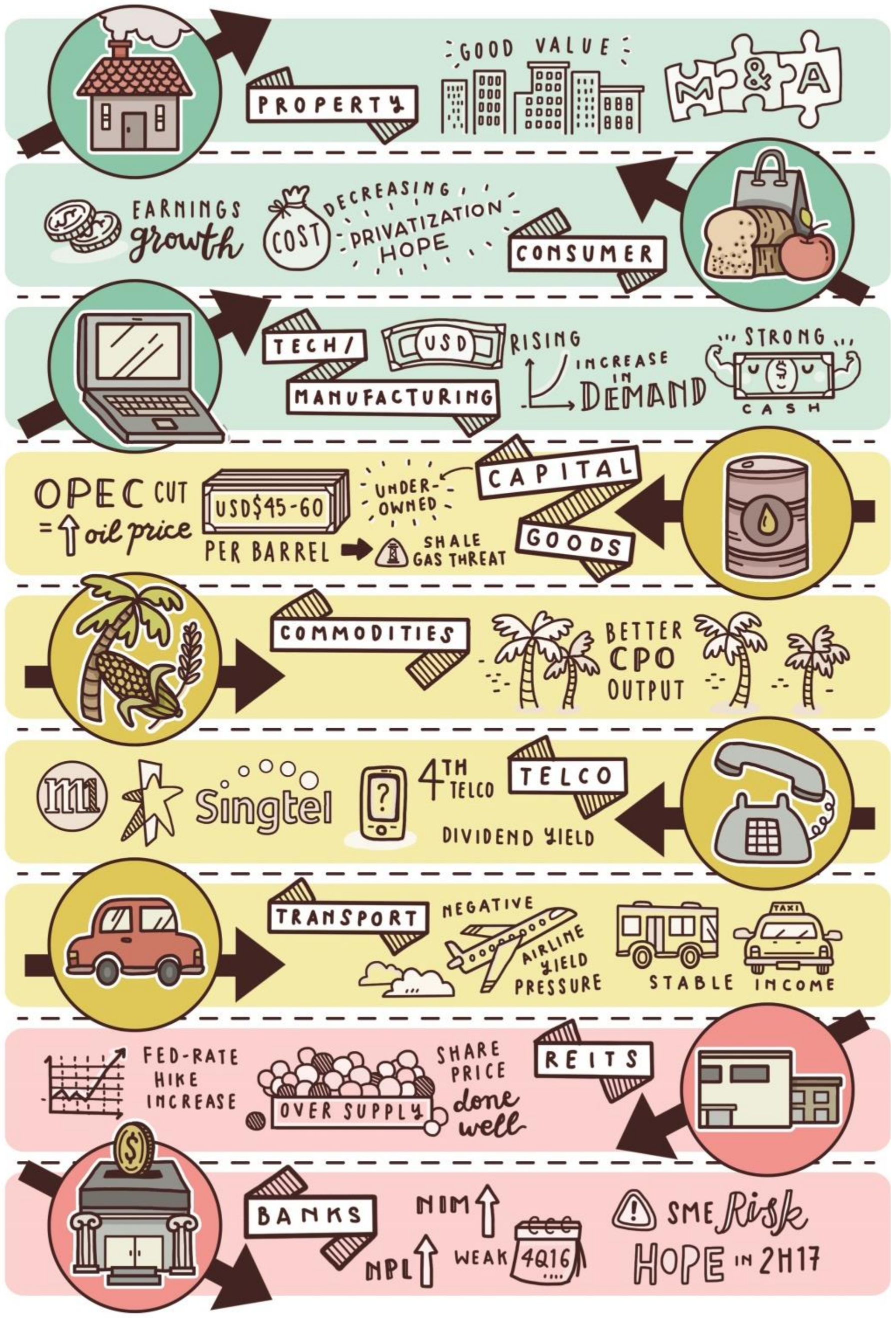
NAVIGATING SINGAPORE

December 5, 2016

Singapore Strategy

Rocky is the new status quo



- The path to a new status quo is likely to be a rocky one, given the expected Fed rate hike, Brexit, Trump presidency, multiple elections in Europe and OPEC.
- However, as low oil prices and low interest rates are becoming a thing of the past. cyclicals could come into favour, if investors look past lacklustre earnings growth.
- We are not all-out bullish on cyclicals, as the sectors still grapple with structural challenges, but we see opportunity to buy on dips

Analyst(s)

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Rocky is the new status quo

- The path to a new status quo is likely to be a rocky one, given the expected Fed rate hike, Brexit, Trump presidency, multiple elections in Europe and OPEC.
- However, as low oil prices and low interest rates are becoming a thing of the past. cyclicals could come into favour, if investors look past lacklustre earnings growth.
- We are not all-out bullish on cyclicals, as the sectors still grapple with structural challenges, but we see opportunity to buy on dips.

Is market ready to re-rate?

As we enter a world of higher interest rates and oil prices, cyclicals could come back in favour. The latest run-up in the bank, and offshore & marine sectors suggest the market is pricing in an 'all is well' environment, ignoring near-term lacklustre fundamentals. At c.14x CY17 P/E, FSSTI is trading at historical mean against 2% EPS growth. We believe the market is impatiently looking past 2017, and re-rating ahead based on 2018 (EPS growth of 5%). A top-down index reading of 3,140 (7% upside) is plausible.

Downgrade REITs, look for dollar plays and net cash companies

The CIMB fixed income research team forecasts a 2-year US Treasury rate of 1.5% (currently 1.0%) and 10-year Treasury rate of 2.75-3.00% (currently 2.35%) for 2017. The team expects one FOMC hike in 1H17 and another two in 2H17. Based on this, we downgrade REITs from Neutral to UW after blanket increase in risk-free rate across sectors. Higher interest rates, strong dollar and more hopeful US recovery send us searching for export plays, tech and manufacturing, and net cash companies.

Banks and capital goods hope for end to EPS downgrades

Banks, capital goods and property trade at -1 s.d. below historical mean but this is in line with declining ROEs. We believe the cheap valuations could be unlocked as soon as the street is confident that consensus earnings downgrades have ended. 4Q16 will be the quarter to watch. Based on bottom-up approach, we keep banks UW as we think rate hikes may not fully offset credit costs. We upgrade capital goods from UW to Neutral as the worst is likely over as the sector re-rates against upward oil trend (capped by shale).

OW property and consumers, Neutral on commodities and telcos

Our defence for our unchanged OW rating on property developers is their multi-year low valuations, pricing in bad news but limiting downside risks. With limited development opportunities at home, M&A/privatisation may be the sector's route to re-rating. The consumer sector is an OW, especially for names that are seeing earnings turnaround from closure of unprofitable stores. We upgrade commodities from UW to Neutral on better CPO yield. Telco sector is a Neutral on slowing revenue and threat of fourth telco.

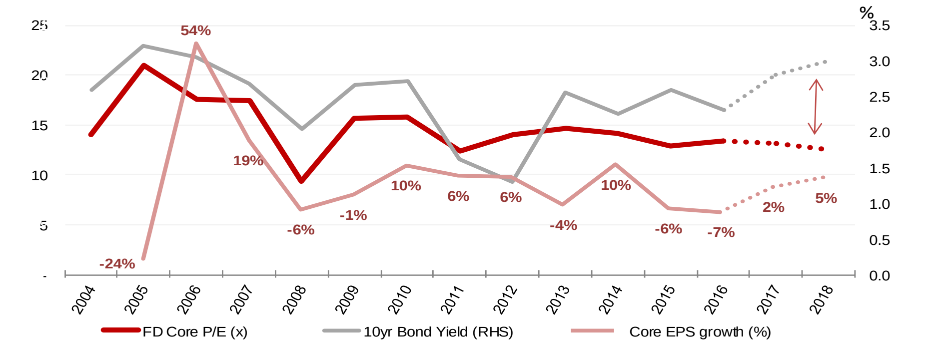
2017 is a story of two halves

Given the many uncertainties ahead and a shorter market cycle, it is naïve to expect our sector preferences to last throughout 2017 due to the obvious unknowns: 1) number of rate hikes (two or three), and 2) OPEC keeping its promise. Our calls on REITS, banks and capital goods may be inverted in 2H17 depending on above outcomes.

Analysts' Alpha picks

Our big-cap Alpha picks are: Dairy Farm, First Resources, ST Engineering, UOL and Venture Corp. Our small-cap top picks are: Auric Pacific, Best World, CEI, Cityneon, Dutech, Mermaid Maritime, Sunningdale and Valuetronics.

Figure 1: FSSTI PE vs 10 yr Bond Yield – re-rating could be on the cards if EPS growth intact



SOURCES: CIMB RESEARCH, COMPANY

Highlighted companies

UOL
Add, TP S$7.96

UOL is our preferred pick among developers trading at 42% discount to RNAV. We like UOL for its stable income profile and visible residential earnings. There is also a potential for corporate action as the UOL/Wee family stake in UIC has moved closer to 49.63%.

ST Engineering
Add, TP S$3.75

STE is a proxy to the stronger US economy and US$. Its net cash is a plus in a higher interest rate environment. The worst could be over for land systems and marine.

Dairy Farm
Add, TP S$8.70

After two consecutive years of earnings declines, margins finally look like they have bottomed and we think it is now time to revisit the stock. Earnings rebound is the key positive with Indonesia and Singapore showing signs of recovery.

Sector ratings

Sector	1H17	Potential 2H17?
Financial	UW	OW
Property	OW	OW
REITs	UW	N
Telcos	N	N
Transport	N	N
Capital Goods	N	OW
Commodities	N	N
Healthcare	N	N
Consumer/Gaming	OW	OW
Manufacturing	OW	OW

Most/Least preferred stocks

Sector	Most preferred	Least preferred
Financial	DBS	OCBC
Property	CAPL, CIT, UOL	
REITs	FCT, PREIT, MINT	Cache
Telcos	ST	M1, Starhub
Transport	CD	SIA
Capital Goods	STE, CSE, MMT	PACRA
Commodities	FR	GGR
Healthcare	TIAN, IHH	Q&M, RFMD
Consumer/Gaming	AP, BEST, CITN, DFI	SPH
Manufacturing	VMS, VALUE	YOMA

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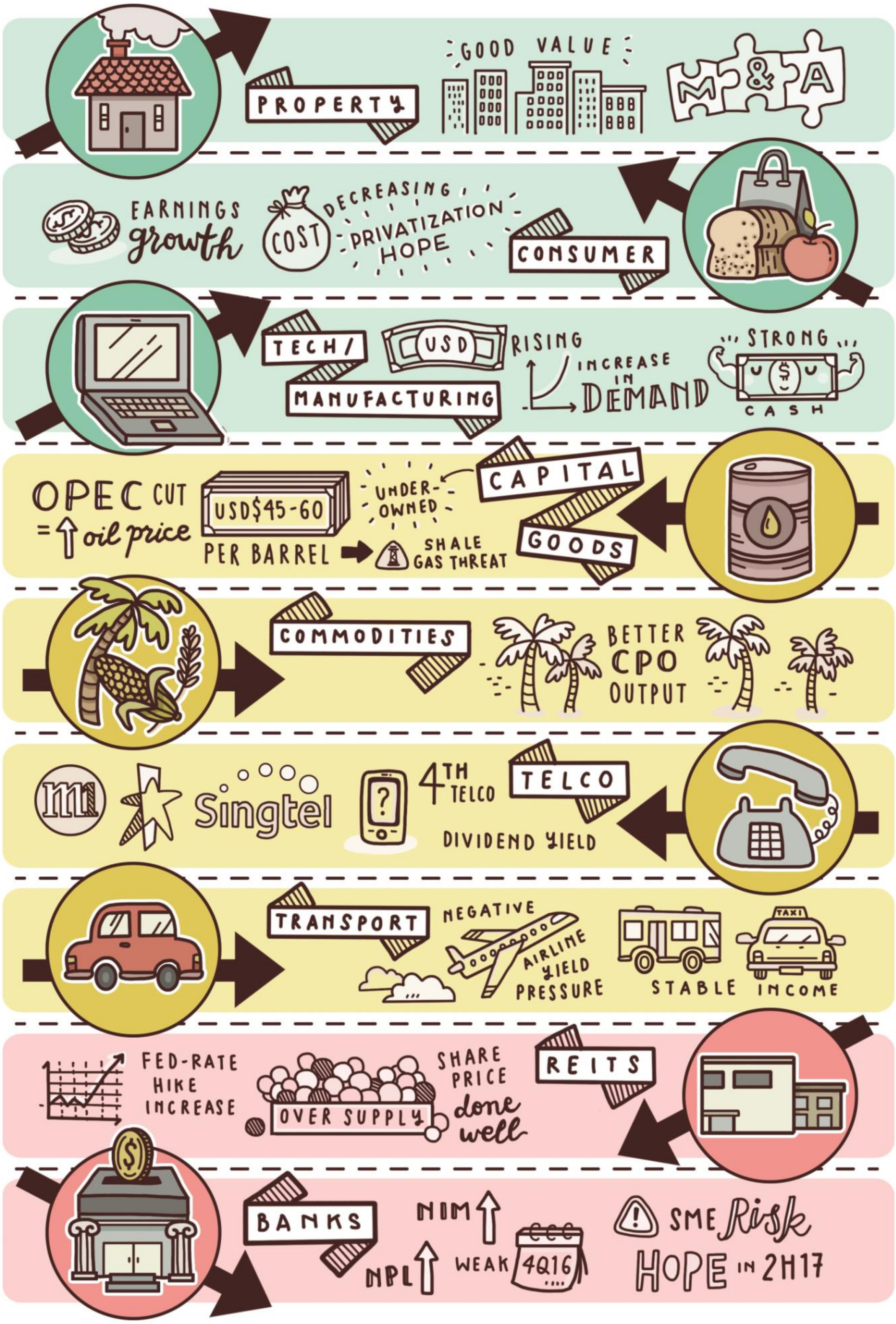
Figure 2: Cheat sheet for Singapore 2017 strategy



Sector Legend: Overweight | Neutral | Underweight

SOURCES: CIMB, COMPANY REPORTS

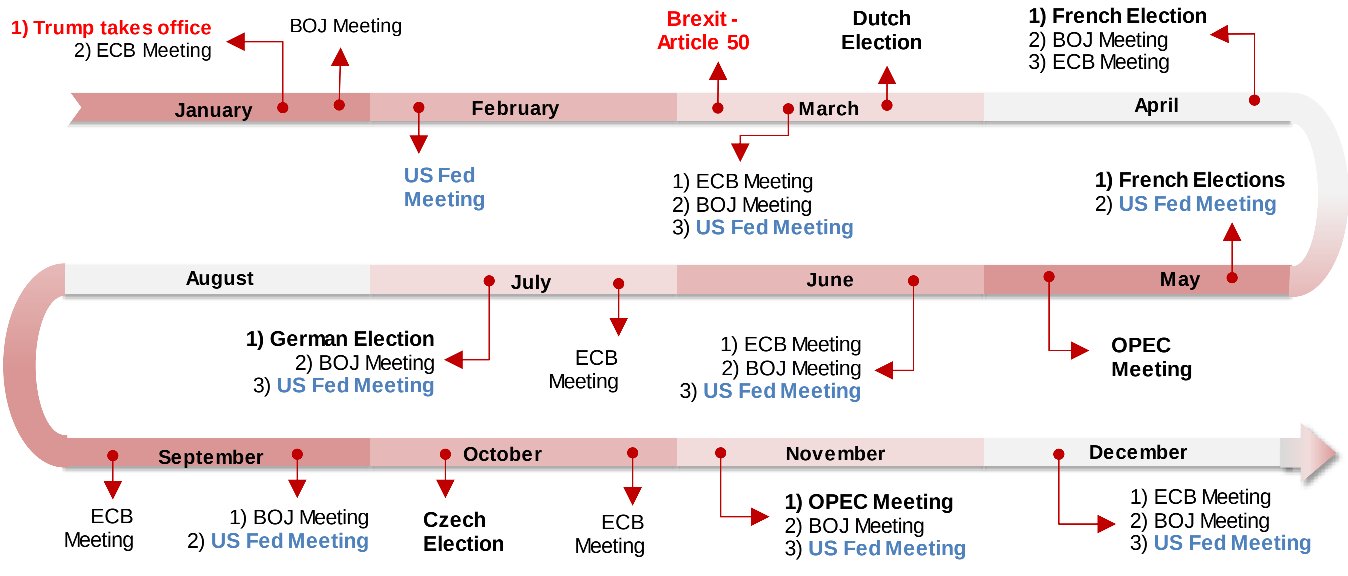
Rocky is the new status quo

The big talk

Populism embarks on execution mode

The world seems a very uncertain place stepping into 2017 as the foundations of many of the global political and economic models shift beneath us. The path to a new status quo is likely to be a rocky one, more so in 1H2017 with right-wing populism embarking on their 'execution' mode - Trump taking office (Jan) and the Brexit Article 50 trigger timeline (Mar). These, coupled with the multiple elections in Europe (in the Netherlands, France, Germany and Czech Republic) throughout the year and major decisions to be 'announced' in regular FOMC and OPEC adhering to their production cuts, are more than enough to keep the equity markets on their toes.

Figure 3: 2017 events to keep the global economy and equity markets on their toes



SOURCES: CIMB, COMPANY REPORTS

Picking the brain of the economist

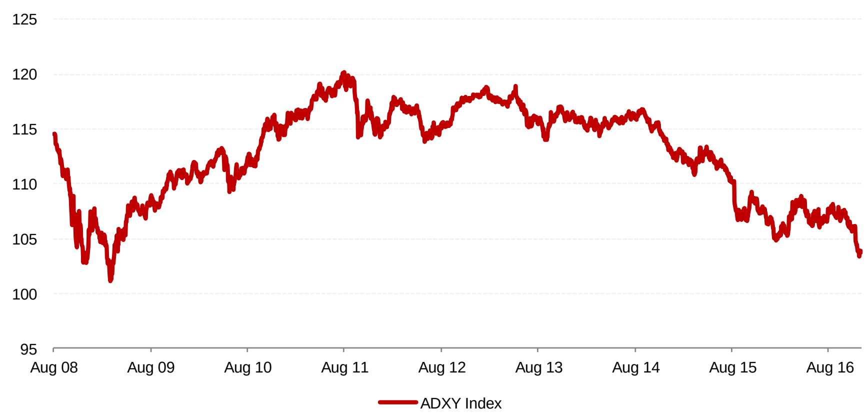
Hopes for a better 2H17. Global economic conditions have remained sluggish, and although global growth is projected to pick up slightly in 2017 (IMF in its World Economic Outlook, Oct update projects a 2017 global growth of 3.4% vs. 3.1% in 2016 and 3.2% in 2015), downside risks in the global economy remain.

The US vote ushering in a Trump administration that is set to push for an ultra-loose fiscal policy to complement the still accommodative US monetary policy (despite likely higher fed fund rates) may lift 2017's growth above the IMF's latest forecast of 2.2%, from a projected 1.6% in 2016. CIMB Private Bank economist, Song Seng Wun, believes that the actual outcome will depend on the multiplier effects from jobs creation, wage growth and spending. Will Americans spend to lift investment? This will depend on the scale, speed, and nature of spending, as well as the "quality" of the jobs created. This potential US stimulus should benefit regional exporters from 2H17 onwards.

Considerable uncertainty remains about Mr Trump's detailed policy priorities, especially those regarding trade protection which, if implemented, would impact export-oriented Asia. Our take is that a more protectionist US is unlikely. The prospect of a full-blown US trade war with China is small, while the focus is likely to be the domestic economy, especially during the new administration's first 100 days.

Asian currencies could be oversold. The stronger US dollar theme and consensus expectations for 2-3 interest rates hikes have resulted in regional currencies coming under selling pressure. This could persist into 1H17 until there are clearer signs that growth in the Asian economies have held up. Song believes that the current sharp decline in Asian currencies may be overdone as Asian economies are far from recessionary, yet the ADXY (a composite index of Asian currencies vs. US$) is at its lowest level since the GFC in 2008/09 (103.4).

Figure 4: Asia dollar index



SOURCE: BLOOMBERG

There is hope for Asia. Looking ahead, for Asian economies, the prospects of uncertainty arising from risks of protectionism in developed markets and persistent financial market volatility will likely lead regional governments towards a more progressive adoption of fiscal policy to complement the accommodative monetary policy for an overall balanced policy environment that would support economic growth. The IMF in its WEO Oct update expects the ASEAN-5 economies to grow by 5.1% in 2017, the strongest since 2012, supported by a combination of domestic-oriented growth drivers and an improvement in external demand.

One risk to keep an eye out for is higher-than-expected regional inflation, partly the result of weaker currencies and the impact of government pump priming. Since prices are rising from relatively low levels, consumer price inflation will be far more manageable. The IMF has forecast an average CPI of 4.5% for the emerging market in 2016, well below the long-term average of 7.9% for 1998-2007 or 5.6% for 2008-2017. This means that monetary policy can continue to stay accommodative for longer despite an uptick in inflation.

CIMB fixed income expects 3 rate hikes. The CIMB fixed income research team has forecast a 2-year US Treasury rate of 1.5% (currently 1%) and 10-year Treasury rate of 2.75-3% (currently 2.35%) for 2017. The team sees the possibility of one FOMC hike in 1H17 and another two in 2H17.

Singapore market strategy

Is the market ready for a rerate?

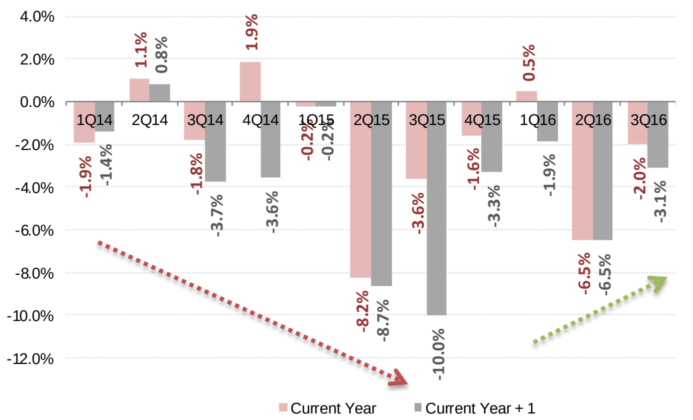
The low interest rate environment and patchy earnings trend since 2012 have de-rated the FSSTI below mean. As a result, the market was more generous in according a premium for companies with defensive earnings growth (consumer and healthcare). However, as we enter a world of higher interest rates and oil prices (if OPEC keeps to its promise and controls production), cyclicals could be back in favour. The latest run-up in banks and offshore & marine sectors suggest that market is pricing in an 'all is well' environment, ignoring the near-term lacklustre fundamentals.

At c.14x CY17 P/E, FSSTI is trading at its historical mean against a 2% EPS growth. We believe the market is impatient and is looking past 2017, and rerating ahead into 2018 (EPS growth of 5%). A top-down index reading of 3,140 (7% upside) is plausible if we apply 14x on CY18 market core EPS integer of 224.

Bottom-up earnings cut momentum offers some respite

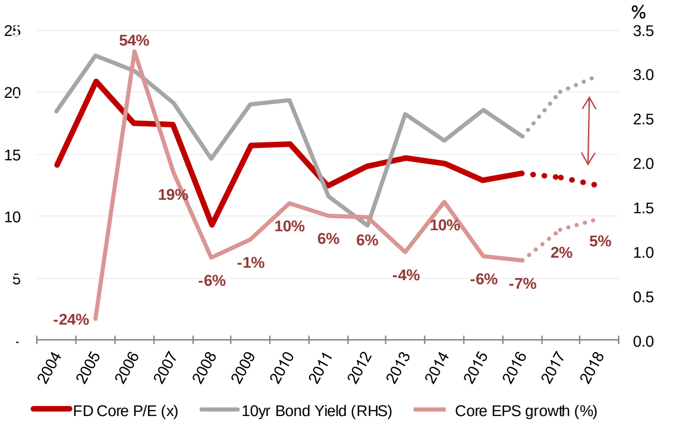
The quantum of earnings cut has narrowed yoy in 2016, indicating the likelihood of a bottoming effect by 2017 unless there is a major global shock. As low oil prices and low interest rates become a thing of the past, we believe EPS cuts in banks and offshore & marine sectors could decelerate by 1Q17.

Figure 5: Earnings cut momentum offers some respite



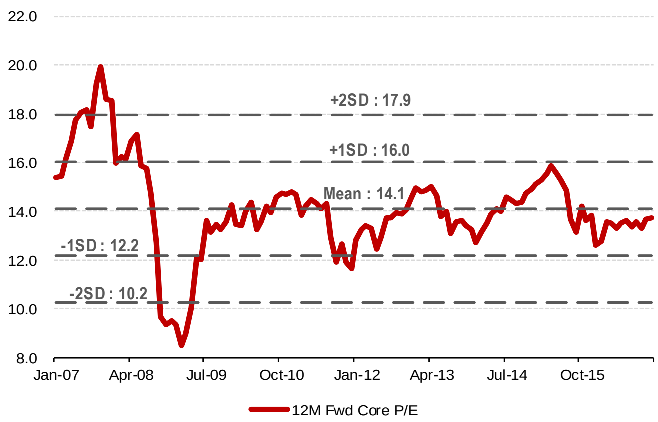
SOURCES: CIMB, COMPANY REPORTS

Figure 6: FSSTI PE vs. 10-year bond yield – re-rating could be on the cards if EPS growth intact



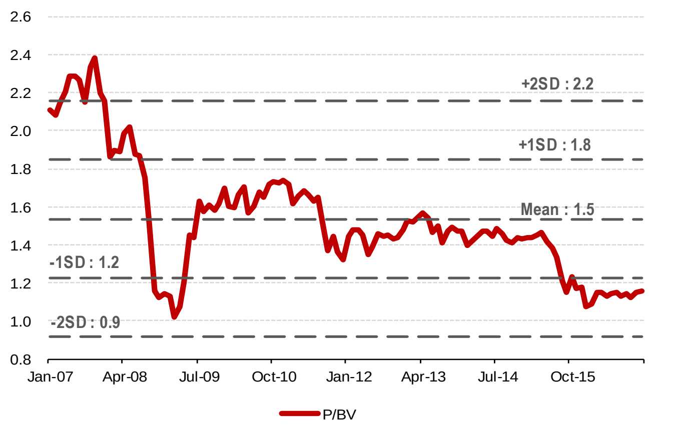
SOURCES: CIMB, BLOOMBERG

Figure 7: FSSTI's 12M forward core P/E (x)



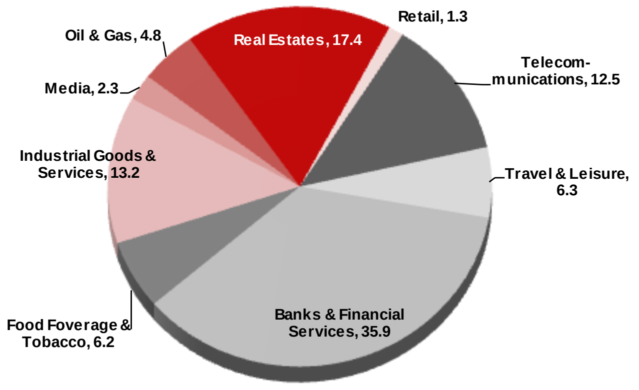
SOURCE: CIMB Research

Figure 8: FSSTI's P/BV (x) trading band



SOURCE: CIMB Research

Figure 9: FSSTI Sector Weightings



SOURCES: CIMB, COMPANY REPORTS

Figure 10: FSSTI valuations

STI	CY2014	CY2015	CY2016	CY2017	CY2018
Core P/E (x)	14.1x	12.8x	14.0x	13.7x	13.0x
FD Core P/E (x)	14.2x	12.9x	14.1x	13.8x	13.1x
Core EPS growth (%)	10%	-6%	-8%	2%	5%
Core Net Profit Growth (%)	4%	-10%	-6%	2%	5%
P/BV (x)	1.4x	1.2x	1.2x	1.1x	1.1x
Dividend yield (%)	3.5%	4.1%	3.8%	3.8%	4.0%
EV/EBITDA (x)	12.0x	12.9x	12.7x	12.1x	11.6x
P/FCF (x, equity)	13.2x	(196.7x)	11.1x	18.5x	14.6x
P/FCF (x, firm)	21.1x	(123.3x)	13.0x	26.2x	19.5x
Net gearing (%)	14.8%	17.5%	15.4%	16.3%	15.9%
ROE (%, recurring)	10.3%	9.1%	8.4%	8.2%	8.3%
FSSTI level	3,365	2,883	2,919	2,919	2,919
CIMB/consensus (x)			1.02	0.97	0.96

SOURCE: CIMB Research

Opportunistic trading in shorter cycles

If the historical trough-to-peak assessment is valid, the market could enter into a twilight zone of risk-on mode from Dec 16 to Mar 17 to hit the 14-month window of low to high. This may be 'substantiated' by 1) continuous recovery in oil prices, and 2) one interest rate hike. We believe there will be opportunities to buy on dips from Mar 17 after the market digests pockets of 4Q16's earnings disappointments, and a glimpse of the first 100 days of Trump's presidency.

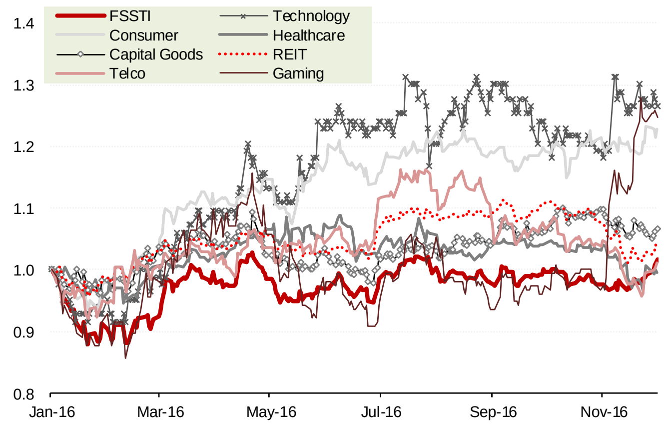
Figure 11: FSSTI Trough-to-Peak timeframe

Bottom of the market	Top of the market	No. of months
4-Sep-98	3-Jan-00	16
21-Sep-01	19-Mar-02	6
10-Mar-03	11-Oct-07	56
9-Mar-09	11-Nov-10	20
5-Oct-11	22-May-13	20
5-Feb-14	15-Apr-15	14
21-Jan-16	1-Dec-16	11

SOURCES: CIMB, BLOOMBERG

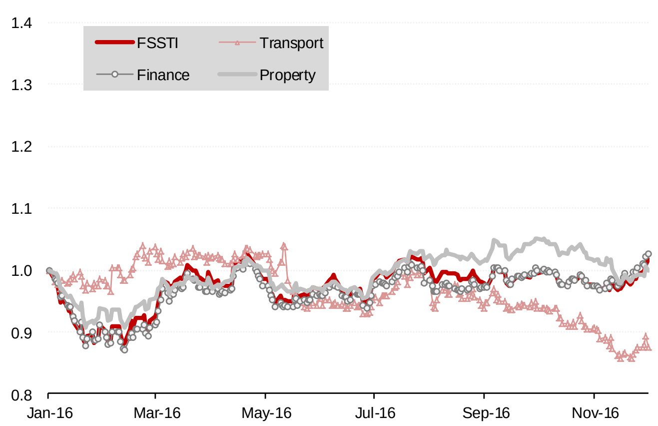
Sector preference

Figure 12: 2016 ouperforming sectors



SOURCES: BLOOMBERG

Figure 13: 2016 underperformers/neutral sectors



SOURCES: BLOOMBERG

Cyclicals back in vogue but not all rosy

The key themes for 2017 are: rising interest rates, dollars and commodity prices. These naturally attract the consensus of "sell REITS, buy banks and cyclicals" themes. We concur on the former and *downgraded REITS to Underweight (UW)* after a blanket increase in risk-free across sectors. We *upgrade Capital Goods/O&M from Underweight to Neutral* as negatives for belly-up risks among the small-caps are priced in, and the sector is cheap. The upward trend in oil price after OPEC nods on production cut may see the sector re-rate as the worst is deemed over. Fundamentally, the asset owners could be the first tier of beneficiaries (small caps) before the yards (KEP and SMM) as the Street has generally penciled in order recovery. A global glut in drilling rigs with close to 180 jack-up and floaters being built may take at least another 2 to 3 years to digest. The re-rate of the sector is also likely to be capped by threats of shale gas taps being turned on and the overhang of the Brazilian corruption scandal. We **prefer SMM** among the big caps as a pure proxy to the cycle.

Our *non-consensus Underweight on banks* is premised on a weak 4Q16 due to higher loan loss provisions from the oil & gas sector against a muted GDP backdrop capping loan and fee growth. We think the market could have been too bullish to price in significant NIM upside from the rate hikes. The effects of rates repricing are likely to materialise from 2Q17 onwards. Key risk to our call is oil & gas collaterals may not be written down significantly as corporates use the higher oil price benchmark to justify cash flow projection for their assets.

The recent 'mini risk-sharing bail-out' introduced by the Ministry of Trade and Investment (MTI) to provide a one-off financial support for the O&M sector is unlikely to move the needle against the c.S$7bn offshore & marine loan book exposure by the Singapore banks. The support comprising a bridging loan scheme of up to S$15m per borrower group and higher credit facilities of S$70m (from S$30m) of the Internationalisation Finance Scheme are barely sufficient to cover the working capital for a quarter for a small-cap O&M company. **OCBC is our top short**.

We also *upgrade commodities from Underweight to Neutral* for improving production prospects. The fading effects of El Nino will improve FFB yields and lower cost of CPO production on a per tonne basis for the upstream palm oil producers. The downstream business will see higher utilisation rates for refineries and improvement in margins in view of higher palm oil supplies. However, the upside could be capped by: 1) palm oil oversupply, 2) risk of China releasing old rapeseed oil stocks and rising global soybean harvest. **First Resources** is our preferred pick for its young estate profile and strong management, as its cost of production is among the lowest among the Singapore planters.

Tech and net cash proxies

We recreate the Tech and Manufacturing with an Overweight (OW). The strong dollar and a more hopeful US recovery send us searching for export plays or the Electronic Manufacturing Services (EMS). Singapore's EMS sector has been revamping, evolving away from the traditional personal computer, hard disk drive segments to life science and medical technology, 3D printing, and virtual reality devices. In addition to positive US$/S$ translations, the manufacturing sector generally are cash rich which may pocket some extra interest income from a higher interest rate environment. We like **Venture Corp, CEI** and **Valuetronics** in this space. **ST Engineering**, although it should be in Capital Goods fits into the tech, net cash and US spending theme (25% of its revenue is derived in US). US airlines' record profits may also translate into more aircraft MRO visits.

Selective in consumers, property is a trading call on privatisation hopes

Consumers is an Overweight on the back of names that are seeing earnings turnaround and margin recovery from closing down unprofitable stores – **Dairy Farm** and **Auric Pacific** with valuations that are not too lofty against their own history (-1s.d). Small cap consumer names with multi-year super earnings growth such as **Bestworld** and **Cityneon** will continue to be rewarded.

Our defence on an unchanged *Overweight in Property developers* is premised on its multi-year low valuations, pricing in bad news but limiting downside risks. With limited development opportunities at home, M&A/privatisation could be the route to re-rate the sector including UOL's stake in UIC, CDL's stake in M&C and GIC's stake in GLP. The share prices of Capitaland (-9%) and UOL (-7%) have underperformed City Developments (+10%) in 2016; this could be due to the latter's re-inclusion in the index. **UOL** could still be a laggard pick with the M&A angle.

Stretching our imagination into 2H17

With plenty of uncertainty ahead and a shorter market cycle, it is naïve to expect our sector preferences to last throughout 2017 due to the obvious unknowns: 1) the extent of rate hikes (two vs. our three), and 2) OPEC sticking to its promise. Our sector calls on REITS, banks and capital goods could be inverted in 2H17 depending on the above outcome.

Figure 14: Overall sector picks

Sector	1H17	Potential 2H17?	Most preferred	Least preferred
Financial	UW	OW	DBS	OCBC
Property	OW	OW	CAPL, CIT, UOL	
REITs	UW	N	FCT, PREIT, MINT	Cache
Telcos	N	N	ST	M1, Starhub
Transport	N	N	CD	SIA
Capital Goods	N	OW	STE, CSE, MMT	PACRA
Commodities	N	N	FR	GGR
Healthcare	N	N	TIAN, IHH	Q&M, RFMD
Consumer/Gaming	OW	OW	AP, BEST, CITN, DFI	SPH
Manufacturing	OW	OW	VMS, VALUE	YOMA

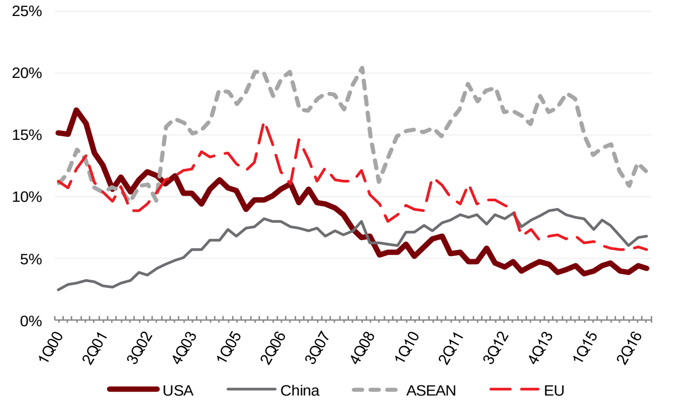
SOURCES: CIMB, COMPANY REPORTS

On the ground in Singapore

Muted GDP

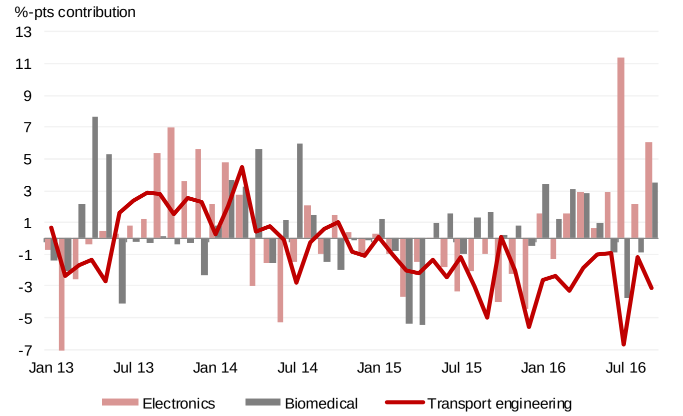
The Singapore government has set modest expectations of a 1-3% GDP growth in 2017 on the back of a slight pick-up in global growth. However, it also cautioned that the uncertainty posed by Brexit on the UK and Eurozone, as well as the risk of a sharper-than-expected correction in the property market in China, could result in a significant tightening in financial conditions and sharp slowdown in economic growth. A survey by the Monetary Authority of Singapore (MAS) found the private sector to be less sanguine than the government on the economy, with a more pessimistic projection of 1-1.9% GDP growth in 2017.

Figure 15: Domestic exports by major country vs. Singapore GDP



SOURCES: CIMB, Department of statistics

Figure 16: Spore IPI: %-pts contribution to YoY IPI growth



SOURCES: CIMB, Spore EDB

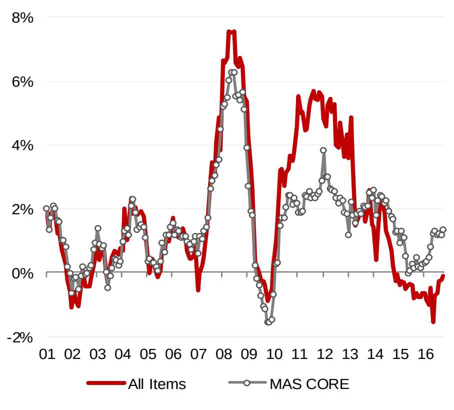
Unlikely to see major shifts in monetary policy

MAS expects core inflation to rise to c.1-2% in 2017 from c.1% in 2016, amid emerging slack in the labour market, generally subdued consumer sentiment against a backdrop of higher energy prices.

The cost of private road transport is also projected to rise in 2017, reflecting higher petrol prices, and an expected tapering of supply of COEs. Subdued demand conditions and the increasing residential vacancy rate will cause housing rentals to dip further, albeit at a slower pace than 2016. All-in inflation has troughed and is expected to come in at 0.5–1.5% in 2017, from c. −0.5% in 2016.

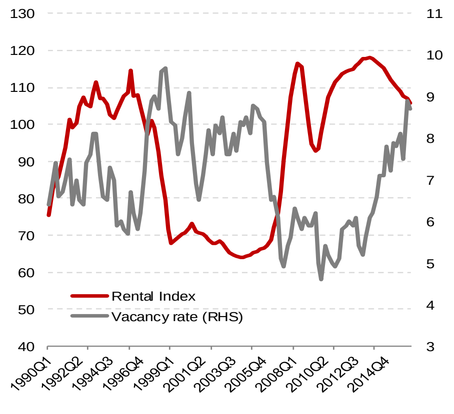
We do not foresee any more easing measures after MAS's Apr 16 move to keep the rate of Singapore dollar appreciation to 0% unless the actual GDP and inflation fall out of range.

Figure 17: CPI



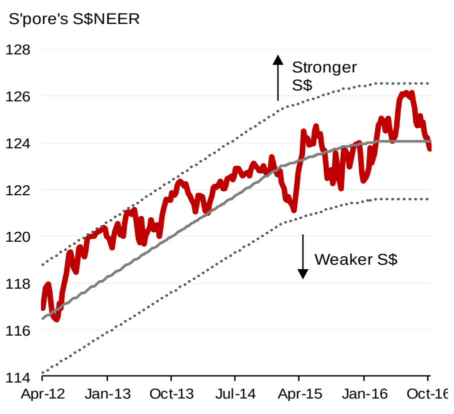
SOURCES: CIMB, SINGSTATS

Figure 18: Vacancy rate vs. rental index



SOURCES: CIMB, URA

Figure 19: MAS maintains monetary policy



SOURCES: CIMB, MAS

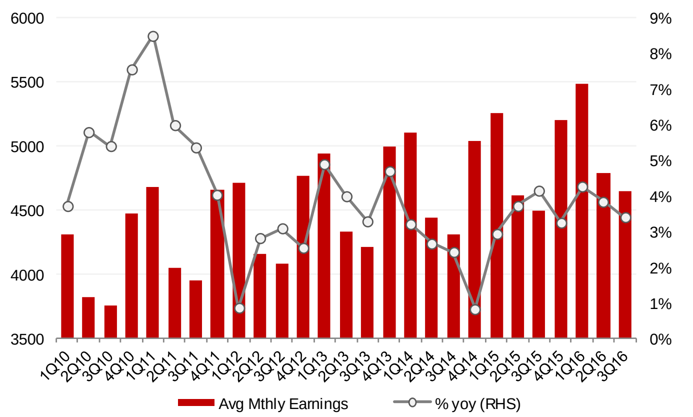
Watching jobs creation but cost issues ease slightly

The overall picture still holds strong in the cyclical softening of the job market given the negative job creation in 3Q16 (-3,300 jobs) trend led by the construction sector (-5,200 jobs) and eighth consecutive decline in manufacturing (-3,700 jobs). The tight foreign labour policy is paying off, in line with the shrinking volume of work in labour-intensive sectors. Foreign job creation has tapered by 2% yoy since 2013 to 10,500 in 1H16. Although social discontent from the rampant influx of foreigners could have tapered, locals are feeling the pinch as the employment scene has worsened. Jobs creation among the locals slid from -1,100 in 2015 to -1,000 in 1H16.

Amid the general pullback in hiring, we expect the overall headline for unemployment for residents in 2017 to be slightly weaker at c. 3% (9M16: 2.9%) although that level of joblessness can still be considered at near-to-full employment due to wage growth.

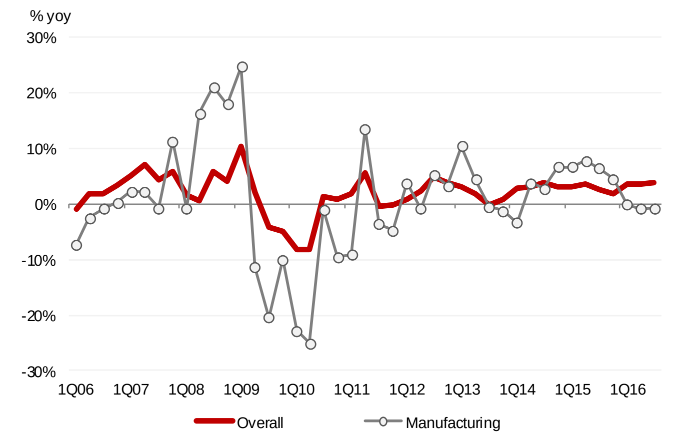
The silver lining is the cap on wage growth across sectors, including non-labour business costs. Moderate price increases for some consumer services such as healthcare and education could continue but the subdued growth environment will constrain the extent of cost pass-through. In the recent 9M16 Singapore earnings roundup, we have seen a majority of corporates beating streets' expectations due to cost management. Going into 2017, we expect profit margins from lower costs to sustain.

Figure 20: Monthly wage costs on a downward trend



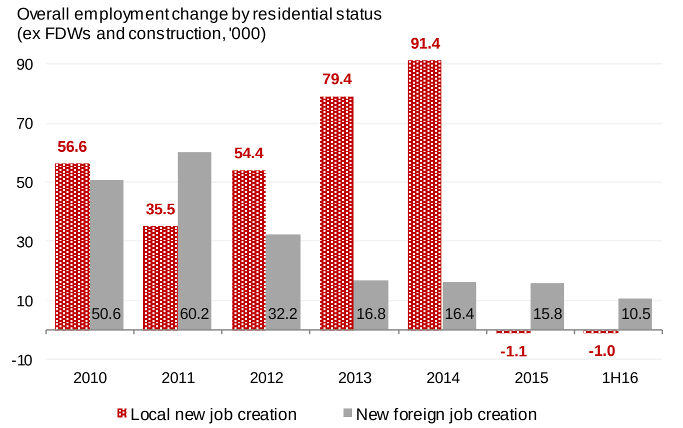
SOURCES: CIMB, SINGSTATS

Figure 21: Manufacturing unit labour cost dips



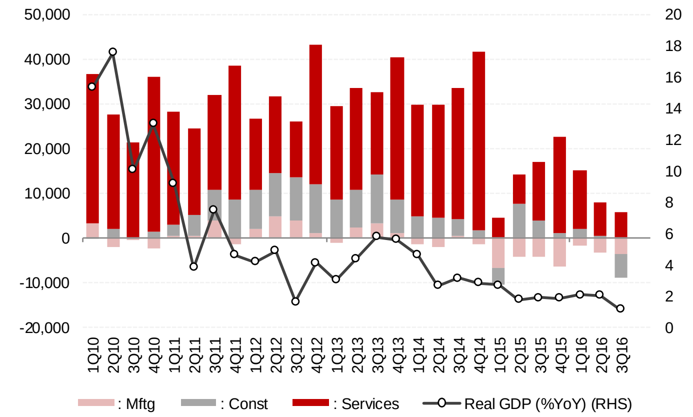
SOURCE: CEIC

Figure 22: Softening labour market, locals are feeling the pinch too



SOURCES: CIMB, MoM

Figure 23: Jobs creation by sector vs. GDP



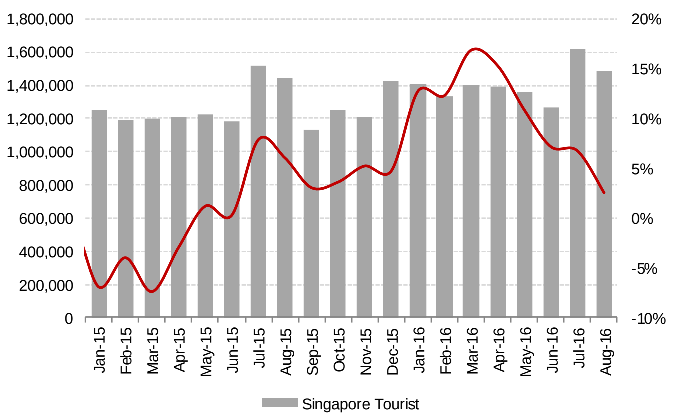
SOURCE: CEIC

Moderating tourist growth, more breathing space in Changi

Tourist arrival into Singapore had a good run of c.11% yoy growth up to Aug 16, and likely to meet our target of 16.2m-16.5m tourists. Going into 2017, we expect a moderate growth of 2-3% or 16.5m-16.9m tourists on a high base and fewer major events such as the Singapore Airshow. The mom tourist arrival growth rate has started to taper from an average of 13% in 1H16 to the single digits of c. 5% in Jul-Aug 16.

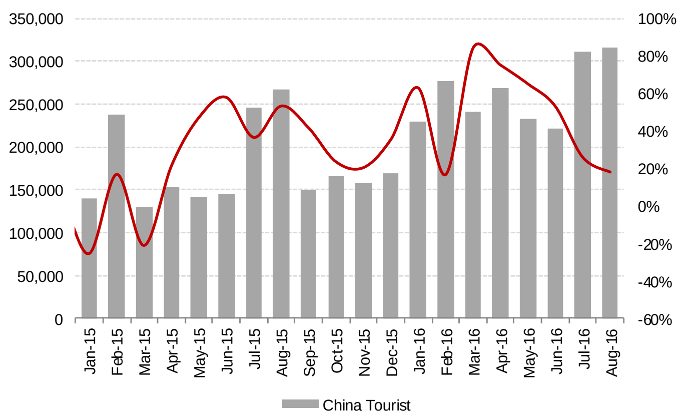
The number of Chinese tourists visiting Singapore is still growing at a healthy double-digit pace (18% yoy in Aug 16) to reach a record c.315,500 in Aug 16. Efforts by the Singapore Tourism Board to woo first-time visitors from second- and third-tier cities in China will continue to yield harvest, in our view.
Changi Airport's Terminal 4 is scheduled to be up and running by 2H17, adding another 16m passengers' capacity or a 24% increase from the existing 66m.

Figure 24: Singapore total tourist arrivals



SOURCES: CIMB, STB

Figure 25: China tourist arrivals in Singapore



SOURCES: CIMB, STB

Figure 26: Changi expansion from 2017-2020

	2016	2017	2018	2019	2020
T1	21	21	21	24	24
T2	23	23	23	23	23
T3	22	22	22	22	22
T1 expansion by end 2018			3		
T4 by end 2017		16	16	16	16
T5 by 2020					50
Total (million)	**66**	**82**	**85**	**85**	**135**

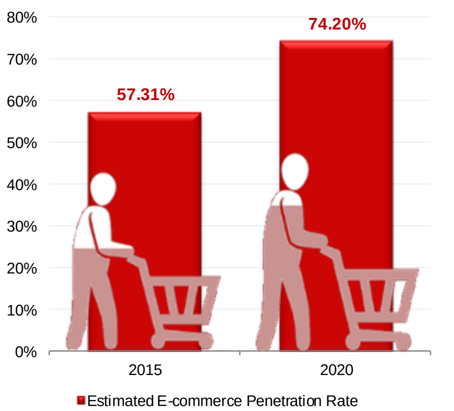
SOURCES: CIMB, COMPANY REPORTS

Futurism-techno

By 1Q17, we expect to see information, communication and technology initiatives as the key focus areas in a report to be published by the Committee of Future Economy that is spearheaded by the Ministry of Finance and Ministry of Trade and Industry, together with 30 members from different industries. Internet-of-things, automation to raise productivity and smart nation spending are likely to be on-going efforts.

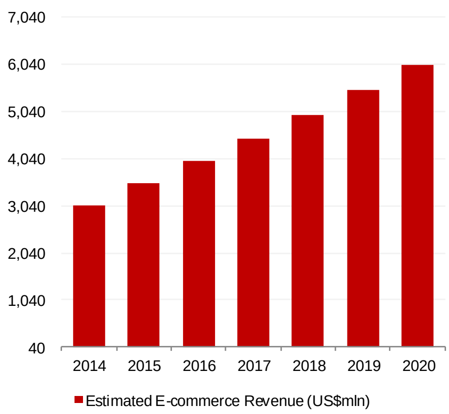
On the ground, e-shopping, e-grocers, e-food ordering and delivery and a series of disruptor trends including driverless cars, desk-renting are starting to crowd the market. According to Go-Globe, the estimated ecommerce user penetration in Singapore was 57.31% in 2015 and will rise to 74.2% by 2020 with a total revenue of US$6.03bn.

Figure 27: E-commerce user penetration was 57% in 2015 and is expected to hit 74% in 2020



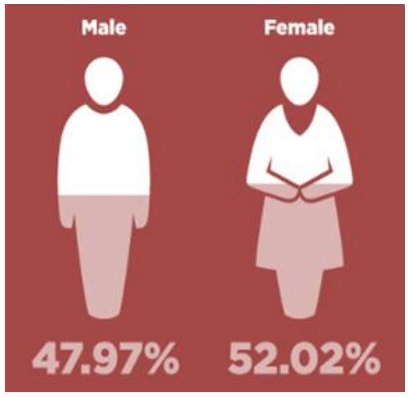
SOURCES: CIMB, Go-Globe

Figure 28: Estimated E-commerce revenue in Singapore (US$ m)



SOURCES: CIMB, Go-Globe

Figure 29: E-commerce user by gender



SOURCES: CIMB, Go-Globe

Figure 30: New economy and potential disruptors in Singapore

Delivery service	BeeZee	FoodPanda	Hawker.Today	Pizza Hut
	Canadian Pizza	GoGoVan	Kluje	Sixhands.sg
	Deliveroo	Gourmet To Go	Oishi	Ubereats
	Feastbump	Hawker To Go	Pizza de France	What to Eat
Online Shopping/ ecommerce Sites	BooksActually	Lazada	Qoo10	Style Tribute
	Carousell	Luxola	Rakuten	Tate & Tonic
	Cold Storage	Megafash	Redmart	The Fashion Benefit
	eBay	NTUC Fairprice	Reebonz	Wego
	HipVan	Pomelo	Shopback	Zalora
	Honestbee	Prime online	Smooch the Label	Trehaus Co-Work
Other Disruptors	Carless	PlusConcept SPACE	The Great Room	Uber
	Collision 8	Property Guru	The Hive Singapore	Woolf Works
	Grab	Spacemob	The Working Capitol	WORKHOUSE
	Hub Singapore	The Co. Singapore	Trehaus Cowork	
	JustCo			

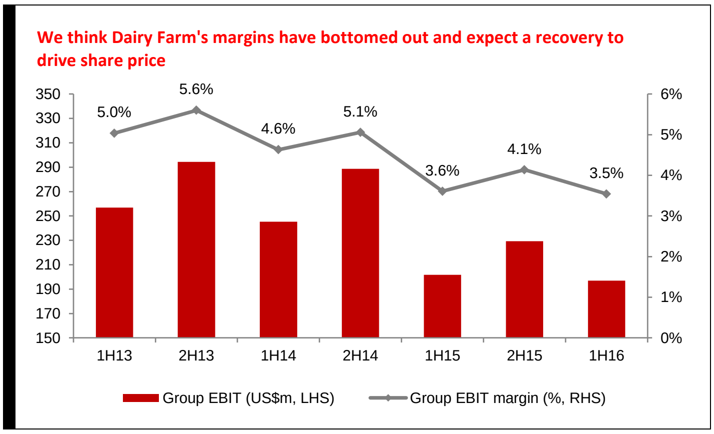
SOURCES: CIMB, COMPANY REPORTS

Analysts' Alpha picks

CIMB analysts' Alpha picks for 2017 (Large Cap)

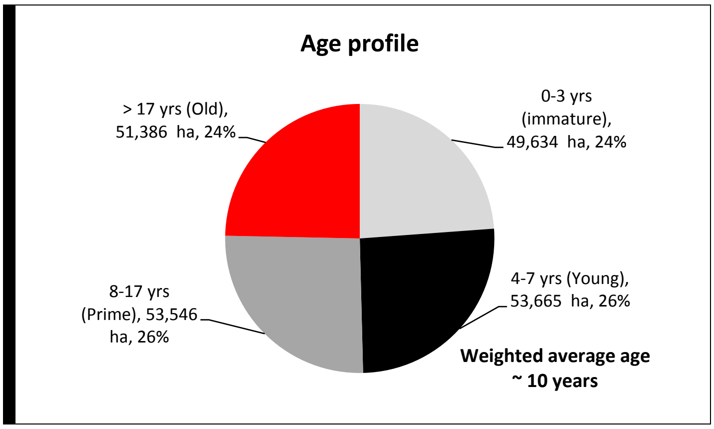
Dairy Farm (Add, TP US$8.70)

- DFI is currently trading at its -1 s.d. levels (c.21x forward P/E). After two consecutive years of earnings declines, margins finally look like they have bottomed and we think it is now time to revisit the stock.
- Earnings rebound is the key positive, with its previous problem markets (Indonesia and Singapore) already showing signs of recovery. Its investments in Greater China (Yonghui and San Miu) are also doing well. We see the stock well supported by a stable 3% yield.
- Key risk is a big slowdown in consumer spending in Asia.



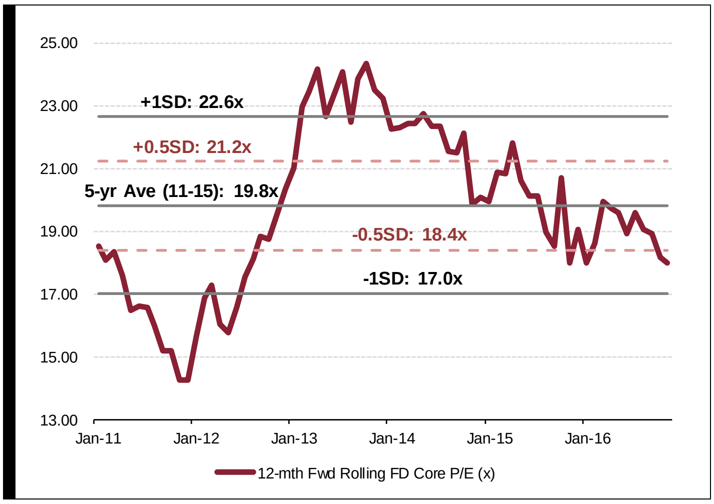
First Resources (TP S$2.32)

- First Resources trades at P/Es of 13x for FY17 and 10.6x for FY18, below the regional plantation sector average P/E of 18x for FY17. Our target price of S$2.32 is based on FY18 P/E of 13x, the stock's average historical P/E.
- First Resources is our top pick among the Singapore planters due to its superior operating efficiency compared to peers, strong FFB output growth prospects and attractive P/E valuations vs. peers.
- A potential re-rating catalyst is stronger-than-expected earnings. Key risks are lower CPO prices and production.



ST Engineering (Add, TP S$3.75)

- We like STE as a proxy to the stronger US economy and US$. Its net cash is a plus in a higher interest rate environment.
- The worst could be over for land systems and marine after the disposal of its loss-making Chinese operations and recovering oil price for the latter.
- Smart nations and technology awareness will continue to support order wins in electronics.
- US MRO hangars could see a higher number of shop visits riding on better profits for the airlines.
- STE is trading at -0.5 s.d. below its mean (19.8x). Stronger-than-expected earnings recovery could be a catalyst.

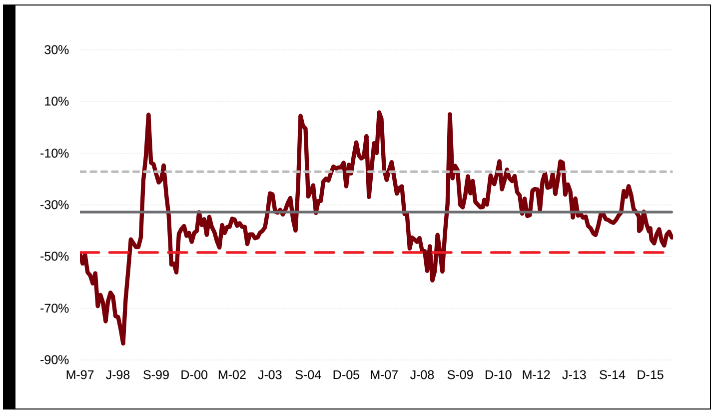


SOURCE: CIMB, COMPANY REPORTS

CIMB analysts' Alpha picks for 2017 (Large Cap)

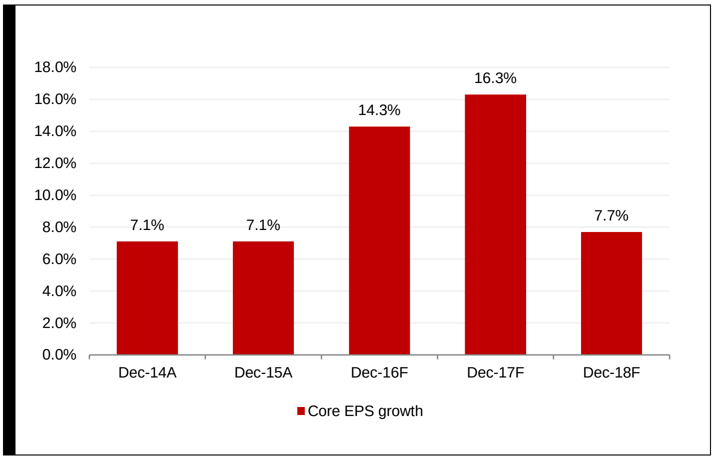
UOL SP (Add, TP S$7.96)

- UOL is our preferred pick among developers, trading at a 42% discount to RNAV. We think that the stock's high recurrent income profile, accounting for c.58% of EBIT, will provide investors with a stable income base.
- Residential earnings stream is visible with a good take-up rate from ongoing projects and planned new launch of The Clement Canopy in 1Q17.
- Potential for corporate exercise for its associate UIC as the group raises its total deemed stake in the latter to 49.63%.



Venture Corp (Add, TP S$10.94)

- Venture is trading at FY17F and FY18F P/E multiples of 13.6x and 12.7x, respectively, vs. core EPS growth of 16.3%/7.7%. The company is well managed with a net cash balance sheet and strong free cash flow generation.
- Venture's past efforts in engaging less price sensitive customers have borne fruit in recent years, driving our projected 16.3% earnings growth in FY17F. The well sustained S$0.50 DPS (5.2% yield) with room for possible dividend upside is well liked by the market.
- Dividend announcement in 1Q17 and continued quality earnings performance in CY17 will be share price catalysts.

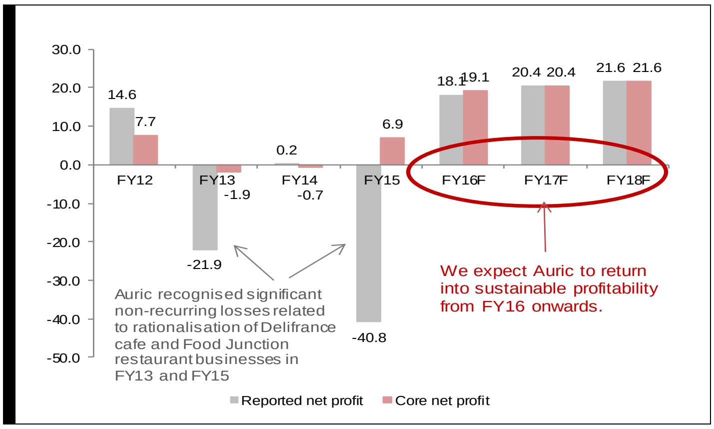


SOURCE: CIMB, COMPANY REPORTS

CIMB analysts' Alpha picks for 2017 (Small Cap)

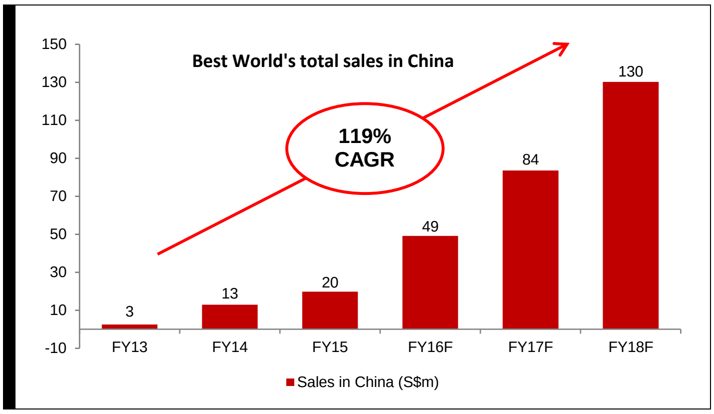
Auric Pacific (Add, TP S$1.96)

- We like the leading positions of Auric's house brands, including Sunshine bread, SCS butter, and Buttercup margarita, in the Singapore and Malaysia markets.
- We expect Auric's profitability to return into positive territory in FY16, and to expand further in FY17, driven by 1) closure/disposal of its loss-making food retail outlets, and 2) continued growth of its bread and butter business.
- Auric currently trades at FY16F/17F core P/E of 7.7x/7.3x (3.5x/3.2x if ex-net-cash), vs its bakery peers' average of 17.1x/13.8x, or general F&B players' 26.9x/23.3x. FY16F/17F ex-cash P/E.



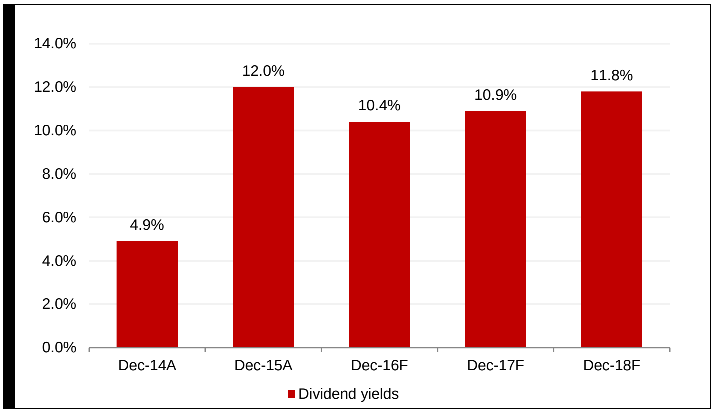
Best World (Add, TP S$2.21)

- The stock's valuations are undemanding at just 10x forward P/E. This is below peers' 16x and its historical peak band of 15-18x during its last earnings upcycle.
- FY17 is poised to be another record year as Best World converts its distribution in China to its core direct selling model. This is set to propel the group to a new level of profitability. Also, sales growth momentum in Taiwan remains strong on the back of increased product acceptance. The stock offers a 3% yield.
- Risks include regulatory changes or poor execution in China.



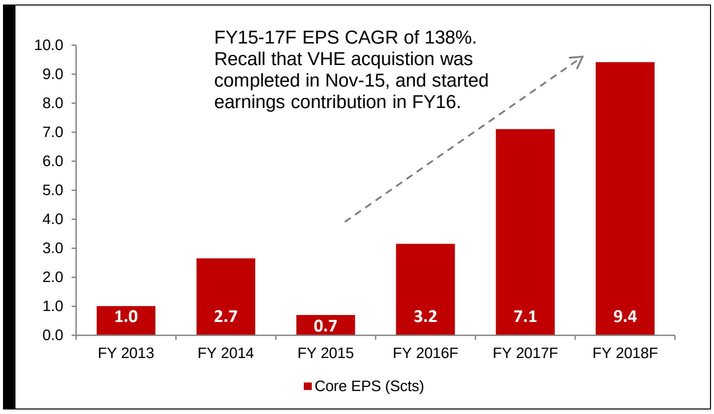
CEI Limited (Add, TP S$1.04)

- CEI trades at 7.4x/6.8x FY17F/FY18F P/E. Earnings growth is expected to pick up in FY17F and FY18F due to rising contributions from medtech and life science customers.
- Its balance sheet is net cash and the company has also been a good dividend paymaster. Dividend yields are projected to be 10.9-11.8% over FY17F-FY18F. The stronger US$ versus ASEAN currencies will also be a boon.
- Short-term catalyst will be dividend announcement in 1Q17 when full-year results are announced.



Cityneon (Add, TP S$1.41)

- FY16 was only the start of a multi-year earnings growth for Cityneon, having secured and developed the licensing rights for Avengers S.T.A.T.I.O.N and Transformers, in the form of permanent installations at Las Vegas and travelling sets around the world.
- Our current Add call and TP of S$1.41 is premised on 15x FY18 P/E (10% discount to peers' average) and 33-115% EPS growth in FY17-18F.
- We believe the catalysts of more travelling sets and the potential acquisition of more IPs could materialise in 1H17.

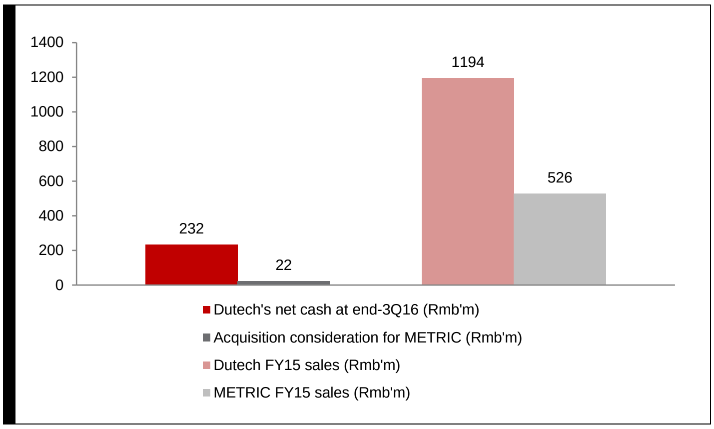


SOURCE: CIMB, COMPANY REPORTS

CIMB analysts' Alpha picks for 2017 (Small Cap)

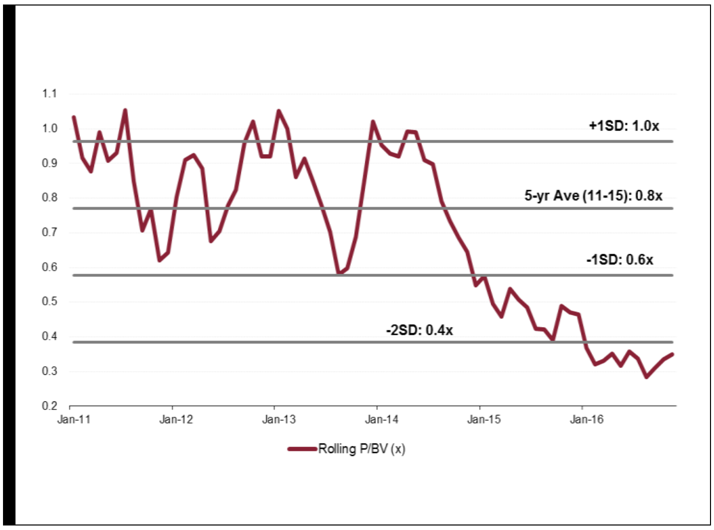
Dutech Holdings (Add, TP S$0.65)

- We like Dutech for its leadership position in the niche safe manufacturing sector. Dutech assumes c.20-25% share of the global ATM safe market.
- Three positive business developments driving Dutech's growth in FY17-18F are: 1) potential new contract wins from existing customers, 2) the manufacturing contract for a new transmission product from a leading automotive player, and 3) the recently-completed acquisition of METRIC.
- Dutech currently trades at an FY16F/17F core P/E of 7.9x/6.8x vs. peers/downstream players' average of 17.3x/14.4x.



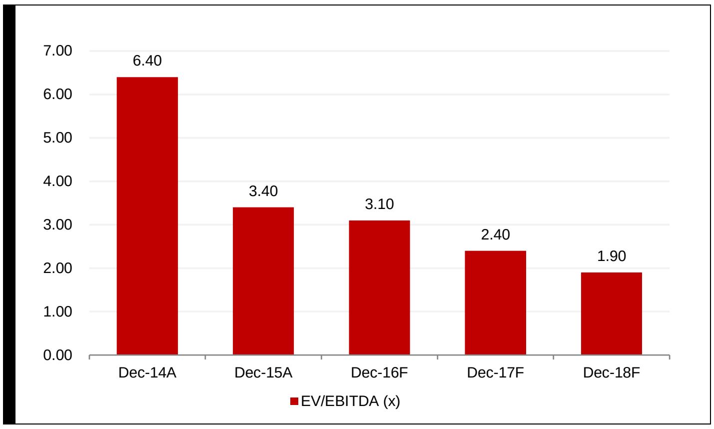
Mermaid Maritime (Add, TP S$0.17)

- The TP is based on 0.5x on FY17 P/BV. Our c.17% discount to 1.s.d levels below mean of 0.58x is largely due to the key downside risk of the non-renewal of AOD III's contract
- We are positive on company as it boasts a stable balance sheet with minimal gearing (0.02x in 9MFY16) and is churning positive operating cash flows even at low levels of vessel utilisation.
- The stock is trading at trough valuations of 0.36x FY16F P/BV (5-year mean: 0.8x), despite having minimal default risks.
- Best time to enter the stock: Post Dec 16, once MMT has greater clarity on the AOD III.
- Our TP would be S$0.20/share if we re-rated the stock to -1 s.d. levels.



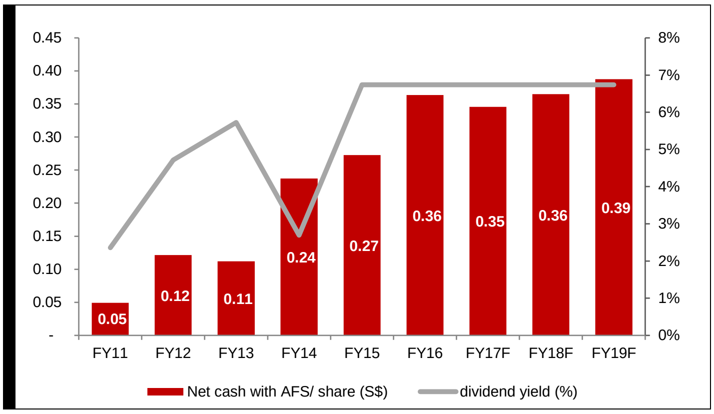
Sunningdale Tech (Add, TP S$1.51)

- Sunningdale Tech trades at 8.9x/8.5x FY17F/FY18F P/E. Earnings growth is muted at 4.6%/5.2% with low ROEs of 6.8%.
- Over the years, despite the challenging industry conditions, Sunningdale has managed to stay profitable and has been rewarding shareholders with dividends.
- We believe the company will continue to improve its cost efficiency and capitalise on its global manufacturing footprint. Trading at just 2.4x/1.9x FY17F/FY18F EV/EBITDA, it could also be of interest to private equity funds.



Valuetronics (Add, TP S$0.60)

- We think Valuetronics deserves to trade above its current valuation of 7.4x CY18 P/E (ex-cash P/E of 2.9x only), given its sustainable earnings growth of 6-13% for FY3/17-19F, and cash-generative business.
- Its penetration into the automotive sector and increasing exposure to Internet of Things (IoT) have not been fully priced in, in our view. The stock also offers 6.9% dividend yield.
- Continued order wins and higher-than-expected dividends payout could catalyse the stock; key risk is unexpected order delays or cancellations.



SOURCE: CIMB, COMPANY REPORTS

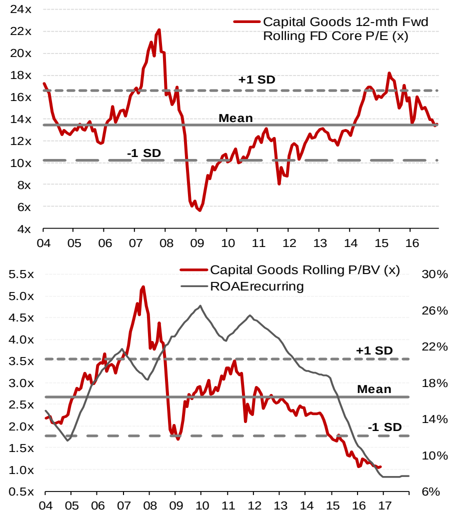
Figure 31: CIMB's Alpha picks for 2017

Company	Bbg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US$ m)	Core P/E (x) CY16F	Core P/E (x) CY17F	3-year EPS CAGR (%)	P/BV (x) CY16F	Recurring ROE (%) CY16F	Dividend Yield (%) CY16F
Alpha picks (Large-cap)											
Dairy Farm Int'l	DFI SP	Add	7.11	8.70	9,614	21.9	21.1	5.1%	6.23	30.1%	2.8%
First Resources Ltd	FR SP	Add	1.95	2.32	2,166	25.0	13.1	22.4%	2.05	8.4%	1.2%
ST Engineering	STE SP	Add	3.35	3.75	7,320	21.2	19.1	3.5%	4.96	23.1%	4.5%
UOL Group	UOL SP	Add	5.84	7.96	3,303	11.0	11.7	3.7%	0.57	5.2%	2.5%
Venture Corporation	VMS SP	Add	10.02	10.94	1,961	16.5	14.2	12.4%	1.45	8.7%	5.0%
Average						**18.9**	**17.1**	**6.9%**	**2.17**	**11.6%**	**3.3%**
Alpha picks (Small-cap)											
Auric Pacific Group Limited	AP SP	Add	1.37	1.96	121	9.0	8.4	45.5%	0.96	11.2%	0.0%
Best World International Ltd	BEST SP	Add	1.36	2.21	264	12.4	9.9	55.3%	4.34	39.9%	2.4%
CEI Limited	CEI SP	Add	0.83	1.04	51	8.2	7.4	-0.1%	1.74	21.0%	10.4%
Cityneon Holdings	CITN SP	Add	1.02	1.19	175	27.8	13.3	142.8%	3.14	12.9%	0.0%
Dutech Holdings Limited	DTECH SP	Add	0.47	0.65	117	7.7	6.6	10.3%	1.01	14.5%	2.1%
Mermaid Maritime	MMT SP	Add	0.14	0.17	140	7.0	10.4	70.2%	0.41	6.1%	0.0%
Sunningdale Tech Ltd	SUNN SP	Add	1.09	1.51	143	9.0	8.6	-17.8%	0.61	6.7%	2.1%
Valuetronics Holdings Ltd	VALUE SP	Add	0.53	0.60	142	8.3	7.7	5.6%	1.22	15.2%	6.9%
Average						**9.9**	**9.1**	**19.0%**	**1.08**	**11.2%**	**2.3%**

SOURCES: CIMB, COMPANY REPORTS

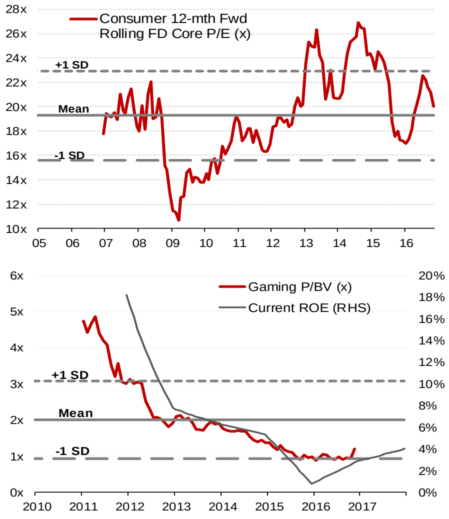
Valuation and sector call at a glance

Figure 32: Capital Goods PE / P/BV



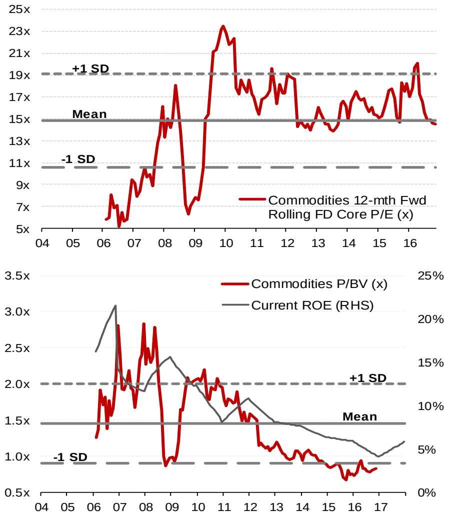
SOURCE: BLOOMBERG

Figure 33: Consumer PE /Gaming P/BV



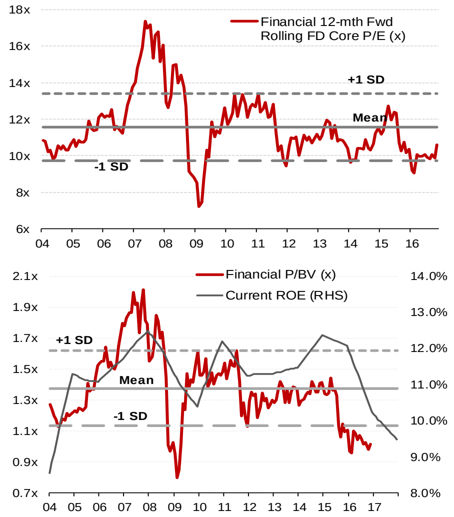
SOURCE: BLOOMBERG

Figure 34: Commodities PE / P/BV



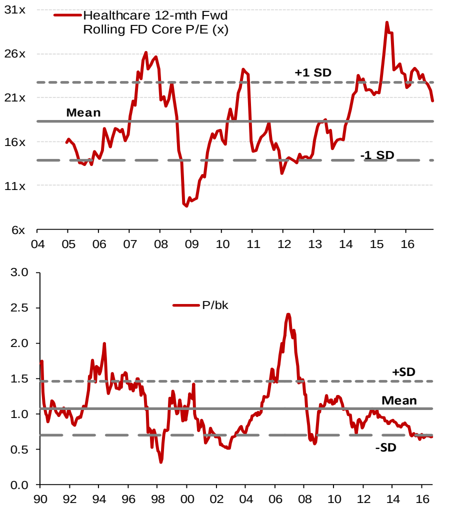
SOURCE: BLOOMBERG

Figure 35: Financial PE / P/BV



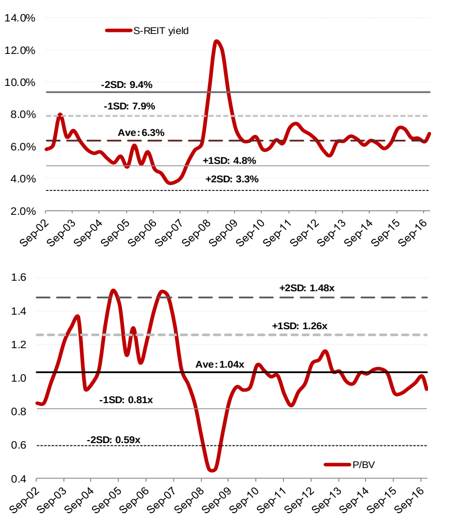
SOURCE: BLOOMBERG

Figure 36: Healthcare P/E /Property P/BV



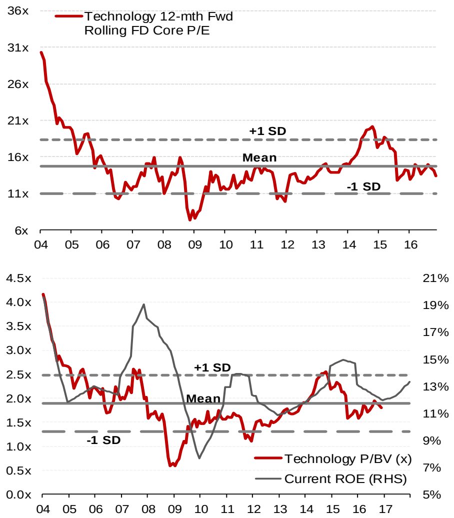
SOURCE: BLOOMBERG

Figure 37: REITs yield / P/BV



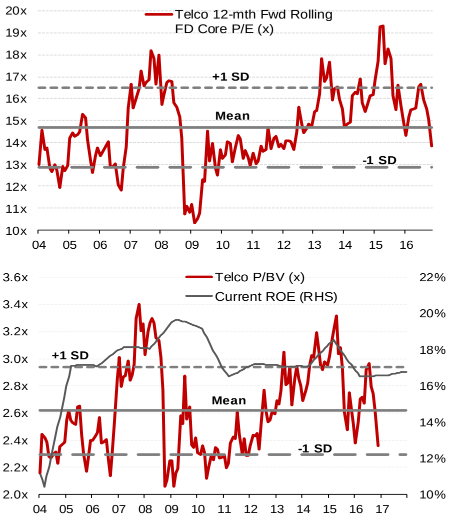
SOURCE: BLOOMBERG

Figure 38: Technology P/E / P/BV



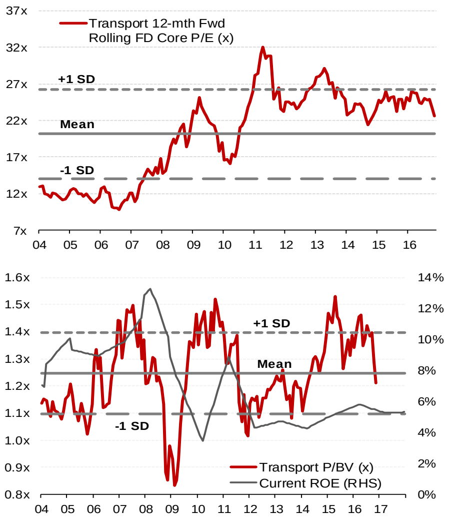
SOURCE: BLOOMBERG

Figure 39: Telco P/E / P/BV



SOURCE: BLOOMBERG

Figure 40: Transport P/E / P/BV



SOURCE: BLOOMBERG

Banks – Underweight , a story of two halves

Figure 41: Short-Term Share Price Catalyst - Banks

Negative catalyst / Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	Expected catalyst (Apr-Jun 17)	Expected catalyst (Jul-Dec 17)
Financials			
DBS Group	Seasonally weak fees, NIM compression	Lower NPLs on smaller SME exposure	NIM expansion to offset higher credit costs
OCBC	GEH's profit could be hit by lower bond prices	Worsening asset quality of SMEs, retailers	NIM expansion to offset higher credit costs
SGX	Higher volatility to offset seasonally weak vol	Higher vol with more global macro certainty	
UOB	Seasonally weak fees, oil & gas provisions	Worsening asset quality of SMEs, retailers	NIM expansion to offset higher credit costs

SOURCES: CIMB, COMPANY REPORTS

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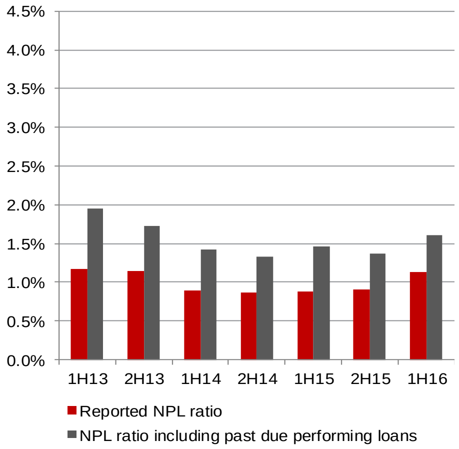
Remain Underweight; more downside before upside

The banks' share prices have reacted to the higher SIBOR and SOR as the S$ continues on a depreciating path against the US$. Valuations have risen to 0.9-1.0x CY17F P/BV, up from 0.8-0.9x CY17F P/BV prior to Trump's victory in the US presidential elections. While the market appears to have priced in further NIM upside from a US Fed hike in Dec and expectations of a further 2-3 hikes in 2017, we think it may have lost sight of asset quality pressures that remain in the medium term. We think credit migration could be a problem in 1H17 as more firms face cash flow problems and consumers face issues meeting their monthly repayments; these could require higher provisions before the effect of higher rates kick in. We estimate that a 50bp rate hike will only be able to offset a 5-7bp rise in credit costs, which is hardly a big number in the face of low-100% coverage ratios. We think profit growth in 2017 could be challenging as a result.

1H17: Beware of worsening asset quality

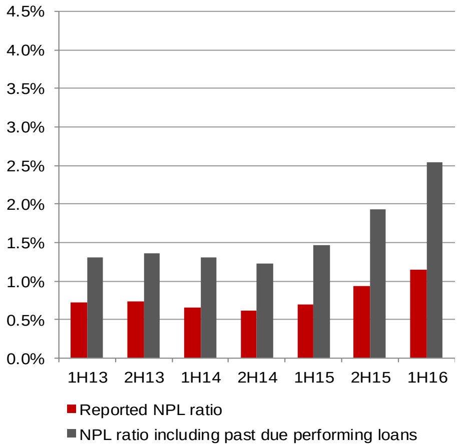
We expect the banks to continue to report high loan loss provisions in their upcoming 4Q16 results, still mostly from oil & gas, as collateral values of offshore support vessels are likely to be written down at year-end. With coverage ratios at 100-111% and the banks' aim to maintain a minimum 100% ratio, any new NPL recognition could take an immediate hit on the bottomline. Furthermore, with Swissco going under judicial management and Rickmers Maritime defaulting on its debt in 4Q16, we think there could be further pressure in the oil & gas industry before the outlook improves. While we acknowledge that most of the chunky vulnerable oil & gas exposures have been recognised as NPLs, the banks' guidance that the worst of the oil & gas credit cycle is likely over could be premature or overly optimistic, as the pressure on bottomline could still exist as more provisions could be required.

