Company Guide

Muhibbah Engineering

Refer to important disclosures at the end of this report
Version 11 | Bloomberg: MUHI MK | Reuters: MUHI.KL

AllianceDBS Research, Malaysia Equity 21 Nov 2017

BUY

Last Traded Price (20 Nov 2017): RM2.80 (**KLCI :** 1,718.36)
Price Target 12-mth: RM3.60 (29% upside) (Prev RM3.60)

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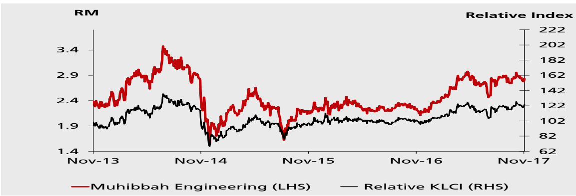
What's New

- The market discounts the deep intrinsic value as it has not clinched a large-scale MRT or LRT project
- Phenomenal growth for airports – contribution at 50% of bottomline now with implied valuation of 11x PE
- Favco sowing the seeds for future growth
- Maintain BUY and TP of RM3.60

Price Relative



Forecasts and Valuation

FY Dec (RM m)	2016A	2017F	2018F	2019F
Revenue	1,919	1,718	1,713	1,905
EBITDA	270	270	301	324
Pre-tax Profit	183	178	207	229
Net Profit	106	129	143	155
Net Pft (Pre Ex.)	106	129	143	155
Net Pft Gth (Pre-ex) (%)	22.7	21.8	11.6	8.3
EPS (sen)	21.9	26.7	29.7	32.2
EPS Pre Ex. (sen)	21.9	26.7	29.7	32.2
EPS Gth Pre Ex (%)	23	22	12	8
Diluted EPS (sen)	21.9	26.7	29.7	32.2
Net DPS (sen)	4.98	5.33	5.95	6.45
BV Per Share (sen)	203	224	249	275
PE (X)	12.8	10.5	9.4	8.7
PE Pre Ex. (X)	12.8	10.5	9.4	8.7
P/Cash Flow (X)	8.5	19.1	11.1	18.4
EV/EBITDA (X)	8.7	8.8	7.8	7.4
Net Div Yield (%)	1.8	1.9	2.1	2.3
P/Book Value (X)	1.4	1.2	1.1	1.0
Net Debt/Equity (X)	0.4	0.4	0.3	0.3
ROAE (%)	11.7	12.5	12.6	12.3
Earnings Rev (%):		0	0	0
Consensus EPS (sen):		25.7	28.3	29.6
Other Broker Recs:		B: 5	S: 0	H: 1

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

Shedding the unappreciated infra image

Scarcity premium. Muhibbah is an ideal proxy to the 11th Malaysia Plan given its expertise in three core areas: i) civil engineering; ii) marine-based construction, and iii) offshore and onshore fabrication works, where its Petronas licence offers an advantage. Other contractors do not have this combination to vie in the competitive civil engineering space.

Where we differ. Our TP is at the higher end of consensus range as we believe the market has yet to fully appreciate its unique business model with varied construction expertise and strong recurring income. We estimate its 21% stake in the Cambodia airport concession to be worth conservatively RM677m (DCF, WACC 10% and average passenger traffic growth of 5% p.a. until 2040), which is already about half of the stock's market capitalisation. Revenues are also in USD which can help boost its earnings given the weak ringgit. Our EPS for FY18F and FY19F are above consensus forecasts.

Potential catalysts. The sizeable recognition of lumpy variation orders (VO) has started to be recognised in 2Q17. Infrastructure wins for 2017 have been encouraging with YTD wins of RM1bn, comprising infrastructure-related works in Qatar and a marine-based contract for Bintulu Port. Its total construction orderbook now stands at RM1.7bn while its total outstanding orderbook including cranes and shipyard is RM2.2bn. We expect Muhibbah to be present in projects from all parts of the construction value chain while a pick-up in oil and gas activities could see a resurgence in offshore cranes for Favelle Facvo.

Valuation:

Muhibbah is a BUY with an SOP-derived TP of RM3.60. We value the stock based on SOP as we think this better reflects its diversified business while also capturing its cash-generating Cambodian concession.

Key Risks to Our View:

Delays in project flows and sudden spikes in raw material costs could dampen its earnings outlook.

At A Glance

Issued Capital (m shrs)	480
Mkt. Cap (RMm/US$m)	1,345 / 324
Major Shareholders (%)	
Mac Ngan Boon	22.1
Lembaga Tabung Haji	9.6
Free Float (%)	60.7
3m Avg. Daily Val (US$m)	0.48

ICB Industry : Industrials / Construction & Materials

WHAT'S NEW

Shedding the underappreciated infrastructure image

Cambodia airport concession charting strong growth: 9M17 passenger arrival is up 26% y-o-y.

