

Company Results

CAO, CEWL, CNMC, Ezion, SMM

CDL

Raffles Medical Group Ltd, Sheng Siong Group

iFAST Corporation Ltd.

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China Aviation (Singapore) Oil

Expect carrying moderate growth forward

Chen Guangzhi

Phillip Securities Research Pte Ltd

27 February 2017

China Aviation (Singapore) Oil

(Buy (maintained), TP:S\$2.00, Last:S\$1.525)

Results at a glance

(US\$ mn)	FY16	FY15	y-y (%)	Comments
Revenue	11,703.2	8,987.5	↑30.2	Increase in total trading volume of jet fuel and other oil products. (FY16: 32.55mn tonnes vs FY15:20.15mn tonnes), offset the lower average selling price
Gross profit	44.1	35.4	↑24.3	Increase in jet fuel volume imported to China, higher premium allocated to the Company for Jet supply into China, and higher gains from trading and optimisation activities
Operating profit	20.5	19.2	↑6.7	Higher administrative costs and higher other operating expenses offset by increase in other operating income
Associates and JVs	66.4	42.3	↑56.9	Higher profit contributions from Pudong (US\$60.6mn in FY16 vs US\$38.8mn in FY15) and OKYC (US\$4.1mn in FY16 vs US\$1.4mn in FY15)
Net profit	88.9	61.3	↑45.1	Higher deferred tax liabilities and provision of income tax

Source: Company , Phillip Securities Research (Singapore)

Trading volume boosted phenomenal growth amid adversity of low oil price

- Trading volume: middle distillates:18.6mn tonnes (41.8% Y-o-Y growth), other oil products: 14mn tonnes (98.2% Y-o-Y growth)
- Oil price fell by 8.6% Y-o-Y

SPIA remains the strong profit contribution

- Profit from SPIA: US\$60.6mn (60% Y-o-Y growth)

FY17 outlook

- GPM improvement
- Moderate growth in trading volume (>10%)

CNMC Goldmine Holdings Limited

Still fundamentally sound

Chen Guangzhi

Phillip Securities Research Pte Ltd

27 February 2017

CNMC Goldmine Holdings Limited

(Buy (maintained, TP:S\$0.68 (previous S\$1.01), Last:S\$0.41)



Results at a glance

(USD mn)	FY16	FY15	y-y (%)	Comments
Revenue	34.7	36.5	↓(4.9)	Due to 44.2% yoy decrease in 4Q16 revenue, which amounted to US\$5.19mn. The substantial drop was mainly attributable to lower gold grade.
Operating profit	11.3	14.0	↓(19.1)	Due to increase in management remuneration and employees' compensation by US\$0.85mn as well as increase in depreciation and amortisation by US\$0.54mn
Profit before tax	12.3	14.4	↓(14.8)	Due to higher interest income from placement of fixed deposit
Profit after tax	11.5	13.4	↓(14.2)	Due to lower tax expenses, resulting from lower profit for the year

Source: Company, Phillip Securities Research (Singapore)

Unexpected underperformance was due to several unfavorable factors

- Production volume: 27,404oz (12.2% Y-o-Y drop)
- Lower gold grade in 4Q16
- Stop work order (21 days out of work)
- Extension of concession (US\$5mn expenditure)
- Royalty rate: From 5% to 10%
- Overhead costs: up 8% to US\$17.1mn

CNMC Goldmine Holdings Limited

(Buy (maintained, TP:S\$0.68 (previous S\$1.01), Last:S\$0.41)