Figure 42: DBS's reported NPL ratio vs. NPL ratio including past due performing loans



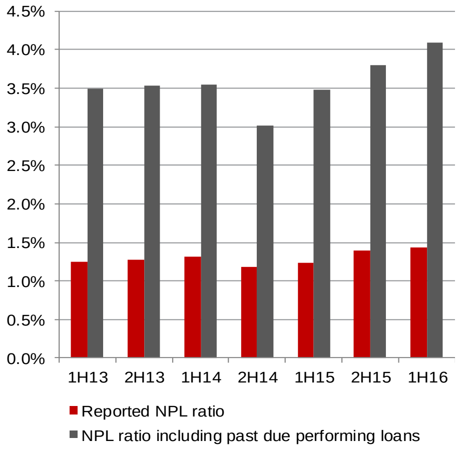
SOURCES: CIMB, COMPANY REPORTS

Figure 43: OCBC's reported NPL ratio vs. NPL ratio including past due performing loans



SOURCES: CIMB, COMPANY REPORTS

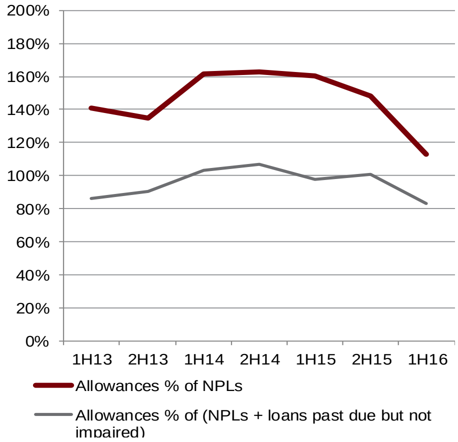
Figure 44: UOB's reported NPL ratio vs. NPL ratio including past due performing loans



SOURCES: CIMB, COMPANY REPORTS

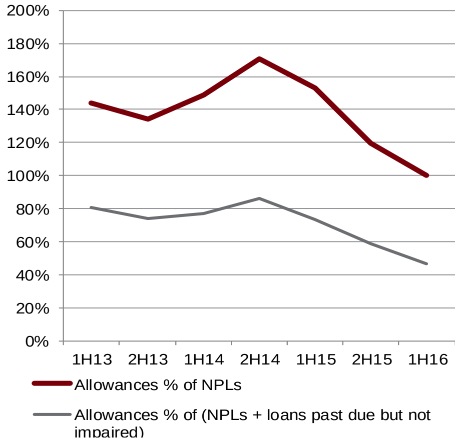
The banks' pillar 3 disclosures point to some worrying signs in asset quality. Loans that are past due but have not been recognised as NPLs have risen across the three banks, with the trend especially pronounced at OCBC and UOB. We think part of this could be driven by the oil & gas sector, though there could be some general weakness in other parts of the book as well given the slowdown in the economy. If these past due loans are all taken in as NPLs, coverage ratios could fall to as low as 45% for UOB, 47% for OCBC, and 83% for DBS (latest figures as at 2Q16). This could require a significant top-up in provisions as the banks want to maintain a minimum coverage ratio of 100%.

Figure 45: DBS's allowance coverage of NPLs and NPLs plus loans past due but not impaired



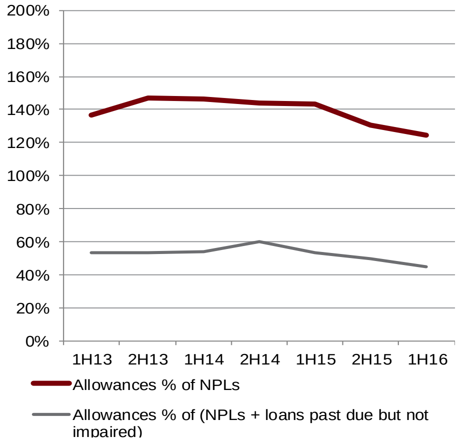
SOURCES: CIMB, COMPANY REPORTS

Figure 46: OCBC's allowance coverage of NPLs and NPLs plus loans past due but not impaired



SOURCES: CIMB, COMPANY REPORTS

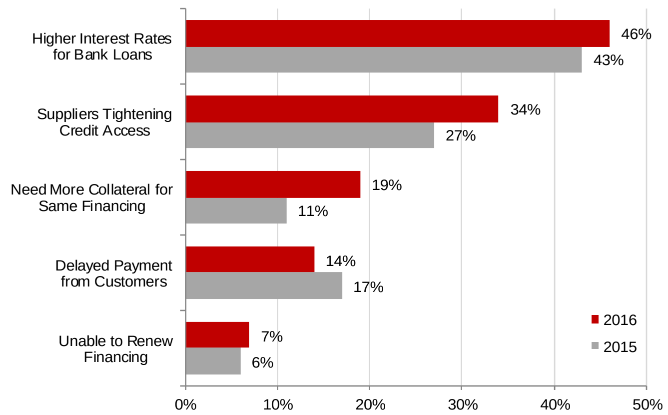
Figure 47: UOB's allowance coverage of NPLs and NPLs plus loans past due but not impaired



SOURCES: CIMB, COMPANY REPORTS

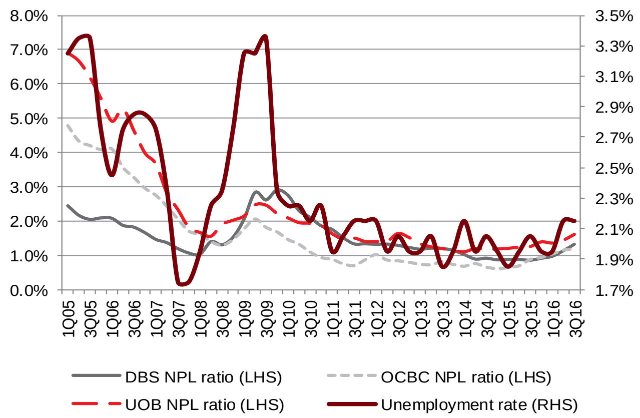
Besides the oil & gas sector, we are concerned that asset quality weakness is broadening to other sectors, particularly SMEs. The recent 2016 SME Development Survey by DP Information Group which surveyed 2,513 SMEs revealed that SMEs are finding it increasingly difficult to gain access to financing and cope with the cost of financing. In 2016, 22% of SMEs faced financing issues compared with 14% in 2015. Meanwhile, the percentage of SMEs that face difficulty coping with the cost of financing has increased from 6% in 2015 to 22% in 2016. This was driven by several factors, including: 1) higher interest rates charged by banks, 2) higher collateral required by banks to maintain the same quantum of loans, and 3) tighter access to supplier credit. Findings from our channel checks on the ground also confirm the same trend, i.e. that banks are limiting their exposure to SMEs, with more stringent credit policies in extending loans to SMEs. In a protracted downturn, SMEs are the most susceptible to asset quality challenges as they could face cash flow issues with little access to financing. We believe UOB has the largest exposure to SMEs at 20% of loans.

Figure 48: SMEs are finding it increasingly difficult to gain access to financing, which could put pressure on cash flows



SOURCES: CIMB, COMPANY REPORTS

Figure 49: The unemployment rate has been inching up, and so have the banks' NPL ratios



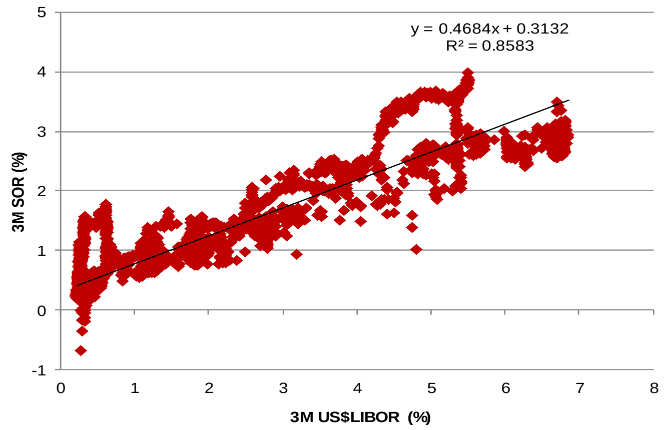
SOURCES: CIMB, COMPANY REPORTS

We would also look out for any spike in the unemployment rate as an indicator of worsening asset quality. The unemployment rate has inched up to 2.1% recently, with potentially more job cuts in 2017 across all sectors to reduce costs amid a slow revenue growth environment. Recent job cuts have mainly affected contract staff and foreign workers, but residents could be affected next year. This could have negative implications on the mortgage book, as the lack of income could affect the borrowers' ability to meet monthly payments.

2H17: Some breathing room from rising rates

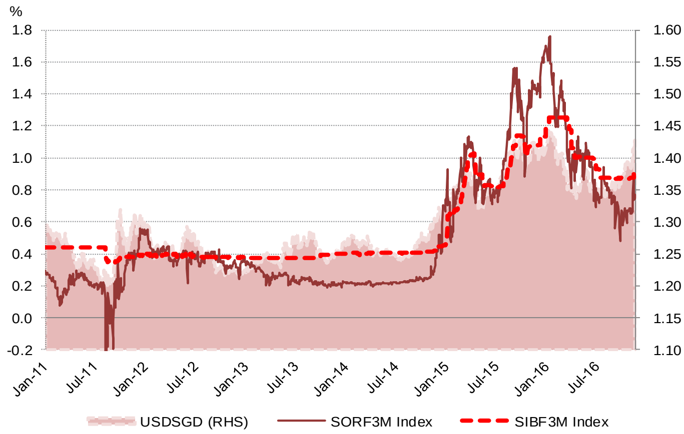
We see a better outlook for Singapore's banks in 2H17 as we expect the extent of the asset quality challenges to be better known, while the impact of higher rates should flow through to NIMs as floating rate loans typically take 3-6 months to reprice. DBS previously guided that with flat margins, it could achieve 4% net interest income (NII) growth in 2017, while a 50bp rate hike could lead to 6-7% NII growth. Taking this as a guide, we estimate that the higher NII can offset credit costs by 5-7bp, especially towards 2H17 when the full loan repricing effect has flowed through to NII while asset quality challenges would be mostly over.

Figure 50: Regression of 3M SIBOR against 3M US$ LIBOR from 2000-2016



SOURCES: CIMB, COMPANY REPORTS

Figure 51: The 3M SIBOR and SOR have moved up with the stronger US$/weaker S$



SOURCES: CIMB, COMPANY REPORTS

However, there are some caveats. Looking at the recent movements in interest rates, the 3M SIBOR and SOR appear to have moved ahead of the US Fed Funds Rate and the 3M US$ LIBOR. Thus, the S$ market appears to be pricing in expectation of steeper or more rate hikes than the US$ market. Our regression analysis of data from 2000-2016 suggests that for every 100bp increase in the US Fed Funds Rate, there will be an equal movement in the 3M US$ LIBOR, while the 3M SOR and 3M SIBOR will rise by 47bp and 43bp, respectively. Based on this historical relationship, current rates suggest that the S$ market has already priced in 1-2 Fed hikes of 25bp each. This leaves little room for upside to the 3M SOR and SIBOR when the US Fed actually hikes rates, likely once in Dec and twice in 2017.

We also note that the SIBOR and SOR have a close relationship to the US$/S$, given Monetary Authority of Singapore's (MAS) policy of pegging the exchange rate to a basket of currencies rather than directly controlling interest rates. Thus, the SIBOR/SOR could be susceptible to currency movements should the MAS intervene to ensure the S$ does not continue on a sharp depreciating path against the US$, given its current zero appreciation stance for the Singapore dollar nominal effective exchange rate (S$NEER).

Risks

Our Underweight call is mainly premised on expectations of weak 4Q16 results and asset quality concerns in the medium term, particularly in the SME segment which forms up to 20% of loans (UOB). The key upside risks to our call include stronger domestic GDP growth in 2017 beyond MAS's 1-2% forecast, lower unemployment rate, improved access to financing for SMEs, new government grants and measures to lift economic growth, stronger intra-regional trade flows and investments, and if Trump's policies do not have a disruptive effect on emerging Asian economies.

Property – Overweight , good value

Figure 52: Short-Term Share Price Catalyst - Property

Negative catalyst Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	Expected catalyst (Apr-Jun 17)	Expected catalyst (Jul-Dec 17)
Property			
CapitaLand	Strong earnings for 4Q16, underpinned by China residential	Potential drag from pre-opening expenses from the new mall openings	Potential drag from pre-opening expenses from the new mall openings
City Developments	China contributions to boost 4Q16 results		Potential ABSD drags from ongoing residential projects
FCL	Stable core earnings	Stable core earnings	Contributions from Australia residential to pick up
GLP	Stable core earnings	Stable core earnings	Stable core earnings
Guocoland	Completion of Tanjong Pagar Centre boosts earnings	Completion of Tanjong Pagar Centre boosts earnings	Completion of Tanjong Pagar Centre boosts earnings
UOL Group	Launch of The Clement Canopy in 1Q17	Potential M&A if total deemed stake in UIC crosses 50%	Potential M&A if total deemed stake in UIC crosses 50%

SOURCES: CIMB, COMPANY REPORTS

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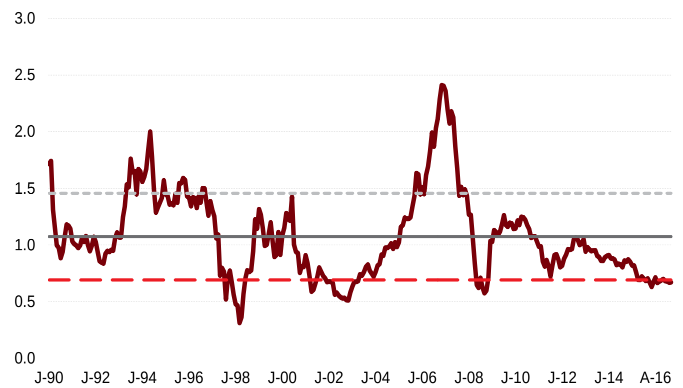
Overweight on valuations

Property stocks are trading at c.42% discount to RNAV, below the -1 s.d. mean discount. Developer stocks have been trading range bound for most of 2016 driven by cheap valuations and lack of immediate re-rating catalysts or RNAV reflation activities. Going into 2017, we believe that developers would continue to remain range bound as rising global uncertainties and prospect of higher interest rates would likely have a negative impact on employment and affordability. That said, we see little downside risk to RNAV from the former as Singapore developers have little unsold Singapore landbank and have diversified their portfolios outside of Singapore and into Australia, UK and China. With the sector trading at 0.77x P/BV and large cap developers having a strong balance sheet, we think M&As could be a possibility.

Figure 53: Historical discount to RNAV trend

SOURCE: CIMB RESEARCH, COMPANY

Figure 54: Historical P/BV trend



SOURCE: CIMB RESEARCH, COMPANY

1H17: Supply concerns to remain on the radar

Although 2017 is expected to see a lower quantum of completions compared to the expected peak supply in 2016, the expected 13,284 units coming onstream still exceed the long-term average. Hence, we think this will drag on stock price performance. Higher SIBOR rates are also likely to translate into increased mortgage costs and erode housing affordability.

2H17: ABSD concerns to tick up

We expect concerns over developers' Additional Buyers Stamp Duty (ABSD) penalties to accelerate in 2H17 as projects with remaining unsold units hit their deadlines. Projects such as IOI Properties' The Trilinq, Elitist Developments' Stratum, MCL Land's Lakeville at Jurong, as well as City Dev's The Venue and Wing Tai's The Crest are some of the projects that could be affected. This could erode development margins and profitability of developers and may result in some write-downs for the projects.

Figure 55: Potential ABSD payable for selected projects

Developer	Project	% sold	Deadline	ABSD payable (S$m)
Capital Development	Vue8 Residences	82%	Jun-17	21.1
Capitaland	Sky Vue	98%	Dec-17	50.5
City Dev, Hong Leong	The Venue	64%	Sep-17	24.5
	Commonwealth Towers	52%	Feb-18	84.4
EL Development	Symphony Suites	54%	Mar-19	41.8
Elitist Development	Stratum	96%	Apr-17	16.6
FCL, Far East, Sekisui House	Rivertree Residences	97%	Jun-18	38.5
Guocoland	Sims Urban Oasis	58%	Apr-19	79.6
Hoi Hup, Sunway, SC Wong	Sophia Hills	30%	Sep-18	66.3
IOI Properties	The Trilinq	60%	Jan-17	40.8
Keppel Land	The Glades	82%	Oct-17	43.5
	Highline Residences	57%	Apr-18	82.5
Kingsford	Hillview Peak	96%	Mar-17	24.3
	Kingsford Waterbay	47%	Dec-18	69.1
MCL Land	Lakeville	98%	May-17	36.9
Santarli Corporation	Sant Ritz	95%	Jul-17	11.5
UIC/Singland	Alex Residences	65%	Dec-17	33.3
	Pollen & Bleu	12%	Jun-17	11.3
	Mon Jervois	59%	Feb-17	11.9
Sustained Land	TRE Residences	26%	Jan-19	21.9
UOL	Botanique at Bartley	98%	Jan-19	58.8
	Riverbank @ Fernvale	88%	Apr-18	39.3
Wheelock Properties	The Panorama	96%	Jan-18	55.0
Wing Tai, Metro, UE	The Crest	31%	Sep-17	51.6

SOURCE: CIMB RESEARCH, COMPANY

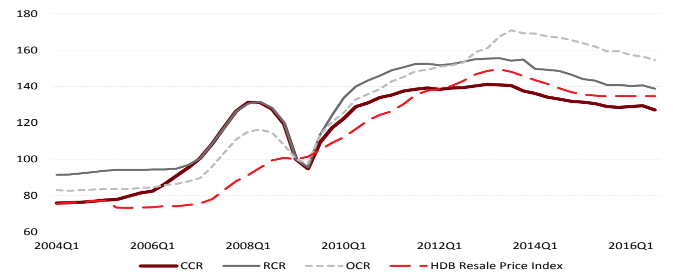
Residential

Private home prices have declined by 2.6% for 9M16 and down 11% from the peak in mid-2013. Leading the way are prices in the Rest of Central Region (RCR), which dipped by c.11% while those in the Outside Central region (OCR) and Core Central Region (CCR) have declined by a slightly lesser 9-10%. HDB resale prices have also fallen by a similar 10% over the same period. Meanwhile private home primary transactions have stabilised at 7,135 units for 9M16, up 9% yoy.

The near term outlook for the Singapore residential market remains challenging due to the high incoming supply. 2016 will see a peak in new completions. After completing 15,874 ECs and private homes for 9M16, there are 7,077 units remaining to be developed in 4Q16, bringing the total for the year to 22,951. In 2017, there are a further 16,167 units scheduled to come onstream, following which new completions will contract significantly from 2018 onwards. Meanwhile, vacancy rate has risen to 8.7%.

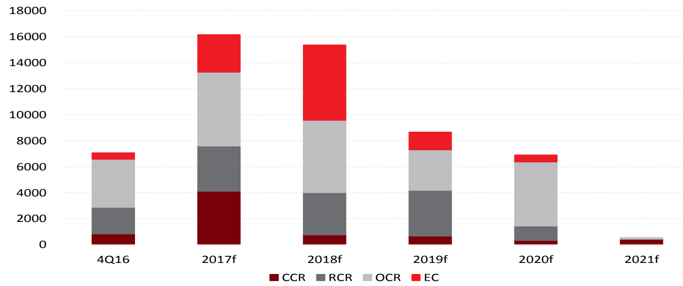
In terms of outlook, we think private home prices are likely to continue to retrace, on the back of weaker economic outlook with rising unemployment and hiking interest rates. Given the uncertain outlook, we think the scope for lifting the cooling measures currently in place, are likely to be slim. Furthermore, we are likely to see an acceleration of the ABSD and QC penalties to be paid by developers from 2017, which could translate into more price erosion as developers clear inventory.

Figure 56: URA property price indices



SOURCE: CIMB RESEARCH, COMPANY

Figure 57: New private housing completions by region



SOURCE: CIMB RESEARCH, COMPANY

Risks

Our Overweight call is largely premised on the cheap valuations of property developer stocks where we think further asset price deflation have been priced in. Upside risk could come from more capital deployment into new investments which should boost RNAVs and a deceleration in the interest rate hike momentum as global growth remains sluggish.

CIMB

REITS–Underweight, inputting higher rates

Figure 58: Short-Term Share Price Catalyst - REITs

Negative catalyst Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	**Expected catalyst (Apr-Jun 17)**	**Expected catalyst (Jul-Dec 17)**
REIT			
AREIT	Full-qtr incremental contribution of Business park at Coward Street	Full-qtr incremental contribution of Business park at Coward Street & logistics property at Dandenong South	
ART	Full-qtr incremental contribution of Sheraton Tribeca to offset organic portfolio weakness		Acquisition of Ascott Orchard. Expected to be slight DPU-accretive only.
CT	Lower income yoy with the closure of Funan Mall	Lower income yoy with the closure of Funan Mall	Possible negative rental reversion on selected malls
CCT	Contributions from 100% of CapitaGreen to lift yoy growth	Contributions from 100% of CapitaGreen to lift yoy growth	Negative rental reversions from lease renewals
FCT	Acceleration in Northpoint AEI to drag on occupancy	Acceleration in Northpoint AEI to drag on occupancy	Completion of Northpoint AEI to result in stabilised earnings
KREIT	Flat earnings from limited rental reversion	Flat earnings from limited rental reversion	Flat earnings from limited rental reversion
MAGIC	Slower growth from China, offset by stable HK earnings	Slower growth from China, offset by stable HK earnings	Slower growth from China, offset by stable HK earnings
MCT	Contributions from MBC 1	Contributions from MBC 1	Contributions from MBC 1
MINT	Initial contribution from BTS for HP Phase 1		Initial contribution from BTS for HP Phase 2
MLT	Full-yr incremental contribution from the six acquisitions completed in 1HFY17 as well as ramp-up of Toh Guan in SGP & Moriya Centre in Japan to offset vacancy risk at KPPC		
PREIT	Potentital asset recycling	Potentital asset recycling	Potentital asset recycling
SPHREIT	Resilient and stable earnings from Paragon	Resilient and stable earnings from Paragon	Resilient and stable earnings from Paragon
SGREIT	Asset redevelopment at Plaza Arcade to drag higher master rent in SGP & Msia		
SUN	Initial contribution from Southgate complex and incremental contribution from 177 Pacific Highway to offset Suntec mall		

SOURCES: CIMB, COMPANY REPORTS

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Downgrade from Overweight to Underweight

We downgrade the sector from Overweight to Underweight. The rising of yields and steepening of curves would cap share price performance while DPUs would also be slightly affected on higher refinancing costs. The sector is trading at trailing dividend yield of 6.8% (vs. average of 6.3%); and 0.93x P/BV (vs. average of 1.04x). In addition, the sector is trading at a 450bp spread over the 10-year bond yield (vs. long-term average of 370bp and average of 420bp post-2010). We read that the market has probably priced in 1-2 rate hikes for (vs. our expectation of three hikes). Also, growth expectation for 2017 is even more muted vs. 2016 as negative rental reversions pass through.

Meanwhile, the CIMB fixed income research team has forecasted a 2-year US Treasury rate of 1.5% (currently 1%) and 10-year Treasury rate of 2.75-3% (currently 2.35%) for 2017. The team sees the possibility of one FOMC hike in 1H17 and another probable two in 2H17.

Accordingly, we have, across the board, raised our Singapore risk-free rate (Rf) from 2.2% to 2.8% (based on four-rolling forward quarters). As a result, our target prices have been cut by 4-12%. Also, owing to relative outperformance post-Trump, we have downgraded **CCT**, **CDREIT**, **KDCREIT**, and **MCT** from Add to Hold respectively. We have also downgraded **SUN** from Hold to Reduce. Otherwise, our DPU forecasts are intact. Based on total return, our top picks are now **FCT**, **MINT** and **PREIT**.

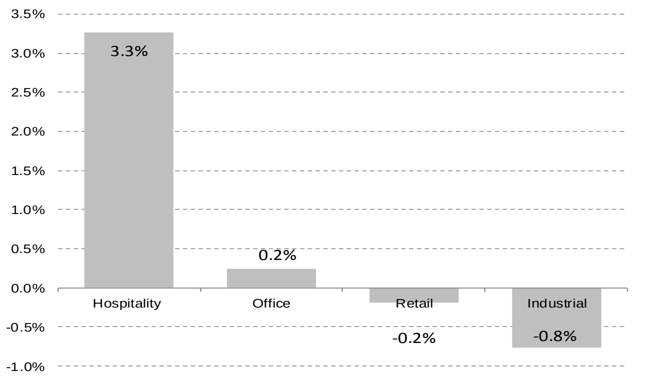
Looking to the 12-month forward DPU growth, we project hospitality sub-sector to have 3.3% yoy growth due to low-base effect and bottoming of RevPAR; office to derive 0.2% yoy growth as we expect the sector to bottom out; 0.2% yoy decline for retail as the operating environment continues to deteriorate; and 0.8% yoy decrease for industrial owing to weaker leasing demand and multi-tenanted building (MTB) conversions. That said, we note the divergence in fortunes between the big-cap and small-cap names.

Figure 59: Summary of changes in recommendation and target prices

	New TP (S$)	Prev. TP (S$)	% chg	New Rec	Prev. Rec	Comments
Office						
CCT	1.52	1.69	-10%	H	A	Downgrade from Add to Hold
FCOT	1.26	1.40	-10%	H	H	
KREIT	1.02	1.14	-11%	H	H	
OUECT	0.65	0.70	-7%	H	H	
Retail						
CT	1.96	2.20	-11%	H	H	
FCT	2.01	2.28	-12%	A	A	
MCT	1.45	1.62	-10%	H	A	Downgrade from Add to Hold
SPHREIT	0.95	1.05	-10%	H	H	
SGREIT	0.76	0.81	-6%	H	H	
SUN	1.54	1.68	-8%	Rd	H	Downgrade from Hold to Reduce
Industrial						
AREIT	2.23	2.47	-10%	H	H	
CACHE	0.74	0.80	-8%	Rd	Rd	
CREIT	0.55	0.59	-7%	H	H	
KDCREIT	1.22	1.38	-12%	H	A	Downgrade from Add to Hold
MINT	1.68	1.68	0%	A	A	Recently reviewed model & forecasts
MLT	0.99	1.03	-4%	H	H	
Hospitality						
ART	1.11	1.18	-6%	H	H	
CDREIT	1.30	1.42	-8%	H	A	Downgrade from Add to Hold
FEHT	0.56	0.61	-8%	H	H	
OUEHT	0.70	0.77	-9%	A	A	
Healthcare						
FIRT	1.26	1.38	-9%	H	H	
PREIT	2.53	2.78	-9%	A	A	
RHT	0.89	0.89	0%	H	H	
Overseas commercial						
CRT	0.98	0.98	0%	A	A	
LMRT	0.38	0.38	0%	H	H	
MAGIC	1.13	1.13	0%	A	A	

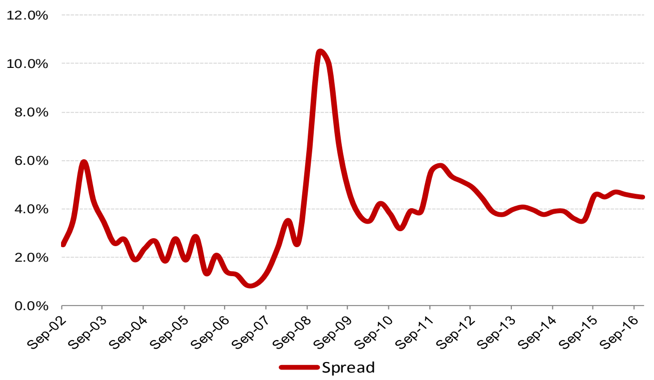
SOURCES: CIMB

Figure 60: Sub-sector 12-month forward DPU growth



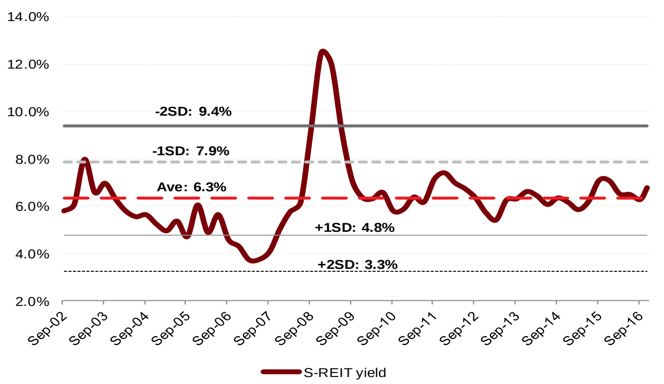
SOURCES: CIMB

Figure 61: S-REIT yield spread vs. 10-year government bond



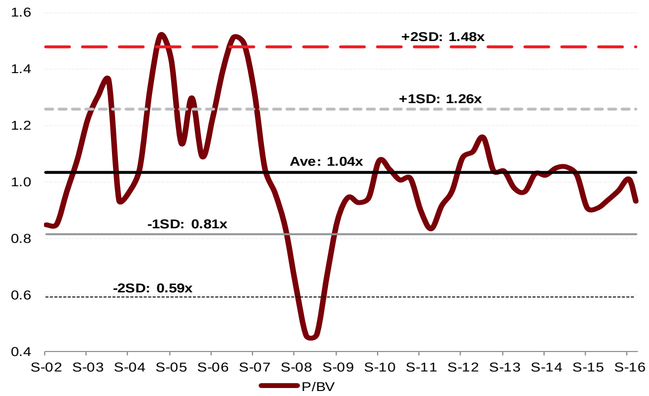
SOURCES: CIMB, BLOOMBERG

Figure 62: S-REIT trailing yield: the sector is trading at 6.8%



SOURCES: CIMB, BLOOMBERG

Figure 63: S-REIT P/BV: the sector is trading at 0.93x P/BV



SOURCES: CIMB, BLOOMBERG

Capital management

A rising rate environment requires sound capital management. As at 9M16, the sector had a total debt of S$43.8bn with debt maturity of four years, backed by AUM of S$115.3bn. Sector gearing stood at an average of 36%, with a weighted cost of debt of 2.7%. About S$3.8bn of debt (or about 9% of total debt) is due for refinancing in FY17. This refinancing portion would most likely experience higher borrowing plus hedging costs. Anecdotally, we understand that hedging cost could be c.100bp higher than preceding level. REITs which have more than 30% of their debt due for refinancing in or up to FY17 include ASCHT, CRCT, FEHT, FIRT and LMRT.

In addition, REITs which have gearing above 40% include ART, CACHE, IREIT, SSREIT and OUECT. Assuming a 5% devaluation in AUM (owing to an expansion in cap rate), the gearings of KREIT, MAGIC, PREIT and VIT respectively would also cross 40%. Taking it further, 10% devaluation in AUM would, on top of the above, result in the gearings of CCT, CDREIT, CRCT, FHT, MCT, MLT, OUEHT and SUN to cross 40% respectively.

On the other hand, the impact of the Fed raising rate on DPU is relatively muted as c.80% of borrowings is hedged against interest rate. We estimate that a 50bp rise in interest rate could shave off 0-2.9% of the REIT's distributable income. CRCT, with 53% of debt hedged against interest rate, is the most sensitive, followed by KREIT (74% hedged) and OUECT (78% hedged). AIT, CRT and MUST are fully hedged against the interest rate.

Figure 64: Balance sheet metrics

	Total assets (S$m)	AUM (S$m)	Total debt (S$m)	Gearing	Cost of debt	Debt maturity (yrs)	% fixed	% floating	Debt maturity profile					
									FY16	FY17	FY18	FY19	FY20	=>FY21
Office														
CCT	7,996	7,823	3,283	0.38	2.50%	3.5	80.0%	20.0%	-	175	525	698	1,217	668
FCOT	2,069	1,989	745	0.36	3.02%	2.6	85.0%	15.0%	-	180	181	207	78	100
KREIT	8,523	6,525	3,324	0.39	2.53%	3.7	74.0%	26.0%	-	-	464	925	750	1,085
OUECT	3,419	3,371	1,318	0.41	3.40%	1.8	78.3%	21.7%	-	346	622	280	-	30
Retail														
CT	10,328	9,615	3,328	0.35	3.20%	5.5	NA	NA	-	250	605	489	445	2,053
FCT	2,594	2,509	734	0.28	2.10%	2.7	59.0%	41.0%	-	218	60	120	70	266
MCT	6,268	6,190	2,350	0.37	2.66%	4.3	74.1%	25.9%	-	36	47	279	448	1,356
SPH REIT	3,311	3,230	846	0.26	2.82%	3.1	85.9%	14.1%	-	-	320	125	280	125
SGREIT	3,241	3,152	1,135	0.35	3.06%	3.4	96.0%	4.0%	-	9	401	315	108	376
SUN	9,025	8,625	3,335	0.38	2.28%	2.9	NA	NA	-	100	1,105	800	310	670
Industrial														
AAREIT	1,476	1,168	502	0.34	3.90%	2.4	67.5%	32.5%	-	-	114	208	80	100
AIT	1,413	1,149	412	0.29	7.00%	NA	100.0%	0.0%	-	46	47	85	88	147
AREIT	9,851	9,614	3,370	0.34	3.02%	3.8	77.6%	22.4%	335	204	741	495	542	1,053
CACHE	1,294	1,277	529	0.41	3.62%	2.4	64.0%	36.0%	-	73	229	181	51	-
CREIT	1,426	1,405	523	0.37	3.65%	3.4	88.4%	11.6%	-	-	155	100	160	111
FLT	1,875	1,778	521	0.28	2.80%	NA	84.0%	16.0%	-	-	-	180	170	179
KDCREIT	1,158	1,076	340	0.29	2.40%	2.5	86.0%	14.0%	30	3	150	130	27	-
MINT	3,673	3,611	1,064	0.29	2.60%	3.5	68.6%	31.4%	-	30	185	185	291	373
MLT	5,468	5,336	2,047	0.38	2.30%	3.5	81.0%	19.0%	-	20	307	328	287	1,105
SBREIT	1,326	1,291	461	0.36	3.42%	3.1	88.5%	11.5%	-	-	155	29	185	100
SSREIT	1,060	1,028	440	0.42	4.10%	2.1	90.5%	9.5%	-	118	102	130	90	-
VIT	1,225	1,193	482	0.40	3.90%	3.5	86.1%	13.9%	-	-	100	-	213	140
Hospitality														
ART	4,879	4,512	1,984	0.41	2.40%	4.6	80.0%	20.0%	2	260	225	149	296	1,052
ASCHT	1,609	1,518	535	0.33	3.40%	2.3	90.5%	9.5%	23	166	198	-	149	-
CDREIT	2,525	2,189	926	0.37	2.40%	3.2	61.0%	39.0%	-	-	322	220	183	201
FEHT	2,511	2,463	824	0.33	2.50%	2.6	71.0%	29.0%	42	250	232	100	-	200
FHT	2,161	2,058	810	0.38	2.55%	2.4	86.0%	14.0%	-	115	122	563	-	-
OUEHT	2,304	2,254	859	0.37	2.50%	2.7	68.0%	32.0%	-	-	294	270	295	-
Healthcare														
FIRT	1,331	1,260	396	0.30	4%	NA	97.5%	2.5%	-	141	150	83	27	-
PREIT	1,774	1,728	678	0.38	1.40%	34.0	98.0%	2.0%	12	-	92	208	183	182
RHT	1,165	944	181	0.16	NA	NA	35.4%	64.6%	-	7	99	58	17	-
Overseas commercial														
CRCT	2,718	2,571	993	0.37	2.90%	1.8	52.8%	47.2%	36	431	103	175	100	150
CRT	1,680	1,430	752	0.45	1.93%	2.2	100.0%	0.0%	-	104	310	103	171	109
IREIT	715	688	302	0.43	2.00%	3.0	88.0%	12.0%	-	36	-	148	118	-
LMRT	2,126	1,844	695	0.33	NA	2.0	87.0%	13.0%	150	125	245	-	125	50
MAGIC	6,007	5,777	2,399	0.40	2.89%	3.1	85.0%	15.0%	-	350	740	399	419	775
MUST	1,159	1,106	400	0.35	2.46%	4.0	100.0%	0.0%	-	-	-	147	91	165
Sector	**122,687**	**115,299**	**43,824**	**0.36**	**2.7%**	**4.0**	**80.6%**	**19.4%**	**631**	**3,793**	**9,746**	**8,912**	**8,063**	**12,920**

SOURCES: CIMB, COMPANY REPORTS

1H data points to watch out for

With the market pricing in one rate hike in 1H17 – and that apparently, a forgone conclusion – we would watch for i) quarterly momentum in spot rates, ii) the extent of rental reversions, and iii) leasing activities/occupancy to take cue of whether a better demand-supply equilibrium could be achieved towards year-end. Supply for both office and hotel are expected to ease post-17. We would be watchful for valuation cap rate.

2H data points to watch out for

With the market decidedly mixed on the extent of rate hikes, we would zoom out and focus on macro in the 2H.

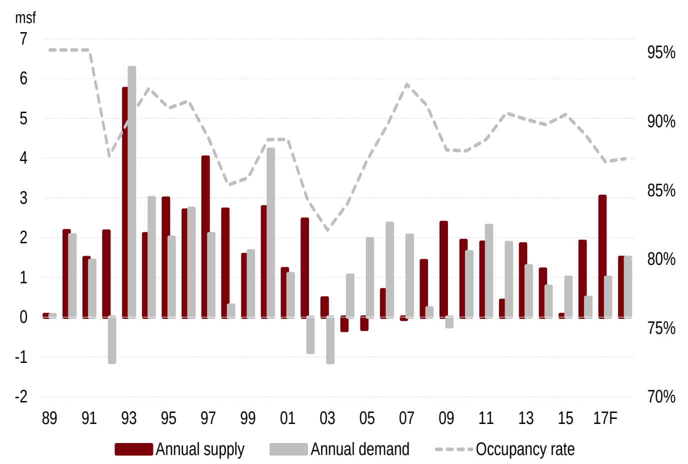
Office outlook: supply crisis passing but low growth drag on rents

The office sector continues to experience rental decline, with a 1.1% decline qoq in 3Q16 and 13.2% erosion since the beginning of 2015. In terms of capital values, prices have fallen by a milder 2.5% since 2Q15. However, net absorption was a marginal 280,000 sq ft for 9M16 despite a net addition of 1.13m sq ft of new office inventory. As a result, vacancy levels dipped to 10.4%, the highest since 2Q12. Major office space consumers include IT, telecom and financial services.

Looking ahead, a sub-par GDP growth plus an additional supply of 2.9m sq ft in 2017 would likely continue to pressure rental outlook in the near term. Demand is closely correlated with GDP. Although pre-commitment levels for the majority of new supply has been encouraging, we understand the bulk of this came from replacement demand with a marginal increment in new appetite.

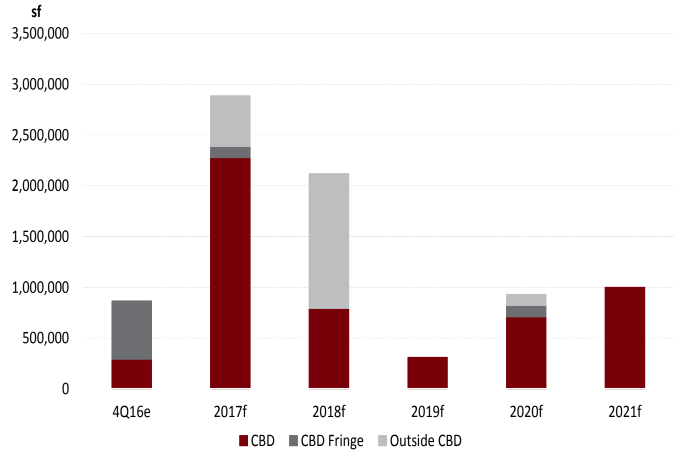
Beyond 2017, new supply will be fairly muted, with supply tapering down to c.1m sq ft p.a., in tandem with the long term annual absorption. Hence, we think that the downward rental momentum could decelerate going into 2H17. In terms of capital values, we think that the recent land bid for the Central Boulevard site has injected some optimism in the future projections for the office rents and capital values. We expect office rents to decline by 0-5% in 2017. In terms of rental reversions, commercial S-REITs are likely to see greater negative renewals in 2017 vs. a year ago.

Figure 9: Office annual supply, demand and occupancy



SOURCE: CIMB, URA

Figure 10: Breakdown of office supply by region



SOURCE: CIMB, URA

Retail outlook: anaemic growth outlook

Retail sales (excluding motor vehicles) continued to decline in Sep 16, contracting 1.9% yoy. This represents the 8th month of yoy decline since the beginning of the year. The drag was felt in the department stores, supermarkets, F&B, apparel and footwear, watches and jewellery and IT and telco segments. Despite higher tourist shopping spend in 1H16, we think weaker consumer sentiment amid a slower economic outlook and leakage from growing e-commerce sales eroded purchasing behaviour.

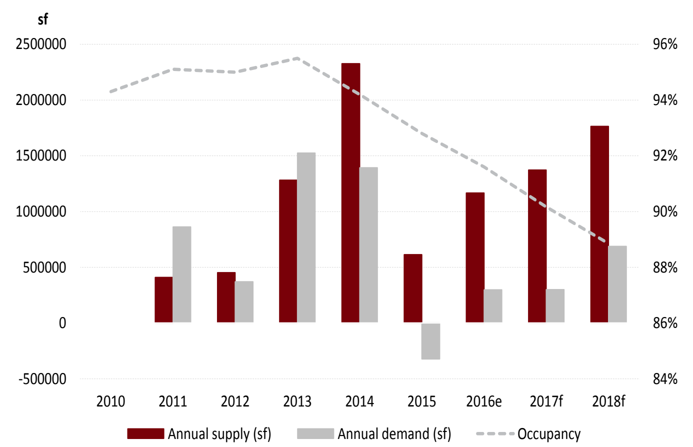
Based on URA indices, retail rents have retraced 7% for 9M16 and down 11% from the peak at end-2014. Meanwhile capital values have contracted 5.6% for 9M16 and 6.4% lower than the end-2014 level. However, for selected REITs, active property management and niche locations such as MCT's Vivocity and FCT's Causeway Point have held up better, with positive rental reversions.

Looking ahead, annual new supply of 1.2m-1.8m sq ft is higher than the annual average demand of 700,000sq ft since 2011. The bulk of the new supply is located in the city fringe and suburban areas such as Singpost Mall (2017), Paya Lebar Quarter (2018), Northpoint City (2018) and The Heart (within Marina One) and Downtown Gallery in the CBD area in 2017. The positive flipside is that supply is well spread to locations that are under-served, particularly in the suburban and city fringe areas.

In tandem with the slower GDP growth forecasts of 1-3% for 2017 as well as our expectation that tourist arrivals growth would moderate to 2-3% from the 7-8% this year, we project retail rents and capital values to remain flat.

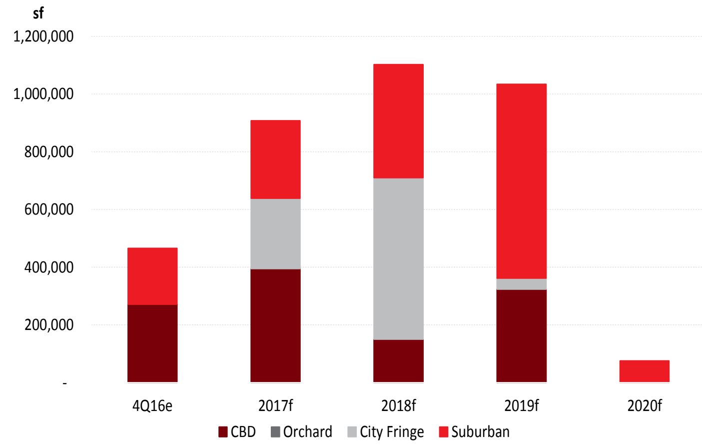
From the retail S-REITs perspective, we think that rental improvement upon reversion will continue to moderate from the present 2-9% to 0-3% as slowing retail sales cap ability to raise rents.

Figure 65: Retail annual supply, demand and occupancy



SOURCE:CIMB, URA

Figure 66: Breakdown of retail supply by region



SOURCE: CIMB, URA

Industrial outlook: near-term pressures on business parks

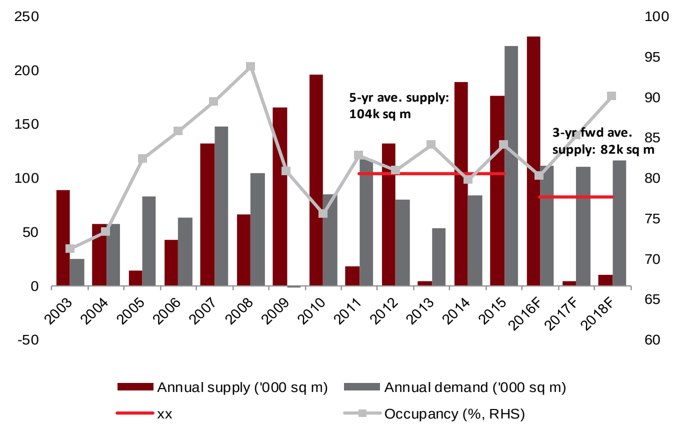
As at 3Q16, Singapore had a total of 493m sq ft of industrial stock. Single-user factories formed the majority at around 52%, followed by multiple-user factories (23%), warehouses (21%) and business parks (5%). Among these asset class, warehouses face the highest supply (8.8% of total stock is to be completed between now and 2018), followed by multiple-user factories (7.3%) and business parks (1.2%).

While consensus has trumpeted the positivity of business parks, we are more cautious in the near-term (especially for business parks ex-city fringe). As a result of peak supply for 2016 (notable completions include Ascent at the Singapore Science Park and Mapletree Business City II), island-wide occupancy is expected to fall to 80.2% in 2016 (2015: 84.1%). We expect occupancy to recover to 85.2% in 2017 and to 90.2% in 2018. Hence, we believe that business park rents would strengthen from current median rate of S$4.25 psf pm from 2H17/18 onwards.

In the meantime, we expect occupancy for warehouses to drop to 86-88% for 2017-18 (2015: 91.4%). 2017 is set to be another strong year of completions and we expect warehouse median rent to decrease by another 5% pts in the next 12 months (3Q16 rent index at 91.2).

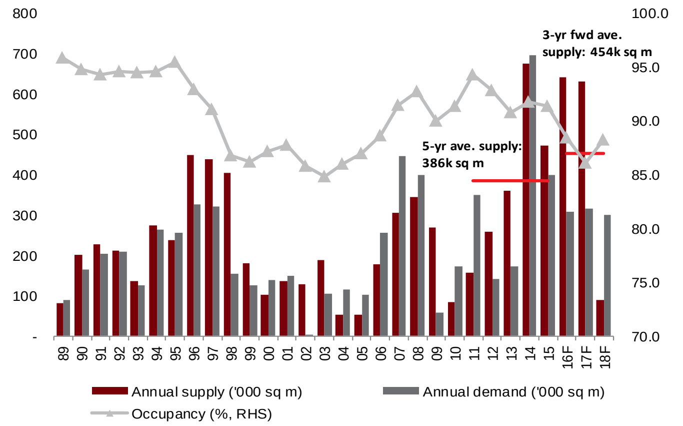
We expect occupancy for multiple-user factories to remain in the range of 87% for 2017-18. We expect multiple-user factory median rent to moderate by another 3-5% to S$1.75-1.78 psf pm in the next 12 months.

Figure 67: After peak supply in 2016, business park supply is expected to stay low



SOURCES: CIMB, JTC

Figure 68: We expect another year of strong completions for warehouses for 2017



SOURCES: CIMB, JTC

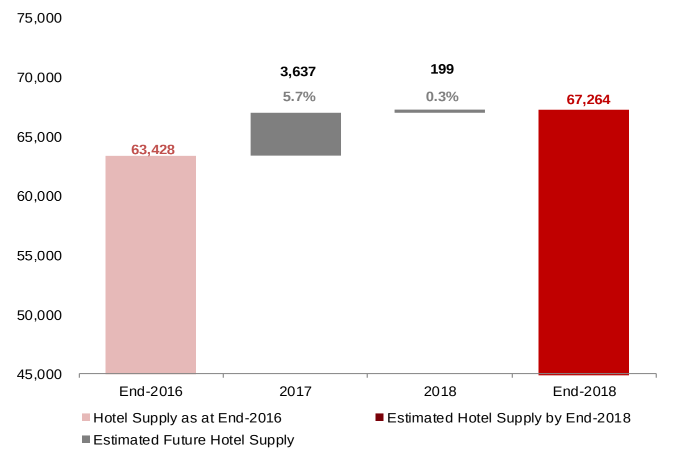
Hospitality outlook: expect 2.8% yoy decline in RevPAR

For 2017, we now expect 3,637 rooms to be added to the estimated room inventory of 63,428 (as at end-16), representing 5.7% of total rooms. Completions have been pushed from 2016 to 2017. We now expect 2,520 rooms to be added in 2016 (previously 3,319).

We also foresee higher supply pressures for the upscale/luxury segment as 47% of the additional room supply in 2017 is from this segment. Examples include Andaz Singapore, Novotel Singapore on Stevens, InterContinental Singapore Robertson Quay and Sofitel Singapore City Centre. In addition, supply is skewed slightly towards the end of the year. The swing factor is the opening of the 610-room YOTEL Orchard (the chain of economy micro-hotels) which we have penciled in towards the end of 2017. Excluding this, supply looks fairly spread out.

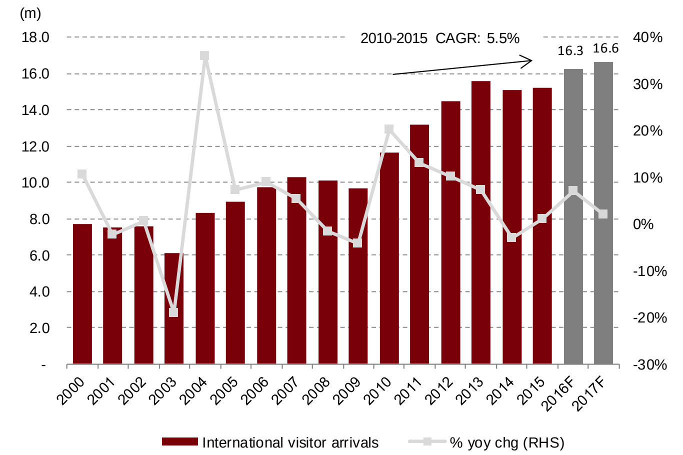
On the demand side, we have conservatively factored in a 2% yoy growth in visitor arrivals to 16.6m in 2017 (expect Chinese arrivals to flatten and odd-year effect). We have assumed a 7% yoy growth in visitor arrivals to 16.3m for 2016. In all, our demand-supply model predicts a 2.8% yoy decrease in RevPAR for 2017. For 9M16, the industry RevPAR decreased 2.1% yoy to S$201 on the back of a 6.4% yoy increase in available room nights.

Figure 69: Hotel room supply in Singapore: 5.7% of the total room stock is expected to be added in 2017



SOURCES: CIMB, COMPANY REPORTS, HORWATH HTL

Figure 70: We have assumed a 7% yoy growth in visitor arrivals to 16.3m for 2016. We expect another 2% yoy growth for 2017.



SOURCES: CIMB, STB

Risks

Risks to our Underweight position are a more dovish-than-expected Fed stance and better-than-expected net absorption of supply.

CIMB

Offshore and Marine – Neutral, oil circular reference

Figure 71: Short-Term Share Price Catalyst – Capital Goods

Negative catalyst / Positive catalyst	Short-Term Share Price Catalyst					
		Expected catalyst (Jan-Mar 17)		Expected catalyst (Apr-Jun 17)		Expected catalyst (Jul-Dec 17)
Capital Goods						
SIA Engineering			Positive	Final special dividend		
Keppel Corporation	Negative	Potential for impairment and rationalisation	Positive		Positive	Hope for some O&M orders to return
Sembcorp Industries	Negative	Start up of Indian power plant, high coal costs	Negative	Start up of China coal power plant		
Sembcorp Marine	Negative	Potential for impairment and rationalisation	Positive	Cashflow improve	Positive	Hope for some O&M orders to return
ST Engineering	Positive	Dividend	Positive			
Yangzijiang		Seasonally weaker 1Q				
MMT	Negative	Seasonally weaker 1Q. Potential for impairments	Positive	Uptick in sector's sentiment post OPEC formal meeting	Positive	Stable oil price, higher utilization rates for assets.
CSE Global	Positive	Dividend	Positive	Uptick in sector's sentiment post OPEC formal meeting	Positive	Stable oil price, more greenfield projects.
Ezion Holdings	Negative	Seasonally weaker 1Q. Potential for impairments	Positive	Uptick in sector's sentiment post OPEC formal meeting	Positive	Stable oil price, higher utilization rates for assets.
Pacific Radiance	Negative	Seasonally weaker 1Q. Potential for impairments	Positive	Uptick in sector's sentiment post OPEC formal meeting	Positive	Stable oil price, higher utilization rates for assets.

SOURCES: CIMB, COMPANY REPORTS

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Upgrade from Underweight to Neutral

We upgrade the sector from Underweight to Neutral on the following grounds:

i) anticipated gradual uptrend in crude oil prices in 2017F;

ii) lower impairment risks because the higher crude oil price scenario means that owners do not have to adjust their books as much;

iii) largely-diminished sector default risks for 2017-2018F as companies have already extended their loan tenures; and

iv) the Singapore government schemes (SPRING and IFS) that could alleviate some of the working cap and capex needs of small players so that they can focus on servicing interest costs in the current downturn.

Oil circular reference

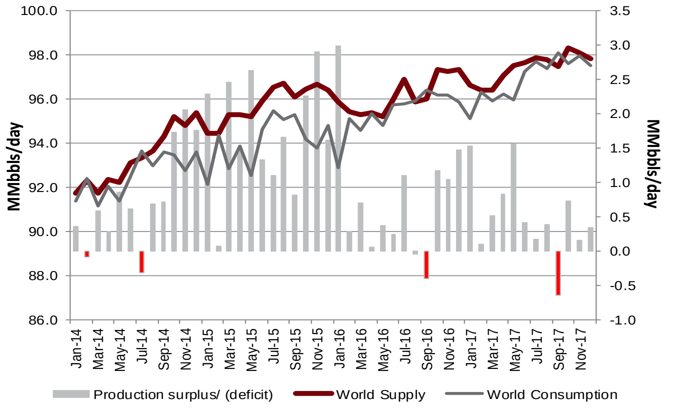
The uncertainties posed by the new Trumponomics vow that the US will become energy independent could have accelerated the decisions by Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC (including Russia) to cut production, in our view. Saudi Arabia (and most energy-producing nations) have been severely hurt by two years of extremely low oil prices. The earlier reluctance to enforce a production cut could have been intentional, as OPEC and Russia sought to curb the threat from US shale oil companies. However, shale output has been resilient, with only c.11% drop in production since its peak in 2015. In our view, there is no better time than now for OPEC and non-OPEC to join forces in view of the political uncertainties ahead.

Assuming global demand growth is intact, the production cut would result in a deficit, keeping oil prices high, in our opinion. High oil prices would spur shale producers to turn on their taps and tempt other oil-producing countries to increase production and reap higher profits. The US producers are ever-ready to turn on the taps to capitalise on the higher crude oil environment, given their wide range of breakeven prices (US$28-68/bbl). According to WoodMackenzie, tight oil drilling accounts for 60% of the production that is commercial at US$60/bbl.

Higher production and supply, amid lacklustre global demand growth (Europe and Brexit uncertainty, China's economy rebalancing) would put a cap on the deficit quantum and oil price, in our view.

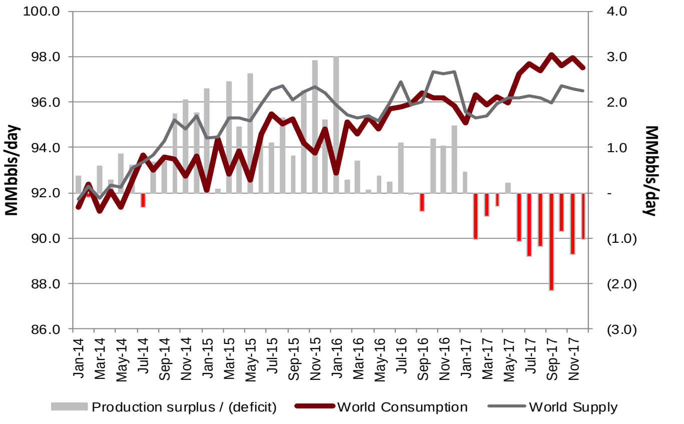
As such, we believe that oil prices will stay in the range of US$45-60/bbl in 2017F, high enough to improve the fiscal deficit of oil-producing nations but not too high that they would spur a surge in shale and other crude oil production.

Figure 72: Original EIA forecasts for world production surplus/ (deficit)



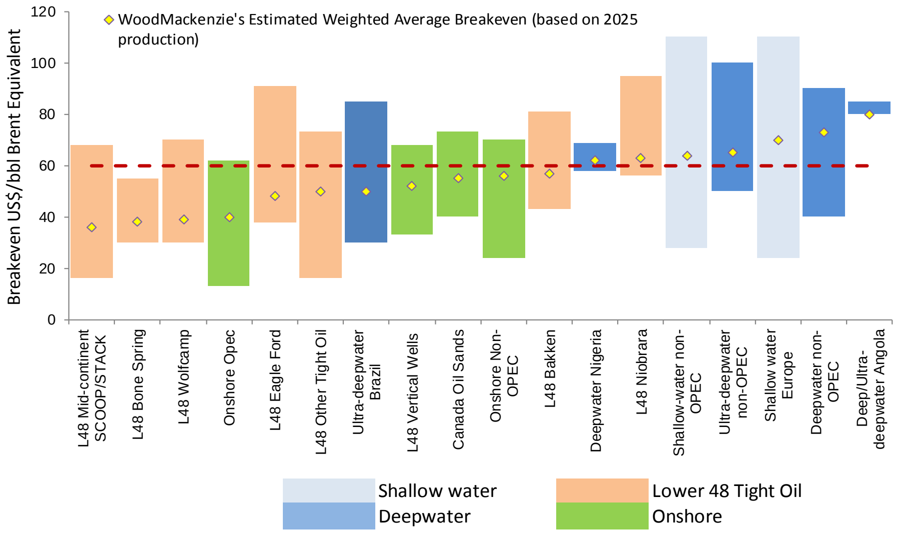
SOURCES: CIMB, EIA

Figure 73: Revamped forecasts for production surplus/(deficit) outlook



SOURCES: CIMB, EIA

Figure 74: US tight oil accounts for 60% of production that is commercial at US$60/bbl



SOURCES: CIMB, WOODMACKENZIE

Shallow-water asset owners to benefit before yard players

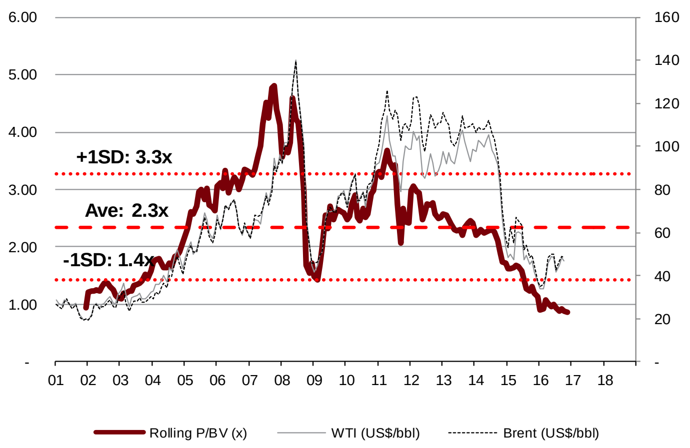
In our view, the primary beneficiaries of the price rally would be the E&P players, given the higher prices for their products. Thereafter, we view shallow-water OSV players as likely first-tier beneficiaries, as production and maintenance activities are accorded priority over exploration work in the early part of sector recovery. Yards (for both rigs and vessels) however, may face a protracted winter, given that there are still an estimated 179 rigs, 432 AHTS/AHT and supply fleet global order book to be drawn down

Cheap valuations and under-owned sector

Large-cap stocks are trading at 0.95x forward P/BV, a 32% discount to 1 s.d. below the 16-year historical mean of 1.4x. Small-cap stocks are trading at an at a new trough of 0.4x forward P/BV. The sector valuations are now lower than the trough levels during the global financial crisis (GFC). Valuations of large caps are close to the levels seen in 2001-2002 post-dotcom bubble.

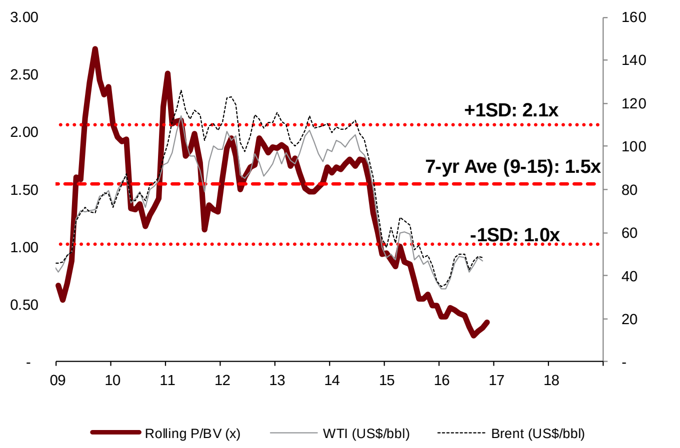
We have not turned Overweight on the sector as there are still significant uncertainties in 2017, namely: i) OPEC members and Russia adhering to production limits; ii) Trump's policies on US production; iii) anaemic global world GDP; and iv) existing asset glut, which could keep earnings flattish for the next 1½ years.

Figure 75: Large cap stocks trading at 0.95x P/BV, close to post dotcom bubble era in 2001-2002



SOURCES: CIMB, COMPANY REPORTS

Figure 76: Small cap stocks trading at 0.4x P/BV, new trough



SOURCES: CIMB, COMPANY REPORTS

Risks

Our Neutral call is premised on OPEC and Russia's commitment to curbing output in 2017 and the assumption that there will not be any large sector blow-ups moving forward.

Downsides risks are: i) both OPEC and Russia abandoning the cause at any time during the year; and reverting to over-production to gain market share (similar to the scenario in 2015); ii) higher-than-expected US production, which would undermine the market's rebalancing efforts; and iii) another sector blow-up in 2017 involving any of the companies.

Upside risks are: i) swifter-than-expected recovery in crude oil prices; ii) instability in any of the OPEC member-countries (reduces OPEC production); and iii) higher-than-expected global GDP growth, which would lift demand.

Telcos – Neutral

Figure 77: Short-Term Share Price Catalyst - Telcos

Negative catalyst / Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	Expected catalyst (Apr-Jun 17)	Expected catalyst (Jul-Dec 17)
Telcos			
SingTel	General spectrum auction bidding		NetLink Trust IPO
Starhub	General spectrum auction bidding		2H17 results: High SARC incurred to lock-in subs
M1 Limited	General spectrum auction bidding		2H17 results: High SARC incurred to lock-in subs

SOURCES: CIMB, COMPANY REPORTS

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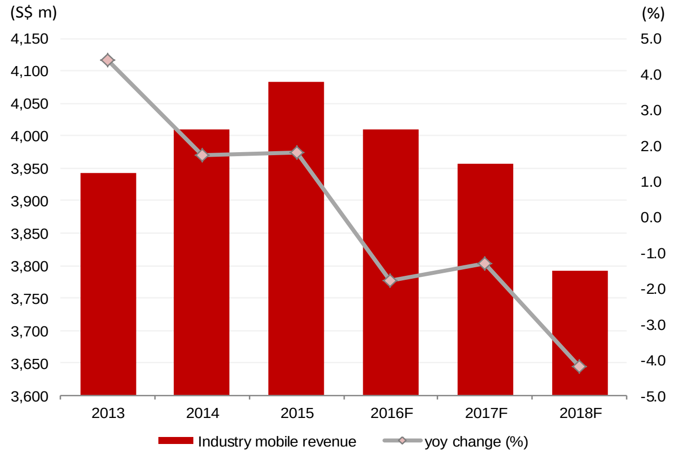
Weak mobile service revenue outlook

We expect industry mobile revenue to remain weak going into 2017, possibly declining by the low single-digits due to a) the continued decline in Voice roaming and IDD usage, b) the increased take-up of sim-only plans with lower monthly commitment fees, and c) higher subscription to telcos' upsize data offerings, which would cap data upselling opportunities, if not result in subs downtrading to lower-tier packages. We also believe the Pay TV business in Singapore will continue to be under pressure from over-the-top (OTT) video platforms such as NetFlix, Viu, etc. In the last three quarters, StarHub has seen its Pay TV subs base decline gradually for this reason, as subs come out of contract. For the broadband business, we expect revenue to grow by the low single-digits in 2017, driven by continued upgrades by subs to higher-speed fiber packages. However, this growth should start to taper off towards end-2017 as migration of subs from ADSL/cable to fiber would be largely completed and market competition remains intense.

Possibly higher SARC could impact EBITDA margin in 2017

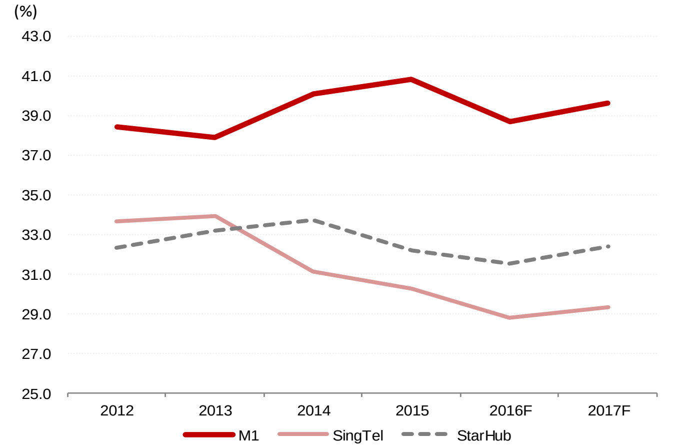
The fourth mobile player's license will become effective on 1 Apr 2017. However, as the regulator has not imposed mandatory domestic roaming and national site sharing on incumbents, the new player will require time to roll out its own network before launching its service, likely in early-2018. Although telcos have already made some revisions to their offerings in 2016 (e.g. data upsize and sim-only), we believe incumbents may further spend heavily on subscriber acquisition and retention costs (SARC) in 2017 to lock-in subs for an additional two years before the new player enters the market. In terms of timeline, we could possibly see the impact of this in 2H17, especially coinciding with the launch of the iPhone 8 in Sep (which is expected to see a major redesign).

Figure 78: Mobile service revenue trend



SOURCES: CIMB, COMPANY REPORTS

Figure 79: Possible downside risk to our FY17F EBITDA margin if incumbents incur higher-than-expected SARC



SOURCES: CIMB, COMPANY REPORTS

Will it be MyRepublic or TPG?

While the IMDA did not give a timeline, we believe that the New Entrant Spectrum Auction (NESA) should take place before end-2016. It is difficult to predict who will eventually emerge as the winner in NESA, as this also depends on the value ascribed to the licence by the respective players. However, purely from a balance sheet strength perspective, TPG may be able to outbid MyRepublic. Should TPG emerge the winner, we believe it could result in more market worries for the incumbents as TPG is seen to be more disruptive, with a longer staying power to withstand aggressive competition given its stronger balance sheet.

Risks of spectrum prices spiraling out of control in GSA are manageable

Subsequent to NESA, the IMDA will hold the General Spectrum Auction (GSA) in 1Q17. In its annual report, TPG said that if it wins the fourth mobile operator license in the NESA, it will join the GSA to bid for an additional 15MHz of spectrum (which will give it a total 75MHz if successful, the maximum allowed). The IDA has set various spectrum caps to prevent hoarding and frivolous bidding in the GSA. Based on these, TPG or MyRepublic may only bid for either i) 2 x 5MHz of 700MHz plus 5MHz of 2.5GHz, or ii) 15MHz of 2.5GHz. While intense bidding cannot be ruled out, we believe this risk is manageable as there is a rather sizeable 2 x 45MHz of 700MHz spectrum available, while the 2.5GHz spectrum (also 45MHz bandwidth available) may not be that hotly sought after given its shorter propagation properties.

Figure 80: Spectrum reserve prices for NESA & GSA

Spectrum band	Lot size (or package size)	Spectrum right duration	Reserve price
New entrant spectrum auction			
New MNO spectrum set-aside package	2 x 10MHz in 900MHz band 40MHz in 2.3GHz band	16 years	S$35m for the entire block
General spectrum auction			
700MHz	2 x 45MHz	15 years	S$20m per 5MHz pair
900MHz	2 x 20 MHz	16 years	
2500MHz	45MHz		S$3 per 5MHz

SOURCE: CIMB RESEARCH, COMPANY

Figure 81: Possible spectrum holdings post-NESA & GSA

Spectrum (MHz)	Paired					Unpaired		
	700	900	1800	2100	2500	2300	2500	Total*
SingTel	15	10	30	20	20	-	15	103
StarHub	15	5	25	20	20	-	10	90
M1	10	5	20	20	20	-	15	83
4th mobile player	5	10	-	-	-	20	5	28

SOURCE: CIMB RESEARCH, COMPANY

Possible listing of NetLink Trust in 2Q/3Q17

SingTel is likely to spin off NetLink Trust (NLT) in an IPO by 2Q/3Q17, in line with its undertaking to IDA to divest its stake to less than 25% by 22 Apr 2018. According to International Financing Review (IFR)'s news article on 17 Nov, Singtel has already hired three bankers to manage this IPO. An 80% stake sale could raise S$2.0bn-2.8bn (12.6-17.6 Scts/share) cash, based on our estimated valuation of S$2.5bn-3.5bn for NLT. On the back of this, we think it is likely for SingTel to declare a special dividend, possibly in its 4QFY18's results announcement (i.e. around mid-May 2018).

Key downside and upside risks

We believe the key downside risks for the sector are i) how aggressive the incumbents react ahead of the service launch by the fourth mobile operator. If incumbents bring down prices significantly or offer very high handset subsidies to lock-in subs, it could have a negative impact on earnings in FY17-18, ii) intense bidding in the GSA that substantially raises the price of spectrum, and iii) the new entrant strikes a domestic roaming agreement with one of the incumbents and launches its service earlier than expected, coupled with aggressive price plans. In terms of key upside risks, the fourth mobile operator runs into network rollout issues and service launch is delayed beyond early-2018, or upon service launch, is not as aggressive as feared.

Singtel is preferred telco pick

Although M1's and StarHub's share prices have fallen in the past 24 months, we believe that their current valuations are just about fair. We also see a big overhang on their share prices, at least until the fourth player's service launch in early-2018, when the market is able to get better visibility on its impact. We maintain Hold on StarHub and M1 as we believe their 5-7% yields are merely sufficient to compensate investors for future earnings risk.

SingTel is our only Add and preferred Singapore telco pick as a) its medium-term earnings growth outlook is better than its peers, and b) it will be the least impacted by the potential entry of a fourth mobile player. Although its FY18 EV/OpFCF of 17.2x is at a 26% premium to the ASEAN telco average, SingTel offers superior yields of 4.5-5.5%. Key downside risks are weaker-than-expected A$ and Rp, and more intense competition.

Consumer – Overweight

Figure 82: Short-Term Share Price Catalyst - Consumer / Gaming / Healthcare

Negative catalyst / Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	Expected catalyst (Apr-Jun 17)	Expected catalyst (Jul-Dec 17)
Consumer			
Dairy Farm Int'l	Margin recovery		
Delfi Ltd	Weak Rp effect	Weak Rp effect	Recovery in Indo consumption
Sheng Siong Group	Negative same store sales growth	Closure of Woodlands store	New stores
Thai Beverage	Mourning period impact on sales	Potential restructuring/M&A	Beer market share win

SOURCES: CIMB, COMPANY REPORTS

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Trend #1: earnings growth drives share price

Consumer companies typically enjoy steady sales growth, but amid the weak global environment and macro uncertainty, we are seeing sales falter. Four out of the 7 consumer companies under our coverage registered negative sales growth over 9M16. Even staple companies like Sheng Siong were not spared and had a few quarters of negative same-store-sales growth. It is a tough retail environment.

On the bright side, we posit that cost pressures are somewhat easing. The slowdown in overall consumption has led to retailers commanding better bargaining power over suppliers. In general, we saw gross margins improve across our coverage of retailers (Courts, DFI, and SSG) as suppliers offered higher rebates to spur demand. The weak end-demand also resulted in some retailers being able to negotiate with landlords for lower rents. Other companies also benefitted from lower raw material and/or commodity prices. Accordingly, we saw a broad trend of margin improvements across the consumer sector. Across our consumer coverage, we think Dairy Farm is poised to benefit the most from a margin recovery angle as it is only at an early stage of improving its cost structure.

Given such a backdrop, we think the way to think about the sector is that companies with earnings growth, regardless of whether it is in the form of increased sales or margin improvements, will be rewarded. This is a sector that trades relatively well with earnings. With the exception of Delfi (which trades at lofty valuations of 28-30x forward), consumer stocks under our coverage all did very well in 2016 and registered returns of c.20% and above. We therefore opt for a stock selection strategy based on earnings growth.

Figure 83: Summary of consumer stocks under our coverage

Stock	Share price (YTD 20 Nov 2016)	Sales (yoy growth, 9MCY16 period)	Core net profit (yoy growth, 9MCY16 period)	Comments
Best World	417%	128.8%	248.4%	growth from Taiwan and direct selling licence in China
Super*	51%	-5.2%	-11.4%	share price driven by conditional privatisation bid
Thaibev	30%	14.8%	13.7%	share price and earnings mostly driven by beer market share gains
Dairy Farm*	20%	-0.6%	4.1%	stock was beaten down and signs of margin recovery
Sheng Siong	20%	3.9%	12.1%	seen as a defensive stock that continues to extract higher GPMs
Courts	19%	-3.2%	9.0%	driven by margin recovery
Delfi	-3%	-3.1%	55.1%	earnings driven by better margins, but valuations remain high (28-30x forward P/E)

sales and net profit over 1H16 period, company either does not report or has not reported 3Q numbers

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

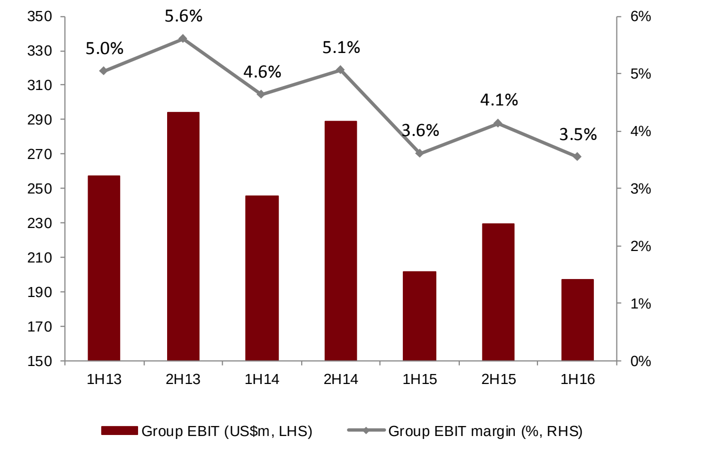
Trend #2: companies with high brand equity and depressed valuations represent attractive targets

The next trend to look out for comes on the back of the multiple privatisation offers that took place this year. The most prominent ones include Osim, Eu Yan Sang and Super. Common across the three companies were: 1) their core businesses were hit by weak retail spending and were struggling, 2) valuations were beaten down – they were all trading below their historical mean or around their -1 s.d. levels, and 3) they all had strong, established and entrenched brand equity in the markets they operated in.

We therefore read the privatisations as a belief that the longer-term Asian consumer trend is still very much alive. We make no reservations that we are still in a downcycle and we do not see a recovery in CY17, but this could also mean that struggling companies with strong brands and beaten down valuations will start to become attractive targets. Potential buyers include a bigger foreign brand wanting to enter Asia (in the case of Super), private equity (like the consortium that bid for Eu Yan Sang), or the founding family (Osim). Across our coverage, we think Delfi could be a potential privatisation target.

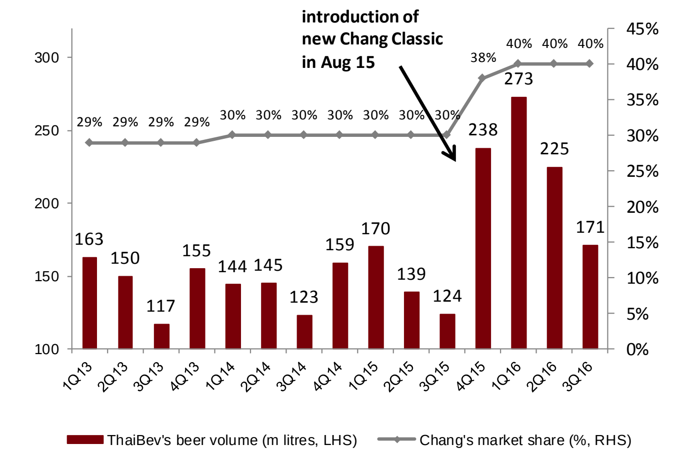
Key company specific charts

Figure 84: We think Dairy Farm's margins have bottomed out and expect a recovery to drive share price



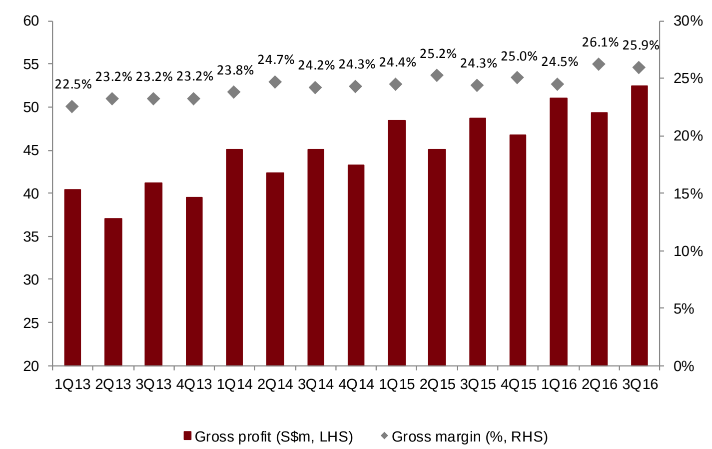
SOURCES: CIMB, COMPANY REPORTS

Figure 85: We expect continued beer market share gains to be a key catalyst for Thaibev



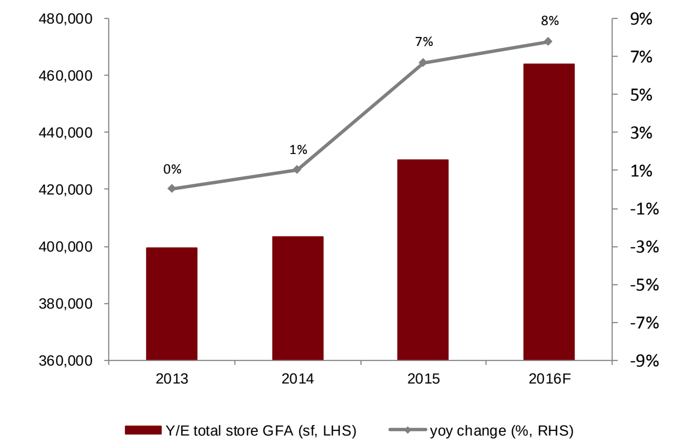
SOURCES: CIMB, COMPANY REPORTS

Figure 86: Sheng Siong continues to do well to improve its GPM



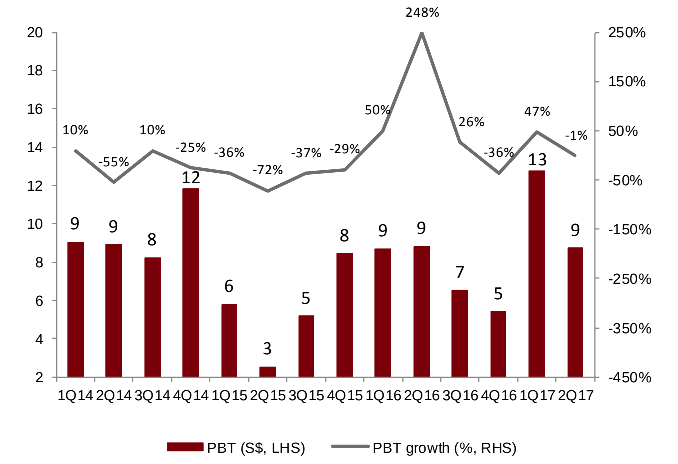
SOURCES: CIMB, COMPANY REPORTS

Figure 87: We expect new stores to drive sales growth for Sheng Siong



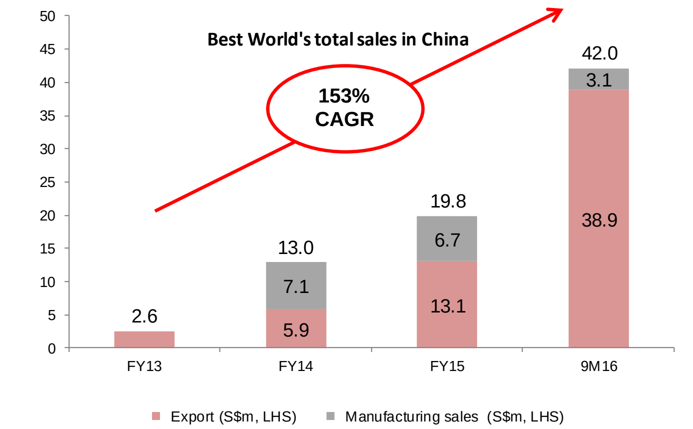
SOURCES: CIMB, COMPANY REPORTS

Figure 88: Courts has done very well to improve profitability even on the back of a tough sales environment



SOURCES: CIMB, COMPANY REPORTS

Figure 89: We expect China to become an even bigger feature for Best World and continues to drive the share price



SOURCES: CIMB, COMPANY REPORTS

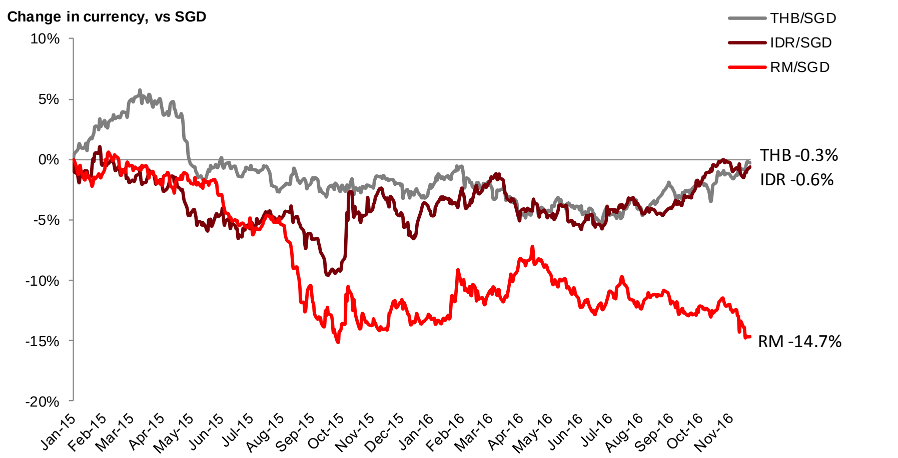
Risks

Consumer names have had their operations in developing ASEAN hit by a variety of factors, including: 1) a slowdown in discretionary spending, 2) a pullback in staples spending as import costs go up and ASEAN consumers tighten their purse-strings, 3) weak sales momentum, 4) competition, and 5) negative forex impact. With global macro still uncertain following Brexit and the US elections, we are wary of this space in 1H17.

Limited scope for yoy margin improvements. We also note that 2016 was a year when corporates grew earnings by better managing margins. We are therefore cautious on the yoy margin improvements, if any, especially in an environment of stagnant topline growth.

Currencies. In addition to weak consumption demand, corporates face the additional whammy of weak regional currencies, especially with an impending rate hike and dollar strength. The impact of weaker currencies is twofold: 1) corporates selling to ASEAN customers in S$/US$ had to lower prices to sufficiently discount for the lower purchasing power of its customers, and 2) corporates selling in local currency in ASEAN faced weaker earnings upon translation. That said, the baht and rupiah appear to have stabilised, with only the ringgit still under pressure.

Figure 90: Prolonged weakness in regional currencies could aggravate purchasing power



SOURCES: CIMB, BLOOMBERG

Gaming - Overweight

Figure 91: Short-Term Share Price Catalyst - Gaming

Negative catalyst Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	Expected catalyst (Apr-Jun 17)	Expected catalyst (Jul-Dec 17)
Gaming			
Genting Singapore	Higher dividends, potential news on Japan	EBTIDA to stabilise	EBTIDA to stabilise

SOURCES: CIMB, COMPANY REPORTS

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Look forward to dividends and potential Japan IR

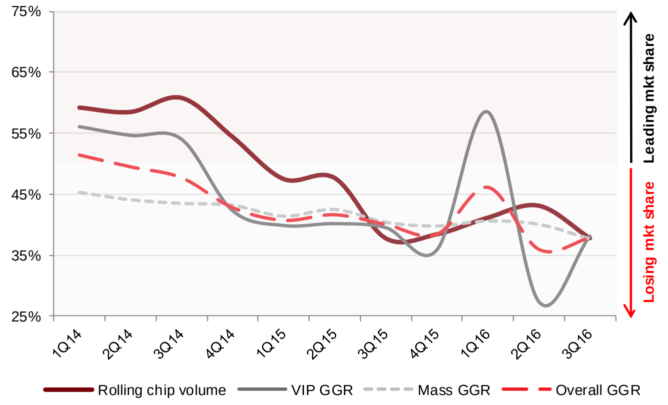
Genting Singapore (GENS SP, Add) has done well to shift its business focus from the VIP gaming segment to the mass and premium mass segments in the face of headwinds from China's anti-corruption drive. GENS has embarked on a restructuring of its business, including deploying staff from VIP to mass, removing redundancies, converting excess space into additional hotel rooms, refreshing and upgrading its hotels and exhibits to cater to a wider audience, and introducing targeted events and initiatives to draw in a new crowd. These efforts have paid off, with 3Q16 adjusted EBITDA margin reaching the highest level in nine quarters. We expect 3Q16's hold-normalised adjusted EBITDA to be the baseline level going forward as the tail end of cost cuts and potential upside from efforts to draw in mass and premium mass visitation come through.

We see two key catalysts ahead for GENS: 1) In the near term, its commitment to pay higher dividends remains the key supporter of its share price, as this is the first time that GENS has declared its intention to return a higher proportion of cash generated from Resorts World Sentosa (RWS) to shareholders. 2) Positive newsflow coming out of Japan on the casino bill could be a further re-rating catalyst, as GENS is likely to be a frontrunner for a casino bid given its strong balance sheet and intention to model its Japan casinos after Singapore's integrated resorts (IR) model.

Risks

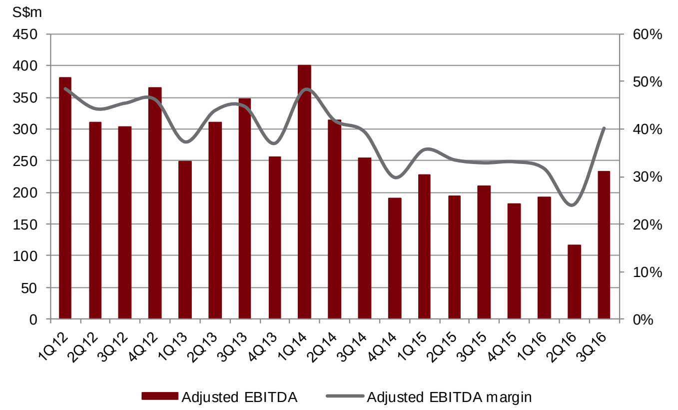
Key risks to our positive outlook on the gaming sector include: 1) a slowdown in tourist arrivals to Singapore, especially from the key markets of China, Indonesia and Malaysia, and 2) no casino bill being passed in Japan by 2017.

Figure 92: RWS's market share in rolling chip volume, VIP GGR, mass GGR and overall GGR likely to stabilise



SOURCES: CIMB, COMPANY REPORTS

Figure 93: GENS quarterly adjusted EBITDA and margin – 3Q16 saw a big improvement on the back of a successful restructuring



SOURCES: CIMB, COMPANY REPORTS

Healthcare – Neutral

Figure 94: Short-Term Share Price Catalyst - Healthcare

Negative catalyst / Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	Expected catalyst (Apr-Jun 17)	Expected catalyst (Jul-Dec 17)
Healthcare			
Raffles Medical	First full quarter contribution from Holland V rental	Uptick in pre-operating costs from hospital extension	Start-up costs from hospital extension
Tianjin Zhongxin	Seasonally stronger 1Q	Potentially higher full-year dividend would be a +ve surprise	Organic growth of pharmaceutical demand

SOURCES: CIMB, COMPANY REPORTS

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Trend #1: Domestic patient growth will drive volumes; medical tourism remains weak but is perhaps not as bad

On patient volumes, we see growth coming mostly from domestic patients. Weak medical tourism numbers into Singapore are well known and the entire industry was impacted. However, the silver lining is that we do not see a broad-based decline in medical tourism numbers. A fairer picture is that we are not seeing growth in foreign patients. We attribute this to the fact Singapore healthcare has built up its expertise in centres of excellence and higher intensity non-elective procedures, for which demand is relatively more resilient compared to elective procedures.

Key differentiators in the ASEAN medical tourism industry include: 1) type of surgery: Thai hospitals are more renowned for elective surgeries vs. non-elective surgeries in Singapore, 2) price: treatment costs in Malaysia and Thailand are c.50% lower than Singapore, and 3) country of origin: Singapore is heavily dependent on Indonesia as a source of medical tourists whereas Thailand sees more Middle Eastern patients.

