

# Uni-Asia Group (UAG SP)

## Finding strength in diversity

### Japan property investments yield good returns

In Japan, UAG focuses on the development of small residential property projects under the "ALERO" brand. While management believes there is upside potential in this niche segment, it is also exploring various property asset management opportunities in Japan to expand its revenue base. For its hotel operation, it will be opening one hotel in Dec '19 in Fukuoka and four more hotels in 2020 to take advantage of the upcoming Tokyo 2020 Olympics.

### Small exposure to Hong Kong property market

The anti-government protests in Hong Kong have lasted for more than six months. While sentiment in the commercial property market could be shaken in the near-term, management is unclear whether there will be a significant impact in the long run. Nevertheless, the group is monitoring the situation closely and will start pre-sales of their three remaining Hong Kong property projects accordingly.

### Calibrating its existing shipping portfolio

The shipping segment remains a drag on the group's performance amidst persistent headwinds in the bulk carrier market. As such, UAG will review the current shipping assets and dispose older ships, while exploring options to modernise the fleet. At the same time, the ship management team will continue to optimise chartering of its ships to strengthen its recurring charter income base.

### Undemanding valuation limits downside risk

With UAG recording the highest 9M19 earnings in five years, the stock now trades at an undemanding 5.5x FY19E P/E and 0.35x P/B, based on Bloomberg estimates. The group aims to distribute at least 35%/40% of FY19/20 net profit as dividends semi-annually, which translates to a decent yield of about 6%.

FYE Dec (USD m)	FY14A	FY15A	FY16A	FY17A	FY18A
Revenue	67	77	86	104	123
EBITDA	12	19	4	26	22
Core net profit	2	3	(14)	6	1
Core EPS (cts)	4.6	5.7	(30.2)	13.2	2.6
Core EPS growth (%)	na	25.4	nm	nm	(80.2)
Net DPS (cts)	625.0	625.0	300.0	625.0	700.0
Core P/E (x)	18.7	9.7	nm	4.7	22.2
P/BV (x)	0.3	0.2	0.2	0.2	0.2
Net dividend yield (%)	na	na	na	na	na
ROAE (%)	na	2.0	(10.9)	5.0	1.0
ROAA (%)	na	0.9	(4.4)	1.8	0.4
EV/EBITDA (x)	9.9	8.8	40.5	8.3	7.7
Net gearing (%) (incl perps)	53.8	95.6	119.0	129.6	102.9

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# Not Rated

Share Price

SGD 0.75

### Company Description

An alternative investment company that offers structured finance, ship charter arrangement, shipping & maritime asset management and property.

### Statistics

52w high/low (SGD)	0.86/0.69
3m avg turnover (USDm)	0.0
Free float (%)	46.7
Issued shares (m)	79
Market capitalisation	SGD58.6M
	USD43M

### Major shareholders:

Yamasa Co. Ltd.	30.0%
Evergreen International SA	8.9%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	1	0	(4)
Relative to index (%)	2	(1)	(7)

Source: FactSet

# Company Profile

Fig 1: Uni-Asia Snapshot

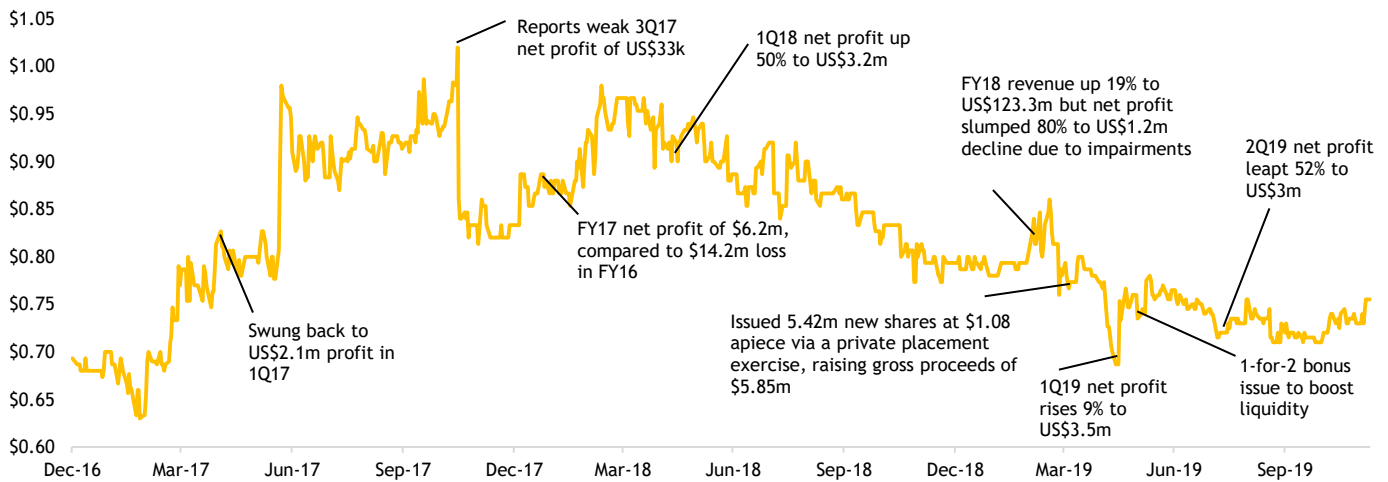
Business	Company milestones
<ul style="list-style-type: none"> <li>Uni-Asia is an alternative investment company engaged in ship charter, maritime asset management, real estate development and hotel management.</li> <li><b>Shipping:</b> The group owns/co-owns eight handysize bulk carriers for charter, and maintains a portfolio of 14 bulk carriers and container ships under management.</li> <li><b>Property &amp; Hotels:</b> The group has property investments in China, Hong Kong and Japan. To date, the group has invested in six commercial properties in Hong Kong, as well as 41 small residential development projects in Tokyo under the ALERO brand. In addition, the group manages 15 hotels in Japan under the Vista Hotel brand, with a total of 2,515 rooms.</li> </ul>	<ul style="list-style-type: none"> <li>Incorporated in March 1997 with a focus on finance arrangement for companies in the transportation sector.</li> <li>In 2000, it established an investment partnership with Grosvenor Asia to invest in residential properties in Tokyo.</li> <li>In 2005, the group acquired all the shares of hotel operating company Sun Vista and went into the hotel operating business.</li> <li>In 2012, it successfully completed its first small residential project ALERO Shimo Meguro.</li> <li>In 2018, the group invested in three Hong Kong property development projects, taking the total number of Hong Kong property projects to six.</li> <li>In 2019, it undertook a SGD5.4m private placement to finance its property projects and a 1-for-2 bonus issue to improve trading liquidity of its shares.</li> </ul>

Board and senior management	Quarterly results summary
<ul style="list-style-type: none"> <li><b>Michio Tanamoto (Chairman/CEO)</b> - Co-founded the company in 1997 and appointed Chairman and CEO in April 2014. He has over 36 years of experience in the financial sector in Japan, Hong Kong and Singapore.</li> <li><b>Masahiro Iwabuchi (Executive Director)</b> - Joined the group when it was established and was appointed Executive Director in March 2018. Currently heading the Property Investment Department, he has vast experience in the banking industry throughout Asia.</li> <li><b>Kenji Fukuyado (Executive Director)</b> - Joined in 2001 and was appointed Executive Director in March 2018. He has over 30 years of experience in the finance industry.</li> <li><b>Yukihiro Toda (Executive Director)</b> - Joined in 1998 and was appointed Executive Director in March 2018. He is responsible for the overall real estate fund management business and property investment business in Japan.</li> <li><b>Lim Kai Ching (CFO)</b> - Joined in June 2011 and was appointed Chief Financial Officer in August 2011. Lim has over 20 years of experience in finance, accounting, risk management, investment, audit and investor relations.</li> </ul>	<p><b>Fig 1: Revenue &amp; operating income</b></p> <p>Source: Bloomberg</p> <p><b>Fig 2: Quarterly net profit and net margin</b></p> <p>Source: Bloomberg</p>

