

# Company Guide

# UMW Holdings

Version 6 | Bloomberg: UMWK MK | Reuters: UMWS.KL

Refer to important disclosures at the end of this report

Malaysia Equity Research

1 Mar 2017

## HOLD

Last Traded Price ( 28 Feb 2017): RM5.54 (KLCI : 1,693.77)

Price Target 12-mth: RM5.30 (-4% downside) (Prev RM5.30)

Shariah Compliant: Yes

Where we differ: Our forecast are above consensus due to higher sales volume from Toyota and lower losses from others segment

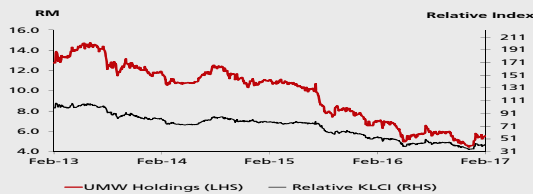
### Analyst

Siti Ruzanna MOHD FARUK +603 2604 3965  
sruzannamf@alliancedbs.com

### What's New

- Exit from oil and gas to boost earnings; focus on core business to unlock value of company
- Lift earnings by 26%/21% for FY17F/18F
- Maintain HOLD with TP of RM5.30

### Price Relative



### Forecasts and Valuation

FY Dec (RM m)	2016A	2017F	2018F	2019F
Revenue	10,965	10,920	10,686	10,752
EBITDA	(359)	885	1,066	1,066
Pre-tax Profit	(2,154)	426	680	697
Net Profit	(1,691)	236	351	360
Net Pft (Pre Ex.)	(402)	236	351	360
Net Pft Gth (Pre-ex) (%)	nm	nm	48.8	2.5
EPS (sen)	(145)	20.2	30.0	30.8
EPS Pre Ex. (sen)	(34.4)	20.2	30.0	30.8
EPS Gth Pre Ex (%)	nm	nm	49	2
Diluted EPS (sen)	(34.4)	20.2	30.0	30.8
Net DPS (sen)	0.0	6.06	9.01	9.23
BV Per Share (sen)	404	418	439	461
PE (X)	nm	27.4	18.4	18.0
PE Pre Ex. (X)	nm	27.4	18.4	18.0
P/Cash Flow (X)	nm	6.0	6.8	7.8
EV/EBITDA (X)	nm	15.5	13.3	13.8
Net Div Yield (%)	0.0	1.1	1.6	1.7
P/Book Value (X)	1.4	1.3	1.3	1.2
Net Debt/Equity (X)	0.7	0.7	0.7	0.7
ROAE (%)	(29.9)	4.9	7.0	6.8
<b>Earnings Rev (%):</b>		26	21	N/A
<b>Consensus EPS (sen):</b>		16.3	21.9	N/A
<b>Other Broker Recs:</b>		B: 5	S: 8	H: 3

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

## No pain, no gain

**Earnings lift from oil and gas exit.** We increase our FY17-18F earnings by 21%-26% after incorporating lower losses from the oil and gas segment, in view of its intention to exit this business by 1H17. We maintain our HOLD rating for UMW with an SOP-based TP of RM5.30. The group will see a lift in earnings once it completely exits the oil and gas business but the auto segment may continue to face pressures arising from weak consumer sentiment.

**Impairments and provision to give a clean slate.** In 4Q16, UMW has made an impairment and provision of RM2.2bn for both of its listed and non-listed oil and gas businesses. It plans to distribute its entire stakes in the listed unit to its shareholder by 3Q17 while the non-listed oil and gas assets will be disposed of progressively this year. Upon completion of this exercise, the longer term outlook for its future earnings would improve significantly.

**Auto sales may still be muted in the near term.** Toyota and Lexus' sales volume came in at 65,110 units in FY16 (-32.1% y-o-y). We expect 1H17 sales to be muted as new launches will be rolled out in 2H17. This is coupled with the intense competition amid a more challenging economic environment and weak consumer sentiment. Perodua's FY16 sales have also declined (-2.91% y-o-y), and the associate's contribution is not sufficient to offset lower earnings from Toyota.

