor outlook and expect UMS to trade in line with its smaller peers' PE of 12x on FY20F earnings.

**Potential catalysts:** Stronger recovery in semiconductor equipment sales, client diversification, earnings-accretive M&As, successful renewal of contract with existing key customer.

### Valuation:

**Upgrade to BUY; higher TP of S\$0.87 pegged to 12x FY20F earnings.** We have revised up FY19F earnings by 10% and 30% for FY20F. Our target price is raised to S\$0.87 (previously S\$0.49), pegged to smaller peers' average of 12x, vs about 20x for bigger peers, on FY20F earnings. Our previous valuation peg was at 9x, a 20% discount to peers.

### Key Risks to Our View:

**Key client risk.** Historically, c.90% of UMS's revenues on average were attributed to Applied Materials (AMAT). Disruptions to the relationship or weakness in AMAT's end-demand could significantly weigh on UMS's performance.

### At A Glance

Issued Capital (m shrs)	536
Mkt. Cap (\$m/US\$m)	378 / 278
Major Shareholders (%)	
Andy Luong	20.6
Free Float (%)	79.4
3m Avg. Daily Val (US\$m)	0.70
<b>GIC Industry :</b> Information Technology / Semiconductors &	



Live more, Bank less

## WHAT'S NEW

### Turning positive on semiconductor

#### Upgrade to BUY from Fully Valued with higher TP of S\$0.87

Our upgrade call is premised on the resumption of the growth in semiconductor equipment sales in 2020. SEMI forecasts the equipment market to jump 11.6% in 2020. The recovery is on the strength of memory spending and new projects in China. More upside is likely if the macro economy improves and trade tensions subside in 2020. Near term, we are expecting monthly semiconductor sales to stabilise at slightly above the US\$30bn level.

At the company level, our channel checks show that UMS is beginning to see a pick-up in semiconductor sales, which should be reflected in its coming quarters' results. Our earnings forecasts for FY19F and FY20F are raised by 10% and 30% respectively. Upgrade to BUY with a higher TP of S\$0.87 (previously S\$0.49), pegged to smaller peers' (e.g. AEM, COHU) average of 12x. Bigger peers (e.g. TSMC, ASM) are trading at about 20x on average.

#### Semiconductor stabilising; expect strong recovery in 2020

**Expect recovery in semiconductor sales in 2020 after a weak 2019.** According to World Semiconductor Trade Statistics (WSTS) organisation, worldwide sales of semiconductor registered a 15.9% y-o-y drop for the month of August 2019. But on a m-o-m basis, August sales registered a 2.5% gain, which also marked the second consecutive month of global sales increase. On a 3-month moving average basis, sales for June/July/August saw a 3.5% gain, vs the March/April/May period. Thus, the data is suggesting some signs of stabilisation and a turnaround for the industry could be due soon.

#### SEMI expects recovery in semiconductor industry in 2020.

According to SEMI, global sales of semiconductor manufacturing equipment by original equipment manufacturers (OEMs) are projected to decline by 18.4% in 2019 from last year's historic high. Growth in equipment sales is expected to resume in 2020, with an 11.6% y-o-y jump on the strength of memory spending and new projects in China, while equipment sales in Japan should surge 46.4%.

**Normalisation of semiconductor shipment.** From the chart below, the global semiconductor shipment started to decline from end-December 2018, mainly on the back of the trade war and the global economic slowdown, which continues into 2019. In the last few months, the shipments seemed to have stabilised at slightly above the US\$30bn level. This level coincides with the normalised long-term growth trend

(represented by the black dotted line) of global semiconductor shipments.

