

Insights Direct Company Note

IFAST Corporation Ltd

Bloomberg : IFAST SP Equity | Reuters : IFAS.SI | TR PermID : 4298372754

DBS Group Research . Equity

11-Jan-2022 (View Latest Version )

ANALYST

Lee Keng Ling leekeng@dbs.com

Price	Mkt Cap	Target Price	Performance	Total Return	Rating
SGD 7.85	SGD 2.18 B	SGD 11.37	44.841%	45.505%	BUY

WHAT'S NEW

2022-01-11 09:45:35

- Placement of 14m new shares at S\$7.50 per share to raise S\$105m to fund acquisition of BFC Bank
- Key anchor investor, its consortium partner in its application for a digital bank licence in Malaysia, to subscribe for close to 50% of total amount raised
- Maintain BUY, TP: S\$11.37. Though startup losses expected in 2022 and 2023, a digital bank can help to create a seamless Fintech ecosystem and to fast-track AUA growth

GLOBAL FINTECH ECOSYSTEM TO ACCELERATE GROWTH

INVESTMENT THESIS

Key Arguments:

- Record high AUA; significant contribution from HK business while a digital bank helps to create a global seamless Fintech ecosystem. Assets Under Administration (AUA) hit another record high as at end-3Q21. We maintain our positive view on iFAST on the back of the strong growth momentum ahead, propelled by the Hong Kong business from 2024 onwards, while the proposed acquisition of a UK bank provides a key missing link in iFAST's current Fintech ecosystem. We expect more room for AUA growth. iFAST is well poised to capture more market share in its key market Singapore, where its share is just 10% of the c.S\$128bn in Assets Under Management of the collective investment schemes.
- Operational leverage to drive margins higher. With its scalable platform business model, iFAST has already obtained operating leverage. Since 1Q20, growth in profit was substantially higher than growth in revenue. This should drive margins higher going forward. Although quarterly numbers could see some fluctuations, we expect the longer trend to remain intact.

STOCK PRICE & CONSENSUS CALL



FORECASTS AND VALUATION (SGD, M)

FY Dec	FY2018A	FY2020A	FY2021F	FY2022F
Revenue	121.2	169.9	233.3	294.6
EBITDA	17.11	41.20	50.52	53.72
Pre-tax Profit	12.35	25.39	39.14	40.46
Net Profit	10.69	21.15	32.49	33.59
Net Pft (Pre Ex.)	10.69	21.15	32.49	33.59
Net Pft Gth (Pre-ex) (%)	42.7	122.3	53.6	3.4
EPS (SGD)	4.01	7.77	11.73	12.13
EPS Pre Ex. (SGD)	4.01	7.77	11.73	12.13
EPS Gth Pre Ex (%)	41.5	119.3	51.1	3.4
Diluted EPS (SGD)	4.01	7.77	11.73	12.13
Net DPS (SGD)	3.15	3.30	4.99	5.15
BV Per Share (SGD)	32.07	38.22	44.34	51.32
PE (x)	195.9	101.1	66.9	64.7
PE Pre Ex. (x)	195.9	101.1	66.9	64.7
P/Cash Flow (x)	118.8	55.3	56.0	50.9
EV/EBITDA (x)	121.0	51.0	42.1	40.3
Net Div Yield (%)	0.4	0.4	0.6	0.7
P/Book Value (x)	24.5	20.5	17.7	15.3
Net Debt/Equity (x)	cash	cash	cash	cash
ROAE (%)	12.8	21.8	28.6	25.4

Discounted Cashflow Valuation

Maintain BUY with lower TP of S\$11.37, after accounting for integration costs and start-up losses for the incorporation of the digital bank. Our TP is based on the Discounted Cashflow (DCF) valuation method to capture growth in its steadily growing cashflows.

DCF Model



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WHAT'S NEW

Date	Title
2022-01-11 09:45:35	Raising S\$105m via placement of new shares to fund acquisition of BFC Bank <ul style="list-style-type: none">• Placement of 14m new shares at S\$7.50 per share to raise S\$105m to fund acquisition of BFC Bank• Key anchor investor, its consortium partner in its application for a digital bank licence in Malaysia, to subscribe for close to 50% of total amount raised• Maintain BUY, TP: S\$11.37. Though startup losses expected in 2022 and 2023, a digital bank can help to create a seamless Fintech ecosystem and to fast-track AUA growth

WHAT'S NEW

Placement of new shares to finance acquisition of BFC Bank. To fund the acquisition of the BFC Bank, iFAST has raised a total of S\$105m via a placement of 14m new shares, higher than the initial base deal size of S\$75m. The issue price of S\$7.50 is also at the top end of the placement's price range of S\$7.30 to S\$7.50, and it represents a discount of approximately 4.5% to the closing price of S\$7.85 on 7 January 2022.

Key anchor investor to subscribe for close to 50% of total amount raised. The anchor investors of the placement include Mr Lee Thiam Wah, founder and major shareholder of 99 Speed Mart Sdn Bhd, one of the group's Malaysian consortium partners in its application for a digital bank licence in Malaysia. Mr Lee subscribed a total of S\$51m in the company's shares.

Use of proceeds. About S\$73.4m (c.70% of total amount raised) will be used to fund the total investment amount for the acquisition of the BFC bank. Please refer to our latest report, [Adding digital bank to Fintech ecosystem](#) for more details. The balance of the proceeds will be used for general corporate and working capital purposes.

Maintain BUY, TP: S\$11.37. Though start-up losses are expected in 2022 and 2023, in the longer term, a digital bank would help iFAST to create a global seamless Fintech ecosystem and to fast-track AUA growth. Near-term growth is still expected to come from Asia, while the Hong Kong business is expected to leapfrog from 2024. Overall, iFAST is expected to see robust growth of 51%/3%/45% in FY21F/22F/23F, helped by contributions from the ePension division in Hong Kong.

2022-01-10 08:23:56	Adding digital bank to Fintech ecosystem
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CRITICAL EQUITY FACTORS (CF)

CF 1: Growth in asset under administration to drive cash generation

AUA continues to grow despite COVID, up 46.1% y-o-y to S\$18.38bn as at end September 2021

26 Oct 2021

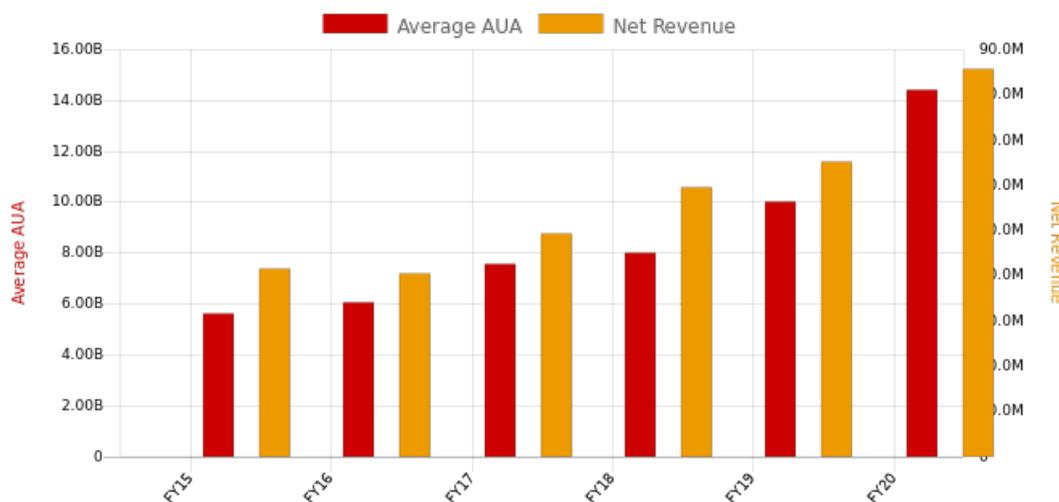
Riding on Asia wealth management coat-tails, AUA to continue robust growth of 20-35% p.a. in 21F/22F/23F. AUA for iFAST grew at a CAGR of 20.7% from FY15-20. We are expecting AUA to increase 35% p.a. in FY21F and another 20% each in FY22F and FY23F, as the group continues to add on new products and services on its platforms. Growth opportunities in Asia’s wealth management industry remain very substantial, and iFAST is well-positioned to benefit from these opportunities in the medium-to-long term, especially with its scalable business model. We believe that there is still ample room for growth as the current AUA level remains low, at about 10% of the c.S\$128bn in AUM of the [authorised and recognised collective investment schemes in Singapore](#).

