

Singapore Aviation Services

POSITIVE

[Unchanged]

Jan-Feb 2019: where did the Chinese / ASEAN tourists go?

Visitors still slow but the hub continues to grow

Singapore visitor arrivals for Jan-Feb 2019 grew a tepid 2% YoY continuing the growth slowdown trend (4Q18 2.4%). China and ASEAN arrivals were flat but compensated by a strong showing from US and Europe. The "Terminal 4" effect of growing Changi as a regional hub is still playing out passenger throughput growth at 5.1% outpacing arrivals. We remain positive on the sector in the medium term and are BUYers of all three stocks in declining order of preference of ST Eng, SATS, SIA Eng.

CN arrivals sluggish; ASEAN weaker than expected

China visitor arrivals was flat (+0.1% YoY) for Jan-Feb 2019, still sluggish, but a better-than-expected sequential improvement from the 3.7% decline in 4Q18 from the weakening economy, a weaker RMB and falling consumer confidence. Somewhat surprising was the also weak ASEAN bloc which was flat YoY driven by 2.3%/5.8%/2.1% declines from Indonesia/Thailand/ Vietnam arrivals offsetting growth from Malaysia, Philippines and smaller markets. Our 2019 outlook for overall visitor arrival growth is c.3% and Changi passenger movement c.4% YoY.

The west rides to the rescue

Although China and ASEAN were flat for Jan-Feb 2019, overall arrivals grew 2% with Americas/Europe, which account for c.20% of total visitors, growing 7.2%/7.8%. Also noteworthy is that UK, the largest component of European arrivals, grew 11.3% YoY (signs of early mover Brexiters?).

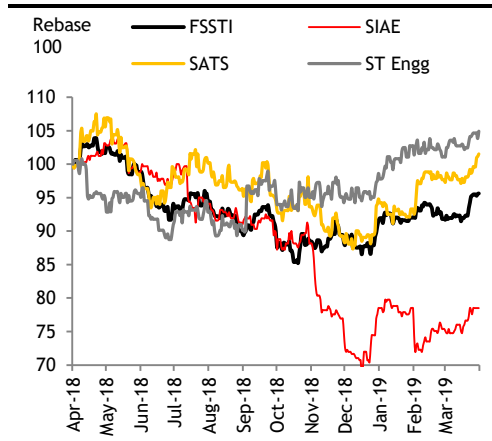
Medium term secular trends remain sound

Short term seasonal and cyclical factors aside, we remain positive on the broader industry drivers for aviation services in the region for the coming 3-5 years. IATA, industry consultants and major OEMs (Airbus, Boeing) estimate global commercial aircraft fleet growth at c.3-4% CAGR (c.4.5-5% for Asia Pacific) over the next decade with services growth tracking similar levels. Development of airport infrastructure in APAC secondary and tertiary cities, rising affordability, growth in low cost carrier fleets and rising passport penetration, currently just at single-digit levels in populous countries of China, Indonesia and India are expected to be the key drivers of this expanding market.

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Fig 1: 1-year rel. share price performance



Source: FactSet

Links to latest company notes:

[ST Engineering - 21 Feb 2019](#)

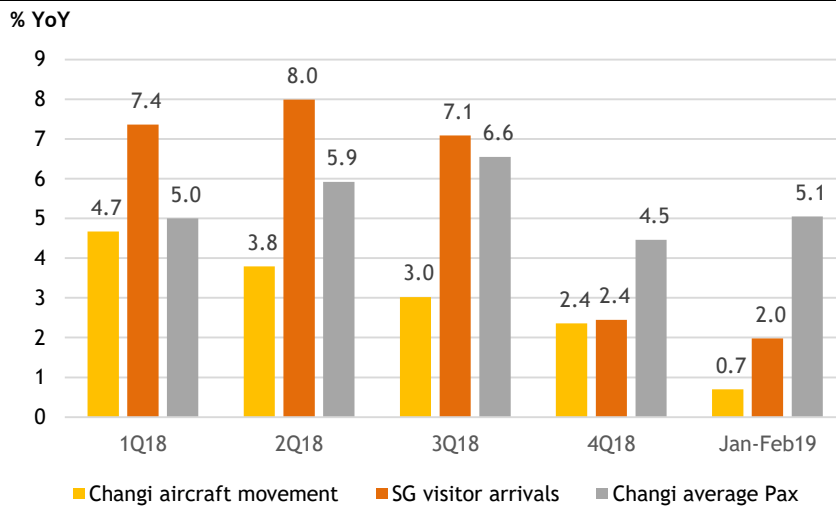
[SATS - 14 Feb 2019](#)

[SIA Engineering - 11 Feb 2019](#)