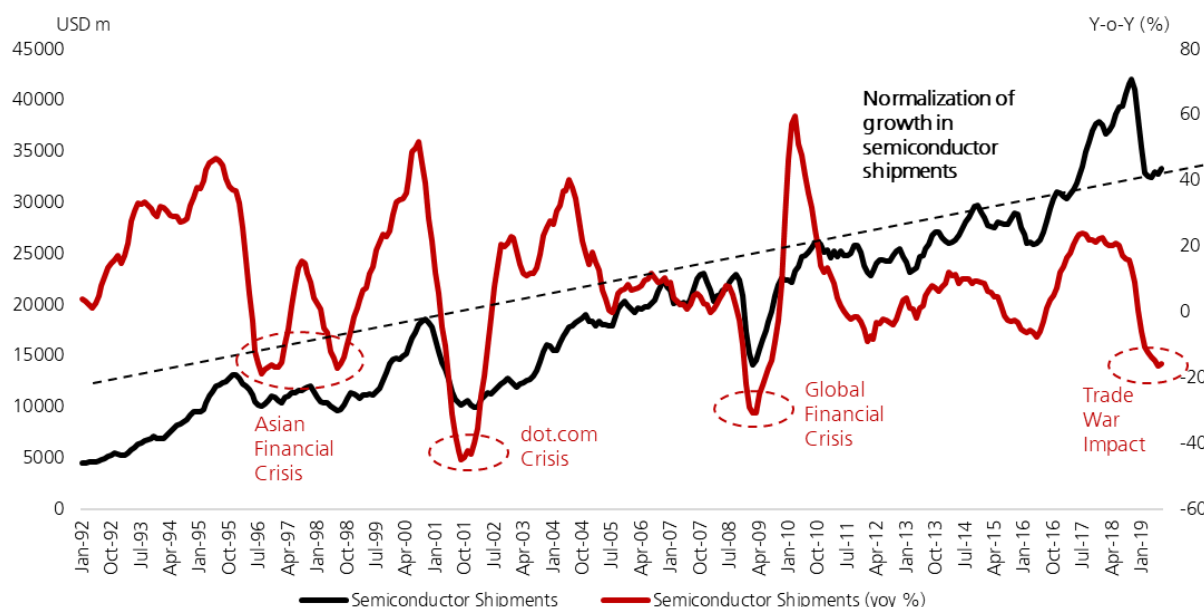
**Strong recovery after every major crisis.** In terms of y-o-y change, the historical semiconductor shipment data showed a steep rebound after each major crisis, including the Asian Financial Crisis in 1997/1998, the dot.com crisis in 2000/2001, the global financial crisis in 2008/2009 and now the trade war crisis. The current 15.9% y-o-y drop in August 2019 is one of the steepest since 1992. A normalisation of the shipment trend should lead to an improvement in y-o-y growth.

However, given the prolonged trade war whereby no meaningful conclusion is in sight and the global economy is still showing tepid growth, the risk is that we may only see a more decisive turn when there is better visibility on the trade front and a healthier economy.

**Bottoming out in Singapore manufacturing.** In Singapore, our economist is of the view that the manufacturing sector could be bottoming out. On the surface, the manufacturing sector reported a headline contraction of 3.5% y-o-y. However, that is partly caused by the high base in the same period last year. Sequentially, the sector has recovered to register a marginal decline of 0.4% QoQ saar, a marked improvement from -4.2% previously. He reckons that the worst of the manufacturing cycle could be over, but cautions that growth in this sector will remain lacklustre amid weak global demand and uncertainties around the ongoing trade talks between the US and China.

**Improving outlook for UMS.** For UMS, the 2H19 outlook for the semiconductor business remains challenging, but our channel checks show that the group is seeing an improvement in business order volumes from its semiconductor segment. Its non-semiconductor businesses, which accounted for 8.9% of 1H19 total revenue, are also making good progress. Other key players in the semiconductor space, including TSMC, also guided for higher capex spending on the back of the stronger outlook for 5G deployment next year while ASML continues to see 2019 as a growth year.

## Global semiconductor shipments and y-o-y growth



Source: CEIC (WSTS), DBS Bank

### Semiconductor riding on the wave of the AI and data-driven growth surge

The semiconductor industry continues to expand, driven by the massive growth of interconnected devices and heavy demand for processing power and storage. Growing demand can be seen in areas such as high-performance computing, data storage, artificial intelligence (AI), cloud computing, and automotive, which are driving spending growth in the semiconductor industry. The expected 5G roll-out in more locations in 2020 should also drive demand further. Gartner expects good long-term growth CAGR (2017-2022) of 5.1%, outpacing 2011-2016 CAGR of 2.6%.

