

Company Guide

Muhibbah Engineering

Version 3 | Bloomberg: MUHI MK | Reuters: MUHI.KL

Refer to important disclosures at the end of this report

Malaysia Equity Research

12 May 2016

BUY

Last Traded Price: RM2.30 (KLCI : 1,644.58)

Price Target : RM3.10 (35% upside) (Prev RM2.90)

Shariah Compliant: Yes

Potential Catalyst: Higher-margin chunkier contract wins

Where we differ: We are broadly in line with consensus

Analyst

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What's New

- **Should command premium valuations for strong recurring income from concessions**
- **Expect chunkier RAPID projects**
- **Adjusting earnings and SOP for private placement**
- **Maintain BUY; raising TP to RM3.10**

Price Relative



FY Dec (RM m)	Forecasts and Valuation			
	2015A	2016F	2017F	2018F
Revenue	1,605	1,754	1,781	1,707
EBITDA	251	225	251	267
Pre-tax Profit	165	149	177	195
Net Profit	86.0	99.8	117	128
Net Pft (Pre Ex.)	86.0	99.8	117	128
Net Pft Gth (Pre-ex) (%)	5.4	16.1	17.1	9.7
EPS (sen)	18.2	20.7	22.6	24.7
EPS Pre Ex. (sen)	18.2	20.7	22.6	24.7
EPS Gth Pre Ex (%)	5	13	9	10
Diluted EPS (sen)	36.5	20.7	22.6	24.7
Net DPS (sen)	3.98	4.13	4.51	4.95
BV Per Share (sen)	175	199	204	224
PE (X)	12.6	11.1	10.2	9.3
PE Pre Ex. (X)	12.6	11.1	10.2	9.3
P/Cash Flow (X)	35.2	14.3	9.8	7.4
EV/EBITDA (X)	8.1	9.2	8.5	7.8
Net Div Yield (%)	1.7	1.8	2.0	2.2
P/Book Value (X)	1.3	1.2	1.1	1.0
Net Debt/Equity (X)	0.6	0.5	0.4	0.3
ROAE (%)	11.7	11.2	11.6	11.6
Earnings Rev (%):		(6)	(10)	N/A
Consensus EPS (sen):		24.3	27.5	N/A
Other Broker Recs:		B: 6	S: 0	H: 0

Source of all data: Company, AllianceDBS Research, Bloomberg Finance L.P

Scarcity premium contractor

Scarcity premium. Muhibbah is an ideal proxy to the 11th Malaysian 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.

Cash cow: Cambodia airport concession. Siam Reap and Phnom Penh airports have doubled their capacity to 12m passengers. Passenger arrivals grew 13% to 6.5m passengers in FY15. We estimate its 21% stake in the Cambodia airport concession is worth RM677m (DCF, WACC 10%, RM/USD4.15, and average passenger traffic growth of 5% p.a. until 2040), which is already 63% of the stock's market capitalisation. Revenues are also in USD which is a boost to its earnings given the weak MYR.

Good start for 2016. Contract flows so far for 2016 have been promising. For its infrastructure division, it has won two contracts, a RM137m building contract from PETRONAS Carigali, in which it has a 70% stake, implying a contract value of RM96m and a smallish contract for the Phnom Penh airport expansion. For its shipyard division, it clinched a RM92m contact win from the Ministry of Transport to undertake the design and construction of Multi-Purpose Vessel for the Malaysia Marine Department. Its total outstanding orderbook is now RM2.5bn, of which RM1.75bn comes from infrastructure.

Valuation:

Muhibbah is a BUY with a revised SOP-derived TP of RM3.10. We value the stock based on SOP as we think it better reflects its diversified business while also capturing its cash-generating Cambodian concession.

Key Risks to Our View:

Delay in project flows and sudden spike in raw material costs could dampen its earnings outlook.

At A Glance

Issued Capital (m shrs)	470
Mkt. Cap (RMm/US\$m)	1,081 / 268
Major Shareholders (%)	
Mac Ngan Boon	22.1
Lembaga Tabung Haji	9.6
Free Float (%)	60.7
3m Avg. Daily Val (US\$m)	0.37

ICB Industry : Industrials / Construction & Materials

WHAT'S NEW**Strengthening capital base for larger projects**

We hosted Muhibbah on a road show to Singapore recently. Below are some of the salient points we gathered.

