Company Guide

Sunway Construction Group

Version 13 | Bloomberg: SCGB MK | Reuters: SCOG.KL

Refer to important disclosures at the end of this report

AllianceDBS Research, Malaysia Equity

9 Apr 2018

BUY (Upgrade from Hold)

Last Traded Price (6 Apr 2018): RM2.02 (**KLCI :** 1,837.01)
Price Target 12-mth: RM2.60 (29% upside) (Prev RM2.60)
Shariah Compliant: Yes

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What's New

- Upgrade to BUY; trading at ex-cash PE of 12-14x and at discount to large cap peers
- Raising earnings forecasts given strong execution so far
- New order guidance intact; near-term wins from building jobs
- Will still bid for infrastructure portions for HSR,ECRL, MRT3

Price Relative

Forecasts and Valuation

FY Dec (RMm)	2016A	2017A	2018F	2019F
Revenue	1,789	2,076	2,696	2,980
EBITDA	185	205	247	274
Pre-tax Profit	154	174	198	220
Net Profit	124	138	159	176
Net Pft (Pre Ex.)	124	138	159	176
Net Pft Gth (Pre-ex) (%)	(2.9)	11.6	15.2	10.7
EPS (sen)	9.55	10.7	12.3	13.6
EPS Pre Ex. (sen)	9.55	10.7	12.3	13.6
EPS Gth Pre Ex (%)	(3)	12	15	11
Diluted EPS (sen)	9.55	10.7	12.3	13.6
Net DPS (sen)	6.50	5.50	6.14	6.80
BV Per Share (sen)	38.1	42.8	49.0	55.8
PE (X)	21.1	19.0	16.4	14.9
PE Pre Ex. (X)	21.1	19.0	16.4	14.9
P/Cash Flow (X)	32.7	41.9	13.1	11.6
EV/EBITDA (X)	12.3	11.0	9.0	7.8
Net Div Yield (%)	3.2	2.7	3.0	3.4
P/Book Value (X)	5.3	4.7	4.1	3.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	26.2	26.3	26.8	26.0
Earnings Rev (%):		0	5	2
Consensus EPS (sen):		N/A	14.7	15.8
Other Broker Recs:		B: 7	S: 0	H: 7

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

Premium for superior execution

Malaysia's leading pure construction player. Sunway Construction Group (SCG) is the largest listed construction pure play in Malaysia. Given its strong track record, we are of the view that SCG is on a strong footing to bag several key infrastructure packages from the projects under the Eleventh Malaysia Plan (11MP). SCG has also established itself as the only construction specialist to be involved in all three Rapid Line infra projects (MRT, LRT, and BRT).

Where we differ: Our argument that purer-play contractors should not trade at too steep a discount to the larger-cap diversified players like IJM, Gamuda, and WCT during a construction upcycle – where there is sustained development spending from high-multiplier projects – remains. Valuations for SCG, on an ex-cash PE, are trading at a discount to its large-cap peers with solid earnings visibility, superior ROEs, net cash balance sheet, and a steady pipeline of internal orders.

Key catalysts. SCG's new order win forecast for FY18F is intact at RM1.5-2bn but this is without potential new wins from the larger infrastructure projects such as ECRL, HSR and MRT 3. We are more convinced of its ability to deliver above-average margins for its RM6.1bn orderbook, given its large-scaled projects like MRT Line 2 and LRT 3 are progressing well. In our view, a flawless execution track record, leading to potential uplift in earnings, could be the next catalyst for the stock.

Valuation:

Upgrade to BUY, TP unchanged at RM2.60. Our TP is based on sum-of-parts (SOP) valuation to reflect the growing contribution from its high-margin precast business. We believe pure-play construction players should at least trade at parity to its more diversified larger-cap peers in times of rising government development expenditure.

Key Risks to Our View:

The timely execution of its peak orderbook is crucial to minimising the risk of any earnings cuts. With its strong execution track record and experience, we believe the group is able to execute the projects in a timely manner.

At A Glance

Issued Capital (m shrs)	1,292
Mkt. Cap (RMm/US$m)	2,610 / 674
Major Shareholders (%)	
Sunway Berhad	55.6
Tan Sri Jeffrey Cheah & Family	7.6
Free Float (%)	37.9
3m Avg. Daily Val (US$m)	1.0

ICB Industry : Industrials / Construction & Materials

ALLIANCEDBS RESEARCH ALLIANCE INVESTMENT BANK

WHAT'S NEW

Premium for superior execution

Upgrade to BUY: Valuations look attractive now after the decline in its share price, with no change in business fundamentals.