BBG Code	Company	Price LC	MCap USDb	3M ADV USDm	Rec	TP LC	P/E (x)			DY (%)		ND/E (x)		ROE (%)		FYE
							FY1	FY2	FY3	FY1	FY2	FY1	FY2	FY1	FY2	
SATS SP	SATS Ltd	5.30	4.4	6.0	Buy	5.80	21.9	18.9	17.1	3.7	4.2	(0.1)		15.9	17.4	Mar
SIE SP	SIA Eng.	2.50	2.1	0.7	Buy	2.85	19.2	16.7	16.4	4.8	5.2	(0.3)		9.5	10.8	Mar
STE SP	ST Eng.	3.83	8.8	9.7	Buy	4.25	18.2	15.5	13.8	4.6	5.5	0.3		28.0	31.3	Dec
Singapore aviation services average							19.4	16.6	15.8	4.4	5.1	0.1		22.0	24.5	

Source: Factset, Maybank Kim Eng

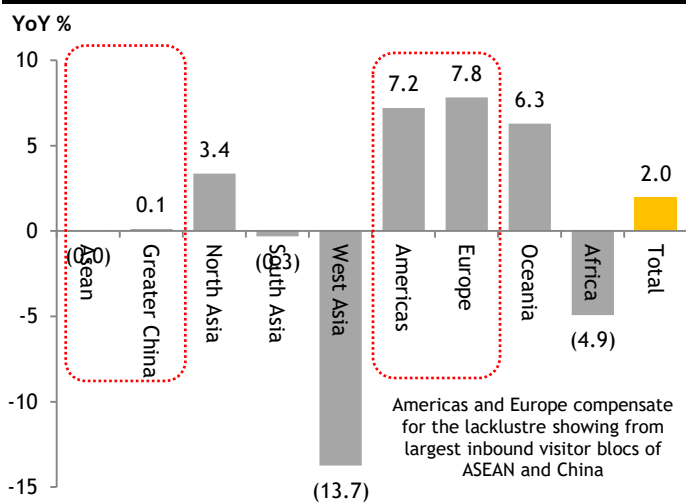
Fig 2: Singapore aviation sector statistics by quarter



Visitor arrival growth rates still falling but the Terminal 4 expansion is helping Changi Airport's growth as a regional hub by driving higher transit traffic.