Rationale for placement

Muhibbah has announced a proposed private placement of up to 10% of new shares. Based on the minimum and maximum scenario, this is expected to raise up to RM109m to RM112m, based on an illustrative placement price of RM2.32 (2.1% discount to 5-day VWAP). The final price will be determined via a book-building process. The enlarged share base will be 516m-536m shares based on the respective minimum and maximum scenarios from 470m currently. The majority of the proceeds amounting to RM75m will be used to pare down borrowings while the balance will be for working capital purposes.

Private Placement – Proceeds and Usage

Details of utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000	Estimated timeframe for utilisation of proceeds
Repayment of bank borrowing	75,000	75,000	Within twelve (12) months from the date of completion of the Proposed Private Placement
Working capital	32,310	35,361	Within twelve (12) months from the date of completion of the Proposed Private Placement
	1,570	1,570	Within one (1) month from the date of completion of the Proposed Private Placement
Total	108,880	111,931	

Source : Bursa Malaysia, Company

To a large extent, the placement is also driven by the pressing need to raise its capital base given the slew of projects to be awarded under the 11MP. We understand Petronas has certain technical and financial requirements that need to be met before being able to award larger size jobs. Muhibbah is a Petronas licence holder for offshore facilities construction – major onshore fabrication project was awarded in June 2013.

Infrastructure division

Total tenderbook is estimated at RM7bn with potential wins of up to RM1bn in 2016. We have modelled in RM770m, inclusive of YTD wins of RM122m. Muhibbah will be bidding for the usual civil engineering works from MRT Line 2, LRT 3, DASH and SUKE. More recently, Muhibbah was identified as one of 22 contractors prequalified for LRT 3. It has also submitted one tender for DASH and two for SUKE where each package ranges from RM500m to RM1bn.

Muhibbah's expertise in marine-based construction will see it bidding for more projects in RAPID. Muhibbah won RM847m projects in RAPID in 2015 comprising four projects. The most significant win, in our view, was the Design Competition for Re-FEED and EPCC of the Effluent Treatment Plant because it gave Muhibbah its first main contractor role for RAPID. Muhibbah has a 30% stake in this project. This win may be a prelude to more jobs with its JV partner VA Tech Wabag which has the remaining 70% stake. It is an Indian company which specialises in water and waste water management. We understand VA Tech has set up an office next to Muhibbah's office in Klang which could be a sign of more things to come.

The remaining packages won for RAPID last year was mainly for ancillary works such as temporary accommodation facilities and other building works. We understand Muhibbah has submitted tenders for subcontracting roles for Samsung Engineering's petrochemical plant (Package 6A and 11). Each package size could be between RM50m and 500m. The probability of winning is high given Muhibbah has done supporting work for Samsung in the east coast which are two projects for mechanical and civil building works for Terengganu Gas Terminal Project for total contract value of RM108m. Besides this, Muhibbah's marine engineering division has been shortlisted for a sizeable jetty project in RAPID.

2015 wins from RAPID

No.	Date	Scope of works	Clients	Total contract value (RMm)	Muhi's Portion	Contract Value (RMm)
1	30-Nov-15	EPCC for PETRONAS RAPID temporary executive village and temporary management office	PRPC	300.0	100%	300.0
2	1-Sep-15	Design Competition For Re-Feed And Engineering, Procurement, Construction And Commissioning Of The Effluent Treatment Plant	PRPC	949.6	30%	284.9
3	30-Jul-15	Civil, Concrete and Buildings for Offsite A	Toyo Thai	158.2	100%	158.2
4	4-Feb-15	Design and Building of Temporary Construction Facilities and Accommodation Camp	Tecnicas Reunidas	104.0	100%	104.0
Total				1353.6		847.1

Source : Bursa Malaysia, Company

Cranes division

Total outstanding orderbook now stands at RM694m which is sufficient for earnings visibility until early 2017. Out of this amount, 84% is still from offshore cranes (vs peak of 95%). The slowdown in offshore cranes demand is expected to be partly compensated by an increase in demand for tower cranes. Locally, Favelle Favco has won a RM30m contract from UEM-Samsung to build KL 118. This formed the majority of the RM64m wins announced in January 2016. There is also a stronger revival of tower cranes from the US over the last one to two years. Note that Favelle Favco's cranes have been used to build 12 out of the 14 tallest buildings in the world. We understand there may be M&A opportunities given its strong balance sheet with net cash of RM270m as at 31 December 2015.

