



# Valuetronics Holdings Ltd

Turning around after five years

## SINGAPORE | TECHNOLOGY (MANUFACTURING) | INITIATION

22 September 2023

- After five years of revenue decline, we expect a turnaround for Valuetronics after securing four new customers for FY24e/FY25e.
- The new factory in Vietnam will allow customers to de-risk from a China supply chain faced with high US tariffs and escalating geopolitical tension.
- Valuations are attractive at 1.1x EV/EBITDA with a dividend yield of 5%. Valuetronics carries a net cash of HK\$1bn (S\$177mn) on its balance sheet, or 80% of the market cap. We initiate coverage with a BUY recommendation and target prices of S\$0.61. We peg our target price to industry valuations of 11x PE 1-year forward earnings. Valuetronics has an existing share buy-back plan to purchase an estimated 60mn shares (or S\$32m) at the current price.

### BUY (Initiation)

CLOSING PRICE	SGD 0.525
FORECAST DIV	SGD 0.028
TARGET PRICE	SGD 0.610
<b>TOTAL RETURN</b>	<b>21.5%</b>

#### COMPANY DATA

Bloomberg CODE:	VALUE SP
O/S SHARES (MN):	413.4
MARKET CAP (USD mn / SGD mn):	159 / 217
52 - WK HI/LO (SGD):	0.56 / 0.43
3M Average Daily T/O (mn):	0.13

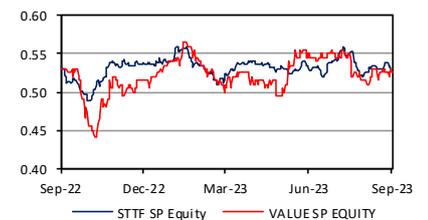
#### MAJOR SHAREHOLDERS

Tse Chong Hing	18.4%
Chow Kok Kit	7.7%

#### PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	1.9	0.5	6.3
STTF RETURN	1.6	1.2	2.4

#### PRICE VS. STTF



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Mar, HKD (mn)	FY22	FY23	FY24e	FY25e
Revenue	2,027	2,014	2,124	2,247
EBITDA	169.6	154.3	172.8	192.6
Net Profit	113.5	123.0	132.4	146.9
EPS (SGD cents)	4.6	5.1	5.5	6.1
P/E (X)	11.5	10.3	9.5	8.6
Dividend Yield	4.7%	6.7%	5.3%	6.0%
ROE	8.4%	9.0%	9.6%	10.2%
ROA	5.2%	5.9%	6.3%	6.7%

Source: Company, PSR

#### VALUATION METHOD

11x PE Multiple FY24e

Paul Chew (+65 6212 1851)  
Head of Research  
paulchewkl@phillip.com.sg

### Company Background

Valuetronics Holdings Ltd (VALUE) was established in 1992 and listed on SGX Mainboard in 2007. VALUE is an electronics manufacturing services (EMS) provider with 80% of revenue from industrial and commercial electronics (ICE), and 20% from consumer electronics (CE). EMS services that VALUE provides include design, printed circuit board assembly (PCBA), full box build or module assembly and manufacturing of plastic and metal components. ICE products include industrial and commercial printers, industrial cold chain temperature monitors, automobile data and media connectivity modules and IP phones. Meanwhile, consumer products are largely PCBA work on smart lighting, electronic toothbrushes, and shavers. VALUE gross margins of 13% are ahead of the industry's 8% due to the larger contribution of low-volume and high-mix ICE products. VALUE has two manufacturing facilities - 110,000 sqm in Huizhou City, Guangdong, China and a 52,541 sqm plant in Vinh Phuc Province, Vietnam.

### Investment Highlights

- Multiple headwinds over the past five years.** After a peak in 2018, VALUE suffered a revenue decline of 29% in the past five years. Faced with tariffs of as much as 25%, major US customers had shifted production out of their China factories into Indonesia or Mexico. VALUE then had to spend HK\$200mn for a new factory in Vietnam. Subsequent challenges included pandemic-related component shortages, customers exiting the Russian market and business development activities disrupted by travel restrictions. We believe the major headwinds are behind VALUE and the company is poised for growth in the coming years. We expect margins to improve from higher ICE contribution, weaker renminbi and more stable component prices and depreciation.
- New plant, new customers.** With the new plant set up in 2022, VALUE has been able to secure four new customers that will contribute to revenue in FY24e and FY25e. Customers are not willing to keep manufacturing solely in China. This is because of higher tariffs in the US, and customers wanting to de-risk due to the escalating geopolitical tensions. The four new customers are for electronic price tags at retail outlets, liquid cooling solutions for gaming computers, electronic souvenirs in entertainment facilities and network access products.
- Attractive valuations backed by 60mn outstanding share buybacks.** We find VALUE valuations attractive at 9.6x PE and a net cash balance sheet of HK\$1bn (S\$177mn). In February 2022, VALUE announced an aggressive share buy-back programme worth HK\$250mn (S\$45mn). The company has since utilized HK\$68mn to repurchase 22.5mn shares. Another HK\$182mn (or S\$32mn) is available to purchase another 60mn shares at the current price levels.

We initiate coverage with a BUY rating and a target price of S\$0.61. Our target price is based on 11x PE FY24e, in-line with industry valuations.