Raising earnings. This is to factor in better construction margins, given smooth execution of key projects thus far.

New order win guidance intact. This remains at RM1.5-2bn but excludes infrastructure wins for ECRL, HSR and MRT 3.

We met up with Sunway Construction (SCG) recently to get an update on general contract flows and potential change in business fundamentals, given the decline in its share price.

Upgrade to BUY, TP unchanged at RM2.60. The stock has fallen some 19% YTD, bringing down valuations to just 12-14x FY18-19F ex cash PE or about mean levels since its listing in 2015, and with no apparent change in business fundamentals. Valuations on an ex-cash basis are also at a 20-24% discount to its larger-cap peers of Gamuda and IJM of 16-17x for FY18-19F;SCG still boasts superior ROEs of 26-27% for FY18-19F and net cash balance sheet, giving rise to dividend yields of more than 3%.

We think valuations could expand from these levels, as the market will likely accord some premium to its impeccable execution track record, solid revenue visibility of three years with its RM6.1bn outstanding orderbook, and ready pipeline of orders from its parent company, Sunway Berhad.

Raising earnings and dividends. We raise our FY18-19F earnings by 2-5% to factor in higher construction margins of 6.7% per annum vs 6-4.6.6% previously while making minor adjustments to our revenue recognition. We think our margin assumptions for construction is still rather conservative, given FY17 construction margins of 7.1% while we understand some of its larger projects such as MRT Line 2 are LRT 3 are progressing well. So far, its MRT V201 project has been running smoothly and it has completed half of the total number of piers of 130-140 piers to be constructed. We have also moved up our dividend payout ratios to 50% per annum for FY18-19F from 45% previously to be more in line with the 52% payout in FY17.

New order guidance intact. SCG is maintaining its new order guidance of RM1.5-2bn for FY18F but this excludes potential wins from the larger infrastructure projects such as ECRL, HSR and MRT 3. Besides being prequalified for the civil portions of ECRL, we understand its piling division was also invited to bid. Our forecast is RM1.68bn. This is after an exceptional year in FY17 during which it clinched RM4bn in new orders, bringing its outstanding orderbook to RM6.1bn.

YTD wins still amount to RM457m, coming from two internal projects (Sunway Carnival 2 Extension in Seberang Prai and SunGEo Lake at Sunway South Quay) and also some precast orders.

In the more immediate term, SCG will be targeting internal hospital jobs and other private sector/government building jobs. There are five potential hospital jobs from its parent company but the more immediate one would be a new hospital in Seberang Prai just next to the Sunway Carnival 2 extension. We also understand there is a sizeable mixed-development project from a GLC worth RM700-800m for which SCG has already submitted a tender. This does not include the tenders for Dayabumi Phase 3 and BBCC Office projects.

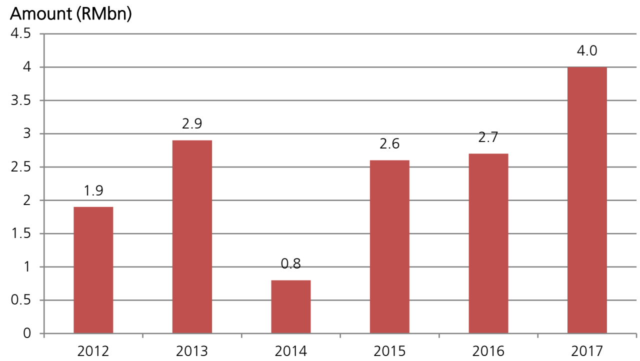
There is some urgency to replenish building jobs as Putrajaya Parcel F project is due for completion in 4Q18.

