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Company Results/Updates

CapitaLand Ltd

SATS Ltd

Chip Eng Seng Corporation

Old Chang Kee

ComfortDelGro Corporation

Fraser and Neave

Health Management International

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CapitaLand Ltd.

A year of active portfolio re-constitution

Tan Dehong

Phillip Securities Research Pte Ltd

19 February 2018

CapitaLand Ltd (Maintain ACC, TP: $4.19 (unchanged), Last: $3.57, FY18e DPS: 12c (3.4%))

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Results at a glance

(SGD mn)/Dec Yr End	FY17	FY16	YoY (%)	Comments
Gross Revenue	4,609.8	5,252.3	(12.2)	Lower completion and handover of units in China and consolidation of revenue from CMT, CRCT, RCST
EBIT	3,110.5	2,359.5	31.8	Above reasons plus gain from sale of Nassim, higher rental income from newly acquired/opened properties
Finance costs	486.7	452.6	7.5	Consolidation of CMT, CRCT, RCST from Aug 2017. Average borrowing costs slightly lower yoy at 3.2% (3.3% in FY16)
Total PATMI	1,550.7	1,190.3	30.3	Higher fair value gains from revaluation of investment properties
Operating PATMI	908.30	865.30	5.0	Higher contribution from Singapore segments offset by lower contributions from China and Vietnam development projects

Source: Company, PSR

- 20% dividend hike to 12c/share for FY17
- Replenishing of land bank with en bloc purchase of Pearl Bank.
- Lower residential sales value in China partially offset by higher sales in Vietnam.
- Active portfolio reconstitution with realised divestment gains tripled yoy at S$318mn.
- Efficient capital management with lowered financing costs and extended debt maturity.
- Stable retail in China, Serviced Residences segment improving.
- RMB10.3bn of contracts handover in FY18, offices, serviced residences to lead recovery in recurring income

Chip Eng Seng Corp. Ltd.

Strong revenue visibility in FY18

Tan Dehong

Phillip Securities Research Pte Ltd

19 February 2018

Chip Eng Seng Ltd (Maintain BUY, TP: $1.21 (unchanged), Last: $0.955, FY18e DPS: 4c (4.2%))

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Results at a glance

(SGD mn)/Dec Yr End	FY17	FY16	YoY (%)	Comments
Gross Revenue	859.7	748.0	14.9	Improved performance from Hospitality and Property development segments
-Property developments	*571.7*	*411.7*	*38.8*	*Progressive recognition of High Park Residences/Grandeur Park, Pick-up in sales at Fulcrum, progressive handover of Melbourne project, Williamson Estate*
-Construction	*239.3*	*298.2*	*(19.8)*	*Absence of new construction projects and slower precast components sales*
-Hospitality	*38.6*	*27.4*	*40.8*	*Higher occupancy rates at Singapore and Maldives hotels*
-Property inv/ others	*10.1*	*10.6*	*(5.0)*	*Divestment of 420 St. Kilda Road in Melbourne*
Gross Profit	152.5	146.5	4.1	Lower profitability of recognised development projects
Profit before tax	70.2	76.1	(7.8)	Increase in administrative and finance costs
PATMI	35.51	35.69	(0.5)	Lower income tax expense

Source: Company, PSR

- 39% yoy jump in contributions from property development segment.
- Improved occupancies at Singapore and Maldives hotels.
- Timely replenishing of construction order book with S$168mn design and build contract from HDB.
- Slower momentum in Australian residential sales.
- Revenue visibility from estimated c.$210mn development profits from High Park (GDV S$650mn), Grandeur Park (GDV S$744mn) and Willow Apartments (GDV S$48mn) which will be progressively recognized.
- Hospitality assets to perform better; Watch out for Woodleigh launch in 3Q18

Health Management International

Expect continued momentum in 2H18

Soh Lin Sin

Phillip Securities Research Pte Ltd

19 February 2018

Health Management International
(Buy, TP: $0.83, Last: $0.64)

