

Company Results
Golden Energy and Resources
Geo Energy Resources

Singapore Consumer Monthly
March 2018

US Trading Note
Microsoft Corp

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Golden Energy and Resources Ltd

Great quarter to end a stunning year

Chen Guangzhi

Phillip Securities Research Pte Ltd

19 March 2018

Golden Energy and Resources Ltd

(BUY (maintained), TP: S\$0.48, Last: S\$0.385)

Results at a glance

(USD mn)	4Q17	4Q16	YoY (%)	FY17	FY16	YoY (%)	Comments
Revenue	301.7	108.7	177.6	763.8	393.3	94.2	Increase in revenue from Coal Mining and Coal Trading Divisions, partially offset by a decrease in revenue from others
Gross profit	104.8	50.6	107.0	315.9	144.1	119.2	In line with the above
PBT	55.3	25.4	117.2	157.6	47.6	231.0	Increase in operating expenses offset by a decrease in finance expenses
PATMI	22.2	14.5	52.9	63.0	22.0	186.1	Increase in deferred income tax expenses

Source: Company, PSR

Exceeding the annual target amid buoyant coal prices

	4Q17	4Q16	YoY (%)	FY17	FY16	YoY (%)
Production volume (tonnes)	5.5	2.6	111.5	15.6	9.5	64.2
ASP (US\$/tonne)	43.1	38.3	12.3	42.5	33.8	25.7
Cash cost (US\$/tonne)	25.9	10.8	139.5	23.1	19.5	18.6
Revenue from coal mining (US\$mn)	236.8	99.7	137.5	645.4	329.5	95.9

Source: Company, PSR

Securing total 15mn tonnes of order for FY18

- 9 contracts for export: 11.3mn tonnes
- 4 contracts for domestic supply: 3.8mn tonnes

Cash cost was higher than expected in 4Q17

- Higher coal freight, mining overhead and royalty
- Expect to maintain at US\$23/tonne to US\$24/tonne this and next year

Outlook: New DMO regulations have a limited impact on GEAR, Ramp-up of production (15.5mn to 20mn tonnes), and potential M&As

Geo Energy Resources Ltd

Gloomy 4Q but will be a bright FY18

Chen Guangzhi

Phillip Securities Research Pte Ltd

19 March 2018

Geo Energy Resources Ltd

(BUY (Maintained), TP: S\$0.47, Last: S\$0.225)

Results at a glance

(US\$ mn)	4Q17	4Q16	YoY (%)	FY17	FY16	YoY (%)	Comments
Revenue	92.8	91.9	1.0	316.3	182.1	73.7	Increase in revenue from coal mining segment resulted from higher sales volume and ASP
Gross profit	18.0	27.7	-35.2	78.4	41.9	87.1	One-off additional assessment on mining royalties in 4Q; Higher cash costs
EBIT	14.3	23.6	(39.6)	65.0	39.7	63.7	Higher overhead costs
PATMI	3.4	14.7	-76.6	36.7	22.2	65.3	In line with the above

Source: Company, PSR

Align with the previous adjusted production target and enjoy a healthy price growth

	4Q17	4Q16	YoY (%)	FY17	FY16	YoY (%)
Production volume (tonnes)	2.2	2.4	-8.6	7.7	5.5	40.0
ASP (US\$/tonne)	43.4	38.9	11.6	40.3	33.0	22.0
Cash cost (US\$/tonne)	30.0	25.1	19.5	27.6	23.4	17.7
Revenue from coal mining (US\$mn)	91.5	92.0	-0.5	311.0	182.0	70.9
Net profit (US\$mn)	8.6	7.5	14.7	33.3	7.5	344.0

Source: Company, PSR

Subject to higher cash costs and interest burden in 4Q17

- Cash cost linked to movements in coal prices, one-off additional mining royalties
- Accrued interest expenses (US\$6.7mn surge in finance costs)
- Expect cash cost to remain at the range of US\$27-28/tonne while finance expense will be at least US\$24mn in FY18

Outlook: No DMO regulations impact, Ramp-up of production (7.7mn to 11mn tonnes), potential M&As

Singapore Consumer Monthly

The Chinese New Year effect

Soh Lin Sin

Phillip Securities Research Pte Ltd

19 March 2018

Holding breath for Feb-18's data

The timing of Chinese New Year has distorted the Jan-18 data points; Await Feb-18 data for a clearer picture

Overall

- **Positive:** CN, HK, MY, TH, PH, VN (only VN has released Feb data)
- **Negative:** SG, ID

Upbeat trend

- **Stronger consumer confidence:** CN, HK, ID (but not reflected in retail sales)
- **Better employment and income conditions:** HK, SG
- **Recovery in tourism:** HK, TH

