

# Singapore Company Guide

## Fu Yu Corp

Version 1 | Bloomberg: FUYU SP | Reuters: FUYU.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

25 Feb 2020

DBS is supported by the Research Talent Development Grant Scheme which aims to groom research talent to expand research coverage of small-mid cap SGX listed companies

### BUY

Last Traded Price ( 24 Feb 2020): S\$0.255 (STI : 3,142.20)

Price Target 12-mth: S\$0.35 (37% upside)

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#### What's New

- FY19 results above expectation; 4Q19 net profit was more-than-double our projection
- 4Q19 revenue declined 10.1% y-o-y, normalised gross profit margins improved to 25.6%
- Final dividend of 1.0Sct/share, attractive yield of 6.3%
- Maintain BUY and TP of S\$0.35

#### Price Relative



#### Forecasts and Valuation

FY Dec (\$m)	2019A	2020F	2021F	2022F
Revenue	194	175	197	219
EBITDA	32.2	20.9	25.6	27.6
Pre-tax Profit	16.2	26.8	24.6	26.5
Net Profit	12.7	21.2	19.5	21.0
Net Pft (Pre Ex.)	17.1	15.7	19.5	21.0
Net Pft Gth (Pre-ex) (%)	44.1	(8.4)	24.2	7.8
EPS (S cts)	1.69	2.82	2.59	2.79
EPS Pre Ex. (S cts)	2.27	2.08	2.59	2.79
EPS Gth Pre Ex (%)	44	(8)	24	8
Diluted EPS (S cts)	1.69	2.82	2.59	2.79
Net DPS (S cts)	1.60	1.60	1.60	1.60
BV Per Share (S cts)	21.7	23.0	23.9	25.1
PE (X)	15.1	9.0	9.9	9.1
PE Pre Ex. (X)	11.2	12.2	9.9	9.1
P/Cash Flow (X)	7.0	6.9	10.4	9.0
EV/EBITDA (X)	3.2	4.5	3.6	3.3
Net Div Yield (%)	6.3	6.3	6.3	6.3
P/Book Value (X)	1.2	1.1	1.1	1.0
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	7.7	12.6	11.0	11.4
Earnings Rev (%)		(3)	9	8
Consensus EPS (S cts)		2.0	1.9	-
Other Broker Recs:		B: 3	S: 0	H: 1

Source of all data on this page: Company, DBS Bank, Thomson Reuters

## Earnings recovery slightly delayed

**Margin expansion offsets slight decline in revenue.** Better-than-expected margin expansion in FY2019 (+4ppts) lifted normalised earnings even though revenue declined slightly (-1.8%). The consolidation of its Shanghai and Suzhou operations in 2H19 and more favourable product mix continued to lift margins. We expect the consolidation to benefit full year earnings in FY2020F, with an added lift from margin expansion from the redevelopment of 9 Tuas Drive by the end of 2020.

**COVID-19 to impact revenue and earnings in FY20F.** The outbreak of the COVID-19 had resulted in an extended Lunar New Year holiday and slowdown in economic activity in China. Although the number of new cases in China has peaked, the severity and timeframe of the outbreak remains uncertain as the number of new cases outside of China is increasing. We have trimmed FY2020F earnings by 3% to factor in an expected decline in sales, partially offset by the expected margins improvement, and also raised FY2021F/22F earnings by 9%/8% on margin expansion.

**Where we differ:** We are more positive on its gross profit margins from cost efficiency initiatives.

**Potential catalysts:** Improvement in the COVID-19 situation and manufacturing activity.

#### Valuation:

**Maintain BUY and TP of S\$0.35.** We have trimmed FY2020F earnings by 3% to factor in the extended shutdown of its factories in China and the broader economic slowdown. Our current TP of S\$0.35 represents an upside of 37% and is 11.8x its 12-m rolling forward PE

#### Key Risks to Our View:

Prolonged COVID-19 outbreak, increasing competition, escalation of the US-China trade war, sharp decline in USDUSD rate.