Source: Company data, Maybank Kim Eng

# Share price history

Fig 3: Share price and key events



Source: Bloomberg, Company

# SWOT analysis

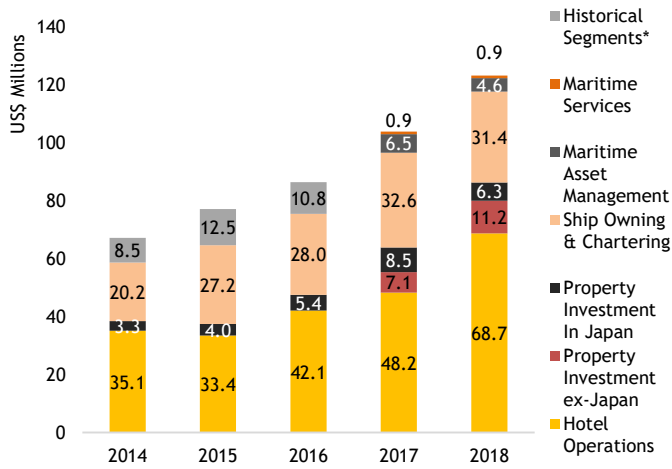
Fig 4: SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> <li><b>Recurring cash flows.</b> The business is relatively stable due to the recurring nature of its charters, hotel and asset management fee income and cash flows.</li> <li><b>Integrated shipping offering.</b> The group offers comprehensive, integrated maritime services and solutions for clients and investors.</li> <li><b>Constant pipeline of residential developments with high IRR.</b> As of 3Q19, the group has 10 ALERO projects under construction/planning in Japan. These developments usually fetch an average IRR of 20%.</li> </ul>	<ul style="list-style-type: none"> <li><b>High net gearing.</b> Net gearing was 69.3% as at Sep 2019 exposes the group to interest rate risks.</li> <li><b>Exposure to trade tensions and political instability.</b> Heightened US-China trade tensions have affected shipping operations by depressing charter rates. Furthermore, the recent escalation of political unrest in Hong Kong could hinder the sales take-up of its commercial property projects.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li><b>Potential upside from charter rate revisions.</b> The Baltic Dry Index (BDI) has climbed well above the from sub-600 levels seen in February this year. The group has three handysize carriers with charter rates tied to the BDI, which will benefit from this recovery.</li> <li><b>Tourism boost in Japan due to major sporting events.</b> UAG's hotels should enjoy a boost in occupancy due to the anticipated tourist spike from the upcoming 2020 Olympics.</li> <li><b>Expansion of property investment to other geographies.</b> Although its property investments are currently confined to Hong Kong, China and Japan, management is open to work with partners to expand its mandate to other regional countries like Singapore.</li> </ul>	<ul style="list-style-type: none"> <li><b>Cyclical shipping operations.</b> The shipping business is susceptible to cyclical business cycles as well as as major production disruptions like the Vale dam disaster and Cyclone Veronica, as well as weak demand caused by global trade tensions.</li> <li><b>Oversupply of hotels in Japan.</b> Ambitious tourism policies and strong inbound tourist arrivals are driving new hotel developments across Japan. At present, the group sees an oversupply situation in Kyoto, where average occupancy of its hotels are at 70-80%, lower compared to other regions.</li> </ul>

Source: Company, Maybank Kim Eng

# Financial snapshot

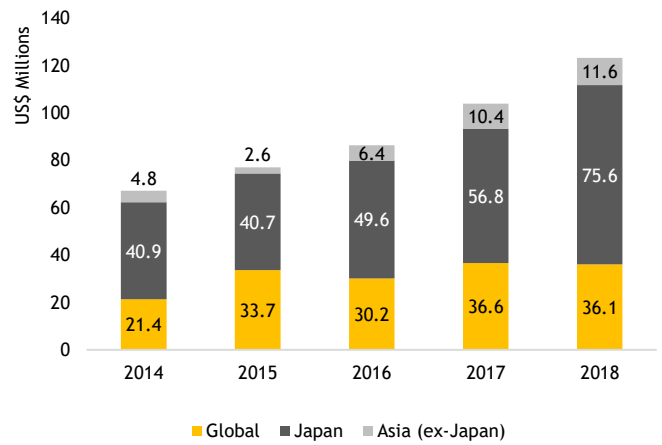
**Fig 5: Revenue breakdown**



Source: Company

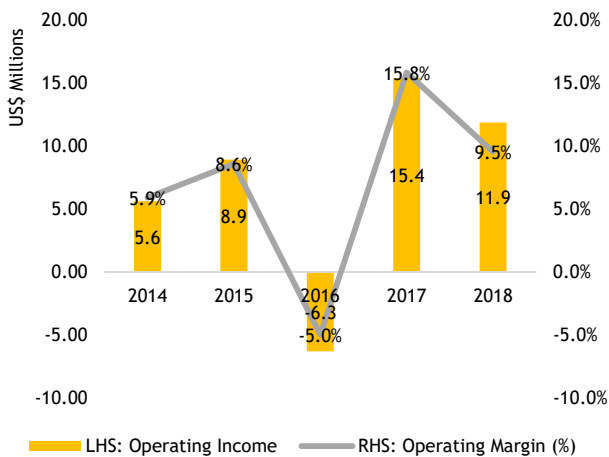
\*Refers to Investment & Asset Management of Ships & Properties, Ship Finance Arrangement