### Valuation:

**Maintain HOLD call.** We maintain our HOLD rating for UMW with an SOP-derived TP of RM5.30. In our view, a recovery in Toyota profit would be a re-rating catalyst.

### Key Risks to Our View:

**Sharp recovery in auto sales.** Significantly stronger Toyota vehicle unit sales could revive earnings and re-rate the stock.

### At A Glance

Issued Capital (m shrs)	1,168
Mkt. Cap (RMm/US\$m)	6,472 / 1,458
Major Shareholders (%)	
Skim Amanah Saham Bumiputera	43.4
Permodalan Nasional Bhd	12.6
Employees Provident Fund	6.7
Free Float (%)	37.3
3m Avg. Daily Val (US\$m)	1.5
<b>ICB Industry :</b>	Consumer Goods / Automobiles & Parts

**WHAT'S NEW****Putting the right foot forward****Meet and greet**

We met up with UMW's management during an analyst briefing that was held yesterday. Management seems upbeat about the future prospects of UMW given that the group has moved in the right direction by focusing on its core businesses moving forward. This could unlock the value of the company as it completely exits the beleaguered oil and gas business that has been a drag on its earnings for the past two years.

**Be gone oil and gas**

The group will be exiting the oil and gas business as it has proposed to dispose of its entire stake of 55.7% in UMW Oil & Gas (UMWOG) via a distribution-in-specie. This will result in UMW shareholders owning UMWOG shares directly. The expected completion date of this exercise is by 3Q17, pending the approval of shareholders.

However, on the non-listed oil and gas assets, it plans to progressively exit the business within the year if possible. As for FY16, impairments and provisions of RM1.5bn were made for the unlisted oil and gas business. While it plans to recognise all impairments in FY16, some may spill over into FY17 depending on its progress in disposing of the non-listed oil and gas assets amid a challenging environment. Management noted that most of the unprofitable businesses' book values have been brought down to almost zero whereas the profitable ones had higher book value.

The bulk of the provisions of RM899m came from the non-listed oil and gas entity, United Seamless Tubular (USTPL), India. It remains cautious on USTPL, which has some loan obligations and may not be able to pay up. Since UMW is the guarantor of the loan, it has to make provisions for its financial obligations under the guarantee.

Nonetheless, earnings will definitely improve as the main reason for FY16 losses was the abysmal performance by its oil and gas units (RM582m loss in FY16). We believe UMW's earnings could turn profitable in FY17F and grow by 48.8%/2.5% in FY18F/19F. Note that we are assuming half year losses from the oil & gas businesses in FY17 while FY18 will be the first full year results post-divestment of its oil & gas businesses. As for balance sheet, gearing will drop to 0.43x post-disposal vs 0.91x previously.

**Impact of demerger**

As at FY15	Pre-demerger	Post-demerger
Total borrowings (RMm)	6,014.75	2,010.46
Total equity (RMm)	6,584.46	4,727.14
Net debt/(cash)	5,991.86	2,032.67
Net gearing level	0.91	0.43

Source: Company, AllianceDBS

**Toyota to put up a fight**

FY16 was a tough year for Toyota, no thanks to price hikes and less exciting launches. Sales volume for Toyota in FY16 came down by 32% and it recorded a lower market share of 11.2% in FY16 compared to 14.4% in FY15. New launches only came in 2H16 such as the Corolla Altis, updated Camry, updated Vios, Sienta and new Innova. Upcoming launches will be rolled out in 2H17, whereby we believe Toyota will bring in exciting models. As for the highly anticipated CH-R, this could only happen once the CH-R is launched in Thailand which may take place in early FY18. The group would also like to bring in more Energy Efficient Vehicles (EEV) as they can offer better pricing and margins in light of the government incentives. The Fortuner offers a fine example – prices were brought down by RM11,500 for the diesel variant and RM16,100 for the petrol variant once they were classified as EEV. As for now, Toyota offers four models with EEV status such as the Fortuner, Innova, Camry and Vios.

As for expansion plans, its new plant (located in Bukit Raja with an investment value of RM2.0bn) is slated to commence operations in FY19. This plant will have an initial capacity of 50k units p.a. and it will focus more on passenger vehicles such as the Camry and Vios.