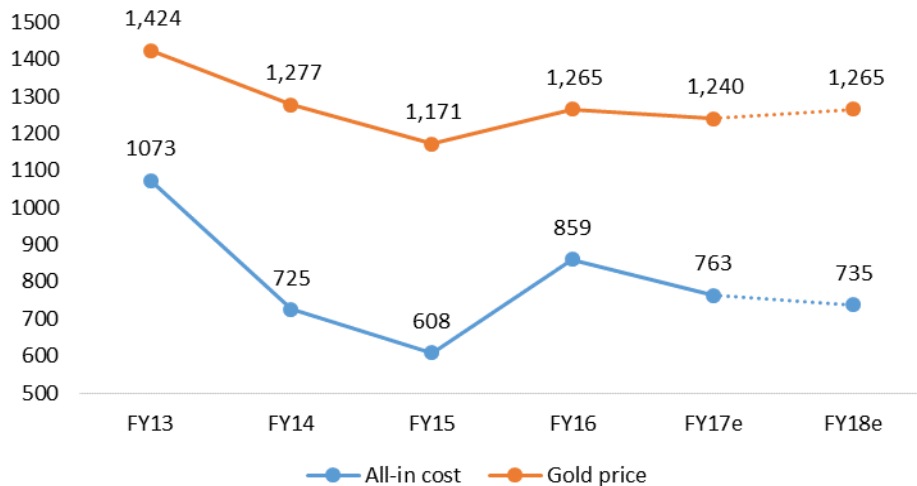


FY17 outlook:

- Bullish on gold price
- Margin improvement (low all-in cost)
- Capacity ramp-up (current:1.2mn tonnes ore processing)
- Pulai project

All-in cost & gold price

US\$/oz



China Everbright Water Limited

Work in progress

Chen Guangzhi

Phillip Securities Research Pte Ltd

27 February 2017

China Everbright Water Limited

(Buy (upgrade), TP:S\$0.56 (previous S\$0.63), Last:S\$0.435)



Results at a glance

(HK\$ mn)	FY16	FY15	y-y (%)	Comments
Revenue	2,494.0	1,815.2	↑ 37.4	Mainly increase in construction revenue by HK\$542mn due to the expansion and upgrading of several Build-Operate-Transfer projects which were completed or under construction during FY16
Gross profit	905.7	824.2	↑ 9.9	Larger portion of construction revenue (FY16: 45% v.s FY15: 33%) recognised in the mix of the total revenue. In general, construction services have lower gross profit margin
Operating profit	735.1	714.3	↑ 2.9	Increase in staff costs, marketing expenses and other operating expenses as well as foreign exchange losses of HK\$48.7mn arising
Net profit	372.6	423.7	↓ (12.1)	Increase in finance costs by HK\$77.2mn. The average balance of borrowings was around HK\$4.85bn in FY16 (FY15: HK\$3.32bn)

Source: Company, Phillip Securities Research (Singapore)

Expansion of construction services further suppressed GPM

- Revenue mix: construction revenue: (FY16:45% vs FY15:33%), operation revenue (FY16: 34% vs FY15:42%)
- GPM: 20% in construction services, 50% to 60% in operation services

Alternative financing solutions

- Panda bond issuance
- Water affair fund

China Everbright Water Limited

(Buy (upgrade), TP:S\$0.56 (previous S\$0.63), Last:S\$0.435)



Receivables issues

- Started to pay back receivables in 4Q16
- Not reach any solutions that repaying receivables to the Group by cash and other assets

Outlook in FY17

- Low GPM remains
- Receivables issues will be relieved
- China will continue to raise the standard of water quality
- Central government will enhance the development of infrastructure in order to improve water quality in rural areas in the near term;
- It will escalate to integrated treatment, involving investment, construction, operation, and management, rather than participate certain node of the value chain;
- China will promote Private Public Partnership (PPP) model onwards.

Ezion Holdings Limited

Standstill of charter market

Chen Guangzhi

Phillip Securities Research Pte Ltd

27 February 2017

Ezion Holdings Limited

(Accumulate (downgrade), TP:S\$0.45 (previous S\$0.48), Last:S\$0.39)



Results at a glance

(US\$ mn)	FY16	FY15	y-y (%)	Comments
Revenue	318.2	351.1	↓ (9.4)	Absence of contribution from the projects in Queensland and lower contribution from the Group's marine services; Reduction in charter rates; Delay in the completion of the modifications and upgrade of the Group's service rigs
Gross profit	61.2	118.1	↓ (48.1)	Deployment of additional service rigs
Operating profit	(1.1)	36.9	N.N	Impairment losses on PP&E and provision for trade receivables amounting to US\$70.9mn
Profit after tax	(33.6)	36.8	N.M	Impairment losses on PP&E and trade receivables by associates and JVs

Source: Company, Phillip Securities Research (Singapore)

N.M: Not meaningful

Two consecutive years' impairments

- Group: FY16: US\$70.9mn, FY15:US\$81.1mn
- Associates and JVs made impairments as well

Low charter rate remains status quo that will carry forward to 1Q17

- Rig operators: keep the wait-and-see view
- None of the existing clients raised the operating budget in 4Q16