Balance sheet to show further improvement: The last VO for its legacy project in the Middle East was received in August.

Reclassification of sector? It is exploring the transfer to trading services classification, which may lead to higher valuations.

We hosted Muhibbah on a NDR in Hong Kong recently. Some of the key highlights are as follows:

Growth at airports has been off the charts. The airport expansion at its Cambodia airport concession bringing total capacity to 13.5m passengers per day has paid off handsomely. Total passenger volume for 9M17 rose 26% y-o-y to 6.3m and it is expected to reach 8-8.5m for 2017. 4Q is typically a strong quarter due to year-end festivities.

Growth at Phnom Penh and Siem Reap airports for 9M17 was 24% and 22% y-o-y (to 3.049m and 3.014m passengers) respectively, while Silhanoukville passengers jumped 162% to 239k. Silhanoukville has the potential for more exponential growth coming from a low base while there have been more international flights. As a broad comparison, Phuket Airport recorded 13m passenger arrivals in 2015. For FY16, overall growth for Cambodia Airport was 6.5m passengers (+9% y-o-y).

Cambodia Airport Passenger Arrivals

International Airports	9M17	9M16	Growth
	('000)	('000)	(%)
Phnom Penh	3,049	2,449	24
Siem Reap	3,014	2,475	22
Silhanoukville	239	91	162
Total Passengers	6,302	5,015	26

Source: Company

With such strong growth, the expected profit contribution from airports to Muhibbah's bottomline will be at least 50% going forward vs 30-40% a few years ago. Growth has also been strong for cargo volume which has doubled on a y-o-y basis for 9M17, coming partly from the presence of international garment manufacturers/sports companies which have a manufacturing base in Cambodia. Muhibbah believes the passenger arrival momentum will continue in FY18F with an expected volume growth of 15-20%.

Exploring new acquisition in Indonesia. Muhibbah is exploring teaming up with a local design and engineering unit in Indonesia. It will likely acquire 49% in an existing passive partner. The firm has a decent orderbook size and boasts a team of 200 engineers which Muhibbah hopes to leverage for projects. Given the huge population size in Indonesia of 260m and massive infrastructure needs, this is may open up new opportunities for growth in a new market. Additionally, the still poor state of airport connectivity in Indonesia may also present opportunities for Muhibbah to export some of its experience in managing an airport.

List of New Airports in Indonesia

Project	Location	Total Investment	Funding scheme
S. Babullah Airport	North Maluku	100.26	Public-Private Partnership
Raden Inten II Airport	Lampung	109.37	Public-Private Partnership
Tjilik Riwut Airport	Central Kalimantan	109.37	Public-Private Partnership
Sebatik Airport	North Kalimantan	96.30	Ministry of Transportation
Kertajati Airport	Provinsi Jawa Barat	364.15	Public-Private Partnership
International Airport at Yogyakarta	Yogyakarta	666.67	State-Owned Enterprise
Syamsuddin Noor Airport	South Kalimantan	170.37	State-Owned Enterprise
Achmad Yani, Semarang Airport	Central Java	143.85	State-Owned Enterprise

Source: Various

Favelle Favco sowing the seeds for future growth. Favelle Favco (Favco) is in the midst of completing the due diligence for the acquisition of four industrial automation solutions companies. One of the key concerns we had on Muhibbah was its crane business. Given the high exposure to offshore oil and gas cranes, its orderbook has fallen from a peak of c.RM1bn to RM536m. Hence, the recent proposed acquisition of 70% of the four companies specialising in integrated industrial automation solutions will be a key growth driver for Favco.

The purchase price of RM87m translates into 8x FY16 earnings while there is an added consideration if the target companies achieved a certain profit threshold for FY17-19F. We understand the profit track record for FY13-FY16 has been commendable with net profit ranging from RM15-22m on the back of net margins of c.15%. Favco's balance sheet is rock solid with a net cash of RM356m as at 30 June 2017. For 1H17, revenue was 17% lower at RM265m but net profit rose 10% to RM33m. We understand the higher margins arose because of less outsourcing work and cost-cutting measures.

We believe this is an opportunistic acquisition which reflects strongly on the foresight of its management. In the longer term, the automation business can be used to better manage its existing business segments – crane, infrastructure and concessions.

Infrastructure division. Muhibbah has not won any viaduct packages for LRT 3 and MRT 2. It remains unperturbed where its strategy is to conserve resources for projects which have better profitability. A case in point is the MRT Line 1 noise barrier contract worth RM202m, and we understand that it had very high margins. It is hopeful of winning a similar noise barrier package for MRT Line 2 which may be announced soon given all the large viaduct packages have already been awarded.

