

# Singapore Company Guide

# Wilmar International

Version 25 | Bloomberg: WIL SP | Reuters: WLIL.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

27 Mar 2020

## BUY

Last Traded Price ( 26 Mar 2020): S\$3.18 (STI : 2,487.56)

Price Target 12-mth: S\$4.00 (26% upside) (Prev S\$4.60)

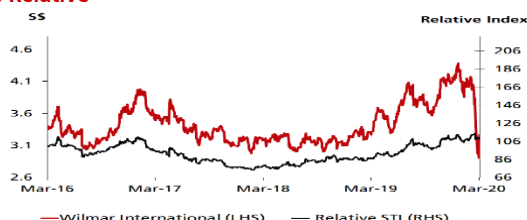
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### What's New

- Market rules out China listing at current share price
- Earnings volatility priced in; PE de-rated back to 'upstream palm oil' multiple, albeit expansion to consumer branded products
- Key downside risk: COVID-19 beyond 2020, heightened global recession
- Maintain BUY with TP of S\$4.00

### Price Relative



### Forecasts and Valuation

FY Dec (US\$ m)	2018A	2019A	2020F	2021F
Revenue	44,498	42,641	40,927	43,901
EBITDA	2,933	2,978	2,590	2,817
Pre-tax Profit	1,569	1,742	1,454	1,473
Net Profit	1,124	1,293	1,083	1,090
Net Pft (Pre Ex.)	1,304	1,235	1,083	1,090
Net Pft (ex. BA gains)	1,145	1,273	1,083	1,090
Net Pft Gth (Pre-ex) (%)	30.1	(5.3)	(12.3)	0.7
EPS (S cts)	25.1	28.9	24.2	24.4
EPS Pre Ex. (S cts)	29.1	27.6	24.2	24.4
EPS Gth Pre Ex (%)	30	(5)	(12)	1
Diluted EPS (S cts)	25.1	28.9	24.2	24.4
Net DPS (S cts)	10.9	13.0	10.9	11.0
BV Per Share (S cts)	358.6	374.7	386.5	399.9
PE (X)	12.5	10.9	13.0	12.9
PE Pre Ex. (X)	10.8	11.4	13.0	12.9
P/Cash Flow (X)	9.4	4.2	14.9	22.3
EV/EBITDA (X)	11.2	11.1	13.1	12.3
Net Div Yield (%)	3.5	4.1	3.5	3.5
P/Book Value (X)	0.9	0.8	0.8	0.8
Net Debt/Equity (X)	1.1	1.0	1.0	1.0
ROAE (%)	7.0	7.9	6.4	6.2
Earnings Rev (%):			(12)	(13)
Consensus EPS (S cts):			29.8	32.1
Other Broker Recs:		B: 13	S: 2	H: 3

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

## Navigating through rough seas

**Attractive post the sell down.** The recent share price correction has pulled down Wilmar International's (WIL) valuation to an attractive FY20 price-to-earnings (PE) of 13.3x, close to -1SD (standard deviation) of its five years PE. Stock is trading below its book. Market has stripped out the potential upside from the listing of its China operations. Although WIL's margins are vulnerable to the volatility of commodity prices which is the key risk to its short-term earnings, WIL's valuation at current share price implies that the market has anticipated up to 30% hit on its 2020 earnings.

**Where we differ: Its food-based business model can withstand COVID-19.** We believe that WIL can sustain during China's economic turbulence caused by the COVID-19 outbreak. Its strong presence in China's staple food market means that its well-diversified product line is irreplaceable, even amid the tough environment currently. The growing contribution from WIL's consumer branded products in the food market segment will provide a cushion on its earnings amid volatile commodity prices.

**Potential listing of its China operations.** The potential initial public offering (IPO) (A-share listing) of its China operations in 2020 at a higher PE multiple (vs WIL's existing PE multiple of 12.0-13.0x) could be a further share price catalyst. The listing is still on track but has been slightly delayed to 3Q20 due to COVID-19.

### Valuation:

We used the sum-of-the-parts (SOTP) valuation methodology to arrive at a target price (TP) of S\$4.00, which implies 16.3x FY20F PE.

### Key Risks to Our View:

**Worse-than-expected COVID-19 outbreak could lead to global recession.** A worse-than-expected fatality rates caused by COVID-19 may lead a more severe than expected economic turbulence and impact WIL's operations in China.

Issued Capital (m shrs)	6,341
Mkt. Cap (S\$m/US\$m)	20,164 / 13,931
Major Shareholders (%)	
Archer-Daniels-Midland Co	24.8
Kuok Brothers Sdn Bhd	18.6
Kerry Group Ltd	5.8
Free Float (%)	45.5
3m Avg. Daily Val (US\$m)	16.9

**GIC Industry :** Consumer Staples / Agricultural Products



Live more, Bank less

## WHAT'S NEW

### Navigating through rough seas

#### Share price: Where are we now?

We believe WIL is attractively valued, providing ample margin of safety. Market rules out catalysts such as potential earnings growth and its China listing due to current market volatility. This leaves a possible prolonged pandemic beyond 2020 and heightened global recession as the only major potential risk.