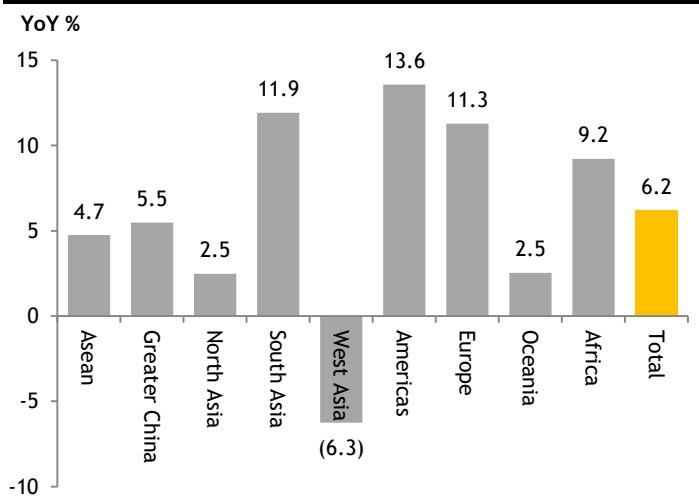
Source: Changi Airport Group, CEIC

Fig 3: Jan-Feb 2019 visitor growth by region



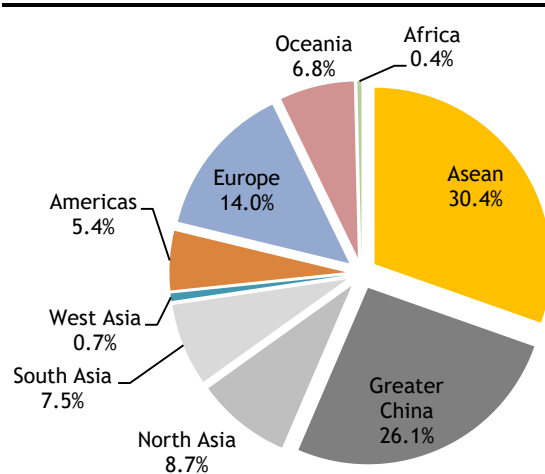
Source: CEIC

Fig 4: 2018 visitor growth by region



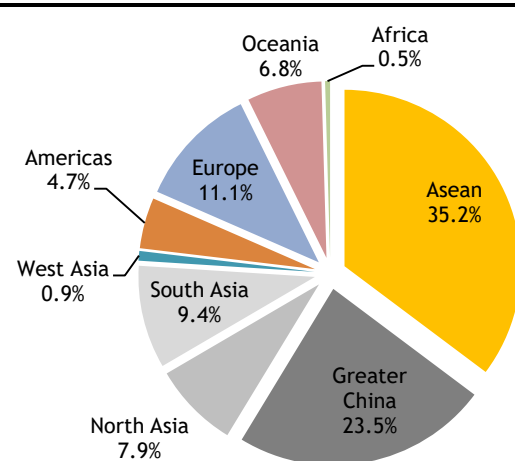
Source: CEIC

Fig 5: Jan-Feb 2019 visitor share by region

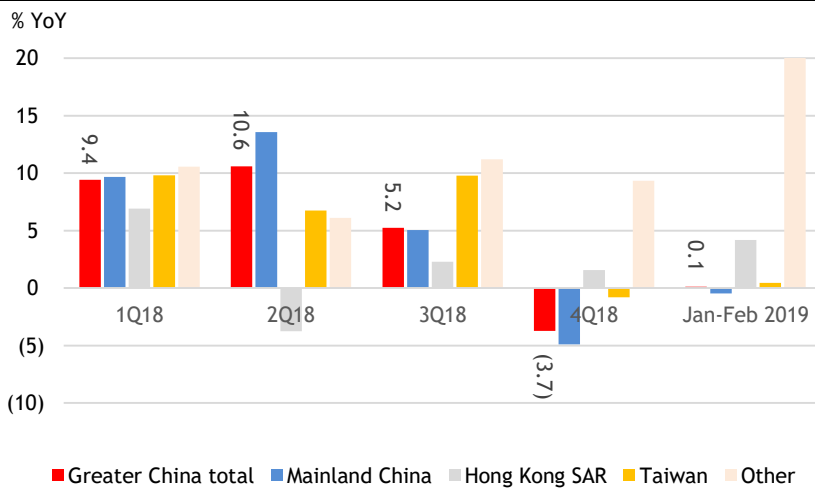


Source: CEIC

Fig 6: 2018 visitor share by region

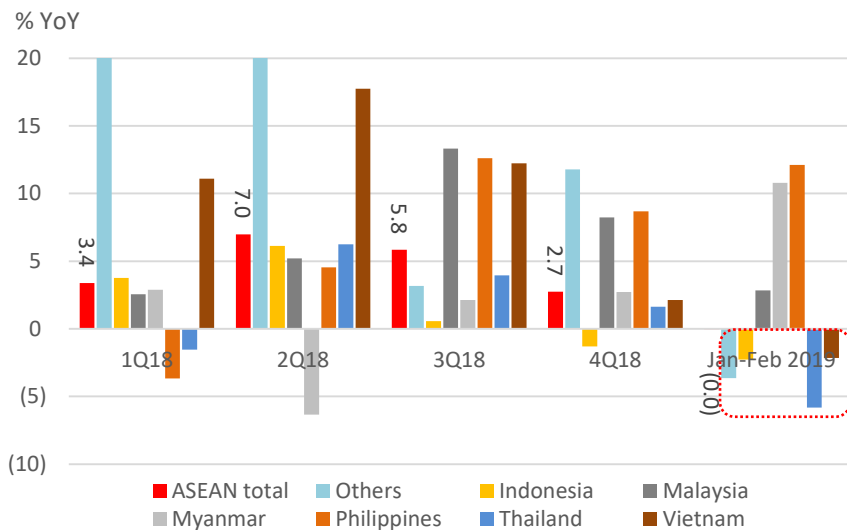


Source: CEIC

Fig 7: Greater China arrivals by region

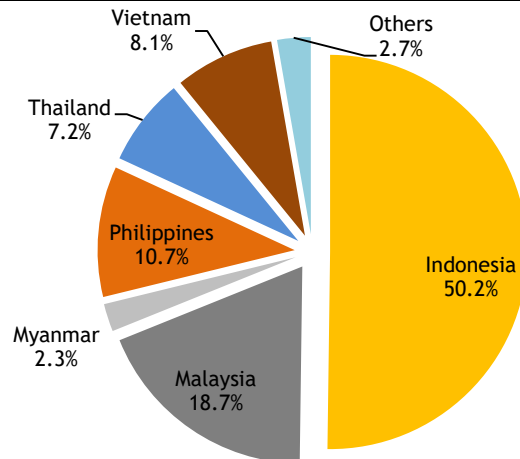
Jan-Feb 2019 Greater China arrivals flat YoY but broadly in line with expectation and an improvement from the sharp drop of 4Q18

Source: CEIC

Fig 8: ASEAN arrivals by country

Jan-Feb 2019 ASEAN arrivals were flat YoY, tracking lower than our ballpark 2-3% expectation for 1Q19