Figure 95: Treatment costs are relatively higher in Singapore, followed by Thailand, Malaysian and India

Average medical cost comparison (in US$ '000)

Type of Procedure	Singapore	Malaysia	Thailand	India
Heart Bypass	23.0	14.0	13.0	7.0
Angioplasty	27.8	8.8	3.8	3.3
Knee Replacement	16.7	10.9	11.4	6.8
Gastric Bypass	20.0	8.6	16.7	5.5
CABG	54.5	20.8	23.0	14.4
Valve Replacement	49.0	18.5	22.0	11.9
Hip Replacement	21.4	12.5	16.5	8.0
Knee Replacement	19.2	12.5	11.5	7.5
Spinal Fusion	27.8	17.9	16.0	9.5
Gastric Bypass	13.5	8.2	12.0	6.8
Average of total	**27.3**	**13.3**	**14.6**	**8.1**
Relative to Singapore	**100%**	**49%**	**53%**	**30%**

*data contains repeating procedures as we collate data from multiple sources

SOURCES: CIMB, PATIENT BEYOND BORDER, BANGKOK DUSIT INVESTOR SLIDES, MALAYSIA HEALTHCARE TRAVEL COUNCIL

Figure 96: Major sources of medical tourists, by country of residence

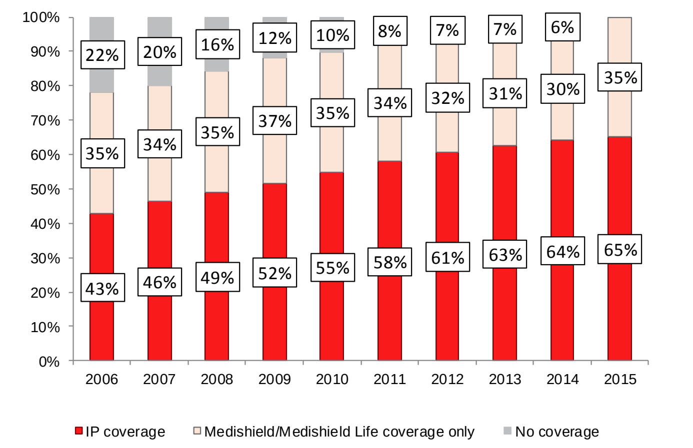
Singapore	Malaysia	Thailand
Indonesia (50+%)	Indonesia (50+%)	UAE (10%)
Malaysia (5-10%)	Others	Myanmar (5-10%)
Vietnam (5-10%)		Oman (5-10%)

SOURCES: CIMB, STB, BH & BDMS INVESTOR SLIDES, MALAYSIA HEALTHCARE TRAVEL COUNCIL

Trend #2: Increased domestic volumes in part driven by higher insurance coverage

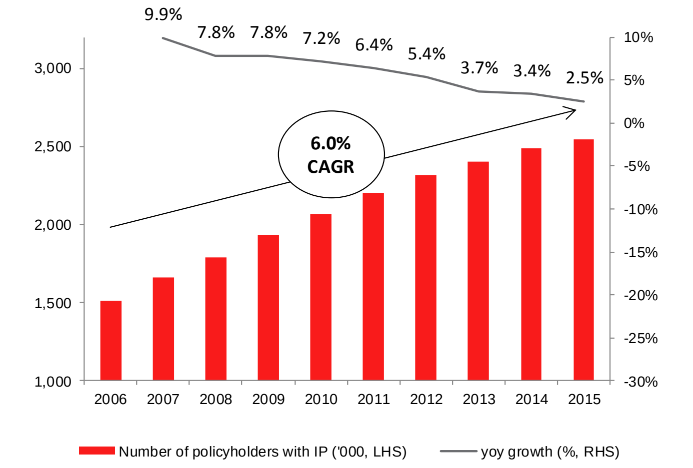
Integrated Shield Plan (IP) coverage has increased significantly and now covers c.2/3 of the Singapore resident population (2010: 55%). This is on the back of a 6% CAGR in the number of policyholders with IPs. It is not unexpected that this also coincided with private inpatient admissions outpacing public admissions, with the private sector's share of admissions increasing to 23.6% in 2015 (2010: 21.5%). In fact, growth in private hospital admissions has doubled public hospital admissions in recent years, growing at 5% CAGR vs. the public sector's 2.5% CAGR. We therefore see a continued trend in favour of private healthcare consumption, helped by increased insurance penetration. Key beneficiaries are RFMD and IHH.

Figure 97: Proportion of Singapore residents with IP, MediShield/MediShield Life, or no coverage



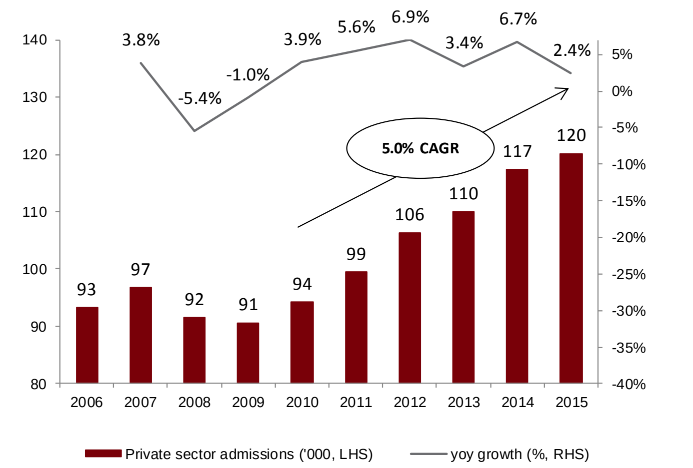
SOURCES: CIMB, MOH

Figure 98: The number of policyholders with IPs grew at 6% CAGR over the past 10 years



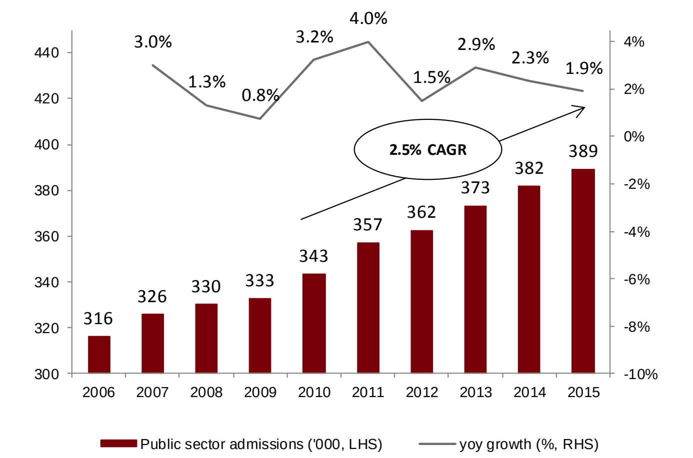
SOURCES: CIMB, MOH

Figure 99: Private sector hospital admission numbers



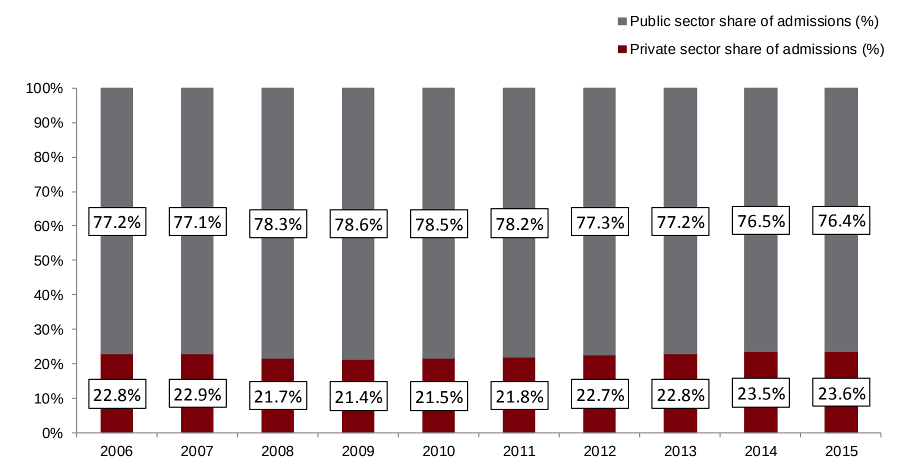
SOURCES: CIMB, MOH

Figure 100: Public sector hospital admission numbers



SOURCES: CIMB, MOH

Figure 101: Market share of admissions, private vs. public



SOURCES: CIMB, MOH

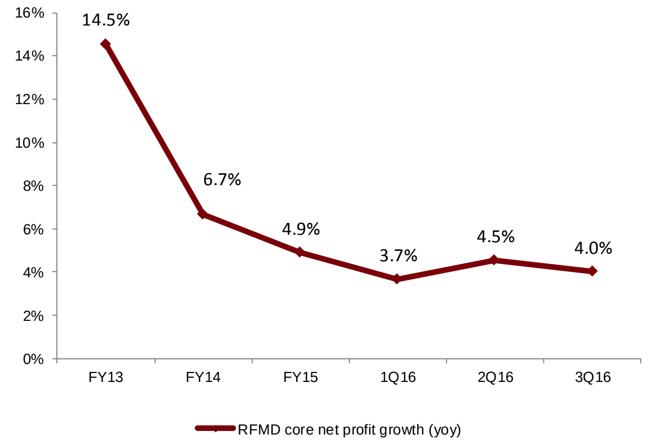
Share price performance less driven by underlying earnings

We do not doubt that the structural themes of an ageing population, increased affluence and deeper insurance penetration will ultimately drive the longer-term demand for healthcare consumption. We think it is also in part due to these themes that we are seeing an unprecedented pace of capacity expansion by ASEAN hospital players. While the aggressive expansion plans of private healthcare players also translated to an inevitable drag on margins and profitability, we note that share price performance appears to be insular to underlying earnings and very resilient to earnings cuts. Instead, we see absolute stock price performance being more driven by events (e.g. announcing new expansion plans) and M&A. This is especially true for small/mid-cap healthcare players (SMG SP, SOG SP, HMI SP), who all did very well on the back of a slew of M&As or corporate restructuring. We expect to see more healthcare groups attempt to come to market in the year ahead and replicate the classic M&A strategy made famous by Q&M.

Figure 102: Raffles Medical's share price performance has had a fairly steady climb…

SOURCES: CIMB, BLOOMBERG

Figure 103: But RFMD's core net profit growth has not matched up and has been slowing



SOURCES: CIMB, COMPANY REPORTS

Transport and airport services – Neutral

Figure 104: Short-Term Share Price Catalyst – Transport and airport services

Negative catalyst Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	Expected catalyst (Apr-Jun 17)	Expected catalyst (Jul-Dec 17)
Transport			
Singapore Airlines	Potentially higher oil prices, weaker S$		Tigerair-Scoot merger to be completed
ComfortDelGro	Improving SG bus margin under GCM, potentially higher dividend	Start-up cost of DTL stage III, yoy weaker £, possible stiffer competition from Uber & Grab	DTL stage III to start operation in Sep 2017
SATS Ltd	yoy traffic growth tapers from high base	Dividend	Sentiment to improve from opening of T4

SOURCES: CIMB, COMPANY REPORTS

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Land transport: largely stable outlook for 2017

With SMRT having been privatised by Temasek in Oct 16, ComfortDelGro (Add) is the only liquid proxy to the Singapore land transport sector. Being a well-diversified land transport play, we expect a largely stable 2017 for Comfort, although different sub-segments, including mainly bus (Singapore, UK and Australia), taxi (mainly Singapore and China) and rail (Singapore), are facing their respective opportunities and challenges.

Positive #1: Better bus margins and cash flows. FY17 will be the first full year of government contracting model (GCM, effective Sep 16). Due to the cost-indexing and asset-light nature of the GCM, we expect higher Singapore bus margins and improving bus operating cash flow in FY17 vs. FY16.

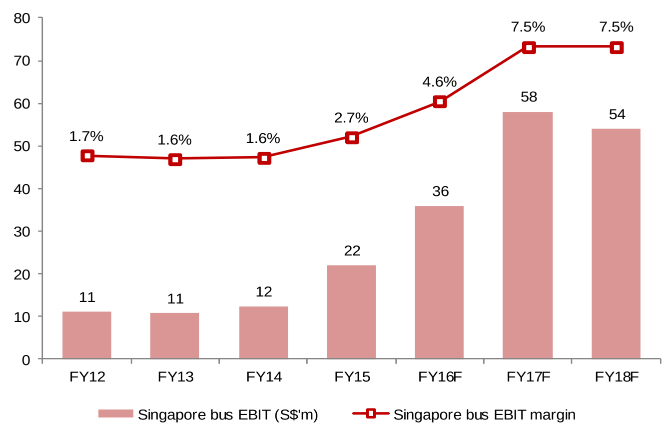
Positive #2: Rail's better profit in 2H17. Comfort's Singapore rail profitability will be a story of two halves – weak in 1H17 and better in 2H17 as Downtown Line (DTL) stage III is expected to commence operations in Sep 2017.

Positive #3: M&A hopes. We understand that management is currently in active negotiations on overseas acquisitions, which we believe are likely to be earnings- or value-accretive, in view of its past good M&A track record.

Negative #1: Adverse FX translation. Overseas bus revenue/profit could see a yoy decline in 1H17, purely due to the adverse FX translation from the weakened £ post Brexit referendum (UK bus formed c.20% of group EBIT in FY15). The continued yoy growth in the underlying business may only be seen in 2H17, when the yoy change in FX is less drastic.

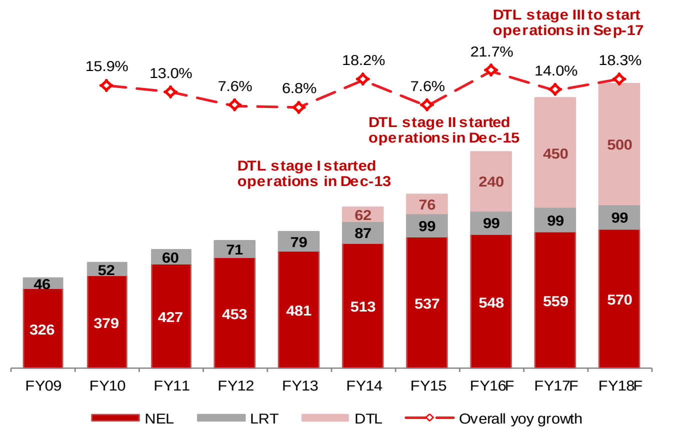
Negative #2: Fiercer competition. The Land Transport Authority's planned implementation of the Private Hire Car Driver Vocation Licence (PDVL) framework (expected by mid-2017), may not be positive for the taxi business, contrary to what the Street expects. The tightened policy could shrink the pool of prospective driver population for Uber and Grab, inducing them to up the ante against taxi operators to attract drivers by raising their incentives to drivers.

Figure 105: Expect improving Singapore bus operating profit in FY17 vs FY16 due to the transition to the GCM



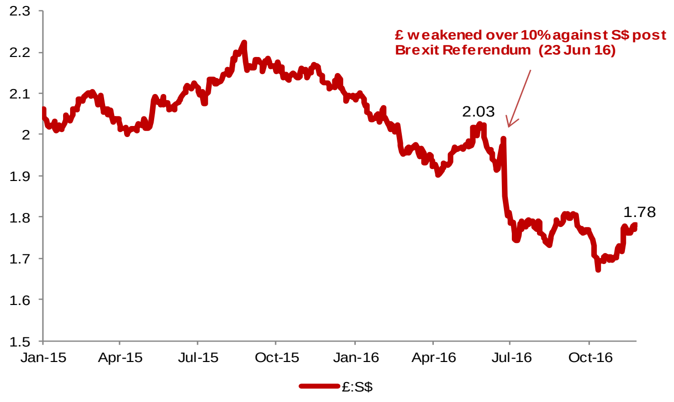
SOURCES: CIMB, COMPANY REPORTS

Figure 106: Singapore rail ridership projection (year-end) '000



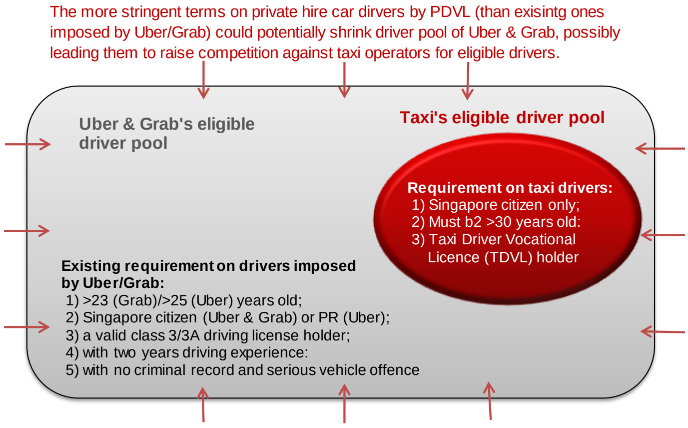
SOURCES: CIMB, COMPANY REPORTS

Figure 107: UK bus (c.20% of FY15 group EBIT) likely to see a yoy profit decline in 1H17, purely due to adverse FX translation



SOURCES: CIMB, COMPANY REPORTS

Figure 108: The implementation of PDVL may lead to higher competition between Uber/Grab and taxi operators for drivers



SOURCES: CIMB, COMPANY REPORTS

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Aviation

SIA is a Hold despite challenging fundamentals as its share price is already trading below the historical trough P/BV of 0.9x, which is the basis for our target price.

Full service carriers are facing significant challenges

In a low oil price environment, we would have expected airlines to be raking in big profits. Instead, the ultra-competitive environment and weakness in global premium travel demand have caused yields to drop continuously since Mar 2015, with no signs of a turnaround. Despite world-class products, both Cathay and SIA are facing the demand retrenchment from the finance industry, as well as the oil and gas sector.

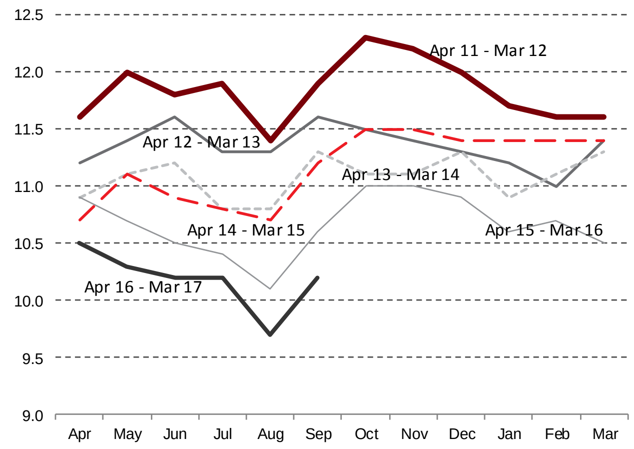
Competition is not getting easier

Asian FSC carriers are also experiencing significant LCC competition on short-haul routes, competition with the Gulf carriers to Europe, and competition with North Asian carriers on transpacific routes. Chinese carriers have recently added a lot of capacity to ANZ, hurting demand for one-stop services at HK or Singapore. The battle for market share and growth is hurting all carriers.

Strong US$ adds to the unpalatable brew

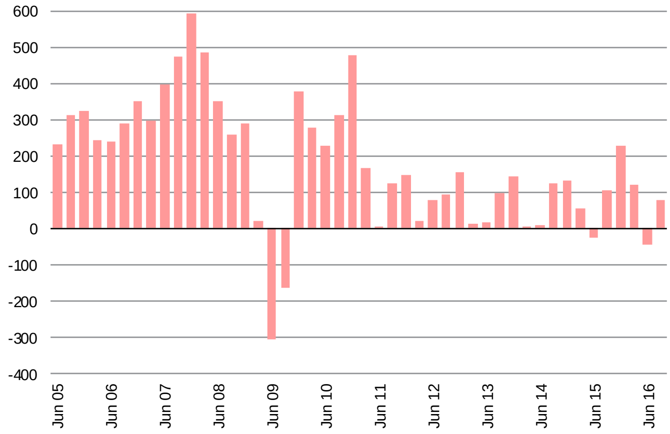
The strong US$ is also hurting all Asian airlines, by virtue of the US$ liabilities of most carriers (with the exception of SIA which is in a net cash position), and because 60% of airline operating costs are denominated in US$. Finally, the weakness of the air cargo markets look likely to continue in an environment of low container shipping rates, weak global trade growth, and air freighter overcapacity.

Figure 109: SIA Mainline yield (Scts/RPK)



SOURCES: CIMB, COMPANY REPORTS

Figure 110: SIA Group quarterly core net profit (S$ m)



SOURCES: CIMB, COMPANY REPORTS

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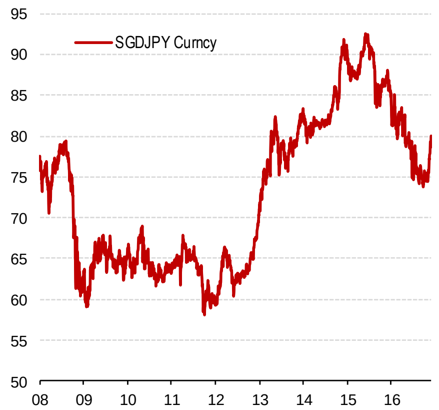
Airport services

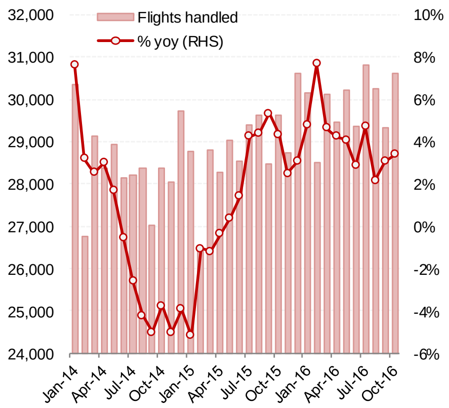
SATS (Hold) has outperformed the FSSTI by 24% in 2016 as the market favoured defensive earners in a low-yield environment. SATS also reaped the benefits of margin expansion from the deconsolidation of its low-margin food distribution business. Going into 2017, we see risks of earnings disappointments if yoy growth in Changi is muted. Short-term volatility in the yen could also impact the translation of TFK's contribution (16% of revenue).

Figure 111: SGDJPY Currency



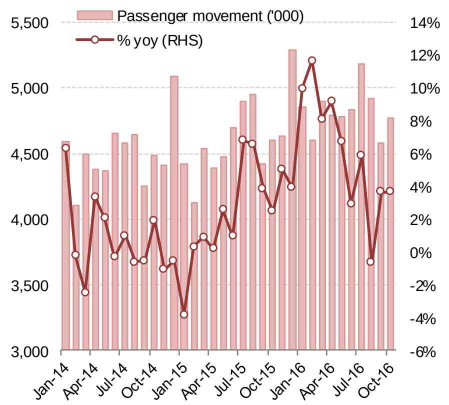
SOURCE: Bloomberg

Figure 112: No. of Flight



SOURCES: CIMB, CEIC

Figure 113: Passenger Movements



SOURCES: CIMB, CEIC

Commodities – Neutral, a better year in 2017

Figure 114: Short-Term Share Price Catalyst - Commodities

Negative catalyst Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	Expected catalyst (Apr-Jun 17)	Expected catalyst (Jul-Dec 17)
Commodities			
First Resources Ltd	Higher production and CPO price		Lower CPO price
Golden Agri	Higher production and CPO price		Lower CPO price
Wilmar Int	Higher crush margin and CPO price		Lower CPO price

SOURCES: CIMB, COMPANY REPORTS

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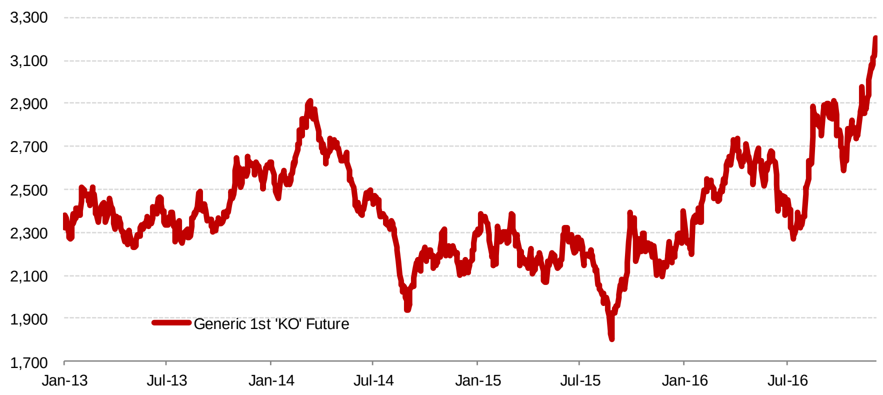
Stronger FFB output to drive FY17 earnings

We expect upstream palm oil players to report higher pretax profit in 2017, fuelled mainly by greater FFB output and better palm product prices. The key driver for 2017 earnings will be higher FFB yields as the El Nino effect fades. The higher yields are expected to drive down costs of production of CPO on a per tonne basis. We expect CPO prices to average RM2,600 per tonne in 2017, which is higher than the YTD average price of RM2,571.5 per tonne in Malaysia. The downstream businesses are also expected to do well in view of higher palm oil supplies, which will boost utilisation rates of refineries and improve refining margins.

Figure 115: Crude Palm Oil price (MYR)



SOURCE: BLOOMBERG

FFB yields to recover from El Nino effect

Singapore-listed planters under our coverage reported 9% to 20% yoy declines in FFB output in 9M16 as FFB yields were negatively impacted by El Nino-induced drought and haze experienced in the Indonesian estates in 2015.

Our checks with the planters revealed that weather conditions in most palm oil regions normalised in 2016. In view of this, we project Singapore planters with estates in Indonesia to post higher growth in 2017.

The bulk of the recovery in yields is likely to be in 2H17 as 1H17 yields may still be affected by the lingering El Nino impact.

Figure 116: FFB output of Singapore plantation companies (tonnes)

	3Q16	2Q16	3Q15	qoq	yoy	9M16	9M15	yoy
Golden Agri	1,785,000	1,614,000	2,064,000	10.6%	-14%	4,867,000	5,592,000	-13.0%
Wilmar	924,912	783,538	1,129,946	18.0%	-18%	2,610,485	3,245,696	-19.6%
First Resources	684,431	477,727	771,344	43.3%	-11%	1,601,469	1,861,885	-14.0%
Indofood Agri	800,000	797,000	934,000	0.4%	-14%	2,236,000	2,443,000	-8.5%

SOURCES: CIMB, COMPANY REPORTS

Key bullish factors for CPO prices in 2017

The key bullish factors for CPO prices in 2017 are (1) the sharp drop in palm oil supply in 2016 of around 3m-6m tonnes due to the El Nino event in 2015. This is projected to cut global palm oil and edible oil stocks by 3m and 4.8m tonnes, respectively, (2) Indonesia's success in raising biodiesel usage in 2016 and the need for a further rise in soya oil prices to finance a growing proportion of the crush margin for soybeans as it is getting more difficult to sell soya meal, (3) a potential La Nina event, which could lead to weaker soybean supplies and indirectly benefit CPO prices, and (4) US's and Indonesia's plan to raise biodiesel mandates as well as (5) higher crude oil prices.

Figure 117: 17 oils and fats: World output and consumption (m tonnes)

Oct/Sep	12/13	13/14	14/15	15/16	16/17F
Production	**189.8**	**201.1**	**204.8**	**203.5**	**213.6**
Change	2.7	11.3	3.7	-1.3	10.1
Consumption	**189.5**	**198.6**	**203**	**208.3**	**213**
Total Change	5.6	9.1	4.4	5.3	4.7
Energy	2.4	3.7	-1.5	1.4	0.9
Other usses	3.2	5.4	5.9	3.9	3.8
Stock change	**0.3**	**2.5**	**1.7**	**-4.8**	**0.6**

SOURCES: CIMB, OIL WORLD, POTS 2018

Figure 118: Palm oil- world production breakdown (m tonnes)

Jan-Dec	2014	2015	2016	2017F
Indonesia	31.5	33.4	32.3	35.0
Malaysia	19.7	20.0	17.8	20.5
C&S America	3.4	3.8	3.9	4.2
Other countries	5.3	5.4	5.3	5.6
World	**59.9**	**62.6**	**59.2**	**65.2**

SOURCES: CIMB, Oil World, POTS KL

Bearish factors for CPO price in 2017

The key bearish factors are: (1) projections that palm oil supply will rise by 6.5m tonnes in 2017, (2) expectations that China could release another 2.5m tonnes of old rapeseed oil stocks to pare down its stocks of 3.4m-4m tonnes, possibly leading to weaker China demand for palm oil, (3) weaker palm oil demand from India due to the removal of high value rupee notes, (4) high global soybean stocks and supplies, and (5) the inability of the CPO fund in Indonesia to support the biodiesel mandate if the gap between CPO price and crude oil price widens, which will lead to weaker biodiesel usage in Indonesia.

Upgrade to Neutral; First Resources is preferred pick

We are upgrading the sector from Underweight to Neutral in view of improving production prospects and our recent upgrade of Wilmar from Reduce to Hold.

First Resources is our only Add call and our preferred commodities pick due to its a) young estates (50% of planted estates are below seven years old), and b) strong management as cost of production of US$230/tonne is among the lowest among the Singapore planters. Key re-rating catalysts include stronger-than-expected earnings. Key risks are lower CPO prices and production.

We have a Hold call on Wilmar as we see strong share price support given that it is trading close to its BV while our recommendation for Golden Agri is a Reduce due to its rich valuations and older estates profile compared to peers.

Tech/manufacturing and others

Figure 119: Short-Term Share Price Catalyst - Others

Negative catalyst / Positive catalyst	Short-Term Share Price Catalyst		
	Expected catalyst (Jan-Mar 17)	Expected catalyst (Apr-Jun 17)	Expected catalyst (Jul-Dec 17)
Others			
China Everbright Water	Delay in finalisation of sponge city project		Earnings-accretive acquisition or project wins
CITIC Envirotech	Earnings-accretive acquisition or substantial project wins	Improved free float and trading liquidity	
SPH	Cost cuts could shelter profit downside	Yoy effect of newspaper price hike wears off	Potential dividend cut if profit disappoints
Singapore Post	Operating leverage in peak shopping period		SPC retail mall starts contributing rental income
Silverlake Axis	More sales of GIT shares	Possible contract wins	Special dividend
Venture Corp	qoq growth in 4Q16 results. Higher div would be a +ve surprise	Seasonally weak 1Q17	Traditional stonger 2H effect. Share price to price this in in 2H

SOURCES: CIMB, COMPANY REPORTS

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Revival of the EMS industry

EMS was once a high revenue growth industry in Singapore

Singapore once had a booming cluster of EMS (Electronics Manufacturing Services) companies listed on the SGX in the late-1990s/early-2000s. Back then, there were around 16 EMS companies listed on the SGX but today, there are only four. An annual industry report published by Electronic Trend Publications in Oct 2000 had forecast that the global EMS industry revenue would increase by CAGR of 29% in 1999-2004.

Still a growth industry albeit at a slower pace

New Venture Research Corp, a technology market research and consulting firm, forecasts that EMS industry revenue will continue to expand at a 5-year CAGR of c.6.2% from US$430bn in 2015 to US$580bn in 2020. Flextronics, a world-leading EMS company, noted in its Mar 2016 annual report that the total available market for the EMS industry is poised for continued growth, with current penetration rates estimated to be less than 30%.

Where are the new opportunities?

EMS opportunities have evolved from the traditional personal computer, printer, hard disk drive and mobile phone segments to the life sciences/medtech, 3D printing, virtual reality devices and automotive sectors. Mordor Intelligence estimates that the global 3D printing market will expand by 27.3% CAGR in 2015-2020 to reach US$20.7bn in 2020. Frost & Sullivan estimates that the medical electronics manufacturing sector would be worth US$40bn by the end of this decade.

According to a 2016 Deloitte study, most life science companies are entering the second half of this decade with a cautiously optimistic view. In the pharmaceutical segment, Deloitte forecasts that global pharmaceutical sales will reach US$1.4tr by 2019. Deloitte also highlighted that biotech drugs (vaccines, biologics) continued to gain traction in the life sciences sector. Most of the top 10 pharmaceutical products (by sales) in 2014 were biotech drugs, including monoclonal antibodies and recombinant products. Deloitte estimated that biotech drug sales amounted to US$289bn in 2014 and it projected that this would increase to US$445bn by 2019. Supporting this biotech sales growth are analytical instrument companies such as Illumina, PerkinElmer, Thermo Fischer Scientific Inc and Waters Corporation.

Apart from life sciences/medtech, 3D printing and consumer electronics segments, the automotive sector is another area where we see increasing EMS opportunities, as such companies ride on the trend of more connected cars. According to McKinsey's Jan 2016 report, the number of networked cars is anticipated to rise 30% annually, and by 2020, one in five cars will be connected to the Internet. These could create additional revenue of up to US$1.5tr to the automotive revenue pool by 2030. Part of this revenue growth will stem from data connectivity services, including apps, navigation, entertainment, remote services and software upgrades.

Risks

A key threat to Asian EMS players is US "reshoring". According to studies carried out by The Boston Consulting Group, the cost of manufacturing in the US is now only 5% higher than in Asia, after all hidden costs are taken into consideration. Mexico also continues to expand as a manufacturing base for the US, although political stability and safety remain serious barriers to investment. Further threats to outsourcing could come from aggressive tax rate cuts for US corporations when incoming President Donald Trump assumes office.

Venture Corp and CEI

Venture (Add) has an excellent track record as a dividend paymaster. The company has paid dividends every year since FY00. In FY04-15, Venture's annual DPS was S$0.50, except for FY10 and FY11, when it rose to S$0.55. This track record is backed by management's focus on the bottomline. In recent years, the test & measurement/medical/others segment has been growing in importance for Venture. We note that this segment's revenue contribution increased from 27.7% of total revenue in 1Q13 to 44.1% in 3Q16, making it the largest segment in terms of revenue. Sales of products like life sciences equipment and other analytical instruments are driving growth in this segment. Our base DPS assumption for FY16-18F remains S$0.50. Given the weak economic outlook, we believe there could be earnings-accretive M&A opportunities for Venture in FY17F. Potential re-rating catalysts include better-than-expected margins due to engagement in higher value-added products with customers and a higher dividend. A key risk continues to be order pullback by customers.

CEI is a smaller proxy to the rise of medtech and lifescience trend, trading at c.7x CY 17 P/E vs. Venture's c.14x.

Valuetronics

Valuetronics (Add) is a HK-based EMS provider with core businesses in consumer electronics (CE), and industrial and commercial electronics (ICE). The estimated sales split between CE and ICE for FY3/17-19F is 40/60. The company is poised for a strong earnings recovery in FY3/17 following its exit from the less-profitable mass-market LED lighting, which contributed to the steep FY16 topline decline. Our projected double-digit growth is mainly driven by its recent expansion into the automotive sector (supply of media connectivity modules), as well as two new customers in 2QFY17 that manufacture wireless LED lighting and develop innovative bathroom products.

We like the company not only because it is a potential beneficiary of the Internet of Things, but also because of its cash-generative business and attractive dividend yields of 6-7%. We have an Add rating on the stock with a target price of S$0.60, pegged to 8.4x CY18 P/E, which is at a 20% discount to peers' average. Catalysts include higher-than-expected dividends and stronger earnings delivery, while unexpected order pushback is a key risk.

Figure 120: Peers Comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US$ m)	Core P/E (x) CY16F	Core P/E (x) CY17F	3-year EPS CAGR (%)	P/BV (x) CY16F	Recurring ROE (%) CY16F	Dividend Yield (%) CY16F
CEI Limited	CEI SP	Add	0.83	1.04	51	8.2	7.4	-0.1%	1.74	21.0%	10.4%
Valuetronics Holdings Ltd	VALUE SP	Add	0.53	0.60	142	8.3	7.7	5.6%	1.22	15.2%	6.9%
Venture Corporation	VMS SP	Add	10.02	10.94	1,961	16.5	14.2	12.4%	1.45	8.7%	5.0%
CalComp Electronics	CCET TB	NR	2.60	NA	332	na	na	na	na	na	na
Foxconn International	2038 HK	NR	2.50	NA	2,574	29.8	20.0	-16.9%	0.68	2.4%	3.7%
Hon Hai Precision	2317 TT	Hold	81.70	79.00	44,394	10.7	10.4	na	1.32	11.8%	4.9%
US											
Benchmark Electronics	BHE US	NR	28.35	NA	1,386	20.2	17.9	-2.4%	1.04	5.0%	0.0%
Celestica Inc	CLS US	NR	11.89	NA	1,670	9.4	9.6	na	1.40	14.7%	0.0%
Flextronics International	FLEX US	NR	14.38	NA	7,765	18.0	11.0	22.9%	2.91	18.9%	0.0%
Jabil Circuit	JBL US	NR	20.50	NA	3,804	15.4	9.4	20.2%	1.55	8.9%	1.6%
Plexus Corp	PLXS US	NR	50.99	NA	1,709	22.3	15.1	10.9%	1.83	9.4%	0.0%
Sanmina-SCI Corp	SANM US	NR	33.45	NA	2,456	13.4	12.2	-10.0%	1.50	11.6%	0.0%
Simple Average (US)						**16.4**	**12.5**	**8.3%**	**1.70**	**11.4%**	**0.3%**
Simple Average (all co)						**16.4**	**12.7**	**na**	**1.49**	**10.6%**	**2.2%**

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

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Figure 121: Singapore Valuation

Prices as at BBG code	02/12/2016 Company name	Closing Price	Target price	% up / (down)	Recom.	Free Float (%)	Market Cap (US$m)	Month end	Price/ BVPS (X) 2016	2017	2018	ROAE (recurring) % 2016	2017	2018	P/E (Recurrent FD) (X) 2016	2017	2018	3-Yr forward EPS Cagr	Net Gearing FY16	FY17	Net Div Yield % 2016	2017
	Aviation																					
SIE SP	SIA Engineering	3.39	3.77	11%	Hold	19%	2,671	Mar 16	2.56x	2.51x	2.46x	11.8%	11.6%	12.0%	22.0x	21.9x	20.7x	2.0%	-24%	-33%	3.7%	3.9%
SIA SP	Singapore Airlines	9.67	10.47	8%	Hold	44%	8,030	Mar 16	0.86x	0.84x	0.81x	2.8%	2.6%	3.3%	30.7x	31.9x	24.9x	3.9%	-19%	-14%	3.0%	2.5%
	Commodities																					
CWT SP	CWT Limited	1.99	1.92	-4%	Hold	40%	840	Dec 15	1.35x	1.28x	1.20x	13.4%	13.1%	13.8%	10.3x	10.0x	9.0x	6.9%	132%	132%	4.5%	4.5%
FR SP	First Resources Ltd	1.95	2.32	19%	Add	31%	2,166	Dec 15	2.05x	1.85x	1.65x	8.4%	14.8%	16.3%	25.0x	13.1x	10.7x	22.4%	25%	20%	1.2%	2.3%
GGR SP	Golden Agri-Resources	0.43	0.38	-11%	Reduce	50%	3,804	Dec 15	0.43x	0.42x	0.42x	1.1%	2.3%	2.4%	35.7x	18.0x	16.7x	2.7%	25%	24%	2.8%	1.7%
IFAR SP	Indofood Agri Resources	0.56	0.44	-22%	Reduce	30%	545	Dec 15	0.52x	0.51x	0.50x	1.9%	2.4%	2.3%	27.7x	21.8x	22.3x	81.1%	33%	33%	0.3%	0.4%
WIL SP	Wilmar International	3.58	3.42	-5%	Hold	30%	15,893	Dec 15	1.03x	0.98x	0.93x	5.2%	7.0%	7.4%	20.5x	14.6x	13.2x	2.4%	91%	92%	1.5%	2.1%
	Conglomerates																					
BOCS SP	Boustead Singapore Ltd	0.80	0.85	6%	Add	52%	292	Mar 16	1.33x	1.28x	1.23x	7.4%	7.3%	7.9%	17.6x	17.9x	15.8x	-9.8%	-44%	-44%	3.8%	3.8%
GLL SP	GL Limited	0.75	0.86	16%	Hold	33%	716	Jun 16	0.64x	0.64x	0.63x	3.9%	4.2%	4.6%	16.2x	15.3x	13.8x	5.8%	21%	20%	3.1%	3.1%
KEP SP	Keppel Corporation	5.93	5.14	-13%	Reduce	60%	7,566	Dec 15	0.92x	0.88x	0.84x	8.3%	8.2%	8.0%	11.4x	10.9x	10.8x	-13.1%	41%	46%	3.5%	3.7%
SCI SP	Sembcorp Industries	2.95	3.02	2%	Hold	50%	3,704	Dec 15	0.79x	0.76x	0.73x	6.0%	5.5%	6.8%	13.3x	14.1x	10.9x	39.5%	65%	62%	2.8%	2.6%
STE SP	ST Engineering	3.35	3.75	12%	Add	38%	7,320	Dec 15	4.96x	4.81x	4.56x	23.2%	25.6%	26.6%	21.2x	19.1x	17.6x	4.0%	0%	-6%	4.5%	4.6%
YOMA SP	Yoma Strategic Holdings	0.59	0.40	-32%	Reduce	47%	721	Mar 16	1.51x	1.48x	1.43x	-0.4%	1.5%	3.5%	-400.3x	100.7x	41.9x	na.	15%	22%	0.3%	0.2%
	Consumer Discretionary																					
BEST SP	Best World International Ltd	1.36	2.21	62%	Add	45%	264	Dec 15	4.34x	3.25x	2.44x	40.3%	37.5%	36.8%	12.4x	9.9x	7.6x	55.7%	-75%	-85%	2.4%	2.9%
CITN SP	Cityneon Holdings	1.02	1.19	17%	Add	29%	175	Dec 15	3.14x	2.54x	2.14x	13.4%	21.1%	22.4%	27.8x	13.3x	10.4x	159.4%	-18%	-28%	0.0%	2.3%
COURTS SP	Courts Asia	0.44	0.60	35%	Add	23%	159	Mar 16	0.75x	0.70x	0.66x	8.1%	8.8%	9.1%	9.6x	8.2x	7.5x	17.0%	77%	63%	3.5%	4.0%
DFI SP	Dairy Farm Int'l	7.11	8.70	22%	Add	22%	9,614	Dec 15	6.23x	5.58x	5.00x	30.1%	27.9%	27.2%	21.9x	21.1x	19.4x	5.1%	40%	32%	2.8%	3.1%
DFIL SP	Duty Free International	0.38	0.61	60%	Add	23%	319	Feb 16	2.49x	2.32x	2.23x	14.7%	14.3%	16.4%	19.2x	16.7x	13.8x	15.9%	1%	-34%	4.2%	4.6%
SSG SP	Sheng Siong Group	1.02	1.14	12%	Add	36%	1,073	Dec 15	6.09x	5.92x	5.76x	25.7%	27.8%	28.2%	24.0x	21.6x	20.7x	9.5%	-23%	-32%	3.8%	4.2%
STCO SP	Straco Corporation	0.78	0.86	10%	Hold	18%	471	Dec 15	2.61x	2.29x	2.03x	21.0%	21.1%	19.4%	13.3x	11.5x	11.1x	6.9%	-29%	-41%	3.2%	3.5%
	Consumer Staples																					
AP SP	Auric Pacific Group Limited	1.37	1.96	43%	Add	24%	121	Dec 15	0.96x	0.88x	0.80x	11.3%	10.9%	10.5%	9.0x	8.4x	8.0x	46.0%	-45%	-48%	0.0%	1.5%
DELM SP	Del Monte Pacific	0.35	0.38	9%	Hold	26%	478	Apr 16	0.85x	0.66x	0.60x	9.9%	7.2%	9.2%	11.3x	10.2x	6.8x	58.6%	493%	186%	1.8%	0.0%
DELFI SP	Delfi Ltd	2.40	2.31	-4%	Hold	49%	1,031	Dec 15	5.32x	4.95x	4.56x	13.8%	16.8%	19.1%	34.3x	30.5x	24.9x	na.	29%	24%	10.1%	2.4%
SUPER SP	Super Group	1.27	0.82	-36%	Hold	40%	995	Dec 15	2.60x	2.48x	2.36x	8.5%	9.6%	9.7%	31.3x	26.5x	24.8x	6.5%	-24%	-28%	1.6%	1.9%
THBEV SP	Thai Beverage	0.86	1.07	25%	Add	32%	15,090	Dec 16	4.38x	4.03x	3.71x	21.4%	20.9%	20.7%	21.0x	20.0x	18.7x	8.4%	33%	24%	3.5%	3.0%
	Financial Services																					
DBS SP	DBS Group	17.89	15.40	-14%	Hold	70%	31,905	Dec 15	1.06x	1.00x	0.94x	10.5%	9.6%	9.4%	10.5x	10.7x	10.4x	-0.1%	N.A>	N.A>	3.4%	3.4%
OCBC SP	OCBC	9.15	8.18	-11%	Reduce	69%	26,900	Dec 15	1.07x	1.01x	0.96x	10.2%	9.4%	9.2%	10.8x	11.0x	10.7x	-3.8%	N.A>	N.A>	3.9%	3.9%
SGX SP	Singapore Exchange	7.31	7.23	-1%	Hold	63%	5,501	Jun 16	7.59x	7.10x	6.79x	34.9%	33.0%	32.0%	22.3x	22.2x	21.7x	1.1%	-92%	-82%	3.8%	3.9%
UOB SP	United Overseas Bank	20.56	18.42	-10%	Hold	86%	23,631	Dec 15	1.02x	0.96x	0.91x	9.6%	8.9%	9.1%	10.8x	11.1x	10.3x	-0.8%	N.A>	N.A>	3.6%	3.6%
	Health Care																					
QNM SP	Q&M Dental Group	0.73	0.77	6%	Hold	39%	406	Dec 15	5.83x	5.37x	4.96x	14.4%	16.5%	15.9%	41.0x	34.0x	32.4x	24.7%	29%	17%	1.2%	1.5%
RFMD SP	Raffles Medical Group	1.48	1.46	-1%	Reduce	48%	1,812	Dec 15	4.03x	3.78x	3.52x	11.4%	11.8%	11.8%	36.0x	33.1x	30.8x	6.4%	-4%	8%	1.4%	1.4%
TKMED SP	Talkmed Group Ltd	1.03	1.32	28%	Add	16%	476	Dec 15	10.65x	9.25x	8.05x	65.7%	60.1%	54.2%	17.2x	16.5x	15.9x	1.9%	-93%	-98%	4.3%	4.3%
TIAN SP	Tianjin Zhongxin Pharmaceu	0.83	1.30	57%	Add	100%	1,668	Dec 15	1.06x	1.00x	0.93x	8.7%	9.5%	9.9%	12.4x	10.7x	9.7x	6.2%	-23%	-17%	3.2%	3.2%
	Industrial Goods and Services																					
CEWL SP	China Everbright Water	0.51	0.67	32%	Hold	18%	927	Dec 15	0.97x	0.90x	0.83x	5.2%	7.1%	8.3%	19.2x	13.1x	10.4x	18.8%	58%	84%	0.7%	0.7%
DTECH SP	Dutech Holdings Limited	0.47	0.65	41%	Add	27%	117	Dec 15	1.01x	0.90x	0.79x	14.1%	14.4%	14.4%	7.7x	6.6x	5.8x	13.4%	-35%	-37%	2.1%	2.1%
RSTON SP	Riverstone Holdings	0.88	0.91	4%	Hold	33%	456	Dec 15	3.71x	3.24x	2.84x	19.5%	19.2%	18.8%	20.2x	18.1x	16.1x	6.8%	-21%	-20%	2.2%	2.5%

SOURCES: CIMB, COMPANY REPORTS

CIMB

Figure 122: Singapore Valuation - cont'd

Prices as at BBG code	02/12/2016 Company name	Closing Price	Target price	% up / (down)	Recom.	Free Float (%)	Market Cap (US$m)	Month end	Price/ BVPS (X) 2016	Price/ BVPS (X) 2017	Price/ BVPS (X) 2018	ROAE (recurring) % 2016	ROAE (recurring) % 2017	ROAE (recurring) % 2018	P/E (Recurrent FD) (X) 2016	P/E (Recurrent FD) (X) 2017	P/E (Recurrent FD) (X) 2018	3-Yr forward EPS Cagr	Net Gearing FY16	Net Gearing FY17	Net Div Yield % 2016	Net Div Yield % 2017
	Land Transport																					
CD SP	ComfortDelGro	2.53	2.86	13%	Add	100%	3,835	Dec 15	2.23x	2.13x	2.05x	13.3%	13.5%	13.3%	17.1x	16.1x	15.7x	4.7%	-14%	-18%	3.8%	4.2%
MRT SP	SMRT Corporation	1.68	1.17	-30%	Reduce	38%	1,797	Mar 16	2.72x	2.63x	2.56x	8.9%	7.7%	7.6%	31.3x	34.6x	34.1x	-6.8%	64%	-7%	2.0%	1.7%
	Media																					
MM2 SP	mm2 Asia	0.42	0.52	23%	Add	36%	304	Mar 16	5.90x	4.35x	3.50x	27.6%	23.7%	21.8%	28.4x	21.2x	17.8x	42.7%	-5%	3%	0.0%	0.0%
SPH SP	Singapore Press Holdings	3.73	3.35	-10%	Reduce	90%	4,191	Aug 16	1.73x	1.79x	1.85x	7.4%	7.1%	7.1%	23.2x	24.7x	25.8x	-8.2%	14%	15%	4.8%	4.7%
	Oil Equipment and Services																					
CSE SP	CSE Global	0.44	0.47	8%	Add	64%	160	Dec 15	0.91x	0.88x	0.85x	9.5%	9.3%	9.6%	9.7x	9.7x	9.0x	-6.3%	-32%	-35%	6.3%	6.3%
EZI SP	Ezion Holdings	0.37	0.44	21%	Add	59%	532	Dec 15	0.37x	0.36x	0.37x	1.8%	4.4%	5.8%	19.4x	8.4x	6.3x	-10.1%	86%	83%	0.0%	0.0%
MMT SP	Mermaid Maritime	0.14	0.17	24%	Add	23%	140	Dec 15	0.41x	0.39x	0.38x	6.1%	3.9%	4.5%	7.0x	10.4x	8.5x	70.2%	3%	1%	0.0%	0.0%
NCL SP	Nam Cheong	0.07	0.11	57%	Reduce	49%	100	Dec 14	0.36x	0.35x	na	5.2%	4.2%	na	7.0x	8.4x	na	na.	63%	48%	2.6%	2.6%
PACRA SP	Pacific Radiance	0.15	0.13	-17%	Reduce	24%	77	Dec 15	0.24x	0.26x	0.27x	-12.6%	-8.6%	-2.8%	-1.7x	-2.9x	-9.5x	na.	165%	185%	0.0%	0.0%
SMM SP	Sembcorp Marine	1.47	1.40	-5%	Hold	37%	2,159	Dec 15	1.18x	1.16x	1.12x	4.8%	3.5%	5.0%	25.2x	33.1x	22.8x	-29.5%	90%	85%	1.4%	1.1%
SWCH SP	Swissco Holdings	0.05	0.26	395%	Add	42%	25	Dec 15	0.09x	0.09x	0.09x	3.0%	6.5%	6.3%	3.3x	1.4x	1.4x	-23.1%	77%	81%	2.0%	40.2%
VALZ SP	Vallianz Holdings Limited	0.02	0.07	299%	Add	54%	45	Dec 15	0.20x	0.18x	0.17x	7.6%	9.6%	9.4%	2.2x	2.0x	1.8x	10.7%	41%	29%	4.0%	4.0%
VARD SP	Vard Holdings Ltd	0.24	0.23	-2%	Reduce	44%	199	Dec 14	0.47x	0.50x	na	-2.1%	-4.2%	na	-22.5x	-11.4x	na	na.	386%	354%	0.0%	0.0%
YZJSGD SP	Yangzijiang Shipbuilding	0.86	0.91	6%	Add	38%	2,316	Dec 15	0.70x	0.67x	0.65x	7.4%	7.1%	5.9%	9.7x	9.7x	11.3x	-16.8%	5%	3%	4.1%	4.1%
	Property																					
CAPL SP	CapitaLand	3.07	4.17	36%	Add	53%	9,144	Dec 15	0.73x	0.65x	0.65x	4.1%	3.9%	3.9%	21.3x	20.9x	19.4x	1.9%	25%	30%	3.5%	2.6%
CIT SP	City Developments	8.29	10.40	25%	Add	50%	5,298	Dec 15	0.83x	0.80x	0.77x	6.4%	6.1%	5.5%	13.4x	13.3x	14.2x	4.2%	10%	10%	2.0%	2.1%
FCL SP	Frasers Centrepoint Ltd	1.53	2.02	32%	Add	12%	3,119	Sep 16	0.55x	0.53x	0.51x	5.1%	5.9%	6.8%	10.9x	9.1x	7.7x	26.1%	68%	67%	5.6%	5.6%
GLP SP	Global Logistic Properties	2.16	2.73	26%	Add	57%	7,116	Mar 16	0.80x	0.79x	0.78x	1.9%	3.0%	3.5%	43.2x	26.5x	22.5x	85.5%	28%	23%	2.9%	2.9%
GUOL SP	Guocoland	1.87	2.59	38%	Add	32%	1,555	Jun 16	0.66x	0.63x	0.59x	5.1%	7.0%	7.9%	13.4x	9.2x	7.7x	25.6%	70%	79%	3.8%	2.7%
HOBEE SP	Ho Bee Land	2.10	2.78	32%	Add	26%	983	Dec 15	0.49x	0.47x	0.47x	3.3%	4.5%	2.7%	14.8x	10.7x	17.8x	6.7%	55%	49%	4.2%	4.2%
PREH SP	Perennial Real Estate Holdi	0.82	1.11	35%	Add	23%	954	Dec 15	0.48x	0.48x	0.46x	0.7%	1.5%	3.0%	65.8x	32.8x	15.8x	82.1%	76%	89%	0.5%	0.8%
UEM SP	United Engineers	2.61	3.03	16%	Add	70%	1,169	Dec 14	0.87x	0.86x	na	5.1%	3.6%	na	17.4x	24.4x	na	na.	55%	61%	2.7%	2.7%
UOL SP	UOL Group	5.84	7.96	36%	Add	54%	3,303	Dec 15	0.57x	0.55x	0.54x	5.3%	4.8%	4.4%	11.0x	11.7x	12.3x	4.1%	32%	32%	2.5%	2.5%
WINGT SP	Wing Tai Holdings	1.63	1.87	15%	Hold	50%	884	Jun 16	0.40x	0.39x	0.38x	1.4%	2.9%	3.1%	28.1x	13.5x	12.3x	70.4%	20%	21%	2.8%	2.2%
	REITS																					
AREIT SP	Ascendas REIT	2.35	2.47	5%	Hold	83%	4,692	Mar 16	1.12x	1.14x	1.15x	7.2%	7.3%	7.5%	15.5x	15.5x	15.2x	2.2%	62%	58%	6.5%	6.5%
ART SP	Ascott Residence Trust	1.13	1.18	5%	Hold	54%	1,307	Dec 15	0.82x	0.84x	0.86x	4.6%	3.6%	3.8%	17.1x	23.3x	22.3x	-20.0%	63%	65%	7.0%	7.3%
CACHE SP	Cache Logistics Trust	0.82	0.80	-1%	Reduce	95%	514	Dec 15	0.98x	0.99x	1.00x	7.4%	7.4%	7.3%	13.0x	13.4x	13.7x	-1.8%	70%	70%	9.2%	8.8%
CREIT SP	Cambridge Industrial Trust	0.54	0.59	11%	Hold	67%	491	Dec 15	0.80x	0.80x	0.81x	6.0%	6.0%	6.2%	13.3x	13.4x	13.0x	-1.5%	59%	60%	8.1%	8.1%
CCT SP	CapitaLand Commercial Tru	1.51	1.69	12%	Add	68%	3,145	Dec 15	0.86x	0.86x	0.86x	5.3%	5.5%	5.7%	16.0x	15.6x	15.1x	4.3%	37%	37%	5.9%	6.2%
CT SP	CapitaLand Mall Trust	1.93	2.20	14%	Hold	71%	4,806	Dec 15	1.00x	0.97x	0.94x	5.7%	5.6%	5.5%	17.6x	17.7x	17.5x	-6.8%	37%	36%	5.7%	5.6%
CDREIT SP	CDL Hospitality Trust	1.32	1.42	7%	Add	64%	920	Dec 15	0.83x	0.84x	0.85x	5.2%	5.4%	5.7%	15.9x	15.5x	14.8x	-0.3%	54%	54%	7.0%	7.1%
CRT SP	Croesus Retail Trust	0.85	0.98	15%	Add	82%	453	Jun 16	0.92x	0.97x	1.00x	5.0%	7.2%	7.5%	17.6x	13.1x	13.2x	31.2%	98%	101%	8.8%	9.4%
FEHT SP	Far East Hospitality Trust	0.59	0.61	4%	Hold	45%	747	Dec 15	0.63x	0.64x	0.64x	3.9%	3.8%	4.0%	16.0x	16.6x	16.2x	-2.5%	48%	49%	7.3%	7.1%
FIRT SP	First REIT	1.29	1.38	7%	Hold	66%	697	Dec 15	1.15x	1.17x	1.18x	7.1%	7.0%	7.2%	16.7x	16.6x	16.2x	6.7%	49%	50%	6.5%	6.5%
FCT SP	Frasers Centrepoint Trust	1.94	2.28	17%	Add	49%	1,254	Sep 16	1.00x	1.00x	1.00x	5.7%	5.8%	6.1%	17.6x	17.4x	16.3x	2.5%	40%	41%	6.1%	6.1%
FCOT SP	Frasers Commercial Trust	1.29	1.40	9%	Hold	73%	721	Sep 16	0.83x	0.84x	0.84x	5.8%	5.7%	5.6%	14.3x	14.6x	14.9x	-3.2%	55%	55%	7.6%	7.4%
KDCREIT SP	Keppel DC REIT	1.22	1.33	9%	Add	58%	965	Dec 15	1.26x	1.27x	1.25x	6.5%	7.4%	7.3%	19.9x	17.0x	17.3x	-19.6%	31%	38%	5.3%	6.0%
KREIT SP	Keppel REIT	1.05	1.14	9%	Hold	55%	2,429	Dec 15	0.73x	0.73x	0.74x	3.4%	3.5%	3.5%	21.6x	21.1x	21.0x	6.2%	43%	44%	6.4%	6.4%

SOURCES: CIMB, COMPANY REPORTS

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Figure 123: Singapore Valuation - cont'd

Prices as at BBG code	02/12/2016 Company name	Closing Price	Target price	% up / (down)	Recom.	Free Float (%)	Market Cap (US$m)	Month end	Price/ BVPS (X) 2016	2017	2018	ROAE (recurring) % 2016	2017	2018	P/E (Recurrent FD) (X) 2016	2017	2018	3-Yr forward EPS Cagr	Net Gearing FY16	FY17	Net Div Yield % 2016	2017
	REITS - cont'd																					
LMRT SP	Lippo Malls Indonesia Retail	0.37	0.38	4%	Hold	75%	729	Dec 15	1.03x	0.95x	0.94x	7.4%	7.6%	7.3%	13.5x	13.1x	12.9x	47.7%	47%	38%	8.6%	9.1%
MCT SP	Mapletree Commercial Trust	1.42	1.62	14%	Add	61%	2,854	Mar 16	0.98x	1.04x	1.07x	5.9%	6.0%	6.2%	17.5x	16.8x	17.1x	3.4%	54%	58%	5.9%	6.0%
MAGIC SP	Mapletree Greater China Co	0.97	1.13	17%	Add	28%	1,890	Mar 16	0.76x	0.73x	0.69x	4.3%	3.8%	3.8%	18.1x	19.6x	18.7x	-5.4%	65%	64%	7.7%	7.8%
MINT SP	Mapletree Industrial Trust	1.62	1.68	3%	Add	65%	2,052	Mar 16	1.19x	1.19x	1.19x	8.0%	8.1%	8.5%	14.8x	14.7x	14.0x	2.7%	39%	44%	7.0%	7.0%
MLT SP	Mapletree Logistics Trust	1.02	1.03	1%	Hold	60%	1,784	Mar 16	1.00x	1.00x	1.00x	6.9%	7.3%	7.4%	14.4x	13.8x	13.5x	5.9%	68%	60%	7.3%	7.3%
OUECT SP	OUE Commercial REIT	0.68	0.70	3%	Hold	31%	620	Dec 15	0.44x	0.45x	0.46x	2.0%	2.2%	2.5%	21.8x	20.5x	18.4x	15.6%	63%	63%	7.8%	7.7%
OUEHT SP	OUE Hospitality Trust	0.66	0.77	17%	Add	62%	824	Dec 15	0.82x	0.83x	0.83x	4.5%	5.2%	5.4%	15.9x	15.9x	15.3x	-6.4%	57%	58%	6.8%	7.4%
PREIT SP	Parkway Life REIT	2.42	2.78	15%	Add	57%	1,029	Dec 15	1.43x	1.43x	1.43x	7.3%	7.6%	7.7%	19.6x	18.9x	18.5x	7.8%	57%	57%	5.0%	5.2%
RHT SP	RHT Health Trust	0.87	0.89	2%	Hold	71%	492	Mar 16	0.95x	0.97x	1.01x	6.1%	4.6%	4.8%	15x	20.7x	20.5x	-8.8%	22%	21%	28.6%	14.1%
SPHREIT SP	SPH REIT	0.95	1.05	10%	Hold	28%	1,703	Aug 16	1.02x	1.02x	1.02x	5.0%	5.2%	5.4%	20x	19.7x	18.9x	2.6%	33%	33%	5.8%	6.0%
SGREIT SP	Starhill Global REIT	0.76	0.81	8%	Hold	63%	1,158	Jun 16	0.82x	0.82x	0.82x	5.8%	5.9%	6.0%	14.2x	14.0x	13.7x	2.1%	52%	53%	6.9%	7.1%
SUN SP	Suntec REIT	1.67	1.68	1%	Hold	89%	2,974	Dec 15	0.78x	0.79x	0.80x	3.5%	3.9%	4.0%	22.2x	20.1x	19.7x	-1.1%	49%	49%	6.1%	6.2%
	Services																					
KPTT SP	Keppel T&T	1.66	1.77	7%	Hold	19%	650	Dec 15	1.37x	1.43x	1.46x	9.4%	11.7%	13.2%	14.1x	11.9x	11.0x	6.4%	17%	22%	2.1%	2.1%
OEL SP	Overseas Education Ltd	0.36	0.42	16%	Hold	36%	105	Dec 15	0.99x	1.01x	1.03x	2.9%	4.2%	5.2%	33.7x	23.5x	19.6x	-20.6%	59%	59%	5.6%	6.3%
SPOST SP	Singapore Post Ltd	1.47	1.76	20%	Add	74%	2,229	Mar 16	1.90x	1.91x	1.89x	9.3%	9.3%	10.4%	22.8x	21.4x	19.3x	5.5%	9%	6%	3.8%	3.5%
	Technology																					
CEI SP	CEI Limited	0.83	1.04	25%	Add	57%	51	Dec 15	1.74x	1.66x	1.58x	21.5%	23.1%	23.9%	8.2x	7.4x	6.8x	-0.6%	-25%	-25%	10.4%	10.9%
IP SP	Innovalues Ltd	0.98	1.03	5%	Hold	55%	226	Dec 15	3.39x	2.92x	2.52x	28.1%	27.7%	26.7%	13.0x	11.4x	10.2x	10.9%	-40%	-48%	4.1%	4.4%
MTEC SP	Memtech International	0.63	0.74	17%	Add	50%	62	Dec 15	0.54x	0.52x	0.49x	4.5%	7.1%	7.8%	12.2x	7.5x	6.5x	8.2%	-23%	-25%	3.3%	5.3%
SARINE SP	Sarine Technologies Ltd	1.77	1.95	11%	Add	58%	435	Dec 15	5.85x	5.10x	4.23x	22.8%	31.2%	33.5%	26.1x	17.4x	13.8x	105.9%	-62%	-66%	3.2%	3.2%
SILV SP	Silverlake Axis Ltd	0.58	0.67	15%	Add	34%	1,078	Jun 16	7.58x	7.03x	6.71x	38.9%	38.6%	44.5%	19.7x	18.9x	15.4x	4.1%	-25%	-36%	5.9%	6.4%
SUNN SP	Sunningdale Tech Ltd	1.09	1.51	39%	Add	64%	143	Dec 15	0.61x	0.57x	0.55x	6.8%	6.8%	6.8%	9.0x	8.6x	8.2x	-17.4%	-5%	-10%	2.1%	2.2%
UMSH SP	UMS Holdings Ltd	0.61	0.64	6%	Add	76%	184	Dec 15	1.33x	1.31x	1.27x	11.9%	13.0%	13.3%	11.3x	10.1x	9.7x	-7.5%	-28%	-28%	8.2%	8.2%
VALUE SP	Valuetronics Holdings Ltd	0.53	0.60	13%	Add	69%	142	Mar 16	1.22x	1.14x	1.06x	15.2%	15.3%	15.1%	8.3x	7.7x	7.2x	5.7%	-80%	-72%	6.9%	6.9%
VMS SP	Venture Corporation	10.02	10.94	9%	Add	92%	1,961	Dec 15	1.45x	1.40x	1.35x	8.8%	10.0%	10.5%	16.5x	14.2x	13.2x	12.6%	-17%	-17%	5.0%	5.0%
	Telecommunications																					
APTT SP	Asian Pay Television Trust	0.48	1.28	167%	Add	97%	485	Dec 14	0.56x	0.58x	na	7.1%	8.2%	na	7.8x	7.0x	na	na.	93%	100%	18.0%	20.2%
M1 SP	M1 Limited	1.98	2.10	6%	Hold	39%	1,291	Dec 15	4.03x	3.66x	3.38x	35.4%	33.3%	25.1%	12.0x	11.5x	14.0x	-9.6%	87%	77%	6.7%	7.0%
ST SP	SingTel	3.76	4.50	20%	Add	44%	43,156	Mar 16	2.33x	2.23x	2.12x	15.0%	15.2%	15.9%	15.8x	14.9x	13.6x	5.1%	38%	37%	4.7%	5.0%
STH SP	StarHub	2.87	3.20	11%	Hold	33%	3,485	Dec 15	25.8x	24.2x	32.6x	185%	180%	163%	14.2x	13.9x	17.0x	-6.7%	309%	305%	7.0%	7.0%
	Transport Infrastructure																					
SATS SP	SATS Ltd	4.73	4.95	5%	Hold	56%	3,704	Mar 16	3.38x	3.20x	3.04x	15.4%	15.7%	16.4%	23.0x	21.5x	19.5x	8.7%	-24%	-21%	3.3%	3.6%
	Travel and Leisure																					
GENHK SP	Genting Hong Kong	0.29	0.44	52%	Add	20%	2,460	Dec 13	1.07x	na	na	10.4%	na	na	8.7x	na	na	na.	14%	N.A>	0.0%	na
GENS SP	Genting Singapore	0.96	0.89	-7%	Add	40%	8,106	Dec 15	1.20x	1.20x	1.19x	2.9%	4.0%	4.6%	42.2x	30.2x	26.4x	80.7%	-36%	-35%	2.1%	2.6%
	Utilities																					
CEL SP	CITIC Envirotech	1.27	1.52	20%	Add	4%	1,003	Dec 15	1.21x	1.13x	1.05x	3.4%	4.2%	5.6%	37.8x	28.6x	20.0x	9.2%	30%	35%	0.3%	0.4%
FSSTI		**2,919**																				

Note: Calendarized data unless otherwise stated

SOURCES: CIMB, COMPANY REPORTS

Company Briefs…

CIMB

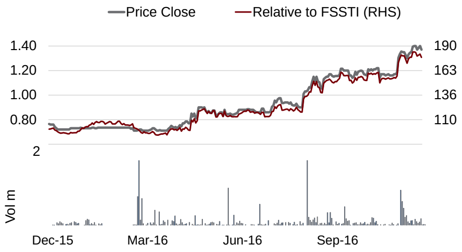
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 1	Hold 0	Sell 0

Current price:	S$1.37
Target price:	S$1.96
Previous target:	S$1.96
Up/downside:	43.3%
CIMB / Consensus:	0.2%
Reuters:	AURI.SI
Bloomberg:	AP SP
Market cap:	US$121.0m
	S$172.2m
Average daily turnover:	US$0.06m
	S$0.09m
Current shares o/s	125.7m
Free float:	23.8%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	18.1	19.1	80.3
Relative (%)	14.1	15	79.1

Major shareholders	% held
Lippo China Resources Limited	49.3
Dr Andy Adhiwana	26.9

Auric Pacific Group Limited

A conviction turnaround

- Auric is a diversified F&B play with well-established brands. Its Sunshine bread, SCS butter and Buttercup spread have leading positions in local markets.
- With the completion of most rationalisation efforts, Auric managed a turnaround into profitability in 9M16. We expect profitability to continue to improve in FY17-18F.
- Significant net cash position at 47% of market cap. We recommend Add with a target price of S$1.96 (based on FY17 SOP). Auric is a Singapore top pick.

A diversified F&B play with a portfolio of well-established brands

- Auric manufactures and distributes fast-moving consumer goods in Singapore and Malaysia. Its house brands, including Sunshine bread (c.30% market share in Singapore in FY16), SCS butter (38% in Singapore, 40% in Malaysia) and Buttercup spread (78% in Malaysia), have leading positions in the local markets.
- Auric also has a food retail arm, managing and operating a chain of food courts under the Food Junction brand in Singapore and Malaysia as well as over 130 Délifrance café outlets in Singapore and Hong Kong.

Losses and rationalisation behind, sustainable profit ahead

- Auric achieved a turnaround in 9M16, with reported net profit at S$7.5m vs. net loss of S$21.7m in 9M15. Core net profit rose by a significant 207% yoy to S$15.7m in 9M16 from S$5.1m in 9M15.
- The turnaround in reported net profit and the remarkable improvement in the core figure were mainly due to the rationalisation exercise at Auric's food retail businesses in the past two years while the group's core strength, i.e. its manufacturing and distribution business, remained solid.
- We expect Auric's profitability to be sustainable and to continue to expand in FY17-18F as 1) the group should continue to benefit from its past rationalisation exercises (Auric also disposed of two loss-making restaurant-related subsidiaries in Oct 16), and 2) we expect Sunshine bread to continue gaining market share in Singapore, driven by relentless R&D, spearheaded by management.

Significant net cash position and improved cash flow

- Auric's net cash position continued to strengthen over the past few quarters and stood at S$81.3m as at end-3Q16 (4Q15: S$45m) or 50% of group market cap. Free cash flow improved substantially to S$37m in 9M16 (9M15: S$4.1m).
- We expect Auric to remain cash generative in FY17-18F on the back of 1) overall improving group profitability, and 2) lower capex burden due to the scale-down of the cash-draining food retail business (i.e. Délifrance cafés and Food Junction restaurant operations).

A deeply undervalued consumer staples play

- Auric currently trades at FY16F/17F core P/E of 9.0x/8.4x, a heavy discount vs. bakery peers' average of 17.1x/13.8x, or general F&B players' 26.9x/23.3x. This has yet to take into account its much stronger balance sheet vs. peers. Excluding net cash of S$0.65/share (end-3Q16), Auric trades at 4.8x/4.3x FY16F/17F ex-cash P/E.
- Sustainable and expanding profitability is a key re-rating catalyst ahead. Expensive M&A is a key risk.

A possible privatisation target

- Given Auric's significant net cash (47% of its market cap) and minority shareholder interest of only 23.28%, we think Auric is a proper privatisation target. We note that Dr Andy Adhiwana, CEO and a major shareholder of Auric, acquired 5.57% of Auric shares in the open market in the past one year or so.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	424.1	432.6	422.8	430.5	442.4
Operating EBITDA (S$m)	17.25	24.38	35.98	37.85	39.16
Net Profit (S$m)	0.23	-40.84	18.09	20.42	21.62
Core EPS (S$)	-0.01	0.06	0.15	0.16	0.17
Core EPS Growth	(61%)		175%	7%	6%
FD Core P/E (x)	NA	24.78	9.00	8.43	7.96
DPS (S$)	0.020	0.020	-	0.020	0.020
Dividend Yield	1.46%	1.46%	0.00%	1.46%	1.46%
EV/EBITDA (x)	7.66	5.25	2.58	2.06	1.55
P/FCFE (x)	NA	181.0	6.2	9.8	8.7
Net Gearing	(19.4%)	(27.8%)	(44.6%)	(48.1%)	(51.8%)
P/BV (x)	0.83	1.07	0.96	0.88	0.80
ROE	(0.3%)	3.8%	11.3%	10.9%	10.5%
CIMB/consensus EPS (x)			0.96	1.02	1.01

SOURCE: COMPANY DATA, CIMB FORECASTS

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BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**437.8**	**427.4**	**433.2**	**445.0**
Gross Profit	**188.0**	**190.4**	**189.3**	**193.4**
Operating EBITDA	**24.4**	**36.0**	**37.8**	**39.2**
Depreciation And Amortisation	(16.2)	(12.2)	(12.4)	(12.2)
Operating EBIT	**8.2**	**23.8**	**25.4**	**26.9**
Financial Income/(Expense)	0.2	0.4	0.3	0.3
Pretax Income/(Loss) from Assoc.	0.7	0.6	0.6	0.6
Non-Operating Income/(Expense)	(4.6)	(0.9)	0.0	0.0
Profit Before Tax (pre-EI)	**4.5**	**23.9**	**26.4**	**27.8**
Exceptional Items	(44.0)	0.0	0.0	0.0
Pre-tax Profit	**(39.5)**	**23.9**	**26.4**	**27.8**
Taxation	(1.4)	(5.7)	(5.9)	(6.2)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0
Profit After Tax	**(40.9)**	**18.1**	**20.5**	**21.7**
Minority Interests	0.0	(0.0)	(0.1)	(0.1)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**(40.8)**	**18.1**	**20.4**	**21.6**
Recurring Net Profit	6.9	19.1	20.4	21.6
Fully Diluted Recurring Net Profit	**6.9**	**19.1**	**20.4**	**21.6**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	47.7	79.9	94.9	112.1
Total Debtors	75.9	73.3	73.6	75.5
Inventories	44.9	41.0	42.8	44.9
Total Other Current Assets	1.6	1.6	1.6	1.6
Total Current Assets	**170.2**	**195.9**	**213.0**	**234.2**
Fixed Assets	30.9	31.9	32.9	33.9
Total Investments	9.9	4.2	4.2	4.2
Intangible Assets	36.6	35.2	33.8	32.8
Total Other Non-Current Assets	11.2	11.2	11.2	11.2
Total Non-current Assets	**88.5**	**82.5**	**82.1**	**82.2**
Short-term Debt	2.7	0.0	0.0	0.0
Current Portion of Long-Term Debt				
Total Creditors	84.0	89.0	87.8	89.9
Other Current Liabilities	3.9	3.9	3.9	3.9
Total Current Liabilities	**90.6**	**92.9**	**91.7**	**93.8**
Total Long-term Debt	0.3	0.0	0.0	0.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	**0.3**	**0.0**	**0.0**	**0.0**
Total Provisions	7.0	6.2	6.2	6.2
Total Liabilities	**97.9**	**99.1**	**97.9**	**100.0**
Shareholders' Equity	160.2	178.6	196.5	215.6
Minority Interests	0.6	0.7	0.7	0.8
Total Equity	**160.9**	**179.3**	**197.2**	**216.4**

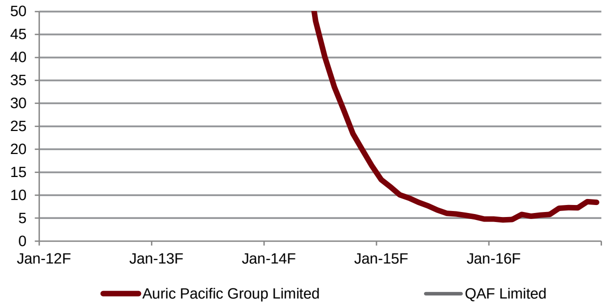
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	24.38	35.98	37.85	39.16
Cash Flow from Invt. & Assoc.				
Change In Working Capital	-8.71	6.68	-6.33	-4.94
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	0.74	4.81	3.00	3.00
Other Operating Cashflow				
Net Interest (Paid)/Received	-0.12	0.28	0.34	0.34
Tax Paid	-2.96	-5.74	-5.88	-6.17
Cashflow From Operations	**13.32**	**42.01**	**28.97**	**31.40**
Capex	-7.77	-11.84	-12.07	-12.32
Disposals Of FAs/subsidiaries	0.33	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	1.32	0.72	0.60	0.60
Cash Flow From Investing	**-6.12**	**-11.12**	**-11.47**	**-11.72**
Debt Raised/(repaid)	-6.25	-3.05	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased				
Dividends Paid	-2.51	0.00	-2.51	-2.51
Preferred Dividends				
Other Financing Cashflow	0.62	0.00	0.00	0.00
Cash Flow From Financing	**-8.15**	**-3.05**	**-2.51**	**-2.51**
Total Cash Generated	-0.95	27.84	14.99	17.17
Free Cashflow To Equity	**0.95**	**27.84**	**17.50**	**19.68**
Free Cashflow To Firm	**7.51**	**31.00**	**17.50**	**19.68**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	2.00%	(2.27%)	1.83%	2.75%
Operating EBITDA Growth	41.4%	47.6%	5.2%	3.5%
Operating EBITDA Margin	5.64%	8.51%	8.79%	8.85%
Net Cash Per Share (S$)	0.36	0.64	0.76	0.89
BVPS (S$)	1.27	1.42	1.56	1.72
Gross Interest Cover	26.7	201.4	N/A	N/A
Effective Tax Rate	0.0%	24.0%	22.3%	22.1%
Net Dividend Payout Ratio	79.6%	NA	12.3%	11.6%
Accounts Receivables Days	55.63	58.75	57.79	57.16
Inventory Days	68.55	66.36	62.69	63.62
Accounts Payables Days	59.75	65.54	64.76	64.18
ROIC (%)	5.0%	21.0%	25.1%	25.8%
ROCE (%)	4.3%	13.9%	13.5%	13.0%
Return On Average Assets	1.02%	6.60%	7.02%	6.98%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	1.7%	0.7%	2.5%	2.5%
Util. rate (%, main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	8.0%	13.4%	8.0%	7.0%
Util. rate (%, 2ndary prod/serv)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod/serv)	N/A	N/A	N/A	N/A
Unit sales grth (%,tertiary prod/serv)	N/A	N/A	N/A	N/A
Util. rate (%, tertiary prod/serv)	-2.7%	-12.8%	-5.1%	2.5%
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

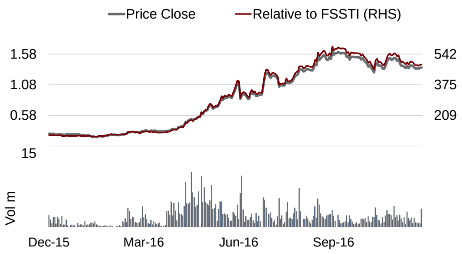
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 2	Hold 0	Sell 0

Current price:	S$1.36
Target price:	S$2.21
Previous target:	S$2.21
Up/downside:	62.3%
CIMB / Consensus:	1.0%
Reuters:	BEST.SI
Bloomberg:	BEST SP
Market cap:	US$264.3m
	S$376.0m
Average daily turnover:	US$1.74m
	S$2.41m
Current shares o/s	275.2m
Free float:	45.1%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-10.2	-8.4	359.5
Relative (%)	-14.2	-12.5	358.3

Major shareholders	% held
D2 Investment Pte Ltd	34.9
Hoan Beng Mui (Dora)	5.6
Tan Nee Moi (Doreen)	5.6

Best World International Ltd

2017 to be a year of new highs, driven by China

- Growth momentum in Taiwan remains strong. We expect this to be sustained.
- We see near-term growth drivers coming from China as the company converts to a full direct selling model there. Early signs look very positive.
- Maintain Add; our TP is based on 16.1x CY17 P/E.

Taiwan did well in FY15, but even better in FY16

- The group's stellar growth has mostly been driven by Taiwan. Management highlighted that the key drivers were 1) increased product acceptance, 2) a new lifestyle centre in Kaohsiung and 3) its new online store. Investor concerns have centered around the sustainability of sales. While valid, the company's results have so far given us no reason to be concerned. Further, our on-the-ground channel checks showed strong evidence of product acceptance.

2017 will see Best World convert China into a direct selling model

- We see earnings growth in 2017 mostly coming from the penetration into China and full conversion to the direct selling model. The group has already completed the verification process of the requisite nine service centres in Hangzhou city and obtained the official go-ahead. Recap that Best World currently only exports to China but sales growth has been explosive on the back of strong demand for its DR's Secret skincare line of products.
- Hence, we are excited about China not only because of the already strong demand, but also because the selling price to distributors under the direct selling model is at least twice that of the export price. We expect to start seeing increased profitability from 1Q17 onwards. China formed a significant 30% of 9M16 revenue.

Focus on execution in China

- With the China direct selling licence in the bag, we think the focus will now be on execution. We are positive that it has 1) already registered all of its products, 2) an established network via export agents, and 3) a network of Taiwanese distributors that will form the first level in China. However, we will keep a watchful eye of how the company slowly transitions and phases into the direct selling model in China.

2017 will also see Best World operate its own manufacturing plant

- Recap that the group purchased its own factory facility in Singapore, with operations expected to begin in 2H17. The rationale is sales are now large enough to justify maintaining its own facility. Further, management wanted to better manage the back-end supply and quality as it expects heavy demand from China. It is also important that the facility is located in Singapore and not a cheaper low-cost country as its internal studies show that consumers rank Singapore highly on quality perception.

Maintain Add; FY17F likely to see new highs

- Best World used to make S$10m-13m in net profit when it was doing well; however, FY16F is poised to be a record year with 9M16 net profit (S$22m) already far exceeding all the previous years. We believe that FY17F will prove to be another record year. Our TP of S$2.21 is pegged at 16.1x CY17 P/E, 2 s.d. above mean. Maintain Add. Key risks include regulatory changes and poor execution in China.

Analyst(s)

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	75.3	101.7	183.9	223.9	276.3
Operating EBITDA (S$m)	8.15	19.52	46.43	58.07	74.83
Net Profit (S$m)	4.05	10.10	30.25	37.73	49.46
Core EPS (S$)	0.02	0.05	0.11	0.14	0.18
Core EPS Growth	1201%	117%	131%	25%	31%
FD Core P/E (x)	62.05	28.59	12.37	9.92	7.57
DPS (S$)	0.006	0.016	0.032	0.040	0.048
Dividend Yield	0.47%	1.18%	2.35%	2.94%	3.53%
EV/EBITDA (x)	33.19	17.04	6.65	4.75	3.09
P/FCFE (x)	58.52	44.17	11.62	8.94	6.76
Net Gearing	(63.4%)	(76.2%)	(75.4%)	(85.3%)	(92.9%)
P/BV (x)	6.65	5.88	4.34	3.25	2.44
ROE	11.3%	21.8%	40.3%	37.5%	36.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.00	0.98	1.06

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**101.67**	**183.90**	**223.93**	**276.31**
Gross Profit	**76.87**	**139.03**	**169.29**	**208.89**
Operating EBITDA	**19.52**	**46.43**	**58.07**	**74.83**
Depreciation And Amortisation	(2.78)	(3.53)	(4.28)	(4.28)
Operating EBIT	**16.74**	**42.90**	**53.79**	**70.55**
Financial Income/(Expense)	0.26	0.31	0.11	0.11
Pretax Income/(Loss) from Assoc.	0.00	0.00	0.00	0.00
Non-Operating Income/(Expense)	0.00	0.00	0.00	0.00
Profit Before Tax (pre-EI)	**16.56**	**43.21**	**53.90**	**70.66**
Exceptional Items				
Pre-tax Profit	**16.99**	**43.21**	**53.90**	**70.66**
Taxation	(7.69)	(12.96)	(16.17)	(21.20)
Exceptional Income - post-tax				
Profit After Tax	**9.30**	**30.25**	**37.73**	**49.46**
Minority Interests	0.80	0.00	0.00	0.00
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**10.10**	**30.25**	**37.73**	**49.46**
Recurring Net Profit	13.09	30.25	37.73	49.46
Fully Diluted Recurring Net Profit	**13.09**	**30.25**	**37.73**	**49.46**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	47.25	71.77	104.82	149.20
Total Debtors	10.59	18.39	22.39	27.63
Inventories	11.52	16.62	20.24	24.97
Total Other Current Assets	7.25	7.25	7.25	7.25
Total Current Assets	**76.60**	**114.03**	**154.70**	**209.05**
Fixed Assets	6.85	19.35	19.35	19.35
Total Investments	1.20	1.18	1.16	1.15
Intangible Assets	7.02	6.00	4.98	3.96
Total Other Non-Current Assets	2.74	2.74	2.74	2.74
Total Non-current Assets	**17.80**	**29.27**	**28.24**	**27.20**
Short-term Debt	0.01	0.01	0.01	0.01
Current Portion of Long-Term Debt				
Total Creditors	29.13	47.48	58.20	73.06
Other Current Liabilities	0.96	0.96	0.96	0.96
Total Current Liabilities	**30.10**	**48.45**	**59.17**	**74.03**
Total Long-term Debt	0.01	8.01	8.01	8.01
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.00	0.00	0.00	0.00
Total Non-current Liabilities	**0.01**	**8.01**	**8.01**	**8.01**
Total Provisions	2.31	2.31	2.31	2.31
Total Liabilities	**32.42**	**58.77**	**69.49**	**84.35**
Shareholders' Equity	63.70	86.24	115.16	153.62
Minority Interests	(1.72)	(1.72)	(1.72)	(1.72)
Total Equity	**61.99**	**84.53**	**113.45**	**151.90**

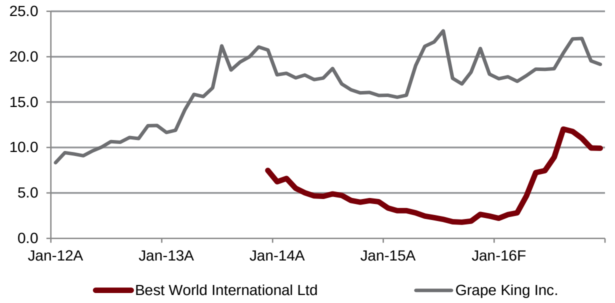
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	19.52	46.43	58.07	74.83
Cash Flow from Invt. & Assoc.				
Change In Working Capital	0.31	(2.90)	(0.11)	(0.14)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(1.31)	0.00	0.00	0.00
Other Operating Cashflow	0.01	0.00	0.00	0.00
Net Interest (Paid)/Received	0.26	0.31	0.11	0.11
Tax Paid	(1.43)	(4.62)	(12.96)	(16.17)
Cashflow From Operations	**17.35**	**39.23**	**45.11**	**58.64**
Capex	(1.16)	(15.00)	(3.25)	(3.25)
Disposals Of FAs/subsidiaries	0.08	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	(1.73)	0.00	0.00	0.00
Other Investing Cashflow	(0.02)	0.00	0.00	0.00
Cash Flow From Investing	**(2.83)**	**(15.00)**	**(3.25)**	**(3.25)**
Debt Raised/(repaid)	(6.05)	8.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(2.20)	(7.71)	(8.81)	(11.01)
Preferred Dividends				
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	**(8.25)**	**0.29**	**(8.81)**	**(11.01)**
Total Cash Generated	6.27	24.52	33.06	44.38
Free Cashflow To Equity	**8.47**	**32.23**	**41.86**	**55.39**
Free Cashflow To Firm	**14.58**	**24.23**	**42.06**	**55.59**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	35.1%	80.9%	21.8%	23.4%
Operating EBITDA Growth	90%	143%	25%	29%
Operating EBITDA Margin	18.8%	25.2%	25.9%	27.1%
Net Cash Per Share (S$)	0.17	0.23	0.35	0.51
BVPS (S$)	0.23	0.31	0.42	0.56
Gross Interest Cover	302.0	N/A	268.9	352.8
Effective Tax Rate	45.3%	30.0%	30.0%	30.0%
Net Dividend Payout Ratio	16.8%	25.5%	23.3%	22.3%
Accounts Receivables Days	35.79	28.84	33.24	33.04
Inventory Days	141.8	114.7	123.1	122.4
Accounts Payables Days	320.1	240.7	255.7	254.2
ROIC (%)	79%	270%	246%	397%
ROCE (%)	26.1%	54.3%	49.5%	49.6%
Return On Average Assets	13.5%	25.2%	23.1%	23.5%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	148.3%	95.1%	5.0%	5.0%
Util. rate (%, main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	52.3%	148.6%	70.2%	55.7%
Util. rate (%, 2ndary prod/serv)	N/A	N/A	N/A	N/A
Outlets #/POS (main prod./serv.)	N/A	N/A	N/A	N/A
Outlets #/POS (2ndary prod./serv.)	N/A	N/A	N/A	N/A
A&P As % Of Sales	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

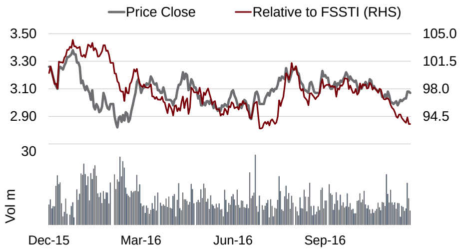
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 18	Hold 3	Sell 0

Current price:	S$3.07
Target price:	S$4.17
Previous target:	S$4.17
Up/downside:	35.7%
CIMB / Consensus:	10.4%
Reuters:	CATL.SI
Bloomberg:	CAPL SP
Market cap:	US$9,144m
	S$13,009m
Average daily turnover:	US$19.65m
	S$27.22m
Current shares o/s	4,237m
Free float:	53.1%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-0.7	0	-3.5
Relative (%)	-4.7	-4.1	-4.7

Major shareholders	% held
Temasek Holdings	40.9
Blackrock	6.0

CapitaLand

Multi-pronged earnings drivers

- Four strategic thrusts to drive earnings growth and underpin management's medium-term ROE target.
- China residential handover and new mall completions would underpin earnings growth over the next two years.
- Maintain Add with an unchanged RNAV-based target price of S$4.17.

Resilient income profile with clear growth thrusts

- CAPL has a resilient income profile with 70-80% of its net profit derived from recurring investment property sources. The group's four-pronged strategy – strengthen its core businesses, evolve its business model to real estate investment and operating platforms, expand AUM by using investment management as a competitive advantage, as well as stay relevant in the future real estate market – is likely to underpin its medium-term ROE target.

China residential activities accelerating

- CAPL has locked in strong residential sales of 9,800 units valued at Rmb14bn as at 3Q16. An estimated 40% of this is expected to be handed over in 4Q16F. Another 1,840 units are launch-ready and in the pipeline. We do not expect the government's recent residential cooling measures to have significant impact on its profile of first-time and upgrade buyers. It also intends to build a sustainable development pipeline through private negotiation and urban renewal sources to improve returns.

New mall completions to boost income and ROE in FY18F onwards

- CAPL is scheduled to complete the inclusion of eight retail malls in its portfolio by end-2017 – six in China, one each in Malaysia and India. We expect additional rental contributions to kick in and boost ROEs in FY18F onwards. Meanwhile, its existing portfolio of malls is enjoying high occupancy of 90-98% and rising tenant sales (1.5-20.0% yoy) and shopper traffic (1.2-13.5% yoy) in 9M16.

Expanding fee income

- The group is on track to reach its S$10bn AUM target by 2020. Over the past 1-2 years, it has established a US$600m serviced residence and rental housing fund with Qatar investment Authority and set up the US$1.5bn Raffles City China Investment Partners III fund. It is also looking to finalise a US$500m Vietnam commercial property fund. This is in addition to the rising management fee income from expanding the portfolio of serviced residences under management by Ascott.

Maintain Add

- We like CAPL for its capital recycling model. With gearing of only 0.47x at end-3Q16, it is well placed to capitalise on new investment opportunities, especially through its funds. In addition to a steadily-expanding recurring income base, its asset-light strategy should boost ROE in the longer run. Maintain Add with an unchanged target price of S$4.71, pegged at a 20% discount to RNAV. Downside risks include slower than expected deployment of capital into new investments.