**REVENUE**

VALUE revenue peaked in FY18 at HK\$2.85bn. Since then, the revenue has declined by 29% over five years to HK\$2bn in FY23 (Figure 4). Revenue suffered from multiple factors namely customers de-risking out of China's supply chain following the Trump administration's imposition of trade tariffs. Other drivers of the weakness were the pandemic causing component shortages and travel restrictions affecting business development activities with potential customers. To meet customer demand for a new location, VALUE started construction of its new Vietnam factory in July 2020. The factory was completed in 2022.

*Figure 1: 110k sqm factory in China*


Source: Company, PSR

Revenue is split into two product categories:

- A) Industrial and Commercial (ICE):** ICE comprises low volume high mix products. Key products include industrial-use printers (for slots, point of sale, teller stations), thermal label printers, cold chain temperature monitors, network agriculture chemical dispensers and data and media connectivity modules in automobiles.
- B) Consumer Electronics (CE):** CE products are PCBA for Shavers and electric toothbrushes and box build of smart lighting products. From 2018 to 2023, CE revenue collapsed a massive 69% to HK\$446mn. The imposition of higher tariffs caused a major smart lighting customer to shift its production base from China to Mexico, to supply the US market. Meanwhile, VALUE will supply to the rest of the world.

*Figure 2: 52k sqm factory in Vietnam*


Source: Company, PSR

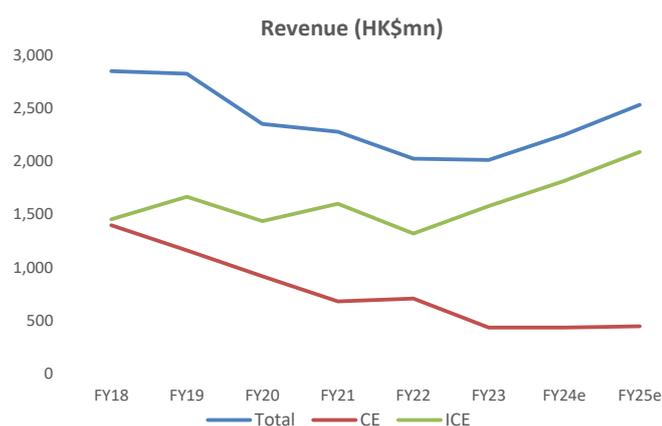
*Figure 3: Industry revenue is slowing down from around 15% growth in 2022 to 5% in 2023*

US\$ mn	2019	2020	2021	2022	2023e	2024e
Flex	24,710	24,145	25,562	29,270	30,780	32,026
Jabil	25,944	27,939	30,683	33,914	35,137	36,205
Plexus	3,221	3,385	3,480	3,912	4,269	4,487
Sanmina	7,916	6,909	7,040	8,178	9,102	9,347
Celestica	5,888	5,748	5,635	7,250	7,895	8,286
Benchmark	2,268	2,053	2,255	2,886	2,860	3,062
	69,947	70,180	74,654	85,410	90,042	93,413
Venture	2,663	2,185	2,312	2,802	2,429	2,550
Valuetronics	317	295	268	259	269	284
	<b>72,610</b>	<b>72,365</b>	<b>76,966</b>	<b>88,212</b>	<b>92,471</b>	<b>95,963</b>
Total (YoY)		-0.3%	6.4%	14.6%	4.8%	3.8%
Valuetronics (YoY)		-7.0%	-9.1%	-3.5%	3.9%	5.7%

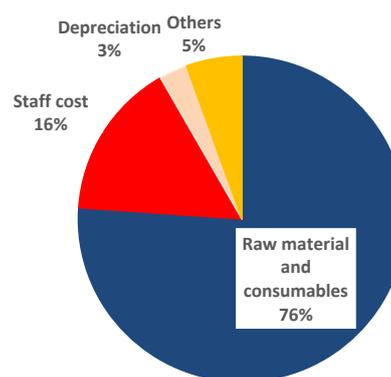
Source: Bloomberg, Company, PSR

**EXPENSES**

VALUE expenses are largely raw material and consumables (76%), staff cost (16%), depreciation (3%) and others (5%) - Figure 5. As a percentage of sales, staff cost has been climbing since 2018, from 12.3% to 14.9% currently. Rising wage pressures in China have been the major driver. Labour cost in China is expected to be stable with the general weakness in the export sector. Depreciation as a percentage of revenue has doubled from 1.4% to 2.8%, following the expansion of the plant in Vietnam.

**Figure 4: Largest drag in revenue from CE weakness**


Source: Company, PSR

**Figure 5: Raw material and consumables is the largest cost**


Source: Company, PSR

### MARGINS

In terms of segment, ICE enjoys gross margins of more than double CE. ICE margins were 14.4% versus 6.5% for CE. Gross margins have been on a decline, especially the last two years. Margins were negatively impacted by:

- Component shortages.** This resulted in customers sourcing components in the spot market at a large price premium. These premiums can be several times the original price. The higher cost was partly borne by VALUE, especially for customers with lower margins and matured products. Component shortages also impacted utilization due to the inability to fulfil orders and higher working capital to build up inventory ahead of demand.
- Lockdown in China.** The regional lockdowns discouraged or disallowed workers from the Northern region to come to their factories in Guangdong province.
- Start-up cost in Vietnam.** VALUE incurred additional costs to set up the manufacturing facility in Vietnam.