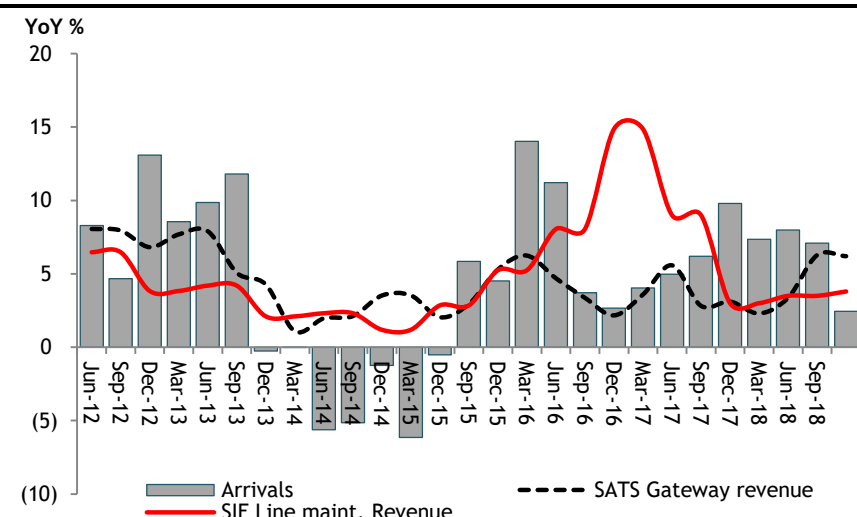
Source: CEIC

Fig 9: Jan-Feb 2019 ASEAN visitor share by country

Jan-Feb 2019 weak ASEAN visitor growth was due to declines from Indonesia, Vietnam and Thailand that account for c.60-65% of ASEAN visitors

Source: Maybank Kim Eng

Fig 10: SG visitor arrival, SATS Gateway and SIE line maint. revenue growth



SIA Eng line maintenance and SATS ground handling revenues - the closest pure proxies to passenger and aircraft activity levels - show a high degree of resilience to visitor arrival downturns. This is because Changi Airport's passenger and aircraft throughput are arguably more important revenue drivers than visitor arrivals

Source: Singapore Tourism Board, Maybank Kim Eng, Companies

Fig 11: Summary of aviation services offered by Singapore companies

	ST Eng	SATS	SIA Eng	Comments
Airport concession / management	x	x	x	
Airport Retail	x	x	x	
Cargo facilities management	x	✓	x	SATS: In SG, HK, India & Middle East
Cargo handling	x	✓	x	
In-flight retail	x	x	x	
In-flight catering	x	✓	x	SATS: Own flight kitchens in SG & Japan + JVs in other markets
Ground handling	x	✓	x	
Terminal management services	x	✓	x	SATS: In SG only
Aircraft component manufacturing	✓	x	x	ST Eng: Engine nacelles
Aircraft line maintenances				
- Airframe	✓	x	✓	ST Eng: PTF conversion a key competency
- Line maintenance	x	x	✓	SIA Eng: Key contributor
- Engine & components	✓	x	✓	SIA Eng: Largely through JVs w/ OEMs
- Other apron services (Laundry etc.)	x	✓	x	
Aircraft heavy maintenance				
- Airframe	✓	x	✓	SIA Eng: Small presence
- Engine & components	✓	x	✓	SIA Eng: Presence mainly through JVs with OEMs
- PTF conversion	✓	x	✓	ST Eng: Core business; SIA Eng: Small presence
Operational footprint	Global	Asia-Pacific	Predominantly Singapore	
Business concentration	Diversified; c.60% of revenues from across Asia, c.22% from US	Concentrated; c.45% of revenues from SIA Group, est. c.60% profit from Singapore	Concentrated; c.50% of revenues from SIA Group, est. c.75% profit from Singapore	
Other businesses in the companies	Yes	Yes	No	ST Eng: Aero is c.45-50% of revenue; SATS: Non-aviation commercial kitchens in China, cruise ship terminal in SG

Source: Maybank Kim Eng, Companies

Key risks to our thesis

Some of the key downside risks to our positive thesis, forecasts and valuation estimates are:

- i) intensifying price competition from smaller players struggling with excess capacity;
- ii) OEMs getting aggressive in expanding in aftermarket MRO;
- iii) a significant and prolonged contraction in air traffic, triggered by pandemic events like avian-flu, SARS etc.;
- iv) a sharp rise in labor costs, driven by unforeseen events (as was the case during the Middle-East conflict during the last decade);
- v) poorly executed acquisitions (in particular ST Eng and SATS are quite active with acquisitions);
- vi) significant disruption to airborne cargo growth driven by the US-China trade war affecting SATS' cargo operations and ST Eng.'s aircraft conversion business.