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues (S$m)	3,925	4,762	4,402	4,221	3,973
Operating EBITDA (S$m)	1,008	1,199	1,355	1,540	1,682
Net Profit (S$m)	1,161	1,129	940	734	790
Core EPS (S$)	0.17	0.18	0.17	0.17	0.19
Core EPS Growth	25.1%	5.8%	(3.4%)	1.9%	7.6%
FD Core P/E (x)	21.79	20.59	21.32	20.93	19.44
DPS (S$)	0.09	0.14	0.11	0.08	0.09
Dividend Yield	2.93%	4.49%	3.52%	2.62%	2.85%
EV/EBITDA (x)	33.65	26.72	21.53	21.19	19.39
P/FCFE (x)	5.90	23.07	5.65	9.32	8.58
Net Gearing	76.7%	38.4%	24.9%	30.3%	30.3%
P/BV (x)	0.78	0.76	0.73	0.65	0.65
ROE	4.34%	4.39%	4.09%	3.86%	3.95%
CIMB/consensus EPS (x)			1.26	0.89	0.90

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**4,762**	**4,402**	**4,221**	**3,973**
Gross Profit	**1,797**	**1,661**	**1,593**	**1,499**
Operating EBITDA	**1,199**	**1,355**	**1,540**	**1,682**
Depreciation And Amortisation	(75)	(63)	(73)	(77)
Operating EBIT	**1,124**	**1,292**	**1,466**	**1,605**
Financial Income/(Expense)	(416)	(408)	(443)	(451)
Pretax Income/(Loss) from Assoc.	726	493	466	458
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**1,434**	**1,377**	**1,490**	**1,612**
Exceptional Items	468	259	0	0
Pre-tax Profit	**1,902**	**1,636**	**1,490**	**1,612**
Taxation	**(344)**	**(246)**	**(267)**	**(290)**
Exceptional Income - post-tax				
Profit After Tax	**1,559**	**1,390**	**1,223**	**1,322**
Minority Interests	(430)	(450)	(489)	(532)
Pref. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**1,129**	**940**	**734**	**790**
Recurring Net Profit	746	720	734	790
Fully Diluted Recurring Net Profit	**746**	**720**	**734**	**790**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	6,963	9,593	9,004	9,004
Properties Under Development				
Total Debtors	1,650	1,751	1,109	1,109
Inventories	8,880	6,549	6,150	6,150
Total Other Current Assets	569	755	473	473
Total Current Assets	**18,062**	**18,648**	**16,737**	**16,737**
Fixed Assets	1,092	1,091	1,083	1,083
Total Investments	**29,929**	**31,800**	**35,730**	**35,730**
Intangible Assets	602	752	422	422
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	**31,622**	**33,643**	**37,235**	**37,235**
Short-term Debt	1,603	1,544	1,716	1,716
Current Portion of Long-Term Debt				
Total Creditors	3,695	4,904	3,087	3,087
Other Current Liabilities	594	788	494	494
Total Current Liabilities	**5,893**	**7,236**	**5,297**	**5,297**
Total Long-term Debt	15,417	14,841	16,497	16,497
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	2,190	2,906	1,823	1,823
Total Non-current Liabilities	**17,606**	**17,747**	**18,320**	**18,320**
Total Provisions	0	0	0	0
Total Liabilities	**23,499**	**24,983**	**23,617**	**23,617**
Shareholders' Equity	**17,249**	**17,988**	**19,996**	**19,996**
Minority Interests	8,936	9,320	10,360	10,360
Total Equity	**26,185**	**27,308**	**30,355**	**30,355**

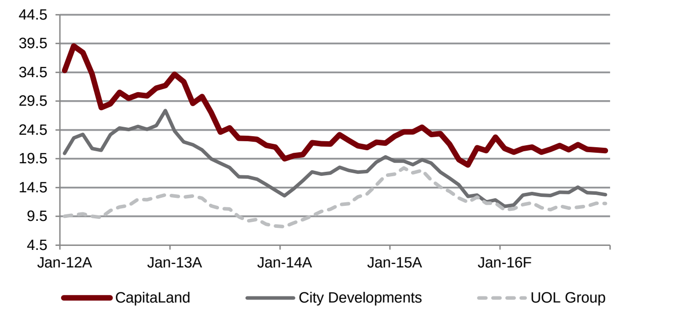
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	1,199	1,355	1,540	1,682
Cash Flow from Invt. & Assoc.				
Change In Working Capital	2,579	3,446	(789)	(789)
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	5	0	(52)	(52)
Other Operating Cashflow	(479)	(567)	(471)	(471)
Net Interest (Paid)/Received	0	0	0	0
Tax Paid	(140)	(214)	(135)	(135)
Cashflow From Operations	**3,164**	**4,020**	**92**	**235**
Capex	(1,890)	(791)	(1,309)	(1,309)
Disposals Of FAs/subsidiaries	1,448	124	1,035	1,035
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	**(442)**	**(667)**	**(274)**	**(274)**
Debt Raised/(repaid)	(2,057)	(635)	1,828	1,828
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(329)	(514)	(253)	(253)
Preferred Dividends				
Other Financing Cashflow	(606)	(540)	(520)	(520)
Cash Flow From Financing	**(2,991)**	**(1,690)**	**1,055**	**1,055**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	21.3%	(7.6%)	(4.1%)	(5.9%)
Operating EBITDA Growth	19.0%	13.0%	13.6%	9.3%
Operating EBITDA Margin	25.2%	30.8%	36.5%	42.3%
Net Cash Per Share (S$)	(2.37)	(1.60)	(2.17)	(2.17)
BVPS (S$)	4.06	4.23	4.70	4.70
Gross Interest Cover	2.36	2.43	2.64	2.83
Effective Tax Rate	18.1%	15.0%	17.9%	18.0%
Net Dividend Payout Ratio	88.7%	67.3%	45.5%	46.0%
Accounts Receivables Days	112.4	141.4	123.7	101.9
Inventory Days	1,207	1,030	882	907
Accounts Payables Days	388.3	574.1	554.9	455.5
ROIC (%)	7.8%	11.5%	44.1%	44.4%
ROCE (%)	2.84%	3.26%	3.42%	3.54%
Return On Average Assets	2.97%	2.83%	3.61%	3.76%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Unbooked Presales (m) (S$)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A
Gross Margins (%)	N/A	N/A	N/A	N/A
Contracted Sales ASP (per Sm) (S$)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	40.4%	50.2%	114.8%	54.1%
Invt. properties rental margin (%)	21.7%	21.7%	21.7%	21.7%
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

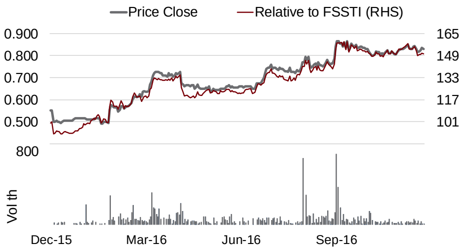
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 1	Hold 0	Sell 0

Current price:	S$0.83
Target price:	S$1.04
Previous target:	S$1.04
Up/downside:	24.8%
CIMB / Consensus:	-0.4%
Reuters:	CEII.SI
Bloomberg:	CEI SP
Market cap:	US$50.58m
	S$71.96m
Average daily turnover:	US$0.03m
	S$0.04m
Current shares o/s	86.70m
Free float:	56.7%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.2	9.2	59.6
Relative (%)	-2.8	5.1	58.4

Major shareholders	% held
Tien Sing Cheong	10.0
Republic Technologies Pte. Ltd.	9.0
TIHT Investment Holdings Pte. Ltd.	9.0

CEI Limited

A new run rate

- Niche contract manufacturer focusing on low volume, high mix manufacturing; derives ~50% of revenue from the medtech/life science sector.
- Proxy for the growing medtech/life science industry.
- Maintain Add with P/E-derived (9.2x, 10-year average) target price of S$1.04.

Medtech and Life Science proxy

- CEI Limited derives ~50% of its sales from the medtech/life science sector; its customers' products are used for chromatographs, analysers and atomic absorption. These products are typically deployed in the fields of drug discovery, materials research, food safety control, forensics and others.
- Many of CEI Limited's key customers have been with the company for ~10-20 years.

A new run rate

- CEI Limited's average annual revenue over FY01-05 was S$54.0m (US$40m). Over FY06-10, average annual revenue was S$85m (US$63m). Ten years after listing, its revenue crossed the S$100m mark in FY11, and expanded 10.6% yoy in FY14 and 9.1% in FY15.
- Better traction with its customers and the stronger US$ versus the S$ also helped revenue growth, as close to 100% of its sales are denominated in US$. Going forward, we believe this could well be the new revenue run rate for the company.

Risks

- The key business risk is order push-back by customers due to global economic conditions. The other major risk would be US$ strength versus S$, Vietnamese dong and Indonesian rupiah.
- Sales are almost entirely denominated in US$, while ~87% of its purchases are denominated in US$ and other foreign currencies. We estimate that a 5% appreciation of the US$ against the S$ could improve its gross profit margin by 0.5% pts, assuming CEI Limited gets to retain all the benefits.

Re-rating catalysts

- Potential re-rating catalysts include: 1) better-than-expected earnings (CEI Limited reports on a half-yearly basis); 2) winning more orders for its box-build business with medtech/life science customers; and 3) clinching new medtech/life science customers.
- Given its fragmented shareholding structure and strong cash generation capability, we opine that the company is likely to be receptive to discussions from private equity firms who may have a fit for CEI Limited in their portfolio.

Maintain Add

- We expect CEI Limited's medtech and life science business to drive revenue growth of 5% over the FY17-18 forecast period. Assuming that gross margins can be stablised at 24-25%, core earnings growth over FY17-18F will average 10.2%.
- Taking into consideration the muted earnings growth and minimal capex, the company's dividend track record could see investors being rewarded with 10-12% dividend yields over the next three years if our forecasts pan out.
- Based on its 10-year historical average P/E of 9.2x, we have an Add with a target price of S$1.04.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	121.3	132.3	135.0	141.7	148.8
Net Profit (S$m)	6.64	10.81	8.75	9.76	10.62
Core EPS (S$)	0.08	0.12	0.10	0.11	0.12
Core EPS Growth	64.4%	62.8%	(19.1%)	11.6%	8.7%
FD Core P/E (x)	10.84	6.66	8.23	7.37	6.78
Price To Sales (x)	0.59	0.54	0.53	0.51	0.48
DPS (S$)	0.041	0.100	0.086	0.090	0.098
Dividend Yield	4.9%	12.0%	10.4%	10.9%	11.8%
EV/EBITDA (x)	7.30	4.18	4.39	3.79	3.32
P/FCFE (x)	10.07	6.54	6.58	11.49	10.63
Net Gearing	13.2%	(13.7%)	(25.2%)	(24.8%)	(24.6%)
P/BV (x)	2.04	1.80	1.74	1.66	1.58
ROE	19.4%	28.7%	21.5%	23.1%	23.9%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	1.02	1.02

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**132.3**	**135.0**	**141.7**	**148.8**
Gross Profit	**35.9**	**35.4**	**38.5**	**41.7**
Operating EBITDA	**15.6**	**13.7**	**15.7**	**17.7**
Depreciation And Amortisation	(2.4)	(3.0)	(3.8)	(4.8)
Operating EBIT	**13.2**	**10.6**	**11.9**	**12.9**
Financial Income/(Expense)	(0.2)	(0.2)	(0.2)	(0.2)
Pretax Income/(Loss) from Assoc.	0.3	0.2	0.2	0.2
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**13.3**	**10.7**	**11.9**	**12.9**
Exceptional Items				
Pre-tax Profit	**13.3**	**10.7**	**11.9**	**12.9**
Taxation	(2.5)	(1.9)	(2.1)	(2.3)
Exceptional Income - post-tax				
Profit After Tax	**10.8**	**8.7**	**9.8**	**10.6**
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0
Net Profit	**10.8**	**8.7**	**9.8**	**10.6**
Recurring Net Profit	10.8	8.7	9.8	10.6
Fully Diluted Recurring Net Profit	**10.8**	**8.7**	**9.8**	**10.6**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	13.01	15.91	15.24	14.67
Total Debtors	25.60	26.63	27.96	29.36
Inventories	24.21	20.24	21.11	22.08
Total Other Current Assets	0.00	0.00	0.00	0.00
Total Current Assets	**62.83**	**62.77**	**64.30**	**66.10**
Fixed Assets	7.16	7.14	7.32	7.49
Total Investments	1.34	1.54	1.74	1.94
Intangible Assets	1.06	1.10	1.10	1.10
Total Other Non-Current Assets	0.66	0.70	0.70	0.70
Total Non-current Assets	**10.22**	**10.48**	**10.85**	**11.23**
Short-term Debt	7.52	5.50	4.50	3.50
Current Portion of Long-Term Debt	0.00	0.00	0.00	0.00
Total Creditors	22.04	22.84	23.86	24.93
Other Current Liabilities	3.45	3.50	3.50	3.50
Total Current Liabilities	**33.01**	**31.84**	**31.86**	**31.93**
Total Long-term Debt	0.00	0.00	0.00	0.00
Hybrid Debt - Debt Component	0.00	0.00	0.00	0.00
Total Other Non-Current Liabilities	0.00	0.00	0.00	0.00
Total Non-current Liabilities	**0.00**	**0.00**	**0.00**	**0.00**
Total Provisions	0.00	0.00	0.00	0.00
Total Liabilities	**33.01**	**31.84**	**31.86**	**31.93**
Shareholders' Equity	40.07	41.37	43.32	45.44
Minority Interests				
Total Equity	**40.07**	**41.37**	**43.32**	**45.44**

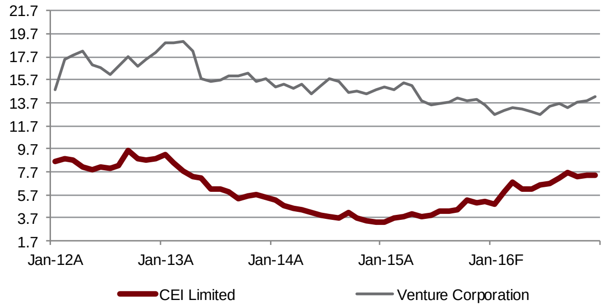
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	15.60	13.66	15.70	17.74
Cash Flow from Invt. & Assoc.	(0.26)	(0.20)	(0.20)	(0.20)
Change In Working Capital	4.18	3.73	(1.19)	(1.30)
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	(1.02)	(2.70)	(2.82)	(2.94)
Other Operating Cashflow	(1.26)	1.37	(0.33)	(0.63)
Net Interest (Paid)/Received	0.00	0.00	0.00	0.00
Tax Paid				
Cashflow From Operations	**17.23**	**15.86**	**11.16**	**12.67**
Capex	(1.14)	(3.00)	(4.00)	(5.00)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	0.10	0.10	0.10	0.10
Cash Flow From Investing	**(1.03)**	**(2.90)**	**(3.90)**	**(4.90)**
Debt Raised/(repaid)	(5.20)	(2.02)	(1.00)	(1.00)
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(6.10)	(8.67)	(7.47)	(7.81)
Preferred Dividends	0.00	0.00	0.00	0.00
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	**(11.30)**	**(10.69)**	**(8.47)**	**(8.81)**
Total Cash Generated	4.90	2.27	(1.21)	(1.04)
Free Cashflow To Equity	**11.00**	**10.94**	**6.26**	**6.77**
Free Cashflow To Firm	**16.37**	**13.13**	**7.43**	**7.94**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	9.1%	2.0%	5.0%	5.0%
Operating EBITDA Growth	51.0%	(12.4%)	14.9%	13.0%
Operating EBITDA Margin	11.8%	10.1%	11.1%	11.9%
Net Cash Per Share (S$)	0.06	0.12	0.12	0.13
BVPS (S$)	0.46	0.48	0.50	0.52
Gross Interest Cover	77.96	62.93	70.26	76.42
Effective Tax Rate	18.5%	18.0%	18.0%	18.0%
Net Dividend Payout Ratio	80.2%	85.4%	80.0%	80.0%
Accounts Receivables Days	70.94	70.81	70.29	70.29
Inventory Days	99.4	81.7	73.1	73.6
Accounts Payables Days	77.85	73.33	73.75	74.61
ROIC (%)	34.0%	32.0%	40.3%	41.9%
ROCE (%)	27.6%	22.5%	25.1%	26.7%
Return On Average Assets	14.9%	12.2%	13.4%	14.1%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP Change (%, Main Product)	9.1%	2.0%	5.0%	5.0%
Unit sales growth (%, main prod)	N/A	N/A	N/A	N/A
No. Of Lines (main Product)	14	14	14	14
Rev per line (US$, main prod)	N/A	N/A	N/A	N/A
ASP chg (%, 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (%, 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US$, 2ndary prod)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

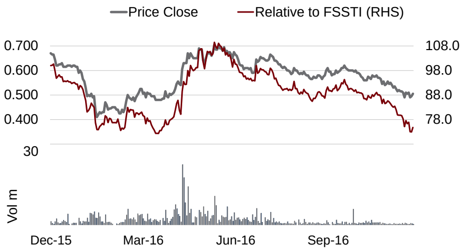
Singapore

HOLD *(no change)*

Consensus ratings*:	Buy 5	Hold 1	Sell 0

Current price:	S$0.51
Target price:	S$0.54
Previous target:	S$0.67
Up/downside:	7.9%
CIMB / Consensus:	-14.6%
Reuters:	CEWL.SI
Bloomberg:	CEWL SP
Market cap:	US$926.6m
	S$1,318m
Average daily turnover:	US$0.31m
	S$0.43m
Current shares o/s	2,610m
Free float:	17.6%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-7.3	-10.6	-23.5
Relative (%)	-11.3	-14.7	-24.7

Major shareholders	% held
China Everbright Wat	74.4
Huei Alan Wang Yu	3.1
Dalvey Asset Holding	2.7

Analyst(s)

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China Everbright Water

Not yet making a splash

- More competitive landscape, project delays despite favourable government policies.
- Lower valuations at 11-14x FY17/18 P/E, but prefer to await more project wins.
- Retain Hold rating with a lower DCF-based TP (7% WACC).

Construction remains key driver

- CEWL is a municipal wastewater treatment (WWT) company with geographical focus in the Chinese provinces of Jiangsu and Shandong, where it has a track record and provincial governments are financially sound. As of Sep 16, it had a total design capacity of 5mt/d, vs. operating capacity of 4.5mt/d. Its 9M16 core net profit was within expectations while construction activities remain its key revenue driver.

Financing and FX risks

- As of end-Sep 16, its Rmb-denominated borrowings accounted for 62% of total debt, while 38% were in HK$ and US$. 9M16's average cost of debt fell to 4.1%, vs. 9M15's 4.8%. Net gearing remained decent at 43% as of end-Sep 16.
- 3Q16 saw one-off FX expenses of HK$7m arising from the liquidation of US$-pegged borrowings, of which US$73m have been fully repaid by end-Jul 16.

No lack of funding, for now

- CEWL announced on 31 Oct 16 its proposed issuance of Rmb-denominated corporate bonds of up to Rmb2.5bn. Based on its triple-A credit rating, management thinks the interest costs could be in the range of 2.9-3.5%. This bond issuance will not only help to minimise FX exposure from those offshore loans and retire those more expensive borrowings, but also provide capital for future projects.
- Other banking facilities include Rmb5bn from China Development Bank, Rmb1.8bn from other foreign and domestic banks, amounting to a total of Rmb9.3bn.

Staying ahead of rising competition via expansion into sponge city

- Intensifying competition in the WWT segment is one of the reasons for CEWL's shift towards sponge city projects and PPP formats. Sponge city projects are typically larger in scale which also encompass WWT capacity, but are more technically challenging in terms of overall design and development. Such characteristics act as natural hurdles against smaller companies with less established track records.
- Construction for Zhenjiang Sponge City has been delayed due to more stringent standards imposed by local governments. CEWL is hopeful that progress could be expedited in 4Q16 for completion targeted by end-2017.

Dalian Dongda drags…

- While the acquisition of Dalian Dongda was finalised in Nov 15, it continues to weigh on CEWL in the following ways: a) slow collection of receivables; b) average tariff increment still not up to management's expectations due to slower-than-expected upgrading progress. Dalian's average water tariff is Rmb0.8/ton, and c.60% of assets is in Grade 1B/2; c) Liaoning province's 2016 GDP growth rate has been sub-par.

Maintain Hold

- Our FY17-18F EPS estimates fall by 4% to account for higher effective tax rate.
- Our DCF-derived target price falls to S$0.54 (7% WACC) as we assume a slower ramp-up of treatment income, and on rollover to end-FY17.
- While valuations have tapered off to 14x/11x FY17/18 P/E, we keep our Hold rating, pending stronger traction in receivables collection and visibility in acquisition pipeline.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (HK$m)	1,051	1,815	2,606	3,116	3,689
Operating EBITDA (HK$m)	534	683	763	1,035	1,320
Net Profit (HK$m)	292.8	406.2	373.2	525.3	661.1
Core EPS (HK$)	0.15	0.16	0.14	0.20	0.25
Core EPS Growth	7.4%	7.2%	(9.3%)	40.5%	25.9%
FD Core P/E (x)	18.67	17.42	19.22	13.68	10.87
DPS (HK$)	-	0.019	0.019	0.019	0.019
Dividend Yield	0.00%	0.71%	0.71%	0.71%	0.71%
EV/EBITDA (x)	12.80	15.18	15.56	13.91	12.79
P/FCFE (x)	10.81	10.90	67.42	NA	60.81
Net Gearing	17%	42%	58%	84%	105%
P/BV (x)	1.08	1.02	0.97	0.90	0.83
ROE	7.34%	6.07%	5.15%	6.82%	7.97%
% Change In Core EPS Estimates			0.00%	(4.42%)	(4.42%)
CIMB/consensus EPS (x)			0.91	0.94	1.02

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(HK$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**1,815**	**2,606**	**3,116**	**3,689**
Gross Profit	**824**	**966**	**1,266**	**1,581**
Operating EBITDA	**683**	**763**	**1,035**	**1,320**
Depreciation And Amortisation	(72)	(72)	(72)	(72)
Operating EBIT	**611**	**691**	**963**	**1,248**
Financial Income/(Expense)	(118)	(222)	(279)	(369)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	104	125	125	140
Profit Before Tax (pre-EI)	**596**	**594**	**809**	**1,019**
Exceptional Items				
Pre-tax Profit	**596**	**594**	**809**	**1,019**
Taxation	(172)	(202)	(259)	(326)
Exceptional Income - post-tax				
Profit After Tax	**424**	**392**	**550**	**693**
Minority Interests	(17)	(19)	(25)	(32)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**406**	**373**	**525**	**661**
Recurring Net Profit	406	373	525	661
Fully Diluted Recurring Net Profit	**406**	**373**	**525**	**661**

Balance Sheet

(HK$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	1,769	1,896	1,039	1,157
Total Debtors	1,535	1,828	2,252	2,651
Inventories	11	27	30	30
Total Other Current Assets	0	0	0	0
Total Current Assets	**3,315**	**3,752**	**3,321**	**3,838**
Fixed Assets	163	163	163	163
Total Investments	0	0	0	0
Intangible Assets	2,709	2,630	2,572	2,514
Total Other Non-Current Assets	7,753	9,805	12,560	15,358
Total Non-current Assets	**10,624**	**12,598**	**15,295**	**18,036**
Short-term Debt	2,395	2,395	2,395	2,395
Current Portion of Long-Term Debt				
Total Creditors	528	1,025	1,103	1,103
Other Current Liabilities	0	0	0	0
Total Current Liabilities	**2,922**	**3,419**	**3,497**	**3,497**
Total Long-term Debt	2,424	3,945	5,583	8,148
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	241	241	241	241
Total Non-current Liabilities	**2,664**	**4,185**	**5,823**	**8,388**
Total Provisions	1,055	1,055	1,055	1,055
Total Liabilities	**6,642**	**8,660**	**10,376**	**12,941**
Shareholders' Equity	7,061	7,434	7,959	8,621
Minority Interests	236	255	280	312
Total Equity	**7,297**	**7,689**	**8,240**	**8,933**

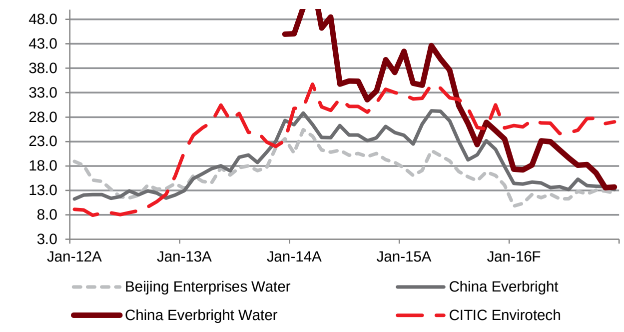
Cash Flow

(HK$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	682.5	763.0	1,035.3	1,320.1
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(635.0)	475.2	(582.9)	(497.9)
(Incr)/Decr in Total Provisions	(23.6)	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	103.7	125.0	125.0	140.0
Other Operating Cashflow				
Net Interest (Paid)/Received	(118.2)	(221.9)	(279.2)	(369.0)
Tax Paid	(95.0)	(202.1)	(259.0)	(326.2)
Cashflow From Operations	**(85.6)**	**939.2**	**39.2**	**267.0**
Capex	(2,173.5)	(2,353.8)	(2,533.8)	(2,713.8)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow				
Cash Flow From Investing	**(2,173.5)**	**(2,353.8)**	**(2,533.8)**	**(2,713.8)**
Debt Raised/(repaid)	2,908.6	1,521.0	1,638.0	2,565.0
Proceeds From Issue Of Shares	659.0	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid				
Preferred Dividends				
Other Financing Cashflow	(435.1)	0.0	0.0	0.0
Cash Flow From Financing	**3,132.5**	**1,521.0**	**1,638.0**	**2,565.0**
Total Cash Generated	873.4	106.4	(856.6)	118.2
Free Cashflow To Equity	**649.4**	**106.4**	**(856.6)**	**118.2**
Free Cashflow To Firm	**(2,131.1)**	**(1,192.7)**	**(2,215.4)**	**(2,077.9)**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	72.7%	43.6%	19.6%	18.4%
Operating EBITDA Growth	27.8%	11.8%	35.7%	27.5%
Operating EBITDA Margin	37.6%	29.3%	33.2%	35.8%
Net Cash Per Share (HK$)	(1.17)	(1.70)	(2.66)	(3.60)
BVPS (HK$)	2.71	2.85	3.05	3.31
Gross Interest Cover	4.77	3.12	3.45	3.38
Effective Tax Rate	28.9%	34.0%	32.0%	32.0%
Net Dividend Payout Ratio	12.4%	13.6%	9.7%	7.7%
Accounts Receivables Days	97.8	97.3	93.9	89.5
Inventory Days	7.29	4.25	5.62	5.12
Accounts Payables Days	198.0	161.6	199.5	181.8
ROIC (%)	5.21%	4.45%	5.38%	5.68%
ROCE (%)	5.55%	4.89%	5.96%	6.60%
Return On Average Assets	4.26%	3.69%	4.35%	4.79%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	790.3%	21.5%	7.8%	5.0%
Util. rate (%, main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	N/A	N/A	N/A	N/A
Util. rate (%, 2ndary prod/serv)	4.3%	7.0%	2.8%	4.0%

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

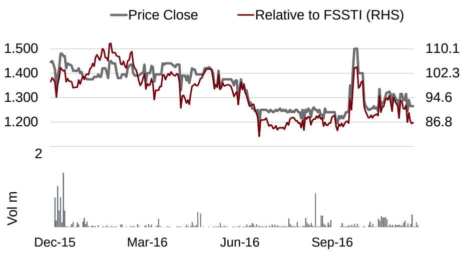
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 2	Hold 1	Sell 0

Current price:	S$1.27
Target price:	S$1.52
Previous target:	S$1.52
Up/downside:	19.8%
CIMB / Consensus:	26.3%
Reuters:	CITI.SI
Bloomberg:	CEL SP
Market cap:	US$1,003m
	S$1,427m
Average daily turnover:	US$0.06m
	S$0.08m
Current shares o/s	1,128m
Free float:	3.9%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.2	2.8	-18.7
Relative (%)	-5.2	-1.3	-19.9

Major shareholders	% held
Ckm Cayman Co Ltd	87.6
Ching Wah Goh	4.1
Yucheng Lin	3.8

CITIC Envirotech

Cleaning up China water pollution

- Industrial WWT player a beneficiary of more stringent water standards in China.
- MBR technology, industrial WWT and sludge treatment give higher project IRRs.
- Improved financials not a constraint for more project acquisitions.

Leading industrial WWT player in China

- One of the leading industrial wastewater treatment (WWT) companies in China, CEL's business segments consist of: a) engineering works (EPC), b) water treatment, and c) external membrane sales.
- The company currently has 57 WWT plants with designed capacity of over 4.5mt/d and operating capacity of 2.7mt/d. In terms of volume exposure to industry, it is most exposed to textiles in Gaoyang, followed by petrochemicals.

9M16 results within expectations; more EPC in 4Q16

- Engineering activities continue to be the key driver for CEL, accounting for 54% of 9M16 revenue, with the remaining 32% and 14% from treatment income and external membrane sales respectively.
- 3Q16 treatment income grew 43% yoy but fell 11% qoq as a result of disposal of Qitaihe WXL projects. External membrane sales remain project-driven and lumpy, but we saw more WWT projects using the membrane bioreactor (MBR) technology, such as the municipal WWT project in Fuzhou city and Baiyi Industrial project, to meet the stricter water standards in China. There was also greater amortisation of intangible assets relating to the newly acquired concessions.

Strategic focus on membrane technology and sludge treatment

- CEL prides itself as a WWT player with an edge in MBR technology. It recently opened an S$25m innovation centre and membrane production facility in Singapore via its wholly-owned subsidiary, Memstar, which doubled the production capacity of its patented 3rd generation Thermally Induced Phase Separation (3G-TIPS) membranes to 10m sqm p.a.
- The company also capitalised on increasing opportunities in sludge treatment, to secure its first BOT (build-operate-transfer) project (700 tonnes/day) in Weifang city. Stronger traction in this area could catalyse the stock.

Cheaper debt costs ahead

- Ability to raise funds at affordable rates is essential in the capital-intensive utilities industry, as most projects require substantial upfront capex investment. We expect the average cost of debt for CEL to trickle down from the existing 7-8% to 5-6% over FY17-18F.
- CEL issued a total of US$355m (5.45%) perpetual securities in Nov 15, a portion of which will be utilised to pare down the more expensive (7.25%) S$100m MTN.

Expansion plans not limited by financing capability

- CEL's net gearing remains low at 9.3%, with ample leverage potential to improve its annualised ROE of 6.4% as of end 9M16.
- 9M16 operating cashflow was also better at S$206m vs. 9M15's S$15.4m. The company also has S$263m proceeds remaining from the perpetual securities issuance to finance more investment projects.

Maintain Add with TP of S$1.52 (DCF valuation, 7% WACC)

- We remain positive on the China water treatment industry, and the strong company fundamentals, spurred by its technological expertise, track record of project wins and SOE-backing. Downside risk stems from rising competition that may erode IRRs.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	312.8	360.8	518.8	541.4	617.8
Operating EBITDA (S$m)	91.7	127.3	176.4	195.7	228.8
Net Profit (S$m)	49.61	55.38	65.52	62.50	71.54
Core EPS (S$)	0.043	0.051	0.034	0.045	0.065
Core EPS Growth	7.5%	18.8%	(32.7%)	32.3%	43.2%
FD Core P/E (x)	32.42	25.96	37.80	28.57	19.95
DPS (S$)	0.003	0.006	0.004	0.005	0.005
Dividend Yield	0.276%	0.454%	0.285%	0.395%	0.395%
EV/EBITDA (x)	14.73	14.21	11.71	11.01	10.13
P/FCFE (x)	397.9	11.9	NA	NA	128.9
Net Gearing	37.7%	18.0%	29.9%	34.6%	43.8%
P/BV (x)	1.85	1.29	1.21	1.13	1.05
ROE	8.11%	6.97%	4.30%	5.21%	6.85%
CIMB/consensus EPS (x)				0.92	0.91

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**373.9**	**530.3**	**552.9**	**629.3**
Gross Profit	**213.6**	**275.3**	**312.9**	**359.3**
Operating EBITDA	**127.3**	**176.4**	**195.7**	**228.8**
Depreciation And Amortisation	(19.2)	(25.3)	(45.0)	(55.0)
Operating EBIT	**108.1**	**151.0**	**150.7**	**173.8**
Financial Income/(Expense)	(30.8)	(36.7)	(36.2)	(41.8)
Pretax Income/(Loss) from Assoc.	0.3	2.0	5.0	2.0
Non-Operating Income/(Expense)	3.5	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**81.2**	**116.4**	**119.5**	**134.0**
Exceptional Items				
Pre-tax Profit	**81.2**	**116.4**	**119.5**	**134.0**
Taxation	(23.2)	(29.4)	(28.9)	(34.4)
Exceptional Income - post-tax				
Profit After Tax	**58.0**	**87.0**	**90.6**	**99.7**
Minority Interests	(2.6)	(2.0)	(2.0)	(2.0)
Preferred Dividends	0.0	(19.5)	(26.1)	(26.1)
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**55.4**	**65.5**	**62.5**	**71.5**
Recurring Net Profit	54.7	38.7	51.2	73.3
Fully Diluted Recurring Net Profit	**56.4**	**38.7**	**51.2**	**73.3**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	540.5	335.7	332.1	339.8
Total Debtors	382.0	522.2	538.0	591.5
Inventories	10.6	19.8	22.0	24.2
Total Other Current Assets	39.7	8.6	10.7	13.1
Total Current Assets	**972.7**	**886.3**	**902.7**	**968.5**
Fixed Assets	876.0	1,011.1	1,170.4	1,392.1
Total Investments	10.6	10.6	10.6	10.6
Intangible Assets	255.4	255.4	255.4	255.4
Total Other Non-Current Assets	58.2	41.9	41.9	41.9
Total Non-current Assets	**1,200.1**	**1,319.0**	**1,478.3**	**1,700.0**
Short-term Debt	237.1	237.1	237.1	237.1
Current Portion of Long-Term Debt	97.7	97.7	97.7	97.7
Total Creditors	193.3	218.7	225.9	250.3
Other Current Liabilities	56.5	25.2	25.2	25.2
Total Current Liabilities	**584.7**	**578.7**	**586.0**	**610.4**
Total Long-term Debt	410.8	366.2	449.7	618.7
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	0.3	0.3	0.3	0.3
Total Non-current Liabilities	**411.1**	**366.5**	**450.0**	**619.0**
Total Provisions	36.4	36.4	36.4	36.4
Total Liabilities	**1,032.1**	**981.6**	**1,072.3**	**1,265.8**
Shareholders' Equity	1,101.7	1,182.7	1,265.7	1,357.7
Minority Interests	39.0	41.0	43.0	45.0
Total Equity	**1,140.8**	**1,223.7**	**1,308.7**	**1,402.7**

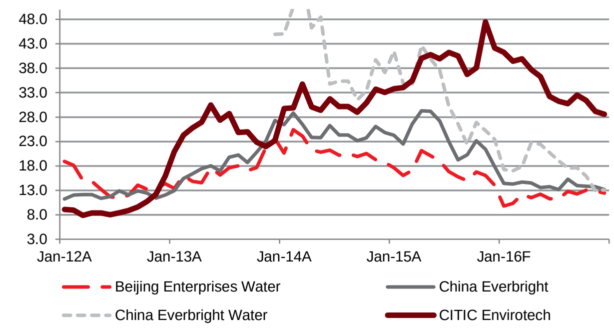
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	127.3	176.4	195.7	228.8
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(113.1)	(227.9)	(10.8)	(31.2)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	19.0	0.0	0.0	0.0
Other Operating Cashflow	0.1	0.0	0.0	0.0
Net Interest (Paid)/Received	(19.1)	(36.7)	(36.2)	(41.8)
Tax Paid	(9.6)	(29.4)	(28.9)	(34.4)
Cashflow From Operations	**4.6**	**(117.5)**	**119.8**	**121.4**
Capex	(152.6)	(236.0)	(206.4)	(279.1)
Disposals Of FAs/subsidiaries	1.6	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(102.2)	0.0	0.0	0.0
Other Investing Cashflow	2.0	0.0	0.0	0.0
Cash Flow From Investing	**(251.2)**	**(236.0)**	**(206.4)**	**(279.1)**
Debt Raised/(repaid)	371.7	221.1	83.5	169.0
Proceeds From Issue Of Shares	56.9	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(6.3)	(4.1)	(5.6)	(5.6)
Preferred Dividends				
Other Financing Cashflow	(0.1)	0.0	0.0	0.0
Cash Flow From Financing	**422.2**	**217.1**	**77.9**	**163.4**
Total Cash Generated	175.7	(136.5)	(8.7)	5.7
Free Cashflow To Equity	**125.2**	**(132.4)**	**(3.0)**	**11.3**
Free Cashflow To Firm	**(222.5)**	**(314.4)**	**(47.8)**	**(113.4)**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	15.3%	43.8%	4.4%	14.1%
Operating EBITDA Growth	38.8%	38.5%	10.9%	16.9%
Operating EBITDA Margin	35.3%	34.0%	36.1%	37.0%
Net Cash Per Share (S$)	(0.18)	(0.32)	(0.40)	(0.54)
BVPS (S$)	0.98	1.05	1.12	1.20
Gross Interest Cover	2.97	3.86	3.89	3.93
Effective Tax Rate	28.5%	25.2%	24.2%	25.6%
Net Dividend Payout Ratio	11.4%	6.2%	9.0%	7.9%
Accounts Receivables Days	204.4	203.5	247.0	236.9
Inventory Days	23.51	21.79	31.79	31.23
Accounts Payables Days	286.0	220.1	258.0	250.7
ROIC (%)	10.2%	9.1%	7.7%	8.1%
ROCE (%)	7.4%	7.9%	7.5%	7.8%
Return On Average Assets	4.69%	5.36%	5.26%	5.32%

12-mth Fwd FD P/E (x)



Key Drivers

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Outstanding Orderbook	N/A	N/A	N/A	N/A
Order Book Depletion	164	250	250	250
Orderbook Replenishment	N/A	N/A	N/A	N/A
ASP/tariff (% chg, main prod/serv)	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	61.1%	25.9%	7.0%	34.7%
Util. rate (%, main prod./serv.)	N/A	N/A	N/A	N/A
ASP/tariff (%chg, 2ndary prod/serv)	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	-11.3%	114.3%	-22.2%	57.1%
Util. rate (%, 2ndary prod/serv)	N/A	N/A	N/A	N/A
Non Revenue Water (NRW, %)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

Singapore

City Developments

Increasing diversification

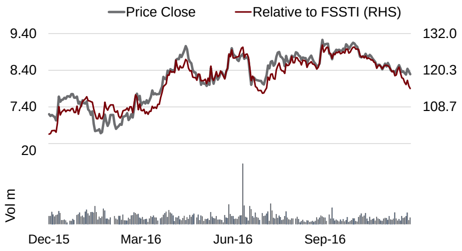
- Growing overseas residential, Singapore portfolio substantially de-risked
- Rental and hotel contributions provide a recurrent income base
- Maintain Add with an unchanged RNAV-based target price of S$10.40

ADD *(no change)*

Consensus ratings*:	Buy 19	Hold 3	Sell 1

Current price:	S$8.29
Target price:	S$10.40
Previous target:	S$10.40
Up/downside:	25.5%
CIMB / Consensus:	2.7%
Reuters:	CTDM.SI
Bloomberg:	CIT SP
Market cap:	US$5,298m
	S$7,538m
Average daily turnover:	US$9.55m
	S$13.25m
Current shares o/s	909.3m
Free float:	49.9%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.1	-3.4	15.1
Relative (%)	-7.1	-7.5	13.9

Major shareholders	% held
Hong Leong	35.2
Aberdeen	14.90

Maintain Add call

- CIT's current valuations are even more attractive following the recent weakness in its share price. The share price discount to RNAV has widened to 40%, below the -1s.d. level. Going forward, we think capital recycling redeployment will continue to be a re-rating catalyst. The balance sheet is strong with a low gearing ratio of 0.27x, thus providing CIT with a large capacity to tap new investment opportunities.

Accelerating momentum from overseas residential

- Residential activities in Singapore and overseas will continue to remain the major driver to earnings growth. Apart from recognising profits from Hong Leong City Centre P1 with pre-sales of RMB2.12bn in 4Q16, four China and UK projects such as Hong Leong City Centre P2, Eling Residences and sites at Belgravia and Knightsbridge in UK are expected to be completed and marketed in 2017.

Singapore portfolio substantially de-risked

- In Singapore, it has locked in S$622m of sales in 9M16 and rising further with the recent launch of Gramercy Park and Forest Woods. CIT has effectively de-risked its Singapore residential portfolio from Qualifying Certificate (QC) penalties with the monetisation of Nouvel 18 from its third PPS platform. With respect to ABSD charges, only two developments could be impacted – The Venue (57-58% sold) and Commonwealth Towers (51% sold), if they are not fully sold by Sep 17 and Feb 18.

62% of EBITDA from recurrent sources, provide stable base

- Recurrent income, derived from Singapore and overseas rental and hotel contributions, made up 62% of the group's EBITDA for 9M16, providing the group with a stable income base. While we expect hotel operating conditions to remain competitive, the planned opening of the rebranded JW Marriott Hotel South Beach in Jan 17 should provide some inorganic expansion to this recurrent income source.

Accelerating diversification initiatives

- Management said it will still accelerate its diversification initiatives. CIT has a total landbank of 4.57m sqft of GFA, of which 75% are overseas. Gradual roll out of these projects should extend residential earnings visibility. Also, its expanding fund management business is on track to hit the S$5bn target from S$3.5bn currently. Key risks are sustained global economic slowdown to further moderate hotel contributions and rising interest rates to erode mortgage affordability for its residential sales.

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues (S$m)	3,764	3,304	4,495	3,350	3,315
Operating EBITDA (S$m)	1,205	840	1,053	1,086	1,060
Net Profit (S$m)	950.7	704.0	663.0	596.1	559.0
Core EPS (S$)	0.68	0.52	0.62	0.62	0.59
Core EPS Growth	47.9%	(24.2%)	19.5%	0.9%	(6.2%)
FD Core P/E (x)	12.13	15.99	13.39	13.27	14.15
DPS (S$)	0.16	0.15	0.17	0.17	0.16
Dividend Yield	1.93%	1.84%	2.00%	2.06%	1.93%
EV/EBITDA (x)	9.00	15.53	10.91	10.66	9.27
P/FCFE (x)	5.62	96.71	3.42	14.30	4.73
Net Gearing	5.3%	26.0%	10.5%	9.8%	(4.9%)
P/BV (x)	0.94	0.88	0.83	0.80	0.77
ROE	7.84%	5.68%	6.39%	6.13%	5.51%
CIMB/consensus EPS (x)			1.11	0.99	0.85

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**3,304**	**4,495**	**3,350**	**3,315**
Gross Profit	**1,748**	**2,379**	**1,773**	**1,754**
Operating EBITDA	**840**	**1,053**	**1,086**	**1,060**
Depreciation And Amortisation	(215)	(226)	(231)	(236)
Operating EBIT	**626**	**827**	**855**	**824**
Financial Income/(Expense)	(57)	(85)	(70)	(67)
Pretax Income/(Loss) from Assoc.	107	86	67	46
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**675**	**828**	**852**	**803**
Exceptional Items	241	83	0	0
Pre-tax Profit	**916**	**911**	**852**	**803**
Taxation	**(119)**	**(124)**	**(128)**	**(120)**
Exceptional Income - post-tax				
Profit After Tax	**797**	**787**	**724**	**683**
Minority Interests	(93)	(124)	(128)	(124)
Pref. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**704**	**663**	**596**	**559**
Recurring Net Profit	495	591	596	559
Fully Diluted Recurring Net Profit	**495**	**591**	**596**	**559**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	3,565	5,608	5,941	8,082
Properties Under Development				
Total Debtors	1,762	2,209	1,616	1,665
Inventories	11	15	11	11
Total Other Current Assets	5,550	4,123	4,546	4,546
Total Current Assets	**10,888**	**11,956**	**12,114**	**14,304**
Fixed Assets	5,175	5,299	5,418	5,530
Total Investments	**0**	**0**	**0**	**0**
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	4,256	4,504	4,489	3,027
Total Non-current Assets	**9,430**	**9,803**	**9,907**	**8,557**
Short-term Debt	1,911	2,018	2,110	2,196
Current Portion of Long-Term Debt				
Total Creditors	1,602	1,938	1,457	1,493
Other Current Liabilities	319	431	321	327
Total Current Liabilities	**3,832**	**4,387**	**3,888**	**4,016**
Total Long-term Debt	4,572	4,828	5,049	5,255
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	702	702	702	702
Total Non-current Liabilities	**5,274**	**5,530**	**5,750**	**5,957**
Total Provisions	0	0	0	0
Total Liabilities	**9,106**	**9,917**	**9,638**	**9,973**
Shareholders' Equity	**8,996**	**9,500**	**9,934**	**10,340**
Minority Interests	2,217	2,342	2,448	2,549
Total Equity	**11,213**	**11,842**	**12,382**	**12,889**

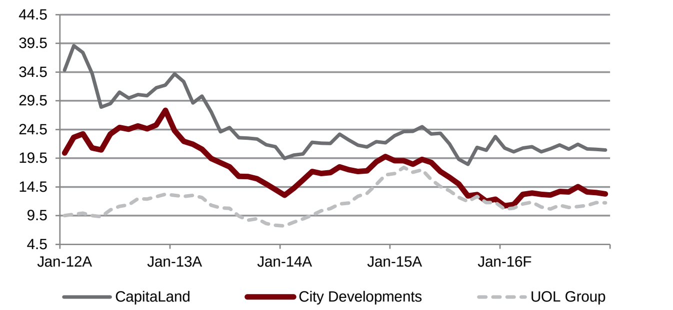
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	840	1,053	1,086	1,060
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(712)	1,423	(416)	(8)
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(215)	142	234	257
Other Operating Cashflow	136	(12)	(94)	(116)
Net Interest (Paid)/Received	(111)	(130)	(140)	(141)
Tax Paid	(128)	(135)	(126)	(119)
Cashflow From Operations	**(189)**	**2,341**	**544**	**933**
Capex	(289)	(350)	(350)	(349)
Disposals Of FAs/subsidiaries				
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	843	(44)	47	795
Cash Flow From Investing	**555**	**(394)**	**(303)**	**446**
Debt Raised/(repaid)	(284)	364	312	293
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(271)	(171)	(176)	(166)
Preferred Dividends				
Other Financing Cashflow	(359)	(122)	(97)	580
Cash Flow From Financing	**(914)**	**71**	**40**	**707**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(12.2%)	36.1%	(25.5%)	(1.0%)
Operating EBITDA Growth	(30.3%)	25.3%	3.1%	(2.4%)
Operating EBITDA Margin	25.4%	23.4%	32.4%	32.0%
Net Cash Per Share (S$)	(3.06)	(1.30)	(1.28)	0.66
BVPS (S$)	9.43	9.96	10.41	10.84
Gross Interest Cover	5.66	6.36	6.10	5.84
Effective Tax Rate	13.0%	13.6%	15.0%	15.0%
Net Dividend Payout Ratio	31.4%	27.3%	27.3%	27.3%
Accounts Receivables Days	185.0	161.7	208.4	180.6
Inventory Days	2.63	2.29	3.09	2.65
Accounts Payables Days	359.6	306.1	392.8	344.9
ROIC (%)	3.91%	4.82%	5.27%	4.90%
ROCE (%)	4.12%	4.79%	4.84%	4.50%
Return On Average Assets	3.03%	3.70%	3.58%	3.29%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Unbooked Presales (m) (S$)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A
Gross Margins (%)	N/A	N/A	N/A	N/A
Contracted Sales ASP (per Sm) (S$)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	31.4%	1.2%	1.6%	1.6%
Invt. properties rental margin (%)	63.7%	51.7%	31.5%	28.3%
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

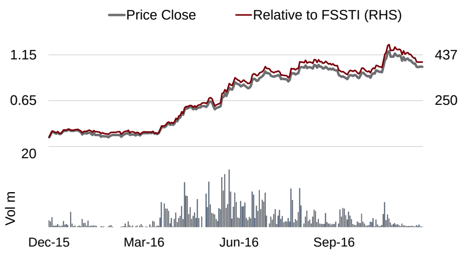
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 3	Hold 0	Sell 0

Current price:	S$1.02
Target price:	S$1.41
Previous target:	S$1.19
Up/downside:	38.5%
CIMB / Consensus:	12.1%
Reuters:	CNHL.SI
Bloomberg:	CITN SP
Market cap:	US$175.4m
	S$249.5m
Average daily turnover:	US$0.94m
	S$1.29m
Current shares o/s	244.7m
Free float:	29.5%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-9.7	3	343.5
Relative (%)	-13.7	-1.1	342.3

Major shareholders	% held
Star Publications (M	52.6
Tan Aik Ti	16.4
Poh Hock Lim	1.2

Cityneon Holdings

Transform, and roll out!

- Exhibition production and distribution firm with Avengers and Transformers IP rights.
- Key highlight is its scalable model for travelling sets with minimal execution risk.
- Catalysts ahead include acquisition of more licensing rights and travelling sets.

Empowered with Marvel and Hasbro licensing rights

- Cityneon's acquisition of the IP rights to Marvel's Avengers and Hasbro's Transformers via Victory Hill Exhibitions (VHE) in Sep 15 have transformed the company's business beyond its traditional events and exhibitions. These licensing rights are exclusive and valid until 2024 and 2023, respectively.
- While its traditional business of designing and developing exhibitions and experiential environment was loss-making as of 1H16, the company is hopeful of turning it around to profitability. Cityneon posted a S$4.7m core net profit in 1H16.

One up, one more to go…

- The permanent installation of the Avengers Station was launched in Las Vegas at the Treasure Island hotel in Jun 16, with year-to-date ticket sales tracking in line with management's expectations and better-performing merchandise sales.
- The Transformers' permanent set has been delayed to 1H17 to allow more time for technology development, and could be relocated to a bigger site along the Las Vegas strip. This may allow for better cross-selling and wider reach of visitors.
- Management targets to attract 1-1.5% of the total annual visitorship of 40m to Las Vegas for both permanent installations.

Travelling sets easily replicated in other countries

- VHE developed its first Avengers S.T.A.T.I.O.N set which was put on display in New York for 15 months, before making stops in Seoul, Paris and more recently at the Singapore Science Centre. Cityneon has announced two other locations (Taiwan and Australia) for 2017, as well as a 2-year agreement for the first Transformers set in China, with more anticipated in the pipeline.
- We like the scalable model of travelling sets for a few reasons: 1) minimal execution risk as it lies with the local partners, 2) earns licensing fees (depending on duration of set) and variable royalties based on projected budget, 3) better margins, and 4) smaller capex needs (subsequent sets typically cost US$2m-3m, vs the initial capex of US$6m-9m).

More IPs not priced in

- Apart from the existing licensing rights, management is keen to expand its existing product offerings, in the form of core IPs. If successful, this could catalyse the stock further.
- These IPs are expected to be more sustainable, and should fit with the following criteria: a) family-friendly, b) have global movie takings of more than US$1bn, and c) more sequels in the future.

Another blockbuster FY17, maintain Add with higher TP

- We lower our FY16-18F EPS estimates by 4-10% to reflect Transformers' delay and smaller sales contribution from Vegas. Maintain Add with a higher target price of S$1.41 as we roll over to FY18 P/E of 15x, at 10% discount to peers' average.
- Downside risks include further delays of the Transformers launch and slower-than-expected uptake of travelling sets.

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	78.0	96.5	111.2	142.4	159.2
Operating EBITDA (S$m)	3.45	1.97	12.43	26.05	33.47
Net Profit (S$m)	2.34	0.87	7.71	17.38	23.05
Normalised EPS (S$)	0.026	0.007	0.033	0.071	0.094
Normalised EPS Growth	162%	(73%)	371%	115%	33%
FD Normalised P/E (x)	38.5	181.1	30.8	14.4	10.8
DPS (S$)	0.010	-	-	0.021	0.028
Dividend Yield	0.98%	0.00%	0.00%	2.09%	2.77%
EV/EBITDA (x)	22.05	55.82	17.90	8.51	6.30
P/FCFE (x)	9.97	NA	NA	19.57	15.33
Net Gearing	(57.5%)	(32.8%)	(19.0%)	(28.8%)	(34.0%)
P/BV (x)	3.60	4.54	3.17	2.60	2.19
ROE	10.0%	2.3%	12.0%	19.9%	22.0%
% Change In Normalised EPS Estimates			(9.88%)	(7.36%)	(4.24%)
Normalised EPS/consensus EPS (x)			1.04	0.92	0.91

SOURCE: COMPANY DATA, CIMB FORECASTS

CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**96.49**	**111.23**	**142.39**	**159.24**
Gross Profit	**23.30**	**38.95**	**59.23**	**71.17**
Operating EBITDA	**1.97**	**12.43**	**26.05**	**33.47**
Depreciation And Amortisation	(1.47)	(2.73)	(4.70)	(5.30)
Operating EBIT	**0.50**	**9.70**	**21.36**	**28.18**
Financial Income/(Expense)	(0.37)	(0.41)	(0.41)	(0.41)
Pretax Income/(Loss) from Assoc.	0.02	0.00	0.00	0.00
Non-Operating Income/(Expense)	0.65	0.00	0.00	0.00
Profit Before Tax (pre-EI)	**0.79**	**9.29**	**20.95**	**27.77**
Exceptional Items				
Pre-tax Profit	**0.79**	**9.29**	**20.95**	**27.77**
Taxation	0.04	(1.58)	(3.56)	(4.72)
Exceptional Income - post-tax				
Profit After Tax	**0.83**	**7.71**	**17.38**	**23.05**
Minority Interests	0.04	0.00	0.00	0.00
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Preference Dividends (Australia)				
Net Profit	**0.87**	**7.71**	**17.38**	**23.05**
Normalised Net Profit	0.83	7.71	17.38	23.05
Fully Diluted Normalised Profit	**0.87**	**7.71**	**17.38**	**23.05**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	24.87	23.48	36.23	47.30
Total Debtors	32.97	40.92	50.04	56.30
Inventories	0.19	0.34	0.36	0.34
Total Other Current Assets	2.39	2.39	2.39	2.39
Total Current Assets	**60.42**	**67.13**	**89.02**	**106.33**
Fixed Assets	16.03	33.66	33.72	37.19
Total Investments	0.38	2.38	2.38	2.38
Intangible Assets	9.77	9.01	8.25	7.49
Total Other Non-Current Assets	0.97	0.97	0.97	0.97
Total Non-current Assets	**27.15**	**46.02**	**45.32**	**48.02**
Short-term Debt	8.20	8.20	8.20	8.20
Current Portion of Long-Term Debt	0.08	0.08	0.08	0.08
Total Creditors	28.15	24.68	28.50	30.68
Other Current Liabilities	0.01	0.01	0.01	0.01
Total Current Liabilities	**36.43**	**32.97**	**36.78**	**38.96**
Total Long-term Debt	0.17	0.17	0.17	0.17
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.00	0.00	0.00	0.00
Total Non-current Liabilities	**0.17**	**0.17**	**0.17**	**0.17**
Total Provisions	0.94	0.94	0.94	0.94
Total Liabilities	**37.54**	**34.07**	**37.89**	**40.07**
Shareholders' Equity	49.57	78.62	96.00	113.83
Minority Interests	0.45	0.45	0.45	0.45
Total Equity	**50.02**	**79.07**	**96.45**	**114.28**

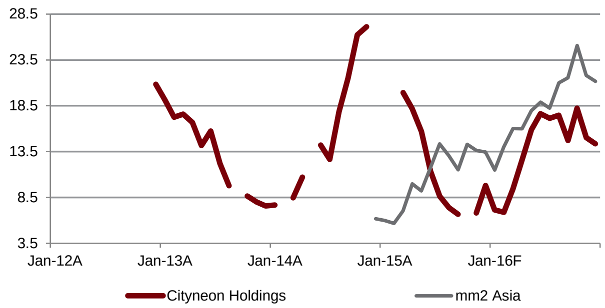
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	1.97	12.43	26.05	33.47
Cash Flow from Invt. & Assoc.	(0.02)	0.00	0.00	0.00
Change In Working Capital	0.80	(11.57)	(5.33)	(4.06)
(Incr)/Decr in Total Provisions	0.08	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.03	0.00	0.00	0.00
Other Operating Cashflow	1.42			
Net Interest (Paid)/Received	(0.37)	(0.41)	(0.41)	(0.41)
Tax Paid	(0.22)	(1.58)	(3.56)	(4.72)
Cashflow From Operations	**3.69**	**(1.13)**	**16.75**	**24.28**
Capex	(4.57)	(19.60)	(4.00)	(8.00)
Disposals Of FAs/subsidiaries	0.03	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	(10.36)	(2.00)	0.00	0.00
Other Investing Cashflow	(1.12)	0.00	0.00	0.00
Cash Flow From Investing	**(16.02)**	**(21.60)**	**(4.00)**	**(8.00)**
Debt Raised/(repaid)	(3.14)	0.00	0.00	0.00
Proceeds From Issue Of Shares	15.53	21.34	0.00	0.00
Shares Repurchased				
Dividends Paid	(0.89)	0.00	0.00	(5.22)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	**11.51**	**21.34**	**0.00**	**(5.22)**
Total Cash Generated	(0.82)	(1.39)	12.75	11.07
Free Cashflow To Equity	**(15.47)**	**(22.73)**	**12.75**	**16.28**
Free Cashflow To Firm	**(11.92)**	**(22.32)**	**13.17**	**16.69**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	23.7%	15.3%	28.0%	11.8%
Operating EBITDA Growth	(43%)	531%	110%	28%
Operating EBITDA Margin	2.0%	11.2%	18.3%	21.0%
Net Cash Per Share (S$)	0.07	0.06	0.11	0.16
BVPS (S$)	0.22	0.32	0.39	0.47
Gross Interest Cover	1.21	23.60	51.96	68.56
Effective Tax Rate	0.0%	17.0%	17.0%	17.0%
Net Dividend Payout Ratio	NA	NA	30.0%	30.0%
Accounts Receivables Days	84.42	93.13	86.87	91.63
Inventory Days	1.27	1.34	1.54	1.45
Accounts Payables Days	96.2	111.6	97.5	104.5
ROIC (%)	4.6%	28.4%	34.1%	41.9%
ROCE (%)	1.1%	13.1%	22.0%	24.6%
Return On Average Assets	1.7%	8.1%	14.4%	16.3%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	22.8%	-5.0%	5.0%	5.0%
Util. rate (%, main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	0.0%	2842.8%	131.6%	25.8%
Util. rate (%, 2ndary prod/serv)	N/A	N/A	N/A	N/A
Outlets #/POS (main prod./serv.)	N/A	N/A	N/A	N/A
Outlets #/POS (2ndary prod./serv.)	N/A	N/A	N/A	N/A
A&P As % Of Sales	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

ComfortDelGro

Largely stable outlook

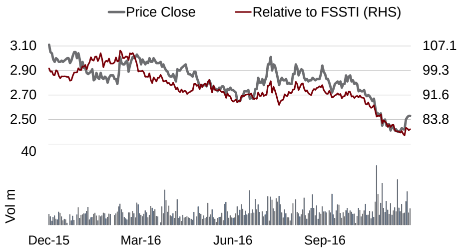
- ComfortDelGro will see a full-year's positive impact from Singapore bus reform as well as benefit from the commencement of DTL stage III operations in FY17F.
- Overseas contribution likely to be subdued due to adverse FX translation. Taxi likely to see stagnant growth due to sustained competition from Uber and Grab.
- Net cash position and improving cashflow to support higher dividend payout and overseas M&As. Maintain Add with CY17 DCF-based TP of S$2.86 (WACC: 7.0%).

ADD *(no change)*

Consensus ratings*: Buy 13 Hold 2 Sell 1

Current price:	S$2.53
Target price:	S$2.86
Previous target:	S$2.86
Up/downside:	12.9%
CIMB / Consensus:	-7.1%
Reuters:	CMDG.SI
Bloomberg:	CD SP
Market cap:	US$3,835m
	S$5,456m
Average daily turnover:	US$16.22m
	S$22.51m
Current shares o/s	2,150m
Free float:	100.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-0.4	-10.6	-16.5
Relative (%)	-4.4	-14.7	-17.7

Major shareholders	% held
Blackrock	6.0
Capital Group	4.9
T Rowe Price Associates	3.2

Singapore bus: first full-year positive impact from GCM

- FY17 marks the year that ComfortDelGro sees the first full-year benefit from the Singapore public bus industry's transition to the new government contracting model (GCM), which became effective in Sep 2016.
- Under GCM, the Singapore bus operators no longer bear fare risk but receive pre-determined contract fees (indexed to several cost factors like fuel, labour, etc). With reference to the 8-9% EBIT margin for UK public buses (which uses a similar GCM), we project ComfortDelGro's Singapore public bus margin to improve to 7-8% in FY17-18F vs. 2.7% in FY15 and 4.6% in FY16F.
- Being asset-light in nature, the Singapore GCM has also relieved operators' capex burden, hence improving their operating cash flow.

Rail: DTL to achieve turnaround after stage III completion

- The Downtown Line (DTL) stage III is slated to commence operations in Sep 2017. Being the biggest stage of the DTL with 16 stations (6/12 for stage I/II), stage III covers the region from the CBD to the east part of Singapore. We expect the whole DTL's daily ridership to almost double to 450k-500k after stage III becomes operational (current daily ridership is 234k) due to the larger network.
- With the stage III coming onstream, the DTL should see full turnaround by late-FY17 and will no longer be a drag on the group's rail profitability (ComfortDelGro's Northeast Line has always been profitable). We forecast rail EBIT at S$12m/S$18m in FY17F/18F vs. S$7m in FY16F to reflect the positive impact of the DTL stage III.

Taxi: likely stagnant growth due to competition from Uber, Grab

- We project stagnant taxi EBIT growth in FY17F/18F at 0%/1% in view of sustained competition from Uber and Grab; projected growth is considerably slower compared to 3-9% yoy growth that the taxi business achieved in FY11-15.
- Having said that, we are less concerned about the sharp rise in taxi idle rates or a drop in taxi rental revenue given that 1) taxis still provide more stable and usually higher net income to drivers than private hire cars (i.e. Uber and Grab), and 2) the group continues to replace cheaper-rental Hyundai Sonata models (day rate: c.S$100) with the higher-rental (c.S$130) but more fuel-efficient I40 model.

Overseas bus: upbeat underlying business clouded by adverse FX

- We understand from management that the group's overseas bus operation has remained upbeat, with rising business volume. However, we note that the growth of the underlying business could be clouded by adverse FX translation in FY17 due to the significantly weakened £ after the Brexit referendum.

Decent dividend yields; overseas M&A is a re-rating catalyst

- With the above factored in, we are looking at low-to-mid single-digit EPS growth in FY17-18F. We recommend Add on ComfortDelGro for its potentially higher dividend payout in FY16-18F of 66-70% (translating into yield of 4.0-4.7%) vs. 64% in FY15, backed by its net cash position and expected increase in operating cashflow under GCM. Potential overseas M&A is a key re-rating catalyst. FX fluctuation is a key risk.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	4,051	4,112	4,026	4,027	4,114
Operating EBITDA (S$m)	795.8	840.0	843.0	854.8	870.5
Net Profit (S$m)	283.5	301.9	317.3	337.2	346.2
Core EPS (S$)	0.13	0.14	0.15	0.16	0.16
Core EPS Growth	7.01%	5.95%	5.10%	6.26%	2.68%
FD Core P/E (x)	19.09	18.02	17.14	16.14	15.71
DPS (S$)	0.08	0.09	0.10	0.11	0.11
Dividend Yield	3.26%	3.56%	3.85%	4.21%	4.45%
EV/EBITDA (x)	7.50	7.00	6.80	6.57	6.21
P/FCFE (x)	32.86	41.18	18.77	24.13	11.40
Net Gearing	(3.1%)	(7.6%)	(13.5%)	(18.2%)	(24.9%)
P/BV (x)	2.47	2.33	2.23	2.13	2.05
ROE	13.1%	13.3%	13.3%	13.5%	13.3%
CIMB/consensus EPS (x)			0.98	0.99	0.96

SOURCE: COMPANY DATA, CIMB FORECASTS

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CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**4,112**	**4,026**	**4,027**	**4,114**
Gross Profit	**1,183**	**1,182**	**1,203**	**1,230**
Operating EBITDA	**840**	**843**	**855**	**870**
Depreciation And Amortisation	-389	-372	-358	-361
Operating EBIT	**451**	**471**	**497**	**510**
Financial Income/(Expense)	-3	2	7	8
Pretax Income/(Loss) from Assoc.	5	5	6	6
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**452**	**478**	**510**	**523**
Exceptional Items	0	0	0	0
Pre-tax Profit	**452**	**478**	**510**	**523**
Taxation	-88	-101	-107	-109
Exceptional Income - post-tax				
Profit After Tax	**364**	**377**	**403**	**414**
Minority Interests	-62	-60	-66	-68
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**302**	**317**	**337**	**346**
Recurring Net Profit	302	317	337	346
Fully Diluted Recurring Net Profit	**302**	**317**	**337**	**346**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	788	868	864	1,099
Total Debtors	417	411	411	414
Inventories	75	70	70	72
Total Other Current Assets	0	0	0	0
Total Current Assets	**1,280**	**1,350**	**1,346**	**1,585**
Fixed Assets	2,909	2,773	2,767	2,678
Total Investments	62	67	73	78
Intangible Assets	673	673	673	673
Total Other Non-Current Assets	293	293	293	293
Total Non-current Assets	**3,937**	**3,805**	**3,805**	**3,722**
Short-term Debt	126	126	126	126
Current Portion of Long-Term Debt				
Total Creditors	844	684	685	699
Other Current Liabilities	166	218	224	226
Total Current Liabilities	**1,137**	**1,029**	**1,035**	**1,052**
Total Long-term Debt	432	311	128	95
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	130	130	130	130
Total Non-current Liabilities	**562**	**441**	**258**	**224**
Total Provisions	505	505	505	505
Total Liabilities	**2,204**	**1,975**	**1,797**	**1,782**
Shareholders' Equity	2,335	2,443	2,551	2,655
Minority Interests	678	737	803	871
Total Equity	**3,013**	**3,180**	**3,354**	**3,526**

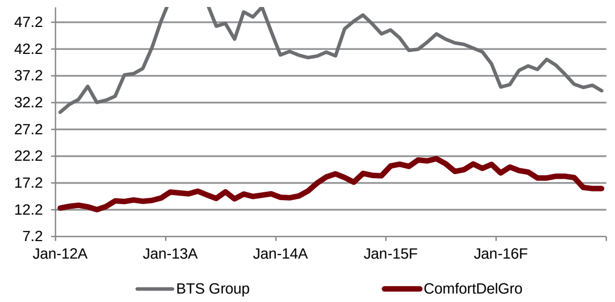
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	840.0	843.0	854.8	870.5
Cash Flow from Invt. & Assoc.	(4.9)	(5.2)	(5.5)	(5.6)
Change In Working Capital	(23.4)	(149.6)	0.1	10.4
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(387.8)	(365.0)	(345.0)	(347.0)
Other Operating Cashflow	388.9	385.2	365.5	367.6
Net Interest (Paid)/Received	(18.2)	(13.1)	(7.6)	(6.6)
Tax Paid	(81.8)	(49.1)	(101.1)	(106.5)
Cashflow From Operations	**712.8**	**646.2**	**761.2**	**782.8**
Capex	(669.6)	(357.8)	(352.4)	(362.7)
Disposals Of FAs/subsidiaries	262.8	122.2	0.0	90.5
Acq. Of Subsidiaries/investments	0.2	0.0	0.0	0.0
Other Investing Cashflow	15.5	0.0	0.0	0.0
Cash Flow From Investing	**(391.1)**	**(235.6)**	**(352.4)**	**(272.2)**
Debt Raised/(repaid)	(189.6)	(120.8)	(183.4)	(33.3)
Proceeds From Issue Of Shares	0.2	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(182.5)	(209.4)	(229.3)	(242.3)
Preferred Dividends				
Other Financing Cashflow	(14.1)	0.0	0.0	0.0
Cash Flow From Financing	**(386.0)**	**(330.2)**	**(412.7)**	**(275.6)**
Total Cash Generated	(64.3)	80.4	(3.8)	234.9
Free Cashflow To Equity	**132.1**	**289.8**	**225.4**	**477.2**
Free Cashflow To Firm	**339.9**	**423.7**	**416.5**	**517.2**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	1.49%	(2.07%)	0.02%	2.16%
Operating EBITDA Growth	5.55%	0.35%	1.40%	1.84%
Operating EBITDA Margin	20.4%	20.9%	21.2%	21.2%
Net Cash Per Share (S$)	0.11	0.20	0.28	0.41
BVPS (S$)	1.09	1.14	1.19	1.23
Gross Interest Cover	24.49	35.86	65.10	76.82
Effective Tax Rate	19.5%	21.1%	20.9%	20.9%
Net Dividend Payout Ratio	64.1%	66.0%	68.0%	70.0%
Accounts Receivables Days	11.35	12.33	12.04	11.92
Inventory Days	9.19	9.37	9.11	9.02
Accounts Payables Days	104.8	98.4	88.5	87.6
ROIC (%)	11.3%	11.6%	12.4%	12.8%
ROCE (%)	11.4%	11.9%	12.4%	12.5%
Return On Average Assets	7.02%	7.24%	7.71%	7.79%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Avg fare/trip (%chg,main prod/serv)	N/A	N/A	N/A	N/A
Ridership grth (%,main prod/serv)	3.1%	3.0%	3.0%	3.0%
Avg fare/trip (%chg,2ndary prod/serv)	N/A	N/A	N/A	N/A
Ridership grth (%,2ndary prod/serv)	8.3%	19.8%	9.8%	18.3%

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

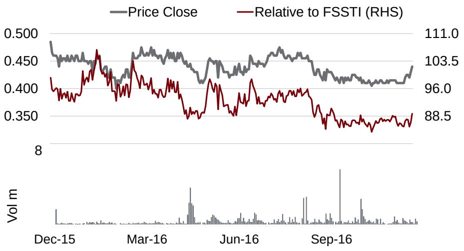
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 1	Hold 2	Sell 0

Current price:	S$0.44
Target price:	S$0.47
Previous target:	S$0.47
Up/downside:	7.9%
CIMB / Consensus:	11.3%
Reuters:	CSES.SI
Bloomberg:	CSE SP
Market cap:	US$159.6m
	S$227.1m
Average daily turnover:	US$0.14m
	S$0.19m
Current shares o/s	516.1m
Free float:	63.5%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	6	4.8	-7.4
Relative (%)	2	0.7	-8.6

Major shareholders	% held
Tan Mok Koon	13.0
Fidelity Management & Research	11.9
Chartered Asset Management	11.5

CSE Global

Flight-to-safety stock with guaranteed dividends

- One of the few dividend-paying oil & gas stocks in current volatile times.
- Strong balance sheet ensures survivability until sector recovers which could be by 2017 based on crude oil prices.
- We maintain our Add call with an unchanged 9.7x CY18F P/E based target price of S$0.47 (1 s.d. below its 5-year mean).

Weaker year on lower revenue from oil and gas segment

- The dearth of large oil and gas greenfield projects was the main reason for CSE Global's sluggish earnings in 2016. While still having its brownfield contracts as a recurrent baseline, bumper margins from greenfield projects were lacking as customers delayed spending and projects in the midst of crude oil price volatility.

Order intake falls for CY16

- CSE Global saw 9MCY16 orders falling to S$229.0m (from 9MCY15 of S$280m) largely due to oil and gas order intake dwindling to S$151.3m (from S$236.4m). The company enters 4Q16 with an S$179m order book.

Infrastructure cushions revenue fall

- Management aims to increase infrastructure income to mitigate the fall in oil and gas segment revenue. Infrastructure accounted for 19% of 9MCY16 revenue (from 13% in 9MCY15). We believe that infrastructure projects (transportation, power and waste treatment) should benefit from the trend of rising government spending in Australia, the US and Asia, hence 2017 could see better days.

Strong balance sheet ensures survivability

- Despite the sluggish margin outlook, we still favour CSE Global for its strong balance sheet. Net cash (ex-quoted investment) was S$52.9m at end-3Q16 whilst operating cashflow was positive S$57.3m. Management guided that any acquisitions will likely be minimal in price, so investors can expect that buffer cash for the medium-term. This is also the underlying thesis of our confidence in the stock.

Key is guaranteed dividend

- Management also mentioned it is committed to S$0.0275 DPS for FY16. The dividend will hardly dent the company's near-term cash balance and translates into a yield of 6.3% at the current share price. Given the significant cash pile we will not be surprised if it can maintain the dividend payout in the coming years too.

Maintain Add

- CSE Global still offers healthy 9.3% ROE, 6.3% dividend yield, steady cashflow generation and a healthy balance sheet despite the flattish earnings outlook. As such, we still favour the stock. Key downside risks will be further margin erosion from the oil and gas sector, but having said that, we think that CSE Global is poised to wait out the tough times.

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	416.7	412.0	337.8	360.5	387.8
Operating EBITDA (S$m)	49.35	43.30	33.64	34.09	36.66
Net Profit (S$m)	35.36	34.07	23.32	23.49	25.26
Core EPS (S$)	0.062	0.059	0.045	0.046	0.049
Core EPS Growth	6.2%	(4.9%)	(23.9%)	0.7%	7.5%
FD Core P/E (x)	7.04	7.41	9.74	9.67	8.99
DPS (S$)	0.028	0.028	0.028	0.028	0.028
Dividend Yield	6.25%	6.25%	6.25%	6.25%	6.25%
EV/EBITDA (x)	4.29	4.10	4.51	4.14	3.79
P/FCFE (x)	5.49	4.80	7.11	13.63	27.56
Net Gearing	(10.6%)	(22.0%)	(31.7%)	(34.9%)	(34.6%)
P/BV (x)	1.08	0.94	0.91	0.88	0.85
ROE	16.0%	13.6%	9.5%	9.3%	9.6%
CIMB/consensus EPS (x)			1.10	1.08	1.11

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**412.0**	**337.8**	**360.5**	**387.8**
Gross Profit	**118.2**	**106.4**	**108.2**	**116.4**
Operating EBITDA	**43.3**	**33.6**	**34.1**	**36.7**
Depreciation And Amortisation	(3.9)	(3.0)	(3.2)	(3.5)
Operating EBIT	**39.4**	**30.6**	**30.8**	**33.2**
Financial Income/(Expense)	0.3	0.5	0.4	0.4
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**39.6**	**31.1**	**31.3**	**33.6**
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	**39.6**	**31.1**	**31.3**	**33.6**
Taxation	(8.7)	(7.1)	(7.2)	(7.7)
Exceptional Income - post-tax	3.4	0.0	0.0	0.0
Profit After Tax	**34.3**	**23.9**	**24.1**	**25.9**
Minority Interests	(0.2)	(0.6)	(0.6)	(0.6)
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**34.1**	**23.3**	**23.5**	**25.3**
Recurring Net Profit	30.7	23.3	23.5	25.3
Fully Diluted Recurring Net Profit	**30.7**	**23.3**	**23.5**	**25.3**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	109.7	126.2	127.4	120.1
Total Debtors	106.7	95.6	101.8	109.3
Inventories	11.8	13.9	14.8	15.9
Total Other Current Assets	64.2	64.8	59.3	63.8
Total Current Assets	**292.4**	**300.4**	**303.3**	**309.1**
Fixed Assets	23.4	24.4	25.1	25.6
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	44.9	44.9	44.9	44.9
Total Other Non-Current Assets	13.9	13.9	13.9	13.9
Total Non-current Assets	**82.1**	**83.1**	**83.9**	**84.4**
Short-term Debt	55.6	45.6	35.6	25.6
Current Portion of Long-Term Debt				
Total Creditors	46.5	55.5	59.3	63.8
Other Current Liabilities	21.7	23.2	24.4	25.9
Total Current Liabilities	**123.8**	**124.3**	**119.3**	**115.3**
Total Long-term Debt	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	**0.0**	**0.0**	**0.0**	**0.0**
Total Provisions	5.0	5.0	5.0	5.0
Total Liabilities	**128.8**	**129.3**	**124.3**	**120.2**
Shareholders' Equity	241.4	249.2	257.2	267.0
Minority Interests	4.4	5.0	5.6	6.2
Total Equity	**245.8**	**254.2**	**262.9**	**273.2**

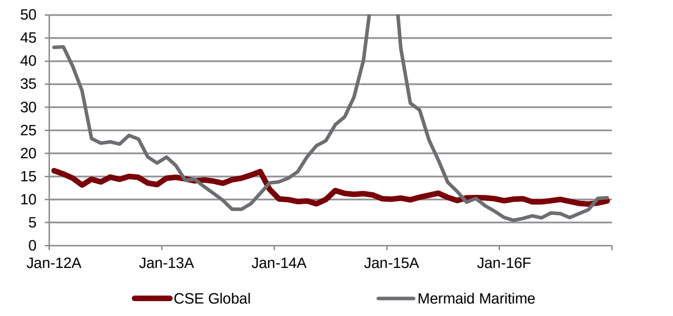
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	43.3	33.6	34.1	36.7
Cash Flow from Invt. & Assoc.				
Change In Working Capital	4.4	19.0	3.3	(7.1)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(2.3)	0.0	0.0	0.0
Other Operating Cashflow				
Net Interest (Paid)/Received	(0.9)	0.5	0.4	0.4
Tax Paid	(8.5)	(7.1)	(7.2)	(7.7)
Cashflow From Operations	**36.1**	**45.9**	**30.7**	**22.2**
Capex	(7.9)	(4.0)	(4.0)	(4.0)
Disposals Of FAs/subsidiaries	7.6	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	**(0.3)**	**(4.0)**	**(4.0)**	**(4.0)**
Debt Raised/(repaid)	11.6	(10.0)	(10.0)	(10.0)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(14.2)	(15.5)	(15.5)	(15.5)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	**(2.6)**	**(25.5)**	**(25.5)**	**(25.5)**
Total Cash Generated	33.1	16.5	1.2	(7.2)
Free Cashflow To Equity	**47.3**	**31.9**	**16.7**	**8.2**
Free Cashflow To Firm	**36.9**	**42.3**	**27.0**	**18.6**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(1.1%)	(18.0%)	6.7%	7.6%
Operating EBITDA Growth	(12.3%)	(22.3%)	1.3%	7.5%
Operating EBITDA Margin	10.5%	10.0%	9.5%	9.5%
Net Cash Per Share (S$)	0.10	0.16	0.18	0.18
BVPS (S$)	0.47	0.48	0.50	0.52
Gross Interest Cover	45.63	90.59	85.55	85.52
Effective Tax Rate	22.1%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	46.3%	60.9%	60.4%	56.2%
Accounts Receivables Days	94.6	106.3	96.8	96.5
Inventory Days	18.01	20.33	20.75	20.67
Accounts Payables Days	67.98	80.68	83.01	82.70
ROIC (%)	16%	13%	14%	16%
ROCE (%)	14.2%	10.3%	10.4%	11.2%
Return On Average Assets	8.33%	6.21%	6.16%	6.54%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Outstanding Orderbook (S$m)	193	222	234	324
Order Book Wins (S$m)	351.0	300.0	300.0	400.0
Order Book Depletion (S$m)	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US$)	N/A	N/A	N/A	N/A
No. Of Ships (unit)	N/A	N/A	N/A	N/A
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

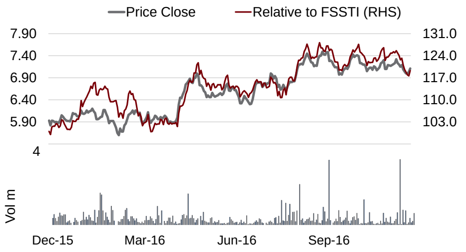
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 5	Hold 2	Sell 1

Current price:	US$7.11
Target price:	US$8.70
Previous target:	US$8.70
Up/downside:	22.4%
CIMB / Consensus:	14.2%
Reuters:	DAIR.SI
Bloomberg:	DFI SP
Market cap:	US$9,614m
	US$9,614m
Average daily turnover:	US$2.80m
	US$2.80m
Current shares o/s	1,352m
Free float:	22.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-0.4	-3.9	17.7
Relative (%)	-4.4	-8	16.5

Major shareholders	% held
Jardine Strategic Holdings	77.6
Franklin Resources	7.4
Aberdeen Asset Management	2.1

Dairy Farm Int'l

Margin recovery to drive stock recovery

- DFI's investment thesis is one of recovering margins as the group began closing underperforming stores in 2015. We think we will start to see the rewards in 2H16.
- We expect recovery to be led by its food segment, where both sales and margins have improved according to the company's 3Q interim statement.
- DFI's operations in Indonesia have also returned to profitability. Maintain Add.

Where were the problem areas?

- To recap, FY15 was a particularly challenging year for DFI with net profit down 17% yoy on the back of margin pressures. The problems arose as it expanded too aggressively, and demand failed to keep up. There was also the added impact of slowing arrivals of mainland Chinese in Hong Kong which negatively impacted its health and beauty segment.

What has changed?

- DFI has since undertaken the painful task of rationalising its stores and driving productivity. The group also implemented a slew of initiatives to improve its core food business: 1) higher range of fresh produce, 2) increased private label offerings, and 3) increased direct sourcing. We think it is the combination of all these factors which are now contributing to an earlier-than-expected margin recovery.

Food segment led the recovery

- We are most positive on the group's food segment, which consists of supermarkets/ hypermarkets and convenience stores, and made up c.50% of group EBIT in 1H16. Early signs of recovery first showed up in 1H16, where food's EBIT grew 4% yoy on the back of a 1% yoy decline in sales (mostly due to store closures). The positive momentum appears to have sustained, and we are very encouraged that the group reported both positive sales growth and improved profitability in 3Q.

Expecting better Indonesia and Singapore performance

- By geography, the problem countries previously were Indonesia, Singapore and Malaysia. We think Malaysia is still struggling as its consumer climate remains poor. However, PT Hero reported much better numbers in 9M16 and has returned to profitability (prev. loss-making). We also expect Singapore to do better and our channel checks show DFI has even cautiously returned to bid for new stores.

Potential headwinds in health and beauty segment

- We think the downside risk to our positive tune could come from the health and beauty segment (c.35% of group EBIT in 1H), as management warned that profitability remained "marginally below the prior year". This was already evident in 1H16 as EBIT slowed 11% yoy on the back of margin erosion in Hong Kong and Malaysia.

Reiterate Add on improved margins

- Overall, we are positive on the stock's margin recovery initiatives. We believe DFI has turned the corner and the worst is over. Our TP of US$8.70 is based on 23.7x CY18 P/E, its -0.5 s.d. level. Stock offers a 3% yield. Maintain Add.

Analyst(s)

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (US$m)	11,008	11,137	11,194	11,419	11,706
Operating EBITDA (US$m)	736.8	643.1	630.6	668.2	715.0
Net Profit (US$m)	509.1	424.4	438.9	456.3	496.6
Core EPS (US$)	0.37	0.32	0.32	0.34	0.37
Core EPS Growth	4.1%	(14.4%)	2.5%	4.0%	8.8%
FD Core P/E (x)	19.22	22.46	21.91	21.07	19.36
DPS (US$)	0.23	0.20	0.20	0.22	0.23
Dividend Yield	3.23%	2.81%	2.81%	3.09%	3.23%
EV/EBITDA (x)	12.00	13.81	13.95	12.97	11.89
P/FCFE (x)	36.43	NA	90.01	27.79	24.25
Net Gearing	(31.2%)	33.1%	39.8%	32.1%	23.9%
P/BV (x)	6.73	6.99	6.23	5.58	5.00
ROE	36.9%	30.5%	30.1%	27.9%	27.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.99	0.93	0.92

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**11,137**	**11,194**	**11,419**	**11,706**
Gross Profit	**3,285**	**3,325**	**3,426**	**3,512**
Operating EBITDA	**643**	**631**	**668**	**715**
Depreciation And Amortisation	(212)	(213)	(217)	(222)
Operating EBIT	**431**	**418**	**451**	**493**
Financial Income/(Expense)	(14)	(22)	(20)	(20)
Pretax Income/(Loss) from Assoc.	85	112	123	131
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**502**	**508**	**554**	**603**
Exceptional Items	0	0	0	0
Pre-tax Profit	**502**	**508**	**554**	**603**
Taxation	(85)	(71)	(100)	(109)
Exceptional Income - post-tax				
Profit After Tax	**418**	**437**	**454**	**495**
Minority Interests	6	2	2	2
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**424**	**439**	**456**	**497**
Recurring Net Profit	428	439	456	497
Fully Diluted Recurring Net Profit	**428**	**439**	**456**	**497**

Balance Sheet

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	259	95	164	262
Total Debtors	234	245	250	257
Inventories	937	970	985	1,010
Total Other Current Assets	11	11	11	11
Total Current Assets	**1,440**	**1,322**	**1,411**	**1,540**
Fixed Assets	1,141	1,178	1,211	1,239
Total Investments	1,299	1,546	1,604	1,670
Intangible Assets	744	779	814	849
Total Other Non-Current Assets	197	197	197	197
Total Non-current Assets	**3,381**	**3,700**	**3,826**	**3,954**
Short-term Debt	730	730	730	730
Current Portion of Long-Term Debt				
Total Creditors	2,355	2,389	2,427	2,488
Other Current Liabilities	67	67	67	67
Total Current Liabilities	**3,151**	**3,185**	**3,223**	**3,284**
Total Long-term Debt	11	11	11	11
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	44	44	44	44
Total Non-current Liabilities	**54**	**54**	**54**	**54**
Total Provisions	161	161	161	161
Total Liabilities	**3,366**	**3,400**	**3,438**	**3,499**
Shareholders' Equity	1,376	1,544	1,723	1,923
Minority Interests	79	77	75	73
Total Equity	**1,455**	**1,622**	**1,799**	**1,996**

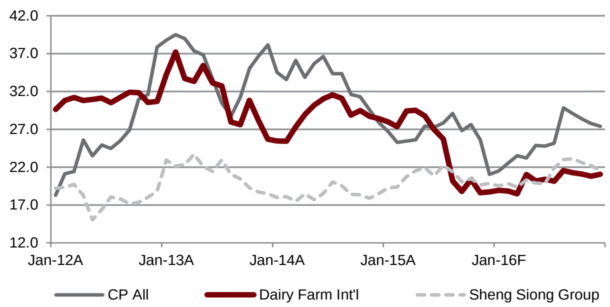
Cash Flow

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	643.1	630.6	668.2	715.0
Cash Flow from Invt. & Assoc.	61.9	65.0	65.0	65.0
Change In Working Capital	73.0	(10.5)	17.4	29.9
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	25.2	0.0	0.0	0.0
Other Operating Cashflow				
Net Interest (Paid)/Received	(13.2)	(22.0)	(20.0)	(20.0)
Tax Paid	(90.2)	(71.3)	(99.7)	(108.6)
Cashflow From Operations	**699.8**	**591.8**	**630.9**	**681.4**
Capex	(1,222.2)	(485.0)	(285.0)	(285.0)
Disposals Of FAs/subsidiaries	3.4	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(146.6)	0.0	0.0	0.0
Other Investing Cashflow				
Cash Flow From Investing	**(1,365.4)**	**(485.0)**	**(285.0)**	**(285.0)**
Debt Raised/(repaid)	573.1	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(311.0)	(270.4)	(277.2)	(297.5)
Preferred Dividends				
Other Financing Cashflow	15.7	0.0	0.0	0.0
Cash Flow From Financing	**277.8**	**(270.4)**	**(277.2)**	**(297.5)**
Total Cash Generated	(387.8)	(163.6)	68.7	98.9
Free Cashflow To Equity	**(92.5)**	**106.8**	**345.9**	**396.4**
Free Cashflow To Firm	**(650.6)**	**130.8**	**368.9**	**419.4**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	1.17%	0.51%	2.01%	2.51%
Operating EBITDA Growth	(12.7%)	(1.9%)	6.0%	7.0%
Operating EBITDA Margin	5.77%	5.63%	5.85%	6.11%
Net Cash Per Share (US$)	(0.36)	(0.48)	(0.43)	(0.35)
BVPS (US$)	1.02	1.14	1.27	1.42
Gross Interest Cover	28.18	17.41	19.62	21.42
Effective Tax Rate	16.8%	14.0%	18.0%	18.0%
Net Dividend Payout Ratio	63.7%	61.6%	65.2%	62.6%
Accounts Receivables Days	7.96	7.83	7.92	7.90
Inventory Days	45.27	44.35	44.65	44.45
Accounts Payables Days	110.8	110.3	109.9	109.4
ROIC (%)	45.4%	41.2%	40.5%	41.9%
ROCE (%)	21.0%	17.5%	17.6%	17.9%
Return On Average Assets	9.4%	9.2%	9.2%	9.5%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	1.1%	-0.2%	0.9%	1.4%
No. of POS (main prod/serv)	4,972	4,966	5,044	5,122
SSS grth (%, main prod/serv)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	N/A	N/A	N/A	N/A
No. of POS (2ndary prod/serv)	N/A	N/A	N/A	N/A
SSS grth (%, 2ndary prrod/serv)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

DBS Group

Cost discipline amid weak topline growth

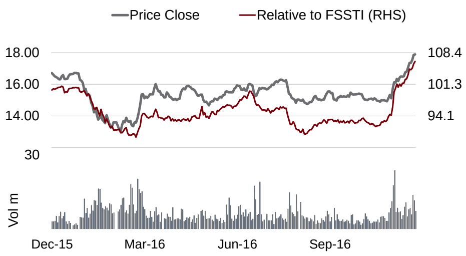
- DBS is our preferred pick among the Singapore banks for its diversified non-NII growth, ability to control costs, and least demanding valuations.
- Amid protracted slowdown in the economy, DBS's smallest exposure to SMEs and investment property mortgages could lend further stability to asset quality.
- Maintain Hold and GGM-based target price of S$15.40 (0.86x CY17F P/BV).