Assume a conservative 20% longer term AUA growth. Beyond FY23F, we are assuming AUA to grow a conservative 20% in our DDM assumption. Growing AUA would lead to higher revenue for iFAST. iFAST derives revenue from Trailer Fees (paid by fund houses), Platform Fees (paid by customers) and Wrap Fees (paid by advisor-assisted investors), which are calculated at up to 0.9%, 0.5% and 0.2% per annum of its average AUA respectively. Factors driving this growth include expansion of product range both in depth and in breadth, and the growing pace of digital adoption.

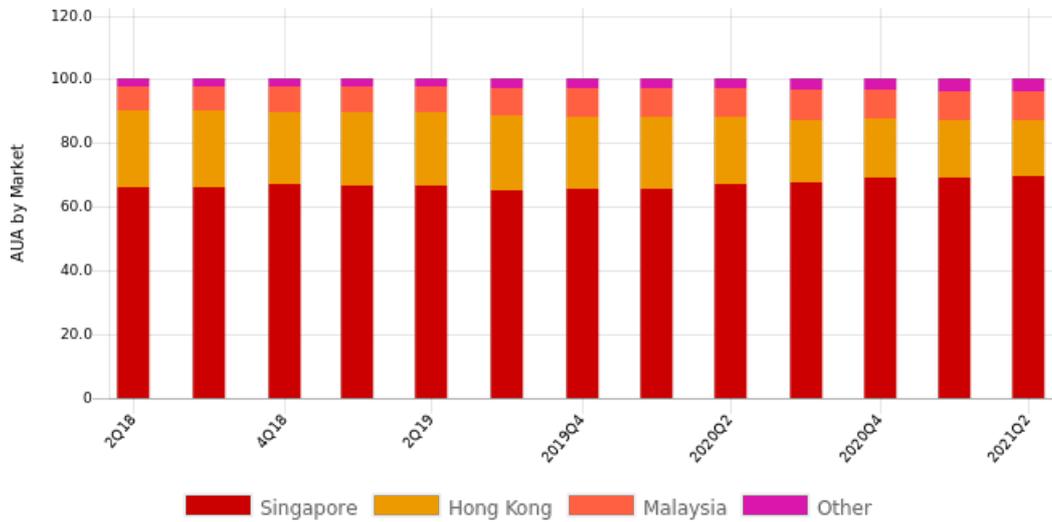
With the ability to trade over 8,600 funds from over 270 fund houses, over 1,300 direct bonds, stocks and ETFs from a single account at competitive rates, iFAST is in a sweet spot to ride this growing digitalisation trend.

Unexpected beneficiary of COVID-19. The COVID-19 pandemic has led to the acceleration of Fintech services adoption pace. The last few quarterly results is a testament of the growing adoption of Fintech services. In 2Q21, net earnings surged 55% y-o-y on 31.7% rise in revenue. AUA grew 46.1% y-o-y as at 30 September 2021 to S\$18.38bn. The most notable improvement in terms of product range is the Stocks & ETFs. Contribution to total AUA increased to 16.8% in 3Q21 from 5% in 2Q19.