YTD Wins

Projects	Duration	Amount (RMm)
Sunway Carnival 2 Extension, Seberang Perai	32	189
SunGeo Lake at Sunway South Quay	36	223
Precast		45
Total		457

Source: Company, Bursa Malaysia

Historical construction wins per year



Source: Company, Bursa Malaysia

Outstanding orderbook

Projects	Outstanding (RMm)
Infrastructure	
MRT Package V201 + S201 (Sungai Buloh- Persiaran Dagang)	871
MRT V201 - Advance Works	19
SUKE + DASH (Bore Piling)	21
BBCC (Bore Piling)	78
Mega Capital	0
LRT 3 : Package GS07-08	2150
Building	
Putrajaya Parcel F	707
KLCC (NEC + Package 2 & 2A)	98
HUKM (MEP Works)	45
International School KL	133
Gas Distirct Cooling Plant	102
PPA1M Kota Bahru	540
Warehouse Shah Alam	70
Others	6
Internal	
Sunway Velocity Hotel + Office	3
Sunway Velocity Medical Centre	128
Sunway Medical Centre 4 (2 towers)	383
Sunway Iskandar - Citrine Service Apt	12
Sunway Geo Retail Shops & Flexi Suites Phase 2	19
Sunway Iskandar - Emerald Residences	32
Sunway Iskandar - 88 units shoplots	13
Sunway Iskandar - Retail Complex	70
Sunway Serene - Serivced Residences	426
Others	3
Singapore	
Precast	207
Grand Total	6136

Source: Company, Bursa Malaysia

Not all is lost for HSR. SCG has lost out on the PDP role for HSR. It was announced on 5 April 2018 that two PDPs were given Letter of Intents for the HSR project – i)The MRCB-Gamuda Consortium for the Northern Section (Kuala Lumpur to the state border between Melaka and Johor) and ii) YTL-TH Properties for the Southern portion (Johor). According to Press Release, the official award will happen upon satisfactory conclusion of negotiations with MyHSR. To recap, the PDP will be entasked for designing and delivering the civil works for the HSR at an agreed cost and time schedule.

While this is disappointing for SCG, it will still be able to play a role for the infrastructure portions which may carry higher margins. With a total contract value of RM35-40bn for total civil works, SCG will definitely have a role to play.

CRITICAL DATA POINTS TO WATCH

Critical Factors

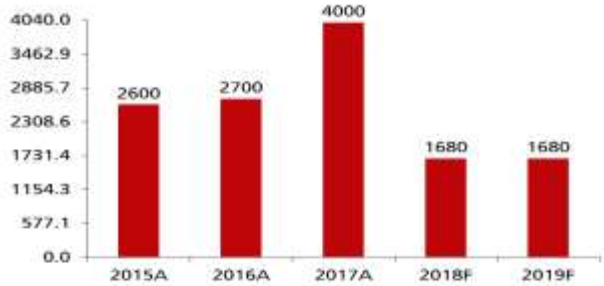
Sweet spot ahead. We think SCG's construction segment is entering a 'sweet spot' on the back of the expected upturn in Malaysia's construction industry. Given its well-established brand name and strong execution track record, we believe the group is one of the strongest contenders to bag several key projects under the Eleventh Malaysia Plan (11MP). SCG has solidified its position in MRT Line 2 and LRT 3 projects.

Stronger infrastructure orderbook. New order wins for 2017 amounted to RM4bn while its outstanding orderbook stands at RM6.1bn. The largest contract win for 2017 was the LRT package GS07-08 worth RM2.2bn. The RM1.2bn MRT V201 package is progressing smoothly. We point out that the raw material requirements for MRT aboveground works is borne by the government, but this is not the case for the LRT project. The quality of its orderbook is strong and we think margins should be relatively intact.

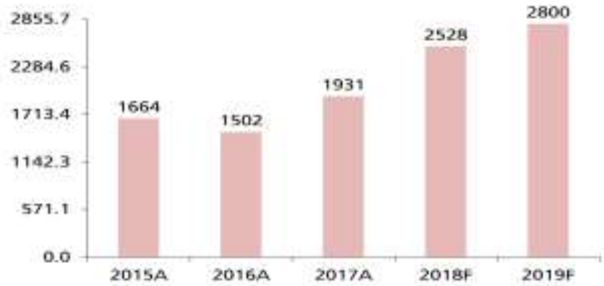
Highly profitable precast segment. SCG's precast segment is expected to contribute a larger share of earnings to the group. SCG's precast division made up 7-16% of revenue in FY12-FY17. It was the largest earnings contributor in FY15, accounting for 57% of the group's EBIT but fell to 16% in FY17. The group believes normalised margins lie in the 15-20% range but will remain weak for 1H18. This is supported by sustainable orders from the Singapore market. Its Tampines plant has been returned but is compensated by an additional four lines for its Iskandar plant from 3Q17 and better capacity at its Senai plant. The total capacity for both its Senai and Iskandar plants is 156,000m3 per annum. This will double post the completion of its Industrial Concrete Precast Hub in Singapore in the next three years.