Component shortages caused:

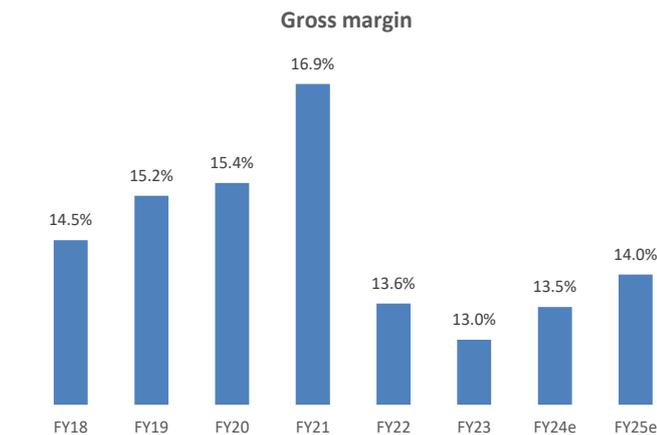
- ✓ Sourcing of components at much higher spot prices
- ✓ Inability to fulfil or cancellations of orders due to shortages
- ✓ Higher working capital days to stock up components ahead of demand

We expect margins to improve from higher ICE contribution, weaker renminbi, and more stable component prices and depreciation.

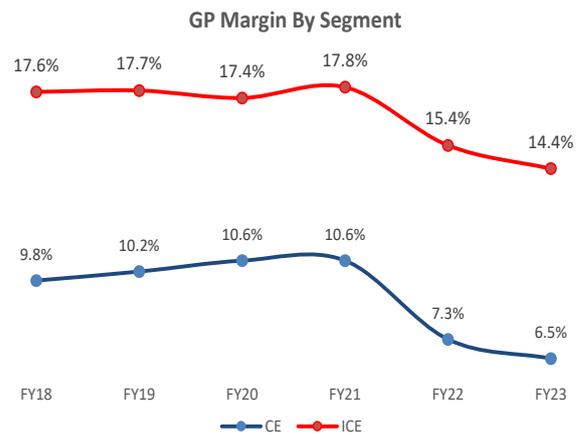
**Figure 6: VALUE margins of 13% are ahead of the industry 8%**

US\$ mn	2019	2020	2021	2022	2023e	2024e
<b>Gross profit</b>						
Flex	1,383	1,666	1,894	2,214	2,510	2,696
Jabil	1,919	2,074	2,450	2,695	2,857	2,969
Plexus	297	315	329	358	399	428
Sanmina	575	532	574	673	774	795
Celestica	385	438	487	636	747	786
Benchmark	200	175	206	255	271	297
Valuetronics	49	49	39	34	36	39
	<b>4,760</b>	<b>5,199</b>	<b>5,940</b>	<b>6,831</b>	<b>7,557</b>	<b>7,970</b>
YoY		9.2%	14.2%	15.0%	10.6%	5.5%
<b>Gross margin</b>						
Flex	5.6%	6.9%	7.4%	7.6%	8.2%	8.4%
Jabil	7.4%	7.4%	8.0%	7.9%	8.1%	8.2%
Plexus	9.2%	9.3%	9.5%	9.2%	9.3%	9.5%
Sanmina	7.3%	7.7%	8.2%	8.2%	8.5%	8.5%
Celestica	6.5%	7.6%	8.6%	8.8%	9.5%	9.5%
Benchmark	8.8%	8.5%	9.1%	8.8%	9.5%	9.7%
Valuetronics	15.4%	16.5%	14.5%	13.1%	13.4%	13.7%
	<b>6.8%</b>	<b>7.4%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.4%</b>	<b>8.5%</b>

Source: Bloomberg, Company, PSR

**Figure 7: Gross margins suffered over the past two years**


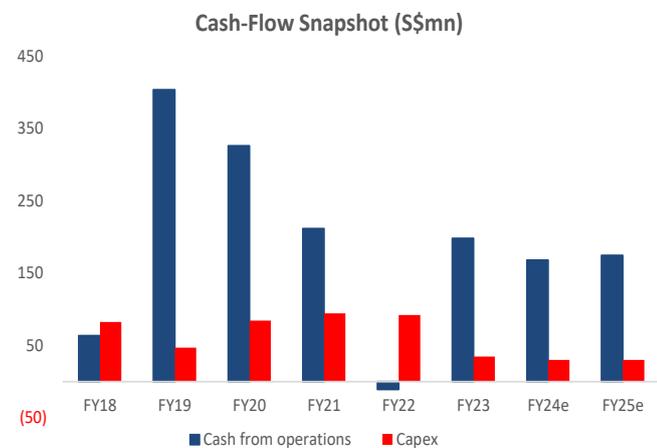
Source: Company, PSR

**Figure 8: ICE enjoys much better margins**


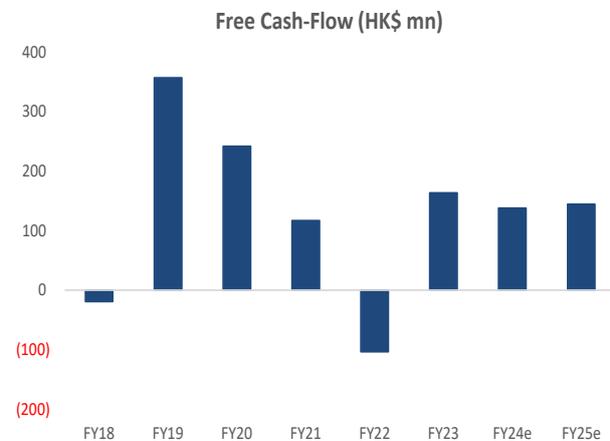
Source: Company, PSR

### CASH-FLOW

Cash from operations has declined since FY19 as earnings deteriorated. Meanwhile, capital expenditure picked up due to the new Vietnam facility. As earnings start to recover, we expect operating cash flow to stabilize around HK\$200mn (\$\$35mn) p.a.