ST Engineering financial statements and ratios

FYE 31 Dec	FY17A	FY18A	FY19E	FY20E	FY21E
Key Metrics					
P/E (reported) (x)	21.7	21.7	18.2	15.5	13.8
Core P/E (x)	19.3	20.4	18.2	15.5	13.8
P/BV (x)	4.0	4.3	4.5	4.3	4.1
P/NTA (x)	7.1	7.9	11.7	10.0	8.7
Net dividend yield (%)	4.6	4.3	4.7	5.5	6.1
FCF yield (%)	nm	nm	nm	nm	nm
EV/EBITDA (x)	13.8	13.8	12.4	10.5	9.6
EV/EBIT (x)	19.1	19.8	17.0	13.9	12.6

INCOME STATEMENT (SGD m)

Revenue	6,619.5	6,697.9	8,194.0	9,379.0	10,122.3
EBITDA	770.4	814.3	1,051.2	1,235.4	1,339.3
Depreciation	(183.6)	(194.7)	(235.1)	(250.9)	(266.7)
Amortisation	(33.3)	(49.3)	(49.3)	(49.3)	(49.3)
EBIT	553.4	570.3	766.8	935.2	1,023.3
Net interest income / (exp)	(18.0)	(33.6)	(34.5)	(58.0)	(29.8)
Associates & JV	49.3	49.1	58.6	62.1	65.2
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	38.7	35.0	40.7	41.8	42.8
Pretax profit	623.4	620.8	831.5	981.0	1,101.6
Income tax	(87.9)	(104.3)	(144.3)	(171.8)	(193.8)
Minorities	(23.5)	(22.2)	(31.7)	(39.0)	(43.7)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	511.9	494.3	655.5	770.2	864.1
Core net profit	528.2	534.0	655.5	770.2	864.1

BALANCE SHEET (SGD m)

Cash & Short Term Investments	999.4	416.2	898.0	1,027.8	1,109.3
Accounts receivable	1,960.5	1,427.2	1,908.2	2,184.1	2,357.2
Inventory	1,764.3	2,253.9	2,244.9	2,569.6	2,773.2
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	1,719.4	1,742.7	1,958.8	2,008.7	2,042.8
Intangible assets	1,087.4	1,151.2	1,617.9	1,568.6	1,519.2
Investment in Associates & JVs	448.4	455.7	479.1	504.0	530.0
Other assets	494.0	126.1	126.1	126.1	126.1
Total assets	8,473.4	7,573.0	9,233.0	9,988.9	10,458.0
ST interest bearing debt	221.6	225.4	513.2	529.6	516.8
Accounts payable	2,516.6	1,915.2	2,446.2	2,788.9	3,007.9
LT interest bearing debt	910.0	270.4	1,197.4	1,235.8	1,205.9
Other liabilities	2,304.0	2,627.0	2,437.0	2,672.0	2,826.0
Total Liabilities	5,952.0	5,038.4	6,593.8	7,226.3	7,557.0
Shareholders Equity	2,240.0	2,246.4	2,344.7	2,460.2	2,589.8
Minority Interest	281.4	288.2	294.6	302.4	311.1
Total shareholder equity	2,521.4	2,534.6	2,639.3	2,762.6	2,901.0
Total liabilities and equity	8,473.4	7,573.0	9,233.0	9,988.9	10,458.0

CASH FLOW (SGD m)

Pretax profit	623.4	620.8	831.5	981.0	1,101.6
Depreciation & amortisation	217.0	244.0	284.4	300.2	316.0
Adj net interest (income)/exp	18.0	33.6	34.5	58.0	29.8
Change in working capital	(38.3)	(9.5)	(171.4)	(50.5)	(25.2)
Cash taxes paid	(76.5)	(69.9)	(104.3)	(144.3)	(171.8)
Other operating cash flow	15.7	7.8	(48.8)	(56.0)	(61.1)
Cash flow from operations	758.7	826.8	824.7	1,087.6	1,188.5
Capex	(272.6)	(336.1)	(450.0)	(300.0)	(300.0)
Free cash flow	324.6	543.6	(141.3)	787.6	888.5
Dividends paid	(468.4)	(468.4)	(557.2)	(654.7)	(734.5)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	31.9	(635.8)	1,214.7	54.9	(42.8)
Other invest/financing cash flow	(144.0)	30.3	(550.5)	(58.0)	(29.8)
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	(94.4)	(583.2)	481.8	129.9	81.5