Concession business.

In our view, the market continues to discount the strong cash flow 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.

We estimate that based on its 21% stake, the concession contributed more than half of its RM86m group net profit for FY15. Based on our estimates, the DCF value of the concession is RM677m (DCF, WACC 10%, RM/USD4.15, and average passenger traffic growth of 5% p.a. until 2040),

The most positive newsflow for its concession business has been the extension of its Roadcare concession by another 10 years till 2026. Muhibbah owns 21% in the concession. To recap, this is for the maintenance of 7081km of Federal roads in Selangor, Pahang, Kelantan and Terengganu which is a privatisation agreement from the government.

As for its Cambodian airport concession, 1Q16 passenger should continue to show decent growth but we understand there has been some slowdown for Siam Reap. 2015 and 2014 both showed y-o-y growth of 13% per annum. The strong total capacity growth of both the Phnom Penh and Siem Reap airports is now at 12m passenger per annum.

Shipyards

Muhibbah clinched a RM92m contract for a Multi-Purpose Vessel for the Malaysia Marine department which is part of the Ministry of Transport. The total outstanding orderbook is RM105m. The win is a positive milestone as historically wins

have been for the private sector and for Anchor Handling Tugboats where prospects are closely tied to the oil and gas sector. We do not discount potential new wins for more defence-related contracts given the heightened piracy fears in East Malaysia while BHIC's capacity is also looking topish. The total capacity of Muhibbah's shipyard is five ships per annum and given its lean and efficient cost structure, the division will be profitable with just one ship.

Lowering earnings

We lower our FY16-17F EPS by 6-10% after accounting for the additional 47m shares from the proposed 10% private placement while also taking into account the interest savings, as 69% of the estimated proceeds raised will be used to pare down bank borrowings. We are also make some adjustments to our orderbook win recognition for FY16-FY17F while we introduce our FY18F earnings.

SOP-derived TP raised to RM3.10.

We raise our SOP-derived TP to RM3.10. This is to account for:

- 1) We now segregate the construction and cranes earnings in our SOP. For construction we have assumed a sustainable orderbook of RM1.75bn on the back of conservative pretax margins of 5% while applying a PE of 12x. For cranes, we have conservatively assumed a sustainable orderbook of RM500m on the back of pretax margins of 10% while ascribing a PE of 13x given its superior margins as well as positioning in the crane industry as one of the larger players.
- 2) The extension of its Roadcare concession by another 10 years
- 3) This is balanced off by an additional 47m shares from the private placement.

SOP Value

SOP Method	Earnings / NPV	PE / WACC	Stake	Attributed Value	Per Share
Construction	55	12	100%	658	1.27
Cranes	31	13	61%	244	0.47
Cambodia airports	3,224	10%	21%	677	1.31
Road maintenance	140	8%	21%	29	0.06
SOP Value				1,608	3.10