#### At A Glance

Issued Capital (m shrs)	753
Mkt. Cap (\$m/US\$m)	192 / 137
Major Shareholders (%)	
Tam Wai	12.9
Ho Nee Kit	12.9
Ching Heng Yang	11.8
Free Float (%)	62.4
3m Avg. Daily Val (US\$m)	0.53
GIC Industry : Industrials / Capital Goods	



**DBS**  
Live more, Bank less

## WHAT'S NEW

### FY2019 results above expectations boosted by margin expansion

#### Results Review

**4Q19 earnings of S\$3.7m (+27.4% y-o-y, -4.4% q-o-q) was more-than-double the market estimate of S\$1.5m.** The continued improvement in normalised gross profit margins was better than expected with a 5.5ppt jump from 2Q19 to 3Q19. FY2019 reported PATMI was S\$12.69m (+6.8% y-o-y), while core PATMI (excluding one-off expenses from the closure of its Shanghai plant) jumped 54% y-o-y to S\$18.3m on the back of higher gross profit margin and reduction in operating expenses as a percentage of revenue.

**4Q19 revenue decreased to S\$46.1m (-4.1% y-o-y, -10.1% q-o-q).** The decline was largely due to softer sales in Singapore and Malaysia. On a full year basis, revenue declined by a modest 1.8% to S\$194.1m (vs expectation of S\$197.3m). The decline in sales from China (-6.0% y-o-y) and Singapore (-2.0% y-o-y) was more than offset by an increase from Malaysia (+10.6% y-o-y).

**Margins continued to improve through cost enhancement initiatives.** 4Q19 normalised gross profit margins increased from 24.8% in 3Q19 to 25.6% in 4Q19 due to a better sales mix and efforts to improve efficiency. For the full year FY19, normalised gross profit margins increased by 4ppts to 21.9% on cost control measures, operational efficiencies, and better sales mix.

Overall, FY19 results were above expectations on margins improvement.

**Final dividend of 1.0Sct/share, maintaining its high dividend payout ratio.** With its healthy cash flow and financial position, FUYU has declared a final dividend of 1.0Sct/share, bringing full year dividend to 1.6Scts/share (vs 1.6Scts/share in FY2018). Its payout ratio is 95.0% of its reported PATMI. FUYU's full year dividend yield remains attractive at 6.3%.

#### Outlook and Recommendation

**Novel coronavirus (COVID-19) to negatively impact revenue and earnings in FY20.** With the COVID-19 outbreak in late January in China, the group's manufacturing operations in China had to remain closed after the Lunar New Year holidays. FUYU's factories in China have subsequently resumed operations from mid-February 2020. With the cessation of its Shanghai factory, FUYU has four (out of a total of seven) plants operating in China. Revenue derived from China accounted for c.54.4% of group revenue in FY2019. Hence, given the period of shutdown and current situation of the outbreak, we estimate the slowdown in economic activity will reduce FY2020's revenue by 13.1% to S\$174.7m.

**Slight impact to FY2020F earnings, raising earnings in FY2021/22F. Maintain BUY and TP of S\$0.35, with an attractive dividend yield of 6.3%.** New cases have peaked in China, but the severity and timeframe surrounding the outbreak remains uncertain with an increase in new cases outside of China. We have trimmed FY2020F normalised earnings by c.3% to S\$14.3m on the back of a downward revision in revenue, slightly offset by and upward revision in margins.

We continue to be positive on earnings growth in FY2021F/22F driven by a recovery in manufacturing activity and margins expansion. We have raised FY2021F/22F earnings by 9%/8% as we impute higher gross profit margins of 22.8%.

We are maintaining our BUY call and TP of S\$0.35. The stock currently trades at 11.8x on rolling 12-month forward PE, which is -0.3SD its 4-year average of 12.9x. With the group's strong operating cash flows and financial position, we believe FUYU will be able to maintain its dividend of 1.6Scts in FY2020F, which represents an attractive dividend yield of 6.3%.