There is no target for orderbook replenishment for FY18F but management believes anything from RM500m-RM1bn is achievable. It will continue to bid for contracts in Qatar where it believes the current embargo may work to its benefit with less competition there from the other Middle East contractors. Besides the upcoming FIFA World Cup in 2022, the Um Alhoul Special Economic Zone has some 8,400 acres to be developed over the next 20 years. Its strategy in Qatar has been to bid for more strategic type of contracts which are backed by the government.

Infrastructure wins for 2017 have been encouraging with YTD wins of c.RM1bn. We assume a balance of less than RM400m new wins for FY17F. Its total construction orderbook now stands at RM1.7bn while its total outstanding orderbook including cranes and shipyard is RM2.2bn.

Strong balance sheet to improve further. Muhibbah's balance sheet is set to improve further when it announces its 3Q17 results. As at 30 June 2017, Muhibbah's operating cash flow was RM215m and balance sheet was in a net debt of RM410m (net gearing of 0.3x). This is in contrast to the previous quarter where net operating cash flow was negative RM116m and net debt of RM745m (net gearing of 0.5x). This was due to the cash received arising from the variation order for its legacy project in the Middle East. We understand it received the final payment of the total sum of c.RM600m in August.

Shedding the underappreciated infrastructure image, BUY with TP of RM3.60. Valuations of Muhibbah remain extremely cheap, trading at just 10x FY18F PE. This is on the back of a 3-year EPS CAGR of 15%, improving ROE and balance sheet. We think part of the discount stems from its less dominant position in the transportation infrastructure space with no major viaduct MRT and LRT package wins.

To accentuate the undervaluation of the stock, the implied valuation for its fast growing Cambodian airport concession based on our DCF is an estimated 11x PE and forms about half of its total market capitalisation. This compares to regional airport valuations of 38-54x.

Broad Comparison of Cambodia Airport vs peers

	PE (x)	Passenger Arrivals 2017 (m)
Malaysia Airports	54	96
Airports of Thailand	38	128
Muhibbah Cambodia Airport	11	8.3

Source: AllianceDBS

As the market continues to discount this strong cash generating business and unique business model, Muhibbah may explore reclassifying its listing status from construction to trading services. With a fast growing concession business and 80% of its crane business still coming from overseas markets, it is also becoming less of a domestic infrastructure company.

CRITICAL DATA POINTS TO WATCH

Critical Factors

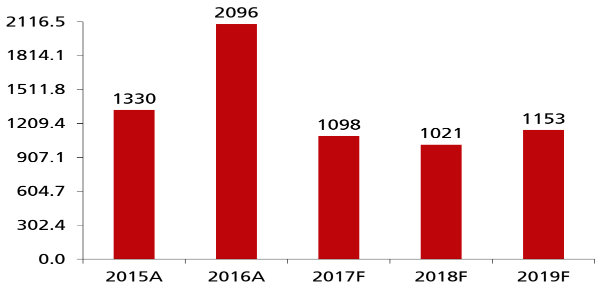
Still a well-rounded 11MP proxy. Muhibbah's construction franchise differs from the other bread-and-butter contractors given its varied expertise in the whole spectrum of the infrastructure chain. With its Petronas licence and marine-based expertise, Muhibbah is poised to clinch more ports and potentially RAPID contracts. Within our construction universe, Muhibbah stands out as an excellent proxy to the 11MP projects. Overall orderbook stood at RM2.2bn (as at October 2017). We believe this will grow further on the back of its strong execution track record while also anchored by its ability to replenish its orderbook.

Infrastructure division most promising. The infrastructure sector is on a multi-year upcycle with potential jobs from MRT Line 3, HSR, ECRL, RAPID and other port projects. Infrastructure wins for 2017 have been encouraging with YTD wins of c.RM1bn. We assume a balance of less than RM400m new wins for FY17F. Its total construction orderbook now stands at RM1.7bn while its total outstanding orderbook including cranes and shipyard is RM2.2bn. It will continue to bid for contracts in Qatar where it believes with the embargo may work to its benefit with less competition there from the other Middle East contractors.

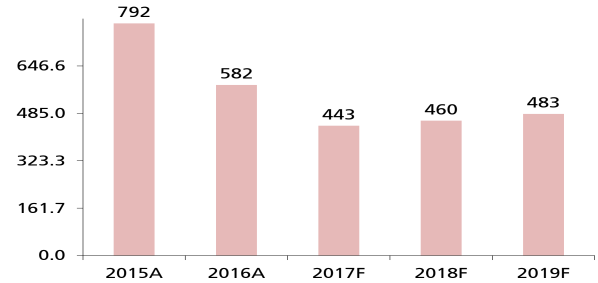
Cambodia airports to double capacity. Effective July 2016, the Siem Reap and Phnom Penh airports have doubled their existing capacity to 13.5m passengers. The US$85m capex has been financed by only one year of operating cashflow, which suggests the airports are cash cows. Passenger arrivals reached 7.0m in 2016 (+9 % y-o-y), led by the recovery in Chinese tourists. Phnom Penh and Siem Reap airports delivered passenger growth of 10% and 6% (to 3.4m and 3.5m), respectively, while Silhanoukville passengers grew by 66% to 157k (coming from a low base). With 9M17 passenger arrivals up 26% y-o-y, 2017 is shaping up to be a record year. We estimate its 21% stake is worth RM677m (DCF, WACC 10%, RM/USD 4.15, and average passenger growth of 5% p.a. until 2040).