### Optimistic on the renewal of contract with key customer AMAT

UMS has had a long-standing manufacturing partnership with AMAT for more than 10 years in the manufacture of components for various semiconductor equipment, and as the main manufacturer and sub-assembler of AMAT's flagship Endura deposition system. Its contract with AMAT is due for renewal at the end of December 2019. We are optimistic that the contract will be renewed, given its entrenched relationship with AMAT.

### Dependence on AMAT's performance

Historically, c.90% of UMS's revenues were attributed to AMAT. Thus, naturally, UMS would depend on AMAT's performance. AMAT's customers include chipmakers like Samsung, Intel, TSMC and Micron Technology. Based on consensus estimates, AMAT is projected to register a 15% y-o-y drop in earnings for FY October 2019 (which is an improvement from the c.40% drop projection in August 2019) and to rebound 9% in FY20F followed by 18% in FY21F.

### Strong balance sheet supported by attractive dividend yield

UMS has a healthy cash level despite investing S\$6.9m to raise its equity stake in JEP Holdings from 29% to 39% in 2Q19 and paying dividends of S\$10.7m. The group's net cash rose to S\$6.0m as of end-2Q19, reversing from a net debt of S\$1.4m as at end-4Q18.

Current dividend yield of c.5% is still attractive, despite the cut in FY18 and assuming lower dividend per share (DPS) going forward. DPS had fallen to 4.5 Scts in FY18, from an average of 6 Scts paid over the last five years. However, going forward, we would not rule out the possibility of a lower dividend payout, as the group preserves cash for M&A opportunities. We are projecting a 3.5-Sct DPS for FY19F-21F.

**UMS Holdings**

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**Diversifying from the cyclical semiconductor segment**

To diversify from the exposure to the cyclical semiconductor industry, UMS in recent years has invested in several companies. The group acquired a 70% stake in Starke Singapore, a non-ferrous metal alloy specialist, in March 2018. It has also invested in JEP Holdings, which is in the precision engineering business, since January 2018 and has recently increased its stake to c. 40%. With this stronger material sourcing and distribution network, UMS can improve operational synergies as well as tap into growth opportunities in new markets.

In 2017, UMS acquired a 51% stake in water and chemical engineering solutions company, Kalf Engineering. And in 2016, the group diversified into aerospace components via a 10% stake in All Star Fortress Sdn Bhd.

These investments should provide the group with alternative growth opportunities in the medium-to-long term and provide diversification away from the cyclical semiconductor business.

**Plants outside China; no direct impact from trade war**

Both of UMS's manufacturing plants are located outside of China. UMS has about 640,000 sqft of combined space in Singapore and Penang, Malaysia to meet new demand and customers' requirements. It has relocated most of its production from Singapore to Malaysia which has a lower-cost infrastructure in order to improve cost competitiveness and labour availability. Thus, there is no direct impact of additional tax for goods out of China into the US. UMS also has a procurement and purchasing centre in the US.

**Upgrade to BUY, raised earnings and TP**

We upgrade UMS to BUY as we turn positive on semiconductor. Our earnings forecasts for FY19F and FY20F are raised by 10% and 30% respectively. Our higher TP of S\$0.87 (Prev S\$0.49), is pegged to smaller peers' (e.g. AEM, COHU) average of 12x on FY20F earnings. Bigger peers (e.g. TSMC, ASM) are trading at about 20x on average.

## UMS Holdings

### CRITICAL DATA POINTS TO WATCH

#### Critical Factors

##### Semiconductor outlook: Turning positive

SEMI expects recovery in semiconductor industry in 2020. According to SEMI, global sales of semiconductor manufacturing equipment by original equipment manufacturers (OEMs) are projected to decline by 18.4% in 2019 from last year's historic high. Growth in equipment sales is expected to resume in 2020, with an 11.6% y-o-y jump on the strength of memory spending and new projects in China, while equipment sales in Japan should surge 46.4%.

UMS is beginning to see a pick-up in semiconductor sales, which should be reflected in its coming quarters' results.