**Fig 6: Revenue by geography**



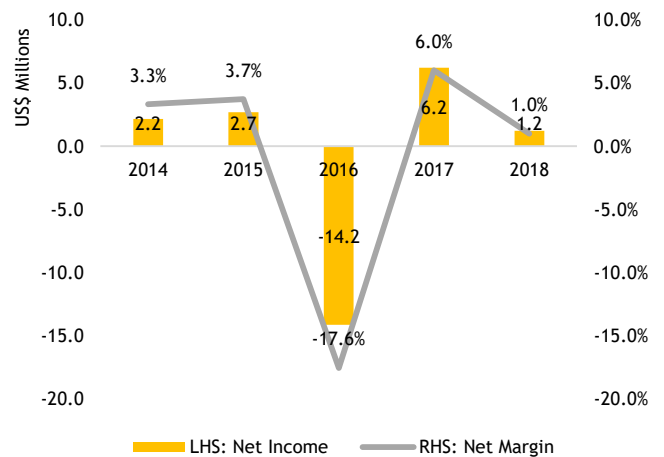
Source: Company

**Fig 7: Operating income and operating margin**



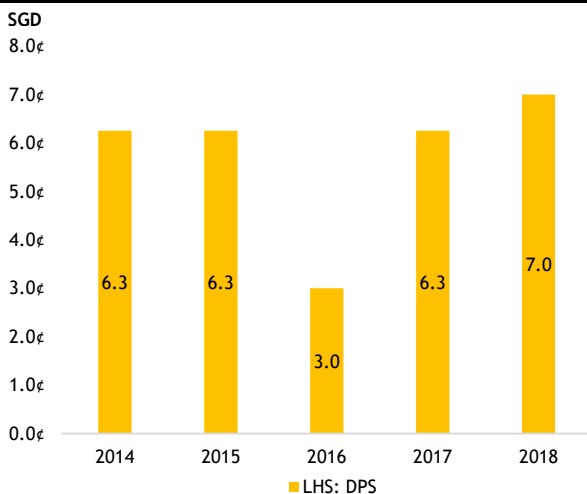
Source: Company

**Fig 8: Net income and net margin**



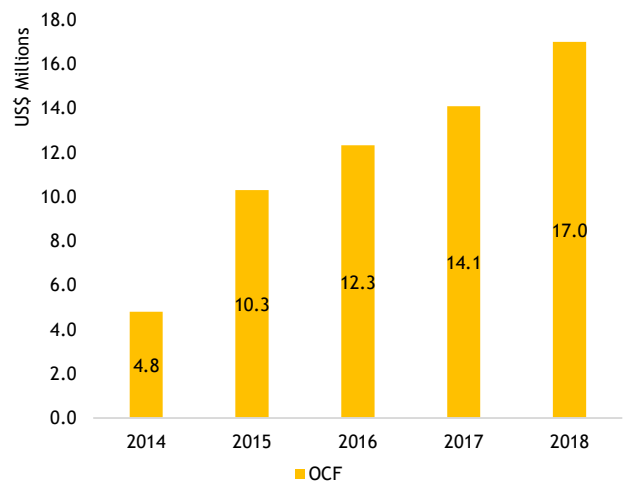
Source: Company

**Fig 9: Dividend per share**



Source: Company

**Fig 10: Operating cash flow**



Source: Company

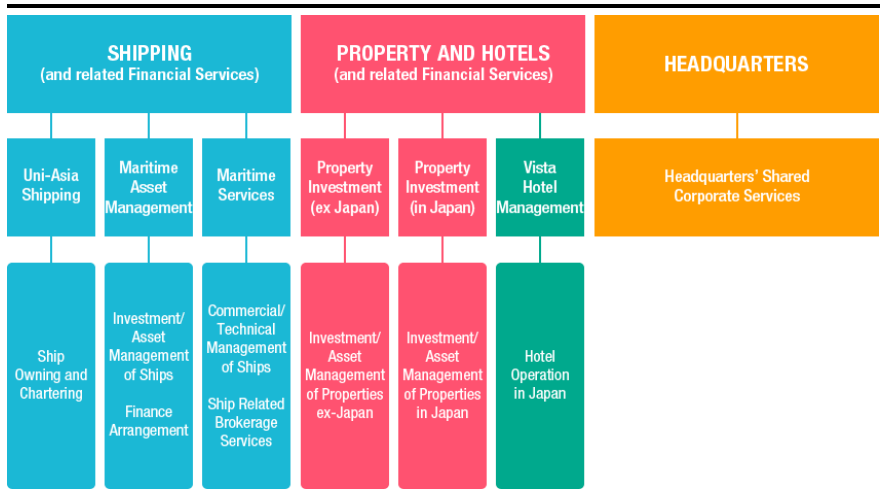
## Company description

Uni-Asia Group (UAG) is an alternative investment company with multifunctional roles including that of asset owner and manager, operator, co-investor, ship finance arranger, broker and fund manager. The group's investments are mainly in cargo vessels and properties in Hong Kong and Japan.

To enhance its investment returns, UAG also provides integrated services for its assets, including acting as operator for commercial maritime vessels and its commercial, residential and hotel properties.

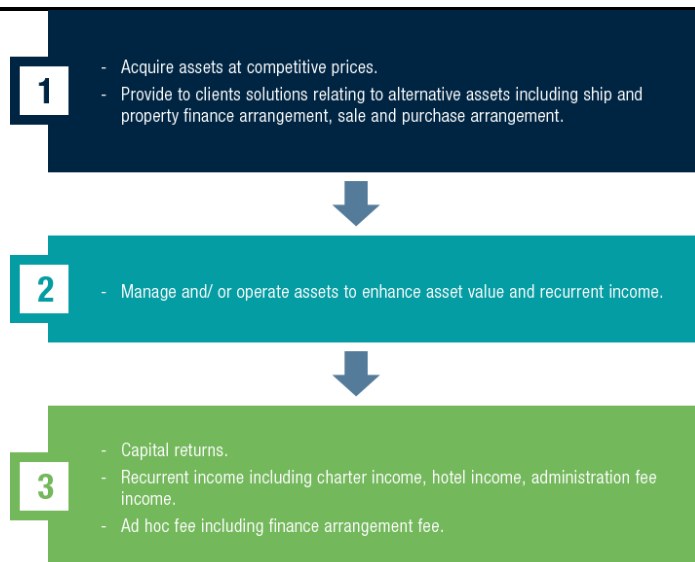
## Business overview

Fig 11: Three core business segments



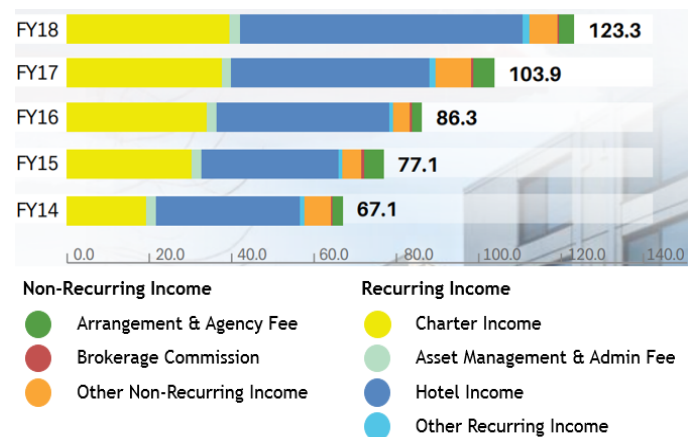
Source: Company

Fig 12: Business strategy



Source: Company

Fig 13: Growing recurring Income (USD, m)



Source: Company

Fig 14: Classification of the group's income

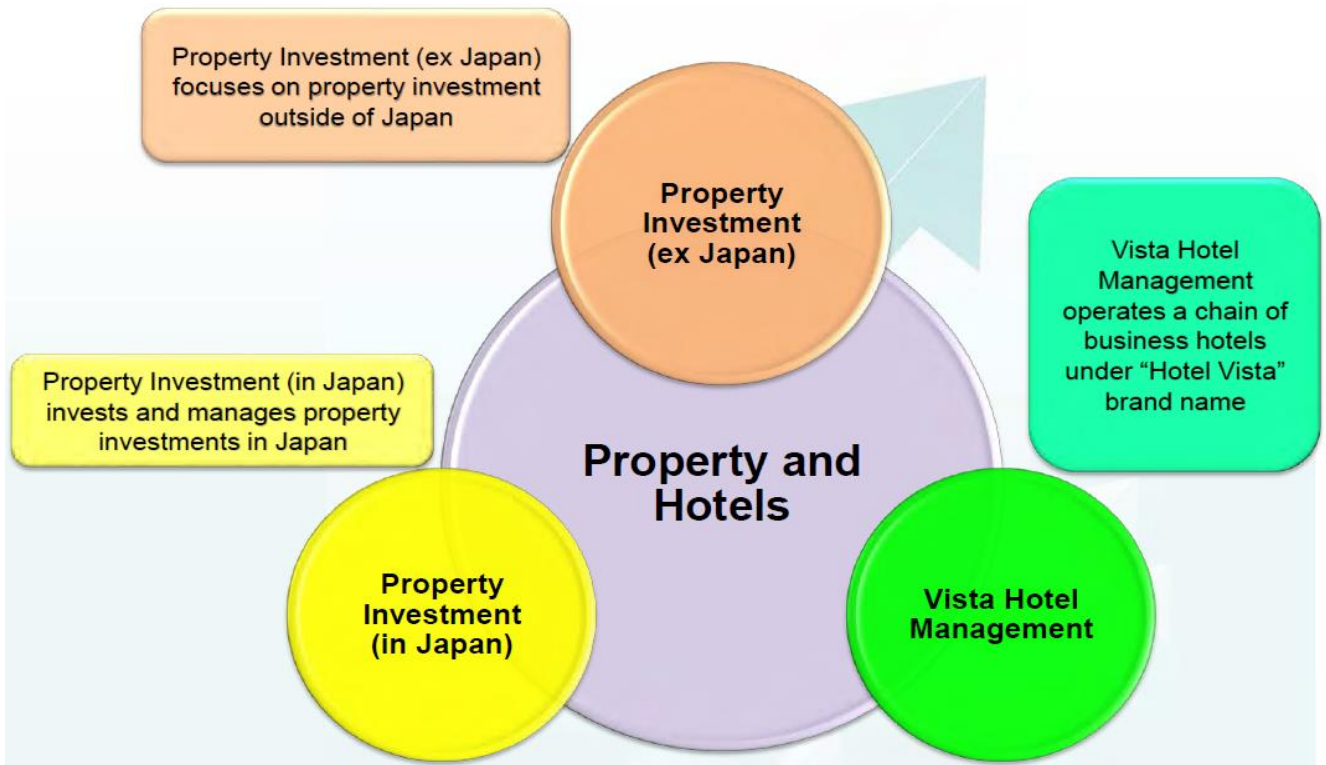
		Business Segments	
Classification of Income per Income Statement	Sub-Classification of Income	Shipping (and related Financial Services)	Properties and Hotels (and related Financial Services)
Charter Income		Chartering of vessels to third parties	
Fee Income	Asset Management & Admin Fee	Asset management and administration of investment fund/ investment companies Commercial/Technical management	Asset management and administration of investment fund/ investment companies
	Arrangement & Agency Fee	Finance arrangement / Agency work / Arrangement of acquisition and disposal	Finance arrangement / Agency work / Arrangement of acquisition and disposal
	Brokerage Commission	Brokerage of vessel charter	
	Incentive Fee	Fees for meeting investment target	Fees for meeting investment target
Hotel Income			Management of hotel operations
Hotel Income	Realised Gain/Loss	Realised gain and loss on investments / financial instruments	Realised gain and loss on investments / financial instruments
	Fair Value Adjustment	Fair value adjustments on investments / financial instruments	Fair value adjustments on investments / financial instruments
	Property Rental	Rental from investment properties	Rental from investment properties / hotels
Interest Income		Bank deposit interest / Interest from bridge or shareholders' loan	Bank deposit interest and finance lease interest