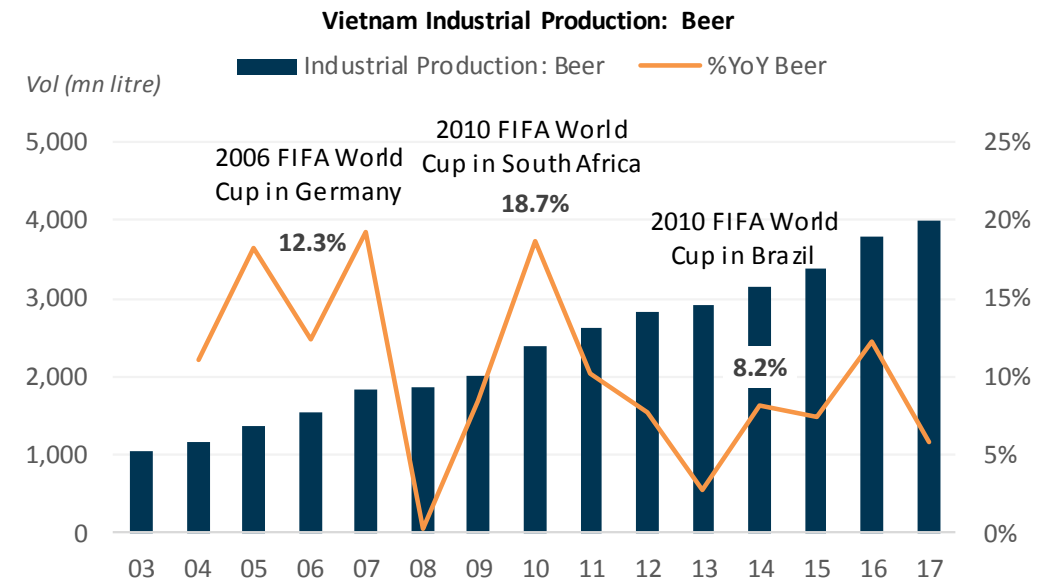
Risks

- **Political uncertainties:** MY (election by Aug-18); TH (election by Feb-19)
- **Inflation driven by:** Retail fuel prices; Rising agriculture prices
- **Intensified competition:** Amazon entering VN; Carlsberg to increase stake in Habeco (stake sales in 1Q18)

World Cup to kick up beer sales

Beer boost from 2018 FIFA World Cup (Jun-Jul 2018)

- More favourable kick-off times this season, which coincide with the peak drinking hours in ASEAN
- Beer sales from Thailand and Vietnam could grow by c.10% this year



All eyes on Vietnam

Structural growth in Vietnam a boost for ThaiBev and FNN

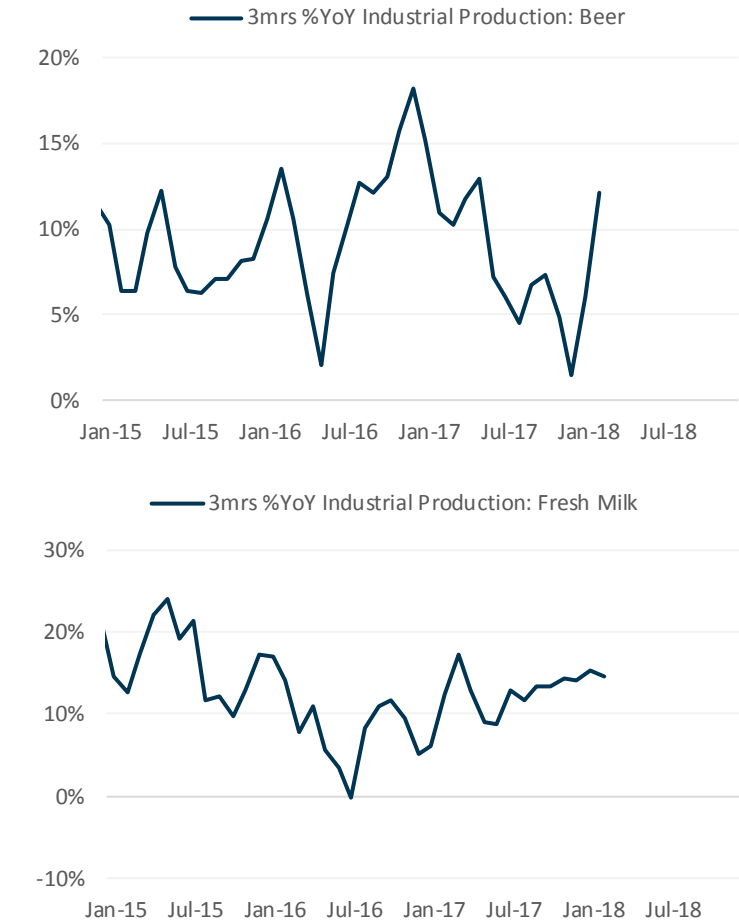
Sabeco's results to be consolidated into ThaiBev's 2Q18 results onwards