## Fu Yu Corp

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

FY Dec	4Q2018	3Q2019	4Q2019	% chg yoy	% chg qoq
Revenue	48.1	51.3	46.1	(4.1)	(10.1)
Cost of Goods Sold	(39.4)	(38.6)	(34.3)	(13.0)	(11.2)
<b>Gross Profit</b>	<b>8.69</b>	<b>12.7</b>	<b>11.8</b>	<b>35.9</b>	<b>(7.0)</b>
Other Oper. (Exp)/Inc	(6.4)	(4.9)	(8.5)	32.3	72.4
<b>Operating Profit</b>	<b>2.24</b>	<b>7.75</b>	<b>3.28</b>	<b>46.3</b>	<b>(57.7)</b>
Other Non Opg (Exp)/Inc	1.44	1.26	1.52	5.5	20.3
Associates & JV Inc	(0.2)	0.0	0.0	nm	-
Net Interest (Exp)/Inc	0.39	0.45	0.33	(15.0)	(27.4)
Exceptional Gain/(Loss)	0.0	(4.8)	(0.8)	nm	(83.3)
<b>Pre-tax Profit</b>	<b>3.82</b>	<b>4.65</b>	<b>4.32</b>	<b>13.1</b>	<b>(6.9)</b>
Tax	(0.9)	(0.7)	(0.6)	(34.1)	(20.6)
Minority Interest	0.0	0.0	0.0	-	-
<b>Net Profit</b>	<b>2.94</b>	<b>3.91</b>	<b>3.74</b>	<b>27.4</b>	<b>(4.4)</b>
Net profit bef Except.	2.94	8.71	4.54	54.6	(47.9)
EBITDA	5.13	12.0	7.45	45.1	(37.7)
<b>Margins (%)</b>					
Gross Margins	18.1	24.8	25.6		
Opg Profit Margins	4.7	15.1	7.1		
Net Profit Margins	6.1	7.6	8.1		

Source of all data: Company, DBS Bank

**CRITICAL DATA POINTS TO WATCH**

**Critical Factors**

**Recovery in manufacturing sector temporarily delayed by the COVID-19 outbreak.** The latest (January) purchasing managers' indices (PMIs) do not fully reflect the impact of the COVID-19 outbreak as the cut-off date was around 20 January, which was prior to the escalation of the outbreak. Since then, the week-long Lunar New Year holiday had been extended by a week, and even longer in certain cities. We estimate the disruption will impact FY2020 revenue by c.13.1%.

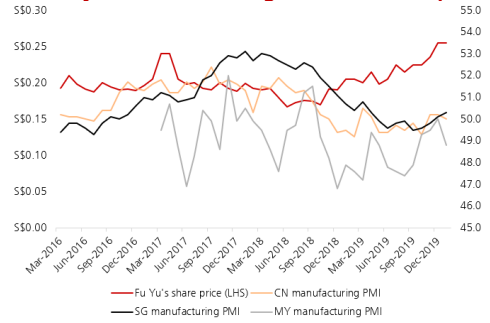
**Shift in product mix towards higher growth industries.** FUYU is focusing on shifting its product mix towards the faster growing industries (consumer, medical, and automotive & power tools). Various market research firms have projected plastic injection moulding within these industries to grow at high single digits in the next few years. This compares with the lower c.5% growth in the printing & imaging and general plastic injection moulding industries. This shift in product mix is favourable and should drive revenue growth for FUYU.

**Operational efficiencies to improve margins.** The consolidation of its factory operations in China and in Singapore have lifted margins. As FUYU gradually transfers its operations from its Shanghai factory to its factory in Suzhou, the streamlining of operations has resulted in normalised gross profit margins improving to 21.9% in FY2019. The factory has officially ceased to operate in 1Q20 and we are expecting FY2020F to benefit from the consolidation, with gross profit margins improving further to 22.3%.

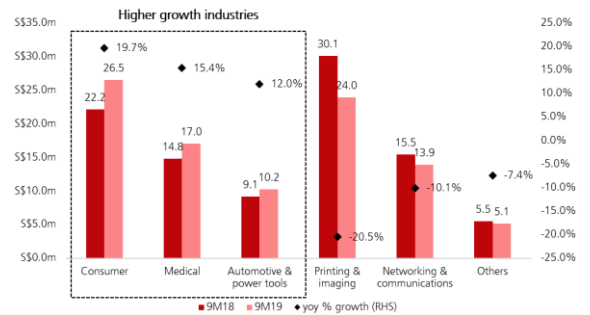
With the redevelopment of its premises at 9 Tuas Drive to complete in 4Q20, we are expecting a further improvement in gross profit margins to 22.8% in FY2021F through operational efficiencies. The new layout facilitates a seamless workflow across its operations and will consist of newer and more advanced equipment.

**USDSGD movement could affect earnings.** A significant portion of FUYU's trade transactions are denominated in USD and it retains its excess funds in USD. As its reporting currency is in SGD, it will record an FX translation gain/(loss) based on the movement of the USDSGD currency pair. Based on historical translations, we estimate that every percentage point gain/(loss) in the USDSGD is equivalent to an FX gain/(loss) of S\$0.5m. The USDSGD exchange rate movements could imply an FX gain in 1Q20.