HOLD *(no change)*

Consensus ratings*:	Buy 17	Hold 6	Sell 1

Current price:	S$17.89
Target price:	S$15.40
Previous target:	S$15.40
Up/downside:	-13.9%
CIMB / Consensus:	-10.9%
Reuters:	DBSM.SI
Bloomberg:	DBS SP
Market cap:	US$31,905m
	S$45,391m
Average daily turnover:	US$60.76m
	S$84.81m
Current shares o/s	10,114m
Free float:	70.4%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	19.2	19	7.6
Relative (%)	15.2	14.9	6.4

Major shareholders	% held
Temasek Holdings Pte Ltd	29.6
Vanguard Group	1.8
Norges Bank	1.8

NIM could see some downside before upside

- DBS has guided for NIM to fall a further 4-5bp in 4Q16. We see near-term NIM pressure from repricing of loans to the lower SIBOR/SOR, higher cost of US$ funding, and competition to deploy excess liquidity in the S$ space.
- Beyond the next two quarters, NIM pressure could ease as the US Fed hikes are likely to have a positive impact on SIBOR/SOR and improve US$ loan spreads.

Diversified non-NII growth

- DBS has managed to see diversified fee growth across its franchise, with a good showing in IB fees, credit cards, and wealth management with the help of its Manulife bancassurance deal. Trading and other income has also consistently done well in recent quarters on the back of market volatility.

Asset quality unlikely to deteriorate significantly

- DBS guided that the worst of the oil & gas credit cycle is over as most chunky vulnerable exposures have been classified, though it is still in talks with some names to refinance their loans. It expects NPL ratio to be within 1.4% in 4Q16 (3Q16: 1.3%).
- In a period of prolonged sluggish economic growth, SMEs tend to be the most vulnerable, especially if they are unable to get access to credit. Higher unemployment could also put pressure on mortgage asset quality as borrowers are unable to meet their monthly payments. Among the three banks, DBS has the smallest exposure to SMEs, while its mortgage exposure is skewed towards owner-occupied and HDB properties which tend to have more resilient asset quality.

Early investments in digitisation led to impressive cost savings…

- DBS surprised positively with a 40.9% cost-income ratio in 3Q16, down from 44.0% in the prior quarter which included one-off discretionary and marketing expenses.
- DBS aims to cut its cost-income ratio by 1% pt per year, as cost savings from its early investments in technology could result in efficiency gains, while it is also consciously keeping a tight lid on expenses in a slow revenue growth environment.

…and could also allow it to grow market share overseas

- DBS is the only bank to roll out a fully digital banking strategy with the launch of Digibank in India this year. We think this will help DBS's position as a small foreign bank competing with a limited branch network overseas.
- Its acquisition of ANZ will also expand its customer reach by 6x in Indonesia and 2.5x in Taiwan, and should help boost profitability as DBS gains market share by employing a digital banking strategy in those two countries.

Top pick for exposure to the Singapore banks

- We maintain our Hold call, with a GGM-based target price of S$15.40 (0.86x CY17F P/BV).
- DBS remains our preferred pick among the Singapore banks for its diversified fee growth, cost savings from its earlier investments in technology, smallest exposure to the segments that could see asset quality weakness in a period of slow economic growth, and least demanding valuations among peers.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Net Interest Income (S$m)	6,321	7,100	7,287	7,507	7,778
Total Non-Interest Income (S$m)	3,495	3,823	4,154	4,095	4,246
Operating Revenue (S$m)	9,816	10,923	11,442	11,602	12,023
Total Provision Charges (S$m)	(667)	(743)	(1,300)	(1,432)	(1,494)
Net Profit (S$m)	3,848	4,318	4,261	4,168	4,311
Core EPS (S$)	1.57	1.73	1.71	1.67	1.73
Core EPS Growth	9.2%	10.4%	(1.3%)	(2.2%)	3.4%
FD Core P/E (x)	11.56	10.34	10.48	10.71	10.36
DPS (S$)	0.58	0.60	0.60	0.60	0.62
Dividend Yield	3.24%	3.35%	3.35%	3.35%	3.47%
BVPS (S$)	14.89	15.74	16.83	17.86	18.94
P/BV (x)	1.20	1.14	1.06	1.00	0.94
ROE	10.9%	11.3%	10.3%	9.4%	9.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	0.96	0.93

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Net Interest Income	7,100	7,287	7,507	7,778
Total Non-Interest Income	3,823	4,154	4,095	4,246
Operating Revenue	**10,923**	**11,442**	**11,602**	**12,023**
Total Non-Interest Expenses	(4,900)	(4,977)	(5,163)	(5,350)
Pre-provision Operating Profit	**6,023**	**6,465**	**6,439**	**6,673**
Total Provision Charges	(743)	(1,300)	(1,432)	(1,494)
Operating Profit After Provisions	**5,280**	**5,164**	**5,007**	**5,179**
Pretax Income/(Loss) from Assoc.	14	0	0	0
Operating EBIT (incl Associates)	**5,294**	**5,164**	**5,007**	**5,179**
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**5,294**	**5,164**	**5,007**	**5,179**
Exceptional Items				
Pre-tax Profit	**5,294**	**5,164**	**5,007**	**5,179**
Taxation	(727)	(746)	(723)	(748)
Consolidation Adjustments & Others				
Exceptional Income - post-tax	(136)	(38)	0	0
Profit After Tax	**4,431**	**4,380**	**4,284**	**4,431**
Minority Interests	(113)	(119)	(116)	(120)
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	**4,318**	**4,261**	**4,168**	**4,311**
Recurring Net Profit	4,318	4,261	4,168	4,311

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Gross Loans	325,156	328,079	342,749	355,242
Liquid Assets & Invst. (Current)	0	0	0	0
Other Int. Earning Assets	74,574	76,410	78,294	80,226
Total Gross Int. Earning Assets	**399,730**	**404,490**	**421,043**	**435,468**
Total Provisions/Loan Loss Reserve	(3,582)	(3,852)	(4,459)	(5,062)
Total Net Interest Earning Assets	**396,148**	**400,638**	**416,584**	**430,405**
Intangible Assets	5,117	5,117	5,117	5,117
Other Non-Interest Earning Assets	14,109	25,708	24,027	27,018
Total Non-Interest Earning Assets	**19,226**	**30,825**	**29,144**	**32,135**
Cash And Marketable Securities	**42,460**	**35,630**	**36,342**	**37,069**
Long-term Investments	0	0	0	0
Total Assets	**457,834**	**467,093**	**482,070**	**499,609**
Customer Interest-Bearing Liabilities	320,134	328,137	337,981	349,811
Bank Deposits	18,251	18,707	19,268	19,943
Interest Bearing Liabilities: Others	42,104	37,894	39,030	40,396
Total Interest-Bearing Liabilities	**380,489**	**384,738**	**396,280**	**410,150**
Bank's Liabilities Under Acceptances				
Total Non-Interest Bearing Liabilities	34,549	35,103	35,784	36,602
Total Liabilities	**415,038**	**419,841**	**432,064**	**446,752**
Shareholders' Equity	**40,374**	**44,711**	**47,350**	**50,080**
Minority Interests	2,422	2,541	2,657	2,777
Total Equity	**42,796**	**47,252**	**50,006**	**52,857**

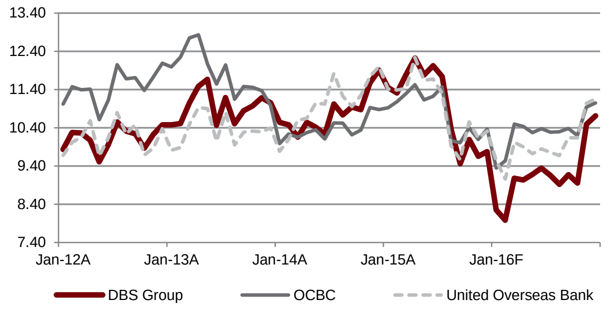
Balance Sheet Employment

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Gross Loans/Cust Deposits	89.6%	90.6%	92.3%	92.6%
Avg Loans/Avg Deposits	88.8%	90.1%	91.5%	92.4%
Avg Liquid Assets/Avg Assets	29.0%	27.2%	25.6%	25.2%
Avg Liquid Assets/Avg IEAs	33.1%	31.3%	29.4%	28.9%
Net Cust Loans/Assets	61.9%	62.9%	63.8%	63.8%
Net Cust Loans/Broad Deposits	83.7%	84.6%	86.0%	86.3%
Equity & Provns/Gross Cust Loans	14.1%	15.0%	15.2%	15.5%
Asset Risk Weighting	59.9%	61.1%	62.7%	63.4%
Provision Charge/Avg Cust Loans	0%	0%	0%	0%
Provision Charge/Avg Assets	0%	0%	0%	0%
Total Write Offs/Average Assets	0%	0%	0%	0%

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Income Growth	11.3%	4.7%	1.4%	3.6%
Operating Profit Growth	9.79%	7.33%	(0.40%)	3.64%
Pretax Profit Growth	8.08%	(2.45%)	(3.05%)	3.43%
Net Interest To Total Income	65.0%	63.7%	64.7%	64.7%
Cost Of Funds	0.68%	0.63%	0.65%	0.66%
Return On Interest Earning Assets	2.45%	2.41%	2.43%	2.44%
Net Interest Spread	1.77%	1.78%	1.78%	1.78%
Net Interest Margin (Avg Deposits)	2.23%	2.25%	2.25%	2.26%
Net Interest Margin (Avg RWA)	2.64%	2.60%	2.55%	2.51%
Provisions to Pre Prov. Operating Profit	12.3%	20.1%	22.2%	22.4%
Interest Return On Average Assets	1.58%	1.58%	1.58%	1.58%
Effective Tax Rate	13.7%	14.4%	14.4%	14.4%
Net Dividend Payout Ratio	33.6%	34.8%	35.9%	35.9%
Return On Average Assets	0.99%	0.93%	0.88%	0.88%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Loan Growth (%)	2.8%	3.7%	4.8%	3.9%
Net Interest Margin (%)	1.8%	1.8%	1.8%	1.8%
Non Interest Income Growth (%)	9.4%	8.7%	-1.4%	3.7%
Cost-income Ratio (%)	44.9%	43.5%	44.5%	44.5%
Net NPL Ratio (%)	0.9%	1.4%	1.5%	1.5%
Loan Loss Reserve (%)	0.0%	0.0%	0.0%	0.0%
GP Ratio (%)	0.0%	0.0%	0.0%	0.0%
Tier 1 Ratio (%)	13.5%	13.1%	13.3%	13.5%
Total CAR (%)	30.7%	28.0%	27.8%	27.8%
Deposit Growth (%)	0.9%	2.5%	3.0%	3.5%
Loan-deposit Ratio (%)	88.5%	89.5%	90.9%	91.2%
Gross NPL Ratio (%)	0.9%	1.4%	1.5%	1.5%
Fee Income Growth (%)	5.8%	11.1%	1.4%	2.8%

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

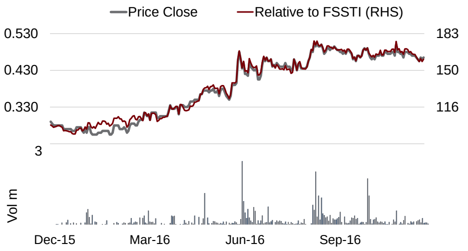
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 1	Hold 0	Sell 0

Current price:	S$0.47
Target price:	S$0.65
Previous target:	S$0.65
Up/downside:	40.8%
CIMB / Consensus:	0.7%
Reuters:	DTHL.SI
Bloomberg:	DTECH SP
Market cap:	US$116.5m
	S$165.8m
Average daily turnover:	US$0.06m
	S$0.08m
Current shares o/s	356.5m
Free float:	27.4%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.1	-4.1	60.3
Relative (%)	-7.1	-8.2	59.1

Major shareholders	% held
Spectacular Bright Corp.	42.9
Willalpha International Limited	15.8
Droege Capital GMBH	8.0

Dutech Holdings Limited

Upbeat growth trajectory

- Asia's largest safe manufacturer; reputable global customers.
- Upbeat sales outlook in FY17-18F driven by positive business developments.
- Strong balance sheet; maintain Add with CY17 DCF-based target price of S$0.65. Dutech is one of our Singapore top picks.

Asia's largest safe manufacturer

- As Asia's largest safe manufacturer, Dutech fulfills over 50% of the safe demand from Diebold and Wincor Nixdorf, the world's second- and third-largest ATM manufacturers, which collectively command 30-40% of the global ATM market.
- Dutech is also a key ODM manufacturer for Winchester and Liberty, two leading US weapon safe brands. In 2014, Dutech secured Scientific Games, a top global gaming machine supplier, as its key customer for its intelligent terminal business.

Staying ahead of competition through continued R&D

- Dutech continues to sharpen its competitive edge in the high-end global safe market via continued investment in R&D. R&D expenses formed 2.3% of group sales (34% of core net profit) in FY11-15.
- Thanks to its R&D efforts, Dutech is one of the few Asian safe makers today with UL and CEN certificates. These certificates are often considered key criteria in global customers' selection of suppliers and set Dutech apart from other China safe makers, which are usually focused on the lower-end local market.

Positive business developments to drive growth ahead

- We project upbeat sales outlook for Dutech in FY17-18F, driven by: 1) potential new contracts from Wincor and Diebold post their merger, 2) the manufacturing contract for a new transmission product from a leading automotive player, and 3) the recently completed acquisition of METRIC Mobility Solutions AG, a Frankfurt-listed intelligent terminal maker/payment solution provider.
- We note that while #1 above should be immediately earnings-accretive, it might take 1-3 years for the group to see meaningful bottomline contribution from #2 and #3 considering the development cycle for the new transmission product and the time and effort needed to streamline METRIC operations. We recommend investors to remain patient and stay invested while management strives to turn METRIC around.

Margin normalisation ahead is well expected

- Dutech has been a key beneficiary of the weakening Rmb (c.80-90% of its FY15 sales from its China plants were denominated in US$ but costs are mainly in Rmb) and low steel prices (steel formed c.40-50% of group cost of sales). As a result, group GPM rose 1.7% pts to 31.6% in 9M16 (9M15: 29.9%).
- We project lower GPM for Dutech in FY17F/18F at 28.4%/28.3% vs. FY16F's 30.3% to reflect the recent rebound in steel price. We expect the continued weakening Rmb to mitigate margin pressure from the higher steel prices.

Formidable balance sheet

- Dutech had Rmb212m net cash as at end-3Q16. We note that most of Dutech's cash position is held in US$, enabling it to reduce its exposure to the weakening Rmb and act on potential acquisitions promptly should opportunities arise.

Maintain Add, with CY17 DCF-based target price of S$0.65

- Dutech currently trades at FY16/17F core P/E of 7.7x/6.6x vs. peers/downstream players' average of 17.3x/14.4x. Key re-rating catalysts include: 1) organic growth of existing businesses, and 2) potential synergies from new acquisitions. Fluctuations in FX and steel prices are key risks.

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (Rmbm)	1,051	1,194	1,270	1,540	1,682
Operating EBITDA (Rmbm)	106.7	150.0	172.4	194.0	217.3
Net Profit (Rmbm)	144.8	118.0	115.4	121.7	138.1
Core EPS (Rmb)	0.19	0.27	0.29	0.34	0.39
Core EPS Growth	(3.4%)	38.2%	10.7%	16.2%	13.5%
FD Core P/E (x)	11.73	8.49	7.67	6.60	5.81
DPS (Rmb)	0.048	0.072	0.048	0.048	0.048
Dividend Yield	2.15%	3.22%	2.15%	2.15%	2.15%
EV/EBITDA (x)	6.20	3.96	3.00	2.37	1.72
P/FCFE (x)	NA	4.44	8.58	14.92	8.07
Net Gearing	(22.3%)	(29.0%)	(35.0%)	(37.4%)	(41.5%)
P/BV (x)	1.33	1.16	1.01	0.90	0.79
ROE	12.8%	14.6%	14.1%	14.4%	14.4%
CIMB/consensus EPS (x)			1.12	1.00	0.99

SOURCE: COMPANY DATA, CIMB FORECASTS

CIMB

BY THE NUMBERS

Profit & Loss

(Rmbm)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**1,194**	**1,270**	**1,540**	**1,682**
Gross Profit	**342**	**385**	**438**	**476**
Operating EBITDA	**150**	**172**	**194**	**217**
Depreciation And Amortisation	-26	-29	-31	-33
Operating EBIT	**124**	**144**	**163**	**185**
Financial Income/(Expense)	2	-4	-1	-0
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	23	11	0	0
Profit Before Tax (pre-EI)	**149**	**151**	**163**	**184**
Exceptional Items				
Pre-tax Profit	**149**	**151**	**163**	**184**
Taxation	-31	-35	-41	-46
Exceptional Income - post-tax				
Profit After Tax	**118**	**115**	**122**	**138**
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**118**	**115**	**122**	**138**
Recurring Net Profit	95	105	122	138
Fully Diluted Recurring Net Profit	**95**	**105**	**122**	**138**

Balance Sheet

(Rmbm)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	256.3	332.5	369.0	451.2
Total Debtors	196.2	200.0	233.3	254.8
Inventories	151.8	175.0	199.9	218.8
Total Other Current Assets	24.3	24.3	24.3	24.3
Total Current Assets	**628.5**	**731.7**	**826.5**	**949.1**
Fixed Assets	305.0	311.7	316.3	319.1
Total Investments	7.0	7.3	7.6	7.9
Intangible Assets	10.0	10.0	10.0	10.0
Total Other Non-Current Assets	2.3	2.3	2.3	2.3
Total Non-current Assets	**324.3**	**331.2**	**336.2**	**339.3**
Short-term Debt	46.8	46.8	25.9	20.9
Current Portion of Long-Term Debt				
Total Creditors	159.4	171.5	187.7	197.6
Other Current Liabilities	10.8	10.8	10.8	10.8
Total Current Liabilities	**217.0**	**229.1**	**224.4**	**229.3**
Total Long-term Debt	8.1	8.1	8.1	8.1
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	16.9	16.9	16.9	16.9
Total Non-current Liabilities	**25.0**	**25.0**	**25.0**	**25.0**
Total Provisions	17.0	17.0	17.0	17.0
Total Liabilities	**259.1**	**271.1**	**266.4**	**271.3**
Shareholders' Equity	693.8	791.9	896.2	1,017.0
Minority Interests				
Total Equity	**693.8**	**791.9**	**896.2**	**1,017.0**

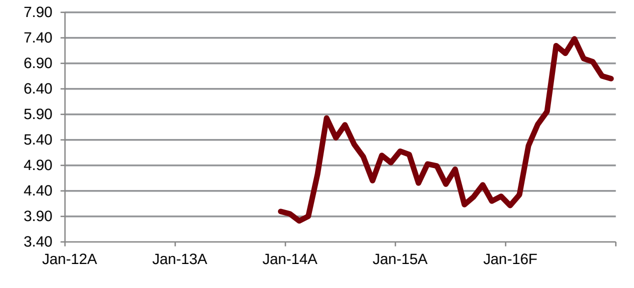
Cash Flow

(Rmbm)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	150.0	172.4	194.0	217.3
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(34.2)	(14.9)	(42.0)	(30.6)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	11.2	10.7	0.0	0.0
Net Interest (Paid)/Received	3.5	(4.0)	(0.9)	(0.5)
Tax Paid	(20.7)	(35.2)	(40.9)	(46.4)
Cashflow From Operations	**109.8**	**129.0**	**110.2**	**139.9**
Capex	(30.2)	(35.5)	(35.5)	(35.5)
Disposals Of FAs/subsidiaries	93.7	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(8.8)	0.0	0.0	0.0
Other Investing Cashflow	7.8	0.0	0.0	0.0
Cash Flow From Investing	**62.6**	**(35.5)**	**(35.5)**	**(35.5)**
Debt Raised/(repaid)	8.4	0.0	(20.9)	(5.0)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(24.4)	(17.3)	(17.3)	(17.3)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	**(16.0)**	**(17.3)**	**(38.2)**	**(22.3)**
Total Cash Generated	156.4	76.2	36.5	82.2
Free Cashflow To Equity	**180.8**	**93.5**	**53.8**	**99.4**
Free Cashflow To Firm	**175.2**	**98.9**	**77.1**	**106.3**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	13.6%	6.4%	21.3%	9.2%
Operating EBITDA Growth	40.6%	15.0%	12.5%	12.0%
Operating EBITDA Margin	12.6%	13.6%	12.6%	12.9%
Net Cash Per Share (Rmb)	0.56	0.78	0.94	1.18
BVPS (Rmb)	1.95	2.22	2.51	2.85
Gross Interest Cover	43.26	26.69	70.70	98.84
Effective Tax Rate	21.0%	23.4%	25.2%	25.1%
Net Dividend Payout Ratio	20.7%	15.0%	14.2%	12.5%
Accounts Receivables Days	55.18	57.09	51.35	52.97
Inventory Days	65.44	67.60	62.07	63.33
Accounts Payables Days	34.23	34.09	31.98	33.17
ROIC (%)	19.3%	20.7%	22.6%	23.6%
ROCE (%)	18.2%	17.8%	18.2%	18.5%
Return On Average Assets	13.0%	11.7%	11.0%	11.3%

12-mth Fwd FD P/E (x) - Dutech Holdings Limited



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	-4.4%	-2.6%	5.0%	5.0%
Util. rate (%, main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	94.6%	26.2%	48.9%	14.3%
Util. rate (%, 2ndary prod/serv)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

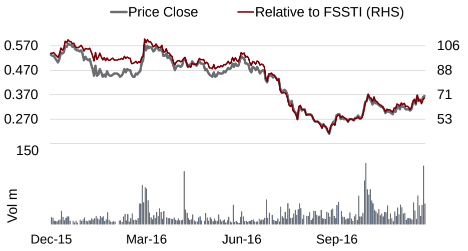
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 7	Hold 3	Sell 2

Current price:	S$0.37
Target price:	S$0.44
Previous target:	S$0.44
Up/downside:	20.6%
CIMB / Consensus:	9.1%
Reuters:	EZHL.SI
Bloomberg:	EZI SP
Market cap:	US$532.1m
	S$756.9m
Average daily turnover:	US$6.70m
	S$9.31m
Current shares o/s	1,595m
Free float:	58.6%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	25.9	55.3	-29.8
Relative (%)	21.9	51.2	-31

Major shareholders	% held
Chew Thiam Keng	14.2
Commonwealth Bank of Australia	8.1
Quek Leng Chan	7.6

Ezion Holdings

Lifted sentiment on higher 2017F crude oil price

- We like Ezion as it is positioned within the inspection, repair and maintenance segment which we foresee will be prioritised in a sector recovery.
- Current trough valuations (forward P/BV of 0.36x) imply earnings weakness and potential impairment risks could have largely been priced-in.
- Maintain Add with an unchanged CY17 P/BV-based target price of S$0.44.

A tough year; coming out battered

- 2016 was a tough year for Ezion. Besides facing a year of margin and rates pressure, it had to take a multitude of impairments for i) trade receivables; ii) terminated jobs; and iii) associate and JV woes (Posh Terasea and Ausgroup).

Positioned to benefit from a sector recovery

- Post OPEC's and Russia's move to curb production in Nov 16, we believe crude oil prices are poised for a gradual recovery to the range of US$45-60/bbl in 2017 (vs. 2016F's average US$43.5-44.9/bbl). First-tier beneficiaries will be production and maintenance activities that sit within opex spend (vs. capex spend which might still lag). This will be a boon for vessel players within the repair, maintenance and accommodation segment, including Ezion.

Less Daily Charter Rate (DCR) pressures

- We estimate Ezion has seen DCRs cuts of at least c.30% since 2015 as customers re-align their opex spend with the falling crude oil price. However, from 2H17 onwards we expect this situation to improve as the sector gradually recovers.

Better contracting of vessels

- As at Sep 16, there were 17 out of 26 vessels that were chartered; implying about a 65% take-up rate. We believe the shift to higher crude oil prices could mean better contracting take up rate for the company. We have forecasted for 24 and 28 vessels liftboat/service rig assets in FY17F-18F.

Survivability is key

- Whilst earnings are not where it used to be, Ezion should have sufficient liquidity to survive the next two years. As at 9M16 it was still churning positive operating cashflow, amidst the low operating number of vessels (17 units) it had. Management also mentioned that it will manage capex in line with the operating environment, which alleviates the cashflow outlook as well. Its earliest notes redemption is S$60m in Aug 2018. Cash balance as at end-Sep 16 was US$255.4m.

Attractively valued to ride sector re-rating

- We like that Ezion sits in the "right" part of the value chain to benefit from a scenario of rising crude prices. On a valuation front, Ezion is still attractive, trading at a CY17F P/BV of 0.36x; still a discount to its 1 s.d. below 5-year mean P/BV of 1.0x, implying downside risks could be priced in. Risks to our call are lower DCRs; fewer contracted vessels; and significant impairments from JV and associates.

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (US$m)	386.5	351.1	329.9	413.9	534.7
Operating EBITDA (US$m)	281.4	244.0	190.2	240.7	287.0
Net Profit (US$m)	215.0	20.7	51.9	64.2	86.3
Core EPS (US$)	0.12	0.06	0.01	0.03	0.04
Core EPS Growth	22%	(53%)	(77%)	131%	34%
FD Core P/E (x)	2.15	4.55	19.41	8.37	6.26
DPS (US$)	0.001	-	-	-	-
Dividend Yield	0.390%	0.000%	0.000%	0.000%	0.000%
EV/EBITDA (x)	5.20	7.10	8.70	7.20	6.40
P/FCFE (x)	NA	37.90	NA	24.23	9.41
Net Gearing	86%	111%	86%	83%	92%
P/BV (x)	0.31	0.33	0.37	0.36	0.37
ROE	17.4%	7.2%	1.9%	4.5%	5.9%
CIMB/consensus EPS (x)			1.49	1.10	1.03

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**351.1**	**329.9**	**413.9**	**534.7**
Gross Profit	**118.1**	**72.4**	**111.3**	**144.9**
Operating EBITDA	**244.0**	**190.2**	**240.7**	**287.0**
Depreciation And Amortisation	(134.9)	(137.0)	(147.0)	(160.5)
Operating EBIT	**109.1**	**53.1**	**93.8**	**126.5**
Financial Income/(Expense)	(22.0)	(28.0)	(30.2)	(40.4)
Pretax Income/(Loss) from Assoc.	23.4	8.0	10.0	10.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**110.6**	**33.1**	**73.6**	**96.0**
Exceptional Items	(72.2)	28.0	0.0	0.0
Pre-tax Profit	**38.4**	**61.1**	**73.6**	**96.0**
Taxation	(1.6)	(0.9)	(1.1)	(1.4)
Exceptional Income - post-tax				
Profit After Tax	**36.8**	**60.2**	**72.5**	**94.6**
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	(16.1)	(8.3)	(8.3)	(8.3)
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**20.7**	**51.9**	**64.2**	**86.3**
Recurring Net Profit	90.0	24.4	64.2	86.3
Fully Diluted Recurring Net Profit	**90.0**	**24.4**	**64.2**	**86.3**

Balance Sheet

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	230	223	210	110
Total Debtors	193	226	284	366
Inventories	0	0	0	0
Total Other Current Assets	186	80	80	80
Total Current Assets	**609**	**529**	**573**	**556**
Fixed Assets	2,284	2,330	2,363	2,403
Total Investments	204	212	222	232
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	12	12	12	12
Total Non-current Assets	**2,500**	**2,554**	**2,597**	**2,646**
Short-term Debt	375	225	225	225
Current Portion of Long-Term Debt				
Total Creditors	176	150	173	236
Other Current Liabilities	49	7	8	8
Total Current Liabilities	**601**	**382**	**407**	**469**
Total Long-term Debt	1,230	1,230	1,230	1,230
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	36	36	36	36
Total Non-current Liabilities	**1,266**	**1,266**	**1,266**	**1,266**
Total Provisions	0	0	0	0
Total Liabilities	**1,867**	**1,649**	**1,673**	**1,735**
Shareholders' Equity	1,241	1,435	1,498	1,467
Minority Interests	0	0	0	0
Total Equity	**1,241**	**1,435**	**1,498**	**1,467**

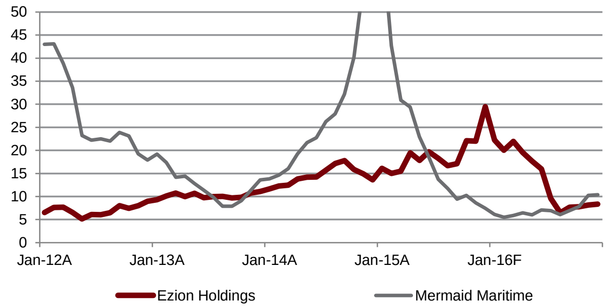
Cash Flow

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	244.0	190.2	240.7	287.0
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(31.5)	(58.5)	(34.5)	(20.3)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	74.4	(27.8)	0.0	0.0
Other Operating Cashflow	(48.0)	29.6	27.3	32.6
Net Interest (Paid)/Received	(26.4)	(33.0)	(35.2)	(45.4)
Tax Paid	(3.7)	(0.9)	(1.1)	(1.4)
Cashflow From Operations	**208.8**	**99.6**	**197.2**	**252.4**
Capex	(381.9)	(120.5)	(180.0)	(200.0)
Disposals Of FAs/subsidiaries	0.0	(49.7)	0.0	0.0
Acq. Of Subsidiaries/investments	(4.1)	77.5	0.0	0.0
Other Investing Cashflow	8.1	5.0	5.0	5.0
Cash Flow From Investing	**(377.8)**	**(87.7)**	**(175.0)**	**(195.0)**
Debt Raised/(repaid)	179.8	(150.0)	0.0	0.0
Proceeds From Issue Of Shares	0.7	141.3	0.0	0.0
Shares Repurchased	(1.4)	0.0	0.0	0.0
Dividends Paid	(1.2)	0.0	0.0	0.0
Preferred Dividends	0.0	(8.3)	(8.3)	(8.3)
Other Financing Cashflow	(124.2)	(33.0)	(35.2)	(161.9)
Cash Flow From Financing	**53.7**	**(49.9)**	**(43.5)**	**(170.2)**
Total Cash Generated	(115.2)	(38.1)	(21.3)	(112.8)
Free Cashflow To Equity	**10.8**	**(138.2)**	**22.2**	**57.4**
Free Cashflow To Firm	**(142.6)**	**44.8**	**57.4**	**102.8**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(9.1%)	(6.1%)	25.5%	29.2%
Operating EBITDA Growth	(13.3%)	(22.1%)	26.6%	19.2%
Operating EBITDA Margin	69.5%	57.7%	58.2%	53.7%
Net Cash Per Share (US$)	(0.86)	(0.59)	(0.59)	(0.64)
BVPS (US$)	0.78	0.69	0.71	0.70
Gross Interest Cover	4.13	1.61	2.66	2.78
Effective Tax Rate	4.12%	1.50%	1.50%	1.50%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	183.4	232.5	224.6	221.8
Inventory Days	-	-	-	-
Accounts Payables Days	145.7	146.8	122.9	135.4
ROIC (%)	3.94%	1.80%	3.12%	4.10%
ROCE (%)	4.02%	2.03%	3.38%	4.48%
Return On Average Assets	4.18%	1.79%	3.12%	4.02%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Outstanding Orderbook (US$m)	N/A	N/A	N/A	N/A
Order Book Wins (US$m)	N/A	N/A	N/A	N/A
Order Book Depletion (US$m)	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US$)	27,727.7	29,964.6	26,733.3	28,690.8
No. Of Ships (unit)	73	74	74	74
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

Frasers Centrepoint Trust

Growing to new heights

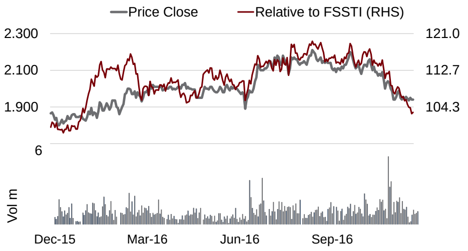
- FCT is one of our top picks. We like its sub-urban resilience and acquisition upside.
- Expect deceleration in earnings momentum to trough in FY17 as Northpoint's AEI is scheduled to be completed in Sep 17.
- Low gearing provides deep capacity to explore inorganic growth prospects.

ADD *(no change)*

Consensus ratings*:	Buy 13	Hold 3	Sell 1

Current price:	S$1.94
Target price:	S$2.01
Previous target:	S$2.28
Up/downside:	3.8%
CIMB / Consensus:	-10.0%
Reuters:	FCRT.SI
Bloomberg:	FCT SP
Market cap:	US$1,254m
	S$1,784m
Average daily turnover:	US$1.88m
	S$2.60m
Current shares o/s	920.2m
Free float:	48.7%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-7.2	-9.4	3.5
Relative (%)	-11.2	-13.5	2.3

Major shareholders	% held
Fraser Centrepoint Ltd	41.2
Schroders Plc	6.0
Capital Group	4.1

Maintain Add with lower target price

- FCT has de-rated from a high of 1.14x P/BV in Sep to the current 1x P/BV, 1 s.d. below historical mean. On the back of the recent acquisition of the retail podium of Yishun 10 Cinema Complex for S$37.8m, we trim our FY17-19F DPU by 1%.
- Due to across-the-board hike in Singapore Rf from 2.2% to 2.8%, we lower our DDM-target price and maintain Add on the stock. FCT is one of our top picks within the sector. Its sub-urban resilience offers investors a 6% FY17 dividend yield, in line with historical mean. We think the stock could re-rate when the peak of Northpoint's AEI passes through in 2HFY17, and occupancies and earnings recover.
- Further catalysts could also come from acquisitions. Downside risk could come from a delay in the completion of the Northpoint AEI.

Positive rental reversion offset by lower occupancies

- Although FCT experienced positive rental reversion of 4.6% in 4QFY16 and 9.9% in FY16, lower occupancy of 89.4% affected performance. Northpoint is currently undergoing AEI and saw take-up sliding to 70.9%.
- Meanwhile, Changi City Point's occupancy fell to 81.1% due to transitional vacancy from the changeover of an anchor tenant as well as tenant remixing.
- This was partially offset by better performance at Causeway Point and other malls. Bedok Point continues to see lower yoy performance.

AEI for Northpoint to peak in 2QFY17

- We anticipate rental reversions to stay positive, although at a more moderated pace of 0-3% as slowing retail sales would cap landlords' ability to raise rents.
- FCT has 39.2%/30.9%/23.8% to be renewed in FY17-19F. A sizeable portion of FY17F expiries are in Causeway Point. Given its niche location, we think the mall would be able to increase its rents.
- Also, we think the vacancies at Northpoint are expected to peak in 2HFY17. Northpoint's AEI is scheduled to end in Sep 17 and we understand there is good leasing interest post-AEI.

Low gearing provides headroom for inorganic expansion

- The balance sheet is healthy with gearing at 28.3%. This puts the trust in a strong position to explore inorganic growth, both overseas and locally. Its sponsor has two assets that could be injected when stabilised. FCT's borrowing cost remains low at 2.1% with 59% of interest cost hedged. The trust has S$218m or 30% of its loans due to be refinanced in FY17.

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Financial Summary	Sep-15A	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Gross Property Revenue (S$m)	189.2	183.8	185.4	197.1	202.2
Net Property Income (S$m)	131.0	129.9	131.6	140.3	144.0
Net Profit (S$m)	171.5	123.4	100.1	108.4	111.8
Distributable Profit (S$m)	106.4	108.1	108.2	112.1	115.5
Core EPS (S$)	0.11	0.11	0.11	0.12	0.12
Core EPS Growth	4.87%	(0.47%)	(1.48%)	7.70%	2.77%
FD Core P/E (x)	17.56	17.64	17.91	16.63	16.18
DPS (S$)	0.12	0.12	0.12	0.12	0.12
Dividend Yield	5.98%	6.06%	6.04%	6.22%	6.39%
Asset Leverage	28.2%	28.3%	29.9%	30.2%	30.4%
BVPS (S$)	1.91	1.93	1.94	1.93	1.93
P/BV (x)	1.01	1.01	1.00	1.00	1.00
Recurring ROE	5.86%	5.72%	5.60%	6.03%	6.21%
% Change In DPS Estimates			(0.93%)	(0.96%)	(0.94%)
CIMB/consensus DPS (x)			0.98	0.99	0.98

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Rental Revenues	163.0	163.9	175.6	180.7
Other Revenues	20.8	21.5	21.5	21.5
Gross Property Revenue	**183.8**	**185.4**	**197.1**	**202.2**
Total Property Expenses	(54.0)	(53.7)	(56.8)	(58.2)
Net Property Income	**129.9**	**131.6**	**140.3**	**144.0**
General And Admin. Expenses	0.0	0.0	0.0	0.0
Management Fees	(14.2)	(14.7)	(14.8)	(14.9)
Trustee's Fees	(1.6)	(1.7)	(1.7)	(1.7)
Other Operating Expenses	0.0	0.0	0.0	0.0
EBITDA	**114.0**	**115.2**	**123.8**	**127.4**
Depreciation And Amortisation	0.0	0.0	0.0	0.0
EBIT	**114.0**	**115.2**	**123.8**	**127.4**
Net Interest Income	(17.2)	(20.2)	(20.4)	(20.7)
Associates' Profit	4.2	5.1	5.1	5.1
Other Income/(Expenses)	0.0	0.0	0.0	0.0
Exceptional Items	22.4	0.0	0.0	0.0
Pre-tax Profit	**123.4**	**100.1**	**108.4**	**111.8**
Taxation	0.0	0.0	0.0	0.0
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
Net Profit	**123.4**	**100.1**	**108.4**	**111.8**
Distributable Profit	**108.1**	**108.2**	**112.1**	**115.5**

Balance Sheet

(S$m)	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Total Investments	2,569	2,662	2,677	2,693
Intangible Assets	0	0	0	0
Other Long-term Assets	0	0	1	1
Total Non-current Assets	2,569	2,662	2,678	2,694
Total Cash And Equivalents	19	25	21	21
Inventories	0	0	0	0
Trade Debtors	0	0	0	0
Other Current Assets	7	7	7	7
Total Current Assets	**26**	**32**	**28**	**27**
Trade Creditors	40	41	43	44
Short-term Debt	218	218	218	218
Other Current Liabilities	21	21	21	21
Total Current Liabilities	**279**	**279**	**282**	**283**
Long-term Borrowings	516	589	599	609
Other Long-term Liabilities	24	24	24	24
Total Non-current Liabilities	540	613	623	633
Shareholders' Equity	1,776	1,799	1,799	1,803
Minority Interests	0	0	0	0
Preferred Shareholders Funds				
Total Equity	**1,776**	**1,799**	**1,799**	**1,803**

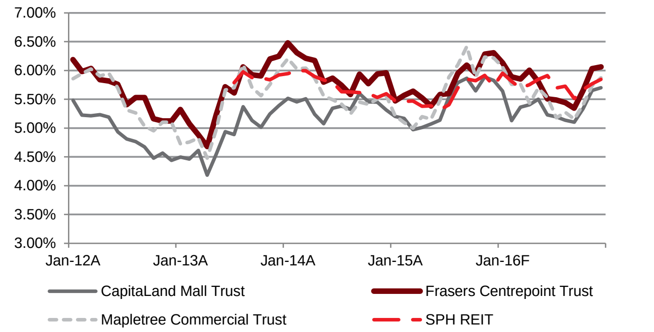
Cash Flow

(S$m)	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Pre-tax Profit	**123.4**	**100.1**	**108.4**	**111.8**
Depreciation And Non-cash Adj.	13.0	15.1	15.3	15.6
Change In Working Capital	7.2	0.6	2.6	1.1
Tax Paid	0.0	0.0	0.0	0.0
Others	(50.4)	2.3	(2.1)	(2.1)
Cashflow From Operations	**93.2**	**118.1**	**124.2**	**126.4**
Capex	(17.5)	(55.1)	(15.6)	(15.7)
Net Investments And Sale Of FA	4.4	(33.7)	4.0	4.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	**(13.2)**	**(88.8)**	**(11.6)**	**(11.7)**
Debt Raised/(repaid)	315.5	100.0	11.0	16.0
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0
Dividends Paid	(108.1)	(108.2)	(112.1)	(115.5)
Cash Interest And Others	(317.7)	(20.2)	(20.4)	(20.7)
Cash Flow From Financing	**(110.3)**	**(28.4)**	**(121.6)**	**(120.2)**
Total Cash Generated	(30.3)	1.0	(8.9)	(5.5)
Free Cashflow To Firm	80.0	29.3	112.6	114.7
Free Cashflow To Equity	378.4	109.2	103.2	110.0

Key Ratios

	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Gross Property Revenue Growth	(2.9%)	0.8%	6.3%	2.6%
NPI Growth	(0.9%)	1.4%	6.6%	2.6%
Net Property Income Margin	70.6%	71.0%	71.2%	71.2%
DPS Growth	1.34%	(0.43%)	3.05%	2.70%
Gross Interest Cover	6.63	5.71	6.06	6.16
Effective Tax Rate	0%	0%	0%	0%
Net Dividend Payout Ratio	88%	108%	103%	103%
Current Ratio	0.09	0.11	0.10	0.10
Quick Ratio	0.09	0.11	0.10	0.10
Cash Ratio	0.067	0.089	0.074	0.072
Return On Average Assets	4.80%	3.79%	4.02%	4.12%

Rolling Dividend Yield



Key Drivers

	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Rental Rate Psf Pm (S$)	13.7	14.0	14.2	14.4
Acq. (less development) (US$m)	N/A	N/A	N/A	N/A
RevPAR (S$)	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sf)	1,086	1,086	1,077	1,077
Occupancy (%)	91.6%	90.4%	94.0%	94.9%
Assets Under Management (m) (S$)	2,509.0	2,601.8	2,617.4	2,633.1
Funds Under Management (m) (S$)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

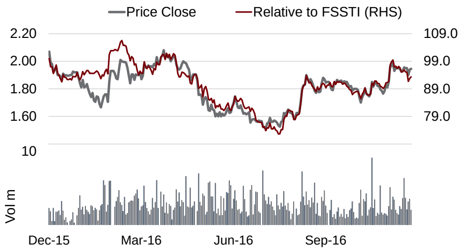
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 13	Hold 5	Sell 0

Current price:	S$1.95
Target price:	S$2.32
Previous target:	S$2.32
Up/downside:	19.5%
CIMB / Consensus:	10.4%
Reuters:	FRLD.SI
Bloomberg:	FR SP
Market cap:	US$2,166m
	S$3,081m
Average daily turnover:	US$3.19m
	S$4.43m
Current shares o/s	1,584m
Free float:	31.3%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	8.4	9.3	-2
Relative (%)	4.4	5.2	-3.2

Major shareholders	% held
Eight Capital Inc	63.2
FMR	6.3
DB Intl Trust Singapore	5.6

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First Resources Ltd

Stronger output prospects in FY17

- Young estates and more favourable weather offer strong output growth prospects.
- This, coupled with 17k ha of new area, is expected to drive output growth in 2017.
- Maintain Add, with target price of S$2.32 (13x forward P/E).

Young and efficient estates

- We continue to favour First Resources for its young estate profile (average age of ten years) as this bodes well for its output growth prospects, which will be led by the new mature areas (24% of its estates are immature), improving yields from young estates (which covers 26% of the group's planted area) and ongoing rehabilitation of its newly-acquired estates.

Lower yields dragged down FY16 output

- FFB production from its nucleus estates fell 12% in 10M16, broadly in line with the group's guidance of -10% in output, as yields were negatively impacted by the drought caused by El Nino in 2015. However, the impact of El Nino has started to fade, with FFB output from nucleus estates growing 5.5% yoy in Oct 2016.

Higher production in FY17 as El Nino impact fades

- The group revealed that weather has been good across all of its estates in 2016 and that the El Nino impact has gradually tapered off. On top of this, the group indicated that 17k ha of estates will come on stream in 2017. We project First Resources to post double-digit growth in output in 2017 as palm trees recover from the El Nino and a low production base.

Appointed biodiesel supplier to Pertamina

- The group owns 850k tonnes of refining capacity, allowing the group to refine all of its CPO in-house and extract better profit margins for its palm products. Its biodiesel plant in Indonesia stands to benefit from the higher demand in the country following the government's moves to raise its biodiesel mandates to 20% blend in 2016 from 15% currently. The group was appointed to supply 55,338 kilolitres of biodiesel to Pertamina during Nov 16-Apr 17.

Potential tax credit in 4Q

- The group revealed that it has revalued some of its plantation assets to take advantage of the lower 3% tax rate on revaluation gains, down from 10%. This exercise will allow FR to benefit from lower income taxes and book in some deferred tax income upfront. It expects to book some of these benefits in 4Q but said that it will not be significant. This could lower its effective tax rate for 4Q16 from 30% in 9M16.

Maintain Add

- First Resources is our top pick among the regional planters due to its superior operating efficiency compared to peers, strong FFB output growth prospects and attractive P/E valuations vs. peers.
- We maintain our earnings forecasts and target price of S$2.32 (based on FY18 P/E of 13x, its average historical P/E). We keep our Add call due to its estates' young age profiles (50% of planted estates below seven years old). Key re-rating catalysts include stronger-than-expected earnings. Key risks are lower CPO prices and production.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (US$m)	615.5	453.7	471.9	645.4	728.8
Operating EBITDA (US$m)	297.6	213.3	208.7	308.8	361.8
Net Profit (US$m)	173.4	107.9	86.6	164.7	202.3
Core EPS (US$)	0.11	0.07	0.05	0.10	0.13
Core EPS Growth	(20.2%)	(36.3%)	(21.6%)	90.3%	22.8%
FD Core P/E (x)	12.49	19.61	25.02	13.15	10.71
DPS (US$)	0.036	0.027	0.016	0.031	0.038
Dividend Yield	2.66%	1.96%	1.20%	2.28%	2.80%
EV/EBITDA (x)	8.23	11.75	11.95	8.02	6.70
P/FCFE (x)	19.29	NA	50.51	28.36	18.21
Net Gearing	20.8%	27.7%	24.7%	20.3%	14.0%
P/BV (x)	2.04	2.18	2.05	1.85	1.65
ROE	16.9%	10.7%	8.4%	14.8%	16.3%
CIMB/consensus EPS (x)			0.85	1.12	1.10

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**453.7**	**471.9**	**645.4**	**728.8**
Gross Profit	**251.2**	**287.5**	**393.3**	**444.1**
Operating EBITDA	**213.3**	**208.7**	**308.8**	**361.8**
Depreciation And Amortisation	(30.5)	(49.3)	(51.2)	(52.7)
Operating EBIT	**182.8**	**159.4**	**257.6**	**309.1**
Financial Income/(Expense)	(21.7)	(27.7)	(16.8)	(15.8)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**161.1**	**131.7**	**240.8**	**293.3**
Exceptional Items				
Pre-tax Profit	**161.1**	**131.7**	**240.8**	**293.3**
Taxation	(49.3)	(40.9)	(70.4)	(84.6)
Exceptional Income - post-tax				
Profit After Tax	**111.9**	**90.7**	**170.4**	**208.7**
Minority Interests	(4.0)	(4.1)	(5.7)	(6.4)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**107.9**	**86.6**	**164.7**	**202.3**
Recurring Net Profit	110.4	86.6	164.7	202.3
Fully Diluted Recurring Net Profit	**110.4**	**86.6**	**164.7**	**202.3**

Balance Sheet

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	205	220	245	302
Total Debtors	47	40	53	58
Inventories	68	33	45	51
Total Other Current Assets	40	40	40	40
Total Current Assets	**360**	**334**	**383**	**451**
Fixed Assets	325	338	348	358
Total Investments	0	0	0	0
Intangible Assets	107	107	107	107
Total Other Non-Current Assets	1,134	1,214	1,294	1,374
Total Non-current Assets	**1,567**	**1,659**	**1,750**	**1,839**
Short-term Debt	29	29	29	29
Current Portion of Long-Term Debt	0	0	0	0
Total Creditors	51	52	71	80
Other Current Liabilities	12	12	12	12
Total Current Liabilities	**91**	**93**	**112**	**121**
Total Long-term Debt	2	2	2	2
Hybrid Debt - Debt Component	464	464	464	464
Total Other Non-Current Liabilities	324	324	324	324
Total Non-current Liabilities	**790**	**790**	**790**	**790**
Total Provisions	0	0	0	0
Total Liabilities	**882**	**883**	**902**	**911**
Shareholders' Equity	995	1,056	1,171	1,313
Minority Interests	50	54	60	66
Total Equity	**1,045**	**1,110**	**1,231**	**1,379**

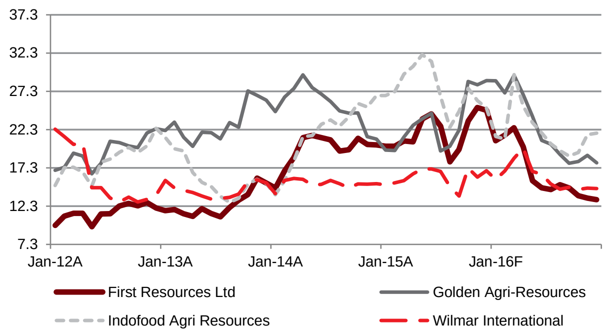
Cash Flow

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	213.3	208.7	308.8	361.8
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(50.5)	42.8	(5.2)	(2.5)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	3.9	0.0	0.0	0.0
Net Interest (Paid)/Received	(21.1)	(27.7)	(16.8)	(15.8)
Tax Paid	(74.8)	(40.9)	(70.4)	(84.6)
Cashflow From Operations	**70.8**	**182.9**	**216.4**	**258.9**
Capex	(112.8)	(140.0)	(140.0)	(140.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(75.8)	0.0	0.0	0.0
Cash Flow From Investing	**(188.7)**	**(140.0)**	**(140.0)**	**(140.0)**
Debt Raised/(repaid)	(64.0)	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(42.5)	(26.0)	(49.4)	(60.7)
Preferred Dividends				
Other Financing Cashflow	81.0	0.0	0.0	0.0
Cash Flow From Financing	**(25.5)**	**(26.0)**	**(49.4)**	**(60.7)**
Total Cash Generated	(143.3)	16.9	26.9	58.2
Free Cashflow To Equity	**(181.8)**	**42.9**	**76.4**	**118.9**
Free Cashflow To Firm	**(93.4)**	**72.6**	**96.2**	**138.7**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(26.3%)	4.0%	36.8%	12.9%
Operating EBITDA Growth	(28.3%)	(2.2%)	48.0%	17.2%
Operating EBITDA Margin	47.0%	44.2%	47.8%	49.6%
Net Cash Per Share (US$)	(0.18)	(0.17)	(0.16)	(0.12)
BVPS (US$)	0.63	0.67	0.74	0.83
Gross Interest Cover	7.24	5.37	13.01	15.61
Effective Tax Rate	30.6%	31.1%	29.2%	28.8%
Net Dividend Payout Ratio	39.4%	30.0%	30.0%	30.0%
Accounts Receivables Days	31.74	28.25	22.11	24.09
Inventory Days	105.0	100.2	56.6	61.7
Accounts Payables Days	97.1	101.9	89.0	96.9
ROIC (%)	9.7%	8.0%	12.5%	14.2%
ROCE (%)	11.5%	10.3%	15.6%	17.4%
Return On Average Assets	6.6%	5.8%	8.9%	10.0%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Planted Estates (ha)	207,575	219,575	224,775	229,975
Mature Estates (ha)	147,905	157,676	181,647	188,847
FFB Yield (tonnes/ha)	19.0	16.2	16.9	17.5
FFB Output Growth (%)	14.4%	-10.4%	17.4%	8.1%
CPO Price (US$/tonne)	541	620	710	750

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

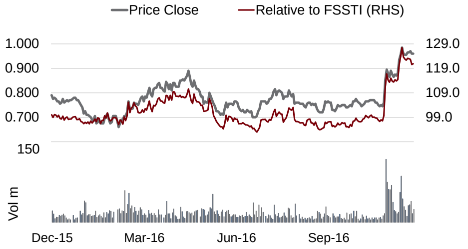
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 11	Hold 7	Sell 3

Current price:	S$0.96
Target price:	S$0.89
Previous target:	S$0.89
Up/downside:	-7.3%
CIMB / Consensus:	-1.8%
Reuters:	GENS.SI
Bloomberg:	GENS SP
Market cap:	US$8,106m
	S$11,532m
Average daily turnover:	US$13.94m
	S$19.48m
Current shares o/s	12,002m
Free float:	40.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	28.9	33.3	25.5
Relative (%)	24.9	29.2	24.3

Major shareholders	% held
Genting Bhd	52.9
Vanguard Group	1.4
Blackrock	0.8

Genting Singapore

Turning hopeful on Japan

- GENS has done well to scale down its VIP business, amid challenges from China's anti-corruption drive, in a bid to protect profits and margins.
- Key catalysts ahead are higher dividends and potential foray into Japan should the casino bill be passed.
- Maintain Add and SOP-based target price of S$0.89.

Efforts to scale down VIP business showing up in margins

- Since China's anti-corruption drive, GENS has tightened credit extension policies to Chinese VIP players, which has led to lower bad debt charges.
- It has also rationalised operations in the VIP segment by deploying staff to the mass segment, removing excess headcount and converting VIP space into additional hotel rooms, among others. This has led to meaningful cost savings, which has resulted in an adjusted EBITDA margin of 40.2% in 3Q16, the highest in nine quarters.
- Resorts World Sentosa (RWS)'s focus has shifted to the higher-margin mass segment. It continues to spearhead new initiatives to drive better mass and premium mass visitation to RWS, including bringing in Michelin-starred chefs, refurbishment of the property, and the introduction of more marquee events.

Most of cost cuts done, now focusing on maintaining profitability

- We expect adjusted EBITDA to stabilise at around 3Q16's levels going forward, as most of the cost and job cuts in the VIP segment are likely to have been done.
- The VIP segment could see some seasonality and will still see some pressure on volumes, but we expect the mass gaming segment to hold up relatively well. Strong non-gaming performance through the introduction of new events could also provide some support.

Turning more hopeful on Japan, a longer-term catalyst

- GENS has turned more hopeful that the casino bill will be passed in Japan.
- It intends to dispose of its 50% stake in Resorts World Jeju in 1Q17, including both the integrated resort and residential development plots, as it focuses its efforts on winning a bid in Japan. With the Chinese government's recent move to discourage outbound travel to South Korea, we think the exit from Jeju could also help to lower downside risk.
- While Japan is an attractive gaming market and positive news flow could provide near-term share price support, the impact on earnings will only show up in the longer term, possibly after 2020. Meanwhile, significant resources could be required over the medium term if it is successful in its bid.

Near term, more certainty that higher dividends will be paid

- In the near term, we think a higher dividend payout could be the key catalyst, as this is the first time GENS has committed to returning more cash to shareholders.
- GENS has also committed to paying higher ordinary dividends based on the stable cash flows generated from RWS, net of investments required for Japan.
- Its S$81m gain on the disposal of its 50% stake in Resorts World Jeju also bolsters its ability to pay higher dividends, if not a special dividend, in 2017.

Maintain Add

- We maintain an Add call and SOP-based target price of S$0.89.
- Higher dividends and potential foray into Japan are the key catalysts.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	2,862	2,401	2,223	2,289	2,365
Operating EBITDA (S$m)	1,205	620	709	855	889
Net Profit (S$m)	470.2	267.4	274.7	382.8	438.4
Normalised EPS (S$)	0.042	0.006	0.023	0.032	0.037
Normalised EPS Growth	(12%)	(85%)	266%	39%	15%
FD Normalised P/E (x)	22.8	155.5	42.2	30.2	26.4
DPS (S$)	0.010	0.015	0.020	0.025	0.025
Dividend Yield	1.04%	1.56%	2.08%	2.60%	2.60%
EV/EBITDA (x)	6.88	12.98	11.39	9.51	9.17
P/FCFE (x)	34.4	8.0	427.8	21.4	20.2
Net Gearing	(35.5%)	(36.6%)	(36.0%)	(35.3%)	(34.9%)
P/BV (x)	1.21	1.21	1.20	1.20	1.19
ROE	5.35%	0.78%	2.86%	3.99%	4.54%
% Change In Normalised EPS Estimates			0%	0%	0%
Normalised EPS/consensus EPS (x)			1.14	1.00	0.99

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**2,297**	**2,246**	**2,317**	**2,394**
Gross Profit	**933**	**1,033**	**1,171**	**1,199**
Operating EBITDA	**620**	**709**	**855**	**889**
Depreciation And Amortisation	(344)	(299)	(303)	(300)
Operating EBIT	**276**	**410**	**552**	**590**
Financial Income/(Expense)	7	30	31	30
Pretax Income/(Loss) from Assoc.	(4)	(2)	54	82
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**279**	**438**	**638**	**702**
Exceptional Items				
Pre-tax Profit	**279**	**438**	**638**	**702**
Taxation	(86)	(116)	(137)	(146)
Exceptional Income - post-tax	192			
Profit After Tax	**385**	**322**	**501**	**556**
Minority Interests	(0)	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	(118)	(47)	(118)	(118)
Preference Dividends (Australia)				
Net Profit	**267**	**275**	**383**	**438**
Normalised Net Profit	193	322	501	556
Fully Diluted Normalised Profit	**75**	**275**	**383**	**438**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	5,147	4,597	4,543	4,522
Total Debtors	646	526	503	487
Inventories	57	51	44	43
Total Other Current Assets	0	0	0	0
Total Current Assets	**5,851**	**5,174**	**5,090**	**5,052**
Fixed Assets	5,487	5,298	5,152	4,991
Total Investments	130	467	760	1,052
Intangible Assets	101	81	61	40
Total Other Non-Current Assets	458	458	458	458
Total Non-current Assets	**6,176**	**6,303**	**6,430**	**6,542**
Short-term Debt	164	164	164	164
Current Portion of Long-Term Debt				
Total Creditors	415	384	400	417
Other Current Liabilities	68	68	68	68
Total Current Liabilities	**647**	**617**	**632**	**649**
Total Long-term Debt	1,460	975	975	975
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	9	9	9	9
Total Non-current Liabilities	**1,470**	**985**	**985**	**985**
Total Provisions	284	284	284	284
Total Liabilities	**2,401**	**1,886**	**1,901**	**1,918**
Shareholders' Equity	9,626	9,592	9,620	9,676
Minority Interests	0	0	0	0
Total Equity	**9,626**	**9,592**	**9,620**	**9,676**

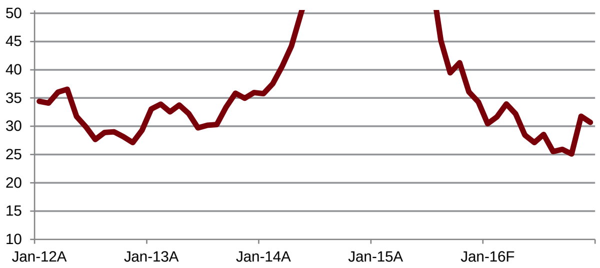
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	620	709	855	889
Cash Flow from Invt. & Assoc.	4	2	(54)	(82)
Change In Working Capital	43	(133)	(155)	(160)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	734	272	295	316
Net Interest (Paid)/Received	(11)	30	31	30
Tax Paid	(127)	(116)	(137)	(146)
Cashflow From Operations	**1,262**	**764**	**835**	**848**
Capex	(174)	(89)	(137)	(118)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments	(52)	0	0	0
Other Investing Cashflow	682	0	0	0
Cash Flow From Investing	**455**	**(89)**	**(137)**	**(118)**
Debt Raised/(repaid)	(251)	(648)	(158)	(158)
Proceeds From Issue Of Shares	(112)	0	0	0
Shares Repurchased				
Dividends Paid	(121)	(240)	(300)	(300)
Preferred Dividends				
Other Financing Cashflow	26	0	0	0
Cash Flow From Financing	**(458)**	**(889)**	**(458)**	**(458)**
Total Cash Generated	1,259	(213)	239	271
Free Cashflow To Equity	**1,466**	**27**	**540**	**572**
Free Cashflow To Firm	**1,772**	**721**	**737**	**769**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(16.1%)	(7.4%)	3.0%	3.3%
Operating EBITDA Growth	(48.6%)	14.3%	20.6%	4.0%
Operating EBITDA Margin	25.8%	31.9%	37.4%	37.6%
Net Cash Per Share (S$)	0.29	0.29	0.28	0.28
BVPS (S$)	0.80	0.80	0.80	0.80
Gross Interest Cover	5.06	8.99	13.85	14.78
Effective Tax Rate	30.9%	26.5%	21.5%	20.8%
Net Dividend Payout Ratio	161%	87%	78%	68%
Accounts Receivables Days	132.8	96.6	82.1	76.4
Inventory Days	14.83	16.26	15.02	13.20
Accounts Payables Days	134.9	119.8	124.1	123.9
ROIC (%)	4.3%	6.5%	9.3%	10.3%
ROCE (%)	2.91%	4.31%	5.65%	5.96%
Return On Average Assets	0.55%	2.08%	3.06%	3.53%

12-mth Fwd FD P/E (x) - Genting Singapore



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
VIP Chip Volume (% Change)	-43.4%	-34.0%	-4.0%	0.5%
VIP Chip Win Percentage (%)	2.4%	2.7%	2.8%	2.8%
Mass mkt chip drop (% chg.)	N/A	N/A	N/A	N/A
Mass mkt chip win (%-tage)	N/A	N/A	N/A	N/A
Slot Handle (% Change)	N/A	N/A	N/A	N/A
Slot Hold Percentage (%)	N/A	N/A	N/A	N/A
Net Win Per Slot (% Change)	N/A	N/A	N/A	N/A
Net Win Per Table (% Change)	N/A	N/A	N/A	N/A
No. Of Slots	2,441	2,441	2,441	2,441
No. Of Tables	558	558	558	558

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

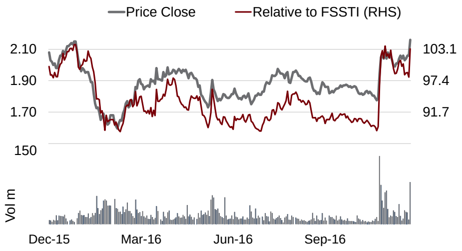
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 11	Hold 3	Sell 2

Current price:	S$2.16
Target price:	S$2.73
Previous target:	S$2.73
Up/downside:	26.2%
CIMB / Consensus:	23.5%
Reuters:	GLPL.SI
Bloomberg:	GLP SP
Market cap:	US$7,116m
	S$10,124m
Average daily turnover:	US$25.99m
	S$36.22m
Current shares o/s	4,735m
Free float:	57.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	11.1	19	5.4
Relative (%)	7.1	14.9	4.2

Major shareholders	% held
GIC	35.7
Hillhouse Capital	7.3

Global Logistic Properties

Moving towards an asset light model

- Improving demand in China, Japan and US continue to deliver robust results
- Strong balance sheet and ability to recycle capital will underpin future earnings growth
- Maintain Add with a RNAV-based target price of S$2.73

Strong market positioning across entire geographic footprint

- GLP is a fund manager, developer and owner-operator of modern logistics facilities, with a global portfolio of 53m sqm spanning across China, the US, Japan and Brazil. In terms of market share, it holds pole positions in China, Japan and Brazil and ranks second in the US. It also manages a US$38bn fund management platform that provides the group with a strong fee income base.

Improving performance in China

- China makes up 56% of group NAV. Demand for logistics space remains fairly robust with higher occupancy and tenant retention ratio on the back of demand from the e-commerce, organised retail and auto-parts sectors. Rental growth was a positive 6.3% in 2QFY17. Supply outlook remains constrained as incremental supply is expected to grow at a 5% CAGR over the next 2 years. GLP's portfolio is located in strategic locations, such as the strong sub-markets of Beijing, Shanghai and Suzhou.

Japan and US continue to perform well

- Japan and US are the other key markets for the group, making up 27% and 7% of NAV, respectively. Japan continues to deliver steady rental income with occupancy remaining at a high 98%. An additional boost came from development profits as it exceeded its FY17 completion target. In the US, it enjoyed robust rental uplift of 19.6% in 2QFY17 thanks to strong leasing appetite.

Solid balance sheet with a diversified capital base

- Its balance sheet is healthy, with a look-through leverage ratio of 27% and gross cash balance of US$1.8bn as at 2QFY17. Also, it has the potential to recycle capital with a deep funding headroom, providing it with a large capacity for development activities, in view of its large land reserve of 12.8m sqm in China.

Asset monetisation and capital recycling

- We believe GLP will continue to create value within its development and fund management platforms. As the group moves towards a more asset-light model, monetising these assets will enable them to lock in value from its real estate portfolio. Since FY12-2QFY17, it has monetised US$6.9bn of assets and generated cash profits of US$1.8bn i.e. an average 26% return. In addition, about 67% of GLP's assets are managed in funds and this is expected to increase over time.

Maintain Add

- We continue to like GLP for its leadership positions across its key markets and vast China landbank/reserves that will extend earnings visibility. As the group moves towards an asset-light model, we expect ROEs to improve over time. Maintain Add with an unchanged TP of S$2.73, pegged at parity to RNAV.

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Financial Summary	Mar-15A	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Net Revenues (US$m)	708	777	1,000	1,077	1,150
Operating EBITDA (US$m)	392.8	494.8	559.7	562.0	643.6
Net Profit (US$m)	481.1	721.6	497.4	296.2	332.9
Core EPS (US$)	0.017	0.009	0.044	0.062	0.069
Core EPS Growth	(73%)	(48%)	405%	41%	12%
FD Core P/E (x)	92.0	175.7	34.6	24.6	21.9
DPS (US$)	0.041	0.044	0.044	0.044	0.044
Dividend Yield	2.72%	2.88%	2.88%	2.88%	2.88%
EV/EBITDA (x)	32.36	30.89	26.37	27.02	26.05
P/FCFE (x)	3.89	NA	6.98	NA	NA
Net Gearing	11.0%	28.5%	22.5%	25.1%	35.7%
P/BV (x)	0.84	0.82	0.79	0.79	0.78
ROE	0.91%	0.47%	2.33%	3.21%	3.57%
CIMB/consensus EPS (x)			1.95	1.05	1.03

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(US$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Net Revenues	**777.5**	**999.6**	**1,077.1**	**1,149.5**
Gross Profit	**777.5**	**999.6**	**1,077.1**	**1,149.5**
Operating EBITDA	**494.8**	**559.7**	**562.0**	**643.6**
Depreciation And Amortisation	(11.8)	(11.3)	(11.1)	(10.8)
Operating EBIT	**483.0**	**548.4**	**550.9**	**632.7**
Financial Income/(Expense)	(85.4)	(119.9)	(120.6)	(123.1)
Pretax Income/(Loss) from Assoc.	63.9	94.4	98.9	82.3
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**461.5**	**522.8**	**529.1**	**591.9**
Exceptional Items	883.6	358.5	0.0	0.0
Pre-tax Profit	**1,345.1**	**881.3**	**529.1**	**591.9**
Taxation	**(309.8)**	**(175.7)**	**(116.4)**	**(130.2)**
Exceptional Income - post-tax				
Profit After Tax	**1,035.3**	**705.6**	**412.7**	**461.7**
Minority Interests	(313.7)	(208.2)	(116.5)	(128.8)
Pref. & Special Div	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**721.6**	**497.4**	**296.2**	**332.9**
Recurring Net Profit	41.5	210.4	296.2	332.9
Fully Diluted Recurring Net Profit	**41.5**	**210.4**	**296.2**	**332.9**

Balance Sheet

(US$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Cash And Equivalents	1,025	1,862	1,529	74
Properties Under Development				
Total Debtors	548	649	700	747
Inventories	0	0	0	0
Total Other Current Assets	4,895	2,711	2,982	3,280
Total Current Assets	**6,467**	**5,223**	**5,211**	**4,101**
Fixed Assets	53	42	30	20
Total Investments	**16,143**	**18,734**	**19,391**	**21,191**
Intangible Assets	466	466	466	466
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	**16,662**	**19,242**	**19,888**	**21,677**
Short-term Debt	1,021	1,054	1,064	1,078
Current Portion of Long-Term Debt				
Total Creditors	1,026	1,032	1,112	1,186
Other Current Liabilities	2,965	3,812	4,108	4,384
Total Current Liabilities	**5,012**	**5,898**	**6,283**	**6,648**
Total Long-term Debt	3,750	3,871	3,907	3,959
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,208	1,111	1,197	1,277
Total Non-current Liabilities	**4,957**	**4,981**	**5,104**	**5,236**
Total Provisions	0	0	0	0
Total Liabilities	**9,969**	**10,879**	**11,387**	**11,884**
Shareholders' Equity	**8,888**	**9,175**	**9,261**	**9,383**
Minority Interests	4,272	4,410	4,452	4,511
Total Equity	**13,160**	**13,585**	**13,712**	**13,894**

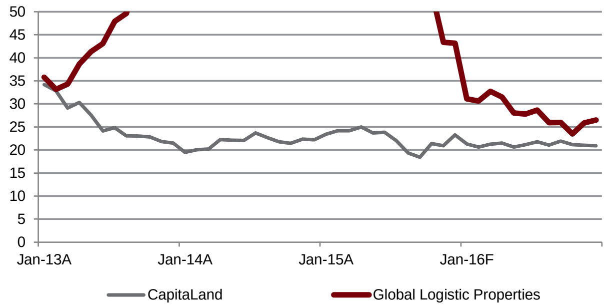
Cash Flow

(US$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
EBITDA	495	560	562	644
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(24)	(80)	54	6
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(709)	(322)	33	52
Other Operating Cashflow	903	446	95	78
Net Interest (Paid)/Received	(91)	(124)	(128)	(129)
Tax Paid	(32)	(21)	(13)	(14)
Cashflow From Operations	**542**	**458**	**603**	**635**
Capex	(1,161)	(2,345)	(1,233)	(2,386)
Disposals Of FAs/subsidiaries	942	0	0	0
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	(5,702)	2,430	0	0
Cash Flow From Investing	**(5,920)**	**85**	**(1,233)**	**(2,386)**
Debt Raised/(repaid)	1,965	500	500	500
Proceeds From Issue Of Shares	(165)	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(190)	(210)	(210)	(210)
Preferred Dividends				
Other Financing Cashflow	2,678	4	7	6
Cash Flow From Financing	**4,289**	**294**	**297**	**296**

Key Ratios

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Revenue Growth	9.8%	28.6%	7.8%	6.7%
Operating EBITDA Growth	26.0%	13.1%	0.4%	14.5%
Operating EBITDA Margin	63.6%	56.0%	52.2%	56.0%
Net Cash Per Share (US$)	(0.78)	(0.64)	(0.72)	(1.03)
BVPS (US$)	1.85	1.91	1.93	1.95
Gross Interest Cover	5.30	4.42	4.30	4.90
Effective Tax Rate	23.0%	19.9%	22.0%	22.0%
Net Dividend Payout Ratio	NA	151%	71%	63%
Accounts Receivables Days	240.7	218.6	228.6	229.7
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	23%	22%	(44%)	(47%)
ROCE (%)	2.91%	3.03%	3.00%	3.40%
Return On Average Assets	1.07%	1.86%	2.04%	2.19%

12-mth Fwd FD P/E (x)



Key Drivers

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Unbooked Presales (m) (US$)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A
Gross Margins (%)	N/A	N/A	N/A	N/A
Contracted Sales ASP (per Sm) (US$)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	100.0%	100.0%	100.0%	100.0%
Residential rev / total rev (%)	N/A	N/A	N/A	N/A
Invt. properties rental margin (%)	84.5%	54.9%	51.1%	55.0%
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

Singapore

Golden Agri-Resources

2016 earnings boost from tax credit not sustainable

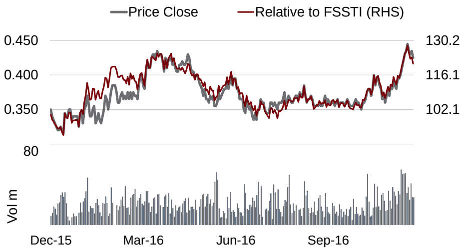
- Project better core earnings in FY17 due to stronger output and higher selling prices.
- The US$242m tax credit, which helped boost 9M16 reported profit, is not sustainable.
- Maintain Reduce as P/E is at a premium over historical average.

REDUCE *(no change)*

Consensus ratings*:	Buy 6	Hold 4	Sell 7

Current price:	S$0.43
Target price:	S$0.38
Previous target:	S$0.38
Up/downside:	-10.6%
CIMB / Consensus:	-1.0%
Reuters:	GAGR.SI
Bloomberg:	GGR SP
Market cap:	US$3,804m
	S$5,412m
Average daily turnover:	US$6.62m
	S$9.25m
Current shares o/s	12,838m
Free float:	50.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	16.4	19.7	21.4
Relative (%)	12.4	15.6	20.2

Major shareholders	% held
The Widjaja Family Master Trust	50.0

FFB output recovering from El Nino effect

- We expect Golden Agri to post better core net profit in FY17, driven by stronger production, higher selling prices and a slower rise in estate costs. We forecast the group's FFB output to rise 17% in FY17, thanks to improving yields from its estates, which are expected to recover from the El Nino effect experienced in 2015.
- To recap, the group's FFB production dipped 19% in 9M16, broadly in line with the group's guidance of 15-20% falls in FFB output for 2016, due mainly to the drought and haze experienced at its estates in 2015.
- Golden Agri indicated that production for its estates could peak in Nov and overall FFB production for 4Q16 could remain as strong as 3Q. For 2017, the group revealed that FFB output could recover to the 2015 level, which suggests a 15-20% rise in output. It is positive on CPO price until the end of the year. Both are in line with our expectations.

Reported net profit boosted by tax credit in 2016

- We gathered that Golden Agri revalued its plantation assets to take advantage of the lower 3% tax rate on revaluation gains in 2015, down from 10%. This exercise allowed it to book substantial one-off tax income, which helped boost 9M16 net profit.
- Golden Agri estimated that it could book US$300m deferred tax benefit for FY16, out of which US$242m was recognised in 9M16 and the remaining will be captured in 4Q16.

M&A needed to lift growth

- The slower expansion of planted estates over the past few years may crimp Golden Agri's future output growth unless it steps up its M&A efforts. On top of this, its existing estates are getting older. 45% of the group's estates were above 18 years of age as at 30 Sep 2016, up from 26% in 2012.

Downstream expansion is good for the long term

- Golden Agri currently refines in-house most of its palm products. Its strategy is to have downstream capacity that could cover all its upstream production and expand its distribution channels. We are positive on the long-term prospects of this plan as it will help improve the value-add of its palm products.

Maintain Reduce call due to rich valuations

- Golden Agri stands out among the regional planters for its liquidity (the highest) and palm oil estate size (second-largest). However, we feel that the stock is fairly valued at the current price level as its P/E is at a premium over its historical average.
- We maintain our earnings forecasts and target price, which is based on 15x historical P/E. Our Reduce call is intact due to unexciting near-term earnings prospects. Furthermore, we expect the group's downstream expansion to take time to bear fruit. A key upside risk to our call is higher-than-expected CPO prices.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (US$m)	7,619	6,510	6,515	7,501	8,188
Operating EBITDA (US$m)	527.2	483.1	518.5	677.5	704.4
Net Profit (US$m)	113.6	(16.7)	354.6	215.3	232.0
Core EPS (US$)	0.016	0.016	0.008	0.016	0.017
Core EPS Growth	(33%)	0%	(51%)	106%	8%
FD Core P/E (x)	18.11	18.09	35.72	17.97	16.71
DPS (US$)	0.004	0.004	0.008	0.005	0.005
Dividend Yield	1.48%	1.19%	2.77%	1.68%	1.81%
EV/EBITDA (x)	12.45	13.71	12.16	9.27	8.73
P/FCFE (x)	11.7	497.3	14.4	46.6	20.2
Net Gearing	28.1%	29.1%	24.7%	24.1%	22.3%
P/BV (x)	0.44	0.44	0.43	0.42	0.42
ROE	2.45%	2.46%	1.19%	2.40%	2.54%
CIMB/consensus EPS (x)			1.20	0.89	0.96

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**6,510**	**6,515**	**7,501**	**8,188**
Gross Profit	**1,140**	**1,189**	**1,449**	**1,547**
Operating EBITDA	**483**	**518**	**678**	**704**
Depreciation And Amortisation	(176)	(256)	(267)	(278)
Operating EBIT	**307**	**263**	**411**	**426**
Financial Income/(Expense)	(100)	(125)	(122)	(119)
Pretax Income/(Loss) from Assoc.	9	2	2	2
Non-Operating Income/(Expense)	21	0	0	0
Profit Before Tax (pre-EI)	**237**	**139**	**291**	**309**
Exceptional Items	(289)	0	0	0
Pre-tax Profit	**(52)**	**139**	**291**	**309**
Taxation	36	215	(76)	(77)
Exceptional Income - post-tax				
Profit After Tax	**(17)**	**355**	**215**	**232**
Minority Interests	0	(0)	(0)	(0)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Net Profit	**(17)**	**355**	**215**	**232**
Recurring Net Profit	214	105	215	232
Fully Diluted Recurring Net Profit	**221**	**112**	**223**	**239**

Balance Sheet

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	502	673	695	823
Total Debtors	1,261	1,195	1,387	1,534
Inventories	741	741	854	932
Total Other Current Assets	0	0	0	0
Total Current Assets	**2,504**	**2,610**	**2,935**	**3,289**
Fixed Assets	2,842	2,749	2,662	2,564
Total Investments	825	827	829	831
Intangible Assets	152	602	602	602
Total Other Non-Current Assets	8,272	7,839	7,839	7,839
Total Non-current Assets	**12,091**	**12,017**	**11,932**	**11,837**
Short-term Debt	1,366	1,300	1,300	1,300
Current Portion of Long-Term Debt	81	0	0	0
Total Creditors	918	848	928	1,016
Other Current Liabilities	16	16	16	16
Total Current Liabilities	**2,380**	**2,164**	**2,243**	**2,332**
Total Long-term Debt	1,598	1,599	1,599	1,599
Hybrid Debt - Debt Component	0	0	0	0
Total Other Non-Current Liabilities	69	69	79	87
Total Non-current Liabilities	**1,667**	**1,668**	**1,678**	**1,685**
Total Provisions	1,800	1,800	1,800	1,800
Total Liabilities	**5,847**	**5,631**	**5,721**	**5,816**
Shareholders' Equity	8,660	8,908	9,059	9,221
Minority Interests	88	88	89	89
Total Equity	**8,748**	**8,996**	**9,147**	**9,309**

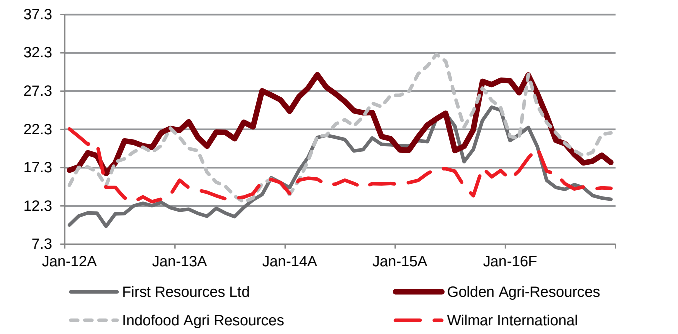
Cash Flow

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	483.1	518.5	677.5	704.4
Cash Flow from Invt. & Assoc.	0.0	0.0	0.0	0.0
Change In Working Capital	438.9	(4.6)	(214.3)	(129.5)
(Incr)/Decr in Total Provisions	0.0	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0
Other Operating Cashflow	(51.0)	0.0	0.0	0.0
Net Interest (Paid)/Received	(93.2)	(125.1)	(121.7)	(119.1)
Tax Paid	(208.7)	215.1	(75.6)	(77.3)
Cashflow From Operations	**569.1**	**603.9**	**265.9**	**378.4**
Capex	(449.4)	(180.0)	(180.0)	(180.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	(111.8)	0.0	0.0	0.0
Cash Flow From Investing	**(561.3)**	**(180.0)**	**(180.0)**	**(180.0)**
Debt Raised/(repaid)	0.2	(146.7)	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(57.4)	(106.4)	(64.6)	(69.6)
Preferred Dividends				
Other Financing Cashflow	(36.6)	136.1	0.0	0.0
Cash Flow From Financing	**(93.8)**	**(117.0)**	**(64.6)**	**(69.6)**
Total Cash Generated	(85.9)	306.9	21.3	128.8
Free Cashflow To Equity	**8.0**	**277.2**	**85.9**	**198.4**
Free Cashflow To Firm	**125.2**	**557.3**	**216.3**	**328.8**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(14.6%)	0.1%	15.1%	9.2%
Operating EBITDA Growth	(8.4%)	7.3%	30.7%	4.0%
Operating EBITDA Margin	7.42%	7.96%	9.03%	8.60%
Net Cash Per Share (US$)	(0.20)	(0.17)	(0.17)	(0.16)
BVPS (US$)	0.67	0.69	0.71	0.72
Gross Interest Cover	2.33	1.97	3.15	3.27
Effective Tax Rate	0.0%	0.0%	26.0%	25.0%
Net Dividend Payout Ratio	16.7%	30.0%	30.0%	30.0%
Accounts Receivables Days	27.70	25.92	24.02	24.63
Inventory Days	54.09	50.93	48.11	49.07
Accounts Payables Days	39.26	39.66	35.10	36.59
ROIC (%)	2.03%	1.75%	2.75%	2.82%
ROCE (%)	2.48%	1.99%	3.05%	3.14%
Return On Average Assets	2.43%	3.13%	2.14%	2.20%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Planted Estates (ha)	384,387	384,587	384,787	384,987
Mature Estates (ha)	362,968	368,282	370,694	383,130
FFB Yield (tonnes/ha)	21.8	17.8	20.8	21.5
FFB Output Growth (%)	2.4%	-15.4%	17.6%	6.8%
CPO Price (US$/tonne)	623	683	720	745

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

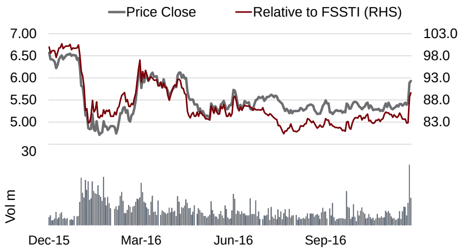
Singapore

REDUCE *(no change)*

Consensus ratings*:	Buy 5	Hold 10	Sell 4

Current price:	S$5.93
Target price:	S$5.14
Previous target:	S$5.14
Up/downside:	-13.3%
CIMB / Consensus:	-10.1%
Reuters:	KPLM.SI
Bloomberg:	KEP SP
Market cap:	US$7,566m
	S$10,764m
Average daily turnover:	US$18.10m
	S$25.16m
Current shares o/s	1,288m
Free float:	60.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	13	14.3	-9.2
Relative (%)	9	10.2	-10.4

Major shareholders	% held
Temasek Holdings	21.3

Keppel Corporation

Recovery priced in

- The current valuation implies that O&M is trading at 2.9x CY16 P/BV (vs. SMM's 1.3x) and 26x CY17 P/E, mimicking a super cycle.
- We have forecast moderate order and margin recovery.
- Downside risk is slower-than-expected order momentum. Maintain Reduce and target price, based on RNAV.

Forecasts price in recovery in O&M

- Our forecasts assume a gradual recovery in order momentum from c.S$500m as of 9M16 to S$1.2bn in FY17F and S$2bn in FY18F. We also project margin recovery as the general operating environment improves. Our O&M EBIT assumptions are 11.6%, 12.2% and 12.3% for FY16, FY17 and FY18, respectively.

Drillers are unlikely to start ordering vigorously

- Global jack-up rig order books stood at 119 units and floaters at 60 as at Nov 16. This will take at least 2-3 years to be digested by the market, even if oil prices trend up to US$60/bbl.
- The hope is for Petrobras to resume spending and restructure a plan to restart the semi-submersibles built by KEP that have been put on hold. However, if oil prices are capped at US$60/bbl on the shale gas threat, we doubt that the Brazilian NOC will resume its aggressive capex plans as during the glory days of US$80/bbl. The ongoing corruption investigation is another hurdle to cross.

Rightsizing in process

- KEP is still rightsizing its O&M operations and we expect to see some impairment in 4Q16 (although less severe than the Brazilian provisions made in 4Q15 of c.S$230m) as a result of mothballing of under-utilised yards.

Property vs. Singapore peer

- We think our valuation of KEP's property division at a 30% discount to RNAV is fair. Its Singapore peer Capitaland is trading at a c.40% discount to RNAV. Capitaland could be a better proxy for the China property market given its tier-1 city exposure. It also has a more resilient income profile, with 70-80% of its profit from recurring investment property sources.

  In contrast, c.40% of KEP's property income is recurring from K-REIT and fund management. Its China's land bank is also mostly in tier-2 cities and township planning, which has a longer gestation period. The group's net gearing of 0.57x as of 3Q16, dragged by O&M, may cap large new property investment opportunities by KEP alone. More asset-recycling and JVs are needed.

Analyst(s)

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	13,283	10,296	6,669	6,834	6,548
Operating EBITDA (S$m)	2,639	1,761	1,244	1,255	1,265
Net Profit (S$m)	1,885	1,525	947	985	1,001
Core EPS (S$)	1.05	0.84	0.52	0.54	0.55
Core EPS Growth	5.3%	(20.0%)	(37.9%)	4.0%	1.6%
FD Core P/E (x)	5.76	7.07	11.38	10.94	10.77
DPS (S$)	0.48	0.34	0.21	0.22	0.22
Dividend Yield	8.16%	5.73%	3.52%	3.66%	3.72%
EV/EBITDA (x)	6.31	10.21	13.50	14.15	14.48
P/FCFE (x)	9.69	NA	5.98	NA	36.77
Net Gearing	11.2%	53.4%	40.9%	45.8%	47.4%
P/BV (x)	1.04	0.97	0.92	0.88	0.84
ROE	18.8%	14.2%	8.3%	8.2%	8.0%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	1.02	0.98

SOURCE: COMPANY DATA, CIMB FORECASTS

CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**10,296**	**6,669**	**6,834**	**6,548**
Gross Profit	**1,673**	**797**	**817**	**783**
Operating EBITDA	**1,761**	**1,244**	**1,255**	**1,265**
Depreciation And Amortisation	(247)	(212)	(232)	(252)
Operating EBIT	**1,514**	**1,032**	**1,024**	**1,014**
Financial Income/(Expense)	(36)	(46)	(74)	(60)
Pretax Income/(Loss) from Assoc.	504	195	276	287
Non-Operating Income/(Expense)	15	17	29	29
Profit Before Tax (pre-EI)	**1,997**	**1,197**	**1,253**	**1,269**
Exceptional Items	0	0	0	0
Pre-tax Profit	**1,997**	**1,197**	**1,253**	**1,269**
Taxation	(404)	(196)	(215)	(217)
Exceptional Income - post-tax				
Profit After Tax	**1,593**	**1,001**	**1,039**	**1,052**
Minority Interests	(68)	(54)	(54)	(51)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**1,525**	**947**	**985**	**1,001**
Recurring Net Profit	1,525	947	985	1,001
Fully Diluted Recurring Net Profit	**1,525**	**947**	**985**	**1,001**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	1,893	3,328	2,810	2,703
Total Debtors	3,299	2,668	2,734	2,619
Inventories	10,651	7,336	8,201	8,513
Total Other Current Assets	734	734	734	734
Total Current Assets	**16,577**	**14,066**	**14,479**	**14,569**
Fixed Assets	2,846	3,345	3,826	4,286
Total Investments	0	0	0	0
Intangible Assets	100	100	100	100
Total Other Non-Current Assets	9,410	9,605	9,880	10,167
Total Non-current Assets	**12,355**	**13,050**	**13,806**	**14,553**
Short-term Debt	1,657	1,657	1,657	1,657
Current Portion of Long-Term Debt				
Total Creditors	5,752	3,335	3,417	3,274
Other Current Liabilities	2,497	2,276	2,318	2,246
Total Current Liabilities	**9,906**	**7,268**	**7,391**	**7,177**
Total Long-term Debt	6,602	6,802	7,202	7,602
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	498	498	498	498
Total Non-current Liabilities	**7,100**	**7,300**	**7,700**	**8,100**
Total Provisions	0	0	0	0
Total Liabilities	**17,006**	**14,568**	**15,091**	**15,277**
Shareholders' Equity	11,096	11,664	12,255	12,856
Minority Interests	830	884	938	989
Total Equity	**11,926**	**12,548**	**13,193**	**13,845**

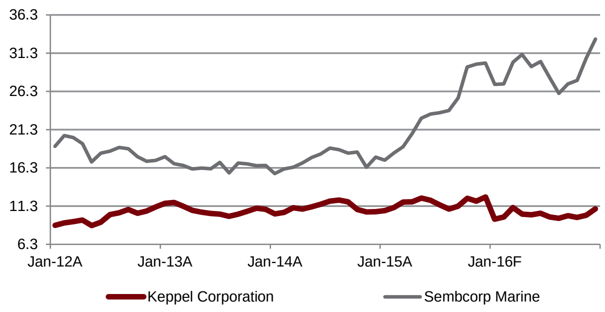
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	1,761	1,244	1,255	1,265
Cash Flow from Invt. & Assoc.	(245)	(10)		
Change In Working Capital	(1,725)	1,307	(807)	(412)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(66)	0	0	0
Other Operating Cashflow	(184)	17	29	29
Net Interest (Paid)/Received	(34)	(46)	(74)	(60)
Tax Paid	(302)	(196)	(215)	(217)
Cashflow From Operations	**(794)**	**2,316**	**188**	**605**
Capex	(1,147)	(712)	(712)	(712)
Disposals Of FAs/subsidiaries	1,261	0	0	0
Acq. Of Subsidiaries/investments	(3,230)	0	0	0
Other Investing Cashflow	14			
Cash Flow From Investing	**(3,101)**	**(712)**	**(712)**	**(712)**
Debt Raised/(repaid)	924	200	400	400
Proceeds From Issue Of Shares	1	0	0	0
Shares Repurchased				
Dividends Paid	(872)	(379)	(394)	(400)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	**52**	**(179)**	**6**	**(0)**
Total Cash Generated	(3,844)	1,425	(518)	(107)
Free Cashflow To Equity	**(2,972)**	**1,804**	**(124)**	**293**
Free Cashflow To Firm	**(3,746)**	**2,027**	**(320)**	**85**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(22.5%)	(35.2%)	2.5%	(4.2%)
Operating EBITDA Growth	(33.3%)	(29.3%)	0.9%	0.8%
Operating EBITDA Margin	17.1%	18.7%	18.4%	19.3%
Net Cash Per Share (S$)	(3.50)	(2.82)	(3.33)	(3.61)
BVPS (S$)	6.10	6.42	6.74	7.07
Gross Interest Cover	9.78	2.44	5.02	5.27
Effective Tax Rate	20.2%	16.4%	17.1%	17.1%
Net Dividend Payout Ratio	40.5%	40.0%	40.0%	40.0%
Accounts Receivables Days	103.0	163.7	144.2	149.2
Inventory Days	451.5	560.5	471.2	529.0
Accounts Payables Days	239.9	283.2	204.8	211.8
ROIC (%)	9.1%	5.5%	5.6%	5.1%
ROCE (%)	7.8%	6.9%	5.5%	5.2%
Return On Average Assets	5.38%	3.74%	4.02%	3.88%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Rev. growth (%, main biz.)	-22.5%	-35.2%	2.5%	-4.2%
EBITDA mgns (%, main biz.)	-33.3%	-29.3%	0.9%	0.8%
Rev. as % of total (main biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (main biz.)	N/A	N/A	N/A	N/A
Rev. growth (%, 2ndary biz.)	N/A	N/A	N/A	N/A
EBITDA mgns (%, 2ndary biz.)	N/A	N/A	N/A	N/A
Rev. as % of total (2ndary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (2ndary biz.)	N/A	N/A	N/A	N/A
Rev. growth (%, tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA mgns (%, tertiary biz.)	N/A	N/A	N/A	N/A
Rev.as % of total (tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (tertiary biz.)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

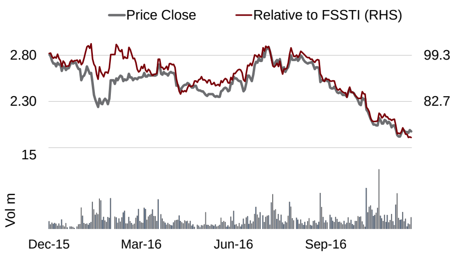
Singapore

HOLD *(no change)*

Consensus ratings*:	Buy 3	Hold 8	Sell 10

Current price:	S$1.98
Target price:	S$2.10
Previous target:	S$2.10
Up/downside:	6.3%
CIMB / Consensus:	-0.5%
Reuters:	MONE.SI
Bloomberg:	M1 SP
Market cap:	US$1,291m
	S$1,837m
Average daily turnover:	US$3.83m
	S$5.31m
Current shares o/s	1,086m
Free float:	39.2%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6	-21.3	-29
Relative (%)	-10	-25.4	-30.2

Major shareholders	% held
Sunshare (Axiata)	29.7
Keppel T&T	19.0
Singapore Press Holdings	13.9

M1 Limited

Down and still out

- New promos to put some pressure on mobile revenue in FY16F-17F. New player to drive mobile revenue down 11% between FY17F and FY20F.
- Healthy fixed services growth to help partially buffer weaker mobile revenue. EBITDA to stay flattish in FY16F-17F and could decline by 20% in FY17F-20F.
- Payout ratio likely to stay at 80% due to high capex and spectrum payments. Maintain Hold and DCF-based target price of S$2.10.