#### China presence: What's in the price?

Although the Yihai Kerry Arawana (YKA) listing is still on track for 3Q20, the market has already ruled this out as a potential catalyst this year with WIL's current PE multiple of 12x-13x. We believe that any possible listing delays have been baked into WIL's share price. Its share price level is not reflective of WIL's true presence in China. The market pegged valuation to 'black-box' commodities linked multiples back in 2017, before the China operation listing was announced.

We believe that the market has ignored WIL's presence in China as a leading player in some food segments such as flour and consumer pack edible oils. These are staple food and less sensitive to discretionary spending amid the COVID-19 pandemic. WIL proved its resilience during the escalating US-China trade war in 2017 which led to volatility of soybean prices, as well as the African Swine Fever (ASF) when earnings rebounded in 2H19.

WIL could capitalize on improvements in China and firmer recovery of economic activities. The closure of over 16 temporary hospitals for COVID-19 in Wuhan is a good sign of recovery.

#### Exposure to commodities: Volatility on the cards; de-rated to pure CPO upstream PE multiple again

Furthermore, we believe that WIL's share price correction reflects the broader sell-off of commodities-linked stocks. The market remains cautious of WIL's exposure to the volatility of commodity prices and market, as reflected on the current below average PE multiple (-1 standard deviation of its five years PE).

However, on the other hand, WIL's continuous initiatives to venture into branded products and leverage on its size and presence across Asia and Africa to mitigate volatile commodity prices. This should result in a more stable and steady earnings profile going forward. The listing of YKA will raise visibility for the group's strong presence in consumer branded goods.

#### Rating and TP : Maintain BUY with lower TP of S\$4.00

We lowered our FY20/21 earnings forecast by 12%/13% on lower China GDP growth assumption in 2020 at 4.9%, and lower oilseeds crushing margin assumption amid current commodities price volatility on COVID-19 until 2021. Our US\$1.1bn earnings forecast (-12 y-o-y) is premised on WIL still profiting from volatile commodities market as seen in 2017-2019 with the US-China trade war and ASF.

Our new earnings forecast results in lower SOTP based target price to S\$4.00, which implies FY20 PE of 16.3x. The target PE multiple is at +1 standard deviation of its five years average PE. We believe Wilmar deserves a valuation re-rating closer to consumer companies PE multiple, driven by higher contribution on consumer branded goods in the sales mix which accounted for around 60% of WIL's earnings in 2020.

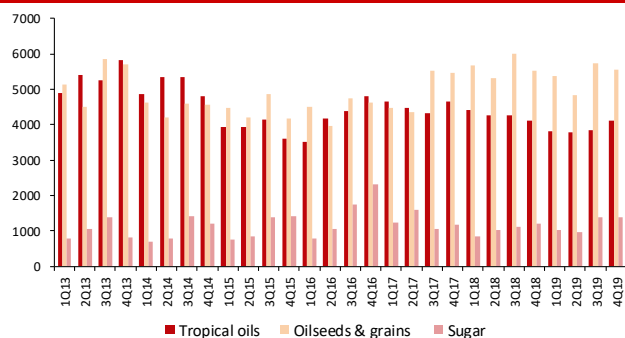
Its share price valuation reflects its earnings volatility. We estimate that the market has discounted an earnings drop of 30% y-o-y in 2020 due to the COVID-19 pandemic and unexpected commodity price swings.

#### What is the key risk? Global recession – share price valuation de-rating to GFC 2008 level

A prolonged COVID-19 pandemic beyond 2020 may trigger a global recession, which has not been fully priced in yet. However, concerted efforts by governments worldwide with stimulus to fight against COVID-19's negative effect may minimize the risk of a free-fall. In the case of a global recession, WIL could test S\$2.00-2.50 per share level which implies trough valuation of 8.0x-10.0x FY20 PE, at GFC 2008 PE multiple.

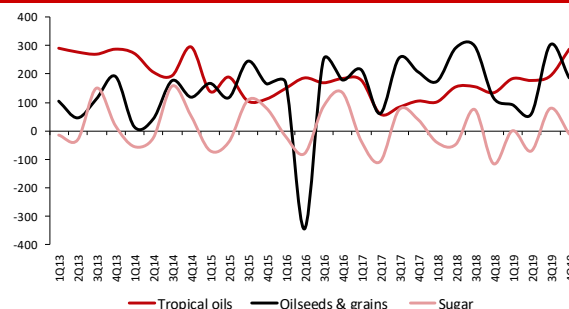
However, we believe the de-rating scenario is unlikely. Wilmar has transformed from a commodity giant to an integrated consumer player backed by its full range of packaged and branded consumer goods which accounted for more than half of WIL's earnings currently. This compares favourably vs 2008 as the consumer branded goods only accounted for 4% of its consolidated profit before tax.

