

# Singapore Company Focus

## OKP Holdings

Bloomberg: OKP SP EQUITY | Reuters: OKPH.SI

DBS Group Research . Equity

24 Oct 2012

**HOLD S\$0.54 STI : 3,050.93**

Price Target : 12-Month S\$ 0.49 (Prev S\$ 0.54)

Reason for Report : 3Q12 Results

Potential Catalyst: Uptick in earnings in coming quarters

DBSV vs Consensus: Lower than consensus, due to different assumptions on timing of revenue recognition

### Analyst

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### Price Relative



### Forecasts and Valuation

| FY Dec (\$ m)        | 2011A | 2012F | 2013F | 2014F |
|----------------------|-------|-------|-------|-------|
| Revenue              | 110   | 104   | 155   | 176   |
| EBITDA               | 35    | 19    | 33    | 37    |
| Pre-tax Profit       | 32    | 16    | 29    | 34    |
| Net Profit           | 27    | 13    | 24    | 27    |
| Net Pft (Pre Ex.)    | 27    | 13    | 24    | 27    |
| EPS (S cts)          | 9.0   | 4.2   | 7.7   | 8.8   |
| EPS Pre Ex. (S cts)  | 9.0   | 4.2   | 7.7   | 8.8   |
| EPS Gth (%)          | 39    | (53)  | 83    | 14    |
| EPS Gth Pre Ex (%)   | 39    | (53)  | 83    | 14    |
| Diluted EPS (S cts)  | 9.0   | 4.2   | 7.7   | 8.8   |
| Net DPS (S cts)      | 3.0   | 2.0   | 3.0   | 3.0   |
| BV Per Share (S cts) | 28.9  | 30.8  | 35.5  | 41.4  |
| PE (X)               | 6.0   | 12.7  | 7.0   | 6.1   |
| PE Pre Ex. (X)       | 6.0   | 12.7  | 7.0   | 6.1   |
| P/Cash Flow (X)      | 28.8  | 34.9  | 6.3   | 5.5   |
| EV/EBITDA (X)        | 1.9   | 5.5   | 2.8   | 2.0   |
| Net Div Yield (%)    | 5.6   | 3.7   | 5.6   | 5.6   |
| P/Book Value (X)     | 1.9   | 1.8   | 1.5   | 1.3   |
| Net Debt/Equity (X)  | CASH  | CASH  | CASH  | CASH  |
| ROAE (%)             | 33.8  | 14.3  | 23.4  | 23.0  |

|                       |        |        |      |
|-----------------------|--------|--------|------|
| Earnings Rev (%)      | (34.1) | (14.4) | N/A  |
| Consensus EPS (S cts) | 5.2    | 7.8    | 7.4  |
| Other Broker Recs:    | B: 1   | S: 0   | H: 1 |

ICB Industry : Industrials

ICB Sector: Construction & Materials

Principal Business: OKP Holdings Limited is involved in the construction and maintenance of roads in Singapore.

Source of all data: Company, DBS Vickers, Bloomberg

## Margins, order wins below expectations

- **Headline 3Q12 earnings of S\$2.4m were below expectations on slower order wins, higher costs and provisions**
- **FY12F/FY13F earnings cut by 34%/14% on slower order wins, lower margins**
- **Maintain HOLD with lower TP of S\$0.49, forecast dividend yield of 3.7% no longer attractive**

**Order wins have lagged expectations this year.** Headline 3Q12 earnings of S\$2.4m (-50% y-o-y) was below expectation due to slower than expected order wins, higher labour costs and a one off provision of S\$1.4m on doubtful receivables. Our initial order win expectation for FY12F was S\$148m, but as order wins have come in slower than expected, we now expect FY12F order wins to be c.S\$138m (7% lower).