Source: Company

The group's property and hotels business can be divided into three sub-segments:

1. Property investment in Japan
2. Vista Hotel management
3. Property investment ex Japan

**Fig 15: Under property and hotels, there are three sub-segments**

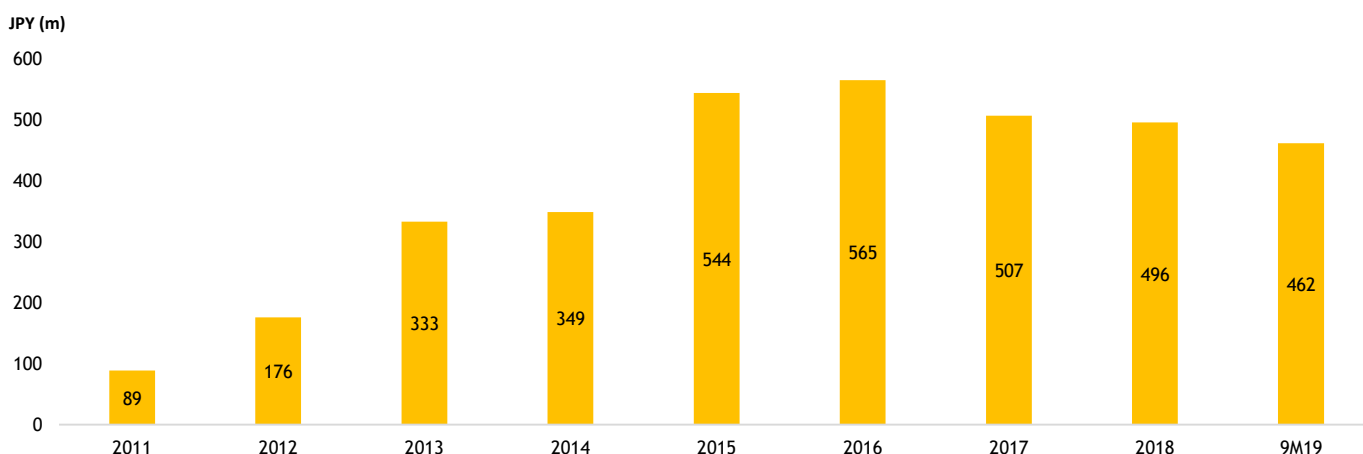


Source: Company

## Small residential property business in Japan

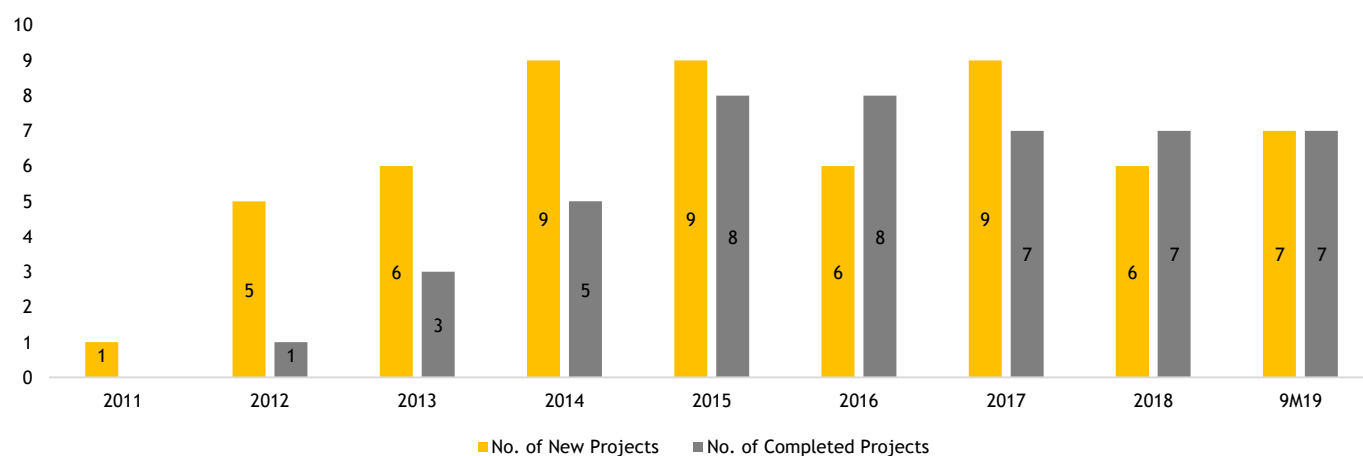
The group invests in and develops small residential property projects in Tokyo, under the "ALERO" series. These investments are managed by subsidiary, Uni-Asia Capital (Japan) and held under Uni-Asia Investment (UAI). The projects are typically 4/5-storey buildings with 10-30 units of studio or maisonette type flats, and are popular with working singles/couples.

Suitable land would be purchased, developed, leased out for rental income or sold for capital gain. Average IRRs for such projects are more than 20% with an average holding period of less than two years and investment of USD3m to USD5m. Investment stake typically ranges from 10% to 100%.

**Fig 16: ALERO TK investment commitments**


Source: Company

In 9M19, it commenced seven new projects (ALERO Senzoku, ALERO Komaba-Todaimae, ALERO Jiyugaoka Nakane, ALERO Yotsuya, ALERO Hakusan 2-chome, ALERO Sasazuka II and ALERO Musashikoyama) and disposed its stakes in seven projects, realising USD1.9m of investment return and USD2.7m of asset management fee.

**Fig 17: Number of residential construction management & ALERO projects**


Source: Company

On average, UAG can complete at least five projects a year. The group will look for new opportunities to expand and complete more ALERO projects to boost its bottom line.

Looking ahead, Tokyo's residential property market remains robust. The group monitors the Tokyo residential market carefully and selects investment sites for its ALERO projects prudently so as to maximise returns while minimising risks to the group.