**Figure 9: Operating cash-flow expected to be stable**


Source: Company, PSR

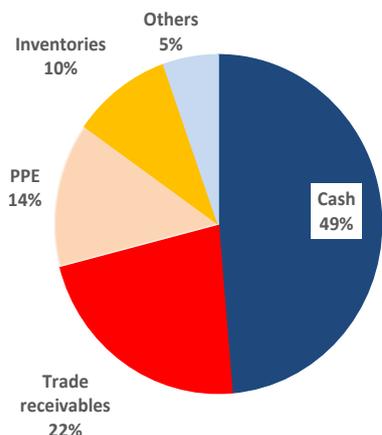
**Figure 10: FY24e net margin to rebound with the absence of one-off charges**


Source: Company, PSR

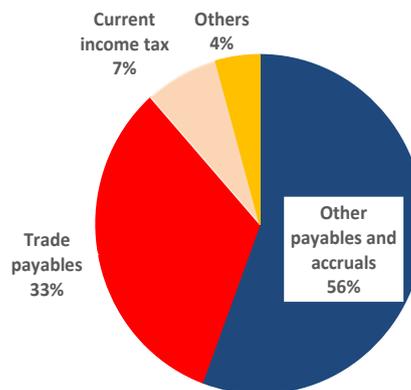
### BALANCE SHEET

**Assets:** Around half of VALUE assets are cash. The remaining assets are trade receivables, property plant and equipment (PPE) and inventory (Figure 11). PPE has expanded by 40% over the past three years due to the new plant in Vietnam. The working capital days are around 78 days (inventory 50, trade receivables 80 and trade payables -50). VALUE has traditionally kept a large net cash on its balance sheet of between HK\$900mn to HK\$1bn (Figure 13). A large cash balance also provides comfort to existing and new customers.

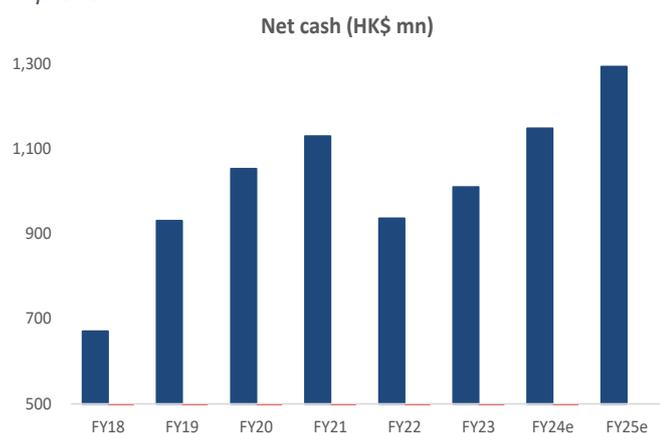
**Liabilities:** Total liabilities hover between H\$700mn-800mn and largely payables (Figure 12). Other payables and accruals in FY23 are largely accruals and other payables (HK\$185mn) and deposits received (HK\$153mn).

**Figure 11: Cash is the largest portion of the balance sheet**


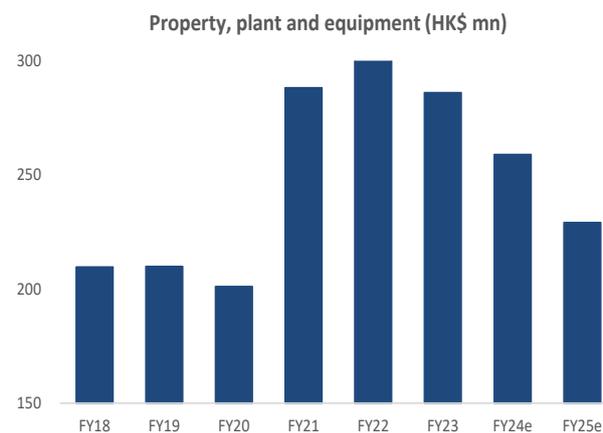
Source: Company, PSR

**Figure 12: Payables the largest part of liabilities**


Source: Company, PSR

**Figure 13: Expect net cash to build back up as earnings improve**


Source: Company, PSR

**Figure 14: Fixed assets jumped in FY21 and FY22**


Source: Company, PSR

## INDUSTRY

The size of the EMS industry is around US\$500bn and growing at 7% CAGR to US\$800bn by 2029, according to Fortune Business Insights. Drivers for growth include increased demand for electronic products, increased outsourcing (especially medical) and EMS companies providing more value-added services. Some of the verticals driving up demand include electric vehicles, renewable energy (storage, conversion, power management, charging station), medical, aerospace, cloud and military.

EMS companies have been adding value to customers beyond manufacturing services, by going into product design and development, testing, aftersales services (repair, remanufacturing, marketing) and product lifecycle management.

The top 5 largest EMS companies globally are Hon Hai, Wistron, Jabil, Flex and BUY Electronics. The US-listed EMS contract manufacturers enjoyed 11% CAGR growth from 2020 to 2022 (Figure 3). The pandemic drove up demand for electronic goods due to government stimulus, shift from services to goods, and the work from home phenomena. Demand is expected to stabilize at 4 to 5% p.a. in 2023 and 2024.