Source: AllianceDBS

CRITICAL DATA POINTS TO WATCH

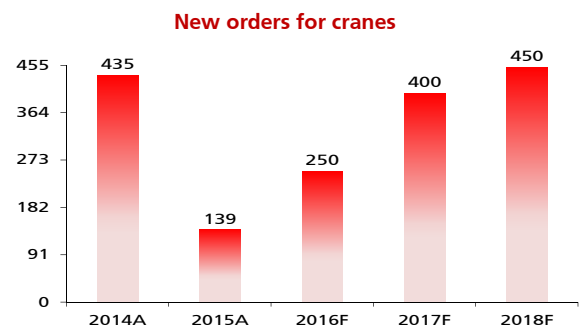
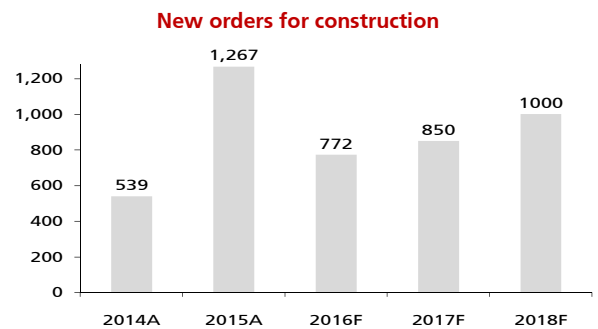
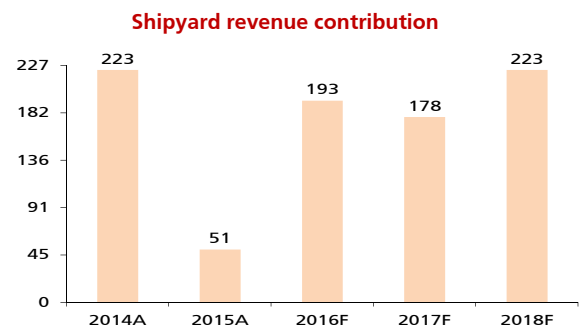
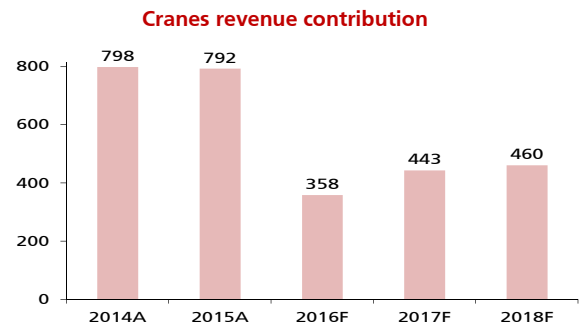
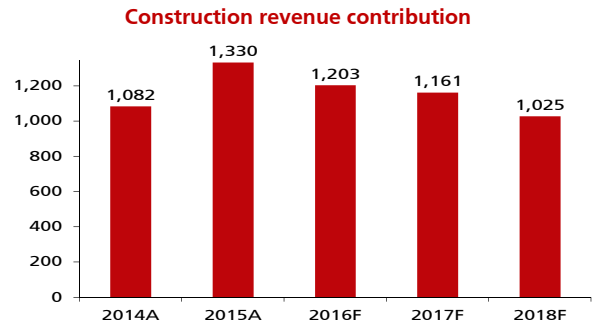
Earnings Drivers:

Stronger earnings growth ahead. We expect Muhibbah to deliver stronger earnings growth in FY16. With its Petronas licence and marine-based expertise, Muhibbah is poised to clinch more RAPID contracts in 2016. Within our construction universe, Muhibbah stands out as an excellent proxy to the 11th MP mega projects. Based on this, we are projecting stronger earnings growth for FY16F-FY18F. Given that we are at the start of an upswing for construction awards, we expect new job wins to kick in significantly in 2H16. Overall orderbook stands at RM2.5bn, implying a comfortable cover of 1.5x FY16F. 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. Muhibbah believes the infrastructure sector is on a multi-year upcycle with potentially RM153bn worth of projects up for grabs (RM100bn RAPID, RM50bn Infrastructure Construction and RM3bn Marine/Ports). Muhibbah will be bidding for major projects such as RAPID, MRT Line 2 and WCE, and is quietly confident of clinching other marine-based projects. So far, 2016 has gotten off to a decent start with two wins – one from Petronas Carigali and the other for Phnom Penh airport expansion.

Cambodia airports to double capacity. Effective July, the Siam Reap and Phnom Penh airports will double their existing capacity to 12m 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 6.5m in 2015 (+13 % y-o-y), led by a recovery in Chinese tourists. 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).

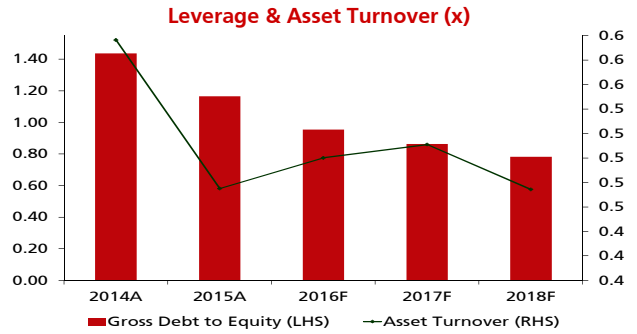
Favco capitalising on other revenue streams. Favco has been receiving increasing orders in the US for tower cranes, and is beefing up its maintenance division (c.10% of revenues). This should cushion potentially softer orders for oil and gas cranes. With an orderbook of RM0.7bn, we expect Favco to have decent visibility till early 2017. Recall that it won RM64m worth of new orders in Jan 2016, of which four are for tower cranes and balance two for off-shore cranes. It is also exploring the supply of cranes to RAPID.