Soft mobile revenue before bigger decline in 2018

- We expect M1's mobile service revenue to be slightly under pressure in FY16F (-4.4%) and FY17F (+0.7%) due to the recent launch of lower-priced SIM-only plans and upsized data promos. Thereafter, we expect mobile service revenue to fall by 11.2% between 2017F and 2020F as competition intensifies once the fourth mobile player launches its service in early-2018.

Fixed services growth will help to provide some cushion

- We expect fixed services revenue to record a healthy 3-year CAGR of 17.7% in FY16F-18F, driven by new government contracts, gradually rising corporate market share (only c.5% now) and growth in residential fibre subscribers.
- Growth in fixed services, which formed 10.4% of FY15's total service revenue, will help to cushion revenue in FY16F/17F (-2.5%/+1.6%) and rein in the decline to 5.4% between FY17F and FY20F, in our view.

EBITDA to stay flattish in FY16F-17F; 19% decline FY17F-20F

- We forecast EBITDA to decline by 7.6% in FY16F and to recover by 4.0% yoy in FY17F due to a reduction in handset subsidies. Driven by a substantial drop in revenue, EBITDA will fall by 20.1% in FY17F-20F, with the EBITDA margin falling to a low of 33.5% in FY20F, based on our projection. In our bear/bull case, EBITDA could fall by 38%/7% in the same three-year period.

Capex to stay high for another two years

- We believe capex is likely to stay high at c.S$130m-140m p.a. (capex/sales: 16.0-17.5%) in FY16F-17F before easing to S$120m p.a. over the long term. About S$100m will likely be spent on mobile network maintenance/upgrades while the remaining S$30m-40m will be largely for fibre investments, i.e. to connect more buildings and for mobile backhaul.

Payout ratio increase and special dividends unlikely

- We do not expect M1 to raise its payout ratio (FY15: 80%) or pay special dividends in the next two years. Due to high capex and spectrum payments, we forecast net debt/EBITDA at 1.3x/1.2x/1.2x by end-FY16F/17F/18F, which is within its optimal capital structure range of 1.0x to 1.5x, in our view.

Maintain Hold and DCF-based target price of S$2.10

- We maintain our Hold rating and DCF-based target price of S$2.10 (WACC: 7.1%). M1's 12.7x FY17F EV/OpFCF is at a 9.3% discount to the ASEAN telco average. Dividend yield of 6.7%/7.0% in FY16/17F will fall to 5.7% in FY18 due to earnings decline, impacted by more intense competition from the fourth mobile player. Upside/ downside risks are better-/worse-than-expected impact from the entry of the fourth mobile player.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	1,076	1,157	1,047	1,150	1,044
Operating EBITDA (S$m)	333.3	335.7	310.3	322.7	292.8
Operating EBITDA Margin	31.0%	29.0%	29.6%	28.1%	28.0%
Net Profit (S$m)	175.8	178.5	154.3	160.9	132.5
Core EPS (S$)	0.19	0.19	0.16	0.17	0.14
Core EPS Growth	8.5%	1.0%	(13.9%)	4.3%	(17.7%)
FD Core P/E (x)	10.43	10.33	11.99	11.50	13.97
DPS (S$)	0.19	0.15	0.13	0.14	0.11
Dividend Yield	9.57%	7.75%	6.67%	6.96%	5.73%
EV/EBITDA (x)	6.33	6.52	7.25	6.95	7.52
P/FCFE (x)	12.51	12.37	14.97	17.02	18.61
Net Gearing	70.8%	83.2%	86.7%	77.4%	64.1%
ROE	44.5%	44.2%	35.4%	33.3%	25.1%
CIMB/consensus EPS (x)			0.97	1.08	0.96

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**1,157**	**1,047**	**1,150**	**1,044**
Gross Profit	**1,157**	**1,047**	**1,150**	**1,044**
Operating EBITDA	**336**	**310**	**323**	**293**
Depreciation And Amortisation	(118)	(124)	(128)	(133)
Operating EBIT	**217**	**186**	**194**	**160**
Financial Income/(Expense)	1	(0)	(0)	0
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	(0)	0	0	0
Profit Before Tax (pre-EI)	**218**	**186**	**194**	**160**
Exceptional Items	0	0	0	0
Pre-tax Profit	**218**	**186**	**194**	**160**
Taxation	(40)	(32)	(33)	(27)
Exceptional Income - post-tax				
Profit After Tax	**179**	**154**	**161**	**132**
Minority Interests	0	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**179**	**154**	**161**	**132**
Recurring Net Profit	179	154	161	132
Fully Diluted Recurring Net Profit	**179**	**154**	**161**	**132**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	10.0	10.9	16.9	17.8
Total Debtors	198.8	152.5	226.8	123.8
Inventories	51.5	25.7	65.8	22.2
Total Other Current Assets	0.2	0.2	0.2	0.2
Total Current Assets	**260.5**	**189.3**	**309.7**	**164.0**
Fixed Assets	713.9	744.1	760.8	765.9
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	13.8	13.8	13.8	13.8
Total Other Non-Current Assets	97.8	147.3	176.7	158.4
Total Non-current Assets	**825.5**	**905.2**	**951.3**	**938.1**
Short-term Debt	353.8	353.8	353.8	313.8
Current Portion of Long-Term Debt				
Total Creditors	145.5	153.6	182.2	122.9
Other Current Liabilities	62.5	62.5	62.5	62.5
Total Current Liabilities	**561.8**	**569.9**	**598.5**	**499.2**
Total Long-term Debt	0.0	55.0	55.0	55.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	111.0	10.6	101.3	0.1
Total Non-current Liabilities	**111.0**	**65.6**	**156.3**	**55.1**
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	**672.8**	**635.5**	**754.7**	**554.4**
Shareholders' Equity	413.2	459.1	506.3	547.7
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	**413.2**	**459.1**	**506.3**	**547.7**

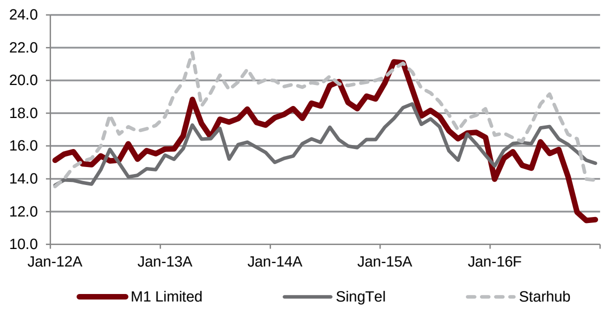
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	335.7	310.3	322.7	292.8
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(60.1)	0.0	0.0	0.0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	8.0	8.0	8.0	8.0
Net Interest (Paid)/Received	(4.9)	(5.7)	(6.1)	(5.8)
Tax Paid	(39.6)	(31.6)	(33.0)	(27.1)
Cashflow From Operations	**239.1**	**281.0**	**291.7**	**267.9**
Capex	(133.5)	(140.0)	(130.0)	(120.0)
Disposals Of FAs/subsidiaries	0.1	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	(8.4)	(72.4)	(52.9)	(8.4)
Cash Flow From Investing	**(141.8)**	**(212.4)**	**(182.9)**	**(128.4)**
Debt Raised/(repaid)	51.8	55.0	0.0	(40.0)
Proceeds From Issue Of Shares	15.1	15.0	15.0	15.0
Shares Repurchased				
Dividends Paid	(177.0)	(143.4)	(123.4)	(119.4)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	**(110.1)**	**(73.4)**	**(108.4)**	**(144.4)**
Total Cash Generated	(12.8)	(4.7)	0.3	(4.9)
Free Cashflow To Equity	**149.1**	**123.6**	**108.8**	**99.5**
Free Cashflow To Firm	**102.2**	**74.3**	**114.9**	**145.3**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	7.51%	(9.52%)	9.81%	(9.17%)
Operating EBITDA Growth	0.72%	(7.55%)	3.99%	(9.27%)
Operating EBITDA Margin	29.0%	29.6%	28.1%	28.0%
Net Cash Per Share (S$)	(0.37)	(0.42)	(0.42)	(0.37)
BVPS (S$)	0.44	0.49	0.54	0.58
Gross Interest Cover	44.35	32.66	31.81	27.46
Effective Tax Rate	18.3%	17.0%	17.0%	17.0%
Net Dividend Payout Ratio	80%	80%	80%	80%
Accounts Receivables Days	49.77	49.91	49.77	49.77
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	23.0%	17.8%	18.6%	13.2%
ROCE (%)	30.5%	23.4%	22.4%	18.1%
Return On Average Assets	16.8%	14.2%	13.7%	11.2%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Group Mobile Subscribers (m)	1.93	2.01	2.06	2.10
Group Fixed Voice Subscribers (m)	N/A	N/A	N/A	N/A
Grp fixed brdband subscribers (m)	0.13	0.16	0.19	0.22
Group Pay TV Subs (m)	N/A	N/A	N/A	N/A
Group Mobile ARPU (US$/mth)	49.8	48.4	45.4	42.8
Grp fixed voice ARPU (US$/mth)	N/A	N/A	N/A	N/A
Grp fixed brdband ARPU (US$/mth)	47	46	46	47
Group Pay TV ARPU (US$/mth)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

Mapletree Industrial Trust

Accelerating momentum for hi-tech buildings

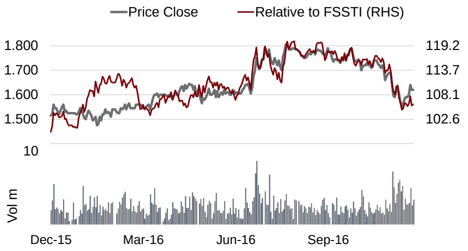
- MINT's valuation indicates an attractive entry point is emerging, as it trades at 1.15x FY17 P/BV (1 s.d. below historical mean of 1.11x).
- Underpinned by two development projects, MINT offers one of the highest DPU growth rates among the S-REITs under our coverage.
- We expect flatted factories' rent to hold and hi-tech building occupancy to rise over the next quarters. Fiercest near-term pressure is likely to be on business parks.

ADD *(no change)*

Consensus ratings*:	Buy 9	Hold 6	Sell 2

Current price:	S$1.62
Target price:	S$1.68
Previous target:	S$1.68
Up/downside:	3.5%
CIMB / Consensus:	-3.7%
Reuters:	MAPI.SI
Bloomberg:	MINT SP
Market cap:	US$2,052m
	S$2,919m
Average daily turnover:	US$3.10m
	S$4.32m
Current shares o/s	1,801m
Free float:	65.4%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5.8	-8.5	6.2
Relative (%)	-9.8	-12.6	5

Major shareholders	% held
Temasek Holdings	34.2
Schroders	7.0
AIA	5.0

Attractive entry point emerging; reiterate Add

- MINT has de-rated from a high of 1.33x P/BV in Jul to 1.15x FY17 P/BV currently (1 s.d. below historical mean). MINT has seen strong support at the 1.11x P/BV level and the stock now trades at 4% above this support level. We reiterate our Add rating on MINT with an unchanged DDM-based target price.
- Downside risks, while limited, could come from downward pressure on occupancy and rental rates.

Highest DPU growth among S-REITs under our coverage

- We like MINT as: i) it offers the highest DPU growth rates among the S-REITs under our coverage, ii) it has a resilient portfolio, and iii) it has a strong balance sheet.
- We forecast that MINT will deliver 3-year DPU CAGR of 2.7% in FY16-19F (vs. industrial peers' average of -1.2%). MINT's DPU growth is likely to be underpinned by the build-to-suit development project for Hewlett-Packard, which should contribute meaningfully in FY18F onwards, and asset enhancement initiative at Kallang Basin 4, which should contribute in FY19F onwards.
- We forecast that hi-tech buildings will account for 30% of the group's NPI by FY19F (up from 20% in FY16).

What next after the development projects?

- MINT has been scouring overseas for industrial properties in the past 2-3 years to drive earnings growth in the medium term. We understand that the trust could be looking at neighbouring countries or countries that its sponsor has a presence in.
- Additionally, MINT is positive on data centres, as it sees healthy secular demand for them. The REIT already has three data centres in its portfolio and has accumulated some experience in ownership of this asset class. MINT is likely to focus on bolt-on acquisitions in the US and European markets that offer breadth and depth.
- Lastly, MINT has right of first refusal (ROFR) on its sponsor's Tai Seng development project, which is expected to be completed by end-2016. The development is at Paya Lebar iPark and has direct access to Tai Seng MRT station. It is expected to cost S$250m to develop. The development is unique as it is zoned as a Business-2 white site, permitting multiple uses.

Delving into MINT's resilient portfolio

- We delve into MINT's property segments to better understand the portfolio's underlying resilience and identify areas in which downside risks lie. Overall, we expect portfolio rent to remain stable, although occupancy faces downward pressure.
- We believe that rents for flatted factories will hold up. Furthermore, we expect hi-tech building occupancy to improve over the next few quarters. These two segments should offset vacancy risk for business parks and stack-up/ramp-up buildings. Light industrial buildings could also be negatively affected by multi-tenanted building conversion.

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Financial Summary	Mar-15A	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Gross Property Revenue (S$m)	313.9	331.6	334.2	348.5	366.1
Net Property Income (S$m)	228.6	245.1	252.2	257.0	270.9
Net Profit (S$m)	374.3	272.6	197.7	199.5	211.0
Distributable Profit (S$m)	180.8	197.8	204.0	206.1	217.7
Core EPS (S$)	0.10	0.11	0.11	0.11	0.12
Core EPS Growth	5.14%	4.10%	1.87%	0.88%	5.67%
FD Core P/E (x)	15.66	15.04	14.77	14.64	13.85
DPS (S$)	0.10	0.11	0.11	0.11	0.12
Dividend Yield	6.44%	6.88%	6.99%	7.06%	7.45%
Asset Leverage	30.6%	28.2%	30.0%	31.5%	31.5%
BVPS (S$)	1.32	1.37	1.37	1.36	1.36
P/BV (x)	1.22	1.18	1.19	1.19	1.19
Recurring ROE	8.18%	7.98%	8.02%	8.11%	8.60%
% Change In DPS Estimates			0%	0%	0%
CIMB/consensus DPS (x)			1.02	0.97	0.98

SOURCE: COMPANY DATA, CIMB FORECASTS

CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Rental Revenues	331.6	334.2	348.5	366.1
Other Revenues				
Gross Property Revenue	**331.6**	**334.2**	**348.5**	**366.1**
Total Property Expenses	(86.5)	(82.1)	(91.5)	(95.2)
Net Property Income	**245.1**	**252.2**	**257.0**	**270.9**
General And Admin. Expenses				
Management Fees	(26.6)	(27.4)	(27.9)	(28.4)
Trustee's Fees	(0.5)	(0.5)	(0.6)	(0.6)
Other Operating Expenses	(1.8)	(1.3)	(1.3)	(1.3)
EBITDA	**216.3**	**223.0**	**227.2**	**240.7**
Depreciation And Amortisation				
EBIT	**216.3**	**223.0**	**227.2**	**240.7**
Net Interest Income	(25.6)	(25.3)	(27.6)	(29.6)
Associates' Profit				
Other Income/(Expenses)				
Exceptional Items	82.0	0.0	0.0	0.0
Pre-tax Profit	**272.6**	**197.7**	**199.5**	**211.0**
Taxation	0.0	0.0	0.0	0.0
Minority Interests				
Preferred Dividends				
Net Profit	**272.6**	**197.7**	**199.5**	**211.0**
Distributable Profit	**197.8**	**204.0**	**206.1**	**217.7**

Balance Sheet

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Investments	3,558	3,658	3,735	3,735
Intangible Assets	0	0	0	0
Other Long-term Assets	0	0	0	0
Total Non-current Assets	3,558	3,658	3,735	3,735
Total Cash And Equivalents	54	34	35	34
Inventories				
Trade Debtors	9	11	11	12
Other Current Assets	2	2	2	2
Total Current Assets	**66**	**47**	**49**	**48**
Trade Creditors	80	75	78	82
Short-term Debt	47	47	47	47
Other Current Liabilities	0	0	0	0
Total Current Liabilities	**127**	**122**	**126**	**130**
Long-term Borrowings	974	1,064	1,144	1,144
Other Long-term Liabilities	58	58	58	58
Total Non-current Liabilities	1,032	1,122	1,202	1,202
Shareholders' Equity	2,465	2,461	2,457	2,452
Minority Interests				
Preferred Shareholders Funds				
Total Equity	**2,465**	**2,461**	**2,457**	**2,452**

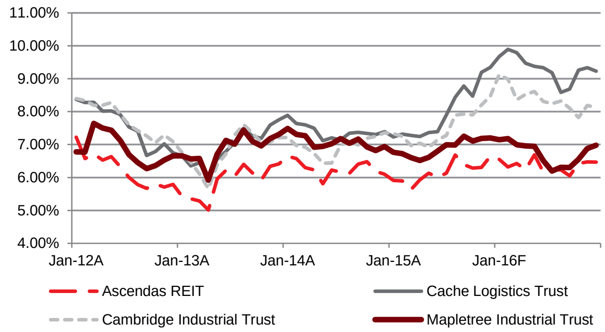
Cash Flow

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Pre-tax Profit	**272.6**	**197.7**	**199.5**	**211.0**
Depreciation And Non-cash Adj.	25.6	25.3	27.6	29.6
Change In Working Capital	0.0	(6.4)	2.7	3.4
Tax Paid	0.2	0.0	0.0	0.0
Others	(78.7)	2.4	2.4	2.4
Cashflow From Operations	**219.7**	**219.0**	**232.3**	**246.4**
Capex	(43.5)	(100.0)	(77.0)	0.0
Net Investments And Sale Of FA				
Other Investing Cashflow				
Cash Flow From Investing	**(43.5)**	**(100.0)**	**(77.0)**	**0.0**
Debt Raised/(repaid)	(54.6)	90.0	80.0	0.0
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0
Dividends Paid	(114.6)	(204.0)	(206.1)	(217.7)
Cash Interest And Others	(24.3)	(25.3)	(27.6)	(29.6)
Cash Flow From Financing	**(193.5)**	**(139.3)**	**(153.7)**	**(247.3)**
Total Cash Generated	(17.3)	(20.3)	1.6	(0.9)
Free Cashflow To Firm	176.4	119.2	155.4	246.6
Free Cashflow To Equity	97.2	183.7	207.6	216.8

Key Ratios

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Gross Property Revenue Growth	5.65%	0.80%	4.26%	5.06%
NPI Growth	7.22%	2.88%	1.90%	5.44%
Net Property Income Margin	73.9%	75.5%	73.7%	74.0%
DPS Growth	6.90%	1.55%	0.95%	5.56%
Gross Interest Cover	8.34	8.73	8.18	8.08
Effective Tax Rate	0.000%	0.000%	0.000%	0.000%
Net Dividend Payout Ratio	73%	103%	103%	103%
Current Ratio	0.52	0.38	0.39	0.37
Quick Ratio	0.52	0.38	0.39	0.37
Cash Ratio	0.43	0.28	0.28	0.26
Return On Average Assets	7.6%	5.4%	5.3%	5.6%

Rolling Dividend Yield



Key Drivers

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Rental Rate Psf Pm (S$)	2.0	2.0	2.0	2.1
Acq. (less development) (US$m)	N/A	N/A	N/A	N/A
RevPAR (S$)	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sf)	14,832	15,169	15,492	15,760
Occupancy (%)	94.1%	93.4%	93.3%	92.8%
Assets Under Management (m) (S$)	3,557.9	3,657.9	3,734.9	3,734.9
Funds Under Management (m) (S$)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

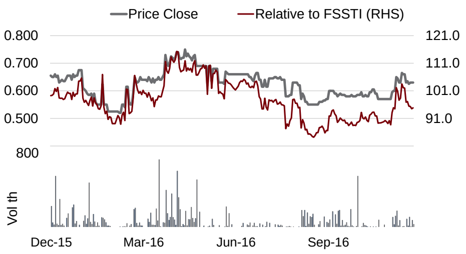
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 3	Hold 0	Sell 0

Current price:	S$0.63
Target price:	S$0.74
Previous target:	S$0.74
Up/downside:	17.1%
CIMB / Consensus:	1.9%
Reuters:	MEMT.SI
Bloomberg:	MTEC SP
Market cap:	US$62.38m
	S$88.75m
Average daily turnover:	US$0.02m
	S$0.03m
Current shares o/s	140.9m
Free float:	50.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	10.5	12.5	-3.1
Relative (%)	6.5	8.4	-4.3

Major shareholders	% held
Keytech Investment Pte Ltd	43.7
Chuang Wen Fu	3.9
Gu Cheng Hua	1.0

Memtech International

Precisely engineered for a stronger US economy

- Plastic/rubber parts maker that counts Kostal, Netgear and Apple as its customers.
- Automotive and consumer electronics segments are the key growth drivers.
- Our Add call with S$0.74 TP is also backed by net cash and 3-6% dividend yield.

Transformation complete; technology remains in plastic injection

- Memtech was previously a keypad components supplier to mobile phone brands like Nokia, Motorola and Sony Ericsson, but made a strategic decision to expand into new segments like automotive, consumer electronics and industrial & medical.
- It leverages on its core capabilities in silicone rubber/plastic and multiple injection technology to develop tooling, functional and decorative parts for automotive products, keypads, flash lens and silicone rubber consumer electronics products.
- The company operates in China, namely Nantong, Kunshan and Dongguan.

Time to move on from temporary setback in 2Q16

- Memtech recorded its first net loss of US$1.5m in 2Q16 over the past three-year period, because of persistent delay in Beats' project.
- Pricing pressure, coupled with lower utilisation level, weighed on overall gross margins (2Q16: 8.6%, 2Q15: 17.7%).
- The company returned to profitability in 3Q16 upon strong sales recovery and better gross margins (3Q16: 17.7%, 3Q15: 15.4%).
- We expect such earnings momentum to carry across FY17-18F as 1) it enters into a seasonally stronger 4Q16, and 2) new projects reach mass production.

Automotive and consumer electronics to propel sales

- We estimate double-digit topline growth in FY17-19F, for Memtech's core business segments, automotive and consumer electronics. Such growth will come from a mix of new and existing customers, particularly Kostal, Magna, Faurecia and Tesla for the automotive segment, and Netgear, Apple and Roku for the consumer electronics segment.
- We also project Memtech's key customers to be potential beneficiaries of a stronger US economy, and rising spending in these main sectors.
- Memtech's telecommunications segment will continue to face sales decline due to phasing out of certain phone features, while we expect flat sales from its industrial & medical segment.

Net cash, 3-6% dividend yield, positive FCF

- The stock offers 3-6% forecasted dividend yield, aligned with its newly-implemented dividend policy of at least 30% net profit.
- The company has a net cash position of US$24m, which could be further strengthened by marginally improved free cashflow (9M16: US$1.4m, 9M15: US$0.2m). It continues to invest in more plastic injection moulding machines to support future sales growth.

Maintain Add; catalyst to come from results outperformance

- Stronger earnings delivery and more exciting potential projects in the pipeline could catalyse the stock, while key risk is unexpected order cancellation or delay.
- We reiterate our Add call with a target price of S$0.74, based on 8x CY18 P/E (Singapore peers' average of 11x).

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (US$m)	137.6	142.2	145.3	165.9	190.4
Net Profit (US$m)	16.94	8.18	5.11	8.33	9.55
Core EPS (US$)	0.044	0.054	0.036	0.059	0.068
Core EPS Growth		20.6%	(32.2%)	63.0%	14.6%
FD Core P/E (x)	9.97	8.27	12.20	7.49	6.53
Price To Sales (x)	0.45	0.44	0.43	0.38	0.33
DPS (US$)	0.023	0.024	0.015	0.024	0.027
Dividend Yield	5.11%	5.32%	3.28%	5.34%	6.12%
EV/EBITDA (x)	2.13	2.31	2.37	1.55	1.18
P/FCFE (x)	NA	258.1	27.7	10.1	11.0
Net Gearing	(27.2%)	(23.7%)	(23.2%)	(24.6%)	(24.9%)
P/BV (x)	0.56	0.56	0.54	0.52	0.49
ROE	5.65%	6.73%	4.49%	7.07%	7.75%
CIMB/consensus EPS (x)			1.01	1.04	1.00

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**143.2**	**146.5**	**167.0**	**191.5**
Gross Profit	**25.8**	**25.0**	**29.6**	**34.0**
Operating EBITDA	**15.6**	**15.1**	**21.2**	**26.2**
Depreciation And Amortisation	(7.9)	(9.3)	(11.6)	(15.0)
Operating EBIT	**7.7**	**5.8**	**9.5**	**11.2**
Financial Income/(Expense)	0.3	0.1	0.1	0.1
Pretax Income/(Loss) from Assoc.	(0.0)	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**8.0**	**5.9**	**9.6**	**11.2**
Exceptional Items	0.7	0.0	0.0	0.0
Pre-tax Profit	**8.6**	**5.9**	**9.6**	**11.2**
Taxation	(0.5)	(0.8)	(1.2)	(1.7)
Exceptional Income - post-tax				
Profit After Tax	**8.2**	**5.1**	**8.3**	**9.5**
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**8.2**	**5.1**	**8.3**	**9.5**
Recurring Net Profit	7.6	5.1	8.3	9.5
Fully Diluted Recurring Net Profit	**7.6**	**5.1**	**8.3**	**9.5**

Balance Sheet

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	28.8	29.0	31.8	33.7
Total Debtors	61.0	62.4	70.6	81.5
Inventories	15.7	16.3	17.7	20.8
Total Other Current Assets	3.4	3.4	3.4	3.4
Total Current Assets	**109.0**	**111.1**	**123.5**	**139.4**
Fixed Assets	41.7	42.4	40.7	35.7
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	0.8	0.8	0.8	0.8
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	**42.5**	**43.2**	**41.5**	**36.5**
Short-term Debt	1.1	1.1	1.1	1.1
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0
Total Creditors	32.7	32.4	38.2	43.4
Other Current Liabilities	0.7	0.7	0.7	0.7
Total Current Liabilities	**34.5**	**34.2**	**40.0**	**45.2**
Total Long-term Debt	1.1	1.1	1.1	1.1
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	3.5	3.5	3.5	3.5
Total Non-current Liabilities	**4.6**	**4.6**	**4.6**	**4.6**
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	**39.1**	**38.9**	**44.6**	**49.8**
Shareholders' Equity	112.2	115.3	120.3	126.0
Minority Interests	0.1	0.1	0.1	0.1
Total Equity	**112.3**	**115.4**	**120.4**	**126.1**

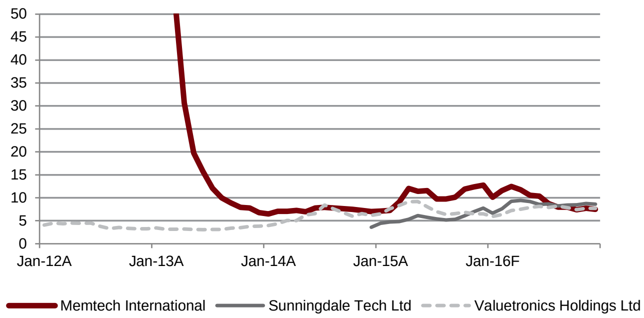
Cash Flow

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	15.57	15.09	21.17	26.21
Cash Flow from Invt. & Assoc.	0.02	0.00	0.00	0.00
Change In Working Capital	(7.24)	(2.12)	(3.83)	(8.91)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.36	0.00	0.00	0.00
Net Interest (Paid)/Received	0.33	0.05	0.05	0.05
Tax Paid	(0.42)	(0.76)	(1.25)	(1.69)
Cashflow From Operations	**8.61**	**12.25**	**16.15**	**15.66**
Capex	(7.61)	(10.00)	(10.00)	(10.00)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	0.35	0.00	0.00	0.00
Cash Flow From Investing	**(7.26)**	**(10.00)**	**(10.00)**	**(10.00)**
Debt Raised/(repaid)	(1.11)	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	(0.13)	0.00	0.00	0.00
Dividends Paid	(3.22)	(2.04)	(3.33)	(3.82)
Preferred Dividends				
Other Financing Cashflow	(0.65)	0.00	0.00	0.00
Cash Flow From Financing	**(5.11)**	**(2.04)**	**(3.33)**	**(3.82)**
Total Cash Generated	(3.75)	0.21	2.81	1.84
Free Cashflow To Equity	**0.24**	**2.25**	**6.15**	**5.66**
Free Cashflow To Firm	**1.45**	**2.35**	**6.25**	**5.76**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	3.4%	2.2%	14.2%	14.8%
Operating EBITDA Growth	6.0%	(3.0%)	40.3%	23.8%
Operating EBITDA Margin	10.9%	10.4%	12.8%	13.8%
Net Cash Per Share (US$)	0.19	0.19	0.21	0.22
BVPS (US$)	0.80	0.82	0.85	0.89
Gross Interest Cover	81.4	58.3	95.3	111.8
Effective Tax Rate	5.5%	13.0%	13.0%	15.0%
Net Dividend Payout Ratio	44.2%	40.0%	40.0%	40.0%
Accounts Receivables Days	131.7	132.4	126.8	125.5
Inventory Days	45.30	48.23	45.13	44.63
Accounts Payables Days	84.28	80.27	77.89	78.05
ROIC (%)	9.1%	6.5%	10.3%	11.9%
ROCE (%)	7.02%	5.15%	8.06%	9.03%
Return On Average Assets	4.70%	3.31%	5.19%	5.57%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP Change (%, Main Product)	25.0%	20.0%	25.0%	20.0%
Unit sales growth (%, main prod)	N/A	N/A	N/A	N/A
No. Of Lines (main Product)	N/A	N/A	N/A	N/A
Rev per line (US$, main prod)	N/A	N/A	N/A	N/A
ASP chg (%, 2ndary prod)	1.4%	20.0%	20.0%	20.0%
Unit sales grth (%, 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US$, 2ndary prod)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

Mermaid Maritime

Not on the bond-wagon

- A stellar 2016 on cost-cutting efforts, coupled with a good run on contract wins.
- In our view, its balance sheet is one of the healthiest in the offshore marine space with no bonds due and negligible debts.
- Our pick to ride a volatile 2017F; maintain Add with an unchanged 0.5x CY17F P/BV-based target price of S$0.17 (1 s.d. below its 5-year mean).

ADD *(no change)*

Consensus ratings*:	Buy 1	Hold 1	Sell 0

Current price:	S$0.14
Target price:	S$0.17
Previous target:	S$0.17
Up/downside:	24.0%
CIMB / Consensus:	20.6%
Reuters:	MMPC.SI
Bloomberg:	MMT SP
Market cap:	US$140.1m
	S$199.3m
Average daily turnover:	US$0.27m
	S$0.38m
Current shares o/s	1,413m
Free float:	22.7%

*Source: Bloomberg

Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	27	56.7	-11.9
Relative (%)	23	52.6	-13.1

Major shareholders	% held
Thoresen Thai Agencies	58.2
Chalermchai Mahagitsiri	10.7
Prayudh Mahagitsiri	8.4

A good run on contract wins and extensions for 2016

- MMT announced US$66m worth of subsea contracts and secured long-term contract extensions for two of its associate-owned rigs (AOD I and AOD II) and a long-term offshore inspection repair and maintenance (IRM), solidifying work for at least the next year. As at end-Sep 16, the group had an order backlog of US$155.3m (excluding its AOD rigs).

Cost-cutting exercise bears fruit

- MMT embarked on aggressive cost optimisation in early 2016 and it has led to significant cost savings for the year. Key strategies were to cold stack non-performing vessels and return chartered-in vessels when they were not in use. Owned vessels that were cold-stacked were Mermaid Siam in 1Q16, Mermaid Challenger and SS Barakuda in 2Q16. Endeavour was returned in 1Q16.

Awaiting news on AOD III

- AOD III is only contracted until Dec 16 but we are hopeful that there will be contract renewals given that offshore activities seem to be relatively stronger in the Middle East than in the rest of the world. The Asia Offshore Drilling (AOD) rigs have good track records with their clients, with average utilisation rate of 100% in 1H16 and 98% in FY15. We believe that this track record enhances AOD III's chances of a contract renewal.

Best-in-class net gearing

- Net gearing narrowed to 0.02x at end-Sep 16 (vs. 2Q16: 0.05x) as cash balance ex-restricted deposits of US$88m counterbalanced debts of US$95.6m. MMT stands as one of the few companies within the offshore marine space with negligible debt as at end-Sep 16.

Survivability is key; no notes outstanding

- Similar to its offshore marine peers, earnings volatility cannot be discounted as the subsea sector is still soft. However, MMT will have no issues riding out the volatility given it has negligible debt and no outstanding notes. As at end-9MFY16, it also churned positive operating cashflow of US$39.2m.

More upside from here on

- We like MMT for its stable balance sheet and see minimal downside risks to the stock given it is already trading at trough valuations of 0.39x CY17F P/BV vs. 5-year mean of 0.8x. Key downside risks are non-renewal of AOD III's contract which could erode associate contributions, and lower-than-expected utilisation of its subsea vessels in FY17-18.

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (US$m)	328.9	336.6	190.0	217.2	239.1
Operating EBITDA (US$m)	50.56	19.16	36.63	31.02	32.42
Net Profit (US$m)	39.5	(228.9)	20.1	13.5	16.4
Core EPS (US$)	0.029	0.002	0.014	0.010	0.012
Core EPS Growth	85%	(92%)	503%	(33%)	22%
FD Core P/E (x)	3.44	42.09	6.98	10.40	8.53
DPS (US$)	0.007	-	-	-	-
Dividend Yield	7.01%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	0.47	5.80	1.74	1.56	0.71
P/FCFE (x)	NA	0.66	4.54	71.87	11.37
Net Gearing	4.1%	14.5%	3.1%	0.9%	(3.9%)
P/BV (x)	0.25	0.44	0.41	0.39	0.38
ROE	7.38%	0.75%	6.05%	3.87%	4.52%
CIMB/consensus EPS (x)			1.16	1.92	0.96

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**336.6**	**190.0**	**217.2**	**239.1**
Gross Profit	**33.1**	**36.9**	**36.6**	**42.4**
Operating EBITDA	**19.2**	**36.6**	**31.0**	**32.4**
Depreciation And Amortisation	(34.7)	(23.1)	(21.2)	(19.5)
Operating EBIT	**(15.5)**	**13.5**	**9.8**	**12.9**
Financial Income/(Expense)	(3.2)	(2.8)	(2.7)	(2.5)
Pretax Income/(Loss) from Assoc.	20.3	11.7	7.9	7.9
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**1.6**	**22.3**	**15.0**	**18.2**
Exceptional Items	(232.2)	0.0	0.0	0.0
Pre-tax Profit	**(230.6)**	**22.3**	**15.0**	**18.2**
Taxation	(0.5)	(2.2)	(1.5)	(1.8)
Exceptional Income - post-tax				
Profit After Tax	**(231.1)**	**20.1**	**13.5**	**16.4**
Minority Interests	2.2	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**(228.9)**	**20.1**	**13.5**	**16.4**
Recurring Net Profit	3.3	20.1	13.5	16.4
Fully Diluted Recurring Net Profit	**3.3**	**20.1**	**13.5**	**16.4**

Balance Sheet

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	57.4	88.3	90.6	103.2
Total Debtors	114.8	104.1	119.0	131.0
Inventories	2.5	3.1	3.6	3.9
Total Other Current Assets	24.3	24.3	24.3	24.3
Total Current Assets	**199.0**	**219.9**	**237.5**	**262.4**
Fixed Assets	214.3	196.1	179.9	165.4
Total Investments	74.8	86.5	94.3	102.2
Intangible Assets	2.4	2.4	2.4	2.4
Total Other Non-Current Assets	9.4	9.4	9.4	9.4
Total Non-current Assets	**300.8**	**294.3**	**285.9**	**279.3**
Short-term Debt	103.8	8.9	7.4	5.9
Current Portion of Long-Term Debt				
Total Creditors	64.8	67.7	68.4	75.3
Other Current Liabilities	4.4	0.8	0.8	0.8
Total Current Liabilities	**172.9**	**77.3**	**76.6**	**82.0**
Total Long-term Debt	0.0	89.9	86.4	82.9
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	**0.0**	**89.9**	**86.4**	**82.9**
Total Provisions	5.8	5.8	5.8	5.8
Total Liabilities	**178.8**	**173.1**	**168.8**	**170.7**
Shareholders' Equity	321.6	341.6	355.1	371.5
Minority Interests	(0.5)	(0.5)	(0.5)	(0.5)
Total Equity	**321.0**	**341.1**	**354.6**	**371.0**

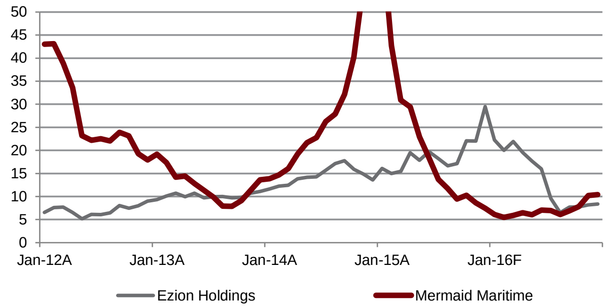
Cash Flow

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	19.16	36.63	31.02	32.42
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(17.95)	9.36	(14.59)	(5.45)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	247.02	0.00	0.00	0.00
Other Operating Cashflow	(0.33)	0.00	0.00	0.00
Net Interest (Paid)/Received	(3.30)	(3.14)	(2.98)	(2.83)
Tax Paid	(6.55)	(2.23)	(1.50)	(1.82)
Cashflow From Operations	**238.05**	**40.62**	**11.95**	**22.32**
Capex	(25.13)	(5.00)	(5.00)	(5.00)
Disposals Of FAs/subsidiaries	7.03	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	(1.74)	0.00	0.00	0.00
Other Investing Cashflow	0.19	0.20	0.00	0.00
Cash Flow From Investing	**(19.65)**	**(4.80)**	**(5.00)**	**(5.00)**
Debt Raised/(repaid)	(5.43)	(5.00)	(5.00)	(5.00)
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(12.30)	0.00	0.00	0.00
Preferred Dividends				
Other Financing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Financing	**(17.72)**	**(5.00)**	**(5.00)**	**(5.00)**
Total Cash Generated	200.67	30.82	1.95	12.32
Free Cashflow To Equity	**212.97**	**30.82**	**1.95**	**12.32**
Free Cashflow To Firm	**221.70**	**38.96**	**9.93**	**20.15**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	2.3%	(43.5%)	14.3%	10.1%
Operating EBITDA Growth	(62.1%)	91.2%	(15.3%)	4.5%
Operating EBITDA Margin	5.7%	19.3%	14.3%	13.6%
Net Cash Per Share (US$)	(0.033)	(0.007)	(0.002)	0.010
BVPS (US$)	0.23	0.24	0.25	0.26
Gross Interest Cover	(4.55)	4.30	3.28	4.56
Effective Tax Rate	0.0%	10.0%	10.0%	10.0%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	122.3	210.8	187.5	190.9
Inventory Days	4.87	6.74	6.76	6.96
Accounts Payables Days	24.74	33.09	30.81	29.00
ROIC (%)	(2.71%)	3.62%	2.89%	3.83%
ROCE (%)	(2.74%)	3.15%	2.24%	2.87%
Return On Average Assets	0.58%	4.41%	3.01%	3.46%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Outstanding Orderbook (US$m)	N/A	N/A	N/A	N/A
Order Book Wins (US$m)	N/A	N/A	N/A	N/A
Order Book Depletion (US$m)	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US$)	-	-	-	-
No. Of Ships (unit)	N/A	8	8	8
Average Utilisation Rate (%)	56.0%	67.0%	66.5%	68.5%

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

OCBC

Asset quality remains a concern

- We expect OCBC to see challenging topline growth amid tepid loan demand and lower GEH contributions, partially offset by the integration of Barclays private bank.
- OCBC remains most bearish on its asset quality outlook, with potential S$1.3bn of net new NPLs should its NPL ratio rise to 1.8% (3Q16: 1.2%).
- Maintain Reduce and GGM-based target price of S$8.18 (0.91x CY17F P/BV). OCBC remains our least preferred among the Singapore banks.

Weakest loan growth among the three banks

- OCBC guided for 2017 loan growth to come in at the low single-digit range, similar to 2016. While the contraction in China trade loans appears to have bottomed with stabilisation in the SHIBOR and CNH HIBOR, we see limited upside to loan growth as OCBC has pulled back on lending to customer segments it is unfamiliar with.
- DBS and UOB appear to have done better in funding chunky overseas property investments, especially in the financial institution space. On the other hand, OCBC's loan growth is still mostly coming from domestic mortgages as loans are drawn down when properties near completion.

GEH could disappoint in the near term

- OCBC's strong 3Q16 performance was almost entirely due to GEH – net profit grew 7% qoq, but core banking profit excluding GEH was actually down 3% qoq.
- GEH did well in 3Q as its non-par fund saw unrealised mark-to-market gains in both its equity and bond portfolios. We think some of these gains could reverse in 4Q as higher yields could have a negative impact on bond prices.

Barclays acquisition could be the saving grace

- OCBC's best bet in driving non-NII growth is through its wealth management outfit, with the help of its acquisition of Barclays's wealth and investment management business in Singapore and Hong Kong.
- We expect Barclays's asset under management (AUM) of US$18.3bn to drive a 33% increase in Bank of Singapore's AUM to US$73.3bn, assuming no attrition. The deal is slated to close by end-2016 and be EPS and ROE accretive after one year.

Most bearish on asset quality

- Among the three banks, OCBC's guidance on asset quality appears most bearish. It is the only bank that thinks the worst of the oil & gas credit cycle is not over yet as sector worries continue to deepen. It expects to keep its NPL ratio below the 1.8% it saw during the GFC, but this is still a far cry from its current 1.2% and implies potential net new NPLs of S$1.3bn.
- Poorer asset quality could take an immediate hit on the bottomline if OCBC intends to maintain a minimum 100% coverage ratio (3Q16: 101%). Further write-downs of oil & gas collateral values could also mean more specific provisions (SPs) could be required.

Remains our least preferred

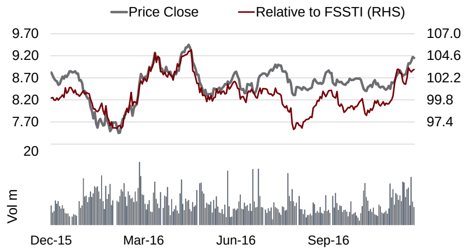
- We maintain our Reduce rating and GGM-based target price of S$8.18 (0.91x CY17F P/BV).
  OCBC remains our least preferred Singapore bank due to its most challenging topline growth and most bearish outlook on asset quality. Its P/BV valuation also remains the highest among peers for similar ROEs in 2017.

REDUCE *(no change)*

Consensus ratings*:	Buy 8	Hold 10	Sell 5

Current price:	S$9.15
Target price:	S$8.18
Previous target:	S$8.18
Up/downside:	-10.6%
CIMB / Consensus:	-8.7%
Reuters:	OCBC.SI
Bloomberg:	OCBC SP
Market cap:	US$26,900m
	S$38,270m
Average daily turnover:	US$33.82m
	S$47.13m
Current shares o/s	14,560m
Free float:	69.1%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	7.6	6.5	4.7
Relative (%)	3.6	2.4	3.5

Major shareholders	% held
Selat Pte Ltd	10.8
Aberdeen	4.8
Lee Foundation Singapore	4.3

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Net Interest Income (S$m)	4,736	5,189	5,049	5,172	5,406
Total Non-Interest Income (S$m)	3,604	3,533	3,350	3,475	3,586
Operating Revenue (S$m)	8,340	8,722	8,399	8,647	8,992
Total Provision Charges (S$m)	(357.0)	(488.0)	(608.4)	(801.6)	(862.1)
Net Profit (S$m)	3,451	3,903	3,499	3,414	3,527
Core EPS (S$)	0.93	0.96	0.85	0.83	0.86
Core EPS Growth	15.4%	3.6%	(11.7%)	(2.4%)	3.3%
FD Core P/E (x)	9.85	9.51	10.78	11.05	10.69
DPS (S$)	0.36	0.36	0.36	0.36	0.38
Dividend Yield	3.93%	3.93%	3.93%	3.93%	4.15%
BVPS (S$)	7.57	8.08	8.57	9.04	9.51
P/BV (x)	1.21	1.13	1.07	1.01	0.96
ROE	12.5%	12.3%	10.2%	9.4%	9.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	0.97	0.94

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Net Interest Income	5,189	5,049	5,172	5,406
Total Non-Interest Income	3,533	3,350	3,475	3,586
Operating Revenue	**8,722**	**8,399**	**8,647**	**8,992**
Total Non-Interest Expenses	(3,762)	(3,886)	(4,033)	(4,191)
Pre-provision Operating Profit	**4,960**	**4,513**	**4,613**	**4,801**
Total Provision Charges	(488)	(608)	(802)	(862)
Operating Profit After Provisions	**4,472**	**3,905**	**3,812**	**3,939**
Pretax Income/(Loss) from Assoc.	353	417	404	416
Operating EBIT (incl Associates)	**4,825**	**4,321**	**4,216**	**4,355**
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**4,825**	**4,321**	**4,216**	**4,355**
Exceptional Items				
Pre-tax Profit	**4,825**	**4,321**	**4,216**	**4,355**
Taxation	(717)	(657)	(641)	(662)
Consolidation Adjustments & Others				
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	**4,108**	**3,664**	**3,575**	**3,693**
Minority Interests	(205)	(165)	(161)	(166)
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	**3,903**	**3,499**	**3,414**	**3,527**
Recurring Net Profit	3,903	3,499	3,414	3,527

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Gross Loans	246,456	252,609	250,906	256,490
Liquid Assets & Invst. (Current)	22,786	22,900	23,129	23,360
Other Int. Earning Assets				
Total Gross Int. Earning Assets	**269,242**	**275,509**	**274,035**	**279,850**
Total Provisions/Loan Loss Reserve	(2,447)	(3,308)	(3,849)	(4,135)
Total Net Interest Earning Assets	**266,795**	**272,200**	**270,186**	**275,715**
Intangible Assets	5,195	5,195	5,195	5,195
Other Non-Interest Earning Assets	76,019	75,909	82,980	88,176
Total Non-Interest Earning Assets	**81,214**	**81,104**	**88,175**	**93,371**
Cash And Marketable Securities	**42,181**	**40,855**	**41,120**	**41,157**
Long-term Investments	0	0	0	0
Total Assets	**390,190**	**394,159**	**399,481**	**410,244**
Customer Interest-Bearing Liabilities	246,277	247,755	250,232	256,488
Bank Deposits	12,047	12,119	12,240	12,546
Interest Bearing Liabilities: Others	30,527	30,710	31,017	31,793
Total Interest-Bearing Liabilities	**288,851**	**290,584**	**293,490**	**300,827**
Bank's Liabilities Under Acceptances				
Total Non-Interest Bearing Liabilities	64,228	64,613	65,260	66,891
Total Liabilities	**353,079**	**355,197**	**358,749**	**367,718**
Shareholders' Equity	**34,553**	**36,569**	**38,499**	**40,460**
Minority Interests	2,558	2,393	2,232	2,066
Total Equity	**37,111**	**38,962**	**40,731**	**42,526**

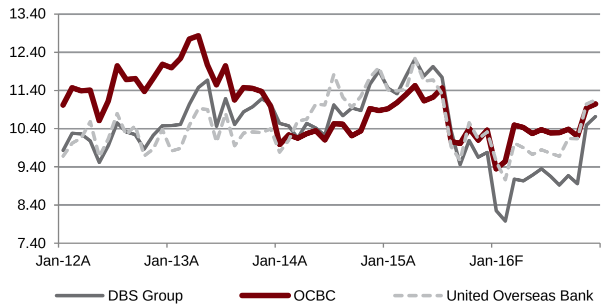
Balance Sheet Employment

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Gross Loans/Cust Deposits	85.5%	84.6%	84.8%	85.3%
Avg Loans/Avg Deposits	85.5%	85.1%	84.7%	85.1%
Avg Liquid Assets/Avg Assets	21.4%	20.6%	20.1%	19.2%
Avg Liquid Assets/Avg IEAs	31.2%	29.6%	29.0%	28.0%
Net Cust Loans/Assets	53.4%	52.4%	52.2%	52.3%
Net Cust Loans/Broad Deposits	80.6%	79.4%	79.4%	79.8%
Equity & Provns/Gross Cust Loans	16.4%	17.4%	18.1%	18.5%
Asset Risk Weighting	49.5%	48.8%	48.7%	48.9%
Provision Charge/Avg Cust Loans	0%	0%	0%	0%
Provision Charge/Avg Assets	0%	0%	0%	0%
Total Write Offs/Average Assets	0%	0%	0%	0%

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Income Growth	4.6%	(3.7%)	3.0%	4.0%
Operating Profit Growth	(1.0%)	(9.0%)	2.2%	4.1%
Pretax Profit Growth	1.3%	(10.4%)	(2.4%)	3.3%
Net Interest To Total Income	59.5%	60.1%	59.8%	60.1%
Cost Of Funds	1.12%	1.16%	1.16%	1.17%
Return On Interest Earning Assets	3.12%	3.08%	3.12%	3.21%
Net Interest Spread	2.01%	1.93%	1.96%	2.04%
Net Interest Margin (Avg Deposits)	2.11%	2.04%	2.08%	2.13%
Net Interest Margin (Avg RWA)	2.72%	2.62%	2.67%	2.74%
Provisions to Pre Prov. Operating Profit	9.8%	13.5%	17.4%	18.0%
Interest Return On Average Assets	1.31%	1.29%	1.30%	1.34%
Effective Tax Rate	14.9%	15.2%	15.2%	15.2%
Net Dividend Payout Ratio	38.0%	42.4%	43.5%	44.4%
Return On Average Assets	0.99%	0.89%	0.86%	0.87%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Loan Growth (%)	0.4%	-0.5%	1.2%	3.1%
Net Interest Margin (%)	1.9%	1.9%	1.9%	2.0%
Non Interest Income Growth (%)	-2.0%	-5.2%	3.7%	3.2%
Cost-income Ratio (%)	43.1%	46.3%	46.6%	46.6%
Net NPL Ratio (%)	0.9%	1.3%	1.7%	1.7%
Loan Loss Reserve (%)	0.0%	0.0%	0.0%	0.0%
GP Ratio (%)	0.0%	0.0%	0.0%	0.0%
Tier 1 Ratio (%)	14.8%	16.1%	16.9%	17.3%
Total CAR (%)	16.8%	16.1%	16.9%	17.3%
Deposit Growth (%)	0.3%	0.6%	1.0%	2.5%
Loan-deposit Ratio (%)	84.5%	83.3%	83.3%	83.7%
Gross NPL Ratio (%)	0.9%	1.3%	1.7%	1.7%
Fee Income Growth (%)	9.9%	-0.3%	5.5%	2.4%

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

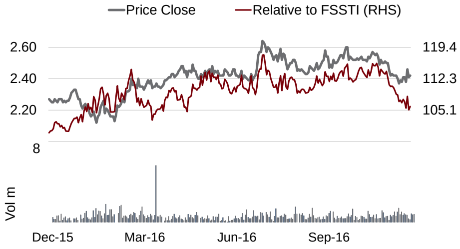
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 3	Hold 2	Sell 0

Current price:	S$2.42
Target price:	S$2.53
Previous target:	S$2.78
Up/downside:	4.7%
CIMB / Consensus:	-5.9%
Reuters:	PWLR.SI
Bloomberg:	PREIT SP
Market cap:	US$1,029m
	S$1,464m
Average daily turnover:	US$1.21m
	S$1.68m
Current shares o/s	605.0m
Free float:	57.4%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.8	-2	4.3
Relative (%)	-6.8	-6.1	3.1

Major shareholders	% held
Parkway Pantai Limited	35.7
Bank of New York Mellon Corp	9.9
Britten Holdings Pte Ltd	6.4

Parkway Life REIT

Resilient earnings base

- Resilient Singapore rent structure, downside protection for most of Japan income.
- Low refinancing risk, minimal exposure to interest rate hike.
- Maintain Add, with a DDM-based target price of S$2.78.

One of the largest healthcare REITs in Asia

- PREIT is one of the largest listed healthcare REITs in Asia by asset size. Its portfolio of 48 properties spans Singapore hospitals (62%), Japan nursing homes (36%) and Malaysia (2%). In addition to long WALE of 8.69 years, its Singapore rental structure is deflation-protected, while Japan offers downside protection for 92% of its leases, backed by a diversified nursing home operator base of 22 operators.

Resilient Singapore rent structure

- Mount Elizabeth and Gleneagles hospitals continue to enjoy a CPI-plus-1% rental growth formula in FY16F, while Parkway East Hospital moved to a base-plus-adjusted hospital revenue formula as the underlying hospital operations outperformed the minimum guarantee rent level. This provides PREIT with downside rental protection and upside benefits from improved hospital operations.

Inorganic expansion spurred Japan income

- Japan operations YTD benefited from the higher-yield assets acquired during its asset-recycling initiative and new income contribution from the purchase of one new nursing home in Mar 16. There was also higher income YTD from the completion of the Sawayaka Kiyotakan AEI, which increased rent by S$0.5m p.a. Given the significant asset value increase amid cap rate compression, we believe there is room for more asset recycling within the Japan portfolio.

No debt-refinancing needs until 2HFY18F

- PREIT has completed the debt refinancing required for FY16F and it has no loans due until 2HFY18F. Around 98% of its interest rate exposure is hedged and gearing was at a healthy 38.2% at end-3Q16. This puts the trust in a strong position to pursue more inorganic growth opportunities in tandem with its strategy to optimise portfolio quality and returns through recycling and redeploying capital.

Maintain Add

- PREIT offers investors earnings stability from its long average lease expiry profile of 8.69 years and resilient rent. Maintain Add with a DDM-based target price of S$2.78. A downside risk is long-term downtrend of the ¥, which would mean delayed drag on earnings as its existing currency hedges roll off.

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Gross Property Revenue (S$m)	100.4	102.7	111.7	113.2	114.9
Net Property Income (S$m)	93.8	96.0	104.1	105.6	107.2
Net Profit (S$m)	107.4	67.0	74.6	77.5	79.0
Distributable Profit (S$m)	69.70	80.39	73.46	76.55	78.00
Core EPS (S$)	0.11	0.10	0.12	0.13	0.13
Core EPS Growth	2.4%	(3.2%)	18.5%	3.9%	1.9%
FD Core P/E (x)	22.51	23.25	19.63	18.89	18.54
DPS (S$)	0.12	0.13	0.12	0.13	0.13
Dividend Yield	4.76%	5.49%	5.02%	5.23%	5.33%
Asset Leverage	35.0%	35.2%	35.7%	35.7%	35.6%
BVPS (S$)	1.71	1.69	1.69	1.69	1.70
P/BV (x)	1.41	1.43	1.43	1.43	1.43
Recurring ROE	6.44%	6.12%	7.29%	7.57%	7.70%
% Change In DPS Estimates			0%	0%	0%
CIMB/consensus DPS (x)			1.01	1.00	1.02

SOURCE: COMPANY DATA, CIMB FORECASTS

CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Rental Revenues	102.7	111.7	113.2	114.9
Other Revenues	0.0	0.0	0.0	0.0
Gross Property Revenue	**102.7**	**111.7**	**113.2**	**114.9**
Total Property Expenses	(6.7)	(7.5)	(7.6)	(7.7)
Net Property Income	**96.0**	**104.1**	**105.6**	**107.2**
General And Admin. Expenses	0.0	0.0	0.0	0.0
Management Fees	(10.4)	(9.6)	(9.7)	(9.8)
Trustee's Fees	(2.6)	(2.9)	(2.9)	(2.9)
Other Operating Expenses	0.0	0.0	0.0	0.0
EBITDA	**83.0**	**91.6**	**93.0**	**94.5**
Depreciation And Amortisation	0.0	0.0	0.0	0.0
EBIT	**83.0**	**91.6**	**93.0**	**94.5**
Net Interest Income	(8.8)	(9.6)	(9.6)	(9.6)
Associates' Profit	0.0	0.0	0.0	0.0
Other Income/(Expenses)	0.0	0.0	0.0	0.0
Exceptional Items	4.7	0.0	0.0	0.0
Pre-tax Profit	**78.9**	**82.1**	**83.4**	**84.9**
Taxation	(11.9)	(7.5)	(5.9)	(5.9)
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
Net Profit	**67.0**	**74.6**	**77.5**	**79.0**
Distributable Profit	**80.4**	**73.5**	**76.5**	**78.0**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Investments	1,635	1,653	1,656	1,659
Intangible Assets	0	0	0	0
Other Long-term Assets	3	3	3	3
Total Non-current Assets	1,639	1,656	1,659	1,663
Total Cash And Equivalents	20	18	15	13
Inventories	0	0	0	0
Trade Debtors	10	11	11	12
Other Current Assets	0	0	0	0
Total Current Assets	**31**	**29**	**27**	**24**
Trade Creditors	16	16	16	17
Short-term Debt	1	18	18	18
Other Current Liabilities	2	2	2	2
Total Current Liabilities	**18**	**36**	**36**	**36**
Long-term Borrowings	586	583	583	583
Other Long-term Liabilities	42	42	42	42
Total Non-current Liabilities	628	625	625	625
Shareholders' Equity	1,023	1,024	1,025	1,026
Minority Interests	0	0	0	0
Preferred Shareholders Funds				
Total Equity	**1,023**	**1,024**	**1,025**	**1,026**

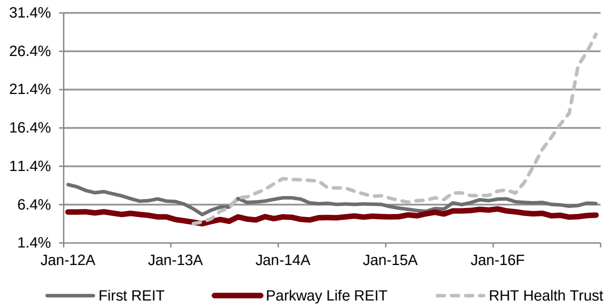
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Pre-tax Profit	**78.9**	**82.1**	**83.4**	**84.9**
Depreciation And Non-cash Adj.	8.8	9.6	9.6	9.6
Change In Working Capital	5.5	(0.3)	(0.0)	(0.1)
Tax Paid	(9.5)	(7.5)	(5.9)	(5.9)
Others	(1.7)	0.0	0.0	0.0
Cashflow From Operations	**82.0**	**83.9**	**87.0**	**88.5**
Capex	(7.4)	(3.4)	(3.4)	(3.4)
Net Investments And Sale Of FA	(97.6)	(13.9)	0.0	0.0
Other Investing Cashflow	0.0	0.1	0.1	0.0
Cash Flow From Investing	**(105.0)**	**(17.2)**	**(3.3)**	**(3.3)**
Debt Raised/(repaid)	(24.3)	13.9	0.0	0.0
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0
Dividends Paid	(77.6)	(73.5)	(76.5)	(78.0)
Cash Interest And Others	(7.8)	(9.6)	(9.6)	(9.6)
Cash Flow From Financing	**(109.8)**	**(69.2)**	**(86.2)**	**(87.6)**
Total Cash Generated	(132.7)	(2.5)	(2.4)	(2.4)
Free Cashflow To Firm	(23.0)	66.7	83.8	85.2
Free Cashflow To Equity	(56.1)	71.0	74.2	75.6

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Gross Property Revenue Growth	2.30%	8.72%	1.40%	1.50%
NPI Growth	2.37%	8.47%	1.39%	1.50%
Net Property Income Margin	93.5%	93.3%	93.3%	93.3%
DPS Growth	15.3%	(8.6%)	4.2%	1.9%
Gross Interest Cover	9.45	9.53	9.67	9.82
Effective Tax Rate	15.1%	9.1%	7.1%	7.0%
Net Dividend Payout Ratio	120%	98%	99%	99%
Current Ratio	1.67	0.80	0.74	0.67
Quick Ratio	1.67	0.80	0.74	0.67
Cash Ratio	1.10	0.49	0.42	0.35
Return On Average Assets	4.01%	4.45%	4.60%	4.68%

Rolling Dividend Yield



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Rental Rate Psf Pm (S$)	N/A	N/A	N/A	N/A
Acq. (less development) (US$m)	N/A	N/A	N/A	N/A
RevPAR (S$)	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sf)	2,265	2,265	2,265	2,265
Occupancy (%)	100.0%	100.0%	100.0%	100.0%
Assets Under Management (m) (S$)	1,635.3	1,652.6	1,655.9	1,659.3
Funds Under Management (m) (S$)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

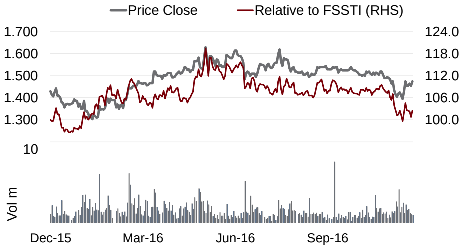
Singapore

REDUCE *(no change)*

Consensus ratings*:	Buy 7	Hold 4	Sell 2

Current price:	S$1.48
Target price:	S$1.46
Previous target:	S$1.46
Up/downside:	-0.9%
CIMB / Consensus:	-9.9%
Reuters:	RAFG.SI
Bloomberg:	RFMD SP
Market cap:	US$1,812m
	S$2,578m
Average daily turnover:	US$1.43m
	S$1.99m
Current shares o/s	1,746m
Free float:	48.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3	-4.2	7.9
Relative (%)	-7	-8.3	6.7

Major shareholders	% held
Loo Choon Yong	48.1
FIL	4.9
Aberdeen	4.8

Raffles Medical Group

Likely to worsen before it gets better

- RFMD is undergoing its heaviest capex since listing with its 1) recently opened Holland V, 2) hospital extension in 2H17, and 3) Shanghai hospital in 2H18.
- However, we expect profitability to worsen as expansionary costs hamper margins.
- Maintain Reduce with an SOP-based TP of S$1.46.

Committed occupancy at Raffles Holland V at 95%

- Raffles Holland Village was the first of RFMD's three major expansion projects (the other two being its Singapore hospital extension and greenfield hospital in Shanghai) to be completed. Opened in Jun 16, committed occupancy is now at 95% and we understand rental rates were at the lower range of S$10-15 psf (or a yield of c.5%).
- On breakeven, we are less concerned about Raffles Holland V given the rental income portion. Management also sounded more positive on its own medical centre and expected breakeven within a year. For comparison, its Shaw Centre medical centre is still loss-making having been in operations for about 1.5 years.

Singapore hospital extension on track for 2H17 opening

- The hospital extension (S$310m cost, ~60% paid, 2H17 expected completion) will add 220k sq ft (+73%) to its existing hospital wing. In the longer term, we expect this to underpin topline growth and improve its hospital margins as it is better able to allocate facilities and wards across the old and the new wings. Management sees this as the runway for the next 10 years. However, both domestic demand and medical tourism are slowing. We expect cost pressures to mount, especially from hiring demands.
- Management also updated that it now intends to lease out a smaller 30-40% of the extension (vs. 75% previously). This could lead to higher depreciation charges. Upside risk could come from better returns from utilising the space for own use.

Shanghai hospital first major foray overseas

- Expansion into China has been a theme across hospital groups in 2015, and is justifiably so after 1) the liberalisation of the Chinese healthcare space, 2) its large population base, and 3) ageing population. While there are obvious long-term prospects, it remains unchartered territory. The total development cost for RFMD's 400-bed hospital (70:30 JV) is Rmb800m, which is likely to be funded by equity (1/3) and debt (2/3). Completion is slated for mid/end-2018.

Near-term margin pressure

- Overall, we see cost pressure and margin erosion as major headwinds for at least the next two years as RFMD digests its heavy expansionary projects. In particular, we think staff costs will come under the most pressure. 3Q16's staff cost/sales was 51.5% (vs. 48-50% historically). Further, we understand ISOS has a much higher cost structure (staff cost/sales of over 60%).

Maintain Reduce

- Our Reduce call is premised on slower growth on the back of cost pressures, execution risks in China, and the stock trading above peers and its historical band. With no reprieve in sight and the company consistently reporting weaker margins, we maintain our Reduce call. Upside risk to our view is quicker than expected breakeven of expansion projects.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	374.6	410.5	495.2	540.0	603.6
Operating EBITDA (S$m)	85.7	89.7	98.1	106.9	118.3
Net Profit (S$m)	67.64	69.29	71.16	77.87	83.58
Core EPS (S$)	0.039	0.040	0.041	0.045	0.048
Core EPS Growth	4.89%	2.91%	2.80%	9.43%	7.34%
FD Core P/E (x)	38.27	37.18	35.98	33.08	30.82
DPS (S$)	0.018	0.020	0.020	0.020	0.020
Dividend Yield	1.24%	1.36%	1.36%	1.36%	1.36%
EV/EBITDA (x)	27.21	27.74	26.31	24.98	22.71
P/FCFE (x)	NA	NA	396.6	38.4	61.9
Net Gearing	(26.6%)	(8.6%)	(3.8%)	7.7%	6.2%
P/BV (x)	4.63	4.22	4.03	3.78	3.52
ROE	12.8%	11.9%	11.5%	11.8%	11.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.99	0.95	0.90

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**410.5**	**495.2**	**540.0**	**603.6**
Gross Profit	**410.5**	**495.2**	**540.0**	**603.6**
Operating EBITDA	**89.7**	**98.1**	**106.9**	**118.3**
Depreciation And Amortisation	(12.8)	(14.2)	(15.1)	(19.7)
Operating EBIT	**76.9**	**83.8**	**91.8**	**98.6**
Financial Income/(Expense)	1.0	0.9	0.9	0.9
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	3.7	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**81.6**	**84.7**	**92.7**	**99.5**
Exceptional Items				
Pre-tax Profit	**81.6**	**84.7**	**92.7**	**99.5**
Taxation	(12.6)	(13.6)	(14.8)	(15.9)
Exceptional Income - post-tax				
Profit After Tax	**69.0**	**71.2**	**77.9**	**83.6**
Minority Interests	0.3	0.0	0.0	0.0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**69.3**	**71.2**	**77.9**	**83.6**
Recurring Net Profit	67.8	71.2	77.9	83.6
Fully Diluted Recurring Net Profit	**67.8**	**71.2**	**77.9**	**83.6**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	86.1	57.6	89.8	96.5
Total Debtors	75.0	54.3	59.2	66.2
Inventories	9.6	11.9	13.0	14.6
Total Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	**170.6**	**123.8**	**162.0**	**177.2**
Fixed Assets	264.3	282.0	354.9	389.2
Total Investments	343.9	399.9	463.9	498.9
Intangible Assets	32.1	32.1	32.1	32.1
Total Other Non-Current Assets	4.0	4.0	4.0	4.0
Total Non-current Assets	**644.3**	**718.1**	**854.9**	**924.2**
Short-term Debt	11.4	11.4	11.4	11.4
Current Portion of Long-Term Debt				
Total Creditors	118.5	98.9	107.9	120.6
Other Current Liabilities	25.3	25.3	25.3	25.3
Total Current Liabilities	**155.2**	**135.7**	**144.6**	**157.3**
Total Long-term Debt	20.9	20.9	133.9	133.9
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	10.5	10.5	10.5	10.5
Total Non-current Liabilities	**31.4**	**31.4**	**144.4**	**144.4**
Total Provisions	4.7	4.7	4.7	4.7
Total Liabilities	**191.2**	**171.7**	**293.7**	**306.4**
Shareholders' Equity	603.1	639.3	682.3	730.9
Minority Interests	18.9	29.1	39.3	62.4
Total Equity	**622.0**	**668.5**	**721.6**	**793.3**

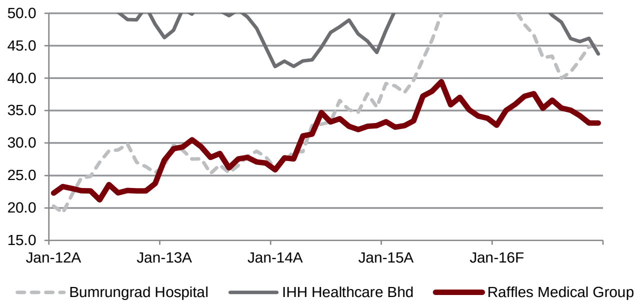
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	89.7	98.1	106.9	118.3
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(8.8)	(1.1)	3.0	4.2
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	4.4	0.0	0.0	0.0
Net Interest (Paid)/Received	0.0	0.9	0.9	0.9
Tax Paid	(12.5)	(13.6)	(14.8)	(15.9)
Cashflow From Operations	**72.8**	**84.3**	**96.0**	**107.5**
Capex	(34.7)	(32.0)	(88.0)	(54.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(143.5)	(45.8)	(53.8)	(11.9)
Cash Flow From Investing	**(178.2)**	**(77.8)**	**(141.8)**	**(65.9)**
Debt Raised/(repaid)	27.0	0.0	113.0	0.0
Proceeds From Issue Of Shares	25.8	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(11.7)	(34.9)	(34.9)	(34.9)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	**41.1**	**(34.9)**	**78.1**	**(34.9)**
Total Cash Generated	(64.2)	(28.5)	32.2	6.7
Free Cashflow To Equity	**(78.4)**	**6.5**	**67.2**	**41.6**
Free Cashflow To Firm	**(105.3)**	**6.6**	**(45.7)**	**41.7**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	9.6%	20.6%	9.0%	11.8%
Operating EBITDA Growth	4.6%	9.3%	9.0%	10.7%
Operating EBITDA Margin	21.8%	19.8%	19.8%	19.6%
Net Cash Per Share (S$)	0.031	0.014	(0.032)	(0.028)
BVPS (S$)	0.35	0.37	0.39	0.42
Gross Interest Cover	809	838	918	986
Effective Tax Rate	15.4%	16.0%	16.0%	16.0%
Net Dividend Payout Ratio	49.8%	49.1%	44.9%	41.8%
Accounts Receivables Days	49.77	47.77	38.34	37.89
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	35.8%	28.8%	29.3%	24.8%
ROCE (%)	12.9%	12.4%	11.8%	11.0%
Return On Average Assets	9.3%	8.5%	8.3%	7.8%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
No. Of Patient Admissions (m P.a.)	N/A	N/A	N/A	N/A
Revenue Per Patient Bed (S$)	N/A	N/A	N/A	N/A
Occupancy Rate Of Beds (%)	68.0%	68.0%	68.0%	68.0%
Average Length Of Stay (days)	N/A	N/A	N/A	N/A
Beds Opened (units)	200.0	220.0	240.0	250.0
Bed Turnover A Year (x)	N/A	N/A	N/A	N/A
% of fgn patients to patient load	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

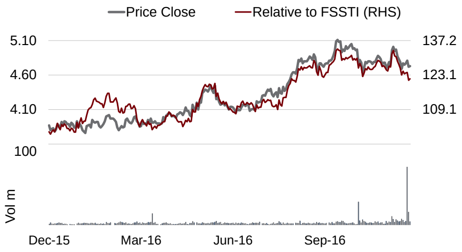
Singapore

HOLD *(no change)*

Consensus ratings*:	Buy 4	Hold 8	Sell 1

Current price:	S$4.73
Target price:	S$4.95
Previous target:	S$4.95
Up/downside:	4.6%
CIMB / Consensus:	0.9%
Reuters:	SATS.SI
Bloomberg:	SATS SP
Market cap:	US$3,704m
	S$5,270m
Average daily turnover:	US$18.11m
	S$25.37m
Current shares o/s	1,107m
Free float:	56.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.7	-0.8	20.4
Relative (%)	-6.7	-4.9	19.2

Major shareholders	% held
Temasek Holdings	43.2

SATS Ltd

Tired bull

- In the search for cyclicals, SATS may be out of favour after its outperformance in 2016 as growth momentum stablises.
- At 21x CY17 P/E, it is trading at +2s.d above mean.
- Maintain Hold with an unchanged target price, still based on blended valuations of DCF (WACC:7.6%) and 19x CY18F P/E. Maintain Hold.

Watchful of fluctuating yen

- SATS's 2Q17 net profit was partially lifted by translation profits from TFK Japan, although Delta's contract would have improved some meals volume. The downward trend in the yen from Sep 16 could result in a flat hoh 2H17, disappointing the market's expectations as SATS had been delivering five consecutive hoh earnings growth.

Can Changi continue to exceed expectations?

- Changi's passenger growth in 2016 benefited from the strong yoy increase in tourist arrivals. We are projecting a 5-6% yoy revenue growth for SATS on the back of rising tourist numbers and passenger throughput at Changi. There is a risk of an earnings miss if either of these numbers fail to materialise.

Terminal 4, SingPost, Amazon and new kitchen in Shanghai

- SATS is a long-term growth story. The opening of Changi's Terminal 4 may not see an immediate surge in operating statistics as only AirAsia and Cathay Pacific will be moving to there. The partnership with SingPost in airmail consignment handling services could leverage on the SingPost-Alibaba ecommerce linkage. Cargo volume could see some uplift from Amazon's presence in Singapore. The partnership with Wilmar to build a kitchen near Shanghai could contribute in the long run.

Maintain Hold

- Management has guided that the final DPS will track 2H17's performance. We see little upside to our S$0.16 FY16F DPS unless volume growth surprises on the upside. We believe SATS's current valuation of 21x forward P/E (1 s.d. above 10-year mean) is fair on the back of its 7% earnings growth p.a. Re-rating catalysts for the stock could come from stronger-than expected margins and Changi volume. A key risk is a general slowdown in air traffic within Asia.

Analyst(s)

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Financial Summary	Mar-15A	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Revenue (S$m)	1,753	1,698	1,792	1,892	1,980
Operating EBITDA (S$m)	246.2	285.1	311.4	334.3	365.3
Net Profit (S$m)	195.7	220.5	237.0	254.1	282.5
Core EPS (S$)	0.18	0.20	0.21	0.23	0.26
Core EPS Growth	10.5%	11.6%	7.5%	7.2%	11.2%
FD Core P/E (x)	27.29	24.38	22.69	21.16	19.03
DPS (S$)	0.14	0.15	0.16	0.17	0.19
Dividend Yield	2.96%	3.17%	3.40%	3.64%	4.05%
EV/EBITDA (x)	20.33	17.29	15.97	14.78	13.47
P/FCFE (x)	19.68	22.74	40.80	25.71	23.16
Net Gearing	(20.1%)	(24.2%)	(20.6%)	(21.5%)	(21.6%)
P/BV (x)	3.63	3.51	3.34	3.15	3.01
ROE	13.8%	15.0%	15.5%	15.7%	16.6%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.98	1.00	1.03

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Net Revenues	**1,698**	**1,792**	**1,892**	**1,980**
Gross Profit	**590**	**627**	**677**	**728**
Operating EBITDA	**285**	**311**	**334**	**365**
Depreciation And Amortisation	(70)	(74)	(80)	(80)
Operating EBIT	**215**	**237**	**255**	**286**
Financial Income/(Expense)	2	(0)	(0)	(0)
Pretax Income/(Loss) from Assoc.	48	51	54	57
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**265**	**288**	**308**	**343**
Exceptional Items	0	0	0	0
Pre-tax Profit	**265**	**288**	**308**	**343**
Taxation	(47)	(49)	(52)	(58)
Exceptional Income - post-tax				
Profit After Tax	**218**	**239**	**256**	**284**
Minority Interests	2	(2)	(2)	(2)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**221**	**237**	**254**	**283**
Recurring Net Profit	221	237	254	283
Fully Diluted Recurring Net Profit	**221**	**237**	**254**	**283**

Balance Sheet

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Cash And Equivalents	490	449	484	504
Total Debtors	277	305	319	337
Inventories	22	57	59	63
Total Other Current Assets	40	40	40	40
Total Current Assets	**830**	**850**	**902**	**944**
Fixed Assets	517	521	521	520
Total Investments	0	0	0	0
Intangible Assets	164	164	164	164
Total Other Non-Current Assets	596	650	707	767
Total Non-current Assets	**1,276**	**1,335**	**1,391**	**1,451**
Short-term Debt	110	110	110	110
Current Portion of Long-Term Debt				
Total Creditors	309	310	324	343
Other Current Liabilities	51	51	51	51
Total Current Liabilities	**470**	**471**	**486**	**504**
Total Long-term Debt	1	1	1	1
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	70	70	70	70
Total Non-current Liabilities	**70**	**70**	**70**	**70**
Total Provisions	0	0	0	0
Total Liabilities	**541**	**542**	**556**	**575**
Shareholders' Equity	1,491	1,567	1,659	1,741
Minority Interests	74	76	78	80
Total Equity	**1,565**	**1,643**	**1,737**	**1,821**

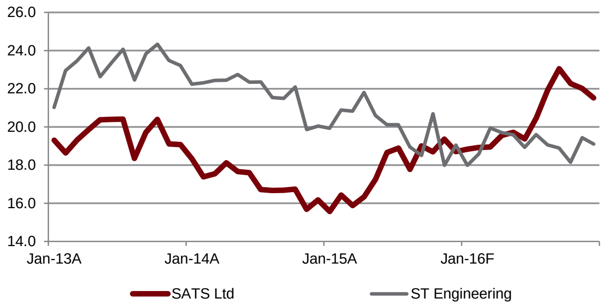
Cash Flow

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
EBITDA	285.1	311.4	334.3	365.3
Cash Flow from Invt. & Assoc.	(48.0)	(50.9)	(57.2)	(60.6)
Change In Working Capital	16.5	(60.9)	(2.4)	(3.1)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	0.2			
Other Operating Cashflow	75.3	67.6	75.9	74.3
Net Interest (Paid)/Received	2.5	(3.1)	(3.2)	(3.2)
Tax Paid	(35.9)	(52.4)	(58.3)	(60.5)
Cashflow From Operations	**295.7**	**211.8**	**289.2**	**312.1**
Capex	(51.1)	(80.0)	(80.0)	(80.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(42.9)	0.0	0.0	0.0
Other Investing Cashflow	34.3	0.0	0.0	0.0
Cash Flow From Investing	**(59.7)**	**(80.0)**	**(80.0)**	**(80.0)**
Debt Raised/(repaid)	0.4	0.0	0.0	0.0
Proceeds From Issue Of Shares	11.2	(0.0)	(0.0)	0.0
Shares Repurchased				
Dividends Paid	(156.4)	(177.7)	(190.6)	(211.9)
Preferred Dividends				
Other Financing Cashflow	(12.4)	0.0	0.0	0.0
Cash Flow From Financing	**(157.2)**	**(177.7)**	**(190.6)**	**(211.9)**
Total Cash Generated	78.8	(45.9)	18.6	20.2
Free Cashflow To Equity	**236.4**	**131.8**	**209.2**	**232.1**
Free Cashflow To Firm	**236.9**	**133.4**	**210.8**	**233.8**

Key Ratios

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Revenue Growth	(3.14%)	5.52%	5.60%	4.62%
Operating EBITDA Growth	15.8%	9.2%	7.3%	9.3%
Operating EBITDA Margin	16.8%	17.4%	17.7%	18.5%
Net Cash Per Share (S$)	0.34	0.31	0.34	0.36
BVPS (S$)	1.35	1.42	1.50	1.57
Gross Interest Cover	195.2	142.7	153.3	172.0
Effective Tax Rate	17.7%	17.0%	17.0%	17.0%
Net Dividend Payout Ratio	75.3%	75.0%	75.0%	75.0%
Accounts Receivables Days	60.35	59.32	60.19	60.52
Inventory Days	6.78	12.40	17.45	17.82
Accounts Payables Days	98.43	97.00	95.32	97.35
ROIC (%)	13.9%	15.7%	15.4%	16.5%
ROCE (%)	13.2%	13.9%	14.2%	15.2%
Return On Average Assets	10.5%	11.1%	11.4%	12.1%

12-mth Fwd FD P/E (x)



Key Drivers

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Int'l Passenger Traffic Growth (%)	N/A	N/A	N/A	N/A
Domestic Pax Traffic Growth (%)	N/A	N/A	N/A	N/A
International Flight Traffic Growth (%)	5.7%	8.0%	7.0%	5.0%
Domestic Flight Traffic Growth (%)	N/A	N/A	N/A	N/A
Int'l Pax Service Charge	N/A	N/A	N/A	N/A
Dom Pax Serv Charge	N/A	N/A	N/A	N/A
Unit Meals Produced (% Change)	4.7%	5.0%	5.0%	5.0%

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

Sembcorp Industries

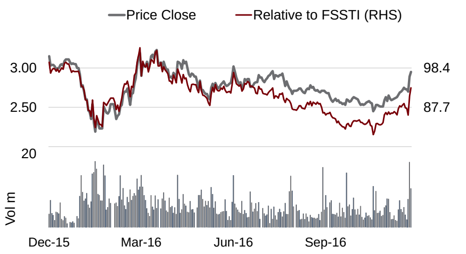
Watching India and China

HOLD *(no change)*

Consensus ratings*:	Buy 6	Hold 7	Sell 3

Current price:	S$2.95
Target price:	S$3.02
Previous target:	S$3.02
Up/downside:	2.4%
CIMB / Consensus:	6.9%
Reuters:	SCIL.SI
Bloomberg:	SCI SP
Market cap:	US$3,704m
	S$5,269m
Average daily turnover:	US$9.61m
	S$13.32m
Current shares o/s	1,785m
Free float:	50.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	17.5	9.7	-6.7
Relative (%)	13.5	5.6	-7.9

Major shareholders	% held
Temasek Holdings	49.5

- Higher oil price may be good for Utilities Singapore as gas price is benchmarked to HSFO and crude oil price. We could see slight margin expansion in Singapore.
- There are a lot of factors to juggle in India: 1) the technical start-up of SGPL first unit, 2) rising coal prices, 3) PPA for SGPL, and 4) bottoming IEX spot prices.
- The successful execution of its 1,320MW Chongqing power plant by 4Q16F is key, to plug the gap of c.S$40m loss in income from Yangcheng coal-fired plant's expiry

Singapore gas could see margin expansion on higher oil prices

- Gas prices are indexed on High-Sulphur Fuel Oil (HSFO) and move in line with oil prices. Fuel costs are generally passed through in SCI's contracts but there is a small portion of variable margins. We could see slight uptick in Singapore energy (mainly gas) profits in 2017F, benefiting from the high oil price effects. High oil prices could encourage strategic fuel oil sales, which could swing profit upward. SCI made handsome fuel sale gains of c. S$5m-8m in 1Q09, 2Q13 and 3Q14.

Delay in SGPL could work out for the better in the short term

- The first unit (660MW) of SGPL (1,320MW) has been struggling with patchy dispatch since Nov 2016 and we believe it could still face some technical hiccups. Although management targets for the unit to be up by 2016, the delay could work to SCI's favour, as start-up losses (c.S$15m) could be pushed to 2017.

Higher coal prices more negative for SGPL than TPCIL

- We foresee greater risks for SPGL, as 70% of its power are on short-term contracts and must use imported coal. However, the rising IEX spot market could help to ease some pressure. The index has risen from Rs2.39/unit in Aug 2016 to Rs2.93/unit in Nov 2016, due to stronger market demand and possibly, factoring in higher imported coal prices. We see lower risk for TPCIL, as its power purchase agreements (PPAs) are backed by domestic coal, with some pass-through mechanism for domestic coal shortfall.

Can Chongqing fill 50% of China's income?

- The co-operative joint venture (25%) for the 2,100MW Yangcheng power plant expires in 2016. The plant has been generating c.S$40m p.a. of net profit for the utilities division since its acquisition in 2012. This is c.50% of China's reported net profit and China made up c.30% of utilities net profit in 9M16. The expected commercial operation date (COD) for the first unit is in 4Q16F. We caution that the group's China profit may drop in FY17F, given gestation period for Chongqing plant.

Maintain Hold

- SCI utilities is trading at an implied CY17 P/E of 9x, or +1 s.d. above its historical mean of 7x. We would turn positive if a long-term PPA is clinched, securing earnings visibility in India. Our SOP target price is unchanged. Failure to obtain a PPA is a key downside risk.