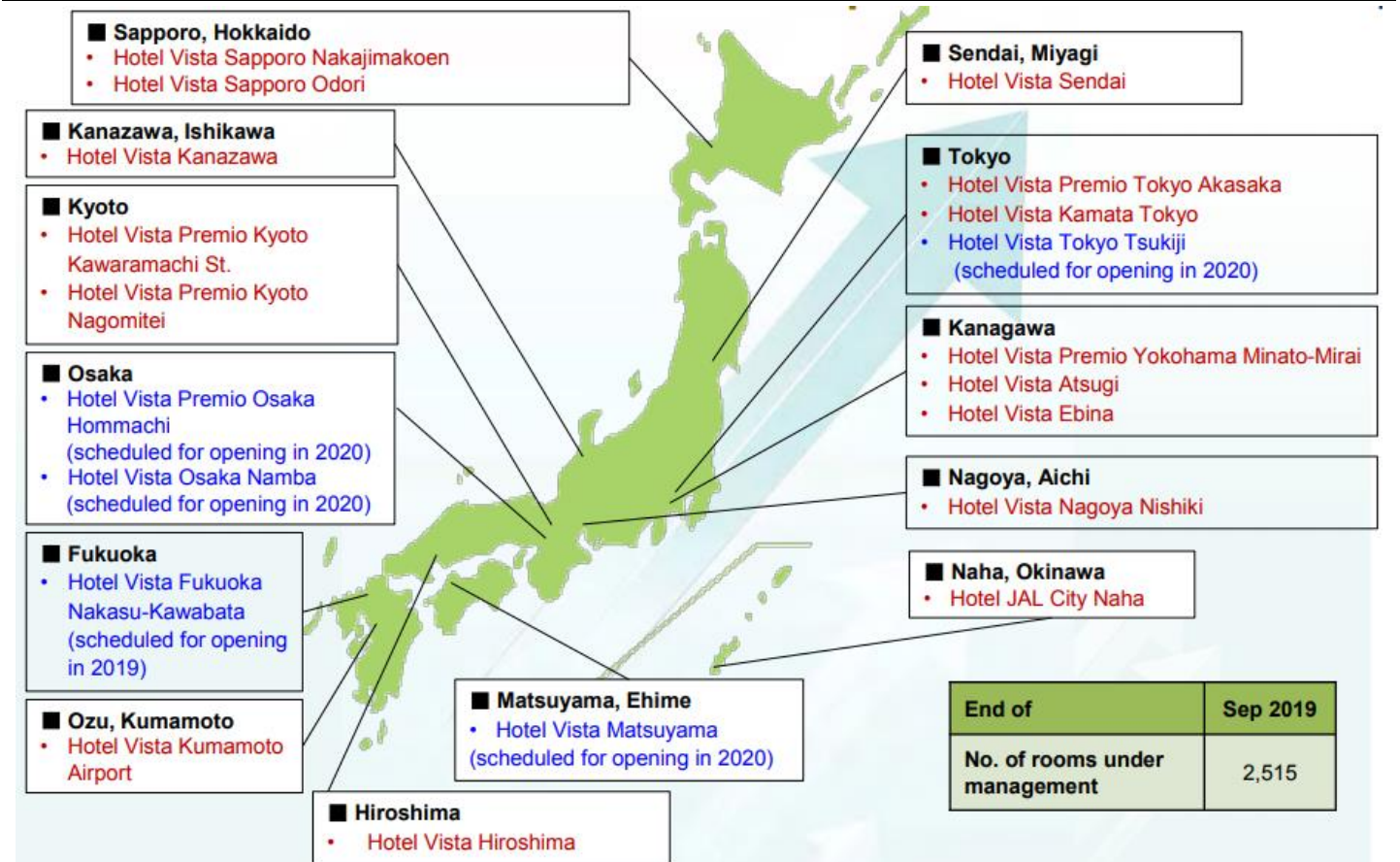
It is also exploring various property asset management opportunities in Japan to create new income sources.



## VISTA Hotel Management

Its subsidiary, Vista Hotel Management (VHM) operates hotels in Japan under the Hotel Vista brand. The hotel rooms under this chain typically have stylish and functional layout design including the separation of bathroom and washroom. About 54% of guests are corporate clients.

Fig 18: Current portfolio of hotels under operations



Source: Company

The group’s *modus operandi* is to lease a hotel from the hotel owner for a fixed and/or variable payment and operate them. Such contracts typically come with non-termination clauses and long-term tenure of more than five years.

As at Sep '19, the number of rooms under operations totalled 2,515 among 15 properties, a slight dip compared to last year due to the closure of one hotel. Nevertheless, its hotel income rose 25% to USD60.4m in 9M19, driven by an improvement in operational performance.

Fig 19: New hotels to be operated by the group

HOTELS TO BE ADDED TO THE PORTFOLIO IN 2019 AND 2020			
Name of Hotel	Location	Number of Rooms	Scheduled Opening
Hotel Vista Fukuoka Nakasu-Kawabata	Fukuoka	204	2019
Hotel Vista Osaka Namba	Osaka	121	2020
Hotel Vista Premio Osaka Hommachi	Osaka	272	2020
Hotel Vista Tokyo Tsukiji	Tokyo	149	2020
Hotel Vista Matsuyama (tentative name)	Matsuyama	140	2020

Source: Company

The group will be opening one new hotel in Dec '19 in Fukuoka and four more hotels in 2020. This brings its total room count to 3,401 in 20 properties, which is well-placed to ride on the expected tourist surge from the upcoming Tokyo 2020 Olympics.

Hotel income provides a stable recurring and operating cash flow base for the group with growth tied to the increasing number of hotel rooms that the group brings under its belt.

Fig 20: Hotel ranking award



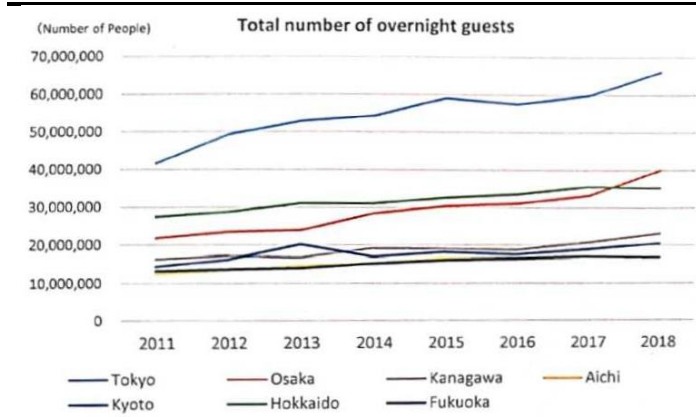
Source: Company

Based on 2018 Hotel Chain Ranking by “Jalan.net”, one of the largest online hotel and ryokan booking sites in Japan, the group’s Hotel Vista came in second in the “Couple Travel - Less Than JPY15,000 per night” category.

This award attest to the service and management quality of Vista Hotel Management given the intense competition in the Japanese hospitality industry.