FYE 31 Dec	FY17A	FY18A	FY19E	FY20E	FY21E
Key Ratios					
Growth ratios (%)					
Revenue growth	(1.0)	1.2	22.3	14.5	7.9
EBITDA growth	7.2	5.7	29.1	17.5	8.4
EBIT growth	17.5	3.0	34.5	22.0	9.4
Pretax growth	5.5	(0.4)	34.0	18.0	12.3
Reported net profit growth	5.7	(3.5)	32.6	17.5	12.2
Core net profit growth	(4.0)	1.1	22.7	17.5	12.2
Profitability ratios (%)					
EBITDA margin	11.6	12.2	12.8	13.2	13.2
EBIT margin	8.4	8.5	9.4	10.0	10.1
Pretax profit margin	9.4	9.3	10.1	10.5	10.9
Payout ratio	91.5	94.8	85.0	85.0	85.0
DuPont analysis					
Net profit margin (%)	7.7	7.4	8.0	8.2	8.5
Revenue/Assets (x)	0.8	0.9	0.9	0.9	1.0
Assets/Equity (x)	3.8	3.4	3.9	4.1	4.0
ROAE (%)	23.2	22.0	28.6	32.1	34.2
ROAA (%)	6.3	6.7	7.8	8.0	8.5
Liquidity & Efficiency					
Cash conversion cycle	51.7	77.0	77.0	68.6	70.8
Days receivable outstanding	102.8	91.0	73.3	78.5	80.8
Days inventory outstanding	124.5	136.7	122.3	114.1	117.0
Days payables outstanding	175.6	150.7	118.5	124.0	127.0
Dividend cover (x)	1.1	1.1	1.2	1.2	1.2
Current ratio (x)	1.2	1.1	1.1	1.2	1.2
Leverage & Expense Analysis					
Asset/Liability (x)	1.4	1.5	1.4	1.4	1.4
Net gearing (%) (incl perps)	5.2	3.1	30.8	26.7	21.1
Net gearing (%) (excl. perps)	5.2	3.1	30.8	26.7	21.1
Net interest cover (x)	30.7	17.0	22.2	16.1	34.3
Debt/EBITDA (x)	1.5	0.6	1.6	1.4	1.3
Capex/revenue (%)	4.1	5.0	5.5	3.2	3.0
Net debt/ (net cash)	132.2	79.6	812.5	737.6	613.4

Source: Company; Maybank

SATS financial statements and ratios

FYE 31 Mar	FY17A	FY18A	FY19E	FY20E	FY21E
Key Metrics					
P/E (reported) (x)	20.1	21.6	21.9	18.9	17.1
Core P/E (x)	21.8	24.2	21.9	18.9	17.1
P/BV (x)	3.4	3.5	3.5	3.3	3.1
P/NTA (x)	3.8	3.9	3.8	3.6	3.4
Net dividend yield (%)	3.5	3.5	3.7	4.2	4.7
FCF yield (%)	4.9	3.0	3.5	4.7	5.4
EV/EBITDA (x)	16.8	18.3	17.7	15.3	13.9
EV/EBIT (x)	22.2	24.7	23.3	19.3	17.1

INCOME STATEMENT (SGD m)

Revenue	1,729.4	1,724.6	1,769.7	1,889.5	1,951.9
EBITDA	304.1	304.9	329.3	384.7	423.4
Depreciation	(73.5)	(78.5)	(78.4)	(80.0)	(80.0)
EBIT	230.6	226.4	250.8	304.7	343.3
Net interest income /(exp)	3.4	3.3	2.0	0.9	0.7
Associates & JV	65.2	71.2	71.2	74.3	79.1
Exceptionals	9.3	25.4	0.0	0.0	0.0
Other pretax income	0.6	(4.7)	0.0	0.0	0.0
Pretax profit	309.1	321.6	324.1	380.0	423.1
Income tax	(48.3)	(56.1)	(50.9)	(62.7)	(71.3)
Minorities	(2.9)	(4.0)	(2.6)	(4.5)	(6.2)
Reported net profit	257.9	261.5	270.6	312.8	345.6
Core net profit	248.6	236.1	270.6	312.8	345.6

BALANCE SHEET (SGD m)

Cash & Short Term Investments	505.8	373.3	311.1	288.6	280.8
Accounts receivable	271.2	298.5	290.9	310.6	320.9
Inventory	21.9	22.5	23.7	24.7	25.1
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	538.7	560.1	571.7	571.6	561.6
Intangible assets	157.9	157.5	157.5	157.5	157.5
Investment in Associates & JVs	670.8	848.8	960.8	1,074.3	1,189.9
Other assets	113.1	87.6	87.6	87.6	87.6
Total assets	2,279.4	2,348.3	2,403.3	2,514.9	2,623.4
ST interest bearing debt	10.4	10.1	10.1	10.1	10.1
Accounts payable	330.9	331.7	315.7	329.8	335.0
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	98.2	96.3	96.3	96.3	96.3
Other liabilities	149.0	144.0	144.0	144.0	144.0
Total Liabilities	588.2	581.7	565.7	579.8	585.0
Shareholders Equity	1,603.5	1,634.1	1,703.8	1,799.1	1,899.2
Minority Interest	87.7	132.5	133.8	136.1	139.1
Total shareholder equity	1,691.2	1,766.6	1,837.6	1,935.1	2,038.4
Total liabilities and equity	2,279.4	2,348.3	2,403.3	2,514.9	2,623.4

CASH FLOW (SGD m)

