

Company Results

Asian Pay Television Trust

China Everbright Water

CNMC Goldmine Holdings

Health Management International

Old Chang Kee

IPO Brief

RE&S Holdings

Asian Pay Television Trust

Guiding for 11% yield for 2018

Paul Chew

Phillip Securities Research Pte Ltd

20 November 2017

Asian Pay Television (D/grade to ACCUMULATE, TP:S\$0.64 (unchanged))

S\$ mn	3Q17	3Q16	YoY	Comment
Revenue	84.4	79.1	6.7%	Growth driven by non-subscription revenue and appreciation of TWD, which rose 2.5% YoY against the SGD.
EBITDA	50.7	46.6	8.8%	In-line with our FY17e S\$202mn.
Forex	(2.2)	3.1	n.m.	
Interest	(13.7)	(14.1)	-2.8%	30bps savings from renegotiation of debt.
PATMI	9.0	10.7	-15.9%	There was a S\$5mn adverse swing in forex.
Operating c/flow	44.3	42.4	4.5%	
Free cash-flow	19.6	24.2	-19.0%	EBITDA less maintenance capex, cash taxes, cash interest.
Dividends	(23.3)	(23.3)	0.0%	
DPU (cents)	1.625	1.625	0.0%	The company maintained their 1.625 cents per quarter.

Source: Company, PSR

- **Positives**

- Management has guided 6.5 cents DPU for FY18 (10.9% yield @ S\$0.595 closing price).
- Cable subscribers were stable and churn remains low; CapEx will decline in FY18e.

- **Negatives**

- ARPU remains sluggish across all 3 business segments – pay-TV, broadband and premium TV
- Still reliant on incremental debt to sustain dividends.

- **Outlook**

- Our downgrade to ACCUMULATE is due solely to the price appreciation of APTV.
- Outlook basically stable and cash-flows will improve as one-off premium digital capex ends.

China Everbright Water Limited

Executed as planned

Chen Guangzhi

Phillip Securities Research Pte Ltd

20 November 2017

China Everbright Water Limited

(Buy (maintained), TP: S\$0.59, FY17e DPU: 0.5 SG cents)

Results at a glance

(HK\$ mn)	3Q17	3Q16	YoY (%)	Comments
Revenue	746.1	553.5	34.8	Construction of the sponge city construction project and the river-basin ecological restoration project in addition to the expansion and upgrading of several waste water treatment plants which were under construction
Gross profit	297.2	222.8	33.4	Increase in construction services where margin is lower than the operation services
EBIT	279.5	197.0	41.9	In line with the above
PATMI	122.8	91.1	34.8	Higher borrowing costs and tax expenses

Source: Company, PSR

Accelerating project acquisitions and construction

- 6 new projects secured in 3Q17 (total investment: Rmb1.8bn+, designed daily water treatment capacity: 130k tonnes)
- 9M17 ramp-up of daily designed capacity: 500k+ tonnes
- Total daily designed capacity: 5mn+ tonnes
- As of Sep-17, 93 projects secured (under operation: 77, under construction: 10, preparatory stage: 5, completed to be operational soon: 1)

Outlook

- Public private partnership (PPP) risks in China:
 - Quite a few projects sealed have yet to be implemented
 - Some local governments' weaker ability to meet their obligations
- The 19th National Congress of the Communist Party reinforced the establishment of ecological civilisation and environmental protection

CNMC Goldmine Holdings Limited

Carbon-in-leach plant enters into a trial run

Chen Guangzhi

Phillip Securities Research Pte Ltd

20 November 2017

CNMC Goldmine Holdings Limited

(Neutral (maintained), TP: S\$0.30)

Results at a glance

(USD mn)	3Q17	3Q16	YoY (%)	Comments
Revenue	4.71	8.46	(44.3)	41.3% YoY decrease in sales volume and 5.2% YoY decrease in average realised gold price
Operating profit	(0.02)	2.24	N.M.	In line with the above
PBT	0.17	0.31	(44.4)	In line with the above
PATMI	0.96	1.76	(45.8)	In line with the above

N.M.: not meaningful

Source: Company , PSR

Carbon-in-leach (CIL) plant has been completed

- Total capex for the plant: < RM25mn (c.US\$6mn) (substantially lower than market rate)
- 18,000 tonnes of higher grade ore explicitly stockpiled for the ramp-up in operation
- Operational costs of CIL plant are estimated to be comparable to those of heap leach plants