**Move into high-value manufacturing**

Under manufacturing and engineering, the group currently is the largest distributor of Repsol in the world outside Spain. Manufacturing accounts for 4.9% of total revenue in FY15. Moving forward, UMW wants to move into high-value manufacturing that offers better margins and sustainable earnings growth. This is made possible after winning the Rolls-Royce contract to manufacture fan cases for Trent 1000 (Boeing 787 Dreamliner) and Trent 7000 (Airbus A330neo) aero engines. The contract is deemed to involve 25+5 years.

The Rolls-Royce plant is completed on schedule with a pre-production facility, a main factory and an office. It is currently in the midst of training its workers and is on track to deliver the first fan case in October 17. We believe the startup losses will weigh on M&E earnings in FY17 but should turn profitable from FY19 onwards once the plant runs at a higher utilisation rate and delivers more fan cases. The plant has a capacity of 250 units p.a.

The Rolls-Royce plant will also help unlock the future value of its land bank in Serendah. UMW owns 840 acres in Serendah with 289 acres of industrial plots. The Rolls Royce plant only takes up about 30 acres. It plans to develop Serendah by transforming it into a hub for high-value manufacturing activities.

#### Equipment to leverage on construction projects

UMW is dominant in the local and Singapore markets for its equipment business. It is planning to reposition its heavy equipment from the resources sector and focus more on urbanised sectors such as the construction sector. It believes there is potential in the construction sector. This is backed by infrastructure projects awarded by the government with a total value of RM550bn in the pipeline over the next two decades. The group also sees potential in the growing ASEAN countries such as Vietnam, Myanmar, Thailand and Indonesia.

#### Revised earnings

We lift our earnings forecast by 26%/21 % for FY17F/18F. We believe its exit from the oil and gas sector will definitely boost earnings but we are cautious on its disposal of non-listed oil and gas assets.

#### Valuation

We are maintaining our HOLD call with a TP of RM5.30, based on SOP valuation. Despite our earnings lift, the SOP valuation for the oil and gas assets utilises book value and the impairments made have brought down the book value over time. We believe the recovery of its auto business is a key re-rating catalyst.

#### SOP valuation

Division	Stake	Valuation	Value (RM m)	Per share
Automotive				
Toyota	51.0%	PE 13x	1,701.14	1.46
Perodua	38.0%	PE 13x	2,190.54	1.87
Oil & Gas	55.7%	0.6x book value	746.10	0.64
Equipment	100.0%	PE 10x	1,175.05	1.01
Manufacturing & engineering	100.0%	PE 10x	227.11	0.19
Others	100.0%	0.5x book value	149.30	0.13
<b>Total</b>			<b>6,189.24</b>	<b>5.30</b>

Source: AllianceDBS

**CRITICAL DATA POINTS TO WATCH**

**Earnings Drivers:**

**Toyota sales volume to sustain.** UMW’s assembly and distribution operation for Toyota and Lexus cars contributed 80.4% of group revenue in 4Q16. UMW recorded better sales in 4Q16 with 19,625 units (+11.5% q-o-q; -39.4% y-o-y) from higher sales from year-end promotions. 4Q16 Toyota’s market share came in at 12.3%, making it the second bestselling non-national car marque, after Honda’s 17.7% market share. Overall, we expect Toyota sales volume to improve marginally in FY17-18F.

**Expansion of manufacturing plant.** UMW Toyota is in the midst of expanding its manufacturing plant located in Bukit Raja Industrial Estate, Klang. The plant is expected to start operations in early 2019 with an annual capacity of 50k units. The investment comes up to RM2bn. This plant will focus more on the production of passenger vehicles, namely the Vios and Camry.