Favco growing via M&A. One of the key concerns we had on Muhibbah was its crane business. Given the high exposure to offshore oil and gas cranes, its orderbook has fallen from a peak of c.RM1bn to RM536m. Hence, the recent proposed acquisition of 70% of the four companies specialising in integrated industrial automation solutions will be a key growth driver for Favco. The purchase price of RM87m translates into 8x FY16 earnings while there is an added consideration if the target companies achieved a certain profit threshold for FY17-19F. We understand the profit track record for FY13-FY16 has been commendable with net profit ranging from RM15-22m with net margins of c.15%. Favco's balance sheet is rock solid with a net cash of RM356m as at 30 June 2017.

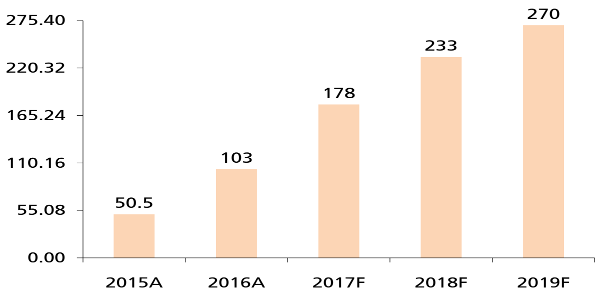
Construction revenue contribution



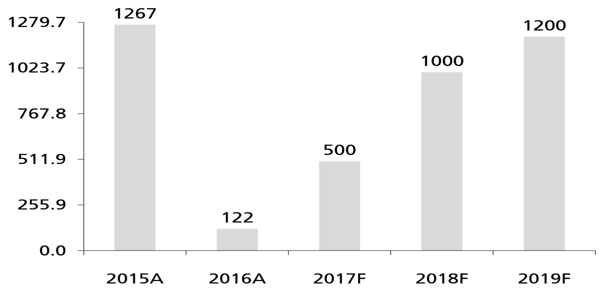
Cranes revenue contribution



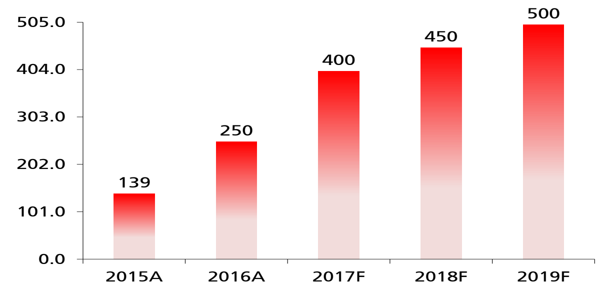