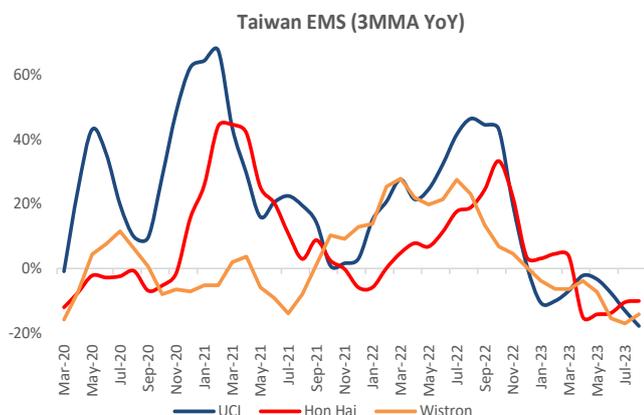
### Top 20 EMS Companies globally

- Hon Hai Precision
- Wistron
- Jabil
- Flex
- BYD Electronics
- Universal Scientific Industrial
- Sanmina
- Kinpo Electronics
- RayMing PCB & Assembly
- Plexus
- Infineon Technologies
- Keysight Technologies
- Venture Corp
- Pegatron
- FirstSolar
- Ryder Industries
- Fuji Electric
- Benchmark Electronics
- Celestica
- EE Technologies

Based on the latest monthly sales reported by the three large Taiwan EMS, 3Q23 is expected to be another weak quarter for earnings as revenue is still contracting (Figure 15).

The factory footprint of EMS providers is largely in Asia (Figure 16). Countries with higher concentrations of factories are Malaysia and Thailand.

Figure 15: 3Q23 sales still contracting



Source: Companies, PSR

Figure 16: Asia is where most of the manufacturing facilities are located

	mn sft <sup>2</sup>	Total	CH	MY	TH	US	MX	Asia	Ame
Jabil	50.0							33.0	13
Flex	46.9							19.6	15
Sanmina	11.3							3.9	5.
Celestica	7.2	1.0	1.5	1.0	0.9	0.7	4.8	2.	
Plexus	5.1	0.7	1.5	0.4	1.3	0.7	2.6	2.	
Venture	4.7	0.2	3.8		0.4		4.3	0.	
Benchmark	3.6	0.3	0.3	0.8	1.4	0.5	1.4	1.	

Source: Companies, PSR

### VALUATION

We initiate coverage with a BUY rating and a target price of S\$0.61. Our target price is based on 11x PE FY24e, in-line with industry valuations (Figure 17).

Figure 17: Industry is trading around 11x PE 1 year forward

Company	1 Mth Perf.	3 Mth Perf.	YTD Perf.	PSR Recomm.	Share Px Local Crcy	Mkt. Cap. (US\$ m)	PE Yr 0	PE Yr +1	PE Yr +2	Dividend Yield	EV/ EBITDA (x)
<b>Singapore</b>											
Venture	-2.6%	-15.1%	-24.4%	NEUTRAL	12.90	2,747	10.2	12.4	11.5	5.8%	7.3
Aztech Global	8.3%	9.8%	-5.4%	-	0.79	444	9.0	6.6	6.1	1.9%	4.8
Valuetronics	1.9%	-4.5%	1.0%	BUY	0.53	159	10.1	9.4	8.5	5.3%	1.7
<b>US</b>											
Jabil	2.4%	0.2%	54.5%	-	105.37	13,791	13.8	12.0	11.3	0.1%	6.6
Flex	-2.2%	-5.8%	18.5%	-	25.42	11,353	14.3	10.0	8.9	0.0%	7.7
Sanmina	-2.8%	-10.0%	-7.9%	-	52.75	3,019	11.8	8.0	7.9	0.0%	4.9
Celestica	7.8%	51.4%	97.9%	-	22.30	2,661	18.3	9.8	8.9	0.0%	6.7
Plexus	-7.6%	-6.6%	-12.6%	-	89.96	2,472	17.9	15.9	14.9	0.0%	9.6
Benchmark	-4.1%	-5.9%	-9.6%	-	24.13	861	12.6	11.9	10.2	2.7%	7.0
	-0.1%	-0.4%	29.0%			37,506	13.7	10.8	10.0	0.6%	7.0