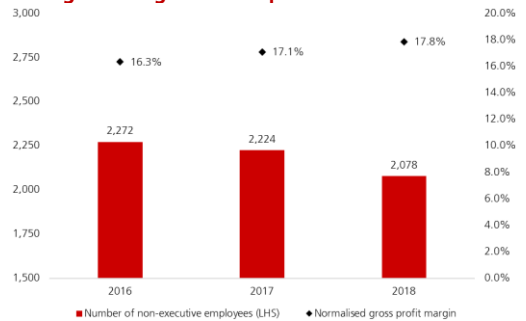
**Recovery of manufacturing PMIs to be hampered**



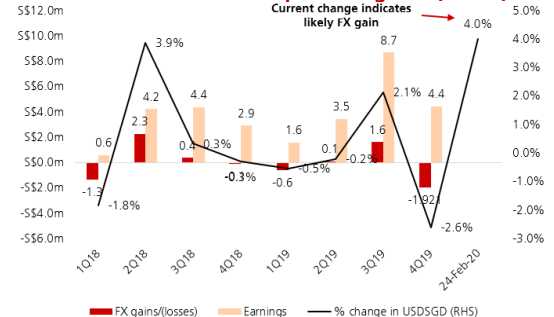
**Shift in product mix towards higher growth industries**



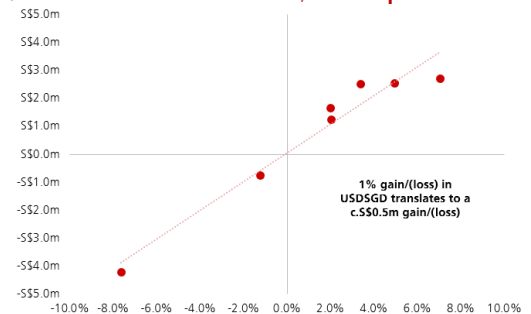
**Higher margins from operational efficiencies**



**USDSGD translation impacts FX gains/(losses)**



**1% move in USDSGD has a c.\$0.5m impact on earnings**



Source: Bloomberg Finance L.P., Company, DBS Bank

## Appendix 1: Peer Comparison Table

Bloomberg Ticker	Company Name	Market Cap (\$m)	Financial Data						Valuation					
			Sales (\$m)	Net Profit (\$m)	Net Profit Margin (%)	Cash (\$m)	Debt (\$m)	Net Cash as a % of Market Cap	Dividend Yield (%)	EV/EBITDA FY20F	EV/EBITDA FY21F	TTM PE	P/E FY20F	P/E FY21F
<b>Singapore Peers</b>														
FUYU SP Equity	Fu Yu Corp Ltd	192.0	194.1	12.7	6.5%	80.3	0.0	41.8%	6.3	6.1x	4.6x	15.8x	12.2x	9.9x
SUNN SP Equity	Sunningdale Tech Ltd	238.0	726.8	29.8	4.1%	88.7	109.7	-8.8%	6.5	6.5x	5.4x	14.9x	27.6x	14.4x
SPE SP Equity	Spindex Industries Ltd	117.7	155.8	15.3	9.8%	42.3	0.3	35.7%	3.2	N/A	N/A	8.2x	N/A	N/A
HIP SP Equity	Hi-P International Ltd	934.3	1,367.7	80.3	5.9%	329.6	148.3	19.4%	3.4	4.3x	4.0x	11.6x	12.2x	11.6x
<b>SG peer average</b>		<b>370.5</b>	<b>611.1</b>	<b>34.5</b>	<b>6.6%</b>	<b>135.2</b>	<b>64.6</b>	<b>22.0%</b>	<b>4.9</b>	<b>5.6x</b>	<b>4.7x</b>	<b>12.6x</b>	<b>17.3x</b>	<b>12.0x</b>
<b>SG peer average (excluding Fu Yu)</b>		<b>430.0</b>	<b>750.1</b>	<b>41.8</b>	<b>6.6%</b>	<b>153.5</b>	<b>86.1</b>	<b>15.4%</b>	<b>4.4</b>	<b>5.4x</b>	<b>4.7x</b>	<b>11.6x</b>	<b>19.9x</b>	<b>13.0x</b>
<b>Regional Peers</b>														
300151 CH Equity	Shenzhen Changhong Technology Co Ltd	826.6	141.5	11.6	8.2%	39.6	0.0	4.8%	0.7	N/A	N/A	64.4x	N/A	N/A
2283 HK Equity	TK Group Holdings Ltd	504.4	395.7	60.3	15.2%	124.8	59.6	12.9%	5.6	5.8x	4.9x	8.7x	8.5x	7.2x
BRB IN Equity	Bright Brothers Ltd	9.0	44.8	0.4	0.9%	0.5	2.0	-16.3%	2.5	N/A	N/A	22.9x	N/A	N/A
7958 JP Equity	Tenma Corp	644.3	1,038.3	27.2	2.6%	379.4	0.0	58.9%	4.2	N/A	N/A	14.3x	N/A	N/A
002855 CH Equity	Dongguan Chitwing Technology Co Ltd	755.8	449.3	6.0	1.3%	39.4	80.4	-5.4%	0.2	N/A	N/A	109.0x	N/A	N/A
<b>Regional peer average</b>		<b>496.1</b>	<b>405.1</b>	<b>24.9</b>	<b>6.7%</b>	<b>136.1</b>	<b>15.4</b>	<b>15.1%</b>	<b>3.3</b>	<b>5.8x</b>	<b>4.9x</b>	<b>27.6x</b>	<b>8.5x</b>	<b>7.2x</b>
<b>Total average</b>		<b>433.3</b>	<b>508.1</b>	<b>29.7</b>	<b>6.7%</b>	<b>135.7</b>	<b>40.0</b>	<b>18.6%</b>	<b>4.1</b>	<b>5.7x</b>	<b>4.7x</b>	<b>20.1x</b>	<b>15.1x</b>	<b>10.8x</b>
<b>Total average (excluding Fu Yu)</b>		<b>467.8</b>	<b>552.9</b>	<b>32.1</b>	<b>6.7%</b>	<b>143.6</b>	<b>45.7</b>	<b>15.2%</b>	<b>3.7</b>	<b>5.6x</b>	<b>4.8x</b>	<b>20.7x</b>	<b>16.1x</b>	<b>11.1x</b>