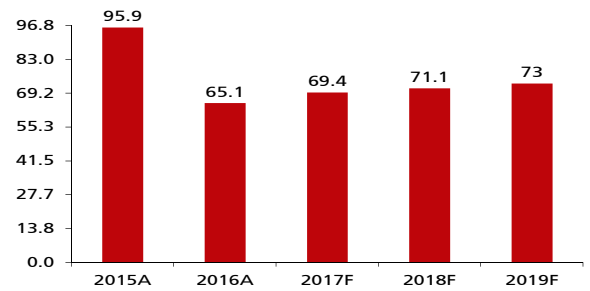
**Promotions and new launches will help lift sales volumes.** Recently launched by Toyota are the facelift versions of Toyota Vios, Toyota Camry and Toyota Corolla Altis. The uplift in numbers may come from the 2016 Toyota Vios whose all-new powertrain allows the car to be classified as an Energy Efficient Vehicle (EEV). New launches for FY17 will be rolled out in 2H17 and such launches in 4Q16 may sustain the volumes for 1H17.

**Margins under pressure.** Although the promotions and added features would help to support sales volumes for the rest of the year, it could also result in weaker margins for the auto division. Pretax profit margins for the division have fallen for five consecutive years. Margins have also been weighed down by higher costs (for imported materials) arising from the weaker ringgit.

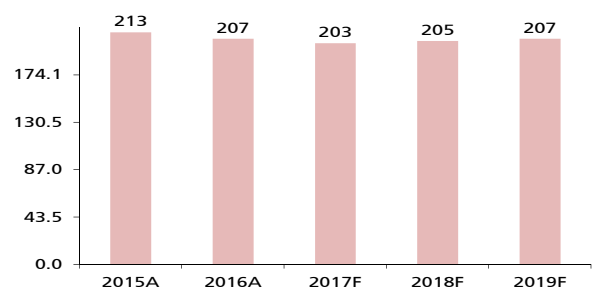
**Resilient Perodua volumes.** UMW has a 38% stake in Perodua. Perodua has been doing well in the past few quarters with impressive sales of new models. Perodua’s market share of 34.8% in 4Q16 was above Proton’s 13.7%. Perodua is attracting buyers amid the slower economy, by offering a solid value proposition of reasonable pricing for Myvi (RM44k) and Axia (RM33k). The new sedan Perodua Bezza (selling at RM37k-RM51k) has sold 20,000 units since its launch on 21 July 2016. Although the Perodua Bezza might boost sales, it may cause some cannibalism effect on Myvi. We forecast Perodua’s sales at 203k/205k units for 17F/18F.

**Exiting O&G business.** UMW has a 55.7% stake in UMWOG. UMW has proposed to exit its oil and gas business via a distribution-in-specie, whereby UMW shareholders will own UMWOG shares directly once the exercise is complete. Losses in O&G may still affect earnings in 1H17 as the demerger is

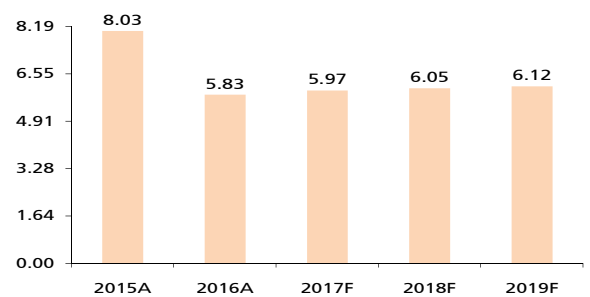
**Toyota sales (k units)**



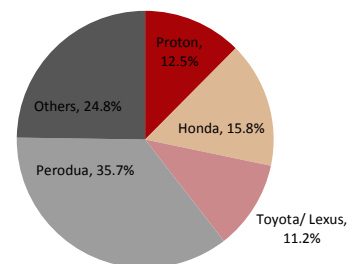
**Perodua sales (k units)**



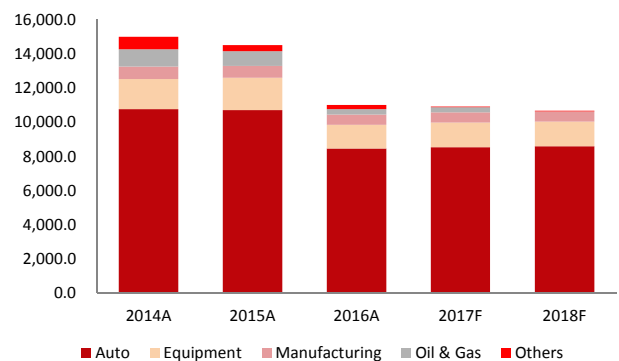
**Auto PBT Margin %**



**FY16 Market Share**



**Revenue breakdown by segment**



Source: Company, AllianceDBS

expected to complete only by 3Q17. Nonetheless, we view this positively as group earnings and gearing will improve significantly.