Sokor, Pulai and KelGold project are progressing

Low ore grade issue protracted while the gold price was flattish

- 3Q sales volume: 3,691oz (Down 41.3% YoY)
- 9M17 sales volume: 11,197oz (48% of the total volume in 9M16)
- 3Q17 ASP: US\$1,275/oz in 3Q17 (3Q16: US\$1,345/oz).
- 9M17 ASP: US\$1276/oz (Up 1.1% YoY)

Health Management International

Surge in foreign patients

Soh Lin Sin

Phillip Securities Research Pte Ltd

20 November 2017

Health Management International

(Buy, TP: \$0.83, Last: \$0.69)

Results at a glance

(MYR mn)	1Q18	1Q17	YoY (%)	Comments
Healthcare	112.2	105.6	6.3%	Higher patient load (+5.4% YoY) and revenue intensity
Education	4.9	3.9	25.6%	Higher student headcount
Revenue	117.1	109.5	6.9%	As above
Gross profit	40.6	37.8	7.4%	<i>Gross Margin +20bps to 34.7%</i>
EBITDA	28.7	25.8	11.0%	Lower share-based payment offsets increased marketing expenses <i>EBITDA Margin +90bps to 24.5%</i>
NPAT	13.8	14.5	-5.0%	Higher finance costs and FX losses (due to weaker MYR) Exclude non-operational and one-off items, Core NPAT +1.4% YoY
PATMI	13.8	6.2	123.4%	Post-consolidation of NCI

Source: Company, PSR

Update:

Heliconia Capital Management invested c.S\$11.0mn or 2.0% stake in HMI

Foreign patient load grew at its highest pace since FY2015, at +27.9% YoY in 1Q18; Local patient load +7.6% YoY

On track to pare down 50% of acquisition debt by Dec-17

- Has already paid down c.35% with remaining RM25mn repayment in 2Q18; Generated OCF of RM31mn in 1Q18

Upgrading and expansion plans for Mahkota and Regency on track to meet the increasing medical demand

- Both hospitals will add 34 operational beds each, total bed capacity to reach 500 by FY18
- New hospital extension block at Regency: Double current's capacity to 500-bed hospital eventually; Construction is to commence in FY18 upon approvals and is slated to commission in FY21

Old Chang Kee

Transformation almost complete

Soh Lin Sin
Phillip Securities Research Pte Ltd
20 November 2017

Old Chang Kee

(Buy, TP: \$0.98, Last: \$0.76)

Results at a glance

S\$ mn	1H18	1H17	YoY (%)	Comments
Revenue	42.0	38.8	8.2%	Contributions from new outlets and increased sales in existing outlets <i>Zero net store opening YoY; no. of outlets in SG at 87</i>
Gross profit	25.4	24.6	3.5%	Higher raw material costs and one-time factory test-runs <i>Gross margin -2.7pps to 60.5%</i>
EBITDA	5.0	6.1	-18.2%	Lower government grant <i>EBITDA margin -3.8pp to 11.9%</i>
Net profit	1.4	2.5	-42.9%	-40.7% YoY if exclude S\$0.53mn start-up losses in UK <i>Higher Effective Tax Rate at 24.2% vs 20.7% in 1H17</i>
DPS (cents)	1.50	1.50	0.0%	<i>Dividend payout ratio at 128% of NPAT vs 73% in 1H17</i>

Source: Company, PSR

Continue store network expansion

- 3 net new stores in 3Q18; We expect OCK's store count would reach 92 by end-FY18

One-off disruptions during factory integration process in 2Q18

- Slower puff innovations and integration cost

Coupled with higher raw material costs, do not expect FY18e gross margin to restore to the 63% level

Majority of the factory integration has been completed and is on track for full integration by 3Q18; Production has now stabilized with a higher production capacity and efficiency

RE&S Holdings

Quick-Service Restaurants to drive growth



Soh Lin Sin

Phillip Securities Research Pte Ltd

20 November 2017

RE&S Holdings

(Subscribe, IPO Price: \$0.22)

A concept owner and operator of F&B Outlets in SG and MY that provides customers with authentic Japanese cuisine and dining experiences