Source: Bloomberg Finance L.P., Company, DBS Bank

## Fu Yu Corp

### Balance Sheet:

**Net cash position.** FUYU has cash of S\$88.5m and no debt. Its cash level is equivalent to 40.4% of its total assets and 46.1% of its market capitalisation as of 24 February 2020 (share price of S\$0.255). We believe that it will remain in a net cash position with its current level of cash and cash-generating business.

**Increasing return on equity (ROE).** FUYU's business strategy in recent years has been to focus on more sustainable products and enhance productivity and efficiency. This has led to earnings and margin expansion, driving normalised ROE from 4.6% in FY2017 to 10.9% in FY2019.

### Share Price Drivers:

**Stable dividends, attractive yield.** FUYU has paid dividends of 1.5Scts/share from FY2015 to FY2017 and 1.6Scts/share in FY2018 and FY2019. Given its strong operating cash flows and financial position, we believe FUYU will continue to payout dividends of 1.6Scts/share, representing an attractive yield of 6.3% at its current price of S\$0.255.

**Delayed upturn in manufacturing activity.** Before the onset of COVID-19, manufacturing activities in Singapore, China, and Malaysia were turning up. A prolonging of the outbreak could further delay the recovery in the manufacturing sector.

**Operating margin expansion.** FUYU has consolidated part of its factory operations in China and redeveloped its factory in Singapore. Its lean management and automation are part of its initiatives to drive operating margins.