**New aerospace venture.** UMW has entered into an agreement with Rolls Royce to manufacture and assemble fan cases for the Trent 1000 engines. This potential new earnings stream is conceptually positive and allows the group to reduce its dependence on the auto businesses. We expect the business to contribute materially in FY18F. It has recently completed the Rolls-Royce plant in Serendah, Selangor. The group has allocated RM750m capex for the next 2.5 years. The group is currently on course to deliver its first unit of Trent 1000 fan case for aero engines upon receipt of the first purchase order targeted for October 2017.

**Balance Sheet:**

**Lighter without oil & gas.** Net gearing stood at 0.93x as at end-4Q16. Total debt amounted to RM6.4bn and was mostly denominated in USD (including USD844.0m at UMWOG). Capex was RM925m in FY16 with RM21.5m for the O&G segment. Once the demerger is completed, we expect its net gearing to improve significantly as borrowings from oil & gas are expunged.

**Share Price Drivers:**

**Stronger auto sales and margins.** The stock price has fallen along with slower auto sales and the more competitive auto industry. A recovery in Toyota unit sales and margins would be a key earnings and share price driver.

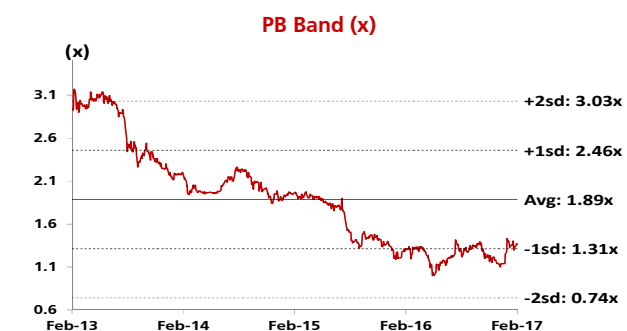
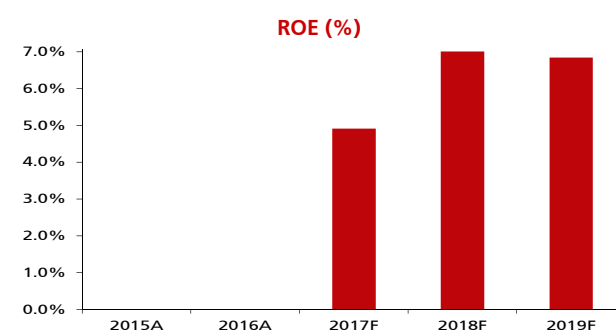
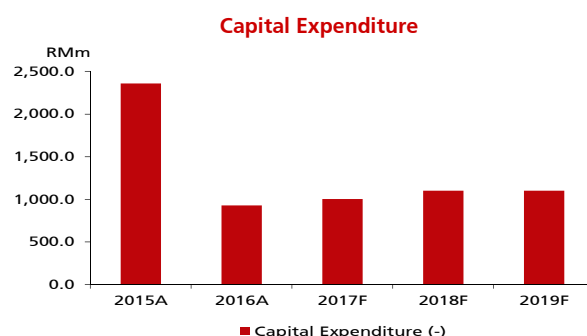
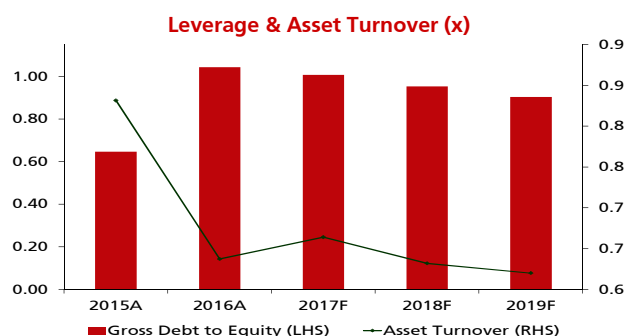
**Key Risks:**

**Sharp recovery in auto sales.** Significantly stronger Toyota vehicle unit sales could revive earnings and help re-rate the stock.