Pretax profit	309.1	321.6	324.1	380.0	423.1
Depreciation & amortisation	73.5	78.5	78.4	80.0	80.0
Adj net interest (income)/exp	(3.4)	(3.3)	(2.0)	(0.9)	(0.7)
Change in working capital	38.2	(24.8)	(9.6)	(6.7)	(5.4)
Cash taxes paid	(41.3)	(51.3)	(50.9)	(62.7)	(71.3)
Other operating cash flow	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	310.5	247.0	268.8	315.4	346.6
Capex	(88.1)	(99.2)	(100.0)	(80.0)	(70.0)
Free cash flow	264.0	173.0	208.0	276.3	320.1
Dividends paid	(178.2)	(190.3)	(200.9)	(217.6)	(245.5)
Equity raised / (purchased)	4.3	(13.4)	0.0	0.0	0.0
Change in Debt	(6.7)	(0.6)	0.0	0.0	0.0
Other invest/financing cash flow	(0.8)	(80.9)	(40.1)	(40.4)	(38.9)
Effect of exch rate changes	2.0	(1.6)	0.0	0.0	0.0
Net cash flow	16.5	(133.5)	(72.2)	(22.6)	(7.8)

FYE 31 Mar	FY17A	FY18A	FY19E	FY20E	FY21E
Key Ratios					
Growth ratios (%)					
Revenue growth	1.8	(0.3)	2.6	6.8	3.3
EBITDA growth	6.7	0.3	8.0	16.9	10.0
EBIT growth	7.4	(1.8)	10.8	21.5	12.7
Pretax growth	16.6	4.0	0.8	17.3	11.4
Reported net profit growth	16.9	1.4	3.5	15.6	10.5
Core net profit growth	12.7	(5.0)	14.6	15.6	10.5
Profitability ratios (%)					
EBITDA margin	17.6	17.7	18.6	20.4	21.7
EBIT margin	13.3	13.1	14.2	16.1	17.6
Pretax profit margin	17.9	18.6	18.3	20.1	21.7
Payout ratio	73.3	76.8	80.4	78.5	80.7
DuPont analysis					
Net profit margin (%)	14.9	15.2	15.3	16.6	17.7
Revenue/Assets (x)	0.8	0.7	0.7	0.8	0.7
Assets/Equity (x)	1.4	1.4	1.4	1.4	1.4
ROAE (%)	16.7	16.2	16.2	17.9	18.7
ROAA (%)	11.3	10.2	11.4	12.7	13.5
Liquidity & Efficiency					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	57.1	59.5	60.0	57.3	58.2
Days inventory outstanding	108.5	101.8	106.0	108.9	112.1
Days payables outstanding	nm	nm	nm	nm	nm
Dividend cover (x)	1.4	1.3	1.2	1.3	1.2
Current ratio (x)	2.1	1.8	1.7	1.7	1.6
Leverage & Expense Analysis					
Asset/Liability (x)	3.9	4.0	4.2	4.3	4.5
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	na	na	na	na	na
Debt/EBITDA (x)	0.4	0.3	0.3	0.3	0.3
Capex/revenue (%)	5.1	5.8	5.7	4.2	3.6
Net debt/ (net cash)	(397.2)	(266.9)	(204.7)	(182.2)	(174.4)