IFAST Corporation Ltd - Net Revenue vs. Average AUA



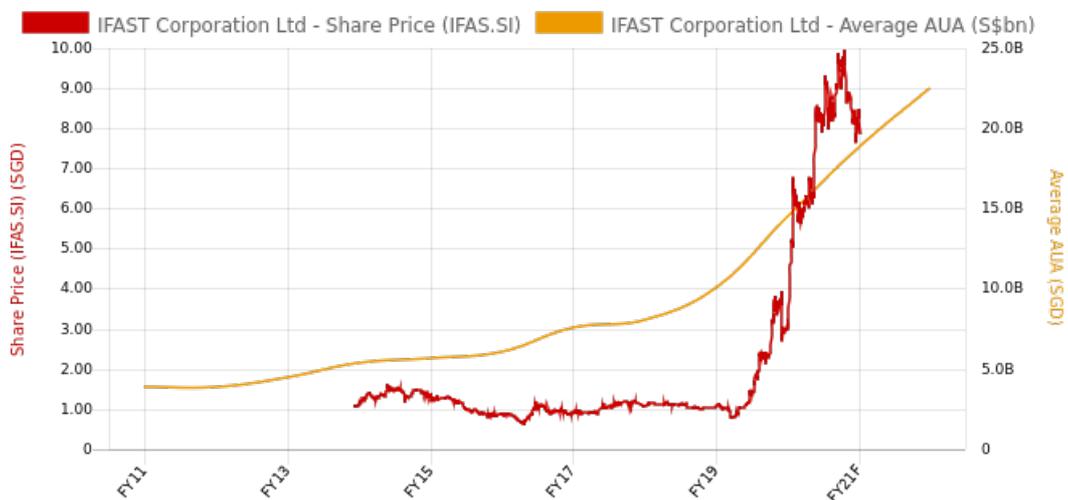
IFAST Corporation Ltd - AUA by Market



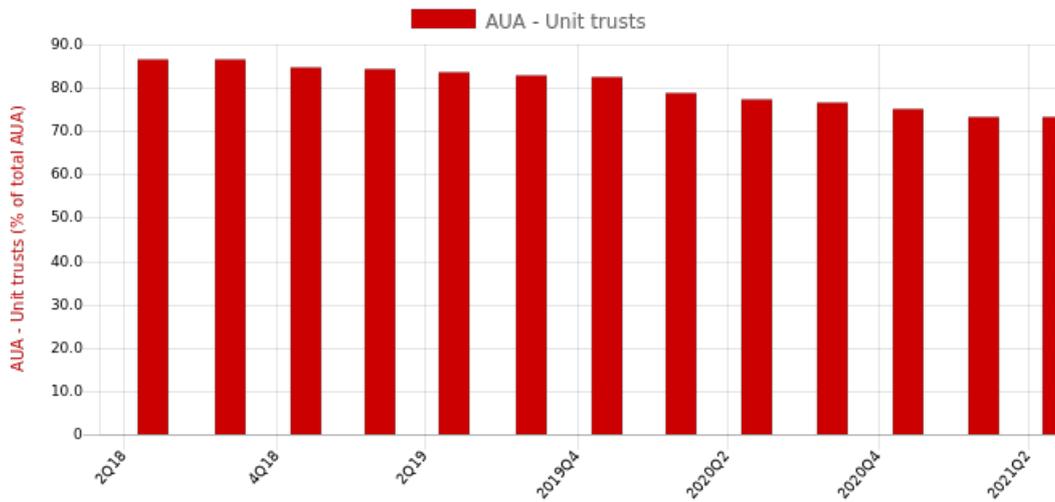
IFAST Corporation Ltd - AUA by Product



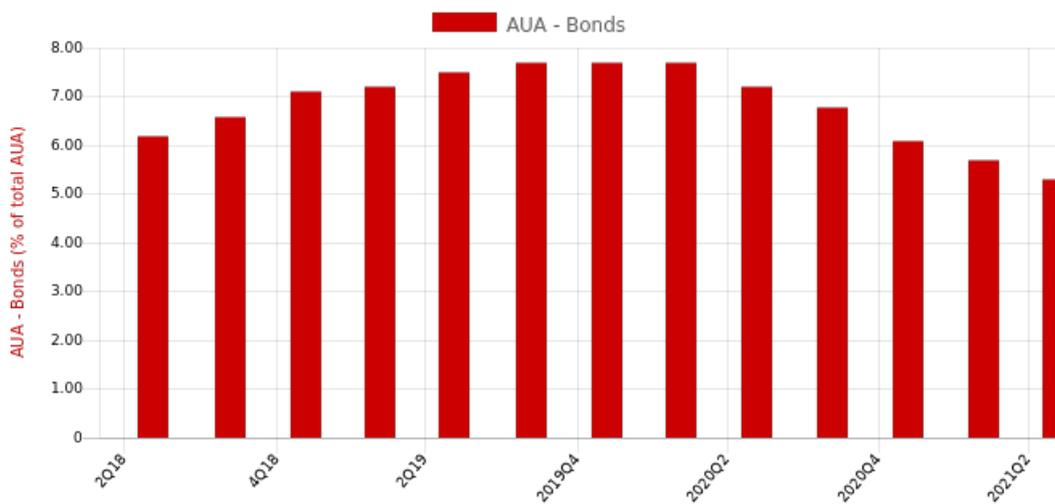
IFAST Corporation Ltd - Average AUA vs. Share Price (IFAS.SI)



IFAST Corporation Ltd - AUA - Unit trusts



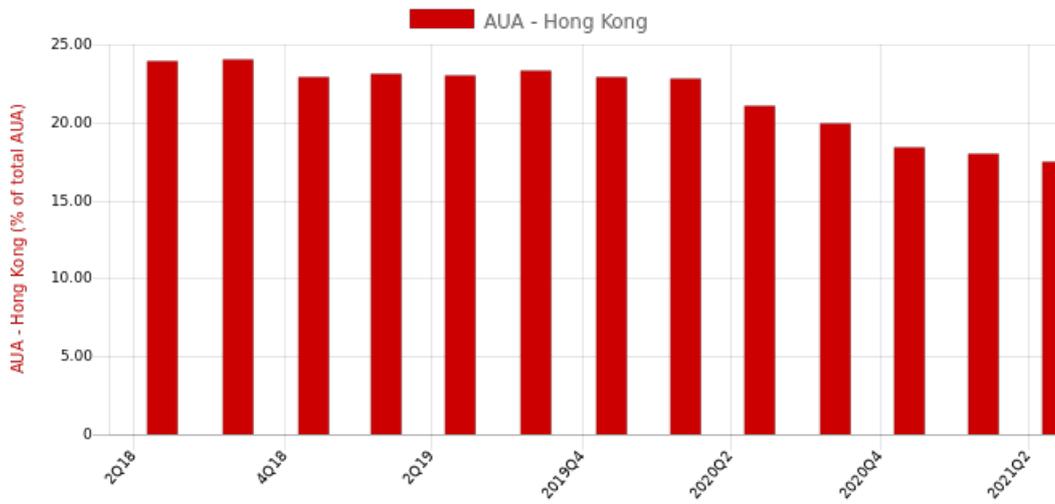
IFAST Corporation Ltd - AUA - Bonds



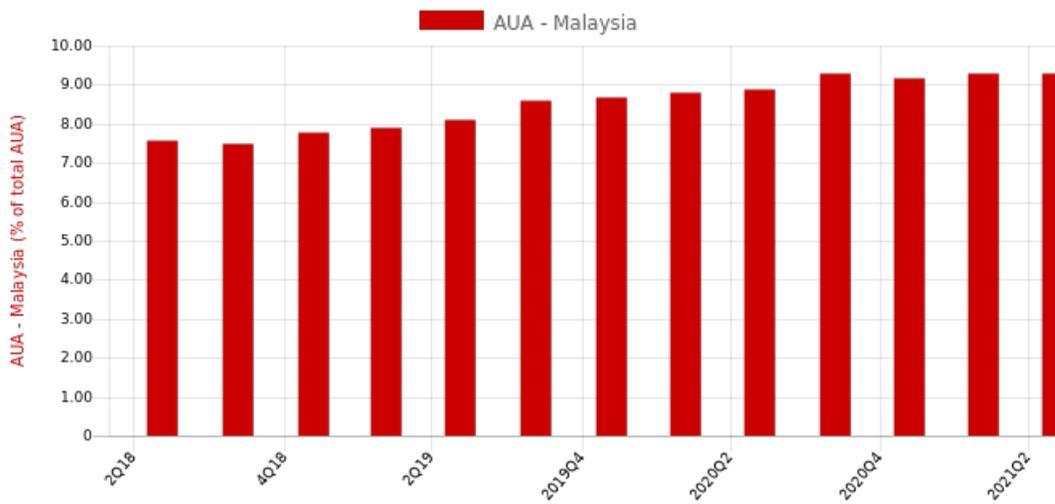
IFAST Corporation Ltd - AUA - Cash account