What's in store for FY18F? It is likely that SCG will focus on internal jobs in FY18F. The target for new wins has been set at RM1.5-2bn but this could be a conservative figure. YTD wins so far have been promising at RM457m, coming from two internal jobs. There will also likely be more hospital jobs in the pipeline, given the concerted effort of its parent company to grow this business. SCG has ample room to take on more private sector residential projects, given that the large-scale wins so far have been infrastructure-based. SCG will also be pursuing other infrastructure jobs like ECRL, HSR, and MRT 3. It is exploring jobs overseas in two countries, Myanmar and Indonesia, but this is just in the preliminary stages.

New order wins

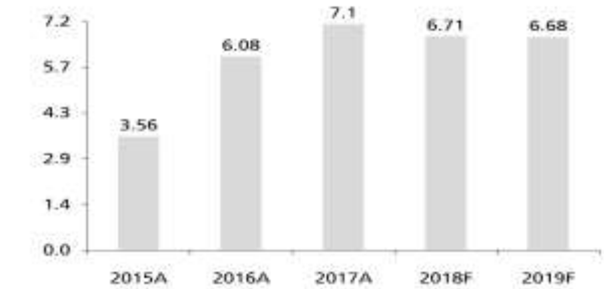


Construction revenue

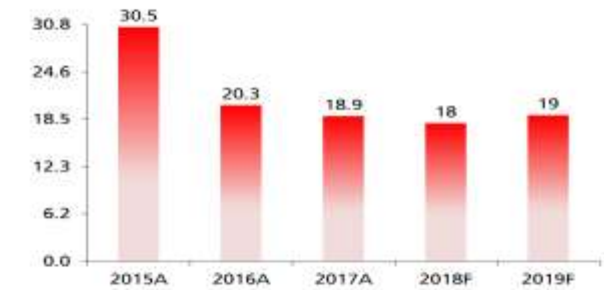


Precast revenue

Construction EBIT margins



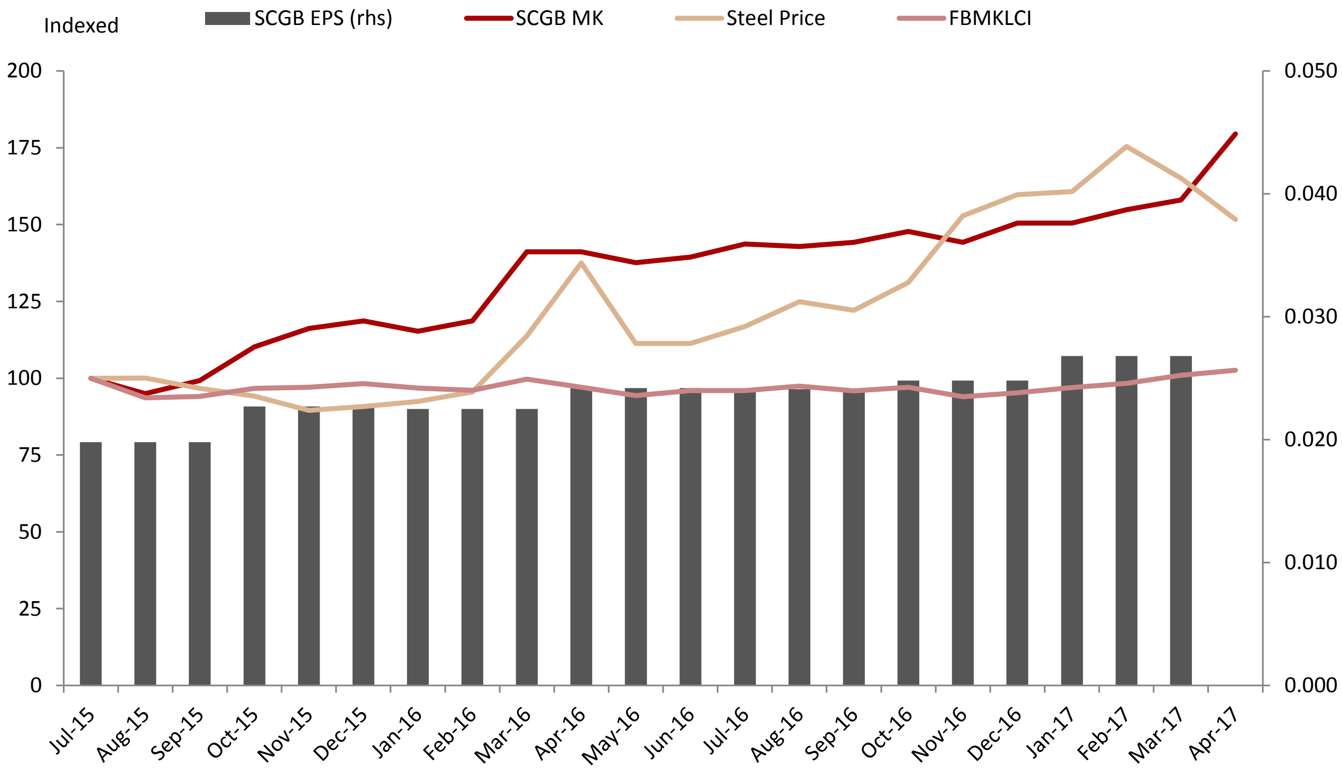
Precast EBIT margins



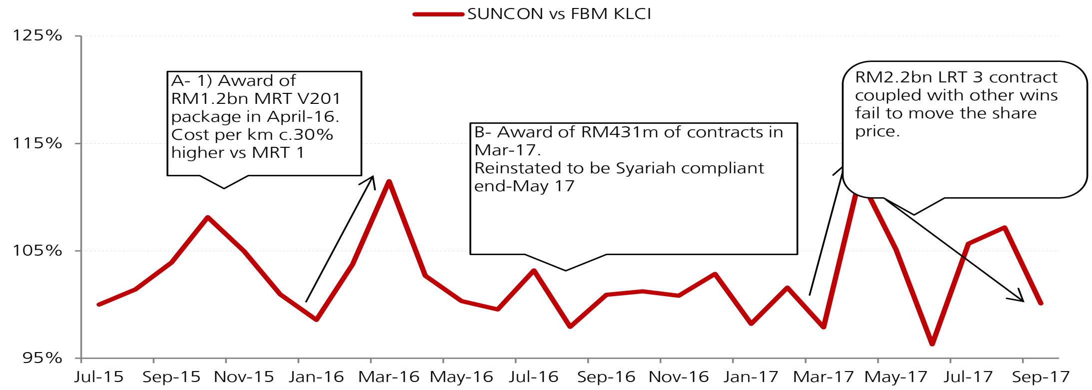
Source: Company, AllianceDBS

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

Suncon's share price performance



Suncon's share price performance vs KLCI



SCG has a relatively short listing history, with its IPO on July 2015. Thus far, it appears that contract wins have been the main share driver, given it's a pure-play construction stock. From January to March 2016 (Period A), SCG saw significant share price performance due to the announcement on its RM1.2bn V201 package for MRT Line 2. On a cost-per-km basis, the contract was also c.30% higher than its MRT Line 1 package. For the Period B, January to April 17, there was also significant share price performance. This is likely due to anticipation of it being included as a Syariah-compliant stock again, coupled with some other contract wins worth a total of RM431m. In October 2017, SCG announced sizeable contract wins, the largest being a RM2.2bn contract for LRT 3. The share price has remained relatively unchanged in spite of its outstanding orderbook hitting an all-time high of RM6.7bn. This leads us to believe that the better earnings delivery arising from smooth execution will be more an important re-rating catalyst now.

Balance Sheet:

Strong balance sheet and cash generation ability. As at 31 December 2017, the group had a net cash position of RM352m, with no long-term borrowings and minimal working capital requirements going forward. We estimate the group will retain its strong balance sheet with a net cash position in FY17F and FY18F. Meanwhile, its ROAE is expected to hover around the 26-27% level.

