Uni-Asia Group Ltd

A new and higher plateau

SINGAPORE | SHIPPING | INITIATION

1 July 2022

BUY (Initiation)

CLOSING PRICE	SGD 1.040
FORECAST DIV	SGD 0.120
TARGET PRICE	SGD 1.260
TOTAL RETURN	32.7%

- 1Q22 freight rates for Uni-Asia fleet of 10 Handysize dry bulk ships are up 84% YoY to around US$18.4k per day. FY22e PATMI is expected to jump 40% to US$25mn.
- We expect freight rates to remain elevated for the next two years. Supply is constrained by inefficiencies (port congestion and slower speeds), constrained shipyard capacity, and uncertainty on future fuel types due to IMO 2030.
- Initiate coverage on Uni-Asia Group with a BUY rating and a target price of S$1.26. Our target price is pegged to 3x P/E FY22e, in line with industry peers. We believe the tight supply of dry bulkers will keep freight rates elevated for longer. Orders for dry bulkers are at a record low, as a percentage of the order-book. We expect Uni-Asia to pay special dividends from their record earnings.

Company Background

Founded in March 1997, Uni-Asia's origins were in structured finance and distressed asset investments. The company was listed on the SGX on 17 August 2007. In 2010, the company expanded into ship and property investments. The core businesses of the company are the chartering of bulk carriers, investment properties in Hong Kong and the management and sale of residential projects in Japan. All 10 Uni-Asia bulk carriers are Handysize type vessels.

Investment Merits

1. **Record earnings from surging charter rates.** Uni-Asia Freight rates in FY21 were averaging US$13k per day. We expect this to jump to around US$18k per day. 1Q22 has seen an 84% spike in freight rates. With a fleet of 10 vessels – 9 of which are due for renewal this year - it can ride on the spike in freight rates. Fuel cost is borne by the shipping operator, and we expect vessel operating costs to rise around US$850 per day or 15% to US$6,000. The increase is due to higher crew costs.
2. **Supply conditions remain very tight**. We believe the current freight rates can sustain for the next two years. The supply of vessels is at record lows of 6.6% of the total fleet. Furthermore, with 11% of the fleet more than 20 years, any new delivery of vessels is likely to replace older ships rather than result in a net expansion in fleet size. Handysize has an even older fleet at 15% above 20 years. The limited number of bulk carriers being ordered is due to uncertainty of the future fuel type for vessels and limited yard capacity due to a surge in container ship orders. Other drivers constraining effective supply are slow steaming of vessels due to high fuel costs and port congestion.
3. **Stronger balance sheet and higher dividends**. With record earnings, we expect Uni-Asia to pay a special dividend of 4 cents, double the amount paid last year. Together with higher interim and final dividend, total dividends in FY22e are expected at 12 cents (FY21: 7 cents) or 11% dividend yield. The payout is around US$13mn, around a 50% payout ratio. Free-cash flow generated totalling US$68mn over the next two years will swing the company into the net cash position by FY23e. The company is trading at a 50% discount to book value.

Phillip Securities Research has received monetary compensation for the production of the report from the entity mentioned in the report.

COMPANY DATA

Bloomberg CODE:	UGHC SP
O/S SHARES (MN) :	78.6
MARKET CAP (USD mn / SGD mn) :	59 / 82
52 - WK HI/LO (SGD) :	1.49 / 0.87
3M Average Daily T/O (mn) :	0.20

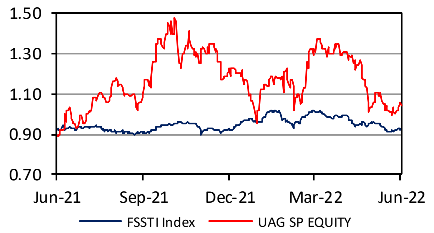
MAJOR SHAREHOLDERS

Yamasa Co Ltd	30.0%
Evergreen International	9.0%

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	2.9	(16.3)	(10.2)
STI RETURN	(2.9)	(7.2)	2.4

PRICE VS. STI



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec, USD (mn)	FY20	FY21	FY22e	FY23e
Revenue	45.9	69.4	76.2	72.7
EBITDA	17.8	33.3	38.3	35.7
Net Profit	-14.0	18.2	24.0	22.1
EPS (SGD cents)	-24.7	32.0	42.1	38.8
P/E (X)	-4.2	3.3	2.5	2.7
Dividend Yield	0.7%	6.7%	11.5%	8.7%
ROE	-11.8%	13.7%	15.8%	13.2%
ROA	-5.6%	7.9%	10.3%	9.2%

Source: Company, PSR

VALUATION METHOD

3x PE Multiple FY22e

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Revenue

In FY21, 70% of Uni-Asia revenue was charter income. We expect it to jump to 90% in FY22e. The 2nd largest revenue contributor is the sale of properties at 13%. Fee income and investment returns contribute 8% of revenue each.

(i) **Charter income**: Around 80% of Uni-Asia FY21 PBT comes from charter income. It is the rental of the company's 10 bulk carriers (Figure 1) to shipping lines. The charters for a fixed period (called time charters) on a fixed daily rate. The smaller vessels are typically chartered out for six months and larger vessels for around a year. New vessels upon delivery tend to be chartered for five years to match the loan tenure. Around nine of the 10 vessels are due for renewal this year (Figure 1) and charter rates have been surging since 1Q21 (Figure 2). The key minor bulk cargo is grains, cement, steel, fertiliser, forest products and coal.

Charter Income depends on:
1. *No of bulk ships: 10*
2. *Period: Time charter with a period of 6 to 12 months.*
3. *Rates: US$18k/day @ 360 vessel days*
4. *Revenue is computed on 10 vessels X Day rate X 360 days*
5. *The number of days can be affected by the dry-docking of vessels*

What are bulk carriers?
Bulk carriers carry non-containerised cargo. Bulk carriers can be separated by the size and weight of the tankers (Appendix 1). The largest are Capesize and Panamax and Post-Panamax. This is followed by Supramax and smallest Handysize. Uni-Asia vessels are all considered Handysize.