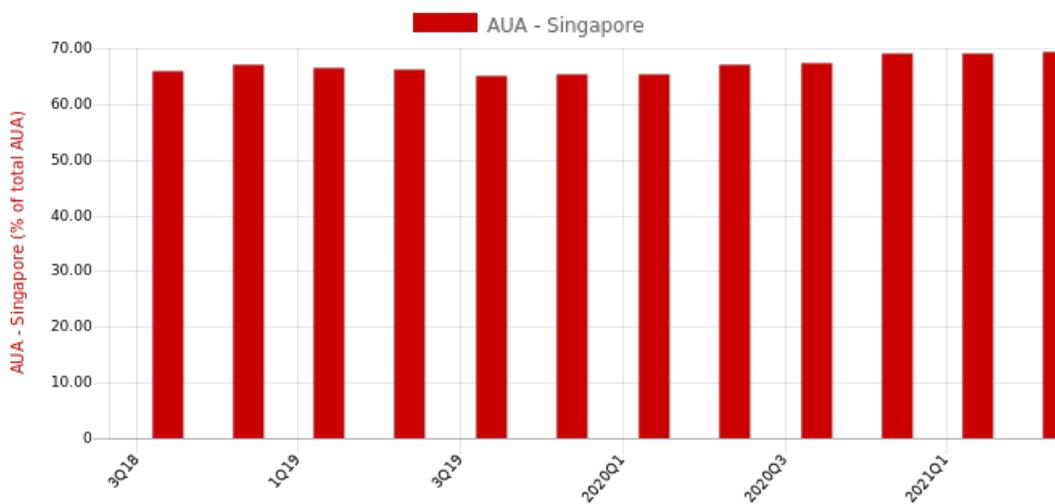
IFAST Corporation Ltd - AUA - Hong Kong



IFAST Corporation Ltd - AUA - Malaysia



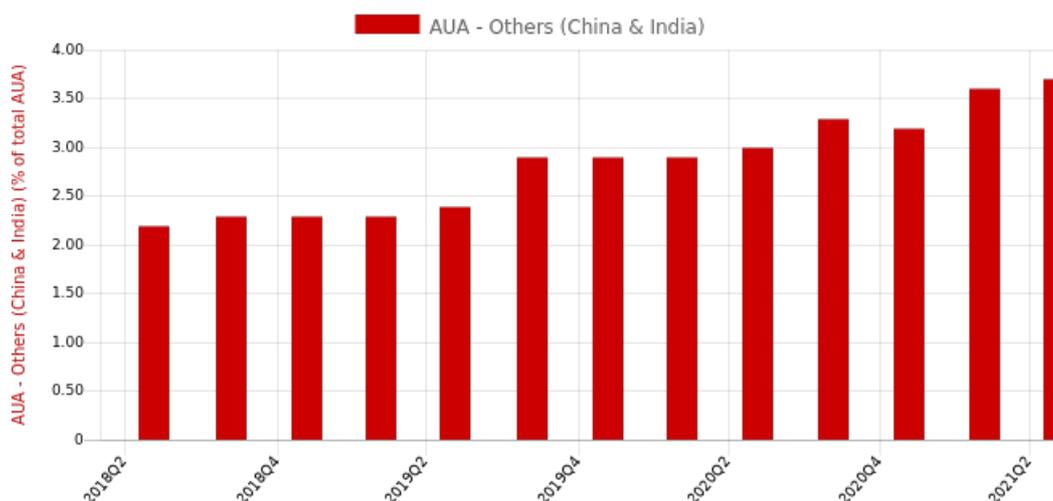
IFAST Corporation Ltd - AUA - Singapore



IFAST Corporation Ltd - AUA - Stocks & ETFs



IFAST Corporation Ltd - AUA - Others (China & India)



CF 2: Contribution from the Hong Kong pension scheme project

iFAST has finally won the eMPF project. This will be a big leap for the group.

26 Oct 2021

iFAST has finally won the eMPF platform project; a big leap for the group. The Mandatory Provident Fund Schemes Authority (MPFA) of Hong Kong announced on 29 January 2021 that it has awarded PCCW Solutions with the contract for the design, build and operation of the eMPF Platform, and iFAST is the prime subcontractor for PCCW.

This is one of the key projects that the group is currently pursuing. With this new contract, iFAST can now have more avenues to grow its range of products and services. The Group targets to be able to give some guidance on the potential growth of its overall Hong Kong business for 2023/2024 and beyond by the end of this year.

Hong Kong business expects to leapfrog from 2024. iFAST expects the growth rates of its overall Hong Kong business to accelerate in the next five years. The Group targets to achieve gross revenue of >HKD1bn and >HKD1.5bn net revenue (after deducting commission and fees paid to financial advisers and securities brokerage) of >HKD800m and >HKD1.2bn, and PBT margin of >15% and >33% in 2024 and 2025 respectively. The lower PBT margin projection in 2024 is to take into account the lower onboard rate of ePension division’s business in the early years. PBT works out to S\$20.7m in 2024 and S\$68.3m in 2025.

Expected contribution from eMPF project higher than our earlier projections. Assuming the existing Hong Kong business to contribute 30% of total contribution from Hong Kong, and the balance from the ePension division, the pretax profit contribution

Critical Equity Factors

from the ePension division would be S\$14.5m in 2024 and S\$47.8m in 2025. For 9M21, the Hong Kong business accounts for about 21.6% (S\$18.4m) of the group’s total net revenue, and 22.7% (S\$6.4m) of total pretax profit, with PBT margin of 35%.

The Group’s ePension division will involve operation and administration services for MPF schemes (main contributor) as well as ORSO (Occupation Retirement Scheme Ordinance) schemes, and will start to contribute starting 2023/2024. The ePension division will not add to the Group’s AUA numbers, but will add a strong stream of recurring service fees to the Group.

The current targets set by the group is higher than our earlier expectations. We had earlier estimated the eMPF project to contribute pretax of S\$10m in 2023, S\$11.5m in 2024 and S\$13.2m in 2025, at a growth rate of 15% per annum.

Target contribution from Hong Kong business

Total Hong Kong business	2024F	2025F
Revenue (HK\$)	1,000.0	1,500.0
Net revenue (HK\$)	800.0	1,200.0
PBT margin	15%	33%
PBT (S\$m)	20.7	68.3
Tax rate @ 16.5%	3.4	11.3
NPAT (S\$m)	17.3	57.0
Assume ePension to contribute 70% of HK business		
ePension business	2024F	2025F
Revenue (S\$)	120.7	181.0
Net revenue (S\$)	96.6	144.8
PBT (S\$m)	14.5	47.8
NPAT (S\$m)	12.1	39.9

Source: DBS Bank; Company

CF 3: Operational efficiency

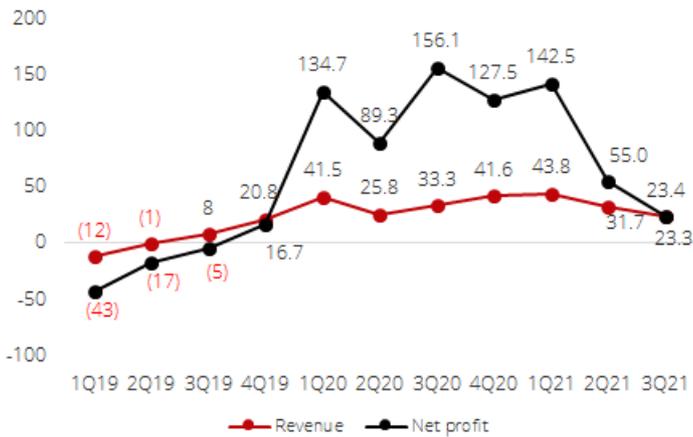
iFAST scalable platform business model enables the group to scale up without a proportionate increase in cost once it reaches a substantial scale

25 Oct 2021

Operating leverage from its scalable business model. With its scalable platform business model, iFAST has already obtained operating leverage and that should drive margins higher going forward. Since 1Q20, growth in profit has been substantially higher than the growth in revenue, showing the positive operating leverage of the group’s business model. Net margin for 9M21 improved to 15.5%, compared to 12.4% for FY20. Though quarterly numbers could see some fluctuations, we expect the longer trend to remain intact.

Net profit grew much faster than revenue

Critical Equity Factors



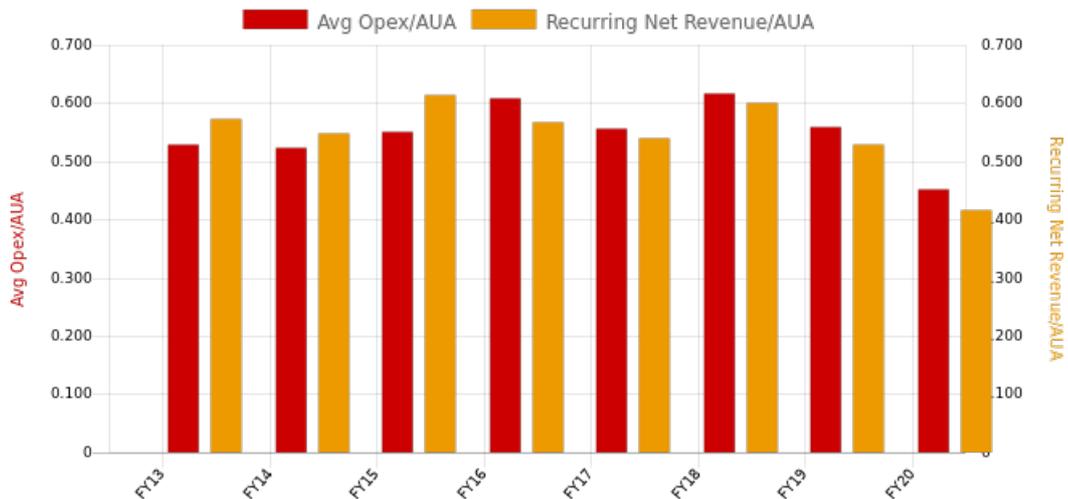
Source: Company; DBS Bank

Ample room for growth in margins. To assess how much more can margins improve, we use peers, Hargreaves Lansdown PLC and Charles Schwab Corporation as a gauge, though iFAST still pales in comparison in terms of size.