Source: Bloomberg, PSR

## APPENDIX 1 – Types of products produced by Valuetronics

### ICE – Printers

Transaction printer: slots and POS



Thermal Label



### Sensing Devices

Coldchain temperature monitor



Networked Pheromone Dispenser



Source: Company, PSR

Source: Company, PSR

### CE – Electronic shavers and toothbrushes



Source: Company, PSR

### CE – Smart lighting with IOT features



Source: Company, PSR

### ICE – IP phones (Commercial use)



Source: Company, PSR

### ICE – Cooling solutions for HPC environments



Source: Company, PSR

## APPENDIX 2 – Valuetronics Milestones

2022	<ul style="list-style-type: none"> <li>◦ Vietnam Campus commenced mass production</li> </ul>
2020	<ul style="list-style-type: none"> <li>◦ Expanding into the second facility in Vietnam</li> </ul>
2019	<ul style="list-style-type: none"> <li>◦ Established manufacturing footprint in Vietnam</li> </ul>
2017	<ul style="list-style-type: none"> <li>◦ Received a 2016 Above &amp; Beyond – Pinnacle Award for Supplier Excellence from Delphi</li> </ul>
2015	<ul style="list-style-type: none"> <li>◦ Accredited with TS16949 quality management system and acquired first customer in the automotive industry</li> </ul>
2014	<ul style="list-style-type: none"> <li>◦ Adoption of formal dividend policy</li> </ul>
2013	<ul style="list-style-type: none"> <li>◦ Completed more than 40 in-house Process Automation Projects</li> </ul>
2012	<ul style="list-style-type: none"> <li>◦ Celebration of 20th anniversary</li> <li>◦ Revenue crossed HK\$2 billion mark</li> </ul>
2011	<ul style="list-style-type: none"> <li>◦ Branded electric fans and heaters shipped to US market</li> </ul>
2010	<ul style="list-style-type: none"> <li>◦ Branded air purifiers shipped to US market</li> <li>◦ Implemented Lean Manufacturing Programme to improve production and process automation</li> </ul>
2009	<ul style="list-style-type: none"> <li>◦ Completed relocation of back office functions including general management, computer and engineering centres to Daya Bay Facility</li> <li>◦ Acquired In Vitro Diagnostic ("IVD") medical equipment co-developer and manufacturer and completed pilot shipment of IVD equipment</li> </ul>
2008	<ul style="list-style-type: none"> <li>◦ Completed construction of the Phase 1 of Daya Bay Facility and commenced systematic project transfers of major customers to the facility</li> </ul>
2007	<ul style="list-style-type: none"> <li>◦ Listed on SGX-Mainboard</li> <li>◦ Commenced construction for the 35,000 sqm production area of Phase 1 of Daya Bay Facility</li> </ul>
2003	<ul style="list-style-type: none"> <li>◦ Adoption of work cell management and updated to ISO9001:2000</li> </ul>
2002	<ul style="list-style-type: none"> <li>◦ Use of ROHS equipment and accredited with TL9000</li> </ul>
1992	<ul style="list-style-type: none"> <li>◦ Incorporated and headquartered in Hong Kong with manufacturing facilities established under the Processing Arrangement in Guangdong Province, PRC</li> </ul>

Source: Company, PSR

## Financials

### Income Statement

Y/E Mar, HKD mn	FY21	FY22	FY23	FY24e	FY25e
<b>Revenue</b>	<b>2,281.5</b>	<b>2,027.4</b>	<b>2,013.7</b>	<b>2,124.3</b>	<b>2,246.6</b>
Gross profit	386.2	274.8	261.7	288.9	310.0
<b>EBITDA</b>	<b>245.1</b>	<b>169.6</b>	<b>154.3</b>	<b>172.8</b>	<b>192.6</b>
Depreciation & amortisation	(54.1)	(58.0)	(53.4)	(57.1)	(59.8)
<b>EBIT</b>	<b>190.9</b>	<b>111.6</b>	<b>100.9</b>	<b>115.7</b>	<b>132.8</b>
Net Finance Inc/(Exp)	5.0	1.7	20.7	27.8	26.6
Profit before tax	208.7	125.7	132.4	145.5	161.4
Taxation	(21.6)	(12.2)	(9.4)	(13.1)	(14.5)
Minority interest	-	-	-	-	-
<b>PATMI</b>	<b>187.1</b>	<b>113.5</b>	<b>123.0</b>	<b>132.4</b>	<b>146.9</b>

### Per share data (SGD Cents)

Y/E Mar	FY21	FY22	FY23	FY24e	FY25e
EPS, Reported	7.5	4.6	5.1	5.5	6.1
DPS	3.7	2.5	3.5	2.8	3.2
BVPS	54.3	55.1	56.5	58.4	61.5

### Cash Flow

Y/E Mar, HKD mn	FY21	FY22	FY23	FY24e	FY25e
<b>CFO</b>					
<b>Profit before tax</b>	<b>208.7</b>	<b>125.7</b>	<b>132.4</b>	<b>145.5</b>	<b>161.4</b>
Adjustments	57.8	60.4	34.3	59.2	61.8
WC changes	(38.7)	(175.1)	36.3	(1.6)	(25.1)
Cash generated from ops	227.7	11.0	203.0	203.1	198.2
Tax paid	(14.5)	(22.0)	(4.8)	(12.6)	(14.1)
<b>Cashflow from ops</b>	<b>213.2</b>	<b>(10.9)</b>	<b>198.2</b>	<b>190.5</b>	<b>184.1</b>
<b>CFI</b>					
CAPEX, net	(94.6)	(92.3)	(34.6)	(30.0)	(30.0)
Others	43.6	7.0	23.8	-	-
<b>Cashflow from investments</b>	<b>(51.1)</b>	<b>(85.2)</b>	<b>(10.8)</b>	<b>(30.0)</b>	<b>(30.0)</b>
<b>CFE</b>					
Share issuance, net	1.9	(11.1)	(53.4)	-	-
Loans, net of repayments	-	-	-	-	-
Dividends	(82.7)	(87.1)	(59.4)	(88.7)	(71.8)
Others	(1.3)	-	-	-	-
<b>Cashflow from financing</b>	<b>(82.1)</b>	<b>(98.2)</b>	<b>(112.8)</b>	<b>(88.7)</b>	<b>(71.8)</b>
Net change in cash	80.1	(194.4)	74.5	71.8	82.2
<b>CCE, end</b>	<b>375.7</b>	<b>183.0</b>	<b>1,009.9</b>	<b>1,080.7</b>	<b>1,162.2</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