### Trim margins on slower project rollouts, labour costs.

We believe slower project rollout by the government has caused tenders to be more competitive. Together with higher labour costs due to labour shortage in the market, we trim our FY13F gross margin assumptions from 26% to 25%. Our FY13F net profit is hence reduced by 14%. (FY12, -34% on slower order wins, lower margins)

### Maintain S\$130m order win assumption for FY13F on robust project pipeline.

Industry project pipeline remains robust in FY13F. Work on the S\$18bn Thomson MRT line is due to commence next year. Other projects commencing include North South Expressway, and road improvement works on Leonie Road/Bukit Brown. OKP already has an outstanding order book of S\$346m (>3x book to bill) as of 3Q12, keeping it busy till FY14F. With a robust project pipeline and strong order book, our FY13F/FY14F order wins assumption stand at S\$130m each.

**Maintain Hold with lower TP of S\$0.49.** With forecast earnings expected to drop by 53% in FY12F, we cut our TP to 49cts. Dividend yield is no longer attractive at a forecast 3.7% for FY12. Maintain HOLD.

### At A Glance

|                         |           |
|-------------------------|-----------|
| Issued Capital (m shrs) | 306       |
| Mkt. Cap (S\$m/US\$m)   | 165 / 135 |
| Major Shareholders      |           |
| Kim Peow Investment (%) | 55.1      |
| China Sonangol (%)      | 14.1      |
| Free Float (%)          | 30.8      |
| Avg. Daily Vol.('000)   | 98        |

## Results Summary and Comparison

| FY Dec (m)                          | 3Q11   | 2Q12   | 3Q12   | YoY Chg | QoQ Chg |
|-------------------------------------|--------|--------|--------|---------|---------|
| Sales                               | 25.5   | 23.6   | 28.5   | 12%     | 21%     |
| Cost of Goods Sold                  | (17.2) | (17.8) | (22.0) | 28%     | 24%     |
| Gross Profit                        | 8.3    | 5.7    | 6.4    | -22%    | 12%     |
| Other Operating Income              | 0.3    | 0.4    | 0.4    | 18%     | -10%    |
| <i>Distribution Costs</i>           | 0.0    | 0.0    | 0.0    |         |         |
| <i>Administration Expenses</i>      | (2.8)  | (2.4)  | (3.6)  | 29%     | 53%     |
| <i>R &amp; D and other expenses</i> | 0.1    | 0.0    | (0.1)  | nm      | -nm     |
| Other Operating Expenses            | (2.7)  | (2.4)  | (3.7)  | 35%     | 56%     |
| EBIT                                | 5.9    | 3.8    | 3.2    | -46%    | -17%    |
| Non-Operating Income                | 0.0    | 0.0    | 0.0    |         |         |
| Interest Income                     | 0.0    | 0.0    | 0.0    |         |         |
| Interest Expense                    | (0.0)  | (0.0)  | (0.0)  | -23%    | -17%    |
| Share of Associates' or JV Income   | 0.0    | 0.0    | (0.0)  |         |         |
| Exceptional Gains/(Losses)          | 0.0    | 0.0    | 0.0    |         |         |
| Pretax Profit                       | 5.8    | 3.8    | 3.1    | -46%    | -17%    |
| Tax                                 | (1.0)  | (0.7)  | (0.7)  | -26%    | 0%      |
| Minority Interests                  | 0.0    | 0.0    | 0.0    | nm      | nm      |
| Net Profit                          | 4.9    | 3.1    | 2.4    | -50%    | -21%    |
| <b>Margins (%)</b>                  |        |        |        |         |         |
| Gross Margin                        | 32.4   | 24.3   | 22.6   |         |         |
| SGA % Sales                         | 10.7   | 10.0   | 12.9   |         |         |
| EBITDA Margin                       | 26.2   | 19.3   | 14.7   |         |         |
| EBIT Margin                         | 23.1   | 16.2   | 11.1   |         |         |
| Pre-tax Margin                      | 23.0   | 16.1   | 11.0   |         |         |
| Net Margin                          | 19.2   | 13.1   | 8.5    |         |         |