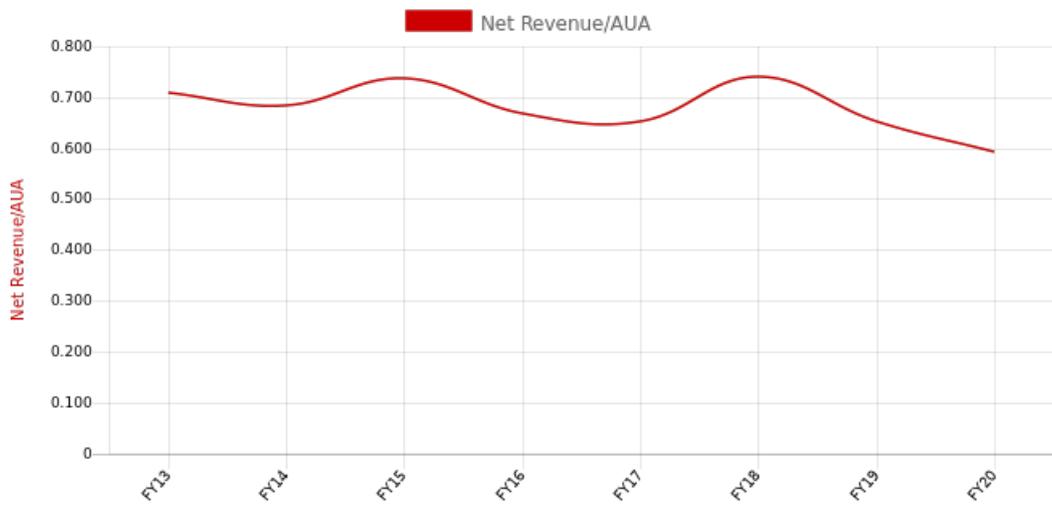
Hargreaves is a UK-based company that provides direct investor investment services. Its investment platform provides investors with a range of products, including funds, ETFs, investment trusts and bonds. **Charles Schwab** has a more diversified portfolio. The group is engaged in wealth management, securities brokerage, banking, asset management and financial advisory services.

In terms of margins, both Hargreaves and Charles Schwab have net margins that are way above iFAST's. In the last 10 years, the net margins for both companies increased by close to 2,000 basis points. This shows that there is ample room for iFAST to improve its net margin.

IFAST Corporation Ltd - Avg Opex/AUA vs. Recurring Net Revenue/AUA



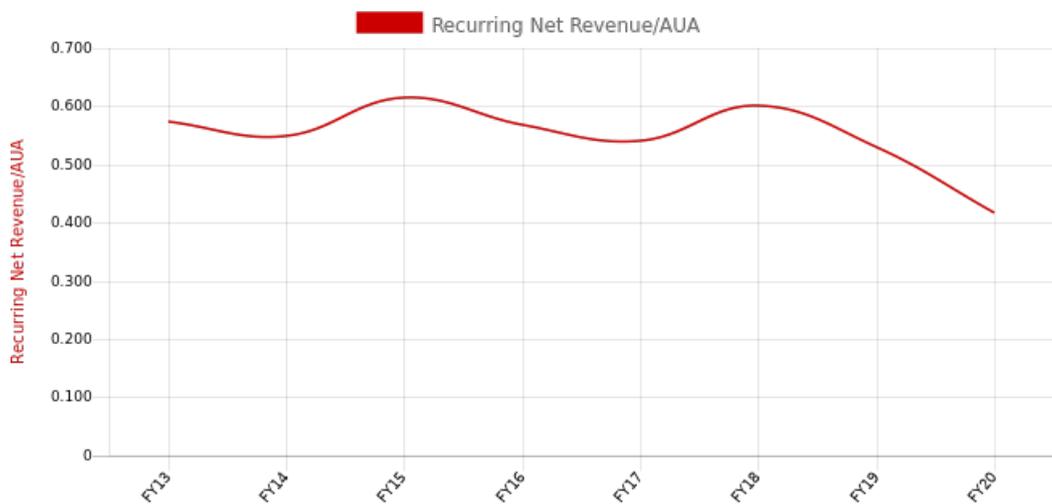
IFAST Corporation Ltd - Net Revenue/AUA



IFAST Corporation Ltd - Avg Opex/AUA



IFAST Corporation Ltd - Recurring Net Revenue/AUA



CF 4: China operation

The China business was launched in March 2016 and has been loss-making due to high operating expenses.

27 Jul 2021

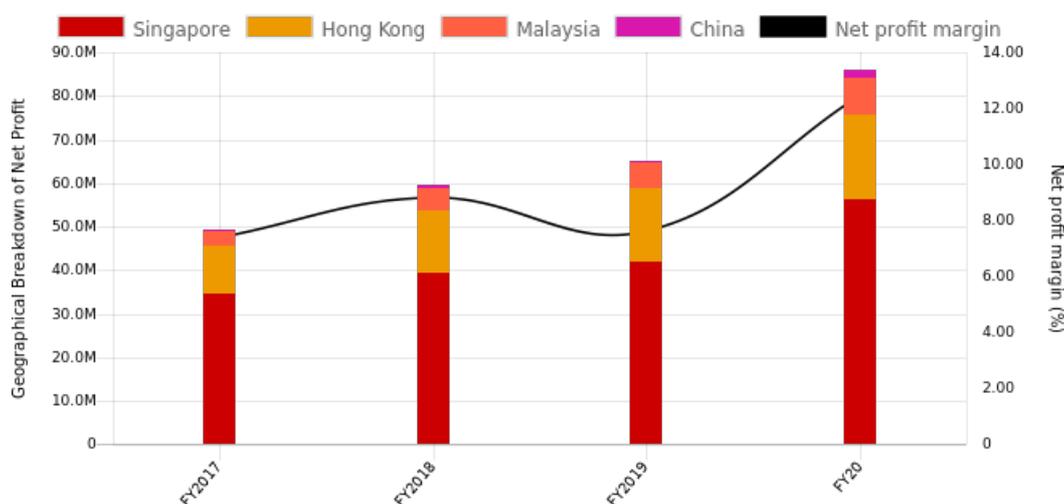
Ample opportunities in China....iFAST is still in the early stages of building its brand among potential clients and investment practitioners in China’s wealth management industry. The outlook could be promising once the group starts to reap the fruits of its labour in China. But for now, iFAST is still incurring a loss of slightly over S\$1m per quarter for its China operation.

....but losses in initial years inevitable. Incurring losses in the initial years of business in a new market is not new for iFAST. Its Hong Kong operation took about five years to breakeven while its Malaysia business took even longer, about eight years to become profitable.

Private Fund Manager (PFM) licence opens up a huge addressable market in China. The AUA of the China operations continued to grow at a rapid rate of 39% q-o-q and 220% y-o-y to a record high of approximately RMB1.9bn (S\$384m) as of 31 March 2021. In February 2021, iFAST launched its first private fund and the fund has been successfully lodged with the Asset Management Association of China (AMAC). The private fund employs a fund of funds (“FoF”) investment strategy where it is invested in a portfolio of China mutual funds and private funds in the secondary market. The Private Fund Manager (PFM) licence opens up a huge addressable market in China. Opened to qualified investors, including domestic investors for subscription, this FoF provides active management through discretionary service.