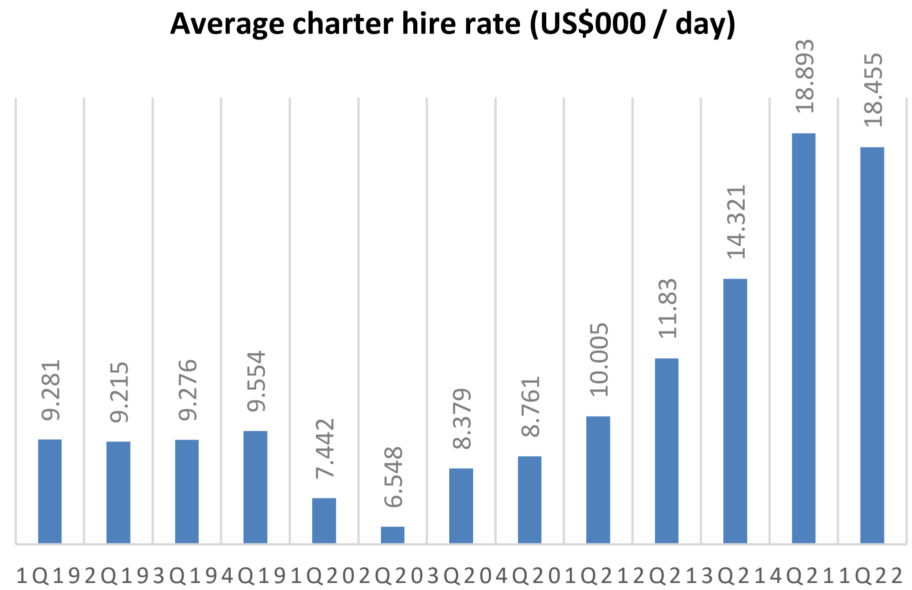
What types of cargo do bulk carriers carry?
The large bulkers carry mainly iron ore, coal and grain. Smaller bulkers carry minor bulks such as grains, ores, sugar, fertiliser, sand and even salt.

Figure 1: The 10-vessel generating charter income

	Capacity (DWT)	Year Built	Shipyard	Charter Renewal
M/V Uni Challenge	29,078	2012	Y-Nakanishi	1Q22
M/V Uni Wealth	29,256	2009	Y-Nakanishi	2Q22
M/V Uni Auc One	28,709	2007	Shin-Kurushima	1Q22
M/V Victoria Harbour	29,100	2011	Y-Nakanishi	1Q22
M/V Clearwater Bay	29,118	2012	Y-Nakanishi	1Q22
M/V ANSAC Pride	37,094	2013	Onomichi	1Q23
M/V Island Bay	37,649	2014	Imabari	4Q22
M/V Inspiration Lake	37,706	2015	Imabari	2Q22
M/V Glengyle	37,679	2015	Imabari	3Q22
M/V Uni Bulker	37,700	2016	Imabari	1Q23
	333,089			

Source: Company

Figure 2: Uni-Asia 1Q22 charter rates up 84% YoY



Source: Company, PSR

(ii) **Sale of properties under development:** Revenue is generated from the sale of Alero properties. Gains from the sale of Alero projects were previously recognised as investment gains.

(iii) **Fee income:** Fee income comes from multiple sources: i) Ship brokerage fee from securing charters for the vessels under management and other third-party customers and sale and purchase of ships.; ii) Project arrangement fees from the arrangement of finance, acquisition, and disposal of properties in Hong Kong and Japan and shipping joint ventures; iii) Asset management fee of Alero property projects in Japan.

Figure 3: Vessels under joint venture management (i.e. Maritime Asset Management Fleet)

	Capacity (DWT)	Year Built	Shipyard	Ownership
MatinShipping Ltd.	38278	2011	Imabari	49%
Olive BulkshipS.A.	57836	2015	Tsuneishi	18%
Polaris BulkshipS.A.	57836	2015	Tsuneishi	18%
Quest BulkshipS.A.	37700	2016	Imabari	18%
Stella BulkshipS.A.	37700	2018	Imabari	18%
Tiara BulkshipS.A.	37700	2020	Imabari	18%
Unicorn BulkshipS.A.	36300	2018	Oshima	18%
Victoria BulkshipS.A.	36300	2018	Oshima	18%
	339,650			

Source: Company, PSR

(iv) **Investment returns**: The source of returns are from sales of vessels, fair value gains and gains from the sale of Hong Kong property investments. For FY22e, we expect the bulk of the gains to come from Alero property projects. Sales of Hong Kong properties are expected to be weaker due to the lockdowns still underway.

Expenses

The largest operating cost is voyage expenses to operate the bulk carrier vessels. Around 1/3 of voyage expenses are crew and crew-related costs. Other costs include lubricant oil, consumables, cables, ropes, repairs and maintenance. Fuel cost is not borne by the vessel operator but by the shipping operator. After voyage expenses, the next largest cost is depreciation and amortisation of the vessels. The depreciation period of vessels is around 20 years. Fair valuation above book is implemented for assets in the joint venture.

Margins

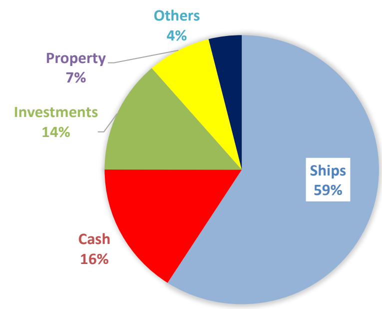
Margins are volatile depending on the cycle of the three key businesses. Charter income margins (revenue less voyage expense) have swung from -18% to 57% over the past three years. Maritime services income is stable at around US$0.5mn PBT p.a. Maritime asset management margin is also volatile depending on investment and fair value gains.

Balance Sheet

Assets: Most of the assets in the balance sheet are shipping vessels (59%), which are the 10 bulk tankers. The next largest is cash (16%), investments (14%) and investment properties and properties under development (7%). Investments are predominantly Hong Kong commercial properties. Properties under development are the residential projects in Japan (Alero).

Liabilities: Of the US$98mn in total liabilities, US$84mn or 85% are bank borrowings. The bank borrowings are secured against the vessels and properties. The effective interest rate of the loans ranges from 0.6% to 2.45%, as per FY21. Net borrowings are currently USS$78mn, which is expected to decline to U$47mn with free cash flows (FCF) of US$34mn expected in FY22e.