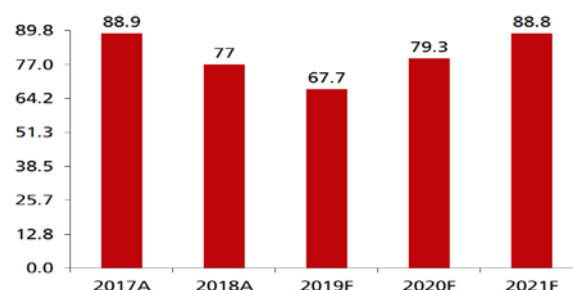
**Leveraging on key customer Applied Materials (AMAT).** As a long-standing manufacturing partner to AMAT in the manufacture of components for various semiconductor equipment, and as the main manufacturer and sub-assembler of AMAT's flagship Endura deposition system, UMS naturally depends on AMAT's performance.

Based on consensus numbers, AMAT is projected to register a 15% y-o-y drop in earnings for FY October 2019 (which is an improvement from the c.40% drop projection in August 2019) and to rebound 9% in FY20F followed by 18% in FY21F.

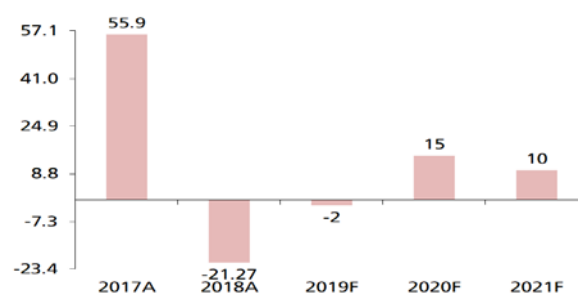
**Expect lower dividends, in favour of M&A activities.** DPS had fallen to 4.5 Scts in FY18, from an average of 6 Scts paid over the last five years. Going forward, we would not rule out the possibility of a lower dividend payout, as the group preserves cash for M&A opportunities. We are projecting a 3.5-Sct DPS for FY19F-21F.

**Diversification into other businesses could also bear fruit in the longer term.** UMS recently increased its stake in JEP Holding, which is in the precision engineering business, to c. 40%. The group has acquired a 70% stake in Starke Singapore, a non-ferrous metal alloy specialist. In 2017, UMS acquired a 51% stake in water and chemical engineering solutions company, Kalf Engineering. And in 2016, the group diversified into aerospace components via a 10% stake in All Star Fortress Sdn Bhd. These investments should provide the group with alternative growth opportunities in the medium-to-long term and provide diversification away from the cyclical semiconductor business.

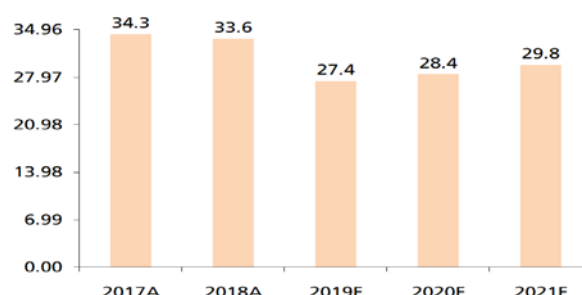
Gross Profit (\$\$ m)



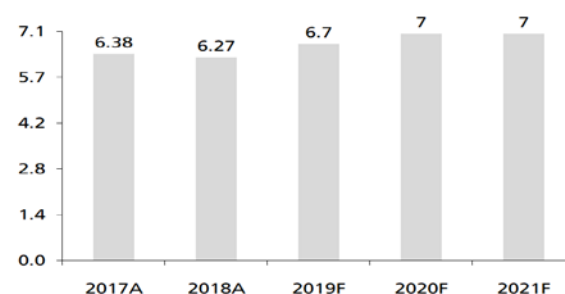
Revenue Growth (%)



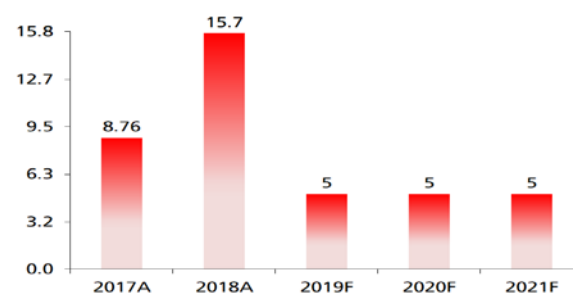
Operating Profit Margin (%)