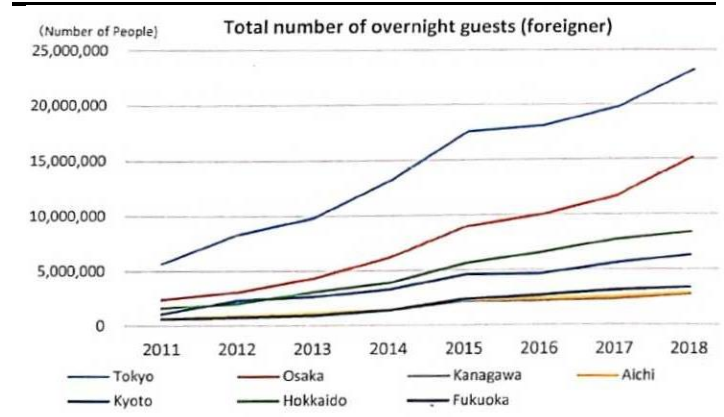
# Japan Travel Statistics

**Fig 21: Total number of overnight guests in Japan**



Source: Company

**Fig 22: Total number of foreign overnight guests in Japan**

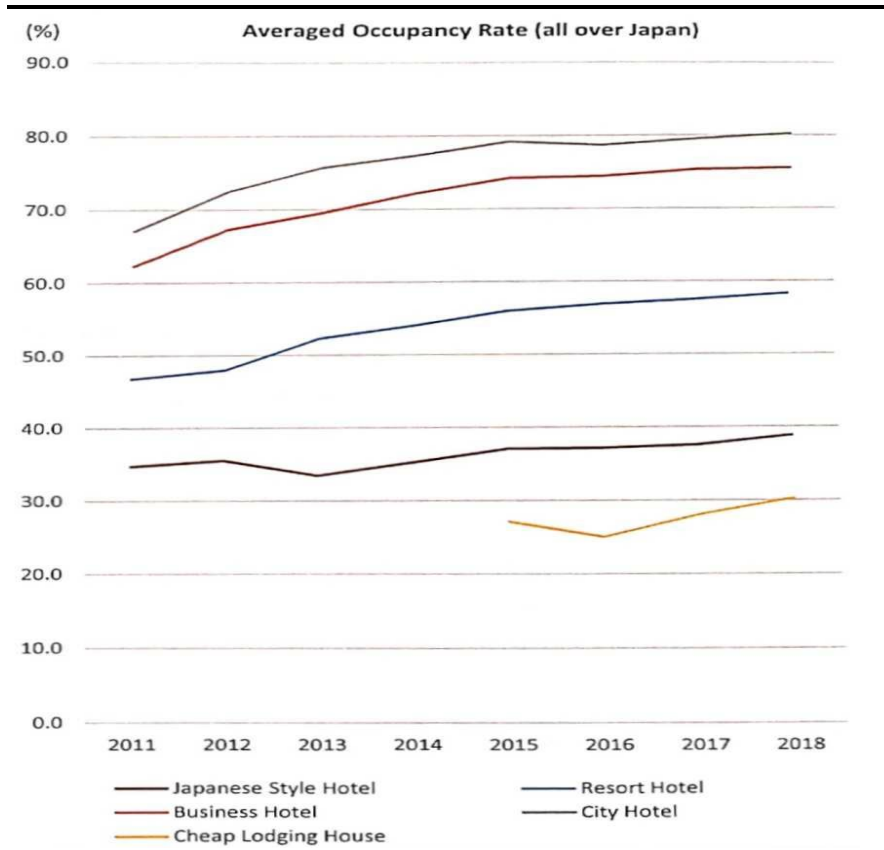


Source: Company

Japan's unprecedented 10-day holiday from 27 April 2019 to 6 May 2019, as well as increased visitor arrivals for the Rugby World Cup have boosted overall hotel income for the industry.

Notably, average occupancy rates for UAG operated hotels rose to 83.3% for 9M19 compared to 79.7% for 9M18, while average daily room rate was also 4.4% higher.

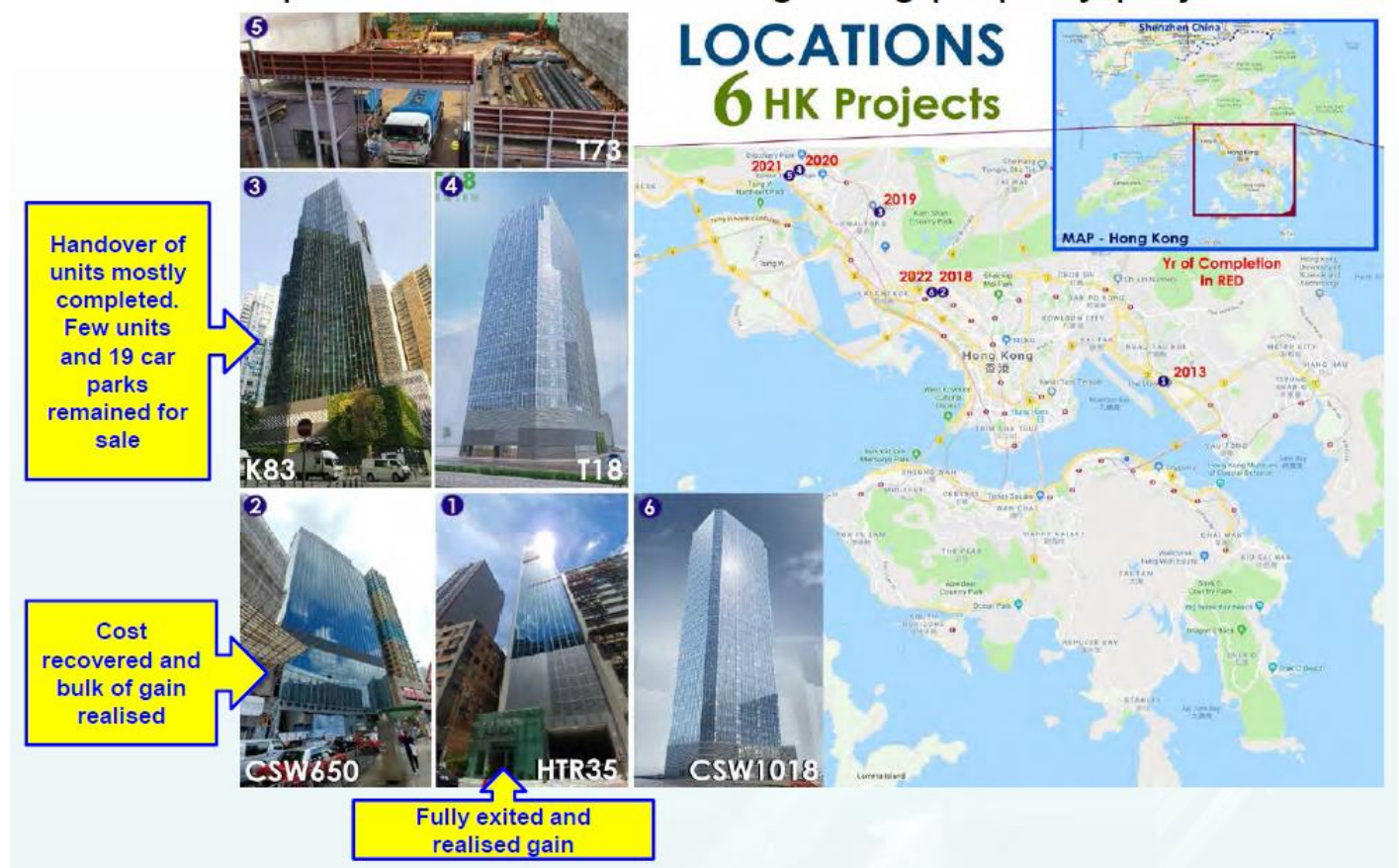
**Fig 23: Average occupancy rate across various hotel types in Japan**



Source: Company

# Property Investment in Hong Kong

Fig 24: The group has invested in six HK property projects to-date



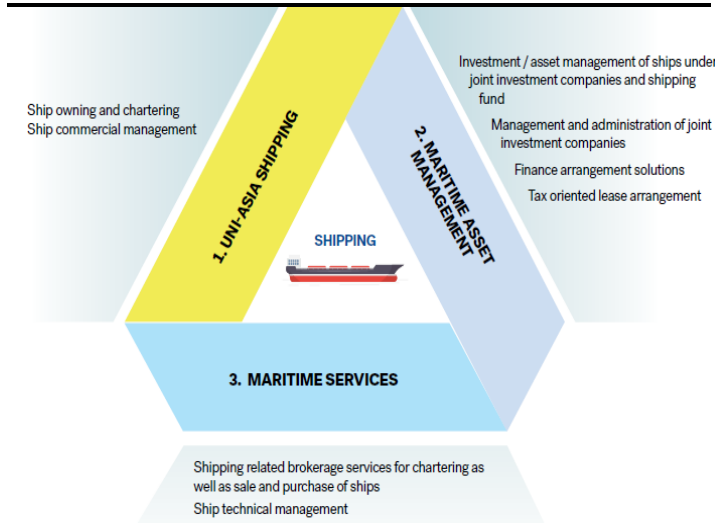
Source: Company

The group’s property investment ex-Japan business is managed by its Property Investment Department based in Hong Kong, which mainly invests in Hong Kong commercial projects as part of a consortia, usually led by First Group Holdings. To-date, UAG has invested USD2m-10m for less than 20% equity interests in six Hong Kong property projects.