Stock trading opportunity. Going forward, iFAST will continue to seek opportunities within the China market to expand its product offerings similar to that in Singapore, Hong Kong and Malaysia. The Hong Kong operation has further strengthened its stock broking capabilities with the launch of China A-Shares trading services through the China Stock Connect via HKEX in June 2021. The China market could play an important role in helping the group to achieve the target of \$100bn in AUA by 2028.

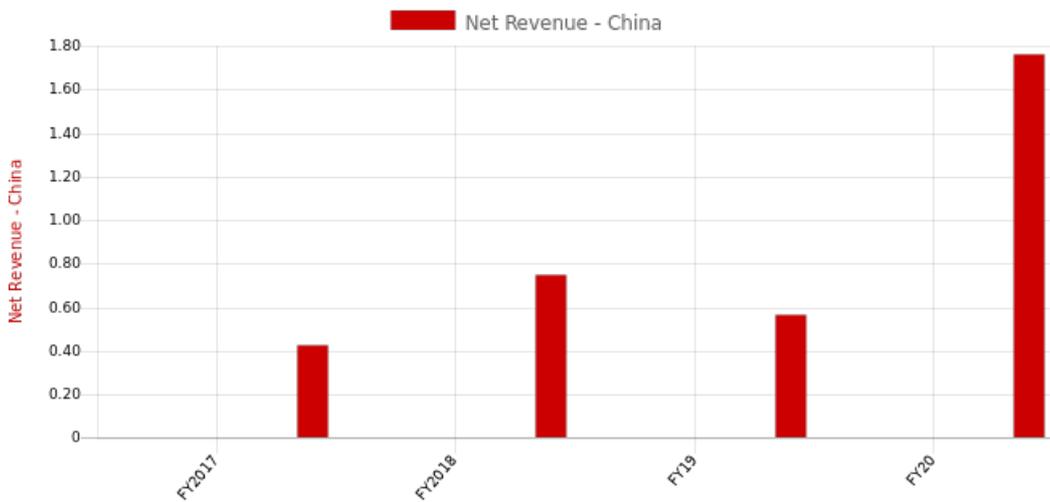
IFAST Corporation Ltd - Geographical Breakdown of Net Profit vs. Profit Margin



IFAST Corporation Ltd - Net Profit - China



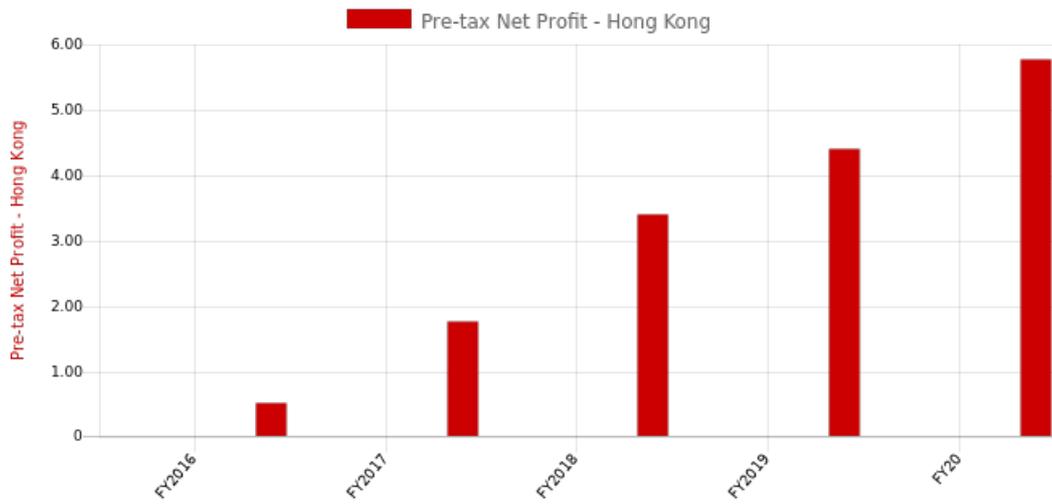
IFAST Corporation Ltd - Net Revenue - China



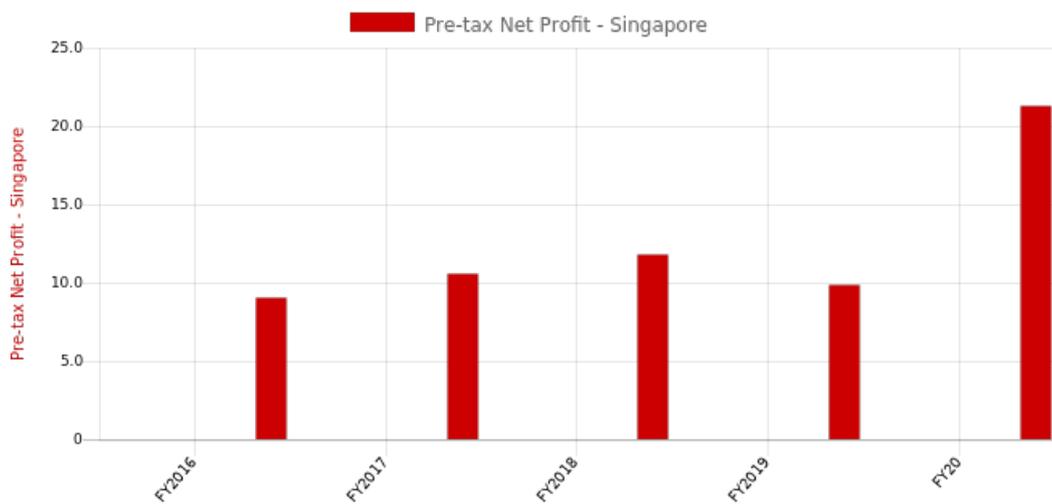
IFAST Corporation Ltd - Net Revenue - Malaysia



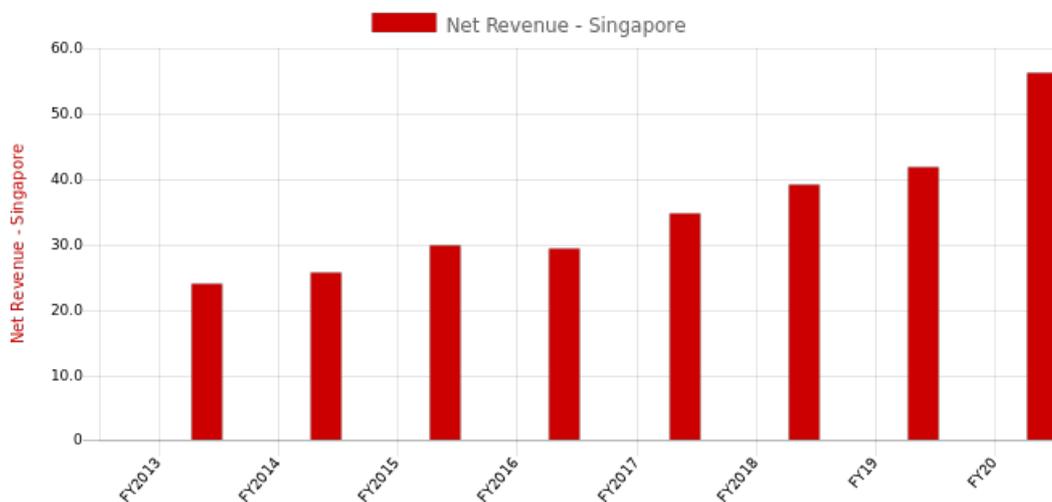
IFAST Corporation Ltd - Pre-tax Net Profit - Hong Kong



IFAST Corporation Ltd - Pre-tax Net Profit - Singapore



IFAST Corporation Ltd - Net Revenue - Singapore



IFAST Corporation Ltd - Net Revenue - Hong Kong



VALUATION

Discounted Cashflow Valuation

Maintain BUY with lower TP of S\$11.37, after accounting for integration costs and start-up losses for the incorporation of the digital bank. Our TP is based on the Discounted Cashflow (DCF) valuation method to capture growth in its steadily growing cashflows.