Effective Tax Rate (%)

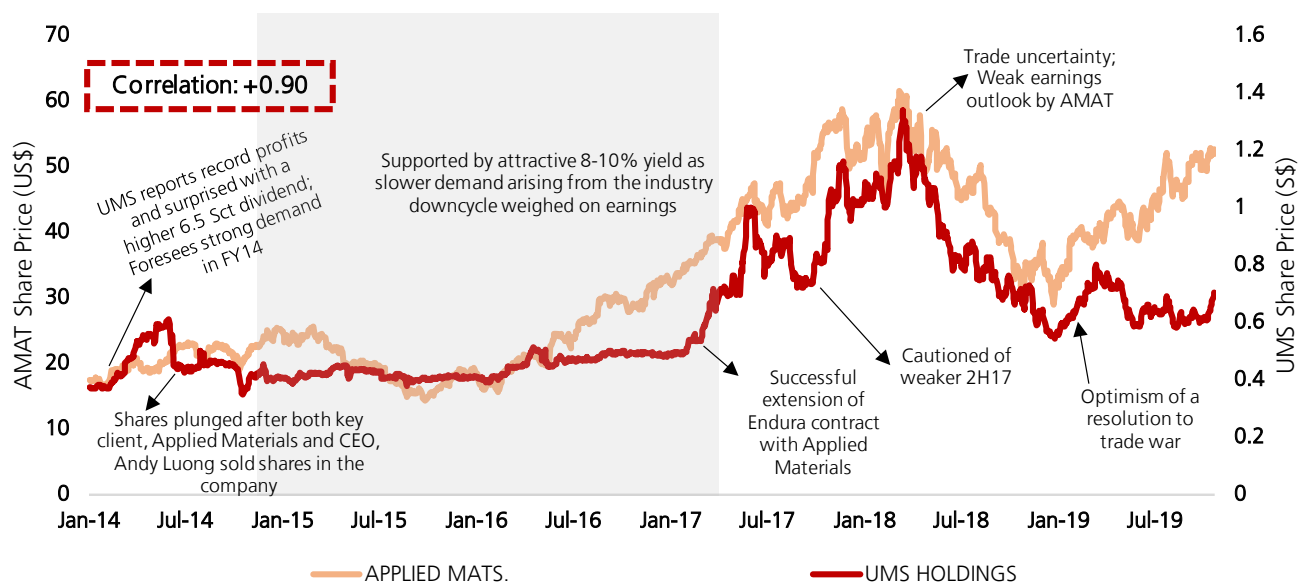


Capex (\$\$ m)



Source: Company, DBS Bank

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



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

## UMS Holdings

### Balance Sheet:

**Healthy cash level.** UMS invested S\$6.9m to raise its equity stake in JEP Holdings from 29% to 39% in 2Q19. Even after making an additional investment in JEP and paying dividends of S\$10.7m, the group's net cash rose to S\$6.0m as of end-2Q19, reversing from a net debt of S\$1.4m as at end-4Q18.

### Share Price Drivers:

**Acquisition of new clients.** As part of its strategy, UMS has embarked on new customer acquisition efforts and is actively seeking sustainable, margin-accretive opportunities outside of the cyclical semiconductor industry. If successful, this could accelerate its earnings growth going forward.

**M&A opportunities.** UMS continues to be on the lookout for diversification opportunities (outside of the semiconductor industry) with good long-term growth potential. New avenues of growth outside the semiconductor space could help drive re-rating of its share price.

**Potential takeover target.** UMS has only one large shareholder, with a 20% stake. With its entrenched relationship with AMAT, consistently strong cash flows and net cash position, we see UMS as an attractive takeover target.

### Key Risks:

**Key client risk – AMAT.** UMS's performance is closely tied to that of AMAT. Management estimates that between 80% and 90% of UMS's revenues are attributable to AMAT.

Disruptions to the relationship (i.e. loss of market share) or weakness in AMAT's end-demand could significantly weigh on UMS's performance.