Figure 4: Bulk of the asset as in the vessels

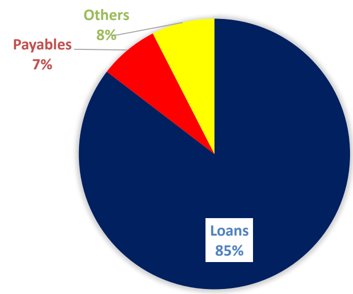


Source: Company

Cash Flow

FCF generated over the past three years has been strong. Cumulative FCF is US$67mn. Reasons for cash-flows above net profits is due to low CAPEX of only US$2mn p.a. versus depreciation of around US$10mn p.a. We believe there are no plans to purchase vessels in the next two years until there is clarity of the engine type that can meet IMO 2030 regulations. Working capital needs have also been minimal as charters are paid one month in advance.

Figure 5: Most of the liabilities are bank borrowings



Source: Company

Business Model

Un-Asia is essentially in 4 core businesses - bulk ship owner, investment properties and management of shipping and property assets for 3rd party. Uni-Asia splits the business into

a) **Ship owning and chartering:** Established in 2010 as Uni-Asia Shipping Ltd, this division build up a portfolio of 10 wholly-owned dry bulk carriers. These 10 sit on the balance sheet of Uni-Asia and property plant and equipment. Revenue is dependent on charter rates and hire days. In FY21, this division enjoyed a major turnaround in earnings from a PBT loss of US$11.2mn to a PBT of US$18.9mn.

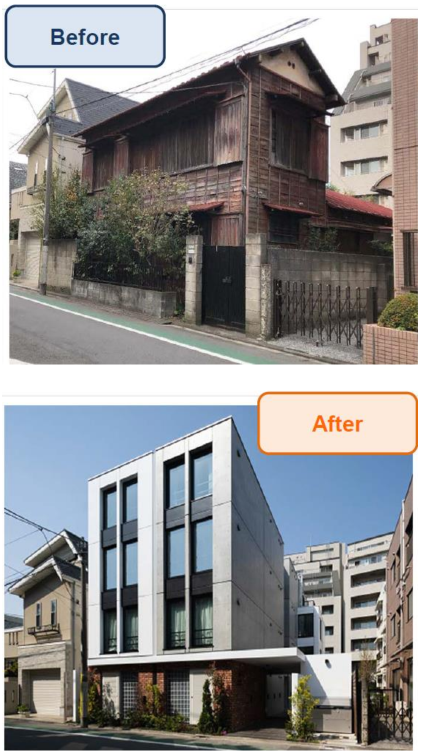
b) **Maritime asset management:** Manage a portfolio of 8 dry bulk carriers with shareholdings of 18% to 49% (Figure 3). The assets are held on the balance sheet as investments. Uni-Asia will charge the joint venture various fees - administration fees (e.g. operating and accounting), acquisition and disposal fees, loan arrangement fees and brokerage fees when leasing out vessels. The equity stake will also allow the company to enjoy dividend income, disposal and fair value gains. Over its 25-year history, this division has arranged more than 140 deals with a total value exceeding US$8bn. The average profit before tax over the past three years has been US$1.5mn per annum.

c) **Maritime services:** The division is operated through subsidiaries Uni Ships and Management Ltd (100%) and Wealth Ocean Ship Management (Shanghai) Co. Ltd (51%). Services provided include commercial/technical management of ships and brokerage services for chartering, sale and purchase of ships. The average profit before tax over the past three years has been US$0.5mn per annum. The appeal of hiring Chinese shipping crew may wane due to rising wages compared to other countries such as the Philippines.

d) **Property (ex-Japan):** Uni-Asia will invest in office buildings in Hong Kong with varying stakes of between 2.5% to 8.3%. It has invested in 8 Hong Kong property projects to date. The first project was in 2010 by partnering developer First Group Holdings Limited in a project at 35 Hung Tung Road. First Group has been the partner in all 8 projects. First Group Holdings will manage and market these projects. The first 3 projects had been completed and generated returns of more than US$20mn. The 4th and 5th projects are ready for sale and the 6th will be ready for sale in 2022. The sale of units in projects have been slow especially due to the lockdown and movement restrictions in Hong Kong.

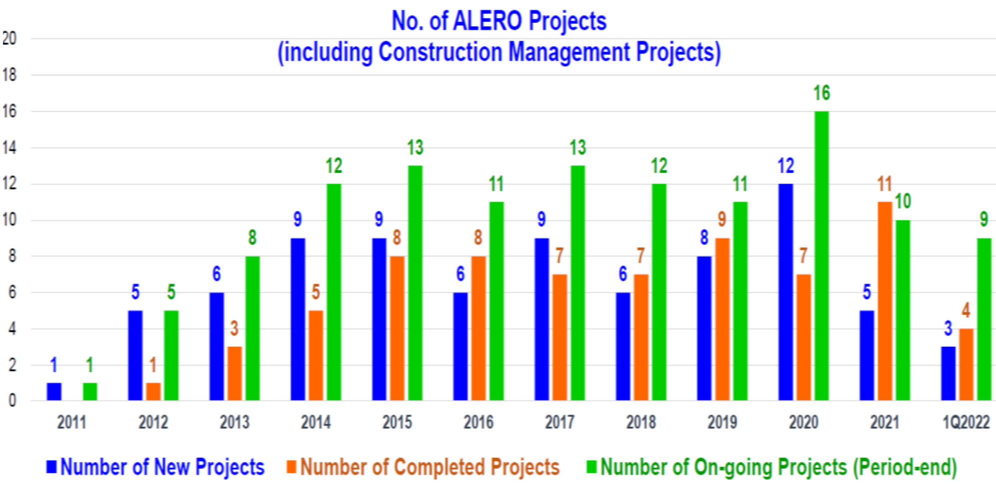
e) **Property (Japan):** Uni-Asia will invest in and develop small residential property projects in Tokyo, named "Alero" Series (Figure 6). The land is purchased and developed into 4-5 storey buildings with 10-30 units of studio or maisonette type flats. Once tenanted the completed projects are typically sold en-bloc. In FY21, 11 Alero projects were sold (Figure 7, number of completed projects) with another 4 sold in 1Q22. The pipeline of new projects of only 3 is the weakest since 2013.