**Higher cost.** The increase in car prices will help manufacturers cover part of the increase in imported cost (arising from the ringgit's depreciation). However, further weakening of the ringgit would be a risk for manufacturers.

**Company Background**

UMW is the sole assembler and distributor of Toyota and Lexus vehicles. This includes marketing, sales services and auto parts trading. Its other business segments are Oil & Gas (owns jack-up drilling rigs and onshore rigs), Equipment (trading of industrial heavy equipment) and Manufacturing & Engineering (trading of lubricants).



Source: Company, AllianceDBS

## UMW Holdings

### Key Assumptions

FY Dec	2015A	2016A	2017F	2018F	2019F
Toyota sales (k units)	95.9	65.1	69.4	71.1	73.0
Perodua sales (k units)	213	207	203	205	207
Auto PBT Margin %	8.03	5.83	5.97	6.05	6.12

### Segmental Breakdown

FY Dec	2015A	2016A	2017F	2018F	2019F
<b>Revenues (RMm)</b>					
Auto	10,722	8,459	8,553	8,597	8,643
Equipment	1,883	1,383	1,424	1,439	1,453
Manufacturing	707	600	606	612	618
O&G	840	321	300	0.0	0.0
Others	290	203	37.4	38.2	38.9
<b>Total</b>	<b>14,442</b>	<b>10,965</b>	<b>10,920</b>	<b>10,686</b>	<b>10,752</b>
<b>PBT (RMm)</b>					
Auto	861	493	511	520	529
Equipment	226	147	157	160	163
Manufacturing	16.8	24.0	30.3	32.4	34.0
O&G	(348)	(1,184)	(92.8)	0.0	0.0
Others	(486)	(1,634)	(179)	(32.2)	(28.9)
<b>Total</b>	<b>270</b>	<b>(2,154)</b>	<b>426</b>	<b>680</b>	<b>697</b>
<b>PBT Margins (%)</b>					
Auto	8.0	5.8	6.0	6.1	6.1
Equipment	12.0	10.6	11.0	11.1	11.2
Manufacturing	2.4	4.0	5.0	5.3	5.5
O&G	(41.5)	(368.9)	(31.0)	N/A	N/A
Others	(167.8)	(805.0)	(479.3)	(84.3)	(74.3)
<b>Total</b>	<b>1.9</b>	<b>(19.6)</b>	<b>3.9</b>	<b>6.4</b>	<b>6.5</b>

### Income Statement (RMm)

FY Dec	2015A	2016A	2017F	2018F	2019F
Revenue	14,442	10,965	10,920	10,686	10,752
Cost of Goods Sold	(10,851)	(10,625)	(10,581)	(10,354)	(10,419)
<b>Gross Profit</b>	<b>3,591</b>	<b>340</b>	<b>339</b>	<b>331</b>	<b>334</b>
Other Opng (Exp)/Inc	(3,598)	(2,656)	(2,645)	(2,589)	(2,605)
<b>Operating Profit</b>	<b>192</b>	<b>(914)</b>	<b>358</b>	<b>566</b>	<b>590</b>
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	134	155	153	158	162
Net Interest (Exp)/Inc	(0.4)	(106)	(85.6)	(43.2)	(55.0)
Exceptional Gain/(Loss)	(56.8)	(1,289)	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>270</b>	<b>(2,154)</b>	<b>426</b>	<b>680</b>	<b>697</b>
Tax	(267)	(141)	(106)	(170)	(174)
Minority Interest	(39.4)	604	(83.2)	(159)	(163)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>(37.2)</b>	<b>(1,691)</b>	<b>236</b>	<b>351</b>	<b>360</b>
Net Profit before Except.	19.7	(402)	236	351	360
EBITDA	703	(359)	885	1,066	1,066
<b>Growth</b>					
Revenue Gth (%)	(3.3)	(24.1)	(0.4)	(2.1)	0.6
EBITDA Gth (%)	(48.9)	nm	nm	20.4	(0.1)
Opg Profit Gth (%)	(80.7)	nm	nm	57.8	4.3
Net Profit Gth (Pre-ex) (%)	(94.0)	nm	nm	48.8	2.5
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	24.9	3.1	3.1	3.1	3.1
Opg Profit Margin (%)	1.3	(8.3)	3.3	5.3	5.5
Net Profit Margin (%)	(0.3)	(15.4)	2.2	3.3	3.3
ROAE (%)	(0.6)	(29.9)	4.9	7.0	6.8
ROA (%)	(0.2)	(9.8)	1.4	2.1	2.1
ROCE (%)	0.0	(6.1)	1.9	2.9	2.9
Div Payout Ratio (%)	N/A	N/A	30.0	30.0	30.0
Net Interest Cover (x)	477.6	(8.6)	4.2	13.1	10.7