- 39 Full-Service Restaurants (74.4% of FY2017 Revenue)
- 38 Quick-Service Restaurants, Food Kiosks, Japanese Bakery and Food Retail Outlets (25.6% of FY2017 Revenue)
- The Group also supply Japanese food products which it manufactures to third-party businesses in Singapore

No fixed dividend policy, but intends to distribute dividends of at least 35.0% of PATMI in each of FY2018 and FY2019

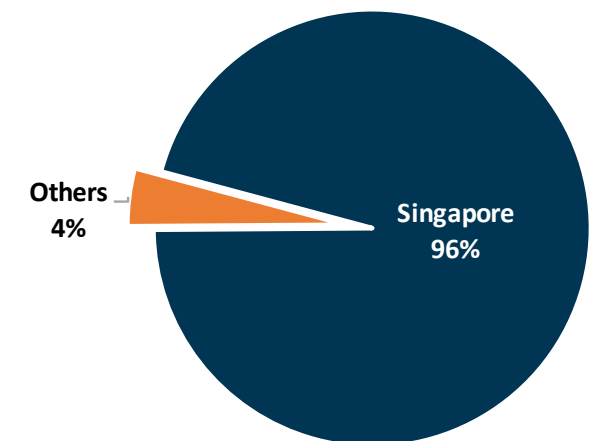
IPO STATISTICS

Total New Share Issue	54,000,000
-Placement tranche	35,000,000
-Public tranche	3,000,000
-Cornerstone placement	16,000,000
Listing Status	Catalist
Closing date (Public)	20-Nov-17
Trading date	22-Nov-17
Lead Manager	DBS Bank

MAJOR SHAREHOLDERS (%)

HIROSHI TATARA	61.9%
YEK HONG LIAT JOHN	21.2%
ORCHID 2 INVESTMENTS PTE. LTD.	4.5%

FY17 Revenue by Geography

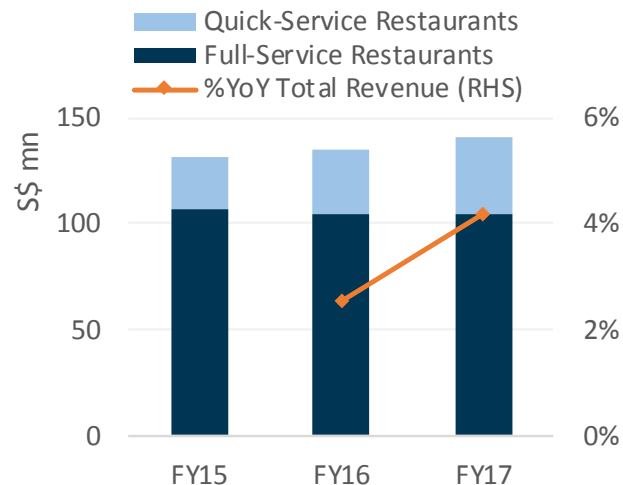


SWOT Analysis

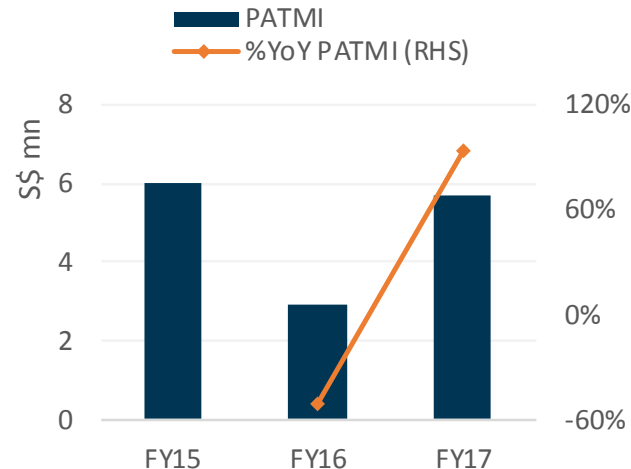
Strength	<ul style="list-style-type: none"> Established track record and well-recognised brand in Singapore Strong and dedicated management team and employees Diversified business portfolio: <ul style="list-style-type: none"> (a) Advantage in bargaining for new or to renew leases (b) Different price points capturing different market segments and to weather through economic cycle (c) Diversify risk of fast-changing consumer preferences Economies of scale: <ul style="list-style-type: none"> (a) Ability to scale up fast; and (b) Increase efficiency with consistent quality 	Weakness	<ul style="list-style-type: none"> Competitive business landscape Labour intensive
Opportunities	<ul style="list-style-type: none"> Refurbish and improve production processes at its existing F&B Outlets Expand its stores network domestically or regionally Increase its sales channels under consignment arrangement or via online food delivery Introduction of new dining concept or brands Tap into the market for ready-to-eat (RTE) meals Acquisitions, joint ventures and strategic partnerships 	Threats	<ul style="list-style-type: none"> Regulatory changes Supply shock on raw materials and labour Outbreaks of diseases or viruses in livestock or food scares