### Quarterly earnings trend



Source: Company, DBS Bank

### Quarterly profit before tax



Source: Company, DBS Bank

### DBS - YKA's listing scenario

Ex. China NPATMI	China NPATMI	Blended PE (X)	DBS Wilmar 2020 NPATMI (US\$m)	Wilmar US\$ Market Cap (US\$m)	Wilmar S\$ Market Cap (S\$m)	Share price (S\$)
40%	60%					
13	11	11.9		12,909.36	18,073.10	2.85
13	12	12.5		13,559.16	18,982.82	3.00
13	13	13.1		14,208.96	19,892.54	3.14
13	14	13.7		14,858.76	20,802.26	3.28
13	15	14.3		15,508.56	21,711.98	3.43
13	16	14.9		16,158.36	22,621.70	3.57
13	17	15.5	1,083	16,808.16	23,531.42	3.72
13	18	16.0		17,328.00	24,259.20	3.83
13	19	16.7		18,107.76	25,350.86	4.00
13	20	17.2		18,627.60	26,078.64	4.12
13	21	17.9		19,407.36	27,170.30	4.29
13	22	18.5		20,057.16	28,080.02	4.43
13	23	19.1		20,706.96	28,989.74	4.58

Source : DBS Bank

SGD/USD 1.4

Shares Outstanding 6,333m shares

Assuming China NPATMI 60% of WIL's consolidated NPATMI

### Sum-of-parts (SOTP) valuation summary

Divisions	NPAT FY20F Estimates (US\$m)	EPS (US\$)	FY20 PE (X)	Value (US\$)	Value (S\$)
Tropical oils	413.1	0.07	15.5	1.01	1.4
Oilseeds & grains	509.9	0.09	18.0	1.45	2.0
Sugar/others	226.8	0.04	11.0	0.39	0.5
Minority interest	66.4				
<b>Total</b>	<b>1,083.4</b>			<b>3.3</b>	<b>4.00</b>

Source : DBS Bank

**CRITICAL DATA POINTS TO WATCH**

**Critical Factors**

**CPO and soybean prices.** Approximately 20% of its earnings before interest and taxes (EBIT) is from sales of crude palm oil (CPO) and palm kernel (PK). CPO price movements directly affect the profit of WIL's plantation segment. As one of the largest processors of both CPO and soybeans globally, the group holds varying levels of inventories. Generally, changes in commodity prices would also affect the group's consumer segment with some lag.

**Capacity utilisation and volume output.** WIL constantly assesses its capacity utilisation. Changes in soybean exports to China by competitors and soybean prices may prompt WIL to adjust its crushing volumes as well as margins.

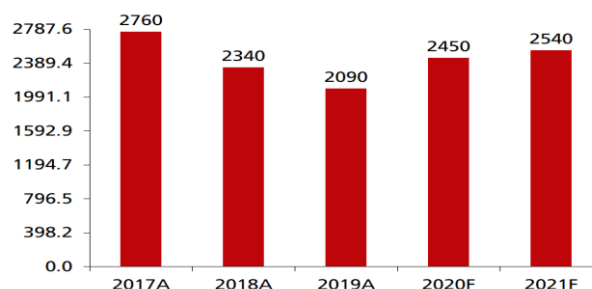
**Weather and supply chain congestion.** A worse-than-expected drop in fresh fruit bunches (FFB) yield would adversely impact our forecast for this year, due to the continued dry weather in some parts of Malaysia and Indonesia. WIL constantly monitors its supply chain to avoid delays in deliveries to customers.

**Changes in export tax policy.** A prospective increase in biodiesel production in Indonesia may lead to an oversupply and lower the price of glycerin (by-product of biodiesel output) in WIL's oleochemicals unit, although this makes up only a minor share of the group's downstream operations. Zero export taxes instituted for much of CY15 in both Malaysia and Indonesia had an adverse impact on palm oil refining margins. Changes in tax policy should therefore have a direct impact on WIL's refining profits.

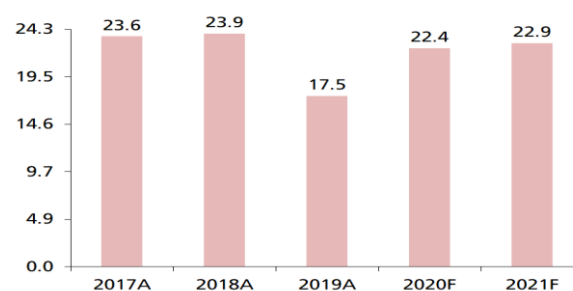
**Movement in crude oil prices.** Global demand for both ethanol and biodiesel is subject to certain crude oil price thresholds. Below this level, demand for both products would be adversely affected, and would influence sugarcane, corn and palm oil prices. WIL's sugar milling segment is exposed to volatility in sugar prices if left unhedged.