Figure 6: Alero projects transform old residential properties for rental and sale in Tokyo



Source: Company

Figure 7: Sold 4 projects in 1Q22 vs 11 in FY21

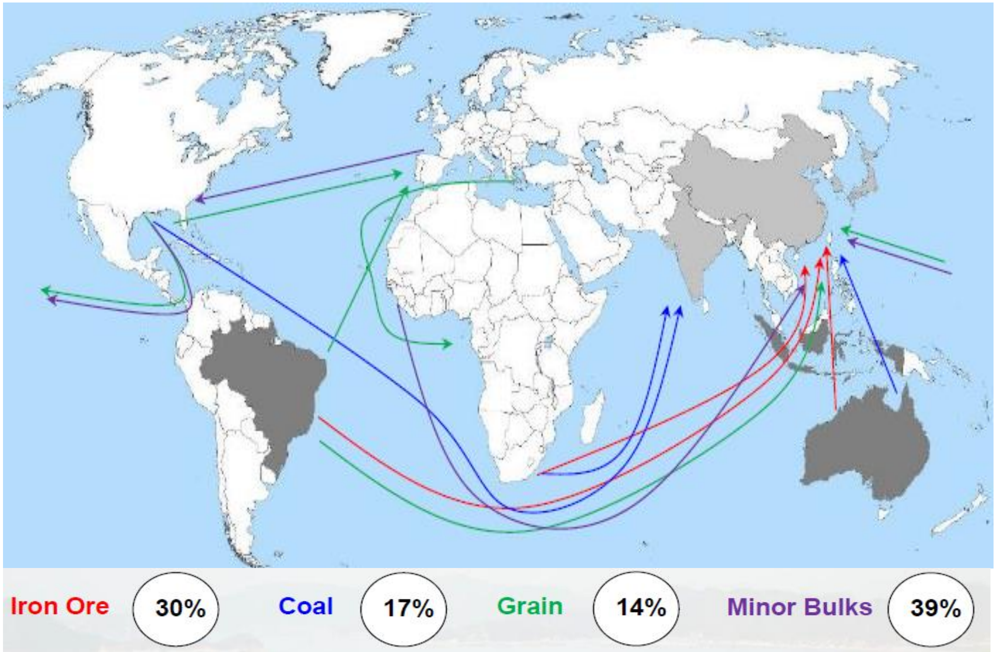


Source: Company

Industry

In shipping, dry bulk cargo is almost half of seaborne trade volume (Figure 8). There are around 12,700 dry bulk vessels globally. Dry bulk carriers transport unpackaged bulk cargo, major bulks (iron ore, coal, grains) and minor bulks (fertilizer, cement, sulphur, forest products). Major bulks are around 60% of cargo shipped by tonne-miles. The end destination of many key routes is to China. The key cargo includes the transport of iron ore and grains from Brazil to China and from Australia to China (Figure 8). Dy bulk ship can be separated by DWT capacity (Appendix 1). Uni-Asia 10 vessels are all Handysize, or less than 40k DWT. Above Handysize is the Supramax, Handymax and Ultramax category. We designate all three as Supramax. The 2nd largest category is the Panamax. It refers to the maximum size of a vessel than can transit the Panama Canal. The largest sized bulk carriers are the Capesize. Because they are too large to transit the Panama Canal and need to travel around Cape Horn, South Africa.

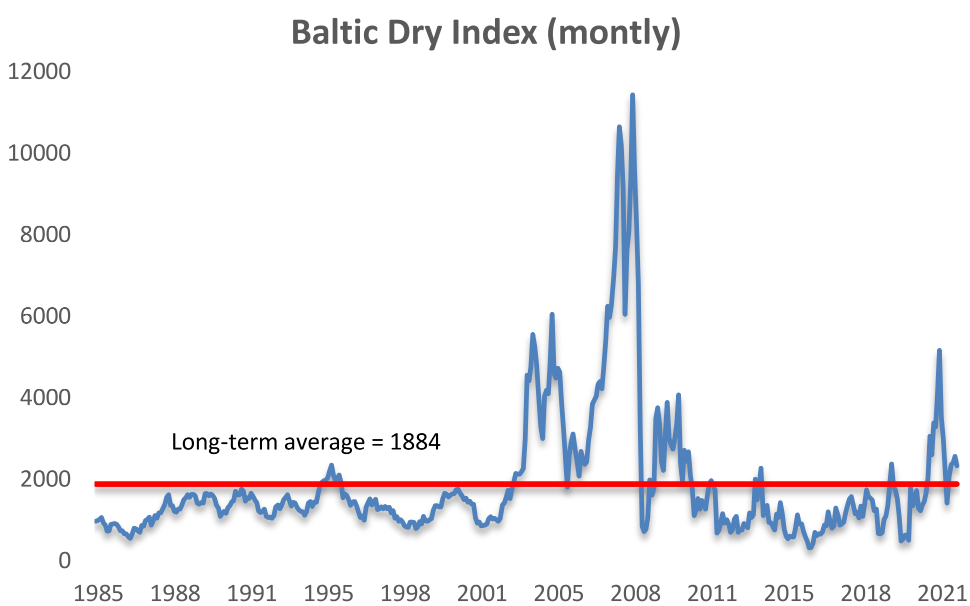
Figure 8: Key end destination of many dry bulk trade routes is to China



Source: Genco

The Baltic Dry Index (BDI) enjoyed two major upcycles. The first was in 2004 after China entered the WTO. Then came the super cycle in 2008 following the surge in infrastructure and property projects in China. From 2010, the BDI has been languishing below 2000 to (monthly) lows of 487 in January 2020. Excess supply and slowdown in China were major drivers of the weakness. A significant pick-up in the index occurred in June 2020 due to major supply chain bottlenecks, especially at the ports. The BDI almost quadrupled over five months from 487 in January to 1800 in June 2020.