Ezion Holdings Limited

(Accumulate (downgrade), TP:S\$0.45 (previous S\$0.48), Last:S\$0.39)



Debt issues have been settled amid CAPEX cut

- Upcoming repayment or financing will match with cash flows
- CAPEX cut US\$270mn with indefinite postponement of 4 units of service rigs

Outlook in FY17

- Turn around after March onwards (day rate increase)
- Liquidity pressure will be relieved
- CAPEX: US\$100mn on Mobile Offshore Production Unit (MOPU) conversion in FY17

Sembcorp Marine Ltd

Bear starts to turn around

Chen Guangzhi

Phillip Securities Research Pte Ltd

27 February 2017

Sembcorp Marine Ltd

(Reduce (upgrade), TP:S\$1.58 (previous S\$0.87), Last:S\$1.74)



Results at a glance

(SGD mn)	FY16	FY15	y-y (%)	Comments
Revenue	3,544.8	4,968.1	↓(28.6)	Due mainly to the low revenue recognition from rig building segment, resulting from delivery deferment and lower repair business
Gross profit	292.8	130.9	↑123.7	Due mainly to write-downs of inventories and work-in-progress, and provision for contingent losses for rig-building projects that were recorded in 4Q15 and FY15
Operating profit	225.3	(150.0)	N.M.	Due mainly to higher allowance for doubtful debts were mainly due to provision for impairment of trade receivables for rig building contracts in 4Q15 and FY15
Net profit	75.2	(300.0)	N.M.	In line with factors mentioned above

Source: Company , Phillip Securities Research (Singapore)

N.M.: Not meaningful

Non-drilling segment could be the way out

- Rigs and floaters: S\$1.9bn (down 43% Y-o-Y)
- Offshore platform: S\$1.1bn (up 10% Y-o-Y)
- Repairs and upgrades: S\$97mn (down 18% Y-o-Y) (lower revenue per vessel despite the higher number of vessels delivered)

Sembcorp Marine Ltd

(Reduce (upgrade), TP:S\$1.58 (previous S\$0.87), Last:S\$1.74)



Shrinkage of net order book

- Total net order book: S\$7.8bn (down 24.4% Y-o-Y)
- \$3.1bn from Sete Brasil drillship contracts

Ongoing cost optimization

- Training and reallocation of manpower from drilling to non-drilling projects

Outlook in FY17

- Ballast Water Management Convention will come into effect in September 2017
- Floating LNG and related near-shore gas solutions
- Floating production storage and offloading (FPSO), Floating storage and offloading (FSO) conversions and new-builds start to resume

City Developments Limited

Ballooning cash hoard

Peter Ng & Tan Dehong
Phillip Securities Research Pte Ltd
27 February 2017

City Developments Limited

(Accumulate, TP:S\$10.40, Last:S\$9.53)



Results at a glance

(SGD mn)	4Q16	4Q15	y-y (%)	Comments
Revenue	1,167	855	36%	Attributed to 147.5% gain in revenue from Property Development segment
Gross Profit	530	463	14%	
EBIT	322	459	-30%	Absence of gains recognised from sale of assets to PPS 2
PATMI	244	410	-41%	

Source: Company Data.

On track to sell remaining units at Venue Residences and Commonwealth Towers before ABSD

- Venue Residences – Moved 26 units in 4Q16, ASP: S\$1,408, 23% unsold
- Commonwealth Towers – Moved 32 units in 4Q16, ASP: S\$1,660, 43% unsold

Steady take-ups at 1st Phase of Gramercy Park; Holding power gives ample time for CDL to clear remaining units

- Launched and sold 56 out of 87 units in 1st Phase at S\$2,621
- Remaining units expected to be launched by 1H17
- 1st year QC: S\$20m not impactful (S\$50 PSF) and unlikely to cut prices significantly
- CDL has a cash hoard of S\$3.6b and a net gearing of 16% (3Q16: 27%)