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Results at a glance

(MYR mn)	2Q18	2Q17	YoY (%)	Comments
Healthcare	112.2	105.6	6.3%	Higher patient load (+5.4% YoY) and revenue intensity (+2.8% YoY)
Education	4.9	3.9	25.8%	Higher student headcount
Revenue	116.0	106.9	8.5%	As above
Gross profit	42.8	34.7	23.3%	Higher revenue intensity and better cost management *Gross Margin +44bps to 36.9%*
EBITDA	29.4	24.0	22.5%	*EBITDA Margin +29bps to 25.3%*
NPAT	15.7	12.4	26.6%	Higher finance costs, offset by FX gain and lower effective tax rate Exclude non-operational and one-off items, Core NPAT +6.5% YoY
PATMI	15.7	5.3	194.9%	Post-consolidation of NCI
DPS (Cents)	1.0	0.0	n.a.	Payout 54% of Core PATMI

Source: Company, PSR

Foreign patient load growth (+15.5% YoY) continued to outpace local patient's (2.8% YoY) with competitive pricing

Margins expansion on patient volume and bill size growth, as well as realizing gain from its cost-saving measures

Declared an interim dividend of RM1.0 Cents per share and adopting a dividend policy to payout not less 20% of the Group's core earnings

Expecting a strong FY18e

- 1H18 Revenue/NPAT grew 7.7%/9.6% YoY; 2H is typically seasonally stronger

Old Chang Kee Ltd.

Strong sales on product innovations

Soh Lin Sin
Phillip Securities Research Pte Ltd

19 February 2018

Old Chang Kee Ltd.
(Buy, TP: $0.98, Last: $0.75)

Results at a glance

S$ mn	3Q18	3Q17	YoY (%)	Comments
Revenue	22.2	20.3	9.6%	Contributions from new outlets and increased sales in existing outlets *No. of outlets in SG +4 YoY to 92*
Gross profit	13.4	12.9	3.7%	Higher raw material costs *Gross margin -3.4pp to 60.4%*
EBITDA	2.8	2.9	-0.8%	Higher operating expenses in line with revenue growth *EBITDA margin -1.3pp to 12.8%*
Net profit	1.2	1.4	-9.3%	+10.6% YoY if ex. S$0.02mn start-up losses in UK, and one-off non-cash items of S$0.17mn

Source: Company, PSR

Expect a high single digit percentage revenue growth in FY18e

- 9M18 Revenue growth accelerated to 8.7% YoY from 8.2% in 1H18
- Also reflective of the Group's continues effort to innovate new products to stimulate demand

Margins pressure from (a) Higher raw material costs; (b) Change in product mix; (c) One-off non-cash assets write off due to two outlet closures in 3Q18; and (d) Start-up costs from its UK store

Expect the Group to review its pricing and promotional strategies in conjunction with the impending GST hike

Investment thesis intact: Successful integration with the adjacent new factory would be the inflection point for OCK

Fraser and Neave

Strong start into FY18 despite absence of CNY boost

Soh Lin Sin

Phillip Securities Research Pte Ltd

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Fraser and Neave
(Accumulate, TP: $2.83, Last: $2.40)

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Results at a glance

SGD mn	1Q18	1Q17	YoY (%)	Comments
Beverages	117	139	-16.0%	A later 2018 Chinese New Year festive season, and competitive pricing in MY
Dairies	293	279	5.2%	Overall increase in sales across all regions
Printing & Publishing ("P&P")	77	77	-0.2%	Lower contributions from Publishing, cushioned by newly acquired distribution businesses
Revenue	**487**	**495**	***-1.6%***	As above
Gross profit	168	182	-7.8%	Higher input costs *Gross Margin -2.3pp to 34.5%*
Core EBITDA	66	63	5.1%	*EBITDA Margin +0.9pp to 13.5%*
EBIT, adj.	50	46	8.8%	Higher profit contribution from Vinamilk
PATMI (continuing operations ex. exceptional items)	**26**	**22**	***16.3%***	Higher finance cost mitigated by lower effective tax rate due to higher tax exempt income *ETR of 10.6% vs 1Q17's 12.8%.*

Source: Company, PSR

Dairies buoyed profitability (1Q18 Dairies EBIT +28.1% YoY, Vinamilk contributed c.33% 1Q18 EBIT)

- Currently holds 19.5% stake in Vinamilk, up from 18.74% in 4Q17; Plans to acquire an additional 1.0%

Publishing and Printing registered its second consecutive quarter of profits

- Gain from improved operating efficiencies and cost rationalization measures
- Maiden contribution from newly acquired distribution business