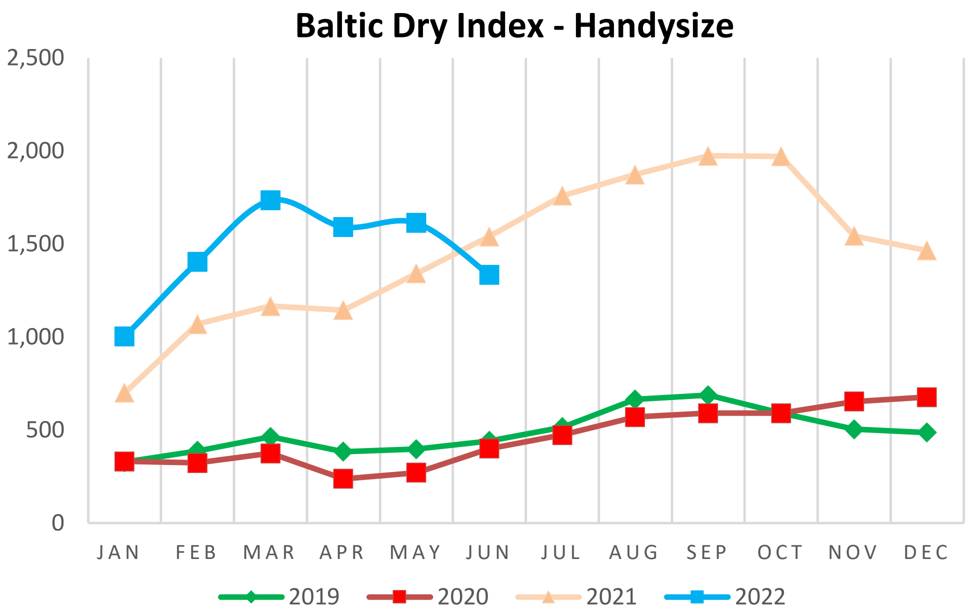
Figure 9: Major upcycle in 2004 and 2008



Source: CEIC, PSR

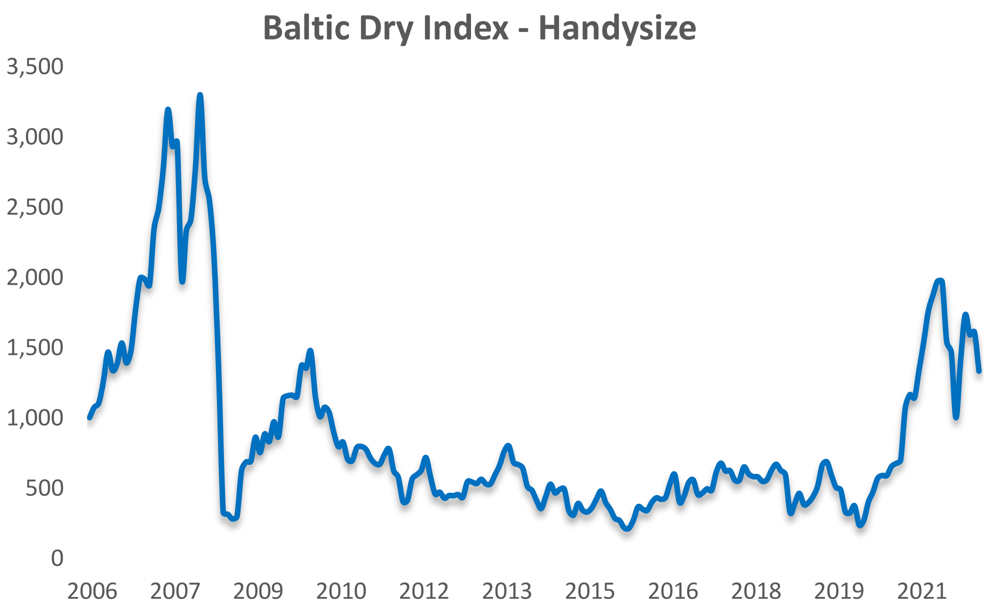
Uni-Asia's vessel fleet is entirely in Handysize class. Freight rates for Handysize as measured by the BDI have enjoyed a major rally in 1H22 despite multiple challenges including an Indonesian coal ban, poor weather in Brazil, China Winter Olympics and zero COVID19 policy in China.

Figure 10: Jump in index in 2022



Source: CEIC, PSR

Figure 11: The index is at decade highs



Source: CEIC, PSR

Demand in dry bulk trade is expected to be stable this year. Supporting dry bulk demand in 2H22 growth will include (i) Recovery in infrastructure and property construction in China; (ii) European demand for Australia and Indonesia coal to replace Russia; (iii) Replacement of Ukraine grain from the US and Australia. Supply-side drivers include the record low order books due to tight yard capacity and uncertainty of fuel type to meet IMO 2030 requirements. Other supply constraints are port congestion and slower sailing speeds.

Drivers to higher freight rates

- ✓ Tight yard capacity
- ✓ Port congestion and slower sailing speed due to high fuel cost
- ✓ Low orders for new vessels and renewal not an expansion of the fleet
- ✓ More accommodative policies and re-opening of China's economy
- ✓ Longer-haul routes due to the Ukraine conflict
- ✓ Uncertainty on future fuel types

Demand drivers

Iron Ore: Global seaborne iron ore demand is highly dependent on China imports. In 2021, China accounted for around 74% of global seaborne iron ore. The 2nd and 3rd largest is Japan and Europe respectively. Demand for seaborne iron ore will be supported by China's recent extension of peak CO2 emission from its steel sector from 2025 to 2030. The low FE content and high production cost of China iron ore can also drive demand for imported ore. Steel exports out of Russia to Europe can be replaced by the US. Another potential driver will be US infrastructure projects.

Coal: Seaborne coal is used for electricity generation (thermal coal) or blast furnace steel making (coking coal). Indonesia is the world's largest seaborne coal exporter. Russia was the third largest with a 14% market share. The import ban by the EU on Russian coal has led to the sourcing of coal from Australia and Indonesia.