Financial Highlights

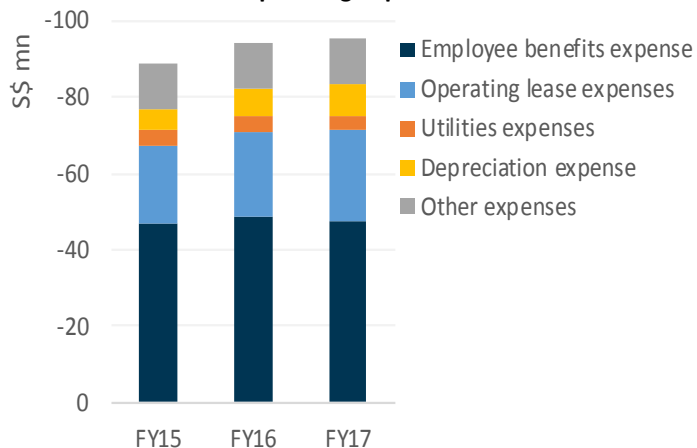
Revenue



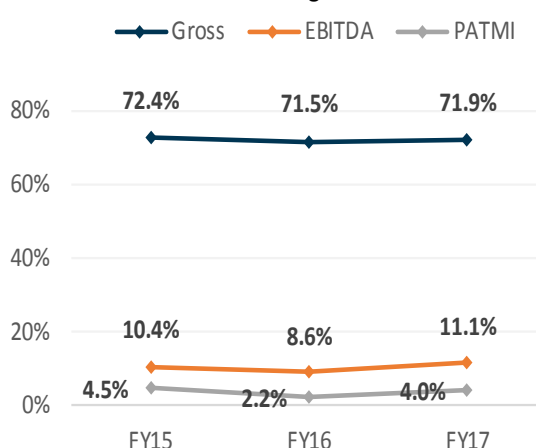
PATMI



Operating Expenses



Margins



Do not expect a rosy 1H18 earnings

- Downtime costs and equipment write-offs from the reconstruction of Shokutsu Ten food street into a Japanese food alley at Jurong Point in 1Q18
- IPO expenses in 2Q18