Share Price Drivers:

Executing on peak orderbook. SCG's outstanding orderbook now stands at RM6.1bn which is close to its peak. This gives it about three years of revenue visibility. The largest projects are LRT 3 package (G7 and G8), Putrajaya Parcel F and MRT Line 2, V201 package. More importantly, we think pretax margins for these projects should be relatively decent. Recall that 2015's pretax margin was low at 3.6% due to MRT Line 1 and KLCC projects (NEC and Package 2 and 2A) where certain losses and provisions were recognised.

Dividend payout policy of at least 35%. SCG is committed to distributing a minimum 35% of its core profit to shareholders, which is uncommon among construction players. This could be attributable to its sizeable operations, with a large asset base that requires little capex spending ahead. We have imputed a 50% dividend payout ratio, based on our strong net cash forecasts. This translates into decent yields of more than 3%.

Key Risks:

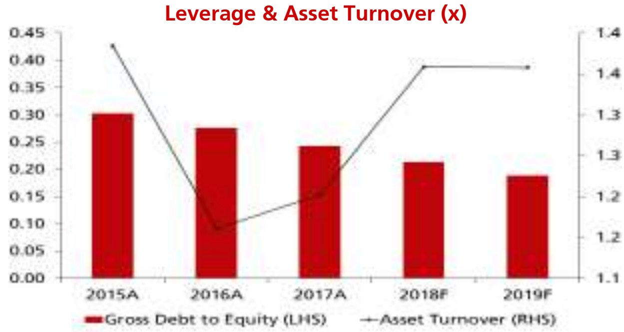
Delays in construction. There may be project cost overruns due to several factors such as design and engineering issues and soil conditions.

Fluctuating prices of raw materials. The construction business typically requires a wide range of raw materials including steel bars, ready-mixed concrete, diesel, electrical cables and fittings, which are all subject to price fluctuations.

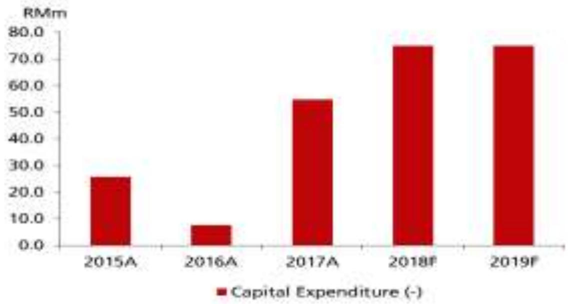
Company Background

An established player with 30 years of heritage, Sunway Construction Group (SCG) is one of Malaysia's largest construction companies. It adopts an integrated business model that covers various phases of construction activities, from project design to completion.

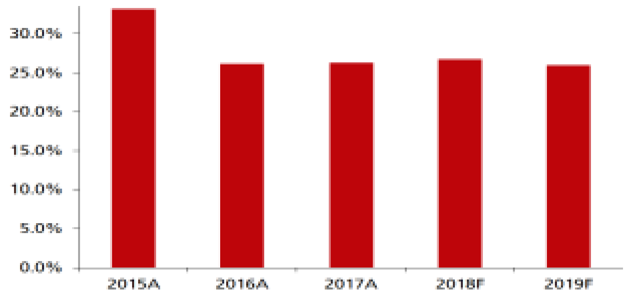
Leverage & Asset Turnover (x)



Capital Expenditure



ROE (%)



Forward PE Band (x)

PB Band (x)

Source: Company, AllianceDBS

Key Assumptions

FY Dec	2015A	2016A	2017A	2018F	2019F
New order wins	2,600	2,700	4,000	1,680	1,680
Construction revenue	1,664	1,502	1,931	2,528	2,800
Precast revenue	253	287	145	168	180
Construction EBIT margins	3.6	6.1	7.1	6.7	6.7
Precast EBIT margins	30.5	20.3	18.9	18.0	19.0

Segmental Breakdown

FY Dec	2015A	2016A	2017A	2018F	2019F
Revenues (RMm)					
Construction	1,664	1,502	1,931	2,528	2,800
Precast Concrete	253	287	145	168	180
Total	1,917	1,789	2,076	2,696	2,980
EBIT (RMm)					
Construction	59.2	91.4	137	170	187
Precast Concrete	77.1	58.2	27.5	30.2	34.2
Total	136	150	165	200	221
EBIT Margins (%)					
Construction	3.6	6.1	7.1	6.7	6.7
Precast Concrete	30.5	20.3	18.9	18.0	19.0
Total	7.1	8.4	7.9	7.4	7.4