Y/E Mar, HKD mn	FY21	FY22	FY23	FY24e	FY25e
<b>ASSETS</b>					
Trade and other receivables	490.5	430.7	463.8	467.3	494.2
Cash	1,129.4	936.7	1,009.9	1,080.7	1,162.2
Inventories	214.1	273.5	203.6	233.7	247.1
Others	0.0	0.0	0.0	0.0	0.0
<b>Total current assets</b>	<b>1,864.7</b>	<b>1,686.2</b>	<b>1,706.7</b>	<b>1,811.1</b>	<b>1,932.9</b>
PPE	201.1	288.1	318.3	286.0	258.9
Others	0.2	0.1	0.1	0.1	0.1
<b>Total non-current assets</b>	<b>376.9</b>	<b>409.5</b>	<b>369.2</b>	<b>340.4</b>	<b>309.0</b>
<b>Total Assets</b>	<b>2,241.6</b>	<b>2,095.7</b>	<b>2,075.9</b>	<b>2,151.6</b>	<b>2,241.9</b>
<b>LIABILITIES</b>					
Accounts payable	365.2	262.7	233.6	265.5	280.8
Bank borrowings	-	1.0	2.0	3.0	4.0
Other payables	446.2	386.0	397.7	397.7	397.7
Others	0.1	0.1	0.1	0.1	0.1
<b>Total current liabilities</b>	<b>889.4</b>	<b>724.1</b>	<b>713.4</b>	<b>745.4</b>	<b>760.7</b>
Deferred tax liabilities	5.1	3.0	0.5	0.5	0.5
Long-term borrowings	-	1.0	2.0	3.0	4.0
Others	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>5.1</b>	<b>3.0</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Total Liabilities</b>	<b>894.5</b>	<b>727.1</b>	<b>713.9</b>	<b>745.9</b>	<b>761.2</b>
<b>Equity</b>					
Share capital	43.6	43.6	43.6	43.6	43.6
<b>Shareholder Equity</b>	<b>1,347.1</b>	<b>1,368.6</b>	<b>1,362.0</b>	<b>1,405.7</b>	<b>1,480.7</b>

### Valuation Ratios

Y/E Mar	FY21	FY22	FY23	FY24e	FY25e
P/E (X)	7.0	11.5	10.3	9.5	8.6
P/B (X)	1.0	1.0	0.9	0.9	0.9
EV/EBITDA (X)	0.7	2.2	1.7	1.1	0.5
Dividend Yield	7.0%	4.7%	6.7%	5.3%	6.0%
<b>Growth &amp; Margins</b>					
<b>Growth</b>					
Revenue	-3.1%	-11.1%	-0.7%	5.5%	5.8%
EBITDA	9.6%	-30.8%	-9.0%	12.0%	11.5%
EBIT	10.8%	-41.6%	-9.6%	14.7%	14.8%
Net profit, adj.	4.6%	-39.3%	8.3%	7.7%	11.0%
<b>Margins</b>					
Gross margin	16.9%	13.6%	13.0%	13.6%	13.8%
EBITDA margin	10.7%	8.4%	7.7%	8.1%	8.6%
EBIT margin	8.4%	5.5%	5.0%	5.4%	5.9%
Net profit margin	8.2%	5.6%	6.1%	6.2%	6.5%
<b>Key Ratios</b>					
ROE	14.5%	8.4%	9.0%	9.6%	10.2%
ROA	8.8%	5.2%	5.9%	6.3%	6.7%
Net Gearing (%)	Net cash				
Net Debt/EBITDA (X)	n.a.	n.a.	n.a.	n.a.	n.a.



**PSR Rating System**

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
< -20%	Sell	5

**Remarks**

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

Contact Information (Singapore Research Team)		
<b>Head of Research</b> Paul Chew – <a href="mailto:paulchewkl@phillip.com.sg">paulchewkl@phillip.com.sg</a>	<b>Property   REITs</b> Darren Chan – <a href="mailto:darrenchanrx@phillip.com.sg">darrenchanrx@phillip.com.sg</a>	<b>Research Admin</b> Qystina Azli – <a href="mailto:qystina@phillip.com.sg">qystina@phillip.com.sg</a>
<b>Technical Analyst</b> Zane Aw – <a href="mailto:zaneawyx@phillip.com.sg">zaneawyx@phillip.com.sg</a>	<b>Property   REITs</b> Liu Miaomiao – <a href="mailto:liumm@phillip.com.sg">liumm@phillip.com.sg</a>	<b>Banking &amp; Finance</b> Glenn Thum – <a href="mailto:glenthumic@phillip.com.sg">glenthumic@phillip.com.sg</a>
<b>Credit Analyst</b> Shawn Sng – <a href="mailto:shawnsngkh@phillip.com.sg">shawnsngkh@phillip.com.sg</a>	<b>US Technology Analyst (Digital Media &amp; Entertainment)</b> Jonathan Woo – <a href="mailto:jonathanwookj@phillip.com.sg">jonathanwookj@phillip.com.sg</a>	<b>Conglomerate   Transport</b> Peggy Mak – <a href="mailto:peggymak@phillip.com.sg">peggymak@phillip.com.sg</a>
<b>US Technology Analyst (Hardware &amp; Marketplaces)</b> Maximilian Koeswoyo – <a href="mailto:maximilian@phillip.com.sg">maximilian@phillip.com.sg</a>		<b>US Technology Analyst (Software/Services)</b> Ambrish Shah – <a href="mailto:amshah@phillipventuresifsc.in">amshah@phillipventuresifsc.in</a>