Shipyard revenue contribution



New orders for construction



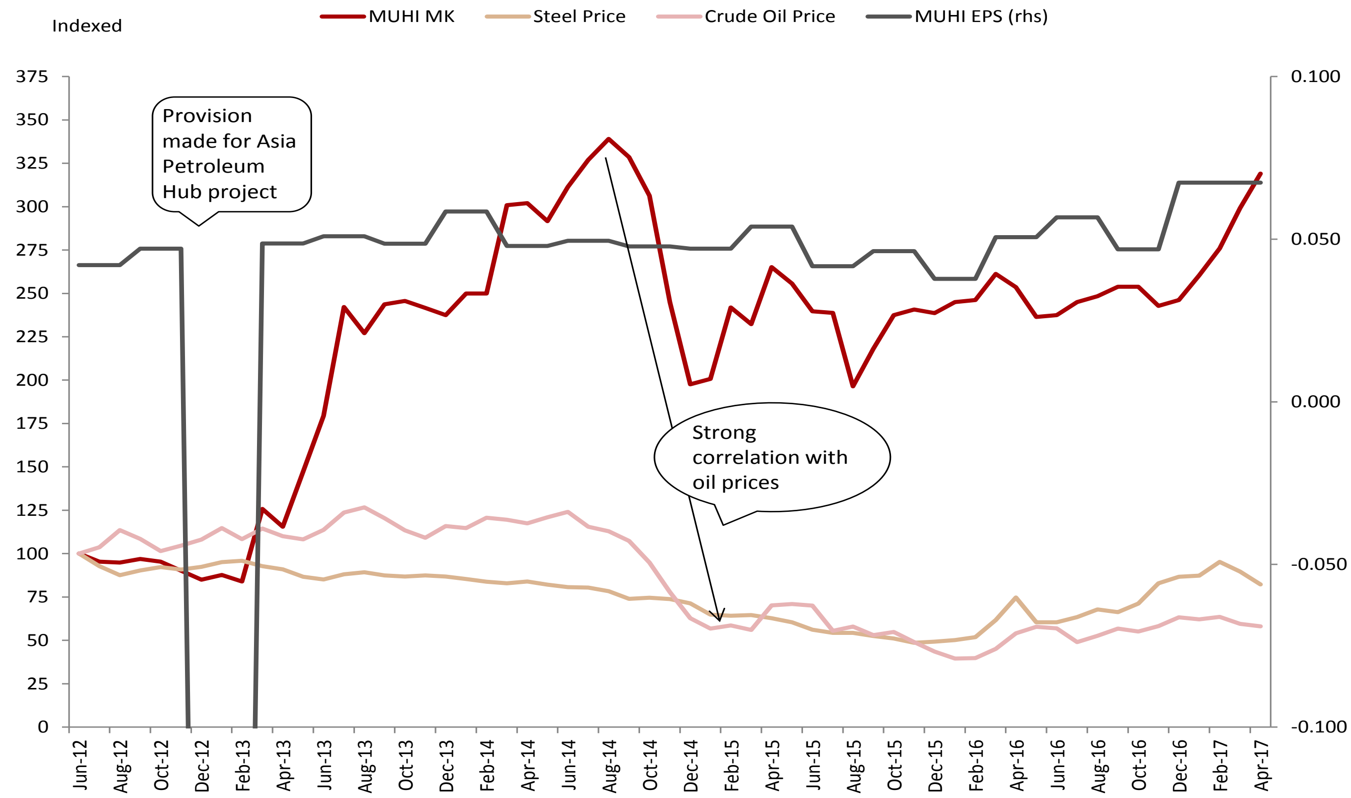
New orders for cranes



Source: Company, AllianceDBS

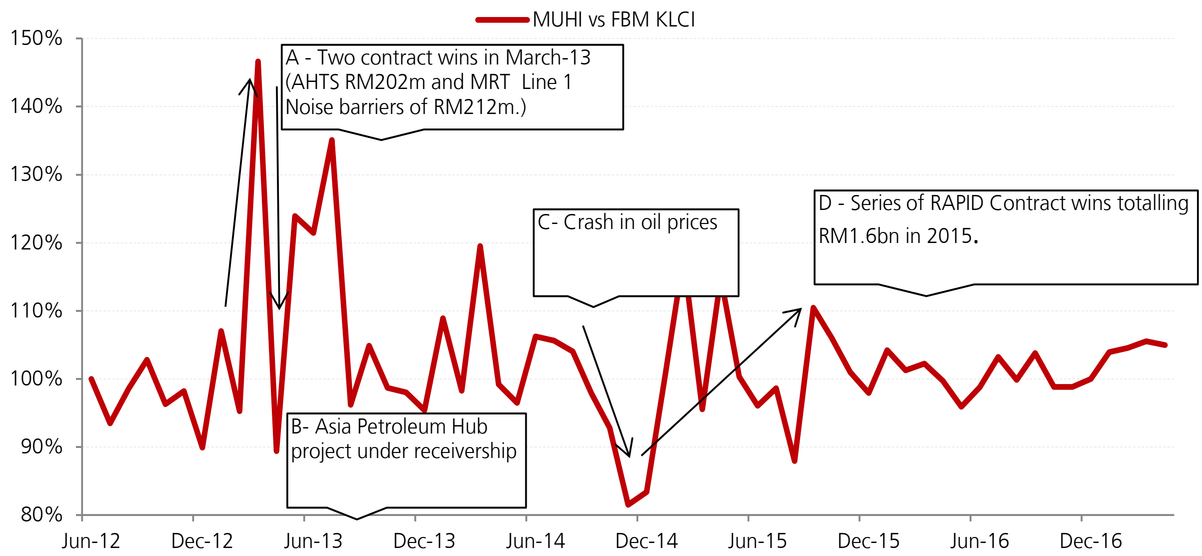
Appendix 1: A look at Company's listed history – what drives its share price?

Muhibbah's share price performance vs KLCI, Crude Oil price and EPS



Source: Company, AllianceDBS, DBSVI

Muhibbah's share price performance vs Key Newsflow (Contract Wins)



Source: Company, AllianceDBS, DBSVI

Muhibbah's key critical factors are crude oil prices, contract wins and negative earnings delivery. For Period A, Muhibbah's share price showed strong outperformance driven by high margin AHTS wins and also MRT Line 1 noise barrier contract.

Subsequently for period B, its huge de-rating was a result of the Asia Petroleum Hub project being placed under receivership. Muhibbah was a contractor for this project and made a huge provision in its 4Q13 financials.