**Geographic exposure.** WIL's consolidated revenue is globally distributed, with China contributing over 50% in FY18, followed by Southeast Asia at 17%, and Europe and Africa at c.6% respectively. This means that currency movements in China and Southeast Asia would affect WIL's earnings. Prospective economic recovery in these markets should also improve WIL's earnings outlook. Yet, we should also note that competing processors are also vying for the same markets, which would make recoveries not exclusive to WIL. The group also requires a significant amount of working capital, which would affect its borrowing cost.

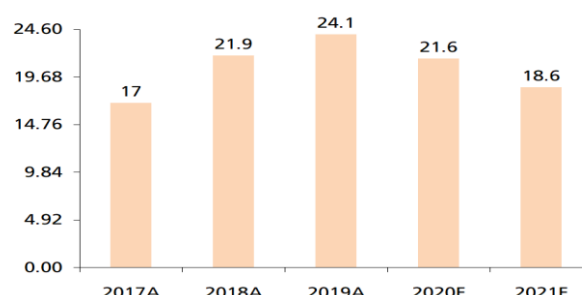
**CPO price (RM/MT)**



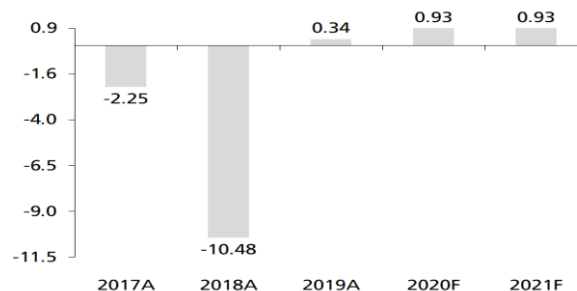
**Oilseeds & grains pretax (US\$/MT)**



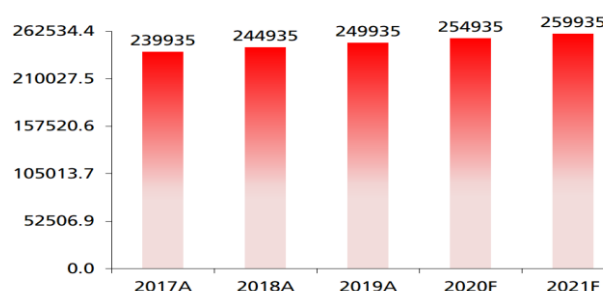
**Tropical oils pretax (US\$/MT)**



**Sugar pretax (US\$/MT)**



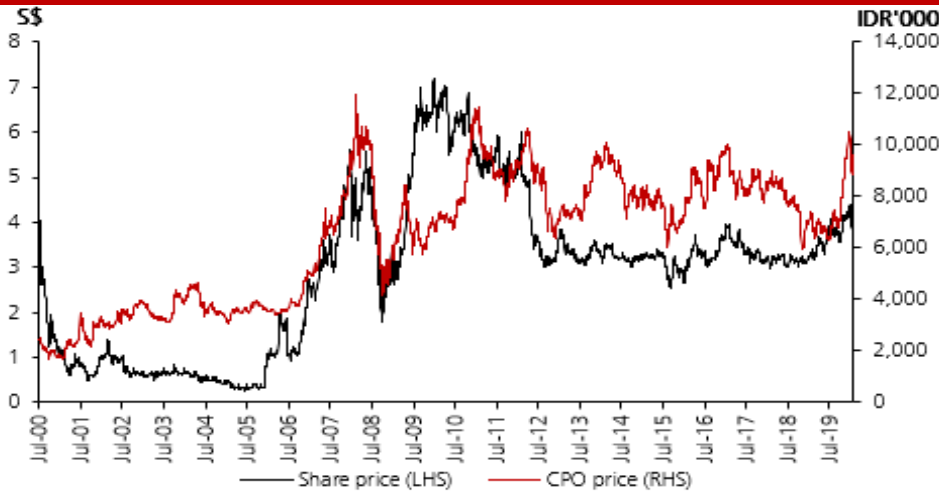
**Oil palm planted area (Ha)**



Source: Company, DBSVI, DBS Bank

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

**CPO prices (in IDR) as a critical factor**

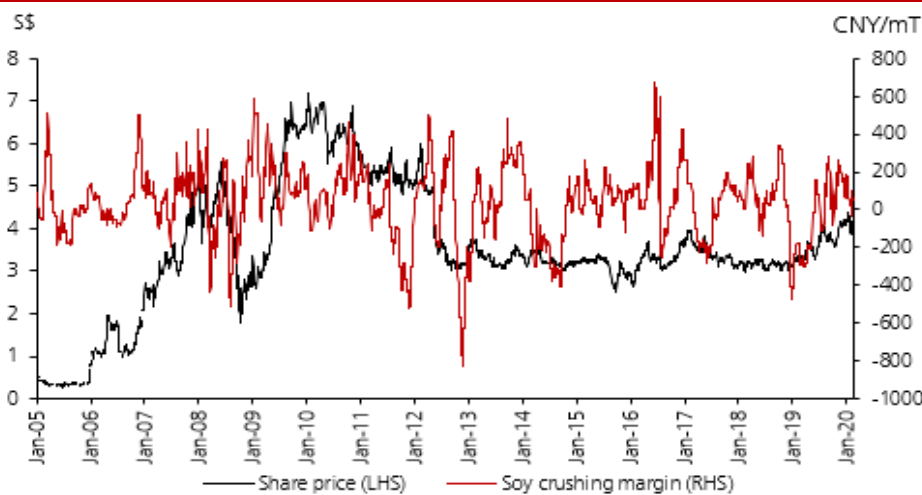


**Remarks**

CPO price is the key catalyst for plantation stocks; share price movement generally tracks CPO spot price. However, the outperformance and underperformance of plantation stocks to CPO prices are dictated by the productivity factor. Stronger or weaker than expected yields have dictated share price sensitivity to CPO price.

WIL's share price correlation with CPO prices over the last 16 years is ~76%, the highest among SGX-listed plantation stocks.

**Soy crushing margin vs. share price performance**

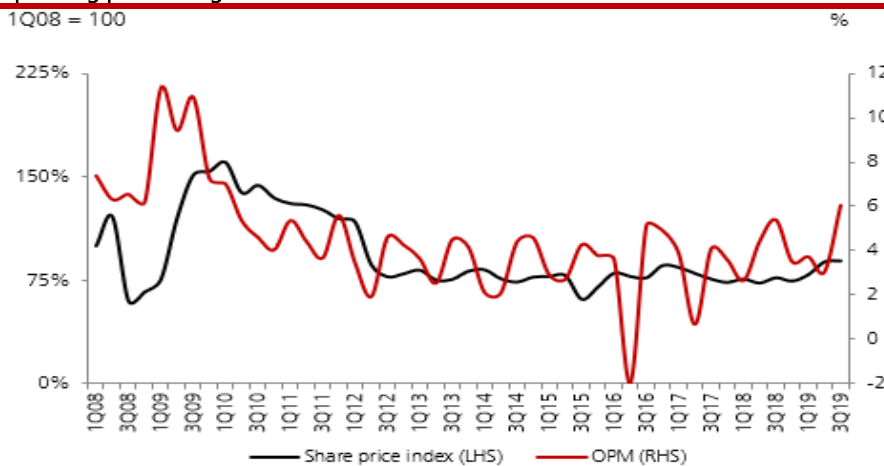