DCF Model

Risk Free Rate (Rf)	2.0%
Market Return (Rm)	9.4%
Equity risk premium	7.4%
Beta	0.9
Cost of Equity (Ke)	8.7%
Proportion of financing that is debt	0.0%
After-tax cost of debt (Kd)	1.7%
WACC	8.7%
Terminal Growth (assumed)	5.0%
Sum of PV of FCF	251.5
PV of Terminal Value	2,865.4
Enterprise Value	3,117.3
Add : Net Cash (Debt)	31.6
Equity Value (S\$m)	3,148.9
No of shares (diluted)	276.9
Value Per Share (S\$)	11.37

PROFILE

Profile

iFAST is an internet-based investment product distribution platform. As at end-June 2021, the Group offered over 8,600 funds from over 270 fund houses, over 1,400 direct bonds, stocks and ETFs (Singapore, Hong Kong and US stockbroking capabilities), as well as discretionary portfolio management services. iFAST has more than 520 financial institutions and other corporations, and over 10,000 wealth advisers are using its B2B platforms. More than 620,000 customer accounts have also been opened across the five markets the Group is operating in.

At a Glance

Issued Capital (m shrs)	277
Mkt. Cap (\$m/US\$m)	2,174 / 1,604
Major Shareholders (%)	
Lim Chung Chun	22.0
Singapore Press Holdings Ltd	14.6
Lim Wee Kian	7.2
Free Float (%)	56.2
3m Avg. Daily Val (US\$m)	5.8
GIC Industry	Financial / Diversified Financials

Business Segments

Main business divisions:

- Business-to-Consumer (B2C) platform, Fundsupermart (including the new FSMOne multi-products account in Singapore, Hong Kong and Malaysia), targeted at DIY investors;
- Business-to-Business (B2B) platform that caters to the specialised needs of over 450 financial advisory (FA) companies, financial institutions and banks, which in turn have more than 9,900 wealth advisers; and
- Emerging Fintech Solutions / Business-to-Business-to-Consumer (B2B2C) Model: iFAST Fintech Solutions was launched in the recent years to provide customisable Fintech solutions for its B2B clients and business partners to empower them with B2C Fintech capabilities.

iFAST has four main products - Unit Trusts, Stocks & ETFs, Bonds and Cash Account. Unit Trusts account for the bulk of 73.3% of total AUA as at end 2Q21, followed by 16.5% for Stocks & ETFs. Bonds account for 5.3% while the balance 4.9% is from Cash Account. iFAST operates in five key markets - Singapore, Hong Kong, Malaysia, China and India.

Segmental Breakdown

About Company

FY Dec	2019A	2020A	2021F	2022F	2023F
Net Revenues (\$m)					
B2B business	44.3	53.2	71.4	87.1	109.6
B2C business	20.9	32.6	47.6	58.1	73.0
Total	65.2	85.9	119.0	145.1	182.6
Net Revenues (\$m)					
Recurring revenue	52.9	60.4	83.3	101.6	127.8
Non-recurring revenue	12.3	25.5	35.7	43.5	54.8
Total	65.2	85.9	119.0	145.1	182.6
Net Revenues (\$m)					
Singapore	42.0	56.3	78.1	95.2	119.8
Hong Kong	16.7	19.2	26.6	32.5	40.9
Malaysia	6.0	8.6	11.9	14.5	18.2
China	0.6	1.8	2.4	3.0	3.7
Total	65.2	85.9	119.0	145.1	182.6

- **Revenue Drivers**

AUA growth is the key driver to revenue. AUA as at 30 June 2021 hit S\$18.38bn (+46.1% y-o-y). IFAST derives revenue from Trailer Fees (paid by fund houses), Platform Fees (paid by customers) and Wrap Fees (paid by advisor-assisted investors), which are calculated at up to 0.9%, 0.5% and 0.2% per annum of its average AUA respectively.

Recurring income accounts for approximately 80% of total net revenue.

Sources of Recurring Net Revenue

- Trailer fees, platform fees, wrap fees
- Net interest income
- Fintech solutions IT maintenance fees

Sources of Non-Recurring Net Revenue :-

- Transaction fees -unit trusts, bonds, stocks, ETFs
- Forex conversions
- Fintech solutions IT development fees
- Insurance commissions

- **Cost Structure**

More than half (50% to 60%) of the total operating expenses are related to staff costs as IFAST has its own in-house IT team for its platform. Depreciation and amortization expenses account for 20% to 30%, and the balance is mainly from IT/technology related expense, including expenses to maintain the platform, and to improve the range of products and services. Maintenance and service expenses are classified as opex while system development costs are booked under capex.

- **Competitive Positioning**

iFAST's market share among the three platform players (iFAST-**FSMOne**, Aviva-Navigator, Philips-POEM) is about 50% to 55%, according to management's estimate, as there is no concrete data on market share. Aviva mainly does unit trust while Philips has

About Company

similar product range as iFAST, but could be stronger in stocks as stock broking is their main business. It also carries other higher risk products like CFD trading.

Environment, Social, Governance

As a Fintech company that operates various online trading platforms, iFAST is committed to ensuring a high level of security to protect the interest of its stakeholders. Being in a highly regulated industry, iFAST is in compliance with both regulatory and licencing requirements.

Where we differ

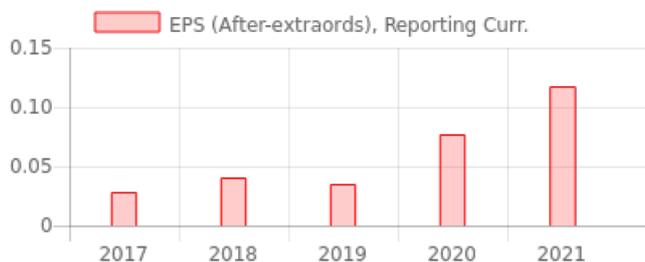
We are more optimistic on iFAST, given its scalable business model and the drive towards digitalisation to propel the group to greater heights.

Key Risks to Our View

Operations vulnerable to changes in laws and regulations; market sentiment

Company Ratios

EPS (After-extraordinaries)



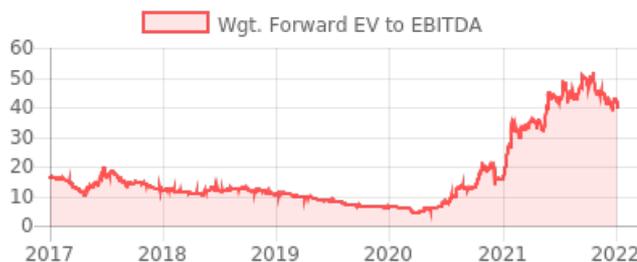
Wgt. Forward P/E (IFAS.SI)



Wgt. Forward P/B (IFAS.SI)



Wgt. Forward EV to EBITDA



Wgt. Forward Dividend Yield



FORECASTS AND VALUATION (SGD, M)