Muhibbah does not exhibit any long-term correlation with crude oil prices but for the period C where there was a big fall in oil prices (July 2014-March 2015), the correlation coefficient was 0.95x. This is because at that time up to 90% of its crane business was from the offshore segment.

The stock showed meaningful re-rating for the whole of 2015, driven by strong contract wins that is led by RM1.6bn from RAPID. In 2016, contract wins for infrastructure was disappointing which resulted in a lacklustre performance.

Balance Sheet:

Needs bigger balance sheet. Muhibbah's shareholder's funds as at 30 June 2017 stood at RM1.4bn (including minority interest). The proposed private placement of up to 10% of new shares has since lapsed. This may not be so crucial now given the expectations of a sizeable amount of variation order for one legacy project. We expect sizeable improvement in its cashflow and profitability from 2Q17 onwards.

Share Price Drivers:

Complete proxy to Malaysia infrastructure. Muhibbah is a complete proxy to the Malaysian infrastructure space because of its experience in bread-and-butter civil engineering works, as well as niche marine infrastructure, and onshore and offshore fabrication works. Hence, we expect it to clinch works from RAPID, MRT Line 2, LRT 3, highway and port projects.

Premium for recurring base. In our view, the market continues to discount the strong cashflow of its concession business, particularly the Cambodian airport concession. Contractors which have a higher degree of relatively assured income, such as IJM and Gamuda which own sizeable toll portfolios, should command premium valuations.

Capitalising on Petronas fabrication licence. Muhibbah was awarded the much sought-after Petronas licence to take on offshore facility construction and major onshore fabrication works. This suggests a higher chance of bagging more Petronas-related jobs (downstream works). It has a 57-acre fabrication yard with a total capacity of 25,000 MT per year, making it the third largest among Petronas-licensed fabricators.

Completed landmark projects. Muhibbah has an impressive track record, having completed a list of landmark projects locally and abroad. Of significance is the LNG regasification project for Petronas Gas in Melaka and South Klang Valley Expressway.

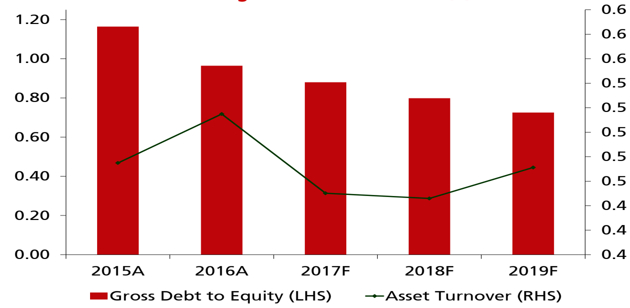
Key Risks:

Delays in project flows and sudden spikes in raw material costs could dampen its earnings outlook.

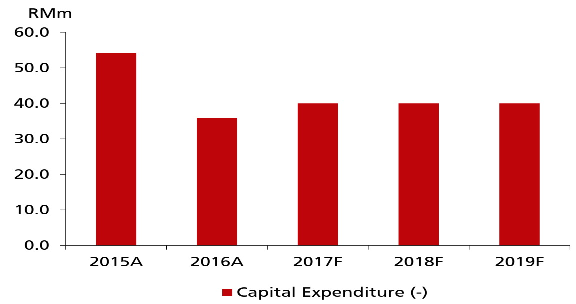
Company Background

Muhibbah is primarily involved in construction, fabrication of cranes and shipbuilding. These three core divisions cater largely for the O&G sector. It also holds a 21% associate stake in two concessions, namely the Cambodian airports and Federal road maintenance in Malaysia.

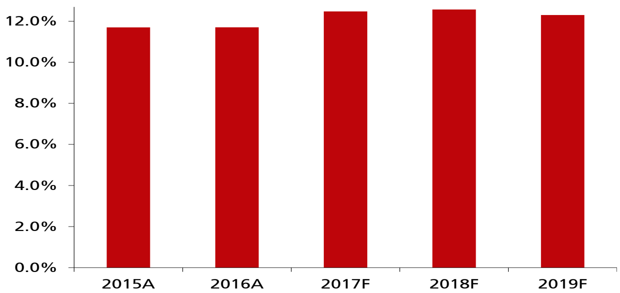
Leverage & Asset Turnover (x)



Capital Expenditure



ROE (%)



Forward PE Band (x)

PB Band (x)

Source: Company, AllianceDBS

Key Assumptions

FY Dec	2015A	2016A	2017F	2018F	2019F
New orders for construction	1,267	122	500	1,000	1,200
New orders for cranes	139	250	400	450	500