## Contact Information (Regional Member Companies)

<p><b>SINGAPORE</b> Phillip Securities Pte Ltd Raffles City Tower 250, North Bridge Road #06-00 Singapore 179101 Tel +65 6533 6001 Fax +65 6535 6631 Website: <a href="http://www.poems.com.sg">www.poems.com.sg</a></p>	<p><b>MALAYSIA</b> Phillip Capital Management Sdn Bhd B-3-6 Block B Level 3 Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur Tel +603 2162 8841 Fax +603 2166 5099 Website: <a href="http://www.poems.com.my">www.poems.com.my</a></p>	<p><b>HONG KONG</b> Phillip Securities (HK) Ltd 11/F United Centre 95 Queensway Hong Kong Tel +852 2277 6600 Fax +852 2868 5307 Websites: <a href="http://www.phillip.com.hk">www.phillip.com.hk</a></p>
<p><b>JAPAN</b> Phillip Securities Japan, Ltd. 4-2 Nihonbashi Kabuto-cho Chuo-ku, Tokyo 103-0026 Tel +81-3 3666 2101 Fax +81-3 3666 6090 Website: <a href="http://www.phillip.co.jp">www.phillip.co.jp</a></p>	<p><b>INDONESIA</b> PT Phillip Securities Indonesia ANZ Tower Level 23B, Jl Jend Sudirman Kav 33A Jakarta 10220 – Indonesia Tel +62-21 5790 0800 Fax +62-21 5790 0809 Website: <a href="http://www.phillip.co.id">www.phillip.co.id</a></p>	<p><b>CHINA</b> Phillip Financial Advisory (Shanghai) Co Ltd No 550 Yan An East Road, Ocean Tower Unit 2318, Postal code 200001 Tel +86-21 5169 9200 Fax +86-21 6351 2940 Website: <a href="http://www.phillip.com.cn">www.phillip.com.cn</a></p>
<p><b>THAILAND</b> Phillip Securities (Thailand) Public Co. Ltd 15th Floor, Vorawat Building, 849 Silom Road, Silom, Bangrak, Bangkok 10500 Thailand Tel +66-2 6351700 / 22680999 Fax +66-2 22680921 Website <a href="http://www.phillip.co.th">www.phillip.co.th</a></p>	<p><b>FRANCE</b> King &amp; Shaxson Capital Limited 3rd Floor, 35 Rue de la Bienfaisance 75008 Paris France Tel +33-1 45633100 Fax +33-1 45636017 Website: <a href="http://www.kingandshaxson.com">www.kingandshaxson.com</a></p>	<p><b>UNITED KINGDOM</b> King &amp; Shaxson Capital Limited 6th Floor, Candlewick House, 120 Cannon Street, London, EC4N 6AS Tel +44-20 7426 5950 Fax +44-20 7626 1757 Website: <a href="http://www.kingandshaxson.com">www.kingandshaxson.com</a></p>
<p><b>UNITED STATES</b> Phillip Capital Inc 141 W Jackson Blvd Ste 3050 The Chicago Board of Trade Building Chicago, IL 60604 USA Tel +1-312 356 9000 Fax +1-312 356 9005 Website: <a href="http://www.phillipusa.com">www.phillipusa.com</a></p>	<p><b>AUSTRALIA</b> Phillip Capital Limited Level 10, 330 Collins Street Melbourne, Victoria 3000, Australia Tel +61-03 8633 9803 Fax +61-03 8633 9899 Website: <a href="http://www.phillipcapi.com.au">www.phillipcapi.com.au</a></p>	<p><b>CAMBODIA</b> Phillip Bank Plc Ground Floor of B-Office Centre, #61-64, Norodom Blvd Corner Street 306, Sangkat Boeung Keng Kang 1, Khan Chamkamorn, Phnom Penh, Cambodia Tel: 855 (0) 7796 6151/855 (0) 1620 0769 Website: <a href="http://www.phillipbank.com.kh">www.phillipbank.com.kh</a></p>
<p><b>INDIA</b> PhillipCapital (India) Private Limited No.1, 18th Floor, Urmi Estate 95, Ganpatrao Kadam Marg Lower Parel West, Mumbai 400-013 Maharashtra, India Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969 Website: <a href="http://www.phillipcapi.in">www.phillipcapi.in</a></p>	<p><b>TURKEY</b> PhillipCapital Menkul Degerler Dr. Cemil Bengü Cad. Hak Is Merkezi No. 2 Kat. 6A Caglayan 34403 Istanbul, Turkey Tel: 0212 296 84 84 Fax: 0212 233 69 29 Website: <a href="http://www.phillipcapi.com.tr">www.phillipcapi.com.tr</a></p>	<p><b>DUBAI</b> Phillip Futures DMCC Member of the Dubai Gold and Commodities Exchange (DGCX) Unit No 601, Plot No 58, White Crown Bldg, Sheikh Zayed Road, P.O.Box 212291 Dubai-UAE Tel: +971-4-3325052 / Fax: + 971-4-3328895</p>

### Important Information

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involves significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

### IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
- (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.