Source: Company, AllianceDBS Research

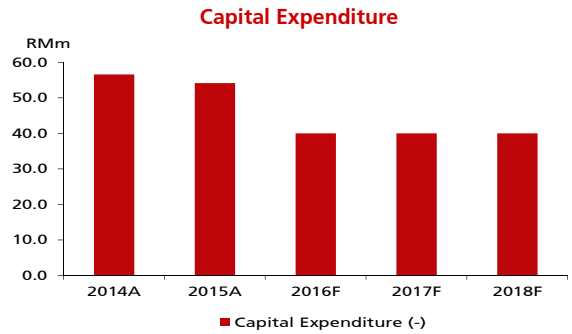
Balance Sheet:

Needs bigger balance sheet. Muhibbah’s shareholder’s funds as at 31 December 2015 stands at RM1bn (including minority interest). The proposed private placement of up to 10% of new shares will help Muhibbah strengthen its capital base. This will help bring net gearing down to c.0.5x from 0.6x as at Dec 2015, while its cash generating Cambodia airport concession should provide adequate cash flow.

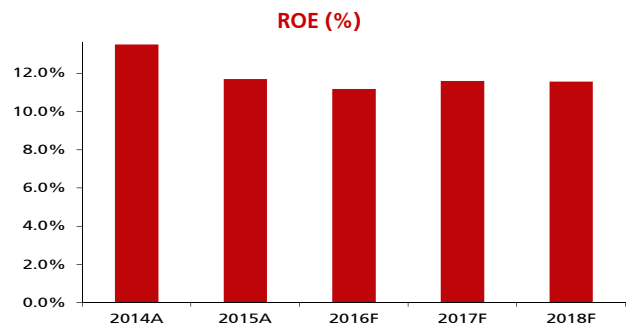


Share Price Drivers:

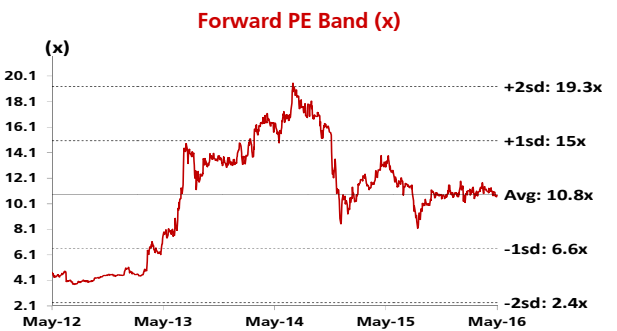
Complete proxy to Malaysia infrastructure. Muhibbah is a complete proxy to the Malaysian infrastructure space because of its experience in bread-and-butter civil engineering works, as well as niche marine infrastructure and onshore and offshore fabrication works. Hence, we expect the company to clinch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



Capitalising on Petronas Fabrication License. Muhibbah was awarded the much sought-after Petronas licence to take on offshore facilities construction and major onshore fabrication works. This suggests better opportunities to bag 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.

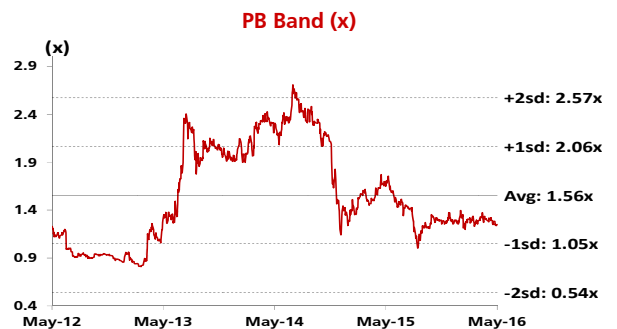


Key Risks:

Delay in project flows and sudden spike 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.