Source: Company; Maybank

SIA Engineering financial statements and ratios

FYE 31 Mar	FY17A	FY18A	FY19E	FY20E	FY21E
Key Metrics					
P/E (reported) (x)	12.4	21.3	19.2	16.6	15.6
Core P/E (x)	24.1	21.2	19.2	16.7	15.6
P/BV (x)	2.7	2.4	1.9	1.8	1.8
P/NTA (x)	2.8	2.5	1.9	1.9	1.9
Net dividend yield (%)	4.9	4.1	4.8	5.2	5.6
FCF yield (%)	4.7	3.5	6.5	5.7	6.1
EV/EBITDA (x)	28.9	23.5	23.3	19.8	18.9
EV/EBIT (x)	50.1	40.7	51.4	37.2	34.3
INCOME STATEMENT (SGD m)					
Revenue	1,104.1	1,094.9	1,078.0	1,090.3	1,113.8
Gross profit	1,051.3	1,038.6	1,023.8	1,036.5	1,060.3
EBITDA	124.8	132.7	99.0	115.4	119.6
Depreciation	(52.8)	(56.3)	(54.2)	(53.8)	(53.5)
EBIT	72.0	76.4	44.8	61.6	66.1
Net interest income / (exp)	3.3	4.1	3.7	4.1	4.2
Associates & JV	96.5	109.8	111.0	120.0	128.4
Exceptionals	160.4	16.1	0.0	0.0	0.0
Other pretax income	22.9	0.0	0.0	0.0	0.0
Pretax profit	355.1	206.4	159.5	185.7	198.7
Income tax	(17.9)	(21.1)	(9.7)	(13.1)	(14.1)
Minorities	(4.8)	(1.2)	(4.0)	(4.5)	(5.0)
Reported net profit	332.4	184.1	145.8	168.1	179.7
Core net profit	172.0	168.0	145.8	168.1	179.7
BALANCE SHEET (SGD m)					
Cash & Short Term Investments	601.7	499.7	547.6	560.9	586.1
Accounts receivable	229.9	371.6	354.4	358.5	366.2
Inventory	147.8	34.2	41.7	41.1	40.7
Property, Plant & Equip (net)	331.6	301.0	297.7	293.4	290.6
Intangible assets	65.3	67.7	67.1	66.2	65.0
Investment in Associates & JVs	542.0	544.4	554.1	564.7	576.0
Other assets	0.0	0.0	0.0	0.0	0.0
Total assets	1,918.3	1,818.6	1,862.6	1,884.7	1,924.6
ST interest bearing debt	4.0	4.6	4.6	4.6	4.6
Accounts payable	259.6	222.8	254.8	253.7	258.8
LT interest bearing debt	21.9	17.3	17.3	17.3	17.3
Other liabilities	45.0	47.0	47.0	47.0	47.0
Total Liabilities	330.3	291.4	323.4	322.3	327.4
Shareholders Equity	1,554.0	1,495.9	1,507.5	1,530.2	1,564.6
Minority Interest	34.0	31.3	31.7	32.2	32.7
Total shareholder equity	1,588.0	1,527.2	1,539.2	1,562.4	1,597.2
Total liabilities and equity	1,918.3	1,818.6	1,862.6	1,884.7	1,924.6
CASH FLOW (SGD m)					
Pretax profit	355.1	206.4	159.5	185.7	198.7
Depreciation & amortisation	52.8	56.3	54.2	53.8	53.5
Change in working capital	29.7	(71.4)	41.7	(4.5)	(2.3)
Cash taxes paid	(20.4)	(19.2)	(9.7)	(13.1)	(14.1)
Other operating cash flow	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	131.8	54.3	131.0	97.8	103.3
Capex	(41.9)	(38.3)	(50.3)	(48.6)	(49.6)
Free cash flow	195.1	125.6	182.0	158.6	170.8
Dividends paid	(135.2)	(201.5)	(134.2)	(145.4)	(145.4)
Equity raised / (purchased)	11.7	1.0	0.0	0.0	0.0
Change in Debt	(8.7)	(2.4)	0.0	0.0	0.0
Other invest/financing cash flow	267.7	98.9	101.4	109.5	116.8
Effect of exch rate changes	2.3	(3.9)	0.0	0.0	0.0
Net cash flow	205.5	(98.1)	47.9	13.3	25.2

FYE 31 Mar	FY17A	FY18A	FY19E	FY20E	FY21E
Key Ratios					
Growth ratios (%)					
Revenue growth	(0.8)	(0.8)	(1.5)	1.1	2.2
EBITDA growth	(15.8)	6.3	(25.4)	16.6	3.6
EBIT growth	(31.0)	6.1	(41.3)	37.5	7.3
Pretax growth	75.8	(41.9)	(22.7)	16.4	7.0
Reported net profit growth	88.2	(44.6)	(20.8)	15.3	6.9
Core net profit growth	(6.4)	(2.3)	(13.2)	15.3	6.9
Profitability ratios (%)					
EBITDA margin	11.3	12.1	9.2	10.6	10.7
EBIT margin	6.5	7.0	4.2	5.6	5.9
Pretax profit margin	32.2	18.9	14.8	17.0	17.8
Payout ratio	60.7	79.0	92.0	86.5	87.1
DuPont analysis					
Net profit margin (%)	30.1	16.8	13.5	15.4	16.1
Revenue/Assets (x)	0.6	0.6	0.6	0.6	0.6
Assets/Equity (x)	1.2	1.2	1.2	1.2	1.2
ROAE (%)	21.9	12.1	9.7	11.1	11.6
ROAA (%)	9.2	9.0	7.9	9.0	9.4
Liquidity & Efficiency					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	73.5	98.9	121.2	117.7	117.1
Days inventory outstanding	1,032.6	581.9	252.2	276.7	274.9
Days payables outstanding	nm	nm	nm	nm	nm
Dividend cover (x)	1.6	1.3	1.1	1.2	1.1
Current ratio (x)	3.5	3.7	3.4	3.4	3.5
Leverage & Expense Analysis					
Asset/Liability (x)	5.8	6.2	5.8	5.8	5.9
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	na	na	na	na	na
Debt/EBITDA (x)	0.2	0.2	0.2	0.2	0.2
Capex/revenue (%)	3.8	3.5	4.7	4.5	4.4
Net debt/ (net cash)	(575.8)	(477.8)	(525.7)	(539.0)	(564.2)

Source: Company; Maybank

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