Supply drivers

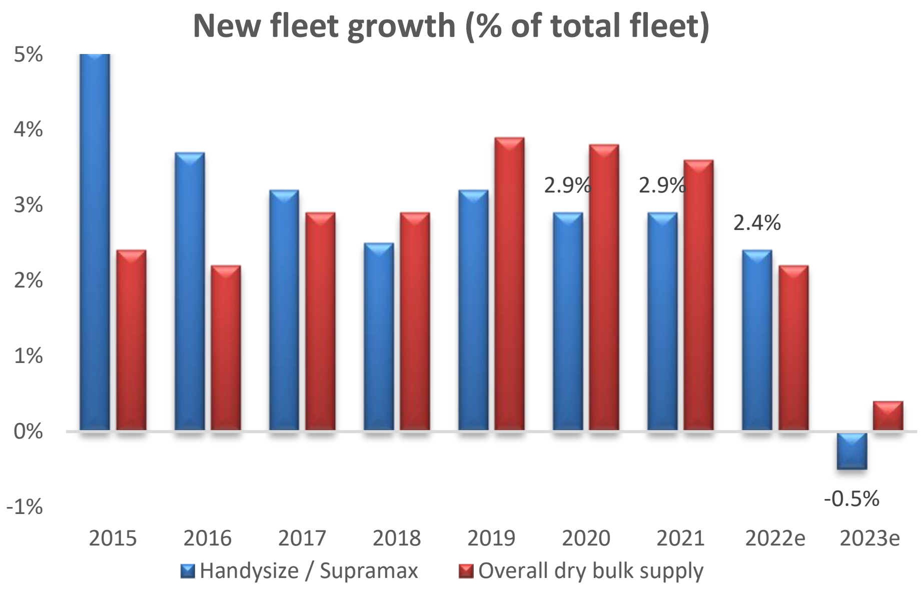
Hesitancy to order vessels: International Maritime Organization (IMO) has a goal to reduce carbon emissions by 40% by 2030 from 2008's levels, called the IMO 2030 plan. Studies indicate that the current engine can only reduce emissions by 8-19% and not meet IMO 2030 targets. Multiple fuel types are being considered including LNG, ammonia, methanol and hydrogen. The uncertainty over the fuel type has led to shipping companies delaying their purchase of new vessels.Further shrinking near-term order books is due to another upcoming regulation, the Energy Efficiency Existing Ship Index (EEXI), which is effective January 2023. Under EEXII there is a strict CO2 emission per tonne-mile threshold.

Limited shipyard capacity: There are almost 900 shipyards in China, but almost ¾ are reported to be inactive. Due to the rise in container rates, many shipyard slots are occupied with containership orders. Yards are less keen to build cheaper dry bulkers with a preference for tankers, LPGs and containerships. Orderbook for containerships has more than doubled to around 26% of the existing fleet. Uncertainty over vessel type and limited shipyard capacity is causing order books for bulk ships to be at record lows (Figure 13). With 15% of the existing Handysize fleet above 20 years (Figure 14), any ordering cycle would represent renewal rather than expansion of existing ships. However, the high charter rates will likely delay the scrapping of older vessels in the near term.

Inefficiency of the supply chain. Port congestion at ports due to lockdowns and slower sailing speed by ships to save on fuel costs has led to inefficiencies in the supply chain. The estimated cut in carrying supply due to these inefficiencies is around 6%, according to Star Bulk Carriers CEO*.

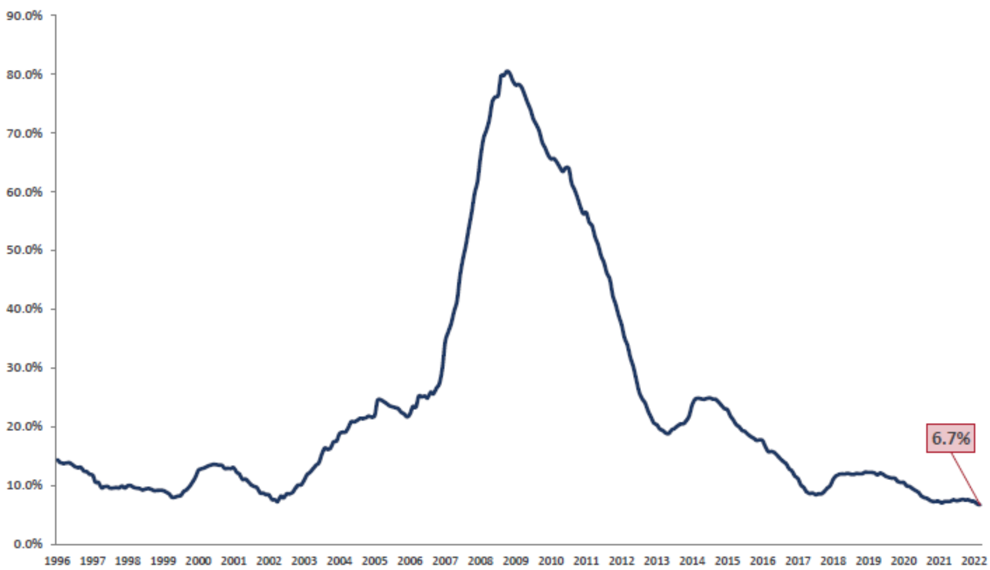
* https://www.youtube.com/watch?v=f-EROnOiBhc

Figure 12: Tight supply in 2023 for Handysize and Supramax



Source: Pacific Basin, PSR

Figure 13: Record low orders for dry bulker (% of existing fleet)



Source:: Starbulk Mar22 Slides, Clarkson Research Services, PSR

Figure 14: High percentage of vessels over 20 years of age

	Scheduled Orderbook as % of Existing Fleet	Average Age	Over 20 Years	2021 Scrapping as % of 1 Jan 2022 Existing Fleet
Handysize (10,000-40,000 dwt)	4.8%	13	15%	0.5%
Supramax (incl. Ultramax) (40,000-70,000 dwt)	6.4%	11	11%	0.3%
Panamax & Post-Panamax (70,000-100,000 dwt)	8.2%	11	13%	0.3%
Capesize (100,000+ dwt)	6.3%	9	2%	0.9%
Total Dry Bulk (>10,000 dwt)	6.6%	11	11%	0.6%

Source: Pacific Basin 1Q22 Update Slides, PSR

Risks

1. **A slowdown in global growth**. Demand for bulk cargo is dependent on global GDP. Any slowdown in global growth will have a detrimental impact on the demand for bulk cargo and bulk carriers.
2. **Major ship ordering cycle**. High charter rates have not resulted in a major supply response. The huge ordering cycle from 2007 till 2012 has resulted in BDI touching record lows (monthly) in 2016.