**Remarks**

Historically, spot margin calculations has had no direct correlation with WIL's oilseeds & grains pre-tax margins. However, soy crushing margin had a correlation of ~67% with WIL's share price from Jan – Jun 2017. Thereafter, this relationship broke down with improving soy crushing margins.

WIL's hedging strategy offers some protection to its consolidated profitability (see chart below), with only 1Q16 consolidated pre-tax losses since 2008.

**Operating profit margin as a critical factor**



**Remarks**

WIL's share price direction generally tracks its operating profit margin (OPM), with the exception of 2Q16 when it recorded one-off significant realised mark-to-market losses in its short positions.

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

**Balance Sheet:**

**Decent balance sheet.** Adjusting for liquid working capital, the group's total debt-to-equity ratio was 0.6x as at end-December 2020, stable y-o-y. We forecast FY20 earnings before interest, taxes, depreciation and amortisation (EBITDA)/interest ratio at 10.0x, while FY20 current ratio is forecast at 1.1x.

**Value creation in progress.** We expect the group to have a return on equity-weighted (ROE-WACC) spread of 1.0% in FY20F/21F versus a negative spread in the last two years. With capital expenditure (capex) outlay of c.US\$1.0bn p.a. in FY20F-21F, we expect WIL to continue to generate positive free cash flows.

**Share Price Drivers:**

**Rising contribution from consumer and JV segments may address concerns of exposure to commodity prices.** We believe that the market has already priced in the group's earnings volatility in the last two years. Any visible improvements in its consumer division (i.e. rice & flour milling) and/or joint venture (JV) contribution from Goodman Fielder would boost its share price.