Source: Company, DBS Vickers

## Valuation Summary

| Recurring business   | Net profit forecast |       |        | Value       | Reference |
|--|---------------------|-------|--------|-------------|-----------|
|  | FY12F               | FY13F | PE (x) |             |           |
| Based on blended FY12/13F estimates                                    | 13.1                | 24.0  | 6.0    | 111.1       |           |
| Weighted avg share capital (m)   |                     |       |        | 309.1       |           |
| Value of OKP's recurring business (\$)                                 |                     |       |        | <b>0.36</b> | (1)       |
| Net Cash (\$ m)  | 61.9                | 74.1  |        |             |           |
| Net Cash per share (\$)  | 0.20                | 0.24  |        |             |           |
| <b>Surplus net cash</b>  |                     |       |        |             |           |
| Est. net cash needed to support per dollar of sustainable revenue (\$) |                     |       |        | 0.20        |           |
| FY12 Revenue (\$ m)  |                     |       |        | 104.2       |           |
| Net cash working cap needed in business (\$ m)                         |                     |       |        | 20.8        |           |
| Est. surplus net cash by end ex interest income FY12F (\$ m)           |                     |       |        | 40.7        |           |
| Weighted avg share capital (m)   |                     |       |        | 309.1       |           |
| Est. surplus net cash per share by end FY12F (\$)                      |                     |       |        | <b>0.13</b> | (2)       |
| Target price for OKP (\$)  |                     |       |        | <b>0.49</b> | (1) + (2) |

Source: Company, DBS Vickers

**Key Assumptions**

| FY Dec         | 2010A | 2011A | 2012F | 2013F | 2014F |
|----------------|-------|-------|-------|-------|-------|
| New orders won | 166.5 | 152.3 | 137.4 | 130.0 | 130.0 |

Maintaining FY13F assumption due to robust construction pipeline in the market

**Segmental Breakdown**

| FY Dec | 2010A | 2011A | 2012F | 2013F | 2014F |
|--------|-------|-------|-------|-------|-------|
|--------|-------|-------|-------|-------|-------|

**Revenues (\$\$ m)**

|              |     |    |    |     |     |
|--------------|-----|----|----|-----|-----|
| Construction | 116 | 90 | 85 | 131 | 167 |
| Maintenance  | 24  | 20 | 19 | 24  | 9   |

Trimmed order win expectations for FY12F

|              |            |            |            |            |            |
|--------------|------------|------------|------------|------------|------------|
| <b>Total</b> | <b>140</b> | <b>110</b> | <b>104</b> | <b>155</b> | <b>176</b> |
|--------------|------------|------------|------------|------------|------------|

**Gross Profit (\$\$ m)**

|              |    |    |    |    |    |
|--------------|----|----|----|----|----|
| Construction | 23 | 36 | 19 | 34 | 43 |
| Maintenance  | 7  | 7  | 4  | 5  | 2  |

|              |           |           |           |           |           |
|--------------|-----------|-----------|-----------|-----------|-----------|
| <b>Total</b> | <b>29</b> | <b>43</b> | <b>24</b> | <b>39</b> | <b>45</b> |
|--------------|-----------|-----------|-----------|-----------|-----------|

**Gross Profit Margins**

|              |      |      |      |      |      |
|--------------|------|------|------|------|------|
| Construction | 19.8 | 40.2 | 23.0 | 26.0 | 26.0 |
| Maintenance  | 27.4 | 35.3 | 22.0 | 22.0 | 22.0 |

Margins trimmed from 27% to factor higher costs and competitive pressures

|              |             |             |             |             |             |
|--------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total</b> | <b>21.1</b> | <b>39.3</b> | <b>22.8</b> | <b>25.4</b> | <b>25.8</b> |
|--------------|-------------|-------------|-------------|-------------|-------------|