Income Statement (RMm)

FY Dec	2015A	2016A	2017A	2018F	2019F
Revenue	1,917	1,789	2,076	2,696	2,980
Cost of Goods Sold	(1,514)	(1,413)	(1,640)	(2,210)	(2,464)
Gross Profit	403	376	437	486	515
Other Opng (Exp)/Inc	(267)	(227)	(272)	(286)	(294)
Operating Profit	136	150	165	200	221
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	(0.1)	0.0	2.15	0.0	0.0
Net Interest (Exp)/Inc	4.54	4.08	7.39	(1.3)	(1.3)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	141	154	174	198	220
Tax	(13.0)	(30.0)	(36.2)	(39.7)	(44.0)
Minority Interest	(0.6)	(0.1)	(0.1)	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	127	124	138	159	176
Net Profit before Except.	127	124	138	159	176
EBITDA	178	185	205	247	274
Growth					
Revenue Gth (%)	1.9	(6.7)	16.1	29.8	10.5
EBITDA Gth (%)	10.1	4.0	10.5	20.7	11.0
Opg Profit Gth (%)	13.4	9.7	10.0	21.4	10.7
Net Profit Gth (Pre-ex) (%)	1.9	(2.9)	11.6	15.2	10.7
Margins & Ratio					
Gross Margins (%)	21.0	21.0	21.0	18.0	17.3
Opg Profit Margin (%)	7.1	8.4	7.9	7.4	7.4
Net Profit Margin (%)	6.6	6.9	6.6	5.9	5.9
ROAE (%)	33.2	26.2	26.3	26.8	26.0
ROA (%)	9.2	8.0	8.0	8.0	8.0
ROCE (%)	25.3	20.9	21.9	21.4	21.3
Div Payout Ratio (%)	40.7	68.1	51.6	50.0	50.0
Net Interest Cover (x)	NM	NM	NM	155.3	166.7

Source: Company, AllianceDBS

Quarterly / Interim Income Statement (RMm)

FY Dec	4Q2016	1Q2017	2Q2017	3Q2017	4Q2017
Revenue	553	420	417	491	748
Cost of Goods Sold	0.0	0.0	0.0	0.0	0.0
Gross Profit	**553**	**420**	**417**	**491**	**748**
Other Oper. (Exp)/Inc	(516)	(377)	(376)	(449)	(710)
Operating Profit	**37.0**	**42.1**	**41.7**	**42.4**	**38.4**
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	2.15
Net Interest (Exp)/Inc	0.60	2.11	1.04	0.66	3.58
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**37.6**	**44.2**	**42.8**	**43.1**	**44.2**
Tax	(5.7)	(9.5)	(6.1)	(8.6)	(12.1)
Minority Interest	0.0	0.0	0.0	0.0	(0.3)
Net Profit	**32.0**	**34.7**	**36.7**	**34.5**	**31.8**
Net profit bef Except.	32.0	34.7	36.7	34.5	31.8
EBITDA	37.0	42.1	41.7	42.4	40.6
Growth					
Revenue Gth (%)	45.2	(24.2)	(0.5)	17.8	52.3
EBITDA Gth (%)	(6.4)	13.5	(0.8)	1.7	(4.3)
Opg Profit Gth (%)	(6.4)	13.5	(0.8)	1.7	(9.4)
Net Profit Gth (Pre-ex) (%)	2.7	8.3	5.9	(6.0)	(7.8)
Margins					
Opg Profit Margins (%)	6.7	10.0	10.0	8.6	5.1
Net Profit Margins (%)	5.8	8.3	8.8	7.0	4.2

Balance Sheet (RMm)