Segmental Breakdown

FY Dec	2015A	2016A	2017F	2018F	2019F
Revenues (RMm)					
Construction	1,330	2,096	1,098	1,021	1,153
Cranes	792	582	443	460	483
Ships	50.5	103	178	233	270
Group elimination	(568)	(862)	0.0	0.0	0.0
Total	1,605	1,919	1,718	1,713	1,905

Income Statement (RMm)

FY Dec	2015A	2016A	2017F	2018F	2019F
Revenue	1,605	1,919	1,718	1,713	1,905
Cost of Goods Sold	(1,343)	(1,669)	(1,460)	(1,431)	(1,600)
Gross Profit	**262**	**250**	**258**	**283**	**305**
Other Opng (Exp)/Inc	(138)	(138)	(145)	(146)	(152)
Operating Profit	**124**	**112**	**113**	**137**	**153**
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	62.2	88.2	92.6	97.2	102
Net Interest (Exp)/Inc	(20.7)	(18.0)	(27.2)	(26.7)	(26.2)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**165**	**183**	**178**	**207**	**229**
Tax	(27.8)	(21.6)	(21.4)	(27.5)	(31.7)
Minority Interest	(51.3)	(55.5)	(28.2)	(36.3)	(41.9)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	**86.0**	**106**	**129**	**143**	**155**
Net Profit before Except.	86.0	106	129	143	155
EBITDA	251	270	270	301	324
Growth					
Revenue Gth (%)	(7.4)	19.6	(10.5)	(0.3)	11.2
EBITDA Gth (%)	10.1	7.5	0.2	11.3	7.7
Opg Profit Gth (%)	0.5	(9.1)	0.3	21.3	12.0
Net Profit Gth (Pre-ex) (%)	5.4	22.7	21.8	11.6	8.3
Margins & Ratio					
Gross Margins (%)	16.3	13.0	15.0	16.5	16.0
Opg Profit Margin (%)	7.7	5.9	6.6	8.0	8.0
Net Profit Margin (%)	5.4	5.5	7.5	8.4	8.2
ROAE (%)	11.7	11.7	12.5	12.6	12.3
ROA (%)	2.5	2.8	3.4	3.7	3.8
ROCE (%)	2.8	3.4	3.6	3.9	4.1
Div Payout Ratio (%)	27.9	22.8	20.0	20.0	20.0
Net Interest Cover (x)	6.0	6.2	4.1	5.1	5.8

Source: Company, AllianceDBS

Quarterly / Interim Income Statement (RMm)

FY Dec	2Q2016	3Q2016	4Q2016	1Q2017	2Q2017
Revenue	406	385	646	241	468
Cost of Goods Sold	0.0	0.0	0.0	0.0	0.0
Gross Profit	**406**	**385**	**646**	**241**	**468**
Other Oper. (Exp)/Inc	(372)	(363)	(614)	(219)	(442)
Operating Profit	**34.5**	**21.7**	**31.6**	**22.5**	**25.4**
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	14.1	12.2	20.8	33.3	42.3
Net Interest (Exp)/Inc	(5.6)	(6.6)	(3.6)	(6.9)	(4.2)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**43.1**	**27.3**	**48.7**	**48.9**	**63.6**
Tax	(8.2)	5.29	0.16	(4.5)	(9.8)
Minority Interest	(8.1)	(10.0)	(16.5)	(15.1)	(15.9)
Net Profit	**26.8**	**22.6**	**32.4**	**29.3**	**37.8**
Net profit bef Except.	26.8	22.6	32.4	29.3	37.8
EBITDA	48.7	33.9	52.4	55.8	67.7
Growth					
Revenue Gth (%)	(15.7)	(5.3)	67.7	(62.6)	93.7
EBITDA Gth (%)	33.4	(30.3)	54.4	6.6	21.3
Opg Profit Gth (%)	90.4	(37.1)	45.3	(28.7)	13.0
Net Profit Gth (Pre-ex) (%)	12.9	(15.9)	43.6	(9.5)	29.1
Margins					
Opg Profit Margins (%)	8.5	5.6	4.9	9.3	5.4
Net Profit Margins (%)	6.6	5.9	5.0	12.1	8.1

Balance Sheet (RMm)