**Income Statement (\$\$ m)**

| FY Dec | 2010A | 2011A | 2012F | 2013F | 2014F |
|--------|-------|-------|-------|-------|-------|
|--------|-------|-------|-------|-------|-------|

|         |     |     |     |     |     |
|---------|-----|-----|-----|-----|-----|
| Revenue | 140 | 110 | 104 | 155 | 176 |
|---------|-----|-----|-----|-----|-----|

|                    |       |      |      |       |       |
|--------------------|-------|------|------|-------|-------|
| Cost of Goods Sold | (110) | (67) | (80) | (116) | (130) |
|--------------------|-------|------|------|-------|-------|

|                     |           |           |           |           |           |
|---------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Gross Profit</b> | <b>29</b> | <b>43</b> | <b>24</b> | <b>39</b> | <b>45</b> |
|---------------------|-----------|-----------|-----------|-----------|-----------|

|                      |     |      |     |      |      |
|----------------------|-----|------|-----|------|------|
| Other Opng (Exp)/Inc | (9) | (11) | (8) | (10) | (11) |
|----------------------|-----|------|-----|------|------|

|                         |           |           |           |           |           |
|-------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Operating Profit</b> | <b>21</b> | <b>32</b> | <b>16</b> | <b>29</b> | <b>34</b> |
|-------------------------|-----------|-----------|-----------|-----------|-----------|

|                         |   |   |   |   |   |
|-------------------------|---|---|---|---|---|
| Other Non Opg (Exp)/Inc | 0 | 0 | 0 | 0 | 0 |
|-------------------------|---|---|---|---|---|

|                     |   |   |   |   |   |
|---------------------|---|---|---|---|---|
| Associates & JV Inc | 0 | 0 | 0 | 0 | 0 |
|---------------------|---|---|---|---|---|

|                        |   |   |   |   |   |
|------------------------|---|---|---|---|---|
| Net Interest (Exp)/Inc | 0 | 0 | 0 | 0 | 0 |
|------------------------|---|---|---|---|---|

|                         |   |   |   |   |   |
|-------------------------|---|---|---|---|---|
| Exceptional Gain/(Loss) | 0 | 0 | 0 | 0 | 0 |
|-------------------------|---|---|---|---|---|

|                       |           |           |           |           |           |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Pre-tax Profit</b> | <b>20</b> | <b>32</b> | <b>16</b> | <b>29</b> | <b>34</b> |
|-----------------------|-----------|-----------|-----------|-----------|-----------|

|     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|
| Tax | (4) | (6) | (3) | (5) | (6) |
|-----|-----|-----|-----|-----|-----|

|                   |   |   |   |   |   |
|-------------------|---|---|---|---|---|
| Minority Interest | 0 | 0 | 0 | 0 | 0 |
|-------------------|---|---|---|---|---|

|                     |   |   |   |   |   |
|---------------------|---|---|---|---|---|
| Preference Dividend | 0 | 0 | 0 | 0 | 0 |
|---------------------|---|---|---|---|---|

|                   |           |           |           |           |           |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Net Profit</b> | <b>17</b> | <b>27</b> | <b>13</b> | <b>24</b> | <b>27</b> |
|-------------------|-----------|-----------|-----------|-----------|-----------|

|                           |    |    |    |    |    |
|---------------------------|----|----|----|----|----|
| Net Profit before Except. | 17 | 27 | 13 | 24 | 27 |
|---------------------------|----|----|----|----|----|

|        |    |    |    |    |    |
|--------|----|----|----|----|----|
| EBITDA | 23 | 35 | 19 | 33 | 37 |
|--------|----|----|----|----|----|

**Growth**

|                 |     |        |       |      |      |
|-----------------|-----|--------|-------|------|------|
| Revenue Gth (%) | 7.6 | (21.5) | (5.1) | 48.6 | 13.4 |
|-----------------|-----|--------|-------|------|------|

|                |      |      |        |      |      |
|----------------|------|------|--------|------|------|
| EBITDA Gth (%) | 18.5 | 50.9 | (46.0) | 71.8 | 13.9 |
|----------------|------|------|--------|------|------|

|                    |      |      |        |      |      |
|--------------------|------|------|--------|------|------|
| Opg Profit Gth (%) | 19.1 | 56.7 | (50.2) | 82.1 | 15.5 |
|--------------------|------|------|--------|------|------|

|                    |      |      |        |      |      |
|--------------------|------|------|--------|------|------|
| Net Profit Gth (%) | 17.4 | 56.7 | (50.7) | 82.9 | 14.2 |
|--------------------|------|------|--------|------|------|