Source: Company, AllianceDBS Research

Muhibbah Engineering

Key Assumptions

FY Dec	2014A	2015A	2016F	2017F	2018F
Construction revenue	1,082	1,330	1,203	1,161	1,025
Cranes revenue contribution	798	792	358	443	460
Shipyards revenue contribution	223	50.5	193	178	223
New orders for construction	539	1,267	772	850	1,000
New orders for cranes	435	139	250	400	450

Segmental Breakdown

FY Dec	2014A	2015A	2016F	2017F	2018F
Revenues (RMm)					
Construction	1,082	1,330	1,203	1,161	1,025
Cranes	798	792	358	443	460
Ships	223	50.5	193	178	223
Intersegment	(369)	(568)	0.0	0.0	0.0
Total	1,734	1,605	1,754	1,781	1,707

Income Statement (RMm)

FY Dec	2014A	2015A	2016F	2017F	2018F
Revenue	1,734	1,605	1,754	1,781	1,707
Cost of Goods Sold	(1,479)	(1,343)	(1,522)	(1,523)	(1,441)
Gross Profit	254	262	231	258	266
Other Opng (Exp)/Inc	(131)	(138)	(135)	(146)	(147)
Operating Profit	123	124	96.3	113	120
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	49.2	62.2	65.3	73.1	79.7
Net Interest (Exp)/Inc	(28.5)	(20.7)	(12.6)	(8.6)	(4.3)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	144	165	149	177	195
Tax	(24.8)	(27.8)	(20.9)	(26.0)	(28.9)
Minority Interest	(37.3)	(51.3)	(28.2)	(34.4)	(38.1)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	81.6	86.0	99.8	117	128
Net Profit before Except.	81.6	86.0	99.8	117	128
EBITDA	228	251	225	251	267
Growth					
Revenue Gth (%)	(10.5)	(7.4)	9.3	1.6	(4.2)
EBITDA Gth (%)	10.9	10.1	(10.3)	11.6	6.1
Opg Profit Gth (%)	17.2	0.5	(22.1)	17.1	6.3
Net Profit Gth (Pre-ex) (%)	(5.6)	5.4	16.1	17.1	9.7
Margins & Ratio					
Gross Margins (%)	14.7	16.3	13.2	14.5	15.6
Opg Profit Margin (%)	7.1	7.7	5.5	6.3	7.0
Net Profit Margin (%)	4.7	5.4	5.7	6.6	7.5
ROAE (%)	13.5	11.7	11.2	11.6	11.6
ROA (%)	2.8	2.5	2.8	3.4	3.6
ROCE (%)	2.8	2.8	3.5	4.2	4.6
Div Payout Ratio (%)	23.4	21.8	20.0	20.0	20.0
Net Interest Cover (x)	4.3	6.0	7.6	13.2	28.0

Source: Company, AllianceDBS Research

Quarterly / Interim Income Statement (RMm)

FY Dec	4Q2014	1Q2015	2Q2015	3Q2015	4Q2015
Revenue	457	363	410	394	432
Other Oper. (Exp)/Inc	(424)	(337)	(378)	(354)	(403)
Operating Profit	32.6	26.3	32.2	39.5	29.0
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	16.6	16.3	11.4	14.4	20.0
Net Interest (Exp)/Inc	(7.4)	(3.0)	(6.3)	(3.5)	(8.0)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	41.7	39.6	37.4	50.5	41.0
Tax	(10.2)	(7.6)	(11.2)	(11.1)	(1.5)
Minority Interest	(11.3)	(8.7)	(6.8)	(16.3)	(19.4)
Net Profit	20.2	23.3	19.3	23.0	20.1
Net profit bef Except.	20.2	23.3	19.3	23.0	20.1
EBITDA	68.2	59.7	56.4	65.9	62.9

Growth

Revenue Gth (%)	21.4	(20.4)	13.0	(4.1)	9.7
EBITDA Gth (%)	52.2	(12.3)	(5.6)	16.8	(4.6)
Opg Profit Gth (%)	27.5	(19.3)	22.5	22.8	(26.6)
Net Profit Gth (Pre-ex) (%)	(0.4)	15.3	(17.3)	19.4	(12.8)

Margins

Opg Profit Margins (%)	7.1	7.2	7.8	10.0	6.7
Net Profit Margins (%)	4.4	6.4	4.7	5.8	4.6

Balance Sheet (RMm)