However, escalating civil unrest in Hong Kong is dampening business sentiment, which could adversely affect its commercial assets in the short run. The group will continue to monitor the situation and start pre-sales of their three Hong Kong property projects depending on market conditions.

# Shipping

Fig 25: Overview of the group's shipping sub-segments



Source: Company

Fig 26: Uni-Asia shipping portfolio

Name of Subsidiary	Ship Name	DWT	Shipyard	Built
100% Karat Bulkship S.A. <sup>(1)</sup>	Uni Auc One	28,709	Shin-Kurushima	Jun-2007
100% Hope Bulkship S.A. <sup>(2)</sup>	Victoria Harbour	29,100	Y-Nakanishi	May-2011
100% Imperial Bulkship S.A.	Clearwater Bay	29,118	Y-Nakanishi	Jun-2012
100% Jade Bulkship S.A.	Ansac Pride	37,094	Onomichi	Jun-2013
100% Jubilee Bulkship S.A.	Island Bay	37,649	Imabari	Jul-2014
51% Regina Bulkship S.A.	Inspiration Lake	37,706	Imabari	Feb-2015
100% Mable Bulkship S.A.	Glengyle	37,679	Imabari	Mar-2015
100% Nora Bulkship S.A.	Uni Bulker	37,700	Imabari	Jan-2016

<sup>(1)</sup> Bareboat vessel  
<sup>(2)</sup> As announced on 3 May 2019, shareholdings of Hope Bulkship S.A. had been increased to 100% from 83%.

Source: Company

With ownership interests in 18 dry bulk carriers (handysize and supramax) and four containerships in its fleet, UAG's shipping division provides one-stop integrated ship-related investment and service solutions, which generate recurring income from charter and management fees, as well as ad hoc fee income.

Fig 27: The worst may be over for shipping



Source: Company

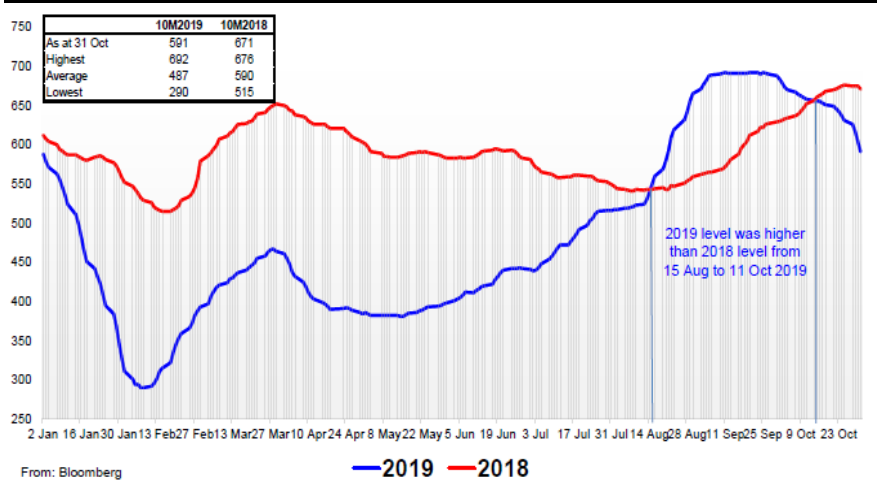
## Shipping industry outlook

According to Clarksons Research “Dry Bulk Trade Outlook” October 2019 issue, the bulk carrier market in 2020 is forecast to be fairly balanced in terms of demand and fleet growth. Other factors including reduced speed, scrubber retrofit time and increased recycling may lend support to the bulker market.

While some of the group’s vessels that are on short term index-linked charter would be benefit from the improving bulker market, there is normally a time lag before this is translated to better charter rates.

Despite the rising trend in dry bulk charter rates, the Baltic Handy size Index (BHSI) for most of the 10 months of 2019 was below that of 2018.

**Fig 28: Baltic Handysize Index trend**



Source: Bloomberg

## Private placement

On 4 April 2019, the group issued 5.42m new shares at SGD1.08 apiece via a private placement, raising gross proceeds of SGD5.85m. So far, the group has utilised about SGD2.5m for small residential property development projects in Tokyo under the ALERO brand name.

## Bonus share issue

On 7 Jun 2019, UAG completed a 1-for-2 bonus share issue aimed at increasing liquidity of its shares. The 26.2m bonus shares issued increased the total number of UAG shares from 52.4m to 78.6m.

## Firm dividend policy

The group intends to distribute at least 35% and 40% of FY19 and FY20 net profit (including fair value and realised gain/loss from investments) as dividend semi-annually. This will translate to a compelling yield of 6%.

## Valuation and risks

UAG is trading at an undemanding 5.5x FY19E P/E and 0.35x P/B, based on Bloomberg consensus estimates. The steep discount reflects market concerns over its shipping assets, which represented 61.5% of UAG’s NAV (as at Sep ‘19) excluding right-of-use assets.

Since 2010, the group’s shipping portfolio has been hit by the various industry headwinds forcing it to impair its vessels accordingly every year.

That said, management believes the current valuation of its fleet is fairly low, and any further impairments would be limited. In addition, its containership investments have been completely written off and would not incur any more fair value losses.

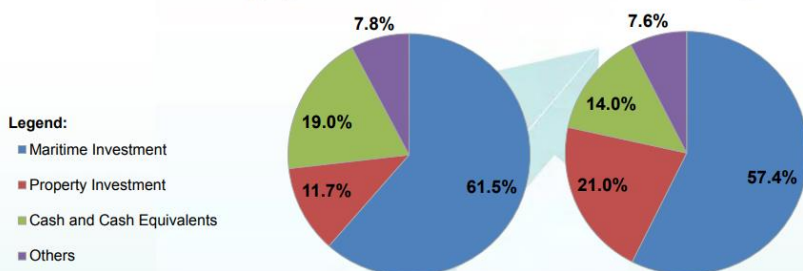
**Fig 29: Historical P/B trading band**



Source: Bloomberg

**Fig 30: Breakdown of UAG’s NAV**

Total assets excluding right-of-use assets due to lease accounting



US\$m	As at 30 September 2019	As at 31 December 2018
Total assets excluding ROU assets	302.1	334.2
Add: ROU – Vessel	2.8	-
ROU – Hotels	256.2	-
ROU – Office	1.7	-
<b>Total assets per balance sheet</b>	<b>562.8</b>	<b>334.2</b>

Source: Company

The group's asset allocation is stable, with 61.5% of the group's total assets in shipping, 11.7% in property, and the rest in cash and others.

Its shipping assets are meant to provide recurring income from charter income, and fee income from managing joint-investment ship portfolio and therefore will remain as core assets.

On the other hand, property assets are "recycled" for gains to boost the group's performance. Thus, property assets generally form a smaller percentage of the group's total assets.

## Key Risks

**Impact of IFRS16 - Leases.** Operating expenses have increased due to the adoption of the IFRS 16 accounting standard. That said, the combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability results in a decreasing 'total lease expense' throughout the lease term. This effect is sometimes referred to as 'front-loading' of expenses.