**Margins & Ratio**

|                   |      |      |      |      |      |
|-------------------|------|------|------|------|------|
| Gross Margins (%) | 21.1 | 39.3 | 22.8 | 25.4 | 25.8 |
|-------------------|------|------|------|------|------|

|                       |      |      |      |      |      |
|-----------------------|------|------|------|------|------|
| Opg Profit Margin (%) | 14.7 | 29.4 | 15.4 | 18.9 | 19.3 |
|-----------------------|------|------|------|------|------|

|                       |      |      |      |      |      |
|-----------------------|------|------|------|------|------|
| Net Profit Margin (%) | 12.1 | 24.2 | 12.6 | 15.5 | 15.6 |
|-----------------------|------|------|------|------|------|

|          |      |      |      |      |      |
|----------|------|------|------|------|------|
| ROAE (%) | 26.5 | 33.8 | 14.3 | 23.4 | 23.0 |
|----------|------|------|------|------|------|

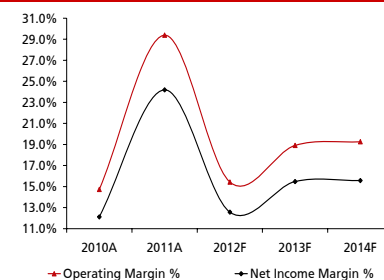
|         |      |      |     |      |      |
|---------|------|------|-----|------|------|
| ROA (%) | 12.3 | 17.6 | 9.0 | 15.5 | 15.3 |
|---------|------|------|-----|------|------|

|          |      |      |      |      |      |
|----------|------|------|------|------|------|
| ROCE (%) | 25.5 | 33.0 | 14.1 | 23.1 | 22.7 |
|----------|------|------|------|------|------|

|                      |      |      |      |      |      |
|----------------------|------|------|------|------|------|
| Div Payout Ratio (%) | 78.4 | 34.5 | 47.2 | 38.7 | 33.9 |
|----------------------|------|------|------|------|------|

|                        |       |       |       |       |       |
|------------------------|-------|-------|-------|-------|-------|
| Net Interest Cover (x) | 136.4 | 283.0 | 156.2 | 463.8 | 535.8 |
|------------------------|-------|-------|-------|-------|-------|

Source: Company, DBS Vickers

**Margins Trend**

More earnings recognition from projects in FY13F/FY14F

**OKP Holdings**

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

| FY Dec                  | 3Q2011   | 4Q2011    | 1Q2012   | 2Q2012   | 3Q2012   |
|-------------------------|----------|-----------|----------|----------|----------|
| Revenue                 | 25       | 23        | 25       | 24       | 28       |
| Cost of Goods Sold      | (17)     | (8)       | (20)     | (18)     | (22)     |
| <b>Gross Profit</b>     | <b>8</b> | <b>15</b> | <b>5</b> | <b>6</b> | <b>6</b> |
| Other Oper. (Exp)/Inc   | (2)      | (3)       | (2)      | (2)      | (3)      |
| <b>Operating Profit</b> | <b>6</b> | <b>12</b> | <b>4</b> | <b>4</b> | <b>3</b> |
| Other Non Opg (Exp)/Inc | 0        | 0         | 0        | 0        | 0        |
| Associates & JV Inc     | 0        | 0         | 0        | 0        | 0        |
| Net Interest (Exp)/Inc  | 0        | 0         | 0        | 0        | 0        |
| Exceptional Gain/(Loss) | 0        | 0         | 0        | 0        | 0        |
| <b>Pre-tax Profit</b>   | <b>6</b> | <b>12</b> | <b>4</b> | <b>4</b> | <b>3</b> |
| Tax                     | (1)      | (2)       | (1)      | (1)      | (1)      |
| Minority Interest       | 0        | 0         | 0        | 0        | 0        |
| <b>Net Profit</b>       | <b>5</b> | <b>10</b> | <b>3</b> | <b>3</b> | <b>2</b> |
| Net profit bef Except.  | 5        | 10        | 3        | 3        | 2        |
| EBITDA                  | 7        | 12        | 4        | 5        | 4        |