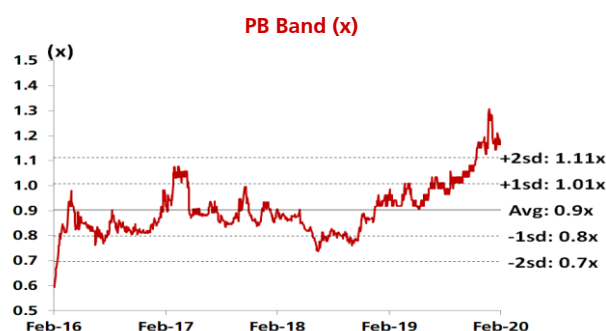
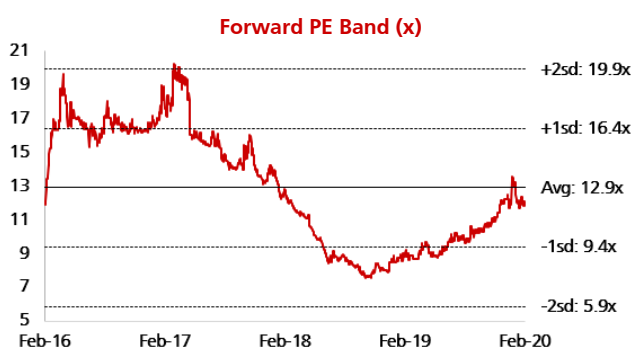
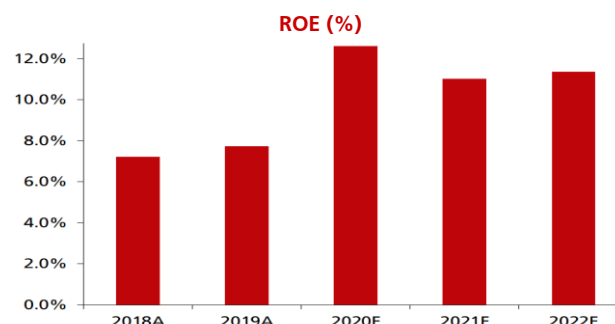
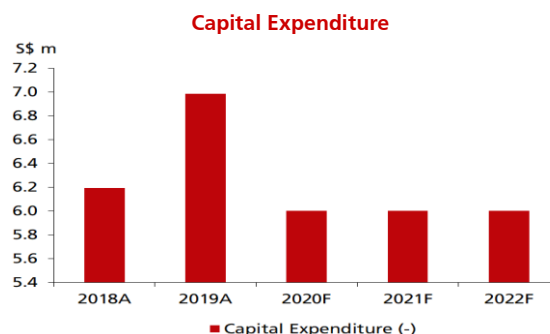
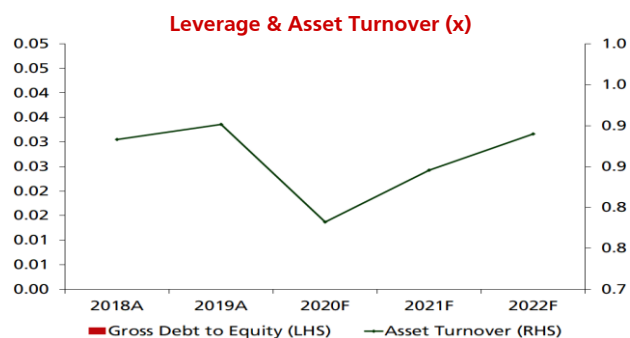
### Key Risks:

**Prolonged COVID-19 outbreak.** The escalation of COVID-19 in late January 2020 has disrupted supply chains in China and slowed manufacturing activities. A prolonged outbreak could further impact FUYU's earnings.

**Resumption of the US-China trade war.** A resumption of the US-China trade war will dampen consumer demand and impede the recovery of the manufacturing sector.

### Company Background

Fu Yu Corporation Limited (FUYU) is one of the largest manufacturers of high precision plastic parts and moulds in Asia. It offers a one-stop solution by providing vertically integrated services for the manufacturing of precision plastic components and the fabrication of precision moulds and dies. It is specialized in mechanical modules, computer peripherals, medical equipment, telecommunications, and consumer electronics.



Source: Company, DBS Bank

**Income Statement (\$m)**

FY Dec	2018A	2019A	2020F	2021F	2022F
Revenue	198	194	175	197	219
Cost of Goods Sold	(162)	(152)	(136)	(152)	(169)
<b>Gross Profit</b>	<b>35.3</b>	<b>42.4</b>	<b>38.9</b>	<b>45.0</b>	<b>49.9</b>
Other Opng (Exp)/Inc	(26.3)	(27.1)	(26.2)	(27.6)	(30.7)
<b>Operating Profit</b>	<b>9.00</b>	<b>15.3</b>	<b>12.7</b>	<b>17.4</b>	<b>19.3</b>
Other Non Opng (Exp)/Inc	6.12	5.44	5.44	5.44	5.44
Associates & JV Inc	(0.8)	(0.2)	0.0	0.0	0.0
Net Interest (Exp)/Inc	1.60	1.25	1.59	1.77	1.78
Exceptional Gain/(Loss)	0.0	(5.6)	7.00	0.0	0.0
<b>Pre-tax Profit</b>	<b>15.9</b>	<b>16.2</b>	<b>26.8</b>	<b>24.6</b>	<b>26.5</b>
Tax	(3.7)	(3.5)	(5.6)	(5.1)	(5.5)
Minority Interest	(0.3)	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>11.9</b>	<b>12.7</b>	<b>21.2</b>	<b>19.5</b>	<b>21.0</b>
Net Profit before Except.	11.9	17.1	15.7	19.5	21.0
EBITDA	21.3	32.2	20.9	25.6	27.6
<b>Growth</b>					
Revenue Gth (%)	1.4	(1.8)	(10.0)	13.0	11.0
EBITDA Gth (%)	49.5	51.2	(35.2)	22.5	7.8
Opg Profit Gth (%)	488.7	70.2	(16.8)	36.2	11.0
Net Profit Gth (Pre-ex) (%)	165.5	44.1	(8.4)	24.2	7.8
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	17.8	21.9	22.3	22.8	22.8
Opg Profit Margin (%)	4.6	7.9	7.3	8.8	8.8
Net Profit Margin (%)	6.0	6.5	12.2	9.9	9.6
ROAE (%)	7.2	7.7	12.6	11.0	11.4
ROA (%)	5.3	5.9	9.5	8.3	8.5
ROCE (%)	7.7	10.9	9.8	11.5	11.8
Div Payout Ratio (%)	101.4	94.9	56.8	61.8	57.4
Net Interest Cover (x)	NM	NM	NM	NM	NM