- Vietnam beer sales has crossed the 4bn litres mark in 2017, closing in to the target of 4.1bn litres by 2020
The master plan of the Ministry of Industry & Trade expect beer production to reach 5.5bn litres by 2035
- Sabeco has produced more than 1.73bn litres of beer in 2017 (+8% YoY), and expects production to reach 1.8bn litres and 2bn litres by 2018 and 2019 respectively

Strong demand for milk in Vietnam should support the FNN's Dairies profitability

- FNN continues to accumulate its interest in Vinamilk; Currently it has c.19.5% stake in Vinamilk

Strong beer and dairy demand in VN



SG Consumer Sector (OW)

**Brighter regional economy outlook → Improving labour market and wage growth
→ Stronger consumer confidence → To fuel consumer spending**

Store network expansion, improving operating efficiencies and driving higher margin offerings

- **Dairy Farm (Buy/TP: US\$9.83)**
- **Sheng Siong (Buy/TP: S\$1.13)**

Benefitting from the fast-growing emerging markets, in particular, Vietnam

- **Thai Beverage (Buy/TP: S\$1.05)**
- **FNN (Buy/TP: S\$2.83)**

Completed transformation in Dec-17; Poised for a turnaround

- **Old Chang Kee (Buy/TP: S\$0.98)**

Microsoft Corp

Trading Note – Buy Trade

Ho Kang Wei
Phillip Securities Research Pte Ltd
19 March 2018

Microsoft Corp.

(Buy, TP: USD105, Entry: USD94.18, Last: USD94.60)

Counter	Sector	Ticker	Currency	Last Price	Time Horizon	Entry	Stop Loss	Target	Bloomberg Consensus T/P
Microsoft Corp	Technology	MSFT	USD	94.18	3-6 Month	94.18	88.73	105.00	103.56

Recent Price Action

- Uptrend started in 2016
- Over reaction to latest earnings
 - GAAP EPS loss of USD0.82 vs Consensus estimate of USD0.86
 - Non-GAAP EPS USD0.0.96
- Recent recovery continues the uptrend

Microsoft Corp.

(Buy, TP: USD105, Entry: USD94.18, Last: USD94.60)

Azure and Cloud

- Cloud Computing continues to grow
 - Worldwide Public cloud services expected to hit USD305.8bn in 2018
 - Up from USD260.2bn in 2017
- MSFT is gaining market share from AMZN
 - Azure climbed from 16% to 20% market share
 - AWS ceded territory, down from 68% to 62%
- Growing revenue from Cloud
 - Intelligent Cloud segment grew to USD7.8bn, up 15% YoY
 - Azure revenue grew 98% YoY
 - 10 Consecutive quarter of >90% growth
 - Quarterly revenue still only USD3.7bn vs Total Rev USD28.9bn

Microsoft Corp.

(Buy, TP: USD105, Entry: USD94.18, Last: USD94.60)

Office 365 Subscription

- Office 365 commercial revenue grew 41% YoY
 - Subscriptions outnumber traditional licenses
 - MSFT expects to have 2/3 of Office users to be 365 Subscribers by 2019
 - Subscription allows MSFT to secure a regular recurring revenue
- Productivity and Business Process segment revenue up 24% YoY to USD9bn



Microsoft Corp.

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Valuations

- PER of 25.80
 - 5 year avg PER 24.81
 - Industry avg PER is 46.25
- Total Revenue for FY17 is USD96.6bn
 - 5yr growth rate of 5.7%
- Free Cash Flow of USD31.38bn for FY17
 - Up from USD24.98bn in FY16 and USD 23.72 in FY 15
- Div Yield of 1.78%
 - Annualized Div of USD 1.68
 - 46% Payout ratio
 - 14 year history of growing div consecutively

Microsoft Corp.

(Buy, TP: USD105, Entry: USD94.18, Last: USD94.60)



Microsoft Corp.

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Conclusion

- Bullish on
 - Cloud Computing and Azure
 - Office 365 subscriptions
 - Valuations

Counter	Sector	Ticker	Currency	Last Price	Time Horizon	Entry	Stop Loss	Target	Bloomberg Consensus T/P
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