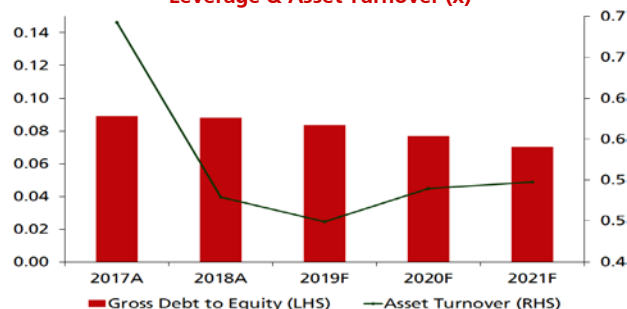
### Underlying demand for semiconductor manufacturing equipment.

As demand for semiconductor manufacturing equipment is largely driven by capex cycles of chipmakers and foundries, an extension of the life cycle of existing systems or a slowdown in the global economy could result in deferments in their planned capital investments.

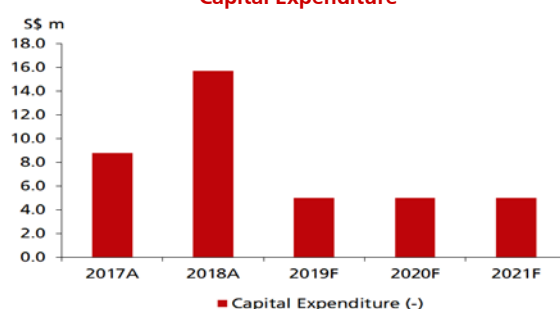
### Company Background

UMS Holdings (UMSH SP) is an integrated OEM for front-end semiconductor equipment manufacturing, providing both component manufacturing and sub-assembly services, primarily to key client, Applied Materials (AMAT).

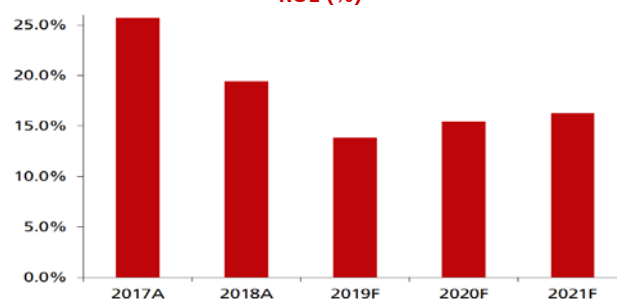
### Leverage & Asset Turnover (x)



### Capital Expenditure



### ROE (%)



### Forward PE Band (x)



### PB Band (x)



Source: Company, DBS Bank



## UMS Holdings

### Key Assumptions

FY Dec	2017A	2018A	2019F	2020F	2021F
Gross Profit (\$ m)	88.9	77.0	67.7	79.3	88.8
Revenue Growth (%)	55.9	(21.3)	(2.0)	15.0	10.0
Operating Profit Margin	34.3	33.6	27.4	28.4	29.8
Effective Tax Rate (%)	6.38	6.27	6.70	7.00	7.00
Capex (\$ m)	8.76	15.7	5.00	5.00	5.00