Source: Company, AllianceDBS

**Quarterly / Interim Income Statement (RMm)**

<b>FY Dec</b>	<b>4Q2015</b>	<b>1Q2016</b>	<b>2Q2016</b>	<b>3Q2016</b>	<b>4Q2016</b>
Revenue	4,183	2,199	2,847	2,857	3,062
Cost of Goods Sold	(4,628)	(2,203)	(2,829)	(3,020)	(5,230)
<b>Gross Profit</b>	<b>(446)</b>	<b>(3.5)</b>	<b>18.2</b>	<b>(163)</b>	<b>(2,167)</b>
Other Oper. (Exp)/Inc	(26.9)	(6.5)	19.7	63.4	1,325
<b>Operating Profit</b>	<b>(473)</b>	<b>(10.0)</b>	<b>37.9</b>	<b>(100.0)</b>	<b>(842)</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	71.8	22.1	26.5	40.9	65.3
Net Interest (Exp)/Inc	(11.3)	(18.1)	(22.8)	(26.5)	(38.4)
Exceptional Gain/(Loss)	81.8	27.1	3.17	(36.1)	(1,283)
<b>Pre-tax Profit</b>	<b>(330)</b>	<b>21.1</b>	<b>44.8</b>	<b>(122)</b>	<b>(2,098)</b>
Tax	(64.9)	(26.0)	(48.5)	(41.3)	(24.9)
Minority Interest	111	21.5	(8.4)	34.1	557
<b>Net Profit</b>	<b>(284)</b>	<b>16.6</b>	<b>(12.1)</b>	<b>(129)</b>	<b>(1,566)</b>
Net profit bef Except.	(366)	(10.5)	(15.3)	(92.8)	(283)
EBITDA	(473)	(10.0)	37.9	(100.0)	(842)

**Growth**

Revenue Gth (%)	18.4	(47.4)	29.4	0.4	7.2
EBITDA Gth (%)	nm	97.9	nm	nm	(742.4)
Opg Profit Gth (%)	nm	97.9	nm	nm	(742.4)
Net Profit Gth (Pre-ex) (%)	nm	97.1	(45.2)	(506.5)	(205.3)

**Margins**

Gross Margins (%)	(10.7)	(0.2)	0.6	(5.7)	(70.8)
Opg Profit Margins (%)	(11.3)	(0.5)	1.3	(3.5)	(27.5)
Net Profit Margins (%)	(6.8)	0.8	(0.4)	(4.5)	(51.1)