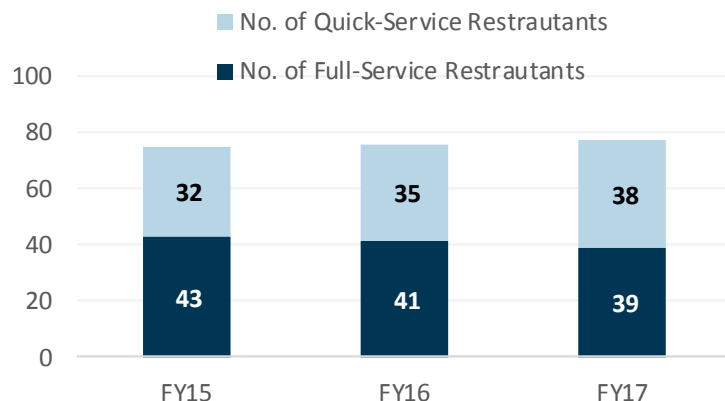
Earnings should normalize in 2H18

Financial position to improve post-IPO

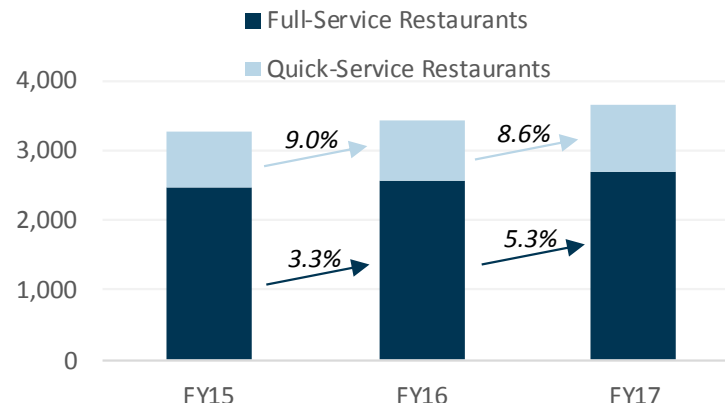
- Net debt of S\$2.65mn from S\$13mn; Net gearing at 0.17x from 0.63x
- The debt is manageable with its healthy operating cash flow of over S\$17mn p.a.

Fast Growing QSR Segment

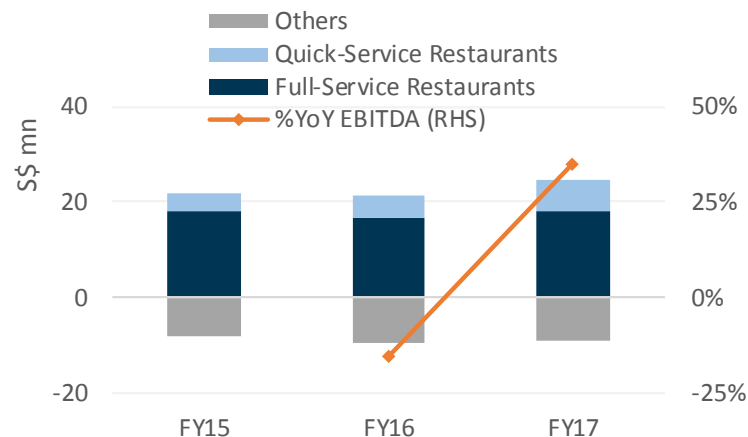
Store Count



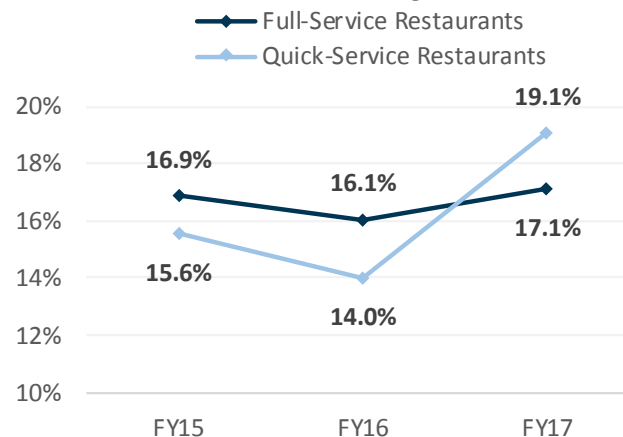
Revenue per Outlet



EBITDA



EBITDA Margins



Tapping into the fast-growing and higher margin Quick-Service Restaurants segment and ready-to-eat meals

- Increasing demand for convenience and food delivery services in Singapore
- Leverage on the factory capacity to ramp up production for its takeaway and ready-to-eat meals
- Quick-Service Restaurants has a faster turnover and lesser operating costs, thus yielding higher margins

Central Kitchen

- Aggregate floor area of approximately 41,570 sqft; 12 food processing lines
- Increase restaurant productivity with lower operating and labour costs
- Enhance product consistency and safety
- Conduct research and development of new concepts, dishes or to improve food preparation processes
- Current utilization rate is at c.60%