Valuation

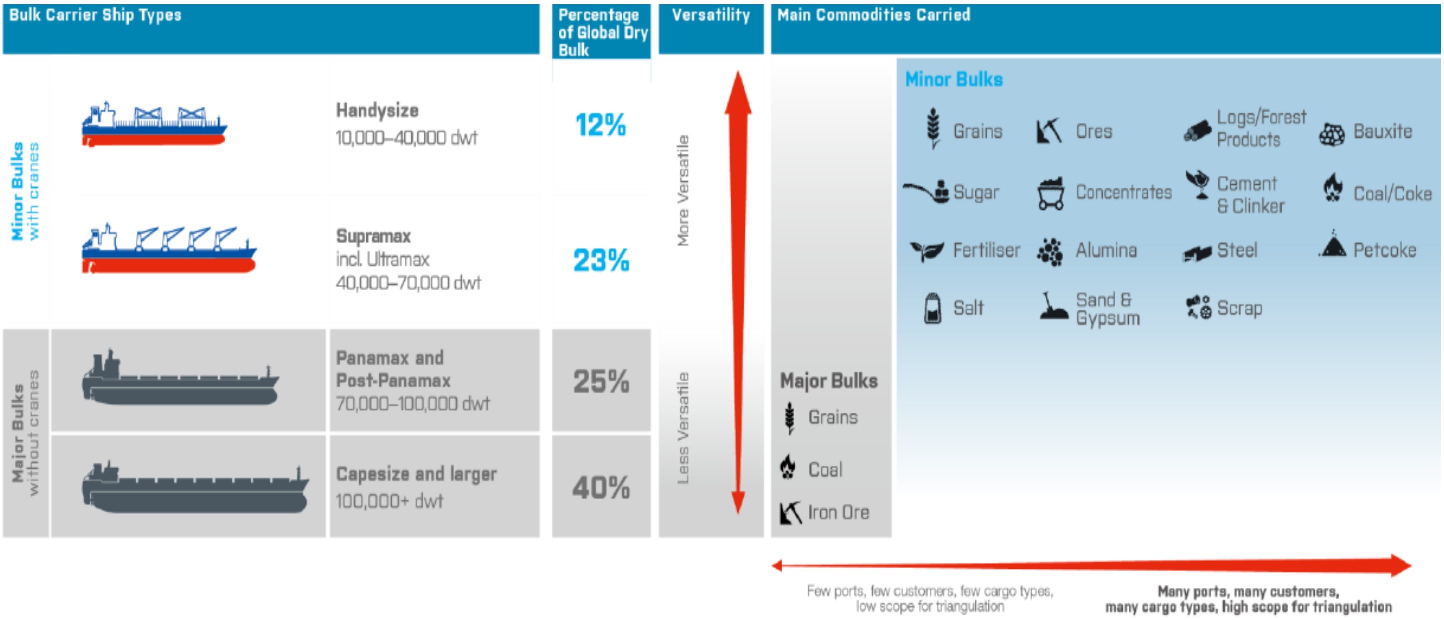
We initiate coverage on Un-Asia with a BUY rating and a target price of S$1.26. Our target price is pegged to industry valuations of 3.3x P/E 1 year forward (Figure 15).

Figure 15: Global players trading at 3x PE

Company	1 Mth Perf.	3 Mth Perf.	YTD Perf.	Share Px Local Crcy	Mkt. Cap. (US$ m)	PE Yr 0	PE Yr+1	PE Yr+2	P/BV Yr 0	Dividend Yield
Dry bulk carriers										
Star Bulk Carrier	-23.6%	-17.1%	9.7%	24.87	2,554	3.8	3.5	4.2	1.2	9.0%
Golden Ocean	-27.4%	-7.0%	23.8%	11.51	2,315	4.4	3.9	6.4	1.2	18.7%
Pacific Basin	-28.8%	-28.2%	7.0%	3.06	2,049	2.4	2.4	2.4	8.0	2.4%
Precious Shipping	0.5%	12.9%	15.7%	19.20	846	6.7	6.4	8.4	2.0	1.3%
Genco Shipping	-22.8%	-16.4%	21.5%	19.44	818	4.5	4.0	4.0	2.8	5.0%
Eagle Bulk	-25.6%	-20.7%	14.8%	52.23	711	3.8	2.6	4.6	1.0	0.0%
Uni-Asia	2.9%	-19.7%	-13.8%	1.06	60	3.3	2.5	2.7	0.4	6.6%
	-23.4%	-14.5%	14.4%		9,353	3.6	3.3	4.1	2.9	8.2%

Source: PSR, Bloomberg

APPENDIX 1 – Types of bulk carriers and cargo



Source: Pacific Basin

APPENDIX 2 – Hong Kong Property Project

Project Details | **Ilustrations**

4th HK Property Project – T18	
Investment:	HKD26.5 million or around USD3.4 million (2.5% effective ownership)
Location:	18 - 20 Tai Chung Road, Tsuen Wan, Hong Kong
Project:	Office building
Current status:	Construction has been completed and the building is ready for occupation. Ground floor shops were all sold and presale of office units are underway.

5th HK Property Project – T73	
Investment:	HKD33.8 million or around USD4.3 million (7.5% effective ownership)
Location:	71 – 75 Chai Wan Kok Street, Tsuen Wan, Hong Kong
Project:	Industrial building
Current status:	Final approval for occupation has been obtained. Office units in the project are on sale in the market.

6th HK Property Project – CSW1018	
Investment:	HKD35.2 million or around USD4.5 million (3.825% effective ownership)
Location:	1016 – 1018 Tai Nam West Street, Kowloon, Hong Kong
Project:	Industrial office building to be completed by 2022
Current status:	Development of the property is almost finished and the final stage of approval is underway. 1/3rd of the building's GFA has been committed by investors.

7th HK Property Project – T11	
Investment:	HKD53.75 million or around USD6.85 million (8.27% effective ownership)
Location:	11 – 15 Chai Wan Kok Street, Tsuen Wan, Hong Kong
Project:	Office building to be completed in 2Q2022
Current status:	Development of the property is almost finished and the final stage of approval is underway. The shop and a unit have been committed by investors and the official sale may be launched soon.

8th HK Property Project – CSW918	
Investment:	HKD33.0 million or around USD4.23 million (3.0% effective ownership)
Location:	916 – 926 Cheung Sha Wan Road, Hong Kong
Project:	Two phases of an industrial office building complex to be completed by 2023
Current status:	Foundation work is underway and is expected to finish on schedule in Jun 2022. This building is in a good location and there have been enquiries for this project even though construction is still in its initial phase. Some investors have ear-marked certain GFA of the 2 buildings.