FY Dec	2014A	2015A	2016F	2017F	2018F
Net Fixed Assets	725	785	819	798	776
Invt in Associates & JVs	236	257	318	386	461
Other LT Assets	31.0	52.8	52.8	52.8	52.8
Cash & ST Invt	601	578	522	583	681
Inventory	226	301	250	250	257
Debtors	1,334	1,601	1,441	1,464	1,403
Other Current Assets	12.5	18.1	18.1	18.1	18.1
Total Assets	3,165	3,594	3,421	3,553	3,649
ST Debt	1,168	1,221	1,146	1,146	1,146
Creditor	966	1,136	876	876	829
Other Current Liab	38.8	33.6	33.6	33.6	33.6
LT Debt	69.3	48.9	48.9	48.9	48.9
Other LT Liabilities	61.9	64.2	64.2	64.2	64.2
Shareholder's Equity	644	826	960	1,056	1,161
Minority Interests	217	265	293	328	366
Total Cap. & Liab.	3,165	3,594	3,421	3,553	3,649
Non-Cash Wkg. Capital	567	751	800	823	815
Net Cash/(Debt)	(636)	(692)	(673)	(612)	(514)
Debtors Turn (avg days)	253.7	333.8	316.6	297.7	306.5
Creditors Turn (avg days)	245.4	300.2	251.7	219.4	226.6
Inventory Turn (avg days)	55.5	75.3	69.0	62.7	67.4
Asset Turnover (x)	0.6	0.5	0.5	0.5	0.5
Current Ratio (x)	1.0	1.0	1.1	1.1	1.2
Quick Ratio (x)	0.9	0.9	1.0	1.0	1.0
Net Debt/Equity (X)	0.7	0.6	0.5	0.4	0.3
Net Debt/Equity ex MI (X)	1.0	0.8	0.7	0.6	0.4
Capex to Debt (%)	4.6	4.3	3.3	3.3	3.3
Z-Score (X)	1.1	1.2	1.2	1.3	1.3

Source: Company, AllianceDBS Research

Cash Flow Statement (RMm)

FY Dec	2014A	2015A	2016F	2017F	2018F
Pre-Tax Profit	144	165	149	177	195
Dep. & Amort.	55.8	65.2	63.7	65.5	67.3
Tax Paid	(24.8)	(27.8)	(20.9)	(26.0)	(28.9)
Assoc. & JV Inc/(loss)	(49.2)	(62.2)	(65.3)	(73.1)	(79.7)
Chg in Wkg.Cap.	(258)	(174)	(48.8)	(22.5)	7.35
Other Operating CF	59.9	64.1	0.0	0.0	0.0
Net Operating CF	(72.9)	30.8	77.7	121	161
Capital Exp.(net)	(56.6)	(54.1)	(40.0)	(40.0)	(40.0)
Other Invt.(net)	0.0	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	(45.6)	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	66.6	60.7	0.0	0.0	0.0
Net Investing CF	(35.6)	6.56	(40.0)	(40.0)	(40.0)
Div Paid	(18.9)	(19.1)	(18.7)	(20.0)	(23.4)
Chg in Gross Debt	362	32.9	(75.0)	0.0	0.0
Capital Issues	(13.7)	19.6	0.0	0.0	0.0
Other Financing CF	(46.4)	(93.5)	0.0	0.0	0.0
Net Financing CF	283	(60.2)	(93.7)	(20.0)	(23.4)
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	175	(22.8)	(56.1)	61.2	97.9
Opg CFPS (sen)	39.3	43.4	26.2	27.7	29.7
Free CFPS (sen)	(27.5)	(5.0)	7.80	15.7	23.4

Source: Company, AllianceDBS Research

Target Price & Ratings History



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

S.No.	Date	Closing Price	Target Price	Rating
1:	01 Jun 15	2.42	3.50	BUY
2:	21 Jul 15	2.28	3.40	BUY
3:	01 Sep 15	1.79	2.90	BUY
4:	04 Sep 15	1.93	2.90	BUY
5:	30 Nov 15	2.23	2.90	BUY
6:	15 Dec 15	2.22	2.90	BUY
7:	14 Jan 16	2.36	2.90	BUY
8:	01 Mar 16	2.25	2.90	BUY
9:	04 Apr 16	2.37	2.90	BUY
10:	04 May 16	2.28	2.90	BUY

Source: AllianceDBS Research

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

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