Weaker Beverages performance in MY and SG due to a 2-week shift in sell-in window for 2018 CNY festive season compared to 2017's

Earnings were hurt by

- Higher input costs – mainly sugar, skimmed milk powder and packaging costs
- Higher finance costs – turned into net debt position (with gearing at 9.1%) on borrowings to finance the acquisition of Vinamilk shares

ComfortDelGro Corp Ltd

Higher dividends and a recovery underway

Richard Leow

Phillip Securities Research Pte Ltd

19 February 2018

ComfortDelGro Corp Ltd

Buy, TP: $2.50, FY18e DPS: 10.4 cents (5.1%) , Last: $2.05

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Results at a glance

(SGD mn)	FY17	FY16	YoY	Comments
Revenue	**3,971**	**4,060**	-2.2%	**Increasingly competitive environment for taxi business segment**
EBIT	409.2	462.2	-11.5%	S$35.6mn or 1.0% lower opex due to favourable foreign currency translation of S$32.7mn and $2.9mn underlying decrease
PATMI	**290.4**	**317.1**	-8.4%	**FY17 includes $11.1mn special dividends from Cabcharge Australia and lower interest expense**

Source: Company, PSR

Higher dividend, despite lower profit: FY17 75% payout vs. FY16 70% payout

- Final dividend 6.05 cts unchanged; 1H17 interim 4.35 cts vs. 1H16 interim 4.25 cts

50.3% YoY increase in SBST profit led by full year effect under government BCM

- 75%-owned subsidiary contributed 11.7% of PATMI in FY17; FY16 : 7.4%

DTL on track for 500k daily ridership by end-2018

- 4Q17 loss widened, but should narrow from here on
- Management outlook: turn profitable in 2019

Taxi fleet contracted 10.7% QoQ and 21.3% YoY

- Idle rate maintained in single digit, due to fleet size rationalisation

SATS Ltd

Weaker quarter, but growth profile intact

Richard Leow

Phillip Securities Research Pte Ltd

19 February 2018

SATS Ltd
(Neutral, TP: $5.33, DPS: 17.0 cents (3.3%), Last: $5.20)

Results at a glance

(SGD mn)	3Q18	3Q17	YoY	Comments
Revenue	**440**	**441**	**-0.2%**	**2.5% lower Food Solutions, offset by 2.6% higher Gateway Services**
EBIT	65.7	66.7	-1.5%	0.3% lower expenditure; lower margin of 14.9% from 51.1%
Associates/JVs	13.7	12.7	7.9%	$1.5mn or 93.8% higher Food Solutions, $0.5mn or 4.5% lower Gateway Services
PATMI	**66.6**	**65.1**	**2.3%**	**3Q18 includes $4.5mn write-back of earn-out consideration, associated with additional equity interest in MacroAsia Catering Services**
Underlying PATMI	**62.1**	**65.1**	**-4.6%**	**Excluding one-off above; lower margin of 14.1% from 14.8%**

Source: Company, PSR

3.8% YoY *decrease* in staff cost outpaced the 0.2% YoY *decrease* in revenue

- Largest cost component (55% of opex)
- Decline largely due to deconsolidation of SATS HK Ltd to associate (divested 51%-stake)
- Underlying staff cost had increased

2.5% lower Food Solutions revenue

- 3.5% YoY lower TFK Corp. revenue; large customer Delta Air Lines using Shanghai instead of Tokyo

22% increase in licence fees, 18% increase in other costs

- Cessation of licence fee rebates and withdrawal of incentives by Changi Airport since Apr 1, 2017

Outlook: positive

- Forming new partnerships to tap on growth in passenger and cargo traffic
- Downgrade is on the belief that market has priced in growth prospects; accumulate on weakness

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Analysts

Paul Chew, Head of Research

Pei Sai Teng, Macro

Jeremy Ng, Technical Analysis

Jeremy Teong, Banking & Finance

Soh Lin Sin, Consumer | Healthcare

Richard Leow, Transport | REITs (Industrial)

Dehong Tan, REITs (Commercial, Retail, Healthcare) | Property

Ho Kang Wei, US Equity

Chen Guangzhi, Oil and Gas | Energy

By Phillip Securities Research

Mohamed Amiruddin, Operations Exec