**Growth**

|                    |        |       |        |       |        |
|--------------------|--------|-------|--------|-------|--------|
| Revenue Gth (%)    | (10.0) | (8.9) | 7.6    | (5.5) | 20.8   |
| EBITDA Gth (%)     | (26.9) | 86.5  | (65.1) | 5.1   | (8.5)  |
| Opg Profit Gth (%) | (29.8) | 97.4  | (68.4) | 4.3   | (17.0) |
| Net Profit Gth (%) | (29.1) | 95.3  | (68.0) | 1.0   | (21.2) |

**Margins**

|                        |      |      |      |      |      |
|------------------------|------|------|------|------|------|
| Gross Margins (%)      | 32.4 | 64.8 | 21.0 | 24.3 | 22.6 |
| Opg Profit Margins (%) | 23.1 | 50.0 | 14.7 | 16.2 | 11.1 |
| Net Profit Margins (%) | 19.2 | 41.1 | 12.2 | 13.1 | 8.5  |

Source: Company, DBS Vickers

**Revenue Trend**

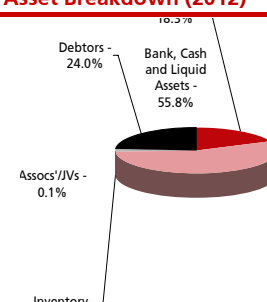


Lower margins affected by initial material costs outlay for one of the projects

Lower margins, provision of S\$1.4m from one of the projects. Otherwise margins would be c.13%.

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

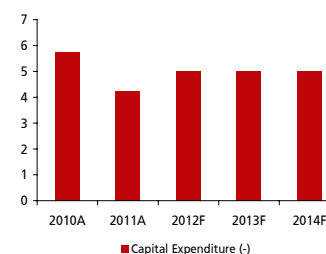
| FY Dec                        | 2010A      | 2011A      | 2012F      | 2013F      | 2014F      |
|-------------------------------|------------|------------|------------|------------|------------|
| Net Fixed Assets              | 17         | 19         | 21         | 22         | 24         |
| Invt in Associates & JVs      | 0          | 0          | 0          | 0          | 0          |
| Other LT Assets               | 5          | 6          | 29         | 29         | 29         |
| Cash & ST Invt                | 100        | 93         | 63         | 75         | 92         |
| Inventory                     | 3          | 2          | 2          | 3          | 3          |
| Debtors                       | 28         | 29         | 27         | 38         | 43         |
| Other Current Assets          | 0          | 0          | 0          | 0          | 0          |
| <b>Total Assets</b>           | <b>153</b> | <b>148</b> | <b>142</b> | <b>167</b> | <b>190</b> |
| ST Debt                       | 1          | 1          | 1          | 1          | 1          |
| Other Current Liab            | 82         | 59         | 45         | 56         | 61         |
| LT Debt                       | 1          | 0          | 0          | 0          | 0          |
| Other LT Liabilities          | 0          | 1          | 1          | 1          | 1          |
| Shareholder's Equity          | 69         | 88         | 95         | 110        | 128        |
| Minority Interests            | 0          | 0          | 0          | 0          | 0          |
| <b>Total Cap. &amp; Liab.</b> | <b>153</b> | <b>148</b> | <b>142</b> | <b>167</b> | <b>190</b> |
| Non-Cash Wkg. Capital         | (51)       | (27)       | (16)       | (15)       | (14)       |
| Net Cash/(Debt)               | 98         | 91         | 62         | 74         | 90         |
| Debtors Turn (avg days)       | 71.3       | 96.2       | 99.1       | 77.0       | 84.7       |
| Creditors Turn (avg days)     | 167.3      | 274.3      | 139.2      | 92.2       | 99.7       |
| Inventory Turn (avg days)     | 7.8        | 13.8       | 9.9        | 8.1        | 9.0        |
| Asset Turnover (x)            | 1.0        | 0.7        | 0.7        | 1.0        | 1.0        |
| Current Ratio (x)             | 1.6        | 2.1        | 2.0        | 2.1        | 2.2        |
| Quick Ratio (x)               | 1.6        | 2.1        | 2.0        | 2.0        | 2.2        |
| Net Debt/Equity (X)           | CASH       | CASH       | CASH       | CASH       | CASH       |
| Net Debt/Equity ex MI (X)     | CASH       | CASH       | CASH       | CASH       | CASH       |
| Capex to Debt (%)             | 311.1      | 376.5      | 442.9      | 442.9      | 442.9      |
| Z-Score (X)                   | 3.3        | 3.3        | 4.5        | 4.2        | 0.0        |