### Income Statement (\$m)

FY Dec	2017A	2018A	2019F	2020F	2021F
Revenue	162	128	125	144	159
Cost of Goods Sold	(73.6)	(50.9)	(57.7)	(64.9)	(69.8)
<b>Gross Profit</b>	<b>88.9</b>	<b>77.0</b>	<b>67.7</b>	<b>79.3</b>	<b>88.8</b>
Other Opng (Exp)/Inc	(33.2)	(34.0)	(33.4)	(38.4)	(41.6)
<b>Operating Profit</b>	<b>55.7</b>	<b>43.0</b>	<b>34.4</b>	<b>40.9</b>	<b>47.3</b>
Other Non Opg (Exp)/Inc	(0.4)	2.36	0.0	0.0	0.0
Associates & JV Inc	0.0	0.53	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.0	(0.4)	0.0	0.43	0.47
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>55.2</b>	<b>45.5</b>	<b>34.4</b>	<b>41.4</b>	<b>47.7</b>
Tax	(3.5)	(2.9)	(2.3)	(2.9)	(3.3)
Minority Interest	0.32	0.42	0.43	0.44	0.46
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>52.0</b>	<b>43.1</b>	<b>32.5</b>	<b>38.9</b>	<b>44.8</b>
Net Profit before Except.	52.0	43.1	32.5	38.9	44.8
EBITDA	59.6	51.6	40.0	46.6	52.9
<b>Growth</b>					
Revenue Gth (%)	55.9	(21.3)	(2.0)	15.0	10.0
EBITDA Gth (%)	98.4	(13.4)	(22.4)	16.5	13.5
Opg Profit Gth (%)	89.7	(22.7)	(20.2)	19.2	15.4
Net Profit Gth (Pre-ex) (%)	130.3	(17.2)	(24.6)	19.8	15.2
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	54.7	60.2	54.0	55.0	56.0
Opg Profit Margin (%)	34.3	33.6	27.4	28.4	29.8
Net Profit Margin (%)	32.0	33.7	25.9	27.0	28.3
ROAE (%)	25.7	19.4	13.8	15.4	16.3
ROA (%)	22.2	16.1	11.6	13.2	14.1
ROCE (%)	24.2	17.2	12.3	14.0	15.0
Div Payout Ratio (%)	57.7	56.0	57.8	48.2	41.9
Net Interest Cover (x)	55,695.0	107.3	NM	NM	NM

Source: Company, DBS Bank



## UMS Holdings

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

FY Dec	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019
Revenue	35.3	29.3	25.9	28.6	30.0
Cost of Goods Sold	(12.7)	(12.1)	(10.1)	(13.4)	(14.1)
<b>Gross Profit</b>	<b>22.6</b>	<b>17.2</b>	<b>15.8</b>	<b>15.2</b>	<b>15.9</b>
Other Oper. (Exp)/Inc	(8.2)	(9.3)	(8.3)	(8.1)	(7.9)
<b>Operating Profit</b>	<b>14.4</b>	<b>7.88</b>	<b>7.46</b>	<b>7.06</b>	<b>7.98</b>
Other Non Opg (Exp)/Inc	1.41	0.68	1.33	0.01	0.0
Associates & JV Inc	(0.1)	0.36	0.24	0.46	0.83
Net Interest (Exp)/Inc	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>15.7</b>	<b>8.83</b>	<b>8.87</b>	<b>7.37</b>	<b>8.57</b>
Tax	(1.3)	(1.3)	0.41	(0.6)	(0.6)
Minority Interest	0.12	(0.1)	0.31	0.23	0.15
<b>Net Profit</b>	<b>14.5</b>	<b>7.41</b>	<b>9.59</b>	<b>7.05</b>	<b>8.09</b>
Net profit bef Except.	14.5	7.41	9.59	7.05	8.09
EBITDA	17.0	10.5	10.7	9.22	10.5

## Growth

Revenue Gth (%)	(5.9)	(17.0)	(11.5)	10.4	4.8
EBITDA Gth (%)	27.5	(38.4)	2.5	(14.1)	13.9
Opg Profit Gth (%)	8.8	(45.3)	(5.4)	(5.3)	13.0
Net Profit Gth (Pre-ex) (%)	27.2	(48.9)	29.3	(26.5)	14.7

## Margins

Gross Margins (%)	64.0	58.7	60.9	53.2	53.1
Opg Profit Margins (%)	40.9	26.9	28.8	24.7	26.6
Net Profit Margins (%)	41.1	25.3	37.0	24.6	27.0