FY Dec	2015A	2016A	2017A	2018F	2019F
Net Fixed Assets	163	135	152	179	201
Invts in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other LT Assets	17.4	15.2	5.45	5.45	5.45
Cash & ST Invts	468	467	487	533	595
Inventory	17.3	24.0	24.4	27.4	30.2
Debtors	835	912	1,195	1,315	1,453
Other Current Assets	14.4	14.9	21.9	21.9	21.9
Total Assets	**1,515**	**1,567**	**1,886**	**2,081**	**2,307**
ST Debt	137	137	135	136	137
Creditor	913	925	1,184	1,299	1,436
Other Current Liab	9.26	11.4	5.63	5.63	5.63
LT Debt	0.0	0.0	0.0	0.0	0.0
Other LT Liabilities	4.10	0.61	6.47	6.47	6.47
Shareholder's Equity	451	493	554	633	721
Minority Interests	0.63	0.76	1.12	1.12	1.12
Total Cap. & Liab.	**1,515**	**1,567**	**1,886**	**2,081**	**2,307**
Non-Cash Wkg. Capital	(56.1)	14.2	51.7	59.0	63.7
Net Cash/(Debt)	332	331	353	397	459
Debtors Turn (avg days)	154.7	178.2	185.2	169.9	169.5
Creditors Turn (avg days)	211.3	243.6	240.6	209.6	207.0
Inventory Turn (avg days)	4.6	5.5	5.5	4.4	4.4
Asset Turnover (x)	1.4	1.2	1.2	1.4	1.4
Current Ratio (x)	1.3	1.3	1.3	1.3	1.3
Quick Ratio (x)	1.2	1.3	1.3	1.3	1.3
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	18.8	5.5	40.6	55.3	54.9
Z-Score (X)	3.5	3.5	3.1	3.1	3.3

Source: Company, AllianceDBS

Cash Flow Statement (RMm)

FY Dec	2015A	2016A	2017A	2018F	2019F
Pre-Tax Profit	141	154	174	198	220
Dep. & Amort.	41.9	35.7	40.2	47.5	53.3
Tax Paid	(13.0)	(30.0)	(36.2)	(39.7)	(44.0)
Assoc. & JV Inc/(loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	79.9	(71.9)	(24.7)	(7.4)	(4.7)
Other Operating CF	(13.6)	(7.6)	(91.1)	0.0	0.0
Net Operating CF	**236**	**79.9**	**62.4**	**199**	**224**
Capital Exp.(net)	(25.7)	(7.5)	(54.7)	(75.0)	(75.0)
Other Invts.(net)	0.0	0.0	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	(38.8)	86.1	89.2	0.0	0.0
Net Investing CF	**(64.5)**	**78.5**	**34.5**	**(75.0)**	**(75.0)**
Div Paid	(70.0)	(84.0)	(71.1)	(79.4)	(87.9)
Chg in Gross Debt	1.64	(0.3)	(1.9)	1.00	1.00
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	65.7	1.25	(2.5)	0.0	0.0
Net Financing CF	**(2.6)**	**(83.1)**	**(75.4)**	**(78.4)**	**(86.9)**
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	169	75.3	21.5	45.6	62.6
Opg CFPS (sen)	12.1	11.7	6.73	16.0	17.7
Free CFPS (sen)	16.3	5.60	0.59	9.59	11.6

Source: Company, AllianceDBS

Target Price & Ratings History

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

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	27 Apr 17	1.95	2.13	BUY
2:	28 Apr 17	2.00	2.13	BUY
3:	05 May 17	2.00	2.13	BUY
4:	26 May 17	2.10	2.60	BUY
5:	02 Jun 17	2.08	2.60	BUY
6:	16 Jun 17	2.01	2.60	BUY
7:	07 Jul 17	2.01	2.60	BUY
8:	02 Aug 17	2.15	2.60	BUY
9:	28 Aug 17	2.29	2.60	HOLD
10:	15 Sep 17	2.32	2.60	HOLD
11:	06 Oct 17	2.29	2.60	HOLD
12:	19 Oct 17	2.30	2.60	HOLD
13:	21 Nov 17	2.40	2.60	HOLD
14:	17 Jan 18	2.52	2.60	HOLD
15:	27 Feb 18	2.40	2.60	HOLD

Source: AllianceDBS
Analyst: Tjen San CHONG

DISCLOSURE

Stock rating definitions

STRONG BUY	-	> 20% total return over the next 3 months, with identifiable share price catalysts within this time frame
BUY	-	> 15% total return over the next 12 months for small caps, >10% for large caps
HOLD	-	-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps
FULLY VALUED	-	negative total return > -10% over the next 12 months
SELL	-	negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame

Commonly used abbreviations

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

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