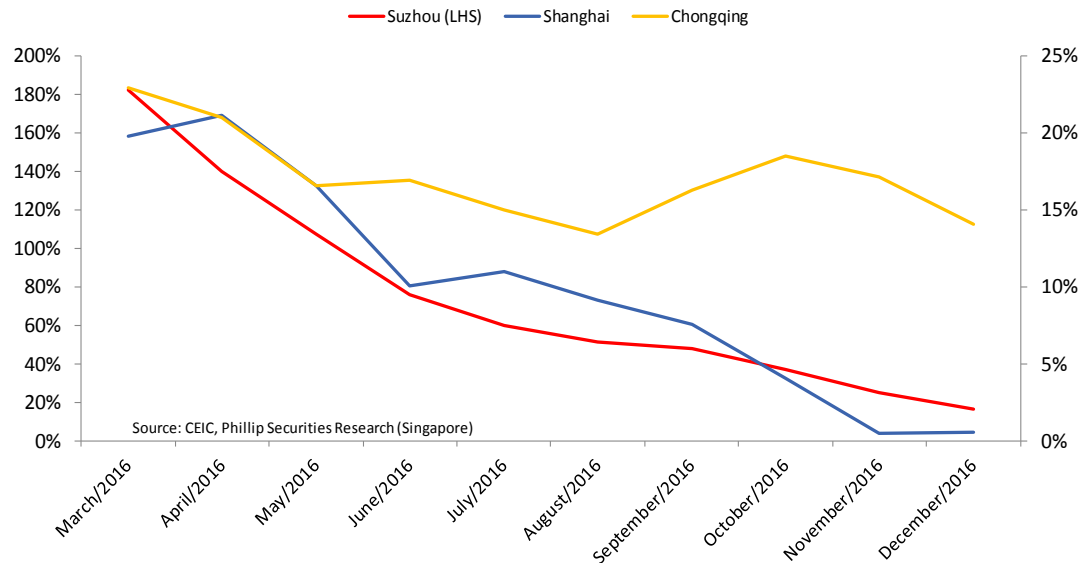
City Developments Limited

(Accumulate, TP:S\$10.40, Last:S\$9.53)

Overseas Residential – China/UK

- Hong Leong City Center Suzhou (c.50% China Residential RNAV) maiden contribution
- 76% of Phase 1 and 40% of Phase 2 sold. Phase 2 expected completion end 2017
- Bigger UK projects completion from end 2017

China Total floor space sold Y-o-Y growth (%)



City Developments Limited

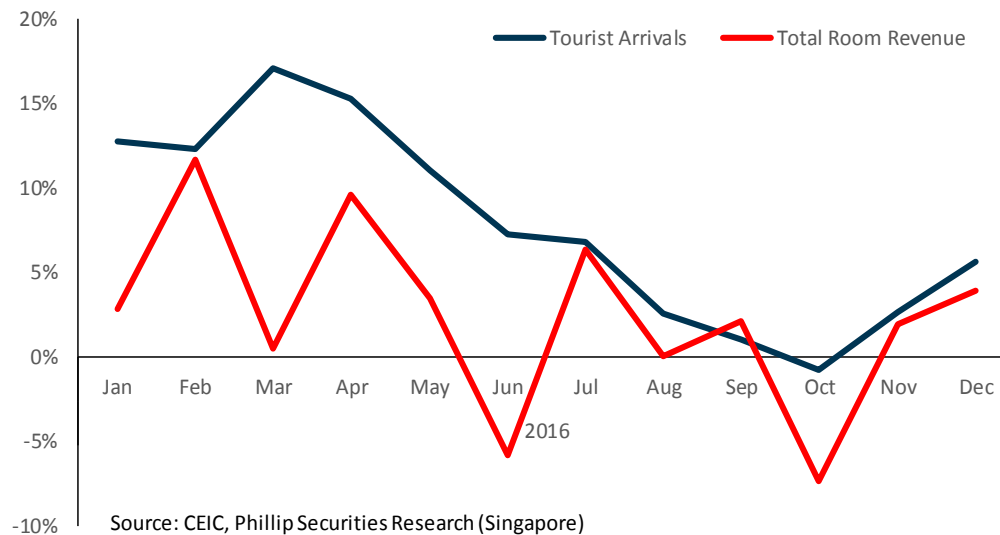
(Accumulate, TP:S\$10.40, Last:S\$9.53)



Hospitality Business

- Total Group RevPAR dropped 2.3% led by New York (9.9%) and SG (10.1%)
- Singapore Supply Headwinds
- Total Room Revenue lagged Total Visitor Arrival

SG Tourist Arrivals and Total Room Revenue Y-o-Y Growth



City Developments Limited

(Accumulate, TP:S\$10.40, Last:S\$9.53)