FY Dec	2015A	2016A	2017F	2018F	2019F
Net Fixed Assets	785	804	784	762	737
Invts in Associates & JVs	257	437	525	618	716
Other LT Assets	52.8	48.1	48.1	48.1	48.1
Cash & ST Invts	578	735	742	798	802
Inventory	301	268	240	255	285
Debtors	1,601	1,544	1,412	1,408	1,566
Other Current Assets	18.1	22.4	22.4	22.4	22.4
Total Assets	**3,594**	**3,859**	**3,774**	**3,911**	**4,177**
ST Debt	1,221	1,260	1,260	1,260	1,260
Creditor	1,136	1,058	840	823	921
Other Current Liab	33.6	19.0	19.0	19.0	19.0
LT Debt	48.9	73.1	73.1	73.1	73.1
Other LT Liabilities	64.2	66.8	66.8	66.8	66.8
Shareholder's Equity	826	978	1,082	1,200	1,326
Minority Interests	265	405	433	469	511
Total Cap. & Liab.	**3,594**	**3,859**	**3,774**	**3,911**	**4,177**
Non-Cash Wkg. Capital	751	757	815	843	934
Net Cash/(Debt)	(692)	(597)	(591)	(535)	(531)
Debtors Turn (avg days)	333.8	299.1	314.0	300.4	284.9
Creditors Turn (avg days)	300.2	250.3	248.3	222.6	207.7
Inventory Turn (avg days)	75.3	65.0	66.5	66.2	64.3
Asset Turnover (x)	0.5	0.5	0.5	0.4	0.5
Current Ratio (x)	1.0	1.1	1.1	1.2	1.2
Quick Ratio (x)	0.9	1.0	1.0	1.0	1.1
Net Debt/Equity (X)	0.6	0.4	0.4	0.3	0.3
Net Debt/Equity ex MI (X)	0.8	0.6	0.5	0.4	0.4
Capex to Debt (%)	4.3	2.7	3.0	3.0	3.0
Z-Score (X)	1.1	1.2	1.3	1.4	1.4

Source: Company, AllianceDBS

Cash Flow Statement (RMm)

FY Dec	2015A	2016A	2017F	2018F	2019F
Pre-Tax Profit	165	183	178	207	229
Dep. & Amort.	65.2	69.2	64.9	66.7	68.5
Tax Paid	(27.8)	(21.6)	(21.4)	(27.5)	(31.7)
Assoc. & JV Inc/(loss)	(62.2)	(88.2)	(92.6)	(97.2)	(102)
Chg in Wkg.Cap.	(174)	13.4	(58.3)	(27.9)	(90.4)
Other Operating CF	64.1	3.65	0.0	0.0	0.0
Net Operating CF	**30.8**	**159**	**70.7**	**121**	**73.2**
Capital Exp.(net)	(54.1)	(35.8)	(40.0)	(40.0)	(40.0)
Other Invts.(net)	0.0	0.0	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	60.7	13.1	0.0	0.0	0.0
Net Investing CF	**6.56**	**(22.7)**	**(40.0)**	**(40.0)**	**(40.0)**
Div Paid	(19.1)	(24.0)	(24.0)	(25.7)	(28.7)
Chg in Gross Debt	32.9	63.2	0.0	0.0	0.0
Capital Issues	19.6	5.76	0.0	0.0	0.0
Other Financing CF	(93.5)	(23.8)	0.0	0.0	0.0
Net Financing CF	**(60.2)**	**21.2**	**(24.0)**	**(25.7)**	**(28.7)**
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	(22.8)	157	6.72	55.5	4.54
Opg CFPS (sen)	42.4	30.2	26.8	30.9	33.9
Free CFPS (sen)	(4.8)	25.5	6.37	16.8	6.89

Source: Company, AllianceDBS

Target Price & Ratings History

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	30 Nov 16	2.20	3.10	BUY
2:	11 Jan 17	2.39	3.10	BUY
3:	01 Mar 17	2.47	3.10	BUY
4:	27 Apr 17	2.88	3.10	BUY
5:	28 Apr 17	2.89	3.10	BUY
6:	02 May 17	2.95	3.38	BUY
7:	01 Jun 17	2.71	3.60	BUY
8:	30 Aug 17	2.85	3.60	BUY
9:	09 Oct 17	2.84	3.60	BUY

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

Source: AllianceDBS
Analyst: Tjen San CHONG

DISCLOSURE

Stock rating definitions

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 > -10% over the next 12 months
SELL	-	negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame

Commonly used abbreviations

Adex = advertising expenditure
bn = billion
BV = book value
CF = cash flow
CAGR = compounded annual growth rate
Capex = capital expenditure
CY = calendar year
Div yld = dividend yield
DCF = discounted cash flow
DDM = dividend discount model
DPS = dividend per share
EBIT = earnings before interest & tax
EBITDA = EBIT before depreciation and amortisation
EPS = earnings per share
EV = enterprise value
FCF = free cash flow
FV = fair value
FY = financial year
m = million
M-o-m = month-on-month
NAV = net assets value
NM = not meaningful
NTA = net tangible assets
NR = not rated
p.a. = per annum
PAT = profit after tax
PBT = profit before tax
P/B = price / book ratio
P/E = price / earnings ratio
PEG = P/E ratio to growth ratio
q-o-q = quarter-on-quarter
RM = Ringgit
ROA = return on assets
ROE = return on equity
TP = target price
trn = trillion
WACC = weighted average cost of capital
y-o-y = year-on-year
YTD = year-to-date

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