**Balance Sheet (RMm)**

<b>FY Dec</b>	<b>2015A</b>	<b>2016A</b>	<b>2017F</b>	<b>2018F</b>	<b>2019F</b>
Net Fixed Assets	8,103	7,639	8,112	8,712	9,336
Invt in Associates & JVs	1,979	2,056	2,208	2,366	2,528
Other LT Assets	434	376	376	376	376
Cash & ST Invt	2,734	2,179	2,186	1,929	1,552
Inventory	1,890	1,922	1,429	1,398	1,407
Debtors	1,458	754	1,102	1,079	1,085
Other Current Assets	1,628	1,280	1,280	1,280	1,280
<b>Total Assets</b>	<b>18,225</b>	<b>16,206</b>	<b>16,693</b>	<b>17,139</b>	<b>17,565</b>
ST Debt	3,646	2,617	2,617	2,617	2,617
Creditor	1,380	898	1,043	1,021	1,027
Other Current Liab	1,312	1,104	1,198	1,262	1,266
LT Debt	2,420	4,592	4,592	4,592	4,592
Other LT Liabilities	83.5	86.0	86.0	86.0	86.0
Shareholder's Equity	6,584	4,722	4,887	5,133	5,384
Minority Interests	2,799	2,187	2,270	2,430	2,593
<b>Total Cap. &amp; Liab.</b>	<b>18,225</b>	<b>16,206</b>	<b>16,693</b>	<b>17,139</b>	<b>17,565</b>
Non-Cash Wkg. Capital	2,284	1,954	1,570	1,475	1,480
Net Cash/(Debt)	(3,332)	(5,030)	(5,023)	(5,280)	(5,657)
Debtors Turn (avg days)	44.7	36.8	31.0	37.2	36.7
Creditors Turn (avg days)	63.5	41.3	35.2	38.2	37.6
Inventory Turn (avg days)	65.7	69.1	60.8	52.4	51.5
Asset Turnover (x)	0.8	0.6	0.7	0.6	0.6
Current Ratio (x)	1.2	1.3	1.2	1.2	1.1
Quick Ratio (x)	0.7	0.6	0.7	0.6	0.5
Net Debt/Equity (X)	0.4	0.7	0.7	0.7	0.7
Net Debt/Equity ex MI (X)	0.5	1.1	1.0	1.0	1.1
Capex to Debt (%)	38.9	12.8	13.9	15.3	15.3
Z-Score (X)	1.6	1.3	1.4	1.4	1.4

Source: Company, AllianceDBS

## Cash Flow Statement (RMm)

FY Dec	2015A	2016A	2017F	2018F	2019F
Pre-Tax Profit	270	(2,154)	426	680	697
Dep. & Amort.	511	555	527	501	477
Tax Paid	(274)	(207)	(12.7)	(106)	(170)
Assoc. & JV Inc/(loss)	(134)	(155)	(153)	(158)	(162)
Chg in Wkg.Cap.	67.9	775	290	31.9	(9.1)
Other Operating CF	509	1,036	0.0	0.0	0.0
<b>Net Operating CF</b>	<b>949</b>	<b>(151)</b>	<b>1,077</b>	<b>948</b>	<b>832</b>
Capital Exp.(net)	(2,358)	(925)	(1,000)	(1,100)	(1,100)
Other Invts.(net)	(11.3)	(23.0)	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	100	78.9	0.0	0.0	0.0
Other Investing CF	116	273	0.0	0.0	0.0
<b>Net Investing CF</b>	<b>(2,152)</b>	<b>(596)</b>	<b>(1,000)</b>	<b>(1,100)</b>	<b>(1,100)</b>
Div Paid	(234)	(213)	(70.8)	(105)	(108)
Chg in Gross Debt	1,720	433	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(969)	0.0	0.0	0.0	0.0
<b>Net Financing CF</b>	<b>517</b>	<b>221</b>	<b>(70.8)</b>	<b>(105)</b>	<b>(108)</b>
Currency Adjustments	64.6	25.3	0.0	0.0	0.0
Chg in Cash	(621)	(500)	6.55	(257)	(376)
Opg CFPS (sen)	75.4	(79.2)	67.4	78.5	72.0
Free CFPS (sen)	(121)	(92.1)	6.62	(13.0)	(22.9)

Source: Company, AllianceDBS

## Target Price &amp; Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	25 May 16	5.15	5.60	HOLD
2:	26 May 16	5.00	5.60	HOLD
3:	30 Aug 16	5.57	5.75	HOLD
4:	30 Nov 16	5.14	5.30	HOLD
5:	21 Dec 16	4.78	5.30	HOLD
6:	28 Feb 17	5.54	5.30	HOLD

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

Source: AllianceDBS

Analyst: Siti Ruzanna MOHD FARUK



**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

**DISCLAIMER**

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Wong Ming Tek, Executive Director

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**AllianceDBS Research Sdn Bhd (128540 U)**

19th Floor, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.

Tel.: +603 2604 3333 Fax: +603 2604 3921 email : general@alliancedbs.com