RNAV Table

Segment	Location	Amount (S\$m)	Per share (S\$)
Residential	SG	5,434	5.98
	Overseas	2,356	2.59
Hotels	SG	496	0.55
Office	SG	2,527	2.78
Retail	SG	877	0.96
Others	SG	83	0.09
Commercial	Overseas	550	0.60
Add: Market Value of stakes in Listed Entities			
Millenium and Copthorne (65% stake)		1,580	1.74
Total GAV		13,903	15.29
Add cash:		3,673	4.04
Less debt:		5,738	6.31
RNAV:		11,838	13.02
No. of shares ('m)		909	
Discount to RNAV (%)		20	
Target Price			10.40

Source: Phillip Securities Research (Singapore)

Raffles Medical Group Ltd

Searching for the right remedies

Soh Lin Sin

Phillip Securities Research Pte Ltd

27 February 2017

Raffles Medical Group Ltd

(Accumulate, TP:S\$1.60 (previously S\$1.62), Last:S\$1.43)



Revenue by Segment

SGD mn	FY16	FY15	y-y(%)	Comments
Healthcare services	210	161	30.8	Higher patient load from expanded <i>RafflesMedical</i> clinic network, and contribution from newly acquired MCH
Hospital services	285	268	6.3	Higher patient load and higher contribution by more specialists
Investment holdings	18	13	38.4	
Revenue	474	411	15.4	Organic and inorganic growth; exclude MCH, FY2016 Revenue +7.5% yoy
EBITDA	95	92	3.4	Higher staff costs and operating expenses (Margin fell 2.3pps to 20.1%)
Operating profits	80	79	1.7	Higher depreciation expenses; exclude MCH, FY2016 Operating profits +4.4% yoy
PBT	83	82	1.6	
Net income, reported	70	69	1.3	
Net income, adj.	69	68	1.3	

Source: Company, Phillip Securities Research (Singapore)

MCH boost top line but remains a drag; may turnaround by end-FY17

- Operating margin fell 2.3 pps to 17.0%; staff costs keep FY17F OpEx high
- MCH staff costs % of revenue at 56% vs RMG's <50%; but it has improved from 60% when it was initially acquired
- Cost rationalization in MCH: two General Managers appointed to manage MCH's costs as well as to optimise staff productivity
- Remain positive on MCH's growth potential, particularly the fast-growing MCH clinics in China; intends to add two or three more MCH clinics in China this year

Raffles Medical Group Ltd

(Accumulate, TP:S\$1.60 (previously S\$1.62), Last:S\$1.43)



RafflesMedical will drive growth in FY2017

- Continue to nurture and grow *RafflesMedical Orchard* and *Raffles Holland V*
- Expand its network of clinics, domestically (new clinics in Hillion Mall and Changi Airport T4) and abroad
- Continues to grow its portfolio of corporate clients through the *RafflesOne* corporate portfolio package

RafflesHospital to continue to grow in FY2017, but at a mid-single digit rate amid challenging macro environment

- *RafflesHospital Extension* is on track for completion in 4QFY17, effect to kick in by FY18

Remaining CapEx are estimated at c.S\$94 million for *RafflesHospital Extension* and c.S\$98 million earmarked for *RafflesHospital Shanghai*

- Healthy cash position of S\$111.9mn as at 31 Dec 2016; net cash position at S\$81.5mn
- Expect RMG to partially fund its *RafflesHospital Shanghai* project with debt
- Lowered dividend expectations, as RMG reinvest its earnings into MCH, *RafflesHospital Shanghai* and *RafflesHospital Extension*

Sheng Siong Group

Riding on new stores growth

Soh Lin Sin

Phillip Securities Research Pte Ltd

27 February 2017

Sheng Siong Group

(Accumulate, TP:S\$1.06 (previous S\$1.13), Last:S\$0.96)



(SGD mn)	FY16	FY15	y-y (%)	Comments
Revenue	796.7	764.4	4.2%	6.2% from new stores, 0.2% from higher comparable same store sales, offset by -2.2% due to temporary closure of the Loyang store
Gross profit	204.7	188.9	8.3%	Lower input prices due to higher rebates from suppliers <i>Gross margin: 25.7% in FY16 vs 24.7% in FY15</i>
EBIT	75.6	66.5	13.7%	Higher depreciation <i>Operating margin: 9.5% in FY16 vs 8.7% in FY15</i>
PATMI	62.7	56.8	10.3%	Higher tax expense
DPS (cents)	3.75	3.50	16.7%	Payout ratio: 90.0% in FY16 vs 92.7% in FY15