Excludes one-off expense of S\$4.2m related to the closure of its Shanghai factory

Estimated sale of 5 Tuas Drive 1

Source: Company, DBS Bank

**Quarterly / Interim Income Statement (\$5m)**

FY Dec	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019
Revenue	48.1	46.7	50.1	51.3	46.1
Cost of Goods Sold	(39.4)	(38.4)	(40.4)	(38.6)	(34.3)
<b>Gross Profit</b>	<b>8.69</b>	<b>8.26</b>	<b>9.66</b>	<b>12.7</b>	<b>11.8</b>
Other Oper. (Exp)/Inc	(6.4)	(7.5)	(6.5)	(4.9)	(8.5)
<b>Operating Profit</b>	<b>2.24</b>	<b>0.80</b>	<b>3.15</b>	<b>7.75</b>	<b>3.28</b>
Other Non Opg (Exp)/Inc	1.44	1.35	1.31	1.26	1.52
Associates & JV Inc	(0.2)	(0.1)	(0.1)	0.0	0.0
Net Interest (Exp)/Inc	0.39	0.40	0.41	0.45	0.33
Exceptional Gain/(Loss)	0.0	0.0	0.0	(4.8)	(0.8)
<b>Pre-tax Profit</b>	<b>3.82</b>	<b>2.48</b>	<b>4.76</b>	<b>4.65</b>	<b>4.32</b>
Tax	(0.9)	(0.9)	(1.3)	(0.7)	(0.6)
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>2.94</b>	<b>1.59</b>	<b>3.46</b>	<b>3.91</b>	<b>3.74</b>
Net profit bef Except.	2.94	1.59	3.46	8.71	4.54
EBITDA	5.13	5.10	7.35	12.0	7.45
<b>Growth</b>					
Revenue Gth (%)	(8.3)	(2.8)	7.2	2.4	(10.1)
EBITDA Gth (%)	(29.8)	(0.6)	44.2	62.7	(37.7)
Opg Profit Gth (%)	(61.2)	(64.2)	292.1	146.3	(57.7)
Net Profit Gth (Pre-ex) (%)	(33.2)	(45.9)	117.6	152.0	(47.9)
<b>Margins</b>					
Gross Margins (%)	18.1	17.7	19.3	24.8	25.6
Opg Profit Margins (%)	4.7	1.7	6.3	15.1	7.1
Net Profit Margins (%)	6.1	3.4	6.9	7.6	8.1

Excludes one-off expense of S\$0.2m related to the closure of its Shanghai factory

Excludes one-off expense of S\$4.0m related to the closure of its Shanghai factory