Analyst(s)

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	10,895	9,545	8,178	8,094	8,032
Operating EBITDA (S$m)	1,436	639	1,106	1,152	1,327
Net Profit (S$m)	801.1	548.9	399.8	376.6	485.2
Core EPS (S$)	0.45	0.10	0.22	0.21	0.27
Core EPS Growth	(4%)	(78%)	124%	(6%)	29%
FD Core P/E (x)	6.58	29.68	13.28	14.10	10.94
DPS (S$)	0.16	0.11	0.08	0.08	0.10
Dividend Yield	5.45%	3.73%	2.79%	2.62%	3.38%
EV/EBITDA (x)	5.52	15.32	9.02	8.58	7.21
P/FCFE (x)	441.1	NA	2.8	4.5	3.6
Net Gearing	42.5%	65.0%	64.9%	61.8%	55.7%
P/BV (x)	0.94	0.82	0.79	0.76	0.73
ROE	14.8%	3.0%	6.1%	5.5%	6.9%
CIMB/consensus EPS (x)			0.97	0.82	0.91

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**9,545**	**8,178**	**8,094**	**8,032**
Gross Profit	**732**	**1,109**	**1,084**	**1,256**
Operating EBITDA	**639**	**1,106**	**1,152**	**1,327**
Depreciation And Amortisation	(384)	(385)	(392)	(392)
Operating EBIT	**255**	**721**	**760**	**935**
Financial Income/(Expense)	(205)	(293)	(361)	(376)
Pretax Income/(Loss) from Assoc.	6	155	154	153
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**56**	**583**	**553**	**711**
Exceptional Items	370	0	0	0
Pre-tax Profit	**426**	**583**	**553**	**711**
Taxation	28	(75)	(71)	(92)
Exceptional Income - post-tax				
Profit After Tax	**454**	**508**	**481**	**620**
Minority Interests	94	(108)	(105)	(134)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**549**	**400**	**377**	**485**
Recurring Net Profit	179	400	377	485
Fully Diluted Recurring Net Profit	**179**	**400**	**377**	**485**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	1,606	3,376	4,426	5,721
Total Debtors	1,568	1,145	1,133	1,124
Inventories	4,233	3,680	3,642	3,614
Total Other Current Assets	201	201	201	201
Total Current Assets	**7,608**	**8,402**	**9,403**	**10,661**
Fixed Assets	8,685	9,250	9,408	9,415
Total Investments	2,654	2,809	2,963	3,116
Intangible Assets	443	443	443	443
Total Other Non-Current Assets	526	526	526	526
Total Non-current Assets	**12,308**	**13,028**	**13,340**	**13,500**
Short-term Debt	1,801	1,801	1,801	1,801
Current Portion of Long-Term Debt				
Total Creditors	3,708	2,862	2,833	2,811
Other Current Liabilities	437	437	437	437
Total Current Liabilities	**5,946**	**5,100**	**5,071**	**5,049**
Total Long-term Debt	5,032	7,032	8,032	9,032
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	515	515	515	515
Total Non-current Liabilities	**5,548**	**7,548**	**8,548**	**9,548**
Total Provisions	378	378	378	378
Total Liabilities	**11,872**	**13,026**	**13,997**	**14,975**
Shareholders' Equity	6,433	6,685	6,922	7,228
Minority Interests	1,610	1,718	1,823	1,957
Total Equity	**8,043**	**8,403**	**8,745**	**9,185**

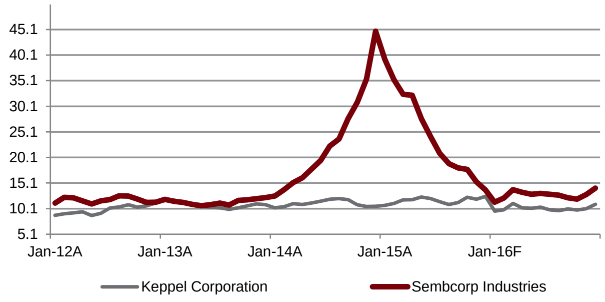
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	639	1,106	1,152	1,327
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(1,961)	129	20	15
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	713	0		
Other Operating Cashflow	(2)			
Net Interest (Paid)/Received	(172)	(293)	(361)	(376)
Tax Paid	(150)	(75)	(71)	(92)
Cashflow From Operations	**(933)**	**867**	**740**	**874**
Capex	(1,384)	(950)	(550)	(400)
Disposals Of FAs/subsidiaries	868	0	0	0
Acq. Of Subsidiaries/investments	(807)	0	0	0
Other Investing Cashflow	(5)	0	0	0
Cash Flow From Investing	**(1,327)**	**(950)**	**(550)**	**(400)**
Debt Raised/(repaid)	2,050	2,000	1,000	1,000
Proceeds From Issue Of Shares	602	0	0	0
Shares Repurchased	(19)	0	0	0
Dividends Paid	(286)	(148)	(139)	(180)
Preferred Dividends				
Other Financing Cashflow	(157)	0	0	0
Cash Flow From Financing	**2,191**	**1,852**	**861**	**820**
Total Cash Generated	(70)	1,769	1,050	1,295
Free Cashflow To Equity	**(210)**	**1,917**	**1,190**	**1,474**
Free Cashflow To Firm	**(1,959)**	**243**	**559**	**858**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(12.4%)	(14.3%)	(1.0%)	(0.8%)
Operating EBITDA Growth	(55.5%)	73.0%	4.1%	15.2%
Operating EBITDA Margin	6.7%	13.5%	14.2%	16.5%
Net Cash Per Share (S$)	(2.93)	(3.06)	(3.03)	(2.86)
BVPS (S$)	3.60	3.74	3.88	4.05
Gross Interest Cover	1.07	2.21	2.06	2.43
Effective Tax Rate	0.0%	12.9%	12.9%	12.9%
Net Dividend Payout Ratio	111%	37%	37%	37%
Accounts Receivables Days	52.92	60.70	51.36	51.30
Inventory Days	154.0	204.8	190.6	195.5
Accounts Payables Days	127.0	151.2	127.1	130.3
ROIC (%)	2.4%	5.2%	5.3%	6.4%
ROCE (%)	2.1%	4.6%	4.2%	4.8%
Return On Average Assets	1.37%	3.63%	3.54%	3.97%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Rev. growth (%, main biz.)	3.7%	3.7%	0.0%	0.0%
EBITDA mgns (%, main biz.)	-14.8%	-24.3%	0.0%	0.0%
Rev. as % of total (main biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (main biz.)	N/A	N/A	N/A	N/A
Rev. growth (%, 2ndary biz.)	N/A	N/A	N/A	N/A
EBITDA mgns (%, 2ndary biz.)	N/A	N/A	N/A	N/A
Rev. as % of total (2ndary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (2ndary biz.)	N/A	N/A	N/A	N/A
Rev. growth (%, tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA mgns (%, tertiary biz.)	N/A	N/A	N/A	N/A
Rev.as % of total (tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (tertiary biz.)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

Sembcorp Marine

Awaiting orders

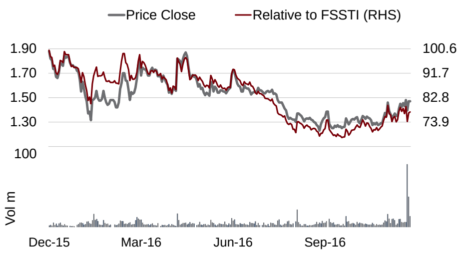
- The worst could be over for SMM after its divestment of Cosco Shipyard Group; Cosco had a see-saw effect on its earnings.
- The completion of high-risk jack-ups could have also eased its working capital requirement.
- However, order momentum may take a while to normalise given the global glut in rigs. There is also risk of inventory impairment of the 13 undelivered rigs.

HOLD *(no change)*

Consensus ratings*:	Buy 1	Hold 8	Sell 11

Current price:	S$1.47
Target price:	S$1.40
Previous target:	S$1.40
Up/downside:	-4.6%
CIMB / Consensus:	19.9%
Reuters:	SCMN.SI
Bloomberg:	SMM SP
Market cap:	US$2,159m
	S$3,071m
Average daily turnover:	US$7.22m
	S$10.11m
Current shares o/s	2,088m
Free float:	37.2%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	14.8	19.5	-25.4
Relative (%)	10.8	15.4	-26.6

Major shareholders	% held
SembCorp Industries	61.0

Worst is over without Cosco

- One of the overhangs for SMM could be removed as it recently divested its 30% associate stake in Cosco Shipyard Group (CSG) for S$221m, booking a S$43m gain.
- Associate contribution from CSG has fluctuated qoq since 2009 and worsened from 2014 with falling oil prices as the yard was hit by an order drought, numerous provisions due to deferrals and more cancellations. Since 4Q14, SMM has booked a cumulative loss of S$210m, with the largest chunk in 4Q15 (S$150m) as Cosco Corp reported S$484m loss due to inventory write-offs and provision of doubtful debts. We see the divestment as a key positive; at least the uncertainty in losses is removed.

Unexpected turn of events and lessons learnt in past 2 cycles

- *Speculator risks.* Pre-GFC, above 50% of SMM's orders were dominated by rig speculators (largely Norwegians). The credit crunch in 2009 resulted in a slew of cancellations and SMM went to great pains to hunt for buyers. The rigs were sold at good profits as GFC was a temporary blip. Since then, we believe SMM has been more cautious in chasing orders from speculators.
- *Capex first, orders follow.* 2011-2015 were the years that SMM hiked up its investments in the two mega yards – Brazil (c.S$1.2bn) and Singapore (c.S$1.6bn). The unexpected oil price crash in 2015 has deferred the payback period and returns of investments.
- *Payment terms.* In the past five years, competition from Chinese yards has forced the Singapore yards to level up and provide attractive back-end loaded payment terms, financing the customers. This, and the expansion of yards, has worsened SMM's balance sheet from net cash pre-2014 to net gearing of 1x today.
- *10 undelivered rigs, excluding Sete Brasil.* SMM is holding onto a portfolio of undelivered rigs – three for Oreo Negro, two for Perisai Petroleum, one for Marco Polo, one semi for North Atlantic and three speculative-built units.

It may take a while to normalise

- We believe it will take a while before there is any hope of orders normalising. We are forecasting S$1.5bn and S$2bn of orders for FY17 and FY18, respectively. SMM secured S$320m as of 9M16. Our EBIT margin expectations are 6.7%, 6.4% and 9% in FY16, FY17 and FY18, respectively. Forex losses from a weakening GBP could recur in FY17 as SMM executes the c.US$1bn project for Maersk Oil.

Maintain Hold

- Our target price is based on 1.3x CY17 P/BV (long-term -1 s.d. of mean). Re-rating catalysts include higher-than-expected orders and settlement of the undelivered rigs.

Analyst(s)

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	5,833	4,968	3,763	3,249	3,106
Operating EBITDA (S$m)	817.9	(23.5)	391.5	350.5	423.9
Net Profit (S$m)	560.1	(289.7)	119.3	92.7	134.7
Core EPS (S$)	0.27	0.18	0.06	0.04	0.06
Core EPS Growth	0.8%	(31.4%)	(68.3%)	(23.9%)	45.3%
FD Core P/E (x)	5.48	7.99	25.20	33.13	22.80
DPS (S$)	0.13	0.06	0.02	0.02	0.03
Dividend Yield	8.84%	4.08%	1.39%	1.06%	1.75%
EV/EBITDA (x)	4.19	NA	13.86	15.29	11.17
P/FCFE (x)	NA	NA	2.75	3.38	2.06
Net Gearing	21%	103%	90%	85%	61%
P/BV (x)	1.04	1.22	1.18	1.16	1.12
ROE	19.9%	14.0%	4.8%	3.5%	5.0%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.10	0.70	0.95

SOURCE: COMPANY DATA, CIMB FORECASTS

CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**4,968**	**3,763**	**3,249**	**3,106**
Gross Profit	**131**	**504**	**303**	**364**
Operating EBITDA	**(24)**	**391**	**351**	**424**
Depreciation And Amortisation	(126)	(140)	(142)	(139)
Operating EBIT	**(150)**	**252**	**209**	**284**
Financial Income/(Expense)	(35)	(69)	(93)	(115)
Pretax Income/(Loss) from Assoc.	(173)	(30)	0	0
Non-Operating Income/(Expense)	(19)	0	0	0
Profit Before Tax (pre-EI)	**(378)**	**153**	**116**	**169**
Exceptional Items		(3)	0	0
Pre-tax Profit	**(378)**	**150**	**116**	**169**
Taxation	78	(23)	(17)	(25)
Exceptional Income - post-tax				
Profit After Tax	**(300)**	**127**	**98**	**144**
Minority Interests	10	(8)	(6)	(9)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**(290)**	**119**	**93**	**135**
Recurring Net Profit	384	122	93	135
Fully Diluted Recurring Net Profit	**384**	**122**	**93**	**135**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	629	1,702	2,577	4,010
Total Debtors	590	523	722	690
Inventories	3,833	2,822	2,256	1,726
Total Other Current Assets	65	65	65	65
Total Current Assets	**5,117**	**5,112**	**5,620**	**6,492**
Fixed Assets	3,541	3,851	3,909	3,845
Total Investments	419	389	389	389
Intangible Assets	47	47	47	47
Total Other Non-Current Assets	78	78	78	78
Total Non-current Assets	**4,084**	**4,364**	**4,423**	**4,358**
Short-term Debt	915	915	915	915
Current Portion of Long-Term Debt				
Total Creditors	2,647	1,697	1,482	1,423
Other Current Liabilities	335	674	588	564
Total Current Liabilities	**3,897**	**3,285**	**2,985**	**2,902**
Total Long-term Debt	2,465	3,265	4,065	4,865
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	132	132	132	132
Total Non-current Liabilities	**2,597**	**3,397**	**4,197**	**4,997**
Total Provisions	43	43	43	43
Total Liabilities	**6,537**	**6,725**	**7,225**	**7,942**
Shareholders' Equity	2,511	2,591	2,651	2,732
Minority Interests	153	161	167	176
Total Equity	**2,664**	**2,751**	**2,817**	**2,908**

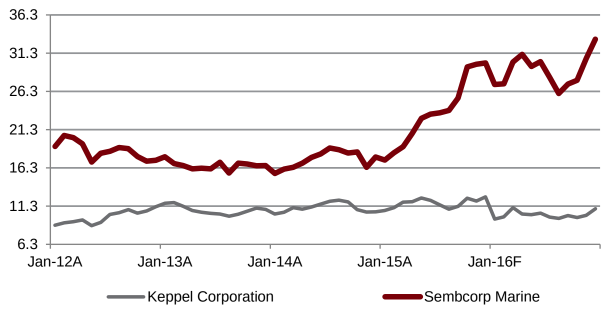
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	(24)	391	351	424
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(1,364)	466	67	479
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow				
Net Interest (Paid)/Received	(57)	(69)	(93)	(115)
Tax Paid	(104)	(23)	(17)	(25)
Cashflow From Operations	**(1,549)**	**766**	**307**	**762**
Capex	(933)	(450)	(200)	(75)
Disposals Of FAs/subsidiaries	1	0	0	0
Acq. Of Subsidiaries/investments	(0)	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	**(932)**	**(450)**	**(200)**	**(75)**
Debt Raised/(repaid)	1,744	800	800	800
Proceeds From Issue Of Shares	1	0	0	0
Shares Repurchased	(12)	0	0	0
Dividends Paid	(265)	(43)	(32)	(54)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	**1,467**	**757**	**768**	**746**
Total Cash Generated	(1,014)	1,073	875	1,433
Free Cashflow To Equity	**(738)**	**1,116**	**907**	**1,487**
Free Cashflow To Firm	**(2,413)**	**396**	**210**	**812**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(14.8%)	(24.3%)	(13.7%)	(4.4%)
Operating EBITDA Growth	(103%)	N/A	(10%)	21%
Operating EBITDA Margin	(0.5%)	10.4%	10.8%	13.6%
Net Cash Per Share (S$)	(1.32)	(1.19)	(1.15)	(0.85)
BVPS (S$)	1.20	1.24	1.27	1.31
Gross Interest Cover	(3.21)	3.14	2.03	2.28
Effective Tax Rate	0.0%	15.3%	15.0%	15.0%
Net Dividend Payout Ratio	NA	35.0%	35.0%	40.0%
Accounts Receivables Days	38.87	54.10	69.91	82.97
Inventory Days	258.0	373.7	314.6	265.0
Accounts Payables Days	163.9	229.5	181.0	176.2
ROIC (%)	(4.2%)	4.9%	4.2%	5.7%
ROCE (%)	(2.5%)	4.0%	2.9%	3.6%
Return On Average Assets	(3.03%)	2.13%	1.96%	2.48%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Outstanding Orderbook (S$m)	10,400	8,176	7,291	6,337
Order Book Wins (S$m)	2,800.0	900.0	1,500.0	2,000.0
Order Book Depletion (S$m)	4,412	3,244	2,715	2,534
Average Day Rate Per Ship (US$)	N/A	N/A	N/A	N/A
No. Of Ships (unit)	N/A	N/A	N/A	N/A
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

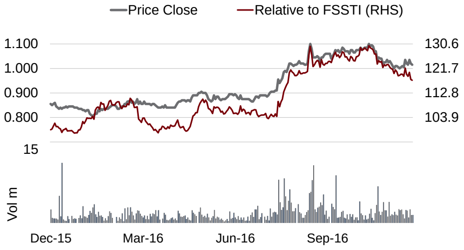
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 6	Hold 3	Sell 0

Current price:	S$1.02
Target price:	S$1.14
Previous target:	S$1.14
Up/downside:	12.3%
CIMB / Consensus:	1.9%
Reuters:	SHEN.SI
Bloomberg:	SSG SP
Market cap:	US$1,073m
	S$1,526m
Average daily turnover:	US$1.57m
	S$2.18m
Current shares o/s	1,504m
Free float:	36.2%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.4	-2.9	20.1
Relative (%)	-6.4	-7	18.9

Major shareholders	% held
SS Holdings	29.9
Lim Hock Chee	11.3
Lim Hock Leng	11.3

Sheng Siong Group

Stable earnings in challenging times

- New stores have been contributing positively to sales growth in FY16. Expect more of the same in FY17.
- The company continues to make stellar gross margin improvements. Gross margins are now at record-high levels and we are confident they are sustainable.
- Maintain Add with a TP of S$1.14. The stock offers attractive yields of c.4%.

New stores to drive sales growth

- In 2014, Sheng Siong saw ~20% earnings growth even without new stores as it turned its stores into 24-hour stores and reaped efficiency gains from its central distribution centre. But 2015 was a bumper year for new stores and this has been fuelling growth in 2016.
- We are hopeful the group will be able to continue to secure more stores next year as it stands to benefit from a greater supply of housing blocks coming on stream.

Weak discretionary spending trends hitting same store sales

- A feature showing up in recent quarters has been the negative same store sales growth (-1.15% yoy in 3Q16). We think this is a reflection of the general pullback in discretionary consumption trends and the broader weak macro. The silver lining is that this is less an idiosyncratic problem and more an industry-wide phenomenon.

Continued gross margin improvement

- On the bright side, gross margins continue to beat expectations and we see the 25-26% level as sustainable. The group's record gross margins are being driven by higher supplier rebates (given for volume, display and bulk handling), sales mix (higher proportion of fresh vs. dry), and direct purchasing initiatives.

China investment risks tilted to the upside

- There have been investor concerns over management's plans to enter China which could possibly burn a capital hole. We understand the concerns given Sheng Siong's lack of experience beyond Singapore and the intense competition in China's supermarket space. However, management has assured us that it will be cautious. Further, with the investment in China capped at S$6m, we think risks are tilted to the upside. The latest guidance is for its c.54k sf store in Kunming to open in 2Q17.

Maintain Add with attractive yields

- Sheng Siong has a strong FCF business model that supports a 4% dividend yield. It also has a track record of seeing store growth in spurts, especially during market downturns. 2017 could be one of these growth spurt years. Coupled with its net cash position, we think the stock's premium valuations reflect stable earnings and attractive yields in tough times. Our TP of S$1.14 is pegged at 23.3x CY18 P/E (3-yr historical mean). Risks to our view include a drop in margins or unexpected store closures.

Analyst(s)

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	726.0	764.4	823.9	887.9	893.1
Operating EBITDA (S$m)	63.1	70.6	88.0	105.9	106.9
Net Profit (S$m)	47.60	56.79	63.67	70.75	73.57
Core EPS (S$)	0.033	0.037	0.042	0.047	0.049
Core EPS Growth	18.9%	11.4%	13.7%	11.1%	4.0%
FD Core P/E (x)	30.78	27.26	23.97	21.57	20.74
DPS (S$)	0.030	0.035	0.038	0.042	0.044
Dividend Yield	2.96%	3.45%	3.75%	4.17%	4.34%
EV/EBITDA (x)	20.83	19.82	16.67	13.63	13.49
P/FCFE (x)	NA	34.46	NA	17.35	22.34
Net Gearing	(55.2%)	(51.6%)	(23.4%)	(32.2%)	(32.1%)
P/BV (x)	6.46	6.25	6.09	5.92	5.76
ROE	24.7%	23.3%	25.7%	27.8%	28.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	1.02	1.02

SOURCE: COMPANY DATA, CIMB FORECASTS

CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**764.4**	**823.9**	**887.9**	**893.1**
Gross Profit	**188.9**	**206.0**	**227.3**	**230.4**
Operating EBITDA	**70.6**	**88.0**	**105.9**	**106.9**
Depreciation And Amortisation	(13.4)	(21.3)	(29.6)	(27.8)
Operating EBIT	**57.2**	**66.7**	**76.4**	**79.0**
Financial Income/(Expense)	1.2	1.1	1.1	1.1
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	9.3	9.1	8.3	8.5
Profit Before Tax (pre-EI)	**67.7**	**76.9**	**85.8**	**88.6**
Exceptional Items				
Pre-tax Profit	**67.7**	**76.9**	**85.8**	**88.6**
Taxation	(10.9)	(13.2)	(15.0)	(15.1)
Exceptional Income - post-tax				
Profit After Tax	**56.8**	**63.7**	**70.7**	**73.6**
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**56.8**	**63.7**	**70.7**	**73.6**
Recurring Net Profit	56.0	63.7	70.7	73.6
Fully Diluted Recurring Net Profit	**56.0**	**63.7**	**70.7**	**73.6**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	125.9	58.6	82.9	85.0
Total Debtors	11.8	11.3	12.2	12.2
Inventories	52.5	50.8	54.3	54.5
Total Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	**190.2**	**120.7**	**149.3**	**151.7**
Fixed Assets	177.6	246.3	231.8	219.0
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-current Assets	**177.6**	**246.3**	**231.8**	**219.0**
Short-term Debt	0.0	0.0	0.0	0.0
Current Portion of Long-Term Debt				
Total Creditors	108.7	101.6	108.6	90.8
Other Current Liabilities	12.6	12.6	12.6	12.6
Total Current Liabilities	**121.4**	**114.2**	**121.2**	**103.4**
Total Long-term Debt	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	**0.0**	**0.0**	**0.0**	**0.0**
Total Provisions	2.2	2.2	2.2	2.2
Total Liabilities	**123.6**	**116.5**	**123.5**	**105.7**
Shareholders' Equity	244.2	250.6	257.6	265.0
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	**244.2**	**250.6**	**257.6**	**265.0**

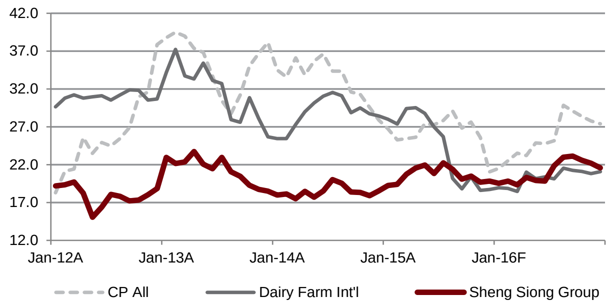
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	70.63	88.01	105.92	106.85
Cash Flow from Invt. & Assoc.				
Change In Working Capital	2.54	(4.99)	2.63	(18.05)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	8.01	9.10	8.30	8.50
Net Interest (Paid)/Received	1.22	1.10	1.10	1.10
Tax Paid	(8.93)	(13.23)	(15.01)	(15.07)
Cashflow From Operations	**73.47**	**79.99**	**102.94**	**83.33**
Capex	(30.40)	(90.00)	(15.00)	(15.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00
Other Investing Cashflow	1.22	0.00	0.00	0.00
Cash Flow From Investing	**(29.18)**	**(90.00)**	**(15.00)**	**(15.00)**
Debt Raised/(repaid)	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(48.87)	(57.30)	(63.67)	(66.21)
Preferred Dividends				
Other Financing Cashflow	(1.22)	(1.10)	(1.10)	(1.10)
Cash Flow From Financing	**(50.08)**	**(58.40)**	**(64.77)**	**(67.31)**
Total Cash Generated	(5.79)	(68.41)	23.16	1.01
Free Cashflow To Equity	**44.29**	**(10.01)**	**87.94**	**68.33**
Free Cashflow To Firm	**44.29**	**(10.01)**	**87.94**	**68.33**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	5.30%	7.78%	7.76%	0.59%
Operating EBITDA Growth	12.0%	24.6%	20.3%	0.9%
Operating EBITDA Margin	9.2%	10.7%	11.9%	12.0%
Net Cash Per Share (S$)	0.084	0.039	0.055	0.057
BVPS (S$)	0.16	0.17	0.17	0.18
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	16.1%	17.2%	17.5%	17.0%
Net Dividend Payout Ratio	92.7%	90.0%	90.0%	90.0%
Accounts Receivables Days	5.37	5.12	4.82	4.99
Inventory Days	30.31	30.58	29.03	29.95
Accounts Payables Days	64.87	62.28	58.06	54.91
ROIC (%)	44.0%	45.9%	32.6%	37.1%
ROCE (%)	24.1%	27.2%	30.2%	30.4%
Return On Average Assets	15.6%	17.1%	18.7%	19.3%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	5.3%	7.8%	7.8%	0.6%
No. of POS (main prod/serv)	N/A	N/A	N/A	N/A
SSS grth (%, main prod/serv)	3.3%	0.7%	1.5%	1.5%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	N/A	N/A	N/A	N/A
No. of POS (2ndary prod/serv)	N/A	N/A	N/A	N/A
SSS grth (%, 2ndary prrod/serv)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

Singapore Airlines

Sliding towards another year of modest profits

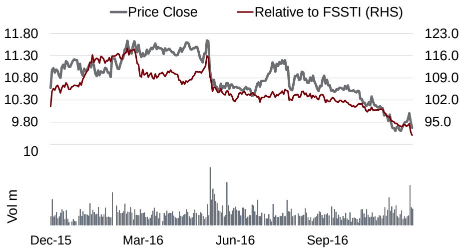
- SIA's full service businesses continues to be under pressure from lower yields and falling load factors.
- While its LCC businesses are doing better, they are still too small overall.
- Maintain Hold with target price based on trough CY17 P/BV of 0.9x.

HOLD *(no change)*

Consensus ratings*:	Buy 2	Hold 13	Sell 4

Current price:	S$9.67
Target price:	S$10.47
Previous target:	S$10.47
Up/downside:	8.3%
CIMB / Consensus:	5.8%
Reuters:	SIAL.SI
Bloomberg:	SIA SP
Market cap:	US$8,030m
	S$11,425m
Average daily turnover:	US$10.60m
	S$14.73m
Current shares o/s	1,169m
Free float:	44.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-4.6	-8.9	-5.8
Relative (%)	-8.6	-13	-7

Major shareholders	% held
Temasek Holdings	55.4

Low level of earnings for past four years

- SIA group's core net profit has been stuck at low levels for the past four years, suggesting a structural decline in the profitability of full service operations due to a myriad of factors, such as the emergence of aggressive FSC competitors like the Gulf carriers on European routes, North Asian carriers like EVA and ANA on transpacific routes, and the Chinese carriers on ANZ routes.

Premium travel in structural decline since May 2015

- SIA mainline's monthly yields have been in yoy decline since May 2015; this is the point from which premium travel demand has been contracting. Premium travel in Singapore is traditionally driven by the finance and oil and gas sectors, both of which have not been doing well in recent years.

Even economy class is not spared

- In 2015 and the early part of 2016, economy class demand was still robust and responded positively to SIA's promotional fares. However, this may no longer be the case. SIA mainline's load factors have been in yoy decline since May 2016, because the number of passengers has been falling despite running promotional fares and despite not growing seat capacity. This is most likely due to loss of market to LCCs.

SilkAir also showing emerging signs of weakness

- SilkAir had in the past performed better than SIA mainline, as it focused on short-haul connections around the region that are less sensitive to the economy. This was the basis for its orders for 52 737-800 planes that would almost double its fleet size over the next five years. However, since June, SilkAir demand growth has not kept pace with its capacity increases, pressuring load factors, yields and profits lower.

LCCs doing better than the full service business

- Both Scoot and Tigerair are doing better yoy in terms of earnings. Unfortunately, the absolute size of their profit contribution is small compared to SIA and SilkAir, and hence cannot offset the negative earnings momentum at the two FSC airlines. Scoot has delivered six consecutive quarters of improved earnings performance, despite strong capacity growth and falling yields, due to the use of new, fuel-efficient 787s.

Restructuring at Tigerair yielding benefits

- Meanwhile, in earlier years, Tigerair had been restructured to cut off loss-making routes and to lease out its excess planes to third-party airlines like IndiGo. SIA has since announced that it will fold the Tigerair operations into Scoot and operate from a single operating licence and single brand from 2HCY17 onwards. The operational and legal merger may lift long- to short-haul connections for the LCC businesses.

SIA Cargo in the doldrums

- The last time SIA Cargo made good profits was in 2010, since then, it has been a long slide down, and it has not been able to avoid a cold winter of losses, weak yields, and excess capacity, despite low oil prices.

One year outlook continues to be poor

- It will be extremely difficult for the SIA group in the immediate future, and so we forecast a continuing period of weak profits and suboptimal ROEs.

Financial Summary	Mar-14A	Mar-15A	Mar-16A	Mar-17F	Mar-18F
Revenue (S$m)	15,118	15,500	15,092	14,887	15,290
Operating EBITDA (S$m)	1,711	1,883	2,088	2,087	2,291
Net Profit (S$m)	359.5	367.9	804.4	699.3	356.9
Core EPS (S$)	0.22	0.28	0.37	0.30	0.31
Core EPS Growth	(24.5%)	25.5%	33.6%	(20.2%)	3.3%
FD Core P/E (x)	43.82	34.91	26.13	32.72	31.68
DPS (S$)	0.46	0.22	0.45	0.24	0.24
Dividend Yield	4.76%	2.27%	4.65%	2.48%	2.48%
EV/EBITDA (x)	4.55	4.29	4.41	4.70	5.33
P/FCFE (x)	51.08	11.18	39.82	NA	NA
Net Gearing	(28.9%)	(28.9%)	(18.9%)	(14.0%)	3.0%
P/BV (x)	0.86	0.91	0.89	0.85	0.83
ROE	1.97%	2.53%	3.43%	2.65%	2.65%
CIMB/consensus EPS (x)				1.36	0.65

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(S$m)	Mar-15A	Mar-16A	Mar-17F	Mar-18F
Total Net Revenues	**15,500**	**15,092**	**14,887**	**15,290**
Gross Profit	**2,413**	**2,684**	**2,705**	**2,910**
Operating EBITDA	**1,883**	**2,088**	**2,087**	**2,291**
Depreciation And Amortisation	(1,539)	(1,543)	(1,627)	(1,829)
Operating EBIT	**344**	**545**	**460**	**462**
Financial Income/(Expense)	25	20	(4)	(39)
Pretax Income/(Loss) from Assoc.	17	12	(3)	46
Non-Operating Income/(Expense)	13	24	25	25
Profit Before Tax (pre-EI)	**400**	**601**	**478**	**495**
Exceptional Items	43	372	354	0
Pre-tax Profit	**443**	**972**	**832**	**495**
Taxation	(36)	(121)	(81)	(84)
Exceptional Income - post-tax				
Profit After Tax	**407**	**852**	**750**	**411**
Minority Interests	(39)	(47)	(51)	(54)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**368**	**804**	**699**	**357**
Recurring Net Profit	325	433	346	357
Fully Diluted Recurring Net Profit	**325**	**433**	**346**	**357**

Balance Sheet

(S$m)	Mar-15A	Mar-16A	Mar-17F	Mar-18F
Total Cash And Equivalents	5,254	3,972	3,423	2,071
Total Debtors	1,487	1,222	1,205	1,238
Inventories	202	182	179	182
Total Other Current Assets	522	1,400	1,400	1,400
Total Current Assets	**7,465**	**6,776**	**6,208**	**4,890**
Fixed Assets	13,523	14,144	15,163	17,785
Total Investments	2,435	2,334	2,331	2,377
Intangible Assets	498	516	516	516
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	**16,456**	**16,993**	**18,010**	**20,677**
Short-term Debt	147	212	212	212
Current Portion of Long-Term Debt				
Total Creditors	2,907	2,899	2,853	2,898
Other Current Liabilities	3,729	3,329	3,329	3,329
Total Current Liabilities	**6,783**	**6,440**	**6,394**	**6,439**
Total Long-term Debt	1,370	1,283	1,283	2,283
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	2,839	2,913	2,762	2,762
Total Non-current Liabilities	**4,209**	**4,197**	**4,046**	**5,046**
Total Provisions	0	0	0	0
Total Liabilities	**10,991**	**10,637**	**10,440**	**11,484**
Shareholders' Equity	12,464	12,755	13,349	13,600
Minority Interests	467	378	429	483
Total Equity	**12,930**	**13,133**	**13,778**	**14,083**

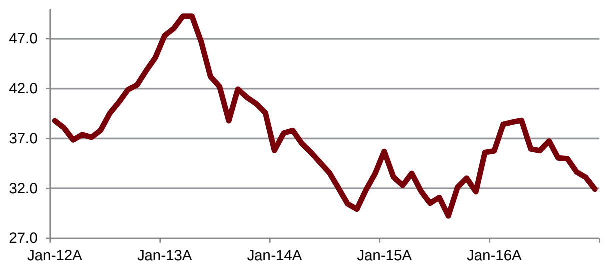
Cash Flow

(S$m)	Mar-15A	Mar-16A	Mar-17F	Mar-18F
EBITDA	1,883	2,088	2,087	2,291
Cash Flow from Invt. & Assoc.				
Change In Working Capital	1,521	403	(26)	9
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(1,220)	556	12	0
Net Interest (Paid)/Received	0	0	0	0
Tax Paid	(116)	(41)	(81)	(84)
Cashflow From Operations	**2,067**	**3,006**	**1,991**	**2,216**
Capex	(2,600)	(2,909)	(3,100)	(4,450)
Disposals Of FAs/subsidiaries	998	493	645	0
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	(3)	(284)	0	0
Cash Flow From Investing	**(1,605)**	**(2,700)**	**(2,455)**	**(4,450)**
Debt Raised/(repaid)	552	(22)	0	1,000
Proceeds From Issue Of Shares	39	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(553)	(359)	(105)	(105)
Preferred Dividends				
Other Financing Cashflow	(175)	(941)	21	(14)
Cash Flow From Financing	**(137)**	**(1,321)**	**(85)**	**881**
Total Cash Generated	325	(1,016)	(549)	(1,353)
Free Cashflow To Equity	**1,014**	**284**	**(464)**	**(1,234)**
Free Cashflow To Firm	**462**	**306**	**(464)**	**(2,234)**

Key Ratios

	Mar-15A	Mar-16A	Mar-17F	Mar-18F
Revenue Growth	2.52%	(2.63%)	(1.36%)	2.71%
Operating EBITDA Growth	10.1%	10.9%	(0.0%)	9.8%
Operating EBITDA Margin	12.1%	13.8%	14.0%	15.0%
Net Cash Per Share (S$)	3.20	2.12	1.65	(0.36)
BVPS (S$)	10.66	10.91	11.42	11.63
Gross Interest Cover	6.94	10.83	7.70	5.79
Effective Tax Rate	8.2%	12.4%	9.8%	17.0%
Net Dividend Payout Ratio	79%	122%	81%	79%
Accounts Receivables Days	36.40	32.85	29.75	29.16
Inventory Days	6.21	5.66	5.41	5.32
Accounts Payables Days	82.06	85.63	86.18	84.78
ROIC (%)	3.33%	5.67%	4.10%	3.77%
ROCE (%)	2.89%	4.23%	3.45%	3.16%
Return On Average Assets	1.45%	1.93%	1.67%	1.81%

12-mth Fwd FD P/E (x) - Singapore Airlines



Key Drivers

	Mar-15A	Mar-16A	Mar-17F	Mar-18F
Av. Seat Km (ASK, Yoy Chg %)	-0.4%	-1.4%	0.0%	0.0%
Rev. Psg Km (RPK, Yoy Chg %)	-0.9%	0.1%	-2.1%	0.0%
Passenger Load Factor (%)	78.5%	79.6%	78.0%	78.0%
Pax yld per RPK (S$)	11.2	10.6	10.2	10.5
Pax rev. per ASK (S$)	8.8	8.5	8.0	8.2
Total Cost Per ATK (S$)	63.5	58.4	55.8	57.3
Fuel Cost Per ATK (S$)	23.3	18.1	15.1	16.1
Non-fuel Cost Per ATK (S$)	30.1	30.2	30.7	30.7
Jet Fuel Price (US$/barrel)	117.0	84.3	69.9	74.0
Fleet Size (no. Of Planes)	176	185	192	204

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

Singapore Exchange

Bottomed out

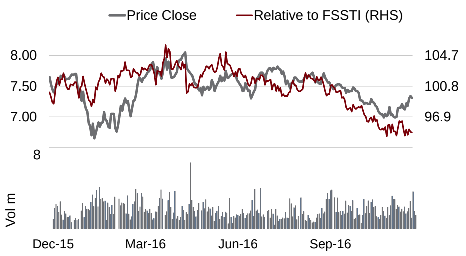
- We expect SGX's share price to bottom out as recent market volatility could sustain better securities trading volume in the near to medium term.
- However, we are not convinced of material upside from here as demand for its derivatives products continues to be reliant on volatility in China's A-share market.
- Maintain Hold. At 21x FY18F P/E, the negatives have largely been priced in, in our view. Our DDM-based target price stays unchanged at S$7.23.

HOLD *(no change)*

Consensus ratings*:	Buy 8	Hold 10	Sell 0

Current price:	S$7.31
Target price:	S$7.23
Previous target:	S$7.23
Up/downside:	-1.1%
CIMB / Consensus:	-5.8%
Reuters:	SGXL.SI
Bloomberg:	SGX SP
Market cap:	US$5,501m
	S$7,827m
Average daily turnover:	US$11.52m
	S$15.94m
Current shares o/s	1,074m
Free float:	63.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.8	-3.1	-3.7
Relative (%)	-0.2	-7.2	-4.9

Major shareholders	% held
SEL Holdings	23.4
Temasek Holdings	5.6
Nomura Securities	5.0

Recent pickup in securities ADVT could sustain

- Securities daily traded value shot up to as high as S$1.9bn on 9 Nov and 11 Nov on the back of higher market volatility after Trump's victory in the US presidential elections. On a blended basis, we expect Nov-Dec to record securities average daily value traded (ADVT) of S$1.1bn-S$1.2bn. We expect this level to sustain for the rest of FY17.
- We think the conclusion of the US presidential elections and more certainty of a US Fed hike in Dec after the recent positive jobs data removed some macro uncertainties; this should lead to more trading activity as the market shifts into risk-on mode.

Less positive on derivative demand; still reliant on China

- SGX's key derivative products are dependent on the Chinese market, especially the China A50 futures which formed 49% of total derivative traded volume in FY16. China A50 futures demand was especially strong during the A-share market rally and crash in 2015. Since then, its volume has halved, and another equally strong rally or sell-off is required for such volumes to return.
- Meanwhile, margin pressure remains for its iron ore contracts as SGX responds to competition from CME. While iron ore is not a major contributor to total derivative volumes, its average fee per contract is higher, which makes it a significant contributor to derivative revenue.

Challenges remain

- While we have turned more positive on SGX recently with the pickup in securities ADVT and the less demanding valuations, we think its challenges remain.
- We expect SGX's share price to trade sideways, due to the following factors: 1) Delistings continue to exceed IPOs, which could limit upside to trading volumes. 2) It is difficult to see demand for key derivative products to return meaningfully in the near term in the absence of an event to trigger a strong rally or sell-off in China's A-share market. 3) For exposure to financials, institutional funds could switch out of SGX into banks as a play on rising rates.

Maintain Hold

- We maintain our Hold call and DDM-based target price of S$7.23.
- Dividend yield of 4% is decent.
- We believe that at 21x FY18F P/E, the market has priced in securities ADVT of S$1.1bn-1.2bn, in line with our forecast over the next few quarters.
- Upside risk could come from better outlook in China, which would drive derivative demand. Downside risk could stem from further global macro uncertainty should Trump's policies disappoint, as this could lead to markets returning to a risk-off mode.

Analyst(s)

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Financial Summary	Jun-15A	Jun-16A	Jun-17F	Jun-18F	Jun-19F
Revenue (S$m)	778.9	818.1	818.4	844.3	871.5
Operating EBITDA (S$m)	459.5	469.0	460.5	471.5	481.7
Net Profit (S$m)	348.6	349.0	348.2	357.7	366.5
Core EPS (S$)	0.32	0.33	0.32	0.33	0.34
Core EPS Growth	8.72%	1.56%	(1.64%)	2.73%	2.47%
FD Core P/E (x)	22.51	22.17	22.54	21.94	21.41
DPS (S$)	0.28	0.28	0.28	0.29	0.30
Dividend Yield	3.83%	3.83%	3.83%	3.97%	4.10%
EV/EBITDA (x)	15.23	14.77	15.10	14.77	14.27
P/FCFE (x)	23.14	22.09	34.46	26.70	19.56
Net Gearing	(86.1%)	(92.1%)	(82.0%)	(77.6%)	(81.8%)
P/BV (x)	8.04	7.93	7.28	6.94	6.64
ROE	36.7%	36.0%	33.7%	32.4%	31.7%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.97	0.92	0.89

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Jun-16A	Jun-17F	Jun-18F	Jun-19F
Total Net Revenues	**818.1**	**818.4**	**844.3**	**871.5**
Gross Profit	**818.1**	**818.4**	**844.3**	**871.5**
Operating EBITDA	**469.0**	**460.5**	**471.5**	**481.7**
Depreciation And Amortisation	(59.9)	(59.9)	(59.9)	(59.9)
Operating EBIT	**409.1**	**400.7**	**411.7**	**421.9**
Financial Income/(Expense)	11.6	12.0	12.3	12.5
Pretax Income/(Loss) from Assoc.	1.1	1.2	1.2	1.3
Non-Operating Income/(Expense)	0.2	0.2	0.2	0.2
Profit Before Tax (pre-EI)	**422.0**	**414.1**	**425.4**	**435.8**
Exceptional Items	(6.0)	0.0	0.0	0.0
Pre-tax Profit	**416.0**	**414.1**	**425.4**	**435.8**
Taxation	(66.9)	(65.8)	(67.6)	(69.3)
Exceptional Income - post-tax				
Profit After Tax	**349.0**	**348.2**	**357.7**	**366.5**
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**349.0**	**348.2**	**357.7**	**366.5**
Recurring Net Profit	354.1	348.2	357.7	366.5
Fully Diluted Recurring Net Profit	**354.1**	**348.2**	**357.7**	**366.5**

Balance Sheet

(S$m)	Jun-16A	Jun-17F	Jun-18F	Jun-19F
Total Cash And Equivalents	911	884	877	967
Total Debtors	930	877	953	932
Inventories	0	0	0	1
Total Other Current Assets	3	3	3	3
Total Current Assets	**1,844**	**1,764**	**1,833**	**1,903**
Fixed Assets	217	231	245	259
Total Investments	9	9	9	9
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	35	35	35	34
Total Non-current Assets	**262**	**276**	**290**	**303**
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	1,013	852	879	907
Other Current Liabilities	85	91	94	97
Total Current Liabilities	**1,098**	**943**	**973**	**1,004**
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	**0**	**0**	**0**	**0**
Total Provisions	18	18	18	18
Total Liabilities	**1,116**	**961**	**991**	**1,022**
Shareholders' Equity	990	1,078	1,131	1,182
Minority Interests	0	0	0	1
Total Equity	**990**	**1,078**	**1,131**	**1,183**

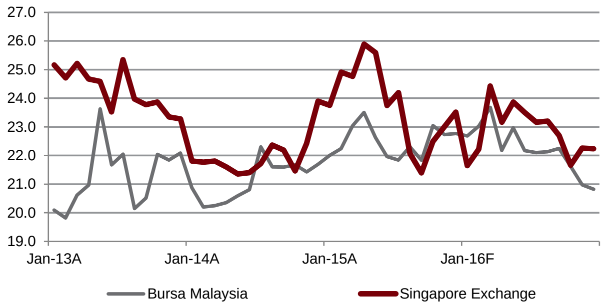
Cash Flow

(S$m)	Jun-16A	Jun-17F	Jun-18F	Jun-19F
EBITDA	469.0	460.5	471.5	481.7
Cash Flow from Invt. & Assoc.				
Change In Working Capital	15.8	(103.8)	(46.8)	51.1
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	10.7	10.7	10.7	10.7
Other Operating Cashflow	4.8	0.0	0.0	0.0
Net Interest (Paid)/Received	(9.4)	(12.0)	(12.3)	(12.5)
Tax Paid	(70.3)	(65.8)	(67.6)	(69.3)
Cashflow From Operations	**420.5**	**289.6**	**355.5**	**461.7**
Capex	(73.8)	(73.8)	(73.8)	(72.8)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	8.7	12.0	12.3	12.5
Cash Flow From Investing	**(65.2)**	**(61.8)**	**(61.6)**	**(60.3)**
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	(12.6)	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(332.2)	(300.7)	(311.4)	(322.1)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	1.0
Cash Flow From Financing	**(344.8)**	**(300.7)**	**(311.4)**	**(321.1)**
Total Cash Generated	10.5	(72.9)	(17.5)	80.2
Free Cashflow To Equity	**355.3**	**227.8**	**293.9**	**401.4**
Free Cashflow To Firm	**355.3**	**227.8**	**293.9**	**401.4**

Key Ratios

	Jun-16A	Jun-17F	Jun-18F	Jun-19F
Revenue Growth	5.0%	0.0%	3.2%	3.2%
Operating EBITDA Growth	2.1%	(1.8%)	2.4%	2.2%
Operating EBITDA Margin	57.3%	56.3%	55.9%	55.3%
Net Cash Per Share (S$)	0.85	0.82	0.82	0.90
BVPS (S$)	0.92	1.00	1.05	1.10
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	16.1%	15.9%	15.9%	15.9%
Net Dividend Payout Ratio	84.7%	86.3%	87.1%	87.9%
Accounts Receivables Days	354.2	402.9	395.5	394.6
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	279%	460%	203%	161%
ROCE (%)	42.0%	39.2%	37.8%	37.0%
Return On Average Assets	17.6%	16.2%	16.6%	16.4%

12-mth Fwd FD P/E (x)



Key Drivers

	Jun-16A	Jun-17F	Jun-18F	Jun-19F
Total Traded Value (S$m)	274,136	278,248	285,204	290,908
Trading Days In The Period	249	249	249	249
Avg Daily Traded Value (S$m)	1,101	1,117	1,145	1,168
Securities Clearing Fees (S$m)	158.5	163.3	167.4	170.8
Effective Clearing Rate (%)	0.06%	0.06%	0.06%	0.06%
Derivatives Contracts Traded (S$m)	183	175	182	189
Derivatives Clearing Revenue (S$m)	324	306	315	326
Avg Fees Per Contract (S$)	1.77	1.75	1.73	1.72
Other Revenue (S$m)	335	349	362	375

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

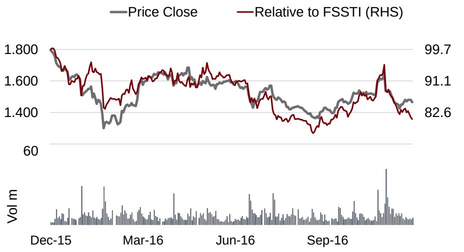
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 5	Hold 4	Sell 1

Current price:	S$1.47
Target price:	S$1.76
Previous target:	S$1.76
Up/downside:	19.9%
CIMB / Consensus:	3.9%
Reuters:	SPOS.SI
Bloomberg:	SPOST SP
Market cap:	US$2,229m
	S$3,171m
Average daily turnover:	US$8.65m
	S$12.00m
Current shares o/s	2,161m
Free float:	74.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-9	4.3	-17.9
Relative (%)	-13	0.2	-19.1

Major shareholders	% held
Singapore Telecommunications Ltd	22.9
Alibaba Investment Ltd	10.2
Deutsche Bank AG	3.2

Singapore Post Ltd

Look for earnings relief in FY18F

- We think the market has yet to price in anticipated earnings recovery in FY18F, with the reopening of the SPC retail mall and volume growth from Alibaba and Lazada.
- Investments using proceeds from the two Alibaba deals could be used to drive earnings by partnering and taking stakes in profitable last mile players.
- Maintain Add, with a DCF-based target price of S$1.76 (7% WACC).

3QFY17F could see better earnings due to operational leverage

- In the US, Nov-Dec typically accounts for 40% of annual sales volumes, as the period spans Black Friday, Cyber Monday and Christmas. While the e-commerce segment has been generating operating losses, we think 3QFY17F will see losses narrowing as the business gains operating leverage with larger sales volume.
- The international mail segment should also see better performance from the handling of high volume of items shipped during Alibaba's Singles Day event.

Opening of SPC retail mall could provide boost to FY18F earnings

- The SPC retail mall is slated for reopening in mid-2017, with anchor tenants NTUC FairPrice, Kopitiam and GV already secured. Conservatively, we expect the mall to provide a c.5% boost to bottomline in FY18F.
- SPOST remains on the lookout for potential partners to drive better tenant mix and occupancy at the retail mall, as well as to deliver its O-squared retail concept (online-to-offline and offline-to-online). SPOST is also exploring the option of divesting part of its stake in the mall to better monetise its assets.

Investments and partnerships could drive earnings

- SPOST intends to expand and enhance its e-commerce logistics capabilities in ASEAN, Australia and New Zealand. The S$86.2m proceeds from the sale of its 34% stake in Quantium Solutions will be invested to strengthen Quantium's existing network.
- Another S$137.7m (75% of net proceeds from the new share issuance to Alibaba) will be available for investments. We think SPOST could deploy this in partnerships with other logistics providers (such as its arrangement with GDEx and 4px), which could drive earnings from associates contributions.

Bear with near-term drag from investments

- Like any early- to mid-stage startup, SPOST is running at suboptimal returns as it continues to invest in its infrastructure to compete for market share.
- In the near term, startup costs at SPOST's newly-opened E-commerce Logistics Hub (ECLH) and front-end investments in the US through SP Commerce (the entity that integrates TradeGlobal and Jagged Peak) could continue to be drags on returns.

Maintain Add

- We maintain Add, with a DCF-based target price of S$1.76 (7% WACC).
- The S$182m ECLH solidifies SPOST's position as a leading e-commerce logistics provider and its long-term commitment to the game. While current utilisation of c.10% could drag on margins in the near term, we think having the capacity and scale is necessary to weed out competitors in the long run.
- The backing of Alibaba and Lazada should also help increase volumes quickly.

Analyst(s)

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Financial Summary	Mar-15A	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Revenue (S$m)	920	1,152	1,364	1,466	1,602
Operating EBITDA (S$m)	219.6	320.4	239.8	266.5	296.8
Net Profit (S$m)	155.0	153.6	145.3	164.8	187.6
Normalised EPS (S$)	0.072	0.071	0.067	0.073	0.083
Normalised EPS Growth	31.1%	(1.6%)	(5.4%)	8.0%	13.9%
FD Normalised P/E (x)	24.42	22.00	23.17	20.91	18.78
DPS (S$)	0.063	0.070	0.050	0.053	0.060
Dividend Yield	4.27%	4.78%	3.41%	3.58%	4.10%
EV/EBITDA (x)	12.18	9.91	13.10	12.38	10.98
P/FCFE (x)	1,490	NA	86	23	17
Net Gearing	(25.1%)	9.3%	6.1%	5.5%	2.5%
P/BV (x)	2.15	2.04	1.86	1.92	1.88
ROE	12.0%	10.2%	8.9%	9.6%	10.7%
% Change In Normalised EPS Estimates			0%	0%	0%
Normalised EPS/consensus EPS (x)			1.00	0.94	0.95

SOURCE: COMPANY DATA, CIMB FORECASTS

CIMB

BY THE NUMBERS

Profit & Loss

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Net Revenues	**1,312.1**	**1,414.1**	**1,522.2**	**1,664.8**
Gross Profit	**1,312.1**	**1,414.1**	**1,522.2**	**1,664.8**
Operating EBITDA	**320.4**	**239.8**	**266.5**	**296.8**
Depreciation And Amortisation	(31.9)	(44.9)	(49.4)	(50.9)
Operating EBIT	**288.5**	**194.9**	**217.0**	**245.8**
Financial Income/(Expense)	(10.4)	(5.0)	(5.9)	(5.9)
Pretax Income/(Loss) from Assoc.	9.1	2.1	2.2	2.3
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**287.2**	**191.9**	**213.4**	**242.3**
Exceptional Items				
Pre-tax Profit	**287.2**	**191.9**	**213.4**	**242.3**
Taxation	(34.2)	(36.5)	(39.5)	(44.2)
Exceptional Income - post-tax				
Profit After Tax	**253.0**	**155.5**	**173.9**	**198.1**
Minority Interests	(4.1)	(5.7)	(9.1)	(10.4)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	(95.3)	(4.5)	0.0	0.0
Preference Dividends (Australia)				
Net Profit	**153.6**	**145.3**	**164.8**	**187.6**
Normalised Net Profit	253.0	155.5	173.9	198.1
Fully Diluted Normalised Profit	**153.6**	**145.3**	**164.8**	**187.6**

Balance Sheet

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Cash And Equivalents	136	285	294	345
Total Debtors	210	232	249	272
Inventories	4	5	5	6
Total Other Current Assets	17	17	17	17
Total Current Assets	**368**	**539**	**566**	**640**
Fixed Assets	517	684	722	736
Total Investments	146	146	146	146
Intangible Assets	583	497	497	497
Total Other Non-Current Assets	801	801	801	801
Total Non-current Assets	**2,048**	**2,128**	**2,167**	**2,180**
Short-term Debt	71	181	181	181
Current Portion of Long-Term Debt				
Total Creditors	386	374	402	439
Other Current Liabilities	44	44	44	44
Total Current Liabilities	**501**	**599**	**627**	**664**
Total Long-term Debt	209	209	209	209
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	30	30	30	30
Total Non-current Liabilities	**239**	**239**	**239**	**239**
Total Provisions	114	114	114	114
Total Liabilities	**854**	**952**	**980**	**1,017**
Shareholders' Equity	1,550	1,698	1,727	1,766
Minority Interests	11	17	26	36
Total Equity	**1,562**	**1,715**	**1,753**	**1,802**

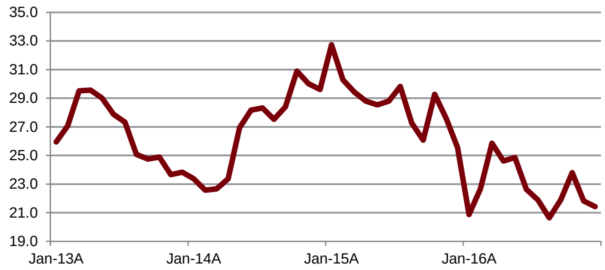
Cash Flow

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
EBITDA	320.4	239.8	266.5	296.8
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(40.0)	(34.0)	10.3	13.7
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(106.3)	(4.9)	(1.2)	(1.9)
Other Operating Cashflow				
Net Interest (Paid)/Received	(10.4)	(5.0)	(5.9)	(5.9)
Tax Paid	(30.6)	(36.5)	(39.5)	(44.2)
Cashflow From Operations	**133.2**	**159.4**	**230.3**	**258.5**
Capex	(279.7)	(211.4)	(88.0)	(64.1)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments	(272.4)	0.0	0.0	0.0
Other Investing Cashflow	95.1	91.2	7.0	7.8
Cash Flow From Investing	**(457.0)**	**(120.2)**	**(81.0)**	**(56.3)**
Debt Raised/(repaid)				
Proceeds From Issue Of Shares	187.1	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(167.0)	(167.0)	(119.3)	(131.1)
Preferred Dividends				
Other Financing Cashflow	17.8	90.1	(20.8)	(20.8)
Cash Flow From Financing	**37.9**	**(76.9)**	**(140.0)**	**(151.9)**
Total Cash Generated	(286.0)	(37.7)	9.3	50.3
Free Cashflow To Equity	**(323.8)**	**39.3**	**149.3**	**202.2**
Free Cashflow To Firm	**(313.5)**	**44.3**	**155.2**	**208.0**

Key Ratios

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Revenue Growth	25.2%	18.4%	7.5%	9.3%
Operating EBITDA Growth	45.9%	(25.2%)	11.1%	11.4%
Operating EBITDA Margin	27.8%	17.6%	18.2%	18.5%
Net Cash Per Share (S$)	(0.07)	(0.05)	(0.04)	(0.02)
BVPS (S$)	0.72	0.79	0.76	0.78
Gross Interest Cover	27.84	38.75	37.07	42.00
Effective Tax Rate	11.9%	19.0%	18.5%	18.3%
Net Dividend Payout Ratio	109%	115%	72%	70%
Accounts Receivables Days	59.49	59.14	59.84	59.37
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	26.5%	11.4%	11.9%	13.3%
ROCE (%)	15.9%	9.6%	9.9%	11.0%
Return On Average Assets	7.29%	6.14%	6.66%	7.35%

12-mth Fwd FD P/E (x) - Singapore Post Ltd



Key Drivers

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Volumes Moved (% Change)	N/A	N/A	N/A	N/A
Rates Charged (% Change)	0.0%	0.0%	0.0%	0.0%
Acquisitions (m)	272.4	-	-	-

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

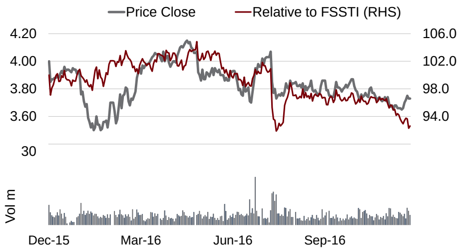
Singapore

REDUCE *(no change)*

Consensus ratings*:	Buy 0	Hold 1	Sell 8

Current price:	S$3.73
Target price:	S$3.35
Previous target:	S$3.35
Up/downside:	-10.2%
CIMB / Consensus:	0.1%
Reuters:	SPRM.SI
Bloomberg:	SPH SP
Market cap:	US$4,191m
	S$5,962m
Average daily turnover:	US$9.69m
	S$13.47m
Current shares o/s	1,598m
Free float:	90.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-0.3	-0.8	-7.2
Relative (%)	-4.3	-4.9	-8.4

Major shareholders	% held
DBSN Services	3.6
Daiwa	1.1

Singapore Press Holdings

Proxy for the weak economy

- We expect the headwinds in the core media business to persist due to slowdown in the economy and no apparent plans by the government to lift property measures.
- Challenges are exacerbated by the shift from print to digital media.
- The divestment of Seletar Mall is the only potential positive catalyst to look out for, but we think this could take some time to materialise.
- Maintain Reduce and SOP-based target price of S$3.35.

No end in sight to newspaper ad weakness

- Newspaper ad revenue continues to decline at an accelerated pace, as poor business sentiment and outlook weigh on advertising spend.
- A tough retail environment, lack of plans by the government to lift property cooling measures and the shift towards more targeted and cost-effective online advertising could mean there is no end in sight to SPH's falling newspaper ad revenue.
- We have built in a 9% yoy fall in newspaper ad revenue for FY17F, and there could be further downside risk if economic growth does not pick up.

Circulation revenue's pace of decline could speed up

- Newspaper and magazine circulation revenue had some relief from the newspaper cover price increase on 1 Mar 2016 and SPH reaching out to new distribution channels. Going forward, we expect the decline in circulation revenue to pick up pace as the positive impact of the cover price increase tapers off.
- The introduction of all-in-one and one-digital packages could cannibalise its subscriber base as more users share one subscription.

Cost cuts and investments in new media can only do so much

- SPH has embarked on a comprehensive review of its media business, and plans to enact further cost-cutting measures including a headcount reduction exercise. While this could buffer earnings downside in the near term, we think that there is a limit to the extent that costs can be cut; the focus should be on driving revenue growth instead.
- SPH has invested in new media startups and organised several ad hoc events, but these have not moved the needle much. Most startups continue to be lossmaking.

Property remains stable; potential divestment of Seletar Mall

- Property remains the sole stable earnings contributor, as Paragon and Clementi Mall continue to see positive rental reversions despite the challenging retail environment.
- The next potential catalyst is the divestment of Seletar Mall. However, it must realise positive rental reversions to reach 5% yield before it can be divested to SPH REIT. Special dividends could be paid upon divestment, although SPH's stake in Seletar Mall would be unchanged at 70% (it has a 70% stake in SPH REIT).

Dividends unsustainable

- SPH cut FY16 DPS by 2 Scts to 18 Scts. It is becoming increasingly difficult for SPH to maintain dividends, as recurring earnings continue to slide. SPH typically pays out 90-100% of operating profit in dividends.
- We foresee a further 1 Sct cut in DPS for FY18-19F, based on c.95% payout ratio and expectations of 4-5% earnings decline p.a.

Maintain Reduce

- We maintain a Reduce call on SPH, with a SOP-based target price of S$3.35 (Media: S$1.80, SPH REIT: S$1.15, Seletar Mall: S$0.22, investments/net cash: S$0.19).

Financial Summary	Aug-15A	Aug-16A	Aug-17F	Aug-18F	Aug-19F
Revenue (S$m)	1,177	1,124	1,072	1,042	1,019
Operating EBITDA (S$m)	436.7	381.1	384.5	366.8	351.4
Net Profit (S$m)	321.7	265.3	248.1	236.9	228.5
Core EPS (S$)	0.20	0.16	0.15	0.15	0.14
Core EPS Growth	(9.9%)	(17.5%)	(6.5%)	(4.5%)	(3.5%)
FD Core P/E (x)	18.75	22.74	24.31	25.46	26.39
DPS (S$)	0.20	0.18	0.18	0.17	0.16
Dividend Yield	5.36%	4.83%	4.83%	4.56%	4.29%
EV/EBITDA (x)	16.49	19.04	19.15	20.28	21.37
P/FCFE (x)	7.05	15.63	22.85	22.55	23.65
Net Gearing	11.9%	13.6%	15.3%	16.0%	16.7%
P/BV (x)	1.67	1.71	1.77	1.83	1.88
ROE	8.81%	7.44%	7.17%	7.08%	7.03%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.98	0.95	0.91

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(S$m)	Aug-16A	Aug-17F	Aug-18F	Aug-19F
Total Net Revenues	**1,153**	**1,105**	**1,078**	**1,059**
Gross Profit	**1,153**	**1,105**	**1,078**	**1,059**
Operating EBITDA	**381**	**385**	**367**	**351**
Depreciation And Amortisation	(45)	(45)	(43)	(40)
Operating EBIT	**336**	**340**	**324**	**311**
Financial Income/(Expense)	(31)	(34)	(34)	(34)
Pretax Income/(Loss) from Assoc.	(8)	(6)	(5)	(4)
Non-Operating Income/(Expense)	64	50	52	54
Profit Before Tax (pre-EI)	**361**	**350**	**337**	**328**
Exceptional Items	0	0	0	0
Pre-tax Profit	**361**	**350**	**337**	**328**
Taxation	(55)	(52)	(49)	(47)
Exceptional Income - post-tax				
Profit After Tax	**306**	**298**	**288**	**281**
Minority Interests	(41)	(50)	(51)	(52)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**265**	**248**	**237**	**229**
Recurring Net Profit	265	248	237	229
Fully Diluted Recurring Net Profit	**265**	**248**	**237**	**229**

Balance Sheet

(S$m)	Aug-16A	Aug-17F	Aug-18F	Aug-19F
Total Cash And Equivalents	720	661	637	617
Total Debtors	137	147	143	140
Inventories	21	21	20	20
Total Other Current Assets	9	9	9	9
Total Current Assets	**887**	**837**	**809**	**785**
Fixed Assets	220	190	162	135
Total Investments	4,682	4,682	4,682	4,682
Intangible Assets	149	149	149	149
Total Other Non-Current Assets	6	6	6	6
Total Non-current Assets	**5,057**	**5,027**	**4,999**	**4,973**
Short-term Debt	100	100	100	100
Current Portion of Long-Term Debt				
Total Creditors	246	235	228	223
Other Current Liabilities	58	58	58	58
Total Current Liabilities	**403**	**393**	**386**	**381**
Total Long-term Debt	1,197	1,197	1,197	1,197
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	54	54	54	54
Total Non-current Liabilities	**1,252**	**1,252**	**1,252**	**1,252**
Total Provisions	47	47	47	47
Total Liabilities	**1,702**	**1,692**	**1,685**	**1,680**
Shareholders' Equity	3,517	3,399	3,298	3,201
Minority Interests	724	774	825	877
Total Equity	**4,241**	**4,173**	**4,123**	**4,078**

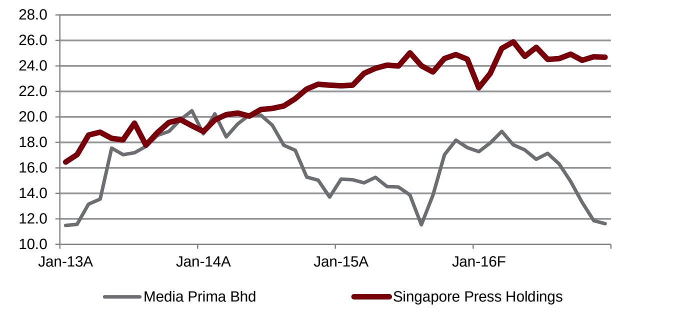
Cash Flow

(S$m)	Aug-16A	Aug-17F	Aug-18F	Aug-19F
EBITDA	381.1	384.5	366.8	351.4
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(13.6)	(19.9)	(1.9)	(1.4)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	46.4	0.0	0.0	0.0
Net Interest (Paid)/Received	(31.3)	(33.5)	(33.5)	(33.5)
Tax Paid	(63.5)	(52.1)	(49.4)	(47.2)
Cashflow From Operations	**319.2**	**279.0**	**282.0**	**269.3**
Capex	(15.2)	(15.0)	(14.6)	(14.3)
Disposals Of FAs/subsidiaries	267.2	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(202.5)	0.0	0.0	0.0
Other Investing Cashflow	5.8	0.0	0.0	0.0
Cash Flow From Investing	**55.4**	**(15.0)**	**(14.6)**	**(14.3)**
Debt Raised/(repaid)	11.3	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	(1.8)	0.0	0.0	0.0
Dividends Paid	(364.2)	(322.8)	(291.1)	(274.9)
Preferred Dividends				
Other Financing Cashflow	(30.4)	(33.5)	(33.5)	(33.5)
Cash Flow From Financing	**(385.1)**	**(356.3)**	**(324.6)**	**(308.4)**
Total Cash Generated	(10.5)	(92.4)	(57.2)	(53.4)
Free Cashflow To Equity	**385.9**	**264.0**	**267.4**	**255.0**
Free Cashflow To Firm	**405.8**	**297.5**	**300.9**	**288.6**

Key Ratios

	Aug-16A	Aug-17F	Aug-18F	Aug-19F
Revenue Growth	(4.48%)	(4.64%)	(2.85%)	(2.19%)
Operating EBITDA Growth	(12.7%)	0.9%	(4.6%)	(4.2%)
Operating EBITDA Margin	33.9%	35.9%	35.2%	34.5%
Net Cash Per Share (S$)	(0.36)	(0.39)	(0.41)	(0.42)
BVPS (S$)	2.18	2.10	2.04	1.98
Gross Interest Cover	10.76	10.14	9.66	9.28
Effective Tax Rate	15.2%	14.9%	14.6%	14.4%
Net Dividend Payout Ratio	122%	117%	116%	113%
Accounts Receivables Days	53.56	48.31	50.73	50.56
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	110%	143%	142%	154%
ROCE (%)	6.89%	7.02%	6.84%	6.70%
Return On Average Assets	5.62%	5.62%	5.51%	5.43%

12-mth Fwd FD P/E (x)



Key Drivers

	Aug-16A	Aug-17F	Aug-18F	Aug-19F
Adex rev. grth (%, main newsppr)	-9.2%	-9.1%	-6.6%	-5.3%
ASP (% chg, main newsppr)	N/A	N/A	N/A	N/A
Circulation grth (%, main newsppr)	-2.6%	-3.0%	-4.0%	-4.0%
Adex rev. grth (%, 2ndary newsppr)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary newsppr)	N/A	N/A	N/A	N/A
Circulation grth (%, 2ndary newsppr)	N/A	N/A	N/A	N/A
Adex rev. grth (%, tertiary newsppr)	N/A	N/A	N/A	N/A
ASP (% chg, tertiary ppr)	N/A	N/A	N/A	N/A
Circulation grth (%, tertiary newsppr)	N/A	N/A	N/A	N/A
Newsprint Cost (% Change)	-6.0%	-4.0%	-4.0%	-4.0%

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

SingTel

Yields & safety for now; growth in FY18-19F

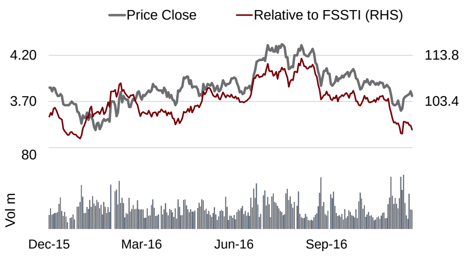
- Optus: FY17F earnings to be held back by rising depreciation and falling A$. S'pore: flattish FY17F consumer & enterprise EBITDA; wider Digital Life losses.
- Associates: to be dragged by dip at AIS and flat contribution from Bharti & Globe in FY17F. Netlink Trust selldown could result in special DPS of 12.6-17.6 Scts.
- Maintain Add with unchanged target price of S$4.50. Attractive yields of 4.7-5.6%.

ADD *(no change)*

Consensus ratings*:	Buy 13	Hold 8	Sell 0

Current price:	S$3.76
Target price:	S$4.50
Previous target:	S$4.50
Up/downside:	19.7%
CIMB / Consensus:	5.0%
Reuters:	STEL.SI
Bloomberg:	ST SP
Market cap:	US$43,156m
	S$61,398m
Average daily turnover:	US$61.72m
	S$85.78m
Current shares o/s	15,944m
Free float:	43.6%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.6	-2.9	-2.1
Relative (%)	-7.6	-7	-3.3

Major shareholders	% held
Temasek Hldgs	54.3

Optus's profits to be held back by rising depreciation, falling A$

- Further mobile/fixed network improvements and content differentiation will help drive more subscriber share gains at Optus, in our view. We see EBITDA growing a healthy 5.9% in FY17F but core net profit rising by a more modest 3.6% due to increases in depreciation and interest costs on higher capex.
- We expect its earnings contribution to SingTel to rise by only 1.6% in FY17F as we assume the A$ will dip 2% to parity with S$. On stable currency, we forecast Optus contribution to rise 4.9%/1.4% in FY18/19F.

Singapore earnings to be slightly under pressure in FY17F

- We see consumer EBITDA rising by only 0.9% in FY17F on flat mobile service revenue. While the cybersecurity business looks promising, we see flat enterprise EBITDA in FY17F with price pressure from National Broadband Network (NBN) players and Trustwave only breaking even.
- As SingTel ramps up HOOQ (premium video streaming service), we project a wider LBITDA of S$164m (FY16F: -S$137m) at Digital Life. Overall, we expect Singapore EBITDA to fall 1.0% while core net profit to drop by 6.2%.

AIS a drag on associates earnings growth in FY17F

- In S$ terms, we expect the share of associate earnings to be flat in FY17F (FY16F: +9.5%). We forecast strong 12.3% growth at Telkomsel, largely offset by a 29.4% drop in AIS's earnings (1800MHz license amortisation, handset subsidies) in FY17F.
- Contribution from Bharti and Globe should be largely steady yoy, in our view. We see associate earnings expanding by a stronger 11.2%/17.6% in FY18/19F, driven by Telkomsel and Bharti.

Possible special dividend from NLT spinoff but 12-18 months away

- We believe SingTel is likely to spin off 100%-owned NetLink Trust (NLT) in an IPO by 2H17, in line with its undertaking to Infocomm Development Authority of Singapore (IDA) to pare down its stake to less than 25% by 22 Apr 2018.
- An 80% stake sale could raise S$2.0bn-2.8bn (12.6-17.6 Scts/share) cash, based on our estimated valuation of S$2.5bn-3.5bn for NLT. On the back of this, we think it is likely that SingTel will declare a special dividend, possibly in its 4QFY18 results announcement.

Maintain Add call and SOP-based target price of S$4.50

- Singtel's FY18F EV/OpFCF of 16.9x is at a 21% premium over the ASEAN telco average but this is supported by attractive FY17-19F yields of 4.7-5.6%. Downside risks are more intense competition in Australia, India and Singapore. SingTel is our preferred Singapore telco pick as it: a) has a better medium-term earnings growth outlook, and b) will be least impacted by the potential entry of a fourth mobile player.

Analyst(s)

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Financial Summary	Mar-15A	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Revenue (S$m)	17,223	16,961	16,637	16,654	17,324
Operating EBITDA (S$m)	5,090	5,013	5,098	5,335	5,398
Operating EBITDA Margin	29.6%	29.6%	30.6%	32.0%	31.2%
Net Profit (S$m)	3,782	3,871	3,769	4,087	4,500
Core EPS (S$)	0.24	0.24	0.24	0.26	0.28
Core EPS Growth	4.7%	0.7%	(0.9%)	8.4%	10.1%
FD Core P/E (x)	15.86	15.75	15.90	14.66	13.32
DPS (S$)	0.18	0.18	0.18	0.19	0.21
Dividend Yield	4.65%	4.65%	4.65%	5.11%	5.63%
EV/EBITDA (x)	11.30	11.64	11.31	10.66	10.30
P/FCFE (x)	23.02	22.47	21.03	21.35	19.58
Net Gearing	34.0%	37.9%	36.7%	35.0%	32.6%
ROE	15.6%	15.3%	14.8%	15.4%	16.1%
% Change In Core EPS Estimates			0.008%	0.008%	0.008%
CIMB/consensus EPS (x)			0.96	0.98	1.01

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Net Revenues	**16,961**	**16,637**	**16,654**	**17,324**
Gross Profit	**5,013**	**5,098**	**5,335**	**5,398**
Operating EBITDA	**5,013**	**5,098**	**5,335**	**5,398**
Depreciation And Amortisation	(2,149)	(2,279)	(2,373)	(2,386)
Operating EBIT	**2,864**	**2,820**	**2,962**	**3,011**
Financial Income/(Expense)	(265)	(287)	(286)	(282)
Pretax Income/(Loss) from Assoc.	2,791	2,847	3,161	3,721
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**5,390**	**5,379**	**5,837**	**6,450**
Exceptional Items	66	0	0	0
Pre-tax Profit	**5,456**	**5,379**	**5,837**	**6,450**
Taxation	(1,597)	(1,622)	(1,762)	(1,963)
Exceptional Income - post-tax				
Profit After Tax	**3,858**	**3,757**	**4,075**	**4,488**
Minority Interests	13	13	13	13
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**3,871**	**3,769**	**4,087**	**4,500**
Recurring Net Profit	3,805	3,769	4,087	4,500
Fully Diluted Recurring Net Profit	**3,805**	**3,769**	**4,087**	**4,500**

Balance Sheet

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Cash And Equivalents	462	522	540	538
Total Debtors	4,366	3,727	4,375	4,053
Inventories	320	269	309	300
Total Other Current Assets	18	18	18	18
Total Current Assets	**5,165**	**4,536**	**5,241**	**4,909**
Fixed Assets	11,154	11,275	11,653	11,717
Total Investments	11,234	11,947	12,756	13,843
Intangible Assets	12,968	13,453	13,912	14,329
Total Other Non-Current Assets	3,044	3,044	3,044	3,044
Total Non-current Assets	**38,400**	**39,720**	**41,365**	**42,932**
Short-term Debt	686	686	686	686
Current Portion of Long-Term Debt				
Total Creditors	5,397	4,302	5,215	4,806
Other Current Liabilities	457	457	457	457
Total Current Liabilities	**6,540**	**5,444**	**6,358**	**5,948**
Total Long-term Debt	9,255	9,355	9,405	9,205
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	2,183	2,901	3,001	3,420
Total Non-current Liabilities	**11,438**	**12,256**	**12,406**	**12,625**
Total Provisions	585	585	585	585
Total Liabilities	**18,563**	**18,285**	**19,349**	**19,159**
Shareholders' Equity	24,967	25,947	27,246	28,684
Minority Interests	36	23	11	(2)
Total Equity	**25,003**	**25,970**	**27,257**	**28,682**

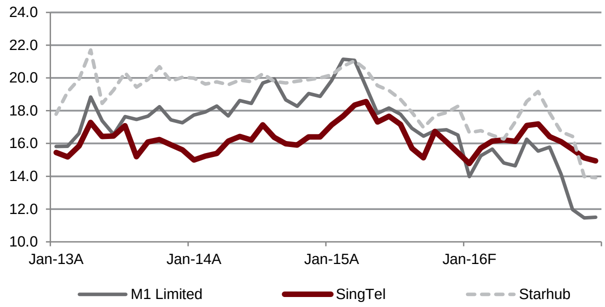
Cash Flow

(S$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
EBITDA	5,013	5,098	5,335	5,398
Cash Flow from Invt. & Assoc.	1,351	1,220	1,341	1,442
Change In Working Capital	(1,042)	0	0	0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(3)	(3)	(3)	(3)
Net Interest (Paid)/Received	33	(457)	(415)	(357)
Tax Paid	(658)	(709)	(751)	(770)
Cashflow From Operations	**4,694**	**5,149**	**5,507**	**5,710**
Capex	(1,930)	(2,400)	(2,750)	(2,450)
Disposals Of FAs/subsidiaries	6	0	0	0
Acq. Of Subsidiaries/investments	(1,275)	0	0	0
Other Investing Cashflow	43	0	0	0
Cash Flow From Investing	**(3,156)**	**(2,400)**	**(2,750)**	**(2,450)**
Debt Raised/(repaid)	1,129	100	50	(200)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased				
Dividends Paid	(2,789)	(2,789)	(2,789)	(3,062)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	**(1,661)**	**(2,689)**	**(2,739)**	**(3,262)**
Total Cash Generated	(123)	60	18	(2)
Free Cashflow To Equity	**2,666**	**2,849**	**2,807**	**3,060**
Free Cashflow To Firm	**1,921**	**3,159**	**3,169**	**3,670**

Key Ratios

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Revenue Growth	(1.52%)	(1.91%)	0.10%	4.02%
Operating EBITDA Growth	(1.52%)	1.71%	4.64%	1.18%
Operating EBITDA Margin	29.6%	30.6%	32.0%	31.2%
Net Cash Per Share (S$)	(0.59)	(0.60)	(0.60)	(0.59)
BVPS (S$)	1.57	1.63	1.71	1.80
Gross Interest Cover	7.96	7.42	7.74	7.93
Effective Tax Rate	29.3%	30.2%	30.2%	30.4%
Net Dividend Payout Ratio	74.6%	74.1%	75.0%	75.0%
Accounts Receivables Days	89.03	88.79	88.79	88.79
Inventory Days	9.33	9.31	9.31	9.31
Accounts Payables Days	160.4	153.4	153.4	153.3
ROIC (%)	8.36%	7.80%	7.88%	7.82%
ROCE (%)	8.35%	7.95%	8.09%	7.95%
Return On Average Assets	9.31%	9.03%	9.42%	9.93%

12-mth Fwd FD P/E (x)



Key Drivers

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Group Mobile Subscribers (m)	14.66	15.05	15.05	15.05
Group Fixed Voice Subscribers (m)	1.53	1.49	1.49	1.49
Grp fixed brdband subscribers (m)	1.12	1.14	1.14	1.14
Group Pay TV Subs (m)	0.43	0.44	0.44	0.44
Group Mobile ARPU (US$/mth)	39.0	38.9	38.9	38.9
Grp fixed voice ARPU (US$/mth)	1.0	0.9	0.9	0.9
Grp fixed brdband ARPU (US$/mth)	67	68	68	68
Group Pay TV ARPU (US$/mth)	109.3	114.8	114.8	114.8

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

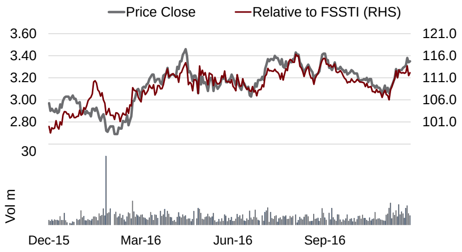
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 6	Hold 6	Sell 0

Current price:	S$3.35
Target price:	S$3.75
Previous target:	S$3.75
Up/downside:	12.1%
CIMB / Consensus:	11.0%
Reuters:	STEG.SI
Bloomberg:	STE SP
Market cap:	US$7,320m
	S$10,414m
Average daily turnover:	US$7.81m
	S$10.87m
Current shares o/s	3,120m
Free float:	37.8%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	7.7	2.8	14.7
Relative (%)	3.7	-1.3	13.5

Major shareholders	% held
Temasek	50.8
Aberdeen Asset Management	6.0
Capital Research Global Investor	5.5

ST Engineering

Sweet spot structurally

- Key investment themes are earnings turnaround from land systems and marine.
- STE is in a sweet spot of multiple global structural tailwinds: rising interest rates, expectations of better US economy, urbanisation trend in Asia and higher oil price.
- Its net cash should sustain a S$0.15 DPS. STE is trading below its historical mean of 20x forward P/E.

US economy beneficiary

- With 25% of its revenue derived in the US, increased spending within the US and a better economic outlook could benefit marine, land systems (road construction vehicles and beverages trucks) and aerospace (stronger US airlines' profit improves willingness to incur aircraft maintenance expenses).

Electronics in a favourable environment

- The division benefits from multiple positive structural trends including urbanisation, smart cities development, and increasing demand for data connectivity and security (physical surveillance, cyber and cloud).
- This could sustain a quarterly order momentum of S$500m and annual PBT growth of 10%.

The worst could be over for marine on higher oil prices

- After two years of order droughts, the higher oil prices could see a return of some shipbuilding orders while supporting the high-margin ship repair business.
- Defence contracts is a wild card. Marine is currently building eight litoral mission vessels for the Singapore Navy.

Land systems finally defensive

- With the woes of China losses and inventory provisions over on the commercial side, land systems' profit will be defensive going forward, comprising munition and weapon (40% of land systems' PBT) as well as recurring maintenance/trading income from the MAN buses and fleet of taxis (CityCab and Uber).

Net cash of S$262m, maintain Add

- Our target price is unchanged and based on blended valuations (P/E, DCF and dividend yield). STE's net cash (including investments in bonds) stood at S$262m. Stronger-than-expected orders and divestment of loss-making non-core business could be the key catalysts. Key risks include a general slowdown in Asian economies.

Analyst(s)

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	6,539	6,335	6,535	6,845	7,231
Operating EBITDA (S$m)	760.8	753.0	816.1	862.1	927.8
Net Profit (S$m)	532.0	529.0	444.3	547.3	594.7
Core EPS (S$)	0.17	0.17	0.16	0.18	0.19
Core EPS Growth	(8.4%)	(0.6%)	(6.8%)	11.0%	8.7%
FD Core P/E (x)	19.65	19.75	21.20	19.10	17.57
DPS (S$)	0.15	0.15	0.15	0.15	0.15
Dividend Yield	4.48%	4.48%	4.47%	4.61%	4.55%
EV/EBITDA (x)	12.66	13.30	12.33	11.44	10.39
P/FCFE (x)	NA	NA	24.63	17.02	16.29
Net Gearing	(20.8%)	(4.7%)	(0.1%)	(5.8%)	(12.4%)
P/BV (x)	4.90	4.90	4.96	4.81	4.56
ROE	25.0%	24.8%	23.2%	25.6%	26.6%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.93	1.02	1.04

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**6,335**	**6,535**	**6,845**	**7,231**
Gross Profit	**1,282**	**1,299**	**1,379**	**1,484**
Operating EBITDA	**753**	**816**	**862**	**928**
Depreciation And Amortisation	(187)	(235)	(244)	(253)
Operating EBIT	**566**	**581**	**618**	**674**
Financial Income/(Expense)	6	(20)	(2)	(4)
Pretax Income/(Loss) from Assoc.	58	62	63	63
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**630**	**623**	**679**	**734**
Exceptional Items	0	(61)	0	0
Pre-tax Profit	**630**	**562**	**679**	**734**
Taxation	(99)	(114)	(129)	(136)
Exceptional Income - post-tax				
Profit After Tax	**532**	**448**	**550**	**598**
Minority Interests	(3)	(4)	(3)	(3)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**529**	**444**	**547**	**595**
Recurring Net Profit	529	493	547	595
Fully Diluted Recurring Net Profit	**529**	**493**	**547**	**595**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	1,280	1,176	1,308	1,474
Total Debtors	1,710	1,742	1,815	1,895
Inventories	1,943	1,903	1,985	2,025
Total Other Current Assets	186	186	186	186
Total Current Assets	**5,120**	**5,006**	**5,294**	**5,580**
Fixed Assets	1,709	1,703	1,660	1,606
Total Investments	462	587	620	703
Intangible Assets	737	737	737	737
Total Other Non-Current Assets	142	142	142	142
Total Non-current Assets	**3,049**	**3,170**	**3,158**	**3,188**
Short-term Debt	174	174	174	174
Current Portion of Long-Term Debt				
Total Creditors	2,574	2,580	2,735	2,872
Other Current Liabilities	972	974	991	1,006
Total Current Liabilities	**3,720**	**3,728**	**3,900**	**4,052**
Total Long-term Debt	1,000	1,000	1,000	1,000
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,054	1,072	1,108	1,150
Total Non-current Liabilities	**2,054**	**2,071**	**2,108**	**2,149**
Total Provisions	135	135	135	135
Total Liabilities	**5,908**	**5,934**	**6,143**	**6,336**
Shareholders' Equity	2,132	2,109	2,175	2,293
Minority Interests	129	133	135	138
Total Equity	**2,261**	**2,242**	**2,310**	**2,432**

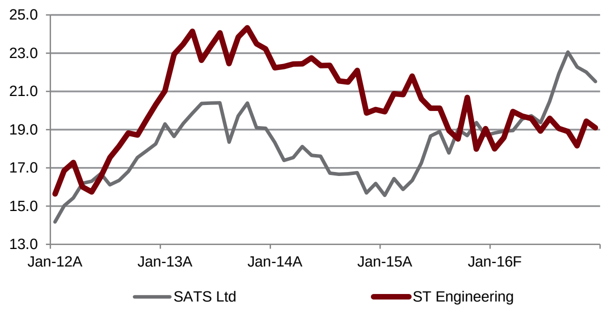
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	753.0	816.1	862.1	927.8
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(241.4)	35.4	52.7	73.5
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow				
Net Interest (Paid)/Received	(9.5)	(19.9)	(2.0)	(3.9)
Tax Paid	(111.1)	(113.8)	(129.0)	(136.2)
Cashflow From Operations	**391.1**	**717.9**	**783.7**	**861.2**
Capex	(273.0)	(230.0)	(200.0)	(200.0)
Disposals Of FAs/subsidiaries	2.7	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(345.2)	0.0	0.0	0.0
Other Investing Cashflow	138.1	(63.6)	30.3	(19.5)
Cash Flow From Investing	**(477.4)**	**(293.6)**	**(169.7)**	**(219.5)**
Debt Raised/(repaid)	(113.1)	0.0	0.0	0.0
Proceeds From Issue Of Shares	5.4	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(497.6)	(467.5)	(481.6)	(475.8)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	**(605.4)**	**(467.5)**	**(481.6)**	**(475.8)**
Total Cash Generated	(691.6)	(43.2)	132.4	166.0
Free Cashflow To Equity	**(199.4)**	**424.3**	**614.0**	**641.7**
Free Cashflow To Firm	**(48.9)**	**496.4**	**674.6**	**705.0**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(3.13%)	3.16%	4.74%	5.64%
Operating EBITDA Growth	(1.02%)	8.38%	5.63%	7.63%
Operating EBITDA Margin	11.9%	12.5%	12.6%	12.8%
Net Cash Per Share (S$)	0.03	0.00	0.04	0.10
BVPS (S$)	0.68	0.68	0.70	0.74
Gross Interest Cover	11.33	8.05	10.20	10.66
Effective Tax Rate	15.7%	20.2%	19.0%	18.6%
Net Dividend Payout Ratio	94.1%	92.5%	88.0%	80.0%
Accounts Receivables Days	76.36	74.65	73.68	73.48
Inventory Days	135.3	134.4	129.8	127.3
Accounts Payables Days	60.71	60.29	59.16	59.54
ROIC (%)	18.1%	16.7%	17.9%	20.0%
ROCE (%)	17.9%	17.8%	18.9%	19.9%
Return On Average Assets	6.39%	6.43%	6.64%	6.98%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Rev. growth (%, main biz.)	1.2%	20.2%	4.5%	4.0%
EBITDA mgns (%, main biz.)	N/A	N/A	N/A	N/A
Rev. as % of total (main biz.)	31.7%	33.1%	38.5%	38.5%
EBITDA as % of total (main biz.)	N/A	N/A	N/A	N/A
Rev. growth (%, 2ndary biz.)	8.0%	9.5%	0.0%	0.0%
EBITDA mgns (%, 2ndary biz.)	27.5%	29.2%	5.3%	5.8%
Rev. as % of total (2ndary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (2ndary biz.)	N/A	N/A	N/A	N/A
Rev. growth (%, tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA mgns (%, tertiary biz.)	N/A	N/A	N/A	N/A
Rev.as % of total (tertiary biz.)	N/A	N/A	N/A	N/A
EBITDA as % of total (tertiary biz.)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

Starhub

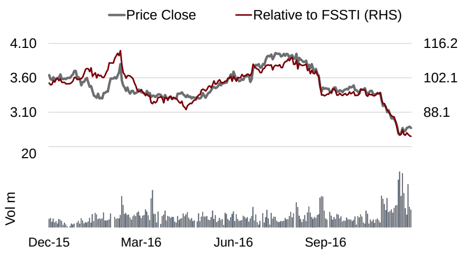
Not a starry-starry night

- Starhub's mobile business is at risk of being negatively affected from FY18F onwards by the entry of a fourth mobile operator.
- The impact on Starhub is likely to be less severe than on M1 as mobile accounts for only 56% of FY16F service revenue and it is able to bundle quad-play services.
- Maintain Hold and DCF-based target price of S$3.20.

HOLD *(no change)*

Consensus ratings*:	Buy 1 Hold 10 Sell 10
Current price:	S$2.87
Target price:	S$3.20
Previous target:	S$3.20
Up/downside:	11.5%
CIMB / Consensus:	1.3%
Reuters:	STAR.SI
Bloomberg:	STH SP
Market cap:	US$3,485m S$4,959m
Average daily turnover:	US$9.52m S$13.26m
Current shares o/s	1,736m
Free float:	33.2%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-15.1	-17.3	-19.4
Relative (%)	-19.1	-21.4	-20.6

Major shareholders	% held
STT Com Ltd	49.2
NTT Communication	10.1
Temasek Capital	7.5

At risk from fourth mobile operator but likely lower impact than M1

- While already exhibiting flat to slightly declining revenue in FY16-17F, StarHub's mobile business is at risk of further negative impact from FY18F onwards from the entry of a fourth mobile operator.
- Nevertheless, the impact on StarHub is likely to be less severe than on M1 as the mobile business accounts for only 56% of its FY16F service revenue (estimated 71% of EBITDA) and its ability to bundle quad-play services puts it in a stronger position to defend mobile market share.

Sensitivity analysis on FY18-20F earnings

- We have factored in a negative 15% impact on StarHub's mobile ARPU in FY18-20. The impact would be worse, in our opinion, if the new entrant employs highly aggressive pricing strategies, or milder if the new entrant's execution is poor (network, branding).
- Our sensitivity analysis suggests that our FY18-20F net profit forecasts for StarHub would be cut by 14-47% if its mobile ARPU is negatively affected by 30% (bear-case), or raised by 9-22% if the negative impact on mobile ARPU is only 5% (bull-case).

Broadband revenue expanding again

- On the positive side, StarHub's broadband business has resumed positive revenue growth since 3Q15. From a low base, broadband ARPUs have gradually risen as subs upgrade to higher speed plans. Nevertheless, competition remains intense with little subs growth. We expect StarHub's residential broadband segment to register revenue growth of low- to mid-single digits over the next three years.

Flat DPS assumed but there is risk of a cut to build war chest

- Overall, we forecast EBITDA to be flat in FY16F, before rising by a modest 3.4% in FY17F due to lower handset subsidies. In FY18F, we expect EBITDA to fall by 9.8% due to competition from the fourth mobile operator.
- We do not expect StarHub to raise its annual S$0.20 DPS as FCF/share is likely to stay at S$0.15-0.20 in FY16-18F due to high capex and spectrum payments. There is risk of a dividend cut should StarHub decide to build a bigger war chest to fend of competition from the fourth participant, in our view.