Source: Company, Phillip Securities Research Pte Ltd estimates

FY17F gross margin to steady at c.26% on favourable margin drivers

- FY2016 margins at all-time high, driven by higher rebates from suppliers
- Expect SSG to continue to benefit from lower input prices in a lacklustre retail outlook
- Catalyst for higher margin will be an improvement of product mix, i.e. more fresh products compared to groceries (improved to 42:58 in FY16 from 41:59)

Flattish comparable same store sales growth in FY17F; five new stores opened in 2016, alongside the two newly renovated and bigger stores at Loyang Point and Blk 506 Tampines Central, to drive FY17F top line

Sheng Siong Group

(Accumulate, TP:S\$1.06 (previous S\$1.13), Last:S\$0.96)



Prudent expansion strategy amid intensified competition for retail space

- Management's key consideration for bidding price is the store's potential revenue per sqf
- SSG refrained from engaging in a bidding war
- Three new supermarket units pending completion by Aug-17 (*Source: HDB HBiz*)
- While a slower expansion could weigh against its growth, we view its effort to maintain its long term margin positively; opening of new stores would be a catalyst for re-rating

Sustainable dividend payout ratio at 90% despite net cash position halved on heavy CapEx in FY16

- Cash position at S\$63.5mn as at 31 Dec-16 with zero debt
- CapEx for FY17F would be the construction costs for central warehouse extension, estimated at c.S\$20mn, which would be spread over 18 months until end-FY2018

iFAST Corporation Ltd.

Growth Trajectory Slower than Expected

Jeremy Teong
Phillip Securities Research Pte Ltd
27 February 2017

iFAST Corporation Ltd.

(Downgrade Neutral, previously Buy. Lower TP:S\$0.78, previously S\$1.275.
Last:S\$0.82)



Results at a glance

(SGD mn)	4Q16	4Q15	y-o-y (%)	3Q16	q-o-q (%)	FY16	FY15	y-o-y (%)	4Q16 Comments
Recurring net revenue	9.04	8.68	4%	9.13	-1%	34.71	34.65	0%	Higher AUA y-o-y
Non-recurring net revenue	1.94	1.48	31%	1.55	25%	5.98	6.89	-13%	Higher currency conversion service fees
Total Net Revenue	10.98	10.16	8%	10.68	3%	40.69	41.54	-2%	
Other operating income	0.47	0.42	13%	0.31	51%	1.88	1.53	24%	Higher investment income
Staff costs	5.21	4.18	25%	4.75	10%	19.28	17.21	12%	Annual salary increment in Jan 2016. More staff for China ops
Other operating expenses	4.06	3.34	22%	3.58	14%	14.82	12.39	20%	IT maintenance & services, advertising & promotion costs and impairment loss on AFS financial assets
Operating profit	1.27	2.57	-51%	1.86	-32%	5.42	11.98	-55%	
Net Finance Income	0.20	0.26	-22%	0.18	8%	0.84	0.80	5%	Lower interest rates. Redemption of bond investments
PATMI	1.15	2.86	-60%	1.91	-40%	5.45	12.10	-55%	

Source: Company, Phillip Securities Research (Singapore)

AUA grew 8.1% y-o-y to hit SGD6.1bn

- Bonds, ETFs and Stocks make up 7.2% (3Q16: 6.8%) of AUA; Funds make up the rest of 92.8% (3Q16: 93.2%) of AUA.
- Non-recurring net revenue improved due to increase in fees for currency conversion services as investments in foreign currency denominated products increased.

Launch of stock trading in SGX-listed stocks and ETFs

- Application for SGX trading membership. Expect to be ready by 2Q17

Expect bonds to boost AUA growth in Hong Kong and Malaysia

- Launching FSMOne in Hong Kong to spearhead B2C market
- Introducing bonds and discretionary portfolio management services in Malaysia

Chinese business to remain unprofitable in FY2017; may turn around only by FY2018

- Slow top line growth and high operating costs as Management continues to build its team of wealth advisers.

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Richard Leow, Transport | REITs (Industrial)

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