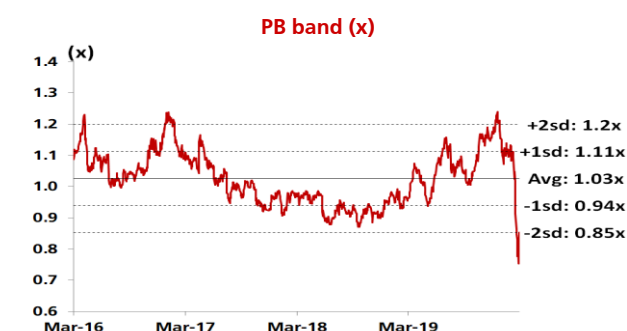
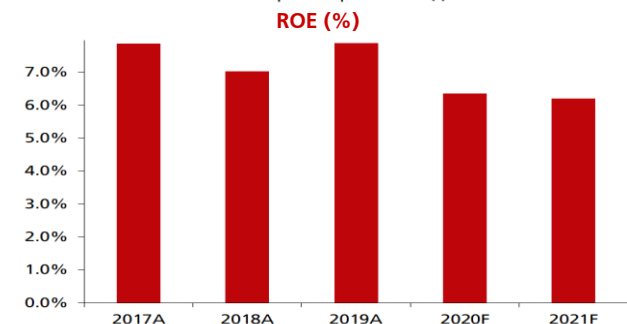
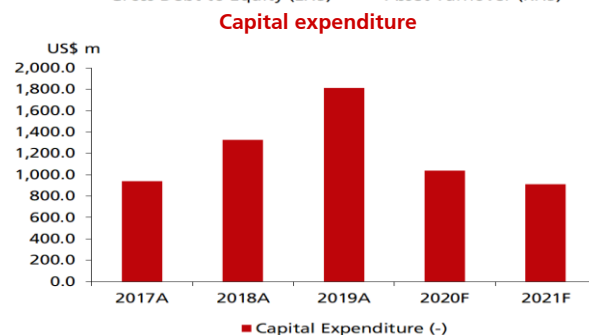
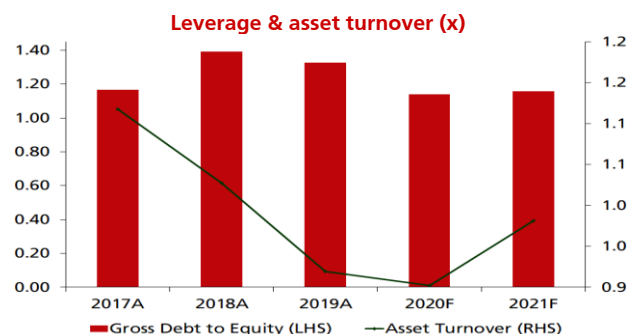
**Key Risks:**

**Volatility in CPO prices and USD exchange rates.** Continued strength in CPO prices may deliver better-than-expected earnings, while lower energy prices from expansion of US shale gas would have an adverse impact on demand for vegetable oils for biofuels. Likewise, volatility in the US Dollar (USD) would affect profitability of planters in general.

**Worse-than-expected COVID-19 outbreak.** A worse-than-expected fatality rate in the ongoing COVID-19 pandemic may cause a more severe-than-expected economic turbulence and impact WIL's operations in China.

**Company Background**

Wilmar International (Wilmar) is an integrated agribusiness company. It is involved in oil palm cultivation, edible oil refining, oilseed crushing, consumer pack edible oil processing and merchandising, specialty fats, oleochemicals and biodiesel manufacturing, and grain processing and merchandising. Wilmar also manufactures and distributes fertilisers and owns a fleet of vessels.



Source: Company, DBSVI, DBS Bank



### Key Assumptions

FY Dec	2017A	2018A	2019A	2020F	2021F
CPO price (RM/MT)	2,760	2,340	2,090	2,450	2,540
Oilseeds & grains pretax	23.6	23.9	17.5	22.4	22.9
Tropical oils pretax	17.0	21.9	24.1	21.6	18.6
Suqar pretax (US\$/MT)	(2.25)	(10.48)	0.34	0.93	0.93
Oil palm planted area	239,935	244,935	249,935	254,935	259,935

### Segmental Breakdown

FY Dec	2017A	2018A	2019A	2020F	2021F
<b>Revenues (US\$ m)</b>					
Tropical oils	18,067	16,766	15,350	17,157	17,658
Oilseeds & grains	19,806	23,035	18,386	19,921	21,931
Suqar	4,818	3,585	4,033	4,240	4,731
Others	2,120	2,297	2,155	2,260	2,371
Elimination	(1,238)	(1,185)	2,716	(2,652)	(2,789)
<b>Total</b>	<b>43,574</b>	<b>44,498</b>	<b>42,641</b>	<b>40,927</b>	<b>43,901</b>
<b>Pretax (US\$ m)</b>					
Tropical oils	426	547	597	531	455
Oilseeds & grains	735	875	528	655	758
Suqar	(25)	(123)	4	12	13
Others	242	20	14	15	13
Unallocated costs	184	250	599	242	234
<b>Total</b>	<b>1,563</b>	<b>1,569</b>	<b>1,742</b>	<b>1,454</b>	<b>1,473</b>
<b>Pretax Margins (%)</b>					
Tropical oils	2.4	3.3	3.9	3.1	2.6
Oilseeds & grains	3.7	3.8	2.9	3.3	3.5
Suqar	(0.5)	(3.4)	0.1	0.3	0.3
Others	11.4	0.9	0.6	0.6	0.6
<b>Total</b>	<b>3.6</b>	<b>3.5</b>	<b>4.1</b>	<b>3.6</b>	<b>3.4</b>