FY Dec	FY2018A	FY2019A	FY2020A	FY2021F	FY2022F
Revenue	121.2	125.4	169.9	233.3	294.6
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Diluted EPS (SGD)	4.01	3.54	7.77	11.73	12.13
Net DPS (SGD)	3.15	3.15	3.30	4.99	5.15
BV Per Share (SGD)	32.07	33.51	38.22	44.34	51.32
PE (x)	195.9	221.7	101.1	66.9	64.7
PE Pre Ex. (x)	195.9	221.7	101.1	66.9	64.7
P/Cash Flow (x)	118.8	117.6	55.3	56.0	50.9
EV/EBITDA (x)	121.0	85.8	51.0	42.1	40.3
Net Div Yield (%)	0.4	0.4	0.4	0.6	0.7
P/Book Value (x)	24.5	23.4	20.5	17.7	15.3
Net Debt/Equity (x)	cash	cash	cash	cash	cash
ROAE (%)	12.8	10.8	21.8	28.6	25.4

INCOME STATEMENT (SGD, M)

FY Dec	FY2018A	FY2019A	FY2020A	FY2021F	FY2022F
Revenue	121.2	125.4	169.9	233.3	294.6
Cost of Goods Sold	(61.62)	(60.21)	(84.07)	(114.3)	(139.4)
Gross Profit	59.62	65.20	85.86	119.0	155.1
Other Opng (Exp)/Inc	(48.62)	(54.02)	(60.08)	(79.26)	(113.9)
Operating Profit	11.00	11.18	25.77	39.73	41.21
Other Non Opg (Exp)/Inc	0.000	0.000	0.000	0.000	0.000
Associates & JV Inc	0.517	(0.047)	(0.411)	(0.411)	(0.761)
Net Interest (Exp)/Inc	0.828	(0.064)	0.025	(0.180)	0.020
Exceptional Gain/(Loss)	0.000	0.000	0.000	0.000	0.000
Pre-tax Profit	12.35	11.07	25.39	39.14	40.46
Tax	(1.66)	(1.76)	(4.42)	(6.65)	(6.88)
Minority Interest	0.000	0.210	0.189	0.000	0.000
Preference Dividend	0.000	0.000	0.000	0.000	0.000
Net Profit	10.69	9.52	21.15	32.49	33.59
Net Profit before Except.	10.69	9.52	21.15	32.49	33.59
EBITDA	17.11	24.33	41.20	50.52	53.72
Growth					
Revenue Gth (%)	19.8	3.4	35.5	37.3	26.3
EBITDA Gth (%)	39.6	42.2	69.3	22.6	6.3
Opg Profit Gth (%)	32.0	1.6	130.6	54.2	3.7
Net Profit Gth (Pre-ex) (%)	42.7	(11.0)	122.3	53.6	3.4
Margins & Ratio					
Gross Margins (%)	49.2	52.0	50.5	51.0	52.7
Opg Profit Margin (%)	9.1	8.9	15.2	17.0	14.0
Net Profit Margin (%)	8.8	7.6	12.4	13.9	11.4
ROAE (%)	12.8	10.8	21.8	28.6	25.4
ROA (%)	7.8	6.0	10.3	12.4	10.8
ROCE (%)	11.1	8.2	18.9	25.4	20.5
Div Payout Ratio (%)	78.6	89.0	42.5	42.5	42.5
Net Interest Cover (x)	0	174.7	0	220.9	0

Financial Statement

BALANCE SHEET (SGD, M)

FY Dec	FY2018A	FY2019A	FY2020A	FY2021F	FY2022F
Net Fixed Assets	3.25	3.69	4.28	11.29	24.80
Invt in Associates & JVs	2.95	5.37	5.98	5.57	50.81
Other LT Assets	24.13	43.40	49.41	49.79	46.22
Cash & ST Invt	61.30	24.81	36.44	46.43	40.88
Inventory	24.12	19.14	16.84	16.84	16.84
Debtors	40.97	58.97	139.3	136.1	171.9
Other Current Assets	1.26	1.79	2.02	2.02	2.02
Total Assets	158.0	157.2	254.3	268.1	353.4
ST Debt	37.36	3.81	0.000	0.000	0.000
Creditor	32.01	45.15	126.0	117.5	148.3
Other Current Liab	1.66	5.90	10.28	13.86	14.08
LT Debt	0.000	0.000	0.000	0.000	35.00
Other LT Liabilities	1.60	12.68	14.63	14.63	14.63
Shareholder's Equity	85.56	90.06	104.1	122.8	142.1
Minority Interests	(0.209)	(0.421)	(0.709)	(0.709)	(0.709)
Total Cap. & Liab.	158.0	157.2	254.3	268.1	353.4
Non-Cash Wkg. Capital	32.68	28.85	21.91	23.64	28.31
Net Cash/(Debt)	23.94	21.01	36.44	46.43	5.88
Debtors Turn (avg days)	117.6	145.4	212.9	215.4	190.8
Creditors Turn (avg days)	212.3	299.5	457.7	430.8	384.5
Inventory Turn (avg days)	151.5	167.9	96.2	59.6	48.7
Asset Turnover (x)	0.9	0.8	0.8	0.9	0.9
Current Ratio (x)	1.8	1.9	1.4	1.5	1.4
Quick Ratio (x)	1.4	1.5	1.3	1.4	1.3
Net Debt/Equity (x)	cash	cash	cash	cash	cash
Net Debt/Equity ex MI (x)	cash	cash	cash	cash	cash
Capex to Debt (%)	25.3	318.2	0	0	65.7

CASH FLOW STATEMENT (SGD, M)

FY Dec	FY2018A	FY2019A	FY2020A	FY2021F	FY2022F
Pre-Tax Profit	12.35	11.07	25.39	39.14	40.46
Dep. & Amort.	5.59	13.20	15.84	11.20	13.27
Tax Paid	(1.66)	(1.53)	(3.08)	(6.65)	(6.88)
Assoc. & JV Inc/(loss)	(0.517)	0.047	0.411	0.411	0.761
Chg in Wkg.Cap.	(1.33)	(4.84)	0.109	(5.30)	(4.89)
Other Operating CF	3.19	0.000	0.000	0.000	0.000
Net Operating CF	17.62	17.94	38.67	38.79	42.72
Capital Exp.(net)	(9.44)	(12.11)	(12.22)	(15.00)	(23.00)
Other Invts.(net)	6.23	0.000	0.000	0.000	0.000
Invts in Assoc. & JV	(0.836)	(2.50)	(1.14)	0.000	(46.00)
Div from Assoc & JV	0.053	0.042	0.041	0.000	0.000
Other Investing CF	(14.96)	6.23	2.82	0.000	0.000
Net Investing CF	(18.96)	(8.34)	(10.50)	(15.00)	(69.00)
Div Paid	(8.39)	(8.46)	(8.68)	(13.81)	(14.27)
Chg in Gross Debt	37.26	(33.26)	(3.80)	0.000	35.00
Capital Issues	0.000	0.000	0.000	0.000	0.000
Other Financing CF	0.273	(5.68)	(6.69)	0.000	0.000
Net Financing CF	29.14	(47.40)	(19.18)	(13.81)	20.73
Currency Adjustments	(0.009)	(0.133)	(0.256)	0.000	0.000
Chg in Cash	27.80	(37.93)	8.74	9.99	(5.55)
Opg CFPS (SGD)	7.10	8.48	14.15	15.92	17.20
Free CFPS (SGD)	3.07	2.17	9.71	8.59	7.12

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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#	Date of Report	Closing Price	12-m Target Price	Rating
1	24 Jul'20	1.77	2.35	Buy
2	08 Sep'20	2.25	2.60	Buy
3	23 Oct'20	3.23	3.96	Buy
4	07 Dec'20	2.69	3.96	Buy
5	28 Jan'21	5.04	6.40	Buy
6	08 Feb'21	6.21	7.64	Buy
7	28 May'21	8.49	10.55	Buy
8	26 Jul'21	8.84	12.10	Buy
9	26 Oct'21	9.03	12.93	Buy

Analysts: Lee Keng Ling

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