**UAG's shipping business.** The shipping segment remains a drag on the group's performance amidst persistent headwinds in the bulk carrier market. The group's shipping division accounted for about 30% of FY18 revenue, which is cyclical in nature. In the event of a downturn, this may result in further impairments to its shipping assets.

**Hong Kong property.** While it is too early to conclude whether the Hong Kong commercial property market would be adversely affected by the civil unrest, management is monitoring the situation closely. In particular, the uncertainty surrounding the group's commercial projects in Hong Kong could weigh on the group's earnings in the near-term, as the bulk of investment gains from its earlier three Hong Kong projects have already been realised.



## Highlights of the site visit (3-5 Sep 2019)

**Fig 31: Front view of ALERO Shinjuku-Seven**



Source: Maybank Kim Eng

**Fig 32: Kitchen area in each ALERO residential unit**



Source: Maybank Kim Eng

**Fig 33: Hotel Vista Tokyo Tsukiji (Under Construction)**



Source: Maybank Kim Eng

**Fig 34: Hotel Vista Premio Yokohama Minato-Mirai Entrance**



Source: Maybank Kim Eng

**Fig 35: View from Hotel Vista Premio Yokohama Minato-Mirai**



Source: Maybank Kim Eng

**Fig 36: Hotel Vista Premio Yokohama Minato-Mirai**



Source: Maybank Kim Eng

FYE 31 Dec	FY14A	FY15A	FY16A	FY17A	FY18A
<b>Key Metrics</b>					
P/E (reported) (x)	19.4	11.7	nm	4.5	24.9
Core P/E (x)	18.7	9.7	nm	4.7	22.2
P/BV (x)	0.3	0.2	0.2	0.2	0.2
P/NTA (x)	0.3	0.2	0.2	0.1	0.2
Net dividend yield (%)	730.8	1,117.6	625.1	1,002.3	1,202.7
FCF yield (%)	nm	nm	nm	nm	57.4
EV/EBITDA (x)	9.9	8.8	40.5	8.3	7.7
EV/EBIT (x)	20.6	18.2	nm	13.9	14.4
<b>INCOME STATEMENT (USD m)</b>					
Revenue	67.1	77.1	86.3	103.9	123.3
Gross profit	0.0	0.0	0.0	0.0	0.0
EBITDA	11.7	18.5	4.4	25.6	22.3
Depreciation	0.0	0.0	0.0	0.0	0.0
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	5.6	8.9	(6.3)	15.4	11.9
Net interest income / (exp)	(2.5)	(4.1)	(5.4)	(5.6)	(6.2)
Associates & JV	0.1	(0.9)	0.2	(0.6)	(1.3)
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	3.2	3.9	(11.5)	9.2	4.4
Income tax	(1.1)	(0.4)	(0.7)	(0.3)	(0.4)
Minorities	0.0	(0.8)	(1.9)	(2.6)	(2.7)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	2.2	2.7	(14.2)	6.2	1.2
Core net profit	2.2	2.7	(14.2)	6.2	1.2
<b>BALANCE SHEET (USD m)</b>					
Cash & Short Term Investments	36.3	30.3	35.6	40.6	43.5
Accounts receivable	3.0	3.8	3.8	4.7	6.4
Inventory	0.0	0.0	0.0	0.0	0.0
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	130.4	171.7	195.3	222.9	177.9
Intangible assets	0.1	0.1	0.0	0.0	0.0
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	89.1	108.2	93.1	101.6	106.4
<b>Total assets</b>	<b>258.9</b>	<b>314.2</b>	<b>327.7</b>	<b>369.9</b>	<b>334.2</b>
ST interest bearing debt	22.9	54.5	54.3	66.5	69.2
Accounts payable	2.4	2.8	3.0	4.0	4.2
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	87.9	109.8	131.1	150.3	111.5
Other liabilities	7.0	7.0	13.0	13.0	16.0
<b>Total Liabilities</b>	<b>120.5</b>	<b>174.0</b>	<b>201.8</b>	<b>233.9</b>	<b>200.9</b>
Shareholders Equity	137.4	138.1	121.7	128.4	127.2
Minority Interest	1.0	2.1	4.2	7.6	6.1
<b>Total shareholder equity</b>	<b>138.4</b>	<b>140.2</b>	<b>125.9</b>	<b>136.0</b>	<b>133.3</b>
<b>Total liabilities and equity</b>	<b>258.9</b>	<b>314.2</b>	<b>327.7</b>	<b>369.9</b>	<b>334.2</b>
<b>CASH FLOW (USD m)</b>					
Pretax profit	3.2	3.9	(11.5)	9.2	4.4
Depreciation & amortisation	6.1	9.6	10.6	10.2	10.4
Adj net interest (income)/exp	1.8	3.5	4.8	5.0	5.7
Change in working capital	(1.4)	(5.6)	0.6	(2.8)	(2.2)
Cash taxes paid	(0.9)	(0.1)	(1.3)	(0.9)	0.3
Other operating cash flow	(4.0)	(1.0)	9.0	(6.6)	(1.5)
Cash flow from operations	4.8	10.3	12.3	14.1	17.0
Capex	(23.9)	(86.8)	(25.6)	(16.1)	(1.3)
Free cash flow	(19.1)	(76.5)	(13.3)	(2.0)	15.7
Dividends paid	(2.3)	(2.2)	(2.2)	(1.0)	(2.2)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	27.4	73.9	12.5	5.8	(37.7)
Other invest/financing cash flow	(14.8)	(1.0)	9.9	2.2	26.8
Effect of exch rate changes	(2.5)	(0.2)	(1.8)	0.1	0.3
Net cash flow	(11.2)	(6.0)	5.2	5.0	2.9

FYE 31 Dec	FY14A	FY15A	FY16A	FY17A	FY18A
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	na	14.8	12.0	20.4	18.7
EBITDA growth	na	58.3	(76.5)	487.2	(12.9)
EBIT growth	na	58.7	nm	nm	(22.9)
Pretax growth	na	20.0	nm	nm	(52.5)
Reported net profit growth	na	25.4	nm	nm	(80.2)
Core net profit growth	na	25.4	nm	nm	(80.2)
<b>Profitability ratios (%)</b>					
EBITDA margin	17.4	24.1	5.0	24.6	18.1
EBIT margin	8.4	11.6	nm	14.8	9.6
Pretax profit margin	4.8	5.1	nm	8.8	3.5
Payout ratio	nm	nm	nm	nm	nm
<b>DuPont analysis</b>					
Net profit margin (%)	3.2	3.5	nm	6.0	1.0
Revenue/Assets (x)	0.3	0.2	0.3	0.3	0.4
Assets/Equity (x)	1.9	2.3	2.7	2.9	2.6
ROAE (%)	na	2.0	(10.9)	5.0	1.0
ROAA (%)	na	0.9	(4.4)	1.8	0.4
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	na	nm	nm	nm	nm
Days receivable outstanding	na	15.8	15.9	14.8	16.3
Days inventory outstanding	na	nm	nm	nm	nm
Days payables outstanding	na	nm	nm	nm	nm
Dividend cover (x)	0.0	0.0	(0.1)	0.0	0.0
Current ratio (x)	1.6	1.0	0.9	1.1	1.1
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	2.1	1.8	1.6	1.6	1.7
Net gearing (%) (incl perps)	53.8	95.6	119.0	129.6	102.9
Net gearing (%) (excl. perps)	53.8	95.6	119.0	129.6	102.9
Net interest cover (x)	2.3	2.2	na	2.7	1.9
Debt/EBITDA (x)	9.5	8.9	nm	8.5	8.1
Capex/revenue (%)	35.6	112.6	29.7	15.5	1.1
Net debt/ (net cash)	74.5	134.0	149.9	176.2	137.3

Source: Company; Maybank

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