### Income Statement (US\$ m)

FY Dec	2017A	2018A	2019A	2020F	2021F
Revenue	43,574	44,498	42,641	40,927	43,901
Cost of Goods Sold	(39,807)	(40,107)	(38,154)	(37,189)	(39,811)
<b>Gross Profit</b>	<b>3,767</b>	<b>4,390</b>	<b>4,486</b>	<b>3,739</b>	<b>4,090</b>
Other Opnq (Exp)/Inc	(2,374)	(2,600)	(2,539)	(2,285)	(2,458)
<b>Operatina Profit</b>	<b>1,393</b>	<b>1,790</b>	<b>1,947</b>	<b>1,453</b>	<b>1,632</b>
Other Non Opq (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	228	310	153	274	274
Net Interest (Exp)/Inc	(253)	(352)	(417)	(273)	(433)
Exceptional Gain/(Loss)	194	(180)	59	0	0
<b>Pre-tax Profit</b>	<b>1,563</b>	<b>1,569</b>	<b>1,742</b>	<b>1,454</b>	<b>1,473</b>
Tax	(282)	(350)	(372)	(308)	(312)
Minority Interest	(85)	(95)	(77)	(64)	(71)
Preference Dividend	0	0	0	0	0
<b>Net Profit</b>	<b>1,196</b>	<b>1,124</b>	<b>1,293</b>	<b>1,083</b>	<b>1,090</b>
Net Profit before Except.	1,002	1,304	1,235	1,083	1,090
Net Pft (ex. BA gains)	1,203	1,145	1,273	1,083	1,090
EBITDA	2,397	2,933	2,978	2,590	2,817
<b>Growth</b>					
Revenue Gth (%)	5.2	2.1	(4.2)	(4.0)	7.3
EBITDA Gth (%)	10.8	22.4	1.6	(13.0)	8.8
Opq Profit Gth (%)	6.7	28.5	8.8	(25.4)	12.3
Net Profit Gth (%)	23.0	(6.0)	15.1	(16.3)	0.7
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	8.6	9.9	10.5	9.1	9.3
Opq Profit Margin (%)	3.2	4.0	4.6	3.6	3.7
Net Profit Margin (%)	2.7	2.5	3.0	2.6	2.5
ROAE (%)	7.9	7.0	7.9	6.4	6.2
ROA (%)	3.1	2.6	2.8	2.4	2.4
ROCE (%)	3.2	3.6	3.7	2.8	3.1
Div Payout Ratio (%)	39.2	43.5	45.0	45.0	45.0
Net Interest Cover (x)	5.5	5.1	4.7	5.3	3.8

Source: Company, DBSVI, DBS Bank

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

FY Dec	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019
Revenue	11,190	10,444	9,782	11,164	11,250
Cost of Goods Sold	(10,127)	(9,433)	(8,872)	(9,852)	(9,997)
<b>Gross Profit</b>	<b>1,063</b>	<b>1,011</b>	<b>910</b>	<b>1,312</b>	<b>1,253</b>
Other Oper. (Exp)/Inc	(676)	(620)	(610)	(635)	(674)
<b>Operating Profit</b>	<b>387</b>	<b>391</b>	<b>300</b>	<b>677</b>	<b>579</b>
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	153	21	22	25	85
Net Interest (Exp)/Inc	(110)	(108)	(121)	(106)	(82)
Exceptional Gain/(Loss)	(130)	1	(40)	81	17
<b>Pre-tax Profit</b>	<b>301</b>	<b>305</b>	<b>160</b>	<b>677</b>	<b>600</b>
Tax	(67)	(42)	(20)	(168)	(141)
Minority Interest	(39)	(5)	(12)	(32)	(39)
<b>Net Profit</b>	<b>195</b>	<b>257</b>	<b>128</b>	<b>477</b>	<b>420</b>
Net profit bef Except.	324	256	168	396	403
EBITDA	784	614	563	919	906

**Growth**

Revenue Gth (%)	(2.0)	(6.7)	(6.3)	14.1	0.8
EBITDA Gth (%)	(12.1)	(21.7)	(8.4)	63.2	(1.3)
Opg Profit Gth (%)	(38.0)	1.0	(23.4)	125.8	(14.4)
Net Profit Gth (%)	(51.9)	32.1	(50.3)	273.3	(11.8)

**Margins**

Gross Margins (%)	9.5	9.7	9.3	11.8	11.1
Opg Profit Margins (%)	3.5	3.7	3.1	6.1	5.2
Net Profit Margins (%)	1.7	2.5	1.3	4.3	3.7