Testing for Microb



Rice Line



Tamago Line



Packaging Line

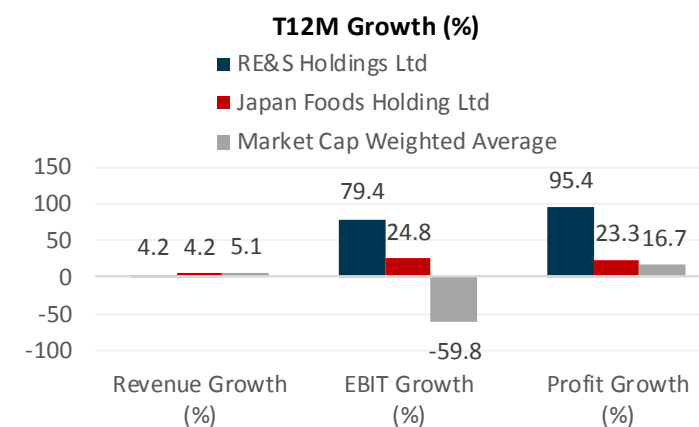
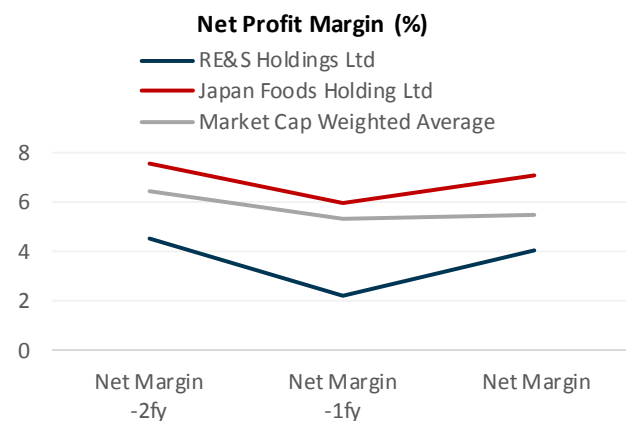
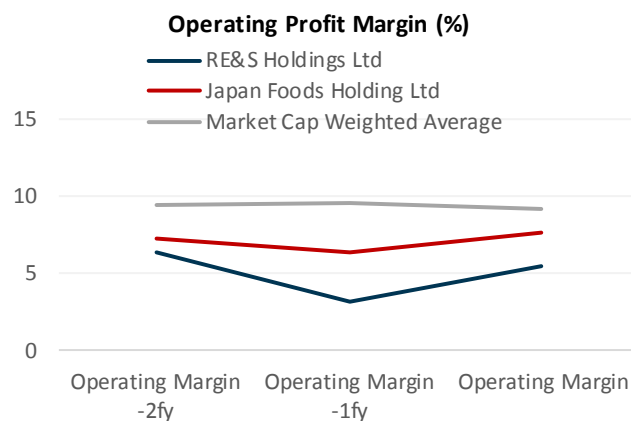


Source: Company Website

Peer Comparison

Company	Mkt Cap (SGD mn)	Gorss Margin	Operating Margin	Net Margin	P/S TTM	P/E TTM	P/B	Div Yield (%)	Net D/E (%)	ROE (%)	Revenue Growth (%)	EBIT Growth (%)	Profit Growth (%)
RE&S Holdings Ltd	78	71.9	5.4	4.0	0.6	13.7	2.5	N/A	52.7	18.3	4.2	79.4	95.4
Market Cap Weighted Average		46.9	9.1	5.5	1.1	15.9	2.8	2.6	10.6	38.7	5.1	-59.8	16.7
Japan Foods Holding Ltd	75	84.9	7.7	7.1	1.2	17.4	2.4	4.6	Net Cash	13.7	4.2	24.8	23.3
ABR Holdings Ltd	151	44.4	5.8	5.2	1.4	30.4	1.6	3.2	Net Cash	5.1	3.5	-35.4	-29.2
Sakae Holdings Ltd	43	62.3	-10.4	-14.6	0.6	N/A	1.3	N/A	112.5	-20.5	-10.1	-2463.7	-172.9
Soup Restaurant Group Ltd	45	N/A	2.7	2.6	1.1	32.0	4.8	3.1	Net Cash	15.0	-6.4	-9.6	3.0
Jumbo Group Ltd	375	63.2	13.3	11.3	2.7	24.4	5.8	3.8	Net Cash	25.5	11.4	22.0	46.3
Katrina Group Ltd	47	14.8	6.0	4.2	0.8	18.3	3.3	3.0	Net Cash	15.6	8.4	-33.5	-44.4
Tung Lok Restaurants 2000 Ltd	63	71.9	-0.3	0.5	0.8	N/A	4.2	N/A	Net Cash	-4.9	-1.2	N/A	-30.9
BreadTalk Group Ltd	439	54.9	5.7	1.9	0.7	20.7	3.3	3.2	29.1	16.4	-1.5	1.8	50.4
Kimly Ltd	423	21.6	14.9	7.1	N/A	N/A	N/A	0.8	Net Cash	107.7	10.4	8.6	5.3

Source: Bloomberg, Company



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