Source: Company

Financials

Income Statement

Y/E Dec, USD '000	FY19	FY20	FY21	FY22e	FY23e
Revenue	**54,545**	**45,943**	**69,435**	**76,239**	**72,714**
EBITDA	**49,918**	**17,838**	**33,303**	**38,346**	**35,719**
Depreciation & amortisation	(11,674)	(11,919)	(11,056)	(11,034)	(10,579)
EBIT	**17,472**	**(7,448)**	**22,247**	**27,313**	**25,141**
Net Finance Inc/(Exp)	(5,223)	(3,964)	(2,686)	(1,975)	(1,851)
Profit before tax	9,684	(12,339)	18,996	25,638	23,590
Taxation	(780)	(1,267)	(951)	(1,538)	(1,415)
Minority intrest	(778)	(443)	156	(100)	(100)
PATMI	**8,126**	**(14,049)**	**18,201**	**23,999**	**22,074**

Per share data (SGD Cents)

Y/E Jun	FY19	FY20	FY21	FY22e	FY23e
EPS, Reported	23.9	-24.7	32.0	42.1	38.8
DPS	0.3	0.7	7.0	12.0	9.0
BVPS	268.3	151.8	168.7	193.5	213.0

Cash Flow

Y/E Dec, USD '000	FY19	FY20	FY21	FY22e	FY23e
CFO					
Profit before tax	**9,684**	**(12,339)**	**18,996**	**25,638**	**23,590**
Adjustments	39,387	21,337	11,297	12,709	12,129
WC changes	2,079	(1,813)	4,240	(92)	18
Cash generated from ops	40,166	7,215	29,102	38,254	35,737
Tax paid	(1,224)	(703)	(747)	(1,538)	(1,415)
Cashflow from ops	**39,343**	**6,805**	**28,379**	**36,716**	**34,321**
CFI					
CAPEX, net	(2,846)	(2,111)	(2,050)	(2,000)	(2,000)
Others	3,403	(1,154)	13,025	-	-
Cashflow from investments	**557**	**(3,265)**	**10,975**	**(2,000)**	**(2,000)**
CFF					
Share issuance, net	3,998	-	-	-	-
Loans, net of repayments	(36,995)	(2,106)	(27,635)	(18,000)	(8,000)
Dividends	(3,826)	(1,224)	(1,762)	(4,557)	(6,835)
Others	(34,214)	(21,919)	(6,990)	(3,475)	(3,351)
Cashflow from financing	**(71,037)**	**(25,249)**	**(36,387)**	**(26,032)**	**(18,186)**
Net change in cash	(31,137)	(21,709)	2,967	8,684	14,136
CCE, end	**12,754**	**9,292**	**12,259**	**20,943**	**35,079**

Balance Sheet

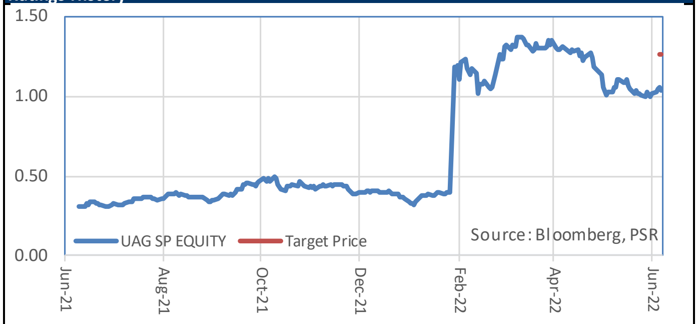
Y/E Dec, USD '000	FY19	FY20	FY21	FY22e	FY23e
ASSETS					
Cash	56,089	35,477	36,732	45,416	59,552
Investments	1,945	5,239	1,543	1,543	1,543
Others	28,214	21,047	8,674	8,911	8,876
Total current assets	**86,248**	**61,763**	**46,949**	**55,871**	**69,971**
Property, plant & equipment	170,003	144,028	136,357	128,474	120,520
Investments	20,026	30,549	31,379	31,379	31,379
Others	317,801	13,128	16,051	16,701	17,876
Total non-current assets	**507,830**	**187,705**	**183,787**	**176,553**	**169,775**
Total Assets	**594,078**	**249,468**	**230,736**	**232,424**	**239,746**
LIABILTIES					
Accounts payable	4,002	241	236	381	364
Bank borrowings	71,287	44,435	22,285	4,285	4,285
Other payables	8,012	5,011	6,661	6,661	6,661
Others	26,045	6,764	5,885	5,885	5,885
Total current liabilities	**109,346**	**56,451**	**35,067**	**17,212**	**17,195**
Long-term borrowings	71,289	69,538	61,556	61,556	53,556
Others	287,375	4,137	1,539	1,539	1,539
Total non-current liabilities	**358,664**	**73,675**	**63,095**	**63,095**	**55,095**
Total Liabilities	**468,010**	**130,126**	**98,162**	**80,307**	**72,290**
Equity					
Non-controlling interests	469	878	440	540	640
Shareholder Equity	**126,068**	**119,342**	**132,574**	**152,117**	**167,456**

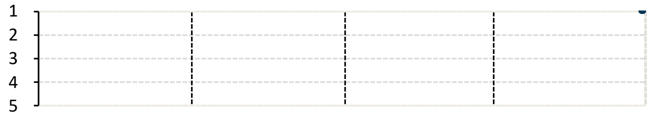
Valuation Ratios

Y/E Jun	FY19	FY20	FY21	FY22e	FY23e
P/E (X)	4.4	-4.2	3.3	2.5	2.7
P/B (X)	0.3	0.5	0.4	0.4	0.4
EV/EBITDA (X)	2.4	7.7	3.2	2.1	0.0
Dividend Yield (%)	0.2	0.7	6.7	11.5	8.7
Growth & Margins					
Growth					
Revenue	-55.8%	-15.8%	51.1%	9.8%	-4.6%
EBITDA	124.0%	-64.3%	86.7%	15.1%	-6.9%
EBIT	47.3%	-142.6%	-398.7%	22.8%	-8.0%
Net profit, adj.	558.5%	-272.9%	-229.6%	31.9%	-8.0%
Margins					
EBITDA margin	91.5%	38.8%	48.0%	50.3%	49.1%
EBIT margin	32.0%	-16.2%	32.0%	35.8%	34.6%
Net profit margin	14.9%	-30.6%	26.2%	31.5%	30.4%
Key Ratios					
ROE	6.4%	-11.8%	13.7%	15.8%	13.2%
ROA	1.4%	-5.6%	7.9%	10.3%	9.2%
Net Gearing	68.6%	65.8%	35.5%	13.4%	Net cash
Net Debt/EBITDA (X)	1.7	4.4	1.4	0.5	0.0

Source: Company, Phillip Securities Research (Singapore) Estimates

Ratings History





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

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