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

FY Dec	2017A	2018A	2019A	2020F	2021F
Net Fixed Assets	8,756	9,345	9,851	9,908	9,841
Invts in Associates & JVs	3,428	3,715	3,103	3,377	3,651
Other LT Assets	6,169	6,362	8,520	8,716	8,862
Cash & ST Invts	4,532	5,163	5,745	2,397	2,736
Inventory	8,224	7,911	7,961	7,735	8,281
Debtors	9,456	11,868	11,530	11,229	12,045
Other Current Assets	368	1,348	339	339	339
<b>Total Assets</b>	<b>40,933</b>	<b>45,713</b>	<b>47,049</b>	<b>43,701</b>	<b>45,754</b>
ST Debt	16,130	17,821	18,288	15,614	16,748
Creditor	2,893	3,356	4,140	2,897	3,101
Other Current Liab	663	1,664	567	505	507
LT Debt	3,696	5,523	5,419	5,419	5,419
Other LT Liabilities	564	574	758	796	836
Shareholder's Equity	15,964	16,046	16,763	17,292	17,894
Minority Interests	1,022	729	1,114	1,178	1,249
Put Equity Reserve	N/A	N/A	N/A	N/A	N/A
<b>Total Cap. &amp; Liab.</b>	<b>40,933</b>	<b>45,713</b>	<b>47,049</b>	<b>43,701</b>	<b>45,754</b>
Non-Cash Wkg. Capital	14,491	16,108	15,122	15,901	17,056
Net Cash/(Debt)	(15,295)	(18,182)	(17,963)	(18,637)	(19,431)
Debtors Turn (avg days)	66.6	87.5	100.1	101.5	96.8
Creditors Turn (avg days)	29.5	29.0	36.7	35.4	28.1
Inventory Turn (avg days)	71.3	75.0	77.7	78.9	75.1
Asset Turnover (x)	1.1	1.0	0.9	0.9	1.0
Current Ratio (x)	1.1	1.2	1.1	1.1	1.1
Quick Ratio (x)	0.7	0.7	0.8	0.7	0.7
Net Debt/Equity (X)	0.9	1.1	1.0	1.0	1.0
Net Debt/Equity ex MI (X)	1.0	1.1	1.1	1.1	1.1
Capex to Debt (%)	4.7	5.7	7.6	4.9	4.1
Z-Score (X)	2.0	1.9	2.0	2.0	2.0

Source: Company, DBSVI, DBS Bank



## Cash Flow Statement (US\$ m)

FY Dec	2017A	2018A	2019A	2020F	2021F
Pre-Tax Profit	1,563	1,569	1,742	1,454	1,473
Dep. & Amort.	775	832	878	863	911
Tax Paid	(286)	(387)	(247)	(308)	(312)
Assoc. & JV Inc/(loss)	(228)	(310)	(153)	(274)	(274)
Chg in Wkg.Cap.	(1,728)	149	1,098	(717)	(1,157)
Other Operating CF	208	(352)	19	(74)	(11)
<b>Net Operating CF</b>	<b>303</b>	<b>1,501</b>	<b>3,338</b>	<b>945</b>	<b>631</b>
Capital Exp.(net)	(938)	(1,325)	(1,813)	(1,039)	(910)
Other Invts.(net)	0	0	0	0	0
Invts in Assoc. & JV	0	0	0	0	0
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	84	(44)	126	(144)	(157)
<b>Net Investing CF</b>	<b>(854)</b>	<b>(1,370)</b>	<b>(1,687)</b>	<b>(1,182)</b>	<b>(1,067)</b>
Div Paid	(320)	(495)	(462)	(559)	(488)
Chg in Gross Debt	3,167	819	794	(2,674)	1,134
Capital Issues	22	3	31	0	0
Other Financing CF	(3,268)	(46)	(1,338)	38	40
<b>Net Financing CF</b>	<b>(399)</b>	<b>281</b>	<b>(975)</b>	<b>(3,196)</b>	<b>686</b>
Currency Adjustments	0	0	0	0	0
Chg in Cash	(949)	412	676	(3,433)	250
Opg CFPS (S cts)	31.7	21.1	35.0	25.9	27.9
Free CFPS (S cts)	(9.9)	2.7	23.8	(1.5)	(4.4)

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:	10 Apr 19	3.50	3.60	BUY
2:	12 Apr 19	3.59	3.60	BUY
3:	10 May 19	3.51	3.60	BUY
4:	13 May 19	3.53	3.86	BUY
5:	12 Jun 19	3.41	3.86	BUY
6:	10 Jul 19	3.72	4.30	BUY
7:	15 Jul 19	3.83	4.30	BUY
8:	14 Aug 19	3.86	4.30	BUY
9:	15 Aug 19	3.78	4.25	BUY
10:	20 Aug 19	3.79	4.25	BUY
11:	12 Sep 19	3.86	4.25	BUY
12:	11 Nov 19	3.83	4.25	BUY
13:	14 Nov 19	4.00	4.35	BUY
14:	09 Dec 19	4.10	4.60	BUY
15:	21 Feb 20	4.11	4.60	BUY

Source: DBSVI, DBS Bank

Analyst: William Simadiputra

Rui Wen LIM

DBSVI, 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: 27 Mar 2020 07:58:45 (SGT)

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