**Asset Breakdown (2012)**

\$S18m cash lent to property development associate

**Cash Flow Statement (\$\$ m)**

| FY Dec                  | 2010A      | 2011A      | 2012F       | 2013F      | 2014F      |
|-------------------------|------------|------------|-------------|------------|------------|
| Pre-Tax Profit          | 20         | 32         | 16          | 29         | 34         |
| Dep. & Amort.           | 3          | 3          | 3           | 4          | 4          |
| Tax Paid                | (3)        | (3)        | (6)         | (3)        | (5)        |
| Assoc. & JV Inc/(loss)  | 0          | 0          | 0           | 0          | 0          |
| Chg in Wkg.Cap.         | 19         | (26)       | (9)         | (3)        | (1)        |
| Other Operating CF      | 0          | 0          | 0           | 0          | 0          |
| <b>Net Operating CF</b> | <b>39</b>  | <b>6</b>   | <b>5</b>    | <b>27</b>  | <b>31</b>  |
| Capital Exp.(net)       | (6)        | (4)        | (5)         | (5)        | (5)        |
| Other Invt.(net)        | 0          | 0          | (5)         | 0          | 0          |
| Invt in Assoc. & JV     | 0          | 0          | 0           | 0          | 0          |
| Div from Assoc & JV     | 0          | 0          | 0           | 0          | 0          |
| Other Investing CF      | (2)        | 0          | (19)        | 0          | 0          |
| <b>Net Investing CF</b> | <b>(8)</b> | <b>(4)</b> | <b>(28)</b> | <b>(5)</b> | <b>(5)</b> |
| Div Paid                | (11)       | (15)       | (6)         | (9)        | (9)        |
| Chg in Gross Debt       | (1)        | (1)        | 0           | 0          | 0          |
| Capital Issues          | 4          | 8          | 0           | 0          | 0          |
| Other Financing CF      | (1)        | 0          | 0           | 0          | 0          |
| <b>Net Financing CF</b> | <b>(9)</b> | <b>(8)</b> | <b>(6)</b>  | <b>(9)</b> | <b>(9)</b> |
| Currency Adjustments    | 0          | 0          | 0           | 0          | 0          |
| Chg in Cash             | 22         | (7)        | (30)        | 12         | 16         |
| Opg CFPS (\$ cts)       | 7.8        | 10.7       | 4.3         | 9.7        | 10.4       |
| Free CFPS (\$ cts)      | 12.8       | 0.4        | (0.1)       | 7.0        | 8.3        |

**Capital Expenditure**

Lower dividend expectations

Source: Company, DBS Vickers

DBSV recommendations are based on Absolute Total Return\* Rating system, defined as follows:

**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return i.e. > -10% over the next 12 months)

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

*Share price appreciation + dividends*

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