One-off expense due to the closure of its Shanghai factory

**Balance Sheet (\$5m)**

FY Dec	2018A	2019A	2020F	2021F	2022F
Net Fixed Assets	44.8	54.0	57.5	61.0	64.3
Invts in Associates & JVs	0.71	0.50	0.50	0.50	0.50
Other LT Assets	8.82	8.03	7.86	7.68	7.50
Cash & ST Invts	83.9	88.5	98.3	98.7	102
Inventory	16.9	16.4	14.9	16.7	18.6
Debtors	54.0	50.0	46.8	52.8	58.7
Other Current Assets	2.38	1.73	1.73	1.73	1.73
<b>Total Assets</b>	<b>212</b>	<b>219</b>	<b>228</b>	<b>239</b>	<b>253</b>
ST Debt	0.0	0.0	0.0	0.0	0.0
Creditor	43.0	40.9	37.5	42.1	46.8
Other Current Liab	3.48	5.73	8.41	7.96	8.36
LT Debt	0.0	0.0	0.0	0.0	0.0
Other LT Liabilities	0.95	8.79	8.79	8.79	8.79
Shareholder's Equity	164	164	173	180	189
Minority Interests	0.0	0.0	0.0	0.0	0.0
<b>Total Cap. &amp; Liab.</b>	<b>212</b>	<b>219</b>	<b>228</b>	<b>239</b>	<b>253</b>
Non-Cash Wkg. Capital	26.8	21.4	17.4	21.2	23.8
Net Cash/(Debt)	83.9	88.5	98.3	98.7	102
Debtors Turn (avg days)	104.3	97.8	101.1	92.1	92.9
Creditors Turn (avg days)	104.7	109.4	107.7	97.2	97.6
Inventory Turn (avg days)	40.6	43.4	42.9	38.6	38.7
Asset Turnover (x)	0.9	0.9	0.8	0.8	0.9
Current Ratio (x)	3.4	3.4	3.5	3.4	3.3
Quick Ratio (x)	3.0	3.0	3.2	3.0	2.9
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	N/A	N/A	N/A	N/A	N/A

Source: Company, DBS Bank

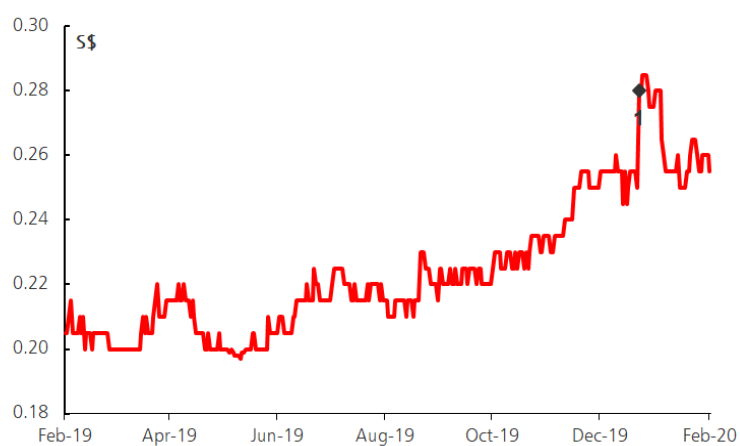


## Cash Flow Statement (\$\$m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Pre-Tax Profit	15.9	16.2	26.8	24.6	26.5
Dep. & Amort.	6.99	11.7	2.68	2.77	2.85
Tax Paid	(2.1)	(2.3)	(2.9)	(5.6)	(5.1)
Assoc. & JV Inc/(loss)	0.80	0.21	0.0	0.0	0.0
Chg in Wkg.Cap.	3.09	2.64	1.28	(3.3)	(3.0)
Other Operating CF	(1.4)	(1.1)	0.0	0.0	0.0
<b>Net Operating CF</b>	<b>23.3</b>	<b>27.3</b>	<b>27.9</b>	<b>18.5</b>	<b>21.2</b>
Capital Exp.(net)	(6.2)	(7.0)	(6.0)	(6.0)	(6.0)
Other Invts.(net)	(0.3)	3.59	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	1.60	1.70	0.0	0.0	0.0
<b>Net Investing CF</b>	<b>(4.9)</b>	<b>(1.7)</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(6.0)</b>
Div Paid	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)
Chg in Gross Debt	0.0	0.0	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(21.3)	(5.0)	0.0	0.0	0.0
<b>Net Financing CF</b>	<b>(33.3)</b>	<b>(17.1)</b>	<b>(12.0)</b>	<b>(12.0)</b>	<b>(12.0)</b>
Currency Adjustments	(0.2)	(0.4)	0.0	0.0	0.0
Chg in Cash	(15.1)	8.15	9.82	0.44	3.18
Opg CFPS (S cts)	2.68	3.28	3.53	2.89	3.22
Free CFPS (S cts)	2.27	2.70	2.90	1.66	2.02

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:	15 Jan 20	0.28	0.35	BUY

Source: DBS Bank

Analyst: Lee Keng LING

Singapore Research Team

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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: 25 Feb 2020 14:45:03 (SGT)

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