## Balance Sheet (\$\$m)

FY Dec	2017A	2018A	2019F	2020F	2021F
Net Fixed Assets	38.8	53.4	52.7	52.0	51.4
Invts in Associates & JVs	0.0	29.5	39.5	39.5	39.5
Other LT Assets	87.7	87.6	87.6	87.6	87.6
Cash & ST Invts	59.6	18.9	35.5	48.5	69.5
Inventory	49.6	70.4	44.2	49.8	53.5
Debtors	23.4	15.1	24.0	27.7	30.4
Other Current Assets	0.0	0.0	0.0	0.0	0.0
<b>Total Assets</b>	<b>259</b>	<b>275</b>	<b>284</b>	<b>305</b>	<b>332</b>
ST Debt	19.0	20.3	20.3	20.3	20.3
Creditor	18.1	14.1	9.48	10.7	11.5
Other Current Liab	3.29	3.72	3.71	4.30	4.74
LT Debt	0.0	0.0	0.0	0.0	0.0
Other LT Liabilities	4.99	6.43	6.43	6.43	6.43
Shareholder's Equity	215	229	242	262	288
Minority Interests	(1.3)	1.91	1.48	1.04	0.58
<b>Total Cap. &amp; Liab.</b>	<b>259</b>	<b>275</b>	<b>284</b>	<b>305</b>	<b>332</b>
Non-Cash Wkg. Capital	51.7	67.7	55.1	62.5	67.7
Net Cash/(Debt)	40.6	(1.4)	15.2	28.2	49.2
Debtors Turn (avg days)	49.8	55.0	57.1	65.4	66.8
Creditors Turn (avg days)	91.3	129.9	82.8	62.1	63.0
Inventory Turn (avg days)	214.4	484.3	402.5	289.8	294.1
Asset Turnover (x)	0.7	0.5	0.4	0.5	0.5
Current Ratio (x)	3.3	2.7	3.1	3.6	4.2
Quick Ratio (x)	2.1	0.9	1.8	2.2	2.7
Net Debt/Equity (X)	CASH	0.0	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	0.0	CASH	CASH	CASH
Capex to Debt (%)	46.1	77.2	24.6	24.6	24.6
Z-Score (X)	6.6	6.2	6.6	6.6	6.6

Source: Company, DBS Bank

## UMS Holdings

### Cash Flow Statement (\$m)

FY Dec	2017A	2018A	2019F	2020F	2021F
Pre-Tax Profit	55.2	45.5	34.4	41.4	47.7
Dep. & Amort.	4.32	5.67	5.67	5.67	5.67
Tax Paid	(2.1)	(3.6)	(2.3)	(2.3)	(2.9)
Assoc. & JV Inc/(loss)	0.04	(0.5)	0.0	0.0	0.0
Chg in Wkg.Cap.	(18.4)	(7.5)	12.7	(8.0)	(5.7)
Other Operating CF	0.02	(1.0)	0.0	0.0	0.0
<b>Net Operating CF</b>	<b>39.2</b>	<b>38.7</b>	<b>50.4</b>	<b>36.8</b>	<b>44.8</b>
Capital Exp.(net)	(8.8)	(15.7)	(5.0)	(5.0)	(5.0)
Other Invt.(net)	0.0	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	(0.1)	(33.4)	(10.0)	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	(2.1)	0.21	0.0	0.0	0.0
<b>Net Investing CF</b>	<b>(11.0)</b>	<b>(48.8)</b>	<b>(15.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>
Div Paid	(26.8)	(29.5)	(18.8)	(18.8)	(18.8)
Chg in Gross Debt	18.8	(0.3)	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(0.4)	(0.6)	0.0	0.0	0.0
<b>Net Financing CF</b>	<b>(8.5)</b>	<b>(30.5)</b>	<b>(18.8)</b>	<b>(18.8)</b>	<b>(18.8)</b>
Currency Adjustments	(2.8)	0.0	0.0	0.0	0.0
Chg in Cash	17.0	(40.6)	16.6	13.0	21.0
Opg CFPS (\$ cts)	10.7	8.60	7.03	8.34	9.41
Free CFPS (\$ cts)	5.67	4.29	8.46	5.93	7.42

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:	14 Nov 18	0.67	0.55	FULLY VALUED
2:	26 Feb 19	0.73	0.55	FULLY VALUED
3:	14 May 19	0.65	0.55	FULLY VALUED
4:	16 May 19	0.63	0.45	FULLY VALUED
5:	16 Aug 19	0.60	0.49	FULLY VALUED

Source: DBS Bank

Analyst: Lee Keng LING

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 share price catalysts within this time frame)

*\*Share price appreciation + dividends*

Completed Date: 24 Oct 2019 08:31:36 (SGT)

Dissemination Date: 24 Oct 2019 08:45:33 (SGT)

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