Maintain Hold and DCF-based target price of S$3.20

- We maintain our Hold rating with a DCF-based target price of S$3.20 (WACC: 7.1%) on Starhub. Its 11.8x FY17F EV/OpFCF is at a 16% discount to the ASEAN telco average, which is required to compensate investors for future earnings risk. Key upside/downside risk is better/worse-than-expected impact from the entry of a fourth mobile company.

Analyst(s)

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	2,387	2,444	2,397	2,449	2,367
Operating EBITDA (S$m)	747.9	712.7	714.3	738.5	665.8
Operating EBITDA Margin	31.3%	29.2%	29.8%	30.2%	28.1%
Net Profit (S$m)	370.5	357.3	351.5	358.2	292.8
Core EPS (S$)	0.21	0.21	0.20	0.21	0.17
Core EPS Growth	(2.6%)	(3.1%)	(2.4%)	1.9%	(18.3%)
FD Core P/E (x)	13.40	13.83	14.17	13.91	17.02
DPS (S$)	0.20	0.20	0.20	0.20	0.20
Dividend Yield	6.97%	6.97%	6.97%	6.97%	6.97%
EV/EBITDA (x)	7.18	7.67	7.81	7.60	8.45
P/FCFE (x)	15.84	26.24	15.76	13.64	13.01
Net Gearing	272%	260%	309%	305%	420%
ROE	320%	214%	185%	180%	163%
CIMB/consensus EPS (x)			0.98	1.05	0.92

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**2,444**	**2,397**	**2,449**	**2,367**
Gross Profit	**667**	**689**	**739**	**666**
Operating EBITDA	**713**	**714**	**739**	**666**
Depreciation And Amortisation	(271)	(273)	(288)	(293)
Operating EBIT	**441**	**441**	**451**	**373**
Financial Income/(Expense)	(16)	(18)	(19)	(20)
Pretax Income/(Loss) from Assoc.	(0)	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**425**	**424**	**432**	**353**
Exceptional Items				
Pre-tax Profit	**425**	**424**	**432**	**353**
Taxation	(68)	(72)	(73)	(60)
Exceptional Income - post-tax				
Profit After Tax	**357**	**352**	**358**	**293**
Minority Interests	0	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**357**	**352**	**358**	**293**
Recurring Net Profit	360	352	358	293
Fully Diluted Recurring Net Profit	**360**	**352**	**358**	**293**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	199	190	209	246
Total Debtors	153	150	154	134
Inventories	54	39	54	38
Total Other Current Assets	197	197	197	197
Total Current Assets	**604**	**575**	**614**	**615**
Fixed Assets	890	961	1,000	1,000
Total Investments	0	0	0	0
Intangible Assets	388	436	463	430
Total Other Non-Current Assets	27	27	27	27
Total Non-current Assets	**1,306**	**1,424**	**1,490**	**1,458**
Short-term Debt	138	138	138	138
Current Portion of Long-Term Debt				
Total Creditors	687	709	661	674
Other Current Liabilities	203	203	203	203
Total Current Liabilities	**1,028**	**1,049**	**1,002**	**1,015**
Total Long-term Debt	550	650	700	750
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1	1	1	1
Total Non-current Liabilities	**551**	**651**	**701**	**751**
Total Provisions	143	105	196	154
Total Liabilities	**1,722**	**1,805**	**1,899**	**1,920**
Shareholders' Equity	188	193	206	153
Minority Interests	0	0	0	0
Total Equity	**188**	**193**	**206**	**153**

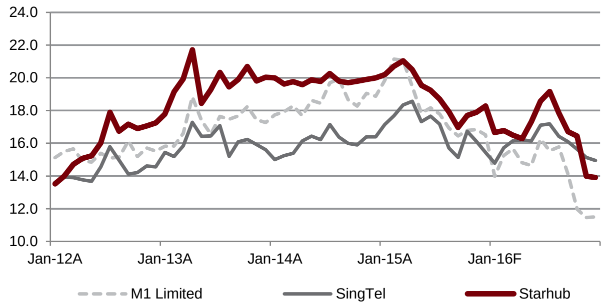
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	712.7	714.3	738.5	665.8
Cash Flow from Invt. & Assoc.	(36.7)	0.0	0.0	0.0
Change In Working Capital	(36.7)	0.0	0.0	0.0
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(38.8)	(17.0)	8.0	8.0
Net Interest (Paid)/Received	(17.8)	(19.1)	(21.0)	(22.3)
Tax Paid	(92.7)	(72.0)	(73.4)	(60.0)
Cashflow From Operations	**490.0**	**606.2**	**652.1**	**591.5**
Capex	(328.8)	(311.6)	(293.9)	(260.3)
Disposals Of FAs/subsidiaries	1.6	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	26.9	(78.5)	(42.9)	1.8
Cash Flow From Investing	**(300.3)**	**(390.1)**	**(336.8)**	**(258.5)**
Debt Raised/(repaid)	0.0	100.0	50.0	50.0
Proceeds From Issue Of Shares	0.3	0.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(345.9)	(345.8)	(345.8)	(345.8)
Preferred Dividends				
Other Financing Cashflow	10.3	0.9	(21.0)	(22.3)
Cash Flow From Financing	**(335.3)**	**(244.9)**	**(316.9)**	**(318.2)**
Total Cash Generated	(145.6)	(28.8)	(1.5)	14.9
Free Cashflow To Equity	**189.7**	**316.1**	**365.4**	**383.0**
Free Cashflow To Firm	**207.5**	**235.2**	**336.4**	**355.4**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	2.39%	(1.94%)	2.16%	(3.36%)
Operating EBITDA Growth	(4.71%)	0.22%	3.40%	(9.85%)
Operating EBITDA Margin	29.2%	29.8%	30.2%	28.1%
Net Cash Per Share (S$)	(0.28)	(0.34)	(0.36)	(0.37)
BVPS (S$)	0.11	0.11	0.12	0.09
Gross Interest Cover	24.79	23.10	21.44	16.71
Effective Tax Rate	16.0%	17.0%	17.0%	17.0%
Net Dividend Payout Ratio	97%	99%	97%	119%
Accounts Receivables Days	23.52	23.12	22.61	22.16
Inventory Days	9.93	9.96	9.93	9.93
Accounts Payables Days	152.3	149.6	146.2	143.3
ROIC (%)	52.4%	44.7%	41.7%	30.0%
ROCE (%)	44.2%	42.1%	38.9%	30.8%
Return On Average Assets	19.0%	18.7%	18.2%	14.8%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Group Mobile Subscribers (m)	2.19	2.24	2.28	2.32
Group Fixed Voice Subscribers (m)	N/A	N/A	N/A	N/A
Grp fixed brdband subscribers (m)	0.48	0.49	0.49	0.50
Group Pay TV Subs (m)	0.54	0.54	0.54	0.54
Group Mobile ARPU (US$/mth)	35.8	34.0	32.8	30.7
Grp fixed voice ARPU (US$/mth)	N/A	N/A	N/A	N/A
Grp fixed brdband ARPU (US$/mth)	25	25	26	26
Group Pay TV ARPU (US$/mth)	37.1	36.5	37.4	37.4

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

Sunningdale Tech Ltd

One-stop shop with global footprint

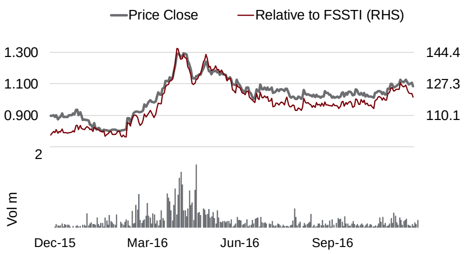
- One-stop shop for precision plastic injection moulding solutions.
- May attract private equity interest given its size and shareholding structure.
- Maintain Add rating and target price of S$1.51, based on 0.8x CY17 P/BV.

ADD *(no change)*

Consensus ratings*:	Buy 1	Hold 0	Sell 0

Current price:	S$1.09
Target price:	S$1.51
Previous target:	S$1.51
Up/downside:	39.2%
CIMB / Consensus:	0.0%
Reuters:	SUND.SI
Bloomberg:	SUNN SP
Market cap:	US$143.4m
	S$204.0m
Average daily turnover:	US$0.08m
	S$0.11m
Current shares o/s	186.7m
Free float:	64.3%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.8	6.4	21.2
Relative (%)	0.8	2.3	20

Major shareholders	% held
Koh Boon Hwee	8.5
Goi Seng Hui	8.2
Yarwood Engineering and Trading	8.2

One-stop shop

- Sunningdale Tech has more than 30 years of experience in the precision plastic injection moulding and mould-making industry. It has a diverse customer base ranging from the automotive industry to the consumer/IT and healthcare industries.
- 80% of its revenue is derived from 30 customers while the top 10 customers account for 50% of revenue.

What has changed?

- In FY14, Sunningdale Tech completed the acquisition of First Engineering. This propelled Sunningdale Tech close to the ranks of the top 10 plastic injection moulders in North America.
- The acquisition also enlarged the group's global footprint to 18 manufacturing locations in 9 countries.

Automotive segment still key driver

- The automotive segment will continue to be a key focus for Sunningdale Tech. We note that this segment was the only segment with strong revenue growth when the company reported its 3Q16 results. Automotive-related sales grew 7.0% yoy in 3Q16, driven by increased orders from new and existing customers. Sunningdale Tech also guided that its order backlog for this segment remained robust.
- As at 9M16, the automotive segment contributed 36% to revenue, the consumer/IT segment contributed 39% to revenue while the healthcare segment contributed 7% to revenue. The balance 17% of sales was contributed by the lumpy mould fabrication segment.

Will private equity bite?

- In 2015, a vehicle of Baring Private Equity Asia launched an offer for the SGX-listed Interplex Holdings Ltd, a metal stamping company. A key feature of Interplex was its global manufacturing footprint.
- Another HK private equity fund also launched a bid for Chosen Holdings, a plastic injection moulding peer of Sunningdale Tech. Sunningdale Tech's current revenue size, its global footprint and fragmented shareholding could pique private equity's unsolicited interest.

Maintain Add

- Maintain Add with a target price of S$1.51 as we rolled over to FY17F, based on an unchanged 0.8x (ROE: 6.8%, COE: 8.6%, zero growth) P/BV multiple.
- The completion of the construction of the Chuzhou plant will help mitigate cost pressure from FY17F onwards.
- Downside risks remain unfavourable exchange rates and pull-back in customers' orders.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	475.6	674.5	683.5	724.1	767.3
Net Profit (S$m)	27.68	42.10	21.11	22.19	23.40
Core EPS (S$)	0.15	0.24	0.12	0.13	0.13
Core EPS Growth		55.1%	(48.8%)	4.6%	5.2%
FD Core P/E (x)	7.16	4.62	9.02	8.62	8.20
Price To Sales (x)	0.42	0.30	0.30	0.28	0.26
DPS (S$)	0.040	0.050	0.023	0.024	0.025
Dividend Yield	3.69%	4.61%	2.08%	2.19%	2.31%
EV/EBITDA (x)	6.23	3.25	2.95	2.32	1.82
P/FCFE (x)	NA	8.16	11.69	9.42	6.09
Net Gearing	10.5%	(0.3%)	(5.2%)	(9.9%)	(17.2%)
P/BV (x)	0.66	0.61	0.61	0.57	0.55
ROE		13.8%	6.8%	6.8%	6.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.94	0.91	0.96

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**674.5**	**683.5**	**724.1**	**767.3**
Gross Profit	**124.7**	**130.8**	**140.1**	**147.8**
Operating EBITDA	**61.8**	**62.7**	**72.4**	**76.3**
Depreciation And Amortisation	(33.8)	(37.2)	(40.5)	(43.1)
Operating EBIT	**28.0**	**25.5**	**31.8**	**33.2**
Financial Income/(Expense)	(3.4)	(3.5)	(3.5)	(3.5)
Pretax Income/(Loss) from Assoc.	0.9	0.7	0.7	0.7
Non-Operating Income/(Expense)	17.3	3.6	0.0	0.0
Profit Before Tax (pre-EI)	**44.5**	**28.1**	**30.7**	**32.1**
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	**42.8**	**26.4**	**29.0**	**30.4**
Taxation	(0.7)	(5.3)	(6.8)	(7.0)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0
Profit After Tax	**42.1**	**21.1**	**22.2**	**23.4**
Minority Interests	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0
Net Profit	**42.1**	**21.1**	**22.2**	**23.4**
Recurring Net Profit	43.7	22.5	23.5	24.7
Fully Diluted Recurring Net Profit	**43.7**	**22.5**	**23.5**	**24.7**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	121.1	129.3	146.7	175.6
Total Debtors	168.1	168.5	178.5	189.2
Inventories	106.2	113.1	119.8	127.1
Total Other Current Assets	4.4	5.0	5.0	5.0
Total Current Assets	**399.7**	**415.9**	**450.0**	**496.9**
Fixed Assets	186.9	184.9	179.5	164.1
Total Investments	5.5	6.2	6.9	7.6
Intangible Assets	18.9	17.2	15.5	12.7
Total Other Non-Current Assets	1.9	1.6	1.6	1.6
Total Non-current Assets	**213.2**	**209.9**	**203.5**	**186.0**
Short-term Debt	74.0	70.4	70.4	70.4
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0
Total Creditors	150.5	168.5	178.5	189.2
Other Current Liabilities	2.3	2.8	2.8	2.8
Total Current Liabilities	**226.8**	**241.7**	**251.7**	**262.4**
Total Long-term Debt	46.0	41.4	41.4	41.4
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0
Total Non-current Liabilities	**46.0**	**41.4**	**41.4**	**41.4**
Total Provisions	9.6	7.9	7.9	7.9
Total Liabilities	**282.3**	**291.0**	**301.0**	**311.7**
Shareholders' Equity	330.6	334.8	352.5	371.3
Minority Interests	0.0	0.0	0.0	0.0
Total Equity	**330.6**	**334.8**	**352.5**	**371.3**

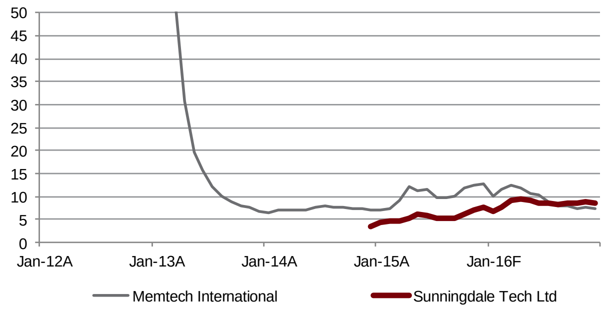
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	61.81	62.73	72.36	76.34
Cash Flow from Invt. & Assoc.	0.00	0.00	0.00	0.00
Change In Working Capital	(3.14)	9.89	(6.64)	(7.31)
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00
Other Operating Cashflow	14.40	(4.10)	(0.40)	0.70
Net Interest (Paid)/Received	(3.36)	(3.50)	(3.50)	(3.50)
Tax Paid	(2.52)	(5.95)	(6.82)	(6.99)
Cashflow From Operations	**67.19**	**59.07**	**55.00**	**59.24**
Capex	(24.05)	(33.50)	(33.50)	(26.00)
Disposals Of FAs/subsidiaries	1.10	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	(1.17)	0.00	0.00	0.00
Other Investing Cashflow	0.00	0.00	0.00	0.00
Cash Flow From Investing	**(24.12)**	**(33.50)**	**(33.50)**	**(26.00)**
Debt Raised/(repaid)	(18.33)	(8.24)	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00
Dividends Paid	(7.42)	(9.34)	(4.22)	(4.44)
Preferred Dividends	0.00	0.00	0.00	0.00
Other Financing Cashflow	0.60	0.00	0.00	0.00
Cash Flow From Financing	**(25.15)**	**(17.57)**	**(4.22)**	**(4.44)**
Total Cash Generated	17.93	8.00	17.27	28.80
Free Cashflow To Equity	**24.75**	**17.33**	**21.50**	**33.24**
Free Cashflow To Firm	**47.09**	**29.57**	**25.50**	**37.24**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	41.8%	1.3%	5.9%	6.0%
Operating EBITDA Growth	64.9%	1.5%	15.3%	5.5%
Operating EBITDA Margin	9.16%	9.18%	9.99%	9.95%
Net Cash Per Share (S$)	0.01	0.09	0.19	0.34
BVPS (S$)	1.77	1.79	1.89	1.99
Gross Interest Cover	7.39	6.81	8.38	8.72
Effective Tax Rate	1.7%	20.0%	23.5%	23.0%
Net Dividend Payout Ratio	21.3%	18.5%	18.6%	18.6%
Accounts Receivables Days	87.88	90.12	87.48	87.47
Inventory Days	71.50	72.63	72.78	72.72
Accounts Payables Days	96.9	105.6	108.5	108.3
ROIC (%)	8.7%	8.2%	10.5%	11.0%
ROCE (%)	6.66%	6.07%	7.34%	7.35%
Return On Average Assets	7.79%	4.25%	4.28%	4.28%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP Change (%, Main Product)	80.2%	8.0%	8.0%	8.0%
Unit sales growth (%, main prod)	N/A	N/A	N/A	N/A
No. Of Lines (main Product)	N/A	N/A	N/A	N/A
Rev per line (US$, main prod)	N/A	N/A	N/A	N/A
ASP chg (%, 2ndary prod)	27.5%	3.0%	5.0%	5.0%
Unit sales grth (%, 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US$, 2ndary prod)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

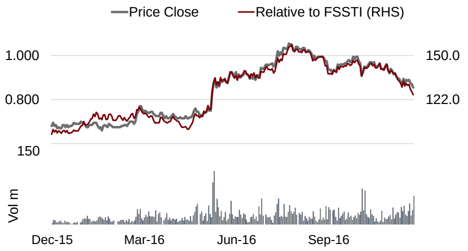
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 8	Hold 1	Sell 1

Current price:	S$0.86
Target price:	S$1.07
Previous target:	S$1.07
Up/downside:	25.0%
CIMB / Consensus:	4.6%
Reuters:	TBEV.SI
Bloomberg:	THBEV SP
Market cap:	US$15,090m
	S$21,469m
Average daily turnover:	US$14.09m
	S$19.56m
Current shares o/s	25,110m
Free float:	32.2%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-9.1	-14.1	24.8
Relative (%)	-13.1	-18.2	23.6

Major shareholders	% held
Siriwana Company Ltd	45.3
MM Group Ltd	20.6
Capital Group Companies	17.2

Thai Beverage

Beer in the limelight

- The investment thesis of Thaibev is centered around Chang making further market share gains, supported by its dominant foothold in the spirits business.
- Chang has already done well but needs to do better. Key competitor Leo's efforts to snatch back market share have been fruitless so far.
- Maintain Add, with an SOP-based TP of S$1.07.

Beer market share gains delivered

- The upturn in Chang's fortunes has certainly driven Thaibev's share price performance in 2016. We think there is another leg up. Chang's current market share is 40%, up from 30% before its rebranding exercise in 3Q15 but there is room for further market share gains.
- In response to Chang's stellar gains, Leo first reduced prices but to little effect. It recently launched a new product but its efforts again proved futile as it failed to regain any market share. Leo likely needed to do more – it did not change the taste of the beer or the bottle, but merely tweaked the position of its label. While Leo still has the leading market share of c.50%, we think Chang will be nibbling away at that.
- The question now is no longer sustainability, but it is whether market share can continue to grow. Chang's market share has somewhat stagnated and has held steady for two consecutive quarters. It appears to be doing the right things and connecting with younger consumers. However, we draw caution that the unfortunate mourning period will hinder marketing activities.

Spirits had a weak 3Q, but a good year otherwise

- Nagging at the back of our minds is 3Q16's yoy decline in spirits (sales -7.2%). Recent guidance suggests weak consumption patterns. Management said that within spirits, the higher ASP brown spirits were not doing well and led the overall decline while its lower ASP white sprits registered small growth. Historically, such behaviour is typically seen during periods of economic weakness as consumers down-trade. We will be watchful to note that this situation does not derail our investment thesis.
- The secondary impact on 3Q's weaker spirits sales came from the overstocked channels. Channel inventory is currently about three weeks for white and 4-5 weeks for brown (vs. two weeks typically).

Non-alcohol a longer term story

- Non-al should gradually do better. Of its non-al product lines, water is doing the best driven by greater health awareness among consumers. The non-al segment's gross margins also continue to improve on the back of better product mix and more favourable packaging costs. However, profitability is still negligible with A&P eroding the majority of profits. Still little signs that 100Plus is taking off in a big way in Thailand. Nonetheless, we view this segment as a longer-term story.

Execution falling into place

- We view Thaibev as a dual-engine beast. Previously, only its spirits business was profitable while all other business segments were at best breakeven. The recent rebranding of the beer business has sprung a new growth driver. Maintain Add as we remain positive on beer. Key risk is a prolonged period of weak consumption from the mourning period.

Analyst(s)

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Financial Summary	Dec-15A	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Revenue (THBm)	172,049	139,153	195,517	206,152	217,470
Operating EBITDA (THBm)	27,592	22,676	33,202	35,928	37,658
Net Profit (THBm)	26,464	18,920	26,276	28,478	29,810
Core EPS (THB)	0.90	0.75	1.05	1.13	1.19
Core EPS Growth	4.2%	(16.3%)	38.9%	8.4%	4.7%
FD Core P/E (x)	23.77	28.41	20.46	18.87	18.03
DPS (THB)	0.61	0.60	0.63	0.68	0.71
Dividend Yield	2.85%	2.80%	2.93%	3.18%	3.33%
EV/EBITDA (x)	18.34	22.21	14.91	13.50	12.61
P/FCFE (x)	31.27	27.40	23.34	21.15	20.06
Net Gearing	34.2%	33.2%	24.0%	15.4%	7.6%
P/BV (x)	4.64	4.48	4.12	3.79	3.49
ROE	20.8%	16.0%	21.0%	20.9%	20.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.99	0.98	0.94

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(THBm)	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Total Net Revenues	**139,153**	**195,517**	**206,152**	**217,470**
Gross Profit	**41,562**	**58,455**	**62,244**	**65,659**
Operating EBITDA	**22,676**	**33,202**	**35,928**	**37,658**
Depreciation And Amortisation	(3,293)	(4,337)	(4,563)	(4,878)
Operating EBIT	**19,383**	**28,865**	**31,365**	**32,780**
Financial Income/(Expense)	(776)	(1,400)	(1,400)	(1,400)
Pretax Income/(Loss) from Assoc.	3,375	3,543	3,721	3,907
Non-Operating Income/(Expense)	697	600	600	600
Profit Before Tax (pre-EI)	**22,680**	**31,608**	**34,286**	**35,887**
Exceptional Items				
Pre-tax Profit	**22,680**	**31,608**	**34,286**	**35,887**
Taxation	(3,643)	(5,332)	(5,807)	(6,076)
Exceptional Income - post-tax				
Profit After Tax	**19,037**	**26,276**	**28,478**	**29,810**
Minority Interests	(117)	0	0	0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**18,920**	**26,276**	**28,478**	**29,810**
Recurring Net Profit	18,920	26,276	28,478	29,810
Fully Diluted Recurring Net Profit	**18,920**	**26,276**	**28,478**	**29,810**

Balance Sheet

(THBm)	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Total Cash And Equivalents	5,059	13,826	23,660	34,066
Total Debtors	3,728	5,425	5,658	5,906
Inventories	38,145	39,429	41,398	43,672
Total Other Current Assets	3,171	3,171	3,171	3,171
Total Current Assets	**50,104**	**61,852**	**73,888**	**86,815**
Fixed Assets	47,871	47,734	47,370	46,692
Total Investments	79,671	79,671	79,671	79,671
Intangible Assets	7,237	7,237	7,237	7,237
Total Other Non-Current Assets	2,770	2,770	2,770	2,770
Total Non-current Assets	**137,549**	**137,412**	**137,049**	**136,371**
Short-term Debt	3,495	3,495	3,495	3,495
Current Portion of Long-Term Debt	15,501	15,501	15,501	15,501
Total Creditors	9,831	10,931	11,212	11,537
Other Current Liabilities	3,992	3,992	3,992	3,992
Total Current Liabilities	**32,819**	**33,919**	**34,200**	**34,525**
Total Long-term Debt	27,089	27,089	27,089	27,089
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	3,006	3,006	3,006	3,006
Total Non-current Liabilities	**30,096**	**30,096**	**30,096**	**30,096**
Total Provisions	1,027	1,027	1,027	1,027
Total Liabilities	**63,941**	**65,041**	**65,323**	**65,648**
Shareholders' Equity	120,070	130,580	141,971	153,896
Minority Interests	3,642	3,642	3,642	3,642
Total Equity	**123,712**	**134,223**	**145,614**	**157,538**

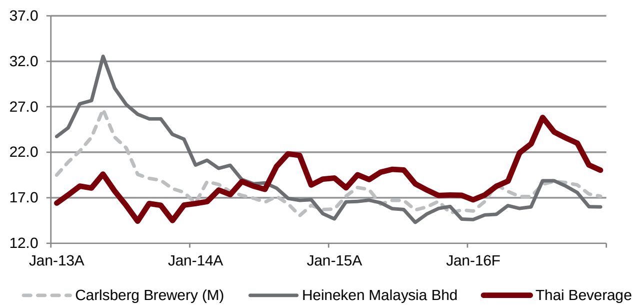
Cash Flow

(THBm)	Sep-16A	Sep-17F	Sep-18F	Sep-19F
EBITDA	22,676	33,202	35,928	37,658
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(3,841)	(1,880)	(1,921)	(2,197)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	3,968	2,743	2,921	3,107
Net Interest (Paid)/Received	(813)	(1,500)	(1,500)	(1,500)
Tax Paid	(4,314)	(5,332)	(5,807)	(6,076)
Cashflow From Operations	**17,675**	**27,233**	**29,620**	**30,992**
Capex	(2,954)	(4,200)	(4,200)	(4,200)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	2,508	0	0	0
Cash Flow From Investing	**(446)**	**(4,200)**	**(4,200)**	**(4,200)**
Debt Raised/(repaid)	2,385	0	0	0
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(16,573)	(15,765)	(17,087)	(17,886)
Preferred Dividends				
Other Financing Cashflow	(1,416)	0	0	0
Cash Flow From Financing	**(15,603)**	**(15,765)**	**(17,087)**	**(17,886)**
Total Cash Generated	1,626	7,267	8,333	8,906
Free Cashflow To Equity	**19,614**	**23,033**	**25,420**	**26,792**
Free Cashflow To Firm	**18,042**	**24,533**	**26,920**	**28,292**

Key Ratios

	Sep-16A	Sep-17F	Sep-18F	Sep-19F
Revenue Growth	(19.1%)	40.5%	5.4%	5.5%
Operating EBITDA Growth	(17.8%)	46.4%	8.2%	4.8%
Operating EBITDA Margin	16.3%	17.0%	17.4%	17.3%
Net Cash Per Share (THB)	(1.63)	(1.28)	(0.89)	(0.48)
BVPS (THB)	4.78	5.20	5.65	6.13
Gross Interest Cover	23.84	19.24	20.91	21.85
Effective Tax Rate	16.1%	16.9%	16.9%	16.9%
Net Dividend Payout Ratio	79.6%	60.0%	60.0%	60.0%
Accounts Receivables Days	6.39	6.42	7.79	7.79
Inventory Days	103.0	103.3	102.5	102.3
Accounts Payables Days	13.17	13.53	14.64	14.61
ROIC (%)	17.9%	25.9%	27.6%	28.4%
ROCE (%)	11.6%	16.4%	16.8%	16.5%
Return On Average Assets	10.6%	14.2%	14.4%	14.2%

12-mth Fwd FD P/E (x)



Key Drivers

	Sep-16A	Sep-17F	Sep-18F	Sep-19F
ASP (% Change)	-1.8%	1.5%	1.5%	1.5%
Unit Sales Growth (%)	-26.3%	3.0%	3.0%	3.0%
Utilisation Rate (%)	N/A	N/A	N/A	N/A
A&P Expenses (as % Of Revenue)	N/A	N/A	N/A	N/A
Excise Duties (litre)	N/A	N/A	N/A	N/A
Sales Tax (%)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

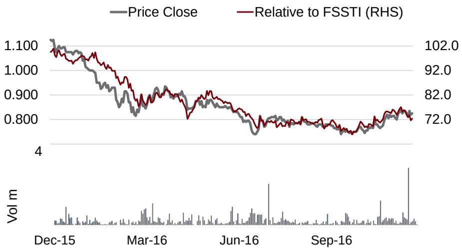
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 2	Hold 0	Sell 0

Current price:	US$0.83
Target price:	US$1.30
Previous target:	US$1.30
Up/downside:	57.3%
CIMB / Consensus:	-0.2%
Reuters:	TIAN.SI
Bloomberg:	TIAN SP
Market cap:	US$1,668m
	US$1,668m
Average daily turnover:	US$0.20m
	US$0.20m
Current shares o/s	768.9m
Free float:	100.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	7.1	5.8	-23.6
Relative (%)	3.1	1.7	-24.8

Major shareholders	% held
Greenwood Asset Management Ltd	4.9
Value Partners Ltd	4.9
Pure Heart Value Investment Fund	4.7

Tianjin Zhongxin Pharmaceutical Group

Benefiting from China's ageing population

- Tianjin Zhongxin's outlook is underpinned by the ageing population in China. Su Xiao Jiu Xin Pill may benefit from the removal of price ceiling for low-priced drugs.
- Expansion projects could translate into an additional operating profit of Rmb120m-160m from FY19 onwards.
- S-share price of US$0.82 is at a heavy 68% discount to its A-share at US$2.59. Maintain Add, with target price of US$1.30, based on CY17 DCF (WACC: 8.5%).

Long-term outlook underpinned by China's ageing population

- With its ownership of several of China's most time-honoured traditional Chinese medicine (TCM) branches, e.g. Da Ren Tang, Le Ren Tang and Long Shun Rong, Tianjin Zhongxin is geared to China's increasing pharmaceutical demand from its ageing population.
- A number of Tianjin Zhongxin's exclusive products are included in China's national essential drug catalogue and are fully reimbursable by the nation's medical insurance programme.

Sustainable high growth for Su Xiao Jiu Xin Pill

- Tianjin Zhongxin's flagship and exclusive product, Su Xiao Jiu Xin Pill, is a household name in China for the treatment of cardiovascular ailments. Its sales achieved a double-digit CAGR in FY09-15.
- We believe Su Xiao's high growth is sustainable in the medium term given the anticipated rise in demand for cardiovascular treatment as the nation's population ages. China's age distribution currently peaks at 45-50 years, an inflexion point after which the incidence rate of cardiovascular disease will rise exponentially.

Benefit from NDRC's removal of price ceiling for low-priced drugs

- We believe Tianjin Zhongxin is a key beneficiary of the National Development and Reform Committee's (NDRC) removal of the price ceiling for low-priced drugs. Su Xiao Jiu Xin Pill, forming 25-30% of the group's manufacturing sales, may see an increase in selling price given that its selling price has stagnated at the previous price ceiling set by NDRC years ago. We understand that management is actively monitoring the market for an opportunity to ramp up Su Xiao's price.

Updates on expansion projects

- Tianjin Zhongxin raised Rmb814m in the A-share market in 2015 to finance: 1) upgrading of its marketing and sales network, 2) construction of Bozhou Industrial Park, and 3) development of vegetable beverage projects. Rmb90m of the total proceeds had been invested as at end-Aug 16 and we expect the rest to be deployed over the next two years.
- We estimated that, based on management's IRR guidance of 15-20%, these projects could translate into additional operating profit of Rmb120m-160m p.a. from FY19 onwards.

Strong balance sheet; S-share price at a heavy discount to A-share

- Tianjin Zhongxin had a net cash position of Rmb871m or Rmb1.13 per share (20% of Tianjin Zhongxin's S-share price) as at end-3Q16.
- Its S-share currently trades at a 68% discount to its A-share (price: US$2.59); the S-share's 10.7x CY17 P/E is also more compelling than Hong Kong peers' average of 16.6x. Its FY16-18F dividend yield of 3.2% is higher than peers' average of 1.1%.
- Organic profit growth is a potential re-rating catalyst; stiffer competition is a key risk.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (Rmbm)	7,087	7,081	6,525	7,146	7,501
Operating EBITDA (Rmbm)	498.2	605.7	459.4	508.5	588.3
Net Profit (Rmbm)	357.8	449.5	407.1	406.9	448.2
Core EPS (Rmb)	0.46	0.49	0.46	0.53	0.58
Core EPS Growth	11.2%	6.8%	(6.0%)	15.6%	10.2%
FD Core P/E (x)	12.47	11.67	12.41	10.74	9.75
DPS (Rmb)	0.14	0.14	0.18	0.18	0.18
Dividend Yield	2.38%	2.38%	3.17%	3.17%	3.17%
EV/EBITDA (x)	8.64	6.55	7.74	6.72	6.24
P/FCFE (x)	NA	NA	8.34	NA	NA
Net Gearing	9.9%	(13.9%)	(22.6%)	(17.0%)	(12.7%)
P/BV (x)	1.52	1.11	1.06	1.00	0.93
ROE	13.0%	11.0%	8.7%	9.5%	9.9%
CIMB/consensus EPS (x)			1.15	1.00	1.01

SOURCE: COMPANY DATA, CIMB FORECASTS

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BY THE NUMBERS

Profit & Loss

(Rmbm)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**7,081**	**6,525**	**7,146**	**7,501**
Gross Profit	**2,044**	**1,811**	**2,076**	**2,180**
Operating EBITDA	**606**	**459**	**508**	**588**
Depreciation And Amortisation	-77	-89	-89	-127
Operating EBIT	**529**	**371**	**420**	**462**
Financial Income/(Expense)	-28	-14	-13	-12
Pretax Income/(Loss) from Assoc.	34	120	80	87
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**443**	**422**	**487**	**536**
Exceptional Items				
Pre-tax Profit	**535**	**477**	**487**	**536**
Taxation	-70	-60	-73	-81
Exceptional Income - post-tax	-10	0	0	0
Profit After Tax	**456**	**417**	**414**	**456**
Minority Interests	-6	-10	-7	-7
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**449**	**407**	**407**	**448**
Recurring Net Profit	367	352	407	448
Fully Diluted Recurring Net Profit	**367**	**352**	**407**	**448**

Balance Sheet

(Rmbm)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	1,108	1,534	1,347	1,193
Total Debtors	1,539	1,554	1,701	1,786
Inventories	974	873	939	985
Total Other Current Assets	377	377	377	377
Total Current Assets	**3,999**	**4,338**	**4,365**	**4,342**
Fixed Assets	1,137	1,137	1,625	2,113
Total Investments	851	851	851	851
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	82	82	82	82
Total Non-current Assets	**2,070**	**2,070**	**2,559**	**3,047**
Short-term Debt	536	536	536	536
Current Portion of Long-Term Debt				
Total Creditors	1,352	1,373	1,533	1,601
Other Current Liabilities				
Total Current Liabilities	**1,888**	**1,909**	**2,069**	**2,136**
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	66	66	66	66
Total Non-current Liabilities	**66**	**66**	**66**	**66**
Total Provisions	9	9	9	9
Total Liabilities	**1,964**	**1,984**	**2,144**	**2,212**
Shareholders' Equity	3,922	4,137	4,390	4,684
Minority Interests	183	287	390	492
Total Equity	**4,105**	**4,424**	**4,779**	**5,177**

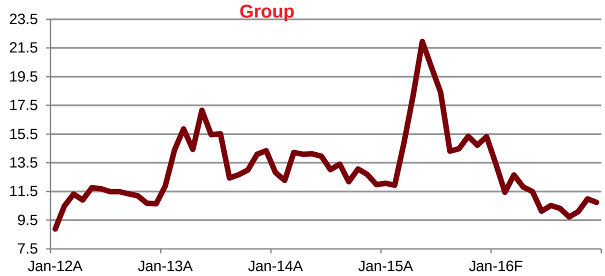
Cash Flow

(Rmbm)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	605.7	459.4	508.5	588.3
Cash Flow from Invt. & Assoc.	28.9	121.1	81.1	88.5
Change In Working Capital	(143.7)	107.1	(53.7)	(63.1)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(63.8)	0.0	0.0	0.0
Other Operating Cashflow	(0.0)	(1.1)	(1.1)	(1.1)
Net Interest (Paid)/Received	(25.6)	(13.6)	(13.0)	(12.5)
Tax Paid	(74.2)	(60.4)	(73.2)	(80.8)
Cashflow From Operations	**327.2**	**612.6**	**448.5**	**519.2**
Capex	(77.0)	(88.7)	(577.0)	(615.1)
Disposals Of FAs/subsidiaries	120.1	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(184.6)	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Investing	**(141.5)**	**(88.7)**	**(577.0)**	**(615.1)**
Debt Raised/(repaid)	(391.3)	0.0	0.0	0.0
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(117.7)	(195.9)	(156.3)	(156.3)
Preferred Dividends				
Other Financing Cashflow	1.7	98.0	98.0	98.0
Cash Flow From Financing	**(507.3)**	**(97.9)**	**(58.3)**	**(58.3)**
Total Cash Generated	(321.6)	426.0	(186.7)	(154.1)
Free Cashflow To Equity	**(205.6)**	**523.9**	**(128.4)**	**(95.8)**
Free Cashflow To Firm	**219.2**	**545.3**	**(107.5)**	**(75.5)**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(0.1%)	(7.8%)	9.5%	5.0%
Operating EBITDA Growth	7.3%	(21.3%)	25.8%	15.7%
Operating EBITDA Margin	7.25%	6.20%	7.12%	7.84%
Net Cash Per Share (Rmb)	0.74	1.30	1.06	0.86
BVPS (Rmb)	5.10	5.38	5.71	6.09
Gross Interest Cover	12.28	14.73	20.09	22.67
Effective Tax Rate	13.0%	12.7%	15.0%	15.1%
Net Dividend Payout Ratio	31.4%	43.7%	37.8%	34.3%
Accounts Receivables Days	83.32	86.73	83.13	84.85
Inventory Days	66.45	71.71	65.22	66.00
Accounts Payables Days	102.4	105.0	103.9	106.8
ROIC (%)	13.4%	8.6%	11.9%	10.8%
ROCE (%)	10.4%	6.7%	8.3%	8.5%
Return On Average Assets	6.85%	5.96%	6.35%	6.50%

12-mth Fwd FD P/E (x) - Tianjin Zhongxin Pharmaceutical Group



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	-0.1%	-7.8%	9.5%	5.0%
Util. rate (%, main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	N/A	N/A	N/A	N/A
Util. rate (%, 2ndary prod/serv)	N/A	N/A	N/A	N/A
R&D Cost/sales (%)	1.0%	0.9%	0.9%	0.9%

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

Singapore

United Overseas Bank

Largest SME exposure could be a drag

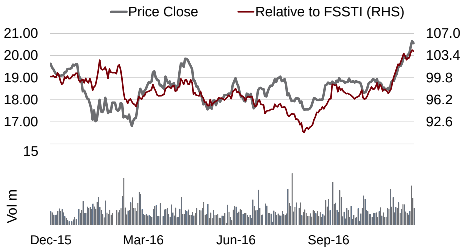
- With a steeper yield curve, UOB could take on more duration risk and see NIM upside. However, non-NII growth could lag behind peers in the absence of M&As.
- Though oil & gas worries could subside, UOB's largest exposure to SMEs could be worrying amid a protracted economic downturn and rising unemployment.
- Maintain Hold and GGM-based target price of S$18.42 (0.92x CY17F P/BV).

HOLD *(no change)*

Consensus ratings*: Buy 5 Hold 13 Sell 4

Current price:	S$20.56
Target price:	S$18.42
Previous target:	S$18.42
Up/downside:	-10.4%
CIMB / Consensus:	-5.3%
Reuters:	UOBH.SI
Bloomberg:	UOB SP
Market cap:	US$23,631m
	S$33,620m
Average daily turnover:	US$43.95m
	S$60.99m
Current shares o/s	5,881m
Free float:	85.7%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	11	14.2	4.6
Relative (%)	7	10.1	3.4

Major shareholders	% held
Wee Investments Pte Ltd	7.7
Wah Hin & Co Pte Ltd	5.0
Vanguard Group	1.5

Decent NII growth from FI business, potential NIM upside

- UOB has built a decent franchise in the financial institutions (FI) business, with much of its loan growth achieved through funding the overseas investments of sovereign wealth funds and international property funds. We think UOB can achieve its target of mid single-digit loan growth in 2017 with further wins in the FI business.
- UOB has also been more conservative than its peers in taking on duration risk and driving better interbank and securities yields. Given the recent rise in the long-end of the yield curve, we think UOB could be more comfortable in deploying assets in longer maturities, hence providing an uplift to NIMs.

Absence of M&As could make UOB pale in comparison to peers

- DBS and OCBC both have inorganic growth in wealth management fees in 2017 – DBS through its acquisition of ANZ and OCBC through the acquisition of Barclays. As a result, UOB could lag behind peers in non-NII growth as it would be difficult to compete organically.
- That said, UOB is planning to launch several digital banking initiatives in 2017 that could help drive fees and customer acquisitions in the consumer and SME banking business, including credit card fees, service charges and deposit gathering.

A protracted downturn could hit UOB hardest

- Similar to DBS, UOB has guided that the worst in the oil & gas credit cycle is likely over, as most of its vulnerable exposures have already been classified. However, we expect provisions to remain high as collateral values of offshore support vessels could continue to be written down.
- Oil & gas aside, UOB has the largest exposure to the SME segment among the three banks, at 20% of loans. As SMEs tend to be the hardest hit during a recession, and recent surveys show that SMEs are finding it increasingly difficult to gain access to affordable financing, UOB's asset quality could see further weakness in a protracted downturn.
- UOB's mortgage book is also most exposed to investment property and private property mortgages. It has started to see some stress in mortgage asset quality at the high-end segment where property prices have fallen the most. While mortgages are well collateralised and thus the loss given default is small, we would be watchful of a spike in unemployment, which is the biggest determinant of asset quality.

Maintain Hold

- We maintain our Hold call and GGM-based target price of S$18.42 (0.92x CY17F P/BV).

  As oil & gas worries subside and asset quality focus shifts to SMEs, we think UOB could come under pressure given its largest exposure to SMEs among peers.

Analyst(s)

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Net Interest Income (S$m)	4,558	4,926	4,968	5,160	5,478
Total Non-Interest Income (S$m)	2,899	3,122	3,092	3,125	3,305
Operating Revenue (S$m)	7,457	8,048	8,060	8,285	8,783
Total Provision Charges (S$m)	(635.0)	(672.0)	(682.2)	(851.8)	(893.3)
Net Profit (S$m)	3,249	3,276	3,078	3,015	3,263
Core EPS (S$)	2.04	2.04	1.90	1.84	2.00
Core EPS Growth	7.05%	0.02%	(6.98%)	(3.02%)	8.23%
FD Core P/E (x)	10.06	10.06	10.81	11.15	10.30
DPS (S$)	0.75	0.90	0.75	0.75	0.80
Dividend Yield	3.65%	4.38%	3.65%	3.65%	3.89%
BVPS (S$)	18.45	19.20	20.22	21.31	22.50
P/BV (x)	1.11	1.07	1.02	0.96	0.91
ROE	11.6%	10.9%	9.6%	8.9%	9.1%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.02	0.96	0.98

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Net Interest Income	4,926	4,968	5,160	5,478
Total Non-Interest Income	3,122	3,092	3,125	3,305
Operating Revenue	**8,048**	**8,060**	**8,285**	**8,783**
Total Non-Interest Expenses	(3,597)	(3,700)	(3,873)	(4,058)
Pre-provision Operating Profit	**4,451**	**4,360**	**4,412**	**4,725**
Total Provision Charges	(672)	(682)	(852)	(893)
Operating Profit After Provisions	**3,779**	**3,678**	**3,560**	**3,832**
Pretax Income/(Loss) from Assoc.	90	45	79	106
Operating EBIT (incl Associates)	**3,869**	**3,723**	**3,639**	**3,938**
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**3,869**	**3,723**	**3,639**	**3,938**
Exceptional Items				
Pre-tax Profit	**3,869**	**3,723**	**3,639**	**3,938**
Taxation	(649)	(633)	(611)	(662)
Consolidation Adjustments & Others				
Exceptional Income - post-tax	67	0	0	0
Profit After Tax	**3,287**	**3,090**	**3,027**	**3,276**
Minority Interests	(11)	(12)	(12)	(13)
Pref. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	**3,276**	**3,078**	**3,015**	**3,263**
Recurring Net Profit	3,276	3,078	3,015	3,263

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Gross Loans	236,017	251,961	262,569	274,464
Liquid Assets & Invst. (Current)	31,348	31,484	31,927	32,224
Other Int. Earning Assets				
Total Gross Int. Earning Assets	**267,365**	**283,445**	**294,496**	**306,688**
Total Provisions/Loan Loss Reserve	(3,760)	(4,101)	(4,506)	(4,733)
Total Net Interest Earning Assets	**263,605**	**279,344**	**289,990**	**301,955**
Intangible Assets	4,144	4,144	4,144	4,144
Other Non-Interest Earning Assets	15,956	21,151	24,852	29,208
Total Non-Interest Earning Assets	**20,100**	**25,295**	**28,996**	**33,352**
Cash And Marketable Securities	**32,306**	**26,491**	**27,021**	**27,561**
Long-term Investments	0	0	0	0
Total Assets	**316,011**	**331,130**	**346,006**	**362,868**
Customer Interest-Bearing Liabilities	240,524	251,348	262,407	275,002
Bank Deposits	11,986	12,525	13,076	13,704
Interest Bearing Liabilities: Others	20,288	21,201	22,134	23,196
Total Interest-Bearing Liabilities	**272,798**	**285,074**	**297,617**	**311,903**
Bank's Liabilities Under Acceptances				
Total Non-Interest Bearing Liabilities	12,289	12,842	13,407	14,051
Total Liabilities	**285,087**	**297,916**	**311,024**	**325,953**
Shareholders' Equity	**30,768**	**33,071**	**34,851**	**36,796**
Minority Interests	156	144	132	118
Total Equity	**30,924**	**33,214**	**34,982**	**36,915**

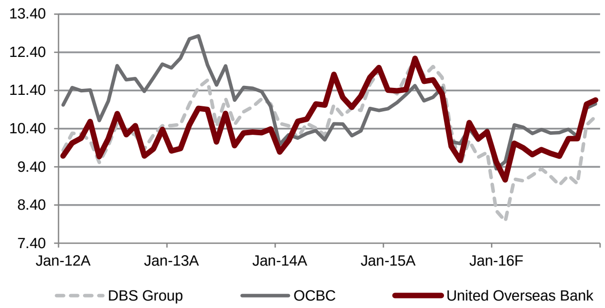
Balance Sheet Employment

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Gross Loans/Cust Deposits	86.2%	87.1%	87.4%	87.6%
Avg Loans/Avg Deposits	85.8%	86.7%	87.3%	87.5%
Avg Liquid Assets/Avg Assets	29.9%	28.3%	27.0%	26.2%
Avg Liquid Assets/Avg IEAs	35.4%	33.3%	31.7%	30.9%
Net Cust Loans/Assets	64.4%	64.9%	65.0%	65.1%
Net Cust Loans/Broad Deposits	80.6%	81.4%	81.6%	81.8%
Equity & Provns/Gross Cust Loans	14.8%	15.1%	15.2%	15.3%
Asset Risk Weighting	63.5%	67.0%	70.4%	72.5%
Provision Charge/Avg Cust Loans	0.234%	0.370%	0.330%	0.320%
Provision Charge/Avg Assets	0.153%	0.244%	0.218%	0.212%
Total Write Offs/Average Assets	0.216%	0.211%	0.252%	0.252%

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Income Growth	7.9%	0.2%	2.8%	6.0%
Operating Profit Growth	3.3%	(2.0%)	1.2%	7.1%
Pretax Profit Growth	1.15%	(3.76%)	(2.27%)	8.23%
Net Interest To Total Income	61.2%	61.6%	62.3%	62.4%
Cost Of Funds	1.08%	1.18%	1.17%	1.17%
Return On Interest Earning Assets	2.98%	3.00%	2.97%	3.00%
Net Interest Spread	1.90%	1.82%	1.80%	1.84%
Net Interest Margin (Avg Deposits)	2.08%	2.02%	2.01%	2.04%
Net Interest Margin (Avg RWA)	2.60%	2.35%	2.22%	2.16%
Provisions to Pre Prov. Operating Profit	15.1%	15.6%	19.3%	18.9%
Interest Return On Average Assets	1.58%	1.54%	1.52%	1.55%
Effective Tax Rate	16.8%	17.0%	16.8%	16.8%
Net Dividend Payout Ratio	44.9%	39.8%	40.7%	40.1%
Return On Average Assets	1.03%	0.95%	0.89%	0.92%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Loan Growth (%)	4.0%	5.6%	4.7%	5.0%
Net Interest Margin (%)	1.9%	1.8%	1.8%	1.8%
Non Interest Income Growth (%)	7.7%	-0.9%	1.0%	5.8%
Cost-income Ratio (%)	44.7%	45.9%	46.8%	46.2%
Net NPL Ratio (%)	1.4%	1.7%	1.9%	1.9%
Loan Loss Reserve (%)	0.0%	0.0%	0.0%	0.0%
GP Ratio (%)	0.0%	0.0%	0.0%	0.0%
Tier 1 Ratio (%)	13.0%	12.6%	12.2%	12.0%
Total CAR (%)	15.6%	15.0%	14.5%	14.2%
Deposit Growth (%)	2.9%	4.5%	4.4%	4.8%
Loan-deposit Ratio (%)	84.7%	85.5%	85.7%	85.9%
Gross NPL Ratio (%)	1.4%	1.7%	1.9%	1.9%
Fee Income Growth (%)	7.7%	-0.6%	1.4%	3.4%

SOURCE: CIMB RESEARCH, COMPANY DATA

Company Brief

Singapore

UOL Group

Business as usual

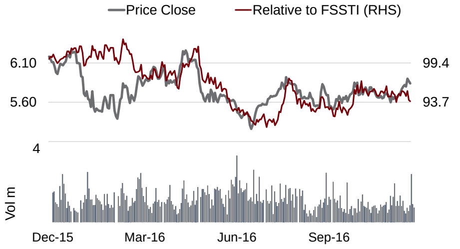
- Deploying capital into higher yielding recurring income properties
- Residential projects selling steadily, slight risk from UIC's residential portfolio
- Maintain Add with an unchanged target price of S$7.96

ADD *(no change)*

Consensus ratings*:	Buy 8	Hold 3	Sell 0

Current price:	S$5.84
Target price:	S$7.96
Previous target:	S$7.96
Up/downside:	36.3%
CIMB / Consensus:	13.9%
Reuters:	UTOS.SI
Bloomberg:	UOL SP
Market cap:	US$3,303m
	S$4,699m
Average daily turnover:	US$4.02m
	S$5.58m
Current shares o/s	806.0m
Free float:	54.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.2	5.6	-4.9
Relative (%)	-0.8	1.5	-6.1

Major shareholders	% held
Wee related vehicles (incl Haw Par)	31.2
United Overseas Bank	9.8
Schroders	5.0

Strong capital deployment

- UOL has been actively deploying capital in 2H2015-16 with an attributable S$710m worth of asset acquisitions. These properties are located in Singapore (45%) and US (55%) and include the joint purchase of Holborn Island in London and the Raintree Garden enbloc site in Singapore. These could increase its total asset base to S$12bn or a 3.3% uplift. Its balance sheet remains healthy, with an estimated gearing of 0.34x post acquisition.

Rental income underpins stable earnings base

- Property investment income (including UIC's associate contributions) made up an estimated 58% of FY15 group EBIT. This is expected to be bolstered by new contributions from Holborn Island, by 2-3% on an annual basis. Meanwhile, its Singapore commercial and retail properties are enjoying high occupancy, in excess of 95% and positive rental reversions of 2-7%. This provides a strong and stable income base.

Robust residential take-up, selectively building up landbank

- Most of UOL's residential projects are selling well, ranging from a 43% sales rate for Principal Garden to 96% for Botanique at Bartley. UOL plans to launch the 505-unit The Clement Canopy at Clementi Ave 1 in 1Q17. The purchase of the Raintree Garden land parcel should further extend development earnings visibility. In terms of ABSD penalty, UOL could be impacted by associate UIC's projects such as Mon Jervois, Pollen & Bleu and Alex Residences, if they are not fully sold in 2017.

Incrementally raising stakes in UIC

- UOL/Wee family has been incrementally raising their total deemed stake in UIC to 49.63%, closer to the 50% takeover trigger mark. We reckon the potential for a corporate exercise exists. UIC is one of the largest commercial landlords in Singapore, with a portfolio of 2msf of NLA as well as a majority share in c.2,000 hotel rooms through Marina Centre Holdings.

Maintain Add

- Maintain Add with a target price of S$7.96, based on a 20% discount to RNAV. We continue to like UOL for its stable income profile and visible residential earnings. There is also a potential for corporate action as the UOL/Wee family stake in UIC has moved closer to 49.63%. Downside risks may come from more revaluation adjustments from a declining office rental market.

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Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues (S$m)	1,361	1,279	1,361	1,400	1,290
Operating EBITDA (S$m)	675.9	344.5	422.7	449.8	436.0
Net Profit (S$m)	947.7	375.2	406.1	401.4	382.1
Core EPS (S$)	0.79	0.42	0.53	0.50	0.47
Core EPS Growth	75.3%	(47.0%)	26.0%	(5.8%)	(4.8%)
FD Core P/E (x)	7.38	13.92	11.05	11.73	12.32
DPS (S$)	0.15	0.15	0.15	0.15	0.15
Dividend Yield	2.57%	2.57%	2.54%	2.54%	2.54%
EV/EBITDA (x)	11.41	21.36	18.84	18.02	18.35
P/FCFE (x)	NA	117.1	NA	28.9	12.6
Net Gearing	33.0%	26.5%	31.6%	31.6%	29.3%
P/BV (x)	0.60	0.59	0.57	0.55	0.54
ROE	8.54%	4.28%	5.26%	4.81%	4.43%
CIMB/consensus EPS (x)			1.07	1.04	1.02

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**1,279**	**1,361**	**1,400**	**1,290**
Gross Profit	**493**	**525**	**540**	**498**
Operating EBITDA	**345**	**423**	**450**	**436**
Depreciation And Amortisation	(67)	(70)	(73)	(76)
Operating EBIT	**277**	**352**	**376**	**360**
Financial Income/(Expense)	(37)	(35)	(41)	(43)
Pretax Income/(Loss) from Assoc.	156	203	156	150
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**396**	**521**	**491**	**467**
Exceptional Items	48	(20)	0	0
Pre-tax Profit	**444**	**501**	**491**	**467**
Taxation	**(47)**	**(54)**	**(51)**	**(49)**
Exceptional Income - post-tax				
Profit After Tax	**397**	**447**	**440**	**419**
Minority Interests	(22)	(41)	(39)	(37)
Pref. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**375**	**406**	**401**	**382**
Recurring Net Profit	332	424	401	382
Fully Diluted Recurring Net Profit	**332**	**424**	**401**	**382**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	276	37	38	250
Properties Under Development				
Total Debtors	197	210	216	199
Inventories	1	1	1	1
Total Other Current Assets	1,501	2,337	2,671	2,695
Total Current Assets	**1,976**	**2,584**	**2,925**	**3,144**
Fixed Assets	1,179	1,233	1,285	1,333
Total Investments	**8,324**	**8,321**	**8,341**	**8,394**
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	23	25	26	24
Total Non-current Assets	**9,526**	**9,579**	**9,652**	**9,750**
Short-term Debt	523	544	563	580
Current Portion of Long-Term Debt				
Total Creditors	238	254	261	240
Other Current Liabilities	42	45	46	42
Total Current Liabilities	**804**	**843**	**870**	**863**
Total Long-term Debt	1,980	2,250	2,328	2,400
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	317	337	346	319
Total Non-current Liabilities	**2,296**	**2,588**	**2,674**	**2,719**
Total Provisions	0	0	0	0
Total Liabilities	**3,100**	**3,430**	**3,544**	**3,582**
Shareholders' Equity	**7,894**	**8,206**	**8,488**	**8,750**
Minority Interests	507	527	545	562
Total Equity	**8,401**	**8,733**	**9,033**	**9,312**

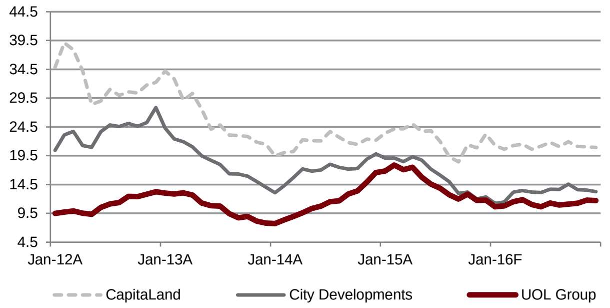
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	344.5	422.7	449.8	436.0
Cash Flow from Invt. & Assoc.				
Change In Working Capital	258.7	(829.8)	(331.6)	(31.1)
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(67.2)	(78.4)	(41.2)	(31.4)
Other Operating Cashflow	152.5	118.7	83.1	74.7
Net Interest (Paid)/Received	(42.7)	(40.3)	(41.9)	(43.4)
Tax Paid	(66.7)	(73.6)	(72.1)	(68.6)
Cashflow From Operations	**579.1**	**(480.7)**	**46.1**	**336.3**
Capex	(47.3)	(125.0)	(125.0)	(124.0)
Disposals Of FAs/subsidiaries				
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(17.8)	(569.2)	(58.5)	(39.3)
Cash Flow From Investing	**(65.1)**	**(694.2)**	**(183.5)**	**(163.3)**
Debt Raised/(repaid)	(474.6)	1,070.0	300.0	200.0
Proceeds From Issue Of Shares	7.9	25.0	0.0	0.0
Shares Repurchased				
Dividends Paid	(61.5)	(119.5)	(119.5)	(119.5)
Preferred Dividends				
Other Financing Cashflow	(56.1)	(40.3)	(41.9)	(43.4)
Cash Flow From Financing	**(584.2)**	**935.2**	**138.6**	**37.1**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(6.0%)	6.5%	2.8%	(7.8%)
Operating EBITDA Growth	(49.0%)	22.7%	6.4%	(3.1%)
Operating EBITDA Margin	26.9%	31.0%	32.1%	33.8%
Net Cash Per Share (S$)	(2.80)	(3.42)	(3.54)	(3.39)
BVPS (S$)	9.91	10.18	10.53	10.86
Gross Interest Cover	6.50	8.74	8.98	8.30
Effective Tax Rate	10.6%	10.8%	10.4%	10.4%
Net Dividend Payout Ratio	36.5%	28.1%	29.8%	31.3%
Accounts Receivables Days	63.46	54.70	55.50	58.65
Inventory Days	0.36	0.33	0.34	0.36
Accounts Payables Days	120.8	107.7	109.2	115.4
ROIC (%)	7.0%	12.0%	9.6%	8.3%
ROCE (%)	2.57%	3.19%	3.22%	2.98%
Return On Average Assets	3.27%	4.21%	3.86%	3.59%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Unbooked Presales (m) (S$)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A
Gross Margins (%)	N/A	N/A	N/A	N/A
Contracted Sales ASP (per Sm) (S$)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	54.8%	51.2%	49.2%	54.4%
Residential rev / total rev (%)	41.2%	44.7%	46.6%	40.7%
Invt. properties rental margin (%)	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

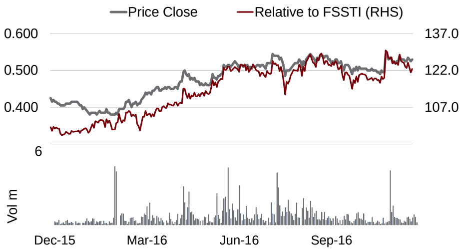
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 3	Hold 1	Sell 0

Current price:	S$0.53
Target price:	S$0.60
Previous target:	S$0.60
Up/downside:	12.9%
CIMB / Consensus:	0.2%
Reuters:	VLUE.SI
Bloomberg:	VALUE SP
Market cap:	US$142.1m
	S$202.1m
Average daily turnover:	US$0.19m
	S$0.26m
Current shares o/s	382.5m
Free float:	69.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	6	-1.9	29.3
Relative (%)	2	-6	28.1

Major shareholders	% held
Chong Hing Tse	18.2
Kok Kit Chow	7.7
Hsbc Global Asset Ma	5.0

Valuetronics Holdings Ltd

Tech comes of age

- An integrated EMS provider that is a beneficiary of Internet of Things (IoT).
- Cash-generative business, zero debt with forecasted dividend yield of 6.9%.
- 6-13% FY17-19F EPS growth at compelling valuations of 2.9x ex-cash CY18 P/E.

Integrated EMS provider

- Based in HK, Valuetronics is an integrated EMS provider that specialises in original equipment manufacturing (OEM), which includes printed circuit board assembly (PCBA) and box-build assembly, as well as original design manufacturing (ODM).
- It operates in two key segments with 40/60 sales split between consumer electronics (CE) and industrial & commercial electronics (ICE).
- It produces a mix of low volume, complex products for emerging enterprises, and high volume, standard products for leading brands across America, Europe and Asia.

Overhang removed with exit from mass-market LED lighting

- We expect a reversal of earnings decline in FY3/17 as the company fully exited from the competitive, lower margin mass-market LED segment in 3QFY3/16.
- Together with stronger ICE sales growth on the back of newly-acquired automotive customer, gross margin expansion should lead to 6-13% projected EPS growth in FY17-19F.

Beneficiary of increasing adoption of connectivity technologies

- The company successfully penetrated into the automotive sector, after being qualified by an OEM to produce media connectivity modules, with potential for wider adoption by other OEMs.
- Apart from the new automotive customer, management continues to gain traction in diversifying its customer base with two new order wins that commenced CE revenue contribution in 2QFY3/17. Valuetronics is the sole supplier for these two new projects (smart LED lighting and innovative bathroom goods).
- Other projects in the pipeline are a new series of automotive connectivity products and printers.

Cash-generative business with zero debt

- Valuetronics continues to command short cash conversion cycle at 47 days in 1H17, comparable to 45 days in FY16 and 56 days in FY15, despite lower operating cashflow of HK$37m in 1H17, vs. HK$121m in 1H16 due to higher level of operating activities.
- We note that the company has zero debt and net cash position of HK$734m (including AFS) at end 1H17.
- This war chest of cash could come in handy for potential earnings-accretive M&As, or to support higher-than-expected dividends, which could catalyse the stock.

Attractive dividend play, reiterate Add recommendation

- At our base case scenario of 20 HKcts DPS, this gives us an implied dividend yield of 6.9%. The company adopts a dividend policy of 30-50% payout ratio.
- We have an Add recommendation on Valuetronics with a target price of S$0.60, pegged to 8.4x CY18 P/E (20% discount to peers' average to reflect its smaller market cap).
- Its current valuation is compelling at 7.4x CY18 P/E (ex-cash P/E of 2.9x only).
- Key risk to our Add call is unexpected order pushback or cancellation.

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Financial Summary	Mar-15A	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Revenue (HK$m)	2,429	1,953	2,123	2,271	2,431
Net Profit (HK$m)	149.2	120.4	136.9	145.7	154.9
Core EPS (HK$)	0.40	0.32	0.36	0.38	0.40
Core EPS Growth	(1.1%)	(20.4%)	12.5%	6.0%	6.3%
FD Core P/E (x)	7.23	9.06	8.04	7.58	7.13
Price To Sales (x)	0.44	0.56	0.52	0.49	0.45
DPS (HK$)	0.20	0.20	0.20	0.20	0.20
Dividend Yield	6.92%	6.92%	6.92%	6.92%	6.92%
EV/EBITDA (x)	2.80	2.41	2.34	2.00	1.65
P/FCFE (x)	11.19	4.28	24.65	9.39	8.84
Net Gearing	(62.6%)	(80.4%)	(71.7%)	(70.8%)	(70.1%)
P/BV (x)	1.34	1.28	1.20	1.12	1.04
ROE	19.4%	14.5%	15.4%	15.3%	15.1%
CIMB/consensus EPS (x)			1.04	1.02	1.06

SOURCE: COMPANY DATA, CIMB FORECASTS

BY THE NUMBERS

Profit & Loss

(HK$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Net Revenues	**1,956**	**2,127**	**2,274**	**2,433**
Gross Profit	**301**	**330**	**349**	**370**
Operating EBITDA	**166**	**189**	**203**	**217**
Depreciation And Amortisation	(37)	(36)	(40)	(43)
Operating EBIT	**129**	**153**	**164**	**174**
Financial Income/(Expense)	6	2	1	1
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**136**	**155**	**165**	**175**
Exceptional Items				
Pre-tax Profit	**136**	**155**	**165**	**175**
Taxation	(15)	(18)	(19)	(20)
Exceptional Income - post-tax				
Profit After Tax	**120**	**137**	**146**	**155**
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**120**	**137**	**146**	**155**
Recurring Net Profit	120	137	146	155
Fully Diluted Recurring Net Profit	**120**	**137**	**146**	**155**

Balance Sheet

(HK$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Total Cash And Equivalents	689	658	699	748
Total Debtors	353	462	494	528
Inventories	199	236	253	271
Total Other Current Assets	11	11	11	11
Total Current Assets	**1,251**	**1,367**	**1,456**	**1,557**
Fixed Assets	164	178	194	211
Total Investments	72	72	72	72
Intangible Assets	19	19	18	18
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	**255**	**268**	**284**	**301**
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt				
Total Creditors	625	693	729	768
Other Current Liabilities	21	21	21	21
Total Current Liabilities	**646**	**714**	**750**	**789**
Total Long-term Debt	0	0	0	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	**0**	**0**	**0**	**0**
Total Provisions	3	3	3	3
Total Liabilities	**649**	**717**	**753**	**792**
Shareholders' Equity	857	918	988	1,066
Minority Interests				
Total Equity	**857**	**918**	**988**	**1,066**

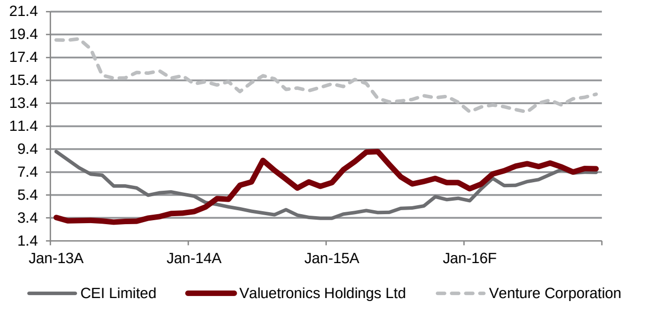
Cash Flow

(HK$m)	Mar-16A	Mar-17F	Mar-18F	Mar-19F
EBITDA	166.3	189.1	203.1	217.0
Cash Flow from Invt. & Assoc.				
Change In Working Capital	135.9	(78.7)	(12.7)	(12.9)
(Incr)/Decr in Total Provisions	0.0	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	(2.5)	0.0	0.0	0.0
Other Operating Cashflow	10.9	0.0	0.0	0.0
Net Interest (Paid)/Received	6.2	2.0	1.1	1.1
Tax Paid	(20.4)	(17.8)	(18.9)	(20.1)
Cashflow From Operations	**296.3**	**94.6**	**172.6**	**185.0**
Capex	(26.9)	(50.0)	(55.0)	(60.0)
Disposals Of FAs/subsidiaries	9.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(23.2)	0.0	0.0	0.0
Other Investing Cashflow				
Cash Flow From Investing	**(41.2)**	**(50.0)**	**(55.0)**	**(60.0)**
Debt Raised/(repaid)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	5.4	0.0	0.0	0.0
Shares Repurchased	(2.0)	0.0	0.0	0.0
Dividends Paid	(75.5)	(75.8)	(76.5)	(76.5)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	**(72.0)**	**(75.8)**	**(76.5)**	**(76.5)**
Total Cash Generated	183.1	(31.2)	41.1	48.5
Free Cashflow To Equity	**255.1**	**44.6**	**117.6**	**125.0**
Free Cashflow To Firm	**256.0**	**45.5**	**118.4**	**125.9**

Key Ratios

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
Revenue Growth	(19.6%)	8.7%	7.0%	7.0%
Operating EBITDA Growth	(18.0%)	13.7%	7.4%	6.8%
Operating EBITDA Margin	8.51%	8.91%	8.94%	8.93%
Net Cash Per Share (HK$)	1.82	1.72	1.83	1.95
BVPS (HK$)	2.26	2.40	2.58	2.79
Gross Interest Cover	157.2	185.2	198.5	211.1
Effective Tax Rate	11.2%	11.5%	11.5%	11.5%
Net Dividend Payout Ratio	63.0%	55.9%	52.5%	49.4%
Accounts Receivables Days	80.60	68.40	75.26	75.24
Inventory Days	46.50	44.18	46.41	46.39
Accounts Payables Days	70.04	65.06	70.62	72.52
ROIC (%)	53%	154%	85%	79%
ROCE (%)	16.3%	17.5%	17.3%	17.1%
Return On Average Assets	7.54%	8.59%	8.57%	8.55%

12-mth Fwd FD P/E (x)



Key Drivers

	Mar-16A	Mar-17F	Mar-18F	Mar-19F
ASP Change (%, Main Product)	N/A	N/A	N/A	N/A
Unit sales growth (%, main prod)	-44.0%	4.2%	4.0%	4.0%
No. Of Lines (main Product)	N/A	N/A	N/A	N/A
Rev per line (US$, main prod)	N/A	N/A	N/A	N/A
ASP chg (%, 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (%, 2ndary prod)	18.0%	12.0%	9.0%	9.0%
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US$, 2ndary prod)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

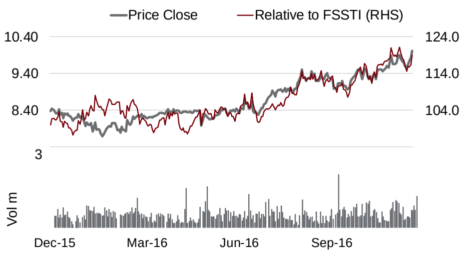
Singapore

ADD *(no change)*

Consensus ratings*:	Buy 7	Hold 0	Sell 0

Current price:	S$10.02
Target price:	S$10.94
Previous target:	S$10.94
Up/downside:	9.2%
CIMB / Consensus:	2.7%
Reuters:	VENM.SI
Bloomberg:	VMS SP
Market cap:	US$1,961m
	S$2,790m
Average daily turnover:	US$4.15m
	S$5.76m
Current shares o/s	276.5m
Free float:	91.6%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.5	7.4	17.7
Relative (%)	1.5	3.3	16.5

Major shareholders	% held
Schroders PLC	9.6
Aberdeen	7.0
Sprucegrove	6.9

Venture Corporation

Better earnings quality

- We believe Venture will continue to reap the benefits of its past engagements with customers who value its ability to value add to their products.
- Better earnings and higher free cash flow could lead to a dividend surprise versus consensus expectations.
- Maintain Add with a P/E-based (14.4x FY18F, 10-year average P/E) target price of S$10.94.

Earnings momentum to continue

- We expect profit growth to outpace revenue growth as Venture focuses on servicing customers that need Venture's higher profit margin capabilities.
- Margin expansion was also evident in the 3Q16 and 9M16 results.
- As highlighted previously, FY17F earnings will also be aided by the cessation of the amortisation of intangibles (only US$5.3m amortisation left).

Possible dividend upside

- Venture's balance sheet remains strong with a net cash of US$244m as at end-3Q16 versus US$206m as at end-2Q16.
- Its working capital position similarly improved to US$540m at end-3Q16 versus US$519m in 2Q16. Free cash flow for the quarter was US$33.7m and free cash flow generated for 9M16 was US$114m, up 38.4% yoy.
  With better earnings and strong free cash flow, Venture could surprise analysts' expectations of S$0.50 DPS.

New growth drivers

- The return of its better earnings performance and margins have been driven by years of engagement with customers that are less price sensitive and are able to reward partners that can provide value-add.
- Today, medtech, life sciences and 3D printing are the new opportunities for Venture. We note that its Test & Measurement/Others segment, in which most of this new demand is classified, has grown from 28% of revenue in 1Q13 to 44% of revenue in 3Q16.

Risks

- Order pullbacks by customers.
- Re-shoring of manufacturing by American OEM customers.
- Succession risk. Chairman and CEO, Mr Wong, is around 74 years old.

Maintain Add

- We maintain our Add call and target price (14.4x FY18F P/E, 10-year average P/E).
- Our base DPS assumption remains at S$0.50 but we note that the company has the ability to raise DPS.
- Given the weak economic outlook, we believe there could be accretive M&A opportunities for Venture in FY17.
- Re-rating catalysts include better-than-expected margins due to engagement in higher value-added products with customers.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (S$m)	2,462	2,657	2,746	2,904	3,041
Net Profit (S$m)	69.8	151.1	170.6	195.9	211.0
Core EPS (S$)	0.50	0.53	0.61	0.71	0.76
Core EPS Growth	7.1%	7.1%	14.3%	16.3%	7.7%
FD Core P/E (x)	20.61	18.82	16.49	14.20	13.19
Price To Sales (x)	1.12	1.04	1.01	0.96	0.92
DPS (S$)	0.50	0.50	0.50	0.50	0.50
Dividend Yield	4.99%	4.99%	4.99%	4.99%	4.99%
EV/EBITDA (x)	13.47	11.43	10.30	9.55	8.78
P/FCFE (x)	20.42	17.46	19.55	17.95	15.90
Net Gearing	(12.5%)	(17.1%)	(16.9%)	(16.9%)	(17.9%)
P/BV (x)	1.53	1.46	1.45	1.40	1.35
ROE	7.5%	8.0%	8.8%	10.0%	10.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.98	1.03	1.03

SOURCE: COMPANY DATA, CIMB FORECASTS

Analyst(s)

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BY THE NUMBERS

Profit & Loss

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**2,657**	**2,746**	**2,904**	**3,041**
Gross Profit	**616**	**662**	**700**	**736**
Operating EBITDA	**213**	**237**	**254**	**272**
Depreciation And Amortisation	(46)	(44)	(30)	(30)
Operating EBIT	**166**	**192**	**224**	**242**
Financial Income/(Expense)	2	2	2	2
Pretax Income/(Loss) from Assoc.	2	2	2	2
Non-Operating Income/(Expense)	8	4	2	2
Profit Before Tax (pre-EI)	**179**	**200**	**230**	**248**
Exceptional Items	0	0	0	0
Pre-tax Profit	**179**	**200**	**230**	**248**
Taxation	(28)	(30)	(35)	(37)
Exceptional Income - post-tax				
Profit After Tax	**151**	**170**	**196**	**211**
Minority Interests	(0)	0	0	0
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	**151**	**171**	**196**	**211**
Recurring Net Profit	147	168	196	211
Fully Diluted Recurring Net Profit	**147**	**168**	**196**	**211**

Balance Sheet

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	459	461	471	503
Total Debtors	604	722	764	800
Inventories	556	571	604	631
Total Other Current Assets	0	0	0	0
Total Current Assets	**1,619**	**1,754**	**1,838**	**1,934**
Fixed Assets	186	192	194	196
Total Investments	62	47	49	52
Intangible Assets	640	640	640	640
Total Other Non-Current Assets	20	20	20	20
Total Non-current Assets	**909**	**898**	**904**	**908**
Short-term Debt	109	109	109	109
Current Portion of Long-Term Debt				
Total Creditors	479	572	605	633
Other Current Liabilities	15	15	15	15
Total Current Liabilities	**603**	**695**	**728**	**757**
Total Long-term Debt	26	26	26	26
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	**26**	**26**	**26**	**26**
Total Provisions	3	3	3	3
Total Liabilities	**633**	**725**	**758**	**786**
Shareholders' Equity	1,893	1,925	1,982	2,054
Minority Interests	3	2	2	2
Total Equity	**1,896**	**1,927**	**1,984**	**2,056**

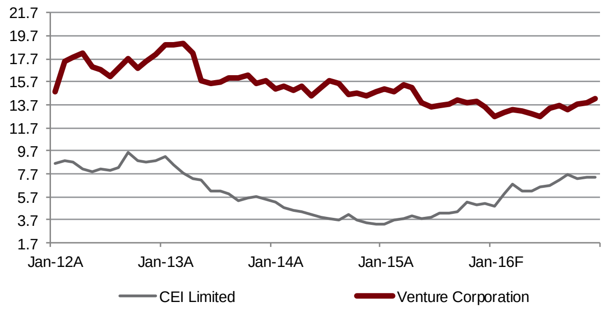
Cash Flow

(S$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	212.5	236.8	253.9	272.3
Cash Flow from Invt. & Assoc.	(2.0)	(1.8)	(1.8)	(2.0)
Change In Working Capital	28.6	(40.5)	(41.4)	(35.2)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	2.5	2.4	2.4	2.4
Net Interest (Paid)/Received	2.0	2.0	2.0	2.0
Tax Paid	(25.3)	(26.9)	(30.1)	(34.5)
Cashflow From Operations	**218.3**	**172.0**	**185.1**	**205.0**
Capex	(14.6)	(30.0)	(30.0)	(30.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.9	(0.0)	(0.0)	(0.0)
Cash Flow From Investing	**(13.7)**	**(30.0)**	**(30.0)**	**(30.0)**
Debt Raised/(repaid)	(46.4)	0.0	0.0	0.0
Proceeds From Issue Of Shares	12.9	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(138.0)	(138.2)	(138.9)	(138.9)
Preferred Dividends				
Other Financing Cashflow	(26.1)	0.0	0.0	0.0
Cash Flow From Financing	**(197.6)**	**(138.2)**	**(138.9)**	**(138.9)**
Total Cash Generated	7.0	3.8	16.2	36.1
Free Cashflow To Equity	**158.2**	**142.0**	**155.1**	**175.0**
Free Cashflow To Firm	**205.6**	**143.0**	**156.0**	**175.9**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	7.89%	3.36%	5.74%	4.73%
Operating EBITDA Growth	13.9%	11.4%	7.2%	7.2%
Operating EBITDA Margin	8.00%	8.62%	8.75%	8.95%
Net Cash Per Share (S$)	1.17	1.17	1.21	1.32
BVPS (S$)	6.85	6.93	7.14	7.40
Gross Interest Cover	170.4	197.0	229.7	247.7
Effective Tax Rate	15.5%	15.0%	15.0%	15.0%
Net Dividend Payout Ratio	77%	69%	60%	56%
Accounts Receivables Days	77.45	83.14	87.56	87.97
Inventory Days	99.2	99.0	97.3	97.8
Accounts Payables Days	66.09	70.66	76.90	77.37
ROIC (%)	11.1%	12.7%	14.4%	15.1%
ROCE (%)	8.5%	9.5%	10.9%	11.4%
Return On Average Assets	7.08%	7.66%	8.46%	8.81%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
ASP Change (%, Main Product)	0.0%	0.0%	0.0%	0.0%
Unit sales growth (%, main prod)	6.8%	6.8%	6.8%	6.8%
No. Of Lines (main Product)	N/A	N/A	N/A	N/A
Rev per line (US$, main prod)	N/A	N/A	N/A	N/A
ASP chg (%, 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (%, 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A
Rev per line (US$, 2ndary prod)	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

CIMB

Company Brief

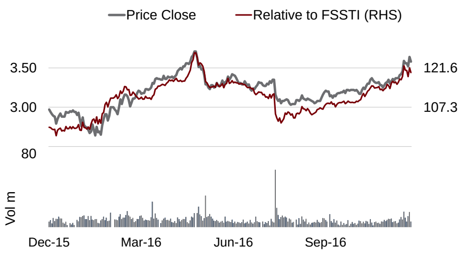
Singapore

HOLD *(no change)*

Consensus ratings*:	Buy 5	Hold 11	Sell 3

Current price:	S$3.58
Target price:	S$3.42
Previous target:	S$3.42
Up/downside:	-4.6%
CIMB / Consensus:	3.3%
Reuters:	WLIL.SI
Bloomberg:	WIL SP
Market cap:	US$15,893m
	S$22,611m
Average daily turnover:	US$14.06m
	S$19.57m
Current shares o/s	6,403m
Free float:	29.5%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	9.1	16.2	24.3
Relative (%)	5.1	12.1	23.1

Major shareholders	% held
PPB Group & Kuok group	33.4
Archer Daniels Midland	18.1
Kuok Khoon Hong	12.0

Wilmar International

Asia's leading agribusiness group

- The operating environment of the oilseeds crushing business in China has improved, which could lead to better 2017 earnings for the group.
- Its tropical oils division could also benefit from higher volumes and CPO prices.
- Maintain Hold due to lack of strong catalysts.

Strong 3Q16 after first quarterly losses in 2Q

- Wilmar posted a strong core net profit of US$385m in 3Q16, against its first quarterly net loss of US$220m in 2Q16. The good 3Q results were driven by better performance from the tropical oils segment and a significant recovery in its oilseeds and grains operations from 2Q. The group's 9M16 core net profit fell 53% yoy due to losses incurred by its oilseeds and grains division in 2Q16 and weaker contribution from its sugar division.

Potential boost from tax credit in 4Q

- Wilmar revealed that it has revalued some of its plantation and processing assets in Indonesia to take advantage of the lower 3% tax rate on revaluation gains, down from 10%.
- This exercise will allow Wilmar to benefit from lower income taxes and book in some deferred tax income upfront. It expects to book some of these benefits in 4Q and has indicated that this could be significant. We have not imputed the expected tax credit in 4Q16 into our projected 25% effective tax rate for FY16, down from 33% in 9M16.

Better days ahead for crushing business in China

- We gather that the operating environment for the oilseed crushing business in China has improved following the merger of Chinatex and COFCO. The tropical oils business will do better as palm oil supply recovers from the El Nino effect and CPO prices increase.

Stronger sugar earnings in 4Q16

- The sugar division is expected to perform better in 4Q16 due to higher sugar sales volume and prices. We gather that heavy rain in 3Q delayed sugar harvesting activities in Australia to 4Q16. The consumer products business continues to flourish in the rice and flour segments in China. The group is registering strong growth for its consumer products business in India, Vietnam, Indonesia and Africa.

Project better earnings in 2017

- We project that Wilmar will deliver stronger earnings in FY17, driven by higher contributions from tropical oils, oilseeds and grains, as well as sugar. The group's tropical oils division is likely to benefit from higher CPO selling prices and biodiesel sales volumes while the sugar division may benefit from stronger sugar prices.
- We expect the oilseeds and grains business to gain from higher crushing margins and the group's expansion into the consumer products business in order to raise the value added.

Maintain Hold due to lack of strong catalysts

- We believe the stock is well supported at 1.03x FY16 P/BV but it lacks strong catalysts. We continue to advocate a Hold rating and would turn more positive on the stock if we see more significant earnings contribution from its expansion into consumer products in recent years. Our SOP-based target price is intact.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (US$m)	43,084	38,777	46,366	51,444	54,724
Operating EBITDA (US$m)	2,067	2,000	1,995	2,568	2,850
Net Profit (US$m)	1,156	1,056	804	1,131	1,253
Normalised EPS (US$)	0.18	0.16	0.13	0.18	0.20
Normalised EPS Growth	(11.4%)	(8.7%)	(23.8%)	40.6%	10.8%
FD Normalised P/E (x)	14.27	15.62	20.51	14.59	13.17
DPS (US$)	0.058	0.049	0.038	0.053	0.059
Dividend Yield	2.29%	1.97%	1.50%	2.11%	2.33%
EV/EBITDA (x)	14.31	13.86	14.75	11.86	10.71
P/FCFE (x)	NA	NA	NA	NA	49.15
Net Gearing	89.6%	83.4%	90.6%	91.8%	87.3%
P/BV (x)	1.04	1.07	1.03	0.98	0.93
ROE	7.58%	6.90%	5.22%	7.03%	7.41%
Normalised EPS/consensus EPS (x)			0.90	0.92	0.94

SOURCE: COMPANY DATA, CIMB FORECASTS

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BY THE NUMBERS

Profit & Loss

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues	**38,777**	**46,366**	**51,444**	**54,724**
Gross Profit	**3,957**	**4,732**	**5,250**	**5,585**
Operating EBITDA	**2,000**	**1,995**	**2,568**	**2,850**
Depreciation And Amortisation	(676)	(709)	(761)	(829)
Operating EBIT	**1,324**	**1,286**	**1,807**	**2,022**
Financial Income/(Expense)	4	(199)	(276)	(322)
Pretax Income/(Loss) from Assoc.	101	65	69	72
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	**1,429**	**1,152**	**1,599**	**1,772**
Exceptional Items	0	0	0	0
Pre-tax Profit	**1,429**	**1,152**	**1,599**	**1,772**
Taxation	(294)	(288)	(384)	(425)
Exceptional Income - post-tax				
Profit After Tax	**1,135**	**864**	**1,215**	**1,346**
Minority Interests	(79)	(60)	(84)	(93)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Preference Dividends (Australia)	0	0	0	0
Net Profit	**1,056**	**804**	**1,131**	**1,253**
Normalised Net Profit	1,135	864	1,215	1,346
Fully Diluted Normalised Profit	**1,056**	**804**	**1,131**	**1,253**

Balance Sheet

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	4,011	2,295	1,281	1,241
Total Debtors	6,652	7,841	8,852	9,151
Inventories	6,318	7,554	8,381	8,916
Total Other Current Assets	1,821	1,821	1,821	1,821
Total Current Assets	**18,801**	**19,511**	**20,335**	**21,128**
Fixed Assets	8,983	9,275	9,513	9,684
Total Investments	2,772	2,837	2,906	2,978
Intangible Assets	4,369	4,369	4,369	4,369
Total Other Non-Current Assets	3,013	3,013	3,013	3,013
Total Non-current Assets	**19,137**	**19,494**	**19,801**	**20,044**
Short-term Debt	11,076	11,076	11,076	11,076
Current Portion of Long-Term Debt	0	0	0	0
Total Creditors	2,488	2,931	3,186	3,252
Other Current Liabilities	1,127	1,127	1,127	1,127
Total Current Liabilities	**14,691**	**15,134**	**15,389**	**15,455**
Total Long-term Debt	6,348	6,348	6,348	6,348
Hybrid Debt - Debt Component	0	0	0	0
Total Other Non-Current Liabilities	223	223	223	223
Total Non-current Liabilities	**6,570**	**6,570**	**6,570**	**6,570**
Total Provisions	599	599	599	599
Total Liabilities	**21,860**	**22,303**	**22,558**	**22,624**
Shareholders' Equity	15,127	15,690	16,482	17,359
Minority Interests	952	1,012	1,096	1,189
Total Equity	**16,079**	**16,702**	**17,578**	**18,548**

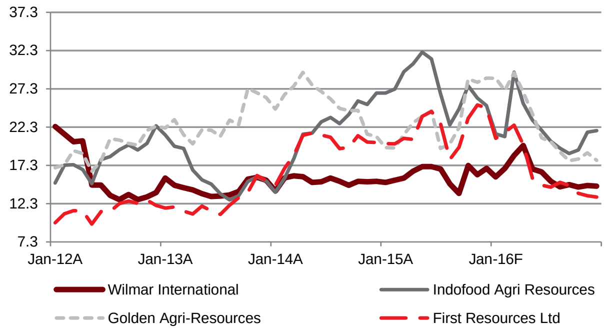
Cash Flow

(US$m)	Dec-15A	Dec-16F	Dec-17F	Dec-18F
EBITDA	2,000	1,995	2,568	2,850
Cash Flow from Invt. & Assoc.	0	0	0	0
Change In Working Capital	398	(1,983)	(1,583)	(768)
(Incr)/Decr in Total Provisions	0	0	0	0
Other Non-Cash (Income)/Expense	0	0	0	0
Other Operating Cashflow	30	0	0	0
Net Interest (Paid)/Received	112	(199)	(276)	(322)
Tax Paid	(320)	(288)	(384)	(425)
Cashflow From Operations	**2,221**	**(475)**	**325**	**1,336**
Capex	(817)	(1,000)	(1,000)	(1,000)
Disposals Of FAs/subsidiaries	115	(0)	0	0
Acq. Of Subsidiaries/investments	(455)	(0)	0	0
Other Investing Cashflow	(157)	0	0	0
Cash Flow From Investing	**(1,313)**	**(1,000)**	**(1,000)**	**(1,000)**
Debt Raised/(repaid)	(2,197)	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(381)	(241)	(339)	(376)
Preferred Dividends	0	0	0	0
Other Financing Cashflow	(2,023)	0	0	0
Cash Flow From Financing	**(4,600)**	**(241)**	**(339)**	**(376)**
Total Cash Generated	(3,693)	(1,716)	(1,014)	(40)
Free Cashflow To Equity	**(1,289)**	**(1,475)**	**(675)**	**336**
Free Cashflow To Firm	**1,372**	**(1,109)**	**(309)**	**702**

Key Ratios

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(10.0%)	19.6%	11.0%	6.4%
Operating EBITDA Growth	(3.2%)	(0.3%)	28.7%	11.0%
Operating EBITDA Margin	5.16%	4.30%	4.99%	5.21%
Net Cash Per Share (US$)	(2.09)	(2.36)	(2.52)	(2.53)
BVPS (US$)	2.36	2.45	2.57	2.71
Gross Interest Cover	2.84	3.52	4.94	5.52
Effective Tax Rate	20.6%	25.0%	24.0%	24.0%
Net Dividend Payout Ratio	30.0%	30.0%	30.0%	30.0%
Accounts Receivables Days	36.70	31.75	32.11	32.68
Inventory Days	67.61	60.97	62.96	64.24
Accounts Payables Days	15.59	12.73	14.21	14.55
ROIC (%)	4.45%	4.67%	6.06%	6.39%
ROCE (%)	4.88%	4.22%	5.39%	5.72%
Return On Average Assets	2.78%	2.76%	3.77%	4.10%

12-mth Fwd FD P/E (x)



Key Drivers

	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Planted Estates (ha)	244,287	250,287	256,287	262,287
Mature Estates (ha)	223,991	232,717	240,534	247,746
FFB Yield (tonnes/ha)	21.0	20.0	20.5	21.0
FFB Output Growth (%)	5.8%	-1.3%	6.1%	5.9%
CPO Price (US$/tonne)	670	750	800	800

SOURCE: CIMB RESEARCH, COMPANY DATA

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#03

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Add	57.7%	7.5%
Hold	31.7%	2.8%
Reduce	9.8%	0.6%

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2015, Anti-Corruption Progress Indicator 2015.

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Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
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